

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

Stage-1     Stage-2     Surveillance     Re-Certification

Name of Management Organisation : **Tanjung Kembiri Palm Oil Mill – PT Forestalestari Dwikarya, subsidiary of GOLDEN AGRI RESOURCES Ltd**

Plantation Name : **TANJUNG KEMBIRI MILL – TANJUNG KEMBIRI ESTATE; TANJUNG RUSA ESTATE**

Location : **Kembiri Village, Membalong Sub-district, Belitung District, Bangka Belitung province, Indonesia.**

Certificate Code : **MUTU-RSPO/037**

Date of Certificate Issue : **April, 21<sup>st</sup> 2014**                      Date of License Issue : **April, 21<sup>st</sup> 2016**

Date of Certificate Expiry : **April, 20<sup>th</sup> 2019**                      Date of License Expiry : **April, 20<sup>th</sup> 2017**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
<b>ASA-02</b>	29 February – 3 March 2016	Sandra Purba (Lead Auditor), Naila Karima, Yuniar Mitikauji, Andi Pratama	Octo Nainggolan	Taufik Margani

Assessment	Approved by MUTUAGUNG LESTARI on:
<b>ASA-02</b>	<b>3 May 2016</b>

PT Mutuagung Lestari • Raya Bogor Km 33,5 Number 19 • Cimanggis • Depok 16953 • Indonesia  
Telephone (+62) (21) 8740202 • Fax (+62) (21) 87740745/6 • Email: [agri@mutucertification.com](mailto:agri@mutucertification.com) •

[www.mutucertification.com](http://www.mutucertification.com)

MUTU Certification • Accredited by Accreditation Services International  
on March 12<sup>th</sup>, 2014 with registration number **RSPO-ACC-007**

**TABLE OF CONTENT**

**FIGURE**

Figure 1. Location Map of <b>PT. Forestalestari Dwikarya</b>	1
Figure 2. Operational Map of <b>PT. Forestalestari Dwikarya</b>	2
Abbreviations Used	3

**1.0 SCOPE of the CERTIFICATION ASSESSMENT**

1.1 Assessment Standard Used	5
1.2 Organisation Information	5
1.3 Type of Assessment	5
1.4 Location of Mill and Plantations	5
1.5 Description of Area Statement	6
1.6 Planting Year and Cycles	6
1.7 Description of Mill and Supply Base	6
1.8 Estimate Tonnage of Certified Product	7
1.9 Other Certifications	8
1.10 Time-Bound Plan	8

**2.0 ASSESSMENT PROCESS**

2.1 Assessment Team	10
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	10
2.3 Stakeholder Consultation and Stakeholders Contacted	13
2.4 Determining Next Assessment	13

**3.0 ASSESSMENT FINDINGS**

3.1 Summary of Assessment Report of the RSPO Certification	14
3.2 Summary of Assessment Report of Supply Chain Requirement	37
3.3 Conformity Checklist of Certificate and Logo Use	41
3.4 Summary of RSPO Partial Certification	42
3.5 Identification of Findings, Corrective Actions, Observations, Opportunity for Improvement and Noteworthy Positive Components	43
3.6 Summary of Arising Issues from Public, Management and Auditor Responses	48

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

4.1 Formal Signing of Assessment Findings	55
---	----

**APPENDICES**

1. List of Stakeholders Contacted in the RSPO Certification Process	56
2. Assessment Program	57

Figure 1. Location Map of PT Forestalestari Dwikarya

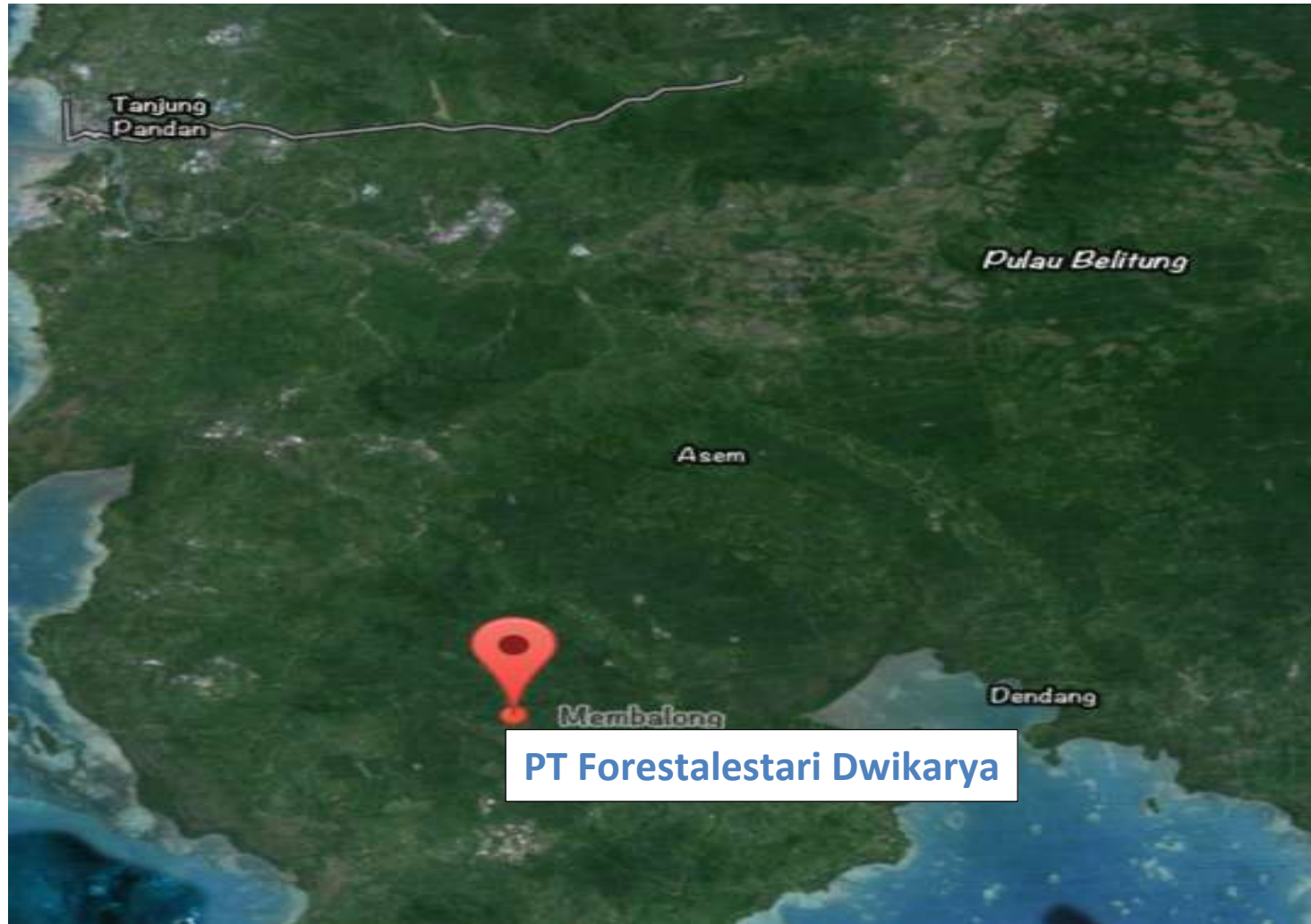
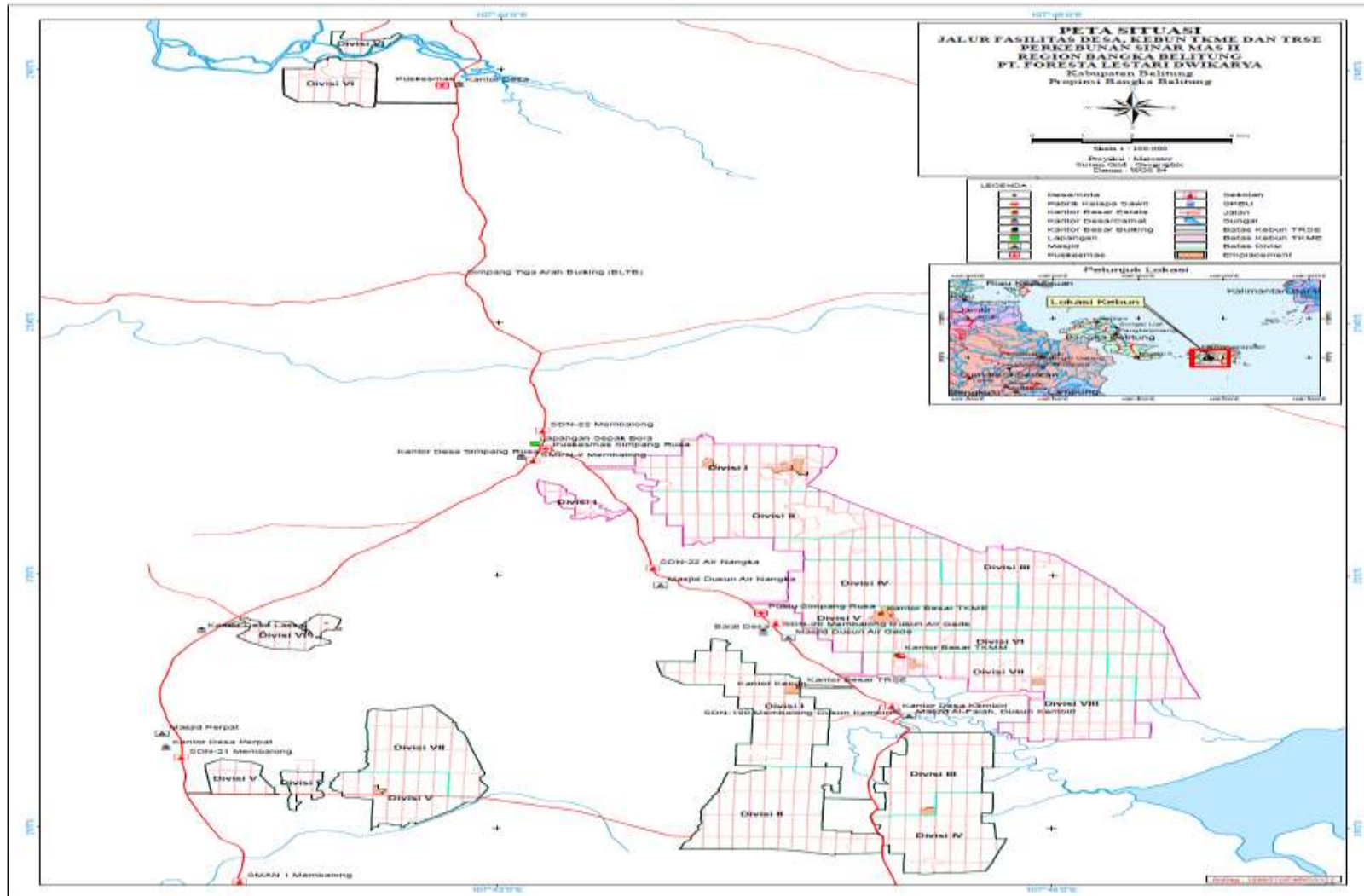


Figure 2. Operational Map of PT ForestalestariDwikarya



Glossary

ASA-01	:	Annual Surveillance 01
ASA-02	:	Annual Surveillance 02
ASA-03	:	Annual Surveillance 03
BOD	:	Biological Oxygen Demand
BPN	:	<i>Badan Pertanahan Nasional</i> (National Land Agency)
COD	:	Chemical Oxygen Demand
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
D & L	:	Document & Legal
EIA	:	Environmental Impact Assessment
EBS	:	Empty Bunch Spreader
EFB	:	Empty Fruit Bunch
FFB	:	Fresh Fruit Bunch
HIRAC	:	Hazard Identification Risk Assessment and Risk Control
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> . (Land Use Permit)
HR	:	Human Resources
IUP	:	<i>Izin Usaha Perkebunan</i> (Plantation Operation Licence)
IPM	:	Integrated Pest Management
ISPO	:	Indonesia Sustainable Palm Oil
JAMSOSTEK	:	<i>Jaminan Sosial Tenaga Kerja</i> (Social Assurance of Labor)
KER	:	Kernel Extraction Rate
LA	:	Land Application
LC	:	Land Clearing
LD50	:	Lethal Dosage 50
LSU	:	Leaf Sampling Unit
MCAR	:	Management Committee Agronomy and Research
MCMD	:	Management Committee for Mill Development
MSDS	:	Material Safety Data Sheet
OIA	:	Operational Internal Audit
OER	:	Oil Extraction Rate
OHS	:	Occupational health and safety
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> (Committee of Occupational Safety &Health)
PK	:	Palm Kernel
PMNP	:	Plantation Monitoring And Planing
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
PSM	:	<i>Perkebunan Sinar Mas</i> (Sinar Mas Plantation)
PT FLD	:	PT ForestalestariDwikarya
RSPO	:	Roundtable on Sustainable Palm Oil
SCCS	:	Supply Chain Certification System
SIA	:	Social Impact Assessment
SMARTRI	:	Sinarماس Research

SSU	:	Soil Sampling Unit
SOP	:	Standard Operating Procedure
SOP-IK	:	Standard Operating Procedure – <i>Instruksi Kerja</i> /Work Instruction
ST-1	:	Stage 1
ST-2	:	Stage 2
S-1	:	Surveillance 1
TKMM	:	Tanjung Kembiri Mill
TKME	:	Tanjung Kembiri Estate
TRSE	:	Tanjung Rusa Estate
UH	:	Unit Head
WWTP	:	Waste Water Treatment Plant

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1 Assessment Standard Used</b>			
<ul style="list-style-type: none"> <li>• <i>RSP0 Principles and Criteria (P&amp;C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <i>RSP0 Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSP0 Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i></li> </ul>			
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	PT Forestalestari Dwikarya – <b>Golden Agri Resources Ltd</b>	
1.2.2	Contact person	IsmuZulfikar	
1.2.3	Organisation address and site address	RSP0 registered company: 108 PasirPanjang Road, #06-00 Golden Agri Plaza, Singapore 118535  Liaison Office: Sinar Mas Land Plaza, Tower II, 30th Floor Jl. MH Thamrin No. 51, Jakarta 10350, Indonesia	
1.2.4	Telephone	(+62-21) 318 1388	
1.2.5	Fax	(+62-21) 318 1389	
1.2.6	E-mail	ismu-zulfikar@smart-tbk.com	
1.2.7	Web page address	www.smart-tbk.com	
1.2.8	Management Representative who completed the application for certification	IsmuZulfikar (Head of Environmental Departement)	
1.2.9	Registered as RSP0 member	1-0096-11-000-00, 31 March 2004	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	TanjungKembiri Mill; TanjungKembiri Estate and TanjungRusa Estate	
1.3.2	Type of certificate	Single	
<b>1.4 Locations of Mill and Plantation</b>			
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b>
			<b>Longitude</b>
	Tanjung Kembiri Mill (TKMM)	Kembiri Village, Membalong Sub District, Belitung District, Bangka Belitung Province, Indonesia	03° 01' 52.55" S
			107° 46' 18.60"E
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b>
			<b>Longitude</b>
	Tanjung Kembiri Estate (TKME)	Kembiri Village, Membalong Sub District, Belitung District, Bangka	03° 00' 54.58"S
			107° 46' 08.19"E

	Belitung Province, Indonesia		
Tanjung Rusa Estate (TRSE)	Kembiri Village, Membalong Sub District, Belitung District, Bangka Belitung Province, Indonesia	03° 02' 38.05" S	107° 45' 15.56" E
<b>1.5 Description of Area Statement</b>			
1.5.1	Tenure		
	• State		11,337.58 Ha
	• Community		- Ha
1.5.2	<b>Area Statement</b>		
	• Total area		11,337.58 Ha
	• Mature area		10,484.67 Ha
	• Immature area		- Ha
	• Mill		9.53 Ha
	• Infrastructure (roads, brige and trance)		77.17 Ha
	• Emplishment		366.80 Ha
	• Others area		354.96 Ha
	• HCV		466.13 * Ha
<i>Note : * Refer to HCV identification, some area of HCV overlap with planted area</i>			
<b>1.6 Planting Year and Cycles</b>			
1.6.1	Age profile of planting year		
		<b>Hectarage (Ha)</b>	
	<b>Planting Year</b>	<b>Tj. Kembiri Estate</b>	<b>Tj. Rusa Estate</b>
		<b>Total</b>	
	1995	1,726.48	-
	1996	2,080.89	1,203.24
	1997	1,878.19	3,157.15
	1998	153.55	285.17
	<b>TOTAL</b>	<b>5,839.11</b>	<b>4,645.56</b>
1.6.2	New Planting area after January 2010		- Ha
1.6.3	Planting Cycle		1 <sup>st</sup> Cycle or 2 <sup>nd</sup> Cycle
<b>1.7 Description of Mill and Supply Base</b>			
1.7.1	Description of Mill		
		<b>Capacity</b>	<b>FFB Processed</b>
	<b>Name of Mill</b>	(tonnes/hour)	(tonnes/year)
			<b>CPO</b>
			<b>Palm Kernel</b>
			<b>Out put</b>
			<b>Extraction</b>
			<b>Out put</b>
			<b>Extraction</b>
	TanjungKembiri	60	283,964
			61,364
			21.61
			16,113
			5.67
<i>*Source:Mill Production Data Period March 2015 – February 2016</i>			
1.7.2	Description of Certification Scope of Supply Base		



	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Tanjung Kembiri	6,086.30	5,839.11	129,501	22.17	129,501	100
	Tanjung Rusa	5,251.28	4,645.56	105,611	22.73	105,611	100
	<b>TOTAL</b>	<b>11,337.58</b>	<b>10,484.67</b>	<b>235,113</b>	<b>22.42</b>	<b>235,113</b>	<b>100</b>
*Source: Estate Production Data Period March 2015 – February 2016							
1.7.3	FFB description from other source						
	Name of sources	Organisation		Location		Supplied to Mill	
						FFB (tonnes/year)	
	<b>TRSA</b> (Non RSPO Certified): 382 SH, 575.95 Ha	PT. FLD scheme smallholder		Belitung District		2,868	
	<b>PUSX</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		9,911	
	<b>TSWE</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		26,674	
	<b>MMKA</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		3,458	
	<b>MMNA</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		1,190	
	<b>LMTA</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		1,351	
	<b>THRA</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		1,868	
	<b>GRMA</b> (Non RSPO Certified)	Independent Outgrower		Belitung District		1,527	
	<b>TOTAL</b>					<b>48,851</b>	
*Source: Mill Receiving Data Period March 2015 – February 2016							
1.7.4	Jenis Produk			FFB, CPO, PK			
<b>1.8</b>	<b>Estimate Tonnage of Certified Product</b>						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim 21 April 2015 to 20 April 2016 *		Actual certified product April 2015 to Maret 2016 **	
				(tonnes/year)		(tonnes/year)	
	• FFB Production			258,278		218,300.69	
	• CPO Production			56,381		47,146.68	
	• Palm Kernel (PK) Production			16,658		12,225.88	
	* Certificate Claim period 21 April 2015 – 20 April 2016						
	** Actual Claim period April 2015 – 3 March 2016						
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		

Tanjung Kembiri	6,086.30	5,839.11	142,452	24.39
Tanjung Rusa	5,251.28	4,645.56	116,611	25.00
<b>TOTAL</b>	<b>11,337.58</b>	<b>10,484.67</b>	<b>259,063</b>	<b>24.66</b>

*\*Projected FFB production 21 April 2016 to 20 April 2017*

### 1.8.3 Estimate of Certified Palm Product Claim

Name of Mill	Capacity (tonnes/hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
			Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
TanjungKembiri	60	259,063	58,289	22.50	13,601	5.25

*\*Projected CSPO and CSPK processing 21 April 2016 to 20 April 2017*

### 1.9 Other Certifications

ISCC	EU-ISCC-CERT-DE-104-16511501
ISPO	MUTU-ISPO/041

### 1.10 Time Bound Plan

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

Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status
MILL	Time Bound Plan				
PangkalanPanji	2013	PT Sawit Mas Sejahtera	2013	South Sumatera	Certified
Bumi Sawit	2013	PT Bumi Sawit Permai	2013	South Sumatera	Certified
Muara Kandis	2013	PT Djuanda Sawit Lestari	2013	South Sumatera	Certified
		Smallholder (KKPA Pandawa)	2013		
		Smallholder (Pandawa Plasma)	2013		
Sungai Rungau	2013	PT Sumber Indah Perkasa and PT Binasawit Abadi Pratama	2013	Central Kalimantan	Certified
Bukit Perak	2013	PT Bumi Permai Lestari	2013	Bangka Belitung	Certified
Tanjung Kembiri	2013	PT Forestalestari Dwikarya	2013	Kab. Belitung	Certified
Sungai Buaya	2014	PT Sumber Indah Perkasa	2014	Lampung	Certified
		Smallholder (KKPA Gedung Aji Lama)	2014	Lampung	Certified
		Smallholder (KKPA Mesuji)	2014	Lampung	Certified
Sungai Merah	2014	PT Sumber Indah Perkasa	2014	Lampung	Certified
		Smallholder (KKPA	2014	Lampung	Certified

		Gedung Aji Baru)			
Kasuari	2014	PT Sinar Kencana Inti Perkasa	2015	Papua	ST-1
		Smallholder (KKPA Sungai Panci)	2015	Papua	ST-1
		PT Sumber Indah Perkasa (Mambruk Estate)	2015	Papua	ST-1
Pekawai	2014	PT Agrolestari Mandiri	2015	West Kalimantan	ST-1
		Smallholder (Kayung Plasma)	2015	West Kalimantan	ST-1
Kenanga	2014	PT Kencana Graha Permai	2015	West Kalimantan	Certified
		PT Cahaya Nusa Gemilang	2015	West Kalimantan	Certified
		Smallholder (Kencana Plasma)	-	West Kalimantan	Certified
		Smallholder (Kenanga Plasma)	-	West Kalimantan	Certified
Perdana	2015	PT Binasawit Abadi Pratama	2015	Central Kalimantan	ST-1
Kuayan	2015	PT Agrokarya Prima Lestari	2015	Central Kalimantan	ST-1
		PT Buana Adhitama	2015	Central Kalimantan	ST-1
Belian	2015	PT Paramitra Internusa Pratama	2015	West Kalimantan	ST-1
		PT Bangun Nusa Mandiri	2015	West Kalimantan	ST-1
		PT Kartika Prima Cipta	2015	West Kalimantan	ST-1
		PT Persada Graha Mandiri	2015	West Kalimantan	ST-1
		PT BuanaArtha Sejahtera	2015	Central Kalimantan	ST-1
Sungai Kupang	2014	PT Sinar Kencana Inti Perkasa Sungai Kupang Estate Sungai Kupang KKPA	2015	South Kalimantan	ST-2
Golden Agri Resources Ltd run 15 mills and 54 estates in Indonesia and has achieved RSPO certified for 9 (nine) mills and supply base in Indonesia. Golden Agri Resources Ltd has informed the Time Bound Plan progress, MUTUAGUNG has considered that Golden Agri Resources Ltd is comply with the RSPO requirement for Time Bound Plan.					
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>				
	GAR has planned all Associated Smallholders to be certifiable				

<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-2</b>	<ol style="list-style-type: none"> <li><b>Sandra Purba (Auditor).</b> Bachelor of Forestry, Department of Forest Products Technology, Faculty of Agriculture, University of North Sumatra. Have experience working in oil palm plantations Company. She had attended such training: Training Expert of OHSAS General, Training ISPO Auditor, Awareness RSPO, training ISO 22000-2009 Auditor/Lead auditor, training of Management System Certification (ISO 9001-2008) auditor and training of RSPO Lead. Currently she worked as an auditor at Certification Body. During this audit, she assigned to verify legal aspect, social, conflict resolution and supply chain.</li> <li><b>Naila Karima (Auditor)</b> Bachelor of Public Health, Department of Occupational Health and Safety. Faculty of Public Health, University of Indonesia. She had experience working in private oil palm plantation companies in Indonesia. She had followed training such as ISPO Lead Auditor, awareness training the RSPO certification system, awareness training Occupational Health and Safety Management System (PP No. 50 tahun 2012), and Integrated Management System (OHSAS18001:2007, ISO14001:2004, and ISO 9001:2008). During this audit, she assigned to verify occupational safety and health/OHS and worker welfare.</li> <li><b>Yuniar Mitikauji (Auditor).</b> Master degree of Environmental Program at Melbourne University and bachelor of Forestry, with Silviculture background at Gajah Mada University. She has been worked as assistant of research at Forestry Faculty at Gajah Mada University for IPM program, Project Manager of Land Rehabilitation at Samboja Lestari Project, Kalimantan Timur. Selected training which have been followed, such as wildlife statistical analysis short course by Cardiff University and Sabah University; HCV Training from Mutuagung Lestari; Training Auditor ISPO, RSPO Lead Auditors Training Course endorsed by Proforest and Diameter. During this audit, she assigned to verify environmental, conservation aspect and transparency.</li> <li><b>Andi Pratama Pasaribu (Auditor).</b> Bachelor of the social economy, agribusiness a course of study agricultural university faculty of Jember. He had followed the training of auditor sustainable Indonesian palm oil (ISPO). He has experience of work for five years as an operational staff in several plantation companies in Indonesia private oil palm plantation. Currently working on certification body as independent auditors. During this audit, he assigned to verify best management practice, IPM and social aspects.</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-2</b>	Number of auditors for ASA-2 at site: 4 Auditor Number of days for ASA-2 at site: 4 days Number of working days for ASA-2 at site: 16 Working days
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-2</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Forestalestari Dwikarya to the <b>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013 dan RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill).</b></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. Some opportunities for improvement of the results <b>ASA-2</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>ASA-3</b>).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ASA-2</b> will be observation at the next assessment phase (<b>ASA-3</b>). All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ASA-2</b>.</p> <p>The assessment program please find Appendix 2</p>

2.2.3	Location of Assessment
ASA-2	<p><b>TanjungKembiri Estate</b></p> <ol style="list-style-type: none"> <li>1. <b>Barn Owl Box, Block J49 Division 5.</b> Observation rat control by using <i>Tytoalba</i> as natural predator.</li> <li>2. <b>Harvesting, Block J50 Division 1.</b> Observation and interview harvesting and picking with supervisor, harvesters and pickers regarding to harvesting rules, payments, safety procedure and complain mechanism.</li> <li>3. <b>Spraying, Block K48 Division 1.</b> Observation and interview weeding activity with supervisor and spraying team regarding to spraying procedure, PPE using, pesticides management and regularly medical check up.</li> <li>4. <b>EFB application, Block K45 Division 6.</b> Observation of EFB usage by using Empty Bunch Spreader in marginal area.</li> <li>5. <b>Main road, Block J45, J46, J47 and J48.</b> Observation road maintenance as access of transporting logistic, FFB, CPO and PK.</li> <li>6. <b>Employees Housing Estate in Division 4, 5 and 6.</b> Observation of employee housing facilities, water facilities, places of worship, and sports facilities provided by the company.</li> <li>7. <b>Fertilizer Warehouse.</b> Observation storage and manure management.</li> <li>8. <b>Warehouse Agrochemical.</b> Observation storage and management of chemicals used by the company in the form of herbicides, fungicides, pesticides and insecticides.</li> <li>9. <b>Warehouse Satelite Hazardous Waste.</b> Observation storage and waste management activities hazardous waste TKME like oil, cotton waste scrap, filter scrap, used lamp.</li> <li>10. <b>Workshop.</b> Observation of the workshop in the form of repairs and maintenance of operational vehicles and heavy equipment.</li> <li>11. <b>Generator Set.</b> Observation of the availability of the generator as a means of lighting for office, residential and other supporting facilities.</li> <li>12. <b>Clinic.</b> Observation of clinical activities and interviews with paramedics such as health programs, health checks, Posyandu, and management of infectious waste.</li> <li>13. <b>Warehouse PPE and place Mixing Pesticides.</b> Observed the work tools and PPE washing spray workers, equipped with tanks.</li> <li>14. <b>Block B43, B42 and B42 TKME.</b> Observing the best practice management applied for sloppy area. It is showed that the management has anticipated the erosion potential by stacking palm oil frond horizontal therefore it will reduce the speed of runoff to protect soil surface erosion</li> <li>15. <b>Block B40, B41 and B44 TKME.</b> Observing riparian area of AikMudur River. The condition of the riparian area is well managed and there is a planting of cover crop to prevent erosion at the edge of the river. The water body is clear and the flow is not distracted</li> <li>16. <b>Block D4.</b> Boundary poles. The company has managed the boundary poles well. The poles can be easily find and in good condition</li> <li>17. <b>Block F42.</b> Observing erosion pole monitoring with slope of area is 22° – 49° with 3 monitoring point on the highest level, middle and bottom. The erosion monitoring poles is well maintained and monitored periodically with a PIC for this monitoring system.</li> <li>18. <b>Block K50 and block K54.</b> Observing land application area, its flatbed condition, discharge of effluent mechanism. And interviewing the personnel in charge for the activity.</li> <li>19. <b>Block H62.</b> Observation on HCV 6 area. The area is sacred funeral complex that is periodically used for cultural celebration. The location is in the middle of company plantation area. It is well maintained.</li> </ol> <p><b>TanjungRusa Estate</b></p> <ol style="list-style-type: none"> <li>20. <b>Harvesting, block K12 Division 1.</b> Observation and interview harvesting and picking with supervisor, harvesters and pickers regarding to harvesting rules, payments, safety procedure and complain mechanism.</li> <li>21. <b>Spraying, Block K8 Division 1.</b> Observation and interview weeding activity with supervisor and spraying team regarding to spraying procedure, PPE using, pesticides management and regularly medical check up.</li> <li>22. <b>EFB application, Block K45 Division 6.</b> Observation of EFB usage manually in marginal area.</li> <li>23. <b>Barn Owl Box, Block J49 Division 5.</b> Observation rat control by using <i>Tytoalba</i> as natural predator.</li> <li>24. <b>Block S19, Block T21 Division 4 dan Block S6, Division 2, TRSE.</b> Observations to ensure the preservation and maintenance of boundary markers (BPN poles) number of sampling: FLDBT52, BT51FLD, FLDBT12, BT13FLD, FLDBT14.</li> </ol>

25. **Employee Housing Estate in Division 1 and 2.** Observe the employee housing facilities, water facilities, places of worship, and sports facilities provided by the company.
26. **Workshop.** Observation of the workshop in the form of repairs and maintenance of operational vehicles and heavy equipment.
27. **Warehouse Satellite Hazardous Waste.** Observation storage and waste management activities B3 TRSE like oil, cotton waste scrap, filter scrap, used lamp.
28. **Warehouse Agrochemical.** Observation storage and management of chemicals used by the company in the form of herbicides, fungicides, pesticides and insecticides.
29. **Generator Set.** Observation of the availability of the generator as a means of lighting for office, residential and other supporting facilities.
30. **Warehouse PPE and place Mixing Pesticides.** Observed the work tools and PPE washing spray workers, equipped with tanks.
31. **Block L12, block N12.** Observation over HCV area of Gede River Tributary. The condition of the HCV area is well protected and there are 6 monitoring plot for carbon stock monitoring. The boundary of the area is well maintained.
32. **Block P15.** Observation on HCV area of water spring, the condition of the HCV area is well maintained, good delineated and signed clearly. It is also accessible.
33. **Block P11 and Q11.** Observation on HCV area of Kembiri River. The riparian river is planted with cover crop to reduce erosion potential, well signed and monitored.

#### TanjungKembiri Mill

34. **Loading ramp.** Observation received and grading FFB.
35. **Processing activity.** Observation and interview with operator such as sterilizer, clarification, nut and kernel, engine room and boiler about working procedures, payment, PPE using, regularly medical check up and complain mechanism.
36. **Hydrant System.** Observation and simulation hydrant system as fire emergency response.
37. **Security and Weight Bridge.** Field observations and interviews with personal key related with SCCS implementation.
38. **Workshop.** Observations and interviews to see the implementation of OHS and environment aspect, understanding related to the duties and responsibilities as well as preventive measures carried out on the processing units in TKMM.
39. **Hazardous waste storage of TKMM.** Observing the condition of the storage, the recording mechanism, the understanding of the personnel in charge on his duty and how the hazardous waste is kept, categorized and grouped.
40. **Waste Water Treatment Plant.** Observing the condition of the facility, how it is managed, the understanding of the PIC regarding his/her duty, the operational of the WWTP equipment, the monitoring system and the recording and communication to other related division in this case is the laboratory division and land application.

#### Public consultation

41. **Belitung District Food and Horticulture Plant, Husbandry, Forestry and Food Security Agency (Head of Crops Production and Protection Division and Staff of UPPHP of Plantation Division).** Consultation and interview for gathering information regarding to plantation activity, smallholder partnership, land dispute etc
42. **Belitung District Environment Agency.** Consultations and interviews to obtain information related to environment management.
43. **Belitung District Manpower, Social and Transmigration Agency.** Consultations and interviews to obtain information related to worker, minimum payment, etc.
44. **National Land Agency.** Consultations and interviews to obtain information related to legality, and disputes over land tenure, as a whole have been described in criterion 2.2.
45. **Simpang Rusa Village, Lassar Village, Kembiri Village (Village Head and Community Leader).** Consultation and interviews with village heads and community leaders to obtain information related to the conflict, complaints, grievances, social, CSR, socialization of HCVs as well as mechanisms of consultation and communication, overall results of the public consultation was presented at the point 3.5 in this report.

	<p>46. <b>Head of Labour Union</b>          47. <b>Local Contractor</b>          48. <b>Gender Committee</b></p>
<b>2.3 Stakeholder Consultation and Stakeholders Contacted</b>	
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-2</b>	<p>Consultation of stakeholders for PT. ForestalestariDwikarya was held by:</p> <ol style="list-style-type: none"> <li>1. Public Notification at web mutucertification.com on January 10<sup>th</sup>, 2016.</li> <li>2. Public consultation with NGO (Sawit Watch, WWF dan Walhi), held on by email and questionnaire.</li> <li>3. Public consultation with government agency District of Belitung (Plantation Agency, Labor Agency, Environment Bodies, National Land Agency) on February29<sup>th</sup>, 2016.</li> <li>4. Public consultation meeting with local stakeholders conducted by visits to villages on March1<sup>th</sup>, 2016.</li> </ol> <p>Numbers of input from stakeholders were clarified by PT BumipalmaLestariPersada see at Appendix 1</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>ASA-3</b> ) will be determined one year after this <b>ASA-2</b> (March -2017).

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Tanjung Kembiri Mill – PT Forestalestari Dwikarya, **Golden Agri Resources Ltd** operation consisting of one (1) mill and two (2) oil palm estates.

During the assessment, there were two (2) non-conformity were assigned against Major Compliance Indicator and two (2) opportunities for improvement were identified.

MUTUAGUNG LESTARI found that TanjungKembiri Mill – PTForestalestari Dwikarya, **Golden Agri Resources Ltd** complied with the requirements of *RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013* dan *RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill)*.

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</b>	<b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>
	<p>The company has updated stakeholder list 2016 consisting of government institution, contractor, non-government organization, labor union, Sub District Head, Koramil and Head of Villages. The list is updated every six months. The company has assigned its Administration Division Head to for updating the list.</p> <p>The company has procedure of Communication and Consultation No. SOP/SMART/UMUMSADV/I/004, Rev.0.0 authorized by Sustainability Division Head and Approved head of Upstream. The SOP regulates the response process of required information and the time allocated for response. Recording the incoming and outgoing information, TKMEE has logbook of information request and response, TKME has logbook of community aspiration and response and TRSE has logbook of communication and consultation. Sample of information request:</p> <ul style="list-style-type: none"> <li>- TKMM: 25 September 2015. Invitation letter form Manpower, Social and Transmigration Agency on OHS repmeeting. Responded on 6 October 2015</li> <li>- TKME: 11 February 2016 from Kembiri Head Village, on aid for Perori. Responded on 17 February 2016</li> <li>- TRSE: 26 October 2015 from Ms. Aprianti (Social Head Division of Village) on aid for clean water. Responded on 28 October 2015 in form of reply letter for providing the clean water requested.</li> </ul> <p>According to the evidence provided by the company, auditor sum up that the company has provided adequate information for stakehplder, has updated its stakeholder list and the process is in accordance with their internal procedure,</p>
	<b>Status: Full Compliance</b>
<b>1.2</b>	<b>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>
	<p>The company has a list of publicly accessed information. The list was contained in company document no. (F/SMART/UMUM/SADV/004/003 tanggal 20 Oktober 2014). The publicly accessible document area environmental impact assessment document, report of environmental management, HCV document, annual SIA report, CSR report, land ownership, act of company establishment and change, regional tax payment receipt, complaint and information</p>



request logbook, document of GHG calculation, data of production area and application, P2K3 report and human right policy of the company.

Based on interview with Environment Agency of Belitung District and Manpower and Transmigration of Belitung District reveals that the agency can easily accessed any information needed from the company. Information request letter sent to the company got positive feedback from the company. The company also sent the report related to each agency periodically as part of its obligation to regulation. And in accordance to document review, the company has sent the GHG calculation to RSPO.

**Status: Full Compliance**

**1.3**

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

The company has had a policy of ethical business principles that have been endorsed by the Regional Controller on August 1, 2014. The policy states that the company is committed in the management of all activities of the business practices, no tolerance for any act or form of corruption in the business practices and all forms of business practices conducted by transparent and open manner.

The policy has been socialized to the employees on March 31, 2015 (available document of attendance and photo of socialization activity), also has been displayed on each office in units.

**Status: Full Compliance**

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

**2.1**

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

Company showed some evidences over its compliance toward the applicable regulation. For instance, company showed its mill and estate's compliance toward the occupational health and safety regulation, such as:

- Operator boiler has the occupational health and safety license No. 12.301-OPK3-PUBT/B-I/XI/2012-P1 that is valid until 08 November 2017 based on Ministry of Manpower Decree No. 01 in 1988.
- Welder certificate No.S.376/JL/PNK3/XI/2012 that was issued on 08 November 2012 welder class III based on Ministry of Manpower Decree No. 02 in 1982.
- Technician certificate No. Ser.1428/K3-LIST/DPNK3/11.12 that was issued on 08 November 2012 based on Ministry of Manpower Decree No. 12 in 2015.
- PPE proficiency based on work risk in mill and estate that is in line with Ministry of Manpower Decree No. 08 in 2010. The observation over spraying result at Block K48 Division 1TKME and in Block K8 Division 1TRSE showed that staff was using PPE, such as mask, spectacles, apron, rubber and cotton gloves, shoes.

Compliance toward the Environment regulation, such as:

- Owning the permit of hazardous waste storage on behalf PT Forestalestari Dwikarya from Belitung Regent Number 188.45/241/kep/blhd/2012 dated July 24th 2012.
- Routinely reporting several estate and mill management such as reporting Environmental Management and Monitoring Plan, hazardous waste management, and effluent management.
- Owning environment document in form of EIA

Compliance toward the Mill and Estate regulation, such as:

- Owning the permit of effluent utilization over the estate from Belitung Regent Number 188.45/234/kep/blhd/2012dated June 29th 2012.

Compliance toward the legality regulation, such as:

- Owning the document of Plantation Business Permit from Belitung Regent Number 525/00525/IUP-KEB/IV/2003dated March 24th 2003for 12,232.43 Ha area of palm oil and palm oil mill management with capacity of 60 ton/hour.
- PT FLD has had Land Use Title for **11,337.58 Ha** in Kembiri Village, Perepat Village, Lasar Village, SimpangRusa Village, Membalong Sub-District; Cerucuk Sub District, Badau Sub-District; Perawas Sub District, TanjungPandan Sub-District, Belitung District

There is a list of compliance with rules established by PT FLD for each field, List of Legal and Other Requirements Employment Field (F / SMART / GENERAL / SADV / 002/001) are updated on February 2, 2016, List of Legal and Other Requirements Sector Employment ( F / SMART / GENERAL / SADV / 002/001) are updated on February 2, 2016, List of Legal and Other Requirements field of HCV (F / SMART / GENERAL / SADV / 002/001) are updated on December 22, 2015, and the List of Legal and Other requirements field K3 (F / SMART / GENERAL / SADV / 002/001) are updated on February 15, 2016.

The management units consistently carry out the evaluation of compliance with applicable legal requirements in accordance with SOP Rules and Other Requirements (SOP / SPO / SMART / LH-03). Regulatory compliance evaluation conducted periodically (6 months) by the Assistant / Document Controller Staff assisted by the relevant department. Evaluate Adherence to Rules, Regulations and Other Requirements Employment Field are updated on February 19, 2016, Evaluation of Adherence to Rules, Regulations and Other Requirements Field of HCV updated on February 18, 2016, Evaluation of Adherence to Rules, Regulations and Other Requirements for Environment were updated on February 18, 2016, evaluation of Adherence to rules, Regulations and Other Requirements of Licensing Land Estates February 18, 2016, with the results of the evaluation are all regulations have been met.

**Status: Full Compliance**

**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.**

Consistent with ASA-01 related with legal documents and land ownership for PT FLD:

- Plantation Business Permit (IUP) based on decree of Belitung Regent No. 525/00 525 / IUP-KEB / IV / 2003 dated March 24, 2003. It's valid for the cultivation of oil palm area of 12,232.43 hectares and management of palm oil mill with an installed capacity of 60 tons/hour which is located in District Membalong, Belitung, Bangka Belitung Province.
- Land Use Title (HGU) with a total of 11,337.58 hectares consisting of:
  - HGU Certificate No. 1, December 24, 2005 to an area of 1,082, 20 hectares in the village Kembiri, Sub District of Membalong.
  - HGU Certificate No. 13, 2001 to an area of 4,668.43 Ha (a. 923.50 Ha and b. 3744.93 ha) in Kembiri village, Sub District of Membalong.
  - HGU Certificate No. 14, 2005, to an area of 5,586.952 hectares in Kembiri Village, Perepat Village, Lasar Village, TanjungRusa Village (Sub District Membalong), Cerucuk Village (Sub District of Badau), Perawas Village (Sub District TanjungPandan).

During the field visit observed that the HGU pole (boundary marker no. BPNXXVIII) is located in the middle of Block L09 Division 1 TRSE. It means that the company has planted outside the HGU area. Further, based on document verification on operational map, map of basic registration and image plots (annex of SK HGU) indicates that the company plants outside the land rights legal (HGU), so that raised nonconformity **(NCR) No.:2016.01**

**Root cause:**

The land which is planted outside of pole of BPN no. XXVIII in Block L09 Division 1 are within the PT FLD's location permit but at the time of cadastral measurement and become HGU, the area does not entered into the concession because during the first measurement of cadastral by BPN to the intended location has not entered yet into the scope of measured.

**Corrective action:**

- PT FLD will set aside land which has been planted outside of BPN pole no. XXVIII in Block L09 Division 1 Tanjung Rusa Estate of the scope of RSPO certification
- PT FLD will committed to arrange the legality of land planted outside BPN pole No. XXVIII in Block L09 Division 1 TRSE

**Preventive action:**

PT FLD will ensure all cultivated areas has had documents showing ownership of land

**Auditor observation on 30 April 2016:**

The company has shown a written commitment in document of statement dated 21 April 2016 by the Managing Director and Director representing the directors of PT FLD, states that:

- The Company will reduce land of ±1 Ha which is planted outside HGU from the certification scope
- The Company will arrange the legality of the land

Companies able to show a map marker point of HGU scale of 1: 40,000 dated 28 April 2016 informing the boundaries of the area that can be cultivated legally. In the map, the area which is planted outside of HGU area of ± 1 ha has been reduced. Provided HGU point map overlay with location permit map which explains that an area of ± 1 ha has been entered into company's location permit.

Evidence of corrective action also have been attaching memorandum document No. 003/RC Babel /IV/2016 dated 29 April 2016 about the delivery mechanism of TRSE's non-certified FFB to TKMM, explained that the separation is done since the boundary in the field, the separation of FFB collecting point, coding for FFB non-certified, separation of FFB and loose fruit transporting, making blocks code, separating production report, receipt report of FFB separation at the factory, and does not enter the code/stamp certified documents. The document has been attaching with a flowchart.

Accordingly, a nonconformity has been met, the auditor would still conduct observation related to this during the the next annual assessment.

Program for monitoring the legal boundaries has been compiled every year. Maintenance programmed for the period 2015 is a manual maintenance and painting as well as the maintenance of boundary marker number. SOP related to the maintenance and installation of markers available at document No.: PT FLD-TKME / SOP / 16, issued on July 2, 2012. Realization of program can be shown in the form of maintenance report for 2015 for boundary markers as many as 388 in TKME and 596 in TRSE. In addition, for 2016 maintenance activities to be performed is manual maintenance and painting, for example, in January 2016 a planned total of 19 boundary markers that will be taken manual maintenance. The company can shown maintenance report held on February 25, 2016.

Based on interviews with the management representative and Village Head of Kembiri Village known that there are no new land acquisition made by the company. Land acquisition was carried out in 1994-1995. Consistent with the results of previous audits, it is known that there are still HGU area of PT FLD are not willing to be compensated. The Company has conducted a mapping of the area and provided an affidavit stating that there was never a dispute about land managed by the villager with the PT FLD.

Based on interviews with the staff of PR (Public Relation) of PT FLD, public consultation with relevant agencies (BPN) and interviews with the local community known that there are no significant conflicts in the area of PT FLD. There are no changes since the assessment ASA-01, in the area concession owned by company there are 174.79 hectares were cultivated by the community has been solved by doing an agreement with the community affected, the company can shown evidence in the form of a statement of the community who claim, that there has never been a dispute over land managed by community with the PT Forestalestari Dwikarya witnessed by the local government.

Additionally the company has mapped the location of land managed by the local communities that are within the concession area. There is inventory list managed by community in the form of palm groves, fields of corn, pepper gardens and rubber plantations located in Tanjung Rusa Estate (block H-07, J-08, J-09, K-11, K-12, L-13, L-14, M-14, N-09, M-10, P-15). Settlement and agreements related with a land claims area of 174.79 ha by the local community in TRSE been conducted and witnessed by the local government. The Company does not do violence to avoid escalation of the conflict.

Major No.:2016.01	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.**

There is no customary tenure in the plantation area of PT Forestalestari Dwikarya, it is based on the results of the document verification and interview with management representative. PT FLD has had shown document of Identification

of High Conservation Values for PT Forestalestari Dwikarya 2012. The document describes the process of determining of High Conservation Value (HCV) area and note that it is only in the form of Cemetery area and Water Resources. The area of 3.93 ha respectively in Estate Tanjung Rusa and 2.04 ha in Tanjung Kembiri Estate. Areas mentioned above, are not within the control by indigenous rights.

Available evidence in the form of Minutes of the Public Consultation HCV dated February 22, 2013 and lists attend Public Consultation participants (40 participants) consist of Heads of Villages, Village Chief, Head, Community Leaders, Deputy of the NGO, Society and Representative of the Company.

Based on the results of the study documents, information management representative, interviews with relevant institutions (Plantation Office) note that there are no traditional rights in the area of PT FLD.

**Status: Full Compliance**

**PRINCIPLE #3 Commitment to long-term economic and financial viability**

**3.1**

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

The company's top management has drafted a long-term planning for the years 2016 – 2020. In the planning document is described the target company include production estimates (CPO and PK), operating costs (estate and mill), estimates of CPO and PK prices, OER and KER target, hectare statement, profitability projection and other financial parameters.

To ensure financial viability in long-term, the company has demonstrated to auditors an tax payments paid, local tax (collecting and utilizing surface water) and annually financial audits assisted by a public accountant that shows the company has an ability to survive the business in a long-term.

A long-term planning also described a replanting plan. Its program based on evaluation at some factors such as:

- Age >25 years.
- Palm heights >13 m.
- Annual yields <14 ton/ha.
- Stands per Ha <100 trees/ha
- An annual replanting activities planned only 4% from all planted to ensure FFB production keep stable.

Here is the replanting program plans that have been drafted and set by management:

**Replanting program plans, years 2016 - 2020 (in Hectare)**

<b>Estates</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
TKME	-	-	-	-	1,000	<b>1,000</b>
TKSE	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>1,000</b>

Based on interview with management representative and funding staff, the long-term work plans are regularly evaluated every year. It is intended to maximize the potential of resources owned by the company in order to reach optimal target.

**Status: Full Compliance**

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

**4.1**

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

PT. Forestalestari Dwikarya has had documents of SOP-IK Technical of Oil Palm Cultivation starting from land clearing up to harvesting drafted by team of MCAR (*Management Committee Agronomy and Research*) in 2012. The SOP documents among others about Planning of New Area Planting, Replanting Plans, Nurseries, Land Clearing, planting, replanting, Pest and Disease Control, Weed Control, Fertilization, Maintenance of Immature plant, Preparation Ahead of Harvest, Harvesting, Loading and Transportation of FFB and Measurement of Rainfall by Ombrometer.

Based on a field visit and interviews with the harvesters in the block J50 TKME and block K12 TRSE, the harvesting process has complied with the harvesting procedures that issued by the company. The harvesters can explain well on harvesting correct procedures. Particularly relevant to the criteria for ripeness. Harvesters and pickers can explain well also on payments mechanism and obligation to use personal protective equipment (PPE) according to the HIRAC.

The Company also has a complete SOP associated with the processing of palm oil into CPO and PK in the palm oil mill contained in the SOP No. 04-09 / MCMD-SOP / 438 revisions number 4. SOP approved by Edwin Ng (Chairman MCMD) and entered into force on 1 September 2010. The SOP includes standard operating procedures in POM include: FFB reception station, sterilization activities, slamming station (threshing), press station, clarification station (purification), clarification station; Oil recovery tank sub station, nut and kernel station, boiler and engine room, water treatment, final effluent, storage tank washing.

To ensure consistency of procedures implementation, the companies routinely conduct internal audit activities both agronomic and processing. Its held by the Department of Operational Internal Audit (OIA) every semester. The records of internal audit first semester 2015 (July – August) and second semester (December) has documented. Non-compliance records of internal audit has corrected and verified by top management such as manager, RC and VPA.

In addition to receiving the fruit from the nucleus estate, TanjungKembiri POM also received FFB from another companies under Sinarmas Group, small-holder, and the second party regarding to a letter of agreement for purchasing FFB. For examples, partnership letter with Sawit Sejahtera Bersama Co-operation, purchasing order with PT. Palmindo Billiton Berjaya and PT PratamaUnggul Sejahtera. In that agreement contain clauses that suppliers are willing to supply the official FFB. Pricing mechanism for FFB refers to the FFB pricing that passed by Plantation Agency of Province Kepulauan Bangka Belitung every month. Agreement related to the FFB purchasing with the external party has equally understood by both parties. It can be seen from the evidence of the formal signing of FFB purchasing order on the stamp duty and each party keeps the copy.

Based on the documents review and field visit, it can be concluded the company has documented, implemented and monitored the procedures.

**Status: Full Compliance**

**4.2**

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

The company has implemented practices to optimize production rate in accordance with the established procedures, among others;

1. Sampling of Soil and leaves by SMARTRI regularly to make sure the elements that plants need in order to produce optimally. Results of soil and leaf analysis that tested will be the basis for determining the dose of fertilizer in each estate.
2. Fertilization activities that emphasizes the principles of timely, targeted, precise dosage and proper application. Beside that, there was an EFB extra with dosage 40 ton/Ha/year for the marginal soil.
3. POME application in TKME to enrichment soil fertility. There is a 280 Ha application area over TKME.
4. Maintenance of ground cover plants to reduce evaporation (keeping the soil moisture). For example, planting beans and maintenance the fern (*Nephrolepisbisserata*). To all sprayers always informed on the morning briefing to not spraying the plant.

During audits, auditor was observation an EFB application as an extra fertilizer. Mechanical application was implemented in block K45 TKME by using Empty Bunch Spreader and manually in block J3/J4 TRSE. The activities show the company strategy to enrichment organic contents in soil especially for marginal soil. Beside that, EFB also functioned as mulching to keeping the soil moisture in dry season and reducing run off in rainy season.

The company has documented a fertilizing process both organic and an-organic fertilizers. The documents that shows the fertilization records such as recommendation and realization of fertilizer application, realization of EFB application and realization of POME application. Based on field visit, EFB and POME application were done application. So far, there was no official report regarding to pollution due to POME application.

Companies routinely conduct a SSU and LSU. SSU conducted every 5 year for trees age 3, 8, 18 and 23. LSU conducted every year. The Parameter being analyzed in SSU were KA, N, P, K, Mg, Ca, Mn, B, Zn, Cu, Cl, Fe and Na. Meanwhile, parameter that being analyzed in LSU were pH, C, N, P, K, Mg Total, P Bray 1 and KTK. The testing result might be used by SMARTRI to determine fertilizers recommendation.

Based on documents and field visit above, it can be concluded the company has enrichment soil fertility by using organic or an-organic fertilizers. The record has been well documented.

**Status: Full Compliance**

**4.3**

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

The company has had a soil suitability map report issued by Plantation Monitoring and Planning Division year 2006 which included a description of the soil types, topography, soil texture, drainage condition, land suitability level, and the limiting factor. This contains:

1. TKME: contains areal which category N (not suitable), S3 (suitable marginal), S2 (moderate suitability) and water area. The area mapping in soil map document PT. ForestalestariDwikarya with scale 1: 60.000 (No. Reg: 565/202/PMNP/X/09) year 2012.
2. TRSE: contains area which category N (not suitable), S2 (moderate suitability), water area and un-surveyed area. The area mapping in soil map document PT. ForestalestariDwikarya with scale 1: 50.000 (No. Reg: 567/202/PMNP/X/09) year 2012.

Based on survey report, the slope levels range between 0 – 15%. However, the slope area was not a limiting factor. Planting strategy for areal with slope levels 8 – 15% was:

- U-shape frond stacking methods.
- Maintenance fern (*Nephrolepisbisserata*) to keeping the soil moisture.
- EFB application to enrichment organic contents in soil and reducing run off risk in rainy season.

Field observation in blok B42, B43 and B44 which slope level 15% shows that erosion pole for measure against erosion. Measure report that conducted every month by environmental officer shows no erosion since build in 2015.

The company has had yearly road and bridges maintenance program. During the audits, there was no new road or bridges. All road and bridges well prepared. According to estate manager, main road for transported FFB, CPO and PK maintenance every 2 month. Meanwhile, collection road maintenance once a year. All road maintenance done by manual or mechanical. Based on field visit in main road or collection road was well maintenance and drained. For example, main road block J/H 45 – 46 TKME.

According to semi detil soil survey report, there is no peat indicated in all company operational area. Hence, no peat management that planned.

Based on field visit in TKME and TRSE, physically the top soil mixed with sand. Its indicated a less of soil fertility. Hence, the company enriched with EFB and POME.

Based on document verification, interview with estate staff and field visit, it can be conclude the company has drafted and implemented activity to minimalize soil erosion. Operational area has had mapping include soil characteristic were documented.

**Status: Full Compliance**

**4.4**

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

The company has identified river and water source in its operational area and mapped it. The identification is recorded in company's HCV identification document and EIA report (AMDAL). The identified rivers are tributary of Kembiri River (Air Gede River), tributary of Membalong River (Kepang River), tributary of Pala River (Aik Mudur and Aik Mengkuang Rivers), Cerucuk River and water spring in TRSE. In regards to the existing river within the operational area, the

company has developed water management plan consisting plan of the riparian area delineation, HCV protection signboard instalment, HCV socialization, riparian area rehabilitation, the upkeep of no spraying area and river water quality monitoring.

During the field visit to riparian area in riparian area of Aik Mudur River, Block E40 in TKME and riparian area of Gede River, (Block L12), Block N11 and block P15 in TRSE, the riparian area and water spring are in good condition and well managed and protected. The planting of bamboo and vertiver grass is conducted to prevent erosion along the riparian area. No sign of erosion occurred in the visited location. There is also water quality monitoring for the three rivers and the test results are in accordance with the government regulation.

The company has waste water treatment plant for mill process effluent treatment before discharge to land application area. The company conducted monthly effluent laboratory test and daily effluent quality monitoring. During the period of July to December 2015, the BOD of the effluent are complied with the regulation (<5000 mg/l). The treated effluent sent to permitted land application and monitored by the PIC in charge in mill and estate.

Water usage records documented in documents of recapitulation and distribution water of mill. The water consumption data between January to December 2015 shows that the average of water consumption for processing and domestic is 1.2 – 1.6 m<sup>3</sup>/ton TBS. Total FFB processing between that time was 292,966.71 ton with the total water consumption 182,843.28 m<sup>3</sup>.

All the evidence provided and field visit lead the auditor to conclude that the company has had well water management program and has been implemented with periodic monitoring.

**Status: Full Compliance**

**4.5**

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

The Company has established an IPM program contained planned regarding to procedure and local policy. The program as follows:

- Monthly rat census. Identification by observation gnaw in FFB. Based on census data, there is no rat attack that exceed economic threshold.
- Barn owl box (BOB) monitoring. Conducted every month to monitored occupancy and activity of owls. Based on monitoring documents, there are 437 unit BOB in TKME and 178 BOB in TRSE.
- Early warning detection of caterpillar attack. Conducted every two month. Based on the recapitulation data of Oil Palm Leaf Eaters Caterpillar pests on 2015 (January to December), there are no caterpillar attack in TKME and TRSE.
- Maintenance of beneficial plant. Conducted every month by weeding, replacing a dead plants and repaired *Antigonon* sp pole.

Based on interview with research staff and field assistant, IPM activity propose a biological control by using natural predator. For example, rat control by using owl (*Tyto alba*) and snake. Especially for owl, development by build barn owl box and owl introduction into it. Meanwhile, rat control by snake using prohibition of snake hunting to all workers. Rat census recording every month based on FFB gnaw in collecting point and reported to estate manager.

Based on field observation in TKME and TRSE, there are no indication of outbreak. The occupation of BOB was very good. All BOB that observation in block J49 TKME and K11 TRSE occupied.

Pesticide usage record that verifacated by auditor through storage data shows only herbicide for weeding. There are no pesticide for pest or disease. Its shows that IPM working properly.

Through the document verification and interview with spraying team TKME, the company has conducted training for spraying which held on July 10<sup>th</sup> 2012 in workers hall TKME. The training attended by 59 participants such as field supervisor and spraying team. The training facilitated by pesticide supplier, plantation agency staff and environmental agency staff Belitung District.

Beside that, there was a training IPM census that held in long house TKME in July 4<sup>th</sup> and October 1<sup>st</sup> 2015 conducted by SMARTRI Bangka Belitung Region. The training attended by 31 participants from TKME and 13 participants from

TRSE.

Regarding to document reviewed, field visit and interview with field assistant, it can be concluded the company has implemented IPM by using biological agent. IPM activity also well documented.

**Status: Full Compliance**

**4.6**

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

Based on the observation of the document, the company uses five types of herbicides that used in operational activity in TKME and TRSE. All pesticides used has been registered and the circular license is still valid as it appears in the book of Agriculture and Forestry pesticide issued by the Directorate General of Fertilizer & pesticide Ministry of Agriculture of the Republic of Indonesia in 2014.

The company has a guidance in pesticides application which documented in SOP weeds management named general instruction in safety working with pesticides/PUKBP (Doc. No. LAMP/VIII/TA-PGM/03-PUKBP). In those documents, there are guidance about choosen, storage, application, contaminated handling, known about signs and symptoms of pesticides poison and first aid for poison case. Beside that, also described guidance of using parakuat dichloride.

From the pesticides usage data above, all pesticides that using by company is for weeding (herbicides). Justification of pesticides usage depends on weeding identification in field and PUKBP review. The type of weed is broad leaf, narrow leaf and wooden. Hence, herbicides that using was that herbicides as listed.

The Company has documented records of pesticide toxicity (LD50) in the document of Monthly Pesticide Toxicity Data. The document is recorded produk name, active ingredients, LD50, percentage of active ingredients, total application, total active ingredients, FFB production and pesticide unit/kg. This document is constantly recorded and updated by the sustainability officer of estate each month.

The company strategy to minimize pesticides usage through:

- Selective spraying. It means pesticides/herbicides application only in weed in circle, path or collecting point.
- Very low volume nozzle. It used to reducing water usage and herbicides dosage. Very low volume nozzle more effective to control weeds due to smaller droplets that easy entering into the weeds stomata.

On the August 13<sup>th</sup> 2015, President Director of Smart Tbk released memorandum No. 032/PD/VIII/2016 about the use of paraquat. In the memorandum reaffirmed that company no longer using paraquat since 2016. According to interview with spraying team TKME and TRSE, there is no prakuat application for weeding since early 2016.

Based on field visit di central warehouse and rinse wash house in TKME and TRSE, there have been sheets of safety work and the symbols of hazardous and toxic materials are properly installed on the walls and doors. In addition, based on interviews with employees of spraying and fertilizing, they have already known about the ways of handling the herbicides and the function of personal protective equipment (PPE) that they use. Routinely, before starting to work also informed about the safe working procedures and obligations to using PPE by the supervisor and staff.

In pesticides application, applicator has known the work procedure of pesticides application. In addition, there is several rules to ensure safety application such as:

- Socialization of material safety data sheet to all pesticides applicator every morning before starting to work.
- PPE usage such as safety shoes, apron, glasses, masker and hand gloves. According to interview with spraying team TKME and TRSE, they have been using PPE.
- Sign board has been installed in area which had been applied pesticides.
- Sign board has been installed in area that prohibited to apply pesticides in riparian zone. The signs such as red cross in trees in riparian zone to reducing water pollution.
- Handling of used pesticides container. According to interview with supervisor and spraying team, the used pesticides container cannot reuse. It washed and rinsed in the washing tank which is available in warehouse storage, and then returned to the warehouse to be returned via PT. Primanru Jaya (legal poisonous and hazard



transporter). The company can show minutes of dispatch (manifest) on October 20<sup>th</sup> 2015 consists of 7 jumbo bag hazard an poisonous material including used pesticides container.

Based on documents verification and interviews with management staff, the company did not perform the application of pesticides from the air.

In addition, every day before start to work, supervisor and assistant manager performed briefing about how to spraying well and safely, including checked working tools and PPE to ensure the workers safe and protected when applying pesticides.

Specific annual medical surveillance for pesticide operators have been conducted routinely by the company doctor in the form of cholinesterase and spirometry examination. The medical examination results documented in the recapitulation and evaluation for treatment if there are health problems in workers an evaluation of follow up results could have been demonstrated by the company. The results of medical examination on December 2015 had been known by all spraying workers with cholinesterase levels in blood in normal limits and otherwise in a condition fit to work.

Interview with pesticide operator at Block K48 Division 1TKME and in Block K8 Division 1 TRSE, there are no female workers in pregnant or breastfeed, moreover, personnel understood the prohibition of pregnant and breastfeed personnel to work with chemical material.

Based on document verification of hazardous waste balance sheet, the company has send the ex-container of agrochemical to the third party, some are still in the licensed hazardous waste storage and recorded in the storage balance sheet and some are re-used for the similar need which is carrying spraying liquid to the field after pre-mixing. The re-used of ex-container of agrochemical are recorded. Based on interview with BLHD Belitung Province, it is allowed to re-use the ex-container of agrochemical for the similar use.

**Status: Full Compliance**

**4.7**

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

Company has consistently documented the implementation of occupational health and safety policy, occupational health and safety procedures, and occupational health and safety plan that cover the entire operational activities that stated in guiding committee of occupational health and safety work plan. The available occupational health and safety is presented in a easy to understand language, has been approved by Top Management (Direktur Utama in 01 November 2013), which was part of company's commitment to provide and maintain safety and healthy work environment. This policy has been communicated to personnel through morning briefing activities before the work start. The explained occupational health and safety plan in guiding committee of occupational health and safety has been drafted each year. For instance in 2015/2016 consists of guiding committee of occupational health and safety's meeting, OHS training, medical examination annually, etc.

Company has a commitment to examine the entire operational activities that might cause personnel health and safety. This commitment can be seen from the existing Hazard Identification Risk Assessment and Risk Control (HIRAC) document. HIRAC for mill's operation and estate has been revised each year. The HIRAC drafting refers to SOP/SMK3/HESS-EHSD/SADV/II/002, 01 Juli 2014. Based on field observation in mill and estate operation area, company has implemented the risk management in accordance with the identification over the possible risk. For instance field observation in Workshop TKME and TRSE at welding activity with flame, light and fume hazard, the management that has been taken by company such as by installing signboard and mandatory utilization of PPE, medical examination spirometry and the proficiency of PPE (face mask welder/goggles, carbon mask, apron, hand gloves leather).

The entire personnel that involve in company's operation have been trained on safe work procedure and based on field observation spraying activity at Block K48 Division 1TKME and in Block K8 Division 1TRSE, operator pesticide have been able to practice how to work safely. Meanwhile has presented the proper mechanism to pour poison into knap sack, the procedure to spray the end of the nozzle that should not be exceeding the height of adult wrist, the used-packages should be put back into the warehouse of hazardous material, spraying should not against the direction of

wind blow, and before start to work personnel must wear PPE.

Moreover, company has provided sufficient PPE for the entire personnel particularly the one with high-risk work, such as operator pesticide, operator in mill, and harvester. For instance, the observation and interview result over spraying activity at Block K48 Division 1TKME and in Block K8 Division 1 TRSE, its known that the operator pesticide have understood the safe work procedure and they wore PPE such as boots, goggles, mask, helmet, gloves, and apron.

Guiding committee of occupational health and safety is a committee in charge to ensure the implementation of occupational health and safety within mill and estate operational activities. Moreover the committee has a responsibility to conduct the monthly meeting of guiding committee of occupational health and safety, for instance, guiding committee of occupational health and safety meeting on 30 December 2015 with an agenda to discuss the inspection PPE, work accident and inspection emergency response. Additionally, company has consistently reports guiding committee of occupational health and safety's activities every 3 months to Social, Manpower and Transmigration Agency in Belitung District, for example report periodic October – December 2015 has been sent on 11 January 2016.

Company has consistently provided the procedures for work accident and emergency, which are completed with instruction in a common language that easily understood by personnel. For instance the SOP for fire emergency response (document SOP/SMART/UMUM/SADV/II/005), meanwhile the procedure for handling work accident is stated in SOP/SMART/HESS-EHSD/SADV/II/005 and procedures first aid (SOP/SMART/HESS-EHSD/SADV/II/011). The management unit has consistently been sought in the application of SOP owned, among others, team building Preparedness and Emergency Response in the work unit Mill and Estate, training first aid for workers have been routinely made for example on February 9, 2016, the equipment first aid available in the work unit Mill and Estate as well as to the foreman in the field include first aid bag, for example foreman harvest in **Block \_\_ Division\_\_ TKME** and in **Block \_\_ Division \_\_ TRSE**, accident investigation report has been well documented and reviewed each month at the meeting OHS Committee

PT Forestalestari Dwikarya provides work accident insurance for its personnel, which is registered in manpower-social insurance (*BPJS Ketenagakerjaan*). Based on observation over the monthly membership cost and number of membership, its known that the entire personnel within PT Forestalestari Dwikarya has been registered in manpower-social insurance (*BPJS Ketenagakerjaan*) and company has periodically pay the membership cost every month based on the applicable regulation.

The management unit showed Summary of Accidents from January to December 2015. In recapitulation is informed regarding the calculation Frequency Rate and Severity Rate per month. Frequency Rate is a calculation of the number of occurrences of accidents a year divided by the number of hours worked multiplied by the total employee 1000000 a year, while the Severity Rate is a calculation of the number of days lost due to work accidents a year divided by the total number of hours worked multiplied year employee 10000000. The calculation FR and SR are known for not TKMM there are cases of work accidents

**Status: Full Compliance**

**4.8**

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

Management unit is identifying the need of training in form of matrix for each position such as mechanic, electric, heavy vehicle operator, welding expert, harvester, manurer, emplacement workers, and warehouse workers. Furthermore, from the identification result is then arranged a training program every year for all employees of Mill and Estate, in accordance with their respective competences office.

Record of training for each employees is well documented on the form of training record (FP 07/SMK3-SOP-09). For example:

- Training Records Operator Engine TKME with the training I've ever attended, among others: the best training personnel and production on November 1, 2012, training checks, inspections and maintenance personnel on October 29 to 31, 2012, and the training engine generator set on April 17, 2014.
- Training records maintenance workers, among others: training operator pesticide spray by the Commission on July 10, 2012, fertilizer and IPM training on May 18, 2013 and 01 October 2015.

<p>Training is only provided for employees not smallholders due to the scheme smallholders is still fully managed by management unit.</p>	
<p><b>Status: Full Compliance</b></p>	
<p><b>PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity</b></p>	
<p><b>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.</b></p>	
<p>The company has conducted environmental impact assessment covering 15,000 ha including POM. There is a change in company EIA document adjusting to several changes and land use title achieved by. The EIA revision was legalized by provincial government on 2007 through Decree of Bangka Belitung Islands Governor Number 188.44/450.c/bapedalada/2007. The scope of document revision were the hectarage of palm oil for 11,337.582 ha and POM capacity of 60 ton of FFB/Hours.</p> <p>The implementation of the EIA was evaluated every semester in form of RKL-RPL report and reported to BLHD of Belitung District and BLH of Bangka Belitung Province. The last RKL-RPL report was report of July – December 2015 period and reported on 22 February 2016. The social impact was evaluated using interview with stakeholders including the surrounding community, contractor and company’s workers. Recommendation taken out from the monitoring results is provided in this report.</p> <p>According to the evidence provided, auditor take a summary that the company has pays attention on its environmental impact due to its operational, having a mechanism to monitor and evaluate it.</p>	
<p><b>Status: Full Compliance</b></p>	
<p><b>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</b></p>	
<p>The company has identified its HCV and RTE species on 2012. The identification was done by company internal team that is registered as RSPO approved assessor. The result was reviewed by Independent Consultant. Some protected flora and fauna identified are Cekakak belukar (<i>Halcyon smymensis</i>), Elang ikan (<i>Ichthyophaga humilis</i>), Elang tikus (<i>Elanus caerulus</i>), Lutung (<i>Trachypithecus cristatus</i>), and black Kangkareng (<i>Anthroceros malayanus</i>). The identified HCV area are HCV 1.1; HCV 1.3; HCV 4.1 and HCV 6.Total of the PT FLD-managed HCV area is 466.13 Ha (no area change).</p> <p>Owning HCV area and RTE species within its operational area, the company created a master plan of HCV management and monitoring for period of 2014 – 2019. This master plan than bring into detail in annual management plan owned by each unit management. The management and monitoring plan year 2016 in FLD consists of activities as described below:</p> <ul style="list-style-type: none"> <li>- Maintenance of HCV boundary poles</li> <li>- Direct and indirect socialization</li> <li>- Maintenance of signboard of HCV protection and management notification</li> <li>- Management of riparian area</li> <li>- Rehabilitation program and the planted tree upkeep</li> <li>- Monitoring over HCV and RTE species</li> <li>- Security of HCV and RTE species by periodic patrol</li> </ul> <p>All activities are applied to all HCV identified covering riparian area, local culture identity, lowland area and RTE species protection.</p> <p>PT FLD has managed its HCV area and protect RTE species consistently, among other are:</p> <ul style="list-style-type: none"> <li>- Monitoring of RTE species period of January 2015 – February 2016 informing the existence of identified RTE species within the company area provided in recapitulation report of flora and fauna monitoring</li> <li>- Palm oil upkeep surrounding the riparian area with no chemical treatment</li> <li>- Cover crop planting in riparian area for period of January – December 2015</li> <li>- Rehabilitation of HCV area in TKME (block D40, H59, H60 and C41) and TRSE (block N11) provided in cover crop planting recapitulation report 2015 and 2016 (until February)</li> </ul>	

- Flora baseline monitoring in block N11 TRSE. Based on field visit in block N11, TRSE, there are permanent plots for vegetation monitoring that is well managed.
- Instalment of HCV management and RTE protection
- Maintenance of HCV boundary poles in February and January 2016 provided in HCV boundary poles maintenance report

The result of the monitoring is given as an input for further improvement of HCV management and company operation through annual report of HCV management and monitoring in which the recommendation is provided.

The regular socialization is conducted for TKME and TRSE to its employee and the surrounding village community which among others are:

- Socialization on 2 November 2015 in Cerucuk Village, Kembiri Village, Perpat Village and Membalong Village attended by 24 participants of Villagers accompanied with socialization pictures, material and attendance list.
- Socialization on 18 February 2016 in Division 2, 3, 4, and 5, TRSE on company policy's on disciplinary consequence for employee who hunt, harm and collect RTE species.
- Socialization 18 February 2016 during morning briefing Division 1 – 8, TMKE on company policy's on disciplinary consequence for employee who hunt, harm and collect RTE species.

The management of set aside HCV has an agreement on the area management by the company facilitating the need of the community with the HCV area. Some community interest within the set aside HCV area are cultural activity rather than as a source of living.

According to record of the implementation of HCV management and monitoring provided and field visit, auditor concludes that management has good management plan, implement it with continuous improvement in relevant with the need in the field and well documented. The evaluation of the implementation is fed back to the improvement of HCV management and company operational plan.

**Status: Full Compliance**

**5.3**

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

The company has identified the source of waste and pollution source and treat the identified source to reduce emission and pollution. The effort taken by the company are:

- Domestic waste: based on field observation, the company has collected domestic waste in TRSE, TKME and TKMM periodically and dump it to the landfill.
- Mill's effluent: based on field visit the effluent is treated in mill's waste water treatment plant (WWTP) facility and monitored its quality according to the applied regulation. The effluent quality is tested monthly and the result for period of Semester II 2015, there is no test result exceeding the government regulated threshold. The treated effluent is discharged to land application for fertilizer substitute. The land application maintenance is designed to avoid environmental pollution. There is a monitoring on effluent discharge from WWTP to avoid overflow on flat bed. Field visit to TKME Block K50 one flat bed needs to be digging up and field visit to Block K54, the condition is required more maintenance to avoid contamination on the surrounding area (**OFI**).
- Empty fruit bunch is applied to estate plantation area to substitute chemical fertilizer. Based on field visit to block K45 Division 6 TKME and J3/J4 Division 1 TRSE the EFB application is well managed.
- Shell and fiber are reused for engine fuel of boiler. During period of 2015 the use of shell and fibre can save fossil fuel as much as 254.5 liters per ton CPO. It reduced the carbon emission from the combustion of fossil fuel.
- Medical waste is sent to ArsaniSungailiat Hospital in Bangka for annihilation. There is a valid agreement with the hospital on medical waste treatment dated 20 July 2015. The last shipment was on 11 December 2015 for 4 boxes of medical waste.
- Hazardous waste is treated as regulated in government regulation No. 101 year 2014 on hazardous waste management. The hazardous waste is collected and kept in satellite hazardous waste storage in estate before sent to licensed hazardous waste in TKMM. There is record of hazardous waste in each station and there is also a note of hand over from the satellite storage to licensed hazardous storage. After that the hazardous waste is handed to the hazardous waste transporter (PT Primanru Jaya). The last shipment was on 5 October 2015. The field visit to hazardous waste storage in TKMM shows that there is a good record of the waste and good storing system as

required within the license of the storage and the regulation on hazardous waste management.

Reviewing the record of the waste management implementation and field visit, audit concludes that the company has put an effort to reduce its pollution source and re-use the waste for avoiding environmental contamination and pollution. The waste is also managed as regulated in government regulation.

**Status: Full Compliance**

**5.4**

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

The company recorded its fossil fuel consumption and the use of renewable energy of shell and fibre. The use of fibre and shell as renewable energy reduces the amount of fossil fuel consumption. During 2015 the company save 254,5 litter per ton CPO by utilization of shell and fibre for energy source of generators on the palm oil processing. The use of these renewable energy types also reduce the emission sourced from fossil fuel combustion.

**Status: Full Compliance**

**5.5**

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

The company has a policy of zero burning which is regulated in company circular letter no. 071/SMD OPS/IX/2007 dated 4 September 2007. The company regulation prohibits land clearing using fire or burning. Moreover, there is no new planting neither replanting during surveillance 1 to surveillance 2 assessment. There is also no replanting plan for the next five years.

**Status: Full Compliance**

**5.6**

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

The company has identified the emission and pollution source coming from the company operations. Some actions taken to reduce this pollution activities such as periodic engine and equipment for FFB processing, periodic emission and air quality test, effluent for land application, use the correct dosage in manuring activity, zero burning for land clearing policy, the use of shell and fibre for boiler fuel reducing the use of fossil fuel, the application of empty fruit bunch as organic fertilizer, the reduction the use of pesticide and monitoring over fossil fuel use.

Field observation on WWTP facility in Tanjung Kembiri Mill indicate that the WWTP is well managed. There is no indication of leakage nor overflow in each ponds. The treated effluent discharge to land application is monitored, recorded and communicated to the PIC in land application area in order to avoid overflow in land application's flat beds. The effluent is test daily and monthly. According to interview with the officer of WWTP, understood that the officer understands his duty in accordance with the company SOP on WWTP operational.

Filed visit to TanjungKembiri mill's process equipment for instance boiler and engine room shows that the personnel in charge has used PPE and the equipment are in good conditioned, well functioned and well managed. Based on the interview with the PIC of environment, the company has conducted periodic test for air emission, ambient, noise and smell every semester and reports it to the related agencies. Referring to document review, the periodic test shows all test parameter is in compliance with the threshold determined for each test type.

The calculation on GHG has been conducted using PalmGHG calculation version 2.1.1 and reported to RSPO by email from Division Head of Compliance and Certification PT SMART to [melissa.chin@rspo.org](mailto:melissa.chin@rspo.org) on 19 February 2016. The GHG calculation informs total emission during January – December 2015 from PT FLD is 0.58tCO2e/t CPO and 0.59tCO2e/t PK.

Considering all the information provided and field visit result, auditor concludes PT FLD has been managing its source of emission and pollution to reduce its GHG.

**Status: Full Compliance**

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

**6.1**

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

The company has had the documents that describe analysis of social impact, the document has been prepared based on a participatory of society, the documents shown are:

- Document the Environmental Impact Assessment Report of Plantation and Palm Oil Processing Factory PT ForestalestariDwikarya 2007 (Revised Version). The document drafted by Indolestari CV Makmur (Environment and Planning Consultant) - Palembang and has received Approval from the Governor of Bangka Belitung Number: 188.44 / 450.C / BAPEDALDA / 2007, dated September 18, 2007.
- Identification of the Social Impact Study Report plantations and palm oil mill Forestalestari Dwikarya 2012. In the document described the impact of positive and negative on the management of oil palm plantation by PT ForestalestariDwikarya following Management Plan and Social Impact Monitoring Plan.

In the annex of the report of Social Impact Identification Study for plantation and palm oil mill PT Forestalestari Dwikarya 2012, has been describe the schedule of SIA survey conducted on 21-25 May 2012, one of the activities that showed of public participative and stakeholders is in form of absence of filling the questionnaire, interview and FGD. There are a list of names of the SIA survey respondents in Kembiri village, Simpang Rusa Village, Air Kundur Sub Village, Perpat Village, Lasar Village, Cerucuk Village and Suge Sub Village. Also available documentation in the form of photos during the survey, the list of attendees who filling the questionnaire per village, the questionnaire has been filled by the respondent and the attendance list of FGD on May 22, 2012 with the number of participants as many as 40 people.

The company can shown monitoring reports and annual social impact management, eg. report for year period 2014/2015. The report has been prepared and developed based on the results of consultations and activities participative together with the nearby village community and the parties affected. In the appendix of the report has been submitted the evidence in the form of interview result with community, photographs of consultation and attendances meeting with the community. The scope of activities of social impact monitoring include:

- Tanjung Kembiri Estate and Tanjung Kembiri Mill include Kembiri Village and Tanjung Rusa Village
- Tanjung Rusa Estate include Membalong Village, Perpat Village, Lasar Village and Cerucuk Village.

Management plan and social impact monitoring review has been carried out once in two years. The company has shown results of the review report period 2012-2014 conducted in 2015. The review carried out for each activities of the management and monitoring of any identified impacts both positive and negative. Inputs for the improvement related with managing the social impact has been poured back into the social impact monitoring program for the next period, for example, the results of a review period in 2015 about CSR programs and informing jobs have been repaired in the year of 2016.

Report of identification of Social Impact for plantation and palm oil mill PT. Forestalestari Dwikarya 2012 has been covering Tanjung Kembiri POM, Tanjung Kembiri Estate, Tanjung Rusa Estate, Tanjung Rusa Plasma and Belitung Bulking. In the document described the impact of positive and negative on the management of oil palm plantation by PT Forestalestari Dwikarya and also Management Plan and Social Impact Monitoring Plan.

Based on interviews with surrounded villagers, for example with Kembiri Village Head, Tanjung Rusa Village Head, Kembiri village community leader known that there are no any issues which not raised and metioned in the social impact assessment report.

The company also conducted empowerment program to the smallholder. The company has provides training for smallholder and co-operation related to oil palm plantation management.

**Status: Full Compliance**

**6.2**

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

The company has had a communications and consulting SOP document number: SOP/SMART/GENERAL/SADV/II/004 authorized by the Head of Upstream. In the SOP has been described, among others:

- Chart of submitted and responses of aspiration starting from receipt of aspiration by KTU by filling out the form, the determination of coordination with relevant departments, the delivery of advice and determination of response plans, approval response plans by a management, as responses by mail to the person concerned.

- Flowchart of acceptance and response to incoming letter, any incoming letter and the responses are recorded in the book of incoming requests letter and responses
- Flowchart of mechanisms of internal and external communication, is done by filling out the form of internal communication that has been provided.

Based on interviews with villagers around, for example with the Village Head Kembiri, Village Head TanjungRusa, Kembiri village community leaders mentioned that the company has socializing related to mechanism of communication and consultation with the company. A special officer for this has been designated and known by the villagers. During this time the company has responded well to any communication and consultation carried out by the community.

The officer in charge related with social issues is manager in each unit. The company has shown a letter of Regional PC to all unit leaders about the person in charge of social issues, for example, a letter no 005/PC-BABEL/VI/2012 dated June 1, 2012 which appointed Factory Manager and Estate Manager as responsible social in their respective units.

The Company has identified and recorded every stakeholder associated with PT FLD. The Company showed a list of stakeholders such as District Head, Agriculture forestry and plantations Agency, Manpower Agency, BPN (National Land Agency), PT Jamsostek (Worker Insurance Agency), Tax Agency, Police Resort, Sanitation and landscaping Agency, police station of Membalong, Military, Sub District Head, Village Head of Kembiri, Village Head of TanjungRusa, Sub District Union Labour, PIC of Union Labour, the NGO, fertilizers and pesticides suppliers (Rolimex Chemical Nusamas) and contractors (Cipta Nusantara Sejahtera). The list has informed address, phone number and the name of the current officials.

Based on interviews with surrounded villagers, for example with Kembiri Village Head, Tanjung Rusa Village Head, Kembiri village community leader mentioned that the company has socializing about the mechanism of communication and consultation with the company. A responsible officer has been assigned and known by the villagers. During this time the company has responded well to any communication and consultation submitted by the community.

**Status: Full Compliance**

**6.3**

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

An open mechanism for grievances and aspirations and to resolve disputes has been compiled by the company. The mechanism described in the SOP Handling Complaints and dissatisfaction (Grievance) published year 2014, number documents: SOP / SMART / SIGS-CSR / SADV / I / 003, has been approved by the Head of Upstream. Point 2.2.1 on SOP mentioned in the explanation that the company guarantees the anonymity of the reporting and the revealer of the case (whistleblower). Flowchart for handling complaints and dissatisfaction in the internal and external stakeholders are described the stages as follows:

- Administration Head receive complaints and dissatisfaction were stuffed in a letter or form provided by the company
- Unit head will verifying, make the ranking of complaints, reporting grading, preparation of plans for handling complaints and dissatisfaction low levels and handling complaints and grievances low level
- RC / PC reviews the ranking report, the approval of complaint handling and monitoring of the implementation of the handling of complaints
- VPA / PM / CEO do the review, approval and monitoring of complaints handling,
- SIGS do monitoring and recapitulate of handling implementation
- Grievance Committee received a complaint of dissatisfaction that can not be resolved, the response formulation and conduct of bipartite negotiations.

Based on interviews with villagers representative around the plantation which was made on March 1, 2016, stated that the mechanisms for grievances has been socialized to the public. Stakeholders can send by mail or verbal, the officer in charge had been assigned, making it easier to communicate complaints and dissatisfaction.

All complaints addressed to the company are recorded in the report of grievance and reported monthly. It informs the data of complainant (date, place, name, contact details, issue, registration) and data of response (date, action, current status, and the PIC of target). Based on a review of documents on complaints reporting period of February 2016 it is

known that there are no complaints addressed to PT FLD both internally and externally. Based on interviews with villagers representatives around the plantation which was made on March 1, 2016, for example with Kembiri Village Head, Tanjung Rusa Village Head, Kembiri village community leaders mentioned that during this time there were no complaints from the local community related to the operations of PT FLD. The company has been managing the plantation and factory in accordance with the applicable rules.

**Status: Full Compliance**

**6.4**

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

The Company has established SOP Compensation for Land, document number: SOP/NP/SMART/VII/D&L.002, published and effective on July 1, 2010. The scope of these SOP is all activities related to the process and procedure of compensation for land within the Permit Area/land Rights managed by the company, its purpose is to ensure the area of plantation / mill free of ownership by other parties so company can conduct business activities on land owned without interference.

Based on interviews with the Management Representative, the Agriculture Agency and community representatives of Kembiri Village, Tanjung Rusa Village and Village of Lasar known that there are no indigenous rights on land managed by PTFLD. No new land acquisition made by the company, land acquisition was carried out in 1994-1995.

**Status: Full Compliance**

**6.5**

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

The waging system company made is based on the Decree of Bangka Belitung Governor Number 188.44/1146/TK.T/2016 dated November 13th 2013 in term of Province Minimum Wage Standard for period of 2016 as much as IDR 2,341,500. According to the document observation of the employees (mill and estate) recapitulation, the received wage has complied the District Minimum Wage Standard for period of 2016.

Management unit has Collective Labour Agreement between PT FLD and Labour Union which was legalized on August 13th 2007 and expired on June 30th 2009. The Collective Labour Agreement has now been expired, however, according to clause 46, the Collective Labour Agreement shall be extended if the new Collective Labour Agreement has not been reached. According to the interview with staff of Human Resources of *Perkebunan Sinar Mas* (PSM) 2, the Collective Labour Agreement is now still on progress of company's internal. The new draft has just been proposed by Labour Union on December 2014 while the softcopy was handed over on January 2015. As a follow up to the completion of the company's CLA negotiations showed Letter No. 81 / FLD-TRSE / 3/16 dated March 2, 2016, concerning Invite Bargaining Agreement submitted to the Labor Union P FLD. In the letter stated that the talks will be held on Monday, April 4, 2016 located at the Mess TKME. It will be observed back on the activities of ASA-3 are associated with the realization of the activities of the CLA negotiations and decisions agreed upon by both parties.

During the audit, contract worker agreement agreed by both company and the worker of TRSE. TKME and TKMM can not be provided to auditor. **Nonconformity No. 2016.2 with category Major 6.5.2**

**Root cause:**

Contract for specific period workers and the daily volume contract workers agreed upon by both parties yet to be shown during the the audit

**Corrective action:**

PT FLD shall prepare and demonstrate contract for specific period workers and the daily volume contract workers agreed upon by both parties

**Preventive action:**

PT FLD shall ensure that specific period workers and the daily volume contract workers has had contract which has been signed by both parties



**Auditor observation on 05 April 2016**

Company shows the document employment agreement for specific period workers and the daily volume contract workers which had been referred to the provisions of labor regulations. Based on the explanation above, the Conformity No. 2016.2 stated fulfilled and observed on the ASA-3 to ensure that workers knows and understands the Employment Agreement.

According to the result of field observation in employees housing complex of Tanjung kembairi estate, Tanjung kembiri Mill and Tanjung Rusa Estate, company has provided proper public facilities such as:

- Permanent employees housing complex consisted of 2 bedrooms, guest room, kitchen, and bathroom with toilet. The lighting is empowered generator. The water source is supported from reservoir and well.
- Education facility, company provides buildings of kindergarten and elementary school, and the school bus to pick up and drop off school students.
- Medical facility, company provides clinic located in TKME which are supported with company's doctor and assisted by medical assistant.
- Public facilities such as place of worships (mosque and church), sport facility (volley court, tennis court, and badminton court), daycare. Furthermore, there is also employee's hall that can be used for meeting hall and maternal and baby clinic.

The management unit has been able to demonstrate an effort to improve workers' access to food was decent, fairly and at affordable prices through the provision of cooperative activities in the provision of basic needs for employees. In addition to the time payday companies provide vehicles to transport employees if you like shopping for basic needs to the city.

<b>6.5.2</b>	<b>Status: Nonconformity No. 2016.2 indicator Major</b>
--------------	---

**6.6**

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

Company is respecting employees right to form and to become the member of labour union. It is proven by the Letter Number 045/CEO5-SE/11/2010 dated November 16th 2010 which is stating that company respects the term and regulation written on Statute 21 Year 2000 including the freedom to unite which is considered the crucial right of the employees.

The implementation of the policy is the evidence of Recording of Labour Union of PT Forestalestari Dwikarya in Belitung District Manpower and Transmigration Agency with Number 560/08/D/DKKT/V/02 dated April 25th 2013.

Results interview with the chairman of SPPP PUK SPSI PT FLD submitted that:

- Draft a new CLA has been filed by the union since January 2015, but until now there has been no response from the management.
- In the draft of the new CLA, there are several proposals on the part of the union, for example, concerning the proposed increase in the value of rice allowance, but there is no response from the management.
- The union stated that the CLA was still in force for a new CLA has not been ratified.
- Companies need to reconsider the subject of sanctions that affect the incentives that the foreman, so as not to be a problem in the future.
- Companies need to consider housing conditions in Division 3 & 4 TRSE less viable in terms of health.
- No assessment of employees within the last 2 years, the company is expected to transparently convey the results of the annual performance appraisal. From this example the absence of an impact on group hikes for employees SKU-B.
- The company has to provide appropriate PPE to all workers risk job, and workers every year more disciplined in the use of PPE, and the PPE has become a necessity for workers not to be a burden / liabilities.
- The Company has registered workers insurance Health and Employment program. However, for health care workers feel that the company's health services at the clinic is still better than the health services handled by health BPJS.
- The Company has applied the provisions of the minimum wage in accordance with prevailing regulations

The result of the above interview was presented to the company at the time of audit activities. Things that need to be confirmed and verified concerning the above matters have been addressed by the company well.

**Status: Full Compliance**

**6.7**

**Children are not employed or exploited.**

Circular letter from HR Director Number 002/SE-HRDV/03/09 dated March 31st 2009 which is describing the minimum workers age requirement is stating that the minimum workers age requirement is 18 years old. The regulation is referring to the Statute Number 13 year 2003. Tanjung Kembiri Estate, Tanjung Kembiri Mill, and Tanjung Rusa Estate shows the list of employees (entirely), according to the document review, there is no underage workers. According to the interview with the workers, they have aware of the minimum age requirements.

Based on the review employees document employees and interview workers TKME, TRSE and TKMM and the results of field visits in several activities, not indicated the presence of working minors.

**Status: Full Compliance**

**6.8**

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

Circular letter of CEO 2 Number 096/CEO2-SE/12/2010 dated December 14th 2010 which describes the implementation of industrial relation regardless tribes, religion, race, and gender in entire positions. According to the result of interview of internal public consultation (labour union and women committee), there is no discrimination. Entire employees are treated equally and company gives equal opportunity to develop staff potential.

**Status: Full Compliance**

**6.9**

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

Circular letter of CEO 2 Number 003/CEO2-SE/01/2011 dated January 10th 2011. The circular was asking the entire unit manager and unit manager's structure to conduct socialization to entire employee in term of preventive action and management over sexual harasshment, company was forming gender committee in each unit (estate and mill) and was also composing the flow chart of sexual harasshment handling procedure. The report of sexual harasshment incident is written on the Book of Sexual Harasshment and Violation Report available at estate and mill. There is no report of sexual harasshment incident untill February 2015.

Company policy in term of reproduction right protection is written on:

- Circular of CEO 2 Number 095/CEO 2-SE/12/2010 dated December 14th 2010 in term of menstruation day off. According to the circular, the industrialist must grant day off in the first and second day of menstruation to the women workers.
- Memorandum of VPA PSM 2 Number 001/MEMO-VPA PSM2/04/2011 dated April 8th 2011 in term of prohibition for the pregnant and breastfeeding women workers to work with chemicals.
- Cooperative Agreement Letter between PT Forestalestari Dwikarya and PUK SPSI sector of SPPP which was legalized on August 13th 2007) :
  - Menstruation Day Off (H1), for women workers for 2 days off / month (first and second day of menstruation) refer to the doctor's examination.
  - Childbirth day off (H2) for 3 months (45 days before the childbirth and 45 days after the childbirth) refer to the doctor's examination.

Results interview with Women's Committee submitted that

- Grievance Mechanism related to the incidence of sexual abuse have been socialized to women and Mothers / Wife workers.
- Within the last 1 year no event reporting sexual harasshment or discrimination against women.

Companies show SOP Handling Complaints and dissatisfaction (Grievance) (SOP / SMART / SIGS-CSR / SADV / I / 003) was approved by the Head of Upstream dated July 1, 2014, point 2.2.1 stated that the company guarantees the anonymity of the reporting and the revealers of the case (whistleblower).

**Status: Full Compliance**

**6.10**

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

All parties which involved with company regarding to FFB purchasing can access update of price. FFB price is regarding to the ministry of agriculture regulation no. 14/2013 about guidance of purchasing FFB from smallholder. Monthly price set is followed by the pricing team plantation agency of Province Bangka Belitung which consisted by representatives company, smallholder and government on Bangka Belitung. The price update can access in estate office, circular letter from plantation agency or by web every month. For example, price list on December 2015 according to minutes of meeting pricing team on December 15<sup>th</sup>. The prices valid on December 15<sup>th</sup> 2015 to January 15<sup>th</sup> 2016.

One of example cooperative agreement letter with other parties is lorry assembling in TKMM. It documented in agreement number TKMM/SPKL/05/15/007 on May 4<sup>th</sup> 2015 valid until June 2<sup>nd</sup> 2015. Cooperative Agreement Letter draft that has been returned to the parties to read its contents. If there has been a further agreement, the contract will be signed between the two sides on stamp duty and the copies held by each party. In the verified contracts contained clauses about the dispute resolution. It means, if there is a complaint, objection or dissatisfaction in the agreement at a later time, both parties who tied on the agreement are agreed settlement together by law in District Court that are designated together. Based on interview with local contractor PT. Cipta Nusantara Lestari, cooperative agreement letter is transparent and agreed together. So far, local contractor has aggrieved yet especially in payments.

Based on document review, the company has fulfilled its obligations in terms of payment of work. So far there has been no dissatisfaction from the contractor in terms of work payment. For example, lorry assembling in TKMM has been paid on August 5<sup>th</sup> 2015.

**Status: Full Compliance**

**6.11**

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

The company has contributed to local development through CSR activities that has been carried out every year. The company can show CSR program period January to December 2016, among others:

- Related to the educational aspects (maintenance of school buildings in Perpat village, supporting extracurricular activities in Membalong village, Tanjung Rusa Village, Perpat Village and Lasar Village)
- Related to health aspect : providing water supply facility and public health social service
- The construction of the village Facility such as repair and maintenance of roads, repair and maintenance of culverts
- Supporting the national and local activities
- Supporting the activities of religion and traditional activity
- Supporting the youth activities and sports
- Maintenance and repair places of worship
- Maintenance and build public facility and social facilities
- Providing clean water to support community activities.

Implementation of CSR program has provide in an annual CSR report, the company can shown CSR report period of 2014 and 2015. Communication and consultation to local community related with preparation of the CSR program that was developed by the company every year at the time of the monitoring and management of social impacts. In addition the company also record the proposals has been sent routine by the local community to the company.

Based on document of Plantation Bussines Permit (IUP), the company does not have an obligation to establish a smallholder scheme. However, the company currently has been develop the smallholder scheme in form of revitalization program, the company can show Belitung Regent Decree No.: 188.45/170/KEP/DPK/2013 on the second amendment of the decree No.: 188.45/315/KEP/DPK/2009 described about the establishment of a nominative list of candidates farmers and prospective land (CPCL) participants oil palm plantation revitalization program (plasma) Kembiri Village, District Membalong, Belitung province. The number of members has been set as much as 382 households. The Company has established human resources allocated to improve farmer productivity with the structure: RC, Estate Manager, Assistant Chief, Assistant, foreman of Production and foreman of Maintenance.

**Status: Full Compliance**

**6.12**

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

Based on review on the list of personnel's document in PT FLD, it is known that there was no illegal personnel. This finding was supported by interview result with the management unit, which do not have illegal personnel because the entire personnel are bound in a clear work agreement. In addition, from the management also explained that company is conducting annual evaluation toward personnel work performance, which becomes the basis for promotion. Personnel have read work agreement before they put their signature.

In addition to the management also conducted interviews with the unions. Part of the union stated that, applicant should submit their interest letter personally, there is no pressure on personnel to perform certain work and to have certain position

Personnel understood her/his responsibility based on the existing work agreement,

Company provides evidence that there is no illegal worker trade, there is no forced labor nor there is a contract substitution. Moreover, PT FLD does not have policy related to foreign worker and based on document's review there is no expatriate, or migrant worker. Interview with some personnel on estate and mill's operation activities, it is known that personnel have understood their right and responsibilities based on the signed-work agreement during the recruitment process

**Status: Full Compliance**

**6.13**

**Growers and millers respect human rights**

The Company has a Social and Community Engagement Policy set out on 10 November 2011 approved by the President, point 6 stated that the company respect for Human Rights. The policy is communicated to all employees through the morning briefing, and based on interviews with workers that the worker has to know the company's policy in respect of human rights.

**Status: Full Compliance**

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

**7.1**

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

There is no new planting since 2005.

The company has had the documents that describe the analysis of the social impact, the document has been prepared based on a participatory of society, the documents shown are:

- Document the Environmental Impact Assessment Report of Plantation and Palm Oil Processing Factory PT Forestalestari Dwikarya 2007 (Revised Version). The document drafted by Indolestari CV Makmur (Environment and Planning Consultant) - Palembang and has received Approval from the Governor of Bangka Belitung Number: 188.44 / 450.C / BAPEDALDA / 2007, dated September 18, 2007.
- Identification of the Social Impact Study Report plantations and palm oil mill Forestalestari Dwikarya 2012. In the document described the impact of positive and negative on the management of oil palm plantation by PT Forestalestari Dwikarya following Management Plan and Social Impact Monitoring Plan.

**Status: Full Compliance**

**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.**

Based on document review and field visit, There is no new estate development or area expansion. Company is just managing the area with planting year during period of 1995 – 1998.

**Status: Full Compliance**

**7.3**

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

The planting was conducted during the period of 1995 – 1998 and there is no replanting plan for the next three years.

Therefore, the company has no obligation on principal 7 regarding no planting that replaces primary forest or HCV area.	
<b>Status: Full Compliance</b>	
<b>7.4</b>	
<b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>	
Based on document review and field visit, There is no new estate development or area expansion. Company is just managing the area with planting year during period of 1995 – 1998.	
<b>Status: Full Compliance</b>	
<b>7.5</b>	
<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	
Until the ASA-2 activity are not new development / expansion. The company only has to manage areas that have been earned by the distribution of planting year between 1995 to 1998.	
<b>Status: Full Compliance</b>	
<b>7.6</b>	
<b>Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	
There is no new planting since 2005. The Company has established SOP Compensation for Land, document number: SOP/NP/SMART/VII/D&L.002, published and effective on July 1, 2010. The scope of these SOP is all activities related to the process and procedure of compensation for land within Permit Area / land Rights managed by the company, its purpose is to ensure the area of plantation/mill free of ownership by other parties so companies can conduct business activities on land owned without interference.  Based on interviews with the Management Representative, the Agriculture Agency and community representatives of Kembiri Village, Tanjung Rusa Village and Village of Lasar known that there are no indigenous rights on land managed by PTFLD. No new land acquisition made by the company, land acquisition was carried out in 1994-1995.	
<b>Status: Full Compliance</b>	
<b>7.7</b>	
<b>Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>	
Until the ASA-2 activity are not new development / expansion. The company only has to manage areas that have been earned by the distribution of planting year between 1995 to 1998.	
<b>Status: Full Compliance</b>	
<b>7.8</b>	
<b>New plantation developments are designed to minimise net greenhouse gas emissions.</b>	
The planting was conducted during the period of 1995 – 1998 and there is no replanting plan for the next three years. Therefore, the company has no obligation on principal 7 regarding no planting that replaces primary forest or HCV area. The company effort to reduce emission generated from its operational (refer to criterion 5.6).	
<b>Status: Full Compliance</b>	
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>	
<b>8.1</b>	
<b>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b>	
The company has shown some improvement in operation such as: <ul style="list-style-type: none"> <li>• The company has conducted internal audit RSPO on 6 – 9 October 2015. Identified 20 non-compliances. All non-compliances record has been corrected.</li> <li>• The company no longer using parakuat since 2016.</li> <li>• The company has environmental impact assessment document and conducting environmental management referred to the environmental matrix. The implementation of environmental management is evaluated and reported</li> </ul>	

every semester to the related government agency and fed back to the company management.

- The company has implement its commitment on HCV area management and protecting RTE species by considering community needs of the area for community social and cultural.
- The company has WWTP facility to treat its effluent from mill operational and discharge it to land application to reduce pollution and methane release from WWTP ponds. Further the company monitor its emission generated from mill's engine periodically, maintain the engine and using renewable energy to reduce the use of fossil fuel.
- The company reuse the waste generated from FFB processing for instance empty fruit bunch application and the use of shell and fibre for reducing fossil fuel use for energy source.
- The company has zero burning policy for land clearing

<b>Status: Full Compliance</b>
--------------------------------

3.2 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module E) CPO Mills - Mass Balance Requirements																											
E.1	Definition																											
E.1.1	<p><b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>TKMM received a supply of FFB from the Estates TKME and TRSE (certified) and from the outside supplier (not certified), the recording of both types of FFB had been separated since the acceptance in security and weightbridge up to at the dispatch of the CPO and PK. In this case the applied supply chain requirements by TKMM is Module E – Mass Balance.</p> <p><b>Status: Full Compliance</b></p>																											
E.2	Explanation																											
E.2.1	<p><b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the 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>On the annex of RSPO certificate owned by TKMM period 21 April 2015 – 20 April 2016 has been inform estimate of certified products that will be produced by TKMM namely: FFB amounted to <b>256,278 tons</b>, <b>56,381 tons</b> of CPO and kernel amounted to <b>16,658 tons</b>.</p> <p>Actual product produced during the period of the license is: FFB 218,300.69 tons, 47,146.68 tons of CPO and PK 12,225.88 tons.</p> <p><b>Status: Full Compliance</b></p>																											
E.2.2	<p><b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b></p> <ul style="list-style-type: none"> <li>IT Platform RSPO member registration number RSPO_PO1000001383</li> <li>There were no sales of CPO with RSPO claim, during the period of the license, TKMM make sales with ISCC claims.</li> <li>Certified Palm Kernel sold to each buyer period of 21 April 2015 to 20 April 2016 :</li> </ul> <table border="1"> <thead> <tr> <th>Period</th> <th>Buyer</th> <th>Volume (Ton)</th> </tr> </thead> <tbody> <tr> <td>27–29 April 2015</td> <td>PT SIP</td> <td>700</td> </tr> <tr> <td>19–22 May</td> <td>PT SMART</td> <td>1,100</td> </tr> <tr> <td>16–18 June</td> <td>PT SIP</td> <td>1,400</td> </tr> <tr> <td>24-26 July</td> <td>PT SMART</td> <td>950</td> </tr> <tr> <td>15-19 August</td> <td>PT SIP</td> <td>1,500</td> </tr> <tr> <td>2-3 September dan 15-17 September</td> <td>PT SIP</td> <td>1,860.97</td> </tr> <tr> <td>20-22 October</td> <td>PT SIP</td> <td>1,350</td> </tr> <tr> <td>22-23 December</td> <td>PT SIP</td> <td>800</td> </tr> </tbody> </table>	Period	Buyer	Volume (Ton)	27–29 April 2015	PT SIP	700	19–22 May	PT SMART	1,100	16–18 June	PT SIP	1,400	24-26 July	PT SMART	950	15-19 August	PT SIP	1,500	2-3 September dan 15-17 September	PT SIP	1,860.97	20-22 October	PT SIP	1,350	22-23 December	PT SIP	800
Period	Buyer	Volume (Ton)																										
27–29 April 2015	PT SIP	700																										
19–22 May	PT SMART	1,100																										
16–18 June	PT SIP	1,400																										
24-26 July	PT SMART	950																										
15-19 August	PT SIP	1,500																										
2-3 September dan 15-17 September	PT SIP	1,860.97																										
20-22 October	PT SIP	1,350																										
22-23 December	PT SIP	800																										

	29-30 January 2016	PT SIP	1,139.17
	01 February 2016	PT SIP	260.83
	<b>Total</b>		<b>11,060.97</b>
	<b>Status: Full Compliance</b>		
<b>E.3</b>	<b>Documented procedures</b>		
<b>E.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>TKMM has had the documents of SCCS procedures for Mass Balance models with document No. PT FLD-TKMM/SOP/35 has been approved on January 2, 2016. This procedure of which describes the duties and responsibilities of each of the involved division, the definition, the FFB reception process , weighing, checking quality, processing, monitoring refined products, mass balance calculations, delivery of the product. In addition there is also SOP Reporting RSPO Certified Product (No: PT FLD-TKMM / SOP / 36) dated January 2, 2016.</p>			
	<b>Status: Full Compliance</b>		
<b>E.3.2</b>			
<b>The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</b>			
<p>SOP of Supply Chain RSPO Products - Mass Balance Model (No: PT FLD-TKMM/SOP/35) dated January 2, 2016 explaining that:</p> <ul style="list-style-type: none"> <li>The source or supplier of FFB received by the mill can be classified into 3: Own estates (certified), smallholder scheme and individuals FFB.</li> <li>All FFB suppliers has recorded /recapitulated/and maintained its current status.</li> <li>Suppliers of certified FFB as a sustainable raw material that can be identified or given information that differentiates it from non-certified suppliers.</li> </ul>			
	<b>Status: Full Compliance</b>		
<b>E.4</b>	<b>Purchasing and goods in</b>		
<b>E.4.1</b>			
<b>The site shall verify and document the volumes of certified and non-certified FFBs received.</b>			
<p>TBS recording has been done since the acceptance in the security and weightbridge, TKMM can show the documents recording as follows:</p> <p><b>Certified FFB:</b></p> <ul style="list-style-type: none"> <li>The FFB delivery document (SPB) eg FFB received of TKME on on Feb 29, 2016 informing among others: Division 02, No. BN4640FA, Series No. 7438, serial No., year of planting, block, amount of bunches (253 of bunches), amount of loose fruits.</li> <li>Tickets weigh of TKME on on Feb 29, 2016: No cards weigh: E154TKMM M 06 872, product type (FFB), date, time scales, No police BN4640FA, heavy weigh gross and net (net 5230 kg), the origin of FFB</li> </ul>			



(Estate and divisions), bunches amount (253 of bunches), the name of the transporter. In the document of FFB certified reception has been included information about certified products in the form of captions "total certified product" and GHG stamp.

**Non-certified FFB:**

- The FFB delivery document (SPB) on Feb 29, 2016 from PT Pratama Unggul Sejahtera Division 1, no SPB 052 281, no police BN4443FA, total bunch 1166 bunches.
- Tickets weight on Feb 29, 2016 TBS product type, amount of bunches 1166, the net weight of 5530 kgs and the name of the transporter.

**Certified and non-certified FFB received period of 21 April 2015 to 20 April 2016**

Month	FFB (Ton)		
	RSPO Certified	Non Certified	Total
21 April – Juni 2015	59,114.030	16,062.440	75,176.470
Juli – Sept 2015	70,948.900	9,047.510	79,996.410
Okt – Des 2015	70,158.590	13,365.330	83,523.920
Jan – Feb 2016	18,079.170	4,915.070	22,994.240
<b>Total</b>	<b>218,300.69</b>	<b>43,390.35</b>	<b>261,691.04</b>

Status: Full Compliance

**E.4.2**

**The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.**

Based on documents review on mass balance data of the FFB production, CPO and PK owned by company is known that there are no excessive production when compared with the projections contained in the certificate annex of ASA-1.

Status: Full Compliance

**E.5**

**Record keeping**

**E.5.1**

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

TKMM has recorded and balanced all receipts FFB, CPO and PK were certified in three-monthly basis. In the period of the RSPO certificate, TKMM sell CPO with ISCC claim and PK with RSPO claims. Sales PK done by MB claims from positive stock.

Sales documents are shown in the form of a sales contract, for example, a sales contract number DIC/2950/181115/0001 dated December 25, 2015 amounted to 150 tons. Purchased by PT Sumber Indah Perkasa address in Jakarta, in the document there has been informed number of RSPO certificate MUTU-RSPO/037:RSPOMB.

Data production of FFB, CPO and PK are shown in the following table:

Month	FFB (Ton)			CPO (ton)		PK (ton)	
	RSPO Certified	Non Certified	Total	RSPO Certified	Non Certified	RSPO Certified	Non Certified
21 April – Juni 2015	59,114.03	16,062.44	75,176.47	12,552.11	3,431.25	3,270.20	909.03
Juli – Sept 2015	70,948.90	9,047.51	79,996.41	15,701.82	1,999.78	4,151.75	527.04
Okt – Des 2015	70,158.59	13,365.33	83,523.92	14,908.45	2,835.07	3,949	748.67
Jan – Feb 2016	18,079.17	4,915.07	22,994.24	3,984.30	1,095.90	854.93	232.17
<b>Total</b>	<b>218,300.69</b>	<b>43,390.35</b>	<b>261,691.04</b>	<b>47,146.68</b>	<b>5,431.03</b>	<b>12,225.88</b>	<b>2,416.91</b>
<b>Status: comply</b>							
<b>E.5.2</b>							
<b>In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.</b>							
Tanjung Kembiri Mill did not hire outsider crusher, TKMM only selling palm kernel (PK) to another party.							
<b>Status: comply</b>							

**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-2</b>	PT ForestalestariDwikarya has achieved approval/permit of the certificate usage with certificate number MUTU-RSPO/037.	√
	<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-2</b>	Company does not use logo whether on the product (on-product) nor for not on the product (off-product) within scope of PT ForestalestariDwikarya.	<b>NA</b>
	<b>Status: Not Applicable</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-2</b>	Company does not use logo whether on the product (on-product) nor for not on the product (off-product) within scope of PT ForestalestariDwikarya.	<b>NA</b>
	<b>Status: Not Applicable</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-2</b>	Company does not use logo whether on the product (on-product) nor for not on the product (off-product) within scope of PT ForestalestariDwikarya.	<b>NA</b>
	<b>Status: Not Applicable</b>	

3.4 Summary of RSPO Partial Certification

<b>Total companies observed (0.5 √Y) Where Y is the total of uncertified RSPO registered company</b> <b>The Management Unit name : -</b> <b>Date of Observation: -</b>		
2.1	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
2.2	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Compliance</b>	
6.3	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
6.4	<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>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
7.3	<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>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
7.5	<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>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
7.6	<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>	X or√
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<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-01** Assessment

NC R No	Ref Std	Finding	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		There is no nonconformities over RSPO P&C							

3.5.2 Identification of Findings, Corrective Actions and Observations at **ASA-02** Assessment

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
2016.1	2.2.1	<p><b>Legal documents showing ownership of land</b></p> <p>During the field visit observed that the HGU pole (boundary marker no. BPNXXVIII) is located in the middle of Block L09 Division 1 TRSE. The HGU poles shall be located at the border of the HGU area. It means that the company has planted outside the HGU area.</p> <p>Further, based on document verification on operational map, map of basic registration and image plots (annex of SK HGU) indicates that the company plants outside the land rights legal (HGU)</p>	PT FLD	Major	1 May 2016	Companies must be able to show the evidence that the entire area cultivated has had documents showing ownership of land	<p><b>Root cause:</b> The land which is planted outside of pole of BPN no. XXVIII in Block L09 Division 1 are within the PT FLD's location permit but at the time of cadastral measurement and become HGU, the area does not entered into the concession because during the first measurement of cadastral by BPN to the intended location has not entered yet into the scope of measured.</p> <p><b>Corrective action:</b> - PT FLD will set aside land which has been planted outside of BPN pole no.</p>	Closed	30 April 2016

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
							<p>XXVIII in Block L09 Division 1 Tanjung Rusa Estate of the scope of RSPO certification</p> <ul style="list-style-type: none"> <li>- PT FLD will committed to arrange the legality of land planted outside BPN pole No. XXVIII in Block L09 Division 1 TRSE</li> </ul> <p><b>Preventive action:</b> PT FLD will ensure all cultivated areas has had documents showing ownership of land</p> <p><b>Auditor observation on 30 April 2016:</b> The company has shown a written commitment in document of statement dated 21 April 2016 by the Managing Director and Director representing the directors of PT FLD, states that:</p> <ul style="list-style-type: none"> <li>- The Company will reduce land of ±1 Ha which is planted outside HGU from the certification scope</li> <li>- The Company will arrange the legality of the land</li> </ul> <p>Companies able to show a map marker point of HGU scale of 1:40,000 dated 28 April 2016</p>		

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
							<p>informing the boundaries of the area that can be cultivated legally. In the map, the area which is planted outside of HGU area of <math>\pm 1</math> ha has been reduced. Provided HGU point map overlay with location permit map which explains that an area of <math>\pm 1</math> ha has been entered into company's location permit.</p> <p>Evidence of corrective action also have been attaching memorandum document No. 003/RC Babel /IV/2016 dated 29 April 2016 about the delivery mechanism of TRSE's non-certified FFB to TKMM, explained that the separation is done since the boundary in the field, the separation of FFB collecting point, coding for FFB non-certified, separation of FFB and loose fruit transporting, making blocks code, separating production report, receipt report of FFB separation at the factory, and does not enter the code/stamp certified documents. The document has been attaching with a flowchart.</p> <p>Accordingly, a nonconformity has</p>		

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
							been met, the auditor would still conduct observation related to this during the the next annual assessment.		
2016.2	6.5.2	<p><b>Contract letter for worker</b>            During the audit, contract worker agreement agreed by both company and the worker of TRSE. TKME and TKMM can not be provided to auditor.</p>	PT FLD	Major	1 May 2016	Companies must be able to demonstrate Employee agreements for contract workers and daily volume paid (BHB) that has been agreed by both parties	<p><b>Root cause:</b>            Contract for specific period workers and the daily volume contract workers agreed upon by both parties yet to be shown during the the audit</p> <p><b>Corrective action:</b>            PT FLD shall prepare and demonstrate contract for specific period workers and the daily volume contract workers agreed upon by both parties</p> <p><b>Preventive action:</b>            PT FLD shall ensure that specific period workers and the daily volume contract workers has had contract which has been signed by both parties</p> <p>Auditor observation on <b>05 April 2016</b>            Company shows the document employment agreement for specific period workers and the daily volume contract workers</p>	Closed	<b>05 April 2016</b>



CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing date
							<p>which had been referred to the provisions of labor regulations.</p> <p>Based on the explanation above, the Conformity No. 2016.2 stated fulfilled and observed on the ASA-3 to ensure that workers knows and understands the Employment Agreement.</p>		

**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	<b>Minor 5.3.3</b>	The company need to ensure maintenance application area of POME in order to function properly.
2	<b>Major 6.9.3</b>	The company need to ensure all workers known about complaints mechanism in order to protect witness and whistle blower especially in case abuse and sexual violence.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<b>February 29<sup>th</sup> 2016</b>		
<p><b>Belitung District Food and Horticulture Plant, Husbandry, Forestry and Food Security Agency (Head of Crops Production and Protection Division and Staff of UPPHP of Plantation Division)</b></p> <p><b>Positive Issues</b></p> <ol style="list-style-type: none"> <li>1. The company already has the documents of land rights in the form of concession and permits for business activities in the form of Plantation Business Permit.</li> <li>2. Companies routinely has reported its business activities to the department. For example, the Plantation Business Development Report the second half of 2015 on January 5, 2016.</li> <li>3. The Company has participated in the assessment of plantation on 2015. But the results so far has not come out because it is still waiting for the signature Decree Letter Plantation Business Assessment of Belitung regent.</li> <li>4. Determination of FFB price for farmers to follow the prices set by the Plantation Agency of Bangka Belitung Province.</li> <li>5. The Company is actively communicating with the agency.</li> <li>6. So far, there has been no record of land disputes between companies and communities.</li> </ol> <p><b>Negative Issues</b></p> <ol style="list-style-type: none"> <li>7. The company has a plantation revitalization program with the District Membalong Kembiri Village area of 497 Ha. But</li> </ol>	<ol style="list-style-type: none"> <li>1. The company has had the concession documents and permits for business activities (Plantation Business Permit)</li> <li>2. Routine reports every semester and annual reports to the Belitung District Food and Horticulture Plant, Husbandry, Forestry and Food Security Agency</li> <li>3. For the 2015 assessment has been conducted but the results have not been obtained.</li> <li>4. The company always follows the FFB price that has been set by the Plantation Agency Bangka Belitung province to purchase FFB smallholders (TRSA).</li> <li>5. Communication with the Agency always active and on the increase</li> <li>6. There is no land dispute with the Society in the Environment FLD.</li> <li>7. In future we will provide a progress report to the plantation revitalization department of</li> </ol>	<p>Comply with Criterion 2.1</p> <p>Comply with principle 1</p> <ul style="list-style-type: none"> <li>• Comply with Criterion 2.3, 2.4, 2.5 and 2.6</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
so far the department less know the progress of the program because there is no official data related to the progress delivered by the company.	agriculture and plantation.	
<p><b>Belitung District Environment Agency</b></p> <ul style="list-style-type: none"> <li>- Company has full permissions related to environmental management such as environmental permits, licenses and permits land, hazardous waste temporary warehouse permits, land application permits, and all permits are still valid.</li> <li>- The Company has regularly reported Environmental Management Plan/Environmental Monitoring Plan reports, quarterly reports hazardous waste and effluent quality. But in Environmental Management Plan/Environmental Monitoring Plan report second half of 2015 does not yet include the results of testing for Membalong Rivers and Biota Cerucuk Rivers and measurement of water only done for Cerucuk River. It does not correspond to demand management and environmental monitoring.</li> <li>- The Environment Agency Belitung District suggested that a copy of the manifest hazardous waste sent to The Environment Agency Belitung District to assist the monitoring transporter hazardous waste companies.</li> <li>- From the results of inspections of environmental planning by Environment Agency dated February 24, 2016, there are issues related to the management of the environment in PT FLD is the overflow of wastewater application on the block K54 line 103 and the recording of the former pesticide storage in which the amount of waste packing material is less able to reflect the amount of use pesticides used.</li> </ul>	<ul style="list-style-type: none"> <li>- The company will always be commitment to compulsory licensing to companies.</li> <li>- Report regularly Environmental Management Plan/Environmental Monitoring Plan, Quarterly report hazardous waste, and effluent quality For the test results Membalong River and Cerucuk River already there and delivered to the The Environment Agency Belitung District. Tests conducted on water biota Cerucuk River to Kembiri River will do tests on Biota in 2016</li> <li>- Copy Manifest hazardous waste is already attached in Environmental Management Plan/Environmental Monitoring Plan report to The Environment Agency Belitung District.</li> <li>- Overflow of wastewater in the block K54 is fixed on February 26, 2016 the future has been created for deepening bed LA program which will take place in April 2016. Recording pesticide storage in accordance with the actual field</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with principle 5</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Manpower, Social and Transmigration Agency</b></p> <ul style="list-style-type: none"> <li>The company has consistently been implementing OHS on the operational activities of the Mill and Estates.</li> <li>Periodic checks Mill machine has been conducted regularly by the Agency.</li> <li>Reporting OHS have routinely reported quarterly.</li> <li>At PT FLD has formed Unions and Bipartite Cooperation Institution, and in the past year there were no reports industrial relations problems of workers of PT FLD.</li> <li>Communication between the companies with the agency has been established.</li> <li>No requests for information from the department in the past year. However, the company has given a positive response if there is a request for information from the department.</li> </ul>	<ul style="list-style-type: none"> <li>The company has always committed to applying OHS in each unit and the Mill and Estates.</li> <li>Periodic inspection machines in the Mill routinely conducted by the company every year.</li> <li>The Company has regularly OHS reported to the competent agencies</li> <li>Companies always keep a good relationship with the union and if there are problems to be resolved in accordance bipartite applicable laws.</li> <li>Communication and good relations with the agency will be maintained.</li> <li>The company has always committed to providing information to the manpower and transmigration</li> </ul>	<ul style="list-style-type: none"> <li>Comply with Criterion 4.7</li> <li>Comply with Criterion 2.1</li> <li>Comply with Criterion 4.7</li> <li>Comply with Criterion 6.6</li> </ul>
<p><b>Belitung Agency Land National</b></p> <ul style="list-style-type: none"> <li>The company has had documents in the form of land tenure and Land Use Title certificate.</li> <li>There is no significant land conflicts in plantation area of PT FLD</li> <li>There is no overlapping between PT FLD with mining</li> </ul>	<ul style="list-style-type: none"> <li>The company owns and Land Use Title Certificate.</li> <li>There is no land conflicts in the FLD.</li> <li>FLD area there is no overlap with other</li> </ul>	<p>Comply with criterion 2.2</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>companies.</p> <ul style="list-style-type: none"> <li>All of the PT FLD is in areas with district status Other Areas of Use.</li> </ul>	<p>companies.</p> <ul style="list-style-type: none"> <li>The whole area is in status Other Areas of Use. FLD.</li> </ul>	
<p><b>Community Village</b></p> <ul style="list-style-type: none"> <li>Head of Village Simpang Rusa</li> <li>Head of Village Lasar</li> <li>Custom Leader Kembiri Village</li> <li>Head of Village Kembiri</li> </ul> <ul style="list-style-type: none"> <li>The relationship and communications between the company and the village community has been good, all the aspirations articulated both verbally and in writing addressed properly by the company</li> <li>The company has set a responsible officer specialized in handling.</li> <li>The company has been well responded to any requests for assistance submitted by the public, every development program and customs event is fully supported by the company.</li> <li>There are suggestions from community leaders associated with FFB community, to be accepted and processed in the Mill PT FLD</li> <li>Villagers around understanding and knowing the mechanism for grievances and complaints and mechanisms related to consultation and communication with the company.</li> <li>Dissemination associated with HCV area carried out by the company.</li> </ul>	<ul style="list-style-type: none"> <li>Companies always keep a good relationship with the surrounding community.</li> <li>The Company has appointed one person Staff Development &amp; Legal responsible for special handling by village.</li> <li>The company always pay attention to support for local community.</li> <li>The Company can not accept FFB community for limited plant capacity.</li> <li>Companies always keep a good relationship with the surrounding community.</li> <li>Areal HCV always maintained and managed in cooperation with the surrounding community</li> </ul>	<p>Comply with criterion 6.1, 6.2, 6.3 and 6.4</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Head of Labour Union</b></p> <ul style="list-style-type: none"> <li>○ Draft a new Collective Labour Agreement has been filed by the union since January 2015, but until now there has been no response from the management.</li> <li>○ In the draft of the new Collective Labour Agreement, there are several proposals on the part of the union, for example, concerning the proposed increase in the value of rice allowance, but there is no response from the management.</li> <li>○ The union stated that the Collective Labour Agreement was still in force for a new Collective Labour Agreement has not been ratified.</li> <li>○ Companies need to reconsider the subject of sanctions that affect the incentives that the foreman, so as not to be a problem in the future.</li> <li>○ Companies need to consider housing conditions in Division 3 &amp; 4 TRSE less viable in terms of health.</li> <li>○ No assessment of employees within the last 2 years, the company is expected to transparently convey the results of the annual performance appraisal. From this example the absence of an impact on group hikes for employees monthly.</li> <li>○ The company has to provide appropriate PPE to all workers risk job, and workers every year more disciplined in the use of PPE, and the PPE has become a necessity for workers not to be a burden/liabilities.</li> <li>○ The Company has registered Workers Social Security Agency program. However, for health care workers feel that</li> </ul>	<ul style="list-style-type: none"> <li>● Has made an invitation to the PUK SPSI to discuss the Collective Labour Agreement on 4 April 2016.</li> <li>● For the proposed increase in the value of rice allowance will be discussed during a meeting on 4 April 2016</li> <li>● While the new Collective Labour Agreement not exists then as the basis for implementing rules are still using the old Collective Labour Agreement.</li> <li>● Incentives have been restored to the entire system of overtime per month in February 2016</li> <li>● Housing improvements in the Estate will be done according to the program. If there are urgent to be corrected immediately.</li> <li>● The company has been assessed on employees each year to determine the increase in class for employees who get a good performance and a good value as well as having good behavior</li> <li>● Companies and Labour Union always emphasize to employees to always wear PPE when working in accordance with the interests</li> <li>● All employees have registered to Workers Social Security Agency program according to</li> </ul>	<ul style="list-style-type: none"> <li>● Comply with Criterion 6.6</li> <li>● Comply with Criterion 4.7</li> <li>● Company is encouraged to monitor the status of their employees to adjust with the applied regulation.</li> <li>● Company is encouraged to communicate with the workers.</li> <li>● Comply with Criterion 6.3; 6.6</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>the company's health services at the clinic is still better than the health services handled by Workers Social Security Agency.</p> <ul style="list-style-type: none"> <li>○ The Company has applied the provisions of the minimum wage in accordance with prevailing regulations.</li> </ul>	<p>the laws in force</p> <ul style="list-style-type: none"> <li>● The Company has implemented a minimum wage in accordance with the Decree of the Governor.</li> </ul>	
<p><b>Local Contractor (CV Cipta Nusantara Sejahtera) in the scope of work Employee Housing Development, Making Bridges and Box Culvert</b></p> <ul style="list-style-type: none"> <li>● The agreement between the companies working with the contractor has been made in a fair, legal and transparent. It also described the type of work, the period of employment, job specifications, method of payment and fines/penalties.</li> <li>● In the employment agreement has been stipulated regarding the fulfillment of OHS and employment eg minimum wage, occupational accident insurance coverage, compliance with PPE for workers, provision of the minimum age of workers, etc. From the things that the contractor has met the requirements in accordance with labor agreements.</li> <li>● The contractor has a copy of the employment agreement that has been agreed by the contractor and management.</li> <li>● The payment has been made on time in accordance with agreed upon in the Cooperative Agreement Letter.</li> <li>● Examination of the work is done in a transparent manner and according to the specifications set forth in the Cooperative Agreement Letter.</li> </ul>	<ul style="list-style-type: none"> <li>● The Cooperative Agreement Letter that has been signed by both parties between the Company and the contractor a copy of Cooperative Agreement Letter remain on contractors</li> <li>● The Cooperative Agreement Letter has been stipulated in the OHS and in the field of employment and safety aspects have always preferred.</li> <li>● A copy of the Cooperative Agreement Letter already in signed given to the Contractor and the management.</li> <li>● Payments made after the Notice of Inspection Works was agreed between both parties</li> <li>● Examination of the work conducted jointly by the Contractor and company.</li> </ul>	<p>Comply with Criterion 6.10 and 6.11</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Tanjung Kembiri Mill and Tanjung Kembiri Estate Gender Committee</b></p> <ul style="list-style-type: none"> <li>Grievance Mechanism related to the incidence of sexual abuse have been socialized to women and Mothers/Wife workers.</li> <li>Within the last one year no event reporting sexual harassment or discrimination against wom</li> </ul>	<ul style="list-style-type: none"> <li>SOP grievance mechanisms and related sexual harassment has been conducted socialization of the Committee on gender and women workers, mothers / Wife workers.</li> <li>Within the past year no incoming report Sexual Harassment Committee to gender, however, will continue to be improved socialization</li> </ul>	<p>Comply with Criterion 6.9</p>



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

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

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

Signed on behalf of:

PT ForestalestariDwikarya  
Perwakilan Management

Mutuagung Lestari  
Lead Auditor



**Ismu Zulfikar**  
March 11<sup>th</sup>, 2016



**Sandra Purba**  
March 11<sup>th</sup>, 2016

APPENDICES

**Appendix 1. List of Stakeholder Contacted in the RSP0 Certification Process**

No	Institution/NGO/ Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1.	Manpower Agency	TanjungPandan, Belitung	-	Interview	February 29 <sup>th</sup> , 2016	√	
2.	Environment Agency	TanjungPandan, Belitung	-	Interview	February 29 <sup>th</sup> , 2016	√	
3.	Food Plants, Horticulture, Animal Husbandry, Plantation, Forestry and Food Safety Agency	TanjungPandan, Belitung	-	Interview	February 29 <sup>th</sup> , 2016	√	
4.	National Land Agency	TanjungPandan, Belitung	-	Interview	February 29 <sup>th</sup> , 2016	√	
5.	WALHI	Jakarta, Indonesia	<a href="mailto:info@walhi.or.id">info@walhi.or.id</a>	Email	February, 23 <sup>rd</sup> 2016		√
	Sawit Watch.	Bogor, Indonesia	<a href="mailto:info@sawitwatch.or.id">info@sawitwatch.or.id</a>	Email	February, 23 <sup>rd</sup> 2016		√
6.	World Wild Found (WWF).	Jakarta, Indonesia	<a href="mailto:indonesia@wwf.or.id">indonesia@wwf.or.id</a>	Email	February, 23 <sup>rd</sup> 2016		√
7.	Village Head and Community Leader of SimpangRusaVillage	SimpangRusa Village, Sub District of Membalong, Belitung District	-	Interview	March 1 <sup>th</sup> , 2016	√	
8.	Village Head and Community Leader of LassarVillage	Lassar Village, Sub District of Membalong, Belitung District	-	Interview	March 1 <sup>th</sup> , 2016	√	
9.	Village Head and Community Leader of KembiriVillage	Kembiri Village, Sub District of Membalong, Belitung District	-	Interview	March 1 <sup>th</sup> , 2016	√	
10.	Local Contractor PT. Cipta Nusantara Lestari	TanjungPandan, Belitung	-	Interview	March 1 <sup>th</sup> , 2016	√	
11.	Labour union of PT. ForestalestariDwikary a	Kembiri Village, Sub District of Membalong, Belitung District	-	Interview	March 1 <sup>th</sup> , 2016	√	
12.	Gender Committee PT. ForestalestariDwikary a	Kembiri Village, Sub District of Membalong, Belitung District	-	Interview	March 1 <sup>th</sup> , 2016	√	

**Appendix 2. Assessment Program**

DATE	29 February – 3 March 2016	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Monday, 29 February 2016</b>		
07.00 – 08.30	<b>JAKARTA → BELITUNG (TANJUNG PANDAN)</b>	<ul style="list-style-type: none"> <li>• SP/ NK/ YM/ AP</li> <li>• SP/ NK/ AP/ YM</li> <li>• SP/ NK/ AP / YM</li> <li>• SP/ NK/ YM/ AP</li> </ul>
09.00 – 11.00	<b>TANJUNG PANDAN → Belitung District Government</b>	
11.00 – 12.00	<b>Stakeholders consultation to Belitung District Government and local NGO</b>	
12.00 – 14.00	<b>BELITUNG (TANJUNG PANDAN) → PT. FORESTALESTARI DWIKARYA</b>	
12.00 – 14.00	<b>BREAK</b>	
14.00 – 14.30	<b>OPENING MEETING</b>	<ul style="list-style-type: none"> <li>• SP/ NK/ YM/ AP</li> <li>• SP/ NK/ YM/ AP</li> </ul>
14.30 – 17.00	<b>Verification of basic information, completion Checklist and Review of Previous Visit</b>	
	<b>Non-conformance (Surveillance-01)</b>	
<b>Tuesday, 1 March 2016</b>		
08.00 - 12.00	<b>Field Observation TANJUNG KEMBIRI Estate</b> <ul style="list-style-type: none"> <li>• Manuring, Spraying, Harvesting, Best Agricultural Practices</li> <li>• Worker Welfare (payments, complaint mechanism)</li> <li>• Hazardous Waste Material Management</li> <li>• Worker facilities (housing, health clinic, clean water, etc)</li> <li>• Land Fire facilities, Storage, ect..</li> <li>• Conservation Area and Land Application</li> <li>• Legal operational and Stakeholder Consultation to the nearest village/community leader</li> </ul>	<ul style="list-style-type: none"> <li>• AP</li> <li>• AP</li> <li>• NK</li> <li>• NK</li> <li>• NK</li> <li>• YM</li> <li>• SP</li> </ul>
12.00 – 14.00	<b>BREAK</b>	
14.00 – 17.00	<b>Field Observation to TANJUNG KEMBIRI POM</b> <ul style="list-style-type: none"> <li>• Processing</li> <li>• WWTP/IPAL</li> <li>• Occupational Health and Safety (OHS/K3)</li> <li>• Hazardous Waste Material</li> <li>• Fire Fighting Facilities</li> <li>• Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>• AP</li> <li>• AP</li> <li>• NK</li> <li>• NK</li> <li>• NK</li> <li>• SP</li> </ul>
14.00 – 17.00	<b>Stakeholders consultation to:</b> <ul style="list-style-type: none"> <li>• Local Contractors, Gender Committee and Labour Union</li> </ul>	
		<ul style="list-style-type: none"> <li>• YM</li> </ul>
<b>Wednesday, 2 March 2016</b>		
08.00 – 12.00	<b>Field Observation TANJUNG RUSA Estate</b> <ul style="list-style-type: none"> <li>• Manuring, Spraying, Harvesting, Best Agricultural Practices</li> <li>• Worker Welfare (payments, complaint mechanism)</li> <li>• Hazardous Waste Material Management</li> <li>• Worker facilities (housing, health clinic, clean water, etc) and</li> <li>• Land Fire facilities, Storage, ect..</li> <li>• Conservation Area and Land Application</li> <li>• Legal operational and Stakeholder Consultation to the nearest village/community leader</li> </ul>	<ul style="list-style-type: none"> <li>• AP</li> <li>• AP</li> <li>• NK</li> <li>• NK</li> <li>• NK</li> <li>• YM</li> <li>• SP</li> </ul>
12.00 – 14.00	<b>BREAK</b>	
14.00 – 17.00	<ul style="list-style-type: none"> <li>• <b>Clarification of Field Observation</b></li> <li>• <b>Completion Checklist</b></li> </ul>	<ul style="list-style-type: none"> <li>• SP/ NK/ YM/ AP</li> <li>• SP/ NK/ YM/ AP</li> </ul>

DATE	29 February – 3 March 2016	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Thursday, 3 March 2016</b>		
08.00 – 08.30	<ul style="list-style-type: none"> <li>• Preparation of audit finding</li> <li>• CLOSING MEETING</li> </ul>	• SP/ NK/ YM/ AP
09.00 – 10.00		• SP/ NK/ YM/ AP
10.00 – 12.00	PT FLD → Belitung BELITUNG (TANJUNG PANDAN) → JAKARTA	• SP/ NK/ YM/ AP
15.00 – 17.00		• SP/ NK/ YM/ AP