

**Roundtable on Sustainable Palm Oil Certification
RSPO**

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management : Gunung Makmur Palm Oil Mill – PT Karya Makmur Bahagia subsidiary of Organisation
Bumitama Agri Limited

Plantation Name : PT .Karya Makmur Bahagia; Gunung Makmur Estate, Bukit Kecubung Estate, Bukit Makmur Estate, Bukit Daman Estate, Sungai Mentaya Estate.

Location : Rantau Tampang Village, Telaga Antang Sub District, Kotawaringin Timur District, Kalimantan Tengah Province, Indonesia

Certificate Code : **MUTU-RSPO/045**

Date of Certificate Issue : 21 July 2014 Date of License Issue : 21 July 2017

Date of Certificate Expiry : 20 July 2019 Date of License Expiry : 20 July 2018

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-3	3, 4, 5, 7 April 2017	Trismadi Nurbayuto (Lead Auditor), Andi Pratama Pasaribu, Yohanes Hardian, Afiffuddin, Asystasya Aishah Silalahi	Octo H.P.N . Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-3	10 July 2017

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FIGURE
Figure 1. Location Map of PT. Karya Makmur Bahagia

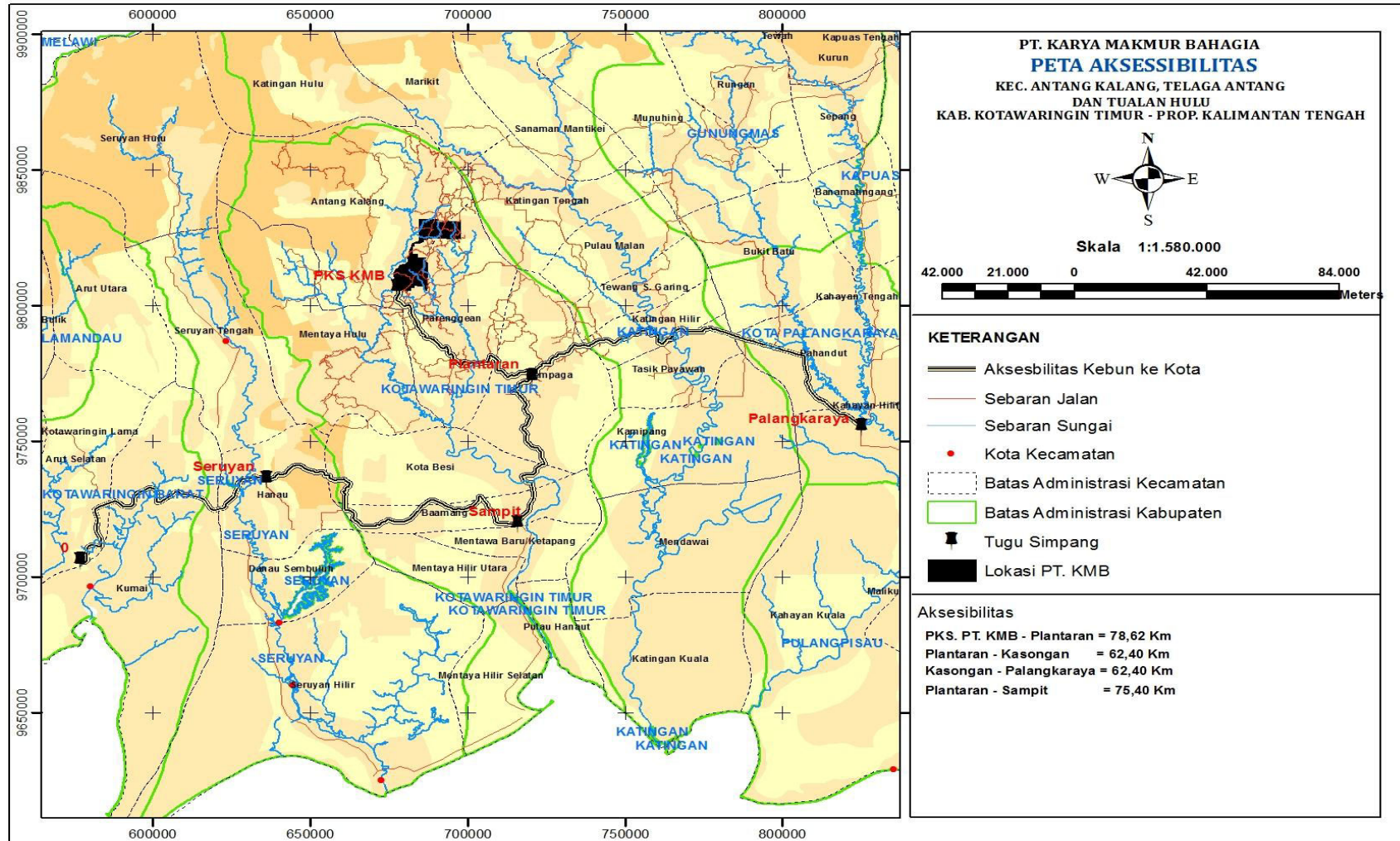
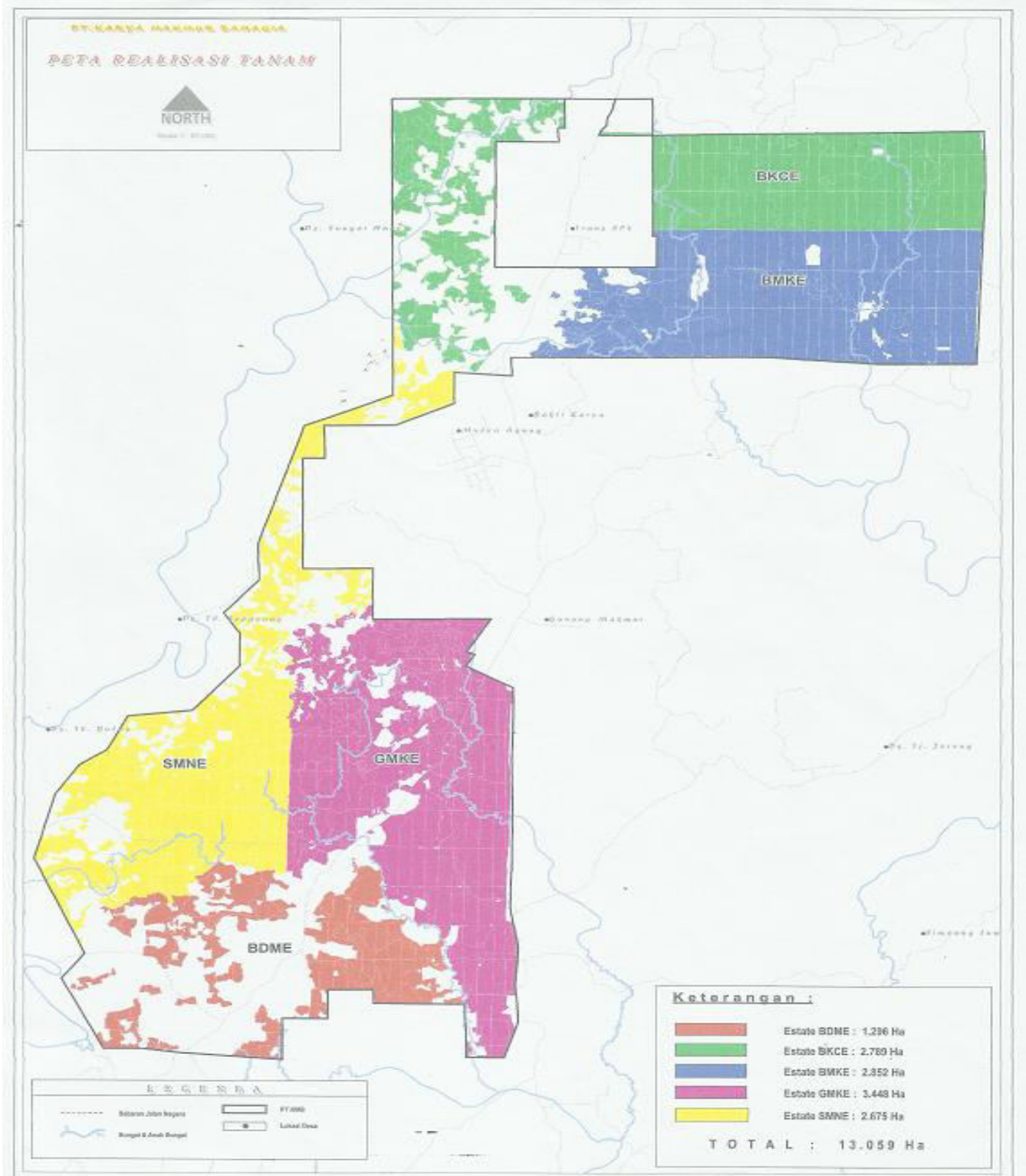


Figure 2. Operational Map of PT. Karya Makmur Bahagia



Glossary			
AMDAL	: Analisis Mengenai Dampak Lingkungan	LB3	: Limbah berbahaya dan beracun (hazardous waste)
ANDAL	: Analisis Dampak Lingkungan	LCC	: Legume cover crop
BAGE	: Beringin Agung Estate	LTA	: Lost Time Accident
BDME	: Bukit Daman Estate	LUC	: Land Use Change
BGA	: Bumitama Gunajaya Agro	LUCA	: Land Use Change Analysis
BHJE	: Batang Hijau Estate	MAGE	: Mulya Agung Estate
BKCE	: Bukit Kecubung Estate	MSDS	: Material Safety Data Sheet
BLH	: Badan lingkungan hidup (environment agency)	NGO	: Non Government Organization
BML	: Baku Mutu Lingkungan	NPP	: New Planting Procedure
BOD	: Biological Oxygen Demand	OER	: Oil Extraction Rendement
BPJS	: Badan Penyelenggara Jaminan Sosial (Social Security Agency)	OHS	: Occupational Health and Safety
BPN	: Badan Pertanahan Nasional	P2K3	: Panitia Pembina Keselamatan dan Kesehatan Kerja (OHS Committee)
CD	: Community Development	PAD	: Public Affair Departement
CMNT	: Central Mentaya Traxion	PIC	: Person In Charge
CPO	: Crude Palm Oil	PK	: Palm Kernel
CSR	: Coorporate Social Responsibility	POM	: Palm Oil Mill
EFB	: Empty Fruit Bunch	POME	: Palm Oil Mill Effluent
EIA	: Environmental Impact Assessment	PPE	: Personal Protective Equipment
FFB	: Fresh Fruit Bunch	TTL	: Tanah Tani Lestari
GHG	: Green House Gas	R & D	: Research and Development
GMKE	: Gunung Makmur Estate	RKL/RPL	: Rencana Pengelolaan Lingkungan/ Rencana Pemantauan Lingkungan
GMKM	: Gunung Makmur Mill	RSPO	: Roundtable on Sustainable Palm Oim
GRIT	: Ganti Rugi Tanam Tumbuh	SEIA	: Social and Environment Impact Assessment
HCV	: High Conservation Value	SIA	: Social impact Assessment
HGB	: Hak Guna Bangunan	SMNE	: Sungai Mentaya Estate
HGU	: Hak Guna Usaha (Land Use Title)	SMRE	: Sungai Meraya Estate
HIRAC	: Hazard Identification Risk Assessment and Control	SOP	: Standar Operational Procedure
HPT	: Hama Pengganggu Tanaman	SPYE	: Sungai Penyahuan Estate
IPM	: Integreted Pest Management	TPS LB3	: Tempat penyimpann semeentara LB3 (Hazardous Waste Storage)
JHT	: Jaminan Hari Tua	UKL/UPL	: Usaha Pengelolaan Lingkungan/ Usaha Pemantauan Lingkungan
JKK	: Jaminan Kecelakaan Kerja	VOPS	: Volunteer Oil Palm Seedlings
JKM	: Jaminan Kematian	WHO	: World Health Organization
JP	: Jaminan Pensiun	WTP	: Water Treatment Plant
KER	: Kernel Extraction Rendement	WWTP	: Waste Water Treatment Pond
KMB	: Karya Makmur Bahagia		

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT			
1.1 Assessment Standard Used			
<ul style="list-style-type: none"> • <i>Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF, July 2016 (Endorsed by the RSPO Board of Governors meeting on 30th September 2016)</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 			
1.2 Organisation Information			
1.2.1	Organisation name listed in the certificate	PT KARYA MAKMUR BAHAGIA subsidiary of BUMITAMA AGRI LIMITED	
1.2.2	Contact person	Lim Sian Choo	
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> • RSPO registered company: Jl. Melawai Raya No. 10 Kebayoran Baru Jakarta Selatan 12160 Indonesia . • Liaison Office: Jl. Melawai Raya No. 10 Kebayoran Baru Jakarta Selatan 12160 Indonesia. 	
1.2.4	Telephone	(62-21) 727 98418	
1.2.5	Fax	(62-21) 727 98665	
1.2.6	E-mail	lim.sian.choo@bumitama.com	
1.2.7	Web page address	www.bumitama-agri.com	
1.2.8	Management Representative who completed the application for certification	Lim Sian Choo (Head of CSR and Corporate Sustainability)	
1.2.9	Registered as RSPO member	1-0043-07-000-00 – 08 October 2007	
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and Supply Base: Gunung Makmur Mill, Gunung Makmur Estate, Bukit Kecubung Estate, Bukit Makmur Estate, Bukit Daman Estate, Sungai Mentaya Estate.	
1.3.2	Type of certificate	Single	
1.4 Locations of Mill and Plantation			
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Gunung Makmur	Rantau Tampang Village, Telaga Antang Sub District, Kotawaringin Timur District, Kalimantan Timur Province, Indonesia	S 1° 45' 36" E 112° 35' 48"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Sungai Mentaya Estate (SMNE)	Gunung Makmur Village, Antang Kalang Sub District, Kotawaringin Timur District, Kalimantan Tengah Province, Indonesia	S 1° 40' 56" E 112° 37' 16"

Bukit Daman Estate (BDME)	Gunung Makmur Village, Antang Kalang Sub District, Kotawaringin Timur District, Kalimantan Tengah Province, Indonesia	S 1°43' 39"	E 112° 39' 41"
Gunung Makmur Estate (GMKE)	Gunung Makmur Village, Antang Kalang Sub District, Kotawaringin Timur District, Kalimantan Tengah Province, Indonesia	S 1°43' 37"	E 112°39' 45"
Bukit Makmur Estate (BMKE)	Sungai Hanya Village, Antang Kalang Sub District, Kotawaringin Timur District, Kalimantan Tengah Province, Indonesia	S 1°34' 23"	E 112°45' 15"
Bukit Kecubung Estate (BKCE)	Waringing Agung Village, Antang Kalang Sub District, Kotawaringin Timur District, Kalimantan Tengah Province, Indonesia	S 1°33' 22"	E 112°43' 00"

1.5 Description of Area Statement

1.5.1	Tenure	
	• State	15,100.24 Ha
	• Community	- Ha
	*HGU: 15,056.31 & HGB: 43.93	
1.5.2	Area Statement	
	• Total area	15,100.24 Ha
	• Mature area	12,922.00 Ha
	• Immature area	28.00 Ha
	• Mill	43.93 Ha
	• Road, Infrastructure	964.00 Ha
	• HCV/Conservation/Riparian River/Reservoir	514.52 Ha
	• Occupation	627.79 Ha

1.6 Planting Year and Cycles

1.6.1	Age profile of planting year						
		Hectarage (Ha)					
	Planting Year	Gunung Makmur Estate	Bukit Kecubung Estate	Bukit Makmur Estate	Bukit Daman Estate	Sungai Mentaya Estate	Total (Ha)
	1998	254	0	0	0	0	254
	1999	1440	0	0	0	496	1,936
	2000	672	0	75	32	78	857
	2001	5	0	2	0	7	14
	2002	106	0	109	365	321	901
	2003	401	0	0	287	197	885
	2004	0	0	0	44	26	70
	2005	24	11	1	150	0	186
	2006	35	116	181	26	0	357
	2007	125	1,040	1,603	168	81	3,017
	2008	9	557	514	0	15	1,095
	2009	20	80	140	65	223	528

	2010	17	133	18	30	235	433
	2011	120	437	120	71	289	1,037
	2012	114	212	79	0	510	915
	2013	99	83	13	57	185	437
	2015	0	0	0	3	25	28
	TOTAL	3,442	2,667	2,854	1,299	2,688	12,950
1.6.2	New Planting area after January 2010		2,417 Ha				
1.6.3	Planting Cycle		1 st Cycle				
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Gunung Makmur Mill	75	397,990.12	92,333.71	23.2	17,909.56	4.5
	<i>*Production data source from April 2016 – March 2017</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)	%
	Sungai Mentaya Estate	2,959.60	2,688	21,691.69	8.07	21,676.70	99.93
	Bukit Daman Estate	1,697.72	1,299	20,556.13	15.82	20,556.13	100.00
	Gunung Makmur Estate	3,875.86	3,442	57,767.42	16.78	50,584.41	87.56
	Bukit Makmur Estate	3,173.04	2,854	46,877.78	16.42	4.17	0.008
	Bukit Kecubung Estate	3,394.02	2,667	33,385.72	12.51	6.27	0.017
	TOTAL	15,100.24	12,950	180,278.74	11.28	92,827.68	51.5
	<i>*Production data source from April 2016 – March 2017</i>						
1.7.3	FFB description from other source						
	Name of sources	Planted Area	Number of Plasma Farmers	Organisation	Location	Supplied to Mill	
						FFB (tonnes/year)	
	BHJE (Cooperative Lestari Division 1) - Non certified	1,000.18	500	PT KMB	Kotawaringin Timur Regency, Kalimantan Tengah Province	23,944.57	
	BAGE (Cooperative Mekar Jaya Division 1 & 2) - Non certified	1,086.19	567			22,995.16	
	MAGE (Cooperative Sekar Tani Division 1) - Non certified	419.43	300			8,829.50	
	SPYE (Cooperative Sekartani Division 1) - Non certified	527.06	308			9,644.23	

	BAGE (Cooperative Mekar Jaya Division 3 & 4) - Non certified	1,049.78	542			18,485.38	
	BHJE (Cooperative Lestari Division 2 & 3) - Non certified	1,003.24	500			20,856.60	
	MAGE Division 2, 3, 4, 5, 6- Non certified	2,192.90	-			35,745.33	
	SPYE Division 2, 3, 4, 5 - Non certified	1,759.36	-			29,770.11	
	SMRE PT. TTL (Non certified)	1,731.02	750	PT TTL (RSPO Non certified)	Kotawaringin Timur Regency, Kalimantan Tengah Province	21,409.84	
	SMNE PT TTL (Non certified)	438.36	-			829.03	
	BDME PT TTL (Non certified)	962.75	-			11,440.22	
	GMKE PT TTL (Non certified)	111.51	-			4,898.48	
	Independent Outgrower	4,000	-	Independent FFB Supplier (RSPO non certified)		96,313.99	
	TOTAL					305,162.44	
	<i>*Production data source from April 2016 – March 2017</i>						
1.7.4	Product categories	FFB, CPO, PK					
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim 21 July 2016 to 20 July 2017 (tonnes/year)		Actual certified product 21 July 2016 to 3 April 2017 (tonnes/year)			
	• FFB Production	216,245		72,165			
	• CPO Production	47,574		15,837			
	• Palm Kernel (PK) Production	10,812		3,272			
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)		
	Sungai Mentaya Estate	2,959.60	2,688	22,759	8.5		
	Bukit Daman Estate	1,697.72	1,299	21,571	16.6		
	Gunung Makmur Estate	3,875.86	3,442	68,399	19.9		
	Bukit Makmur Estate	3,173.04	2,854	49,955	17.5		
	Bukit Kecubung Estate	3,394.02	2,667	37,512	14.1		
	TOTAL	15,100.24	12,950	200,196	15.5		
	<i>*Projected FFB production from 21 July 2017 to 20 July 2018 (12 months of certificate license)</i>						
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 (%)

Gunung Makmur Mill	75	200,196	48,047	24.0	10,010	5.0
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**Projected CSPO and CSPK production from 21 July 2017 to 20 July 2018 (12 months of certificate license)*

1.9 Other Certifications

ISPO	MUTU-ISPO/023 (Validity periode 9 September 2014 – 8 September 2019)
ISO 9001:2008	-
ISO 14001: 2004	-
OHSAS 18001:2007	-
ISCC	-
Others	-

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				
PunduNabatindo (PT Windu Nabatindo Lestari)	2014	PunduNabatindo	2014	KotawaringinTimur District, Kalimantan Tengah	Certified
		Koperasi Harapan Abadi	2017		-
Katari Agro (PT Windu Nabatindo Lestari)	2016	Pelantaran Agro Estate	2016	KotawaringinTimur District, Kalimantan Tengah	Certified
		Katari Agro Estate			
		Pantai Mas Estate			
GunungMakmur (PT Karya Makmur Bahagia)	2014	GunungMakmur	2014	KotawaringinTimur District, Kalimantan Tengah	Certified
		Sungai Mentaya			
		Bukit Kecubung			
		Bukit Makmur			
		Bukit Daman	2017		-
		KUD Mekar Jaya	2017		-
		KUD Sekar Tani	2017		-
Bukit Makmur (PT Karya Makmur Bahagia)	2018	Sungai Puring (PT Langgeng Makmur Sejahtera)	2018	KotawaringinTimur District, Kalimantan Tengah	ST-1
Kotawaringin (PT Bumitama Gunajaya Abadi)	2019	Sepantaian	2019	KotawaringinBarat District, Kalimantan Tengah	ST-1
		Danau Merah			
		Kotawaringin			
		Tonam Raya			
	2020	(PT Bumitama Gunajaya Abadi)	2020	Lamandau District, Kalimantan Tengah	-

Lamandau Mill (PT Bumitama Gunajaya Abadi)		Kumai Hilir Estate (PT Andalan Sukses Makmur)	2020	Lamandau District, Kalimantan Tengah	-
		PT Investa Karya Bhakti	2020	Lamandau District, Kalimantan Tengah	-
Kendawangan Mill (PT. Gunajaya Karya Gemilang)	2016	Mekar Utama	2016	Ketapang District, Kalimantan Barat	Certified 2015
		Kendawangan			
		Banjar Sari			
		Seriam Jaya			
		Membuluh Jaya			
	2018	Cooperative Serba Usaha Bersama	2018	Ketapang District, Kalimantan Barat	-
		Cooperative Binasari			
		Cooperative Serba Usaha Karya Bersama			
		Cooperative Binasari			
		Cooperative Perkebunan Fajar Mandiri			
		Cooperative Rimba Sari			
SukaDamai (PT Rohul Sawit Industri)	2018	PT Masuba Citra Mandiri	2018	Rokan Hulu District, Riau	-
Pembangunan Raya Mill (PT Agro Sejahtera Mandiri)	2016	Pembangunan Raya	2016	Ketapang District, Kalimantan Barat	ST-2
		Bengkuang Raya			
		Belaban Raya			
		Teluk Rengit (PT Gunajay Harapan Lestari)	2020	Ketapang District, Kalimantan Barat	-
Sungai Rasau Mill (PT Karya Bakti Agro Sejahtera)	2017	MarauRaya	2017	Ketapang District, Kalimantan Barat	ST-1
Selucing Mill (PT. Windu Nabatindo Abadi)	2019	Serawak Damai (PT Windu Nabatindo Sejahtera)	2019	Central Kalimantan	-
Sungai Cempaga Mill (PT. Windu Nabatindo Abadi)	2018	PT. WinduNabatindoAbadi	2018	Central Kalimantan	-
		PT Nabatindo Karya Utama	2018	Central Kalimantan	-
Bukit Tunggul Jaya Mill (PT Ladang Sawit Mas)	2020	PT Ladang Sawit Mas	2018	Ketapang District, West Kalimantan	NPP
		PT Lestari Gemilang Intisawit	2020		NPP
		PT Ago Manunggal Sawitindo	2020		NPP
		PT Karya Makmur Langgeng	2020		NPP

		PT Gemilang Makmur Subur	2020	-
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard			
	PT Karya Makmur Bahagia has associate smallholders with 3 cooperatives (Mekar Jaya, Lestari and Sekartani). The associate smallholders have entered the stage-1 audit activity and simultaneously with in the surveillance-03. The auditor raised this as an observation due to there is a positive process to certified all the PT KMB associates smallhodlers within three years after the mill certified.			

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ASA-3	<p>Trismadi Nurbayuto (Lead Auditor). Indonesian Citizen. Diploma of Forest Management from Forestry Faculty; Associate Degree of Economic from Economic and Management. He has experienced as field assistant on oil palm plantation year of 2008. Therefore he has experienced as HCV and SEIA Assessor on 2010-2013. He has been followed HCV identification and management training; ISO training (9001;14001; 22000); ISPO Lead Auditor's training; Safety Expert; RSPO Lead Auditor's; OHS Auditors by Government Regulation No 50 year of 2012; and RSPO Next. He has been conducted audit on ISPO and RSPO scheme since year of 2013 as an Auditor on several aspect as environment, OHS, Legality, Best Management Practices, Social, Worker Welfare, Conflict Resolutions, Long term Business Plan and Supply Chain on Palm Oil Mill. During this audit, he verify Social, Long Term Business Plan, Transparancies, Time Bound Plan.</p> <p>Andi Pratama Pasaribu. Indonesian citizen. Bachelor degree, majoring agricultural science of social economy. He has several of work experiences (more than 5 years) as the operational staff since 2008. He has been followed the Training of Lead Auditor Indonesian Sustainable Palm Oil (ISPO) which was held by ISPO Commission in 2013 and Training of Lead Auditor Roundtable on Sustainable Palm Oil (RSPO) by Proforest and Daemeter in 2016. He has been attended several kinds of training, such as High Conservation Value (HCV) Training, Lead Auditor ISO 9001:2008, Lead Auditor ISO 14001:2005 etc. He has some experiences of ISPO audit in Indonesian palm oil in best management practices, land legality, environmental, social and worker welfare aspect. During this audit, he verify land legality and social aspect.</p> <p>Yohanes Hardian. Diploma of Forest Resource Conservation, Faculty of Forestry, Bogor Agricultural University, specialist in the environment aspect and wildlife. Has Worked as Staff Rehabilitation project at WWF Central Kalimantan region. Had attended training HCV, has been involved in several activity of HCV Identification of Oil Palm Plantation. Has worked as an environmental staff on Oil Palm Plantation. Have been trained as ISPO auditors and have attended training Auditor ISO 9001 and ISO 19011, Legal documents in-house training with the ISPO commission. Training SIA bu Remakr Asia 2016, Training Lead Auditor RSPO by Proforest- Daemeter 2016. Experience audit RPO And ISPO Since 2014. During this audit, he verify Environment, HCV and GHG.</p> <p>Afiffuddin. Indonesian citizen, Diploma III majoring Palm Oil Plantation. Five years working experience since 2010 at Oil Palm Plantation Company in Indonesia as agronomy operational staff and followed several trainings namely : Basic Plantation Management Program , Indonesian Sustainable Palm Oil (ISPO), OHS General Expert, OHS System Management based on PP 50 2012 and Management System Certification (ISO 9001-2015/SNI 19011-9001:2015). He has been involved in several audit activities related to sustainable palm oil certification since 2016 covering Best Managemnt Practices aspect, healt and safety aspect and worker welfare aspek. During this audit, he verified Best Managemnt Practices aspect.</p> <p>Asystasya Aishah Silalahi. Indonesia citizen, Bachelor of Economy, Major of Agribusiness, Faculty of Economic and Management. She has one year experience in consultancy. She has followed training such as ISPO Auditor Training, Lead Auditor ISO 9001:2015, OHS General Expert, and several in house training related to environmental, BMP, etc. Has been involved in several audit activities since 2016 related to sustainable palm oil certification covering waste management aspect, Social Aspect, Health and Safety Aspect, and Worker Welfare. During this audit, she verified worker welfare and OHS aspect.</p>

2.2	Assessment Methodology, Assessment Process and Locations of Assessment
2.2.1	Figure of person days to implement assessment
ASA-3	<p>Number of auditors : 4 auditors and 1 trainee auditor. Number of days for ASA-3 at site : 4 days Number of working days for ASA-3 at site : 20 Working days</p>
2.2.2	Assessment Process
ASA-3	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Karya Makmur Bahagia to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF, July 2016 (Endorsed by the RSPO Board of Governors meeting on 30th September 2016) and 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).</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ASA-3 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-4).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ASA-3 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-3</p> <p>The assessment program please find Appendix 2</p>
2.2.3	Location of Assessment
ASA-3	<p>Number of units in this certification activity is 5 estates and 4 smallholders, which supply the raw material (FFB) to Gunung Makmur Mill. In conducting the assessment, the team of auditors used the 0.8√y formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are 1 palm oil mill (Gunung Makmur Mill) and 5 estates (Sungai Mentaya estate, Gunung Makmur Estate, Bukit Makmur Estate, Bukti Daman Estate, and Bukit Kecubung estate) and 4 smallholders (Beringin Agung Estate – Cooperative Mekar Jaya Division 1 & 2, Batang Hijau Estate – Cooperative Lestari Division 1, Mulya Agung Estate – Cooperative Sekar Tani Division 1, Sungai Penyahuan Estate – Cooperative Sekartani Division 1)</p> <p>GMKM</p> <ol style="list-style-type: none"> 1. Wastewater Treatment Plant (WWTP) ; Based on field observations at the Wastewater Treatment Plant (WWTP), it is known that the condition of 12 pool WWTP in good condition, there are no leaks and overtopping to ditch / water bodies / environment, the condition of the flow meter outlet is good, recording discharge liquid waste for land application is done routine, drainage to land application comes from an WWTP No. 8. 2. Land Application and Monitoring Well, Block G 29 of Div. 2 of BKCE. According to the result of field observation, the condition of application pond and monitoring well is in good condition, there is no leakage nor overflow to drainage, riverbank or environment. The officer is equipped with complete APD, the officers have been scanned with medical checkup specifically, housing complex, electricity, clean water, and receive proper salary based on government regulation. 3. Security Post. Auditor was verify recording of FFB, CPO and PK trucks. In addition, an auditor was interview wages and overtime system for security. 4. Workshop. According to field observation there are safety signboard, LOTO signboard and work instruction, however first aid box contain is not full. While according to interview with welders, he has been certified welder and also he has been following medical checkup every year. 5. Diesel depots. Based on field observation, there are OHS signboard and secondary containment to prevent diesel spillage to environment. In addition that fire extinguisher No 3 is still on good condition and it has been monitored. 6. Water Treatment Plant. According to field observation, the flow meter for water processing is good condition. 7. Chemical storage. There are two type chemical (NaHCO₃ and KAl(SO₄)₂.12H₂O) <i>Natrium Bicarbonat</i> and <i>Alum</i>

Kalium with each MSDS.

8. **Empty Bunch Press Station.** According to field observation, licid water was streamed to the sedimentation pond and it will pumped to effluent pond no 4.
9. **Hydrant No 2.** This location is near of empty bunch press station, however this hydrant was used to vacuum water filling on sedimentation pond.
10. **Hydrant No 3.** This location is near of boiler station, according to emergency preparedness simulation that known water press is can reach highest point on boiler station.
11. **Security Post, Weight Bridge and Kernel Silo.** Auditor was observed and interview with security, weight bridge officer, and Kernel Silo officer about SCCS applied

SMNE

12. Boundary poles Number HGU-BPN-KMB-86, Block I51 Division III. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
13. Boundary poles Number BPN-KMB-87, Block H52 Division III. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
14. Boundary poles Number BPN-KMB-83, Block H52 Division III. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
15. Boundary poles Number BPN-KMB-43, Block H52 Division III. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
16. **Daman Hill Blok A41 division 2.** Observations management of the conservation area. There have been a signboard conservation area.
17. **PPE Storage.** Observation related to condition of the storage and bathroom for spraying worker.
18. **Child day care.** Observation related to the facilities and interview related to employment and complaint mechanism.
19. **Clinic, Division III.** Observation about mechanism of first aid, medical waste management, work accident monitoring, and the health facility for workers
20. **Housing complex, Division I and II.** Observation related to worker facilities, management of domestic waste from housing, and child day care facilities.
21. **Landfill, Block A17.** Observation related to the management of waste separation.
22. **Spraying activities, Division III Block C22A.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
23. **Harvesting activities, Division II Block B17.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
24. **Manuring activities, Division IA Block A17.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
25. **Empty Fruit Bunch Application, Division IA Block A17.** Observations application of empty fruit bunches in sandy areas and mounding sloping palm roots
26. **Manual Road Maintenance, Division IA Block A17.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
27. **Slope Area, Division IA Block A17. Observation of slope area management**

BDME

28. Boundary poles Number BPN-KMB-99, Block D2A Division I. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
29. Boundary poles Number BPN-KMB-16, Block E96 Division I. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
30. Boundary poles Number BPN-KMB-21, Block F29A Division II. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
31. **Sangsang River Blok B14 division 1.** Observation of HCV management, there were a non chemical application signboard and red painting in palm oil trees.
32. **Agrochemical Storage.** Observation and interview related to environmental aspect, OHS implementation, medical check up, and worker knowledge about work procedure.
33. **PPE Storage.** Observation related to condition of the storage and bathroom for spraying worker.
34. **Polyclinic.** Observation about mechanism of first aid, medical waste management, work accident monitoring, and

- the health facility for workers.
35. **Housing complex, Division I.** Observation related to worker facilities, management of domestic waste from housing, and child day care facilities.
 36. **Landfill, Division I Block E09.** Observation related to the management of waste separation.
 37. **Temporary Storage of Hazardous Waste Central Mentaya Traction.** Observation related to hazardous waste management and OHS implementation.
 38. **Central workshop.** Observation and interview related to environmental aspect, OHS implementation, training, and workers' knowledge about work procedure.
 39. **Spraying activities, Division I Block C12.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
 40. **Harvesting activities, Division II Block B38-39.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
 41. **Manuring activities, Division II Block E10.** Observation related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure.
 42. **Empty Fruit Bunch Application, Division 13 Block E48.** Observations application of empty fruit bunches in sandy areas and mounding sloping palm roots
 43. **Barn Owl Box, Division I Block D25.** Observation the Barn Owl Box is in active conditions.

GMKE

44. Boundary poles Number BPN-KMB-90, Block F09B Division III. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
45. Boundary poles Number BPN-KMB-97, Block E02A Division III. Observation of availability and maintainability of legal boundaries. Based on field visit, the boundary poles located in the middle of planted area.
46. **Water spring Ehang hill blok E 11 division 3 :** Observation of HCV management, there were a non chemical application signboard and red painting in palm oil trees.
47. **Site Keramat Hill Blok E6 division 3 :** Observations management of the conservation area. There have been a signboard conservation area

2.3 Stakeholder Consultation and Stakeholders Contacted

2.3.1 Summary of stakeholder consultation process.

- ASA-3** Summary of stakeholder consultation process
 Consultation of stakeholders for PT. Karya Makmur Bahagia was held by:
- Public Notification on 03rd February 2017 PT Mutuagung Lestari Website (<http://mutucertification.com/wp-content/uploads/2017/04/Public-Announcement-PT-Karya-Makmur-Bahagia-ASA-3-english.pdf>)
 - Public consultation meeting with government of Kotawaringin Timur District conducted by visits and interview on 4th April 2017
 - Public consultation meeting with local stakeholder conducted by FGD and interview on 4th April 2017
 - Public consultation meeting with internal stakeholder on 5th April 2017
 - Public consultation with NGO by email conducted on 29th March 2017

2.3.2 Stakeholder contacted
Please find appendix 1

2.4 Determining Next Assessment

The next visit (**ASA-4**) will be determined one year after this **ASA-3** (April -2018).

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Gunung Makmur POM – PT. Karya Makmur Bahagia Bumitama Agri Group operation consisting of one (1) mill and five (5) oil palm estates.

During the assessment, there were thirteen (13) Non-conformities were assigned against Major Compliance Indicators; three (3) non-conformities were assigned against Minor Compliance Indicators; and three (3) non-conformities against supply chain requirement for CPO mill and one (1) opportunity for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s) e.g. (document record/photographic/etc.). Those corrective action(s) taken that consist of thirteen (13) Major non-conformities and two (2) Minor non-conformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Gunung Makmur POM – PT. Karya Makmur Bahagia Bumitama Agri Group complied with the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF, July 2016 (Endorsed by the RSPO Board of Governors meeting on 30th September 2016) and 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).

After the ASA-3 the certified unit has to provide corrective action to complying the non-conformances in 60 days (especially Major Non-conformance) prior the auditor team recommends to continue the certification.

Due to the certified unit has not been able to closed the major non-conformities within sixty days after the audit conducted, therefor Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is *suspended (7 June 2017) and given another sixty days to show the corrective actions taken.*

The certified unit has showed the corrective action to closed out all the major non-conformities, therefore on 10 July 2017 the MUTUAGUNG LESTARI have recommend to lift the suspension and may continue the certificate.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	

1.1.1

According to the document review of stakeholder, the company has stakeholders such as Kalimantan Tengah Province Government, Kotawaringin Timur District Government, Sub District Government and Village Administration Government, Community Figures, Contractor, Supplier, NGO, Internal Party, etc. The type of documents that can be accessed by stakeholders, such as EIA, SIA, CSR, etc. Based on interview with several government agency and surrounding villagers, they has known to access the information from the company.

The company has pointed personal in charge to handling information request by stakeholders. The PIC are head of administration, estate controller, regional head and sustainability officer. Based on procedure, time frame for response to request for information is 10 days and period for keeping the record of information request is 5 years.

1.1.2

The person in charge for communication with stakeholder on site is head of administration. Procedure for respond stakeholders is written on "Procedur of Tranparency and Mechanism" No BGA-SOP-KMB-16-R0 approved by AC Regional I on 15th September 2012 and General Manager Plantation I on 17th September 2012. The procedure describes how stakeholders requesting information to company and how the company's response to the information request. The response to the information request not later than 10 days after the letter was received. Record of information is written on the information book named "Logbook Surat Masuk". In the book shows that there is no incoming information requests, there are only proposals, and invitation to attend meeting held by stakeholders

Status: Comply

1.2

Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

1.2.1

Company has list of document that can be accessed publicly and documents that can be accessed with General Manager approval which is written on Procedur of Tranparency and Mechanism No BGA-SOP-KMB-16-R0 approved by AC Regional I on 15th September 2012 and General Manager Plantation I on 17th September 2012. The public documents, such as environmental document, company annual report, general policies, licensing includes land uset title and decree of land use title, operational licenses of plantation activities, environment, OHS, and social reports, organizational structure, identification risk, land use data, report of position and the amount of labor, plans for continuous improvement, OHS program, and so on. These documents are available in estate and mill office.

Company has monitoring and management report, such as employment report, business activity report of palm oil plantation industry, report of environmental management and monitoring plan, and so on. These documents also can be accessed by public through the mechanism which has determined by the company.

Status: Comply

1.3

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

1.3.1.

The company has document of Code of the conduct No. BGA-COC-HC-333.1-R0, authorized on October 28th 2014. Code of the conduct has socialized to GMKM workers on February 13, 2016; SMNE workers on 23 March 2016; BDME workers on 10 January 2017. In addition based on interview with several workers in each estate and mill, they were understood with this policy.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

2.1.1

Land legality:

PT. KMB has had land use permit as follows:

1. Land Use Title/HGU No. 19 dated on October 22nd 2001 for area 15,056.31 Ha valid until October 22nd 2036.
2. Building use title/HGB No. 1 dated on January 18th 2005 for area 439.329 M² valid until January 18th 2033.
3. Plantation Business Permit/IUP from District Head of Kotawaringin Timur as follows:

- a. Plantation Business Permit/IUP No. 525.26/603/VIII/EKBANG//2006 dated on August 4th 2006 that covered area ± 15,056.31 Ha and 90 ton FFB/hour of mill capacity.
- b. Plantation Business Permit for Processing/IUP-P No. 508/004/IUP-P/EK.SDA//2014 that give permit for mill with 45 – 90 ton FFB/hour.

Manpower

- Company has implemented the governor decree related to sectoral minimum wage for 2017
- Company has registered the workers to BPJS Employment. This is in accordance with the Government Regulation No. 44 2016 on Implementation Program of Work Accident and Life Insurance; No 45 2016 on Implementation Program of Retirement Insurance, and No 46 on Pension Plan.

Occupational Health and Safety

- The company has licensed boiler operators and the license is still in the validity period. This is in accordance with the Labor Ministerial Regulation No. 01 of 1988 on Qualifications and Requirements of Boiler Operators.
- The company operators that have Heavy Equipment Licenses. This is in accordance with Labor Ministerial Regulation No. 09 of 2010.

2.1.2

Company has the PIC who responsible for document management is department related to their field, for example identification and evaluation related to OHS is conducted by CCS Department and for estate and legal is conducted by PAD. It is regulated in SOP Identification and Regulatory Compliance Audit and Legal Requirements (BGA-SOP-CCS-1102.1-R0) dated 9th May 2012. Company has documented the national regulation in List of Laws and Regulations for OHS, Worker Welfare, Plantation, and Environmental aspects.

2.1.3

Company has procedure for identify the regulation that outlined on SOP Identification and Regulatory Compliance Audit and Legal Requirements (BGA-SOP-CCS-1102.1-R0) dated 9th May 2012. It describe that the regulation compliance audit is conducted every 6 month or when needed. It has to be done by the responsible person for each aspect. Basaed on document review, the last audit for regulation compliance was conducted on 31st March 2017.

2.1.4

Mechanism for the regulation changes is set in SOP Identification and Regulatory Compliance Audit and Legal Requirements (BGA-SOP-CCS-1102.1-R0) dated 9th May 2012. The responsible person for regulation update is the expert staff or relevant department. The the regulation compliance audit is conducted every 6 month or when needed. The source of information for regulation update is from newspaper, magazine, television, government agency, internet, radio or from the workers.

Status: Comply

2.2

The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.

2.2.1

The company has shown the legal document for land right. Based on document review, the company has two document regarding to land right as follows:

1. Land Use Title (HGU) No. 19 dated October 22nd 2001 for 15,056.31 Ha that has released by National Land Agency of Kotawaringin Timur District. This HGU located in Rantau Tampang Village, Kotawaringin Timur District, Kalimantan Tengah Province. This HGU valid until October 22nd 2036. Based on the boundary poles coordinate that has been National Land Agency, all over area demarcated by 104 boundary poles.
2. Building Use Title (HGB) No. 1 dated January 18th 2005 for 439,329 Ha that has released by National Land Agency of Kotawaringin Timur District. It is located Rantau Tampang Village, Kotawaringin Timur District, Kalimantan Tengah Province. This HGB valid until January 18th 2033. According to the observation and interview with legal staff, this HGB is using for Mill (GMKM), office, storage, workshop and housing. Based on the document review and interview with legal staff that known the HGB (Building use title) which is using for GMKM are outside the HGU (land use title) area, however the certification scope were included mill and estate which is HGU and HGB area. Therefore the total scope of certification are 15,100.24 ha.

The company has showed all historical document regarding to land acquisition such as location permit, land compensation document and HGU/HGB certificate. Whole document are publicly available who managed by Document and License Department.

2.2.2

ASA-2 finding

However, field observation in GMKE and BKCE shows that several area that not installed by boundary poles according to Coordinate List by BPN. Based on the explanation, raised the **Non Conformance 2016.04 with minor category**

Observation on 7 April 2017

Based on document verification, known that PT. KMB own 104 boundary poles refer to coordinate list that released by National Land Agency of Kotawaringin Timur. Through the data, there was 46 poles has installed, 42 poles was broken, 1 poles disappear and 15 poles not installed yet. However, management plan of boundary poles installation not showed yet. It concluded Non Compliance No. 2016. 4 indicator 2.2.2 raised to major.

ASA-3 findings

- PT. KMB:
Based on field observation for boundary poles BPN-16, BPN-99, BPN-21, BPN-90, BPN-97, BPN-86, BPN-87, BPN-83, and BPN-43 in GMKE, SMNE and BAGE known that all pole has installed and well maintained. Therefore, the poles positioned in the middle of planted area so it cannot demonstrated the mitigation of legal boundaries especially
Based on fact above, non-compliance No. 2016.4 minor indicator raised to major.

2.2.3

At the first time, some area under the company's HGU were managed by local village for small farming, cultural activities etc. However, legal staff has been show the valid land compensation documents, e.g land compensation of Gumel (4,58 Ha) in 2003. Land compensation process takes place without coercion. Several document that shows for land compensation process as follows:

1. Land owned certificate approved by village head and sub-district representative.
2. Land owned statement letter approved by head of neighborhood association.
3. Land release letter agreement approved by head of village and sub-district representative.
4. Minutes meeting of land inspection and measurer approved by head village.
5. Payment receipt that witnessed by head village and customary leader.
6. Statement of land release letter approved by village head and sub-district representative.

During the audit, auditor found 3 cases last regarding to land dispute between the company and some villager. Entire cases has been approved to finalized in the court due to disagreement between both parties.

2.2.4

The company has a procedure of land dispute handling (SOP No. BGA-SOP-KMB 25-RO) that described that land dispute resolution based on agreement between interested parties. The step of land dispute resolution in KMB is (1) land identification or potential of land dispute, (2) gradual resolution starting from gathering information, negotiation, agreement, land compensation (if needed), (3) payments, administration process and (4) legal action by court if no deal in negotiation.

2.2.5

Based on document verification known that PT. KMB has had HGU and HGB certificate that covered whole operational area. Through the latest hectare statement known that 626.76 Ha has occupied by others. Based on operational map, there was some areas that did not acquisition yet. For example, area around the boundary poles No. BPN-KMB-86, BPN-KMB-87 and BPN-KMB-83.

Based on data above, there are several document that not showed yet as follows:

1. Land dispute participatory mapping procedure.
2. Land dispute participatory map that set with land claimer.
3. The latest document of land outstanding claim monitoring.

4. Management plan for occupation area.

Based on the data above, it raised **Non Compliance No. 2017. 01 with Minor Category**

2.2.6

According to the procedure of land dispute handling (SOP No. BGA-SOP-KMB 25-RO) that has approved by top management, conflict resolution must has to do with soft approach such as discussion and negotiation. Based on negotiation document that shown, all lan dispute case always involve the local government. Through the public consultation with related agencies in Kotawaringin Timur and representatives villagers, there was no coercion approach by the company to handling land dispute cases so far. All compensation implemented by mutual agreement.

Minor 2.2.2	Status:	
Minor 2.2.5	Non-compliance No. 2016.4 minor raised to major	
	Non Conformance No 2017. 01 with minor Category	

2.3
Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

2.3.1 & 2.3.2

The company has had land acquisition procedure (No: SOP-PAD-001) that described the land acquisition procedure in whole operation of BGA Group. It procedure conducting through several step as follows:

1. Inventory, survey and measured the land.
2. Conducting socialization to all smallholder based on inventory result.
3. Negotiation with land owner regarding to land compensation price.
4. Land compensation preparation (document finalized, dated of finalized, photos etc).
5. Land compensation payment and collecting the handover document.
6. Make the minutes of payment document that signed by both parties and witnessed party such as village representative, customary leader, village head and related agencies.

Based on interview with government agencies and village representatives on April, 3rd 2017, there were no objection from the villagers due to plantation activity.

Furthermore, the company's activity has bring some positive impact. The villager has challenging to be a business partner for the company. Such as transporter of FFB, CPO and PK. They also getting a job opportunity. The company's existence also increasing access for education, information and transportation. The company has built school for workers children and for surrounding villagers.

2.3.3

Based on public consultation with villagers' representative, all agreement and cooperation between the company and villagers has been presented in Bahasa that can be understood.

2.3.4

The company has appointed PAD staff as company representative to communicating and to consulting with stakeholder (including to implementing CSR program). The company also involving the communities, even a land dispute or empowerment program (such as CD/CSR), the company always involving local government. Result or decision of meeting has well documented.

	Status: Comply	
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PRINCIPLE #3 Commitment to long-term economic and financial viability

3.1
There is an implemented management plan that aims to achieve long term economic and financial viability.

3.1.1

The company has been shows Business Plan PT. Karya Makmur Bahagia document which is contain long range program for year 2017 – 2021. Through this document, the company has set projection until 2020 for production, extraction (OER

and KER), price, cost, revenue, profitability, etc. The Revenue and Cost Ratio is greater than one. The company also has been audited by independent accountant (Purwantoro, Sungkoro & Surja) the financial position as of December 31, 2015, and the consolidated statements of profit or loss and other comprehensive income, change in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

3.1.2

Based on the Business Plan, there was no replanting plan for the next 5 year (2021). It also no expansion program through expansion area, lifting mill capacity etc.

Status: Comply

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

Certification unit has documented SOPs for estate consists of three volumes and contains from initial seeding until replanting, for example SOP Harvesting (BGAAGRKS-SOP-13), SOP Transport Management (BGAAGRKS-SOP-15), SOP Manuring (BGAAGRKS- SOP-09) and SOP IPM (BGAAGRKS-SOP-10). SOP in each station for processing at the mill also have been documented, for example SOP Sterilizer and Threshing, Pressing and Clarifications. The procedure also sets the calculation of the quality processing and analysis of loss.

Based on the results of field observations in harvesting, spraying, manuring and operations at the mill, such as activities in the sterilizer station and boiler station, known to workers have been socialized and understand the procedures related work in their respective fields.

4.1.2

Certification unit has conducted internal controls related to the implementation of the procedures performed regularly at least once a year. There are specialized personnel who perform activities of monitoring the implementation of operational activities at the estate and mill. Certification unit demonstrates the results of an internal audit document operations, such as those carried out on March 23, 2017 in SMNE with 3 findings on spraying activities and improvements have been made. The certification unit also shows the training documents, for example related manuring training on January 10, 2017 in BDME which was attended by 16 participants.

4.1.3

Certification unit has records of the results of monitoring and follow-up, for example:

- Examination results in spraying activities in SMNE Division 3 dated March 23, 2017, there are three findings, for example PPE employees are incomplete and improvements have been made by completing the PPE.
- Examination results in harvesting activities in BDME Division 1 dated March 7, 2017, there are findings related to inadequate of harvesting access and improvements have been made on the date of March 10, 2017.

4.1.4.

The company has procedure BGA-SOP-SM-803.1-R0 Third Party Fresh Fruit Bunchs dated 1 June 2014. Commercial staf will be conducting survey related to planted year, land legality and potential FFB production. All supplier has engaging mutual agreement with the company. Based on public consultation with independent FFB supplier representatives, known that supplier has to be submitting propose of FFB supplier which contain all land legality from it supply bases. After the document verified by Commercial Department, the company will be conducted field observation to ensure legality of all area. Based on data from Commercial Department, GMKM received FFB from 5 cooperations and 34 local supplier. FFB receiving documented every day and shall be attached to compile invoice 2 times a month.

Status: Comply

4.2

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

4.2.1

Certification unit has SOP Manuring (BGAAGRKS-SOP-09) dated May 27, 2011, which describes the manuring activities were related to dosing, the time of fertilization and how to work of manuring.

Based on the results of field observations of manuring activities in BDME block E10 Division 2, and SMNE block A17 Division A1, it is known manuring worker can explain the used dosage as well as the workings of the appropriate manuring procedure, as an example for manuring activities in BDME using MOP fertilizer with a dose of 2 kg/ rods and sows around the rod by means of a calibrated peck.

4.2.2

Certification unit has manuring usage records, such as shown below :

- Realization of manuring in BDME until February 2017 was 220 tonnes from 2,026 tonnes programs set.
- Realization SMNE manuring in Division 4 in the first half of 2017 for the type of NPK fertilizer as much as 41,879 kg and MOP as much as 17,760 kg.

4.2.3

Soil sampling and leaves arranged in SOP Manuring include soil sampling conducted every five years and leaf sampling carried out each year. Then the test results of samples be used as manuring recommendation.

There is record of leaf sampling from R&D Analytical Laboratory team dated in October 2016, with sample result as of:

- BDME : Division 1 block A011, with result : N 2.72, P 0.169, K 1.07, Mg 0.26, Ca 11.19, B 13.
- SMNE : Division 1 block A017, with result : N 2.80, P 0.173, K 0.99, Mg 0.26, Ca 0.60, B 12.

4.2.4

Certification unit utilizing waste as soil nutrients such as applying empty bunch and palm oil mill effluent. Unit certification demonstrates footage waste utilization for the 2nd half of 2016, for example, in December 2016, FFB is processed as many as 32,024 tons, 7,366 tons of empty bunch of applications and application of palm oil mill effluent 19,215 m3.

Based on the results of field observations and interviews with workers at the empty bunch application activity block B37 Division 2 BDME, it is known that workers applying empty bunch to draw up a U-shape as much as 250 kg / rod.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

The certification unit shows a marginal land map document, for example a Map of Distribution Land on 1 Area document with a scale of 1: 110,000 that explains the certification unit has Inceptisol, Ultisol, Kaolin, Laterite and Spodosol soil types. The map describes the spread of land among others:

Inceptisol
SMNE: 400,74 ha

Ultisol
SMNE: 440.86 ha
BDME: 794.62 ha

4.3.2 & 4.3.6

The certification unit has a strategy of planting on the slopes, for example based on field observations in SMNE, there is treatment of sloping areas by making silt pit, contour terrace and preparation of frond in the edge of the pitch. Based on the results of field observations in BDME, it is known there are many plants *Mucuna bracteata* grown for the conservation of sloping areas.

The certification unit has also identified areas based on slope levels, for example in BDME Division 1 block C009 identified as a hill area with a slope of > 20% of area of 0.58 ha and in SMNE Division 2 block J495 identified as sloping area with slopes 8 - 20% an area of 8.08 ha.

The certification unit has also identified areas based on slope levels, for example in BDME Division 1 block C009 identified as a hill area with a slope of > 20% of area of 0.58 ha and in SMNE Division 2 block J495 identified as sloping area with slopes 8 - 20% an area of 8.08 ha.

The certification unit utilizes the empty fruit bunch as extra nutrient additives, especially in areas with marginal land categories (eg sandy areas, slopes, etc.). Based on field observation in BDME (block B37 Division 2), it is known that certification unit applies the empty fruit bunch by doing the formation of U-letter with dosage per 250 kg / palm.

4.3.3

The certification unit has a road maintenance program either manually or mechanically. Manual road maintenance for example by pruning frond in the side of the road. Maintenance of the road mechanically for example by using Road Grader to form and pave the road.

Based on field observation in SMNE, it is known that there is road maintenance in the form of pruning activity of roadside staple and open water strap for stagnant road.

4.3.4 & 4.3.5

The certification unit has a Marginal Land Management procedure that describes related management on peatlands. Based on document ANDAL KMB, 2002, in Chapter IV-3 point 4.1.2 on geology, physiography and form of region explained that KMB consists of volcanic grass rock formation volcanoes. There is no peat soil.

Based on field observations, BDME Divisions 1 and 2, and SMNE Divisions 1, 2 and 3, no planting of peatland and no peatland.

Status: Comply

4.4

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

4.4.1

Sources of water contained in the plantation area PT KMB is: 1) springs; 2) The water of the river; 3) wells; and 4) artificial reservoirs. All Sources of water will be used for plantations, both for production at the plant, the employees and staff of domestic purposes, or for purposes other support. Protection and preservation of water resources including rivers that have been conducted by PT KMB are:

- Improvement of riparian areas through the planting of trees and the prohibition of the use of chemicals in border river.
- Installation of a notice board on HCV region (border river) and the prohibition of poison in the river.
- Installation of a marker at the location of riparian (buffer zone).
- Monitoring of water quality in the river as Mentaya which is an outlet of the plantation.
- prohibited from chemis material application on riparian or springs that have been identified as areas of HCV
- Dissemination policies prohibit the use of chemicals on the border river.

4.4.2

The company has a topographic map and location of the spread of the river. Based on the identification document PT KMB area region included in Cempaga River watershed. The rivers that cross the area as much as 11 rivers and creeks in the Internal Office Memo no 03/IOM/RH-1/17 has explained that this border river has a width of 15 to 50 meters on either side of the river. Such as border river Kehu 25 meters, 50 meters at Merayak river, 50 meters at Raya river, 15 meters at Tengcara River. chemis material are prohibited applications on border river or springs that have been identified as areas of HCV. As an example of the implementation of the management and maintenance of waterways including border river as follows

- The company shows the summary Maintenance manuals of planting trees on border river Mentaya, Tian River and Tangkara River with 157 species of trees ketapan in the SMNE on 10 February 2017
- Maintenance manuals ketapan and tamarind trees in the area of border river of Sangsang river. Painting of boundary limit of spraying . The event was held on the 8th of February 2017 4 GMKE division.

4.4.3

Based on field observations at the Wastewater Treatment Plant (WWTP), it is known that the condition of 12 pool WWTP in good condition, there are no leaks and overflowing to ditch / water bodies / environment, the condition of the flow meter outlet is good, recording discharge liquid waste for land application is done routine, drainage to land application comes from an WWTP No. 8.

There is a license of Land Application issued by the Regent of Kotawaringin Timur through Decree no. 660/39 / BLH-PP / LA / V / 2012 concerning Land Application License at PT. Karya Makmur Bahagia dated May 31, 2012 which is valid for 5 years since the issuance

The company has been testing the quality of liquid waste from July s / d Des, 2016 by Accredited Laboratories Baristan-

Banjarbaru South Kalimantan (LP-543-IDN). The test results in accordance with the quality standards set by the Ministerial Decree Of Environment No. 28 / 2003, such as pH and BOD.

Results of testing the quality of the wastewater period July-December 2016,:

Parameter	Satuan	BML	Results of testing						information
			July	Augst	Sep	Oct	Nov	Des	
BOD	mg/L	5,000	188	420	660	420	312	288	sesuai
pH	-	6 – 9	9	9	7.8	7.78	7.58	8.24	sesuai

Standart : Ministerial Decree Of Environment No. 28 / 2003,

4.4.4

Based on the results of the field visit the water sources used for processing at Mill from the Sangsang river, which flowed into the reservoir and then flowed into the WTP installation. The water used has been conducted the measurement by means of flowmeter and flow meter shows the results of the visit to function properly. Use of water for processing is 0,013 m3 of water / ton FFB and still under the budget the use of water for FFB in the Mill process established by PT KMB of 0.7 m3 per tonne of FFB.

Status: Comply

4.5

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

4.5.1

The IPM management plan is based on the recommendations of the research team concluded on the basis of detection and census results. Based on detection and census results for the period January and February 2017, it was identified that the *Oryctes rhinoceros* pest has exceeded the threshold. The certification unit presents a recommendation document of the research team to use biological techniques that use the fungus *Metharizium anisopliae* to control the pests and mechanical methods by spreading the empty fruit bunch which is the site of the development of the *Oryctes rhinoceros* pest.

4.5.2

The certification unit shows evidence of training on Integrated Pest Management (IPM), for example :

- Training at BDME, April 01, 2017, location in block D15a Division 1 with presentation materials Area Research 1, HPT Foreman and Assistant Division 1 attended by 12 participants.

Based on field observations and interviews with workers on spraying activities in block C12 Division 1 of Bukit Daman Estate and in block C22A Division 3 of Sungai Mentaya Estate, it is known that herbicide operators have been trained and have understood procedures related to herbicide application activity. Pesticide operators can demonstrate appropriate procedures, such as spraying on weeds according to specified targets, non-spraying on riverbanks, beneficial crops should not be exposed to applications, selective and non-downwind spraying.

Status: Comply

4.6

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

4.6.1

The certification unit shows recommendation letter from the Department of Manpower No. 560.566 / 140 / WAS-KK / IV / 2015 on Recommendations on Use of Pesticide Chemicals, eg Kleen-Up 480 SL (Isopropyl amine glyphosate) and Metaprima (Methyl metsulfuron). In addition, letters of recommendation from central management related to the prohibition of the use of herbicide class IA and IB (Paraquat) and letters of substitute herbicide paraquat is by using a mixture of active ingredients Glifosat and Methyl metsulfuron. The certification unit also demonstrates the Weed Control procedure (BGAAGRKS-PTKS-PGL) related to selective use of the product.

Based on the results of field visits on spraying activities in C12 block BDME, circle and path spraying activities with active ingredients Glifosat, Methyl Metsulfuron and agristick.

4.6.2

The certification unit has programs and realization of herbicide application usage, for example the plan and realization of

circle and path herbicide application from January - March of 2017 SMNE, such as January Glyphosate usage of 369 Liter plan and 160 Liter realization.

4.6.3

Pesticide reduction program so far is still based on the results of detection, census and apply pesticides spot and selective. Control is done selectively and based on census and detection results. There is no preventive use of pesticides for disease prevention (prophylactic use).

4.6.4

The certification unit has a list of pesticides used for 2016 and 2017 based on recommendations from the Office of Manpower and Central Management. In addition, the certification unit also has Internal Agriculture & Technical Circular No. 016 / IOM / RSC / I / 2015 dated May 9, 2015 on the 2015 Herbicide Recommendation recommending that the herbicides of IA and IB (Paraquat) subsequently not be used in weed control. The certification unit shows the Internal Agriculture & Technical Circular No. 026-Adendum / IAC / RSC / XI / 2015 dated January 26, 2016 related to paraquat substitute herbicide for *Stenochlaena p* and VOPS (Volunteer Oil Palm Seedlings) weed control.

In the use of paraquat dichloride, the certification unit has conducted training for pesticide operators. Pesticide limited sprayer – paraquat, has been trained by the Pesticide committee, implemented on June 15, 2015. The training was attended by 171 participants from all estates.

Based on field observations to spraying activities at Bukit Daman Estate, Sungai Mentaya Estate and Beringin Agung Estate and visitation in herbicide storage, there is no use of pesticides (WHO class 1A and 1B) or paraquat.

4.6.5

The certification unit has conducted training for pesticide operators. Pesticide limited sprayer – paraquat, has been trained by the Pesticide committee, implemented on June 15, 2015. The training was attended by 171 participants from all estates. Based on interview with pesticide applicators in block BDME and SMNE, able to demonstrate understanding of the hazards and risks related to chemicals used.

Based on field visit to agrochemical storage on BDME and SMNE, that's known the MSDS were put on the wall appropriate with agrochemical types, and also MSDS for pesticides used readily on Bahasa.

Based on field observation, all PPE's used has appropriate with MSDS. For example the company using carbon masker for pesticide applicator to reduce risk of pesticide contaminate.

Based on interviews with several workers in the estates, it is known that The pesticide mixing mechanism by spraying foreman taking the pesticide to be used, then the spraying foreman doing the mixing at the mixing places with the ratio of water to the pesticide used 1:1, then taken to the field to be mixed to the spraying tools according to the doses.

4.6.6

The certification unit shows the procedure of pesticide storage and handling in BGAAGRKS-SOP-14 and BGAAGRKS-PORS-PPS-01 documents. The procedure describes the classification of pesticides based on their targets, workings, origin and chemical properties, reactions, formulations, toxicity levels, pesticide poisoning, symptoms and treatment, pesticide selection, pesticide use and pesticide storage. Based on field observations of herbicide warehouses in BDME and SMNE, it was found that pesticide storage was in accordance with the procedure. However, based on the results of the visit in housing Division 2 SMNE, found the former packaging of pesticides in housing used as a trash. The management unit has not been able to ensure the B3 waste management system (pesticide packaging) in accordance with prevailing procedures and regulations. This becomes a **non-conformity No.2017.2 with the major category**.

4.6.7

The certification unit has implemented methods to minimize the risks and negative impacts of pesticide use by preparing working procedures and safety procedures. The spraying procedure is performed by selectively spraying, not in the direction of the wind and there are spray-prohibited areas. Regarding safety procedures the certification unit has provided personal protective equipment and has conducted safe work related training. This has been confirmed based on field visits and interviews with workers at BDME and SMNE on spraying activities. In addition, spray workers are also carried out regular health checks.

Based on field visit to the cleaning places, it is known that the company provides of facilities to clean themselves after the work is done. Work tools and personal protective equipment are cleaned and then placed in the space provided.

Workers also explain that after work, all equipment and PPE are washed and stored in a special places

4.6.8

Based on the results of the document review, field observations in BDME and SMNE and interviews with management representatives, it is known that the certification unit does not apply pesticides over the air.

4.6.9

The certification unit provides periodic training to employees regarding the use and handling of pesticides in accordance with technical guidelines and safe work methods, such as limited pesticide training conducted by the Pesticide Commission on 15 June 2015 and 15 March 2017 in Division 2 BAGE with PIC HCV PT KMB were attended by 10 spray workers. Based on field observations and interviews with workers at BDME and SMNE, it is known that they have been trained in spraying, safe job training and training on the introduction of hazardous and toxic materials. Based on field observations, it is known that the company provides information MSDS, for example placed in rinsehouses, in herbicide warehouses and pesticide mixing places.

4.6.10

Based on the results of the document review, it is known that the pesticide treatment procedure is still the same as in ASA-2, No. KMB-SOP-LK-010-RO. The former pesticide packaging is cleaned first at the washing site by using water at least three times based on supplier recommendations and placed in a temporary storage area of hazardous and toxic waste material.

Based on interviews with the foreman and spraying team, it is known that the training has been conducted on the proper disposal of the waste submitted by the RSPO Team from the company, for example related to pesticide packaging must be cleaned at least 3 times rinsing then placed in temporary storage place of hazardous and toxic materials.

Based on the results of field visits to temporary storage of hazardous and toxic waste materials at BDME Central Traction, it is known that there is a pesticide packing arrangement that has been cleared and will be transported by a licensed third party.

4.6.11

The medical examination is conducted every 6 months for maintenance worker, such as sprayer worker, manuring worker of each estate. Based on interview with sprayer worker and chemical storage operator, it is known that they've been examined for medical examination regularly for cholinesterase. The result of medical examination and other treatment documentation is kept in clinic. There is a recommendation letter for mutation for worker with the medical result is below normal.

Medical examination for spraying and manuring workers at SMNE was conducted on 21 February 2017. The last medical examination is on February 2017. In February 2017, the number of spraying worker in SMNE is 19 people. However, based on the results of a medical examination, it is known that only 6 workers spray medically examined.

Nonconformance No 2017. 03

4.6.12

Company has policy for not allowing pregnant and nursing worker to work which is related to the chemical. Pregnant worker identification is conducted every month through clinic/midwife or through family planning data of workers. Based on interview with spraying worker, if they were pregnant, they will be transferred to a job that is not related to chemical.

	Status :	
Major 4.6.6	Nonconformance No 2017. 02 with Major Category.	
Major 4.6.11	Nonconformance No 2017. 03 with Major Category.	

4.7

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

4.7.1

Company has policy on Occupational Health and Safety signed by BGA Director on June 2013 and written in Indonesian Language. The policy explains that all worker have to obey, maintain, and implement the OHS in workplace. OHS committee is formed for monitoring the OHS implementation in workplace. Based on interview with worker in estate, they have understood about this and socialized at muster morning. Company has OHS program for year of 2017, such as socialization of company's policy, OHS committee reporting, medical examination, etc and the documentation for

implementation for 2016 OHS program, such as investigation of work accident, result of regular medical examination, etc. Based on interview with the workers in estate, they understand the OHS policy through socialization when muster morning and through OHS signs in estate. The effectiveness of the program will be monitored through OHS team regular meeting.

4.7.2

Company has made the risk identification for each unit, BDME, SMNE, and GMKM in the document named HIRAC (Hazard Identification Risk Assessment and Control). The document explains about type of work, potential hazard/risk that would arise, the effect and risk category, and risk control. This assessment including all hazard and risk in estate and mill. Company also has documented the work accidents during 2016 for each unit. Based on interview with worker in agrochemical storage BDME, it is known that he understands the potential occupational risk and how to minimize the risk.

4.7.3

Based on interview with workers in workshop, they have known the potential hazard in their workplace. The socialization about OHS has been held in each unit, for example socialization on 22nd March 2017 in BDME. However, based on field observation, it is found that:

- Spraying workers in SMNE were wearing fabric gloves instead of rubber gloves. It is not accordance with SOP No BGA-SOP-CCS-1106.1-R0 about Personal Protective Equipment.
- PPE for SMNE harvesters are owned personally
- Quality Control Foreman in Grading Station GMKM did not get safety shoes for 2 years.

It was raised as **Non Conformity No 2017. 04**

4.7.4

Company already has OHS team in each unit, estate and mill and one team on behalf of PT. Karya Makmur Bahagia. The OHS committee has been registered and approved by Labor Agency of Kotawaringin Regency No KEP.560.566/20/WAS-KK.P2K3/IV/2016 on 7th April 2016. The secretaries are OHS general expert already. They have OHS program and regular meeting is held every month. The meeting is discuss about the duty responsibility of OHS team, monitoring, and how to improve the health and safety in workplace. The meeting is documented in minutes of meeting and list of attendees.

4.7.5

Company has procedure for emergency response that written in SOP Readiness and Emergency Response No KMB-SUST-SOP-23 signed by Regional Head I dated 25th September 2015. Emergency state such as fires and natural disasters also explained in this document. For every work accident is documented in notification form for work accident and investigation incident form. The work accident recording is attached on OHS report and it has reported to Labor and Transmigration Agencis of Ketapang Regency periodically. The latest report has been reported on January 2017 for period of October – December 2016.

Based on field observation in estate and mill, it is found that:

- The contents of 2 first aid box in Central Mentaya Traction workshop is less than 21 items.
- The contents of First aid box in GMKM workshop is only 9 items. Based on Regulation Of Labor Ministry No 15 2018 about First Aid in Workplace explain that the contents of First Aid Box for workplace with 25 worker or less is 21 items.
- The contents of first aid bag harvest, spraying, manuring foreman in BDME is not complete.
- Manuring foremand in SMNE is not bring the first aid bag.
- Hydrant no 2 in GMKM was used for other purpose, that is to fulfill vacuum water in sedimentation pool.

It was raised as **Non-Conformity No 2017. 05.**

4.7.6

The Company has a policy to engage employees in the Employment insurance covering JKK, JKM, JHT and JP program that listed in the Company Regulations the period 2016 – 2018. Payments are made every month according to the applicable rule. Based on Details of BPJS Payment review, payments are made for all workers every month according to the applicable rule. Medical treatment is covered by the company for every worker and their family. It is also regulated in Company Regulation period 2016 – 2018.

4.7.7

The company monitors the work accident by using the lost time accident matrix. They recorded the LTA in one year period. This document informs the time period, the number of working days, the number of non effective working days, overtime, hours of work in total, the number of accidents, the number of working days lost, total employee, frequency rate, lost time incident rate, and severity rate.

Major 4.7.3	Status:	
Minor 4.7.5	Non Conformance No 2017. 04 with Major Category	
	Non Conformance No 2017. 05 with Minor Category	

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

4.8.1
Company has had training program for worker in the period of 2017. The training is targeted for all workers, including staff, permanent workers, and contract workers. The training program such as socialization of company policy, best management practice in estate and mill, training related to OHS, emergency response, etc. The training that held in 2016 has documented in minutes of meeting, list of attendees, and activity photos. The employee training programs include fire extinguisher training, basic training of environment and OHS, Best Agriculture Practices Training, First Aid training and Fertilization Training.

4.8.2
Company has showed the documentation of training whether it is internal or external training. For example, simulation of output sensus in BDME on 16th December 2016, socialization of HIRAC, HCV, OHS, and work procedure in each unit and training about best management practice for estate and mill. For external training, the company kept the certificate of each employee. All the training documentation is kept estate office.

	Status: Comply	
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PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity

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

5.1.1
The Companies have the environmental documents, such as:

- EIA document, legalized by Environmental Impact Management Agency, Kotawaringin Timur District No. 25/Komisi-Kotim/VIII/02 on August 9th 2002 for 17,500 hectare of estate and POM with 40 ton per hour capacity. EIA Analysis is conducted by Environment Research Institute of Palangkaraya University.
- Environmental management and monitoring effort document, legalized by Kotawaringin Timur District No: 188.45/293/Huk-BLH/2013 on May 30th 2013 in term of permit for POM construction of Gunung Makmur Mill and its supporting installation with capacity of 90 Ton of FFB / hour in Rantau Tampang Village, Telaga Antang Subdistrict, Kotawaringin Timur District.

5.1.2
Based on the document review RKL / RPL second half of 2016, there was information that the company was managing environmental impacts and reported regularly to the relevant agencies. Management conducted in accordance with the directives of environmental documents (AMDAL & UKL/UPL). such as, LCC planting, tree planting, EFB utilization, terrace making, routine machine maintenance, HCV signboard installation / prohibition, socialization of endanger species to workers and the locals, job opportunity and business to locals, empowering the local contractor, smallholder partnership with the locals, education fund assistance, CSR program, emission, ambient and noise quality test, underground and surface water quality test in 2nd semester of 2016.

5.1.3
Based on the document review RKL / RPL second half of 2016, there was information that the company was managing environmental impacts and reported regularly to the relevant agencies such as

- Report to enviroment agency at east Kotawaringin district sent at 03 April 2017
- Report to enviroment agency at Central Kalimantan province and minister of environmenthas sent at 30 march 2017

The monitoring procedures are in accordance with the monitoring matrix of aspects affected. Review of the environmental monitoring plan is done once every six months and has been included in the evaluation of each semester.

Status:Comply

5.2

The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced

5.2.1

The Company has identified HCV areas in cooperation with Bogor Agricultural University, namely:

- The identification of HCV at PT KMB with location permits wide scope 17,500 ha conducted in 2012.
- The identification of HCV at Cooperative plasma PT. KMB with scope consists of five cooperatives, namely: Cooperative of Sekar Tani, Mekarjaya, Mekarti Jaya, Lestari and Waringin Jaya. Wide scope Cooperative plasma PT. KMB 8,900 Ha. conducted in 2011

The HCV identification report compilation has involved the locals (Village of Bakti Karya; Village of Tumbang Sepayang; Village of Waringin Agung; Village of Agung Mulya; Village of Gunung Makmur; Village of Mulya Agung; and Village of Rantau Tampang). The composition of the team that did the identification of HCV to PT KMB and plasma consists of:

- Dr. Ir. H. Nyoto Santoso, MS
- Ir. Heru B Pulonggono, MSc
- Handian Purwawangsa, Shut, MSi
- Ahmad Faisal Siregar, S.Hut
- Eko Adhiyanto, S.Hut
- Sutopo, S.Hut
- M. Sayidina Ali, Amd.

The whole assessor approved by the RSPO and The methodology used is HCV toolkit 2008. PT KMB reviewed the result of HCV identification on 2015 due to the fact that there were several uncompensated HCV area on the community's land. Hence, the company hit the barrier to manage HCV area. The determined area as HCV area until audit program was 514.52 Ha for a total of HCV for plasma PT KMB area is 199.85 ha.

5.2.2

In the report noted the species of flora and fauna in accordance with their protected status such as: Alcedo Meninting and Manis javanica. The management plan has been prepared for 2017 for each unit core estate and plasma is as follows.

- - Make HCV area boundary markers
- - Creating such a notice board is allowed to cut trees, hunting, etc.
- - Socialization of HCV management program to all employees and surrounding communities
- - Appoint HCV officers to monitor the diversity of wild animals and plants
- - reduction programs and prevention fires
- - No application chemis material in border river

Monitoring is carried out every month and based on the results of monitoring of wildlife species that are found by observation is a type of lathe reeds (Centropus bengalensis), black-winged kite (Elanus caeruleus), cinenen coppice (Orthotomus atrogularis).

5.2.3

For the protection of species companies have issued internal office memos related to the conservation area protection policies for each unit estate HCV core and plasma in February 2014. Some of the rules include:

- a) Not to hunt, capture, injure, kill, keep, possess, maintain, transport / trade in Animal / Plant rare and protected species alive or dead companies across the region.
- b) Inform all hunting, capture, killing and sale of rare plants and animals and protected
- c) maintain or selling protected animals and plants illegally coming from within the company or outside the company premises.
- d) Running HCV activity based management and monitoring of standards and technical guidelines that have been

set.

To socialization company installed signpost protected flora and fauna around the housing division III SMNE and Sangsang river border. The Company has conducted training on the conservation area boundary spray application in riparian areas to employees spray on 17 February 2017 GMKE followed by 15 employees. The company has been socialized in the form of posters Law No. 5 of 1990 Article 21 on the protection of flora and fauna.

5.2.4

The company has been conducting monitoring of the existence of wildlife and vegetation in the PT KMB. Results of monitoring of HCV has been included in the report on the implementation of RKL - RPL half 2/2016 and evaluations have been conducted. And the kind found by observation is a type of lathe reeds (*Centropus bengalensis*), black-winged kite (*Elanus caeruleus*), cinenen coppice (*Orthotomus atrogularis*).

5.2.5

The Certificate Holders has composed a HCV management plan based on recommendation in available HCV identification document, and had been monitoring HCV area as seen in monitoring result for year 2015. The monitoring result had been used as feed back to improvement of management plan. Certificate holders has been managing in the form of fencing and repairs to the scared site (HCV 6) in Ehang hills. There is a statement letter and agreement between company and local community to preserve a custom home of the Ehang hills.

Status: Comply

5.3

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

5.3.1

Based on the results of the document review, it is known that there is no change in waste source documentation such as the previous audit. Such as waste from the production of fresh fruit bunches, workshops, CPO transportation, generator engine activity, boiler machine activity, kernel machine activity, spraying activities, clinics, housing and office complexes. According to waste identification documents by 2015, plantation and plant waste sources come from workshops, refineries, spraying, fertilizers, clinics, offices and production of fresh fruit bunches. Based on the results of field observations in BDME, SMNE and BAGE, it is known that the chemical warehouse produces herbicide packaging. The workshop produces used oil, used filters and cloth rags. Clinics produce medical waste. Housing produces organic and inorganic waste. Generator house produces used oil, filter used and cloth rags. Production process of fresh fruit bunches produces fiber and shell and palm oil mill effluent.

5.3.2

Based on the results of the document review, it is known that the inventory of chemical containers used and stored is not all well documented, such as the updated balance for pesticide packaging waste and documentation of use of chemical containers used. Based on the results of document review and field observation in temporary storage of hazardous and toxic waste materials, it is known that there may be some non-conformities :

1. The certification unit already has a work agreement with the holder of hazardous and toxic waste material (PT Sinar Bintang Albar) which is valid until November 2017, but there has not been any working agreement with a third party to transport medical waste.
2. Based on the results of document review and visits to temporary storage of hazardous and toxic waste materials in CMNT Traction, it is known that there has not been any medical waste transport since the expiration of the medical waste management contract with Sari Mulya Hospital on December 31, 2015.
3. Based on the results of field visits to the temporary storage area of hazardous and toxic waste materials in CMNT traction there is a logbook of pesticide packaging, but no updated balance sheet for pesticide packaging has been shown.

Based on the above explanation, it becomes a **non-conformity No.2017.6 with the major category.**

5.3.3

Based on the results of the document review, it is known that the certification unit has a waste management plan, but in its implementation the certification unit has not consistently managed to avoid and reduce pollution, it is supported by the findings of the following nonconformity

1. Based on the results of field observation in the palm oil factory is known that there is utilization of hazardous waste materials that are not in accordance with the nature and characteristics of the waste, such as used oil drums used as potted plants.

Based on the above explanation, it becomes a **non-conformity No.2017.7 with the minor category.**

Major 5.3.2	Status: Non conformance NC.2017.6 with major category	
Minor 5.3.3	Non conformance NC.2017.7 with minor category	

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

- Use of renewable energy period january –march 2017 = 0.145 (Fiber cangkang/ ton FFB)
- Use of fossil fuels directly period january –march 2017 = 0.930 (liter /ton FFB)

The Company has conducted efficiency using renewable energy such as fiber and shell for FFB process and produce electricity.

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

5.5.1 & 5.5.2
The certification unit does not use burn method either in land clearing or pest control activities. The certification unit has a non-burn land clearance policy contained in the Agronomic Standard Operational Procedure document, BGAAGRKS-PTKS-PLH document number authorized by the Director dated May 27, 2011. Based on the results of the land clearing document review, the company indicates the work agreement document of land clearing activities, for example Disbursement, making of planting path, making of main road and collection road and so on. Based on field observations in BDME and SMNE, there was no evidence of burning in land clearing activities, which were found to be only traces of tree ransing in a rotting mechanical way.

	Status: Comply	
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5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

5.6.1
The company has identified the emission and pollution source coming from the company operations .Some major emission sources of GHG identified in palm oil sector in general are:

- Emission from land use change and land clearing of vegetation for oil palm plantation operation , and isfrastructure
- Land clearing and drainage of peatland and other carbon-riched soil for oil plantation
- Emission of methane from anaerobic decomposition of palm oil Mil effluent (POME)
- Emissions associated with product and use fertilizer
- Fossil fuel use associated with the operation of the mill and plantation
- Emission due to forest fire and haze

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.

5.6.2
Plan to reduce or minimize source of polution has been done by the company. The company use shell and fiber to subtitusion with diesel fuel for produce CPO, monitoring diesel fuel for operational estate and mill, energy saving lamps.

Maintenance waste pond and management domestic waste. For the interim period the following are some of the emission reduction activities undertaken for this concession:

- Water level on fragile peat soil is monitored and kept at safe level
- Optimize usage of fertolizer in all plation site wit the R&D departemen’s test ono soil and plant nutrient level
- Best management practice on aplication of fertilizer which will be monitored by quality assurance team
- Usage of EFB for both ground cover as well as nutrients in all plantation
- Usage of POME and boiler ashes as additional nutrient
- The company has provided PPE in the form of masks and ear muffs for Mill employees with high dust and high noise area.

5.6.3

Based on GHG Calculation by using Palm GHG Calculator, GHG emission PT KMB in 2016 is 1.0 tCO₂e/t CPO product. The 34,55% of emission was contributed by field emission from own estate, 25.93 was contributed by group, 1226% was contributed by 3rd party or out-grower and emison contributed by mill is 27,26%.

The field emission Source and Sinks of PT KMB

Area	tCO ₂ e	%
Emission Source		
Land Conversion	116169,2	59.00%
CO ₂ Emission from fertilizer	7410	3,76%
NO ₂ Emission	8272,72	4,20%
Fuel Consumption(Field)	3858,86	1.96%
Peat oxidation	0	0
POME	60791,32	30,88%
Fuel Consumption(mill)	381.94	0,19
Grid Electricity utilization	0	0
Sinks		
Crop Sequestration	-124335	
Sequestration in Conservation Area	-2331,29	
Sale Of PKS, EFB & Electricity	-15753.58	
Total sinks	-142419.8	
TOTAL	54464.22	

Mill emission and credit

Area	tCO ₂ e	tCO ₂ e/tFFB
Emission Source		
POME	60791.32	0,2
Fuel Consumption	381.94	0
Grid Electricity utilization	0	0
Credit		
Export of Excess Electricty to housing & grid	-5,98	0
Sale of PKS	15747.6	-0,05
Sale of EFB	0	0
Total	45419.68	0,15

GHG calculator calculations using version 3.1 of the RSPO and Reporting was held on March 29, 2017 to devaladevi@rspo.org and Javin.tan@rspo.org

Status: Comply

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

6.1

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

6.1.1

The management unit of Karya Makmur Bahagia has document of Social Impact Assessment was described social impact of plantation and mill operation. The Social Impact Assessment was done on 2012 collaboration with Faculty of Forestry, Bogor Institute Plantation. The scope of Social Impact Assessment are:

- Social condition (income, education and health aspects, etc)
- Conflict related of land tenure, labor relation, etc
- Community perception, expectation and aspiration to the company
- Identification of social issue and problem solve
- Identification of stakeholder
- Social Planning and implementation

Company has had SIA a study carried out in 2012 in collaboration with the Faculty of Forestry, Bogor Agricultural University. with the scope of the

1. Based on the decision of the Minister of Forestry no 507/KPTS-II/1997 set 8 august 1997 with wide 12.706 ha
2. Based on the decision of the minister for forest and plantation no 779/KPTS-II/1999 set 27 september 1999 with wide 5192,43 ha

6.1.2

The Social Impact Assessment was done by community participation in Focus Group Discussion. The community concerned in data gathering was from several village surround. Those community are: Agung Mulya, Gunung Makmur, Tanjung Jurung, Waringin Agung, Bhakti Karya, Rantau Tampang and Tumbang Mangkup. In addition to, the data gathering by questionnaire from several village. The documents record was observed are:

1. Sample of Questionnaire
2. Respondent list (46 participant)
3. Summary of social impact assessment

6.1.3

The plan for mitigate or reduce of negative impact and increase of positive impact was described in environment monitoring and management plan report (RKL and RPL report). The aspects was monitored and manage related of social aspects consist of access to work and community income. The management unit also has have document of Social Management Plan 2017 till 2019. The company also was determine CSR officer in estate unit and Head Office for responsible in implementation, monitoring and evaluation of program has been done and/or still planning.

6.1.4

The company has document of Management Plan for 2017- 2019. Related to community income increasing, the company was done of analyze of economy potentiality in village surround based on strategy of direct communication. The company also sighted the documentation of meeting with communities surround in related CSR program. These meeting is aim to evaluate the CSR program by PT KMB. There was observed sample of questionnaire from several village in relation of evaluation for Plan and Program of Social aspect was implemented by PT KMB.

6.1.5

The company has been done of smallholder program through cooperated with several Peasant Cooperation unit in village surround of plantation area. The process of Social Impact Assessment was done with participation by community surround including of smallholder in focus group discussion. These discussion was covering the representation of each village surround of plantation area, included of smallholder member.

Status: Comply

6.2

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

6.2.1

The company has the procedure of communication (SOP-KMB-KOM-01). It was legalized by the Area Controller on August 29th 2013. The external communication in form of the official letters should be send to the company. The complaint and information request shall be response within 15 days. According to the flowchart, the management unit informs the plan of consultation with the locals in writing to the chief of village/chief of customary board/community figures or the local government apparatus. Then it shall be responded by the chief of village/chief of customary board/community figures or the local government apparatus, management of head office/amicus curiae which give positive respond in writing within 15 days. The forum of consultation shall be facilitated by PAD/CSR/management unit.

6.2.2

The company has been pointed personnel in charge related to consultation process based on the decree No. no: 009/SK/KMB /BGA- Wil I/VI/2016 The PIC is CSR Assistant for dealing with that are Partnership Assistant and the personnel in charge have been well recognized by the locals. The CSR Officer was responsibility in process of for arrange of CSR program since process of planning, assistance, monitoring, reporting and evaluation. The company has have job description that described of duty and role of each staff based on their level.

6.2.3

The stakeholders list was observed by auditor, these document contained of government in level of Province, District, sub District, Village, Cooperation Unit, University, Local Contractor, Supplier and Hospital. There was also sighted documentation process of socialization of Code of Conduct. The document has been disseminated to the socialization to the community, there is evidence that socialization record (Attendance & Photographs accompanying implementation), among others:

- Socialization villagers Tumbang Sepayang at 22 march 2017 follow by 18 people.
- Socialization villagers Bukit Makmur at 24 march 2017 follow by 11 people.

Status: Comply

6.3

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

6.3.1.

The company has procedure of Complaint and Grievance (KMB-SUST-SOP-45, Revised on August 5, 2015). These document as guidance in related of complaint and grievance receive from external and internal (employee). The personnel in charge for received and documented of complaint and grievance from related parties are Corporate Affair, Estate Controller and Mill Controller. The complaints will review and consulting with related party for overcome. Related to protection for whist blower, the company has have mechanism and was installed the notification announcement in estate, mill and several place surround of plantation area. The main point of these notification announcement was related to telephone number and email for addressed the information and the information from whist blower will keep. In addition this procedure also has been socialized to all workers every year. According to interview with estate and mill workers, they has understood about this procedure.

6.3.2.

Based on document verification of incoming and outgoing letter, interview with the workers, bipartite forum boards and Gender Committee that knows was there area no significant complaint and grievance from another internal stakeholders. There was commonly aspiration related maintenance for the part of employee facilities in BDME and SMNE.

Status: Comply

6.4

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

6.4.1 & 6.4.2

The company has document of land and crops compensation (SOP-PAD-001) in term of the procedure of land and crops compensation in overall of Bumitama Gunajaya Agro (BGA) operational area. Based on stakeholder consultation with related party (the Head of Village, informal leader, community) that knows the procedure was understand by the related party and has been socialized.

The evidence of compensation to land owner in each estates and the participation of village representatives, customary leader, village head and sub-district head as witnessed was documented in each estate. Overall of compensation document was keep as historical of land acquisition by company. All of document was signed by company representation, early land owner and included of government in village and sub district level.

6.4.3

Since the initial assessment until ASA-02, PT Karya Makmur Bahagia did not expand the area of plantation. The latest land compensation was conducted on 2013.

Status: Comply

6.5

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

6.5.1

Based on field observation and interview with worker known that there is contract worker in SMNE and BDME. There is the work agreement between company and the worker. It explain the wage system for the worker. The wage system for permanent workers also regulated on IOM no 008/IOM/HC-BGA/XII/2016. Besides, the overtime payment for all worker types in PT. KMB is regulated on document No Khs-001/HOK-RH/XII/2017 on 30th December 2017 about Provision of Overtime System, applicable since 1st January 2017.

Based on that document it is known that the overtime for Security on Sunday / holiday set: position Danru (commander squad) is Rp 95,000, Wadanru (vice commander of the squad) is Rp 90,000, and squad member is Rp 85,000. Based on the document review "The format of the daily premium monitoring" period 26 February to 25 March 2017 for the position of Security (Danru) in GMKM, premiums obtained on the day of the week amounted to Rp 80,000. Based on that description, company has not implemented the overtime accordance with the applicable regulation. **Non Conformance No 2017.8.**

6.5.2

Company has company regulation period of 2016 – 2018. This regulation has conformed to the applicable manpower regulation in Indonesia and has been written in Indonesian Language. It explains about company and workers duty and rights, including the Retirement Age. It explained that the workers who will be retired, will receive their rights in accordance with the provisions of applicable law.

6.5.3 & 6.5.4

Based on the results of field visits known that the company has been providing housing facilities, lighting, water, daycare, cooperatives, employee halls, places of worship, school buses, clinics and educational facilities. Company also facilitates all workers to access adequate food supply by establishing worker cooperative. Moreover, there are some kiosk in housing complex. Personnel can get the staple food with reasonable price. There is also a vegetable garden and the crop will be sold at the cooperative. The Company also provides rice support to all permanent worker.

Status:

Major 6.5.1 Non Conformance No 2017. 8 with Major Category.

6.6

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

6.6.1 & 6.6.2.

There are Policy signed by General Manager Plantation on July 2012 "the company giving freedom to all company to made a worker union according to Act No. 21 year of 2000 about freedom of association. Registration of worker union in Man Power Agency was on progress. However there are Bipartite forum as media to consulting complaint and grievance

<p>from workers. Monthly meeting has been conducted by Bipartite forum members. For example: minute of meeting Bipartite Forum on 11 March 2017 discuss about work accident insurance claim process in SPYE and GMKE.</p>	
	<p>Status: Comply</p>
<p>6.7 Children are not employed or exploited.</p>	
<p>6.7.1 Company has policy about the minimum age for worker written on The Responsibility with Worker Policy approved on February 2014 stated that the minimum age is 18 years for new workers. Based on field observation in estate and mill there is no workers under 18 years old. Based on public consultation with Manpower agency in Kotawaringin Timur Regency, there is no issue regarding child labour. Based on field observation and interview with workers, it is known that the workers have known about the minimum age is 18 years for new workers.</p>	
	<p>Status: Comply</p>
<p>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.</p>	
<p>6.8.1; 6.8.2; 6.8.3 Policy related to against discrimination is stated in The Responsibility with Worker Policy approved by Regional Head on February 2014. It explains that the company give the same work opportunity and ensure there is no discrimination in race, skin color, sex, religion, political beliefs, national and social origin. This policy can be accessed publicly. Based on interview with worker in estate and Bipartite member, there is no issue or complain related to worker discrimination.</p> <p>Based on interview with women worker in day care BDME, it is known that there is no issue regarding discrimination. The workers that has been interviewed is came from various social origin, race, and religion. Local community also get the same opportunity to work in company.</p> <p>Company kept the workers's personal file in each unit estate and mill. The recruitment process is conducted by competency, skill, and medical examination of the worker. There is also employee performance assessment as the promotion requirement. However, the company must ensure that the recruitment process is in accordance with the applicable procedure.</p>	
	<p>Status: Comply</p>
<p>6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</p>	
<p>6.9.1; 6.9.2; 6.9.3 Policy related to against discrimination is stated in The Responsibility with Worker Policy approved by Regional Head I on 6th November 2015. It explains that The company will protect female workers from sexual harassment, violence, and rights related to the female reproductive. The policy has been socialized to the worker in each unit through Gender Committee. Gender committee function is to handle the protection of female workers rights. Based on interview with gender committee member, company provided daycare for all workers' children and also give maternity and menstrual leave for female workers.</p> <p>Company has procedure for handling the complaint No. KMB-SUST-SOP-45, on 5th August 2015. It explain about the mechanism of handling the complaint from external and internal party. Company also has a mechanism to protect the identity of complainant (whistleblower). The worker can make complaint through complaint channel by phone, SMS or email. The mechanism has socialized to the worker through signboards all over the unit. Based on interview with worker ini estate and mill, they all know the mechanism to make a complaint.</p>	
	<p>Status: Comply</p>
<p>6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.</p>	
<p>6.10.1 FFB pricing from smallholders was following Government Prices that set by Kalimantan Tengah Governor. While FFB pricing from independent FFB suppliers was refers to government be considerate OER and KER quality from GMKM. The information regarding to FFB prices can access real time from the government website, circular memorandum, short</p>	

message service from Commercial Department staf etc. According to interview with village unit cooperation boards, they always invited by the company to following FFB pricing meeting with other company and government every month.

6.10.2

The company has a recapitulation of external FFB buying, based on document verification all of payment is in accordance to agreement. The information regarding to FFB prices can access real time from the government website, circular memorandum, short message service from Commercial Department staf etc. According to interview with village unit cooperation boards, they always invited by the company to following FFB pricing meeting with other company and government every month. There are no problem related to FFB pricing and payments from company.

6.10.3.

Based on interview with partnership staff in PT KMB, there are 5 addendum of agreement between company and village unit cooperation. Such as:

- Addendum I No. 002/ADD-I/PKS-KMB/II/2008 dated 28 September 2016 between company and Mekar Jaya Village Unit Cooperative. Important point related to time period of agreement to 30 year (one oil palm siklus).
- Addendum I No. 005/ADD-I/PKS-KMB/II/2008 dated 25 October 2016 between company and Sekar Tani Village Unit Cooperative. Important point related to time period of agreement to 30 year (one oil palm siklus).
- Agreement No. 001/PKS-KMB/IX/2016 dated 28 September 2016 between company and Tani Santoso Village Unit Cooperative. There are exclude area from Mekar Jaya cooperative management with area ±1,050 Ha to Tani Santoso Cooperative.
- Agreement No. 002/PKS-KMB/IX/2016 dated 26 October 2016 between company and Marga Rahayu Village Unit Cooperative. There are exclude area from Sekar Tani cooperative management with area ±627 Ha to Marga Rahayu Cooperative.
- Agreement No. 003/PKS-KMB/IX/2016 dated 26 October 2016 between company and Tani Usaha Bersama Village Unit Cooperative. There are exclude area from Sekar Tani cooperative management with area ±627 Ha to Marga Rahayu Cooperative.

Based on interview with board of Mekar Jaya, Lestari and Sekar Tani Boards, all of agreement has been signed with transparacies procedure; both of party are saving copy of agreement.

6.10.4.

According to interview with Commercial staff and document verification, the external FFB from independent FFB supplier payments is according to agreement. All payment will conducted maximum 10 mandays after invoice received by the company. While profit sharing between company and associated smallholders has been paid every twice month. For example: minutes of profit sharing paid to each cooperative on 6 June 2016 for period of March – April 2016. Therefore, based on document verification and interview with Mekar Jaya and Sekar Tani Cooperative boards interview that known all of credits from bank has been paid dated 17 September 2015. Profit sharing is accordance to total revenue minus operational cost and replanting saving.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

6.11.1.

The company has CSR program in accordance to deliberations development plan in Village level and Sub District Level dated 7 August 2016. The CSR program year 2017 are local business development program, synergic community relation program, education program, health program, social-culture program, religion program, and environment program. In addition the company have several agreement with local contractor for FFB transport on estate unit, operational maintenance in mill and agreement with 71 independent smallholders.

6.11.2.

The company has been implemented of smallholder program with full manage system (5 cooperative) and indepent smallholders (71 members). Overall of plantation manage was handle by the company and the cooperation unit as representation by the community was monitored all operational activities and earn the report from the PT KMB in every month. The company was providing palm seed for independent smallholders and giving consultation about best management practices. The company also has been done of training for smallholder member. There was sighted

documentation record of Socialization of Smallholder Program and Palm Oil Plantation System in Antang Kalang Village dated on 11 August 2016.	
Status: Comply	
6.12	
No forms of forced or trafficked labour are used.	
6.12.1; 6.12.2; 6.12.3	
Based on document review, field observation, and interview with workers and stakeholders revealed that there is no migrant worker, forced labor, and illegal worker. Also, there is no contract substitution in the company. Each worker have appointment decree letter as daily or monthly permanent worker. Identity document of each worker is kept in unit office and if they want to access their document, they have to communicate it with their supervisor. Therefore based on document review, field observation, and interview with workers and stakeholders, it is known that there is no Family gank and any indication of force labour.	
Status: Comply	
6.13	
Growers and millers respect human rights	
6.13.1.	
The company has policy Company Responsibility to Employee, these document was contained of Human Right Protection. These document was signed by Regional Head I dated on 6 November 2015. This policy has been socialized to employees on each estate unit and mill. The personnel in charge for giving information related to Human Right information to operational level was depend on each aspect. For example, in operational office level was pointed staff of Public Relation for inform those policy and related to field operational.	
Status: Comply	
PRINCIPLE #7 Responsible development of new plantings	
7.1	
A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	
PT KMB did not expand the land from ST-2 assessment (January 2014) till ASA-1 assessment (May 2015). The managed area has had Land Use Title (HGU) for 15,056.31 Ha since 2001. According to the result of document review and field visit, the youngest year of planting within PT KMB was on 2013. The SEIA has been conducted in entire area as described on the criteria 5.1 and 6.1.	
PT KMB has conducted RSPO New Planting Procedure (NPP) assessment on December 10th 2013 for the land clearing post 1 st January 2010.	
Status: Comply	
7.2	
Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.	
7.2.1 & 7.2.2	
The certification unit shows the land suitability map of land type distribution and topographic map that identifies an area to be planted or not and as a long term reference in operational activities. As for example on sandy areas in B37 B17 Block 1 Division and Block B17 of SMNE A1 Division, the certification unit applies an empty slot with a predetermined dose.	
PT KMB did not expand the land from ST-2 assessment (January 2014) till ASA-1 assessment (May 2015). The managed area has had Land Use Title (HGU) for 15,056.31 Ha since 2001. According to the result of document review and field visit, the youngest year of planting within PT KMB was on 2013. The SEIA has been conducted in entire area as described on the criteria 5.1 and 6.1.	
PT KMB has conducted RSPO New Planting Procedure (NPP) assessment on December 10th 2013 for the land clearing post January 1st 2010.	
Status: Comply	

7.3	
New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	
7.3.1; 7.3.2; 7.3.4; 7.3.5	
<p>The audit team was shown the email from RSPO Compensation Executive (Dillon Sarim) to Head of Sustainability BGA dated April 25th, 2016. It was explained that the process of review by reviewer LUCA report had been received:</p> <p>There is two report (PT. Karya Makmur Bahagia and PT. Gunajaya Karya Gemilang) was passed and will be endorsed by a compensation panel. But for PT. Gunajaya Ketapang Sentosa and PT. Windu Nabatindo Lestari was passed with minor clarification.</p>	
7.3.3	
<p>There was no to be shown the date of Land Clearing beginning, for Land Clearing Activities after November 2005. Based on the explanation, raised the Non Conformance 2016.17 with minor category</p> <p>Verification ASA 3</p> <p>The Company has submitted the minutes of opening documents without burning land clearing include documents photo GRTT in Lawin Rasa. Based on data from the properties on the file shows that the picture was taken on the 2nd of September 2005. This is because the data clearing has passed the document storage period and was destroyed. However the company has not shown evidence of document destruction event news to the news of the opening of land and witnessed by the internal auditor. Thus this discrepancy was declared open. NCR 2016.17 Minor raised to Major</p>	
Minor 7.3.3	Status: Non Conformance No 2016. 17 Minor raised to Major
7.4	
Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.	
7.4.1 & 7.4.2	
<p>The certification unit shows a map that identifies marginal soils including slope areas, such as the Land Distribution Map document stating that there is no peatland. The maps are used to identify areas that will be avoided for planting, but the certification unit has strategies in planting on areas that are avoided for planting such as the manufacture of tarpaulins, planting cover crops and making silt pits.</p> <p>PT KMB did not expand the land from ST-2 assessment (January 2014) till ASA-1 assessment (May 2015). The managed area has had Land Use Title (HGU) for 15,056.31 Ha since 2001. According to the result of document review and field visit, the youngest year of planting within PT KMB was on 2013. The SEIA has been conducted in entire area as described on the criteria 5.1 and 6.1.</p> <p>PT KMB has conducted RSPO New Planting Procedure (NPP) assessment on December 10th 2013 for the land clearing post January 1st 2010.</p>	
	Status: Comply
7.5	
No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	
<p>PT KMB did not expand the land from till ASA-3 assessment.</p> <p>PT KMB has conducted RSPO New Planting Procedure (NPP) assessment on December 10th 2013 for the land clearing post January 1st 2010.</p> <p>The management unit was sighted the documents of land compensation to land owner. These documents was filed in PT KMB office and was verified by auditor team on NPP verification in 2013. FPIC process have been showed by evidences of land compensation process, for examples; Letter of Land Delivery (included attachment of land position & boundaries), Citizenship Card of land owner and Payment Receive by company to land owner.</p>	
	Status: Comply

7.6

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

PT KMB did not expand the land from ST-2 assessment (January 2014) till ASA-1 assessment (May 2015). The managed area has had Land Use Title (HGU) for 15,056.31 Ha since 2001. According to the result of document review and field visit, the youngest year of planting within PT KMB was on 2013. The SEIA has been conducted in entire area as described on the criteria 5.1 and 6.1.

PT KMB has conducted RSPO New Planting Procedure (NPP) assessment on December 10th 2013 for the land clearing post 1st January 2010.

The management unit was sighted the documents of land compensation to land owner. These documents was filed in PT KMB office and was verified by auditor team on NPP verification in 2013.

Process of land right release and land indemnity has been done by the company with transparently and there is no pressure by another parties. Before land compensation execute by the PT TTL, socialization process was carry out by company to land owner. Identification process and land measuring was engaged by another land owner surround and the process was witnessed by head of sub District and Head of Village.

Status: Comply

7.7

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

7.7.1 & 7.7.2

Based on the results of document review and field observation in BDME and SMNE, there is no evidence that the company did the method of burning at the time of land clearing, however found the result of rotting mechanical stem rods. Nor was there any new garden development or area expansion.

Status: Comply

7.8

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

According to the document review of area statement and based on the field visit to Gunung Makmur Estate and Bukit Kecubung Estate, the company does not expand for new estate nor operational area post January 1st 2015. However, according to the review of GHG emission document on 2015, the company has calculated the GHG emission on 2015 by using PalmGHG. Total emission for GHG (LUC, POME, chemical usage, and transportation) for 2.25 tCO₂ / tCPO Product.

The company has reduced GHG emission like not doing land utilization post 1st January 2015; chemical usage like fertilizer and pesticide based on recommendation; fuel usage and lubricant usage based on budget; processing on WWTP, application on land (land application) post makin pH and BOD based on quality threshold; routine maintenance for machine (transportation and generator; calculating the GHG emission from LUC program, consumption of fuel and lubricant, chemical usage (fertilizer and pesticide), POME, transportation and generator; forming fire brigade team, equipping the fire brigade with proper fire extinguisher stuff, land fire patrol, simulation of land fire and reporting the result of management to the related agencies.

Status: Comply

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

8.1

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

8.1.1.

The company has continuous improvement on social aspect, as: agreements with 71 independent smallholders. The certification unit shows documents resulting from the implementation of continuous improvement / improvement of

the business, such as RSPO Internal Audit Result Report Document PT. KMB, conducted on 1 - 2 March 2017. Based on the results of the internal audit, found 15 non-conformities identified, such as in the palm oil mill can not be shown the waste balance and evidence of handing over the delivery of hazardous waste materials to collectors of toxic waste material waste. However, no management review has yet been conducted with evidence of further improvement. This becomes a **non-conformity No.2017.9 with the major category.**

Major 8.1.1	Status : Nonconformance No 2017. 9 with Major Category.
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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>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.</p> <p>Gunung Makmur Mill has a procedure regarding Supply Chain System used. Mill implements Mass Balance scheme with Module E. Gunung Makmur Mill receives FFB from own estates and third party suppliers – smallholders and growers which are not within the certification scope</p> <table border="1"> <thead> <tr> <th>Certified supply bases</th> <th>Non Certified supply bases</th> </tr> </thead> <tbody> <tr> <td>Gunung Makmur Estate (GMKE)</td> <td>Beringin Agung Estate (BAGE)</td> </tr> <tr> <td>Bukit Kecubung Estate (BKCE)</td> <td>Bukit Hijau Estate (BHJE)</td> </tr> <tr> <td>Bukit Makmur Estate (BMKE)</td> <td>Sungai Meraya Estate (SMRE)</td> </tr> <tr> <td>Sungai Mentaya Estate (SMNE)</td> <td>Sungai Mentaya Estate (SMNE)</td> </tr> <tr> <td>Bukit Daman Estate (BDME)</td> <td>Bukit Daman Estate (BDME)</td> </tr> <tr> <td></td> <td>Kelompok Tani Tanjung Harapan</td> </tr> <tr> <td></td> <td>Cooperative Waringin Jaya</td> </tr> <tr> <td></td> <td>Independent FFB Supplier</td> </tr> </tbody> </table>	Certified supply bases	Non Certified supply bases	Gunung Makmur Estate (GMKE)	Beringin Agung Estate (BAGE)	Bukit Kecubung Estate (BKCE)	Bukit Hijau Estate (BHJE)	Bukit Makmur Estate (BMKE)	Sungai Meraya Estate (SMRE)	Sungai Mentaya Estate (SMNE)	Sungai Mentaya Estate (SMNE)	Bukit Daman Estate (BDME)	Bukit Daman Estate (BDME)		Kelompok Tani Tanjung Harapan		Cooperative Waringin Jaya		Independent FFB Supplier
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	Kelompok Tani Tanjung Harapan																		
	Cooperative Waringin Jaya																		
	Independent FFB Supplier																		
	Status: Comply																		
E.2	Explanation																		
E.2.1	<p>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&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.</p> <p>The estimates tonnage of CPO and Kernel products has been defined by Mutuagung Lestari. Gunung Makmur Mill has procedure of Supply Chain Certification System (SCCS) described in SOP-KMB-Sust-SOP43, Revision 3 dated December 14, 2016. This procedure requires that actual volume CPO and Kernel certified, are calculated based on the daily reports of production.</p> <table border="1"> <thead> <tr> <th>The previously volume of certified products in the Certificate Mutu-RSPO/045</th> <th>The projection volume of certified products (July 21, 2017 to July 20, 2018)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	The previously volume of certified products in the Certificate Mutu-RSPO/045	The projection volume of certified products (July 21, 2017 to July 20, 2018)																
The previously volume of certified products in the Certificate Mutu-RSPO/045	The projection volume of certified products (July 21, 2017 to July 20, 2018)																		

(July 21, 2016 to July 20, 2017)

FFB	216,245	FFB	200,195
CPO	47,574	CPO	48,047
CSPK	10,812	CSPK	10,010

Status: Comply

E.2.2

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).

Gunung Makmur Mill has registered to the RSPO IT Platform, member registration number RSPO_PO1000001684. The Mill do not claims the product sales of CPO and Kernel certified. Verification of weightbridge slip and sales contract, No claims of CSPO Product, while there are CSPK claim during last year sales.

CPO sales from July 2016 – March 2017

Month	CPO			TOTAL
	WILMAR	SMART	Asian Agro Agungjaya	
Jul-16	-	3,484,480	-	3,484,480
Aug-16	1,284,930	3,515,520	-	4,800,450
Sep-16	4,730,080	-	1,750,000	6,480,080
Oct-16	7,905,750	-	-	7,905,750
Nov-16	6,375,920	-	-	6,375,920
Dec-16	7,236,490	-	-	7,236,490
Jan-17	4,473,130	500,000	-	4,973,130
Feb-17	5,151,760	-	-	5,151,760
Mar-17	3,568,590	-	-	3,568,590
TOTAL	40,726,650	7,500,000	1,750,000	49,976,650

Note: There are no CSPO selling during last year.

PK sales from July 2016 – March 2017

Month	Kernel (Wilmar)		TOTAL
	RSPO	Non RSPO	
Jul-16	-	803,280	803,280
Aug-16	250,000	573,470	823,470
Sep-16	1,000,000	247,570	1,247,570
Oct-16	1,250,000	237,340	1,487,340

Nov-16	1,500,000	406,140	1,906,140
Dec-16	1,250,000	117,610	1,367,610
Jan-17	855,010	98,700	953,710
Feb-17	1,136,880	-	1,136,880
Mar-17	1,008,110	-	1,008,110
TOTAL	8,250,000	2,484,110	10,734,110
Status: Comply			
E.3	Documented procedures		
E.3.1			
<p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</p>			
<p>The mill has established a mechanism for control FFB, CPO and Kernel products – certified or Uncertified – following procedure of doc SOP-KMB-Sust-SOP43, Revision 3 dated December 14, 2016. Implementation of SCCS in mill is responsibility of the Controller Area. The retention time for all SCCS data and documents i.e. FFB report, CPO/Kernel produced, shipment at least for five (5) years.</p> <ul style="list-style-type: none"> - Definition of Mass Balance and Supply Chain system. - Responsibility for Area Controller, Mill Manager, certification & compliance dept; OQC Department, Commercial & Logistic Group Departemen. Controller Area responsibility is to ensure the implementation of SCCS mechanism in all units. - Surat Pengiriman TBS from sustainable sources marked with “RSPO logo”. - RSPO certified products i.e CPO and Kernel, are calculated based on the daily reports of process. - The retention time for all SCCS data and documents at least for five (5) years. - Certification and compliance Departemen will notified to CB, if there are over projection - Certification and Compliance Department will provide training to staff and employees that involved in the implementation of supply chain system requirements. 			
NC.2017.14.			
<p>The company has SOP-KMB-Sust-SOP43, Revision 3 dated December 14, 2016. The procedure was explaining about FFB consignment from non certified area was no using RSPO logos. However, according to field observation and interview with workers; this procedure are no implemented. Such as:</p> <ol style="list-style-type: none"> 1. According to field observation to Block H52, Division3, SMNE; there are no physical separating between certified area with uncertified area (PT TTL). And also, based on interview with harvesters and FFB loaders. They can't explaining differentiation of FFB from HGU area and non HGU area (PT TTL). 2. According to field observation to weight bridge station, that known all of FFB Consignment from own estates is still using RSPO logo. There are no physical separation between certified FFB and uncertified FFB. 			
SCCS. Clause E.3.1	Status: Non Conformance No 2017. 10 with Major Category		

E.3.2

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

Mill has a mechanism of receiving and processing certified and Non-certified FFBs. FFB delivery notes from certified supply base has been marked with "RSPO logo".

The company has SOP-KMB-Sust-SOP43, Revision 3 dated December 14, 2016. The procedure was explaining about FFB consignment from non certified area was no using RSPO logos. However, according to field observation and interview with workers; this procedure are no implemented. Such as:

1. According to field observation to Block H52, Division3, SMNE; there are no physical separating between certified area with uncertified area (PT TTL). And also, based on interview with harvesters and FFB loaders. They can't explaining differentiation of FFB from HGU area and non HGU area (PT TTL).

According to field observation to weight bridge station, that known all of FFB Consignment from own estates is still using RSPO logo. There are no physical separation between certified FFB and uncertified FFB.

SCCS Clause E.3.2	Status: Non Conformance No 2017. 14 with Major Category
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E.4 Purchasing and goods in

E.4.1

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

The company has record of FFB receiving from Certified area and Uncertified area from 21 July – 3 April 2017. However, there are no specific information about FFB received from each blocks, divisions and estates. **It was raised as NC No. 2016.15.**

SCCS Clause E.4.1	Status: Non Conformance No 2017. 11 with Major Category
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E.4.2

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

As verified during the ASA-3, Production of FFB, CPO and Kernel during the period of a year (21 July 2015 to 26 April 2016) no overproduction of certified tonnage.

The previously volume of certified products in the Certificate Mutu-RSPO/045 (July 21, 2016 to July 20, 2017)		The actual volume of certified products (July 21, 2016 to April 3, 2017)	
FFB	216,245	FFB	72,165
CPO	47,574	CPO	15,837
CSPK	10,812	CSPK	3,272

	Status:
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E.5 Record keeping

E.5.1

- a. 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.
- b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- c. The 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.)

The site has been record and balance all the receiving of RSPO certified FFBs and and delivers of RSPO certified CPO and Kernel every month period from July 21, 2016 to 3 April 2017.

The site has not claims the certified CPO. Verification of the weighbridge slip and sales contract, no claims of CSPO Product.

According to document verification, **there are several non conformity No. 2017.16;** such as:

- a. The company has recording of Certified production of FFB, CPO and PK with three-monthly basis. However, there are no information of FFB production from each blocks, divisions and estates.
- b. According to document verification, Certified Palm Kernel stocks from 21 July – 3 April 2017 is nol, its after Palm Kernel selling. It was non conformity with clause E.5.1.c; “the site can only deliver mass balance sales from a positive stock. The positive stock can include product ordered for delivery within three months”.

**SCCS
Clause
E.5.1.**

**Status:
Non Conformance No 2017. 12 with Major Category**

E.5.2

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

Gunung Makmur has not outsources activities to the independent palm kernel crush.

Status: Comply

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

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

3.4 Summary of RSPO Partial Certification

Compliance of the uncertified management units of Bumitama Agri, Ltd against the rules for partial certification was determined through Self Assessment in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below.

Bumitama Agri, Ltd Time Bound Plan is explained in table 1.10. Bumitama Agri, Ltd has informed the Time Bound Plan progress, MUTU has considered that MP Bumitama Agri, Ltd is complied with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by Bumitama Agri, Ltd on 4 May 2017.

MUTU has verified partial certification for un-certified unit's subsidiary of Bumitama Agri, Ltd based on their Time Bound Plan. There are nine (9) uncertified mills and thirty two (32) uncertified estates management units of Bumitama Agri, Ltd. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

- There is no significant land conflicts which have not been declared above
- The company has follow RSPO requirement related to New Planting Procedure and Remediation and Compensation Procedure.
- There is no labour disputes that are not being resolved through an agreed process
- All plantations established since 2005 have been done so in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
2.1.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Yes and positive assurance is developed under Bumitama Agri, Ltd</p> <p>Auditor verification Based on the document review, there is a company internal audit that was conducted on:</p> <ul style="list-style-type: none"> • 08 – 10 Februari 2017 for PT Rohul Sawit Industri and PT Masuba Citra Mandiri • 09 – 10 Maret 2017 for PT Ladang Sawit Mas • 10 – 11 April 2017 for PT Langgeng Makmur Sejahtera • 12 – 13 April 2017 for PT Gunajaya Harapan Lestari • 17 – 18 April 2017 for PT Andalan Sukses Makmur and PT Investa Karya Bhakti • 20 – 21 April 2017 for PT Windu Nabatindo Sejahtera • 17 – 18 Januari 2017 for PT. Windu Nabatindo Abadi and PT Nabatindo Karya Utama
2.1.2	<p>No replacement after dates defined in Nis Criterion 7.3 of:</p> <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	<p>PT Langgeng Muara Makmur Sejahtera</p> <ul style="list-style-type: none"> - RaCP Plan document are wait for LUCA documents to be submitted and approved by RSPO. - HCV conducted March 2012 by Forestry IPB. <p>PT Andalan Sukses Makmur</p>

		<ul style="list-style-type: none"> - LUCA was sent on January 2015 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO - HCV was conducted on October 2013 by Sonokeling Akreditasi Nusantara <p>PT Investa Karya Bhakti</p> <ul style="list-style-type: none"> - LUCA was sent on 13 June 2016 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO <p>PT Gunajaya Harapan Lestari</p> <ul style="list-style-type: none"> - LUCA has not been submitted to RSPO - HCV was conducted on October 2012 by Forestry IPB <p>PT Windu Nabatindo Sejahtera</p> <ul style="list-style-type: none"> - LUCA was sent on 19 June 2016 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO - HCV was conducted on March 2012 by Forestry IPB <p>PT Ladang Sawit Mas</p> <ul style="list-style-type: none"> - LUCA was sent on 16 July 2014 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO - HCV was conducted on December 2013 by Sonokeling Akreditasi Nusantara <p>PT Lestari Gemilang Intisawit</p> <ul style="list-style-type: none"> - LUCA was sent on 7 November 2014 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO - HCV was conducted on 2013 by Sonokeling Akreditasi Nusantara <p>PT Agro Manunggal Sawitindo</p> <ul style="list-style-type: none"> - LUCA was sent on 7 November 2014 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO - HCV was conducted on July 2013 by Sonokeling Akreditasi Nusantara <p>PT Karya Makmur Langgeng</p> <ul style="list-style-type: none"> - LUCA was sent on January 2015 to RSPO - Documents RaCP Plan are wait for LUCA approved by RSPO - HCV was conducted on July 2013 by Sonokeling Akreditasi Nusantara <p>PT Gemilang Makmur Subur</p> <ul style="list-style-type: none"> - HCV was conducted on November 2016 by PT Gagas Dinamika Aksenta. <p>Auditor verification</p>
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		Based on internal audit results and evidence provided (communication to RSPO on liability disclosure) shows that all subsidiaries of Bumitama has been sent to RSPO and now on progress of LUCA review.
2.1.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	<p>PT Langgeng Muara Makmur Sejahtera, there is no new planting after January 1st 2010.</p> <p>PT Andalan Sukses Makmur, NPP was completed for areal 5,630 Ha and publish on March 10th 2016.</p> <p>PT Investa Karya Bhakti, NPP was completed for areal 5,700 Ha and publish on October 4th 2016.</p> <p>PT Gunajaya Harapan Lestari, there is no new planting after January 1st 2010.</p> <p>PT Windu Nabatindo Sejahtera, there is no new planting after January 1st 2010.</p> <p>Auditor verification Based on internal audit, documented time of land clearing and liability disclosure sent to RSPO, there is new planting/land clearing after 1st January 2010 for PT Andalan Sukses Makmur and PT Investa Karya Bhakti but NPP has been conducted for these units. Evidence of submission to RSPO is provided and the NPP notification are at RSPO website.</p>
2.1.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p>There is no land conflicts.</p> <p>Auditor verification There is land conflicts and has been resolved with RSPO Grievance procedure or Dispute Settlement Facility.</p>
2.1.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>There is labor disputes. There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries.</p> <p>Auditor verification There is labour dispute in uncertified unit i.e PT Bumitama Gunajaya Abadi. The dispute has been resolved as we can seen in RSPO website that the status of dispute in closed for monitoring.</p>
2.1.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	PT Langgeng Muara Makmur Sejahtera

		<ul style="list-style-type: none"> • Izin Prinsip Arahan Lokasi No. 525.21/660/Ek.SDA/IX/2014 dated 12 September 2014 5,325 Ha • Location Permit SK District Kotawaringin Timur No. 188.45/330/Huk-BPN/2014, 23 September 2014 5,370 Ha • Environment Permit No. 660/2140/BLH-Ek.SDA/2015, 19 October 2015 for 5,325 Ha • IUP No. 188.45/490/Huk-Ek.SDA/2014, 19 December 2014 4,810.72 Ha • SK HGU No. 5/HGU/KEM-ATR/BPN/2017, January 10th 2017. <p>PT Andalan Sukses Makmur</p> <ul style="list-style-type: none"> • Izin Prinsip Arahan Lokasi SK District Kotawaringin Barat No.590/105/Pem-XI/2012, November 21 2012 for areal 9,000 Ha. • Location Permit SK District Kotawaringin Barat No.525/68/XII/2012, December 18th 2012 for 9,275 Ha • IUP No. 525/45/ek, 06 February 2013 • HGU on process. <p>PT Investa Karya Bhakti</p> <ul style="list-style-type: none"> • Izin Prinsip Arahan Lokasi No. 590/09.Pem-II/2014, 3rd February 2014 for areal 14,500 Ha. • Location Permit SK District Kotawaringin Barat No. 525/62/IX/2014, 1st September 2014, 11,746.74 Ha • IUP No. 525/014/EK, April 21 2015, 5,700 Ha <p>PT RohulSawitIndustri and PT Masuba Citra Mandiri</p> <ul style="list-style-type: none"> • HGU on process • Panitia B Inti No. 03/RSL/HGU/2015 seluas 1,893.11 Ha • Panitia B Plasma No. 04/RSL/HGU/2015 seluas 938,16 Ha <p>PT Gunajaya Harapan Lestari</p> <ul style="list-style-type: none"> • Izin Prinsip Arahan Lokasi No. 525/426/Bappeda-D year of 2007, 08 May 2007 for areal 3,000 Ha. • Location Permit SK District Kendawangan No. 265 year of 2007, 28 June 2007 for 3,000 Ha • Revision Location Permit No. 370 year of 2008, 07 October 2008 for 3,000 Ha • Extention Location Permit No. 415 year of 2010, 27 July 2010 for 3,000 Ha
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		<ul style="list-style-type: none"> • IUP No. 365/DISBUN-D/2012, August 23rd 2012 for 1,750 Ha • HGU No. 62/HGU/KEM-ATR/BPN/2016, 1,973.45 Ha <p>PT Windu Nabatindo Sejahtera</p> <ul style="list-style-type: none"> • Izin Prinsip Arahan Lokasi No. 02.04.28/525.26/463/XI/Ekbang/03, 8th November 2003 for areal 7,000 Ha. • Location Permit SK District Kotawaringin Timur No. 165.460.42, 26 February 2004 for 5,370 Ha • IUP No. 525.26/152/V/Ekbang/2004, 17 May 2004 for 5,370 Ha • Permit Location No. 374.460.42, December 13 2006 for 5,000 Ha (Revision) • IUP No. 525.26/386/V/Ekbang/2007, May 30th 2007 for areal 5,000 Ha (Revision) • Kadastral Map No. 355-15.05-2007, July 6th 2007 for areal 4,998.76 Ha • Surat Permohonan HGU 003/WNS-Dir/VII/2007, July 11th 2007 for areal 5,000 Ha. <p>PT Windu Nabatindo Abadi</p> <ul style="list-style-type: none"> • Sertifikat HGU No. 37/HGU/BPN RI/2014 seluas 1,987.8 Ha • Sertifikat HGU No. 48/HGU/KEM-ATR/BPN/2015 tanggal 20 Mei 2015 seluas 5.773 Ha <p>PT Nabatindo Karya Utama</p> <ul style="list-style-type: none"> • Sertifikat HGU No. 17/HGU/KEM-ATR/BPN/2016 tanggal 07 April 2016 seluas 3,298.63 Ha <p>HGU on process for Ladang Sawit Mas, PT Lestari Gemilang Intisawit, PT Agro Manunggal Sawitindo, PT Karya Makmur Langgeng, and PT Gemilang Makmur Subur</p> <p>Auditor verification Land legal process is still going on and there is a detail update progress documented by the company for each year.</p>
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3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

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

NCR No.	: 2016.4	Issued by	: Andi P Pasaribu
Date Issued	: 29 April 2016	Time Limit	: 6 June 2017
NC Grade	: Minor raised to Major	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	: 2.2.2 Legal boundaries shall be clearly demarcated and visibly maintained		
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> ASA-2 Field observation in GMKE and BKCE shows that several area that not installed by boundary poles according to Coordinate List by BPN</p> <p>ASA-3 Estate : Based on the results of field visits on the boundaries pole BPN-16, BPN-99, BPN-21, BPN-90, BPN-97, BPN-86, BPN-87, BPN-83, BPN-43, GMKE, SMNE and BAGE most of the pole visited have been installed and well maintained. However, the position of the pole is within the planting block so it can not be well demonstrated in relation to the mitigation of the legal limit mark. Especially for areas directly related to the area of PT. Tanah Tani Lestari (under BGA Group) and plasma plantation area which in fact its management is done entirely by the management of PT. KMB.</p>			
<p>Root Cause Analysis <i>(filled by organization audited):</i> Lack of Coordination between Regiobal Sustainability Assistant with Regional GIS and related staff of legal in regional area</p>			
<p>Corrective Action <i>(filled by organization audited):</i> Coordination between Regiobal Sustainability Assistant with Regional Geographical Information System (GIS) and Estate Controller in boundaries pole installed based on coordinate spot refer to Land Use Right Map of PT KMB</p>			
<p>Preventive Action <i>(filled by organization audited):</i> Coordination between Regiobal Sustainability Assistant with Regional Geographical Information System (GIS) and Estate Controller in boundaries pole installed based on coordinate spot refer to Land Use Right Map of PT KMB</p>			
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Auditor Observation 24 June 2016 The management unit was showed the evidences: 1. Internal Office Memo, Number: 076/IOM/KMB-REG.1/VI/2016, dated on 22 June 2016 by Regional Head 1 to Regional Estate Controller 1 dan 2, Estate Manager, GIS Depatement and Public Affair Department (PAD) about boundary pole installed in PT KMB, particularly of 42 boundary poles not yet install. 2. Inventarization Program of boundary poles in year of 2016. Based on matrix of program, inventarization/identification of Land Use Right poles, maintain program and pole fixed (poles maintenance and replace) will plan for every year.</p> <p>Auditor Observation on 7 April 2017</p> <ul style="list-style-type: none"> • It has been shown the documentation of the installation of pole boundaries in GMKE and BKCE, SMNE, BDME and BMKE. • Based on document review, there are 104 boundaries poles list of boundary coordinates approved by the Land Office of Kotawaringin Timur Regency. Based on inventory data that has been done, 46 poles have been installed, 			

42 poles in damaged condition, 1 poles missing and 15 poles not yet installed. However, there is no adequate management plan related to the monitoring of the boundary (new installation, replacement of damaged / lost poles or routine maintenance).

Major Verification on 5 June 2017

The management unit has shown evidence of improvement :

1. SOP of Installation and Maintenance of boundaries pole (KMB-GIS-SOP-02) endorsed by Region Head - 1 dated April 7, 2017.
2. Regional-1 marker maintenance program year 2017 with checking agenda of boundaries pole (position and condition survey), maintenance of boundaries pole (making of new pegs, position fixing, repainting and site cleaning), fixing of stakeholder (survey position / condition limited, Supporting poles separated between PT / Plasma as well as painting of poles and palm) and making activity report.
3. It has been shown document monitoring of boundaries pole PT. KMB along with progress chart and check marker with scale 1: 100.000.
4. News event checks and maintenance boundaries pole PT. KMB.

Field observation results June 6, 2017

SMNE:

It has been demonstrated the separation efforts of estate and plasma plantation as well as estate plantation with other business units under BGA group in accordance with SOP of Installation and Maintenance of Boundaries Pole. The GIS team has installed the boundaries pole and auxiliary pegs with a distance of ± 30 meters. It also has been painted certified (blue paint), uncertified (white → plasma and yellow → other business units under BGA group). All boundaries pole have been monitored and inventoried by GIS teams and well documented.

BDME

- Block E7B, Division 1 BDME is the estate of PT TTL, there has been marking a red helpline marked PT TTL / PT KMB, in addition to the palm stem is yellow paint showing the boundary area of PT TTL mengikuti the direction of the helpline. For the areas that enter HGU PT KMB, there is a blue paint on the palm stem in the outer limit.
- Blok E7B, Divisi 1 BDME merupakan area inti PT TTL, telah terdapat penandaan patok bantu warna merah bertuliskan PT TTL/PT KMB, selain itu juga pada batang sawit terdapat cat berwarna kuning yang menunjukkan batas area PT TTL mengikuti arah patok bantu. Untuk area yang masuk HGU PT KMB, terdapat cat berwarna biru pada batang sawit yang terdapat di batas terluar.
- Blok E8, Divisi 1 BDME merupakan area plasma (Koperasi Mekar Jaya), terdapat penandaan patok bantu warna merah bertuliskan PT KMB/Plasma, selain itu jga pada batang sawit terdapat cat berwarna putih yang menunjukkan area plasma. Untuk area yang masuk HGU PT KMB, terdapat cat berwarna biru pada batang sawit yang terdapat di batas terluar.

Auditor conclusion:

Berdasarkan bukti perbaikan yang telah ditunjukkan, ketidaksesuaian ini dinyatakan **Closed with Observation**.

Verified by : **Andi P Pasaribu**

NCR No.	: 2016.5	Issued by	: Sofyan H Lubis
Date Issued	: 29 April 2016	Time Limit	: ASA-3
NC Grade	: Minor	Date of Closing	: 7 April 2017
Standard Ref. & Requirement	: 4.4.1 Implementation of the monitoring program quality and availability of surface and underground		

<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <ul style="list-style-type: none"> • The result of underground water quality test in 2nd semester of 2015 cannot be shown yet • The result of surface water quality test in 2nd semester of 2015 cannot be shown yet • The result of aquatic biota quality test in 2nd semester of 2015 cannot be shown yet 	
<p>Root Cause Analysis <i>(filled by organization audited):</i> Lack of knowledge from new RSPO PIC staff associated with environment monitoring and management.</p>	
<p>Corrective Action <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> • Take a measurements of environment parameters according to Environment Impac Assessment (EIA) document and reporting result of environment parameter measurments to environment agency. • Making a corrective action for each item whose measurement value is bottom of limit according to SOP corrective action and prevetife action. 	
<p>Preventive Action <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> • Socializing SOP of Environment monitoring and management to RSPO PIC in Mill by Mill Manager. • Monthly meeting to discuss updates program associated to environment monitoring and management. 	
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Observation at 6 June 2016 The Company has implemented surface water quality monitoring program, such as surface water quality test, ground water quality test, and aquatic biota quality test, conducted by an accredited laboratory. Implementation of environmental monitoring are recorded in the environmental management and monitoring plan implementation in 2nd semester of 2015 and has been submitted to the related agency on Mei 13, 2016. According to the results test, it is known there are parameters not comply with the quality threshold regulated by the government, such as COD, BOD, Fe, etc. Therefore the company must be show evident of an evaluation of the test results</p> <p>Verification ASA3 In the report semetser 2 2015 the company has sent to BLHD East Kotawaringin note dated 13 May 2016 that the company has done testing the quality of surface water, ground water quality, and the quality of aquatic biota.</p> <ul style="list-style-type: none"> • To evaluate the critical level Mentaya River water testing for the parameters BOD, Cd, Cu passed the quality standard threshold point. Activity settlements, plantations and mining of gold and sand affect these parameters • The company has also implemented water monitoring wells testing and evaluation based on known companies have already obeyed take measurements every 6 months and the test results are in accordance with the parameters set • The company has been monitoring the biota in collaboration with the University of Fisheries Lab Lambung Mangkurat form measurement of micro-organisms aquatic plankton and benthos. The test results are in accordance with the parameters set <p>Thus the nonconformity No. 2016.5 are closed</p>	
Verified by	: Yohanes H

NCR No.	: 2016.10	Issued by	: Sofyan H Lubis
Date Issued	: 29 April 2016	Time Limit	: ASA-3
NC Grade	: Minor	Date of Closing	: 7 April 2017

Standard Ref. & Requirement	5.1.2 Implementation and reporting EIA
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>	
<p>Environmental monitoring has not been fully implemented and reported to related agency accordance with guidance of environmental documents, such as:</p> <ul style="list-style-type: none"> - Surface water quality test in 2nd semester of 2015 - Underground water at monitoring wells test in 2nd semester of 2015 - Aquatic biota test in 2nd semester of 2015 	
Root Cause Analysis <i>(filled by organization audited):</i>	
Lack of knowledge from new RSPO PIC staff associated with environment monitoring and management.	
Corrective Action <i>(filled by organization audited):</i>	
<ul style="list-style-type: none"> • Take a measurements of environment parameters according to EIA document and reporting result of environment parameter measurments to environment agency. • Making a corrective action for each item whose measurement value of COD, BOD and Fe (river) are bottom of limit value according to SOP corrective action and prevetife action 	
Preventive Action <i>(filled by organization audited):</i>	
<ul style="list-style-type: none"> • Requesting to management to add safety officer in each mill who responsible to do environment monitoring and management. • Socializing SOP of Environment monitoring and management to RSPO PIC in Mill by Mill Manager. • Monthly meeting to discuss updates program associated to environment monitoring and management. 	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
<p>Observation at 6 June 2016</p> <p>The Company has implemented management and monitoring base on the AMDAL and UKL/UPL, such as surface water quality test, ground water quality test, and aquatic biota quality test, conducted by an accredited laboratory. Implementation of environmental monitoring are recorded in the environmental management and monitoring plan implementation in 2nd semester of 2015 and has been submitted to the related agency on Mei 13, 2016.</p> <p>According to the results test, it is known there are parameters not comply with the quality threshold regulated by the government, such as COD, BOD, Fe, etc. Therefore the company must be show evident of an evaluation of the test results.</p> <p>Verification ASA3</p> <p>In the report semetser 2 2015 the company has sent to BLHD East Kotawaringin note dated 13 May 2016 that the company has done testing the quality of surface water, ground water quality, and the quality of aquatic biota.</p> <ul style="list-style-type: none"> • To evaluate the critical level Mentaya River water testing for the parameters BOD, Cd, Cu passed the quality standard threshold point. Activity settlements, plantations and mining of gold and sand affect these parameters • The company has also implemented water monitoring wells testing and evaluation based on known companies have already obeyed take measurements every 6 months and the test results are in accordance with the parameters set • The company has been monitoring the biota in collaboration with the University of Fisheries Lab Lambung Mangkurat form measurement of micro-organisms aquatic plankton and benthos. The test results are in accordance with the parameters set <p>Thus the nonconformity No. 2016.5 are closed</p>	
Verified by	: Yohanes H

NCR No.	: 2016.15	Issued by	: Oktovianus Rusmin
Date Issued	: 29 April 2016	Time Limit	: ASA-3
NC Grade	: Minor	Date of Closing	: 4 April 2017
Standard Ref. & Requirement	: 6.10.4 Agreed payments shall be made in a timely manner		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
The company has had a sales and purchase agreement with local FFB supplier which is set the payment period. However, based on payment receipt observation, the realization of payment is not accordance with the agreement			
Root Cause Analysis <i>(filled by organization audited):</i>			
Lack of coordination between commercial staff in regional area and head office.			
Corrective Action <i>(filled by organization audited):</i>			
Commercial staff in regional area and head office shall coordinated regarding to the FFB payments to supplier become on time according to purchasing agreement.			
Preventive Action <i>(filled by organization audited):</i>			
Scheduled monthly meeting between mill manager and commercial staff regarding to FFB purchasing process from supplier and payments mechanism monitored by mill controller.			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Verification on 4 April 2017			
The Company shows the recapitulation of the local TBS purchase payment along with the Receipt and Invoice Report. For example:			
<ol style="list-style-type: none"> 1. Payment of TBS suppliers in the name of Rudi, Burma Simanjuntak, Kalkup, Ratna Hidayah and Tanjung Harapan Farmers Group for the period of 16 to 28 February 2017. Payment has been in accordance with the BAST and Invoice with the date period in accordance with the agreed agreement. 2. Payment of suppliers of FFB in the name of Kalkup, Rudi, Ratna Hidayah and Yepie for the period of 1-15 March 2017. Payment has been in accordance with the BAST and Invoice with the date period in accordance with the agreed agreement. 			
Conclusion:			
Based on Root Cause Analysis, Corrective Action and Preventive Action above. So this non conformity has been comply.			
Verified by	: Trismadi Nurbayuto		

NCR No.	: 2016.17	Issued by	: Oktovianus Rusmin
Date Issued	: 29 April 2016	Time Limit	: 6 June 2017
NC Grade	: Minor raised to Major	Date of Closing	: 5 June 2017
Standard Ref. & Requirement	: 7.3.3 Dates of land preparation and commencement shall be recorded		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
Lack of understanding of the relevant Management Unit Control Document / Records and has not designated document controller PIC regions.			

<p>Root Cause Analysis <i>(filled by organization audited):</i> Lack of understanding of the relevant Management Unit Control Document / Records and has not designated document controller PIC regions.</p>	
<p>Corrective Action <i>(filled by organization audited):</i> Provide proof recording land clearing for land clearing activities on November 2005.</p>	
<p>Preventive Action <i>(filled by organization audited):</i> Recording control land clearing PT. KMB according to SOP Control Recordings by PIC document controller area</p>	
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verification ASA 3 The Company has submitted the minutes of opening documents without burning land clearing include documents photo GRTT in Lawin Rasa. Based on data from the properties on the file shows that the picture was taken on the 2nd of September 2005. This is because the data clearing has passed the document storage period and was destroyed. However the company has not shown evidence of document destruction event news to the news of the opening of land and witnessed by the internal auditor. Thus this discrepancy was declared open. NCR 2016.17 Minor raised to Major</p> <p>Major Verification 5 June 2017 The Company has presented one of the documents related to the initial land clearing in the form of a land clearing agreement (No: 003 / SPK-KMB/JKT/III/2005) dated March 2, 2005 between the company and the land clearing contractor of PT Supratama Mandiri.</p> <p>Based on Root Cause Analysis, Corrective Action and Preventive Action above. So this non conformity has been comply.</p>	
Verified by	: Yohanes H

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

NCR No.	: 2017.1	Issued by	: Andi Pratama Pasaribu
Date Issued	: 7 April 2017	Time Limit	: ASA-4
NC Grade	: Minor	Date of Closing	: -
Standard Ref. & Requirement	: 2.2.5 For any land-related conflicts or disputes, evidence should be available that the disputed land has been mapped to the adjacent community and local government if necessary).		
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on document verification known that PT. KMB has had HGU and HGB certificate that covered whole operational area. Through the latest hectare statement known that 626.76 Ha has occupied by others. Based on operational map, there was some areas that did not acquisition yet. For example, area around the boundary poles No. BPN-KMB-86, BPN-KMB-87 and BPN-KMB-83.</p> <p>Based on data above, there are several document that not showed yet as follows:</p> <ol style="list-style-type: none"> 1. Land dispute participatory mapping procedure. 2. Land dispute participatory map that set with land claimer. 3. The latest document of land outstanding claim monitoring. 4. Management plan for occupation area. 			
<p>Root Cause Analysis <i>(filled by organization audited):</i> Occupational data in regional office that has not been synchronized and has not been approved by data from D & L center.</p>			
<p>Corrective Action <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> a. Management Plan for occupation areas in KMB that have been synchronized and approved by D & L Center and GIS Center b. Occupation area map of PT KMB c. Certificate of Land Ownership Register in HGU 			
<p>Preventive Action <i>(filled by organization audited):</i> Evaluation on monthly Management Review meeting to update data by PIC from PAD and GIS regional as well as monthly data synchronization by D & L Center related to management review result.</p>			
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Evaluation on 4th July 2017 Company has showed corrective evidence such as:</p> <ol style="list-style-type: none"> 1. Land occupation map of PT. Karya Makmur Bahagia compiled by the Department of GIS Region I with scale 1: 50.000. Based on the map, it was recorded that the occupational area covered by an area of 626 Ha. 2. A reference from the PAD Regional Staff 1 on 29 May 2017 stating that there are 98 occupants in the HGU area of PT. KMB with overlapping ownership status. 3. Management plan for settlement of overlapping land ownership area signed by Region Head Region I and Document & License Department. The program is the identification of overlapping areas of ownership, meeting with the owner of the area, checking the common area, making participatory maps, making agreement documents, signing documents, maps, and maintaining agreement. The program is planned gradually from 2017 to 2021. 			
<p>Auditor's conclusion: Based on corrective evidence that have been submitted, the nonconformity of this indicator is closed and will be observed for implementation in next audit activities.</p>			

Verified by	: Andi Pratama Pasaribu
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NCR No.	: 2017.2	Issued by	: Afiffuddin
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: MAJOR	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	: 4.6.6 Storage of pesticides shall be according to recognised best practices. All pesticides containers shall be properly managed according to the existing regulations and or instructions enclosed on the containers.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
Based on the results of the visit in housing Division 2 SMNE, found the former packaging of pesticides in housing used as a trash. The management unit has not been able to ensure the B3 waste management system (pesticide packaging) in accordance with prevailing procedures and regulations.			
Root Cause Analysis <i>(filled by organization audited):</i>			
The hazardous waste which is used by employees is privately owned (new employees). This is due to the lack of awareness of some employees of hazardous waste management			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> Identify the hazardous waste within the employee housing Evacuation of the remaining hazardous waste to CMNT hazardous waste storage and recorded it to its balance 			
Preventive Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> Monitoring and raiding of hazardous waste monthly by assistant unit and PIC Sustainability / HSE Officer in each housing complex Socialization to worker by HSE Officer related to SOP of Hazardous Waste Management regularly every two months 			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Document Verification on June 5, 2017			
The Company showed Hazardous Waste Shipment Report on May 5, 2017. One piece of ex pesticide container has been transported in Division 2 SMNE.			
The Company showed the Occupational and Environment Safety and Health Program of 2017, specially for Environmental Pollution Management explained that hazardous Waste Inspection will be conducted every month by HSE Officer. While Socialization of hazardous Waste Management will be conducted every two months.			
Field Verification on June 6, 2017			
Based on the results of field observation to the housing Division 02 SMNE the existence of packaging of pesticide is not found. In addition, the results of field observations to hazardous waste storage at CMNT known that there is a record entry of the ex pesticide container.			
Verified by	: Trismadi N		

NCR No.	: 2017.3	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: MAJOR	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	: 4.6.11 A record of annual health examination results for the operator and evidence of follow-up to		

	the results of the examination should be available.
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>	
<p>Based on document review, founded that:</p> <ul style="list-style-type: none"> - Medical examination has been conducted for spraying worker and manuring worker in SMNE on 21st February 2017. In February 2017, the number of spraying worker is 19 people. However, based on the results of medical examination, it is known that only 6 workers spray medically examined. - Medical examination has been conducted for spraying worker and manuring worker in BAGE on 21st February 2017. However, based on the results of medical examination, it is known there are 4 workers (2 fertilizer and two workers spray) with results below the threshold. However, the company has not been able to show a followup to workers with examination results below the threshold. And not all pesticide operators medically examined periodically, for example, spraying foreman. <p>Related to that, company could not show that medical examination has been conducted to all workers related to chemicals.</p>	
Root Cause Analysis <i>(filled by organization audited):</i>	
<p>The analysis of the new Cholinestrease medical check up received by the unit as of March 31, 2017 and have not done any analysis for remedial action yet. And for the spraying worker who did not participate MCU on February 21, 2017 due to he's not come to work.</p>	
Corrective Action <i>(filled by organization audited):</i>	
<p>4 worker were transferred to a type of work that was not a chemical application to reduce exposure of chemicals. Follow up medical check up for worker who have not performed a medical examination is done.</p>	
Preventive Action <i>(filled by organization audited):</i>	
<ul style="list-style-type: none"> • Performed MCU Cholinestrease on a regular basis, including a spray mandor and 4 abnormal cholinesterase employees to monitor their health progress. • Providing extra fooding (milk) by the company on a ready-to-serve basis and given before leaving for work • Safety briefing about the use of PPE, healthy food, preparation of a healthy mental condition before work 	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
Observation on May 16, 2017	
<p>The Company has sent corrective evidence in the form of:</p> <ol style="list-style-type: none"> 1. The results of medical examinations of employees BDME spraying has been done by the company doctor on April 25, 2017. According to the document identified two employees spraying with abnormal health examination results. 2. Form corrective action and preventive action request dated April 28, 2017 issued by staff sustainability and known by SMNE managers. 3. Decree No. 021 / SK / EM-SMNE / IV / 2017 and no. 021 / SK / EM-SMNE / IV / 2017 dated April 28, 2017 regarding worker mutations based on Medical check up analysis. 	
Field observation on June 6, 2017	
<p>Based on interviews with spraying teams in block D18 Division I and manuring team in block A43 Division IV is known that special medical check up have been conducted in April 2017. In addition, the worker with result of MCU is in unfit condition have been transferred to non-chemical work.</p>	
Auditor Conclusion:	
<p>Based on the corrective evidence, field visits and interviews with all parties, this nonconformity is closed.</p>	
Verified by	: Andi P Pasaribu

NCR No.	: 2017.4	Issued by	: Asystasya Aishah Silalahi
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Date Issued :	7 April 2017	Time Limit :	6 June 2017
NC Grade :	MAJOR	Date of Closing :	6 June 2017
Standard Ref. & Requirement :	4.7.3 Records of Safety and Health (OHS) program training (see 4.8) and Personal Protective Equipment (PPE) in accordance with hazard identification and risk analysis should be available to all workers.		
Non-Conformance Description & Evidence observed (filled by auditor): Based on field observation, it is found that: <ul style="list-style-type: none"> • Spraying workers in SMNE were wearing fabric gloves instead of rubber gloves. It is not accordance with SOP No BGA-SOP-CCS-1106.1-R0 about Personal Protective Equipment. • PPE for SMNE harvesters are owned personally • Quality Control Foreman in Grading Station GMKM did not get safety shoes for 2 years. • Spraying workers in BAGE were wearing fabric gloves instead of rubber gloves. It is not accordance with SOP No BGA-SOP-CCS-1106.1-R0 about Personal Protective Equipment. • Loose fruit picker in BAGE did not get PPE such as boot. • Maintenance worker in BAGE did not get PPE such as boot <p>Related to that, the company has not been able to demonstrate the evaluation and monitoring of the implementation of the identification sources of hazards and controls.</p>			
Root Cause Analysis (filled by organization audited): <ul style="list-style-type: none"> • Company could not provide PPE it is still in the PP process in February 2017 • Lack of Awareness of spraying and grading worker on the use of PPE because most employees are new employees 			
Corrective Action (filled by organization audited): <ol style="list-style-type: none"> Conducted cash purchases of PPE directly and distribute to worker whose PPE has been damaged or not get PPE yet Record of PPE Spraying worker transfer. Record of IOM socialization related to Discipline Use of PPE The chemist employee statement letter for not using PPE which has been given IOM about Discipline Use of PPE Chemist from EM SMNE IOM from EC and RH to all EM Related to Use of PPE Statement from grading QC team for not using PPE from PPE Provided Record of PPE socialization to third party & list of attendance Record of joint checking of Use of PPE Letter to third party to Refresh the Terms of Use of PPE in the mill The diesel fuel weighing ticket of PT Marlin Jaya Makmur that shows the monitoring time 			
Preventive Action (filled by organization audited): <ol style="list-style-type: none"> Procurement monitoring and PPE checking monthly by head of section and assistant from each unit Monthly evaluation in RSPO monthly meetings in the regional office. PPE stock will be confirmed and monitored directly by head of section and administration every month to meet the stock quota of 10% IOM about Discipline Use of PPE Chemist from EM SMNE IOM from EC and RH to all EM about the use of PPE which will provide strict sanctions for EM that are not ensure the usage of PPE by the worker properly 			
Assessor Evaluation and Conclusion (filled by auditor): Major Verification June 5, 2017 The Company has showed the following corrective evidence document:			

1. Record of PPE handover of harvesting worker (14 persons) on May 18, 2017.
2. Record of PPE handover of harvesting clerk and FFB loading worker (3 people).
3. Record of PPE handover of spraying worker (21 people) in the form of rubber gloves, masks, glasses and apron.

Field observation results June 6, 2017

- Based on the results of the field visit SMNE spraying team, it is found that workers use adequate PPE such as shoes, apron, spraying uniform, masks and faceshield helmet. However, employees still use cloth gloves.
- A document showing the provision of PPE for the harvesting team is provided free of charge to the worker, such as record of safety shoes handover to 9 QC worker on April 20, 2017.
- QC members in charge of loading ramp still use boots, and found the existence of diesel truck kernet that does not use the PPE (safety shoes and helmet) in the loading ramp area.

Verify June 22, 2017

The Company shows some of the following corrective evidence:

1. Record of PPE handover to 16 people spraying team SMNE Division 3 dated June 10, 2017 in the form of masks, helmets, and rubber gloves following documentation of PPE.
2. Record and Minutes of meeting of IOM socialization about of the use of PPE on 12 June 2017 to 22 maintenance and harvest workers in Division 2 SMNE.
3. IOM from Estate Controller 1a and 1b approved by Regional Head 1 No. 036 / IOM / Area.1-KMB / VI / 2017 dated June 10, 2017 is addressed to all estate managers, concerning: the obligation to use PPE and the minimum supply of 10% APD stock in each estate. For estate managers who will not carry out will be given sanctions.
4. Intern Office Memo from Manager SMNE No. 004 / IOM / MGR-SMNE / VI / 2017 dated June 3, 2017 to all employees of the harvest. Subject: Discipline use of PPE for spraying team, explained if still found the existence of employees who do not use PPE, hence will be given reprimand letter, warning letter and termination of work.
5. Record on the compliance of PPE usage at GMKM to 3rd party (PT Marlin Jaya Makmur) mentioned that the driver use standard helmet & safety shoes along with documentation and monitoring result of PPE usage for all employees / people working in GMKM area.

Auditor Conclusion:

Company has shown the documentation of PPD to SMNE division 3 spraying team and monitoring of PPE usage for all employee / person working in GMKM area. This nonconformity is closed.

Verified by : **Andi Pratama Pasaribu**

NCR No.	: 2017.5	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 7 April 2017	Time Limit	: ASA-4
NC Grade	: Minor	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	<p>4.7.5 There should be emergency and occupational injection procedures available in the Indonesian language as well as available workers who have received First Aid Training in Accidents (P3K) in the work area.</p> <p>Special Guidance: Trained P3K personnel should be available, both in the field and other operational sites, and first aid equipment should be available at work. Records of accidents should be kept and reviewed on a</p>		

	regular basis
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>Based on field observation in estate and mill, it is found that:</p> <ul style="list-style-type: none"> • The contents of 2 first aid box in Central Mentaya Traction workshop is less than 21 items. • The contents of First aid box in GMKM workshop is only 9 items. Based on Regulation Of Labor Ministry No 15 2018 about First Aid in Workplace explain that the contents of First Aid Box for workplace with 25 worker or less is 21 items. • The contents of first aid bag harvest, spraying, manuring foreman in BDME is not complete. • Manuring foremand in SMNE is not bring the first aid bag. • Hydrant no 2 in GMKM was used for other purpose, that is to fulfill vacuum water in sedimentation pool. • First aid officer/foreman on site (BSS/BMS BAGE) understanding related to first aid treatment on work accident is still lacking. <p>Based on the Minister of Labor Regulation No. 15 of 2008 on P3K at Work Article 10 states that the contents P3K box must meet the requirements as listed in annex II and there may be no material or equipment other than those required. According to appendix II, the contents of the box are as many as 21 items.</p> <p>Related to this, the company has not been able to show that the implementation of P3K box contents is in accordance with Permenaker No. 15 of 2008.</p>	
<p>Root Cause Analysis <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> 1. Submission of refill of First Aid in process 2. The usage sheet is not available in the first aid kit. 3. Hydrant: the hydrant used at that time is not functioning because it has created a new hydrant line 	
<p>Corrective Action <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> 1. Purchase of first aid and completed with validation sheet 2. Hydrant: transfer of old hydrant line for other purposes 	
<p>Preventive Action <i>(filled by organization audited):</i></p> <p>Monitoring the contents of first aid in the unit once a month and procuring refills of first aid boxes per 1 month or as needed</p>	
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Major Verification June 5, 2017</p> <p>The Company has presented the following corrective evidence document:</p> <ol style="list-style-type: none"> 1. Record of replacement and delivery of first aid kit with the contents of 21 items for the first aid kit box in GMKM and its documentation. 2. OHS socialization reports and first aid training for the foreman at BDME. This activity was held on May 19, 2017 and was participated by 22 participants consisting of harvesting, plant maintenance, and transportation foreman and clinic officer. 3. Record of handover of 7 units of waist bags on May 19, 2017 in the hall of BDME. 4. Record of evacuation and socialization of the use of hydrant towards the use of vacuum water in the sedimentation pond by creating a special line. Socialization of the use of hydrant was followed by 9 employees operators tippler, sterilizer and compound. <p>Field observation results June 6, 2017</p> <p>SMNE</p> <p>Based on field observations of BSS and BMS SMNE teams it is known that the foremen have brought first aid boxes that have been adjusted to the applicable regulations.</p> <p>BDME</p> <p>Based on field observations of harvest teams, BSS and BMS BDME it is known that the foremen have brought first aid</p>	

boxes that have been adjusted to the prevailing regulations.

GMKM

Based on the result of field observation to hydrant No. 2, it is not used for other functions (filling the vacuum water in the sedimentation pool). In addition, the results of field observations to engine room, hazardous waste storage and Clarification, It is known that all first aid boxes have been completed in accordance with applicable regulations.

Auditor Conclusion:

Based on root cause analysis, corrective action, preventive action and field observation, this nonconformity is closed.

Verified by : **Andi P Pasaribu**

NCR No.	: 2017.6	Issued by	: Afiffuddin
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: MAJOR	Date of Closing	: 19 June 2017
Standard Ref. & Requirement	: 5.3.2 There shall be evidence that all chemicals and their empty containers are disposed of responsibly.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
Based on the results of document review and field observation in temporary storage of hazardous and toxic waste materials, it is known that there may be some non-conformities :			
<ol style="list-style-type: none"> 1. The certification unit already has a work agreement with the holder of hazardous and toxic waste material (PT Sinar Bintang Albar) which is valid until November 2017, but there has not been any working agreement with a third party to transport medical waste. 2. Based on the results of document review and visits to temporary storage of hazardous and toxic waste materials in CMNT Traction, it is known that there has not been any medical waste transport since the expiration of the medical waste management contract with Sari Mulya Hospital on December 31, 2015. 3. Based on the results of field visits to the temporary storage area of hazardous and toxic waste materials in CMNT traction there is a logbook of pesticide packaging, but no updated balance sheet for pesticide packaging has been shown. 			
Root Cause Analysis <i>(filled by organization audited):</i>			
The Company is finding a hazardous waste transporter that has a license from the Ministry of the Environment because of the license of old transporter is still from environmental agency of Kalimantan Tengah Province while the management is across the province.			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Evidence of Bid Documents from PT BSI • Evidence of document delivery of work agreement to BSI • Make agreements with hazardous waste company that have permits that meet the relevant regulations 			
Preventive Action <i>(filled by organization audited):</i>			
Periodically evaluate once every 6 months on the Agreement and Permits of the peer companies			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Document Verification June 6, 2017			
The Company demonstrates a Cooperation Agreement on the Management of Hazardous and Toxic Wastes (B3) with PT Prasadha Pamunah Industrial Waste and PT Bank Sampah Indonesia. 01 / KMB-L / PLB3 / IV / 2017; No. 101 / KMB /			

PLB3 / IV / 2017; No. 14 / BSI / PLB3 / VIII / 2016 dated June 6, 2017 with validity period of 30 April 2019 (2 years) for transportation, collection and processing / utilization of LB3 implemented under this SPK.

Field Verification June 6, 2017

1. Record of Transportation and manifest of hazardous waste of medical from CMNT has not been shown yet.
2. Based on field observation to hazardous waste storage, it is known that the updated balance sheet of each type of hazardous waste as follows:
 - Oil: last entered on May 20, 2017 as much as 6 liters, current stock 359 liters.
 - Oil Filter: last entered on May 24, 2017 as much as 1 Pcs, current stock 19 liters
 - Filter Fuel: last entered on May 24, 2017 as much as 1 Pcs, current stock 19 liters
 - Cap's broken: last entry on April 4, 2017 as many as 15 Pcs, current stock 15 Pcs.
 - Packaging former pesticides: last entry on 29 April 2017 as many as 34 Pcs, current stock 77 Pcs.
 - Medical B3 waste: 62 Kg.

Document Verification June 19, 2017

The Company shows evidence of document improvement as follows:

1. Manifest No. ARB 00002640 dated June 10, 2017 for LB3: Used oil with volume: 4400 Kg from CMNT, using truck plate no AD 1834 AV.
2. Manifest No. ARB 00002634 dated June 10, 2017 for LB3: Used oil with volume: 1200 Kg from CMNT, using truck plate no AD 1834 AV.
3. Manifest No. ARB 00002644 dated June 10, 2017 for LB3: Used pesticide packaging with volume: 72 Kg from CMNT, using truck plate no AD 1834 AV.
4. Manifest No. ARB 00002639 dated June 10, 2016m for LB3 rag with volume: 100 Kg from CMNT, using truck no AD 1834 AV.
5. Manifest No. ARB 00002638 dated June 10, 2017 for LB3 Used oil with volume: 200 Kg from CMNT, using truck no AD 1834 AV.
6. Manifest No. ARB 00002636 dated June 10, 2017 for LB3 Used filter with volume 202,5 Kg from CMNT, using truck no AD 1834 AV.
7. Manifest No. ARB 002642 dated June 10, 2017 for LB3 Used filter with volume 405 Kg from CMNT, using truck no AD 1834 AV.
8. Manifest No. ARB 002637 dated June 10, 2017 for LB3 Used pesticide packaging with volume 149,5 Kg from CMNT, using truck no AD 1834 AV.
9. Manifest No. ARB 002641 dated June 10, 2017 for used LB3 Accu with volume 644 Kg from CMNT, using truck no AD 1834 AV.
10. Manifest No. ARB 002643 dated June 10, 2017 for LB3 medical waste (infectious) with volume 62 Kg from CMNT, using truck No. AD 1834 AV.

In addition there is also record of hazardous waste transportation from PT Bank Sampah Indonesia. 117 / VI / BSI / BGA / KMB / 2017 dated June 10, 2017.

Auditor Evaluation:

Based on the root cause analysis, corrective actions and preventive action, this nonconformity is closed.

Verified by	: Trismadi N
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NCR No.	: 2017.7	Issued by	: Afiffuddin
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Date Issued	: 7 April 2017	Time Limit	: ASA-4
NC Grade	: Minor	Date of Closing	: -
Standard Ref. & Requirement	: 5.3.3. A documented waste management plan to avoid or reduce pollution and its implementation shall be available.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the results of the document review, it is known that the certification unit has a waste management plan, but in its implementation the certification unit has not consistently managed to avoid and reduce pollution, it is supported by the findings of the following nonconformities : 1. Based on the results of field observation in the palm oil factory is known that there is utilization of hazardous waste materials that are not in accordance with the nature and characteristics of the waste, such as used oil drums used as potted plants.			
Root Cause Analysis <i>(filled by organization audited):</i> Lack of understanding and awareness of SOP of hazardous waste management			
Corrective Action <i>(filled by organization audited):</i> <ul style="list-style-type: none"> • Dismantling of used drums as potted plants and evacuation to TPS LB3 • Update B3 waste balance • Documentation of dismantling and evacuation of used drums used as potted plants 			
Preventive Action <i>(filled by organization audited):</i> Socialization of SOP of hazardous waste processing			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Document Verification June 5, 2017 1. The company shows the minutes of meeting (dated 10 April 2017) the dismantling of the used drum as plant pot and evacuation to the hazardous waste storage and also documentation of the revocation of the pot and is transported to the licensed hazardous storage at the mill 2. The Company shows a recording of the socialization of LB3 management in accordance with SOP. Field Verification June 6, 2017 Based on the results of field visit in the mill, there is no more hazardous waste used for other functions. Auditor's Conclusion: The root cause analysis and preventive action are still inadequate, but there has been no evidence of socialization of hazardous waste management procedure. As well as refreshment programs related to hazardous waste management, to prevent non recurrence of the same NC.			
Verified by	: Trismadi N		

NCR No.	: 2017.8	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: MAJOR	Date of Closing	: 6 July 2017
Standard Ref. & Requirement	: 6.5.1 Wage documentation and work conditions should be available in accordance with applicable		

	labor requirements
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>Company has the 2017 Premium Provision No No Khs-001/HOK-RH/XII/2017 on 30th December 2017 about Provision of Overtime System, applicable since 1st January 2017. Based on that document it is known that the overtime for Security on Sunday / holiday set: position Danru (commander squad) is Rp 95,000, Wadanru (vice commander of the squad) is Rp 90,000, and squad member is Rp 85,000. Based on the document review "The format of the daily premium monitoring" period 26 February to 25 March 2017 for the position of Security (Danru) in GMKM, premiums obtained on the day of the week amounted to Rp 80,000. Based on that description, company has not implemented the overtime accordance with the applicable regulation.</p>	
<p>Root Cause Analysis <i>(filled by organization audited):</i></p> <p>Policy of GMKM unit because when calculated, employee income will be less if applied new system of overtarget premium (2017) in work system at GMKM.</p>	
<p>Corrective Action <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> • Make an analysis and agreement with employees related to the system of premiums that will apply for the enforcement of premiums in GMKM units. • Establish IOM Provisions of HCGD and Management in relation to changes in the premium provisions for security estate refer to Decree of the Minister of Manpower 102 of 2004. 	
<p>Preventive Action <i>(filled by organization audited):</i></p> <p>Conduct analysis and evaluation of the premium / wage system used annually by the Regional HRD and every month through RSPO monthly meeting monitoring</p>	
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verify June 5, 2017</p> <p>The company shows Internal Office Memo No. 104 / IOM / REG.1 / VI / 2016 dated June 8, 2016 signed by Regional Head 1 and Mill Controller 1, regarding: the fixed premium provision of security guard Mill Region 1.</p> <ol style="list-style-type: none"> 1. The fixed premium applies to the security guard of Mill Region 1. 2. No overtime claims. 3. Details of the fixed premium amount attached, entered into force on 14 June 2016 and will serve as guidance in each of its technical implementers. <p>Premium Terms:</p> <ol style="list-style-type: none"> 1. Fixed Premium Commander of Team Rp. 625,000, - and holiday premium of Rp. 80,000, - 2. Premium fixed member of security Rp. 500,000, - and holiday premium / Sunday Rp. 70,000, - <p>While in the 2017 BGA Premium Decree No Khs-001 / HOK-RH / XII / 2017 dated December 30, 2016 on the provisions of the prevailing Premium System from 1 January 2017.</p> <p>Premium Terms:</p> <ol style="list-style-type: none"> 1. Fixed Premium Commander of Team Rp. 375,000, - and holiday premium of Rp. 95,000, - 2. Fixed premium Deputy Commander of Team Rp. 325,000, - and holiday premium of Rp. 90,000, - 3. Premium fixed member of security Rp. 300,000, - and holiday premium / Sunday Rp. 85,000, - <p>The Company also shows the Minutes of Joint Agreement between GMKM Manager and Security at GMKM on April 5, 2017. It is explained that the terms of each premium refers to IOM. 104 / IOM / REG.1 / VI / 2016 dated June 8, 2016. Due to the 2017 premium provision is lower than the 2016 premium provisions.</p> <p>Payroll document verification results, the overtime security recap in May 2017 it is known that the company can demonstrate that the premium above the applicable provisions of the Decree of the Minister of Manpower no. 102 / MEN / VI / 2004. Nevertheless, the results of interviews with HR GA Region 1, mentioned that for the security of the garden refers to the IOM premium provisions in 2017. If referring to the IOM, the premium provisions are still under the Minister of Manpower Decree no. 102 / MEN / VI / 2014.</p>	

Verification on June 22, 2017

The company shows IOM Regional Head 1 No. 124 / IOM / HC-POP / VI / 2017 dated June 20, 2017 regarding the difference in the calculation of the security premium. Explained that instructed that the difference of calculation of the premium is immediately paid in accordance with the Decree of Minister of Manpower no. 102 / MEN / VI / 2004.

Auditor's Conclusion:

The company has not been able to show evidence that all security in the estate has applied overtime provisions in accordance with applicable regulations.

Verification on July 6, 2017

The company has shown proof of payment of overtime for Estate and Factory security for the period of January - June 2017 in the form of security attendance list, photo and overtime payment receipt. For next month's security overtime payments and so on will refer to IOM Regional Head 1 No. 124 / IOM / HC-POP / VI / 2017 dated June 20, 2017 stating that overtime provisions are in accordance with the Decree of Minister of Manpower no. 102 / MEN / VI / 2004.

Based on evidence of improvement shown, the auditor team concludes that the non-conformity in this indicator is stated to be complied.

Verified by : Trismadi Nurbayuto

NCR No.	: 2017.9	Issued by	: Afiffuddin
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: MAJOR	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	: 8.1.1 A monitoring action plan based on consideration of environmental and social impact assessments, and regular evaluations for plantation activities and oil palm plantations		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
The certification unit shows RSPO Internal Audit Result Report Document PT. KMB, conducted on 1 - 2 March 2017. However, no management review has yet been conducted with evidence of further improvement.			
Root Cause Analysis <i>(filled by organization audited):</i>			
Management review meetings can not be made because of the tight schedule of operating meetings at 2-3 months after the internal audit.			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Document of corrective action of RSPO Internal Audit GMKM • Document of corrective action of RSPO Internal Audit BDME • Document of corrective action of RSPO Internal Audit SMNE 			
Preventive Action <i>(filled by organization audited):</i>			
Monitoring progress on improving the findings of RSPO ISPO internal audits through periodic review meetings by all management units			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Document Verification on June 5, 2016			
The company shows the RSPO internal audit corrective action, for example :			

- GMKM : from 8 non-conformities, there is still one non-conformity that is still in progress improvement. Associated with SCCS E.3.1 on certified and non-certified product data.
- SMNE : from 9 non-conformities, there are still 4 non-conformities that are still in progress improvement. For example related to the management of pesticide waste.
- BDME: 6 non-conformities have been fully complied by the management unit, for example related to the management of pesticide waste.

Auditor's Conclusion:

Based on the root cause analysis, the corrective and preventive actions shown. So this non-conformity has been complied.

Verified by : Trismadi N

NCR No.	: 2017.10	Issued by	: Trismadi N
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: Major	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	<p>E.3.1 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:</p> <ul style="list-style-type: none"> a. Complete and up to date procedures covering the implementation of all the elements in these requirements; b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard. 		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
<p>The company has SOP-KMB-Sust-SOP43, Revision 3 dated December 14, 2016. The procedure was explaining about FFB consignment from non certified area was no using RSPO logos. However, according to field observation and interview with workers; this procedure are no implemented. Such as:</p> <ol style="list-style-type: none"> 1. According to field observation to Block H52, Division3, SMNE; there are no physical separating between certified area with uncertified area (PT TTL). And also, based on interview with harvesters and FFB loaders. They can't explaining differentiation of FFB from HGU area and non HGU area (PT TTL). 2. According to field observation to weight bridge station, that known all of FFB Consignment from own estates is still using RSPO logo. There are no physical separation between certified FFB and uncertified FFB. 			
Root Cause Analysis <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • There is no clear separation marker between PT TTL, plasma and PT KMB • Lack of coordination with the estate associated with the separation of FFB Consignment Certified RSPO with Non RSPO. 			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Boundary Procedure • Make clear signs of physical separation in the field so that it is easy to understand and implemented in the field • Removal of the RSPO logo to facilitate physical separation between RSPO and non RSPO FFB • Closes using the barcode on the RSPO logo contained in FFB consignment Non RSPO. 			
Preventive Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Perform periodic physical border care • Socialization to weight bridge operators in mill is related to the closing / removal of RSPO logo on FFB consignment 			

Non RSPO, if any FFB consignment is missed by the estates

Assessor Evaluation and Conclusion *(filled by auditor):*

Document Verification on June 5, 2017

The company shows SOP of Land Use Title holder installation and Boundary Separator between PT KMB and Plasma. Region 1 GIS-SOP-02-R00 signed by EC-1 dated 26 April 2017.

- Installation of auxiliary or more used border marks either adjacent PT or plasma with a distance of \pm 30 s.d. 50 meters with a length of 1.5 m; Diameter 10 cm, inserted and cast into the ground as deep as 1 meter and painted red by writing the name of PT KMB for overlooking the Land Use Title area.
- Creation of physical boundaries in the field by providing different paint on palm or boundary path crossing between PT. White color (plasma area), Blue color (estate area / Land Use Title) and yellow color (non estate area of PT KMB).
- Create a road or trench boundary using heavy equipment
- Minutes of Observation Results.
- Evaluation and analysis of observation results.
- Implementation of corrective actions.

The company shows examples of FFB consignment separation between FFB and Non RSPO as follows :

- FFB consignment RSPO dated May 9, 2017 from Division 1, BDME using dump truck No. DT73 (KH 8342 FE) of block E06: 85 FFB, E07: 173 FFB, and E08: 213 FFB. Ticket weighs no. B 312458 at 16:03 on net : 6580 Kg.
- FFB consignment Non RSPO dated May 9, 2017 from Division 1, BDME using dump truck No. DT73 (KH 8342 FE) of block E06B: 05 FFB, E07B: 290 FFB, and E08B: 10 FFB. Ticket weighs no. B 312428 at 12:47 with netto: 6700 Kg.

Field Verification on June 6, 2017

Based on the results of field observations to several blocks in BDME and SMNE it is known that:

- Block E7B, Division 1 BDME is the estate area of PT TTL, there is a marking of a red helpline bearing the words PT TTL / PT KMB, in addition to the palm stem there is a yellow paint showing the boundary area of PT TTL following the direction of the helpline. For the areas that enter Land Use Title PT KMB, there is a blue paint on the palm stem in the outer limit.
- Block E8, Division 1 BDME is a plasma area (Cooperative Mekar Jaya), there is a marking of a red helpline bearing the words PT KMB / Plasma, in addition on the palm stem there is white paint that shows the plasma area. For the areas that enter Land Use Title PT KMB, there is a blue paint on the palm stem in the outer limit.
- Block H52, Division 3 SMNE is a plasma area (Cooperative Lestari). There is a marking of a red helpline marked with PT KMB / Plasma, in addition on the palm stem of a white paint showing the plasma area. For the areas that enter Land Use Title PT KMB, there is a blue paint on the palm stem in the outer limit.
- Block K50, Division 3 SMNE is a plasma area (Cooperative Lestari), there is a marking of a red helpline bearing the words PT KMB / Plasma, in addition on the palm stem of palm there is white paint that shows the plasma area. For the areas that enter Land Use Title PT KMB, there is a blue paint on the palm stem in the outer limit.

Based on field observations and interviews with two weight bridge operators in mill, they can demonstrate the separation of RSPO and non RSPO FFB consignment arranged in cabinets based on their respective estate. The result of document verification conducted by the auditor has also been compatible between FFB consignment with monitoring records of RSPO and Non RSPO blocks used as reference by weight bridge operators.

Verified by : **Trismadi N**

NCR No.	: 2017.11	Issued by	: Trismadi N
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Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: Major	Date of Closing	: 22 June 2017
Standard Ref. & Requirement	: E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
The company has record of FFB receiving from Certified area and Uncertified area from 21 July – 3 April 2017. However, there are no specific information about FFB received from each blocks, divisions and estates.			
Root Cause Analysis <i>(filled by organization audited):</i>			
Lack of control of the management unit (estate manager) related to monthly data update of specific requests from SC E.4.1 related to FFB Certified data creation based on block, division and estate.			
Corrective Action <i>(filled by organization audited):</i>			
Documenting the volume of TBS certified based on estate, division up to block			
Preventive Action <i>(filled by organization audited):</i>			
Monthly evaluation will be evaluated in the RSPO management review meeting, followed by all estate and mill manager units that will be led by the Estate Controller.			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Document Verification on June 5, 2017			
The company shows the RSPO FFB monitoring documentation based on each block, division and estate in accordance with the certificate period. As an example :			
<ul style="list-style-type: none"> - BDME, Division 1 consists of 35 RSPO blocks with an area of 653.58 Ha. In April 2017 produced 138 tons of FFB. - SMNE, Division 3 consists of 44 RSPO blocks with an area of 527.49 Ha. In April 2017, TBS produced 187 tons. 			
Auditor's Conclusion:			
Based on the results of root cause analysis, corrective actions, and preventive action are shown. So this non-conformity has been complied.			
Verified by	: Trismadi N		

NCR No.	: 2017.12	Issued by	: Trismadi N
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: Major	Date of Closing	: 7 July 2017
Standard Ref. & Requirement	: E.5.1 a. 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. b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c. The 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.)		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
According to document verification, there are several non conformity No. 2017.16; such as:			
a. The company has recording of Certified production of FFB, CPO and PK with three-monthly basis. However, there are no information of FFB production from each blocks, divisions and estates.			

b. According to document verification, Certified Palm Kernel stocks from 21 July – 3 April 2017 is nol, its after Palm Kernel selling. It was non conformity with clause E.5.1.c; “the site can only deliver mass balance sales from a positive stock. The positive stock can include product ordered for delivery within three months”.

Root Cause Analysis (filled by organization audited):

- a. No documentation of FFB certified volumes by estate, division up to block
- b. Lack of knowledge from commercial HO

Corrective Action (filled by organization audited):

- a. Documenting the volume of TBS certified based on estate, division up to block
- b. Conducting discussions and socialization related to CPO and PK certified sales standards based on SC RSPO standard

Preventive Action (filled by organization audited):

- a. Filling FFB certified volume data by estate, division up to block and evaluated periodically
- b. Evaluate every 3 months

Assessor Evaluation and Conclusion (filled by auditor):

Document Verification on June 5, 2017

The company shows the RSPO TBS monitoring documentation based on each block, division and estate in accordance with the certificate period. As an example :

- BDME, Division 1 consists of 35 RSPO blocks with an area of 653.58 Ha. In April 2017 produced 138 tons of FFB.
- SMNE, Division 3 consists of 44 RSPO blocks with an area of 527.49 Ha. In April 2017, FFB produced 187 tons.

In addition, shows 3 monthly monitoring of Mass Balance for FFB, CPO and PK (RSPO and Non RSPO) produced by GMKM POM and its suppliers.

Production Period July 21, 2016 s.d April 3, 2017:

FFB RSPO: 72,165 MT

CPO RSPO: 15,387 MT

PK RSPO: 3,272 MT

No sales of RSPO CPO product claims during the period

Sales of PK (RSPO): 8,250 MT

Based on the results of the mass balance document review, from October 2016 until 3 April 2017 there was sales of the kernel (RSPO) not from the positive stock; Meaning that there are sales of PK non RSPO claimed as PK RSPO. The company presented a meeting document between Sustainability Dept and Commercial Dept on May 5, 2017, that CPO and PK (RSPO) sales must be from a positive stock and comply with the mass balance of the mill. In addition, there is an Internal Office Memo No. 060 / IOM / CL-BGA / V / 2017 dated May 24, 2017 addressed to Mill Manger GMKM, BMKM, PNBK, KAGM, and KNDM. That each mill must send data of FFB receipt, along with monthly positive data of CPO and PK (RSPO) on monthly basis, where the data will be used for balancing CPO and PK certified products.

Verification on 7 July 2017

According mass balance report by email from PT KMB to the RSPO on 7 July 2017, there are difference between PK Production and PK sales (The PK production is 6,813 MT and PK sales is 8,250 MT or (1,437 MT) this data is record of May 2017. According to email was showed to the auditor team, between a RSPO Certification Head and BGA Commercial Department. To make the position of PK Mass Balance back in positive stock, it can be done by remove PK from Bukit Makmur Mill (PT KMB) amount 1,448 MT; so the ctually of PK stock is 11 MT.

Auditor's Conclusion:

According to root cause, corrective action and preventife action analysis this NC was closed.

Verified by : **Trismadi N**

NCR No.	: 2017.13	Issued by	: Trismadi N
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: Major downgrade in to Minor (one year observation)	Date of Closing	: -
Standard Ref. & Requirement	RSPO Certification System 4.2.3. The unit of certification shall be the mill and its supply base: <ul style="list-style-type: none"> • The unit of certification must include both directly managed land (or estates) and associated smallholders and outgrowers, where estates have been legally established with proportions of lands allocated to each. • All the FFB from the directly managed lands (or estates) shall be produced to certifiable standards. The mill develop and implement a plan to ensure that 100% of associated smallholders and outgrowers are certifiable standard within 3 years. 		
Non-Conformance Description & Evidence observed (filled by auditor):			
<ol style="list-style-type: none"> 1. BGA has a Time Bound Plan that has been signed by the Director of CA and Sustainability and Certification and Compliance Dept. Head on June 15, 2016. However, the document has not yet informed : the plan for certification of Bukit Daman Estate (Usaha Bersama Cooperative), Batang Hijau Estate (Makarti Jaya Cooperative Scope), Sungai Penyahuan Estate (Scope Cooperative Eka Kaharap), Sungai Puring Estate (Eka Kaharap and Telawang Bersatu Cooperative scope), Bukit Harapan Estate (scope of Hinje Atei Cooperative), Sungai Meraya Estate (Scope of Cooperatives of Bina Tani and Cooperative of Rika Bersatu); PT KMB independent plasma, Tanjung Harapan Farmer Group, Waringin Jaya KUD, and KUD Tri Daya. 2. In the document time bound plan dated June 15, 2016, it is known that PT Tanah Tani Lestari will be certified in 2017, however, the scope addition of ASA-3 assessment in GMKM is only for Mekar Jaya Cooperative, Lestari and Sekar Tani. <p>It is not in accordance with RSPO Certification System 4.2.3 all FFBs from self-managed must produce to certified standards. The mill (Certificate Holder) should develop and implement a plan to ensure that 100% of farmers' partnerships and estate have been certified within 3 years (since the plant is certified).</p>			
Root Cause Analysis (filled by organization audited):			
Time Bond Plan is evaluated every year once in the middle of the year and for PT TTL waiting for NPP progress updates			
Corrective Action (filled by organization audited):			
Revised the Time Bond Plan			
Preventive Action (filled by organization audited):			
Keep evaluating each year in accordance with the company's development			
Assessor Evaluation and Conclusion (filled by auditor):			
Verification on June 5, 2017 The company shows the Revised Time Bound Plan RSPO of BGA of 24 May 2017 signed by Certification & Compliance Dept. Head and Director of Corporat Affair & Sustainability. There are several changeable Time Bound Plan and justifications have been made, for example : <ul style="list-style-type: none"> - The scope of FFB suppliers to GMKM PT KMB has been incorporated entirely (including all cooperatives of PT KMB, PT TTL and Independent Smallholders). For example: KUD Mekar Jaya, Sekar Tani, Lestari, Usaha Bersama, Makarti Jaya, Waringin Jaya, Marga Rahayu and Sentosa Tani are scheduled for 2017 with justification still in the certification preparation process. In addition, interviews with sustainability staff from head office. It is explained that all plasma will be conducted ST-2 audit in July - August 2017. - PT TTL and all its cooperatives (Koperasi Hapakat, Rika Bersatu, Usaha Bersama, Eka Kaharap, Berkat Usaha 			

<p>Bersama dan Bina Tani) are scheduled for 2019. Because there are several areas that are still in the process of NPP, in addition for areas that are already embedded without NPP will be subject to sanctions under NPP Procedure (2014).</p> <p>- Independent Smallholders (Sawit Borneo Nusantara) is scheduled for 2019, as it is still in the preparation stage for certification.</p> <p>Auditor team recommend to downgrade the major non-conformance into minor, due to there is a positive progress to certified the associated smallholders.</p> <p>The progress of the implementation will be observe during the next surveillance assessment.</p>	
Verified by	: Trismadi N

NCR No.	: 2017.14	Issued by	: Trismadi N
Date Issued	: 7 April 2017	Time Limit	: 6 June 2017
NC Grade	: Major	Date of Closing	: 6 June 2017
Standard Ref. & Requirement	<p>RSPO Certification System 4.2.4. Organizations that have a majority holding in and/or management control of more than one autonomous company growing oil palm will be permitted to certify individual management units and/or subsidiary companies only if all the following are complied with Requirements for uncertified management units and/or holdings.</p>		
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>Based on the results of partial certification assessment for management under BGA that has not been certified RSPO obtained information that:</p> <ol style="list-style-type: none"> Internal Audit reports are available related to criterion 2.1; 2.2 ; 6.3; Plasma PT KMB, PT RSI, PT MCM, PT WNA, and PT NKU. However, there is no internal audit result related to criterion 6.4; 7.3; 7.5; and 7.6. Not yet can be shown internal audit report related to criterion 2.1; 2.2 ; 6.3; 6.4; 7.3; 7.5; 7.6; for PT LMS, PT WNS, PT BGB, PT ASMR, PT IKB, PT GKG, PT GKS, PT ASM, PT GHL, PT KBAS, PT LSM, PT LGI, PT AMS, PT KML and PT GMS. 			
<p>Root Cause Analysis <i>(filled by organization audited):</i></p> <p>Corrective actions related to Partial Certification audits at ASA-03 KMB audit have been submitted and are awaiting evaluation from the auditor</p>			
<p>Corrective Action <i>(filled by organization audited):</i></p> <p>Complete the necessary documents related to Partial Certification</p>			
<p>Preventive Action <i>(filled by organization audited):</i></p> <p>Immediate audit every year if there is a new company related to the fulfillment of criteria in Partial Certification</p>			
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verification on June 6, 2017</p> <p>The company has shown the Partial Certification BGA group report, it is known that the companies described above, there are some which still in the process of legality. In addition, there are also some companies that are in the process of reviewing LUCA report by RSPO.</p>			
Verified by	: Trismadi N		

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	6.5.3 Minor	Sanitation treatment of domestic waste disposal in housing complex.

3.5.4 Noteworthy Positive Components







No	Descriptions
1	The company has commitment to implementation sustainability on oil palm plantation
2	The company Has realized partnership with farmers in full managed and independent.
3	Received an ISPO certificate.

3.6 Summary of Arising Issues from Public and Auditor Verification

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>Board of Worker Union/Bipartite Cooperation</p> <ul style="list-style-type: none"> • The relationship between the company and the workers are good enough • There is no complaint from worker related to work or worker facilities. • The Company has implemented the Sectoral Minimum Wage in accordance with applicable regulations • The cost for workers' medical treatment is covered by the company 	<p>The company has implemented the minimum wage according to the Governor decree related to Sectoral Minimum Wage for 2017. It is in accordance with indicator 6.5.1</p>
<p>Board of Gender Committee</p> <ul style="list-style-type: none"> • The socialization of of gender, sexual harassment and violence is carried out by the gender committee. • Protection of reproductive rights have been met by the company, for example with the implementation of maternity leaves for a female employees with still to be paid their wages in full. • Company also give permission for female worker to have lactating time • Company has been socializing policies related to the prohibition of pregnant or breastfeeding workers work with chemicals. 	<ul style="list-style-type: none"> • Based on interview with female workers, it is known that they have menstruation leave (H1), maternity and pregnant leaves for about 3 months. It is in accordance with criteria 6.9 • Company has prohibited the pregnant female worker to work with chemical material. It is in accordance with indicator 4.6.12
<p>Board of Cooperative Village Unit Mekar Jaya, (Gunung Mulya Village)</p> <ul style="list-style-type: none"> • The smallholder programme as collaboration activity between the company and community surround was in good progress. • All of land credit has been paid, however land certificate is still saved by the company. Its to prevent land certificate sales to other party. • Routinely meeting has been conducted every two month. All of operational cost and FFB production has been socialized by the company. There are no problem related to profit sharing payments. • There are 576 members with area 1,085 Ha. • FFB pricing has been socialized by th company, in addition that all of cooperative board was invited on FFB prices meeting by Kalimantan Tengah Province every month. <p>Profit sharing are from revenue minus operational cost . In addition that deductions 5% for replanting saving and operational reserve cost.</p>	<p>Smallholders program according to criteria 6.10.</p>
<p>Board of Cooperative Village Unit Lestari, (Bukit Makmur Village)</p> <ul style="list-style-type: none"> • The smallholder programme as collaboration activity between the company and community surround was in good progress. • Land credits will be paid on November 2017. • Profit sharing system are 40% operational cost, 40% credit, and 20% profit sharing. • There are 508 members with area 1,016 Ha. • FFB pricing has been socialized by th company, in addition that all of cooperative board was invited on FFB prices meeting by Kalimantan Tengah Province every month. <p>Routinely meeting has been conducted every two month. All of operational cost and FFB production has been socialized by the company. There are no problem related to profit sharing payments.</p>	<p>Smallholders program according to criteria 6.10.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>Board of Cooperative Village Unit Sekar Tani, (Gunung Makmur Village)</p> <ul style="list-style-type: none"> The smallholder programme as collaboration activity between the company and community surround was in good progress. All of land credit has been paid, however land certificate is still saved by the company. Its to prevent land certificate sales to other party. Routinely meeting has been conducted every two month. All of operational cost and FFB production has been socialized by the company. There are no problem related to profit sharing payments. There are 1,000 members with area 2,000 Ha. FFB pricing has been socialized by th company, in addition that all of cooperative board was invited on FFB prices meeting by Kalimantan Tengah Province every month. Routinely meeting has been conducted every two month. All of operational cost and FFB production has been socialized by the company. There are no problem related to profit sharing payments. Profit sharing system are 40% operational cost, 40% credit, and 20% profit sharing. 	<p>Smallholders program according to criteria 6.10.</p>
<p>Head of Village Agung Mulya</p> <ul style="list-style-type: none"> The company was giving aid to the community surround, for example: <ol style="list-style-type: none"> Aid for Kindergarten teacher abd hopefully the company will also involve salary of elementary school and kindergarden teacher. Aid for agriculture activities Road maintenance Company presences is needed by the local communitites. Job opportunities was open for communities, while they were prefer to choices as farmers on their land. <p>Aspiration:</p> <ul style="list-style-type: none"> All of proposal from communities can be realized by the company. Therefore the company can be increasing CSR budget. Infrastructure maintenance on nearest village is priority. Participatory maping has been conducted on 2014/2015, however there are no follow up. The villagers are disagree with maping results. 	<p>The company has been realizing CSR according to criteria 6.11. Participatory mapping was conducted for PT Tanah Tani Lestari area, this mapping is nor PT KMB.</p>
<p>Head of Village Rantau Tampang</p> <ul style="list-style-type: none"> There are effluent spillage on land application area to the Belanai River and Bawat River) on March 2017. The company has been finishing effluent spillage cases with compensation to the near communities according to direct environment impact and indirect environment impact. The company was conducted river normalization, effluent pond cleaning, and flat bad cleaning. The company has been realizing CSR on education sector, infrastructure sector, religion sector and others. <p>Aspiration:</p> <ul style="list-style-type: none"> All of proposal from communities can be realized by the company. Therefore the company can be increasing CSR budget. 	<p>According document verification and field verification, all issue of effluent spillage was finished by the company. According to document verification, the company has been realizing cultural ceremony in Telaga Antang Sub District.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<ul style="list-style-type: none"> Indigenous people CSR program can be increased, for example: <i>Nyanggar Lewu</i> Ceremony every 2 – 3 years. There should be routinely meeting between company and villages to discuss CSR program. 	
<p>Head of Village Gunung Makmur</p> <ul style="list-style-type: none"> The company was giving aid to the community surround, for example: <ol style="list-style-type: none"> Aid for Kindergarten teacher and hopefully the company will also involve salary of elementary school and kindergarten teacher. Aid for agriculture activities Road maintenance Company presences is needed by the local communities. Job opportunities was open for communities, while they were prefer to choices as farmers on their land. 	<p>The company has been realizing CSR according to criteria 6.11.</p>
<p>Head of Village Tumbang Sepayang</p> <ul style="list-style-type: none"> The company has been realizing CSR on education sector, infrastructure sector, religion sector and others. There are no enclave area which set as HCV area by company. The company has been socializing related to HCV. 	<p>The company has been realizing CSR according to criteria 6.11. The company has been socializing HCV according to criteria 5.2.</p>
<p>Head of <i>Dewan Adat Dayak</i> Kecamatan Antang Kalang Aspiration</p> <ul style="list-style-type: none"> The company can make program for indigenous people such as <i>Nyanggar Lewu</i> Ceremony. The company make <i>Tiwah Massal</i> ceremony to all Kaharingan faiths. 	<p>According document verification and field verification, all issue of effluent spillage was finished by the company. According to document verification, the company has been realizing cultural ceremony in Telaga Antang Sub District.</p>

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY						
4.1	Formal Sign-off of Assessment Findings						
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <table data-bbox="399 828 1356 1232"><tr><td data-bbox="399 828 718 918">Company Name Management Representative</td><td data-bbox="1085 828 1356 918">Mutuagung Lestari Lead Auditor</td></tr><tr><td data-bbox="446 963 670 1120"></td><td data-bbox="1053 963 1324 1120"></td></tr><tr><td data-bbox="446 1142 670 1232"><u>Diar H. Damanik</u> Friday, 07 July 2017</td><td data-bbox="1085 1142 1356 1232"><u>Trismadi Nurbayuto</u> Friday, 07 July 2017</td></tr></table>	Company Name Management Representative	Mutuagung Lestari Lead Auditor			<u>Diar H. Damanik</u> Friday, 07 July 2017	<u>Trismadi Nurbayuto</u> Friday, 07 July 2017
Company Name Management Representative	Mutuagung Lestari Lead Auditor						
							
<u>Diar H. Damanik</u> Friday, 07 July 2017	<u>Trismadi Nurbayuto</u> Friday, 07 July 2017						

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Gender Committee	Kotawaringin Timur Regency	-	Interview	5 th April 2017	√	-
2	Worker union	Kotawaringin Timur Regency	-	Interview	5 th April 2017	√	-
3	Board of Cooperative Village Unit Mekar Jaya, (Gunung Mulya Village)	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
4	Board of Cooperative Village Unit Lestari, (Bukit Makmur Village)	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
5	Board of Cooperative Village Unit Sekar Tani, (Gunung Makmur Village)	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
6	Head of Village Agung Mulya	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
7	Head of Village Rantau Tampang	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
8	Head of Village Gunung Makmur	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
9	Head of <i>Dewan Adat Dayak</i> Kecamatan Antang Kalang Aspiration	Kotawaringin Timur Regency	-	Interview	4 th April 2017	√	-
10	Sawit Watch	-	info@sawitwatch.or.id	Quiesioner via Email	29 th March 2017	-	√
11	WWF	-	info@sawitwatch.or.id	Quiesioner via Email	29 th March 2017	-	√
12	Save Our Borneo	-	info@sawitwatch.or.id	Quiesioner via Email	29 th March 2017	-	√
13	Walhi	-	info@sawitwatch.or.id	Quiesioner via Email	29 th March 2017	-	√

Appendix 2. Assessment Program		
DATE	3 - 8 April 2017	
PROGRAM	ROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 3 April 2017		
06.00 – 07.30	JAKARTA → PALANGKARAYA	<ul style="list-style-type: none"> All Auditor
08.00 – 13.00	PALANGKARAYA → SITE PALANGKARAYA → SAMPIT	<ul style="list-style-type: none"> TNB/YHN/AFF/AAS APP
	BREAK	
14.00 – 15.00	Opening Meeting	<ul style="list-style-type: none"> All Auditor
15.00 – 17.00	Document Review <ul style="list-style-type: none"> Review of Previous Visit Non-conformance (Surveillance 2): Time Bound Plan an Partial Certification Logo and Trademark license 	<ul style="list-style-type: none"> TNB/YHN/AAS/AFF
Tuesday, 4 April 2017		
08.00 – 12.00	Stakeholders consultation: <ul style="list-style-type: none"> External stakeholder to government agency in Kotawaringin Timur District External stakeholder to surrounding village (stakeholders of own estates and smallholders scheme), Board of Cooperation (Lestari, Mekar Jaya, and Sekar Tani). 	<ul style="list-style-type: none"> APP TNB
08.00 – 12.00	Field Observation Bukit Daman Estate <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, IPM, best agricultural practices Worker Welfare (payments, complaint mechanism) Hazardous Waste Material management Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.. □ Legal operational and Conservation Area 	<ul style="list-style-type: none"> AFF AFF AAS AAS AAS YHN
12.00 – 14.00	BREAK	
14.00 – 17.00	<ul style="list-style-type: none"> Clarification of Field Observation&Continued of Completion Check List 	<ul style="list-style-type: none"> TNB/YHN/AAS/AFF
Wednesday, 5 April 2017		
08.00 – 12.00	Field Observation Sungai Mentaya Estate <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, IPM, best agricultural practices Worker Welfare (payments, complaint mechanism) Hazardous Waste Material management Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.. Legal operational and Conservation Area 	<ul style="list-style-type: none"> AFF/AAS AFF/AAS TNB TNB TNB APP/YHN
12.00 – 14.00	BREAK	
14.00 – 17.00	Field Observation to Gunung Makmur POM <ul style="list-style-type: none"> Processing & Occupational Health and Safety (OHS) 	<ul style="list-style-type: none"> TNB/AFF

DATE	3 - 8 April 2017	
PROGRAM	ROCESSES / CLAUSES TO BE AUDITED	AUDITOR
	<ul style="list-style-type: none"> • WWTP • Hazardous Waste Material • Land Application • Fire Fighting Facilities • Supply Chain • Interview with worker's union, local contractor and gender committee 	<ul style="list-style-type: none"> • YHN • YHN • YHN • TNB/AFF • APP • AAS
Friday, 7 April 2017		
08.00 – 11.30	<ul style="list-style-type: none"> • Continued of Completion Check List 	<ul style="list-style-type: none"> • All Auditor
12.00 – 14.00	BREAK	
14.00 - 15.00	<ul style="list-style-type: none"> • Audit finding preparation 	<ul style="list-style-type: none"> • All Auditor
15.00 – 17.00	<ul style="list-style-type: none"> • Closing Meeting 	<ul style="list-style-type: none"> • All Auditor
17.00 –	<ul style="list-style-type: none"> • Site - Palangkaraya 	
Saturday, 8 April 2017		
06.50 –	<ul style="list-style-type: none"> • SITE → PALANGKARAYA 	<ul style="list-style-type: none"> • All Auditor