

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

Stage-1     Stage-2     Surveillance-2     Re-Certification

**Name of Management Organisation** : Muara Wahau Mill, PT Kresna Duta Agroindo subsidiary of PT SMART Tbk  
**Plantation Name** : Muara Wahau Estate & Gunung Kombeng Estate  
**Location** : Sukamaju Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia  
**Certificate Code** : MUTU-RSPO/043  
**Date of Certificate Issue** : 26 June 2014      **Date of License Issue** : 26 June 2016  
**Date of Certificate Expiry** : 25 June 2019      **Date of License Expiry** : 25 June 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-2	17 – 19 May 2016	Sandra Purba (Lead Auditor); Yudwi Wisnu Rahmanto (Auditor); Moh. Arif Yusni (Auditor); Sofyan Hadi (Auditor)	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-2	16 June 2016

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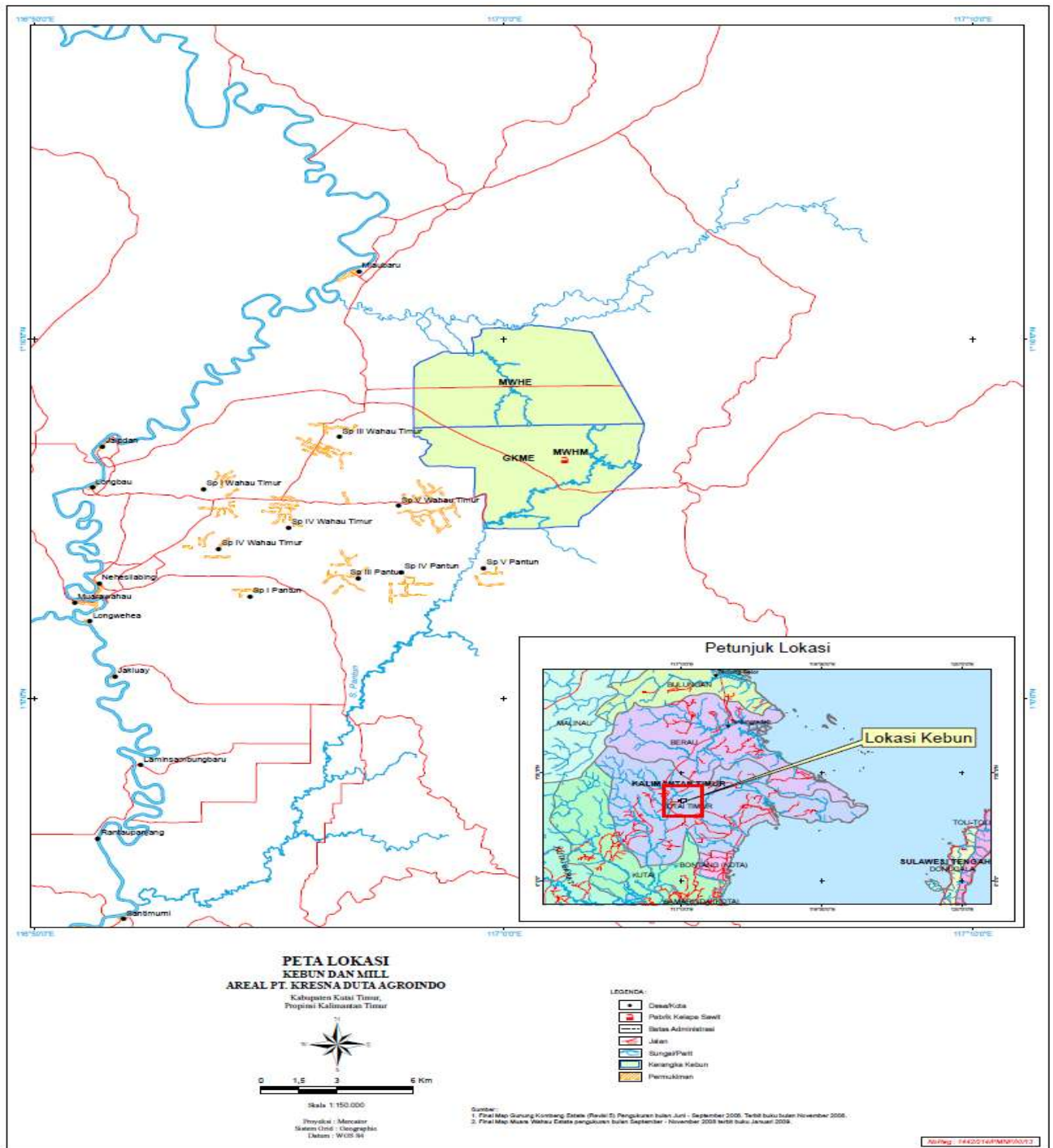
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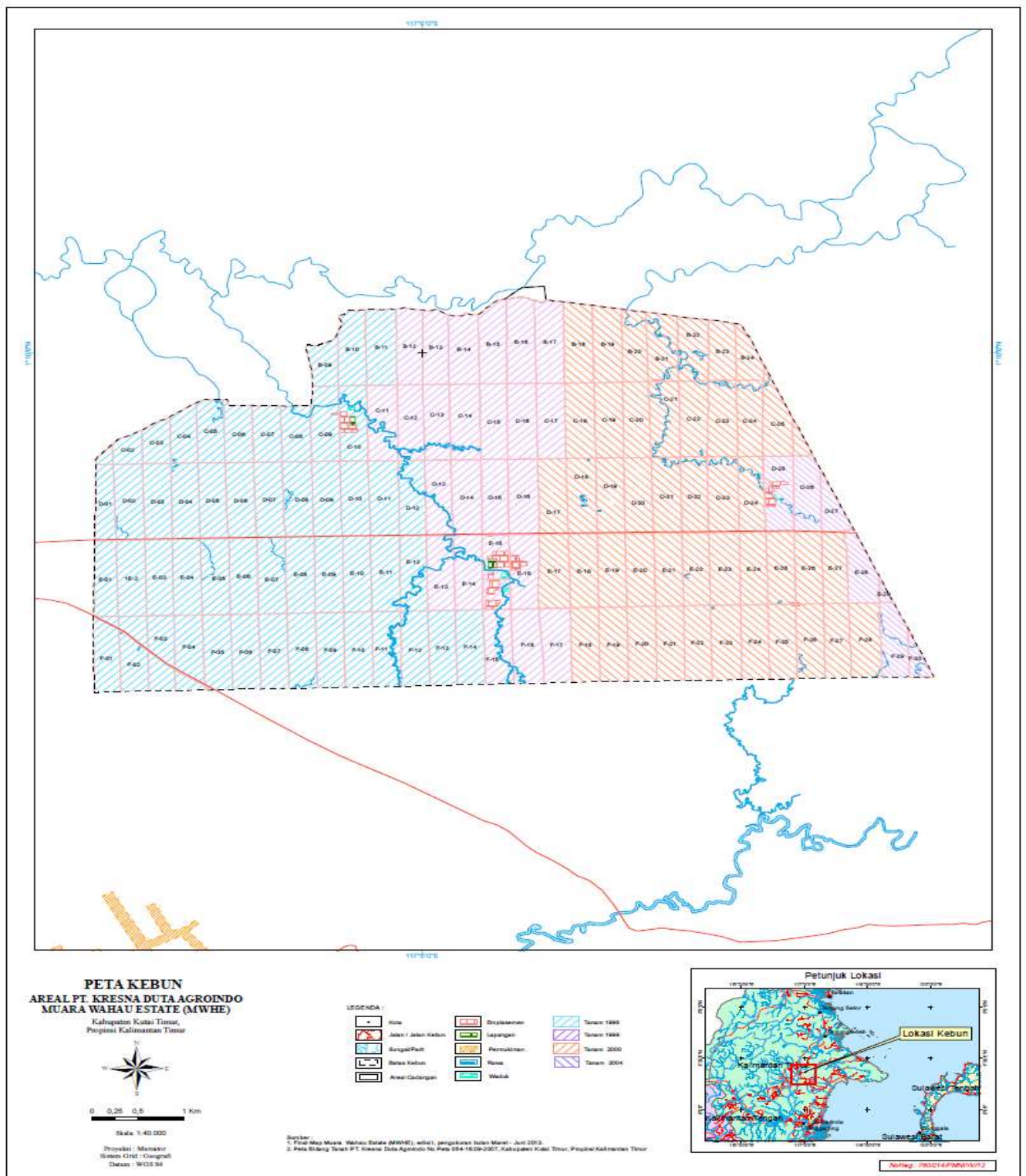
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**Figure 1. Location Map of PT Kresna Duta Agroindo**

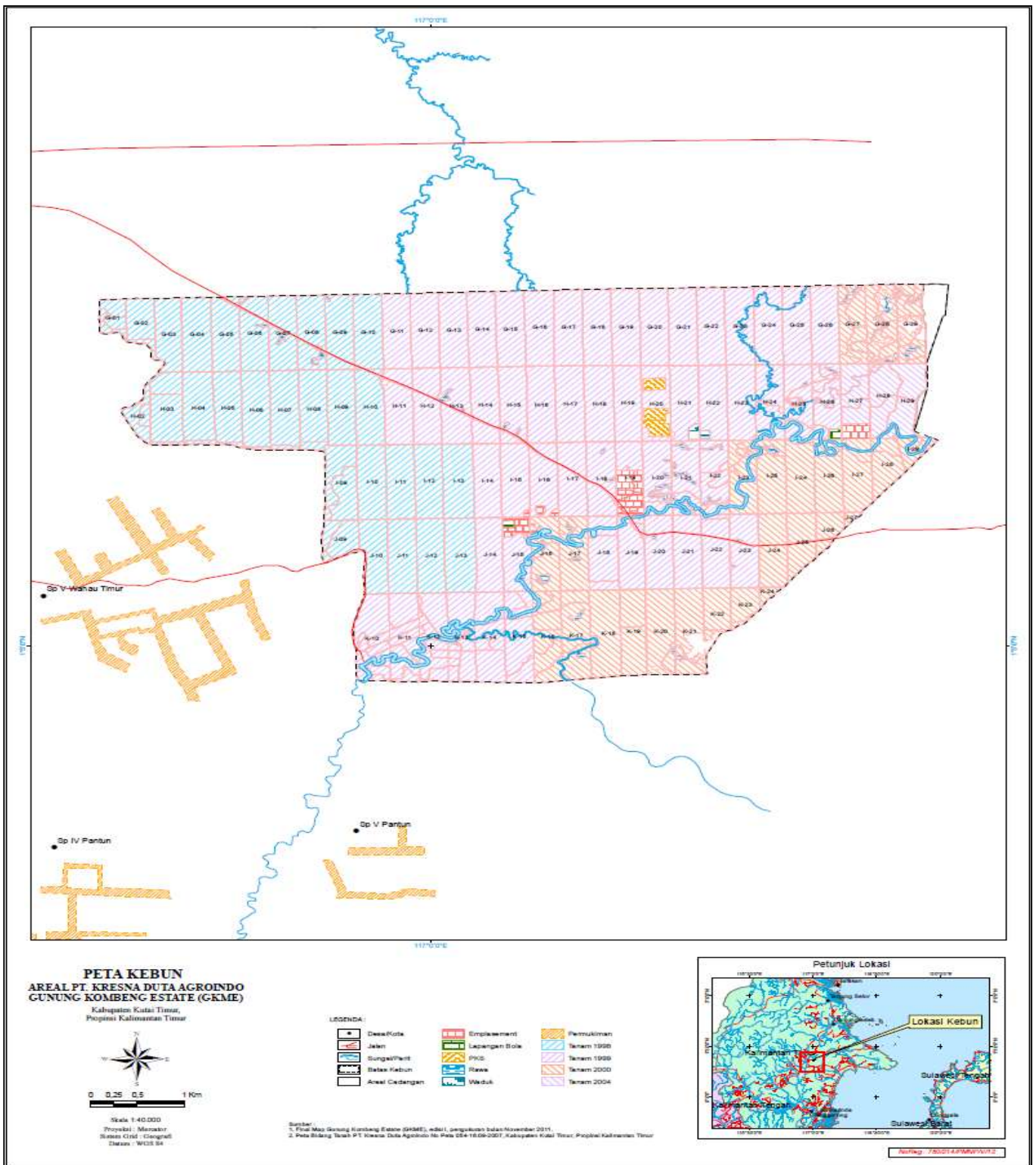


**Figure 2. Operational Map of PT Kresna Duta Agroindo (Muara Wahau Estate)**





**Figure 3. Operational Map of PT Kresna Duta Agroindo (Gunung Kombeng Estate)**



**Glossary**

ASA	:	Annual Surveillance Assesment
BLH	:	<i>Badan Lingkungan Hidup</i> (Environment Bodies)
BOD	:	Biological Oxygen Demand
BPJS KES	:	Worker Social Insurance Agency for Health
BPJS TK	:	Worker Social Insurance Agency for Accident
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
DO	:	Delivery Order
EFB	:	Empty Fruit Bunch
EIA	:	Environmental Impact Assessment
EM	:	Estate Manager
FFB	:	Fresh Fruit Bunch
FPIC	:	Free Prior Informed Consent
GHG	:	Green House Gass
GMKE	:	Gunung Kombeng Estate
HCV	:	High Conservation Value
HGB	:	<i>Hak Guna Bangunan</i> (Building Use Tittle)
HGU	:	<i>Hak Guna Usaha</i> (Land Use Permit)
HIRARC	:	Hazard Identification Risk Assessment and Risk Control
HRO	:	Human Resource Officer
IPM	:	Intergrated Pest Management
LUCC	:	Land Use and Cover Change
LTA	:	Lost Time Accident
KDA	:	Kresna Duta Agroindo
MWHE	:	Muara Wahau Estate
MWHM	:	Muara Wahau Mill
NPP	:	New Planting Procedure
NC	:	Non Comformance
OER	:	Oil Extraction Rate
OHS	:	Occupational Health and Safety
PKO	:	Palm Kernel Oil
PMSA	:	Pantun Mas Estate
PMSE	:	Pantun Mas KKPA
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protection Equipment
PT TN	:	PT Tapan Nadenggan
RC	:	Regional Controller
RSPO	:	Rountable on Sustainable Palm Oil
SCCS	:	Supply Chain Certification System
TSS	:	Total Susoended Solid
WWTP	:	Waste Water Treatment Plant

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1 Assessment Standard Used</b>			
<ul style="list-style-type: none"> <li>• <i>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i></li> </ul>			
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	PT Kresna Duta Agroindo subsidiary of PT SMART Tbk	
1.2.2	Contact person	Ismu Zulfikar	
1.2.3	Organisation address and site address	Plaza BII Tower 2, 30th Floor JL. MH Thamrin No 51 Kav 22 Jakarta 10350 Indonesia	
1.2.4	Telephone	(+62-21) 318 1388	
1.2.5	Fax	(+62-21) 318 1389	
1.2.6	E-mail	<a href="mailto:ismu-zulfikar@smart-tbk.com">ismu-zulfikar@smart-tbk.com</a>	
1.2.7	Web page address	<a href="http://www.smart-tbk.com">www.smart-tbk.com</a>	
1.2.8	Management Representative who completed the application for certification	Ismu Zulfikar (Head of Environmental Departement)	
1.2.9	Registered as RSPO member	30 January 2005, 1-0019-05-000-00	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	<b>Palm Oil Mill and supply base:</b> Muara Wahau Mill, Muara Wahau Estate dan Gunung Kombeng Estate	
1.3.2	Type of certificate	Single	
<b>1.4 Locations of Mill and Plantation</b>			
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Muara Wahau Mill	Sukamaju Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 06' 40,18'      E117° 01'23,38'
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Muara Wahau Estate	Makmur Jaya Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 06' 09,48'      E 117° 01' 13,12'
	Gunung Estate      Kombeng	Sukamaju Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur,	N 01° 08' 09,81'      E 117° 00' 23,38'

	Indonesia						
<b>1.5 Description of Area Statement</b>							
1.5.1	Tenure						
	• State		6,877.53 Ha				
	• Community		- Ha				
<b>1.5.2 Area Statement</b>							
	• Total area		6,877.53 Ha				
	• Mature area		6,605.08 Ha				
	• Immature area		- Ha				
	• Mill / Emplament		35.84 Ha				
	• Infrastructure		189.70 Ha				
	• Others area		46.91 Ha				
*HCV identified is riparian area, has included to the mature area an 370.47 Ha							
<b>1.6 Planting Year and Cycles</b>							
1.6.1	Age profile of planting year						
	Planting Year	Hectarage (Ha)					
		GKME	MWHE	TOTAL			
	1998	814.16	1,390.36	2,204.52			
	1999	1,595.95	703.94	2,299.89			
	2003	591.16	1,304.03	1,895.19			
	2004	74.16	131.32	205.48			
<b>TOTAL</b>	<b>3,075.43</b>	<b>3,529.65</b>	<b>6,605.08</b>				
1.6.2	New Planting area after January 2010		- Ha				
1.6.3	Planting Cycle		2 <sup>nd</sup> Cycle				
<b>1.7 Description of Mill and Supply Base</b>							
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 (%)
	Muara Wahau Mill	60	304,144	74,587	24.52	16,136	5.31
*Production data source from 12 months before assessment (May 2015 - April 2016)							
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)	%
	Gunung Kombeng Estate	3,283.22	3,075.43	84,550.00	27.49	84,550	100
	Muara Wahau Estate	3,594.31	3,529.65	91,117.08	25.81	91,117	100
<b>TOTAL</b>	<b>6,877.53</b>	<b>6,605.08</b>	<b>175,667.08</b>	<b>26.60</b>	<b>175,667.08</b>	<b>100</b>	
*Production data source from 12 months before assessment (May 2015 - April 2016)							



1.7.3	FFB description from other source						
	<b>Name of sources</b>	<b>Organisation</b>	<b>Location</b>	<b>Supplied to Mill</b>			
				<b>FFB</b>			
				<b>(tonnes/year)</b>			
	GKMA- area of 2214 ha, members 1602 farmers (non certified)	PT KDA	Sukamaju village, Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province				56,060
	PMSE (Certified)	PT TN	Sri Pantun village, RT.11 Kec. Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province				37,270
	PMSA (Non certified)	PT TN	Sri Pantun village, RT.11 Kec. Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province				1,906
	KKBX (Non certified)	Koperasi Kongbeng Bersatu	Marga Mulia village, Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province				32,627
	KPSX (Non certified)	Koperasi Perintis Satu	Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province				14.18
	JMKX (Non certified)	Jasa Mutiara Kongbeng	Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province				600.01
	<b>TOTAL</b>						<b>128,477.19</b>
	<i>*Production data source from 12 months before assessment (May 2015 - April 2016)</i>						
1.7.4	Jenis Produk		FFB, CPO, PK				
<b>1.8 Estimate Tonnage of Certified Product</b>							
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 26 June 2015 to 25 June 2016 (tonnes/year)		Actual certified product 26 June 2015 to 16 Mei 2016 (tonnes/year)		
	• FFB Production		211,858		152,489.4		
	• CPO Production		51,161		37,400.44		
	• Palm Kernel (PK) Production		10,975		8,172.01		
1.8.2	Estimate of Certified FFB Claim						
	<b>Name of Estate(s)</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>		
	Gunung Kombeng Estate	3,283.22	3,075.43	88,778	28.86		
	Muara Wahau Estate	3,594.31	3,529.65	95,673	27.10		
	<b>TOTAL</b>	<b>6,877.53</b>	<b>6,605.08</b>	<b>184,451</b>	<b>27.98</b>		
	<i>*Projected FFB production for 12 months of certificate</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (ton)</b>	<b>Extraction (%)</b>	<b>Out put (ton)</b>	<b>Extraction (%)</b>
	Muara Wahau Mill	60	184,451	47,404	25.7	10,329	5.6
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>						
<b>1.9 Other Certifications</b>							

ISCC	ISCC certificate No: EU-ISCC-Cert-DE104-07781529 of Gutcert for a period of September 3, 2015 - September 2, 2016
Others	Proper Biru by Related Agency, period 2014 to 2015

**1.10 Time Bound Plan**

**1.10.1 Time Bound Plan for Other Management Units**

Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status
MILL	Time Bound Plan				
Padang Halaban	Certified 2011	Padang Halaban	Certified 2011	North Sumatera	Certified
		Penantian			Certified
		Adipati			Certified
		Kanopan Ulu			Certified
Batu Ampar	Certified 2012	Batu Ampar	Certified 2012	South Kalimantan	Certified
		Batu Mulia			Certified
		Sungai Panci			Certified
		Sungai Panci KKPA			Certified
Tanah Laut	Certified 2012	Tanah Laut	Certified 2012	South Kalimantan	Certified
		Kinta Pura			
Langga Payung	Certified 2012	Langga Payung	Certified 2012	North Sumatera	Certified
		Paya Baung			Certified
		Normark			Certified
Hanau	Certified 2012	Hanau	Certified 2012	Central Kalimantan	Certified
		Tasik Mas	Certified 2012		Certified
		Tanjung Paring	Certified 2012		Certified
		Langadang	Certified 2012		Certified
	2018	Medang Sari	2018	Planned 2018	
Semilar	Certified 2013	Semilar	Certified 2013	Central Kalimantan	Certified
		Sei Rindu	Certified 2013		Certified
		Mandang	Certified 2013		Certified
		Puri	Certified 2013		Certified
Jakluay	2014	Pantun Mas	Audited 2015	East Kalimantan	Certified
	2019	Pantun Mas KKPA	2019		Planned 2019
		Jak Luay	2015		Certified
	2019	Jak Luay KKPA	2019		Planned 2019
Leidong West	2015	Long Buluh	2015		Certified
		Bukit Subur	2015		Certified
		Bukit Subur KKPA	2019		Planned 2019

		Leidong West Utara	2013		Certified
		Leidong West Selatan	2013	Bangka Belitung	Certified
Muara Wahau	Certified 2014	Muara Wahau	Certified 2014	East Kalimantan	Certified
		Gunung Kombeng	Certified 2014		Certified
Gunung Kombeng	Planned 2019	Gunung Kombeng KKPA	2019	East Kalimantan	Planned 2019
Jelatang	2014	Bangko Estate	Audited 2013	Jambi	Certified 2014
		Kubang Ujo Plasma	2019		Planned 2019
		Pamenang Plasma	2019		Planned 2019
Rantau Panjang	2015	Rantau Panjang	2015	East Kalimantan	Certified 2015
		Rantau Panjang KKPA	2019		Planned 2019
Pelakar	2017	Plakar Estate	2017	Jambi	Pre Audit
		Tiga Serumpun KKPA	2019		Planned 2019
		Batang Merangin Estate	2017		Planned 2017
		Batang Tembesi Estate	2017		Planned 2017
Langling	2014	Bangko Estate	2014	Jambi	Certified 2014
		Bangko Plasma	2019		Planned 2019
		Batang Gading Estate	2015		Certified 2014
		Batang Gading KKPA	2019		Planned 2019
		Bukit Bungkul KKPA	2019		Planned 2019
Sungai Bengkal	Certified 2015	Sungai Bengkal Estate	Certified 2015	Jambi	Certified 2015
		Sungai Bengkal KKPA	Certified 2015		Certified 2015
		Kilis	Certified 2015		Certified 2015
		Kilis KKPA	2019		Planned 2019
Bukit Kapur	2020	Bukit Kapur Estate	2020	South Kalimantan	Planned 2020
		Sungai Cantung Estate	2020	South Kalimantan	Planned 2020
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>				
	Justification of the changing of time bound plan: <ul style="list-style-type: none"> <li>The current status, most of the smallholding not willing to be audited due to constrained of cost issue. The company has done an efforts among others: conduct internal audits and socialization related to implementation of RSPO standard in all units of management including for plasma.</li> <li>Based on the letter of Div. Head Sustainability No. 104 / IL-HP / STDV-PD / II / 2015 explained that Gunung Kombeng Mill (GKMM) only receives FFB from Plasma and currently are not willing to join with the RSPO.</li> </ul>				

<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-2</b>	<ul style="list-style-type: none"> <li>• <b>Sandra Purba (Lead Auditor)</b>, Bachelor of Forestry, Department of Forest Products Technology, Faculty of Agriculture, University of North Sumatra. Have experience working in oil palm plantations Company. She had attended such training: Training of General OHS Expert, Training ISPO Auditor, Awareness RSPO, training ISO 22000-2009 Auditor/Lead auditor, Auditor Management System Certification (ISO 9001-2008), RSPO Endorsed Lead Auditor Training Course and OHS Management System Auditor Training Course. Currently he worked as an auditor at Certification Body. During the assessment the auditor verified OHS aspect, worker welfare aspect and SCCS aspect.</li> <li>• <b>Yudwi Wisnu Rahmanto (Auditor)</b> Bachelor of Forestry with Silviculture background. He worked at professional independent Certification Body as an Auditor for last 3 years and has involved in auditing activities with various certification schemes. Selected training which have been followed, such as RSPO Endorsed Lead Auditor Training Course, ISPO Auditor/Lead Auditor Course, Quality Management System (QMS) ISO 9001:2008 Auditor/Lead Auditor Course, GIS-Basic Mapping and Spatial Analysis, Timber Legality Assurance System (SVLK), Verification Organization Training C.A.F.E Practices (Starbucks) and others internal training programs. He has involved in auditing activities, such as Sustainable Forest Management by FSC FM/COC Scheme, Sustainable Palm Oil by RSPO and ISPO Scheme, Coffee And Farmer Equity (C.A.F.E Practices) Starbucks, Organic Standard (EU, NOP, JAS) for Coffee Farmers and Organic Exchange for Textile. During the assessment the auditor verified legal, land dispute and social aspect.</li> <li>• <b>Moh Arif Yusni (Auditor)</b>. Bachelor of Agriculture, majoring of Plant Pest and Diseases (Plant Protection). He has a working experience for 2 (two) years in oil palm Plantation Company in Indonesia. Trainings attended namely: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and Auditor / Lead auditor Management System Certification (ISO 9001-2008). Now he worked at Professional Certification Body. He has been several times following audit related to sustainable palm oil certification system as an auditor. During the assessment the auditor verified best management practices for agronomy, IPM aspect and CPO process.</li> <li>• <b>Sofyan Hadi Lubis (Auditor)</b>. Master's Program in Environmental and Natural Resource Management, Institute Pertanian Bogor (IPB) and Bachelor of Social Economic Agriculture, Gadjah Mada University (UGM). Participated in several environmental management workshops, climate change mitigation training and adaptation for agricultural productivity in Southeast Asia, Carbon Forum Asia Update. He has also been involved as a research team at the Centre for Research, Development and Climate Change Policy (Puspijak) Ministry of Forestry of Indonesia-Bogor and Research Team in cooperation program IPB-ETH Zurich Switzerland - NUS Singapore. He has followed Auditor training ISPO and Auditor/Lead auditor Management System Certification (ISO 9001-2008), ISO 14001, Awareness RSPO, HCV, GHG Calculation and LUC-ISCC. During the assessment the auditor verified HCV, transparency and environmental aspects.</li> </ul>
<b>2.2 Assessment Methodology, Assessment Process and Locations of Assessment</b>	
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-2</b>	Number of auditors : 4 auditors Number of days for <b>ASA-02</b> at site :3 days Number of working days for <b>ASA-02</b> at site 12 Working days
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-2</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Kresna Duta Agroindo against RSPO Principles and Criteria (P&amp;C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013 dan RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p>

Some opportunities for improvement of the results **ASA-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-3**).

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

The assessment program please find Appendix 2

**2.2.3 Location of Assessment**

**ASA-2** Number of units in this certification activity is two (2) estates, which supply the raw material (FFB) to one (1) palm oil mill. In conducting the assessment, the team of auditors used the 0.8√y formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are one (1) palm oil mill (Muara Wahau Mill) and two (2) estates (Muara Wahau Estate and Gunung Kombeng Estate).

**Field observation to MWHM :**

1. **Security.** Observation and interview related to FFB reception and CPO/PK delivery
2. **Weighbridge.** Observation and interview related to FFB reception and CPO/PK delivery
3. **Grading.** Observation related to FFB grading process, implementation of SOP and grading criteria and interview with workers related to labor and OHS aspect
4. **Water Treatment Plant** Observation and interview related to Water Treatment
5. **Processing** Observation related to processing of FFB, implementation of SOP and interview with workers related to labor and OHS aspect
6. **Boiler Station** Observation related to boiler Process. Implementation of SOP, interview with workers related to labor and OHS aspect
7. **Generator Room** Observation related to Generator room implementation of SOP and interview with workers related to labor and OHS aspect
8. **Workshop Observation related to mill maintenance program and** interview with workers related to labor and OHS aspect
9. **Chemical storage** Observation and interview related to storages of chemical
10. **Hazardous waste storage** Observation and interview related to handling and storage of hazardous waste
11. **Effluent Plant.** The WWT ponds are in good condition, there is no leakage or overflow to drainage, riparian area or environment. The condition of inlet and outlet flow meter is good, and recording for effluent debit for land application was routinely conducted. The operators wear complete PPE, officers have been provided with housing complex, electricity, medical facility and getting decent salary based on government regulation

**Field observation to MWHE :**

12. **Block D27, Division 5 MWHE.** Observation to boundary pole no. KDA 013 and KDA 012.
13. **Block C25 MWHE.** Observation to boundary pole no. KDA 011 and KDA 010
14. **Block B15/B16 MWHE.** Observation to boundary pole no. KDA 005
15. **Block C18 Division III.** Observations and interviews related to palm oil harvesting
16. **Block C18 Division V.** Observations and interviews related to weed control chemically (Herbicide Application)
17. **Blok C12 dan D12. Elang River.** The river protection attempts conducted by the company such as providing signboard prohibition of chemical application on riparian area, providing signboard of prohibition polluting the river, providing the boundary pole for riparian area, providing the boundary pole of spraying, tree planting in riparian area, etc. The results of field observation, there are no activities or used fertilizer / spraying on a riparian area
18. **Chemical Storage.** The officers have understood the procedure of pesticide waste management. Used pesticide packs are washed first, then kept to hazardous waste storage
19. **Housing.** Organic and inorganic waste sourced from Housing MWHE stored on the trash can, then dumped to the landfill periodically to be buried.
20. **Agrochemical and mixing area.** Based of field observastion, obtained information that the OHS signboard and MSDS provided adequate, officer use appropriate PPE, ex-containers chemical has been managed well and chemical officer had followed the periodic health check up, and has been training.
21. **Generator Room.** Used Oil and Rags sourced from generator room stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector.



22. **Workshop.** Used Oil, Used Filter, Rags, Used batteries, Used filter sourced from workshop stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector
23. **POME.** POME sourced from Mill processed on WWTP pond and applied on the land (land application) post the adjustment of pH and BOD to comply the government standard quality threshold.
24. **Hazardous waste temporary warehouse.** Base on observation at the Hazardous waste temporary warehouse, obtained information that the hazardous waste temporary warehouse has had the coordinates corresponding to license, locations are in areas free of flooding, are not on the water source, location away from residential areas and housing employees, equipped with bells, fire extinguisher, eye wash, first aid emergency box, hazardous waste symbol, Material Safety Data Sheet, oil trapping, trapping tub, logbook, etc. LB3 stored have been prepared according to the type and characteristics of each waste, and there are no spills or spills on the floor or surrounding environment.
25. **Block H1.** Observation of land application.

**Field observation to GMKE :**

26. **Block I 29, Division IV.** Observation of HCV management areas in the form of Pantun Riparian.
27. **Block I 27 .** Observations and interviews related to palm oil harvesting
28. **Block I 18 Division IV .** Observations and interviews related to weed control chemically (Herbicide Application)
29. **Agrochemical storage and mixing area, Division IV.** Observation about storage and mixing of pesticide
30. **Block K21 Division IV area with slope 21-40 %.** Observation an area with slope and pole erotion
31. **Chemical Storage.** Observation and interview related to implementation of OHS aspect, environment aspect and labor aspect.
32. **Agrochemical and mixing area.** Based of field observastion, obtained information that the OHS signboard and MSDS provided adequate, officer use appropriate PPE, ex-containers chemical has been managed well and chemical officer had followed the periodic health check up, and has been training.
33. **Workshop.** Used Oil, Used Filter, Rags, Used batteries, Used filter sourced from workshop stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector
34. **Hazardous waste temporary warehouse.** Base on observation at the Hazardous waste temporary warehouse, obtained information that the hazardous waste temporary warehouse has had the coordinates corresponding to license, locations are in areas free of flooding, are not on the water source, location away from residential areas and housing employees, equipped with bells, fire extinguisher, eye wash, first aid emergency box, hazardous waste symbol, Material Safety Data Sheet, oil trapping, trapping tub, logbook, etc. LB3 stored have been prepared according to the type and characteristics of each waste, and there are no spills or spills on the floor or surrounding environment.
35. **Block G-29, Div. 2.** Boundary pole No. KDA018
36. **Block G-29/H-29, Div. 2.** Boundary pole No. KDA019
37. **Block H-29, Div. 2.** Boundary pole No. KDA020.
38. **Boundary Poles No. KDA021, 023, 028.** All the boundary poles in well maintained.

**Field observation and interview in surrounding communities:**

1. Village of Miau Baru, meet the Customary Head of Dayak Kahayan.
2. Village of Makmur Jaya, meet the Secretary.
3. Village of Suka Maju, meet the Leader.
4. Village of Kombeng Indah, meet the Secretary and BPD head.
5. Scheme smallholders organization, Koperasi Sawit Bersama.
6. Local contractor namely CV. Berkas Mulia Abadi located in Makmur Jaya Village.

<b>2.3 Stakeholder Consultation and Stakeholders Contacted</b>	
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-2</b>	<p>Consultation of stakeholders for PT Kresna Duta Agroindo was held by:</p> <ol style="list-style-type: none"> <li>(1) Public notification at website MUTU (<a href="http://www.mutucertification.com">www.mutucertification.com</a>) on April 30<sup>th</sup> 2016.</li> <li>(2) Public consultation meeting with stakeholder (National Land Agency, Plantation Agency, Forestry Agency, Labor Agency, Kutai Timur District) on May 17, 2016.</li> <li>(3) Public consultation meeting with Villages Nearby Company Area on May 17, 2016.</li> </ol>

	(4) Public consultation meeting with internal stakeholder on May 17, 2016. (5) Public consultation meeting with eksternal stakeholder on May 18, 2016. (6) Public consultation email has been sent on May 13, 2016. Numbers of input from stakeholders were clarified by PT KDA
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4</b>	<b>Determining Next Assessment</b>
<b>ASA-2</b>	The next visit <b>ASA-3</b> will be planned on May -2017.

**3.0 ASSESSMENT FINDINGS**

**3.1 Summary of Assessment Report of the RSPO Certification**

MUTUAGUNG LESTARI has conducted an assessment of Muara Wahau Mill, PT Kresna Duta Agroindo – PT SMART Tbk operation consisting of one (1) mill and two (2) oil palm estates.

During the assessment, zero (0) nonconformities were assigned against Major Compliance Indicators, two (2) nonconformities were assigned against Minor Compliance Indicators, zero (0) nonconformities against supply chain requirement for CPO mill, and three (03) opportunities for improvement were identified.

MUTUAGUNG LESTARI found that Muara Wahau Mill, PT Kresna Duta Agroindo – PT SMART Tbk complied with the requirements of *RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013* dan *RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)*

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is *Continued*.

Ref Std.	VERIFICATION RESULT of MUTU-Certification
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>	
<b>1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>	
<p><b>1.1.1 and 1.1.2</b></p> <p>According to the document review, there is no information request by stakeholders on 2015/2016. There is only proposal for fund and service request. According to the interview with locals, they never request information to company during period of 2015/2016. They frequently request for fund and road maintenance service.</p> <p>However, the company routinely submit mandatory report to related agency, such as results of environmental management and monitoring in 2nd semester of 2015 has been reported to Kutai Timur District Environment Agency on February 24, 2016 and results of Hazardous Waste management on January 4, 2016.</p> <p>There were no issues related to the provision of information to stakeholders, all the information provided in the checklist.</p>	
	<b>Status: Comply</b>
<b>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.</b>	
<p><b>1.2.1</b></p> <p>The type of documents that can be accessed by stakeholders are still same like as ASA-1 document, such as total personnel, tax number, tax and local retribution payment, environmental document, establishment and revision, production area and application data, land ownership data, HCV report, SIA report, local community program's report, guiding committee for occupational health and safety report, improvement program report, RSPO audit report, as well as the document for HAM policy. Publication done by company was in form of socialization to stakeholders and employs, namely socialization on November 6, 2014.</p> <p>According to the document review, there is no information request by stakeholders on 2015/2016. There is only proposal for fund and service request. There were no issues related to the document publicly, all the information provided in the checklist.</p>	

	<b>Status: Comply</b>	
<b>1.3</b>		
<b>Growers and millers commit to ethical conduct in all business operations and transactions.</b>		
<b>1.3.1.</b>		
<p>There is no change in policy related business ethics, ethics policy of business on August 1, 2014, legalized by the VPA PSM3 dated August 1, 2014, mentioned that the company is committed to put into practice the values of shared value and applies strictly to the parties for any action corruption, bribery and deception of funds d resources. The policy is written in the Indonesian language, socialization and communication to employees and stakeholders has been carried out by the company during morning circle meetings and at meetings tender for the activities that will be handed over to a third party.</p> <p>Based on interviews with employees in the field, for example personnel of harvesting in block C24/C25 division 5 MWHE, and interview with contractor known that policies related to ethical behavior and integrity code is understood and known. Contractor explained that entire activities were handed over to third parties conducted through tender.</p> <p>There were no issues related to the business ethical policy and its implementation, all the information provided in the checklist</p>		
	<b>Status: Comply</b>	
<b>PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS</b>		
<b>2.1</b>		
<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>		
<b>2.1.1</b>		
<p>The company has a mechanism to identify, implement and evaluate the compliance with the law described in SOP of Rules and Other Requirements. This procedure has been explained on the PIC whose is responsible for identifying the regulation and the PIC whose is responsible for evaluating the rules. Based on this mechanism, the company identify the type of legislation that must be met and classify in a group of HCV, Labor, Environment, Licensing and OHS. The entire copy of the rules stored in the office of each unit, for example PT KDA can show a copy of Agrarian Ministry Regulation and Spatial Planning / National Land Agency Head No. 5 year of 2015, about Location Permit</p>		
<b>2.1.2, 2.1.3 dan 2.1.4</b>		
<p>All regulations has been recorded in the list of law and always evaluated on a regular basis at least once a year or if there any update of regulation/latest requirements referenced. The latest evaluation was conducted in January 2016 on the list of OHS regulations performed by the OHS Committee Secretary, regarding to Decree of Labor and Transmigration Minister No. 12 year of 2015 on OHS electricity in the workplace. The results showed that the OHS management unit has been compliance with the regulations relating to the activities of oil palm plantations.</p> <p>Based on interviews with relevant institutions (Plantation Agency, Labor Agency, Environment Bodies and the Land Office) note that the management unit has compliance with the regulations related to the estate, employment and the environment.</p>		
	<b>Status: Comply</b>	
<b>2.2</b>		
<b>The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</b>		
<b>2.2.1</b>		
<p>The Certificate Holder has documents showing legal ownership and business permit from the competent authority as follows:</p> <ol style="list-style-type: none"> <li>1. Plantation Permit for Cultivation (IUP): No. 500/018/Ek-I/2006, 18 January 2006 (± 7,850 Ha). In 2012, plantation permit has a renewal with No. 188.4.45/158/Eko.1-X/2012, 30 October 2012 (± <b>7,061 Ha</b>).</li> <li>2. Plantation Permit for Mill Processing (IUP-P): No. 188.4.45/065/Eko.1 – V/2014, dated 19 May 2014. Mill capacity for</li> </ol>		

Muara Wahau Mill is 60 MT FFB/Hours. This permit approved by Kutai Timur Regent.

3. Land Use Right for Plantation Area (HGU): No. 34/HGU/BPN RI/2010, 1 June 2010. Certificate No. 112 (6,026.25 Ha) and Certificate No. 113 (847.19 Ha). Total of legal area is **6,873.44 Ha**.
4. Land Use Right for Mill Site (HGB): No. 72-550.2-44-2004, 31 March 2004. Certificate of HGB No. 01 cover **4.09 Ha**. (The area of HGB is located within the HGU)

**2.2.2**

The Certificate Holder has boundary poles monitoring report, it was found that the overall number of poles is 65 pieces and maintenance performed at least once a year. The last maintenance at Muarawahau and Gunung Kombeng Estate held on 28-31 March 2016, the number of poles is 35 pieces as in "Monitoring Report of poles maintenance HGU - 2016". The monitoring of poles is based on the procedures "SOP Pemeliharaan Patok HGU/HGB (SOP/SMART/CERS-EHSD/SADV/II/004), 1 Juli 2014".

Based on the field visit at pole KDA No. 018 (Block G-29, Div.2 Gunung Kombeng Estate) dated 19 May 2016, it is showed that the boundary poles are well maintained. However, based on overlay between Area Statement Map on March 2016, position of it pole is different with Concession Map "Peta Bidang Tanah No 054-16.09-2007 (scale 1:20.000) dated 10 Oktober 2007. This indicates that in practice the pole has changed place from the original position by certificate holder. Auditor verifies the pole using GPS tool and the certificate holder cannot provide the original position coordinates. Also, this finding is inappropriate with the procedure statement in "SOP Pemeliharaan Patok HGU/HGB (SOP/SMART/CERS-EHSD/SADV/II/004), 1 Juli 2014", part 2.2.2. **See Non-conformity 2016.01.**

**2.2.3**

The mechanism of available land dispute resolution as provided in SOP "Ganti rugi Tanah/Lahan" No. SOP/NP/SMART/VII/D&L002 (dated 1 July 2010) and SOP "Penerapan Persetujuan Atas Dasar Informasi Awal Tanpa Palsaan/PADIATAPA" SOP/SMART/SENS-CSR/SADV/II/003 (dated 1 July 2014), which contains the PIC, the procedure completion, the documents must be prepared, such as a minutes meeting, attendance list, Payment documents, minutes of payment, map location disputed, receipt of money compensation, etc. All land disputes have been completed and no further land disputes recorded up during audits.

**2.2.4**

During stakeholder consultation with government agencies and surrounding communities, it was clearly stated that all land disputes have been completed and no further land disputes recorded up during ASA-3.

**2.2.5**

The certificate holder has had SOP "Penanganan Konflik Sosial/Social Conflict Resolution" No: SOP/SMART/SENS-CSR/SADV/II/002, dated 1 July 2014. During stakeholder consultation with government agencies and surrounding communities, there are no disputed land occurred since 2008. The people who are claiming land in the concession area and those issues have been solved by The Certificate Holder.

**2.2.6**

Based on interviews with local communities and local government agencies, confirmed that The Certificate Holder has gone through FPIC prior to land clearing and there was no violence and use of force in the company's operations to date.

2.2.2	<b>Status: Non-Conformance 2016.01 with minor category</b>	
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**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.**

**2.3.1**  
 Based on the verification of land tenure documents and interviews with local communities and relevant agencies showed that



there was no indication of a land dispute between the companies with other parties including the surrounding communities. The Certificate Holder has developed a mechanism of Implementation of Free Prior Informed Consent / FPIC or PADIATAPA as document No. SOP/ SMART /SENS-CSR/SADV/II/003 (dated 1 July 2014) which describes a process for FPIC included the identification, dissemination, participatory mapping, implementation of the negotiation, compensation formula and implementation of the outcome agreement.

**2.3.2**

During field observation and interview with surrounding communities, it was confirmed that FPIC process has done by the CH during land compensation in 1997, prior to obtain the Land Use Right (HGU). Maps of each land that have been compensated are available in place with various scales (1:5,000 and 1:10,000).

**2.3.3**

All of information as supporting documents during FPIC process and land compensation is in Bahasa Indonesia. It was confirmed that communities understand the information within.

**2.3.4**

Based on interview with villagers of Miau Baru; Makmur Jaya; Suka Maju and Kombeng Indah, confirmed that communities are represented through representatives of their own choosing, such as villages agency, customary head and relevant land owner.

**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.**

**3.1.1**

The company has had a long-term plan documents in the period of 2016 - 2019 which includes estimates of production, costs of production, projected mill production, and other financial parameters such as profitability, revenue and FFB price.

**3.1.2**

Replanting program has not been planned up to five (5) years a head, the oldest planting year is 1996. Based on procedures of replanting performance indicators is Yield / ha (<14 tons FFB / hectare), plant age (> 25 years), plant height (> 13 meters) and the density of plants per hectare (<100 oil palm tree / Hectare).

**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.**

**4.1.1**

The company has a procedure and work instruction as a guidance for operational activities in estates and mill. That's SOP is available on audit site and written in a language that is easily understandable for workers. Based on field visit in mill and estate's is known that the socialization of SOP has been carried out through the safety briefing or morning roll call which are done before begin the operational activities. Result of field visit in Muara Wahau Mill its known that procedure. Based on field observations in Muara Wahau Estate, Gunung Kombeng Estate and Muara Wahau Mill its known the employees can demonstrate working practices in accordance the procedure.

**4.1.2**

To ensure consistency of procedures implementation, the companies routinely conduct internal audit activities both agronomic

and processing. Its held by the Department of Operational Internal Audit (OIA) twice a year. Each unit management can show the result of internal audit period of second semester 2015 and first semester 2016. All non-compliance records of internal audit has corrected and verified by the company.

**4.1.3**

Each unit has documented the operations of the estate and mill production such as daily reports, supervisor workbooks, etc. The field visit at the mill shows that the unit has been documenting the daily activities in a daily production report that documented by using computerized systems (SAP).

**4.1.4**

The requirements of FFB Supplier which supplies to Muara Wahau Mill described in the Social and environmental policies Golden Agri Resources 2015 which explained the company committed that the operational line upstream and downstream palm oil is free from deforestation. Document verification of FFB received its known Muara Wahau Mill also received FFB from other estate under PT Smart Tbk, scheme smallholders and independent smallholders.

**Status: Comply**

**4.2**

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

**4.2.1**

The company has had a procedur to manage and maintain soil fertility. Document verifications the company had performed fertilization using chemical fertilizers, application of effluents and FFB mulching. The field visit that's SOP has been well implemented such as conducted FFB mulching with the doze 30 Tonnes/ha. All activities are monitored and well documented. Based on document verification and interviews with management during ASA-2 conducted its known that chemical fertilizer period of semester 1 2016 already complented.

**4.2.2, 4.3.3**

Muara Wahau Estate and Gunung Kombeng Estate routinely been conducting of soil and leaf analysis periodically conducted by SMART Research Institute (SMARTRI). Soil analysis carried out in accordance with the level of plant age (3 years, 8 years, 13 years, 23 years, one year before replanting), while the activities of leaf analysis carried out every year. The testing result might be used by SMARTRI to determine fertilizers recommendation.

**4.2.4**

The Company has a strategy of recycling nutrients, such as the use of the midrib (pruning), application of effluent and FFB Mulching.

**Status: Comply**

**4.3**

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

**4.3.1, 4.3.2, 4.3.3, 4.3.4**

The company has conducted semi-detailed soil survey which describes the distribution maps of slope and type of soil in the operational area. Semi detailed soil survey indicated There are areas were classified as marginal land with covering 256.7 Ha in Gunung Kombeng Estate and 77.20 Ha in Muara Wahau Estate with soil type dusty clay and the limitation factor are topography and drainage. Based on semi detail map there is a land with a slope of 21-40%. On land with a slope the companies apply the terracing contours, hooves (individual terrace), construction of scupper drain and selective spraying.. result of field observation in block K21 Division IV Gunung Kombeng Estate area with slope is managing by terracing conturs, hooves (individual terrace), selective sparying and monitoring ertion rate using ertion pole.

**4.3.5, 4.3.6**

With the availability of soil maps that inform about the classification of land, texture, depth, drainage and limitation factor, the company arrange a road maintenance program to ensure FF produced from the Estate can be delivered to Muara Wahau Mill. The results of field visits in Muara Wahau Estate and Gunung Kombeng Estate roads owned by company is in good condition and well maintained.

**Status: Comply**

**4.4**

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

**4.4.1**

Management of surface water quality conducted by the company, such as water quality testing Pantun River and Elang River. There are parameter not complied with the quality threshold regulated by government, such as DO, TSS. Related to the above, the company has evaluated and improvements are recorded in the report of implementation RKL/RPL in 2nd semester of 2015, and has been reported to Environment Agency.

Results of interviews with officers WWTP and Land Application and the nearby village community that there is no issue or reports received from the local about the negative impact of the factory and mill effluent land application.

**4.4.2**

According to the field observation to Block C12/D12 of Elang River, the river protection attempts conducted by the company such as providing signboard prohibition of chemical application on riparian area, providing signboard of prohibition polluting the river, providing the boundary pole for riparian area, providing the boundary pole of spraying, tree planting in riparian area, etc. The results of field observation, there are no activities or used fertilizer / spraying on a riparian area.

According to interviews with workers spray and harvest workers MWHE & GKME, it is known that the application of chemicals on the river banks should not be done.

**4.4.3**

The company has tested mill effluent quality periodically, the result complied the quality threshold regulated by the government. According to the result of interview with staff environment and locals, there is no any contamination caused by effluent processing.

**4.4.4.**

The company has been monitoring water consumption for processing FFB. According to the document review, the water consumption for processing FFB during period of January to April 2016 comply with budget set.

According to the field observation to Water Treatment Process installation, flowmeter processing FFB is good condition, water consumption is recorded regularly. The officers wear complete PPE, officers have been provided with housing complex, electricity, medical facility and getting decent salary based on government regulation

**Status: Comply**

**4.5**

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

**4.5.1**

The management unit has a program and the realization of integrated pest control that have been monitored, for example for

- Census rat done once every three months. Census results show that the percentage of attacks are still below the economic threshold of 5%,

- Census palm oil leaf eating caterpillar done once every two months. Census results show that the percentage of attacks are still below the economic threshold of 5%,

Based on field visit at Muara Wahau Estate and Gunung Kombeng Estate its known that no indication of pest and diseases attack. Company has Records of the training implementation for staff who are involved in the implementation of integrated pest management, for example, Integrated Pest Management training on March 26, 2016. Integrated pest management program was implemented by the company are monitored and evaluated every month. The evaluation is in the form of a Matrix of pest attack that describes the type of pest; attack average; analysis of the attack level to the threshold; conclusion to determine control techniques if needed.

Based on interview with workers, for example workers at Block I18 Division 4 Gunung Kombeng Estate, confirmed that workers has understood on IPM aspect i.e.: methodology census, type of pests and diseases and management controlling.

**4.5.2**

As anticipation to prevent Palm Oil Leaf Eating Caterpillar attack, the company cultivates and maintain beneficial plants (*Turnera Subulata* and *Antigonon leptosus*) Moreover, in order to prevent rat attack, company has monitored owl barn every month.

**Status: Comply**

**4.6**

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

**4.6.1**

Based on documents verifications and observation to chemical storage has shown evidence that the used pesticides have received permission from the government. To ensure pesticide used are in accordance with the target the company conducted identification the type of weed found in operational area. Based on document verification and field observation its known that that the herbicide being used is appropriate for the target or type of weed.

**4.6.2, 4.6.3, 4.6.4**

The use of pesticides has been documented by each estate that explains the name of the active ingredient, LD50, % active ingredients, the number of applications, the total active ingredients used, the total FFB production, pesticides units / Hectare, application hectare and the amounts of pesticide / hectare. During 2015-2016, Muara Wahau Estate and Gunung Kombeng Estate not used pesticides to control pests and diseases. This is reinforced by the results of the census which show that pests during 2015-2016 was still below the economic threshold. The results o document review and field visit in the warehouse of pesticides showed that all units of the estate does not use pesticide in categories WHO 1A , 1B and paraquat.

**4.6.5, 4.6.6**

List of personnel sprayers can be shown in the document of foreman workbook, the document informing such as day/date activities, sprayers name, location of activities (block and division), types of pesticide.

**4.6.7, 4.6.8, 4.6.9**

The results of field visits and interviews with workers in Block C18 Divisi V Muara Wahau Estate and Block I18 Divisi IV Gunung Kongbeng Estate it is known that the employees have been given training in safe work practices. This was evidenced by the employee can demonstrate the correct way to work in accordance with the procedures including how use and handling the risks in accordance with material safety sheets. The sprayer also using personal protective equipment in accordance with specified hazard identification and material safety data sheet such as mask, gloves, safety shoes, apron and goggles. In addition, employees are also informed about the steps of secure work in each roll call in the morning (before work). Results of interviews and field visits it is known the company did not apply the pesticide spraying by air.

**4.6.10**

According to the document review, used pesticide packs are washed first, after that kept to hazardous waste storage, and then recorded on hazardous waste logbook. Furthermore, used pesticide packs deliver to the licensed waste collector (PT Balikpapan Environmental Service) by using the licensed transportation. Then, reported to Environment Agency.

**4.6.11**

Health examination for personnel who work with chemicals held by the company in collaboration with the Samarinda OHS Center (for personnel testers). Type examination is a physical and special examination dated 4-7 April 2016, with details GMKE 47 workers and MWHE 102 workers. Test results have been evaluated by the company's doctor, recommendation is using PPE routinely to those that has been minor exposed and mutation to those being exposed.

Based on interviews with personnel sprayers GMKE and MWHE known that employees already know the results of the medical examination conducted. Mutation to the exposed workers has been made by the company.

**4.6.12**

There is no change, a Circular Letter No. 001 / SE-ADH3 / BNJO / 01/2010 dated 12 January 2010 regarding the employment of pregnant and breastfeeding women and health examination for personnel spray. The mechanism for early detection of pregnant and breastfeeding women in the spray teams listed in that circular letter, stated that the routine examination by paramedic performed every 4 months and available monitoring H1 for female workers to see the period of menstruation of women workers.

Based on field observations and interviews with personnel in MWHE **Block I 18 Division IV** and GMKE **block C18 Division 5** known that there were no personnel sprayers women who are pregnant and breastfeeding, and stated that policies related to the prohibition of pregnant and breastfeeding women to spray has been understood

**Status: Comply**

**4.7**

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

**4.7.1**

There were no change, OHS company policy issued on December 1, 2013 signed by the President Director of PT. SMART, written in Indonesian with a summary of the following steps:

- Communicate OHS Management System policy and procedures to all employees and stakeholders to ensure that they understand the obligations relating to the activities of company
- Complying all laws, regulations and other rules related OHS
- Ensure the implementation OHS Management System as part of the company's operation
- Identify, assess and control hazards in any activity within company operational area with a continuous improvement approach to prevent accidents and occupational health
- Manage and monitor indicators of OHS Management System and perform continuous improvement to improve management of OHS.

OHS SOP and annual program has been established as a guidance to implemented OHS policy, as follows: OHS Monthly Meeting, OHS documentation, training/education, calibration tools / licensing, material management, health monitoring and Hyperkes, OHS quarterly reports, OHS audit, management review and target achievement.

**4.7.2**

The review and analysis of all operational activities of estates and mill reported in form of hazard identification, risk assessment and control (hirac), which includes safety and health aspects. The report for the period of 2016 can be shown as well as the follow-up result form for review of hirac report period of 2015. Based on field observations known that the company has implemented control actions listed in hirac report on all operational activities of mill and estates, such as the provision of adequate training and adequate OHS facilities (PPE and first aid box). Documents of HIRAC always be reviewed at least 1 year, the results of review and improvement implemented during the drafting HIRAC in the next period.



**4.7.3**

OHS training program has been compiled in a document of OHS annual program such as : OHS training and socialization, Mill SOP training and socialization, training of work of high risk, training hazardous material handling, training of MSDS, training of first aid, training of firefighters, emergency response drill, training of welder. Realization of training during the period of 2016 can be shown either to mill or estates, for example, emergency response drill and training, training of electrical operator, training of MSDS, emergency and first aid training. Based on field observation in **block C24/C25 division of 5 MWHE (harvesting)**, **MWHE Block I 18 Division IV** and **GMKE block C18 Division 5 (spraying)** and interview with gading officer in WHMM known that all workers has been equipped with personal protection equipment eg safety boots, helmet and gloves. Replacement of PPE have been routinely done in accordance with the replacement schedule and if damaged can be replace at any time.

Supervision of PPE use is done routinely every day, if there are employees who did not use PPE will get penalized in the form of discharge of the work site.

**4.7.4**

The responsible person related to OHS aspect is OHS committee in each unit estate and mill. OHS expert appointed as OHS committee secretary as responsible in carrying OHS program. The decree for endorsement OHS committee structure consisting of Decree No. 566/508 / P2K3 /Was dated April 2, 2015 for MWHM, Decree No. 566/712/P2K3/Was dated May 8, 2015 for GMKE and Decree No. 566/502 / P2K3/Was dated 1 April 2016 for MWHE. The entire secretary has OHS experts certificate ie certificate no. Reg. 14 702/PK3/AJ/31/2014/P0 (MWHM) and Cer No. 1008/ PK3/AJ/62/2015.P.I (GMKE and MWHE). Meeting to discuss OHS aspect done regularly every month, for example MWHE OHS committee last meeting held on March 25, 2016, GMKE conducted March 12, 2016. The OHS activity reports submitted regularly every three months to the related agencies, for example, report quarterly period 1 year of 2016 sent on April 19, 2016.

**4.7.5**

There were no changes related with company SOPs for handling accidents and emergency response.

- SOP Emergency Response No. SOP/SMART/GENERAL/SADV//005, the emergency condition has identified, among others: fire, explosion, pollution, natural disasters, riots, demonstrations, work accidents. An outline, SOP contains the definition of emergency and emergency response teams, reporting flow in case of an emergency, the duties and responsibilities of emergency response teams, planning and response actions in case of an emergency, emergency training and drill.
- SOP of Accidents and Healty Management No. SOP/SMART/HESS-EHSD/SADV//005. Containing of explanation of handling occupational accidents, work accidents reporting, work accident investigation and claims.

The SOPs is available in the Indonesia language that easily understood by the workers.

**4.7.6**

First aid kit already available in work location, the officer in charge was foreman for each activity. First aid training to the designated officer can be shown, training is conducted annually by the company's doctor who has a Hyperkes certificate, for example training of procedures and first aid for MWHE, MWHM, GKME, students and contractors conducted on March 21, 2016 with the number of participants as many as 46 persons. There are activities attendance, presentation materials and photos.

The entire work accidents have been recorded and monitored by the company, reported Carrie out in every month in form of occupational accident summary report, for example, the period of 2016 for MWHM is nihil, for GMKE has 3 cases of minor accidents and MWHE has 18 cases of minor accidents. The whole accident was investigated and discussed in a special meeting and reported to the insurer (BPJS TK).

The company has been providing medical care facilities and services, namely health insurance and accident insurance for all workers, including contract and non-permanent daily worker. Health insurance is organized in collaboration with PT BPJS-Kes. Labor that are included in the the program is permanent employs and contract workers as well as all dependents, provided

payment receipt and a list of labor, for example, the payment period in May 2016, the payments carried out through Bank BRI, with details: GMKE as many as 449 persons on 9 May 2016, MWHM as many as 153 persons date of May 9, 2016 and **MWHE as many as 498 persons on April 30, 2016. Based on a review of documents and interviews with stakeholders known that not all freelance employees has been register/registered for the BPJS-KES. NCR No. 2016.02**

All employees has been registered as a participant of accident insurance (BPJS-TK). Payments done regularly every month, payment receipt can be provided to the auditor. For example the payment period of April 2016 as the details: MWHE dated May 9, 2016, permanent worker as may as 498 persons and non-permanent daily worker as many as 234 persons; GMKE carried out payment dated May 2, 2016 for amounted of 449 persons permanent worker and freelance amounted to 254 persons; MWHM paid on May 3, 2016 as many as 153 persons permanent worker and contract worker.

As early detection of exposure in work with high risk such as noise, chemicals and respiratory disorders, the company has conducted routinely medical surveillance types of spirometry, audiometry and cholinesterase. Medical surveillance held its own in cooperation with the OHS Center Samarinda (for personnel testers).

**4.7.7**

Report of lost time due to accidents (LTA metric) submitted and reported in documents of FR and SR annual recapitulation, informing the number of employees, number of working days, the number of working days of non effective, overtime, hours of work in total, the number of lost day due to accidents, the number of days lost, the number of employee work hours a year, the number of accidents a year, lost days a year, FR and SR.

<b>4.7.6</b>	<b>Status: NCR No. 2016.02 with minor category</b>	<b>Open</b>
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**4.8 All staff, workers, smallholders and contractors are appropriately trained.**

**4.8.1**

Training plans have been drawn up per unit and recapitulated in the region kaltim training center, training for the period of 2016 has been planned for employees, contractors and smallholders as many as 15 types of training. Training covers the whole aspects and increasing employee competency.

Realization of training have been conducted during the period in 2016 was as much as 8 types of training. Based on interviews with employees in block C24/C25 division of 5 MWHE (harvesting), MWHE **Block I 18 Division IV** and GMKE **block C18 Division 5 (spraying)** known that adequate training has been given, as evidenced by employees can explain each phase of work in accordance with the SOP and how to work safely.

Training has been provided to third parties such as contractors are OHS and how to work safely for eg first aid training on 21 March 2016. Training for plasma farmers that had been given is the agronomy aspect and administration training. Based on interview with plasma farmers mentioned that PT KDA has provide adequate training related palm oil plantation.

**4.8.2**

The entire record of training per individual has been stored properly in the SPO office in the respective unit mill and estates. Employee training is always done routinely and periodically.

<b>Status: Comply</b>
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**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.**

**5.1.1**

The company has the EIA document and its addendum related to the increasing capacity of mill in Muara Wahau into 60 Ton FFB/Hour. Located in Kongbeng Indah village, Makmur jaya village, Kongbeng Sub district, Kutai Timur District, Kalimantan Timur Province (same as ASA-1 document).

**5.1.2**

Environmental management carried out in accordance with the EIA, such as : (1) Engine maintenance periodically, install a dust collector on factory chimneys channel, using a mask when working in locations that have high levels of pollution, (2) Machine maintenance periodically, use ear plugs when working in a convenient location have a high noise level, (3) Not dispose wastewater into the river, do not dispose of solid waste into the river, providing signboard prohibition of chemical application on riparian area, providing signboard of prohibition polluting the river, providing the boundary pole for riparian area, providing the boundary pole of spraying, tree planting in riparian area, etc.

According to the field observation to Boiler Station, Generator and WWTP, known that operator has used PPE such as mask and earplug / earmuff while working. The results of the interview mentioned that in the factory chimneys has been installed duct collector, and has conducted regular health checks. In addition, the officer felt the positive impact of the company's existence, such as employment opportunities resulting in increased revenue. Officers have been provided training / socialization in order to improve their knowledge and capabilities.

According to the field observation to Block C12/D12 of Elang river, the protection attempts conducted by the company such as providing signboard prohibition of chemical application on riparian area, providing signboard of prohibition polluting the river, providing the boundary pole for riparian area, providing the boundary pole of spraying, tree planting in riparian area, etc. The results of field observation, there are no activities or used fertilizer / spraying on a river border area.

**5.1.3**

Monitoring of environmental carried out in accordance with the EIA, such as : (1) Emission quality testing periodically, evaluating the test results and report the results of monitoring to the related agencies, (2) Noise quality testing, evaluating test results and report the results of the monitoring to the related agencies, (3) River water quality testing, evaluating test results and report the results of monitoring to the related agencies, etc.

The company has conducted emission quality test, noise quality test and surface quality test periodically by accredited laboratory. The result of the test shows that the parameters still comply the quality threshold.

To see the results of environmental management, monitoring has been carried out each semester. The monitoring results so evaluated, improved and reported to the relevant agencies. Results of environmental management and monitoring the 2nd semester of 2015 has been reported to Environment Agency.

**Status: Comply**

**5.2**

**The status of rare, threatened or endangered species and other 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 operations managed to best ensure that they are maintained and/or enhanced**

**5.2.1**

The Company has a primary document Identification of HCV in 2013 by HCV Assessment Team Dep. Environment PT SMART Tbk. HCV assessment chaired by Bp. Kukuh J Gurmaya, with members already have expertise in ecology, biodiversity, social-and environment aspect. HCV assessment report has been reviewed by Resit Sozer (Independent Consultant) on January 2013. The methodology used in the assessment of HCV is the field observation (rapid assessment), and interview with the locals. Identified types of HCV area are Pantun Riparian Area of 311 Ha and Elang Riparian Area of 159.47 Ha. Identified types of flora and fauna are protected, such Ulin (*Eusideroxylon zwageri*), Trenggiling (*Manis javanica*), Raja Udang (*Alcedo meninting*), dan Biawak (*Varanus salvator*).

The company carries out the management and monitoring of HCV regularly. In 2015 identified species of flora and fauna are protected, such as Ulin (*Eusideroxylon zwageri*), Raja Udang (*Alcedo meninting*) dan Biawak (*Varanus salvator*).

**5.2.2 and 5.2.3**

The company has made efforts to protect flora and fauna such as: establishing policies to protect fauna; conduct socialization to the locals and employees; and maintenance signboard.

Results of interviews with foremen sprayer and the locals, they are aware of the protected animals from socialization activities and these warnings contained in estate.

**5.2.4**

Management and monitoring of HCV in 2015 will provide input for the next HCV management plans, such as: performing maintenance on HCV attributes, repair damaged signboard; improve socialization to employees and the locals, and planting trees on riparian area.

**5.2.5**

According to the map of identification HCV 2015, there are no rights of local communities in MWHE and GKME. The results of interviews with the local community, there is no land located within the local communities HCV areas of the company. The results of interviews with locals, there is no land of local communities in the area HCV

**Status: Comply**

**5.3**

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

**5.3.1.**

The company has identified waste / contamination sources, such as: Used Oil, Used Filter, Rag, Used batteries, Used filter, Used pesticide packs, Plastic, Organic and Inorganic, Fiber, Shell, EFB, POME, etc. etc. Waste sources such as Engine Room, Worksop, Generator room, Chemical room, Housing, POME, etc.

According to the field observation, organic and inorganic waste sourced from Housing MWHE, used pesticide packs sources from chemical room; Used Oil and Rags sources from generator room; Used Oil, Used Filter, Rag, Used batteries, Used filter sources from workshop; Fiber, Shell, EFB, POME sources from Mill.

**5.3.2**

According to the document review, used pesticide packs are washed first, after that kept to hazardous waste storage, and then recorded on hazardous waste logbook. Furthermore, used pesticide packs deliver to the licensed waste collector (PT Balikpapan Environmental Service) by using the licensed transportation. Then, reported to Environment Agency.

**5.3.3**

To reduce or prevent the pollution, the company has made waste management such as: (1) Stored on licensed hazardous waste and delivered to licensed hazardous waste collector, (2) Processed on WWTP pond and applied on the land (land application) post the adjustment of pH and BOD to comply the government standard quality threshold, (3) Utilized as boiler fuel, (4) Utilized as compost for soil., (5) Frequently tested on the accreditation laboratory and the result of monitoring would be reported to the related agency, (6) Stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector, (7) Stored on the trash can, then dumped to the landfill periodically to be buried, etc. Type of waste such as Used Oil, Used Battery, Rag, Mill of effluent, Fiber and shell, EFB, Emission, Agrochemical / Pesticide Pack Waste, Organic and inorganic waste, etc.

According to the field observation, organic and inorganic waste sourced from Housing MWHE stored on the trash can, then dumped to the landfill periodically to be buried. Used pesticide packs sourced from chemical room stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector. Used Oil and Rags sourced from generator room stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector. Used Oil, Used Filter, Rags, Used batteries, Used filter sourced from workshop stored on the licensed hazardous waste storage and delivered to licensed hazardous waste collector. Fiber, Shell utilized as boiler fuel. EFB utilized as compost for soil. POME sourced from

Mill processed on WWTP pond and applied on the land (land application) post the adjustment of pH and BOD to comply the government standard quality threshold.

According to the field observation, domestic waste (organic and anorganic) sourced from Housing MWHE dumped on the trash can, then dumped to the landfill periodically to be backfilled. Besides, there were no garbage burning activities in the housing. Based on interview with employee, mentioned that company does not allow burning activities on the housing.

**Status: Comply**

**5.4**

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

**5.4.1**

The company using fiber and shell to increase the efficiency of fossil fuels and renewable energy optimization. Average energy produced in January to April 2016 is 218 Kwh / ton TBS.

The Company has not been conducting biogas plan, effluent applied on the land (land application) post the adjustment of pH and BOD to comply the government standard quality threshold.

**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.**

**5.5.1 and 5.5.2**

The Company has had policies and procedures for land preparation without burning outlined in procedure of land clearing / preparation of new land which outlined the land clearing process without burning. The results of the document review, public consultation and field visits show that since ST-2 up to the ASA-2, the company did not do a new land clearing.

**Status: Comply**

**5.6**

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

**5.6.1 and 5.6.2**

To reduce or prevent the pollution / emissions, the company has made the management of emission sources such as: (1) processed on WWTP pond and applied on the land (land application) post the adjustment of pH and BOD to comply the government standard quality threshold, (2) generator maintenance periodically, install a dust collector, emission quality test periodically and the result of monitoring would be reported to the related agency, (3) machine maintenance periodically, install a dust collector, (3) emission quality test periodically and the result of monitoring would be reported to the related agency, (4) use of chemicals as recommended, (5) transportation maintenance periodically, (6) calculate GHG emission.

The company has tested mill effluent quality and emission quality periodically. The result complied the quality threshold regulated by the government. According to the result of interview with staff environment & locals, there is no any contamination caused by effluent processing and mill activities.

According to the field observation, the WWTP ponds are in good condition, there is no leakage or overflow to drainage, riparian area or environment. The condition of inlet and outlet flow meter is good, and recording for effluent debit for land application was routinely conducted.

**5.6.3**

The company has been calculating the GHG emissions for the period January s / d in December 2015 using PalmGHG version 2.1.1. The total GHG emissions 0:56 tCO<sub>2</sub>e / tCPO and 0.56 tCO<sub>2</sub>e / tPK. The results of these calculations have been reported to the RSPO Secretariat on May 2, 2016.

**Status: Comply**

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



<b>mills</b>	
<b>6.1</b> <b>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.</b>	
<b>6.1.1</b>	The Certificate Holder has conducted Social Impact Assessment in 2014 and “AMDAL”/ SEIA in 2007, it has been approved by Regent of Kutai Timur with No. 080/660.1/BUP-KUTIM/III/2007 dated 21 March 2007. The Environmental Management and Monitoring report is reported every six months to the local government.
<b>6.1.2</b>	The Certificate Holder has mechanisms to update the Social Impact Improvement Plan, including input from local communities, The Certificate Holder improving relationships with both internal and external stakeholders that allow The Certificate Holder to identify and focus on the key social issues.
<b>6.1.3</b>	The Social Impact Assessment Plan is referred to the AMDAL recommendation that could be done by company to minimize negative impact and promote positive impact from social impact management.
<b>6.1.4</b>	The Certificate Holder reported Social Management and monitoring plan every six month to the local authority in “Laporan RKL / RPL”.
<b>6.1.5</b>	The Certificate Holder also considers impact of smallholders in their social impact assessment.
	<b>Status: Comply</b>
<b>6.2</b> <b>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</b>	
<b>6.2.1</b>	Procedure of consultation and communication is documented in SOP Komunikasi dan Konsultasi (SOP/SMART/UMUM/SADV/I/004), dated 1 July 2014.
<b>6.2.2</b>	The Certificate Holder has nominated person to responsible in consultation and communication with local communities and others stakeholders, e.g. Estate Manager and SPO officer.
<b>6.2.3</b>	A list stakeholder is available and updated regularly. All records are kept in Buku Komunikasi and Konsultasi in Estates. Based on stakeholder consultation with Villagers, Customary Head of Dayak Kayan, Workers and Local Contractors, it was clearly that communication and consultation procedures and its mechanism has been understood. Also, those parties are well known the person in charge to contact for communication.
	<b>Status: Comply</b>
<b>6.3</b> <b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is Implemented and accepted by all affected parties.</b>	

**6.3.1**

The Certificate Holder has complaint and grievancies procedures as documented in SOP-IK Sustainability Palm Oil No. SOP/SMART/SIGS/SADV/II/003, dated 1st July 2014.

The procedure is how to handling complaint and grievancies, The Certificate Holder keeps confidential complainer and whistleblower.

Complaint and grievancies is recorded in log Book.

**6.3.2**

The Certificate Holder has recorded complaints, grievancies and disputes in log book “Dokumen Keluh Kesah”. Based on the review of log book, there was noted only one complaints was received from employee related PPE, it has been responses by The Certificate Holder in timely manner.

Based on stakeholder interview with Villagers, sample Workers and Local Contractors, mechanism of complaint and grievancies it was clearly understood. Futhermore, those parties also comment that if any complaint nor grievancies address to CH, the responses are in timely manner. For the last 12 months, there is no complaint have been addressed from villagers and local contractors.

**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.**

**6.4.1**

The Certificate Holder has established SOP Implementation of FPIC (Free Prior Informed Consent) No. SOP / SMART / SENS-CSR / SADV / I / 003 which describes a process for the preparation of FPIC, identification, dissemination, participatory mapping, implementation of the negotiation, compensation formula, etc.

Within the FPIC Procedure No. SOP / SMART / SENS-CSR / SADV / I / 003, part 2.4 described that identification of participatory map related to legal ownership of communities are considering of gender, community leader, local or transmigrant communities, ethnic groups or communal land ownership, etc.

**6.4.2**

The Certificate Holder has procedure of FPIC which also describe preparation for a meeting with representatives of the public community attention to the various elements of community leaders, informal leaders, women, youth, farmers, etc.

The Certificate Holder also gives opportunity for each group to choose a representative in the meeting.

Participatory mapping and agreement involving various stakeholders in compensation to the local communities.

**6.4.3**

The compensation records, such as: “Berita Acara”, maps for land land compensation, minutes meeting, meeting attendance list, etc.

**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.**

**6.5.1**

Employs wages payment conducted by the company under the terms of District Minimum Wage District (UMK) period of 2016, Regent Decree No. 561/K.773/2015 explained determination of minimum wage for Kutai District in 2016 dated December 8, 2015. Under these provisions has issued Decree No. 028 / CEO3 / PSM3 / 01/2016 dated January 1, 2016 on non-permanent daily worker wages, permanent worker wages and contract workerwages. Wages were determined in accordance with applicable regulations.

Payment evidence of wages of employees can be shown, for permanent and contract worker in the form of slip salary inform the employee name, employee number, foreman / parts, basic wages, working day, the net salary, taxes, benefits in kind, overtime, incentive attendance, insurance benefits, pension contributions, premiums, deductions, gross wages and salaries paid. Payment evidence for freelance wages in the document "detailed list of salaries", informing the name, the amount of working days, daily wages, total wages and signature. Payment of wages in accordance with applicable regulations.

**6.5.2**

Explanation related to working conditions and employee rights has been listed in the document of collective agreement period of 2013-2015, during the audit ASA 2 the collective agreement has expired and is in the process of revision. Sighted reported evidence for revision dated May 12, 2016 stating that the document proposed new agreement has been submitted to Disnakertrans for endorsement.

**6.5.3**

Explanation related to conditions of employment are also listed in the direct agreement and contract between employees and company, such as Work Agreement for non-permanent daily worker (PKHL) number: 2017/GKME-PKHL/01/2016 and number: 14895/BHL/MWHE/IV/03/2016; work agreement for contract worker (PKWT) No. 386/MWHM/KTR/X/2015 and No. 436/GKME-PKWT/XII/2015 and number: 021/MWHE-PKWT/Int/02/2016; The employment agreement for permanent worker No. 198/SK/MWHM/SKU/V/ 2015, No. 014/SK-SKU/X/2011 (GKME) and no. 005/MWHE.PKWT/KTR/09/2013. It was informed the name of labor, management representative, type of work, duration, working days, working hours, employment termination agreement, wages, work rules and other provisions. A copy of the agreement provided for both parties.

Neither collective agreement nor the direct employment contract is written in Indonesian. Terms salaries and wages of employees listed in the agreement had met the standard of living in accordance with the decree of regent and regulations, and had considered occupational hazards.

**6.5.4**

The company has provides the facility such as adequate housing, water supplies, medical needs, education facilities for the employees, among others: Water, lighting, medical (BPJS KES and first aid room served by doctors and paramedics), housing, religious facilities, employees hall, children's playground, sports facilities, school buses, waste transportation, ambulance, and kindergarten, primary school and secondary school).

Based on field observations in block C24/C25 division of 5 MWHE (harvesting), MWHE **Block I 18 Division IV** and GMKE **block C18 Division 5 (spraying)** note that the employs facility provided by the company has been adequately and fairly.

**6.5.5**

In an effort to facilitate the employee's access to adequate food sources and reasonably priced, the company has facilitated the establishment of cooperative "Koperasi Konsumen Usaha Bersama Mandiri" with the kind of bussines is general trading activities including the supply of basic needs (nine basic commodities). Was placed in mill housing, approximately 4km from the farthest employee housing namely MWHE.

**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.**

**6.6.1**

Available company policies on freedom of association for workers, among others:

- Article II on document collective agreement PT KDA point b. company recognize the independent union labor as workers' organizations are has the right and act on behalf of its members in the implementation of this Agreement.

- Circular letter No. 104/CEO 3-SE/07/2010 stated that the company respects the rules and requirements that apply in the regulation, including matters of freedom of association in the organization of workers / laborers are basic workers' rights as regulated in the law

Board of independent union labor provided in the respective units can be shown, consist of a chairman, deputy chairman, secretary, treasurer and members.

**6.6.2**

Meeting with representatives of management conduct if there are issues of employment, eg. meeting on March 5, 2016 discusses employee electricity, water, social funds and work absenteeism; meeting on May 11, 2016 to discuss the new Agreement, socialization RSPO and social issues, OHS and environment aspect.

Result of interview with the union's head known that the company has response properly if there is an invitation to the meeting proposed by union. Union activity has been facilitated by the company. There were no crucial issues related to labor.

**Status: Comply**

**6.7**

**Children are not employed or exploited.**

**6.7.1**

Company has rules and regulations in the Circular Letter of HR Director to all Unit Head number 002/SE-HRDV/03/09 dated March 31, 2009 regarding the minimum age that in due to the implementation of Act No. 13 of 2003 on employment, article 68 on the prohibition to employs child herewith informed that the recruitment process set the minimum age limit is 18 years. Mill and estates can show a list of employees (freelance, permanent worker and contract worker) per April 2016.

Based on field observations in block C24/C25 division of 5 MWHE (harvesting), MWHE **Block I 18 Division IV** and GMKE **block C18 Division 5 (spraying)** known that the company does not employ children under the age of 18 years. All workers who accepted verified beforehand through recruitment documents, such as ID cards.

**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.**

**6.8.1**

In the Circular Letter of CEO3 to all unit leaders of PSM3 No. 300/CEO3-SE/08/2015 dated August 26, 2015 on the implementation of industrial relations mentioned that complements to the Circular Letter of CEO3 to all unit leaders on the Implementation of the Industrial Relations Unit, with the number: 102/CEO3-SE/01/2010, dated January 27, 2010. Explained that all units carry out operational activities does not discriminate on race, caste, religion, nationality, disability, gender, sexual orientation, union membership, political affiliation and age. The policy has been socialized and communicated to employees every morning muster activity.

Based on document review on the list of employs period of April 2016, known that the company has implemented the policy in recruitment process and in career path opportunities. Field observation on harvesting, spraying and FFB processing known that the company has implemented policy relating to the prohibition of discrimination. It is seen that the composition of the workers in the field are from different regions and no differences in gender, ethnicity and religion.

**6.8.2**

Employs list of the company for period of April 2016 showed that the overall workers employed by the company are come from around the company. Recruitment is done not discriminate based on gender, ras, ect. It has also been verified by interviews with employees and field observations in block C24/C25 division of 5 MWHE (harvesting), MWHE **Block I 18 Division IV** and GMKE **block C18 Division 5 (spraying)**.

**6.8.3**

Recruitment procedures for PT KDA provided in the respective units of estates and mill, for example No.GMKE SOP/SOP/30 dated on 1 April 2013. Described in the SOP related with requirement of recruitment is minimum age of 18 years, physically and mentally healthy, not criminal involved. All employees who have been recruited by the company done physical health test by the company doctor and the results can be shown to the auditor, employee medical records are stored and maintained properly by the company doctor.

The company has SOP for training, assessment and career development document no SDM D-010-00 issued date/valid date 1 September 2015 by MD Strategic. In the SOP explained that the promotion and career progression divided into two, namely grade progression and position progression. Promotion is done based on the proposal, the value of work performance, outcomes assessment, graduated in taking training, passing selection and the vacant position. There are examples of the promotion of contract worker into permanent worker based on an assessment by the direct supervisor and HR, for example Decree No. 198/SK/ MWHM/SKU/V/2015 dated May 26, 2015.

**Status: Comply**

**6.9**

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

**6.9.1**

Circular Letter of CEO3 to all unit leaders on the Implementation of Industrial Relationship at Unit, with document number: 101 / CEO3-SE / 01/2010, dated January 27, 2010, the entire unit head, mentioned that in order to apply the mandate of Law regarding the sexual harassment, which states that all unit leaders and their staffs in order conduct socialization to all employees on preventing and handling of sexual harassment.

The company has established women's committee as a forum to submit the spesific complaints, with the composition: the chairman, deputy chairman, secretary and companion. Reporting flow has been established if there is a specific complaint, started from the complaint (written / unwritten), verification by a companion and administrator, passed to EM, to RC (if not completed in EM), to VPA (if not completed in RC) and to HRO or legal institutions (if not completed in the VPA). Stated that the complainant will be kept confidential and accompanied if necessary until the case is completed. Policy review and implementation carried out regularly during the annual management review.

**6.9.2**

There are several policies, among others:

- Circular Letter No. 103/CEO3-SE/01/2010 applicable on 27 January 2010 on Permitting menstrual period, the contents concerning of women workers are in the menstrual period pain and based on examination of the company doctor and then inform the employer to not obliged to work on the first day and the second at the time of menstruation.
- Circular Letter of CEO3 dated January 10, 2011 no. 003/CEO3-SE/01/2011 to all unit leaders regarding the socialization of issue of sexual harrassment.
- In the collective agreement point VIII d; regarding the female employee give birth or abortion, and e. regarding to menstrual period

The policy has been well documented in the respective estates and mill, communication is done routinely with employees during the morning call, for example socialization on March 21st, 2016.

Based on interviews with female worker (loose fruit collector and sprayers) in the unit known that the implementation of policy of reproductive rights protection has been implemented, each female worker gets right to leave for H1 (menstrual period) and H2 (partum). Field observations indicate no pregnant women and breastfeeding work in jobs related to chemicals.

**6.9.3**

Based on document reviw on sexual harassment books and interviews with the women's committee, known that there were no employee complaints related to acts related to sexual harassment and breaches of reproduction.



	<b>Status: Comply</b>	
<b>6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.</b>		
<b>6.10.1 and 6.10.2</b> Muara Wahau Mill receives FFB from own estate, Scheme Smallholders and Independent Smallholders under the supervision of PT KDA. Prices were set for FFB of Scheme Smallholders and Independent Smallholders is the price from government. Management units has a records of sozialitation of prices of FFB from government to FFB Supplier (KKPA and Independent smallholders), on 2 <sup>nd</sup> May 2016.		
<b>6.10.3 and 6.10.4</b> According to interviews with the cooperative administrator shows that the company has paid FFB every month (as agreed) and have never experienced delays. The company can show the evidence of FFB payments to Smallholders under the supervision of PT KDA., for example to Koperasi Jasa Mutiara Kongbeng Indah which paid every month (according to the contract of cooperation).		
	<b>Status: Comply</b>	
<b>6.11 Growers and millers contribute to local sustainable development wherever appropriate.</b>		
<b>6.11.1</b> The Certificate Holder has CSR program updated annually, the local contribution in CSR report, e.g. 37 item CSR program in Muara Wahau Estate in 2015. CSR program mostly for Road maintenance for smallholders plantation areas and surrounding villages.		
<b>6.11.2</b> The Certificate Holder has "Plasma Program" for local communities surrounding company's area namely Gunung Kombeng Plasma under Koperasi Sawit Bersama (Full Managed) and Independent scheme under Koperasi Jasa Mutiara Kongbeng. The Certificate Holder also has established "Scheme Smallholders Department" to manage smallholder's plantation area. Based on documents review, The Certificate Holder has developed oil palm plantation for smallholders up to December 2016 as follows: 1. Gunung Kombeng KKPA – cooperated PT. KDA and Koperasi Sawit Bersama (2,214 Ha) 2. Gunung Kombeng Plasma – cooperated PT. KDA and Koperasi Kongbeng Bersatu (4,534.54 Ha) The Certificate Holder also has contractual agreement to provide seedling and fertilizer for independent smallholders with Koperasi Jasa Mutiara Kongbeng (No: 014/KOP-MK/X/2015, dated 19 October 2015) and Koperasi Sawit Mandiri (No: 001/KOP-KB/VI/2012, dated 23 June 2012).		
	<b>Status: Comply</b>	
<b>6.12 No forms of forced or trafficked labour are used.</b>		
<b>6.12.1 dan 6.12.2</b> Commitment to the prohibition of force labor and trafficking, has was published a policy of social and environmental of SMART Group, point 3.1 on acknowledgement, respecting and to strengthen the rights of workers, mentioned the company prohibits forced labor or engage (of debt bondage) and took steps to prevent it, providing employment contracts for all employees in a language that is easily understood. Socialization of policy carried out on 12-15 May, 2016 in PT KDA, Region of East Borneo 1. All labor is workers who are legally and recruited directly by the company. Available documents direct employment contracts between employees and the company as a legal bondage. Based on document review on employee master list period of April 2016 and interviews with employees in the field for example in block C24/C25 division of 5 MWHE (harvesting), MWHE <b>Block I 18 Division IV</b> and GMKE <b>block C18 Division 5 (spraying)</b> , known that the company does not employ workers from abroad (migrant workers). The entire labor came from the villages around and outside the region that has long lived in the surrounding villages.		

**6.12.3**

There were no changes to the contract since the beginning of acceptance until the employee begins to work, types of work that is given at the time of acceptance of work is the same as when started working.

**Status: Comply**

**6.13**

**Growers and millers respect human rights**

**6.13.1**

Human Rights Protection Policy prepared the company:

- PT. KDA acknowledge and upholds human rights and freedom as a basic human rights are naturally inherent in and inseparable from the human being, which must be protected, respected and enforced for the sake of human dignity warning, prosperity, happiness and intelligence and justice.
- Everyone has the right the protection of human rights and freedoms without discrimination.

Commitment Protection of Human Rights has also been recorded in the social and environmental policy documents of SMART, in the point 2 on participation of social and community mentioned that the company respect the general statement of human rights. It has communicated and socialized to entire employs, based on interviews with employs for eg. in block C24/C25 division of 5 MWHE (harvesting), MWHE Block I 18 Division IV and GMKE block C18 Division 5 (spraying), known that the workers has known and may to explain the company's policy related to human rights.

**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 Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.

**Status: Comply**

**7.2**

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

The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.

**Status: Comply**

**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.**

The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.

**Status: Comply**

**7.4**

<b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>		
The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.		
	<b>Status: Comply</b>	
<b>7.5</b>		
<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>		
The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.		
	<b>Status: Comply</b>	
<b>7.6</b>		
<b>Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>		
The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.		
	<b>Status: Comply</b>	
<b>7.7</b>		
<b>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.</b>		
The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.		
	<b>Status: Comply</b>	
<b>7.8</b>		
<b>New plantation developments are designed to minimise net greenhouse gas emissions.</b>		
The Company does not open / develops new plantation area after November 2005. The latest cultivation was conducted in 2004.		
	<b>Status: Comply</b>	
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>		
<b>8.1</b>		
<b>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b>		
<b>8.1.1</b>		
The Company is committed to managing the social impact by method of implementation of CSR programs, worker recruitment, empowerment of local suppliers of FFB and continued the commitment to develop and maintain smallholdings. The action plan for continuous improvements to conservation aspect is rehabilitation of river banks as far as 50 meters either side of the river. The main component of the plan was enrichment the buffer zone vegetation as well as boundary marking for spraying activity as far as 50 m. Field visit to riparian area shown that the marking has been installed in form of yellow mark in		

palm trucks.

Continuous improvement on environment aspect was the company has been communicate with the Environment Agency related to the changes of the empty bunch treatment to minimize environmental impact and cost and time efficiency.

<b>Status: Comply</b>
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1.2. Summary of Assessment Report of Supply Chain Requirements

Clause	(Module E) CPO Mills - Mass Balance Requirements
E.1	Definition
<p><b>E.1.1</b>  <b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>Interviews with security and weighbridge operator and observation during the reception of FFB known that the mill receives FFB supplies from certified and non-certified plantations. Interview with management representatives mentioned that currently mill processing FFB from outside the scope of the audit (non-certified suppliers). Based on document review on FFB reception documents (fruit transporting letter and weigh ticket) known that the company received FFB from outside of the audit scope, in this case the mill apply the requirements of SCCS Module E.</p>	
<p><b>Status: Comply</b></p>	
E.2	Explanation
<p><b>E.2.1</b>  <b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</b></p> <p>Estimates of certified products that can be produced has been included in the certificate attachment of ASA-01, namely:            FFB: 211.858 tons / year            CPO: 51.161 tons / year            PK: 10.975 tons / year</p> <p>Actual certified products produced may be provided to the auditor:            FFB: 152,489.4 tons            CPO: 37,400.44 tons            PK: 8,172.01 tons            There is no excess production from the estimated planned.</p>	
<p><b>Status: Comply</b></p>	
<p><b>E.2.2</b>  <b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b></p> <ul style="list-style-type: none"> <li>RSPO IT Platform member registration number: RSPO_AC1000001784 and member id RSPO_PO1000001765.</li> <li>There were no sales for certified CPO and PK during the period of certificate 26 Juni 2015 to 16 May 2016. It has been verified through the sales report on the RSPO website (e-trace) and also through mass balance company's report for period of certificate.</li> </ul>	
<p><b>Status: Comply</b></p>	
E.3	Documented procedures
<p><b>E.3.1</b></p>	



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

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

The company has had a SOP Supply Chain for Products RSPO-Mass Balance Modul, document no. PT KDA-MWHM.GKMM/SOP/34 was ratified on May 18, 2016. This procedure describes the mechanism of mass balance certified products reports include:

- Reception and inspection of production daily report and Weighbridge.
- Preparation of daily report of Certified Products.
- Daily validation of certified products report
- Preparation of certified products report for monthly, quarterly and yearly.

Responsible in charge for implementation of these requirements include:

- Head of Administration is responsible for registration and reporting of the quantity and quality of processed products on a regular basis, to supervise the administration of revenues FFB and delivery of processed products, to supervise the important equipments in the supply chain are in good condition, accurate, licensed, and maintained.
- Mill Unit Head (management representative) is responsible for the entire process of the supply chain are implemented properly, ensuring that the Mass Balance calculation has been done properly in order to determine the amount of certified product, providing information to those who need related to the certified product.

Production Controller (Top Management) is responsible to confirm and warrant that the produced product may be traced to their sources and product delivery may be accepted in accordance with the quantity and quality.

**Status: Comply**

**E.3.2**

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

The company has had a SOP Supply Chain for Products RSPO-Mass Balance Modul, document no. PT KDA-MWHM.GKMM/SOP/34 was ratified on May 18, 2016. This procedure describes the mechanism of mass balance certified products reports include:

- Reception and inspection of production daily report and Weighbridge.
- Preparation of daily report of Certified Products.
- Daily validation of certified products report
- Preparation of certified products report for monthly, quarterly and yearly.

**Status: Comply**

**E.4 Purchasing and goods in**

**E.4.1**

**The site shall verify and document the volumes of certified and non-certified FFBs received.**

Verification and documentation of certified and non-certified products has been conducted since the beginning of product reception. Mill can show the documents of product reception, as follows:

FFB received of GKME and MWHE (certified) is shown such as :

- Transport document, informing number of form, the origin of division, number of police, year of planting, block, amount of fruit bunches, loose fruit weight.
- Wieghbridge tickets, inform: the origin of division, no police of truck, number of weigh ticket, date, weight scales, origin estates and driver name. In the document of weigh tickets has contained information as certified products.

**Certified and non-certified FFB received period of 26 June 2015 to 16 May 2016**

Month	FFB (Ton)		
	RSPO Certified	Non Certified	Total
26 June 2015	2,785.08	1,408.90	<b>4,193.94</b>
Jul 2015	15,410.10	7,247.70	<b>22,657.80</b>
August	16,375.70	7,432.24	<b>23,807.93</b>
Sept	15,075.80	14,537.83	<b>29,613.62</b>
Okt	20,024.70	16,363.62	<b>36,388.30</b>
Nov	19,996.60	14,084.40	<b>34,081</b>
Dec	15,339.60	13,749.80	<b>29,089.36</b>
Jan 2016	13,007.70	11,947.40	<b>24,955.02</b>
Feb 2016	8,829.18	9,620.60	<b>18,449.80</b>
Mar 2016	9,561	10,332.50	<b>19,893.44</b>
April 2016	10,919.50	7,727.50	<b>18,647</b>
May 2016	5,164.61	3,221.32	<b>8,385.93</b>

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

Estimates of certified products that can be produced has been included in the certificate attachment of ASA-01, namely:

FFB: 211.858 tons / year

CPO: 51.161 tons / year

PK: 10.975 tons / year

Actual certified products produced may be provided to the auditor:

FFB: 152,489.4 tons

CPO: 37,400.44 tons

PK: 8,172.01 tons

There is no excess production from the estimated planned.

**Status: Comply**
**E.5**
**Record keeping**
**E.5.1**

- The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.**
- All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.**
- The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)**

Recording of FFB receipts and delivery of CPO and PK has been done in three monthly basic. The Company does not claim RSPO-MB, sales made with ISCC claims. Record of reception and delivery shows in the following table:

**Record of CPO Mass Balance (ton)**

Periode	TBS CERT	TBS NON CERT	CPO CERT	CPO NON CERT	Pengiriman			Stock	
					ISCC	RSPO	NON-C	Cert	Non Cert
Jun-jul 2015	34,570.8 7	16,088.7 8	8,682.80	4,002.8 0	8,259.60	-	3,792.82	575.70	619.14

Sept- Nov 2016	55,097.0 6	44,985.8 4	13,331.6 0	10,903. 7	13,747.6 0	-	10,405.9 0	159.70	1,116.90
Dec-Feb 2016	37,176.4 1	35,317.7 2	9,387.90	8,894.6 0	9,150.22	-	8,832.71	397.40	1,178.76
March – 16 May 2016	25,645.0 6	21,281.2 8	5,998.14	4,983.9 0	6,439.80	-	5,706.82	(44.272)	455.80

**Record PK Mass Balance (ton)**

Periode	TBS CERT	TBS NON CERT	PK CERT	PK NON CERT	Pengiriman			Stock	
					ISCC	RSPO	NON-C	Cert	Non Cert
Jun-jul 2015	34,570.8 7	16,088.7 8	1,722.70	800.21	1,664.72	-	727.11	115.07	153.18
Sept- Nov 2016	55,097.0 6	44,985.8 4	3,149.22	2,568.5 7	3,037.23	-	2,230.60	227.05	491.13
Dec-Feb 2016	37,176.4 1	35,317.7 2	1,973.01	1,871.7 0	2,212.80	-	2,140.03	(12.74)	222.79
March – 16 May 2016	25,645.0 6	21,281.2 8	1,327.10	1,122.0 1	1,237.48	-	1,195.28	76.88	149.52

**Status: Comply**

**E.5.2**

**In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.**

Muara Wahau Mill did not conduct the crushing of kernel and not hire from outside crusher. Kernel product that has produced is sold to outside parties without the claim of RSPO.

**Status: Comply**

**3.2 Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-2</b>	PT KDA does not use RSPO logo/trademark.	√
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-2</b>	PT KDA does not use RSPO logo/trademark.	√
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-2</b>	PT KDA does not use RSPO logo/trademark.	√
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-2</b>	PT KDA does not use RSPO logo/trademark.	√

**3.3 Summary of RSPO Partial Certification**

<b>Management unit(s) observed:</b> Pelakar Mill (PT Kresna Duta Agrindo, Jambi), supply base: Pelakar Estate (PLKE), Batang Merangin Estate (BMRE), Batang Tembesi Estate (BTME).		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	<p>This company has the evaluation mechanism to measure its compliance toward palm oil plantation related regulation through the SOP regulation and other regulations (SOP / SPO / SMART / LH-03) that issued by EHSD (Environment Health and Safety Department) on 1<sup>st</sup> July 2010. The SOP explains that the identification and verification on the entire relevant regulation are conducted every six months. Some evidence of regulatory compliance to law such as:</p> <ul style="list-style-type: none"> <li>• HGU Decree by National Land Agency No: 26/HGU/BPN/96 dated 29 July 1996 and HGU certificate by National Land Agency of Sarolangun Bangko Regency No: 1/Tanjung dated 8 October 1996 which cover area of 2,715 Ha.</li> <li>• HGB Decree of Pelakar Mill by National Land Agency of Jambi Province No: 07/HGB.2/BPN/1999 dated 26 July 1999 and HGB certificate of Pelakar Mill by National Land Agency of Sarolangun Bangko Regency No:1/Tanjung dated 3 August 1999.</li> <li>• HGU Decree by National Land Agency No: 32/HGU/BPN RI/2010 dated 1 June 2010 and HGU certificate by National Land Agency of Sarolangun Bangko Regency No: 2/Tanjung dated 23 August 2010 which cover area of 1,799.00 Ha.</li> <li>• HGU Decree by National Land Agency No: 40-540.1-06-2007 dated 18 September 2007 and HGU certificate by National Land Agency of Sarolangun Bangko Regency No: 1/Tanah Abang dated 31 January 2008 which cover area of 86.4 Ha.</li> <li>• HGU Decree by National Land Agency No: 71/HGU/BPN/98 dated 5 October 1998 and HGU certificate by National Land Agency of Sarolangun Bangko Regency No: 2 dated 24 November 1998 which cover area of 5,022 Ha.</li> <li>• <i>Surat Pendaftaran Usaha Perkebunan (SPUP)</i> by Forestry and Plantation Department No 960/Menhutbun-VII/2000 which cover of 3 POM (30 ton/h, 60 ton/h &amp; 60 t/h) and plantation for an area 8,359 Ha.</li> <li>• IUP from Sarolangun Regent No. 02 of 2009 for an area 1,822 Ha.</li> <li>• IUP-B from Merangin Regent No. 09/Disbunhut/2014 for oil palm plantation for an area 837.84 Ha</li> </ul>	√
	<b>Status: Comply</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	Land use right which owned by company is Land Use Title ( <i>Hak Guna Usaha/ HGU</i> ) for an areal 9,622 Ha which consist of HGU certificate No. 1 of 1996, HGU certificate No. 2 of 2010, HGU certificate No. 1 of 2008 and HGU certificate No. 2 of 1998.	√
	<b>Status: Comply</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	Unit Management has had mechanism related documented system for dealing with complaints and grievances consist of SOP-IK cultivation technic for palm oil plantation, SCEP policy (Social And Community Engagement Policy), Company has the SOP for complaint and grievance management for internal-external and has a mechanism for conflict resolution.	√
	<b>Status: Comply</b>	
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and</b>	<b>X or√</b>



	<b>other stakeholders to express their views through their own representative institutions.</b>	
	The company has had record of land compensation document. Beside that the company has land compensation procedure (SOP / NP / SMART / VII / D & L 002) dated 1 July 2010. This procedure explain about job description, steps of socialization process, identification, negotiation, land compensation payment and documentation of payment. This procedure also explain of compensation process based on agreement, consultation and dialogue by involving the participation from local community leader and local government. The company also has SOP Free Prior Informed and Consent (SOP/SMART/SENS-CSR/SADV/II/003).	√
	<b>Status: Comply</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	HCV identification has been done by RSPO Approve Assessor on 2013. The company also has report Liability Data and Zero Liability Disclosure for all Sinarmas Group include Pelakar Mill and supply base to RSPO by email on 29 August 2014.	√
	<b>Status: Comply</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	HCV identification has been done by RSPO Approve Assessor on 2013. The also has conducted land compensation on area which use for operational of caompany.	√
	<b>Status: Comply</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	The company has had record of land compensation document. Beside that the company has land compensation procedure (SOP / NP / SMART / VII / D & L 002) dated 1 July 2010. This procedure explain about job description, steps of socialization process, identification, negotiation, land compensation payment and documentation of payment. This procedure also explain of compensation process based on agreement, consultation and dialogue by involving the participation from local community leader and local government. The company also has SOP Free Prior Informed and Consent (SOP/SMART/SENS-CSR/SADV/II/003).	√
	<b>Status: Comply</b>	

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

**3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-1 Assessment**

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2015.01	Minor 5.1.2	<b>Change on empty fruit bunches' management.</b> Based on public consultation and review over the addendum environmental impact analysis document 2013, company plans to manage the empty fruit bunches by cutting it into small pieces thus mix it with solid decanter and domestic organic fertilizer to generate compost (composting process). However, based on document's review and field visit in Block I29, its known that the application of empty fruit bunches to estate has been conducted without composting process.	Mill	Minor	S2	Company must present the evidence that the empty fruit bunches management has been coordinated with responsible agency (Environment Agency).	<ul style="list-style-type: none"> <li><b>Root cause:</b> Mismatch between document of EIA with actual implementation in the field, in which the EIA document stated that waste treatment for empty bunch performed by cutting into small pieces and then mixed with the solid decanter to be used as fertilizer (composting). However actual implementation in field company changing processing by way of direct application to the field, because it is considered more efficient in cost and time as well as reduce aftereffects.</li> <li><b>Corrective action:</b> To coordinate with the Environment Agency of</li> </ul>	<b>Closed with Observation</b>	May 17, 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>East Kutai District to get referrals / recommendations related to changes in management of empty bunch.</p> <ul style="list-style-type: none"> <li>• <b>Preventive action:</b> Consistency in environmental management and preparation of document monitoring &amp; management plan in accordance with the company plan stated in the environmental permit</li> <li>• <b>Auditor conclusion:</b> <b>17 May 2016</b> Certificate Holder shows evidence include: <ul style="list-style-type: none"> <li>• Application of recommendations implementation of Environmental Management (RKL) to Environment Agency of East Kutai District,</li> </ul> </li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Letter No. 019 / EL-DL / KDA / III / 2016 (11 March 2016). The contents of the letter among other application submission of waste management, including waste management of empty bunch.</p> <ul style="list-style-type: none"> <li>Request for EIA matrix changes of PT. KDA to Head of Environment Agency of East Kutai according to letter number : 044 / EL / KDA-BLHD / III / 2016 (14 March 2016). The contents of the letter in the form of proposed amendments / revisions EIA matrix in accordance with actual monitoring done by company.</li> <li>Responses from Environment Agency according to letter No. 660/672/3-BLH / IV /</li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>2016 (13 April 2016) related to Environmental Assessment Referrals. The whole point of the letter is Environment Agency recommend the changes in environmental management in accordance with monitoring and actual implementation in the field. Furthermore, these changes must be stated in the Report of the management &amp; monitoring plan in the next period.</p> <p>As far as activity of ASA-2 (May 2016), Environment management &amp; monitoring plan period of Semester 1 2016 is still in preparation and will be sent to Environment Agency of East Kutai by following procedure of reporting schedule. Based on corrective</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							evidence the status of this nonconformity stated CLOSED with Observation. Consistency changes in waste management will be verified when the ASA-3.		

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

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
2016.01	2.2.2	<p><b>Boundary marker demarcation</b></p> <p>Results of field visit to HGU pole No KDA018 (Block G-29, Div.2 GKME) dated May 19, 2016, condition of HGU pole is well maintained and good. However, based on the map of area statement, March 2016 and plot map No. 054-16.09-2007 (scale 1: 20,000) dated October 10, 2007, location of pole position has changed from the point mentioned in the</p>	GKME	Minor	ASA-3	Company should ensure the demarcation of legal boundaries must be clear and in accordance with land rights Map owned.	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b></li> <li>• <b>Corrective action:</b></li> <li>• <b>Preventive action:</b></li> <li>• <b>Auditor conclusion:</b></li> </ul>	Open	



CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
		<p>map. Meanwhile the company not able to show the coordinates of the original boundary markers according to the BPN plot map (2007) to ensure compliances the point with the coordinate that has been verified by auditor using the GPS.</p> <p>It is not in conformity with the implementation of Maintenance of HGU/HGB Boundary markers SOP (SOP/SMART/CERs-EHSD/SADV//004, July 1, 2014). In section 2.2.2 on the coordination of conformity of No Pole, explained that "Unit Head in coordination with the PMNP to ensure the position and No. poles installed must be in accordance with the boundary points listed in the HGU/HGB map. PMNP team should make sure that the position and pole number that will be installed is in conformity with the HGU/HGB map".</p>							
2016.02	4.7.6	<p><b>Health insurance (BPJS KES) for non-permanent worker</b></p> <p>The Company has sought registration of non-permanent employees become participants of health insurance (BPJS KES) through direct registration by the company (employees who complete the registration files) and recommends to register independently (if the file is not</p>	MWHE and GKME	Minor	ASA-3	Company should be able to show evidence that all workers have been registered in the program of BPJS KES	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b></li> <li>• <b>Corrective action:</b></li> <li>• <b>Preventive action:</b></li> <li>• <b>Auditor conclusion:</b></li> </ul>	Open	

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
		complete), but based on a review of documents and interviews with stakeholders known that it is not entirely non-permanent employees have completed registration/registered as participants of BPJS KES.							

**3.5.3 Opportunity for Improvement**

No	Ref.Std	Description (Penjelasan)
1	2.1.1	Following up the renewal process of surface water usage permit from authorities government
2	2.3.1	Ensuring regular monitoring of the identification of land ownership in Block G-29 GKME. (OBSERVATION)
3	6.5.3	Ensuring work program of septic tanks repair went according to the established plan

**3.5.4 Noteworthy Positive Components**

<b>No</b>	<b>Description (<i>Penjelasan</i>)</b>
1	The company's commitment to implement the principles of sustainable management of oil palm and showed seriousness to maintain RSPO certificate
2	ISCC certificate No: EU-ISCC-Cert-DE104-07781529 of Gutcet for a period of September 3, 2015 - September 2, 2016
3	The competence of personnel in each field and understanding related to the sustainability standards are good enough
4	The company's commitment to conduct to construction of smallholder (KKPA) and independent smallholders
5	<i>Proper Biru</i> by Related Agency, period 2014 to 2015

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>National Land Agency, Kutai Timur District</b></p> <ol style="list-style-type: none"> <li>The Company have Land Use Title clear and clean</li> <li>The River / other protected areas was not excluding Land Use Title, but the company is still responsible for managing and monitoring the area.</li> <li>Riparian area located in 50 meters left and right area of the small river</li> <li>No incoming reports from the locals about land disputes. National Land Agency suggested to checked in the Village / District.</li> <li>The company is not located in protected areas, mining and other usage areas</li> </ol>	<p>The company will continues to maintain and preserve the boundary demarcation of the concession area, and will continues to make sure the riparian area maintained and preserved</p>	<p>PT KDA has the legalized and valid land use title. <b>It refers to the criteria of 2.2</b></p> <p>Concession area of PT KDA was clear and clean, compensation settlement or award of compensation of land have been conducted through related party agreements. In the area of PT KDA there are no land under control of indigenous rights. <b>It Refers to the criteria of 2.3</b></p>
<p><b>Plantation Agency, Kutai Timur District</b></p> <ol style="list-style-type: none"> <li>The Company have Integration Plantation Business Permit (Mill and Estate)</li> <li>The Company has conducted the development of smallholder (KKPA) and independent smallholders</li> <li>Plasma FFB price refers to the provision of government and FFB price refers to the agreement independent smallholders both parties.</li> <li>The company has been awarded the <i>Blue Proper</i> rank.</li> <li>There were no cases of fire in the company</li> <li>There is no overlap between company with other plantation area</li> </ol>	<p>The company will continue to maintain a good relationship with the agency and constantly updating information and regulations related to the operations of PT KDA.</p>	<p>The Company has implemented a partnership program with local communities, CSR and empowerment of local contractors. <b>It Refers to the criteria of 6.1 and 6.11</b></p> <p>FFB purchase plasma and non-plasma according to relevant regulations and The Company has conducted socialization and training to the cooperatives. <b>It Refers to the criteria of 6.10</b></p>
<p><b>Forestry Agency of Kutai Timur District</b></p> <ol style="list-style-type: none"> <li>The company located in the area of APL, it is in line with SK 718/Kepmenhut/2/2014, Agustus 2014</li> <li>The company is not located in protected areas</li> </ol>	<p>The company will continue to maintain a good relationship with the agency and constantly updating information and regulations related to the operations of PT KDA.</p>	<p>Concession area of PT KDA was clear &amp; clean. The company located in the area of APL.</p>
<p><b>Environment Agency, Kutai Timur District</b> No Respondent</p>		-

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Labor Agency, District of Kutai Timur</b></p> <ul style="list-style-type: none"> <li>- Wage for workers of PT. KDA refer to the decree of minimum wage standard for period of 2016 for IDR 2.276.312</li> <li>- There is still temporary daily workers in PT. KDA</li> <li>- There is no foreign workers in PT. KDA</li> <li>- There is no contract substitution in PT. KDA.</li> <li>- Not yet all workers registered on manpower and health BPJS program.</li> <li>- There is no under age workers at the company</li> <li>- Manpower report for 2015 has been reported to the related agency.</li> <li>- Structure of Occupational Health and Safety Guiding Committee for Estate and mill of PT KDA has been legalized and still valid as well as routinely reported.</li> <li>- The Company has implemented a partnership program with local communities, CSR and empowerment of local contractors</li> </ul>	<p>The company will continue to maintain a good relationship with the agency and constantly updating information and regulations related to the operations of PT KDA.</p>	<p>The Company has implemented wages in accordance with government standards, residential facilities, electricity, clean water, health facilities to workers. <b>It Refers to the criteria of 6.5</b></p> <p>The Company has implemented a partnership program with local communities, CSR and empowerment of local contractors. <b>It Refers to the criteria of 6.1 and 6.11</b></p> <p>The Company does not use migrant labor and no substitution contract. <b>It Refers to the criteria of 6.12</b></p> <p>PT KDA was not use child labor. <b>It Refers to the criteria of 6.7</b></p>
<p><b>Independent Union Labor of Muara Wahau Estate, Gunung Kombeng Estate, Muara Wahau Mill.</b></p> <ul style="list-style-type: none"> <li>- School bus that provided by the company is very helpful.</li> <li>- Uncertainty of workers insurance registration (BPJS Ketenagakerjaan) for some workers.</li> <li>- Minimum wages is always updated annually through the applicable government regulation.</li> <li>- Regular meeting between worker union and the company done through the Bipartite mechanism. The meeting held is to discuss an employee's right and working problem, i.e. renewal of minimum wages.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Provide the worker facilities is one of our commitment to the employee's necessity.</li> <li>- Collecting data still on progress by the company to fulfill the insurance requirements.</li> <li>- The company is open and transparent communication with the workers, the meeting is one of communication part.</li> </ul>	<p>Has been verified related with the implementation of regulation regarding to labor aspect, all information available on the criterion of 6.5, 6.6, 6.7, 6.8, 6.9, 6:12, and 6:13</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Customary Head of Dayak Kayan, Village of Miau Baru.</b></p> <ul style="list-style-type: none"> <li>• PT. KDA start to develop plantation since 2008, previously name as PT. Matra Sawit Sejahtera in 1997.</li> <li>• Have a good relationship between company and Miau Baru villagers.</li> <li>• Almost 50% villagers of Miau Baru working at the company as workers.</li> <li>• Have a concern of local contribution to the village such as customary hall construction, involving the FFB and CPO transportation contract agreement.</li> <li>• In 2007 there is an issue related to the land claim, but it has been resolved with involvement of relevant parties, local government, customary organization, villagers.</li> </ul>	<ul style="list-style-type: none"> <li>• The company always trying to communicate and make a good relationship with all stakeholders, particular indigenous people that settled in the village.</li> <li>• Company social program is open to anyone for make a good cooperation.</li> <li>• Issue raise in 2007 is not related with land claim, but more about the providing smallholder's area. In that time, Miau Baru has no more land for registered as plasma area.</li> </ul>	<p>Auditors has verified related to social impact management and CSR, all the information has provided on criterion 6.1, 6.10 and 6.11</p>
<p><b>Representative of Makmur Jaya village</b></p> <ul style="list-style-type: none"> <li>• Makmur Jaya is a transmigration village settlement since 1988, while the plantation company namely PT. Matra Sawit Sejahtera (now as PT. KDA) starts to develop since 1997.</li> <li>• The company has built the smallholders scheme namely Plasma with covering seven villages involved, include Makmur Jaya village.</li> <li>• Plasma plantation with smallholder scheme under Koperasi Mandiri is giving advantages to the villagers, increase the villager's welfare.</li> <li>• Most of the villagers is still working at the company as a permanent workers.</li> <li>• In period 2012-2013, village has made a proposal for office building construction. In the mean time, village had a request to the company for helping contribution in some material, but there is no feedback or response from the company about this.</li> </ul>	<ul style="list-style-type: none"> <li>• The company did not approved the proposal because construction of the office building totally used "APBD" fund</li> </ul>	<p>Auditors has verified related to social impact management and CSR, all the information has provided on criterion 6.1, 6.10 and 6.11</p>



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>Village has a complaint to the company related to CPO truck driver who make a dust pollution when the truck through the village road.</li> <li>The company is always involved during Joint Committee Consultation (MUSRENBANG) in Sub-District level.</li> </ul>	<p>(allocation fund from local government).</p> <ul style="list-style-type: none"> <li>The company has always make announcement memorandum annually to the CPO truck driver, i.e. in 2016 Memo No: 001/MWHT-KARY/III/16, dated 18 March 2016. The memo announce that CPO truck is disallowed to park and through the village road.</li> </ul>	
<p><b>Local contractor of CV. Berkat Mulia Abadi, Makmur Jaya Village.</b></p> <ul style="list-style-type: none"> <li>Have a long cooperation with the company since 2005. Supports to provide the FFB transportation in two estates totally have seven units.</li> <li>Contractual agreement with the company is valid in three monthly bases, and it will renew for the next three months.</li> <li>The contract agreement are fare, legal, transparent and detail. Including payment that paid in timely manner.</li> <li>In real, the contractor provides the PPE and insurance to their workers as a responsibility of commitment. However, there still having problem on process with worker insurance registration (BPJS Ketenagakerjaan). The contractor feel disappointed with the government.</li> </ul>	<p>The company always keeps the relationship with other stakeholders and will make improvement continuously.</p>	<p>Auditors has verified related to social impact management and CSR, all the information has provided on criterion 6.1, 6.10 and 6.11</p>
<p><b>Customary Head and Supervisor of Suka Maju village.</b></p> <ul style="list-style-type: none"> <li>The company has a concern to developing the smallholder scheme or Plasma in our village, and this is very beneficial cooperation.</li> <li>There is no issue related to the land claim, because the company plantation has no develop in transmigration area.</li> <li>Almost 99% villagers as oil palm farmers or smallholders. This is a majority livelihood for this village.</li> </ul>	<p>Thank you. The company always keeps the relationship with other stakeholders and will make improvement continuously.</p>	<p>Auditors has verified related to social impact management and CSR, all the information has provided on criterion 6.1, 6.10 and 6.11</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>The contract agreement for smallholder development are fare, legal, transparent and detail. Including payment that paid in timely manner.</li> </ul>		
<p><b>Representative official of Kombeng Indah village.</b></p> <ul style="list-style-type: none"> <li>This village is a transmigration program from the government since 1988. The company start to develop plantation since 1997 when the global crisis and long dry season is hit the country.</li> <li>The villager is greatly assisted by the company through vacancies then almost 80% working at the company.</li> <li>The company also built the smallholder scheme as a plasma and cooperate with Koperasi Sawit Bersama (full managed scheme) and Koperasi Kombeng Bersatu (independent scheme).</li> <li>Have a good relationship between company and Kombeng Indah villagers.</li> <li>All the smallholders FFB's only delivered to Gunung Kombeng Mill.</li> <li>The contract agreement for smallholder development are fare, legal, transparent and detail. Including payment that paid in timely manner.</li> </ul>	<p>The company always keeps the relationship with other stakeholders and will make improvement continuously.</p> <p>The company have a strongly commitment to engage the affected parties.</p>	<p>Auditors has verified related to social impact management and CSR, all the information has provided on criterion 6.1, 6.10 and 6.11</p>

**4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

**4.1 Formal Sign-off of Assessment Findings**

Hereunder sign by management representative from inspected company 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 Kresna Duta Agroindo – PT SMART  
Tbk  
Management Representative (*Head of  
Environmental Departement*)

Mutuagung Lestari  
Lead Auditor



**Ismu Zulfikar**  
Thursday, 19 May 2016



**Sandra Purba**  
Thursday, 19 May 2016

**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	National Land Agency, Kutai Timur District	Kutai Timur District	-	Direct interview	May 17, 2016	√	
2	Plantation Agency, Kutai Timur District	Kutai Timur District	-	Direct interview	May 17, 2016	√	
3	Forestry Agency, Kutai Timur District	Kutai Timur District	-	Direct interview	May 17, 2016	√	
4	Labor Agency, Kutai Timur District	Kutai Timur District	-	Direct interview	May 17, 2016	√	
5	Environmental Agency, Kutai Timur District	Kutai Timur District	-	-	May 17, 2016		√
6	Union Labor of PT KDA	Kutai Timur District	-	-	May 18, 2016	√	
7	Village of Miau Baru	Kutai Timur District		Direct interview	May 18, 2016	√	
8	Village of Makmur Jaya	Kutai Timur District	-	Direct interview	May 18, 2016	√	
9	Village of Suka Maju	Kutai Timur District	-	Direct interview	May 18, 2016	√	
10	Village of Kombeng Indah	Kutai Timur District	-	Direct interview	May 19, 2016	√	
11	Local Contractor namely CV. Berkat Mulia Abadi	Kutai Timur District	-	Direct interview	May 18, 2016	√	
12	Scheme smallholders organisation namely Koperasi Sawit Bersama.	Kutai Timur District	-	Direct interview	May 19, 2016	√	

<b>Appendix 2. Assessment Program</b>			
<b>DATE / TANGGAL</b>		16 <sup>th</sup> – 20 <sup>th</sup> May 2016	
<b>PLANNED TIME RENCANA WAKTU</b>	<b>ACTUAL DURATION DURASI AKTUAL</b>	<b>PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT</b>	<b>AUDITOR</b>
<b>Monday/Senin, 16 May 2016</b>			
05.00 – 08.15	05.00 – 08.15	<b>JAKARTA → BALIKPAPAN</b>	<ul style="list-style-type: none"> <li>• SDP / YWR / MAY / SHL</li> <li>• SHL</li> <li>• SDP / YWR / MAY</li> </ul>
09.00 – 10.00	09.00 – 10.00	<b>BALIKPAPAN → SANGATTA</b>	
11.00 – 18.00	11.00 – 18.00	<b>BALIKPAPAN → BERAU → PT. KRESNA DUTA AGROINDO</b>	
<b>Tuesday/Selasa, 17 May 2016</b>			
08.00 – 09.00	08.00 – 09.00	<b>Opening meeting</b> Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Transparency and Confidentiality Clarification)	• SDP / YWR / MAY
09.00 – 12.00	09.00 – 12.00	<b>Review of Previous Audit (ASA-1)</b>	• SDP / YWR / MAY
08.00 – 12.00	08.00 – 12.00	<b>Stakeholders consultation to Related Government Institution to Sangatta District Government and local NGO.</b>	• SHL
12.00 -14.00	12.00 -14.00	<i>Break and lunch</i>	
14.00 – 17.00	14.00 – 17.00	<i>Field visit to Muara Wahau Mill:</i> <ul style="list-style-type: none"> <li>• Supply Chain verification (FFB Receiving, Weighbridge, FFB Sorting, Processing Activity, Despatch CPO)</li> <li>• Occupational Health &amp; Safety Aspect (Inspection to Chemical Storage, Hazardous Waste Storage, Fire Control Simulation, POME Pond)</li> <li>• Interview with Worker's Union Mill, Contractor of CPO Transporter, Gender Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• SDP</li> <li>• MAY</li> <li>• YWR</li> </ul>
<b>Wednesday/Rabu, 18 May 2016</b>			
08.00 – 12.00	08.00 – 12.00	Field observation to <b>MUARA WAHAU ESTATE:</b> <ul style="list-style-type: none"> <li>• Implementation of Agronomy Aspect (Harvesting &amp; Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application)</li> <li>• Implementation of Environmental, Conservation and Waste Management Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management, HCV Area)</li> <li>• Implementation of Occupational Health &amp; Safety Aspect</li> <li>• Implementation of Employment Procedure and Mechanism Aspect</li> <li>• Implementation of Legal Aspect (Land Ownership, Legal Boundaries)</li> </ul>	<ul style="list-style-type: none"> <li>• MAY</li> <li>• SHL</li> <li>• SDP</li> <li>• SDP</li> <li>• SDP</li> <li>• YWR</li> </ul>

DATE / TANGGAL		16 <sup>th</sup> – 20 <sup>th</sup> May 2016	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
		<ul style="list-style-type: none"> <li>Implementation of Social Aspect (Communication and Transparency, Procedure and Mechanism of Complaint and Grievance), external stakeholder consultation</li> </ul>	
12.00 – 14.00	12.00 – 14.00	<i>Break and lunch</i>	
14.00 – 16.00	14.00 – 16.00	<ul style="list-style-type: none"> <li>Continue Field Observation to Muara Wahau Estate and field observation clarification</li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>
16.00 – 17.00	16.00 – 17.00	<ul style="list-style-type: none"> <li>Verification of field visit and completing checklist</li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>
<b>Thursday/Kamis, 19 May 2016</b>			
08.00 – 12.00	08.00 – 12.00	Field observation to <b>Gunung Kombeng ESTATE</b> : <ul style="list-style-type: none"> <li>Implementation of Agronomy Aspect (Harvesting &amp; Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application)</li> <li>Implementation of Environmental, Conservation and Waste Management Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management, HCV Area)</li> <li>Implementation of Occupational Health &amp; Safety Aspect</li> <li>Implementation of Employment Procedure and Mechanism Aspect</li> <li>Implementation of Legal Aspect (Land Ownership, Legal Boundaries)</li> <li>Implementation of Social Aspect (Communication and Transparency, Procedure and Mechanism of Complaint and Grievance)</li> </ul>	<ul style="list-style-type: none"> <li>MAY</li> <li>SHL</li> <li>SDP</li> <li>SDP</li> <li>YWR</li> <li>YWR</li> </ul>
12.00 – 14.00	12.00 – 14.00	<i>Break and lunch</i>	
14.00 – 15.00	14.00 – 15.00	<ul style="list-style-type: none"> <li>Continue Field Observation to Muara Wahau Estate and field observation clarification</li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>
15.00 – 16.00	15.00 – 16.00	<ul style="list-style-type: none"> <li>Internal discussion by auditor team preparing for Closing Meeting</li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>
16.00 – 17.00	16.00 – 17.00	<ul style="list-style-type: none"> <li><b>Closing Meeting</b></li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>
<b>Friday/Jumat, 20 May 2016</b>			
04.00 - 10.00	04.00 - 10.00	<ul style="list-style-type: none"> <li><b>PT KRESNA DUTA AGROINDO → BERAU</b></li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>
10.00 – 14.00	10.00 – 14.00	<ul style="list-style-type: none"> <li><b>BERAU → BALIKPAPAN → JAKARTA</b></li> </ul>	<ul style="list-style-type: none"> <li>SDP / YWR / MAY / SHL</li> </ul>