

**Roundtable on Sustainable Palm Oil Certification  
RSPO**

Stage-1     Stage-2     Surveillance     Re-Certification

Name of Management Organisation : **Mustika Palm Oil Mill – PT Sajang Heulang subsidiary of Sime Darby Plantation Sdn. Bhd**  
 Plantation Name : **PT Sajang Heulang- Mustika Estates, KKPA-2, KKPA-3 and KKPA-5**  
 Location : Kuranji Village, Kuranji Sub-district, Tanah Bumbu District, Province of Kalimantan Selatan, Indonesia  
 Certificate Code : **MUTU-RSPO/027**  
 Date of Certificate Issue : 03 July 2013                      Date of License Issue : 3 July 2016  
 Date of Certificate Expiry : 02 July 2018                      Date of License Expiry : 2 July 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-03	9 - 13 May 2016	Bukti Bagja (Lead Auditor), Ardiansyah, Muhammad Rinaldi, Yohanes Hardian	Octo H.P.N. Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-2	8 July 2016

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### FIGURE

Figure 1. Location Map of PT PT Sajang Heulang

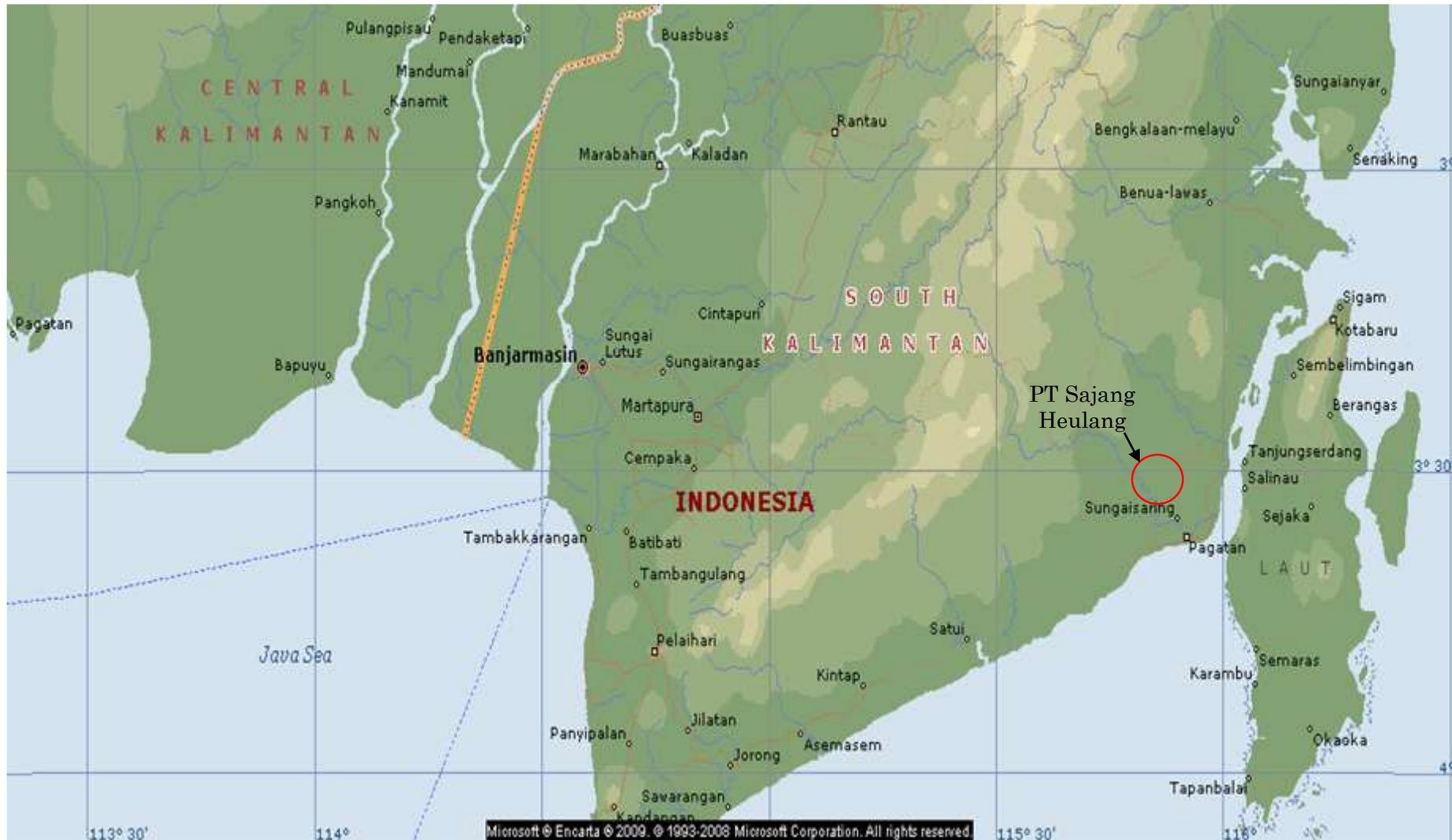


Figure 2. Operational Map of PT Sajang Heulang

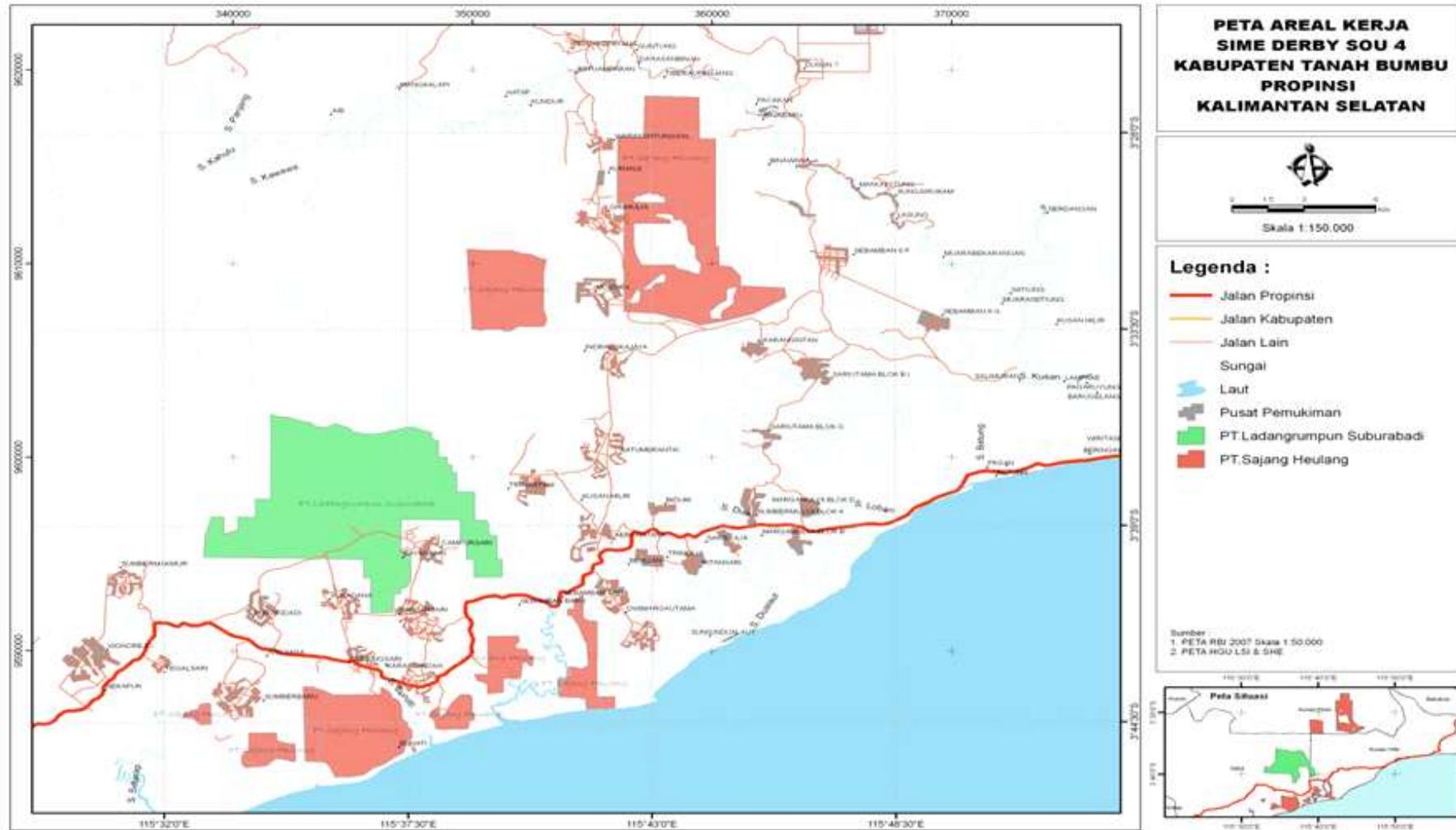
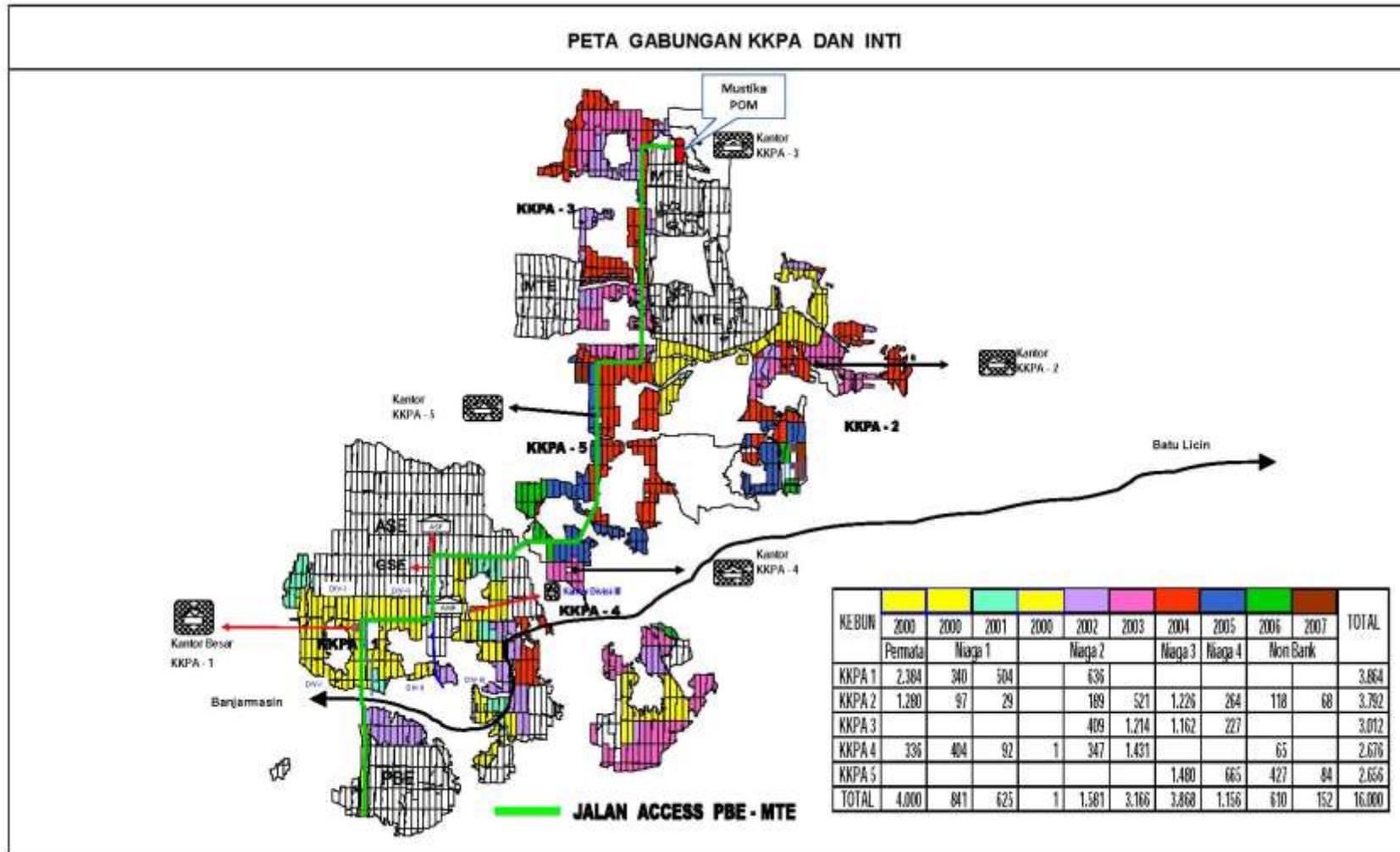


Figure 3. Operational Map of Mustika Estate dan KKPA-2, KKPA-3, KKPA-5



**Glossary**

AMDAL	: Analisis Mengenai Dampak Lingkungan ( <i>Social and Environmental Impact Assessment</i> )
ASA	: Annual Surveillance Assessment
BOB	: Barn Owl Box
BOD	: Biological Oxygen Demand
BPJS	: <i>Badan Penyelenggara Jaminan Sosial</i> (Social Insurance Agency)
BPN	: Badan Pertanahan Nasional ( <i>National Land Agency</i> )
BSS	: Block Spraying System
CB	: Certification Body
CSR	: Corporate Social Responsibility
CD	: Community Development
CEO	: Chief Executive Officer
CH	: Certificate Holder
COD	: Chemical Oxygen Demand
CPO	: Crude Palm Oil
EFB	: Empty Fruit Bunch
EHS	: Environment Health and Safety
EIA	: Environmental Impact Assessment
EWS	: Early warning system
FFB	: Fresh Fruit Bunches
FPIC	: Free Prior and Informed Consent
GHG	: Green House Gases
GM	: General Manager
HCV	: High Conservation Value
HGU	: Hak Guna Usaha. ( <i>Land Use Permit</i> )
HIRAC	: Hazard Identification Risk Assessment and Risk Control
HPO	: Head Plantation Operation
HPUI	: Head Plantation Upstream Indonesia
IPM	: Integrated Pest Management
IUP	: Izin Usaha Perkebunan. ( <i>Plantation Operation Licence</i> )
KER	: Kernel Extarction Rate
KKPA	: <i>Kredit Kepada Koperasi Primer untuk Anggotanya</i> (Associated smallholder)
KUD	: <i>Koperasi Unit Desa</i> (Village Unit Cooperatives)
LSU	: Leaf sampling unit
LUCA	: Land Use Change Analysis
MRC	: Minamas Research Centre
MSDS	: Materia Safety Data Sheet
MTE	: Mustika Estate
MTF	: Mustika Factory

NGO	:	Non-Government Organizations
OER	:	Oil Extarction Rate
OFI	:	Opportunity of Improvement
OHS	:	Occupational Health and safety
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> (Occupational Safety and Health Committee)
PIC	:	Person in Charge
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm oil mill effluent
PPE	:	Personal Protection Equipment
PSD	:	Plantation Services Departement
RACP	:	Remediation and Compensation Plan
RKL	:	<i>Rencana kelola lingkungan</i> (Environment Management Plan)
RPL	:	<i>Rencana pemantauan lingkungan</i> (Environment Monitoring Plan)
RTE	:	Rare, Threatened or Endangered
SCCS	:	Supply Chain Certification Standard
SHE	:	Sajang Heulang
SGM	:	Senior General Manager
SIA	:	Social Impact Assessment
SOP	:	Standart Operational and Procedure
WTP	:	Water Treatment Plant
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>• RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</li> <li>• RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</li> </ul>	
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	PT Sajang Heulang - Sime Darby Plantation Sdn. Bhd	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Organisation address and site address	<b>RSPO registered company:</b> No 2, Plantation Tower, PJU 1A/7Street, Petaling Jaya, Malaysia 47301.  <b>Liaison Office:</b> The Plaza Lt. 36, JL. MH Thamrin Kav. 28-30, Jakarta 10350	
1.2.4	Telephone	+62-21-2992650	
1.2.5	Fax	+62-21-5711652	
1.2.6	E-mail	<a href="mailto:mohamad.pirabaharan@simeдарby.com">mohamad.pirabaharan@simeдарby.com</a>	
1.2.7	Web page address	<a href="http://www.simeдарby.com">www.simeдарby.com</a>	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan	
1.2.9	Registered as RSPO member	1-0008-04-000-00 07 September 2004	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	<b>Palm oil and its supply base:</b> Mustika factory supplied by four (04) estates: Mustika Estate, KKPA-02, KKPA-3 & KKPA-05.	
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>
	Mustika Factory	Kuranji Village, Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan.	S 3 <sup>o</sup> 29' 19"
			E 115 <sup>o</sup> 44' 19"
1.4.2	Location of Certification Scope of Supply Base		

Name of Supply Base	Location	Coordinate	
		Latitude	Longitude
KKPA-2	Sari Utama Village, Harapan Jaya Village, Sub District of Sungai Loban; Angley Village, Berangan Village, Sub District of Kusan Hulu; Ringkit Village, Sub District of Kuranji; District of Tanah Bumbu, South Kalimantan	S 3°33' 51"	E 115° 47' 29"
KKPA-3	Kuranji Village, Giri Mulya Village, Tiberau Panjang Village, Tapus Village, Waringin Tunggal Village, Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan.	S 3°28' 22"	E 115° 41' 07"
KKPA-5	Indraloka Jaya Village, Trimartani Village, Kertabuana Village, Batu Martani Village; Sub District of Kuranji; District of Tanah Bumbu, South Kalimantan	S 3°35' 02"	E 115° 41' 17"
Mustika Estate	Kuranji Village, Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan.	S 3°29' 20"	E 115° 42' 58"

**1.5 Description of Area Statement**

1.5.1	Tenure			
	• State		5,260.00	Ha
	• Community		9,805.16	Ha
1.5.2	Area Statement			
		<b>Mustika Estate (Ha)</b>	<b>KKPA (Ha)</b>	<b>Total Ha</b>
	• Total area	5,078.93	9,761.83	14,840.76
	• Mature area	3,723.73	9,460.00	13,183.73
	• Immature area	85.97	-	85.97
	• Mill	39.47	-	39.47
	• Emplishment / Workers Quarter	58.24	21.00	79.24
	• Infrastructure (Road & Bridges)	132.10	280.83	412.93
	• Occupation	221.93	-	221.93
	• Others area (rivers & hill)	517.79	-	517.79
	• HCV	299.70	-	299.70

**1.6 Planting Year and Cycles**

1.6.1	Age profile of planting year					
			<b>Hectarage (Ha)</b>			
	<b>Planting Year</b>	<b>Mustika Estate</b>	<b>KKPA-2</b>	<b>KKPA-3</b>	<b>KKPA-5</b>	<b>Total</b>
	1995	484.23	-	-	-	484.23
	1996	1,198.59	-	-	-	1,198.59
	1997	408.38	-	-	-	408.38
	1998	286.91	-	-	-	286.91
	1999	255.14	-	-	-	255.14

	2000	-	1,377.00	-	-	1,377.00	
	2001	9.81	29.00	-	-	38.81	
	2002	-	189.00	409.00	-	598.00	
	2003	-	521.00	1,214.00	-	1,735.00	
	2004	-	1,226.00	1,162.00	1,480.00	3,868.00	
	2005	688.86	264.00	227.00	665.00	1,844.86	
	2006	280.07	118.00	-	427.00	825.07	
	2007	111.75	68.00	-	84.00	263.75	
	2016	85.97	-	-	-	85.97	
	<b>TOTAL</b>	<b>3,809.70</b>	<b>3,792.00</b>	<b>3,012.00</b>	<b>2,656.00</b>	<b>13,269.70</b>	
1.6.2	New Planting area after January 2010			- Ha			
	*Planting on 2016 is supplying activity						
1.6.3	Planting Cycle			1 <sup>st</sup> Cycle			
<b>1.7</b>	<b>Description of Mill and Supply Base</b>						
1.7.1	Description of Mill						
	<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>
	Mustika Factory	60	204,140.23	45,184.75	22.13	8,914.24	4.37
	<i>Source: Production data period May 2015 – April 2016</i>						
1.7.2	Description of Certification Scope of Supply Base						
	<b>Name of Estate</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>	<b>Supplied to Mill</b>	
						<b>FFB (tonnes/year)</b>	<b>%</b>
	Musitka Estate	5,078.93	3,809.70	62,406.48	16.38	62,181,440	99.64
	KKPA-2 (2,208 SH)	3,937.00	3,792.00	60,501.03	15.95	60,051,090	99.25
	KKPA-3 (2,160 SH)	3,012.00	3,012.00	46,286.41	15.37	46,105,890	99.61
	KKPA-5 (1,601 SH)	2,812.83	2,656.00	39,867.22	15.01	36,408,960	91.33
	<b>TOTAL</b>	<b>14,840.76</b>	<b>13,269.70</b>	<b>209,061.14</b>	<b>15.75</b>	<b>204,747,380</b>	<b>97.93</b>
	<i>Source: Production data period May 2015 – April 2016</i>						
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 (tonnes/year)</b>	
	-	-	-			-	
	<b>TOTAL</b>					-	
	<i>No supplies from non certified sources</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 3 July 2015 to 2 July 2016 (tonnes/year)		Actual certified product 3 July 2015 to 30 April 2016 (tonnes/year)		
	• FFB Production		225,821		168,214.02		
	• CPO Production		50,403		37,265.64		
	• Palm Kernel (PK) Production		9,688		7,294.26		
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>		
	Musitka Estate	5,078.93	3,809.70	66,670	17.5		
	KKPA-2 (2,208 SH)	3,937.00	3,792.00	64,464	17.0		
	KKPA-3 (2,160 SH)	3,012.00	3,012.00	49,698	16.5		
	KKPA-5 (1,601 SH)	2,812.83	2,656.00	42,496	16.0		
	<b>TOTAL</b>	<b>14,840.76</b>	<b>13,269.70</b>	<b>223,328</b>	<b>16.83</b>		
	<i>*Projected FFB production period 3 July 2016 – 2 July 2017</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>
	Mustika Factory	60	223,328	50,249	22.5	10,050	4.5
	<i>*Projected CSPO and CSPK production period 3 July 2016 – 2 July 2017</i>						
<b>1.9 Other Certifications</b>							
	ISCC		ISCC certificate No EU-ISCC-Cert-DE100-20152216 period 01 June 2015 – 31 May 2016 has done by SGS.				
	Others		PROPER Certificate with blue rank period 2014-2015				
<b>1.10 Time Bound Plan</b>							
1.10.1	<b>Time Bound Plan for Other Management Units</b>						
	<b>Management Unit</b>		<b>Estate (Supply Base)</b>	<b>Time Bound Plan</b>	<b>Location</b>	<b>Status</b>	
	<b>MILL</b>	<b>Time Bound Plan</b>					
	Sekunyir. PT. Indotruba Tengah	2010	Sekunyir	2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified	
			Seruyan	2010		Certified	

Manggala. PT. Tunggal Mitra Plantations	2010	Manggala 1	2010	Rokan Hilir District – Riau	Certified
		Manggala 2	2010		Certified
		Manggala 3	2010		Certified
Bukit Ajong PT. Sime Indo Agro	2010	West	2010	Sanggau District –West Kalimantan	Certified
		East	2010		Certified
		Sei Mawang	2018		-
		East Plasma	2010		Certified
		West Plasma	2010		Certified
Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	2011	Pekanbaru, Siak District – Riau	Certified
		Pinang Sebatang	2011		Certified
		Aneka Persada	2011		Certified
Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified
		Bukit Pinang	2012		Certified
Pematang. PT. Teguh Sempurna	2011	Pematang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Kawan Batu	2011		Certified
		Hatan Tiring	2011		Certified
		Batang Garing	2011		Certified
Alur Dumai. PT Lahan Tani Sakti	2011	Alur Dumai	2011	Rokan Hilir District – Riau	Certified
Teluk Bakau. PT. Bhumireksa Nusa Sejati	2011	Teluk Bakau	2011	Indra Giri Hilir District – Riau	Certified
		Nusa Perkasa	2011		Certified
		Nusa Lestari	2011		Certified
Mandah. PT. Bhumireksa Nusa Sejati	2014	Mandah	2011	Indra Giri Hilir District – Riau	Certified
		Rotan Semelur	2011		Certified
Angsana Mini. PT Sajang Heulang	2011	KKPA-1 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		Pantai Bonati	2011		Certified
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	2011	Tanah Bumbu District – South Kalimantan	Certified
		Gunung Sari	2011		Certified
		KKPA-4 PT.SHE	2013		Certified
Mustika. PT Sajang Heulang	2013	Mustika Estate	2013	Tanah Bumbu District – South Kalimantan	Certified
		KKPA-2 PT.SHE	2013		Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemasam	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2014		Certified
Sukamandang PT Kridatama	2011	Sukamandang	2011	Seruyan and East Kotawaringin District –	Certified
		Sapiri	2011		Certified

Lancar		Barasdanum	2011	Central Kalimantan	Certified
		Kuala Kuayan	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified
Selabak. PT Swadaya Andhika	2012	Selabak	2012	Kotabaru District – South Kalimantan	Certified
		Randi	2012		Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified
Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2020		-
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		Sungai Jernih Estate dan GPI KKPA	2016		-
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified
		Batang Ara (PT PSK)	2013		Certified
		Blang Simpo-01	2013		Certified
		Blang Simpo-02	2013		Certified
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan	-
		MAS 1	2020		-
		MAS 1	2020		-
		Plasma MAS	2020		-
Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
		Awatan	2014		Certified
		Karya Palma	2016		-
		KKPA SNP	2020		-
		Pelanjau (PT BAL)	2018		-
		Sungai Putih (PT BAL)	2018		-
		Baturus (PT BAL)	2018		-
Sime Darby has achieved 39 management units in Malaysia and 21 Management Units in Indonesia RSPO certified. There was change of the Time Bound Plan under Sime Darby cause the Sime Darby postpone the others certification					

process. Change of the Time Bound Plan explanation:

- PT Mitra Austral Sejahtera. There is still a problem (issue) is still unresolved social that of Serikat Petani Kelapa Sawit (States Oil Palm Smallholders) Sanggau still do not approve of the process improvement demands by society and conflict resolution in accordance with the principles and criteria of the RSPO

**Non Conformity No. 2016.14 with Major category RSPO Certification System 4.2.4.c**

Revised Plan Schedule of certification (Time Bound Plan) indicated by the management unit has not been sufficient, such as:

- Certification Plan smallholdings PT BGR planned in 2020 (supposedly 2015). Justification given for this change is the new MoU, however management unit can not explain the MoU in question.
- Certification Work Plan Palma Real (PT Sandika Natapalma) and PT Budidaya Agrolestari including Sungai Putih Estate (Full Manage Smallholders - Koperasi Perkebunan **Sejahtera Palma Sejati & Mitra Usahatani Sejahtera**) are planned in 2018 (supposedly 2017)

It is not in accordance with the RSPO Certification System 4.2.3 all FFB derived from a self-managed farm should produce to the certified standard. Factory (Certificate Holder) should develop and implement a plan to ensure that 100% of smallholders and plantation has been certified within 3 years (since Mill certified).

1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>
	Mustika factory does not receive FFB from third parties (outgrower) but receive FFB from Associated Smallholders. The Associated Smallholders has been certified since 2013.

<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-3</b>	<ol style="list-style-type: none"> <li><b>Bukti Bagja (Lead Auditor)</b> Indonesian citizen. Master of Science majoring in Environmental Science, University of Indonesia. More than 10 years experience in variuos national and international forestry and environmental project. Certified RSPO Lead Auditor, involved in various RSPO assessment in Indonesia and Malaysia as Lead Auditor. He too experienced in numbers of international environmental project in Indonesia. Had attended various relevant training i.e. Auditor/Lead auditor Management System Certification (ISO 9001-2008), EIA (AMDAL), HCV assessment, Indonesian Sustainable Palm Oil Lead auditor. Has comptency in digital mapping such as: ArcGIS, MAPInfo, ER MAPPER, ERDAS Imagine. During this ASA-3 audit, he assigned to verify of legal, social, conflict resolution and SCCS</li> <li><b>Ardiansyah (Auditor)</b>. Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has followed several activities for identified environmental impact such as preparing EIA document for plantation and plantation forest. He has followed several trainings namely: Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), SMK3 based on OHSAS, RSPO Lead Auditors Training Course endorsed by Proforest and Diameter, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and mapping for land cover analysis. During the assessment the auditor verified enviroment and conservation aspect.</li> <li><b>Muhammad Rinaldi (Auditor Trainee)</b>. Diploma 3 of Oil Palm Plantations, Bogor Agricultural Institute. He have 4 years experience working as a staff operational plantations at oil palm plantation companies in Indonesia. He has attended the RSPO Awareness training, Lead Auditor/Auditor ISPO training, Auditor/Lead Auditor ISO 9001-2008 training, HCV training and Health and Safety Officer training. he assigned to verify of employment , Health and Safety.</li> <li><b>Yohanes Hardian (Auditor Trainee)</b>. Diploma on forest resources conservation, Bogor Agricultural University. Specialist for environment and wildlife, has attended conservation assessment training and high conservation value assessment for several plantation company, RSPO awareness, dan ISO 9001:2008 training. He also has worked as environmental staff in Plantation Company. During this ASA-3 he assigned to verify of Best Management Practices and transparency.</li> </ol>
<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-3</b>	Number of auditors : 4 auditor Number of days for <b>ASA-3</b> at site : 4 days Number of working days for <b>ASA-3</b> at site : 16 Working days
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-3</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Sajang Heulang against Principles and Criteria for Sustainable Palm Oil Production on April 2013 and Supply Chain Requirement for CPO Mill, November 2014.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some oppotunities for improvement of the results ASA-3 delivered by the auditor MAL to the management unit and the results are the subject will be verified at the next assessment phase (ASA-4).</p> <p>The assessment program please find Appendix 2</p>
<b>2.2.3</b>	<b>Location of Assessment</b>
<b>ASA-3</b>	The sampling method, based on: <ul style="list-style-type: none"> <li>Location choosen to represent each operational area using the formula <math>0.8\sqrt{y}</math>. y is number of estate. Total sampling</li> </ul>

in this assessment is two (2) that are Mustika Estate and KKPA-5 Estate.

- Consideration of issues that arising from document verification and stakeholder consultation that is fundamental and crucial.

**Mustika Estate**

- **Worker Housing at Division 2.** Observations related to facility employees, domestic waste management, emergency response facilities, provision of clean water, access to basic needs.
- **Rinse place and Storage of Spray Equipment.** Observation related management of tools and PPE for sprayer, bathing and washing facilities, management of environmental pollution.
- **Reservoir at Division 2.** Observation related to provision of clean water, waste management and handling leak in the water engine room, the prohibition of the application of chemicals around the reservoir.
- **Health Units at Division 4.** Observation related to medical waste management, work accident data, disease data of workers, training for paramedics and interviews regarding the policy towards reproductive rights.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, provision of PPE, training, emergency response facilities
- **Fire Extinguishers Warehouse.** Observation on the availability and condition of fire extinguishers and preparedness of fire-fighting team
- **Agrochemicals Warehouse.** Observation related to management of agrochemical material and waste, emergency response facilities and the types of pesticides used.
- **Hazardous Waste Warehouse.** Observation related to hazardous waste management, record of hazardous waste, the condition of buildings and supporting facilities.
- **Field J03, Block J-33.** Observation on land application and monitoring well.
- **Field I05, Block I-30/31.** Observation on HCV management in form of Bekarangan Riparian.
- **Field G04 and F01, Block F33-G33.** Observation on HCV management in form of natural vegetation.
- **Field H03/G02, Block H-27/28 and G-27/28.** Observation on HCV management in form of Bekarangan Riparian.
- **Field H03, Block H-28.** Observation on HCV management in form of swamp.
- **Divisi IV Block L.** During audit visit, access road to the location blocked by flood with more than 1 meter height. According to information from assistant of Divisi IV, the planting outside of land title area has been stopped permanently. No activities in such area.
- **Divisi II, III, dan IV,** occupied land that can be acquired. Existing condition is smallholder rubber plantation. No indication of conflict or coercion by CH.
- **Divisi IV Block K33,** Land title marker number 12, 13, dan 15. All markers in good condition.
- **Divisi II, Block D12, D13,** land title marker number 21, 22, 23, 24 and 15. Mostly the marker in good condition. However, there is indication of shifting location (missplace) of marker number 22 until more than 100 meter.
- **Divisi IV, Block G,** plant inserts (*tanaman sisipan*). No indication of new planting in the block.
- **Divisi I Block C / D 01,** land title marker number nomor 46, and number 38. Boundary marker were in good condition and maintained.
- **Divisi IV, Block G,** HCV area of river buffer zone. Buffer zone in good condition and maintained.
- **Spraying program division 3 in Block D 33-34.** According to the field observation and interview with sprayers, they are able to describe the safety spraying technique, they have been equipped with PPE and they have received routine and specific medical check up. OHS implementation and environment management have been well conducted.
- **Harvesting program, division 3 Block D 40.** According to the field observation and interview with the harvester, the employees have received training in term of harvesting aspect. The harvesters have been equipped with PPE. The wage payment is referring the agreement and the workers have been registered on labour social assurance program.
- **Location of BOB2 at Blok C 8/9.** Observation is conducted on the IPM application (BOB). The condition of BOB is active.

**KKPA-5 Estate**

- **Worker Housing at Division 1.** Observations related to facility employees, domestic waste management, emergency response facilities, provision of clean water, access to basic needs.

- **Rinse place and Storage of Spray Equipment.** Observation related management of tools and PPE for sprayer, bathing and washing facilities, management of environmental pollution.
- **Reservoir at Division 1.** Observation related to provision of clean water, waste management and handling leak in the water engine room, the prohibition of the application of chemicals around the reservoir.
- **Health Units at KKPA-5.** Observation related to medical waste management, work accident data, disease data of workers, training for paramedics and interviews regarding the policy towards reproductive rights.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities.
- **Fire Extinguishers Warehouse.** Observation on the availability and condition of fire extinguishers and preparedness of fire-fighting team
- **Agrochemicals Warehouse.** Observation related to management of agrochemical material and waste, emergency response facilities and the types of pesticides used.
- **Hazardous Waste Temporary Warehouse.** Observation related to hazardous waste management, record of hazardous waste, the condition of buildings and supporting facilities.
- **Block S.51, Division I.** Observation on HCV management in form of cemetery
- **Block R.50-51, Division I.** Observation on HCV management in form of Pejungkungan Riparian.
- **Block N.41, Division III.** Observation on HCV management in form of spring water.
- **Block O-P.40, Divisi III.** Observation on HCV management in form of Karuh Riparian.
- **Landfill.** Observation related to household waste management.
- **Spraying program division 1 in Block T-50.** According to the field observation and interview with sprayers, they are able to describe the safety spraying technique, they have been equipped with PPE and they have received routine and specific medical check up. OHS implementation and environment management have been well conducted.
- **Harvesting program, division 1 Block T 59/60.** According to the field observation and interview with the harvester, the employees have received training in term of harvesting aspect. The harvesters have been equipped with PPE. The wage payment is referring the agreement and the workers have been registered on labour social assurance program.
- **Location of BOB2 at Blok T-50.** Observation is conducted on the IPM application (BOB). The condition of BOB is active.

**Mustika Factory:**

- **Management Process.** Observation and interview with personnel related to FFB's processing into CPO, capacity per station, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, trainings from company and manpower agencies.
- **Machine room/ turbine.** Observation and interview with operator related to the efficiency of fuel utilization, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, medical examination, trainings from company and manpower agencies
- **Boiler Room.** Observation and interview with operator related, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, medical examination, trainings from company and manpower agencies.
- **Loading Ramp.** Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness and rawness criteria.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities.
- **WTP.** Observations and interview related to water management activity, the use of chemicals, PPE, training, medical examination and hazardous waste management.
- **Hazardous Waste Warehouse.** Observations and interview related to hazardous waste management, the condition of building and emergency facility.
- **Drainage.** Observations the condition of drainage in mill, the flow of waste water.
- **Collection place of shell and fiber.** Observation the management of solid waste and condition of collection place.

	<ul style="list-style-type: none"> <li>• <b>Landfill.</b> Observation related to household waste management.</li> <li>• <b>WWTP:</b> the entire WWTP facilities were in good condition, provided safety separator between WWTP and its outside environment.</li> <li>• <b>Empy bunch fruit station:</b> Some EFB found dumped in sewage and lower area, causing potential contamination of surface water channels</li> <li>• <b>Land applicaiton:</b> Flat bed in good condition and conform with requirement. No indication of overflow and spills into surface water facility.</li> <li>• <b>Monitoring well:</b> Monitoring well for land application in good condition and well maintained. No indication of ground water pollution caused by land application.</li> </ul> <p><b>Stakeholder interview</b></p> <ul style="list-style-type: none"> <li>• <b>Tanah Bumbu District Environment Agency.</b> Interview in term of the environment permit, waste management, contaminations and issues and reports from other parties in term of the negative impacts on the environment caused by estate and mill operationals.</li> <li>• <b>Tanah Bumbu District Manpower Agency</b> Interview in term of OHS, manpower social and issues and reports from other parties in term of the negative impacts on the environment caused by estate and mill operationals.</li> <li>• <b>Tanah Bumbu District National Land Agency.</b> Interview in term of the land acquisition legality.</li> <li>• <b>Tanah Bumbu Forestry and Plantation Agency.</b> Interview in term of the annual report , plantation bussiness permit</li> <li>• <b>Local Contractor,</b> Interview in term of agreement letter, payment, safety and health (OHS)</li> <li>• <b>Community figures of Ringkit Village, Girimulya Village, Kuranji Village and Mustika Village.</b> Interview in term of the positive and negative impacts caused by PT SHE.</li> </ul>
<b>2.3 Stakeholder Consultation and Stakeholders Contacted</b>	
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-3</b>	<p>Public consultation with stakeholders of PT Sajang Heulang conducted through:</p> <ol style="list-style-type: none"> <li>(1) Public announcement at website MUTU (<a href="http://www.mutucertification.com">www.mutucertification.com</a>) on 25 april 2016</li> <li>(2) Consultation and interview with stakeholder (Environment Agency; Labour, social and transmigration Agency; Forestry and Agricultur Agency, and National Land, District of Tanah Bumbu on 10 Mei 2016.</li> <li>(3) Visit and interview with stakeholder (villages surrounded the company such as Ringkit Village, Girimulya Village, Kuranji Village and Mustika Village) on 10 Mei 2016</li> <li>(4) Interview and consultation with local contractor on 10 Mei 2016</li> <li>(5) Correspondence with NGO (Walhi) by email on 4 April 2016.</li> </ol> <p>Inputs from stakeholder accepted by the auditor team to be clarified by the Sajang Heulang.</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4 Determining Next Assessment</b>	
	The next visit ( <b>Surveillance 4</b> ) will be determined 1 year after <b>Surveillance 3. (May 2017)</b>

**3.0 ASSESSMENT FINDINGS**

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

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

During the assessment, there were six (6) Nonconformities were assigned against Major Compliance Indicators, eight (8 ) nonconformities were assigned against Minor Compliance Indicators and seven (7) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidences e.g. Those corrective actions taken that consist of six (6) Major non-conformities had been Closed shall be verified during next assessment.

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

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is *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>		
<b>1.1.1</b>		
<p>The company has a list of stakeholders consisting of stakeholders at central, provincial, county, township and village, as well as business partners, NGOs and mass media, in the list consists of a list of contact person and contact numbers fast and accessible. Companies are fixing the list of stakeholders through the confirmation process, and properly recorded.</p> <p>PT Sajang Heulang have SOP Request for Information (SOP 006/SHE-KKM/IV/12), which explained that all the incoming information addressed to the Unit Manager, coordinate with related department and the manager sent a letter of reply. Time frame for response the information request was 1 (one) week and if the requires need the approval from the Head Department, the response of information request maximum of 1 (one) month. Information request and respone was recording in a register book which was maintain in office of each unit.</p>		
<b>1.1.2</b>		
<p>Data recording requests for information is monitored through the book monitoring incoming and outgoing mail. Companies show an example of a letter that was recorded in the book is.</p> <ul style="list-style-type: none"> <li>• Letter of request for consultations / communication from the village of Tri Martani in connection with their public complaints about the results of plasma Trimartani village. Trimartani village invites Management of the unit on 18 December 2015. And the response of the company is sending representatives to attend the event</li> <li>• The invitation from the health service health centers Girmulya about public health education activities. And the response of the company is sending representatives staff to attend the event</li> </ul>		
<b>Status: Comply</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.**

**1.2.1**

In accordance with SOP Request for Information (SOP 006 / SHE-KKM / IV / 12) documents that can be accessed by the public, such as Plantation Business License, EIA documents, certificates / land use title, health and safety plan of work, plans and assessments related to analysis social and environmental impacts, Documentation HCV, planned reduction and prevention of pollution, and complaints, continuous improvement plan, a public summary of the certification assessment report and Human Rights Policy. The document of Plantation Business License and certificates / land use title was keep in head office and the other document placed in the office of each management unit.

Results of interviews with village located around the company, it is known that the village as stakeholders can obtain information and coordinate with the manager of operational unit, it is to keep things that are not desired by the parties responsible.

Retention time the document contained in the SOP of records at poin 6 it describes the retention period and the record incineration. For example, the document stored in the audit inspection needs a period of 5 years and of land compensation records be stored indefinitely. Based on interviews with management known there has been no activity document record incineration and every document is stored in the Estate Office and Factory Offices.

**Status: Comply**

**1.3**

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

**1.3.1**

The Company has a commitment to integrity and ethical conduct codes recorded in SOP Code of Conduct No. 440 / HRM-COC / 07 which was passed on April 27, 2007 and the SOP made in Indonesian. SOP explains that the company has committed to build a long term relationship that is mutually beneficial to the stakeholders, such as increasing the optimal shareholder value. Treat employees equally, not ethnicity, religion and race in all aspects. Provide products and services with the best standards, honest and ethical, attention to customer complaints. Making a positive contribution and beneficial for improving quality of life. Not running political activity and is not affiliated to any political party and does not contribute to any kind relating to political activity and was not allowed to give, offer or accept anything of value that can be categorized as bribes to or from customers, providers otters and services to local government officials and other parties so that they can affect the desired decision. The company has been fulfilling the socialization of human rights policy, Business Ethics on 13 August 2015, located in KKPA 5. The socialization was attended by 120 staff and employees.

**Status: Comply**

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

**2.1**

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

**2.1.1 & 2.1.4**

The relevant legal requirement, local regulation, national and international have been demonstared and complied. Example:

- Reporting of Guiding Committee of Occupational Safety & Health activity every 3 months based on Ministry of Manpower Decree No 4 in 1987 and reporting of work accident based on Ministry of Manpower Decree No. 3 Year 1998. Example for first quarter report (January-March 2016) has been sent on 19<sup>th</sup> April 2016.
- Regulation of Labor and Cooperation Ministry No. 01 Year 1976 about Hygiene Company and Occupational Health Practice Liability for Doctors in management unit that is Dr. Nurhasanah with certificate number 19.650/DH-XV/08 on August 2008.
- Operator licences of steam boiler and heavy equipment still valid, this is accordance with the Regulation of Labor Ministry No. 01 Year 1988 about Qualifications and Requirements for Steam Boiler Operators and Regulation of Labor and Transmigration Ministry No. 09 Year 2010 about Operators and Officer of Heavy Equipment
- Has had Welders for each units who has been trained accordance with Regulation of Labor and Transmigration Ministry

No. 02 Year 1982 about Qualifications of welders in the workplace

- Has been pay wages in accordance with the South Kalimantan Governor Decree No. 188.44 / 0479 / KUM / 2015 dated December 10, 2015, about Minimum Wage of Tanah Bumbu District is Rp 2,100,000 and Companies has shown memorandum Number 014 / RSP-i2 / II / 2016 dated 03 February 2016 from General Manager HRM as a commitment to changes wages for employee.

However the company has not been able to show: **Non conformity No. 2016.01 with Major Category**

- The company has not shown evidence that the electrician has a certificate and / or licensed OHS for electrician in accordance with applicable regulations.
- based on interviews with paramedics in KKPA 5 Estate, explained that paramedics have not get training of Hygiene Company and Occupational Health Practice, it is not in accordance with the Ministerial Regulation No. 1 of 1979.

### 2.1.2

The company has Regulatory Compliance Evaluation document that is updated regularly every year. For last evaluation is on 10 May 2016 by EHS Staff, there are a new regulation example regulation about minimum wages (South Kalimantan Governor Decree Number 188.44 / 0479 / KUM / 2015 dated December 10, 2015), regulation about implementation of Indonesian Sustainability Palm Oil System Certification (Agriculture Ministry Regulation Number 11 year 2015), regulations related Implementation of Program Work Accident Insurance and Life Insurance (Government Regulation Number 44 year 2015), regulation related "Tunjangan Hari Raya" (Labour Ministry Regulation Number 6 year 2016).

The document has covered all management unit and has been communicated to the management unit in accordance with SOP of legal requirements (701/TQEM-ESH/10).

### 2.1.3

Mechanism for evaluation the compliance toward related regulations does not changed from last assessment. Company has Legal Requirement Procedur Number 701 / TQEM-ESH / 10 has been approved on March 6, 2012 which describes the responsibilities of regulatory updates by PSD Department and EHS Manager and always do a review at least 1 year. To ensure information on legal requirements, the company has Regulatory Compliance Evaluation document that is updated regularly every year. For last evaluation is on 10 May 2016 by EHS Staff

<b>2.1.1</b>	<b>Status: Non conformity No 2016.01 with Major Category</b>
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## 2.2

**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.**

### 2.2.1

Consistent with result of verification in previous audit, the right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights. The available document also available in chronological records as follows:

Mustika Estate:

1. Location permit from Kotabaru District Government (prior to Separation to Tanah Bumbu District) dated April 3<sup>rd</sup> 1998 for area of 9,000 Ha.
2. Plantation Business Permit from Tanah Bumbu District government year 2013 for area of 7,794 Ha and POM with capacity of 15 Ton of FFB/hour and Mustika Mill with capacity of 60 ton of FFB/hour.
3. Land Use Title (HGU) certificate with total area 7,794 Ha consists of:
  - Land Use Title (HGU) certificate number 26, dated December 4<sup>th</sup> 2000 for 150 Ha.
  - Land Use Title (HGU) certificate number 27, dated December 4<sup>th</sup> 2000 for 56 Ha
  - Land Use Title (HGU) certificate number 28, dated December 4<sup>th</sup> 2000 for 200 Ha
  - Land Use Title (HGU) certificate number 34, dated May 14<sup>th</sup> 2002 for 5,260 Ha
  - Land Use Title (HGU) certificate number 35, dated May 14<sup>th</sup> 2002 for 2,128 Ha

Complete chronology of land acquisition of Mustika Estate process can be found in "Risalah Panitia B / Committee "B" report" and Cadastral Book of the land title.

KKPA 2, 3 & 5

All of KKPA (small holder) area entirely owned by community and handed over to be managed by PT.SHE based on

agreement agreement with the Cooperative of Tuwuh Sari as representatives of the community on January 5, 2000. Total area under KKPA area 16,000 hectares, spread over 27 Village 4 Districts, with the number of farmers of 8,100 members.

KKPA Smallholder was established according to recommendation of the Government of Kotabaru District number 590/1849 / Tibum dated March 18, 2000 and Recommendation of Tanah Bumbu District number 525/1023 / BUN / 2005 dated December 22, 2005. Evidences of KKPA land ownership are still retained by creditor bank due to loan agreement with Bank Permata and Bank Niaga.

### **2.2.2**

#### **Mustika Estate**

For land demarcation, there are physical marker (pole) along land title boundary installed by National Land Administration Office (BPN) of South Kalimantan Province in year 2004 which refers to the land title boundary map year 2000 and 2002. In addition, there are also physical separator between Mustika Estate and its surrounding environment in the form of boundary trenches surrounding the estate.

For maintenance purpose, there is also boundary marker register book issued by BPN of South Kalimantan Province (50 major markers and 354 small markers). There was also SOP for Maintenance of Land Title Marker was in place which describe step of periodic monitoring and maintenance of marker. as a sign of the concession boundaries. Based on the results of site visit to estate boundary in Division IV, Division II, Division I and Division III of Mutiara Estate, auditor concludes that most estate boundary markers are in good condition and available physically. However, based on GPS there are some markers were found not in the correct position according to boundary marker map which shifts up to 120 meters. **Non conformity No. 2016.2 with minor category.**

#### **KKPA 2.3. 5**

Boundary between KKPA and its surrounding environment are block marker and physical separator in the form of block road or collector road. Based on field visit to KKPA 5 area, block boundary markers are all in good condition (maintained) and clearly marked.

### **2.2.3**

#### **Mustika Estate**

Interviews with stakeholders and field visits showed that by the time ASA-3 audit was held, there were no ongoing land conflicts between growers and the community.

Hectare statement documents showed that within HGU area, there were 222 hectares of land that can not be utilized due to overlap of land ownership claim with the community. The control by the community occur before the land title certificate was issued and the land owners were not willing to be compensated.

To address these issues, there is agreement between PT. SHE and land owners made in May 2015 and witnessed by local authorities (village chief). The contents of the agreement is that the community aware that the agricultural land utilized by the community are part of concession of PT SHE, but there is no dispute between PT SHE with the community because PT. SHE will not make any land grabbing without prior agreement.

In addition to the aforementioned occupational area, there is no other land claim cases are ongoing. The whole land has been compensated by PT. SHE as indicated by the Land Acquisition Report in Mustika Estate. Documentation of land acquisition available completely.

#### **KKPA 2.3. 5**

All plantation area operated under KKPA sceme are belongs to the community, so that no land conflicts with PT. SHE. Documenting of KKPA land ownership has been done by each village and the Parent Cooperative of Tuwuh Sari as identified by yellow card ownership (plasma members). The average area of land ownership of each member is 1.75 hectares. The revenue sharing to each farmer is based on the proportion of the land ownership.

### **2.2.4**

As previously mentioned, by the time ASA-3 audit was held, there were no ongoing land conflicts between growers and the

community. A number of land disputes that occurred have been solved by means of deliberation in accordance with the SOP.

Records of deliberation and conflict settlement provided in the department of PSD. Sample of conflict settlement are:

- Report of consultation with Parliament of Tanah Bumbu dated May 6, 2010 regarding settlement of land claims by villagers of Tiberao Panjang and Waringin Tunggal Village.
- Report of Special Committee of Parliament Tanah Bumbu to PT.Sajang Heulang Plantation, April 22, 2012 to facilitate the settlement of land claims.
- Report of a dialogue between representatives of the claimants of Block B9 KKPA 3 and members of parliament dated September 15, 2012.
- Minutes of the Joint Meeting dated October 15, 2012 between the Parliament, PT. SHE, Lawyer, Head, Police Chief, District Forest Office, the Village Head and Village Communities concerned.
- Minutes of meeting dated 19 November 2012 between representatives of companies with the villagers of Tiberao Panjang.
- Minutes of agreement on occupation areas on May 2015 between the company, claimants community and local government (village head).

**2.2.5**

A number of land disputes that have occurred have been resolved and have been mapped by PSD department. For conflict resolution guidance, there is SOP regarding Land Acquisition in document number 343 / PSD-OKUP / 11 dated February 23, 2013, which provides guidelines for the implementation of land acquisition included the implementation of the disputed settlement land mapping of disputed land.

In the case of land conflicts occur, provided evidence of the implementation of participatory land dispute resolution and involving the affected party. Examples of community involvement can be seen in the previous 2.2.4 indicator

**2.2.6**

PT SHE can show documentation of policy of PT. Minamas Gemilang regarding land acquisition which mentioned that no to use violence in any land acquisition, conflict resolution practices, and all plantation operations that being carried out and / or planned.

Field visits and public consultation with villagers around the plantation showed no indication of the use of violence by growers in the settlement of disputes with the public. The whole problem settled amicably or through legal channels.

**Status: Comply**

**2.3**

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

**2.3.1.**

Mustika Estate

Plantation area of PT. SHE all are originated from state owned land or individuals that have been acquired. There is official statement letter from the Land Administration Office of Tanah Bumbu No. 000/171 / KP.12, dated July 15, 2010, which explained that within the land title area of PT. Sajang Heulang, there are no areas under communal customary tenure or *ulayat* land.

For private / individual land, the company has conducted fair negotiation and land acquisition as shown by negotiation documents and payment of compensation to land owners, as well as settlement of claim as noted in the previous 2.2.4 indicators.

As guidance of FPIC implementation, CH has developed SOP number 343 / PSD-OKUP / 11 dated February 23, 2013 governing the implementation guidelines for land acquisition with fair compensation and without any coercive approach.

Based HCV identification report in 2010, there is small area identified as HCV 6 which is Tomb of Achestors of Setarap Village community. This area has been excluded from the production land and it has been communicated to the community

in public consultations of HCV area on January 6, 2010.

**KKPA 2,3,5**

All plantation area operated under KKPA sceme are belongs to the community. There are no issues regarding communal or customary land occupation in KKPA area. This has been confirmed through public consultation during ASA-3 audit visit.

**2.3.2**

For any private / individual land, the company has conducted fair negotiation and land acquisition prior to Land Title issuance as shown by negotiation documents and payment of compensation to land owners. For example:

- Reports Indemnity payments to villagers of Kuranji village for an area of 220.90 on 13 August 1997. Compensation including cattle sheds, barbed wire costs, and indemnity for *padi* field, agricultural farm.
- Reports Indemnity payments to villagers Mustika and Kuranji village for an area of 114.23 Ha dated December 20, 1997.
- Reports of Indemnity payments to villagers of Bekarangan and Karang Mulya village for an area of 196.015 ha dated 11 to 27 July 1998. 20 villagers involved from Karang Mulya and 11 villagers from Bekarangan.
- Reports of Indemnity payments to villagers of Bekarangan vilage for an area of 85 hectares dated Nov. 3 1998.
- Reports Indemnity payments to villagers of Karang Mulya District for an area of 111.75 ha on February 29, 2000 for the costs of the compensation to the owners of 131 plots of land.

**2.3.3.**

For any private / individual land, the company has conducted fair negotiation and land acquisition prior to Land Title issuance as shown by negotiation documents and payment of compensation to land owners. All documents and records regarding indemnity agreements made in the Indonesian language that can be understood by all stakeholder, including the maps, agreements, delivery notes and the rule of law .

**2.3.4**

Verification of documents and public consultation showed there was no infringement of traditional / customary in the area of the Mustika Estate. All documents regarding indemnity payments made in the Indonesian language that can be understood by all stakeholder.

Negotiation records showsn that In any negotiation that requires collective agreement, the community has been represented by leaders chosen by the themselves of the village or community leaders. In the case of land disputes, the company invites the public representatives or lawyer appointed by the community itself.

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

**3.1**

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

**3.1.1**

Company plans document consists of the annual plans (2016/2017) and long-term plans in the next three years (2018 to 2021) for the mill and any estate. The planning documents include the operational area planning and reserve area, the costs of plants treatment, price, infrastructure, up to the production cost, as well as other production variables such as tonnage and yield of the products. Variable of EHS cost and social have also been included in the plans. However, the estimated price and financial indicators have not been described in the document. Based on the explanation is found **Non conformity No. 2016.3 with Major category**

**3.1.2**

The company has had a long-term plan that describes the replanting program for the next 5 years. Based on these documents replanting activities scheduled to begin in 2016/2017 at Mustika Estate with an area of 204 Ha.

Field visits in Mustika Estate and KKPA -5 shows that since the activities of ASA-2 to ASA-3 is known that the company has not conduct replanting.

**3.1.1 | Status: Non conformity No. 2016.3 with Major category**

**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 have operational procedures such as documents SOP REFERENCE MANUAL Agronomy (AGRICULTURAL REFERENCE MANUAL) No.Policy: 110 / EST-ARM / 08, adopted on December 22, 2008 CEO, GM, Controller, HPO, SGM the document contains about planting material , nursery technique, replanting, land preparation, planting density, maturity age, field upkeep, manuring, canopy management, water management in coastal soil / peat on plant oil palm, ablation, standard ripeness, harvesting interval, traceability, plant protection.

The company also has procedures palm oil mill PT. SHE Mustika POM from reception of FFB, CPO and processing to dispatch of PKO to the operational activities of palm oil factory, SOP 110 / POD-FAC / 07, about the basics of palm oil processing such as reception of FFB, boiling (sterilization), striping, digesting, pressing, clarification, separation of seed and fiber, kernels stations, stockpiling oil and palm kernel, laboratory management, boiler, engine power, the types of plant machinery, security and safety Works.

SOP made in Indonesian and based on interviews with harvesters in Mustika Estate and KKP5 mind that harvesters have understood the technique works and understand stardart set forth in SOP. Based on interviews with employees spray known that an understanding of the SOP to be reminded in a meeting in the morning before starting work and worker has understood the techniques and the use of toxic materials accordance with the applicable SOP.

**4.1.2**

Internal controls (eg audit and review, field inspection) to examine the application of SOP carried out through activities and Mill Plantation Advisory Advisory carried out at least 1 time in a year. There are examples of Plantation Advisory KKPA 5 on 15-16 December 2015 and in Mustika Estate held on 10-13 August 2015 and documents the responses of each management unit. The scope of this activity, among others, on the achievement of production, OHS activities, best management practices, the environment and follow up on the findings of the internal audit earlier.

For Mustika Factory Provided Mill Visit Report No. MTF / 01 / 15-16, 24-26 of May 2015 and its response to the improvement of the unit Mill. In it provides an overview of the management at each process station, performance mill, Mill maintenance, Occupational Safety & Health, costs of production, labor, purchasing and inventory, product sales CPO / Kernel and deliveries, safety and follow-up on internal audit findings before

**4.1.3**

Monitoring of the implementation of the operational work of one of them can be shown in the monthly report as follows:

- KKPA 5: Monthly report april 2016 period which includes the information regarding the description plantation activities ranging from monitoring rainfall, fertilization, pesticide use / maintenance, harvesting, infrastructure, etc. Examples of the data presented in the document is a recapitulation of production for the Division 2 plasma with a land area of 54.22 ha, the month was 4,557.32 tonnes of FFB from the budget this month amounted to 5,450,63 tonnes of FFB. Based on these reports also note the realization of the maintenance circle weeding for Mature planting year 2006 the realization of 1.068 ha, from the budget this month amounted to 1,281 ha
- Mustika Estate: The monthly report of April 2016 period which includes the information concerning descriptions of activities ranging from monitoring monthly rainfall, fertilization, pesticide use / maintenance, harvesting, infrastructure, etc. Examples of the data presented in the document is the realization of the pruning total realization: 2,444.9 Ha from of the budget this month amounted 5,634.6 Ha, the actual harvesting is 12,288 tons FFB, Realization of selective weeding 10,352.6 ha from of the budget this month amounted to 12,865.9 ha
- Mustika Mill: The monthly report period April 2016 that describes: operational activities such as factory production and delivery, quality analysis, production costs, labor data, achievement of process, maintenance management, Quality management, Cost management and inventory stock. Examples of the data presented in the document is the realization of CPO production for March 2016 was 2,028,064 kg with the extraction rate of 21.30%. Realization of kernel production for March 2016 was 339.263 kg with the extraction rate of 3.56%.

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 been making efforts to preserve fertility with fertilizer activities in accordance with the SOP, among others

- Minamas reference manual in 2013 either version 3 of fertilization on imature age and mature. Mature plants fertilizers for plants based on the interpretation of the results of the analysis of the leaves. In the book is arranged MRM also about the application of liquid waste and empty bunches for fertilization
- SOP Leaf sampling unit dated the 2nd of January 2014 ratified by each manager unit PT Sanjang Heulang, in the SOPs set about sampling leaves for fertilizer recommendation.
- SOP Block manuring system No. 01 dated 2 January 2014 ratified by each estate manager at PT Sanjang Heulang, in the SOP regulates the procedure for the technical implementation of fertilization of employees up to the preparation and implementation of turnaround time employees

Oil palm crop fertilization is based fertilizer recommendations of Minamas Research Center based on the analysis of leaves that are conducted regularly. The type of fertilizer used, among others, NPK, Kieserite, Rock Phosphate, HBFGB (Borate), fertilizer recommendations also set the dose in each palm trees, and the area of fertilization. The Company has a dose of fertilizer recommendation year period 2015 - 2016 for the following KKPA HGFB (48% B2O3) 0,09 kg / palm tree, MOP (60% K2O) 1.75 kg / palm tree, RP (28% P2O5) 1.5 kg / palm tree, NK Blend 3,25 kg / palm tree

**4.2.2**

Companies have documentation of efforts to maintain soil fertility through the implementation of a controlled fertilization, maintenance of cover crops, empty bunch of applications and also land application. realization of inorganic fertilizer July 2015 until April 2016 for Mustika Estate is to fertilize RP

795.742 kg, NK Blend 1,579,217 kg, HGFB 43 077 kg. As for the second half not KKPA for fertilization, it is based on the Internal office mail from Head Plantation Upstream Indonesia regarding stop fertilizing mature area in the month of December 2015 with the number of letters POD-UM-104 / XII / 2015. The letter explained that starting on December 7, 2015, to stop the application of fertilizer in Mature area. To cover crops, in KKPA SHE generally no longer exists legume cover crops considering the soil surface was covered with oil palm canopy. Instead, to maintain soil moisture and helps fertility natural plant maintenance performed neprolephis sp. and other types of soft grass.



**EFB Application**

**4.2.3**

The Company has a sampling unit SOP SOP Leaf SHE dated the 2nd of January 2014 ratified by each manager unit PT Sanjang Heulang governing sampling leaves for fertilizer recommendation. The Company has also conducted sampling techniques leaf (LSU) conducted in KKPA 5 on 31 July 2015 followed by 27 participants employees of PT SHE.

The Company showed evidence of historical data sampling leaf (LSU) Period 2016 -2017 for example sampling leaves in KKPA 5 Division 1 block V51 held on 1 August 2015 by the executor on behalf Rusmini and Narno. Based on a sampling of data hostoris leaf (LSU) in Mustika Estate division 3 in block C013 planting year 1997 conducted by Rosidah and Supardi. Document the results of the analysis carried out by MRC leaves are sed as the basis for fertilizer recommendations for the 1st semester and the 2nd semester of 2017. The Company has results from the soil analysis of the Research Institute of Environmental Research Center Ministry of Education and Culture University Mangkurat No. 123 / UN8.2.1 / PL / 2016 file

code SQ-002/2016 dated February 10, 2016.

**4.2.4**

Nutrient recycling strategy which is implemented by the company include the use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME). in the monthly report for the month of April Mustika Realisasi 19,506 Ton Estate is an area of 494.03 ha application. and based on the application recap effluent (POME) reported monthly report Mustika Mill is 18.663 m<sup>3</sup>. Based on the results of the visit in block C 8/9 found EFB applications with a dosage of 40 ton / ha retailed evenly among the plant without covering the circle. While the application of sewage based on observations in Land application of wastewater applications with a common position on interval row were well maintained and there are no leaks and based on the application recap effluent (POME).

**Status: Comply**

**4.3**

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

**4.3.1 & 4.3.2**

The Company has marginal soil maps at each unit, Mustika Estate based document Soil Fertility Survey Report MTE period 2013-2018 were carried out in October 2013 covering an area of 4004.88 ha Physiography flat (0-2%) covering 93.4% and wavy (2 -6%) totaling 6.6% with type Ultisol, Alfisol, Oxisol, Inceptisol. To KKPA 5 Soil surveys based document review and evaluation of the suitability of land for oil palm in the garden KKPA-5 PT. Sajang Heulang conducted by the Research Department in 2012 Plantation Minamas loading. Physiographic flat (0-2%) covering an area of 2,072 Ha and wavy (2-6%) covering an area of 584 hectares with the type of soil Typic Plinthudults area of 2,363 Ha and lithic Hapludults area of 293 Ha

Based on observations in the field in real Mustika Estate division 3 at D 33-34 blocks on the right side of the road made silpit road in path that serves to drain the water from the road (road maintenance) and serves to maintain soil moisture. It also applied an empty janjangan applications to reduce erosion. Based on the description above that area opened and planted by the companies are not on slopes > 40%, but there are some efforts such as the application of long bed and a U shape front stacking is done to anticipate the availability of water and nutrient leaching in areas that wavy.

**4.3.3**

Recapitulation program and the realization of the road maintenance period s.d april 2015 20116 based report management meeting in april 2016 MTE known treatments on the street Main road along the 10,945 meters and 106.594 meters along the road collection. Based on observations in the field MTE in the division 1 block C5 / C6 and B2 / B3 is found road conditions already quite well maintained and can be bypassed by FFB transport unit. Based on the report of management meeting in april 2016 KKPA known road maintenance garden Main road along the 8,975 meters and the collection of road: 189.594 meters. Based on the above description shows that the company has had a program and the implementation of road maintenance as well in support of operational activities such as transport FFB. As for the fifth time in KKPA examples of field observations street road condition is quite well maintained and can be bypassed by FFB transport unit.

**4.3.4 & 4.3.5**

Based on the results of semi-detailed soil survey in 2013 by PT. Sumber Makmur Anugerah Minamas Research Center (MRC) is known that in the area of PT. SHE there are no peat areas.

**4.3.6**

To minimize the nutrients leached from runoff, fertilizer management and water management conservation, the management unit apply EFB for covering surface land and fertilizer. in the monthly report for April, Mustika Estate realization of EFB applications as much as 19,506 ton covering an area of 494.03 ha. Based on the results of the visit in Mustika Estate Division 3 in block C 8/9 found EFB applications with a dosage of 40 ton / ha retailed evenly among the principal without covering the circle. While the application of sewage based on observations in Land application of wastewater applications with a common position on path were well maintained and there are no leaks and based on the application recap effluent (POME) is 18.663 m<sup>3</sup>.

Status: Comply

#### 4.4

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

##### 4.4.1

Management unit has conduct water management in the mill or in the estate. Management activities that have been done by the management unit, consist of:

- Perform effluent management on WWTP ponds before being used on the estate in accordance with the permit.
- Perform testing of groundwater quality in the area of the land application and groundwater around settlement.
- Minimize water usage at the mill by utilizing the water used from cooling turbine for mill process water consumption.
- Determining the schedule (opening hours) distribution of domestic water every day.
- Perform marking area on the riapiran of Bekarangan River
- Installation of signboard about the prohibition of fish poison and cutting down trees in riparian area.
- Socialize the prohibition of chemical use in riparian area that conducted every morning breafing.
- Perform testing the quality of surface water (rivers and reservoirs) that exist in the operating areas

Field visits at the Housing of Division II, Mustika Estate shows that there is a possibility of oil spillage from the pump housing to water sources (reservoirs) that are utilized by workers. Based on the explanation is found **Non conformity No. 2016.4 with minor category**

##### 4.4.2

The management unit has had a map of the surface water contained in the operational area consisting of Bekarangan River, Pejungkungan Rivers and Karuh Rivers. The results of field visits in the Bekarangan Riparian, Field I05, Mustika Estate shows that the condition of riparian areas is still in the form of natural vegetation (see figure). Besides that, field visit at Pejungkungan Riparian indicates there has been a prohibition signboard of spraying activity on the oil palm tree that marked by yellow paint. The company has marked the boundary demarcation with a distance of 50 meters from the water bodies. The management unit has also been planting trees such as *angsana*, *jelutung* and bamboo. Interviews with spraying team in Mustika Estate and KKPA 5 shows that they had known about the ban on the chemicals use on the riparian. In addition the company also



testing the quality of Beranganan river water and mill reservoirs every 6 months by the Sucofindo. The testing results of semester II year 2015 showed that there are some parameters that do not meet with quality standards. The management unit has not been able to show the evaluation of the testing results of surface water quality (rivers and reservoirs) in March 2016 and September 2015, which does not comply with the quality standards consist of BOD, COD, fecal coliform and total coliform. Based on the explanation is found **Non conformity No. 2016.5 with Major category**

##### 4.4.3

Effluent by the mill is managed on an WWTP before it is applied to the estate. The company has licensed of land application according to the Decree of the Environmental Agency Head of Tanah Bumbu Regent dated August 21, 2013 in force next 3 years. The mill has also been monitoring the quality of effluent that is conducted every month by the Sucofindo. Document review shows that the effluent quality from May 2015 to March 2016 still meet quality standards. Field visits in Field J33 and J32, Mustika Estate indicates that the effluent has been applied in accordance with the permit and there are monitoring wells to determine the impact of the utilization of effluent on groundwater.

##### 4.4.4

Interviews and field visits shows that the water used for processing activities in mill comes from reservoirs. The results of

field visits in WTP shows that flowmeter in good condition and monitoring water use has been made by the operator on a daily basis. Documents review showed that the average water usage at the mill during the period of October 2015 – March 2016 exceeded the budget set (1.5 M3air / Ton FFB). Based on the results of the evaluation conducted by the management unit, it is known that excess use of water caused the decline of FFB process. Actions taken by the mill of which is efficient the use of water for cleaning the mill, maintaining the efficiency of water use for the machines processing, monitoring and evaluation of water usage per month.

**4.4.1 Status: Non conformity No. 2016.4 with minor category**

**4.4.2 Status: Non conformity No. 2016.5 with Major category**

**4.5**

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

**4.5.1**

PT. SHE already has a working program for the integrated pest management that describes: the prevention of pest caterpillars palm leaves (nettle caterpillars, bagworms) through planting beneficial plant (Turnera subulata, Cassia cobanensis, Antigonon leptosus) and monitoring the attacks, the development of BOB (Barn Owl Box or Box / Home Owl), census monitoring / observation monthly pest attacks.

Management of Mustika Estate unit has installed 85 nest box with the condition of 75 inhabited and 10 are not inhabited, and the condition of nest boxes in good condition. Based on the monitoring report april 2016 there were no rat attacks, ganoderma, bagworms and nettle caterpillars, and Oryctes. The company also planted Turnera subulata 187.191 meters, casio cobanensis Antigonon 144.795 meters and 56.985 meters. So there is no application of chemicals used for pest control.

Management KKPA unit 5 has installed 51 units of nest box. Based on the monitoring report april 2016 there were no known rat attacks, ganoderma, nettle caterpillars, bagworm, and Oryctes. The company also planted Turnera subulata with a density of 2.47 meters / ha, casio cobanensis with a density of 3.24 meters / ha and Antigonon with a density of 1.97 meters / ha. So there is no application of chemicals used for pest control.

**4.5.2**

Pest and disease controlling team has organized very well. To increasing competency of each pest and disease officer, the company conducting yearly training. The company conducted training in KKPA 5 on 31 July 2015 followed by 27 participants employees of PT SHE. During the audit, auditor has been interviewed pest and disease officer from KKPA-5 and Mustika Estate, the officer can describe and demonstrated detection and census procedures very well. Moreover, he can demonstrated how to calculate infestation level.

**Status: Comply**

**4.6**

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

**4.6.1, 4.6.2 & 4.6.3**

The Company has established a policy to not make use of Paraquat is outlined in the memorandum of the Head Plantations Operation (number: POD-UM-127 / X / 2008, dated November 4, 2008) the Recommendation Replacement Application Active Ingredients Paraquat-Gramoxone at Minamas Environment. The company also has a ban on the use of RATGONE / brodifacoum of Plantation Advisory 16-18 July 2013.

The company implements the system Early warning system (EWS) is by monitoring pests and diseases routinely before action is taken to control pests and diseases using chemicals in case of an attack. Companies use pesticides that have been listed in the Pesticide Commission in accordance with the needs and targets in the field.

Based on the results of field observations in Mustika Estate in division 3, the spray the herbicide was found that the material used is a mixture of 50%. Herbicides used when spraying is a mixture gliposat and fluroksipir (broadleaf weeds and narrow leaf weeds) at a dose of 250 cc per hectare gliposat and fluroksipir 60 cc per hectare to spray circle. The company has been doing the recording of pesticide use per hectare every month for example for gliposat levels of pesticide per hectare 0.004 l / ha, trichlopyr 0.011 l / ha. The foregoing shows that the company has noted the use of pesticides on a regular basis.

**4.6.4**

Based on interviews with workers spray in MTE division 3 blocks D33 / 34, and KKPA 5 Division 1 block T59 is known the company had made no use of pesticides paraquat. The foregoing shows that the company has set a commitment not to use materials such as Paraquat and brodifacoum. Pest and disease census that has been done concluded until this assessment there was no massive infestation. All pest and disease infested below the economic threshold. So far, pesticides usage only for weeding. There is no pesticides usage for prophylactic use. Based on the results of field visit in chemical warehouse known that the management unit not use the pesticides containing paraquat, The pesticide type in the warehouse consist of Starane (Fluroksipir), Meta Prima (Metil Metsulfuran), Audit (Gliposat).

**4.6.5**

Handling, use or application of pesticides have been done by employees had attended training. Security equipment and application form of PPE has also been provided by the company. The company has shown evidence of implementation of technical training and OHS spray job on September 7, 2015. The event was held at the BSS home of KKPA 5 and followed by 17 employees spray. Mustika Estate in spray training was held on 30 April 2016 followed by 17 people. Training spraying for employees have used Indonesian that can be understood by the employees.

Based on the interview in mind that PPE is provided by the company and if there is damage it is replaced by giving damaged PPE. PPE kept at home BSS together with the spray equipment. It also earn extra pudding made of milk that is given before work spray. based on field observations PPE used consisted masks, goggles, headgear, apron, gloves, boots according to the company HIRAC. Based on field visit and interviews with the foreman of spray, pesticide application done according to the dose stated on the product and spraying workers are use the PPE according to the MSDS for example goggles, mask, apron, and boots.

**4.6.6**

Storage for chemicals stored in the warehouse of chemicals, storage area is equipped with a fan exhaust, eye wash, PPE, a mixing of chemicals, MSDS, and any chemicals material placed based on the type of chemicals. Waste handling pesticides conducted according to SOP of Storage Packaging Pesticides SHE(No.709/TQEM-ESH/10) explained stored pesticide Packaging in hazardous waste temporary warehouse and stored in accordance with applicable regulations. The hazardous waste management, including waste handling pesticide containers, which are not permitted their use (reuse) of used packaging waste (points 5.2.5), but are managed by: destroyed by way split apart, put in an empty drum, and then sent to the polling station in the hazardous waste warehouse at Mustika Mill and Mustika Estate. Based on license of hazardous waste warehouse PT SHE said in obiter to-2 that: 3R efforts for its own purposes must comply with the applicable regulations.

Based on field visit on hazardous waste temporary warehouse is known the pesticide containers, Used oil, Woven cotton waste, and others have been kept in accordance with its type. Hazardous waste temporary warehouse buildings in accordance with the coordinates are allowed, not on a flood-prone areas, far away from the settlements, has been fitted with a symbol hazardous waste, fire extinguisher, showereye wash, have oil traps and reservoirs. Results of interviews with officer at hazardous waste known that the officer had understood SOP management of such waste. Officers have also been facilitated by the PPE.

**4.6.7**

The company has set some strategies to reducing risk and negative impact on pesticides use ie. pregnant or breastfeeding mothers not allowed working as chemical applicators, Always used PPE at work, Extra food to reduce chemical effect and All spayer must drinks a glass of milk after finished work, Conducting annual medical check. Socialization of MSDS every morning before start to work. Based on field visit at the wash house pestiside of MTE and KKPA 5, known that management unit has a facility for mixing the herbicides, storage the PPE with good condition and washing water stored for subsequent reuse as water mixture to spray.

**4.6.8**

Based on interviews with workers spray, field visit and document review are also known to the company did not perform the application of pesticides from the air.

**4.6.9**

The company has demonstrated the implementation of technical training and OHS spray job on September 7, 2015. The event was held at the home BSS KKPA 5 and followed by 17 employees spray. There is evidence of the implementation of training in Mustika Estate spray training was held on 30 April 2016 followed by 17 people. Training spraying to employees have used Indonesian , so it can be understood by the employees. all employees have been trained and have knowledge of pesticide used.

**4.6.10**

In accordance with the Waste Management Plan document, SOP No. 709 / TQEM-ESH / 10 on B3 Waste Handling and Work Instructions No. 701 / IK-TQEM-ESH / 10 on the Handling of Pesticides Used Packaging, agrochemical waste from plantation management unit transported to storage facilities licensed in Mustika Estate (core) for further transported and collected by third parties are licensed.

There Minutes handover B3 No: 02 / BAST / SHE-LB3 / IV / 2016 dated April 16, 2016 that proves the delivery of emergency B3 PT Sajang Heulang to PT Nazar one of which is packaging waste herbicide / agrochemical which amount 80 Kg

**4.6.11**

Company has done medical checkup for pesticide operators every year by examining the levels of cholinesterase. The last medical checkup has been done on August 2015 with the following results:

- Mustika Estate: medical checkup for 11 pesticide operators with the results in normal circumstances.
- KKPA-5: medical checkup for 20 pesticide operators with the results in normal circumstances.

Company also has a list of employees who worked as pesticide operator by the number for Mustika Estate is 31 workers and in KKPA-5 there were 29 workers. Based on document verification of list of employees and medical examination, it is known that not all spray workers has been checked the health. **Non conformity No. 2016.6 with Major Category**

Based on interviews with paramedics and workers spray, there are no workers / operators who exposed disease due to pesticides.

**4.6.12**

Based on interviews with female workers on spray activities in KKPA 5 and Mustika Estate, all workers have understood that pregnant and breastfeeding women should not be doing work related to chemicals.

**Status: Non conformity number 2016.6 with Major Category**

**4.7**

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

**4.7.1**

Company has OHS policies that approved by CEO Minamas Plantation dated August 27, 2010 explaining that Plantation Upstream Indonesia is committed to improve the safety and health include staff / employee, contractor and visitor / guest through the efective implementation of Occupational Health and Safety Management.

Company has OHS work program period 2016 for PT. Sajang Heulang was made by P2K3 secretary and approved by the P2K3 Chairman on January 1, 2016. the program has been set such as meeting about OHS, First Aid training, training of job techniques, simulation of fire fighters conducted two times a year, maintenance, installation and monitoring OHS tools. Evaluation of work program always conducted every year.

**4.7.2 & 4.7.7**

Documents related to risk assessment on each activity has not changed from the previous assessment. The documents listed in document HIRAC (Hazard Identification, Risk Assessment and Risk Control). The Company has evaluated document of HIRAC every year example on January 2016 for KKPA and July 2015 for Mustika Estate. Company can increase the risk assessment by detailing the types of PPE according to the product label. **OFI**

Based on field observation at Water Treatment Plan, it is known that the company has provided masks to workers with the type of mask that equipped by carbon filter which will prevent micro particles, chemicals, bacteria and unpleasant odors. Based on MSDS label of chemicals Alluminium Sulfate and Soda Ash, PPE to be used, among others a mask with dust

protection. Based on these explanations, it is known that the company has provided PPE according to the product label.

Company showed monitoring of occupational accidents for period 2015 and January-April 2016 describes the date of incident, the victim's identity, the scene, the type of accident, loss of working days, the category of an accident until the cause of the accident. In period 2015 and January-April 2016 there is occupational accident for example in Mustika Estate there are 4 accident with 12 lost days and in KKPA-5 there are 15 accident with 31 lost days. Every accident has conducted the accident investigation that explains details of the incident and the victim, incident description, type of accident until the corrective action.

#### 4.7.3

Company has provided PPE to workers in accordance with the risk identification and the product label. There is evidence the provision of PPE in the form of an acceptance report signed by workers, for example acceptance report to give PPE (Helmet) in Mustika Estate on 18 April 2016 to all harvester.

Companies can show evidence of providing training to workers with document among other news event of training, register absent, photos and license/certificate. for example training of spray working and OHS for spray teams on KKPA 5 Division 1 on September 7, 2015 for 9 workers about how to work, PPE should be used, washing and storage the tools.

Besides that the company showed evidence of training such as certificates, operator license, welder and electrician license, for example: operator licenses of energy and production equipment, operator licenses of Steam Boiler, license welder class III, operator licenses of heavy equipment. Based on interviews with a welder in the workshop, workers can explain safety working procedure at the welding activities, has been given PPE and have received training.

however the company has not been able to show: **Non conformity Number 2016.01 with Major Category**

- The company has not shown evidence that the electrician has a certificate and / or licensed OHS for electrician in accordance with applicable regulations.
- Based on interviews with paramedics in KKPA 5 Estate, explained that paramedics have not get training of Hygiene Company and Occupational Health Practice, it is not in accordance with the Ministerial Regulation No. 1 of 1979.

#### 4.7.4

Person in charge about OHS is listed in P2K3 structure is unchanged from the previous assessment. Meeting to discuss about OHS is regularly done every month on meetings P2K3. Example meetings held on May 3, 2016 conducted by the Chairman of the P2K3, assistant division, foreman and office employees with total participant is 19 people to discuss the monitoring of safe work, provision of personal protective equipment, installation of OHS signs and completeness of extinguishers. Based on interviews with the Labor Agency, company had P2K3 structure in accordance with the regulations.

#### 4.7.5

Company has made some effort to deal with accidents and emergencies, among others:

- Has had a procedure related to accidents and emergencies. The procedure still same as the previous assessment.
- Has emergency response facilities and infrastructure, among others extinguisher, first aid kit, water pump and hoses, Hydrant until extinguisher uniform. Based on field visit to the warehouse fire extinguisher in the MTE and KKPA5 and Mill, it is known that fire fighter equipment such as water pump and hydrant machine is standby and can be used.
- Conduct training related to emergency response, among others: first aid training conducted on March 2, 2016, training in the use of fire extinguisher has conducted on May 12, 2015. Based on interview with foreman in harvest activity and spray activity, it is known that the worker has knowing how to use first aid kit and how to handling a accident.

#### 4.7.6

Company has registered all employees in the program BPJS (Workers Social Security Agency) and the company can show proof of payment every month. Based on document verification of list employees and insurance payment in March 2016, it is known that not all freelance workers in KKPA5 has been registered into the occupational accident insurance. **Non conformity No. 2016.8 with Minor Category.**

Companies also can show evidence that the occupational accident has been claimed to the insurance. There is evidence of claim to the insurance such as Determination Slip of Accident Insurance from Workers Social Security Agency (BPJS), Evidence of transfer to the company account and victim account. Example claim for accident with name of victim Ferdinandus in March 10, 2015 with injury on right eye that is decreased function of the eye. Payment of the claim made in March 2016, with proof of transfer.

**4.7.3 Status: Non conformity No 2016.1 with Major Category.**

**4.7.6 Status: Non conformity No 2016.7 with Minor Category.**

**4.8**

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

**4.8.1**

Company has identified the training needs for workers in accordance with the position and level, Company showed the following documents, among others:

- Training program for MTE and KKPA-5 period 2015-2016, among others: harvest training is planned in February 2016; spraying training is planned in September 2015; fertilizing training is planned in August 2015; Safety Driving training is planned in April 2016; Emergency response training is planned in June 2016 and training of fire fighters is planned April 2016.
- Training program for MTF period 2015-2016, among others: First Aid training, RSPO training, OHS training, administrative, process flow and OHS for Contractor.

**4.8.2**

Companies can show evidence of providing training to workers with document among other news event of training, register absent, photos and license/certificate. for example training of spray working and OHS for spray teams on KKPA 5 Division 1 on September 7, 2015 for 9 workers about how to work, PPE should be used, washing and storage the tools.

Besides that the company showed evidence of training such as certificates, operator license, welder and electrician license, for example: operator licenses of energy and production equipment, operator licenses of Steam Boiler, license welder class III, operator licenses of heavy equipment.

Based on interviews with a welder in the workshop, spray workers and harvest workers, it is known that workers can explain the work mechanism in accordance with the procedure, can explain the HCV area boundary, can explain the policies that applicable at the company and can explain how to handle accidents and emergencies.

Based on documents review and interviews with the cooperative and management, explained that the cooperation method between company and farmer is Cooperative Credit Scheme with all implementation of technical Cultivation and harvesting is conducted by workers from company.

**Status: Comply**

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

**5.1**

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

**5.1.1**

PT Sajang Heulang has had a document of Environmental Impact Assessment (EIA) that approved by the EIA Commission Chairman of forestry and Agriculture Ministry on 26 December 2000. The scope of the EIA covers a total area of 40,000 ha reserve, covering an area of 26,000 Ha planting area, 2 units of mills with each capacity of 60 ton FFB/ hour. The results of document review and field visit showed that all operations on this scope has been covered in the EIA documents.

**5.1.2 & 5.1.3**

Environmental management and monitoring plan (RKL-RPL) should be done by the company have been described in the EIA documents. The Company has a implementation report of RKL-RPL that are reported regularly to Environmental Body

of Tanah Bumbu Regency. Based on the interview with Environmental Body of Tanah Bumbu Regency known companies always send RKL-RPL every 6 months and there is no issue of environmental pollution. According to implementation report of RKL-RPL semester II year 2015 it is known that the company has made environmental management and monitoring in accordance with the EIA document. The Company has an opportunity to add the data of soil analysis, monitoring of flora and fauna, local contractors and levels of revenues in implementation report of RKL-RPL (OFI).

**Status: OFI**

**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 management unit has been conducted HCV assessment for the entire certification scope that performed by the competent assessor in January 2010 for Mustika Estate and October 2012 for KKPA Estate. Assessment report has been explained about the species found, the general condition of the area, methods and HCV found. Based on the HCV Assessment in Mustika Estate unidentified RTE and protected species, whereas the identified HCV consist of HCV 1.1; 1.4; 4.1 and 4.3 an area of 336.2 Ha. While the results of the HCV assessment in KKPA 1-5 shows not identified RTE and protected species, while HCV identified consisting of HCV 4.1 and 6 covering an area of 126.49 Ha. HCV assessments have been conducted with the communities surrounding were held on January 6, 2010 and October 8 to 11, 2012. The whole area of HCV identified in this scope has been mapped and described in the report HCV.

**5.2.2**

Documents review and interviews shows that not all areas identified HCVs can be managed by the management unit. Companies have Management Plan and Monitoring of HCV in 2016 consisting of:

- Marking the riparian areas that have been planted by oil palm tree with yellow paint as far as 5 tree from water bodies.
- Do not perform chemical application in riparian areas that are already planted oil palm
- Monitoring the HCV
- Conducting enrichment by planting trees in riparian
- Install the signboard of HCV and animal species.

Field visits in the Bekarangan Riparian, Block F33, Division III shows that the riparian area have been planted with oil palm. Management activities that conducted is mark the riparian area in the form of yellow paint on the oil palm with a distance of 5 oil palm tree and make the signboard of prohibition of chemical application. While the riparian in Block G33, Division II is still in the form of natural vegetation (see figure). The management unit has conducted regular monitoring of the HCV area and species encountered.



**5.2.3**

The Company has a policy to protect species that are described in the handling wildlife SOP. The results of interviews with workers in KKPA 5 and Mustika Estate shows that they already know about a ban on hunting of wildlife and protection of HCV areas.



Riparian of Spring Water, Block N.41, KKPA 5

**5.2.4**

The Company has conducted HCV monitoring and wildlife which is done regularly and documented. Based on the monitoring results of HCV in October 2015 it is known that there are some HCV areas be used by communities such as in Block I.29 - I.32. In March 2016, the management unit and PSD communicate with the community that used the HCV area. However the company has not been able to demonstrate the management plan that will be made for the occupied HCV area. Based on the explanation is found **Non conformity No. 2016.8 with minor category**

**5.2.5**

The management unit has had an agreement with the community to protect HCV that found in the KKPA Estate. HCV area that related with the community is water source which located in Block N.41, KKPA 5. These water sources used by the public when the dry season. The results of the field visit showed that the management of water sources has been conducted by making the tub, protect the buffer zone and the riparian of water source is not performed by chemical applications (see figure).

**5.2.4** | **Status: Non conformity No. 2016. 08 with Minor category**

**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 the type of waste and waste sources and the management of each type of waste. Sources of waste in the operations area consists of a mill processing station, worksop, offices, warehouses, home generators, housing, BMS, BSS, operational activities of the estate and polyclinics.

**5.3.2**

Field visits and interviews with management indicate that hazardous waste from estate stored at hazardous waste warehouse in estate. Mechanism to handling pesticides container at BSS station is washed and then transfered once a week to license hazardous waste warehouse. The last hazardous waste shipments was done in April 2016 by a third party who has been licensed, namely PT Nazar. Unit management needs to ensure the storage of hazardous waste in license warehouse at Mustika Estate does not exceed storage period (**OFI**).

**5.3.3**

Field visits in Housing of Division II Mustika Estate and the operational area of Mustika Estate indicates that the waste has not been managed in accordance with a management plan, such as domestic waste disposed around the housing and empty bunch is not applied in the estate. Based on the explanation is found **Non conformity No. 2016.9 with minor category**

**5.3.3** | **Status: Non conformity No. 2016.9 with minor category**

**5.4**

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

**5.4.1**

The Company has utilized the shell and fiber as a boiler fuel, thereby reducing the use of diesel as a fuel generator. The management unit has been monitoring the use of fossil fuel for generators and renewable fuels for boilers. Based on monitoring in March 2016 found that the use of renewable energy is 114.12 kWh / Ton CPO and the use of fossil energy is 46.54 kWh / Ton CPO.

**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 & 5.5.2**

The Company has a policy of zero burning in land clearing for new activities and replanting in accordance with the applicable SOP of land clearing in Minamas Plantation. SOP related to the land clearing are:

- Sustainable Plantation Management Guidelines Policy No. 724 / TQE-SPMS / 09 points 5.7.2 about Techniques Without Burn (Zero Burning).
- The company's policy in the Agronomy Reference Manual of oil palm which stated that the land clearing must be in accordance with the decree of the General Director of Plantation No. KB.110 / SK / DJ BUN / 05.95, dated May 30, 1995 that no burning for plantation development as guidelines for land clearing without burning, then the land clearing activities should be guided by the letter.

Document review, field visits and interviews is known that the company does not perform land clearing or replanting. There were planting activities in 2016 in the Field G005 which is rehabilitation planting activities in which the area is ever planted, but a lot of dead plants so it do replanting.

**Status: Comply**

**5.6**

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

**5.6.1 & 5.6.2**

To reduce pollution and emissions, the company has identified the source of pollution and greenhouse gases and the measures to manage them. The efforts made by the management unit to reduce the pollution and GHG emissions through the activities including engine maintenance, effluent management and waste utilization, conduct fertilization according to the dose, conduct pesticide application according to the procedure, etc. Field visits in the mill showed that the shell and the fiber has been used as a boiler fuel, thereby it's reducing the use of diesel fuel for generators.

The Company also conducts regular environmental monitoring includes surface water quality, generator emissions, boiler emissions, ambient air and noise. The monitoring was conducted to evaluate the management of which has been done by each management unit. Field observations on the WWTP in Mustika Factory showed that there is no indication of leakage in the WWTP and the effluent has been used to estate.

**5.6.3**

The management unit has not done the calculation and reporting of GHG to the RSPO secretariat. Based on the explanation is found **Non conformity No. 2016.10 with Minor category.**

**5.6.3 Status: Non conformity No. 2016.10 with Minor category**

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

**6.1**

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

**6.1.1**

For the management of environmental and social impacts of plantation activities, CH has conducted environmental and social impact analysis, as indicated by:

1. EIA document (Andal, RKL and RPL) of PT.SHE with an area of 26,000 ha and mill with a capacity of 2 X 60 ton FFB / hour. EIA had been approved by EIA commission in Ministry of Forestry and Plantation through decree number 154 / Menhut-II / 2000 dated December 26, 2000.
2. Social Impact Assesment (SIA) report conducted in 2010 in cooperation with a third party (Pollito). In general, SIA study has included analysis of the impact on internal and external stakeholders.

The types of impacts that are identified and managed / monitored among others: change of livelihoods, increased in welfare.

Plan for management and monitoring of social impact among others are: the recruitment of local labor and development of small holder cooperation through KKPA program. According to the interview with the community surrounding villages, the company existence provides the availability of job opportunity and the KKPA program increase the economy development of the locals nearby estate.

**6.1.2**

There are evidences that assessments have been carried out with the participation of the affected parties:

1. Community involvement in the EIA study through questionnaires to the respondent as source of information for the preparation of the CD / CSR programme and source of Environmental Management and Monitoring Report (RKL / RPL).
2. Social Impact Analysis Assesment (SIA) in 2010 that has involved community participation. Evidence available in the for of visit log to related villages. Representatives of stakeholders involved were 46 people from the village Kulipak, Betung, Bekambit Asri, Sejakah, Tanjung Pengnarapan, Sebambang Barum Banjarsari, Purwodadi, Bayansari, Preparation Makmur, K. Single, Giri Mulya, Kuranji, Mustika, coral Mulya, Tuwuh Sari, Karang Indah, and Bunatia.

**6.1.3**

For social impact management, CH has drawn up plans to mitigate the social impacts in accordance with the results of consultation with affected parties:

1. Environmental impact management plan (including social impact) contained in the Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL), which is derived from the EIA document
2. The social impact management plan refers Social Impact Assesment (SIA) in 2010; through recruitment of local labor, KKPA program, CSR programs, and involvement of local contractors.

However, observations of SIA document showed that applicable social management plan not in place in accordance with action plan recommendation from SIA document. The plan should be guidance for management and monitoring of relevant social impact as a follow up to the identification of social impacts in the SIA. **(Non conformity No. 2016.11 with Minor category)**

**6.1.4**

Observations on the SIA document of PT. SHE showed that PT. SHE has not made periodic review on SIA document with minimum of 2 years involving the participation of the community to ensure the relevance of social impact management with ongoing management practices. (Minor NCR 2016.12)

**6.1.5**

The company has established KKPA program to increase the community welfare. The total of area managed by 5 KKPA is 16,000 Ha, distributed to 27 villages (Purwodadi, Bayansari, Angsana, Karang Indah, Karang Mulya, Banjarsari, Dwi Marga Utama, Sebamban Bru, Sebamban Lama, Sei Dua Laut, Sai Utama, Harapan Jaya, Hatiif, Bekarangan, Mustika, Kuranji, Waringin Tunggal, Batu Meranti, Indra Loka Jaya, Giri Mulya, Bekarangan, Tapus, Tibarau Panjang, Trimertani, Kerta Buwana, Sari Utama) from 4 sub-districts.

The number of the smallholder members are 8,100 smallholders. Furthermore, the company has also conducted periodic socialization. For example, the socialization on March 13<sup>th</sup> 2015, whcih was attended by 15 participants. The socialized informations were: production, production cost, plant maintenance cost, management fee, instalment to pay debt on bank, surplus and etc.

The potential impact of the presence of Mustika estate to the community and the farmers have become part of the social impact assessment (SIA) and Environmental Impact Assessment. In general the impact analysis shows that the development of plantation have a positive impact on the economic development of society.

There was no effect against the development of smallholdings. At year 2016, prodiction in smallholdings plantation decreased due to prolonged drought in 2015. The company has also conducted various training to smallholders through KUD Tuwuh Sari as a parent.

<b>6.1.3</b>	<b>Status: Non conformity No. 2016.11 with Minor category</b>
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**6.2**

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

**6.2.1**

The company has procedure of communication on document number 704/TQEM-ESH/10 dated April 2<sup>nd</sup> 2012. It has been legalized by Senior Manager of KKPA1 and Estate Maneger KKPA 2, 3, 4, and 5. The procedure purposes are to give practical guideline for handling communication in aspect of Environment OHS and RSPO (internal and external with maximum response for 14 days).

There is also procedure for communication and consultation with the community sighted in document number RSPO/6.2/KKM and document number 006/SHE-KKM/IV/12 dated April 1, 2012. They explain the flow of communication and consultation with the community. Initial PIC for communication is Unit Manager, with limit of 10 days maximum of response.

Sighted also evidence of outreach of those such procedures:

- Formal correspondence from PT. SHE to villages surrounding PT. SHE (letter number MTE/SP// 2014) dated January 6, 2014 for the dissemination of SOP and SOP on Information Request, Communication and consultation with the community to the village Mustika. There is also flowchart of the SOP mounted in village information board.
- Attendance list of Socialization of Communication & Information Request SOP in the Wargin village.

**6.2.2**

CH has appointed special officers for community relation through letter number GM-Asst/271/X/11/s, legalized by GM KKPA. The public relation officer has task to coordinate the communication and consultaion with the stakeholders and assist the units manager.

A public consultation with villagers around the plantation showed that the local community has no difficulty in communicating effectively with PT. SHE, especially through the appointed officer. In addition, the communication can be directly conducted through correspondence with PT. SHE.

**6.2.3**

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

No communication problem with stakeholders identified during audit. All records of communication with internal and external parties are recorded in the register book of External and Internal Communications, including responses submitted and notes of follow up to the results of communication.

The public consultation during the audit indicates that there are no objections to the presence of companies from all stakeholders, namely local governments, rural communities around the gardens, as well as internal stakeholders.

**Status: Comply**

**6.3**

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

**6.3.1**

Observed system for handling complaint from stakeholders, as indicated in the following documents:

1. SOP of conflict resolution KP. 77, valid since April 1<sup>st</sup> 2012
2. SOP of communication number 704/TQEM-ESH/10. According to the SOP, the complaint is informed in writing to the management unit and it will be recorded on the incoming letter record.
3. SOP of Conflict Resolution dated January 2, 2014 which is intended as a guide in resolving problems or conflicts with local communities in each operational unit.

Based on these SOPs, all complaints can be submitted to the management and written complaints will be recorded in the register of incoming mail. There is a clause that states guarantee the confidentiality of whistle blowers and witnesses of the

complaint. To accommodate the complaint, suggestion box is also provided as a means of submitting complaints..

The SOP on communication and conflict resolution has been communicated to the surrounding affected community. This has been confirmed in accordance with the public consultation showed that stakeholders know the methods of complaints and objections.

Handling of complaints from the parties performed by each unit (estate or mill) with primary responsibility associated to Unit Manager. Communication and handling of social issues also assisted by Public Relation division (person in charge on behalf of I Ketut Subakti Hadiono).

**6.3.2**

Documentation of complaints and referrals solution available in the register book of incoming and outgoing mail. Letter in the form of complaints will be forwarded to the relevant units to obtain settlement planning. For handling complaints from internal (employees), there is employee complaints register book in each unit includes the date the complaint, names, complaints, solution, status and date of completion.

The company has document of record of the incoming and outgoing letter to and from MTE, KKPA5 and MTM. Most of the incoming letter are for charity request. According to the interview with the community figures of Villages of Waringin Tunggal, Kuranji and Mustika, there is no complaint over the company operationals and environment contamination.

**Status: 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**

Observed SOP for identification of legal status of land for compensation purpose (document number 343/PSD-OKUP/11 dated February 23<sup>rd</sup> 2013. The SOP describes the identification of land acquisition, compensation process according to the area within and nearby location permit of the company in form of the Land Use Title; procedure of land compensation, flowchart, specific condition and person in charge from Estate Manager until HPUI.

At the time of surveillance audit is running, there is no longer land compensation. The entire area has been in the form of HGU. In interviews with the company's stakeholders in mind there are no land conflicts between citizens and companies. There is records of negotiation and payment of compensation to land owners, for example:

- Reports Indemnity payments to villagers of Kuranji village for an area of 220.90 on 13 August 1997. Compensation including cattle sheds, barbed wire costs, and indemnity for *padi* field, agricultural farm.
- Reports Indemnity payments to villagers Mustika and Kuranji village for an area of 114.23 Ha dated December 20, 1997.
- Reports of Indemnity payments to villagers of Bekarangan and Karang Mulya village for an area of 196.015 ha dated 11 to 27 July 1998. 20 villagers involved from Karang Mulya and 11 villagers from Bekarangan.
- Reports of Indemnity payments to villagers of Bekarangan vilage for an area of 85 hectares dated Nov. 3 1998.
- Reports Indemnity payments to villagers of Karang Mulya District for an area of 111.75 ha on February 29, 2000 for the costs of the compensation to the owners of 131 plots of land.

**6.4.2 & 6.4.3**

Observed procedures, namely Occupational Land Acquisition Procedures number 344/PSD-OKUP/10, dated September 2, 2010. In that procedure outlined several steps, among others: 1). Prior to payment for land acquisition, it must first be made Minutes of Negotiation, 2). Indemnity Payment Process should be seen / known by the parties (for example the Head of the District and Village Heads, etc.), 3). The company also keeping all record of land compensation before the issuance of Land Use Title (HGU).

Full payment for land acquisition carried out after the documents (Minutes of Joint Agreement, Letter of Right Delegation on Land, Statement, Receipt replace Loss, Summary of Torts, Map of Indemnification) signed by the holder of land rights (payee land acquisition), company representatives, Head / PPAT, the village head and / or the local neighborhood leader.

	<b>Status: Comply</b>	
<p><b>6.5</b>  <b>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.</b></p>		
<p><b>6.5.1</b>  Determination of wages at company has followed to Decree of South Kalimantan Governor No. 188.44 / 0479 / KUM / 2015 dated December 10, 2015 about minimum wage of Tanah Bumbu District for period 2016. In the decree, explained that the Minimum Wage of Tanah Bumbu District is Rp. 2,100,000. For the adjustment of the minimum wage, company published a memorandum from GM HRM with letter No. 014 / RSP-i2 / II / 2016 dated February 3, 2016 about wage for monthly salary structure period 2016 at South Kalimantan Regional is Rp. 2,100,000.</p> <p>Based on interviews with workers and Worker Unions, explained that the payment of salaries is in accordance with Minimum Wage of Tanah Bumbu District and deficiency payments in January and February 2016 have been paid in accordance with the difference of minimum wage from 2015 and 2016.</p> <p><b>6.5.2</b>  Labor laws that regulate the payment and working conditions have been set in the Company Regulations. Company Regulation not changed, there is only a new attestation for period May 2015 - in May 2017. Endorsement is done by Labor Agency, Tanah Bumbu District.  Company has conducted socialization and provision of company regulations to Worker Unions on March 24, 2016. Based on interviews with Worker Unions, explained that the company regulations is in accordance with laws and regulations.</p> <p><b>6.5.3</b>  There are no changes or additions to facilities provided by the company. Based on field observation in worker housing at Mustika Estate Division 2 and KKPA-5 Division 1, housing conditions still maintained and eligible for use. Company also provides clean water for the daily needs to the workers from reservoirs around the housing.</p> <p><b>6.5.4</b>  Based on interviews with Gender Committee, worker and worker's wife, explained that access to daily necessities is very easy because market can be access within 4-7 Km. Besides that in worker housing there is stores that selling food staple and there is merchants who comes to the housing every day.</p>		
	<b>Status: Comply</b>	
<p><b>6.6</b>  <b>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.</b></p>		
<p><b>6.6.1</b>  There are no changes the policy related to freedom of workers' organizations and organizational structure of Worker Union at PT. SHE still same as previous assessment. Based on interviews with Worker Union, the company still committed to the freedom of the workers' organizations. For the period of 2015, there are no changes in the organizational structure of Worker Unions.</p> <p><b>6.6.2</b>  There is a meeting between company and Worker Unions in PT.Sajang Heulang example meeting on March 24, 2016 related to the socialization of the Company Regulations period 2015-2017. Socialization also made to all workers. Based on interviews with Worker Union, the communication between Worker Union and company goes well and there are no issues related to employment.</p>		
	<b>Status: Comply</b>	
<p><b>6.7</b>  <b>Children are not employed or exploited.</b></p>		
<p><b>6.7.1</b>  Policy related to the minimum age requirement for employment does not change from previous assessment. Based on</p>		

interviews with labor unions, that register requirement for work is self-identity and have been aged above 18 years. Based on field observation, not find any worker who is under 18 years old.

**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**

Policy related to discrimination toward employee has no revision from previous assessment. It is also listed in Social Policy approved by the Head Plantation Upstream Indonesia in December 2011, which stated that the staff / employees should be treated properly and fairly in matters relating to recruitment, advancement, conditions and job description, irrespective of race, degrees, ethnicity, gender, skin color, imperfections (defects), sexual orientation, organizational membership, political views.

**6.8.2**

Company showed list of employees period March 2016 that describes employee number, gang code, name, checkroll status, position, date of birth, ethnicity, region, date of birth and address.

**6.8.3**

Procedures related to recruitment and promotion of employees unchanged from the previous assessment. In the procedure explained that recruitment and promotion are based on the evaluation work. The Company showed a list of employees period March 2016 that describes employee number, gang code, name, checkroll status, position, date of birth, ethnicity, region, date of birth and address.

Based on interviews with gender committees and Woker Unions, company does not discriminate against workers from reception till promotion. Reception and promosi employees based on employee performance appraisal.

**Status: Comply**

**6.9**

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

**6.9.1**

Policy related to labor protection of female workers and policies related to the protection of reproductive rights, there are no changes from the previous assessment. In addition, that policy contained in the Social Policy approved by the Head Plantation Upstream Indonesia in December 2011, which states that developing and implementing policies to protect women workers from sexual harassment and crime and protecting the rights associated with female reproduction.

For protection of women's rights, company has established a gender committee as a forum for submit of women's rights. The company can show the gender committee structure (MTE, MTF, KKPA2, KKPA3 and KKPA5) consists of: chairman, secretary, coordinator of each unit, and a member of coordinators in the respective units.

**6.9.2**

Reproductive rights for women employees has been regulated in Company Regulation period May 2015 - May 2017, among others:

- Leave during menstruation granted for 2 days listed in Article II.
- Leave at childbirth is given for 3 months (1½ months before giving birth and 1½ months after giving birth) contained in Article VI.

Based on interviews with Gender Committee and women workers, explained that company protect the reproductive rights of women in accordance with regulations such as given leave for menstruation period and for gave birth period according to the rules.

**6.9.3**

Mechanisme for reporting a complaint does not change with previous assessment. Based on interviews with Gender

Committee, explained that committee functions as a forum to report complaints related to sexual harassment and violence and any complainant will be kept secret identity. Female workers also know mechanism of complaints reported through gender committees. During the period 2015 there were no complaints regarding violence and sexual harassment.

**Status: Comply**

**6.10**

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

**6.10.1**

FFB firms set prices based on the price set by the government. The company has the documentation related to the FFB price in the form of Letter of Plantation Agency of South Kalimantan No. 525/767 / PUPPH-2 dated 20 April 2016 regarding the FFB prices april 2016 where the outcome of a team meeting pricing FFB Kalimantan farmer production, the price of FFB per Kg month are as follows.

Age plant	March 2016	April 2016
10 year	Rp. 1553	Rp. 1.603
11 year	Rp. 1554	Rp. 1.603
12 year	Rp. 1554	Rp. 1.604
> 13 year	Rp. 1555	Rp. 1.605

**6.10.2**

FFB price was also given to the farmers through pricing FFB team was also composed of representatives of farmers. Mustika Mill only receives FFB from main estate and KKPA so MTF does not create its own FFB price mechanism and simply follow the pricing mechanism of the Plantation Agency. FFB price information was conveyed in a transparent manner to the farmers by the company through montly report for KKPA every month. Based on the above it can be seen that the company does not have its own pricing mechanism, but the price will be applied in accordance with the pricing FFB team meeting which was also attended and acknowledged by smallholders

**6.10.3 & 6.10.3**

The entire contract is stored properly. PT Sajang Heulang and KKPA execute the contract deal consistently and openly. For a variety of claims if it appears an error in implementing the agreed work settled amicably. Based on interviews with local contractors in mind that the cooperation with PT Sajang Heulang going well. Timely payment and if there are constraints can be resolved by consultation. The company stressed that the contractor comply with OHS and implement it consistently. This commitment was expressed in the Work Agreement. Contractors provide PPE and pay for insurance for their workers. Company shows an example of a local contractor Work Agreement I of intent with PT Surya Max Industries among other:

- Work Agreement No 010/EFB Hopper/SHE-MTF/2014 on wholesale procurement and fabrication work EFB Hopper c/w Hydraulic Power Pack at mills Mustika with a period of 5 months work
- Work Agreement No 019/EFB Conveyor /SHE-MTF/VI/2015 about the work contract of making EFB conveyor distributing with a length of 20 meters c/w Gearbox at mills Mustika with a period of 5 months work

However the company has not shown evidence of payment for the work on time. **Non conformity No. 2016.13 wit minor category**

**6.10.2 Status: Non conformity No. 2016.13 with minor category**

**6.11**

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

**6.11.1**

Observed the evidence of coordination to identify the needs and priorities of local development through meetings Musrenbang (Development Planning) in village level and subdistrict levels regularly every year. The meeting is an agenda that includes the entire village government and large corporations around the village. There is evidence of the company's presence in the district and village meetings (Musrenbang) of year 2016.

The company's contribution to local development through:

1. Development of smallholdings; From interview with residents of the Kuranji, it is known that the presence of the company

- can improve the community economy, KKPA program helps improve people's income and availability of jobs.
2. Involvement of local contractors
  3. Payment of taxes for central and local government, such as Land Tax payment for 2015 ( as shown by payment document), income tax, and vehicle tax
  4. The CSR program, which is based on the results of consultation with the community and encourage people to identify priority needs. Record of the CSR realization contains information in type of the annually-paid contribution such as amount/nominal of contribution, evidence and realization of payment.

**6.11.2**

The potential impact of the presence of plantation to the community and the farmers have become part of the social impact assessment (SIA) and Environmental Impact Assessment. In general the impact analysis shows that the development of smallholdings have a positive impact on the economic development of society.

There was no effect against the development of smallholdings. At year 2016, production in smallholdings plantation decreased due to prolonged drought in 2015. The company has also conducted various training to smallholders through KUD Tuwuh Sari as a parent.

**Status: Comply**

**6.12**

**No forms of forced or trafficked labour are used.**

**6.12.1, 6.12.2 & 6.12.3**

Based on the study of employee list documents, all employees in PT.SHE are permanent employees and Workers in Certain Time, which can be proven that all workers have gained employment appointment letters and also work agreement.

Based on the interviews with worker unions, explained that all employees are permanent employees and Work Agreement of Specific Time workers. To become a new employee, the workers are required to include an application letter, as well as for Work Agreement of Specific Time workers there are work agreement signed by the worker and the company representatives.

**Status: Comply**

**6.13**

**Growers and millers respect human rights**

**6.13.1**

Available Human Rights Policy (HAM) was created in May 2015 ratified by the Chairman of SOU. In the human rights policy is explained that PT. SHE incorporated in Minamas Plantation Group is committed to protecting the human rights of all staff and employees as well as female workers including: The right to life, right to have a family and continue the descent, the right to develop themselves, the right to justice, the right to personal liberty, the right to safe, the right on welfare, the right to participate in government, women's rights, children's rights.

Based on the interviews with workers and worker unions in Mustika Factory, Mustika Estate dan KKPA 5, explained that the company has been providing socialization related to the company's human rights policies.

**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.**

**7.1.1**

Verification of documents shows the year of planting new crops in Mustika Estate were planted after 2005. CH has ensured that the entire area of the new plant has been covered in the analysis of environmental and social impact, as shown by the

following record:

1. EIA document (Andal, RKL and RPL) of PT.SHE with an area of 26,000 ha and mill with a capacity of 2 X 60 ton FFB / hour. EIA had been approved by EIA commission in Ministry of Forestry and Plantation through decree number 154 / Menhut-II / 2000 dated December 26, 2000.
2. Social Impact Assessment (SIA) report conducted in 2010 in cooperation with a third party (Pollito). In general, SIA study has included analysis of the impact on internal and external stakeholders.
  - a. interaction with the communities
    - Land Claims K. Single
    - Blocking of land KKPA-1 by residents Banjarsari
  - b. The interaction of the Company with employees
  - c. Interaction with the Government

The types of impacts that are identified and managed / monitored among others: change of livelihoods, increased in welfare. Plan for management and monitoring of social impact among others are: the recruitment of local labor and development of small holder cooperation through KKPA program.

**7.1.2**

Environmental impact management plan in accordance with the EIA document is available in the document RKL (EIA) contains environmental management plan as follows: Decrease in river water quality and river Bekarangan Sebampan; Community unrest; Work opportunities, changes in attitudes and perceptions, Potential Fire, occurrence of erosion and decline of Air Quality and Noise

According to the interview with the community surrounding villages, the company existence provides the availability of job opportunity and the KKPA program increase the economy development of the locals nearby estate.

**7.1.3**

There are records in smallholder capacity developmeny in each KKPA estate, as shoen by following:

1. Report of the Meeting of Accountability of KKPA on December , 2015.
2. Safety Briefing against KKPA employees, provided the following documents: a). Minutes, b). Activities photos & c), the attendance list of participants.
3. Socialization / Briefing on HIRAC & OHS in FFB loading station in KKPA 5, dated July 7, 2011, provided the Minutes of Meetings & Attendance list of Participants.

**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.**

**7.2.1 & 7.2.2**

The Company has marginal soil maps at each unit, Mustika Estate based document Soil Fertility Survey Report of MTE period 2013-2018 were carried out in October 2013 covering an area of 4,004.88 Ha with Physiography flat (0-2%) covering 93.4% and wavy (2 -6%) totaling 6.6% and with soil type Ultisol, Alfisol, Oxisol, Inceptisol. Based on Soil surveys, The company conducted evaluation of the land suitability for oil palm in KKPA-5. Soil suveys conducted by the MRC on 2012 that explained topography in this area ie Physiographic flat (0-2%) covering an area of 2,072 Ha and wavy (2-6%) covering an area of 584 hectares, with the type of soil Typic Plinthudults covering an area of 2,363 Ha and lithic Hapludults covering an area of 293 Ha. The results of document review, field visits and interviews known that the company did not convert or new planting since the activities of ASA-2 (April 2015). But there planting year 2016 is rehalibitation planting is planting in areas that were planted earlier, but because many are not successful (dead) then do replanting.

**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.**

**7.3.1**

The document review showed that the company has performed land clearing after November 1, 2005 without a prior and

adequate HCV assessment. Sime Darby Plantation Sdn Bhd, as the parent of PT SHE has conducted disclosure of liability in accordance with the letter from the Head of PSQM Department on July 15, 2015 which explained that PT SHE is performed land clearing in the period of November 2005 to November 2007 and land clearing in the period of December 2007 to December 2009. The validation progress of Remediation and Compensation Plan (RACP) for the area opened since November 1, 2005 without preceded by the identification of HCV in accordance with RACP Procedure will be observed again on the next visit (**OFI**).

**7.3.2**

Based on the letter from the Head of PSQM Department on July 15, 2015 known that Land Use Change Analysis (LUCA) for the area of PT SHE that opened without a prior and adequate HCV assessment has been reported in Dec 2014 to RSPO Secretariat. The progress of LUCA validation for the area opened since November 1, 2005 without a prior and adequate HCV assessment will be observed on the next visit (**OFI**).

**7.3.3; 7.3.4 & 7.3.5**

The results of document review, field visits and interviews found that PT SHE did not conducting conversion activity or new planting since the ASA-2 (April 2015). Based on the distribution of planting years known that the oldest planting year in PT SHE is 1995.

**Status: Comply**

**7.4**

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

**7.4.1 & 7.4.2**

The results of document review, field visits and interviews found that PT SHE did not conducting conversion activity or new planting since the ASA-2 (April 2015).

**Status: Comply**

**7.5**

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

**7.5.1**

Plantation area of PT. SHE all are originated from state owned land or individuals that have been acquired. There is official statement letter from the Land Administration Office of Tanah Bumbu No. 000/171 / KP.12, dated July 15, 2010, which explained that within the land title area of PT. Sajang Heulang, there are no areas under communal customary tenure or *ulayat* land.

For private / individual land, the company has conducted fair negotiation and land acquisition as shown by negotiation documents and payment of compensation to land owners, as well as settlement of claim as noted in the previous 2.2.4 indicators.

**Status: Comply**

**7.6**

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

**7.6.1, 7.6.2, 7.6.3**

Verification of documents and public consultation showed there was no infringement of traditional / customary in the establishment of Mustika Estate. For the entire agreement made in land acquisition, the company has been negotiating with individual landowners. All documents and indemnity agreements made in the Indonesian language that can be understood by all stakeholder.

There are procedures as guidance namely the Occupational Land Acquisition Procedures, Number 344/PSD-OKUP/10, dated September 2, 2010. The procedure explains complete phases of land acquisition.

Based on interviews with residents of the village Mustika, Kuranji and Waringin Tunggal well as examined the document prepared in 2010 HCV, it is known that no customary land in the area of PT SHE and KKPA. There is no compensation process because all KKPA estate area are belong to the smallholders of KKPA member (the land status is the ownership certificate).

**7.6.4 & 7.6.5**

The direct benefits obtained by the surrounding community is all the villagers received the results of each month in accordance with the calculation results of the production of each of the gardens. Partly also from residents of the nearby village community work as an employee in each creditor and has implemented a program CD / CSR by KKPA estate to the surrounding villages.

Some other perceived benefits to the surrounding community, are:

1. The opening of access roads to and from the surrounding villages
2. Implementation of the KKPA programme since 2000
3. CD / CSR implementation from PT Sajang Heulang, see Indicators Minor 6:11

**7.6.6**

Based on interviews with residents of the villagers surrounding the estate, it is known that the company is open and cooperative in running operations. The existence of the company can improve the economy of the community around the plantation, KKPA program helps improve people's income and provision of jobs opportunities.

**Status: Complay**

**7.7**

**Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.**

**7.7.1 & 7.7.2**

The results of document review, field visits and interviews found that PT SHE did not conducting conversion activity or new planting since the ASA-2 (April 2015).

**Status: Complay**

**7.8**

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

**7.8.1 & 7.8.2**

PT Sajang Heulang did not perform new land clearing after January 1, 2015, but there are rehalibitation planting on 2016.

**Status: Comply**

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

**8.1**

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

**8.1.1**

The company has been monitoring and evaluating continuously the plantation and mill operations, such as:

- Conduct routine maintenance on operational engine to minimize the emissions and efficiency the use of fuel.
- Utilize the shell and fiber as boiler fuel

Continuous improvement plans are listed in the following documents:

1. Internal audit and improvements (corrective actions) to internal audit findings.
2. Improvements to the findings in the audit RSPO previous stages.

Example of continual improvement is that PT SHE does not use paraquat and brodifakum since 2012. The company has

determined the policy to not use paraquat as written on the document of memorandum of the Head of Plantations Operation dated November 4<sup>th</sup> 2008 in term of the recommendation of the replacement of paraquat-gramoxone within Minamas area. There is also recommendation of the prohibition of the usage of ratgone/brodifacoum issued by Plantation Advisory on July 16<sup>th</sup> – 18<sup>th</sup> 2013. According to the result of interview in MTE and KKPA 5 with the sprayer, the company does not use the paraquat.

Environment impact management. For example:

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

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

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

Clause	(Module D) CPO Mills – Identity Preserved Requirements
D1	<p><b>Definition</b></p> <p><b>D.1.1</b>  <b>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</b></p> <p>MTF facility has declared to implement Identity Preserved SCCS model because it only receive and process FFB from its own certified sources, which are Mustika Estate (MTE), KKPA2, KKPA3, KKPA5. To support this claim, facility provides evidence of monitoring of all verified incoming FFB to MTF facility.</p> <p>Summary of FFB supply to MTF for current surveillance period (July 2015 – April 2016) is as follows:</p> <ol style="list-style-type: none"> <li>1. Mustika Estate: 52.515,38 tons (31,2%)</li> <li>2. KKPA 2 : 47.394,63 tons (28,2%)</li> <li>3. KKPA 3 : 37.841,01 tons (22,5%)</li> <li>4. KKPA 5 : 30.463,00 tons (18,1%)</li> </ol> <p><b>Status: Comply</b></p>
D.2	<p><b>Explanation</b></p> <p><b>D.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>For this surveillance period, CB has recorded estimation of certified CPO and PK that can be produced by facility, based on actual CPO and PK production from previous period. The estimated amount of received FFB was 225.821 tons, while CPO production was estimated 49,681 tons and kernel production 9.033 tons.</p> <p>Actual incoming FFB and CPO production for current surveillance period (03 Juli 2015 - 30 April 2016) is:</p> <ul style="list-style-type: none"> <li>- Incoming FFB : 168.214.020 tons</li> <li>- CPO production : 37.265.642 tons</li> <li>- Kernel production : 7.294.265 tons</li> <li>- OER average : 22,2</li> <li>- KER average: 4,34</li> </ul> <p><b>Status: Comply</b></p>
	<p><b>D.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> <p>MTF facility has fulfilled all registration and reporting requirements for the IP supply chain through the RSPO supply chain managing organization (e-trace). Active e-trace account available as well as summary of CPO and PO transaction during the period of Juli 2015 – April 2016.</p> <p>Observed that summary of CPO transaction matches with CPO and PK sales contract and delivery records from MTF facility. Sales contract document completed with the supply chain code “RSPO certified identity preserved”.</p> <p><b>Status: Comply</b></p>

<b>D.3</b>	<b>Documented procedures</b>
<b>D.3.1</b>	
<p><b>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:</b></p> <p><b>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</b></p> <p><b>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.</b></p>	
<p>To ensure the implementation of SCCS effectively, the facility has SOP regarding Identification implementation in the document number RSPO / 65 / SCPP / SHE regarding Product Identification and Tracibility of CPO and PK in Minamas Mills dated January 14, 2013.</p> <p>SOP describes the whole SCCS process including checking the quality and origin of incoming FFB, quality inspection of CPO and PK product, the tracibility of the CPO and PK product, shipping from mill to bulking station, shipments to the Buyer according to contract, and shipping of CPO and PK.</p> <p>Facility provided information on personnel responsible for the implementation of SCCS requirements:</p> <ul style="list-style-type: none"> <li>• Mill manager, responsible for SCCS implentation in facility.</li> <li>• Head of Administration: keep and maintain all documents and records of the use of all raw materials, auxiliary materials used in the production process and the end product quality, as well as delivery of CPO and PK.</li> <li>• Laboratory Assistant and PSQM: analyzing and testing the quality of raw materials and products at all stages of the production process.</li> <li>• Senior Assisstant oversees all work processes in the factory to comply with applicable SOP</li> </ul> <p>Logistic &amp; Distribution Manager is responsible for overseeing the transportation of CPO and PK PKS to bulking station and oversee sales, transport in the Bulking Area.</p>	
	<b>Status: Comply</b>
<b>D.3.2</b>	
<p><b>The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</b></p>	
<p>In addition to SOP of SCCS implementation in SOP number RSPO/65/SCPP/SHE as described in D.31 above, the facility also has mechanism (SOP) in SOP No. MTF / SOP.PBR June 22, 2010 regarding verification mechanism of all incoming FFB. SOP specifically set the task of every party involved in the reception TBS and verification TBS certified and non-certified</p>	
	<b>Status: Comply</b>
<b>D.4</b>	<b>Purchasing and goods in</b>
<b>D.4.1</b>	
<p><b>The site shall verify and document the volumes of certified and non-certified FFBs received.</b></p>	
<p>Observation in MTF facility shows that the facility has impelented verification and documentation for all incoming FFB. At the time of the audit ASA-03, it have been examined FFB delivery records and FFB verification within last one week 2 - May 7, 2016:</p> <ol style="list-style-type: none"> <li>1. FFB delivery note that contain information: estate name, department, date of delivery, note serial number, vehicle number, trip number, time off, hours of arriving at the plant, bunch category, date of harvest, centrifuge pieces of fruit, the planting, section , block, estimates of BJR, tonnage, signature of FFB clerks, security, and transporters, stamp "RSPO Certified."</li> <li>2. Weigh Tickets: ticket number, supplier, transporter, products, vehicle number, driver name, number DO, Description (RSPO certified), delivery date, delivery time, initial weight, final weight, and the net weight, Division, Field, date harvest, the number of FFB, signature of weighbridge operator.</li> <li>3. Summary of daily production that contains: incoming and processed fruit, CPO output, product quality, delivery of palm oil and kernel.</li> </ol>	
	<b>Status: Comply</b>
<b>D.4.2</b>	
<p><b>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</b></p>	

Observed in document verification that there is no overproduction of CPO and PK compared to projected certified tonnage. Nevertheless, the SOP has mentioned that site has to inform the CB immediately if there is a projected overproduction of certified tonnage. As previously mentioned, the estimated amount of received FFB was 225.821 tons, while CPO production was estimated 49,681 tons and kernel production 9.033 tons.

Actual incoming FFB and CPO production for current surveillance period (Juli 2015 - 30 April 2016) is:

- Incoming FFB : 168.214.020 tons
- CPO production : 37.265.642 tons
- Kernel production : 7.294.265 tons
- OER average : 22,2
- KER average: 4,34

**Status: Comply**

**D.5 Record keeping**

**D.5.1**

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

MTF Facility has recorded all incoming certified FFB, CPO and PK shipping on a daily basis. Based on the daily data, MTF has compiled a recap of each month and balance between revenue and stock in a quarterly basis. Available records are:

- Daily production reports that show footage of FFB, CPO and PK, and shipment of CPO and PK.
- Balancing the stock with a quarterly basis to ensure consistency of incoming FFB data, CPO production and shipments.

Examples of balancing with quarterly basis for the period July 2015 - 30 April 2016 are as follows:

	TBS		CPO production		Delivery		Stock
	Certified	Non certified	Certified	Non certified	Certified	Non certified	Certified
July – Sept	45.995,2	-	10.329,3	-	9.755,89	-	2.480,5
October – Dec	72.498,1	-	15.672,6	-	15.077,6	-	6.012,5
Jan – March	42.654,5	-	9.867,5	-	10.577,2	-	3.734,6

Annual production report based on quarterly report

**Status: Comply**

**D.6 Processing**

**D.6.1**

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

MTF facility observation and verification of documents shows that MTF can maintain the separation between certified material and non-certified material through the restriction of acceptance of fruit only from a certified source.

There is SCCS SOP in the document number RSPO / 65 / SCPP / SHE, and the declaration of a commitment not to receive the fruits of sources bersertifikat.

Available records show keteripasan material, among others:

- Verification of pieces that go through the examination and issuance of ticket SPB weigh
- Daily reports that show a recap of the incoming material

**Status: Comply**

**D.6.2**

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

Restrictions on non certified incoming FFB indicates the achievement of 100% separation between the material of certified

and non certified. Recordings that support the situation are:

- Records of incoming TBS for one year showed TBS restriction sign has been reached that is only from certified sources.
- SOP of Supply Chain in PT Sajang Heulang Minamas Plantation and declaration of the application of the IP SCCS in PT. SHE

**Status: Comply**

**3.3 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-3</b>	SHE has logo and certificate approval/permit from MUTU.	√
	<b>Status: Comply</b>	
<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-3</b>	The Company does not use the logo on-product and off-product in the scope of PT SHE	√
	<b>Status: Comply</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-3</b>	The Company does not use the logo on-product and off-product in the scope of PT SHE	√
	<b>Status: Comply</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-3</b>	The Company does not use the logo on-product and off-product in the scope of PT SHE	√
	<b>Status: Comply</b>	

**3.4 Summary of RSPO Partial Certification**

<b>Name of organization : PT Guthrie Pecconina Indonesia (Sungai Jernih Estate and KKPA GPI).</b>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	<p>There is some evidence compliance with laws that include:</p> <ol style="list-style-type: none"> <li>1. Control over the land legally in accordance with Law No. 5 of 1960, Agrarian, namely in the form of HGU Certificate No. 664/2003, 552/2003 to 10139.91 ha area.</li> <li>2. Provide social security workers, such as BPJS workers.</li> <li>3. Provide program equipment Occupational Health and Safety for all employees in accordance with Law No. 1 1970.</li> <li>4. Have the environmental document</li> <li>5. Not clearing land by burning in accordance with Law No. 18 of 2004.</li> <li>6. Providing wages above the minimum wage.</li> </ol> <p>Related to the company's compliance with the legality of land tenure, the implementation of environmental governance and social, labor protection, as well as the submission of the report, several relevant agencies (Environment Agency Musi Banyuasin, Government of Musi Banyuasin, and the Department of Forestry and Plantations Banyuasin) District) states that GPI is quite obedient and consistent rules.</p>	√
	<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>
	<p>Sungai Jernih Estate and KKPA GPI has shown the right to control and use the land in the form:</p> <ul style="list-style-type: none"> <li>• Location permit appropriate Banyuasin Regent Decree No. 262 Year 2011 dated February 14, 2011 for an area of 4,000 ha.</li> <li>• Location permits appropriate Banyuasin Regent Decree No. 0217 Year 2010 dated February 8, 2010 for an area of 2,000 ha.</li> <li>• Determination of Smallholders Candidates for KUD in accordance with the Sinar Delima Banyuasin Regent Decree No. 0258 Year 2010 dated February 17, 2010 which explained that there are 262 candidates for smallholders with an area of 524 hectares from the village Gajah Mati.</li> <li>• Cooperation Agreement with KUD Sinar Delima No. 001/Plasma/GPI-KUD/II/2012 on the development of Palm Oil Partnership KKPA (Primary Cooperatives Members).</li> <li>• Determination of Smallholders Candidates KUD Mudah Rasan Jaya accordance MUBA Regent Decree No. 1191 of 2012 dated October 30, 2012 explaining that there 622 smallholder's candidates with an area of 1,244 Ha derived from Serasan Jaya Village and Gajah Mati.</li> <li>• Cooperation Agreement with KUD Mudah Rasan Jaya No. 008/kemitraan/GPI-MRS/IX/2014 on the development of Palm Oil Partnership KKPA (Primary Cooperatives Members).</li> <li>• There are news handover of land from land owners and board Individual Business Rights and Rights Recognition Letters. Such as news handover of land in the name of Aziz Ali with pedestal Individual Business Rights and Recognition of Rights Letter dated July 9, 2007 for a land area of 2.8 ha is known by the Head of Gajah Mati Village and acknowledgment of Rights on behalf of Aziz Ali for an area of 2.8 ha Gajah Mati Village dated February 24, 2008 and registered at the District Office No. 593/126/2009/XII/2008 dated December 3, 2008.</li> <li>• IUP Smallholders based Regent Decree 0265 in 2010 to 800 ha Owner Estate and smallholder's plantation area of 1,200 ha in the village Gajah Mati, Sungai Jernih district.</li> <li>• IUP Smallholders based Regent Decree 282/KPTS/IUP/Disbun/2011 for Owner Estate area of 1,600 ha and smallholder plantation area of 2,400 ha.</li> </ul>	√
	<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>
	The Company has a procedure Consultation and Communication with Society (RSPO/6.2/KKM), Handling Complaints from Society (RSPO/6.3/PKM), Handling Complaints from Workers (RSPO/6.5/PKK) and Handling Conflict (RSPO/2.2/PK) is implemented participate to the surrounding community estate, among others: (1) Talang Piase Village; (2) Dusun III Talang Ilo; (3) Napal Village; (4) Karang Ringin II Village; (5) Rantau Kasih Village. Technical settlement of disputes in an effective, timely, and the correct way is set in the mechanism (flow chart) handling of complaints, with the following picture: Complaints of internal/external accepted by Haed of Section noted, and then delivered to the manager to make a decision or if necessary consult to head the department and the last to a decision. Complaints of workers can be completed for about two days (calculated from complaints go into management to the realization of the settlement), while the time for handling complaints from the public depending on the type of complaints submitted, if the complaint is light and the existing facilities available can be completed less than three days, will but if complaints rather large/significant and need consultation invitation central management, approximately one week. Complaints from communities have been documented in the complaint Log Book society.	√
	<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 other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	The procedure to identify and calculate compensation for loss of legal or customary rights over the land covered by the procedure (SOP) Conflict Resolution (RSPO/2.2/PK).	√
	All the evidence of conflict resolution is available on site, including news handover of land from land owners and board Individual Business Rights and Rights Recognition Letters.	
	<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>
	The management unit has identified HCV conducted in July 2011 by the RSPO Approve assessor.	√
	<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>
	The procedure to identify and calculate compensation for loss of legal or customary rights over the land covered by the SOP Conflict Resolution (RSPO/2.2/PK). No changes (revisions) to the contents or compensation calculation mechanism - the same as the results of previous audits.	√
	Smallholder's development is done by agreement between KUD Sinar Delima PT GPI accordance with the Cooperation Agreement No. 001/Plasma/GPI-KUD/II/2012 on the development of Palm Oil Partnership KKPA (Primary Cooperatives Members).	
	<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 procedure to identify and calculate compensation for loss of legal or customary rights over the land covered by the procedure (SOP) Conflict Resolution (RSPO/2.2/PK).	√
	All the evidence of conflict resolution is available on site, including news handover of land from land owners and board Individual Business Rights and Rights Recognition Letters.	
	<b>Status: Comply</b>	

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

**3.5.1 Identification of Findings, Corrective Actions and Observations at [ASA-2](#) Assessment**

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
2015.1	Minor 2.1.4	<b>Written information in term of legal requirements</b> Management units shows the documentation in term of the law requirements. However, there is no enough evidence that the regulations have been updated referring the changes on the statute of aspects of plantation, environment and manpower. For example: Statute number 37 year 2014 in term of soil and water conservation.	Minor	PT. SHE	S-03	The management unit must ensure that the documentation in term of the company operational-relevant law requirements to be always be updated.	<b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2014</b> The company is able to show the evidence of corrective action in form of the list of the applied regulation for estate and mill operationals. The list has attached the annual regulation updates for period of 2014/2015. For example: Statute number 37 year 2014, Government Regulation number 71 year 2014, Environment Ministry Regulation number 5 year 2014 and Agriculture Ministry Regulation number 11/OT.140/3/2015. Therefore, the NC is now closed.	Closed	May 22 <sup>nd</sup> 2015
2015.2	Major 2.2.1	<b>Documents in term of legal aspect which shows the legal ownership of the land must be available.</b> According to the result of field visit to block L26, L28, L29 and K33, Division IV MTE, there is a palm oil plant planting beyond the National Land Agency poles, however, PT SHE is not able to show the location	Major	PT. SHE	June 29 <sup>th</sup> 2015	PT. SHE must be able to show the document of location permit, plantation business permit and Land Use Title (HGU) for all the company-cultivated land.	<b>Verification on 26 June 2015</b> The management unit has shown statement letter dated 10 June 2015 been signed by Estate Manager and temporary officials of General Manager of Sebampan Estate. The content of the statement is as follows : Associated with oil palm cultivation	Closed	26 June 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
		permit over the planted palm oil plants beyond the Land Use Title (HGU) area.					<p>out of boundaries at block L26, L27 and K33 bordering with Tibarau Panjang village, with details: boundary number 57 on bush area, boundary number 58 there are as many as 98 trunks of oil palm cultivation, block L27 with boundary marker number 59 there are as many as 42 trunks of oil palm cultivation. Block K33 with boundary marker number 15 there are as many as 2 trunks of oil palm cultivation. Total of oil palm cultivation are 142 trunks (1.044 Ha), the company declare :</p> <ol style="list-style-type: none"> <li>1. It is not in accordance with regulations</li> <li>2. The company has sought to manage licensing (location permit), however the acreage is under 5 ha is not in accordance with regulation (PP No. 40 th 1996)</li> </ol> <p>Associated with that the company declared no longer manage the area and plants economically (not perform manuring and harvesting). Based on the evidence of the corrective action, the nonconformity is closed and will be</p>		

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							observed on next surveillance.		
2015.3	Minor 2.2.2	<b>The Legal boundary pole must be looked obvious and well maintained.</b> According to the result of field visit to Land Use Title (HGU) pole in block K33, the pole number 15 is not well maintained and there are improperly installed poles such as pole number 12 and 13.	Minor	PT. SHE	S-03	The company must be able to show the evidence of the obvious legal boundary poles which are obvious, complete and well maintained.	<p><b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2015</b> The company has shown enough evidence that they have conducted attempt to maintain the pole in form of the document of pole monitoring. The document describes the pole number information, previous condition, maintenance process, actual condition and follow up date.</p> <p><b>Verification on May 25<sup>th</sup> 2015</b> The company has shown the evidence of corrective action in form of the documentation of pole maintenance for pole number 15 and relocation of pole number 12, 13. <b>NC is closed</b></p>	closed	May 25 <sup>th</sup> 2015
2015.4	Major 2.2.4	<b>Land conflict and its resolution</b> PT SHE is not able to show the conflict resolution of the parties involved on the occupied area case for 222 Ha (Division II for 74 ha, Division III for 1 Ha and Division IV for 147 hektar).	Major	Estate	June 29 <sup>th</sup> 2015	The company must be able to show the evidence of conflict resolution with the parties involved on the occupied area case for 222 Ha.	<p><b>Auditor Response</b> The company has shown the corrective action evidence in form of the official record of the agreement for the occupied area with 12 parties of the community (land owners) and is witnessed by the chief of village on May 2015. According to the document, the</p>	Closed	May 25 <sup>th</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							land cultivated by the locals is the land owned by PT SHE referring the Land Use Title (HGU). There is no dispute nor conflict in term of the occupied land with the locals. <b>The NC is closed</b>		
2015.5	Minor 2.2.5	<b>Conflict or dispute mapping</b> PT SHE is not able to show the occupied area mapping which is collectively composed with the impacted parties.	Minor	Estate	S-03	PT SHE must be able to show the occupied area mapping.	<p><b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2015</b> The company has shown the evidence of the corrective action in form of the document of the occupied area map. It informs the area within the occupied area. The supporting documents such as the land owner and status are also attached.</p> <p><b>May 25<sup>th</sup> 2015</b> The company has shown the corrective action evidence in form of the official record of the agreement for the occupied area with 12 parties of the community (land owners) and is witnessed by the chief of village on May 2015. According to the document, the land cultivated by the locals is the land owned by PT SHE referring the Land Use Title (HGU). There is no dispute nor conflict in term of the occupied land with the locals.</p>	Closed	May 25 <sup>th</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<b>The NC is closed</b>		
2015.6	Major 2.2.6	<b>The commitment for not using violence</b> PT SHE is not able to show the document of the commitment for not using the violence in order to keep peace.	Major	Estate and Mill	June 29 <sup>th</sup> 2015	The company must be able to show the commitment for not using violence in order to keep peace.	<b>Auditor Response:</b> <b>Verification on May 12<sup>th</sup> 2015</b> The company has shown the evidence of corrective action in form of the document of conflict resolution policy. It has been legalized by the unit manager of PT SHE (EM MTE, EM KKPA2, EM KKPA3, EM KKPA5, MM MTM). The document describes that the conflict resolution procedure shall not use the mercenaries or hustlers. According to the document review, the NC is now closed.	<b>Closed</b>	May 12 <sup>th</sup> 2015
2015.7	Minor 6.5.3	<b>Employees clean water facilities</b> The company is able to show the evidence of the domestic water quality test by cooperating with Institue of Research and Standardization of Industry in number 4265-E/BPKIMI/BRB/10/2014 dated October 2 <sup>nd</sup> 2014 referring the Health Ministry Regulation number 416/Menkes/Per/IX/1990. However, according to the document review, there is still coliform parameter which exceeds the quality threshold	Minor	Estate and Mill	S-03	The company must be able to show the availability of the clean water for the employees.	<b>Root Cause:</b> <b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2015</b> The company is able to show the corrective action evidence in form of the interim MM Manger number 111/MTF-Int/V/2015 dated May 12 <sup>th</sup> 2015 in term of the prohibition to use domestic water as drinkable water. <b>The NC is now closed.</b>	<b>Closed</b>	May 22 <sup>nd</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
2015.8	Major 7.3.1.	(7000). <b>Evidence to prove that there is no ne planting replacing the primary forest (HCV) since November 2005.</b> Unit of MTE and KKPA have conducted replanting during 2005 – 2007. However, they cannot prove that the planting was not replacing the primary forest.	Major	MTE, KKPA	June 29 <sup>th</sup> 2015	The management unit must prove that the planting program during 2005 to 2007 was not replacing the primary forest.	<b>Auditor Response:</b> Observation on May 25 <sup>th</sup> 2015 The management unit shows the image of landsat map for period of 2003 in KKPA area. According to the map, the land is consisted of estate, other plantation, community plantation and enclave, bushes, plain and settlement. However, the image of landsat map during period of new planting in 2005 to 2007 is not able to be shown. It is needed because during the ASA-02 field visit, there are planting at Bekarangan Riparian. The management unit must also shows the Land Use Change Analysis for the changes on the land layer in Bekarangan Riparian referring the RSPO Proxy (method of re-mediation and compensation of RSPO) related to the indicator 7.3.2. The NC is not closed.  <b>Verification on May 28<sup>th</sup> 2015</b> The company has sent the evidence of corrective action in form of the data of planting during period of 2005-2007, image of	Closed	May 29 <sup>th</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<p>landsat on KKPA year 2003 and image of landsat of PT SHE-MTE on 1999.</p> <p>The company is not showing the evidence of the changes on the land layer for period of 2005-2007 MTE (nucleus) and KKPA referring the request of indicator which states that the requirements of the land changes analysis is for period of 2005-2007. The NC is not closed.</p> <p><b>Observation on May 29<sup>th</sup> 2015</b> The management unit shows the Land Use Classification Map 2005, according to it, there are land use cover in form of mono culture and enclave. According to the RSPO proxy, it has coefficient 0.</p> <p>Auditor Conclusion According to the evidence of the Land Use Classification Map 2005, the indicator of 7.3.1. is closed</p>		
2015.9	Major 7.3.2.	Comprehensive HCV analysis by involving the stakeholders. It must be conducted before the conversion or new planting. MTE unit is not able to show the	Major	MTE, KKPA	June 29 <sup>th</sup> 2015	The management unit must be able to show the report of Land Use Change Analysis, and its evidence of reporting to RSPO	<p><b>Observation on May 29<sup>th</sup> 2015</b> The management unit has shown the report of Unit manajemen telah Land Use/ Cover Change Analisis and Compensataion</p>	closed	May 29 <sup>th</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
		evidence of the reporting of Land Use Change Analysis to RSPO referring the RSPO Remediation and Compensation Procedure, May 2014.				referring RSPO Remediation and Compensation Procedure, May 2014.	Liability referring the template of RSPO including the evidence of its report delivery via email on December 5 <sup>th</sup> 2014. It was responded by RSPO (Compensation Executive) on January 12 <sup>th</sup> 2015 as described that the reviewer shall process the report of LUC.  Auditor Conclusion: Closed		
2015.10	Minor 7.3.3.	<b>Date of land clearing must be recorded.</b> MTE and KKPA management unit has conducted planting during period of 2005 to 2007. However, the date of land clearing is not able to be shown yet.	Minor	MTE, KKPA	S-03	The management unit must be able to show the date of land clearing for the planting on period of 2005 to 2007.	<b>Auditor Response:</b> <b>Verification on June 7<sup>th</sup> 2015</b> The company has shown the evidence of corrective action in form of the document of report of work realization on period of 2005 (planting program). The document informs the type of work, date and month of the land clearing, location, volume (Ha) and other information. According to the document review, the land clearing has been conducted since November 2005 on field I006, I004, I003, J004, J002, H006 and G004 for road construction, road clearing and mechanical stacking for 280.09 Ha. The NC is now closed.	Closed	June 7 <sup>th</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
2015.11	SCCS D.2.2	<p><b>Registration and requirement of the reporting for the supply chain via RSP0 IT</b></p> <p>MTM is not able to show the requirements of the registration and reporting for the supply chain via the organization which manages RSP0 Supply Chain (RSP0 IT).</p>	Major	MTF	March 31 <sup>st</sup> 2016	MTM must be able to show the requirements of the registration and reporting for the supply chain via the organization which manages RSP0 Supply Chain (RSP0 IT).	<p><b>Auditor Response:</b></p> <p>Verification on May 12<sup>th</sup> 2015</p> <p>The company has shown the evidence of the corrective action in form of the document of requirements of the registration and reporting for the supply chain via the organization which manages RSP0 Supply Chain (RSP0 IT). The company is registered on behalf of PT Sime Darby Plantation Sdn Bhd. The company has been registered as member since September 6<sup>th</sup> 2004. The company also has reported the activity of RSP0 certification for period of 2013 and 2014.</p> <p>The NC is closed.</p>	Closed	May 12 <sup>th</sup> 2015
2015.12	SCCS D.3.1	<p><b>Procedure and/or SOP to ensure the SCCS implementation</b></p> <ul style="list-style-type: none"> <li>MTM has had SOP of SOP SCCS in document number RSP0/65/SCPP/SHE. However, the SOP is not adjusting the new SCCS standard yet (SCCS on November 2014)</li> <li>MTM is not able to show the procedure to inform the overproduction to the associated</li> </ul>	Major	MTF	March 31 <sup>st</sup> 2016	<p>The company must be able to show the evidence that:</p> <ul style="list-style-type: none"> <li>The SOP of SCCS implementation has adjusted the new SCCS standard (SCCS on November 2014)</li> <li>There is procedure to inform the overproduction to the associated CB.</li> </ul>	<p><b>May 22<sup>nd</sup> 2015</b></p> <p>The company has shown the evidence of the corrective action in form of the copy of product identification and traceability procedure in POM in document number RSP0/65/SCPP/SHE No Revision 2 dated May 1<sup>st</sup> 2015. The SOP has adjusted the new SCCS. According to the clause tanggal 1 Mei 2015. SOP 7.2, the</p>	Closed	May 22 <sup>nd</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
		CB. • According to the interview with the security Officer and weightbridge Operator, they do not participate on the SCCS training yet.				- The SCCS training has been held for the key personnels such as security Officers and weightbridge Operator.	overproduction shall be reported to the CS via direct reporting.  The company has shown the evidence of corrective action in form of the report of SCCS training, the training materials is the SCCS standard on 2014. The training was attended by the security Officers and Weighbridge Operator.  The NC is now closed.		
2015.13	SCCS D.5.1	<b>Document which describes the produced / traded products.</b>  MTM is able to show the documents in term of the produced and traded products (IKS and MKS). However, the document is not recording the produced products referring the implemented model of supply chain yet.	Major	MTF	March 31 <sup>st</sup> 2016	The company must be able to show the evidence that the produced and traded products (IKS and MKS) has been described on the documents associated with the implemented supply chain.	<b>Auditor Response:</b> <b>May 28<sup>th</sup> 2015</b> The company has shown the evidence of the corrective action in form of DO and sales contract as records of the traded products. The document describes the nae of the product for the SG supply chain in form of stamp. The company shoul adjust the document of the traded products referring the SCCS standard on November 2014. The requirements for CPO supply chain is the <b>Modul D (IP) and Modul E (MB), before March 31<sup>st</sup> 2016.</b> <b>#OFI</b> The NC is considered comply with observation.	<b>Closed with observation</b>	May 29 <sup>th</sup> 2015

No.	Ref Std	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
2015.14	SCCS 6.1 SCCS 6.2	<p><b>procedures and record keeping that the RSPO certified oil palm product and The objective is for 100 % segregated</b></p> <p>MTM has had SOP of SCCS in document number RSPO/65/SCPP/SHE. However, the SOP is not adjusting the new SCCS standard yet (SCCS on November 2014)</p>	Major	MTF	March 31 <sup>st</sup> 2016	The company must be able to show the evidence that the SCCS procedure has adjusted the SCCS standard on November 2014.	<p><b>May 22<sup>nd</sup> 2015</b></p> <p>The company has shown the evidence of the corrective action in form of the copy of procedure of product identification and traceability in POM in document number RSPO/65/SCPP/SHE No Revision 2 dated May 1<sup>st</sup> 2015. The SOP has adjusted the new SCCS standard. The NC is closed</p>	closed	May 22 <sup>nd</sup> 2015
2015.15	Sistem Sertifikasi RSPO 4.2.4 dan lamp 4.2.2	<p><b>Plan of the binding time management</b></p> <p>PT Minamas Plantation (Sime Darby Group) is not able to show the evidence of the review over the binding time management for all units associated with PT Minamas Plantation such as PT Budidaya Agro Lestari which is planned to be certified on 2014</p>	Minor	Sime Darby	Before S-03	PT Minamas Plantation (Sime Darby Group) must be able to show the evidence of the review over the binding time management for all units associated with PT Minamas Plantation.	<p><b>Auditor Response:</b></p> <p>Verification on May 12<sup>th</sup> 2015 The company has shown the evidence of the corrective action in form of the document of SDP-RSPO Certification Status for Indonesia Operation. It describes the status of certification of all units associated with Sime Darby Plantation Sdn, Bhd in Indonesia.</p> <p><b>Verification on 18 Jun 2015</b></p> <p>The company has shown evidence of corrective action in form time bound plan document for PT Minamas Plantation that has been endorsed by Head of PSQM Minamas Plantation. In the document has explained about</p>	Closed	26 June 2016

**RSPO ASSESSMENT REPORT**

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

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-3 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2016.1	2.1.1 & 4.7.3	<p><b>Safe Work Related Regulatory Compliance.</b></p> <ul style="list-style-type: none"> <li>CH (certificate holder) has not shown any evidence that the electrician has been certified and / or license of OHS electrician in accordance with applicable regulations.</li> <li>Based on interviews with Paramedics in the KKPA 5, explained that Paramedics have not received training HIPERKES, it was not in accordance with the Ministerial Regulation No. 1 of 1979.</li> </ul>	Mustika POM & KKPA 5 Estate	Major	11 July 2016	CH must be able to show that the worker has competence in accordance with the regulations, in particular to the field of electrical technicians and paramedics.	<p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>Lack of understanding of the management unit of regulatory compliance obligations that apply to the electrician.</li> <li>Lack of monitoring compliance with laws and regulations in terms of certification experts.</li> <li>Medical personnel are still new and the management is in the process of providing hiperkes training to the personnel.</li> </ul> <p><b>Corrective action</b></p> <ul style="list-style-type: none"> <li>The company replaced paramedics that have been trained HIPERKES from Mustika Estate to KKPA-5 on behalf Roni Setiawan with letter No. SK-MTS / MTE-KKPA 5/16 / V / 0283 dated 24 May 2016.</li> <li>For Mustika Estate has had a paramedic who has been trained HIPERKES on behalf Mardiono (certificate: 17 741 / PM-XV / 14 in July 2014).</li> </ul>	Closed	1 July 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> <li>The company showed evidence of training programme of Hiperkes for new paramedic in form of the submission from Manager of KKPA-5 to Company's Doctors.</li> <li>The company showed Confirmation Letter of Electrical Training activity from OHS Services Company with a letter no 046 / HRL-CO / VI / 2016 dated June 17, 2016 that explaining the training to Mr. Ahmad Asroni (employees Mustika Factory) will be held on 22 to 23 June 2016. The Company also showed assignment letter of the employee to attend electrical training.</li> <li>Training for MTF's Electrician in accordance with the regulations have been done by PT Harta Rabel Lindo on 22-23 June 2016 in Balikpapan.</li> <li>The company shows Certificate of OHS Electrical Technician &amp; Generator on behalf of Ahmad Asroni</li> </ul> <p><b>Preventive action:</b></p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Collecting data every six months to ensure all electrical technicians and paramedics as well as all jobs that require certification in accordance with applicable regulations</p> <p><b>Auditor Observation</b> <b>1 July 2016</b></p> <ul style="list-style-type: none"> <li>The Company has identified the root causes of nonconformity.</li> <li>The company has taken corrective action by ensuring availability of a paramedic that is hyper-certified in KKPA 5 and provide training for electrician and generator.</li> <li>Preventive action has been carried out in the form of periodic monitoring of compliance with the labor regulations.</li> </ul> <p>Based on the explanation, Nonconformity No. 2016.01 is closed.</p>		
2016.2	2.2.2	<p><b>Monitoring Legal Boundary</b> Field observations showed the presence of benchmarks that was not in place (pole number 22) refers</p>	Mustika Estate	Minor	ASA-4	CH should be able to show the realization of the monitoring and follow-up maintenance of the land	<p><b>Root cause:</b></p> <p><b>Corrective action:</b></p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		to the coordinates of the stakes of the BPN.  CH has not been able to show documentation of monitoring conditions throughout the land use tittle (HGU) boundary markers on a regular basis, including the suitability of its location with a map of the concession of the BPN.				use tittle (HGU) boundary markers.	<b>Preventive action:</b>  <b>Auditor Observation</b>		
2016.3	3.1.1	<b>Long-term plan</b> CH has not been able to demonstrate the company's long-term plan that includes an explanation estimated price and financial indicators.	<b>Estate and Mill</b>	<b>Major</b>	<b>11 July 2016</b>	CH must be able to demonstrate the company's long-term plan in which covered the estimated price and financial indicators	<b>Root cause:</b> Long-term plan already exist only during assessment is not complete because it must be coordination with other Departments (Financial).  <b>Corrective action:</b> The management unit has demonstrated the management plan of own estate and smallholdings for the period 2016 - 2021 which describes the production, costs and gross revenue. The management unit has also shown long-term plan for palm oil mills period 2016 - 2021 which explains the pricing and financial indicators.  <b>Preventive action:</b>	<b>Closed</b>	<b>1 July 2016</b>

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Coordinating with other other Departments (Financial) prior to the audit process.</p> <p><b>Auditor Observation</b>  <b>30 June 2016</b>                      The management unit has demonstrated long-term plan period 2016 - 2021 for palm oil mill which has been explained about the price and financial indicators.</p> <p>Root cause has been identified and preventive action have been taken.</p> <p>Based on the explanation, Nonconformity No. 2016.03 is closed.</p>		
2016.4	4.4.1	<p><b>Surface Water Management</b>                      A field visit in the cottage Division 2 - Mustika Estate showed their potential sources of water contamination from waste oil and fuel in the water pump housing.</p>	Estate	Minor	ASA-4	CH must has a plan and implement protection against water from operating activities	<p><b>Root cause:</b></p> <p><b>Corrective action:</b></p> <p><b>Preventive action:</b></p> <p><b>Auditor Observation</b></p>		
2016.5	4.4.2	<p><b>Protection of Surface Water Flow</b>                      CH has not been able to show the evaluation of the results of testing the quality of surface water (rivers</p>	Estate and Mill	Major	11 July 2016	CH need to evaluate and implement plans and protection of water from its operations.	<p><b>Root cause:</b>                      Evaluation presented in RKL-RPL document is inadequate because not yet explain the causes of</p>	Closed	01 July 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		and reservoirs) test results in March 2016 and September 2015, which does not comply with the quality standards of BOD, COD, fecal coliform and total coliform					<p>surface water condition not meet with quality standards.</p> <p><b>Corrective action:</b></p> <ul style="list-style-type: none"> <li>collect the data and prepare the evaluation of the causes of surface water condition not meet with quality standards. The evaluation results indicate that the parameter exceeds the quality standard (e.g. BOD and COD) due to around the river there are settlement, people's plantation and many of community's cattle are grazing.</li> <li>Provide socialization to communities for not doing grazing around the river and the factory.</li> </ul> <p><b>Preventive action:</b></p> <ul style="list-style-type: none"> <li>Socialization to employees and communities around the estate so as not to pollute the river water.</li> <li>Evaluate the test results of water samples that carried out by a third party.</li> </ul> <p><b>Auditor Observation</b>  <b>29 June 2016</b>                      The management unit has shown</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>evidence of corrective actions to carry out tests and an evaluation of the test results. The evaluation results will be published in the RKL-RPL report.</p> <p>The management unit has made an announcement to the public not to throw garbage into rivers or reservoirs, do not engage in activities that can contaminate rivers and reservoirs, not grazing cattle around rivers and reservoirs, do not took for fish in the river with explosives and poisons.</p> <p>Based on the explanation, Nonconformity No. 2016.05 is closed</p>		
2016.6	4.6.11	<p><b>Health Assessment</b> Based on the study documents a list of employees spray and medical examination, it was known that not all sprayer workers were medically examined</p>	Estate	Major	11 July 2016	CH must be able to show that all employees spray has been getting regular medical supervision.	<p><b>Root cause:</b> Health examination of spraying workers has not been done because of budget constraints upon management's evaluation</p> <p><b>Corrective action:</b> Conduct medical examination for spraying teams were scheduled to be held in July 2016 as many as 102 people.</p>	Closed with observation	6 June 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Supporting evidence in the form of Submissions Letter of Health examination from company's doctor with letter No. Pol-ase / 001 / V / 2016 / s dated May 24, 2016 and the letter of the chairman of SOU 5 with letter No. 296 / MTE-GM / V / 2016 dated May 31, 2016 that explaining the health examination will be carried out to all spray teams in MTE, KKPA 2, 3 and KKPA KKPA 5 with a total of 102 workers in July 2016.</p> <p>There are employees list of spraying teams as comparative data.</p> <p><b>Preventive action:</b> Provide an adequate budget in the annual work program for periodic health examination to all spraying teams.</p> <p><b>Auditor Observation</b> <b>6 June 2016</b> The management unit has shown evidence of corrective action in form of health examination program for spraying teams.</p> <p>Root cause has been formulated</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							and preventive action have been taken with budgetary commitments in the coming year.  Based on the explanation, Nonconformity No. 2016.06 is closed with observation.		
2016.7	4.7.6	<b>Accident Insurance</b> Based on the study list of employees and insurance payments, it was known that not all workers has been registered into the BPJS.	Estate KKPA 5	Minor	ASA-4	CH must be able to show that all employees have enrolled in workplace accident insurance.	<b>Root cause:</b>  <b>Corrective action:</b>  <b>Preventive action:</b>  <b>Auditor Observation</b>		
2016.8	5.2.4	<b>HCV Management Plan based on the results of monitoring</b> CH has been monitoring the HCV area, however company has not demonstrated HCV Management Plan in accordance with the input of the results of the monitoring that has been done.	Estate	Minor	ASA-4	CH must demonstrate that HCV management plan in accordance with the results of the monitoring that has been done	<b>Root cause:</b>  <b>Corrective action:</b>  <b>Preventive action:</b>  <b>Auditor Observation</b>		
2016.9	5.3.3	<b>Waste Management</b> CH already has a waste management plan, however the results of field visits indicate that there are did not waste were managed in accordance with established procedures, for	Estate and Mill	Minor	ASA-4	CH must show evidence of good waste management and responsible under the applicable SOPs to avoid / reduce pollution.	<b>Root cause:</b>  <b>Corrective action:</b>  <b>Preventive action:</b>  <b>Auditor Observation</b>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		example: <ul style="list-style-type: none"> <li>FFB in the mill not managed properly, causing the potential for surface water contamination.</li> <li>EFB did not apply to block in accordance with the procedure.</li> <li>Household waste in KKPA 5 has not been managed in accordance with the procedure</li> </ul>							
2016.10	5.6.3	<b>Calculation and Reporting of GHG</b> CH has not been able to show the results of GHG calculation and evidence reporting in accordance with the RSPO standard.	Estate and Mill	Minor	ASA-4	CH should be able to show the results of calculation of GHG using RSPO Palm GHG Calculator Version 2.1.1 and reporting evidence to the RSPO secretariat.	<b>Root cause:</b>  <b>Corrective action:</b>  <b>Preventive action:</b>  <b>Auditor Observation</b>		
2016.11	6.1.3	<b>Management Plan in accordance Social Impact Assessment</b> CH has analyzed the social impacts (SIA) as a result of the company's operations and records documenting the results of the meeting to the reports. However yet available management plan and social impact monitoring in accordance with the identification of these impacts	Estate and Mill	Major	11 July 2016	CH must present a document of social management plan as a follow-up assessments SIA	<b>Root cause:</b> Has not provided sufficient information for the preparation of social impact management plan  <b>Corrective action:</b> <ul style="list-style-type: none"> <li>The company conducted a survey of socio-economic and cultural for monitoring socio-economic impacts (provided questionnaire to the local community on July 2016).</li> <li>Based on survey results, the company showed documents</li> </ul>	Closed	5 July 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>social management plan as a follow-up of SIA assessments.</p> <p><b>Preventive action:</b> Improved the understanding of management regarding the social impact management and monitoring social impact regularly</p> <p><b>Auditor Observation</b> <b>5 July 2016</b> The company has been collecting data and social information and formulate social impact management plan.</p> <p>Based on the explanation, Nonconformity No. 2016.11 is closed.</p>		
2016.12	6.1.4	<p><b>Review documents periodically SIA</b> Not yet available periodic review document SIA (minimum 2 years) with community participation</p>	Estate and Mill	Minor	ASA-4	CH must be able to show evidence of SIA document review regularly with community participation	<p><b>Root cause:</b></p> <p><b>Corrective action:</b></p> <p><b>Preventive action:</b></p> <p><b>Auditor Observation</b></p>		
2016.13	6.10.4	<p><b>Contractor payment</b> Company to show a working agreement with PT Surya Max Industries namely:</p>	Mustika POM	Minor	ASA-4	CH must show evidence of of payment to both the Work Agreement	<p><b>Root cause:</b></p> <p><b>Corrective action:</b></p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		<p>- Work Agreement no 010/EFB Hopper/SHE-MTF/2014 on contract supply and fabrication work EFB Hopper c/w Hydraulic Power Pack at Mustika factory with period of 5 month work.</p> <p>- Work Agreement No 019/EFB Conveyor /SHE-MTF/VI/2015 on contract work making EFB conveyor distributing with a length of 20 meters c/w Gearbox at Mustika factory</p> <p>However the company has not shown evidence of payment for the work on time</p>					<p><b>Preventive action:</b></p> <p><b>Auditor Observation</b></p>		
2016.14	RSPO Certification System 4.2.4.c	<p><b>Challenging Time Bound Plan</b> Revised Plan Schedule of certification (Time Bound Plan) indicated by the management unit has not been sufficient, such as:</p> <ul style="list-style-type: none"> <li>• Certification Plan smallholders PT BGR planned in 2020 (supposedly 2015). Justification given for this change is the new MoU, but management unit can not explain the MoU in question.</li> <li>• Time Bound Plan Karya Palma Estate (PT Sandika Natapalma) and PT Budidaya</li> </ul>	Sime Darby Plantation Sdn Bhd	Major	28 June 2016	Sime Darby Plantation Sdn Bhd should be able to demonstrate changes Time Bound Plan as well as a sufficient justification in accordance with RSPO Certification System	<p><b>Root cause:</b> Sime Darby Plantation Sdn Bhd through Minamas Plantation not renews the Time Bound Plan due to personnel responsible (Head of PSQM Indonesia) do not give annual regular information updates to the CB.</p> <p><b>Corrective action</b></p> <ul style="list-style-type: none"> <li>• Sime Darby Plantation Sdn Bhd through Minamas Plantation has revised the Time Bound Plan by setting Karya Palma Estate (PT</li> </ul>	Closed with Observation	28 June 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		<p>Agrolestari including Sungai Putih Estate (Full Manage Smallholders - Koperasi Perkebunan <b>Sejahtera Palma Sejati &amp; Mitra Usahatani Sejahtera</b>) are planned in 2018 (supposedly 2017)</p> <p>It is not in accordance with the RSP0 Certification System 4.2.3 all FFB derived from a self-managed farm should produce to the certified standard. Factory (Certificate Holder) should develop and implement a plan to ensure that 100% of smallholders and plantation has been certified within 3 years (since Mill certified)</p>					<p>Sandika Natapalma) and PT Budidaya Agrolestari planned in 2017.</p> <ul style="list-style-type: none"> <li>Head of PSQM Indonesia will inform the CB annually in the month of January or if there is a change or expansion of the operational area, especially in Indonesia.</li> </ul> <p><b>Preventive action:</b> Sime Darby Plantation Sdn Bhd through Minamas Plantation will notify CB if there are updates and changes to Time Bound Plan are due to the addition / expansion of the operating area or the addition of new plants.</p> <p><b>Auditor Observation</b> <b>21 June 2016</b> <b>Point b</b> The company showed a revised document Time Bound Plan by setting Karya Palma Estate (PT Sandika Natapalma) and PT Budidaya Agrolestari planned in 2017. The document was sent via email by the Minamas Plantation (Sime Darby Indonesia) on June 17, 2016 and has been verified by the team auditor.</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p><b>28 June 2016</b>  <b>Point a</b>            The company showed the document as a justification for the change time bound plan smallholders PT BGR, among others:</p> <ul style="list-style-type: none"> <li>• Minutes of the Meeting of Socialization ISPO-RSPO with KUD Mitra PT BGR on May 26, 2015 with an agreement that KUD willing to participate in the ISPO-RSPO certification if the five demands/requests KUD carried out by PT BGR.</li> <li>• Letter No. 46/KUD K.M/IV/2016 dated 23 April 2016 regarding the statement to the RSPO certification for KUD Karya Mandiri.</li> <li>• PT BGR shows the process of negotiations with SNV consultant for the certification smallholder's process. The decision is still in progress at the Sime Darby. Already four meetings with SNV.</li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							Based on the explanation above, it will be observed in the next assessment activities.		

**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	1.3.	CH encouraged to anticipate and evaluate the potential for unrest most farmers due to declining revenue sharing venture.
2	4.7.2	CH can improve risk identification by detailing the type of PPE to be used in every type of work as well as tailored to the product label / MSDS
3	5.1.3	CH chance to add data soil nutrient test results, monitoring of flora and fauna, as well as the number of contractors in a report on RKL-RPL.
4	5.3.2	CH need to ensure that the waste storage at the hazardous waste temporary warehouse Mustika Estate does not exceed the shelf life (Observation)
5	7.3.1	Progress of ratification for the Remediation and Compensation Plan (RACP) for the area opened since 1 November 2005 without prior identification of HCV in accordance with the Procedure RACP (Observation).
6	7.3.2	Progress ratification for Land Use Change Analysis for the area opened since 1 November 2005 without prior identification of HCV in accordance with the Procedure RACP (Observation).
7	8.1	CH need to anticipate potential failures, systematic system because of the repeated mismatch of each stage of the audit as in aspects: legality (maintenance stakes), the environment (HCV and surface water management), and employment (medical examination). (Observation)

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions
1		The company's commitment to implementing the principles of sustainable management of oil palm
2		Proper title of awarded blue 2016

No	Ref Std	Descriptions
3		Human Resource has the ability and a good understanding of sustainability standards
4		Has implemented a Management System Health and Safety

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Forestry and Plantation Agency of Tanah Bumbu Regency</b></p> <ul style="list-style-type: none"> <li>- This year the company has been conducting assessments plantation classification in 2015 but the assessment result of the province is still in the process</li> <li>- The company has send the report of Plantation Business every semester</li> <li>- The Plantation Agency received a complaint regarding the transparency of the management KKPA from several smallholder from village</li> <li>- The company has develop land of smallholder 15,815.67 ha</li> <li>- The price of FFB has follow a set price by Plantation Agency of South Kalimantan Province</li> </ul>	<ul style="list-style-type: none"> <li>- The result of assessment classification in 2015 until now did not accepted from Plantation Agency of South Kalimantan Province</li> <li>- Report of Plantation Business routinely every semester sended to Forestry and Plantation Agency of Tanah Bumbu Regency</li> <li>- Complaint regarding the transparency of the management cooperative credit scheme (KKPA), the managemen unit KKPA has published management report to village cooperative unit (KUD). The management report has explained activity of plantation in one month</li> <li>- The company has built 16,000 ha scheme smallholders with 8.100 members.</li> <li>- Pricing FFB follow the conditions set by Plantation Agency of South Kalimantan Province</li> </ul>	<ul style="list-style-type: none"> <li>- In accordance with criteria 1.1; 2.1; 6.2 and 6.10.</li> </ul>
<p><b>Labour Agency Of Tanah Bumbu Regency</b></p> <ul style="list-style-type: none"> <li>- There was no concerns about employment at PT Sajang Heulang, remuneration in accordance with applicable regulations. The agency never received both written and verbal complaints from workers PT Sanjang Heulang</li> <li>- There was not an issue of child labor and there is no issue of arbitrary termination by the company</li> <li>- Companies routinely carry out reporting the Nationality Report Obligatory, report of P2K3 every three month and other report at Labour Agency</li> <li>- The company has adopted regional minimum wage Tanah</li> </ul>	<ul style="list-style-type: none"> <li>- The company has adopted regional minimum wage amaount Rp.2,100,000,-</li> <li>- Termination of the work carried out on the agreement of both parties, resigned or in accordance with applicable regulations</li> <li>- Companies have commitment to routinely carry out reporting every three month and semester</li> </ul>	<ul style="list-style-type: none"> <li>- In accordance with criteria 2.1; 4.7; 6.5 and 6.7.</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Bumbu Regency amount Rp. 2.100.000,-</p> <ul style="list-style-type: none"> <li>- Company has employees who have certificate of operation boiler</li> <li>- For legality structure of P2K3 and Bipartite organization, the company has filed a change for legality from Labour Agency, and at a moment still on proses at Labour Agency.</li> </ul>	<ul style="list-style-type: none"> <li>- For legality structure of P2K3 and Bipartite organization, the company still wait legality letter from the agency, expected to have been approved in May 2016.</li> </ul>	
<p><b>National Land Agency Of Tanah Bumbu Regency</b> The period 2015 there has never been submitted to the land dispute to National Land Agency Of Tanah Bumbu Regency</p>	<ul style="list-style-type: none"> <li>- There has never been the land dispute with community in 2015</li> </ul>	<ul style="list-style-type: none"> <li>- In accordance with criteria 2.2.</li> </ul>
<p><b>Environmental Body of Tanah Bumbu Regency</b></p> <ul style="list-style-type: none"> <li>- The company has obedient to regulations and cooperate with local regulations</li> <li>- Companies routinely carry out reporting Implementation of management and monitoring environment, Hazardous waste report, Land Application report, fire report.</li> <li>- In the work area the Company has never happened land fires.</li> <li>- Environmental Body never receive both written and verbal complaints from workers and communities around the plantations and factories related to environmental contamination.</li> <li>- Agsana Mini Factory has been stop operation</li> <li>- The company has permit of hazardous waste temporary warehouse from government, and permit of land application as filed a license renewal.</li> </ul>	<ul style="list-style-type: none"> <li>- Companies routinely carry out reporting Implementation of management and monitoring environment, Hazardous waste report, Land Application report, fire report.</li> <li>- Companies have tried to do prevention / anticipation fires in plantation areas, if there is a fire outside the plantation company will try to help extinguish the fire. The work done by preparing a water source in the reservoir dam, made the suggestion to not burning, making sign board ban on burning in areas that have the potential prone to fire.</li> <li>- The Company is committed to preventing environmental contamination related to the operational activities.</li> <li>- The company has permit of hazardous waste temporary warehouse for Mustika Estate and Mustika Factory.</li> <li>- The company has filed a license renewal for application wastewater for land application .</li> </ul>	<ul style="list-style-type: none"> <li>- In accordance with criteria 2.1; 4.4; 5.1; 5.3 and 5.5.</li> </ul>
<p><b>Head of Villages and community</b></p> <ol style="list-style-type: none"> <li>1. Head Of Mustika Village</li> <li>2. Board community Kuranji Village</li> <li>3. Community representatives Kuranji Village</li> </ol>		



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>C. Social</p> <ul style="list-style-type: none"> <li>• The company had a positive impact in the form of the opening of access roads, employment (50% work in the plantation) and the building of facilities and infrastructure including road improvements and the construction of smallholdings since 2002</li> <li>• The districts always involves a plantation company in the process of company contributions</li> <li>• Support ever given by companies such as road maintenance and of teaching staff salaries</li> <li>• No child labor issue in the main plantation</li> <li>• No issues of human rights violations in the company</li> <li>• management report submitted periodically</li> <li>• CSR: help cow sacrifice, honor teachers and village leaders</li> </ul> <p>D. Aspiration</p> <ul style="list-style-type: none"> <li>- The company has given a very rapid response to citizen complaints</li> <li>- Village Kuranji expect help in the field of education (school books)</li> <li>- Necessary a support for washing Kuranji river around the village Kuranji</li> <li>- Communities some villagers complained about the management of smallholdings are not transparent</li> </ul>	<p>from the Estate, and assisted by citizens around the garden so that the fire could be controlled and extinguished</p> <ul style="list-style-type: none"> <li>• The positive impact of the company was employment plantations and smallholdings development since 2002 with an area of 16,000 ha with 8,100 members.</li> <li>• The company has always contributed to the district, especially during the dry season in 2015, the company sends clean water to villages in the district Kuranji when the clean water crisis</li> <li>• Contribution provided to companies around the villages namely road improvements and of teaching staff salaries kindergarten, elementary and junior high schools in the sub-district Kuranji and Sungai Loban.</li> <li>• The Company is committed not to employ minors to work. The minimum age of workers is 18 years old</li> <li>• Help sacrificial cows given each year to villagers in Kuranji subdistrict, sub-district Sungai Loban and Kusan Hulu</li> <li>• Honor the teacher and the head of the village is given every month to the village in the estates area</li> </ul> <ul style="list-style-type: none"> <li>• Companies respond to complaints or requests from the public, government village, district, school and others</li> <li>• Request from the village Kuranji in the field of education (school books) will be accommodated and communicated to a central management</li> <li>• Request drain flushing at Kuranji River around the</li> </ul>	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>- KUD do not know exactly how the plasma agreements with the company because there was never socialization from KUD Tumbuh Sari as a parent</li> <li>- There was never any explanation / proof of cost items in Management Report, This prejudice in the management of money by cooperatives and companies</li> <li>- There was never a regular meeting to discuss the development of smallholdings so that people just guessing the situation in smallholdings</li> <li>- Once there was a public demo (2011) because of the disappointment transparency of fees and profit sharing. after the demo sharing becomes stable. profit sharing is currently very small and people complain.</li> </ul>	<p>village will be accommodated and communicated to the Management of the center</p> <ul style="list-style-type: none"> <li>• Management of smallholdings undertaken by management unit smallholding (KKPA ) every month always release management report as a form of transparency to the community in terms of management of smallholdings</li> <li>• Each month management KKPA a meeting between the KUD board with KKPA management unit. And Each month always release management report as well as other issues concerning the management of smallholdings transparent.</li> </ul>	
<p><b>Contractor FFB Transporter (CV Adi Karya Abadi)</b></p> <ul style="list-style-type: none"> <li>• The contractor has held a copy of the employment agreement</li> <li>• The contractor has to understand about the content of the agreement including the safety and health aspects</li> <li>• If there was a changed then the contractor will be invited to discuss new deal</li> <li>• The period of the work agreement was 3 months</li> <li>• Payments are made between October 20 to 25 in the current month</li> <li>• The contractor has been working for 4 years and during this time had a good relationship, there was never any complaints from both sides</li> <li>• The Company has been informed related dispute</li> </ul>	<ul style="list-style-type: none"> <li>• Before doing work with the contractor has made a work agreement between the contractor and the company</li> <li>• In the work agreement listed the rights and obligations of each related cooperation, the contractor shall comply with safety and health aspects in work</li> <li>• If a change regarding the employment contract, the contractor will be invited to discuss to discuss new deal</li> <li>• In the event of a dispute shall take precedence with deliberation</li> </ul>	<ul style="list-style-type: none"> <li>- In accordance with criteria 1.3; 4.7; 6.3 and 6.10</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>mechanism (if it occurs) and this has never happened during a dispute</p> <ul style="list-style-type: none"> <li>The company has informed the prohibition related corruption policy</li> </ul>		
<p><b>Contractor maintenance and repairs production machine (CV Sakamukti Sentosa )</b></p> <ul style="list-style-type: none"> <li>Before the jobs have been tendered</li> <li>No employment agreement and mutually agreed upon and held by each party masinh</li> <li>There was scope of work, time of execution, payment calculation</li> <li>Aspects of health and safety have been established in the agreement</li> <li>The time for payment in accordance with the agreement</li> <li>As long as there are no issues and cooperation goes well</li> <li>The Company has informed the press mechanism related</li> <li>Disputes (if it occurs) and this has never happened during a dispute.</li> </ul>	<ul style="list-style-type: none"> <li>Before doing work with the contractor has made a cooperation agreement between the contracting parties and companies</li> <li>In a work agreement Listed rights and obligations of each bound cooperation, the contractor shall comply with the safety and health aspects in the work.</li> <li>If there is a change regarding the employment contract, the contracting parties will be invited to discuss to discuss new deal</li> <li>In case of a dispute will be prioritized with deliberation.</li> </ul>	
<p><b>Committee gender of KKPA 5</b></p> <ul style="list-style-type: none"> <li>As long as has nothing issue of harassment in KKPA management unit 5</li> <li>There were no discrimination both at the reception and promotion</li> <li>Leave the menstrual given 2 days according to the rules to all female employees but there should be recommendations of the medical examination</li> <li>Maternity leave given for 3 months in accordance with</li> </ul>	<ul style="list-style-type: none"> <li>The Company prohibits sexual harassment in the work environment and social</li> <li>The Company provides the opportunity for all workers, both men and women in terms of promotion</li> <li>Giving menstrual leave and maternity leave in accordance with the applicable legislation</li> <li>Grievance Mechanism submitted by the chairman of the company</li> </ul>	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>the regulations</p> <ul style="list-style-type: none"> <li>Grievance Mechanism directly to the chairman and the reporter's identity will be kept confidential</li> <li>To meet the basic needs of the market are performed every week in the village Girimulya, there are also traders who came to the housing as well as the companies provide transportation for shopping every week</li> </ul>	<ul style="list-style-type: none"> <li>Fulfillment of basic needs of employees satisfied with their small shop in employee housing, peddlers who came to the hut and the weekly markets in the vicinity of the plantation located about 3 km.</li> </ul>	
<p><b>Worker union Sehati (Mandiri) Mustika Estate</b></p> <ul style="list-style-type: none"> <li>Regulations regarding labor contained in the Company Regulations and have been provided for the period 2015 to 2017.</li> <li>Regulation of the company has been given to unions and workers' representatives</li> <li>Acceptance of workers based on age, work experience and health of workers</li> <li>Internal meeting workers union with the company have always done regularly.</li> <li>Wage refers to the minimum regional wage 2016 Kab. Tanah Bumbu amounted to 2.1 million implemented in February 2016. Lack of payment in January was paid concurrently with the salary in February.</li> <li>No contracts workers in Mustika Estate.</li> <li>A large part of the surrounding community worker is</li> <li>There were no issue of employment</li> <li>Registration of worker unions Department of Labour per unit.</li> <li>Policy related to corruption and human rights have been socialized by the company</li> <li>Mechanisms complaints reported through the</li> </ul>	<ul style="list-style-type: none"> <li>The Company has submitted the relevant rules of employment contained in the Regulation of the Company for the period 2015-2017 to the chairman of the union Sehati and then to be submitted to the workers' representatives</li> <li>Acceptance of workers based on age according to the provisions of a company that is at least 18 years, according to the workers' health certificate from a doctor and a certificate either from the police</li> <li>Conduct internal meetings with the workers union and the company has always done regularly by involving representatives of workers and management unit in terms of discussing work issues and social problems of employees.</li> <li>Companies do wages refers to the minimum regional wage 2016 Tanah Bumbu Regency amounted to 2.100.00 per 01 January 2016 and the payment shortfall in the salary awarded in February 2016</li> <li>Most employees are people around the estate, there is no daily employees in mustika estate</li> <li>Complaints employees delivered through the complaint book each division and follow-up of the employee</li> </ul>	<p>- In accordance with criteria 1.3; 4.7; 6.1; 6.3; 6.5 and 6.6</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>complaints book in division</p> <ul style="list-style-type: none"> <li>All employees have enrolled in workplace accident insurance form Health insurance agency (BPJS Kesehatan), and Employment insurance agency (BPJS Ketenagakerjaan)</li> <li>Facilities provided in the form of housing, places of worship, sports facilities, clean water the delivered from the factory and made wells.</li> </ul>	<p>complaints</p> <ul style="list-style-type: none"> <li>All workers has registered at Health insurance agency and Employment insurance agency that aims to provide protection to all workers and their families.</li> <li>The company provides residential facilities, electricity, clean water, places of worship, sports facilities and other</li> </ul>	
<p><b>Bipartite Institution – Mustika Factory</b></p> <ul style="list-style-type: none"> <li>Regular meetings are conducted every month.</li> <li>The last meeting was conducted in mid-April 2016 to discuss the company's condition and safety, which was attended by &gt; 10 people (staff and employee representatives). There are complaints related to the company's policy of reducing overtime.</li> <li>Wages in accordance with local regulations, namely Rp. 2,100,000 (in cash).</li> <li>There was the issued of child labor and discrimination.</li> <li>Most workers in the factory are local people (60%).</li> <li>There were no issues of human rights violations.</li> <li>Sources of water for residential and factory workers are in decent condition</li> <li>For everyday needs of workers can buy the peddlers who go into the employee housing. There was also a weekly market in the nearby village situated at a distance of 3 Km</li> <li>permanent workers has gained appointment letter</li> <li>Workers has been informed associated rights possessed such leave, working time, dismissal, etc.</li> <li>Never work accidents between the years 2015-2016</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings every month bipartite once between the workers and the Management of the unit, with each involving representatives of workers and management staff to discuss labor issues, corporate policies or activities outside of work (social problems) and other problems</li> <li>Companies do wages refers to the minimum regional wage (UMK 2016) Tanah Bumbu regency of 2.100.00 per 1 January 2016 (in the form of money) and the supply of rice paid in kind.</li> <li>Every worker has the same right to work, to get a chance in the promotion</li> <li>Most workers in the factory is local people / communities around the garden</li> <li>The company provides clean water facilities, power enjoyed by the employee during the 24 hours from the factory</li> <li>Meeting the basic needs of employees satisfied with their stalls inside the lodge employees, peddlers who came to the hut and the weekly markets in the vicinity of the garden which was about 3 km.</li> </ul>	<p>- In accordance with criteria 4.4; 6.5; 6.6 and 6.13</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>were crash a cow on the way that leads the factory.</li> <li>Waste from households transported by special vehicles each week. Each house is provided bins.</li> <li>No cases of employment during the period 2015-2016 in the factory</li> <li>PPE provided by companies such as safety shoes and uniforms for perkeja office. As for the field workers are given safety shoes, ear plugs, etc. PPE divided freely in accordance with a specified time, such as shoes two times a year for the field and 1 times a year for the office. As for the helmet will be replaced in case of damage.</li> <li>No cases of sexual abuse that occurred at the plant</li> </ul>	<ul style="list-style-type: none"> <li>Permanent Worker has been assigned the work agreement, each worker has informed relevant's rights possessed such leave, working time, work paid / unpaid, and other mutations.</li> <li>Management of waste from households / supplied domestic bins in front of the house and transported by special vehicles each week</li> <li>The company provides PPE to employees for free of charge such as safety shoes and uniforms for office workers, for a given field workers safety shoes, ear plugs, helmets.</li> <li>The Company prohibits sexual harassment in the factory / workplace</li> </ul>	
<p><b>KSU (Bumi Berlian)– contractor transporter of CPO</b></p> <ul style="list-style-type: none"> <li>Located in the village of Kuranji and have worked together (since the plant stand)</li> <li>Cooperation contract done annually and chapters studied in advance for one day before it was signed.</li> <li>The purpose of hauling No 2 objectives, namely Tarjun port and Sungai Danau .</li> <li>Prices are set by agreement of both parties.</li> <li>Payment was made has been done according to the agreement that every mid-month.</li> <li>Workers contractor has given PPE.</li> <li>The wages received by contractors base on the number of transporting FFB. The average wage earned was 8 transporting x 150,000 / month.</li> <li>Completeness sign factory PPE, driver's license, vehicle registration and Delivery Order (clearance fit).</li> <li>Vehicle condition will be checked before loading and if there was dirty it should be cleaned first.</li> </ul>	<ul style="list-style-type: none"> <li>The company has long been engaged in cooperation with KSU Bumi Berlian located in the village Kuranji</li> <li>Before doing work with the contractor has made a cooperation agreement between the contracting parties and companies</li> <li>In the Work Agreement listed the rights and obligations of each bound cooperation, the contractor shall comply with safety and health aspects in the works</li> <li>If there was a change regarding the employment contract, the contractor will be invited to discuss a new deal</li> <li>In case of dispute/clash would take precedence with deliberation.</li> </ul>	<p>- In accordance with criteria 4.7 and 6.10</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>• Currently, there are 10 units of transport CPO.</li> <li>• The company already provides many benefits to the surrounding community.</li> </ul>		

**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 Sajang Heulang  
Head of PSQM



**Mohamad Pirabharan**

Tuesday, 5 July 2016

Mutuagung Lestari  
Lead Auditor



**Bukti Bagja**

Tuesday, 5 July 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	Environment Agency	District of Tanah Bumbu, South Kalimantan Province	(0518) 6076050	Interview	10 May 2016	✓	
2	Labour Agency	District of Tanah Bumbu, South Kalimantan Province	(0518) 6076012	Interview	10 May 2016	✓	
3	Forestry and Plantation Agency	District of Tanah Bumbu, South Kalimantan Province	(0518) 38120	Interview	10 May 2016	✓	
4	National Land Agency	District of Tanah Bumbu, South Kalimantan Province	-	Interview	10 May 2016	✓	
5	Villager of Mustika Village	Mustika Village, Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
6	Villagers of Kuranji Village	Kuranji village, Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
7	Villager of Ringkit Village	Ringkit Village, Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
8	Villager of Girimulya Village	Girimulya Village, Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
9	Local Contractor	District of Tanah Bumbu, South Kalimantan Province	-	Interview	10 May 2016	✓	
10	Walhi	Jakarta Indonesia	informasi@walhi.or.id	Email	4 May 2016		✓
11	Gender Committee	Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
12	Worker Union Sehati	Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
13	CPO Transporter	Kuranji village, Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	
14	Bipartite Institution	Sub District of Kuranji, District of Tanah Bumbu	-	Interview	10 May 2016	✓	

<b>Appendix 2. Assessment Program</b>		
<b>DATE</b>	<b>9 – 13 May 2016</b>	
<b>PROGRAM</b>	<b>PROCESSES / CLAUSES TO BE AUDITED</b>	<b>AUDITOR</b>
<b>Monday/ 9 May 2016</b>		
06.00 - 05.00 15.00 - 16.00 16.00 – 17.00	<b>JAKARTA → Banjarmasin → PT. SHE</b> <b>Opening Meeting</b> Review dan update NCR ASA-2	<b>BB/ AD / MR / YH</b>
<b>Tuesday/ 10 May 2016</b>		
08.00 – 12.00	<ul style="list-style-type: none"> <li>Stakeholder Consultation with local government</li> <li>Stakeholder Consultation with local community</li> <li>Collect Basic Information (Mill and Estates)</li> <li>Clarification of Time Bound Plan</li> </ul>	<ul style="list-style-type: none"> <li>YH</li> <li>BB</li> <li>MR</li> <li>AD</li> </ul>
12.00 – 14.00	<b>BREAK</b>	
15.00 – 17.00	<b>Field Observation di Mustika Mill</b> <ul style="list-style-type: none"> <li>WWTP, Land Application (LA), Hazardous Waste Material management, Water Treatment Plant (WTP)</li> <li>Supply Chain, OHS</li> </ul>	<b>BB/ MR / AD</b>
<b>Wednesday/ 11 May 2016</b>		
08.00 - 12.00	<b>Field Observation di Mustika Estate</b> <ul style="list-style-type: none"> <li>Legal operational boundary</li> <li>Conservation (HCV) Area , waste management, Land Application</li> <li>Manuring, Spraying, Harvesting, PH, EFB, erosion pole, etc.</li> <li>Worker facilities (housing, health clinic, clean water, etc), Worker Welfare (payments, complaint mechanism), Land Fire facilities, Chemical Storage, ect.</li> </ul>	<ul style="list-style-type: none"> <li>BB</li> <li>AD</li> <li>YH</li> <li>MR</li> </ul>
12.00 – 14.00	<b>BREAK</b>	
14.00 – 17.00	<b>Review dokumen, Partial Certification dan Time Bound Plan</b>	<b>BB/ MR / AD / YH</b>
<b>Thursday, 12 May 2016</b>		
08.00 - 12.00	<b>Field Observation di Mustika Estate</b> <ul style="list-style-type: none"> <li>Legal operational boundary</li> <li>Conservation (HCV) Area , waste management</li> <li>Manuring, Spraying, Harvesting, PH, EFB, erosion pole, etc.</li> <li>Worker facilities (housing, health clinic, clean water, etc), Worker Welfare (payments, complaint mechanism), Land Fire facilities, Chemical Storage, ect..</li> </ul>	<ul style="list-style-type: none"> <li>BB</li> <li>AD</li> <li>YH</li> <li>MR</li> </ul>
12.00 – 14.00	<b>BREAK</b>	
14.00 – 15.00 16.00 – 17.00	<b>Perpare closing meeting</b> <b>Closing Meeting</b>	<b>BB/ MR / AD / YH</b>
<b>Friday, 13 May 2016</b>		
07.00 –	<b>PT. SHE → BANJARMASIN → JAKARTA</b>	<b>BB/ MR / AD / YH</b>