

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

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

Name of Management Organisation : **BELANI ELOK Palm Oil Mill – PT PP LONDON SUMATRA INDONESIA, Tbk**

Plantation Name : **PT PP LONDON SUMATRA INDONESIA, Tbk : Belani Elok Estate, Bukit Hijau Estate, Batu Cemerlang Estate, Ketapat Bening Estate and Sei Kepayang Estate**

Location : **Village of Beringin Makmur II, Bumi Makmur, Tanjung Raja, Air Bening, Belani, Pauh, Sub District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan, INDONESIA**

Certificate Code : **MUTU-RSPO/073**

Date of Certificate Issue : **18 September 2015** Date of License Issue : **18 September 2015**

Date of Certificate Expiry : **17 September 2020** Date of License Expiry : **17 September 2016**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ST-2	16 – 20 June 2014	Yudwi Wisnu Rahmanto (Lead Auditor); Henri Marpaung (Auditor); Panggading Hariara N. (Auditor); Ardiansyah (Auditor); M.Rinaldi (Auditor Trainee)	Octo HP Nainggolan	Taufik Margani

Assessment	Approved by MUTUAGUNG LESTARI on:
ST-2	18 September 2015

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FIGURE

Figure 1. Location Map of PT PP LONDON SUMATRA INDONESIA, Tbk - BELANI ELOK



Figure 2. Operational Map of PT PP LONDON SUMATRA INDONESIA, Tbk - BELANI ELOK

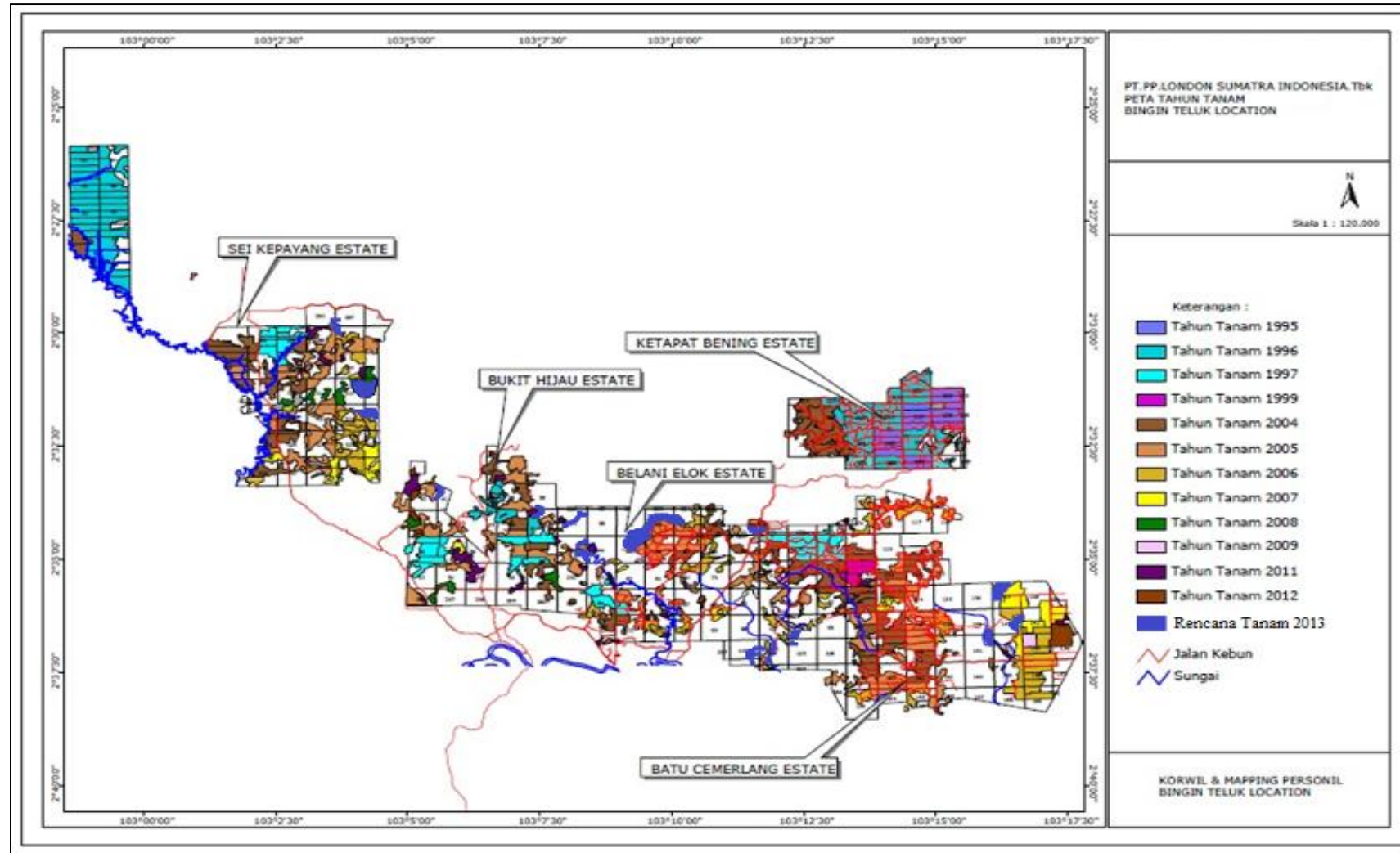


Figure 3. Operational Map of BELANI ELOK ESTATE

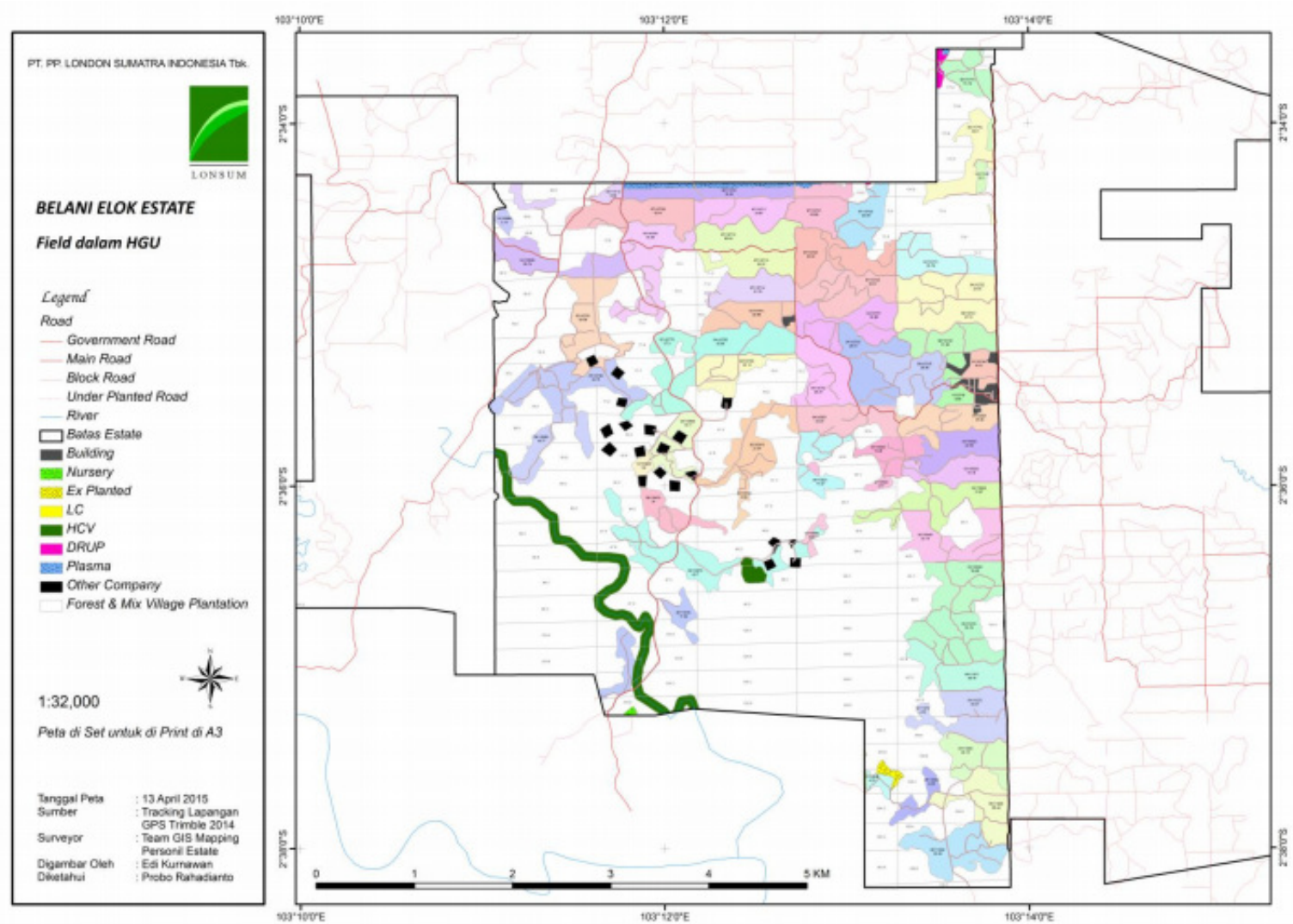


Figure 4. Operational Map of BUKIT HIJAU ESTATE

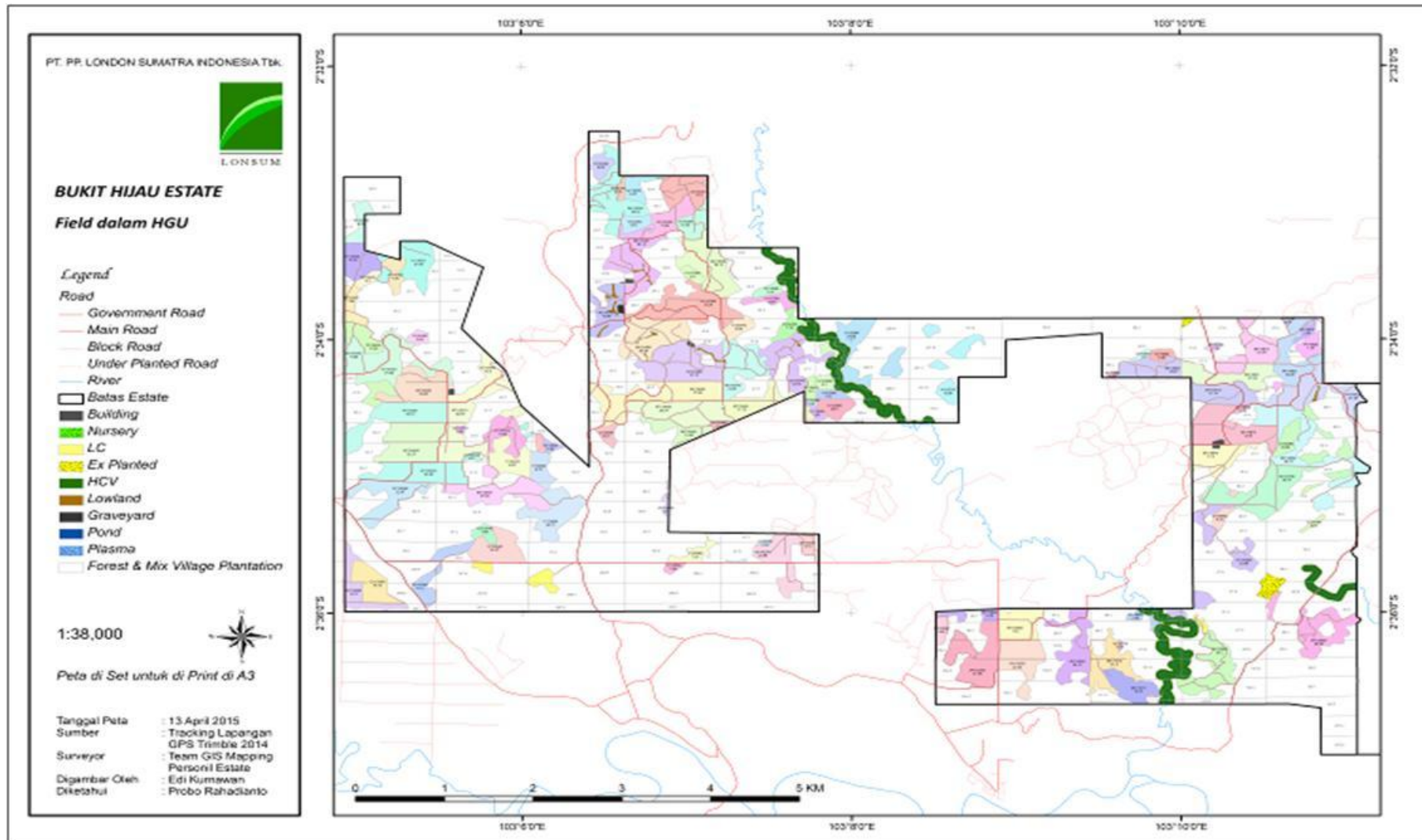


Figure 5. Operational Map of KETAPAT BENING ESTATE

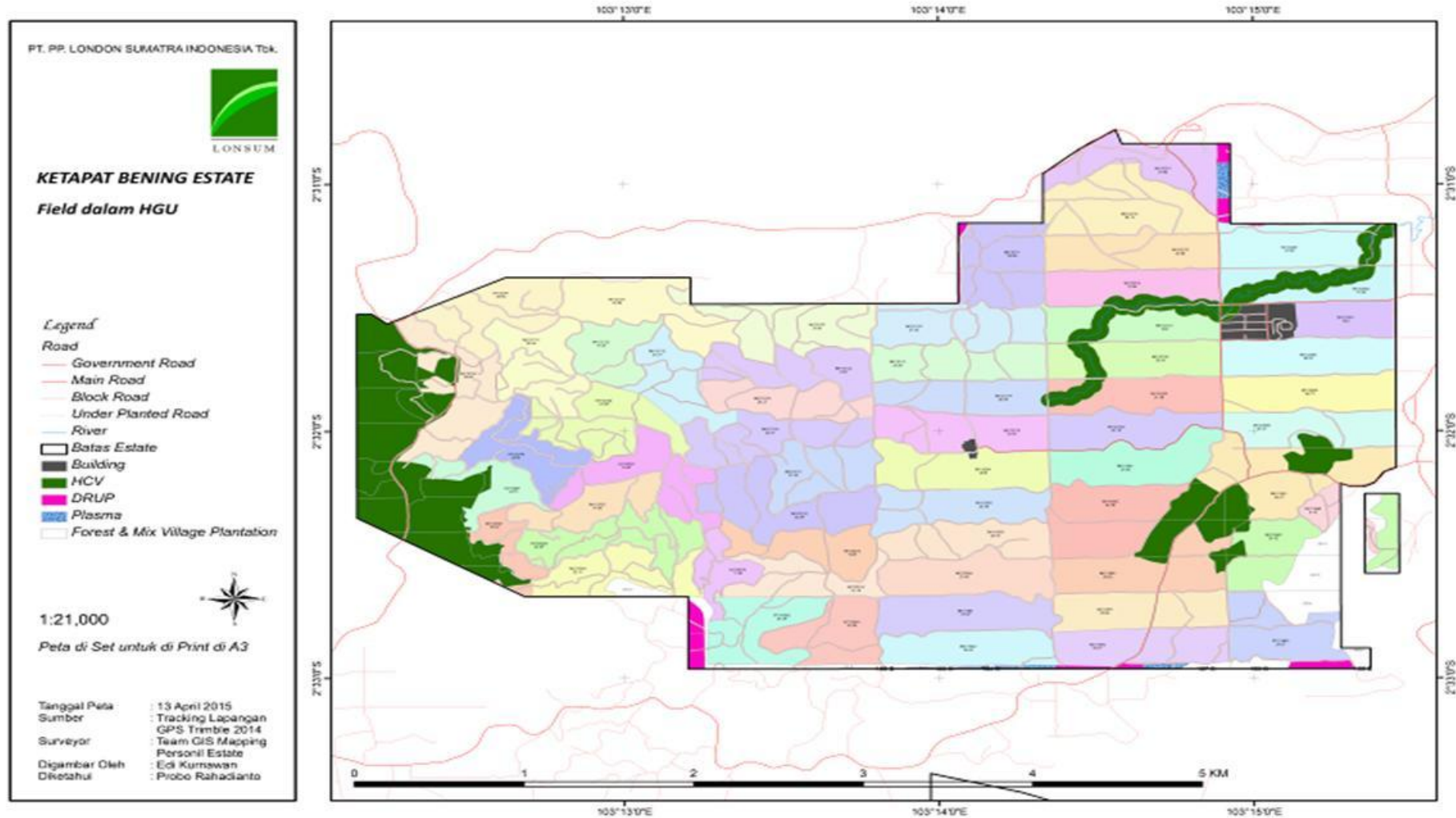
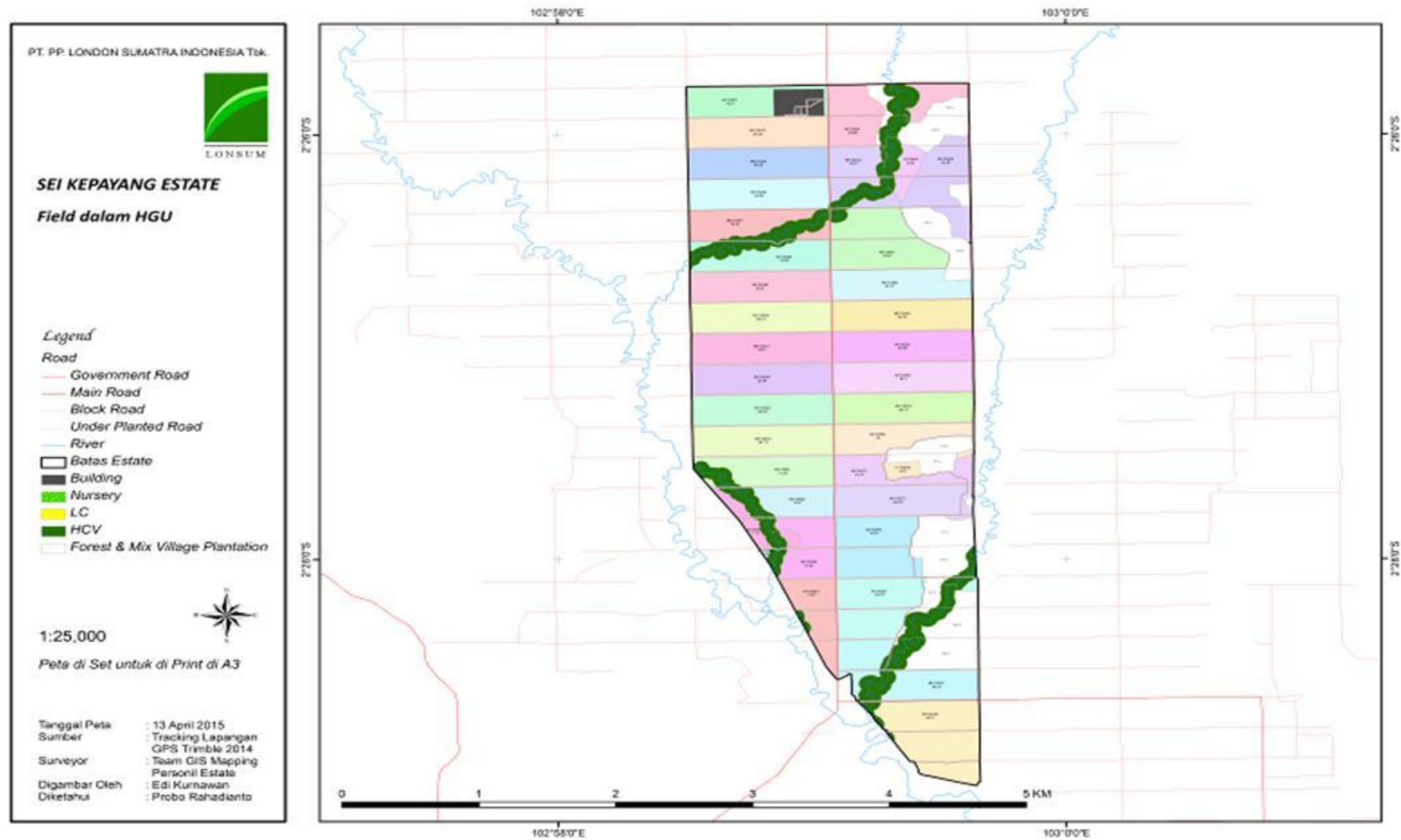


Figure 6. Operational Map of SEI KEPAYANG ESTATE



Glossary

ASEAN	:	Association of South East Asian Nations
BCE	:	Batu Cemerlang Estate
BEE	:	Belani Elok Estate
BHE	:	Bukit Hijau Estate
BLRS	:	Bahlias Research Station
BOD	:	Biological Oxygen Demand
CPO	:	Crude Palm Oil
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha (<i>Land Use Rights</i>)
JAMSOSTEK	:	Jaminan Sosial Tenaga Kerja (<i>Social Insurance for Workers</i>)
KBE	:	Ketapat Bening Estate
KER	:	Kernel Extraction Rate
OER	:	Oil Extraction Rate
PK	:	Palm Kernel
PKS	:	Pabrik Kelapa Sawit (<i>Palm Oil Mill</i>)
SKE	:	Sei Kepayang Estate
SOP	:	Standart Operating System
TBS	:	<i>Fresh Fruit Bunches</i>
MRP	:	Monthly Rate Payment
DRP	:	Daily Rate Payment

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT				
1.1 Assessment Standard Used		<ul style="list-style-type: none"> <i>National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008.</i> <i>RSPO Supply Chain Certification Standard November 2011</i> 		
1.2 Organisation Information				
1.2.1	Organisation name listed in the certificate	PT PP LONDON SUMATRA INDONESIA Tbk		
1.2.2	Contact person	Muhammad Waras		
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> Kantor Pusat yang terdaftar di RSPO: Jl. A. Yani No. 02 Medan, Sumatera Utara – Indonesia. 		
1.2.4	Telephone	(061) – 4532300		
1.2.5	Fax	(061) – 4550421		
1.2.6	E-mail	Muhammad.Waras@londonsumatra.com		
1.2.7	Web page address	www.londonsumatra.com		
1.2.8	Management Representative who completed the application for certification	Muhammad Waras (Head of ECSR & HS Department)		
1.2.9	Registered as RSPO member	1-0015-04-000-00 – 5 November 2004		
1.3 Type of Assessment				
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base <ul style="list-style-type: none"> 1 Belani Elok Palm Oil Mill, 5 Estates: Bukit Hijau Estate, Ketapat Bening Estate, Sei Kepayang Estate, Batu Cemerlang Estate and Belani Elok Estate 		
1.3.2	Type of certificate	Single		
1.4 Locations of Mill and Plantation				
1.4.1	Location of Mill			
	Name of Mill	Location	Coordinate	
			Latitude	Longitude
	Belani Elok POM	Village of Beringin Makmur II, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan	S 2° 36' 56"	E 103° 8' 44"
1.4.2	Location of Certification Scope of Supply Base			
	Name of Supply Base	Location	Coordinate	
			Latitude	Longitude
	Belani Elok Estate	Village of Belani, Beringin Makmur II, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan	S 2° 35' 30"	E 103° 08' 44"
	Bukit Hijau Estate	Village of Tanjung Raja, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan	S 2° 35' 05"	E 103° 07' 06"
	Batu Cemerlang Estate	Village of Pauh, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of	S 2° 37' 27"	E 103° 13' 56"

		Sumatera Selatan					
	Ketapat Bening Estate	Village of Air Bening, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan	S 2° 31' 37"	E 103° 14' 57"			
	Sei Kepayang Estate	Village of Bumi Makmur, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan	S 2° 31' 33"	E 103° 02' 27"			
1.5 Description of Area Statement							
1.5.1	Tenure						
	• State		13,699.53	Ha			
	• Community		-	Ha			
1.5.2	Area Statement						
	• Total area		13,699.53	Ha			
	• Mature area		6,489.03	Ha			
	• Immature area		704.31	Ha			
	• Mill		51.63	Ha			
	• Infrastructure		530.82	Ha			
	• Workers Quarter		100.91	Ha			
	• Nursery		2.49	Ha			
	• Occupation Land		225.97	Ha			
	• HCV		392.06	Ha			
	• Others area:		5,202.31	Ha			
	Planting preparation 2014		114.47	Ha			
	Land Clearing		15.44	Ha			
	Villages with houses		50.44	Ha			
	Enclave (compensated)		2,300.03	Ha			
	Not compensated		2,637.38	Ha			
	Compensated and ready for LC		84.55	Ha			
1.6 Planting Year and Cycles							
1.6.1	Age profile of planting year						
	Planting Year	Hectarage (Ha)					
		Belani Elok Estate	Bukit Hijau Estate	Batu Cemerlang Estate	Ketapat Bening Estate	Sei Kepayang Estate	Total
	1995	-	-	-	423.98	-	423.98
	1996	18.02	101.54	-	699.16	808.73	1,627.45
	1997	253.00	185.01	-	71.73	23.94	533.68
	1999	76.33	-	-	-	-	76.33
	2004	610.52	165.31	346.01	299.35	52.54	1,473.73
	2005	400.47	320.10	262.22	-	-	982.79
	2006	315.72	-	331.09	-	-	646.81
	2007	26.99	39.96	138.13	-	-	205.08

	2008	-	62.40	111.39	-	-	173.79
	2009	34.32	-	317.01	7.28	-	358.61
	2010	15.72	-		-	-	15.72
	2011	21.79	138.17	21.30	-	-	181.26
	2012	38.35	73.15	71.72	-	-	183.22
	2013	68.84	107.77	119.64	-	4.07	300.32
	2014	-		-	-	10.57	10.57
	TOTAL	1,880.07	1,193.41	1,718.51	1,501.50	899.85	7,193.34
1.6.2	New Planting area after January 2010			- Ha			
1.6.3	Planting Cycle			1 st Cycle (25 years)			
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Belani Elok POM	60	277,604.23	62,504.44	22.38	14,013.97	4.96
	* Data actual PKS Belani Elok Juli 2013 – May 2014						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/ year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Belani Elok Estate	4,421.33	1,880.07	14,835.41	9.9	14,835.41	100
	Bukit Hijau Estate	2,626.41	1,193.41	14,485.53	9.6	14,485.53	100
	Batu Cemerlang Estate	3,899.89	1,718.51	14,522.54	9.7	14,522.54	100
	Ketapat Bening Estate	1,742.90	1,501.50	19,988.45	13.3	19,988.45	100
	Sei Kepayang Estate	1,009.00	899.85	14,987.55	10.0	14,987.55	100
	TOTAL	13,699.53	7,193.34	78,819.46	11.0	78,819.46	100
	* Data actual Kebun dan PKS Belani Elok Juli 2013 – May 2014						
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location	Supplied to Mill			
				FFB (tonnes/year)			
	Plasma Air Bening Region (6 Cooperatives, 1,304 smallholders)	(scheme smallholders of PT PP LONSUM)	Village of Air Bening and Beringin Makmur II, Sub-District of Rawas Ilir, District of Musi Rawas Utara, Province of Sumatera Selatan	56,479			
	Plasma Dwi Makmur Region (8 Cooperatives, 3,150 smallholders)	(scheme smallholders of PT PP LONSUM)	Village of Bumi Makmur, Sumber Sari, Karya Makmur, Srijaya Makmur, Mulya Jaya, Sumber Makmur, Klumpang Jaya, Tebing Tinggi, Sub-District of Nibung, District of Musi Rawas Utara, Province of Sumatera Selatan	100,051			
	TOTAL			156,530			
	* Data actual Kebun dan PKS Belani Elok Juli 2013 – May 2014						

1.7.4	Jenis Produk		FFB, CPO, PK				
1.8 Estimate Tonnage of Certified Product							
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim to (tonnes/year)		Actual certified product to (tonnes/year)		
	• FFB Production						
	• CPO Production						
	• Palm Kernel (PK) Production						
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)		Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	
	Belani Elok Estate		4,421.33	1,880.07	16,366	10.9	
	Bukit Hijau Estate		2,626.41	1,193.41	15,916	10.6	
	Batu Cemerlang Estate		3,899.89	1,718.51	16,216	10.8	
	Ketapat Bening Estate		1,742.90	1,501.50	21,321	14.2	
	Sei Kepayang Estate		1,009.00	899.85	16,967	11.3	
	TOTAL		13,699.53	7,193.34	86,787	12.06	
	Periode Agustus 2014 – Agustus 2015						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Belani Elok POM		60	86,787	19,527	22.5	4,339
Periode Agustus 2014 – Agustus 2015							
1.9 Other Certifications							
	ISO 9001:2008		-				
	ISO 14001: 2004		-				
	OHSAS 18001:2007		Year 2012, from TUV Rheinland				
	ISCC		-				
	Others		OHS Management System (SMK3) Belani Elok Estate & Belani Elok POM, Year 2012 from Minister of Manpower and Transmigration (Menteri Tenaga Kerja dan Transmigrasi)				
1.10 Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units						
	Unit Manajemen		Estate (Supply Base)	Rencana Tata Waktu	Lokasi	Status	
	Pabrik	Tata Waktu					
	Turangie	2008	Turangie	2008	Langkat, North Sumatera	Recert 2014	
		2008	Bungara	2008	Langkat, North Sumatera	Recert 2014	
		2008	Pulo Rambong	2008	Langkat, North Sumatera	Recert 2014	

Begerpang	2008	Sungai Merah	2008	Deli Serdang, North Sumatera	Recertification on progress
	2008	Begerpang	2008	Deli Serdang, North Sumatera	Recertification on progress
	2008	Si Bulan	2008	Serdang Bedagai, North Sumatera	Recertification on progress
	2008	Rambong Sialang	2008	Serdang Bedagai, North Sumatera	Recertification on progress
Dolok	2008	Dolok	2008	Batubara, Asahan, Simalungun, North Sumatera	Recert 2014
	2008	Bah Lias	2008	Simalungun, North Sumatera	Recert 2014
	2008	Bah Bulian	2008	Simalungun, North Sumatera	Recert 2014
Gunung Melayu	2008	Gunung Melayu	2008	Asahan, North Sumatera	Recert 2014
	2008	Sei Rumbiya	2008	Labuhan Batu, North Sumatera	Recert 2014
Gunung Bais	2011	Gunung Bais	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	2011	Riam Indah	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	2011	Sei Gemang	2016	Musi Rawas, South Sumatera	Audit Planned 2016
Arta Kencana	2012	Arta Kencana	2015	Lahat, South Sumatera	Audit Planned 2015
	2012	Kencana Sari	2015	Lahat, South Sumatera	Audit Planned 2015
Belani Elok	2013	Belani Elok	2014	Musi Rawas, South Sumatera	Audited 2014
	2013	Bukit Hijau	2014	Musi Rawas, South Sumatera	Audited 2014
	2013	Batu Cemerlang	2014	Musi Rawas, South Sumatera	Audited 2014
	2013	Ketapat Bening	2014	Musi Rawas, South Sumatera	Audited 2014
	2013	Sei Kepayang	2014	Musi Rawas, South Sumatera	Audited 2014
	2016	Area Non-HGU seluas 4,468.45 Ha	2016	Musi Rawas, South Sumatera	December 2016
Sei Lakitan	2014	Sei Lakitan	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	2014	Riam Indah	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	2014	Sei Gemang	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	2014	Sei Punjung	2016	Musi Banyuasin, South Sumatera	Audit Planned 2016
	2014	Bangun Harjo	2016	Musi Banyuasin, South	Audit Planned

					Sumatera	2016
		2014	Suka Bangun	2016	Musi Banyuasin, South Sumatera	Audit Planned 2016
	Terawas	2015	Terawas	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	Pahu Makmur	2016	Isuy Makmur	2016	West Kutai, East Kalimantan	Audited 2015
		2016	Pahu Makmur	2016	West Kutai, East Kalimantan	Audited 2015
		2016	Kedang Makmur	2016	West Kutai, East Kalimantan	Audited 2015
	Update time bound plan September 2015					
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard					
	Scheme Smallholders (Air Bening Region and Dwi Makmur Region) planned to submit within scope certification of Belani Elok POM in 3 years after the mill is certified.					

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ST-2	<ol style="list-style-type: none"> 1. Yudwi Wisnu Rahmanto (Lead Auditor). Bachelor Degree of Forestry with Silviculture background, University of Gadjah Mada. He worked at professional independent Certification Body as an Auditor for last 5 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. During this audit, he assigned to verify of Legal and Supply Chain aspect. 2. Ardiansyah (Auditor). Indonesian citizen, Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has involved activities such as preparation of EIA document for Oil Palm Plantations and Forest Plantations (HTI) and training such as awareness RSPO, Lead Auditor ISPO, awareness OHSAS, land cover crop mapping and Auditor/Lead auditor Management System Certification (ISO 9001-2008), He has several times following audit activities related to sustainable palm oil certification system as an auditor. During this audit, he assigned to verify of HCV, Environmental, Soil and Water Conservation aspect. 3. Muhammad Rinaldi (Auditor). Diploma Degree of Oil Palm Plantations, Bogor Agricultural University. He has 4 years of experience working as Agronomy Assisstant in the private oil palm plantation companies in Indonesia. He has been training RSPO Awareness, ISPO Auditor training, training Auditor / Lead Auditor ISO 9001-2008. During this audit, he assigned to verify of Best Practices Agronomy aspect. 4. 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. During this audit, he assigned to verify of Social aspect. 5. Henry Marpaung (Auditor). Bachelor of Agricultural Science Agribusiness Management, Faculty of Agriculture, Bogor Agricultural University. He is currently working on an independent certification body. He has worked as a research assistant at the Center for Study of IPB; In 2004 - 2009, he served as QMS management representative in PT Surveyor Indonesia; and since the year 2000 -2010 as a consultant QMS, EMS and OHSAS PT Surveyor Indonesia. The training which have been followed include: training SMK3, IRCA Lead Assessor Training 9001 Course Assessment HCV, Lead assessor training and OHSAS 18001 Lead Auditor Training ISPO. During this audit, he assigned to verify of Safety and Health aspect.
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ST-2	Number of auditors : 5. auditor Number of days for ST-2 at site : 5 days Number of working days for ST-2 at site : 25 Working days
2.2.2	Assessment Process
ST-2	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT PP London Sumatra Indonesia, Tbk to the requirements of RSPO Principles and Criteria for Sustainable Palm Oil Production Indonesian National Interpretation 2008 and Supply Chain Requirement for CPO Mill 2011.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the</p>

information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results **ST-2** delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (**ASA-1**).

Improvement of findings from main assesment findings were observed by auditors at this **ST-2** assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **ST-2**.

The assessment program please find Appendix 2

2.2.3	Location of Assessment
ST-2	<p>The number of management units of this activity consists of five estates that supply material FFB to the Belani Elok POM. In conducting the assessment, auditor team using formula $0.8 \sqrt{y}$ to determine the sample of and consider the issue of problems arising from the stakeholders (stakeholdes) as fundamentaly and critical. Based on this formula, the team of auditors determine the location of sample is 1 unit mill and 2 estates (Sei Kepayang Estate and Bukit Hijau Estate).</p> <p><u>Sei Kepayang Estate:</u></p> <p>Location 1- Block 04112950 and Block 04113091. Observation on the IPM program implementation by using barn owl and by planting <i>Turnera subulata</i>. The <i>Turnera subulata</i> and barn owl boxes are well maintained.</p> <p>Location 2- Block 05123103. Observation on the soil management on the slope area by creating terrace.</p> <p>Location 3 – Block 2943.</p> <ul style="list-style-type: none"> • Observation on the harvesting program and the adjustment of the proper harvesting standard. Interview with the harvesters in term of the waging system, safety work method, PPE availability, complaint delivery, OHS implementation, medical assurance and freedom to unite. • Observation and interview with the transport division clerk in term of the mature FFB criteria, PPE availability, complaint delivery and worker's responsibility. <p>Location 4 – Employees Settlement. Interview with the sprayers in term of the provision and use of PPE, first aid action, work risk, regular medical check up, prohibition for the pregant and breastfeeding women workers to spray, waging, prohibition to spray the riparian, procedure of gender issue complaint delivery and socialization of HCV area.</p> <p>Location 5 – Land Use Title Pole No. 26, Block 0581. The pole is well maintained. There is a supporting trench which border the company area and the community estate.</p> <p>Location 6 - Land Use Title Pole No. 07, Block 0621. The pole is well maintained. The pole is bordering the company area and scheme smallholder area.</p> <p>Location 7 - Land Use Title Pole No. 29, Block 0610. The pole is well maintained. The pole is bordering the company area and Kelumpang River.</p> <p>Location 8 - Land Use Title Pole No. 34 and 35, Block 0160. The pole is well maintained. The pole is bordering the company area and scheme smallholder area.</p> <p>Location 9 - Division II, Block 2981. There was a planting conducted on 2014 on 1.5 Ha area. It was not planted on the HCV area.</p> <p>Location 10 – Hazardous Waste Storage. Observation on the hazardous waste storing and its administration.</p> <p>Location 11 – Warehouse, Office and Workshop. Observation on the fire control equipments.</p> <p><u>Bukit Hijau Estate:</u></p> <p>Location 1- Block 04110480 dan Blok 13110289. Observation on the soil management on the slope area by using terrace. LCC planting and erossion monitoring by using pole. The auditor also observed the land preparation by implementing zero burning policy.</p> <p>Location 2 – Block 96110460. Interview with the sprayers and sprayer foreman in term of the PPE provision and availability, first aid action, work risk, regular medical check up, prohibition for the pregant and breastfeeding women workers to spray, waging, prohibition to spray the riparian, procedure of gender issue complaint delivery and socialization of HCV area.</p>

Location 3- Block 11110259. Observation on the IPM implementation by planting *Turnera subulata*.

Location 4 – Block 96110470

- Observation on the harvesting program and the adjustment of the proper harvesting standard. Interview with the harvesters in term of the waging system, safety work method, PPE availability, complaint delivery, OHS implementation, medical assurance and freedom to unite.
- Observation and interview with the transport division clerk in term of the mature FFB criteria, PPE availability, complaint delivery and worker's responsibility.

Location 5- Block 97110521 and Block 97110841. Observation on the program to maintain the soil fertility by using EFB and effluent. It has been conducted by referring the applied procedure.

Location 6 - Land Use Title Pole No. 146, Block 42, Division I. The pole is well maintained.

Location 7 - Land Use Title Pole No. 135, Block 268, Division I. The pole is well maintained.

Location 8 - Land Use Title Pole No. 172, Block 50, Division I. The pole is not found.

Location 9 - Block 263. Sacred Grave, HCV 6. There has been a signboard for informing HCV area.

Location 10 – Warehouse, Office and Workshop. Observation on the fire control equipments.

Belani Elok POM:

Loading ramp – ensuring the mechanism on FFB quality grading process from sources (Certified and Non-Certified).

Mill Processing. Field observation of mill processing (Sterilizer, Tippler, Thresher, Digester, Pressing upto Clarification station).

Storage and Dispatch. Field observation of product storage (CPO & Kernel) and dispatch process prior to delivering.

Hazardous and Chemical Warehouse. Field observation on OSH compliances and actual implementation.

Workshop. Observation and workers interview related to their task and responsibilities, also for ensuring implementation of Safety and Health.

2.3 Stakeholder Consultation and Stakeholders Contacted	
2.3.1	Summary of stakeholder consultation process.
ST-2	Summary of stakeholder consultation process Consultation of stakeholders for PT PP London Sumatra Indonesia, Tbk – Bingin Teluk location was held by: Public Notification 30 days prior to assessment (12 May 2014). Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples on 17 June 2014. Numbers of input from stakeholders were clarified by PT PP London Sumatra Indonesia, Tbk – Bingin Teluk location.
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4 Determining Next Assessment	
	The next visit (ASA-1) will be determined at least 9 months after the mill have certified.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Belani ELOK POM – PT PP London Sumatra Indonesia, Tbk operation consisting of one (1) mill and five (5) oil palm estates.

During the assessment, there were six (6) Nonconformities were assigned against Major Compliance Indicator(s); six (6) nonconformities were assigned against Minor Compliance Indicators; and two (2) nonconformance(s) against supply chain requirement for CPO mill and four (4) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidence(s) e.g. Those corrective actions taken that consist of six (6) Major non-conformities and three (3) Minor non-conformities and two (2) Non Conformities of Supply Chain Requirements had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Belani ELOK POM – PT PP London Sumatra Indonesia, Tbk 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 dan RSPO Supply Chain Certification Standard November 2011 for CPO Mill.***

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 management unit has had policy to classify the documents (publicly-accessed and classified). The publicly-accessed documents are the documents requested by the law to be given to the associated government agencies such as Environment Agency and Manpower Agency. The classified documents are the documents which contain the classified information that could cause the negative impacts over the company if the public knows it. For example, the finance or tax data (unless the data is requested by the court or tax Officer), details that have to do with suppliers and costumers, etc.	
	There is an SOP of document management (EMS P06 Control of Documents). It describes the storing period of the documents determined by the company. According to the SOP, the documents of information request and response are maintained for 2 years. Meanwhile, the documents that have to do with legal and permit terms shall be always be maintained as long as the company need it.	
	Status: COMPLY	
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.	
	The management unit has had policy to classify the documents (publicly-accessed and classified). The publicly-accessed documents are the documents requested by the law to be given to the associated government agencies such	

as Environment Agency and Manpower Agency. The classified documents are the documents which contain the classified information that could cause the negative impacts over the company if the public knows it. For example, the finance or tax data (unless the data is requested by the court or tax Officer), details that have to do with suppliers and costumers, etc.

There is an SOP of document management (EMS P06 Control of Documents). It describes the storing period of the documents determined by the company. According to the SOP, the documents of information request and response are maintained for 2 years. Meanwhile, the documents that have to do with legal and permit terms shall be always be maintained as long as the company need it.

Status: COMPLY

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 management unit of Belani Elok POM and its suppliers (estates) (PT PP London Sumatera, Tbk) have complied several regulations. Especially the national and local regulations. The changes of regulation in term of the aspect of estate operationals have been adjusted by the management unit of Belani Elok of LONSUM by using the composed procedures such as the documented system which contain the information and requirements of law that must be complied by the company. There are 131 regulations that have to do with estate, 319 cluses for estate and 277 clauses for mill. Example of the complied regulations were:

- Manpower Ministry Regulation No. 186 Year 1999: emergency response team including the annually-trained fire team.
- Statute No. 1 year 1970: According to the field visit, the workers have use PPE.
- South Sumatera Governor Regulation No 15 Year 2005 in term of the effluent quality threshold with evidence of compliance over the quality threshold (not exceeding 5000 mg/l).

However, According to the result of interview with the sprayers of Sei Kepayang Estate, the spraying equipments are stored at the worker's house. Therefore, it does not comply the Manpowe Regulation No. 3 Year 1986 in term of the OHS requirements at the pesticide storage. There is an indication that the temporary daily workers for the 3 months in row are not promoted to permanent daily workers. For example, the security Officer and processing stage Worker. It does not comply the decree of Manpower Ministry No. 100 Year 2004 in term of the agreement of the specific work period. There is no adequate evidence that the welding specialist has had certificate based on Manpower Regulation No. 2 Year 1982 Article 3. There is no adequate evidence that the electricians have had certificate and license of electricity based on the decree of the directorate general of industrial relation and manpower monitoring No. 311 Year 2002 Chapter 1st.

There is no adequate evidence that the clinic has had the operational permit based on the Health Ministry Regulation No. 28 Year 2011 in term of clinic (SKE & BHE). NC No. **2014.01**.

Verification on August 26th 2014

Management Unit have shown the several corrective actions for the regulation compliances, consist of:

- 1). Internal Memorandum No. 008/HRD/C-PW/I/2014, dated January 30th 2014 from the HR Director in term of the recommendation of temporary daily labour to DRP (Daily Rate Personnel)/PKWT. The document describes the definition of temporary daily labour, promotion process of temporary daily labour to DRP and or PKWT. In aspect of document compliance, the documents are adequate and acceptable. However, the implementation shall be observed on the next assessment. NC is CLOSED.
- 2). The management unit of LONSUM Belani Elok has held training of welding specialist and electrician competence. It was held by BLKI Manpower Agency of South Sumatera Province on August 11th – 15th 2014. It was attended by 18

participants (including the technicians and the welding specialist of Belani Elok POM). NC is CLOSED. However, the management unit is not able to show the corrective actions for:

- Evidence of corrective action in term of spraying PPE management is not informed yet. The compliance status is still OPEN.
- There is no evidence over the corrective action on the operational permit. The compliance status is still OPEN.

February 13th 2015

Evidence of the corrective action in term of the PPE equipments storing for the spraying PPE have been shown by each estate unit in form of the official record and photographs. The documents are:

1. Batu Cemerlang Estate: photographs of spraying PPE storing in division warehouse on August 20th 2014.
2. Belani Elok Estate: photographs of spraying PPE storing in division warehouse on August 27th 2014.
3. Bukit Hijau Estate: photographs of spraying PPE storing in division warehouse on October 7th 2014.
4. Ketapat Bening Estate: photographs of spraying PPE storing in division warehouse on September 2th 2014.
5. Photographs of the Sei Kepayang Estate Storage.

Meanwhile, the evidence of corrective action in form of the permit of clinic based on the decree of the Head of Health Department of North Musi Rawas District No. 440/IV/SK/DINKES/2014 dated December 15th 2014. The permit decided to issue the operational permit for Medical Center of PT LONDON SUMATRA INDONESIA in Beringin Makmur Village, Rawas Ilir Sub-District, North Musi Rawas District. The permit valid till December 15th 2017.

The Musi Rawas District Health Agency also issued the midwife work permit paper No. 440/III/DINKES/2014 dated December 8th 2014 to Mrs. Rahmi Hardiyanti, Am.Keb as the medical assistant on the clinic.

NC No. 2014.01 Major 2.1.1 is CLOSED.

Status: COMPLY

2.2

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

PT PP Lonsum – Bingin Teluk Location has has right over the land for 13,626.72 Ha (5 Land Use Title certificate) and Building Use Title for 72.63 Ha.

According to the Hectare Statement for Period of May 2014, the total of the managed area is 18,167.98 Ha. Meanwhile, the right over the land is 13,699.35 Ha (Land Use Title and Building Use Title). Therefore, there is hectareage differences for 4,468.45 Ha of the uncultivated land for the company operationals. **NC No. 2014.02.**

Auditor Observation:

February 24th 2015

The management unit of PT PP LONSUM describes the chronology over the land acquisition for 4,468.35 Ha. All the acquisition process are now being processed at the National Land Agency. Therefore, the management of Belani Elok decided to change the scope of the certification area to only 13,699.53 Ha (Building Use Title Only).

Hence, NC No. 2.2.1 is closed and it shall be **Observed on the next assessment.**

The land demarcation over the spatial of estate boundary area in form of the Land Use Title Pole (area with Land Use Title certificate only). Meanwhile, the boundary monitoring is conducted by using pole monitoring checklist. According to the field visit to National Land Agency pole No. 146, 135 and 172 (Bukit Hijau Estate) on June 19th 2014, the pole No. 172 was lost. **NC No. 2014.03.**

Auditor Observation:

January 28th 2015

The evidence of the corrective action has been informed by the management unit of Bukit Hijau Estate in form of the

photographs and official record of the installation of Land Use Title (HGU) pole No. 172 in block 50. The pole has been installed in line with the coordinate of Land Use Title (HGU).

Auditor Team Conclusion:

Hence, NC No. 2014.03 Major 2.2.2 is CLOSED. It shall be observed on the next assessment.

There was a land dispute between the locals and the management unit of Lonsum - Belani Elok on 2012. However, it has been solved participatively (FPIC) and all the evidence of the resolution have been well documented. The management unit implement the procedure of conflict resolution on SOP (OP 2.2) of *Land Acquisition and Compensation*.

Status: COMPLY

2.3

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

According to the document of the HCV identification report in Bingin Teluk Estate area location on 2008 (identified by Aksenta), there is no traditional rights within the area of PT PP Lonsum - Bingin Teluk Regions (5 estates). It is supported by the result of interview with the Chief of Bumi Makmur Village on June 18th 2014. The locals were actually the transmigrants not the indigenous people.

Meanwhile, according to the legal right of the land owner, the procedure of compensation is implemented by involving the community representatives.

Status: COMPLY

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.

The management unit of Sei Kepayang and Bukit Hijau Estate has long term plan of Forward Study 2014-2020 which describes executive summary, summary, hectare statement, total crop, forecast Yield.

The management unit of Belani Elok POM has long term plan of Forward Study 2014-2020 which describes the oil palm production FFB: FFB processed, production CPO-FFA-PK, OER, KER, Dispatch CPO-PK, Troghput, Milling Efficiency

According to the SOP OP 5.7.2 Nov 2004, the information of the criteria for replanting by considering several aspects are described. For example:

- Plant age: 25 years old.
- Crop (FFB crops is decreased).
- Spreaded and block set up.

It is written on the long term plan (15-20 years old) and planting plan on the next year.

The management unit does not have the replanting program for the next 5 years.

Status: COMPLY

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

1. ESTATE

The company has had SOP of Oil Palm Procedure. It was issued on April 21st 2008 and it was legalized by the Managing Director of Operational in term of the guideline of the cultivation technique which cover the nursery, maintenance, land clearing and planting, immature plant maintenance, harvesting, mature plant maintenance, pest and

disease control, manuring and FFB transport.

There is an internal audit program for twice a year. For example, the report internal audit of Sei Kepayang Estate which was received by the Internal Audit & RM on March 4th – 11th 2014. The report describes the result of the assessment for the programs like the land clearing, plant cultivation and maintenance, FFB transport, estate piecework and estate finance and administration.

2. Mill

The company has had SOP to process the FFB as written on the Work Instruksion Palm Oil Mill dated October 1st 2006. It describes all the programs in each station to laboratory.

There is an internal audit program for the mill operationals assessment twice a year. There is a report of the internal audit program result in form of the Detailed Issues and Management Action Plans based on the result of the operational programs assessment by the auditor team on April 28th 2014 as well as the meeting result to respond the audit finding.

The reports of the operationals for estate and mill are recorded on the book of foreman program daily. It shows the number of workers, amount of the ingredient used by and the hectareage for all the operationals. There is also a report of Monthly Actual Cost. It describes the record for all operationals based on the type of the job, the cultivated block, total of the cultivated area, number of workers and total of the cost used by the company.

According to the field visit and interview on the spraying and harvesting programs, the workers have aware of the work method based on the applied procedure.

Status: COMPLY

4.2

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

1. Leaf Analysis Program

There is a report of the result of leaf analysis. It was analyzed by BLRS Analytical Laboratory Plant Tissue Analysis Report on February 21st 2013 for Sei Kepayang and Bukit Hijau Estate. The analysis is conducted on each field of each division. The assessed parameters are N, P, K, Mg dan Ca. the leaf analysis program is conducted once a year.

2. Soil Analysis Program

The soil analysis for the company soil is conducted annually by taking the soil sample of land application area of Bukit Hijau Estate. It is reported on the attachment of environmental management and monitoring plan. There are reports of laboratory of chemical, biology and soil fertility No. 245/U/Lab/TNH/X/2013. It was analyzed by University of Sriwijaya, Faculty of Agriculture on October 22nd 2013. The assessed parameters were pH, C-organik, N, P, K, Na,Ca, Mg, Pb, Cu, Cd, Zn and soil texture fraction.

The programs conducted by the company to maintain the soil fertility are the manuring program, EFB and LA program. All the programs are monitored and recorded. For example:

- There is a report of Sei Kepayang Estate BP 52 – Fertilizer Application 2014. It describes the program and the manuring actual program in entire block per type of fertilizer as well as the date of application. The manuring programs have complied the recommendation composed by BLRS.
- There is a report of Bukit Hijau Estate on the Form of Effluent Application Monitoring per track of Flatbed/Plot on May 2014. It describes the LA per day of the applied block, amount of the applied bed, time of application and volume of the applied effluent. The total application on May 2014 was 4,321.5 M³ on 1,137 beds within 166.9 hours on block 97110842 and 97110841.

- There is a report of Bukit Hijau Estate in term of Organic Fertilizer 2014. It describes the EFB application program and EFB application area which describes the realization of EFB application. The EFB was applied on 379,99 Ha in Bukit Hijau area on 2014. The volume of the applied EFB was 18,999 ton and the realization till May 2014 was 3,862.25 ton on the 75 Ha of land.

According to the result of the field visit on the EFB and LA application, those have been applied based on the SOP.

Status: COMPLY

4.3

Practices minimize and control erosion and degradation of soils.

The company has SOP for the slope area management programs. For example:

1. Planting LCC as written on the SOP OP 2.9 in term of Legume Establishment in Oil Palm
2. Creating terrace as written on the standard of terrace making in slope area.
3. SOP of OP 5.10 High Conservation Value. The SOP discussed the HCV management and monitoring programs including the management of riparian area and erosion-potential area.
4. SOP of OP 5.4.3 in term of Frond Placement on Slope and Terrace. It describes the procedure of frond arrangement at the slope area to push the soil erosion back, to ease the way in and as the fertilizer trap.

There is a soil map in scale 1:190,000. It describes the type of soil. There are 2 type of soils in Bukit Hijai Estate. Those are the Alluvial and Acid Tuff Plain soil. There is a mineral type soil in Sei Kepayang. According to the document of soil map, the critical land within the company area is the Acid Tuff Plain. The company implements the manage the soil is by conducting manuring based on the recommended dosage by the research team and applying EFB. According to the result of field visit to Sei Kepayang and Bukit Hijau Estate, there is no peatland area.

There is a map for Soil Class drawn by BLRS in scale 1:190,000. It describes that Sei Kepayang has soil class with the type of slope is flat to wavy 0-2% and the Bukit Hijai Estate has slope type of flat to wavy between 0-8%.

There are records of the programs on the slope area. For example:

1. The erosion monitoring on the slope area has been conducted. The report of erosion monitoring in 2014 at field 12113150 of Sei Kepayang Estate is available. According to the report, the changes on the land surface height from 50 cm to 50.1 cm on May 2014 (0.1 cm) is described.
2. There is a data of LCC Marcoting in division 2 of Bukit Hijau Estate. It describes the total of LCC planted area. There has been 92 Ha area on block 11110830, 13110640, 13110640 and 13110289 which are planted with LCC.

According to the field visit to block 05123103 of Sei Kepayang Estate and to block blok 13110289 of Bukit Hijau Estate, the slope has been managed by creating terrace, planting LCC and there are monthly monitored erosion monitoring poles.

The company has maintained the road mechanically and has hardened the road by using stone. There is a record for the road maintenance. For example:

- Monthly work schedule on 2014 in division 4 of Sei Kepayang Estate with the activity of main road upkeep for 21,600 M on 2014. 34,350 M of road has been realized till May 2014. The road maintenance is conducted mechanically by using Road Grader and Compactor.
- Contract for service on the road maintenance and hardenning No. 080/EPSSK/CONT/2013 between PT.PP. London Sumatra Indonesia and PT. Purnama Sari Mandiri for creating 18,421 Km road in Bukit Hijau Estate. According to article 2, the cost of the project, work volume and cost are described. There is also a report of the project progress which describes the project actualization, amount of the must-paid cost and project progress.

Status: COMPLY

4.4

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

Attempts to preserve the waterway and wetland conducted by the company are as follow:

- Creating fence and embankment nearby reservoir. The reservoir is the restricted area (only the Officers who are allowed to enter it). According to the result of field visit, the reservoir is located on the restricted fenced area.
- Applying the effluent to the land. The effluent is processed on the WWTP pond before the application. The company has had the permit for the effluent analysis. The permit was issued by the Regent of Musi Rawas No. 660/125a/IV/2007 dated October 16th 2007.
- Prohibit the use of chemicals at the riparian area. According to the result of interview with the workers of Estate of Sei Kepayang and Estate of Bukit Hijau, the workers have aware of the use of chemicals in riparian.
- Testing the surface and underground water quality regularly (each 6 months). It was tested by the South Sumatera Province Environment Agency. The test is conducted on the upstream and downstream of Kelumpang River and Putih River. The tested parameters were pH, BOD, NO₃, Pb, Cu, NH₃, Cd, DO, ZN, CL and SO₄. According to the result of the latest test on November 2013, all parameters comply the quality threshold.

Belani Elok POM has monitored effluent BOD routinely (monthly). The test is conducted by South Sumatera Province Environment Agency. According to the result of the test, all the parameters comply the quality threshold of the decree of Environment Ministry No 28 Year 2003.

The water consumed for the mill need is taken from Rawas River water which is flowed to the reservoir.

The company has monitored the monthly water consumption. For example:

- April 2014: the water consumption for processing 1 ton of FFB was 1.24 M³/Ton of FFB. The processed FFB was 22,331 ton of FFB. The bugdet of water consumption was 1.25 M³/Ton of FFB.
- March 2014: the water consumption for processing 1 ton of FFB was 1.25 M³/Ton TBS. The processed FFB was 28,795 ton of FFB. The bugdet of water consumption was 1,25 M³/ Ton of FFB.

Status: COMPLY

4.5

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

The IPM programs executed by the company are:

- Monthly rat census as written on the SOP 5.2.7 of Rat Control in Oil Palm on point 3.1.
- Palm oil leaf eater caterpillar detection each quarter as written on SOP OP 5.2.4 Oil Palm Leaf Eater Control on point 0.0.
- Ganoderma census each semester as written on SOP OP 5.3.2 of Ganoderma Control Oil Palm on point 2.1.
- Plan for planting Beneficial Plant (*Turnera subulata*).
- Raising barn owl to prey rat by creating barn owl box as well as its monthly monitoring.

The company has monitored all IPM programs from its detection to its control. For example:

- There is a summary of barn owl monitoring. It informs the nest box monitoring in each block. For example, the form of Summary of barn owl monitoring in division 2 of Sei Kepayang Estate. It informs that there are 23 well maintained barn owl boxes and 5 unmaintained barn owl boxes. The hectarage total of the monitoring program is 757.57 ha.
- There is a summary of Ganoderma Treatment on 2014. It informs the programs conducted to the attacked plants by ganoderma. For example, there is a treatment for the attacked plants by ganoderma in division 1 of Sei Kepayang Estate. The company implement Dug Out & sanitation hole for 11 plants.
- There is a summary of ganoderma census in Sei Kepayang Estate and Bukit Hijau Estate. It informs the block, block hectarage, number of plants, program rotation, month of the program, plant age, the result of monitoring on the stand and fallen plants.
- There is a Form of Rat Census Detection Summary. It informs the block, block hectarage, number of plants,

program rotation, date of program, number of the detected plants, number of the attacked plants, percentage of attack and number of egg, flyblow, pupa found on the program. For example, the form of Leaf Eater Caterpillar summary detection on 2014 in division 1 of Sei Kepayang Estate. There is a result of the detection on all blocks. Total of the monitored plants are 6,044 plants and the attacked plants are 720 plants on the round 1 census.

- There is a Form of Leaf Eater Detection Summary. It informs the block, block hectarage, number of plants, program rotation, date of program, number of the detected plants, number of the attacked plants, percentage of attack and number of egg, flyblow, pupa found on the program. For example, the form of Leaf Eater Caterpillar summary detection on 2014 in division 1 of Sei Kepayang Estate. There is a result of the detection on Round 1. Total of the monitored plants are 710 plants and the attacked plants are 20 plants.
- There is a record of Beneficial Plant planting on the form of Program and Actual Beneficial weed (*Turnera subulata*) on 2014. It describes the monthly program, type of beneficial plant, area hectarage and program and planting actual. For example, there was planting program in block 11110259 of Bukit Hijau for 4.3 Ha on May 2014. The number of the planted plants are 200 and the realized plants are 200 on division 2.

According to the field visit to block 04112950 and blok 04113091 of Sei Kepayang and to block 11110259 of Bukit Hijau, the beneficial plants have been planted (*turnera subulata*) and the barn owl boxes are well maintained. There is no attacked plants by pest nor disease during the field visit.

Training

There is a record of the IPM training on December 21st 2013. It was attended by 8 participants. It socialized the Ganoderma Control and IPM for Bukit Hijau Estate. Meanwhile, there is no evidence of the training program for the workers who are dealing with IPM on Sei Kepayang. **See NC NCR No. 2014.04**

Toxicity Monitoring

There is a List of herbicide usage on 2014. It describes the agrochemicals used by the company, hectarage of application to the amount of the active ingredient per ha which is monitored monthly. For example:

NO	Material	Unit	Mei 2014			
			Total of Material	Ha of Application	Unit/Ha	Active Ingredient / Ha
1	Metsulindo 20 WP	Kg	10	13	1	0.2
2	Elang 480 SL	Ltr	330	471	0.7	0.336
3	Starlon	Ltr	108	154	0.7	0.336

There is no evidence of pesticide toxicity monitoring in Sei Kepayang estate (active ingredient/LD50 per ton of FFB or per hectare) for the agrochemicals used on the operationals. **See NCR No. 2014.05.**

Auditor Observation:

May 21st 2015

Sei Kepayang Estate has monitored the pesticide active ingredient annually per type of pesticide. It describes the type of pesticide and the active ingredient as well as the amount of the pesticide used by the company and application hectarage and toxicity (active ingredient per ha). For example, the company was using Starlon 665 EC (*triklopir butoksi etil ester* active ingredient) for 2,133.34 L (active ingredient 1,418.67 L), hectarage of application for 4,813.84 Ha with toxicity level for 0.295 L/ha on 2014.

Hence, **NC No. 2014.05 is Closed**

Minor 4.5.1 Status: COMPLY

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.

According to the field visit to agrochemicals storage, the company used 5 type of pesticides. The pesticides are registered on the commission of pesticide (registration number). For example:

No	The Materials Used by	Active Ingredient	Dosage/ha	Pesticide Registration Number on the Book of Pesticide Commission 2013
1	Metsulindo	Metil Metsulfuron	0.5	RI. 01030119991484
2	Elang	Gliphosat	0.5	RI.01030119941170
3	Starlon	Trichlopir	0.35	RI.2899/8-2007/T

The company has the record of pesticide usage. For example:

Sei Kepayang

No	The Materials Used by	Active Ingredient	Dosage/ha	Month				
				January	February	March	April	May
1	Metsulindo	Metil Metsulfuron	0.5		7.7	11.2	6.1	8.5
2	Elang	Gliphosat	0.5	108.31	233.89	247	85	198
3	Starlon	Trichlopir	0.35	105.84	128.40	202.2	127.6	103

Bukit Hijau

No	The Materials Used by	Active Ingredient	Dosage/ha	Month				
				January	February	March	April	May
1	Metsulindo	Metil Metsulfuron	0.5	6	5		5	10
2	Elang	Gliphosat	0.5	256	260	238	253	330
3	Starlon	Triklopir	0.35		38	71	68	108

The use of pesticide is based on the best pesticide use practice. Furthermore, it is applied by the well train pesticide Officer. The company has:

- The company has had MSDS (Material Safety Data Sheet) for each type of agrochemicals (pesticide). It describes the guideline of the ingredient maintenance and control, first aid action on the active ingredient, danger identification, action over the spillage and leakage, PPE, chemicals and physical property, reactivity and stability, toxicology information, ecology information, waste disposal and transport.
- The company has SOP OP 5.1.3 of Herbicide for Weed Control in Oil Palm. The SOP was revised on March 2008. It describes the work, herbicide and active ingredient used by, the applied dosage and the type of the existed weed.
- Sprayer Training.
There is an evidence of the limited pesticide use training on February 19th and 20th 2014. The certificates of the limited pesticide training for 15 Sprayers and sprayer foreman of Bukit Hijau Estate and for 12 workers (sprayers and foreman) of Sei Kepayang estate are available. The certificate was issued on February 21st 2014.

According to the result of field visit on the spraying program, the sprayers have used masker, glasses, aphrone, boots. The PPE were cleaned and put on the PPE storage.

The management of the ex pesticide waste is written on the SOP of Waste management (EMS-WI-8). For example:

- The pesticide containers in form of jerry can should be washed for 3 times. The water used to wash it shall then be applied on the land as the solution (mixing ingredient) and the non-pesticide chemicals water is flowed to the isolation tank.
- The washed pesticide containers are painted with red.
- Jerry can of the pesticide containers are marked and are maintained on the hazardous waste storage.
- Another pesticide container types (bottle, can, plastic bag) of the expired or contaminated materials are placed on the package like drum or container with capacity of 50 L or 200 L. It can also maintained on the container with capacity 2 m³, 4 m³, 8 m³). It is also recorded.F

According to the field visit to hazardous waste storage, the pesticide containers are well maintained and well classified per type of waste.

NC No. 2014.06:

- **SKE. SKE.** The management unit has had hazardous waste storage and has the hazardous waste stored on the storage. However, the storage does not have the hazardous waste storage permit.
- **BHE.** The ex pesticide containers of BHE are stored on the hazardous waste storage. However, there is no description of the type of pesticide containers which are able to be stored on the storage yet.

Auditor Observation:

August 26th 2014

The management unit of Belani Elok shows the corrective action in paper No. 090/207/DPELH/2014, dated August 14th 2014. According to the paper, 2 Officials of Mining and Environment Agency of North Musi Rawas District are ordered to verify the hazardous waste storage building technical requirements of Agustus 2014. Surat tersebut PT PP LONSUM in Sei Kepayang Estate and Bukit Cemerlang Estate.

However, there is no hazardous waste storage permit yet. Hence, **Major NC No. 4.6.4 is still OPEN.**

January 28th 2015

The management unit of Sei Kepayang and Batu Cemerlang Estate show the corrective action like the permit of hazardous waste. For example:

- Decree of North Musi Rawas Regent No. 08/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Sei Kepayang Estate dated September 23rd 2014. The permit is valid for 5 years. The scope of the permitted hazardous waste are the chemicals bottle and the expired chemicals whether solid or liquid as well as the use for its program.
- Decree of North Musi Rawas Regent No. 07/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Batu Cemerlang Estate dated September 23rd 2014. The permit is valid for 5 years. The scope of the permitted hazardous waste are the drum and bottles of chemicals and the expired chemicals whether solid or liquid as well as the use for its program.

Hence, **NC No. 2014.06 Major 4.6.4 is CLOSED.**

There is a commitment of the group (Indoagri) to gradually reduce the use of active ingredient paraquat herbicide for controlling the weed for 10% per year from the ratio of paraquat use (liter/ha) since January 2014. The alternative recommendation to control the weed on the 4th quarter of 2013 shall also be described as well.

Attempts to reduce the use of paraquat are as follow:

Estate	Year and the Use of Paraquat		
	2012 (L)	2013 (L)	2014 (L)
Bukit Hijau	195	176	162

Sei Kepayang	798	339	319
According to the table, the paraquate use is tend to reduced annually.			
Regular medical check up for the workers who are dealing with chemicals. Medical check up for the sprayers are in form of the physical and cholinestrace check up. The company was cooperating with the Division of OHS and Hyperkes of South Sumatera Province Manpower Agency on December 7th – 10th 2013. According to the medical check up, all sprayers were healthy.			
Ensuring that there is no pregnant nor breastfeeding women sprayer. The management unit has monitored the sprayers of Bukit Hijau Estate. The number of women sprayers are 19 sprayers. According to the result of monitoring on January – December 2013, there is no pregnant sprayers. The medical check up is conducted by the midwife. The same result also occurred on the Sei Kepayang Estate.			
According to the result of interview with the sprayer, the sprayers have been trained. Furthermore, they have aware of the policy and they have participated on the regular medical check up.			
Status: COMPLY			
4.7 An occupational health and safety plan is documented, effectively communicated and implemented.			
The OHS policy of PT PP London Sumatra Indonesia Tbk was legalized by the President Director on June 13th 2006. The commitment to protect OHS for its workers and other person within the workplace and its environment is expected to be implemented safely and efficiently.			
Bukit Hijau Estate has had the program to implement OHSMS on 2013. For example, the monthly communication/meeting, training, work program implementation, workplace environment monitoring, worker's health monitoring, workplace inspection, emergency response equipments inspection, internal and external audit of OHSMS, performance evaluation/OHS review.			
The management unit has OHS procedure. For example, the hazard source identification, risk assessment and control (P-03), emergency situation management (P-10) , employees medical check up monitoring (P-21), work accident emergency management (P-12)			
The company formed the OHS Guiding Committee which responsible on the program of OHS. It consisted of the leader, secretary, division of evaluation, division of monitoring, division of research, division of emergency response, division of socialization, division of health. The OHS Guiding Committee has been legalized by the Musi Rawas District Manpower Agency.			
The management unit has had policy of the labour social assurance (Jamsostek) membership as the work accident insurance. However, there is no evidence that the temporary daily labours are registered on the work accident insurance. It does not comply the decree of Health Ministry No 150 Year 1999. See NCR No. 2014.07			
Auditor Observation: January 28th 2015 The management unit shows the evidence of the corrective action in form of the Internal Memorandum of the management No. 004/HRD/HS/II/2013 dated February 12 th 2013 in term of the social assurance for the temporary daily workers. The company shall pay the claim for the temporary daily workers in form of the work accident assurance or death assurance based on the law applied by the government-appointed manpower insurance.			

The management unit also shows one of the evidence over the claim of temporary daily workers of Bukit Cemerlang Estate.

Hence, NC No. 2014.07 Minor 4.7.1 is CLOSED. It shall be verified on the next assessment.

The regular medical check up for examining the high-risk workers is conducted annually. The company cooperated with the Division of Hyperkes and OHS of South Sumatera Province Manpower Agency to hold the medical check up. The type of the medical check up is the audiometri check up for the workers who are working on noisy area, spirometry medical check up for the workers who are working on the dusty area and cholinesterase for the workers who are working with chemicals.

The management unit has held regular medical check up for the sprayers and Operators of the mill. However, there is no adequate evidence that the company has held regular medical check up for all workers. It does not comply the Manpower Ministry Regulation No. 2 Year 1980. **See NCR No. 2014.08**

According to the document review, the management unit had identified the danger source, assessment and risk control as follows:

- Belani Elok POM: building (office, laboratory, weightbridge, warehouse, mill, workshop), machine and installation (generator/turbine, boiler, transfer car, loading ramp, boiler, press/digester, kernel plant, clarrification, fat-fit)
- Bukit Hijau Estate was composed on October 29th 2013. It was legalized by the Head of OHS Guiding Committee: the identified spots were office, Security, Workshop, estate (manuring, spraying, pruning, grass cutter, harvesting), clinic, engine room.
- Ketapat Bening Estate was composed on October 29th 2013. It was legalized by the Head of OHS Guiding Committee: the identified spots were office, Security, Workshop, estate (manuring, spraying, pruning, grass cutter, harvesting), clinic, engine room.
- Sei Kepyang Estate was composed on October 29th 2013. It was legalized by the Head of OHS Guiding Committee: the identified spots were office, Security, Workshop, estate (manuring, spraying, pruning, grass cutter, harvesting), clinic, engine room.

According to the document review, the management unit shows the record of the training and socialization of OHS program in POMa and estate on 2013. The management unit has shown the evidence of the risk analysis record for OHS program.

According to the result of field visit to the boiler station and engine room, the workers who work on the high noisy station have been equipped with ear muff based on the Manpower Ministry Regulation No. 13 Year 2011.

The management unit has shown the procedure of emergency response control (P-10). It was legalized by the Managing Director HR-GS on January 10th 2007. According to the procedure, the definition of the emergency response are thing that have to do with explosion, fire, natural disaster, riot/sabotage. Furthermore, the emergency response team forming, flowchart, equipment list and the responsibility of each emergency response team are also described.

The management unit shows the evidence of the compliance over the OHS programs and the first aid kits on the workplace as written on the list of OHS and first aid program equipments.

According to the document review, the management unit has held first aid training in Bukit Hijau on February 26th 2014. It was attended by 23 workers consisted of nurse, foreman I and field foreman. The training photographs are available. According to the interview with the harvester foreman and sprayer, the company has held OHS aspect training such as first aid training.

The company has had emergency response procedure written on the SOP of emergency response control (P-10). It was legalized by the Managing Director HR-GS on January 10th 2007. According to the procedure, the definition of the emergency response are thing that have to do with explosion, fire, natural disaster, riot/sabotage. Furthermore, the emergency response team forming, flowchart, equipment list and the responsibility of each emergency response team are also described.

The company has the emergency response team in each management unit. For example, the emergency response team at Bukit Hijau Estate. It was legalized on March 16th 2013. It consisted of the caretaker, leader, secretary, general assistant, daily leader, emergency response coordinator, connecting team, fire team (fire poisone group, hydrant group, knapsack group, sand group and sickle group), evacuation team, destroyer team, medical team, security team and restoration team.

According to the document review, the management unit has had the list of equipments for OHS and first aid program in POM and estate. For example:

SKE

- First aid equipments: 11 units of first aid kit in division office.
- PPE: Helmet (51 units), safety shoes (21 units), glasses, hand gloves (56 units), earplug/earmuff (4 units) masker (7 units), AP Boots (46 units)
- Fire extinguisher: 9 units (powder) with capacity of 6 Kg and 2 units with capacity of 50 kg.
- Other supporting equipments : hydrant system (pump, hose, nozzle, conector, rack, engine hydrant), knapsack, sack, sickles, spade, axe.

According to the field visit to agrochemicals storage, the first aid kit and fire equipments are well maintained and ready use.

According to the analysis of the report, the work accident is reported within 48 hours by using Form-12-01 and the report of work accident investigation by the supervisor by using Form- 12-02. The company also has recapitulation of the work accident report in each management unit for the last a year.

Minor 4.7.2	Status: COMPLY
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4.8

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

The management unit has had the training program for period of 2014. It describes the plan for holding training programs such as limited pesticide Sprayer training and IPM training, first aid kit, hyperkes, budget to emergency response in Sei Kepayang and Bukit Hijau. Belani Elok POM is not able to show the evidence of the training program on 2014. **See NCR No. 2014.09**

Auditor Observation:

August 26th 2014

The management unit of Belani Elok Mill has shown the training program on 2014 for all units under the management of PT LONSUM. The training program covers the training program for staff, employees (estate and Mill).

Hence, the Major NC No. 4.8.1 is CLOSED.

There are evidence of the training program such as the certificate of limited pesticide use training on February 19th and 20th 2014 in guest house of PT PP LONSUM Area Bingin. For example:

Sei Kepayang

- No. PL520/046/KP3SS/02/2014 on behalf of Muliono, Estate Assisstant.
- No. PL520/026/KP3SS/02/2014 on behalf of Fauzan, Sprayer Foreman.

- No. PL520/024/KP3SS/02/2014 on behalf of Lena Pasaribu, Sprayer Foreman.

Kebun Bukit Hijau

- No. PL520/059/KP3SS/02/2014 on behalf of Beyzet, Estate Assistant.
- No. PL520/021/KP3SS/02/2014 on behalf of Emiyati, Sprayer.
- No. PL520/042/KP3SS/02/2014 on behalf of Eva, Sprayer.

There is a contract for service paper No. 015/EPSSK/CONT/2013 between PT PP London Sumatra Indonesia Tbk and PT Purnama Sari Mandiri. The job the contractor must dealing with was to build 1 unit of Assistant House, 1 Unit Polyclinic (Small), 2 Unit Truck Garage, 1 Unit TPA 2 Classes, 3 Unit Guard House with Toilet and Infrastructure in Bukit Hijau Estate. The job have taken time from April 22nd to December 2nd 2013. According to the article 5 point 9, the contractor shall comply the law and regulations that have to do with OHS. According to the article 5 point 11, each contractor's employee must implement and execute the OHS principle and must use PPE on their job.

Status: COMPLY

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 management unit has identified the impacts that are possibly caused by the estate and mill operational. It is described on the document of EIA (EIA, environmental management and monitoring plan). There was a policy issued by the Forestry Ministry to conduct reforestation within the area of PT PP Lonsom (shorea planting) on 2003. Therefore, the environment document is suggested to be revised. The company has shown the revision of the document of environmental management and monitoring plan in line with the legalization of regional environment impact control agency No. 660/398/Bapedalda/2003 dated July 22nd 2003. The scope of the document is the nucleus estate for 38,711.8 Ha (Muara Rupit for 18,559 Ha and Bingin Teluk for 20,152.8 Ha); scheme smallholder for 18,999.6 Ha (Muara Rupit for 8,434.3 Ha and Bingin Teluk for 10,565.3 Ha); and 2 units of processing mill with capacity for 60 ton of FFB per hour in Muara Rupit and Bingin Teluk. The document is valid for 25 years (since the revision of environmental management and monitoring plan was legalized on July 22nd 2003).

Bingin Teluk Location (Belani Elok POM and its supplier) has shown the report of environmental management and monitoring plan implementation based on the legalized revision of document of environmental management and monitoring plan implementation. The management unit has also shown the evidence of the report delivery to the associated agency. For example, the report of implementation of environmental management and monitoring plan in 2nd semester of 2013. It was reported to the North Muli Rawas District Environment and Mining Agency on February 20th 2014 via POS Indonesia in post No. 12380310005.

Status: COMPLY

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.

The management unit has identified the HCV in whole operational area on December 2006. It was identified by the RSPO approve assessor by using HCV Toolkit Guideline version June 2008. According to the document review, the identification has involved several parties such as NGO and community representatives.

Identification was conducted by Aksenta. The structure of the team was:

- Dwi R. Muhtaman (Team Leader): specialist in certification and social audit, RSPO approve assessor.

- Ganip Gunawan (Member): specialist in social environment management, RSPO approve assessor.
- Nana M. Arifjaya (Member): specialist in physical environment management.
- Wibowo A. Djatmiko (Member): specialist in biodiversity and conservation management, RSPO approve assessor.

The scope of the analysis was the whole estate area of PT PP Lonsum in Musi Rawas District (Bingin Teluk Location and Muara Rupit Location). The perfect time to identified HCV on field was 6 days (November 30th – December 5th 2006). The identification has involved several parties such as NGO and community representatives.

According to the result of identification, The HCV area is 751.33 ha but the HCV area at this certification scope is 392,06 Ha. The stages executed by the management unit to manage HCV area:

- Socializing the endanger species by tapping poster of the endanger species.
- Socializing HCV area to the employees and to the locals.
- Monitoring the HCV area (authorized to the appointed Officer).
- Monitoring flora and fauna.
- Appointing the well trained Officer to manage HCV.

The management unit has managed HCV based on its applied program. For example:

- Monitoring flora and fauna: there is a record of the result of monitoring program in Bukit Hijau Estate on 2013. There were 9 type of fauna and 2 type of flora found.
- Endanger species poster tapping: According to the result of field visit, there are posters of the endanger species nearby guest house of Bukit Hijau Estate and officer of bukit hijau estate (division satu).
- Socialization in term of the endanger species to the employees: according to the result of interview with the workers of Sei Kepayang Estate, the workers have aware of the endanger species.
- Socialization in term of the endanger species to the locals: there is a record of the socialization in term of endanger species to the locals. It was held in Batu Cemerlang Estate on December 24th 2014. It was attended by 18 community representatives of the villages nearby.

According to Disclosure of Areas Cleared Without Prior HCV Assessment since November 2005 and Land Use Change Analysis, statement of PT LONSUM INDONESIA has been submitted through RSPO Biodiversity and Conservation Manager on 19 September 2014. Amount of area coverage within period November 2005 – 30 November 2007 is 7,942.51 Ha and located in Sumatera Selatan where Belani Elok complex is one of management unit in this area.

Status: COMPLY

5.3

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

According to the document review, the company has had *working instruction* No. EMS – WI – 8 in term of *waste management* (June 2011). It describes the identification of the waste and contamination sources. For example:

- Hazardous waste (used oil, dirty oil, expired pesticide, chemicals pesticide, used battery, used filter, used tonner, used neon, used bulb) generated by the company are stored at the hazardous waste storage. The hazardous waste are transported to the permitted collector.
- The infectious hazardous waste are stored at the typical box on the estate clinic. It shall be then delivered to the third party whose the incinerator available on the station.
- The organic domestic waste is placed on the interrow as mulche.
- The anorganic domestic waste is managed by having it hoarded on the hole for 500 M away from the water source. It shall be fenced and marked.
- Agronomy waste (frond, EFB, dead rods and roots of palm oil plants) are managed by having it placed on the

interrow to add soil nutrient.

The management unit has managed waste based on the applied procedure. For example:

- The generated hazardous waste in Belani Elok POM are sent to the permitted hazardous waste storage. The company managed the hazardous waste by cooperating with PT Nirmala Tipar as the collector based on the contract for service No. 034/NTS-PKS/IX/2013 dated September 16th 2013. There was a log book which describe the incoming and outgoing hazardous waste documentation. The latest hazardous waste delivery was conducted on march 27th 2014 for the used oil (12 drums), used filter (218 pieces) and bulb (57 pieces) to PT. Nirmala TIPAR.
- The infectious hazardous waste has been managed on the typical box for infectious waste. It is documented by the clinic Officer. The medical waste is then delivered to the permitted hazardous waste (Hospital of Bunda Palembang). There was an agreement between the management unit and Hospital of Bunda Palembang based on the contract for service No. 048/RSB/V/2013 dated May 31st 2013.
- The domestic waste are managed by having it collected by the Officer and by having it disposed on the landfill.

According to the result of field visit to SKE, the management unit store the used oil on the place which does not achieve permit yet. According to the document review, there are hazardous waste like used oil, used filter, ex pesticide containers, etc which are stored on the place which does not achieve permit yet. **NC NO. 2014.10 in minor category.**

The management unit has conducted waste analysis/monitoring as follow:

- Monitoring of the use of solid waste (shell and fiber) as boiler fuel. There is a data of solid waste production and utilization. For example, the company use 38,942.4 Ton of shell and 84,375.2 ton of fiber on November 24th 2013.
 - Monitoring of the incoming and outgoing hazardous waste from and to storage. For example, there were 167 liter of used oil and 4 pieces of used filter on November 2013.
- Analysis of effluent quality (see Minor indicator 4.4.2)
- Monitoring of the hazardous waste delivery to the permitted collector. For example, the official record of the hazardous waste handover from Belani Elok Estate Hazardous Waste Storage to PT Nirmala Tipar Sesama on October 8th 2013 for the oil filter (200 pcs), air cleaner (49 pcs), accu 70 (1 pcs), accu 100 A (4 pcs), accu N50 (2 pcs), Garlon Can 1 liter (100 pcs) and bottle of ally (110 pcs). There are manifest of hazardous waste delivery. For example:
 - Manifest AP 0040790: used battery for 7 pcs
 - Manifest AP 0040791: used filter for 10 sacks
 - Manifest AP 0040792: used pesticide container for 4 sacks
- Of the hazardous waste delivery to the permitted collector. For example, the official record of the hazardous waste handover from Belani Elok POM Hazardous Waste Storage to PT Nirmala Tipar Sesama on October 17th 2013 for used oil (600 liter). There are manifest of hazardous waste delivery. For example, Manifest AP 0039725: used oil for 3 drums.
- Monitoring of infectious hazardous waste:
 - Post of first aid kit in Bukit Hijau Estate. For example, there were 206 spad and 60 vaccine bottles on November 2013.
 - Post of first aid kit in Ketapat Bening Estate. For example, there were \pm 2 Kg of infectious waste in formd of Spuit 3cc, spuit 5cc, needle 23G, Vial, Ampoul, infuse liquid bottle, set of infuse, alcohol cotton and gauze on November 2013.
 - Post of first aid kit in Sei Kepayang. For example, there were 100 gr of infectious waste consisted of ampoul, spuit, flacon and nald inj on November 2013.
- Monitoring of effluent use for LA. For example, the effluent application for 16.216 M³ on October 2013.

Auditor Observation:

January 28th 2015

The management unit of Sei Kepayang and Batu Cemerlang Estate show the corrective action like the permit of hazardous waste. For example:

1. Decree of North Musi Rawas Regent No. 08/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Sei Kepayang Estate dated September 23rd 2014. The permit is valid for 5 years. The scope of the permitted hazardous waste are the chemicals bottle and the expired chemicals whether solid or liquid as well as the use for its program.
2. Decree of North Musi Rawas Regent No. 07/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Batu Cemerlang Estate dated September 23rd 2014. The permit is valid for 5 years. The scope of the permitted hazardous waste are the drum and bottles of chemicals and the expired chemicals whether solid or liquid as well as the use for its program.

Hence, **NC No. 2014.06 Major 4.6.4 is CLOSED.**

Status: COMPLY

5.4

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

Belani Pom has used the renewable energy to reduce the use of fossil fuel. There is a data of renewable energy usage monitoring record as well as its efficiency analyss. For example, the company used 12,55 Kwh/ ton of FFB energy on April 2014.

The management unit has documented the consumption of diesel fuel for mill and estate. For example:

- Sei Kepayang Estate on May 2014: the estate consumed 69,261 liter; the consumption budget was 56,601 liter. The diesel fuel was consumed to support the FFB transporting truck, heavy equipments fuel, operational vehicles fuel and generator fuel.
- Bukit Hijau Estate on May 2014: the estate consumed 37,306 liter; the consumption budget was 38,081 liter. The diesel fuel was consumed to support the FFB transporting truck, heavy equipments fuel, operational vehicles fuel and generator fuel. According to the report of Bukit Hijau Estate PR on the 2nd quarter, there was a diesel fuel budget excess due to the addition of operational vehicle.
- Belani Elok POM on April 2014: the POM consumed 42,672 liter. The diesel fuel was consumed to support the operational vehicle fuel as well as the fuel for the generator. The consumption of diesel fuel for generator was 1.59 liter/ton of FFB; the processed FFB was 22,331 ton; the budget of diesel fuel consumption for generator was 2 liter/Ton of FFB.

Status: COMPLY

5.5

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

The company has had zero burning policy as written on:

- SOP OP 2.8 Point 3 in term of Land Preparation – Strategy and parameter. The SOP describe the use of fire are prohibited regardless any excuse such as for the land clearing on the new area planting program nor on the replanting program.
- SOP OP 5.8 in term of Waste Management – according to the point 3 of the SOP, there is a policy to prohibit the use of fire on the domestic waste and agronomy waste.

The company has implemented the zero burning principles on the company programs. For example:

1. Form of the use of Heavy Vehicle Working Hours on March 2014 in Sei Kepayang Estate. It describes the project by using Excavator PC 200 in block 14112980 for the Land Clearing program for 1.3 Ha.
2. According to the field visit to block 13110289, the land clearing is conducted mechanically. It is porven by the log on the stacking area.

The company has adequate fire equipment, however the company must ensure that the fire risk in the occupied area by the community within the area under company land use title. It will be observed on the next surveillance assessment.

Status: COMPLY

5.6

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

The company has identified the pollution and emission sources in Belani Elok POM. For example:

Source	Waste	Type	Management
Empty Bunch Hopper	EFB	Solid	Application to Estate
Shell jopper	Fiber	Solid	Boiler Fuel
	Shell	Solid	Boiler Fuel
Boiler	Ashes	Solid	Hoarded
	Emission	Gas	Tested on the South Sumatera Province Environment Agency
Generator Set	Oil	Liquid	Hazardous Waste Storage
	Filter	Solid	Hazardous Waste Storage
	Battery	Solid	Hazardous Waste Storage
	Emission	Gas	Hazardous Waste Storage
Heavy Equipments	Oil	Cair	Hazardous Waste Storage
	Filter	Solid	Hazardous Waste Storage
	Battery	Solid	Hazardous Waste Storage
	Emission	Gas	Tested on the South Sumatera Province Environment Agency
WWTP	Effluent/sludge	Liquid	Tested on the South Sumatera Province Environment Agency
Car	Oil	Liquid	Hazardous Waste Storage
	Filter	Solid	Hazardous Waste Storage
	Battery	Solid	Hazardous Waste Storage

The company has monitored the emission quality of the emission sources and the result of the monitoring program is written on the report of environmental management and monitoring plan. The report is regularly reported (each semester). According to the result of emission quality in 1st semester of 2013 (May 2013), the generator and boiler emission was still complying the quality threshold.

Attempts and plan to reduce the pollution and emission conducted by the company are:

- Using effluent for LA.
- Using shell and fiber as the boiler fuel.
- Using EFB for EFB application on estate.
- Maintaining the machines routinely.

There are 6 WWTP ponds based on the specification:

- Pond 1: cooling pond with volume for 1,600 M³ (20 x 20 x 4 M)

- Pond 2: Acidification pond A with volume for 6,400 M³ (40 x 40 x 4 M)
- Pond 3: Acidification pond B with volume for 6,400 M³ (40 x 40 x 4 M)
- Pond 4: facultative pond 1 with volume for 16,000 M³ (100 x 40 x 4 M)
- Pond 5: facultative pond 1 with volume for 16,000 M³ (100 x 40 x 4 M)
- Pond 6: Anaerob pond dengan volume for 9,880 M³.

There is a Work Instruction No. POM – WI / 12 in term of effluent treatment – land application (Oct 1st 2006).

Status: COMPLY

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

6.1

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

- The management unit has the revision of the document of EIA and document of environmental management and monitoring plan (Revision 2003).
- There is also a document of social mapping information of Bingin Teluk Location on 2013. It describes the social condition of the community nearby the estate. There is also a summary of the social mapping of the villages nearby LONSUM estate, South Sumatera. There is a record of questionnaire of the positive and negative impacts filled by the Chief of Villages nearby company operational area.

There is a document of matrix of environmental management and monitoring plan in 2nd semester of 2013. It describes the social management and monitoring plan in form of the questionnaires which are filled by the Chief of Villages in order to show the community involvement.

The company has shown the revision of the document of environmental management and monitoring plan in line with the legalization of regional environment impact control agency No. 660/398/Bapedalda/2003 dated July 22nd 2003. The scope of the document is the nucleus estate for 38,711.8 Ha (Muara Rupit for 18,559 Ha and Bingin Teluk for 20,152.8 Ha); scheme smallholder for 18,999.6 Ha (Muara Rupit for 8,434.3 Ha and Bingin Teluk for 10,565.3 Ha); and 2 units of processing mill with capacity for 60 ton of FFB per hour in Muara Rupit and Bingin Teluk. The compilation of the revision of the environment document cooperated with PT Satyatama Graha Tara

There was a letter from Musi Rawas District Environment Agency No. 660/056/BLHD/2012 dated January 25th 2012 in term of the recommendation of the component addition on the environmental management and monitoring plan over the document of revision of PT PP London Sumatra Indonesia Tbk environment.

There is a report of the result of environmental management and monitoring plan in 2nd semester 2013 (July – December 2013), environmental management and monitoring plan for Bingin Teluk Regional and Belani Elok Palm Oil Mill of PT. PP. London Sumatra Indonesia Tbk on January 2013 as well as the evidence of the reporting of environmental management and monitoring plan to the Mining and Environment Agency for area of Bingin Teluk and Belani Elok POM No. 06H/ENV-EXT/II/2014 dated February 10th 2014.

Status: COMPLY

6.2

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

The company has had procedure of communication (EMS-P05). It is purposed to describe the method of communication with the stakeholders (internal) over the issue of environment management and or sustainable palm oil implementation.

The company has the list of the stakeholders which consisted of the government agencies, community figures, labour union, contractor and local NGO.

There are records of the community aspirations. For example:

Sei Kepayang Estate

Letter from the Head of Tebing Tinggi Village on May 2nd 2014 in term of the invitation for the religious rituals and proposal for fund assistance to the Head of Sei Kepayang Estate. It has been responded by the management on the internal memo No. 46/SK-CSR/V/2014 dated May 6th 2014 in term of the fund assistance for the religious rituals in Nibung Sub-District for IDR 2,000,000.-. it is supported by the official record of the donation handover received by the Secretary of Village on May 12th 2014.

Bukit Hijau Estate

According to the result of meeting with the stakeholders on December 10th 2013, there were several aspirations expressed by the community. For example:

- Proposal for assistance to assist the locals for developing the mushroom farm and the fish farm.
- Installation of internet connection for the Computer Center of Bukit Hijau House for Education.

BELANI ELOK POM:

Letter No. 422.2/38/SDN.03/RI/2014 sent by the Principal of Beringin Makmur 3 Elementary School on March 5th 2014 to the company management in term of the proposal to create signboard "Watchout, Kids are on the Street" for the students safety. It is responded by the company management on May 2nd 2014 by creating the signboard.

Letter No. 600/001/Al-Ikhlas/BM I/2014 sent by the board of Musholla Al-Ikhlas on June 6th 2014 to the company management in term of the request for the loud speaker pole with size of 2 inch x 12 M (2 poles) for Musholla Al-Ikhlas of Hamlet II and the company respond it by giving the pole for the loud speaker.

The person in charge to consult with the locals is the staff of the PR division of each estate in term of the CSR assistance and the complaint expressed by the locals and to deal with the conflict or dispute with the locals.

	Status: COMPLY	
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6.3

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

There is an internal memorandum (No. 028/HRD/CIR/IV/2011) in term of the procedure of complaint management. It describes the policy of complaint management. According to the procedure, all complaints and disgruntle must be recorded and followed up.

There are evidence of the implementation of the SOP socialization. For example, the socialization on Sei Kepayang Estate on December 11th 2013; on Ketapat Bening Estate on December 12th 2013 and on Bukit Hijau - Belani Elok POM on December 10th 2013.

Sei Kepayang Estate

There was a complaint expressed by the employees on the meeting between the labour union and the company on April 25th 2014. The employees were complaining the issue of basic of internal FFB transport contract standardization for the estate of South Sumatera for the Dump truck and its assistant which is considered inappropriate. The company respond the complain be sending letter No. 36/AM-BTL/GOV/VI/2014 dated June 15th 2014 to the labour union of branch board of Musi Rawas District for the resolution of the conflict.

Bukit Hijau Estate dan Belani Elok POM

There was a letter No. 12/PUK-FSPPP-SPSI/BHE/VI/2014 from the labour union of Bukit Hijau Estate to the company management in term of the proposal for paying the lack of payment for the rice allowance for period of January to April 2013 and the overtime for period of January to August 2013. It was responded by the management by issuing the internal memo of Wanton Sumasoit No. 099/BHE/HRD-SS/VI/2014 dated May 9th 2014 in term of the proposal for

paying the lack of payment for class of MRP and DRP on 2013 kepD Unit of SS Palembang with the forward to BHE Labour Union.

There is an SOP in term of **Land Acquisition and compensation** (OP 2.2) Revision 01 of December 2012. It is purposed to get all the land within the Land Use Title (HGU) and location permit, to ensure that the land is good enough to be cultivated and to avoid the spreadt development. According to the SOP, the policy priority is based on the company Land Use Title or the Location permit; land compensation payment to the land owner with the official documents. The review for all the data available on the process of land compensation must be followed as it should be.

Status: COMPLY

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.

Procedure of identification, calculation and compensation over the loss of the legal and traditional rights is conducted by involving the community representatives and other agencies as written on the SOP (OP 2.2) of *Land Acquisition and Compensation*. The SOP is considered as the reference for solving the land conflict to its compensation process. The procedure is applied to all estate units under PT. PP London Sumatra Indonesia Tbk.

The record of the negotiation process and or the result of compensation agreement is available and is documented. For example, the compensation has been paid to Sei Kepayang Estate for 505.46 Ha (1996-2003) and to Bukit Hijau Estate for 1,384.61 Ha (1997-2013).

Status: COMPLY

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.

There is an Internal Memo from HR Director No. 009/HRD/C-SAL/III/2014 dated March 3rd 2014. It described that the management adjusted the wage based on the minimum wage standard for class of MRP dan DRP referring the decree of South Sumatera Governor No. 877/KPTS/Disnakertrans/2013 dated December 30th 2013 in term of the sectoral minimum wage standard for South Sumatera Province for period of 2014 for IDR 1,920,000,-. It shall be implemented on January 1st 2014.

There are data of the list of employees wage on May 2014 as well as the example of the wage payment. For example:

Sei Kepayang Estate

Employees Number 200500400 Class of DRP with basic salary is adequate with Minimum Wages period May 2014

Employees Number 201204799 Class of DRP with basic salary is adequate with Minimum Wages period May 2014

Belani Elok POM

Employees Number 201000716 Class of DRP with basic salary is adequate with Minimum Wages period May 2014

Employees Number 201304859 Class of DRP with basic salary is adequate with Minimum Wages period May 2014

Bukit Hijau Estate

Employees Number 200000129, Class of DRP with basic salary is adequate with Minimum Wages period May 2014

Employees Number 201204436, Class of DRP with basic salary is adequate with Minimum Wages period May 2014

According to the result of interview with the representative of labour union, the company pay the basic salary based on the applied law for Minimum Wages.

The management unit is not able to show the evidence of the latest collective labour agreement **See NCR No. 2014.11**

Auditor Observation:
August 26th 2014

The management unit of estate and mill of Belani Elok of PT LONSUM, shows the corrective action in form of the evidence of legalization over the document of collective labour agreement for period of 2014-2016. The collective labour agreement has been signed by the labour union of Sei Kepayang Estate, Ketapat Bening Estate, Bukit Hijau Estate, Belani Elok Estate, Batu Cemerlang Estate and Belani Elok POM with the company representative (Director of HR) dated February 27th 2014.

NC is CLOSED.

Based on field visit at housing complex in Sei Kepayang Estate, Bukit Hijau Estate, known that the workers has been provided the housing, clean water, public facility and health facility.

There is a contract for service paper No. 015/EPSSK/CONT/2013 between PT PP London Sumatra Indonesia Tbk and PT Purnama Sari Mandiri. The job the contractor must dealing with was to build 1 unit of Assistant House, 1 Unit Polyclinic (Small), 2 Unit Truck Garage, 1 Unit TPA 2 Classes, 3 Unit Guard House with Toilet and Infrastructure in Bukit Hijau Estate. The job have taken time from April 22nd to December 2nd 2013. According to the article 5 point 9, the contractor shall comply the law and regulations that have to do with OHS. According to the article 5 point 11, each contractor's employee must implement and execute the OHS principle and must use PPE on their job.

Status: COMPLY
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.

- **Sei Kepayang Estate**

Sei Kepayang Estate Labour Union on period 2012 – 2017 SK No. 43/100/SK/L/II/2012 from the board of the labour union banch of Musi Rawas District was legalized on December 17th 2011. The board is consisted of:

- Leader: Amberdy Situmorang
- Vice Leader : Helmi Adwar
- Secretary: Damsix Mahyadi
- Vice Secretary: Patmiati
- Treasurer: Wasana Hadi

Member: 212 workers

- **Bukit Hijau Estate**

Bukit Hijau Estate Labour Union on period 2010 – 2015 SK No. 24-100/SK/L/XI/2010 from the board of the labour union banch of Musi Rawas District was legalized on November 4th 2010. The board is consisted of:

- Leader: Suparman
- Vice Leader: Aman Suryadi, Fakri Lian.
- Secretary: Masykandar
- Vice Secretary: Rinto Simamora
- Treasurer: Pasni Januari

Member: 134 workers

- **Belani Elok POM**

Belani Elok POM Labour Union on period 2012 – 2016 in decree No. 45/100/SK/L/V/2012 from the board of the labour union banch of Musi Rawas District was legalized on May 14th 2012. It was recorded by the Musi Rawas District Manpower Agency in paper No. 560/31/Nakertrans/SP/2012 dated May 16th 2013. The board is consisted

of:

- Leader : Rudi Satoni
- Vice Leader : Syamsunardi
- Secretary : Harun AL Rasyid
- Vice Secretary: Jupiter Manurung
- Treasurer : Iskandar Muara
- Vice Treasurer: Saihu

Member: 75 workers.

Sei Kepayang Estate

- Record of the meeting between the labour union and the representative of the company on April 23rd 2014. It discussed the the socialization of the FFB transport bonus based on the terms of REM management No. 008/HRD/C/IV/2014. It was informed by the management. The meeting was attended by 25 participants.
- Record of the meeting between the labour union and the representative of the company on April 25th 2014. It discussed the socialization of the FFB transport bonus based on the management terms on 2014. It was informed by the management representatives. It was attended by 49 employees.

PKS Belani Elok

- Record of the labour union internal meeting on May 28th 2013. It discussed the socialization of MRP and DRP wage increase on 2013. It was attended by 29 participants. The attendance list is available.

Bukit Hijau Estate

The meeting between the board of labour union and the representatives of management unit on May 20th 2014 in Bukit Hijau mess. It discussed the socialization of the FFB transport bonus based on the terms of REM management No. 008/HRD/C/IV/2014. It was informed by the management. The meeting was attended by 17 participants.

Status: COMPLY

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.

There is an Internal Memorandum No. 006/HRD/CIR/I2004 dated January 7th 2004. According to the clause 68 of the Manpower Law, the company requires the workers should more than 18 years old.

According to the result of evaluation on the document of the list of employees, there is no underage worker.

The management unit has shown the evidence of the implementation of age requirement. According to the field visit, there is no underage workers.

Status: COMPLY

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 management unit has had HR manual. It was legalized on January 22nd 2005. LONSUM committed to treat the employees, management and commissioner fairly. LONSUM shall assess and compensate the job applicator, employees, management and commisiner fairly based on the qualification competence and achievement.

According to the document review, the management unit shows the records. For example:

There is an Internal Memorandum No. 189/HRU-SS/INT/V/2013 dated may 13th 2013 in term of the job opportunity for the dump truck driver. According to the observation on the list of employees, the employees of LONSUM is consisted of several tribes, religions and education level.

According to the field visit on the harvesting program, the harvesters are consisted of men and women and consisted of the Batakese and Javanese.

Status: COMPLY

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.

According to the document review, the management unit has provided HR Manual which was legalized by the President Director on January 22nd 2005. According to the HR Manual, the employees, management and commissioner of LONSUM have right to work on the safe workplace (away from any intimidation, sexual harasshment, abuse. LONSUM shall not tolerate any sexual harasshment whether oral nor physical sexual harasshment over the employees, management or the commissioner including the intimidation, offensive action, torture or other actions which cause inconvenience.

LONSUM also prohibit any type of sexual harassment, pervert action nor sexual seduction whether orally or physically. The employees, management and commissioners must assist each other by reporting the sexual harasshment.

Furthermore, the company has policy that has to do with reproduction as written on clause 13 of the collective labour agreement in term of the menstruation day off and childbirth day off. According to point 1, the pregnant women workers are given day off for 45 days before the childbirth and 45 days after the childbirth in condition that the workers have been working on the company for 6 months. According to point 6, the women workers are given menstruation day off for 2 days and it shall be informed to the workers on paper.

According to the document review, the management unit has composed policy to protect the reproduction rights as follows:

- SOP of Guide to the Safe use of Pesticides (OP 5.2.2). It was issued on March 2008. According to point 3.1, the company is not allowed to employ the pregnant and breastfeeding women workers on the divisions that have do with chemicals.
- Internal Memorandum of Sei Kepayang Estate No. 205/SK-DIV/XII/2013 dated December 10th 2013 in term of the prohibition to employ the pregnant or breastfeeding women workers as sprayers or the jobs that have to do with it.
- Internal Memorandum of Bukit Hijau Estate No. 250/BHE/DIV/II/2013 dated February 5th 2013 in term of the prohibition to employ the pregnant or breastfeeding women workers as sprayers or the jobs that have to do with it.
- Internal Memorandum of KBE No. 025/KBE/INT/II/2013 dated February 28th 2013 in term of the prohibition to employ the pregnant or breastfeeding women workers as sprayers or the jobs that have to do with it.

In order to implement the policy, the management unit conducts several progams. For example:

- Socialization in term of the sexual harasshment prevention on March 21st 2013 in KBE
- Consultation in term of the healthy lifestyle on December 6th 2013 at the employee settlement. The consultation was taught by the medical team of KBE.
- Socialization of human right and women protection to the employees in Belani Elok POM on December 13th 2013.

According to the interview with the women workers on the spraying program, the workers have aware of the reproduction rights such as the menstruation day off for 2 days and childbirth day off for 3 months.

The company has procedure to manage the complaint on the Internal Memorandum No. 028/HRD/CIR/IV/2011 dated April 1st 2011 in term of the procedure of complaint management. The complaint is expressed by composing report to be given to the person in charge, the person in charge shall responsible for solving the complaint to its resolution in HR Department.

Status: COMPLY

6.10

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

There are results of the FFB pricing of the South Sumatera Province Plantation Agency No. 005/511-VI.3/BUN in term of the meeting invitation to determine the price of FFB and to clarify the data of FFB per estate on May 8th 2014. The price of FFB on May 2014 (2nd period) for Bingin Teluk area TM 10-20 was IDR 1,853.12 and the result of FFB pricing of South Sumatera Province Plantation Agency No. 005/677-VI.3/BUN in term of the meeting invitation to determine the price of FFB and to clarify the data of FFB per estate on June 17th 2014. The FFB price on June 2014 (2nd period) for Bingin Teluk area TM 10-20 was IDR 1,798.57.

There are evidence of the agreement between PT. PP. London Sumatra Indonesia Tbk and the local contractors of each estate. For example:

Bukit Hijau Estate

Contract for Service No. 015/EPSSK/CONT/2013 between PT. PP. London Sumatra Indonesia Tbk (**First Party**) and PT Purnama Sari Mandiri (**Second Party**). The job the contractor must dealing with was to construct 1 unit of Assistant House, 1 Unit Polyclinic (Small), 2 Unit Truck Garage, 1 Unit TPA 2 Classes, 3 Unit Guard House with Toilet and Infrastructure in Bukit Hijau Estate on Rawas Ilir Sub-District, Musi Rawas District, South Sumatera Province. According to the point of the contract for service (point 5.9, 5.10 & 5.11) in term of the obligation of the contractor to comply all regulations and law that have to do with OHS applied by the company.

The procedure of payment is described in detail on article 3, point a – f).

Sei Kepayang Estate

Contract for Service No. 080/EPSSK/CONT/2013 between PT. PP. London Sumatra Indonesia Tbk (**First Party**) and PT Purnama Sari Mandiri (**Second Party**). The job the contractor must dealing with was the road construction for 18.421 Km from August 2nd 2013 to December 27th 2013. According to the point of the contract for service (point 5.9, 5.10 & 5.11) in term of the obligation of the contractor to comply all regulations and law that have to do with OHS applied by the company.

PKS Belani Elok

Contract for Service No. 106/EPSS/CONT/2012 between PT. PP. London Sumatra Indonesia Tbk (**First Party**) and PT Mitra Jaya Pratama (**Second Party**). The job the contractor must dealing with was the replacement of 1 sterilizer door unit. The project have taken time since February 14th to July 11th 2014. According to the point of the contract for service (point 5.9, 5.10 & 5.11) in term of the obligation of the contractor to comply all regulations and law that have to do with OHS applied by the company.

The procedure of payment is described in detail on article 3, point a – f).

There are evidence of the record of payment process in each estate.

Bukit Hijau Estate

Receipt of payment from PT. PP. London Sumatra Indonesia Tbk to PT Purnama Sari Mandiri on October for the construction of 1 unit of Assistant House, 1 Unit of Polyclinic (Small), 2 Units of Truck Garage, 1 Unit of daycare with 2 Classes, 3 Units of Guard House with Toilet and Infrastructure in Bukit Hijau Estate on Rawas Ilir Sub-District, Musi Rawas District, South Sumatera Province. The amount of payment was IDR 365,590,613 based on the contract for service paper No. 015/EPSSK/CONT/2013.

Sei Kepayang Estate

There is a receipt of contract for service payment No. 080/EPSSK/CONT/2013 for IDR 1,460,851,096 on June 4th 2014.

PKS Belani Elok

There is a receipt of contract for service payment No. 106/EPSS/CONT/2012 for IDR 21,041,900 on December 5th 2013.

Status: COMPLY

6.11
Growers and millers contribute to local sustainable development wherever appropriate.

There are several records of the company contribution over the regional development. For example:

- Summary of CSR Program on 2013 in Musi Rawas

It contains the information of the executed programs in each estate of Teluk Bingin Region in aspect of:

1. Education
2. Spiritual
3. Health
4. Infrastructure
5. Community Empowerment
6. Donation

Total of cost allocation: 1,722,982,500

- Program of smallholder
- Service of House for Education since February 2013 (Book Center, Playground Center, Computer Center, Audio Visual Center/Stage, Art Center)
- Payment of Property Tax on 2013.
- Road repairment program by providing gravel and heavy equipments in Simpang Muara Village to Belani Village for 93 Km.

Status: COMPLY

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.

The management unit of PT LONSUM of Bingin Teluk (Belani Elok Complex) area informs the area on the scope of certification for 13,699.35 Ha (based on the Land Use Title). The operational area is under the scope of the environment document owned by the company (revision of environmental management and monitoring plan) based on the legalization of environment impact control agency No. 660/398/Bapedalda/2003 dated July 22nd 2003. The area of Bingin Teluk is 20,152.80 Ha.

PT LONSUM of Area Bingin Teluk (Belani Elok Complex) has the developed/expanded estate area for 4,468.45 Ha (beyond the scope of certification). The abstract of title is still being processed during the assessment program. It is planned for Time Bound Plan on 2018.

Status: Not Applicable

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.

PT LONSUM of Bingin Teluk (Belani Elok Complex) area has the developed/expanded estate area for 4,468.45 Ha (beyond the scope of certification). The abstract of title is still being processed during the assessment program. It is planned for Time Bound Plan on 2018.

The land cultivation over the developed area is using the result of soil survey and topography information just like the area on the RSPO certification scope nowadays. The document used as the reference for the new area development is the soil type map in scale 1:190,000. it describes the soil type of Alluvial, tanah Acid Tuff Plain and Mineral. According to the map of Soil Class issued by Bah Lias Research Station (BLRS) in scale 1:190,000, the area of Bingin Teluk (Belani Elok) has slope lever for 0-8 %.

Status: Not Applicable

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.

PT LONSUM of Bingin Teluk (Belani Elok Complex) area has the developed/expanded estate area for 4,468.45 Ha (beyond the scope of certification). The abstract of title is still being processed during the assessment program. The planting year of the new developed area is consisted of the planting year on 2005, 2010, 2011, 2012, 2013 and 2014 for 700.61 Ha. The area planned for extension scope of RSPO certification on December 2016.

According to Disclosure of Areas Cleared Without Prior HCV Assessment since November 2005 and Land Use Change Analysis, statement of PT LONSUM INDONESIA has been submitted through RSPO Biodiversity and Conservation Manager on 19 September 2014. Amount of area coverage within period November 2005 – 30 November 2007 is 7,942.51 Ha and located in Sumatera Selatan where Belani Elok complex is one of management unit in this area.

The HCV identification has been conducted by the independent consultant (AKSENTA) over all operational area of PT LONSUM of Area Bingin Teluk Location (Belani Elok Complex), whether within the certification scope (13,699.35 Ha) or the developed area beyond the certification scope (4,468.45 Ha). The total of the HCV identified area is 313.34 Ha and there is no estate establishment within the primary forest nor on the HCV area.

Status: Not Applicable

7.4

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

PT LONSUM of Bingin Teluk (Belani Elok Complex) area has the developed/expanded estate area for 4,468.45 Ha (beyond the scope of certification). The abstract of title is still being processed during the assessment program. It is planned for Time Bound Plan on December 2016.

The land cultivation over the developed area is using the result of soil survey and topography information just like the area on the RSPO certification scope nowadays. The document used as the reference for the new area development is the soil type map in scale 1:190,000. it describes the soil type of Alluvial, tanah Acid Tuff Plain and Mineral. According to the map of Soil Class issued by Bah Lias Research Station (BLRS) in scale 1:190,000, the area of Bingin Teluk (Belani Elok) has slope lever for 0-8 %.

Status: Not Applicable

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.

The planting year of the new developed area is consisted of the planting year on 2005, 2010, 2011, 2012, 2013 and 2014 for 700.61 Ha. According to the document of the HCV identification report in Bingin Teluk Estate area location on 2008 (identified by Aksenta), there is no traditional rights within the area of PT PP Lonsum - Bingin Teluk Regions (5 estates). It is supported by the result of interview with the Chief of Bumi Makmur Village on June 18th 2014. The locals were actually the transmigrants not the indigenous people.

The procedure of compensation by involving the community representative for the use of land based on the legal right of the land owner has been implemented.

Procedure of identification, calculation and compensation over the loss of legal and traditional rights involves the representatives of the community and the associated agency. It is written on the SOP (OP 2.2) of Land Acquisition and Compensation. The procedure is considered as the reference for solving the land conflict to the compensation process.

The procedure is applied to all estate units under PT. PP London Sumatra Indonesia Tbk.		
The record of the negotiation process and or the result of compensation agreement is publicly-accessed and is documented. For example, the compensation has been paid to Sei Kepayang Estate for 505.46 Ha (1996-2003) and to Bukit Hijau Estate for 1,384.61 Ha (1997-2013).		
	Status: Not Applicable	
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.		
<p>The planting year of the new developed area is consisted of the planting year on 2005, 2010, 2011, 2012, 2013 and 2014 for 700.61 Ha. According to the document of the HCV identification report in Bingin Teluk Estate area location on 2008 (identified by Aksenta), there is no traditional rights within the area of PT PP Lonsum - Bingin Teluk Regions (5 estates). It is supported by the result of interview with the Chief of Bumi Makmur Village on June 18th 2014. The locals were actually the transmigrants not the indigenous people.</p> <p>The procedure of compensation by involving the community representative for the use of land based on the legal right of the land owner has been implemented.</p> <p>Procedure of identification, calculation and compensation over the loss of legal and traditional rights involves the representatives of the community and the associated agency. It is written on the SOP (OP 2.2) of Land Acquisition and Compensation. The procedure is considered as the reference for solving the land conflict to the compensation process. The procedure is applied to all estate units under PT. PP London Sumatra Indonesia Tbk.</p> <p>The record of the negotiation process and or the result of compensation agreement is publicly-accessed and is documented. For example, the compensation has been paid to Sei Kepayang Estate for 505.46 Ha (1996-2003) and to Bukit Hijau Estate for 1,384.61 Ha (1997-2013).</p>		
	Status: Not Applicable	
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.		
<p>There is no estate expansion/development for 4,468.45 Ha (exclude the certification scope) in Belani Elok Complex. The company cleared the land mechanically. The company has implemented zero burning principle as described on:</p> <ul style="list-style-type: none"> SOP OP 2.8 Point 3 in term of Land Preparation – Strategis and parameter. The SOP describes the prohibition to use fire regardless any excuse for the land clearing on the new developed area and or for the replanting program. SOP OP 5.8 in term of Waste Management – According to the point 3 of the 3 SOP, the use of fire is prohibited for the domestic waste and agronomy waste. <p>The company has implemented the zero burning principle on its operational. For example:</p> <ol style="list-style-type: none"> Form of the Use of Heavy Vehicle Working Hours on March 2014 in Sei Kepayang Estate. It describes the work of Excavator PC 200 in block 14112980 for 1.3 Ha of Land Clearing. According to the field visit to block 13110289, the land clearing is conducted mechanically. It is proven by the log on its stacking site. 		
	Status: Not Applicable	
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.		
There is a document of environmental management and monitoring plan matrix in 2nd semester of 2013. It describes the social impact management and monitoring plan in form of the questionnaires which are filled by the Chief of village as		

the documentation of the *amius curiae* participation. According to the result of public consultation, the company brought welfare improvement for the locals. It has also been verified during the stakeholder consultation with the village apparatus.

There were 12 findings of NC consisted of 7 Major NC and 5 Minor NC on the ST-1 assessment. The company has it corrected. However, there are 7 uncomplined NC (3 Major NC and 4 Minor NC). See point 3.5.1 of finding identification, corrective action and observation during ST-1 assessment. **See NCR No. 2014.12**

Minor 8.1.1	Status: COMPLY	
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3.2 Summary of Assessment Report of Supply Chain Requirements

Klausul	(Module E) Pabrik CPO – Persyaratan Mass Balance
1	
1.1 a.	
	<p>Belani Elok POM shall use Book & Claim system on its CPO and PK product sales. Therefore, the implemented supply chain model shall only considered as Modul-E: Mass Balance.</p> <p>a. The work guideline of the FFB receipt and CPO and Kernel dispatch for the POM which implements Mass Balance system by processing the RSPO-Certified FFB and the Non RSPO-Certified FFB. However, Belani Elok POM has procedure that has to do with Supply Chain (EMS-P17 since April 10th 2014).</p> <ul style="list-style-type: none"> - The guideline is composed to get the FFB recording of the FFB received from the FFB supplier. Therefore, the proportion of how much CPO and Kernel for each FFB supplier (RSPO-Certified and Non RSPO-Certified) can be determined. - The received FFB in security post shall be weighted at the weighbridge to get the result of the nett weight. - After the weighing process, the FFB paper which shows the FFB sent from the RSPO-Certified estate must be stamped as Certified-RSPO at the upper right site of the paper. <div data-bbox="472 1010 791 1135" style="border: 1px solid black; padding: 10px; text-align: center;"> FFB Certified RSPO </div> <ul style="list-style-type: none"> - According to the result of daily process, the amount of the produced CPO and Kernel can be recognized and it could proportioned into 2 main groups (the certified one and the non-certified one). - According to the daily recording of the FFB, CPO and Kernel, the quarter-based period summary for the amount of the received FFB from all sources should be composed. - The sources of the FFB receipt including the produced CPO and Kernel (the certified one and the non certified one) shall be reported to the Environment Department to be then reported to Green Palm in order to recognize the comparasion of the produced certified CPO and Kernel with the amount of certified product (CPO/Kernel) attached on the RSPO certificate for each mill. - All the FFB from the non-nucleus estate (scheme smallholder, other company or smallholder) can be received by the company if they have had agreement with the company. - CPO and Kernel dispatch can be conducted based on the contract or the demand. The covering paper must shows: <ol style="list-style-type: none"> 1. Name and address of the vendee. 2. Name and address of the vendor. 3. Date of dispatch. 4. Date of the issuance of the documents or dispatch covering paper. 5. The supply chain system (MB) must be written on the covering paper of production record and CPO dispatch. 6. Amount of the dispatched CPO and Kernel (amount of the RSPO certified products) on the stamp coloumn like the image below: <div data-bbox="547 1930 935 2056" style="border: 1px solid black; padding: 10px; text-align: center;"> CPO/Kernel Certified RSPO Ton </div>

7. Number of certification reference.
8. Name of transporter.
- All the documents or records of FFB receipt and output of CPO and Kernel production must be maintained accurately, completely and should be updated. The documents are maintained for at least 5 years.
 - The recording can be modified in order to ease the RSPO certified CPO and Kernel amount monitoring.
- b. The person in charge over the system implementation is the Mill Manager. Therefore, the Mill Manager should socialize and train the document recording carefully.

Status: Comply as required

1.2

Belani Elok POM shall use Book & Claim system on its CPO and PK product sales. Therefore, the implemented supply chain model shall only considered as Modul-E: Mass Balance.

Belani Elok POM has procedure that has to do with Supply Chain (EMS-P17 since April 10th 2014). The work guideline to process the RSPO certified FFB and the non RSPO-Certified FFB is described.

Status: Comply as required

2

2.1

Belani Elok POM does not receive RSPO Certificate yet.

FFB Receive, Process and CPO/Kernel Production

Month	FFB Received (Kg)		FFB Process (kg)		OE R (%)	CPO Prod		KER (%)	Kernel Prod	
	Nucleus	Scheme Smallholder	Nucleus	Scheme Smallholder		Nucleus	Scheme Smallholder		Nucleus	Scheme Smallholder
Jun-13	7,865,030	9,048,740	7,854,602	9,036,743	22.02	1,729,422	1,989,705	4.17	327,507	376,798
Jul-13	5,121,380	6,100,370	5,138,612	6,120,896	20.98	1,078,041	1,284,117	4.07	209,067	249,032
Aug-13	5,859,000	8,464,410	5,839,635	8,436,433	20.72	1,210,255	1,748,437	4.09	239,100	345,425
Sub	18,845,410	23,613,520	18,832,849	23,594,072	21.24	4,017,718	5,022,259	4.11	775,674	971,255
Sep-13	13,376,200	16,803,810	13,386,958	16,817,325	21.71	2,906,915	3,651,803	4.64	620,707	779,761
Oct-13	11,380,580	14,809,910	11,359,976	14,783,097	22.67	2,575,283	3,351,297	4.77	541,619	704,826
Nov-13	10,993,140	15,906,230	10,940,646	15,830,275	22.85	2,500,286	3,617,723	5.19	567,985	821,830
Sub	35,749,920	47,519,950	35,687,580	47,430,697	22.41	7,982,484	10,620,823	4.87	1,730,311	2,306,417
Dec-13	11,725,080	18,854,850	11,788,262	18,956,452	23.00	2,710,865	4,359,284	5.66	666,682	1,072,077
Jan-14	6,903,190	11,348,510	6,909,201	11,358,391	22.69	1,567,754	2,577,311	5.51	380,957	626,275
Feb-14	8,261,680	11,269,760	8,121,602	11,078,680	22.53	1,829,395	2,495,478	4.84	392,766	535,772
Sub	26,889,950	41,473,120	26,819,065	41,393,523	22.74	6,108,014	9,432,073	5.34	1,440,405	2,234,124
Mar-14	11,532,230	16,176,320	11,663,304	16,360,178	23.30	2,717,861	3,812,358	5.42	632,680	887,463
Apr-14	8,694,650	13,273,540	8,693,568	13,271,888	23.18	2,014,865	3,075,960	5.55	482,863	737,154
May-14	9,538,810	14,605,040	9,549,690	14,621,699	22.94	2,190,996	3,354,673	5.56	531,149	813,252
Sub	29,765,690	44,054,900	29,906,562	44,253,765	23.14	6,923,722	10,242,991	5.51	1,646,692	2,437,869
Grand	111,250,97	156,661,490	111,246,	156,672,057	22.	25,031,93	35,318,146	4.96	5,593,08	7,949,665

	0		056		38		8			2	
Nucleus: Certified Estate; Scheme Smallholder: Non-Certified Estate.											
	Status: Comply as required										
2.2											
According to the procedure of EMS-P17 in term of the CSPO Supply Chain (dated April 10th 2014), the reporting over the ongoing FFB production volume in part where the differences on the crop projection with actual production (surplus or minus) is described on chapter 3.20. the Head of Environment & CSR must inform the report of production under the scope of certification to the RSPO via the CB annually during the surveillance audit program.											
	Status: Comply as required										
3											
3.1											
Work guideline of the FFB receipt and CPO and Kernel dispatch for POM which process the certified and non-certified FFB. - All the documents or records of FFB receipt and output of CPO and Kernel production must be maintained accurately, completely and should be updated. The documents are maintained for at least 5 years.											
	Status: Comply as required										
3.2											
Work guideline of the FFB receipt and CPO and Kernel dispatch for POM which process the certified and non-certified FFB. - All the documents or records of FFB receipt and output of CPO and Kernel production must be maintained accurately, completely and should be updated. The documents are maintained for at least 5 years.											
	Status: Comply as required										
3.3											
a.											
Belani Elok POM shall use Book & Claim system on its CPO and PK product sales. Therefore, the implemented supply chain model shall only considered as Modul-E: Mass Balance.											
FFB Receive, Process and CPO/Kernel Production											
Month	FFB Received (Kg)		FFB Process (kg)		OER (%)	CPO Prod		KER (%)	Kernel Prod		
	Nucleus	Scheme Smallholder	Nucleus	Scheme Smallholder		Nucleus	Scheme Smallholder		Nucleus	Scheme Smallholder	
Jun-13	7,865,030	9,048,740	7,854,602	9,036,743	22.02	1,729,422	1,989,705	4.17	327,507	376,798	
Jul-13	5,121,380	6,100,370	5,138,612	6,120,896	20.98	1,078,041	1,284,117	4.07	209,067	249,032	
Aug-13	5,859,000	8,464,410	5,839,635	8,436,433	20.72	1,210,255	1,748,437	4.09	239,100	345,425	
Sub	18,845,410	23,613,520	18,832,849	23,594,072	21.24	4,017,718	5,022,259	4.11	775,674	971,255	
Sep-13	13,376,200	16,803,810	13,386,958	16,817,325	21.71	2,906,915	3,651,803	4.64	620,707	779,761	
Oct-13	11,380,580	14,809,910	11,359,976	14,783,097	22.67	2,575,283	3,351,297	4.77	541,619	704,826	
Nov-13	10,993,140	15,906,230	10,940,646	15,830,275	22.85	2,500,286	3,617,723	5.19	567,985	821,830	
Sub	35,749,920	47,519,950	35,687,580	47,430,697	22.41	7,982,484	10,620,823	4.87	1,730,311	2,306,417	
Dec-13	11,725,080	18,854,850	11,788,262	18,956,452	23.00	2,710,865	4,359,284	5.66	666,682	1,072,077	
Jan-14	6,903,190	11,348,510	6,909,201	11,358,391	22.69	1,567,754	2,577,311	5.51	380,957	626,275	
Feb-14	8,261,680	11,269,760	8,121,602	11,078,680	22.53	1,829,395	2,495,478	4.84	392,766	535,772	
Sub	26,889,950	41,473,120	26,819,065	41,393,523	22.74	6,108,014	9,432,073	5.34	1,440,405	2,234,124	

Mar-14	11,532,230	16,176,320	11,663,304	16,360,178	23.30	2,717,861	3,812,358	5.42	632,680	887,463
Apr-14	8,694,650	13,273,540	8,693,568	13,271,888	23.18	2,014,865	3,075,960	5.55	482,863	737,154
May-14	9,538,810	14,605,040	9,549,690	14,621,699	22.94	2,190,996	3,354,673	5.56	531,149	813,252
Sub	29,765,690	44,054,900	29,906,562	44,253,765	23.14	6,923,722	10,242,991	5.51	1,646,692	2,437,869
Grand	111,250,970	156,661,490	111,246,056	156,672,057	22.38	25,031,938	35,318,146	4.96	5,593,082	7,949,665

Nucleus: Certified Estate; Scheme Smallholder: Non-Certified Estate.

Work guideline of the FFB receipt and CPO and Kernel dispatch for POM which process the certified and non-certified FFB.

- According to the daily recording of the FFB, CPO and Kernel, the quarter-based period summary for the amount of the received FFB from all sources should be composed.
- The sources of the FFB receipt including the produced CPO and Kernel (the certified one and the non certified one) shall be reported to the Environment Department to be then reported to Green Palm in order to recognize the comparison of the produced certified CPO and Kernel with the amount of certified product (CPO/Kernel) attached on the RSPO certificate for each mill.

Status: Comply as required

3.4

Belani Elok POM shall use Book & Claim system on its CPO and PK product sales. Therefore, the implemented supply chain model shall only considered as Modul-E: Mass Balance.

Work guideline of the FFB receipt and CPO and Kernel dispatch for POM which process the certified and non-certified FFB.

- CPO and Kernel dispatch can be conducted based on the contract or the demand. The covering paper must shows:
 1. Name and address of the vendee.
 2. Name and address of the vendor.
 3. Date of dispatch.
 4. Date of the issuance of the documents or dispatch covering paper.
 5. The supply chain system (MB) must be written on the covering paper of production record and CPO dispatch.
 6. Amount of the dispatched CPO and Kernel (amount of the RSPO certified products) on the stamp column like the image below:

**CPO/Kernel Certified
RSPO
.... Ton**

7. Number of certification reference.
8. Name of transporter.

Status: Comply as required

3.5

Not Applicable

Status: Not Applicable

4

4.1

(a)

Belani Elok POM shall use Book & Claim system on its CPO and PK product sales. Therefore, the implemented supply chain model shall only considered as Modul-E: Mass Balance.

Work guideline of the FFB receipt and CPO and Kernel dispatch for POM which process the certified and non-certified FFB.

- CPO and Kernel dispatch can be conducted based on the contract or the demand. The covering paper must shows:
 1. Name and address of the vendee.
 2. Name and address of the vendor.
 3. Date of dispatch.
 4. Date of the issuance of the documents or dispatch covering paper.
 5. The supply chain system (MB) must be written on the covering paper of production record and CPO dispatch.
 6. Amount of the dispatched CPO and Kernel (amount of the RSPO certified products) on the stamp column like the image below:

**CPO/Kernel Certified
RSPO
.... Ton**

7. Number of certification reference.
8. Name of transporter.

Status: Comply as required

5

5.1

Belani Elok POM has held training in term of the MB supply chain model requirements for the associated employees/Officers. The training was attended by 57 participants on June 4th to 5th 2015. The participants was consisted of estate and mill employees.

Status: Comply as required

6

6.1

Belani Elok POM shall use Book & Claim system on its CPO and PK product sales.

Status: Comply as required

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√
ST-2	Belani Elok POM does not achieve RSPO certificate yet. Therefore, there is no Logo use (on-product and off-product) over the claimed products. It shall be verified on the Surveillance program.	
	Status: Not Applicable	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ST-2	Belani Elok POM does not achieve RSPO certificate yet. Therefore, there is no Logo use (on-product and off-product) over the claimed products. It shall be verified on the Surveillance program.	
	Status: Not Applicable	
3.	Implementation of Certificate and Logo is not used on product	X or√
ST-2	Belani Elok POM does not achieve RSPO certificate yet. Therefore, there is no Logo use (on-product and off-product) over the claimed products. It shall be verified on the Surveillance program.	
	Status: Not Applicable	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ST-2	Belani Elok POM does not achieve RSPO certificate yet. Therefore, there is no Logo use (on-product and off-product) over the claimed products. It shall be verified on the Surveillance program.	
	Status: Not Applicable	

3.4 Summary of RSPO Partial Certification

Management unit(s) observed: 1. Pahu Makmur POM – Kutai Barat, Kalimantan Timur 2. Gunung Bais POM – Musi Rawas, Sumatera Selatan		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	Pahu Makmur POM – Kutai Barat According to the result of internal audit, there are several fact. For example: 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and <i>erfpacht</i> . Gunung Bais POM – Musi Rawas According to the result of internal audit, there are several fact. For example: 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht</i> . The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.	√
	Status: Full Compliance	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	Pahu Makmur POM – Kutai Barat According to the result of internal audit, there are several fact. For example: 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and <i>erfpacht</i> . Gunung Bais POM – Musi Rawas According to the result of internal audit, there are several fact. For example: 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht</i> . The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.	√
	Status: Full 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.	X or√

	Pahu Makmur POM – Kutai Barat According to the result of internal audit, there are several fact. For example: <ol style="list-style-type: none"> 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and <i>erfpacht</i>. Gunung Bais POM – Musi Rawas According to the result of internal audit, there are several fact. For example: <ol style="list-style-type: none"> 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht</i>. The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.	√
	Status: Full 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.	X or √
	Pahu Makmur POM – Kutai Barat According to the result of internal audit, there are several fact. For example: <ol style="list-style-type: none"> 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and <i>erfpacht</i>. Gunung Bais POM – Musi Rawas According to the result of internal audit, there are several fact. For example: <ol style="list-style-type: none"> 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht</i>. The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.	√
	Status: Full Compliance	
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 √
	Pahu Makmur POM – Kutai Barat According to the result of internal audit, there are several fact. For example: <ol style="list-style-type: none"> 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and 	√

	<p><i>erfpacht.</i></p> <p>Gunung Bais POM – Musi Rawas</p> <p>According to the result of internal audit, there are several fact. For example:</p> <ol style="list-style-type: none"> 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht.</i> <p>The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.</p>	
	Status: Full Compliance	
7.5	<p>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.</p>	X or√
	<p>Pahu Makmur POM – Kutai Barat</p> <p>According to the result of internal audit, there are several fact. For example:</p> <ol style="list-style-type: none"> 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and <i>erfpacht.</i> <p>Gunung Bais POM – Musi Rawas</p> <p>According to the result of internal audit, there are several fact. For example:</p> <ol style="list-style-type: none"> 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht.</i> <p>The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.</p>	√
	Status: Full Compliance	
7.6	<p>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</p>	X or√
	<p>Pahu Makmur POM – Kutai Barat</p> <p>According to the result of internal audit, there are several fact. For example:</p> <ol style="list-style-type: none"> 1. It has the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism business permit. 2. The company has the right over the land like: land use title, building use title and <i>erfpacht.</i> <p>Gunung Bais POM – Musi Rawas</p> <p>According to the result of internal audit, there are several fact. For example:</p> <ol style="list-style-type: none"> 1. It does not have the permits like: plantation business permit, plantation business permit for cultivation, plantation business permit for processing, principle permit, tourism 	√

	business permit. 2. The company does not have the right over the land like: land use title, building use title and <i>erfpacht</i> . The process of the legality in Gunung Bais POM, Musi Rawas District shall be verified on the next assessment.	
	Status: Full Compliance	

3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

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

CAR No.	Ref. Std.	Finding	Location	Grade	Deadline	Corrective Action	Observation	Status	Closed Date
2014.01	Major 2.1.1	<p>Compliance over the applied law requirements</p> <ul style="list-style-type: none"> According to the result of interview with the sprayers of Sei Kepayang Estate, the spraying equipments are stored at the worker's house. Therefore, it does not comply the Manpowe Regulation No. 3 Year 1986 in term of the OHS requirements at the pesticide storage. There is an indication that the temporary daily workers for the 3 months in row are not promoted to permanent daily workers. For example, the security Officer and processing stage Worker. It does not comply the decree of Manpower Ministry No. 100 Year 2004 in term of the agreement of the specific work period. 	Mill and Estate	Major NC	Prior the issuance of certificate	The management unit must be able to show the evidence of the compliance over the applied law.	<p>Root Cause: The management unit is not able to show the compliance over the applied law.</p> <p>Corrective Action: Complying the law.</p> <p>Preventive Action: Evaluating the law compliance regularly.</p> <p>Auditor Observation: August 26th 2014</p> <p>3). Evidence of corrective action in term of spraying PPE management is not informed yet. The compliance status is still OPEN.</p> <p>4). Internal Memorandum No. 008/HRD/C-PW/I/2014, dated January 30th 2014 from the HR Director in term of the recommendation of temporary</p>	Closed	February 13th 2015

		<ul style="list-style-type: none"> There is no adequate evidence that the welding specialist has had certificate based on Manpower Regulation No. 2 Year 1982 Article 3. There is no adequate evidence that the electricians have had certificate and license of electricity based on the decree of the directorate general of industrial relation and manpower monitoring No. 311 Year 2002 Chapter 1st. There is no adequate evidence that the clinic has had the operational ppermit based on the Health Ministry Regulation No. 28 Year 2011 in term of clinic (SKE & BHE). 					<p>daily labour to DRP (Daily Rate Personnel)/Permanent Worker with daily base). The document describes the definition of temporary daily labour, promotion process of temporary daily labour to DRP and or Permanent Worker with Daily Base. In aspect of document compliance, the documents are adequate and acceptable. However, the implementation shall be observed on the next assessment. NC is CLOSED.</p> <p>5). The management unit of LONSUM Belani Elok has held training of welding specialist and electrician competence. It was held by BLKI Manpower Agency of South Sumatera Province on August 11th – 15th 2014. It was attended by 18 participants (including the technicians and the welding specialist of Belani Elok POM). NC is CLOSED.</p> <p>6). There is no evidence over the corrective action on the operational permit. The compliance status is still OPEN.</p>		
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							<p>February 13th 2015</p> <p>Evidence of the corrective action in term of the PPE equipments storing for the spraying PPE have been shown by each estate unit in form of the official record and photographs. The documents are:</p> <ol style="list-style-type: none"> 6. Batu Cemerlang Estate: photographs of spraying PPE storing in division warehouse on August 20th 2014. 7. Belani Elok Estate: photographs of spraying PPE storing in division warehouse on August 27th 2014. 8. Bukit Hijau Estate: photographs of spraying PPE storing in division warehouse on October 7th 2014. 9. Ketapat Bening Estate: photographs of spraying PPE storing in division warehouse on September 2th 2014. 10. Photographs of the Sei Kepayang Estate Storage. <p>Meanwhile, the evidence of corrective action in form of the permit of clinic based on the decree</p>		
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							<p>of the Head of Health Department of North Musi Rawas District No. 440/IV/SK/DINKES/2014 dated December 15th 2014. The permit decided to issue the operational permit for Medical Center of PT LONDON SUMATRA INDONESIA in Beringin Makmur Village, Rawas Ilir Sub-District, North Musi Rawas District. The permit valid till December 15th 2017.</p> <p>The Musi Rawas District Health Agency also issued the midwife work permit paper No. 440/III/DINKES/2014 dated December 8th 2014 to Mrs. Rahmi Hardiyanti, Am.Keb as the medical assistant on the clinic.</p> <p>NC No. 2014.01 Major 2.1.1 is CLOSED.</p>		
2014.02	Major 2.2.1	<p>Documents which show the land ownership referring the applied law.</p> <p>According to the document review (map of operational and hectare statement on May 2014), the operational area used for the palm</p>	Estate	Major NC	Prior the issuance of certificate	The management unit must be able to show all the operationals which have legal right or abstract of title based on the applied law.	<p>Root Cause (filled by client):</p> <p>The legal standing of the palm oil plants planting beyond the legal right area (HGU) is location permit.</p> <p>Corrective Action (filled by client):</p>	Observation	February 24th 2015

		<p>oil plants planting is 4,468.45 Ha exclude the abstract of title (HGU/HGB) owned by PT PP Lonsum – Bingin Teluk Location.</p> <p>According to the result of field visit on June 18th 2014 to block 2981 of division 2 of Sei Kepayang Estate, there is an are which does not have the legal right. Meanwhile, the management unit is not able to show the document of the abstract of title owned nor is being processed by the company.</p> <p>According to the field visit to block 268 of division 1 of BHE, there are palm of plants which were planted beyond the legal area (HGU) on 1997 (poles 135) owned by the company.</p>					<p>Changing the scope of certification to the area whose the legal rights (HGU) owned by the company only.</p> <p>Preventive Action (filled by client): Ensuring the area in which the legal right (HGU) is being processed area (4,468.45 Ha) to be included on the Time Bound Plan.</p> <p>Auditor Observation: February 24th 2015 The management unit of PT PP LONSUM describes the chronology over the land acquisition for 4,468.35 Ha. All the acquisition process are now being processed at the National Land Agency. Therefore, the management of Belani Elok decided to change the scope of the certification area to only 13,699.53 Ha (Building Use Title Only). Hence, NC No. 2.2.1 is closed and it shall be Observed on the next assessment.</p>		
2014.03	Major 2.2.2	Evidence of the maintained and obvious demarcated legal area	Estate (Bukit Hijau)	NC	Prior the issuance	The management unit must be able to show the evidence of the	Root Cause: There is a missing pole.	<i>Closed</i>	January 28th 2015

		boundary June 19th 2014 <p>According to the checklist of the Land Use Title (HGU) pole monitoring for 49 spots (on November 23rd 24th 2014), all the poles are well maintained.</p> <p>However, according to the field visit to National Land Agency pole No. 146, 135, 172, the pole No. 172 has lost.</p>	Estate)		of certificate	demarcated legal boundary area to be obviously seen and well maintained.	Corrective Action: <p>Fixing the Land Use Title (HGU) pole.</p> Preventive Action (filled by client): <p>Monitoring the Land Use Title (HGU) based on the owned legal document.</p> Auditor Observation: January 28th 2015 <p>The evidence of the corrective action has been informed by the management unit of Bukit Hijau Estate in form of the photographs and official record of the installation of Land Use Title (HGU) pole No. 172 in block 50. The pole has been installed in line with the coordinate of Land Use Title (HGU).</p> Auditor Team Conclusion: <p>Hence, NC No. 2014.03 Major 2.2.2 is CLOSED. It shall be observed on the next assessment.</p>		
2014.04	Minor 4.5.1	IPM Training <p>According to the document review</p>	Estate (Sei Kepayang)	Minor NC	S-1	The management unit must be able to show the evidence of the	Root Cause (filled by client):	Open	

		on the Sei Kepayang and Bukit Hijau Estate, there is no evidence of the training for IPM program.				training for the workers who are dealing with IPM programs.	Corrective Action (filled by client): Preventive Action (filled by client): Auditor Observation: Auditor Team Conclusion:		
2014.05	Minor 4.5.2	Agrochemicals Toxicity Monitoring According to the document review on the Sei Kepayang Estate, there is no evidence of the pesticide toxicity monitoring (active ingredient/LD50 per ton of FFB or per hectare) for the agrochemicals used on the operations.	Estate (Sei Kepayang)	NC Minor	S-1	The management unit must be able to show the evidence of the pesticide toxicity monitoring (active ingredient/LD50 per ton of FFB or per hectare) for the agrochemicals used on the operations	Root Cause (filled by client): The company does not understand the pesticide toxicity monitoring method yet. Corrective Action (filled by client): Monitoring the pesticide use to the pesticide toxicity (active ingredient per ha) and recapitulating it annually. Preventive Action (filled by client): Monitoring and documenting all pesticide usage including its toxicity. It becomes the responsibility of Assistant of division.	Closed	May 21st 2015

							<p>Auditor Observation: May 21st 2015 Sei Kepayang Estate has monitored the pesticide active ingredient annually per type of pesticide. It describes the type of pesticide and the active ingredient as well as the amount of the pesticide used by the company and application hectareage and toxicity (active ingredient per ha). For example, the company was using Starlon 665 EC (<i>triklopir butoksi etil ester</i> active ingredient) for 2,133.34 L (active ingredient 1,418.67 L), hectareage of application for 4,813.84 Ha with toxicity level for 0.295 L/ha on 2014. Hence, NC No. 2014.05 is Closed.</p>		
2014.06	Major 4.6.4	<p>Pesticide Container Waste</p> <ul style="list-style-type: none"> SKE. The management unit has had hazardous waste storage and has the hazardous waste stored on the storage. However, the storage does not have the hazardous waste storage permit. BHE. The ex pesticide containers of BHE are stored 	Estate	Major NC	Prior the issuance of certificate	The management unit must be able to ensure that the ex pesticide containers are stored on the permitted storage based on the type written on the scope permit.	<p>Root Cause:</p> <ul style="list-style-type: none"> The permit of the hazardous waste storage at Sei Kepayang is being processed. The company does not know the type of waste written on the scope of hazardous waste storage permit in BHE. <p>Corrective Action:</p>	Closed	Janaury 28th 2015

		on the hazardous waste storage. However, there is no description of the type of pesticide containers which are able to be stored on the storage yet.					<p>Proposing the new hazardous waste storage permit by adding the scope of the type of waste (pesticide/chemicals containers).</p> <p>Preventive Action: Ensuring the hazardous waste storage permit still on its period and monitoring the incoming hazardous waste to the hazardous waste storage based on the scope on its permit.</p> <p>Auditor Observation: August 26th 2014 The management unit of Belani Elok shows the corrective action in paper No. 090/207/DPELH/2014, dated August 14th 2014. According to the paper, 2 Officials of Mining and Environment Agency of North Musi Rawas District are ordered to verify the hazardous waste storage building technical requirements of Agustus 2014. Surat tersebut PT PP LONSUM in Sei Kepayang Estate and Bukit Cemerlang Estate. However, there is no hazardous waste storage permit yet. Hence,</p>		
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							<p>Major NC No. 4.6.4 is still OPEN.</p> <p>January 28th 2015</p> <p>The management unit of Sei Kepayang and Batu Cemerlang Estate show the corrective action like the permit of hazardous waste. For example:</p> <ol style="list-style-type: none"> Decree of North Musi Rawas Regent No. 08/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Sei Kepayang Estate dated September 23rd 2014. The permit is valid for 5 years. The scope of the permitted hazardous waste are the chemicals bottle and the expired chemicals whether solid or liquid as well as the use for its program. Decree of North Musi Rawas Regent No. 07/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Batu Cemerlang Estate dated September 23rd 2014. The 		
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							<p>permit is valid for 5 years. The scope of the permitted hazardous waste are the drum and bottles of chemicals and the expired chemicals whether solid or liquid as well as the use for its program.</p> <p>Hence, NC No. 2014.06 Major 4.6.4 is CLOSED.</p>		
2014.07	Minor 4.7.1	Work Accident Insurance The management unit has had policy of the labour social assurance (Jamsostek) membership as the work accident insurance. However, there is no evidence that the temporary daily labours are registered on the work accident insurance. It does not comply the decree of Health Ministry No 150 Year 1999.	Estate and Mill	Minor NC	S-1	The management unit must ensure the labour social insurance for all workers based on the decree of Health Ministry No 150 Year 1999.	<p>Root Cause:</p> <p>The company does not know the existed regulation.</p> <p>Corrective Action:</p> <p>Registering all workers on the work accident insurance including for the temporary daily workers.</p> <p>Preventive Action:</p> <p>Monitoring the number of employees and the number of the labour social assurance members routinely (monthly).</p> <p>Auditor Observation:</p>	Closed	January 28th 2015

							<p>January 28th 2015</p> <p>The management unit shows the evidence of the corrective action in form of the Internal Memorandum of the management No. 004/HRD/HS/II/2013 dated February 12th 2013 in term of the social assurance for the temporary daily workers. The company shall pay the claim for the temporary daily workers in form of the work accident assurance or death assurance based on the law applied by the government-appointed manpower insurance.</p> <p>The management unit also shows one of the evidence over the claim of temporary daily workers of Bukit Cemerlang Estate.</p> <p>Hence, NC No. 2014.07 Minor 4.7.1 is CLOSED. It shall be verified on the next assessment.</p>		
2014.08	Minor 4.7.2	<p>Regular Medical Check Up</p> <p>The management unit has held regular medical check up for the sprayers and Operators of the mill. However, there is no adequate evidence that the company has</p>	Mill and Estate	Minor NC	S-1	The management unit must ensure the regular medical check up based on the Manpower Ministry Regulation No.2 Year 1980.	<p>Root Cause (filled by client):</p> <p>Corrective Action (filled by client):</p> <p>Preventive Action (filled by</p>	Open	

		held regular medical check up for all workers. It does not comply the Manpower Ministry Regulation No. 2 Year 1980.					<i>client):</i> <i>Auditor Observation:</i> <i>Auditor Team Conclusion:</i>		
2014.09	Major 4.8.1	Training Programs The management unit is not able to show the evidence of the training program on 2014.	Mill	Minor NC	Prior the issuance of certificate	The management unit must be able to show the evidence of the document of training program on 2014.	Root Cause: The training is held based on the need and it not yet programmed. Corrective Action: Composing the training program for period of 2014 Preventive Action: OHS expert must compose and ensure the training program to be composed at early of the year based on the company needs. Auditor Observation: August 26th 2014 The management unit of Belani Elok Mill has shown the training program on 2014 for all units under the management of PT LONSUM. The training program covers the training program for staff, employees (estate and Mill).	Closed	August 26th 2014

							Hence, the Major NC No. 4.8.1 is CLOSED.		
2014.10	Minor 5.3.1	Hazardous Waste Management Plan According to the field visit, the used oil is stored at workshop. It is not stored at the hazardous waste storage.	Estate (Sei Kepayang)	Minor NC	S-1	The management unit must implement the hazardous waste management based on the applied procedure as well as to ensure that the hazardous waste are stored at the hazardous waste storage.	Root Cause: The management unit of Sei Kepayang Estate does not have the permitted hazardous waste storage. Corrective Action: Processing the permit of hazardous waste storage. Preventive Action: Informing the employees that the hazardous waste must be stored at hazardous waste storage. Auditor Observation: January 28th 2015 The management unit of Sei Kepayang and Batu Cemerlang Estate shows the corrective action in form of the hazardous waste storage permit. For example: 1. Decree of North Muli Rawas Regent No. 08/KPTS/DPE-LH/2014 in term of the hazardous waste storage permit in in Sei Kepayang Estate dated September 23rd 2014.	Closed	January 28th 2015

							<p>The permit is valid for 5 years.</p> <p>2. Decree of North Musi Rawas Regent No. 07/KPTS/DPE-LH/2014 in term of the hazardous waste storage of PT LONSUM in Batu Cemerlang Estate dated September 23rd 2014. The permit is valid for 5 years.</p> <p><i>Auditor Team Conclusion:</i> January 28th 2015 Hence, NC No. 2014.10 Minor 5.3.1 is CLOSED.</p>		
2014.11	Major 6.5.2	Contract Agreement The management unit is not able to show the evidence of the latest collective labour agreement.	Mill and Estate	Major NC	Prior the issuance of certificate	The management unit must be able to show the evidence of the latest collective labour agreement.	<p>Root Cause: The collective labour agreement is being processed with the labour union.</p> <p>Corrective Action: Showing the collectively composed and agreed collective labour agreement.</p> <p>Preventive Action: Ensuring that the valid period of the compose collective labour agreement (by HRD) and processing the collective labour agreement before the expire period.</p>	Closed	August 26th 2014

							Auditor Observation: August 26th 2014 The management unit of estate and mill of Belani Elok of PT LONSUM, shows the corrective action in form of the evidence of legalization over the document of collective labour agreement for period of 2014-2016. The collective labour agreement has been signed by the labour union of Sei Kepayang Estate, Ketapat Bening Estate, Bukit Hijau Estate, Belani Elok Estate, Batu Cemerlang Estate and Belani Elok POM with the company representative (Director of HR) dated February 27th 2014. NC is CLOSED.		
2014.12	Minor 8.1.1	Record of the follow up over the finding of the RSPO audit The management unit is not able to show the corrective action over the result of RSPO audit.	Mill and Estate	Minor NC	S-1	The management unit is not able to show the corrective action over the result of RSPO audit.	Root Cause (filled by client): Corrective Action (filled by client): Preventive Action (filled by client): Auditor Observation:	Open	

							Auditor Team Conclusion:		
2014.13	SCCS Modul- E 2.2	Information in term of overproduction to the CB The guideline of the FFB receipt and CPO and Kernel dispatch for the POM which proess the mixed FFB from the RSPO-certified and non RSPO-certified Estate is not yet written.	Mill	Potential NC	Post the issuance of certificate	The management unit must inform the overproduction to CB.	Root Cause (filled by client): Using Book & Claim means that the MB procedure is not needed. Corrective Action (filled by client): Composing the MB supply chain procedure. Preventive Action (filled by client): Ensuring all implementation of the MB supply chain shall be executed event by using Book&Claim supply chain moder. Auditor Observation: January 30th 2015 The mill management has shown the evidence of corrective action in form of the procedure of CSPO Supply Chain No. EMS-P17 dated April 10th 2014. According to the point 3.20, the differences between the crop projection and crop actual shall be reported by the Head of	Closed	January 30th 2015

							Environment & CSR to the CB annually on the surveillance program. Auditor Team Conclusion: January 30th 2015 Hence, NC No. 2014.13 SCCS E2.2 is CLOSED. It shall be verified on the next assessment.		
2014.14	SCCS Modul- E 5.1	Training Belani Elok POM is not able to show the evidence of the training program held by in term of MB model supply chain to the associated employees.	Mill	Potential NC	Post the issuance of certificate	Belani Elok POM must be able to show the evidence of the training program held by in term of MB model supply chain to the associated employees.	Root Cause (filled by client): The schedule and the training master is not yet appointed. Corrective Action (filled by client): Determining the schedule and holding the training which is authorized to the PIC on the supply chain implementation. Preventive Action (filled by client): Ensuring that all employees have been trained to implement the supply chain properly by referring the requirements. Auditor Observation: January 30th 2015	Closed	January 30th 2015

							<p>The mill management unit has shown the evidence of the corrective action in form of the attendance list and the training agenda in term of the SPO certification on June 4th – 5th 2014 in Riam Indah Training Centre. All the PIC and staff related to the implementation of SCCS on the Bingin Teluk POM came to the training program.</p> <p>Auditor Team Conclusion:</p> <p>January 30th 2015</p> <p>NC No. 2014.14 SCCS E5.1 is CLOSED.</p>		
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3.5.2 Opportunity for Improvement

No	Ref Std	Descriptions
1	Major 3.1.1	The management unit need to ensure the existene of financial indicator and the projection of price for the company long term plan.
2	Minor 5.2.1	The management unit has opportunity to add the number of poster of the endanger species on estate.
3	Minor 6.1.3	The management unit needs to ensure that the report of environmental management and monitoring plan in 1st semester of 2014 and the next report to be attached with conclusion of the social impacts and the result of participative consultation (Observation).
4	Minor	The labour union need to inform the most updated labour union board structure to the associated agency.

	6.6.1	
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3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1		The commitment of the company to implement the sustainable estate management principle.
2		<ul style="list-style-type: none"> - The company has achieved certificate 14001 : 2004 (EMS) on 2008 for Bingin Teluk Location from TUV Noord - OHSMS for Belani Elok Estate & Belani Elok POM on 2012 (the certificate was issued by the Manpower Ministry) - OHSAS 18001: 2007 for Belani Elok Estate & Belani Elok POM on 2012 from TUV Rheinland
3	6.5.1 6.11	The company has provided public facility like House for Education in Bukit Hijau Estate. It has been operating since February 1st 2013. It was officially opened on September 26th 2013. It is the program of the solidarity of the Wives of the United Indonesia Cabinet led by Mrs Ani Yudhoyono (First Lady) and is cooperating with Estate Company of PT London Sumatra Indonesia, Tbk

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

Date of Stakeholders Consultation: 17 June 2014			
	Issue from Public	Management Response	Auditor Response
1.	North Musi Rawas District Mining and Environment Agency (Hendriansyah)		
	<ul style="list-style-type: none"> The company has reported the environmental management and monitoring plan routinely (each semester) including the quarter-based report of waste management. There is an issue of the environment contamination at the river as posted by the local newspaper (linggau post) in form of the oil disposal from the PO transporting barge. There was an issue of the LA pipe leakage. It has been monitored by the Environment Agency so the company shall fix it up immediately. There was a complaint expressed by the locals due to the plenty of flies caused by the existence of Belani Elok POM. The environment agency came to the site and clarify the issue. The cause of the flies was possibly due to the season condition. It is supported by fact that the exploring power of flies is only 1 Km while the distance between the settlement and the Mill is 5 Km. PT PP London Sumatra – Bingin Teluk does not have underground water utilization permit. PT PP London Sumatra – Bingin Teluk does not have 	<p>The company has reported the environmental management and monitoring plan routinely (each semester) including the quarter-based report of waste management.</p> <ul style="list-style-type: none"> There is no oil disposal from the CPO transport barge which cause the environment contamination at the river. There is only oil spillage at the pier and it has been immediately responded by the Belani Elok Mill unit and it has been clarified to the reporter of Linggau Post. The leakage on the LA pipe of Belani Elok POM shall be immediately repaired by if that really happen. There are flies nearby the settlement. However, according to the result of odour and ambient air. It still below the applied quality threshold. (the result of odour and ambient air of Belani Elok POM is attached) The company has had permit of underground water 	<p>The management unit of estate and mill of Estate Company of PT LONSUM – Belani Elok need to improve the monitoring over the social and environment aspect to reduce the impacts potential. Appropriate with Criteria 5.1 and 6.1</p>

	<p>petroleum tank permit.</p> <ul style="list-style-type: none"> PT PP London Sumatra – Bingin Teluk does not have electricity operational permit. 	<p>consumption No. 746/KPTS/DISTAMBEN/2013 in Air Bening Village, Musi Rawas Ilir Sub-District, Musi Rawas District.</p> <p>(undergournd water consumption permit is attached)</p> <ul style="list-style-type: none"> The company shall coordinate with the North Musi Rawas District Mining and Environment Agency in term of the permit of petroleum tank. The company shall coordinate with the North Musi Rawas District Mining and Environment Agency in term of the permit of electricity operational. 	
2.	North Musi Rawas District Manpower Agency (Deni Aditya)		
	<ul style="list-style-type: none"> The company has implemented the obligations over the manpower such as the report of OHS Guiding Committee. Most of the data are maintained on Musi Rawas District. Therefore, there is no adequate information that can be provided. 	<ul style="list-style-type: none"> Good, No response. Due to the region disintegration (Musi Rawas District and North Musi Rawas District), most of the data (reports) are still maintained on the Musi Rawas District. However, several reports have been reported to North Musi Rawas District such as the report of environmental management and monitoring plan. 	Appropriate with Criteria 2.2, 4.7 and 6.5
3.	North Musi Rawas District Plantation, Agriculture and Forestry Agency (Ifwan)		
	<p>According to the information from the staff of the plantation, agriculture and forestry agency, the data of Estate Company of PT Lonsum – Bingin Teluk are still maintained on the Musi Rawas District.</p>	<ul style="list-style-type: none"> The area of PT Lonsum – Bingin Teluk Estate are located on Musi Rawas District based on the law No. 16 year 2013 in term of the disintegration of Musi Rawas District to North Musi Rawas District in 	Appropriate with Criteria 2.1 and 2.2

		Rawas Ilir Sub-District, Nibung Sub-District on the area of North Musi Rawas District based on clause 3 of the law. (Law No. 16 year 2013 is attached).	
4	Beringin Makmur II Village (The Head of Division – Bintang, The Chief of Hamlet – Syaiful)		
	In general, the company maintain good relation with the locals. It is supported by the CSR assistance such as the fund donation, village road repairment, improvement of welfare (scheme smallholder village cooperative unit). However, as the aspiration of the stakeholders due to the socialization over the CSR program from the company to the community and to construct the village hall.	<ul style="list-style-type: none"> The company shall follow up the aspiration expressed by the stakeholder over the socialization of CSR programs to the locals. 	The management unit of estate and mill of Estate Company of PT LONSUM – Belani Elok need to improve the monitoring over the social aspect to reduce the impacts potential.
5	Air Bening Village (Chief of Village - Ilham Manan)		
	In general, the company maintain good relation with the locals. It is supported by the CSR assistance such as the repairment of place of worship, donation for school chair and desk, improvement of welfare (scheme smallholder village cooperative unit). Aspiration: assistance for village office repairment, religious feast donation package.	<ul style="list-style-type: none"> The company has composed the programs of CSR on the villages nearby estate. (CSR Programs and CSR Actual for period of 2014 for Muratara District is attached). 	The management unit of estate and mill of Estate Company of PT LONSUM – Belani Elok need to improve the monitoring over the social aspect to reduce the impacts potential
6	Bumi Makmur Village (Chief of Village)		
	In general, the company maintain good relation with the locals. It is supported by the CSR assistance such as the construction of village hall, local workforce absorption, village road repairment, bridge construction, donation for goat to be tamed, improvement of welfare (scheme smallholder village cooperative unit).	<ul style="list-style-type: none"> The company has composed the programs of CSR on the villages nearby estate. (CSR Programs and CSR Actual for period of 2014 for Muratara District is attached) 	The management unit of estate and mill of Estate Company of PT LONSUM – Belani Elok need to improve the monitoring over the social aspect to reduce the impacts potential.

	Aspiration: Assistance for sport facility at village, reduction of credit loan of the member of village cooperative unit.		
7	Labour Union of Sei Kepayang Estate (Damsyik) and Bukit Hijau Estate(Masykandar)		
	The company has freed the employees to unite and gather on the labour union. The company maintain good relation with the labour union.	<ul style="list-style-type: none"> Good, No response 	Appropriate with Criteria 2.1 and 6.6
8	Local Contractor (PT Purnama Sari Mandiri –Hermanto)		
	The company maintain good relation with the contractor. The company pay the contractor on time and the contractor comply the manpower terms.	<ul style="list-style-type: none"> Good, No response 	Appropriate with Criteria 6.10

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

Hereunder sign by management representative from inspected company and audit team to acknowledge a field assessment and agree for all content explained in this assessment report, included of nonconformities issues.

Signed on behalf of:

PT. London Sumatera Indonesia – Bingin
Teluk Location
Management Representative



Muhammad Waras
Thursday, 21 May 2015

Mutuagung Lestari
Lead Auditor



Yudwi Wisnu Rahmanto
Thursday, 21 May 2015

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Mining, Energy and Environmental Agency	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	
2	Population, Civil Registration, Manpower and Transmigration Agency.	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	
3	Agriculture, Plantations and Forestry Agency	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	
4	Village of Beringin Makmur II	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	
5	Village of Air Bening	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	
6	Village of Bumi Makmur	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	
7	Workers Union at Estate Unit	Sei Kepayang Estate and Bukit Hijau Estate		Interview	17 June 2014	√	
8	Local Contractor namely PT Purnama Sari Mandiri	District of Musi Rawas Utara, Province of Sumatera Selatan.		Interview	17 June 2014	√	

Appendix 2. Assessment Program

DATE / TANGGAL		16 -21 June 2014	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
Monday/Senin, 16 June 2014			
06.00 – 08.30	06.00 – 08.30	JAKARTA → PALEMBANG	• YWR / HM / PH / ARD / RNL
09.00 – 17.00	09.00 – 17.00	PALEMBANG → BELANI ELOK	• YWR / HM / PH / ARD / RNL
17.30 – 18.00	17.30 – 18.00	Opening Meeting	• YWR / HM / PH / ARD / RNL
Tuesday/Selasa, 17 June 2014			
08.00 – 12.00	08.00 – 12.00	Stakeholders consultation to Related Government Institution to Tapanuli Selatan District Government (Padang Sidempuan) and local NGO.	• ARD / RNL
08.00 – 12.00	08.00 – 12.00	Stakeholders consultation to Company surrounded village and community leader (confirmation for meeting venue)	• YWR / HM / PH
12.00 – 14.00	12.00 – 14.00	BREAK	
14.00 – 17.00	14.00 – 17.00	• RSPO & ISPO Document Review and Review of Previous Visit Non-conformance (Stage-1) • Clarification of Public Consultation	• YWR / HM / PH / ARD / RNL • YWR / HM / PH / ARD / RNL
Wednesday/Rabu, 18 June 2014			
08.00 – 12.00	08.00 – 12.00	Field Observation to Sei Kepayang Estate • Manuring, Spraying, Harvesting, best agricultural practices • Worker Welfare (payments, complaint mechanism)\ • Hazardous Waste Material (B3) management • Legal operational and Conservation Area • Worker facilities (housing, health clinic, clean water, etc) and • Land Fire facilities, Storage, ect..	• YWR / RNL • ARD • HM / PH
12.00 – 14.00	12.00 – 14.00	BREAK	
14.00 – 16.00	14.00 – 16.00	• Continue Field Observation to Sei Kepayang Estate and field observation clarification	• YWR / HM / PH / ARD / RNL
16.00 – 17.00	16.00 – 17.00	• RSPO & ISPO Document Review and Review of Previous Visit Non-conformance (Stage-1)	• YWR / HM / PH / ARD / RNL
Thursday/Kamis, 19 June 2014			
08.00 – 12.00	08.00 – 12.00	Field Observation to Bukit Hijau Estate • Manuring, Spraying, Harvesting, IPM, best agricultural practices • Worker Welfare (payments, complaint mechanism) • Hazardous Waste Material (B3) management • Legal operational and Conservation Area	• PH / RNL • ARD

DATE / TANGGAL		16 -21 June 2014	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
08.00 – 12.00	08.00 – 12.00	<ul style="list-style-type: none"> Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.. Belani Elok POM. WWTP (IPAL), Operational, K3 (OHS), Supply Chain, Hazardous Waste Material (B3) management	<ul style="list-style-type: none"> HM YWR
12.00 – 14.00	12.00 – 14.00	BREAK	
14.00 – 16.00	14.00 – 16.00	<ul style="list-style-type: none"> Continue Field Observation to Bukit Hijau. Estate and field observation clarification 	YWR / HM / PH / ARD / RNL
16.00 – 17.00	16.00 – 17.00	<ul style="list-style-type: none"> RSPO & ISPO Document Review and Review of Previous Visit Non-conformance (Stage-1) 	YWR / HM / PH / ARD / RNL
Friday/Jumat, 20 June 2014			
08.00 – 10.00	08.00 – 10.00	<ul style="list-style-type: none"> Completion of checklist and RSPO & ISPO Document Review 	YWR / HM / PH / ARD / RNL
10.00 – 11.30	10.00 – 11.30	<ul style="list-style-type: none"> Audit finding preparation 	YWR / HM / PH / ARD / RNL
12.00 – 14.00	12.00 – 14.00	BREAK	
15.00 – 17.00	15.00 – 17.00	<ul style="list-style-type: none"> Closing Meeting 	YWR / HM / PH / ARD / RNL
Saturday/Sabtu, 20 June 2014			
07.00 – 16.00	07.00 – 16.00	BELANI ELOK → PALEMBANG	YWR / HM / PH / ARD / RNL
18.00 –	18.00 –	PALEMBANG → MEDAN	HM
18.00 –	18.00 –	PALEMBANG → JAKARTA	YWR / PH / ARD / RNL