

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

Stage-1  Stage-2  Surveillance  Re-Certification

Name of Management Organisation : Muara Wahau Mill – PT Kresna Duta Agroindo, subsidiary of PT SMART Tbk  
 Plantation Name : PT Krena Duta Agro Indo – Muara Wahau Estate and Gunung Kombeng Estate.  
 Location : Village of Sukamaju, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia.  
 Certificate Code : MUTU-RSPO/043  
 Date of Certificate Issue : 26 June 2014 Date of License Issue : 26 June 2017  
 Date of Certificate Expiry : 25 June 2019 Date of License Expiry : 25 June 2018

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-3	3 – 8 April 2017	Ardiansyah (Lead Auditor), M. Amarullah, Rudi Ramdani, Rizliani Aprianita Hasibuan, Radytio Puspanjana	Octo H.P.N. Nainggolan	Tony Arifarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-3	12 June 2017

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### FIGURE

Figure 1. Location Map of PT Kresna Duta Agroindo

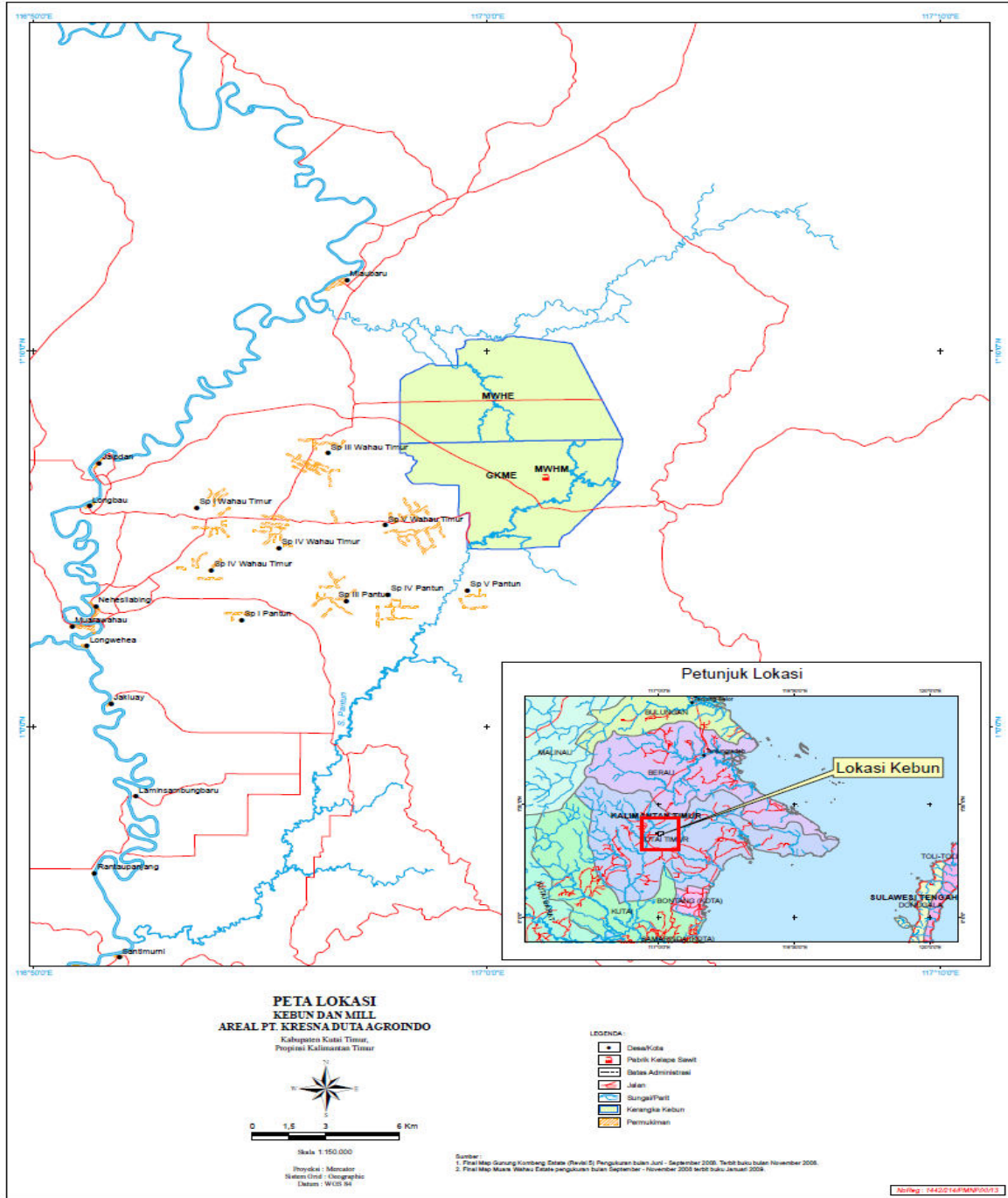


Figure 2. Operational Map of PT Kresna Duta Agroindo (Muara Wahau Estate)

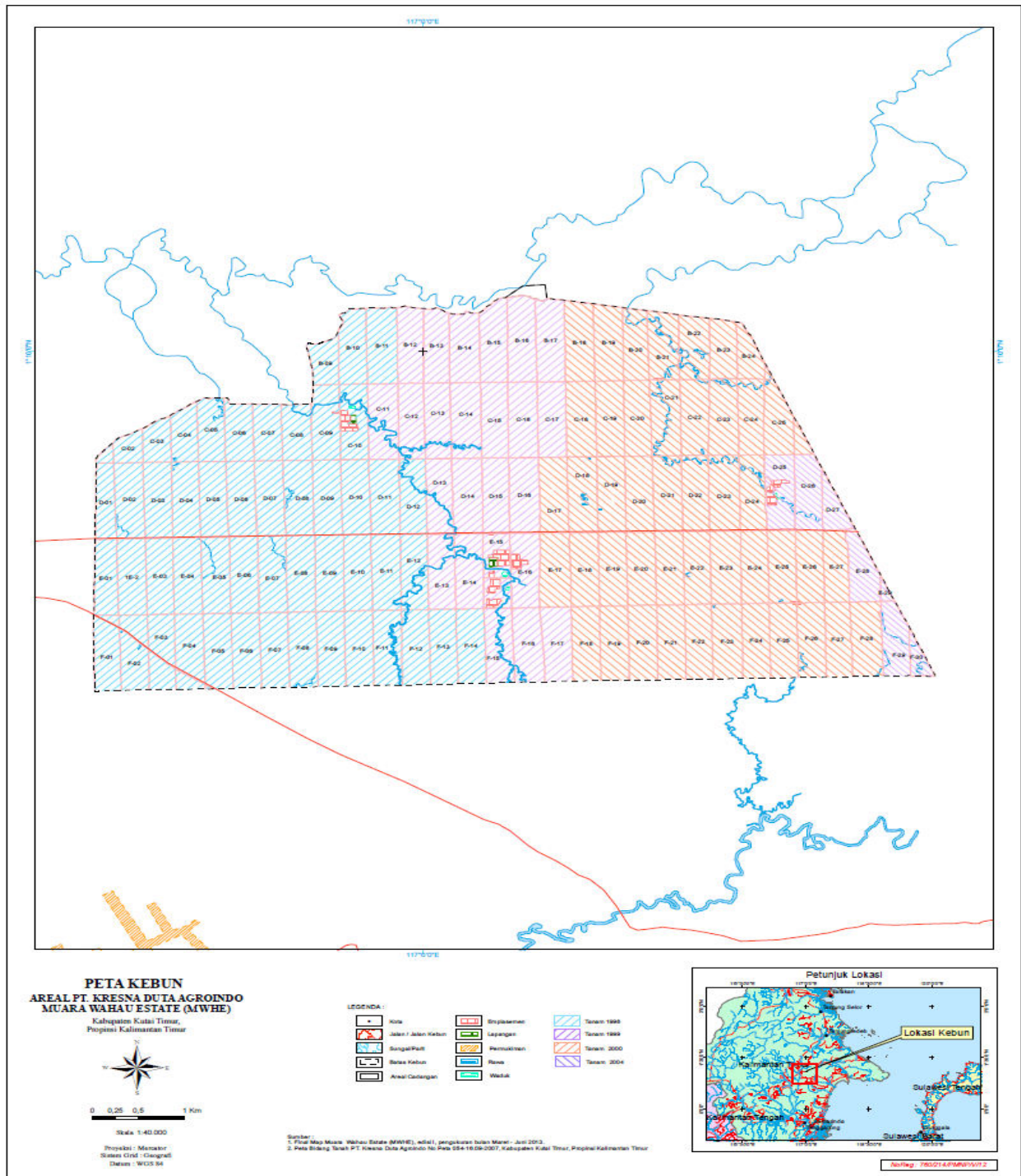
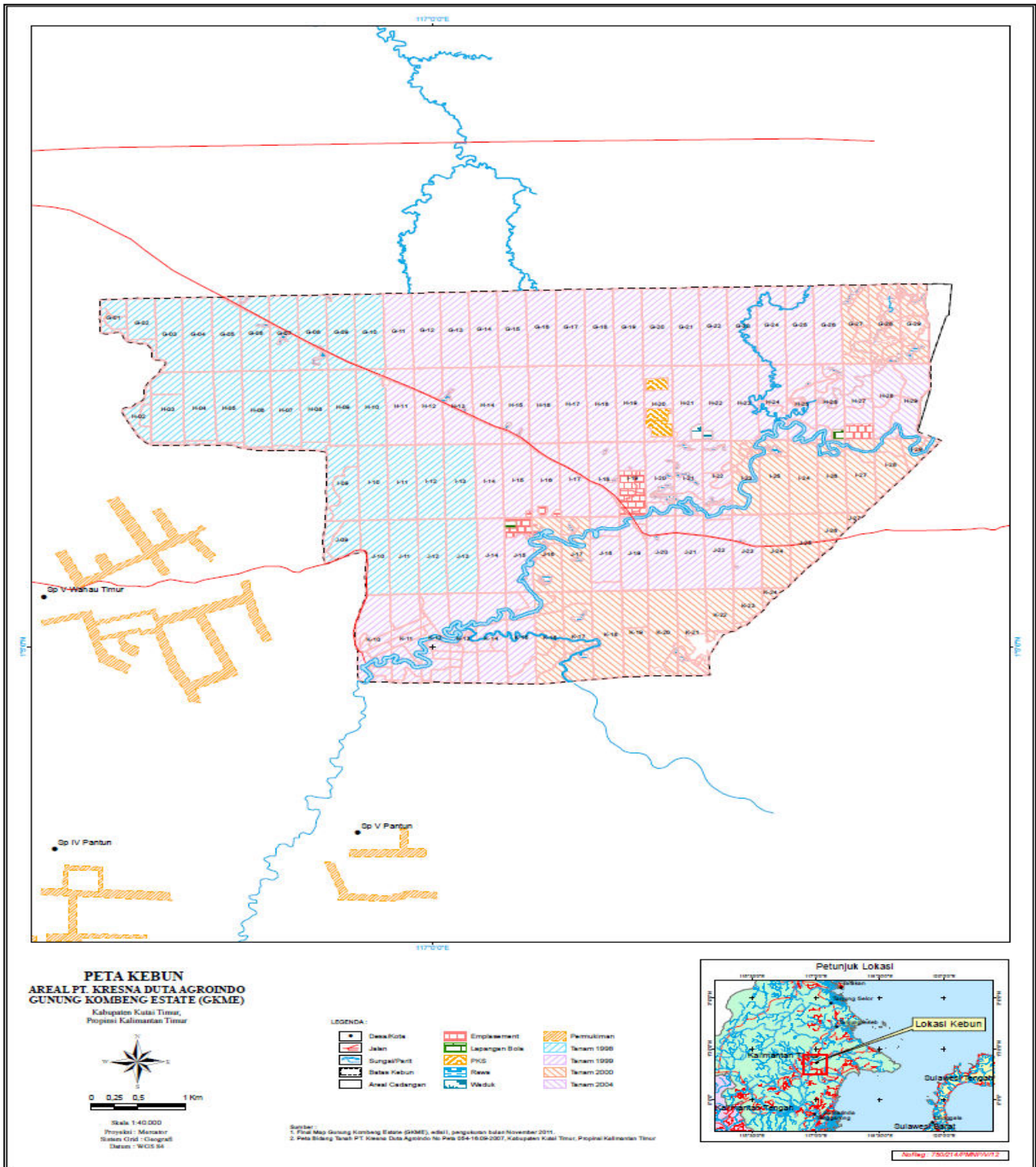




Figure 3. Operational Map of PT Kresna Duta Agroindo (Gunung Kombeng Estate)



**Glossary**

ASA	:	Annual Surveillance Assesment
BOD	:	Biological Oxygen Demand
BPJS	:	Worker Social Insurance Agency
CEO	:	Chief Executive Officer
CH	:	Certificate Holder
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
DO	:	Dissolve Oxygen
EFB	:	Empty Fruit Bunch
EIA	:	Environmental Impact Assessment
EM	:	Estate Manager
FFB	:	Fresh Fruit Bunch
FM	:	Factory Manager
FPIC	:	Free Prior Informed Consent
GAR	:	Golden Agri Resources
GHG	:	Green House Gass
GKMA	:	Gunung Kombeng Plasma
GMKE	:	Gunung Kombeng Estate
HCV	:	High Conservation Value
HGB	:	<i>Hak Guna Bangunan</i> (Building Use Tittle)
HGU	:	<i>Hak Guna Usaha</i> (Land Use Permit)
HIRAC	:	Hazard Identification Risk Assessment and Risk Control
IPM	:	Intergrated Pest Management
KDA	:	Kresna Duta Agroindo
KUD	:	<i>Koperasi Unit Desa</i> / Village Cooperative
MCAR	:	Management Committe Agronomy and Research
MCMD	:	Management Committee for Mill Development
MSDS	:	Material Safety Data Sheet
MWHE	:	Muara Wahau Estate
MWHM	:	Muara Wahau Mill
OER	:	Oil Extraction Rate
OHS	:	Occupational Health and Safety
OIA	:	Operational Internal Audit
P2K3	:	<i>Panitia Pelaksana Kesehatan dan Keselamatan Kerja</i> (OHS Committee)
P&D	:	Pests and Diseases
PC	:	Production Controller
PIC	:	Person in charge
PKO	:	Palm Kernel Oil
PMNP	:	Plantation Monitoring and Planning
PMSA	:	Pantun Mas Estate
PMSE	:	Pantun Mas KKPA
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protection Equipment
PT TN	:	PT Tapian Nadenggan
PSM	:	<i>Perkebunan Sinar Mas</i> / Sinar Mas Plantation
RC	:	Regional Controller
RKL	:	Rencana Pengelolaan Lingkungan ( <i>Environment Management Plan</i> )
RPL	:	Rencana Pemantauan Lingkungan ( <i>Environment Monitoring Plan</i> )
RSPO	:	Rountable on Sustainable Palm Oil

RTE	:	Rare, Threatened or Endangered
SAP	:	System Application Product
SCCS	:	Supply Chain Certification System
SIA	:	Social Impact Assessment
SMARTRI	:	SMART Research Institute
SOP	:	Standard Operational Procedure
STDV	:	Sustainability Division
TSS	:	Total Suspended Solid
VPA	:	Vice President Agronomy
VPM	:	Vice President manufacturing
WI	:	Work instruction
WTP	:	Water Treatment Plant
WWTP	:	Waste Water Treatment Plant

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1 Assessment Standard Used</b>		<ul style="list-style-type: none"> <li>• <i>Indonesian National Interpretation of RSPO Principles and Criteria 2013, endorsed September 2016</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</i></li> </ul>	
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	<b>Muara Wahau Mill - PT Kresna Duta Agroindo, subsidiary of PT SMART Tbk</b>	
1.2.2	Contact person	Ismu Zulfikar	
1.2.3	Organisation address and site address	RSPO Registered Company : Plaza BII Tower 2, 30th Floor JL. MH Thamrin No 51 Kav 22 Jakarta 10350 Indonesia  Liaison Office : Plaza BII Tower 2, 30th Floor JL. MH Thamrin No 51 Kav 22 Jakarta 10350 Indonesia	
1.2.4	Telephone	(+62-21) 318 1388	
1.2.5	Fax	(+62-21) 318 1389	
1.2.6	E-mail	<a href="mailto:ismu-zulfikar@smart-tbk.com">ismu-zulfikar@smart-tbk.com</a>	
1.2.7	Web page address	<a href="http://www.smart-tbk.com">www.smart-tbk.com</a>	
1.2.8	Management Representative who completed the application for certification	Ismu Zulfikar ( <i>Head of Environmental Departement</i> )	
1.2.9	Registered as RSPO member	1- 0019 – 05 – 000 – 00; 30 January 2005	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base: Muara Wahau Mill, Muara Wahau Estate and Gunung Kombeng Estate	
1.3.2	Type of certificate	Single	
<b>1.4 Locations of Mill and Plantation</b>			
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Muara Wahau Mill	Sukamaju Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 06' 34"      E117° 01'20"



1.4.2	Location of Certification Scope of Supply Base			
	Name of Supply Base	Location	Coordinate	
			Latitude	Longitude
	Muara Wahau Estate	Makmur Jaya Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 08' 23"	E 117° 00' 25"
	Gunung Kombeng Estate	Sukamaju Village, Sub District of Kongbeng, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 06' 10"	E 117° 01' 13"
<b>1.5 Description of Area Statement</b>				
1.5.1	Tenure			
	• State		6,877.5353 Ha	
	• Community		- Ha	
1.5.2	Area Statement			
	• Total area		6,877.5353 Ha	
	• Mature area		6,605.08 Ha	
	• Immature area		- Ha	
	• Mill		4.0953 Ha	
	• Building and Emplishment		31.75 Ha	
	• Infrastructure (road and bridge)		146.53 Ha	
	• River		43.17 Ha	
	• Others		46.91 Ha	
	<i>*HCV identified is riparian area, has included to the mature area an 370.47 Ha</i>			
<b>1.6 Planting Year and Cycles</b>				
1.6.1	Age profile of planting year			
	Planting Year	Hectarage (Ha)		
		Gunung Kombeng Estate	Muara Wahau Estate	Total
	1998	814.16	1,390.36	2,204.52
	1999	1,595.95	703.94	2,299.89
	2003	591.16	1,304.03	1,895.19
	2004	74.16	131.32	205.48
	<b>TOTAL</b>	<b>3,075.43</b>	<b>3,529.65</b>	<b>6,605.08</b>
1.6.2	New Planting area after January 2010		- Ha	
1.6.3	Planting Cycle		1 Cycle	

<b>1.7</b>	<b>Description of Mill and Supply Base</b>						
1.7.1	Description of Mill						
	<b>Name of Mill</b>	<b>Capacity</b> (tonnes/hour)	<b>FFB Processed</b> (tonnes/year)	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put</b> (ton)	<b>Extraction</b> (%)	<b>Out put</b> (ton)	<b>Extraction</b> (%)
	Muara Wahau	60	260,200	59,964	23.05	13,330.45	5.12
	<i>* Source: Production Data of POM period April 2016 – March 2017</i>						
1.7.2	Description of Certification Scope of Supply Base						
	<b>Name of Estate</b>	<b>Total Area</b> (Ha)	<b>Planted Area</b> (Ha)	<b>FFB</b> (tonnes/year)	<b>Yield</b> (tonnes/ha/yea)	<b>Supplied to Mill</b>	
						<b>FFB</b> (tonnes/year)	<b>%</b>
	Gunung Kombeng	3,287.32	3,075.43	75,907.03	24.68	75,907.03	100
	Muara Wahau	3,590.22	3,529.65	82,128.84	23.27	82,128.84	100
	<b>TOTAL</b>	<b>6,877.54</b>	<b>6,605.08</b>	<b>158,035.87</b>	<b>23.97</b>	<b>158,035.87</b>	<b>100</b>
	<i>* Source: Production Data of Estate period April 2016 – March 2017</i>						
1.7.3	FFB description from other source						
	<b>Name of sources</b>	<b>Organisation</b>	<b>Location</b>	<b>Supplied to Mill</b>			
				<b>FFB</b> (tonnes/year)			
	Pantun Mas Estate – RSPO Certified	PT Tapian Nadenggan	Sri Pantun village, RT.11 Kec. Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province	23,011.20			
	Gunung Kombeng Plasma (2,214 Ha with 1,602 SH) – Non Certified	PT Kresna Duta Agroindo	Sukamaju village, Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province	49,088.22			
	Pantun Mas KKPA – Non Certified	PT Tapian Nadenggan	Sri Pantun village, RT.11 Kec. Kongbeng Sub district, Kutai Timur District, Kalimantan Timur province	1,340.42			
	PT Agro Tunggal Jaya Mandiri – Non Certified	PT Agro Tunggal Jaya Mandiri (Independent outgrower)	Kutai Timur District, Kalimantan Timur province	29,645.55			
	<b>TOTAL</b>						<b>103,085.390</b>
	<i>* Source: Production Data of POM period April 2016 – March 2017</i>						
1.7.4	Product categories			<b>FFB, CPO, PK</b>			
<b>1.8</b>	<b>Estimate Tonnage of Certified Product</b>						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim 26 June 2016 to 25 June 2017 (tonnes/year)		Actual certified product 26 June 2016 to 4 April 2017 (tonnes/year)	
	• FFB Production			184,451		147,112.780	
	• CPO Production			47,404		33,696.239	
	• Palm Kernel (PK) Production			10,329		7,639.453	

1.8.2	Estimate of Certified FFB Claim						
	<b>Name of Estates</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>		
	Gunung Kombeng Estate	3,287.32	3,075.43	86,112	28.00		
	Muara Wahau Estate	3,590.22	3,529.65	91,771	26.00		
	<b>TOTAL</b>	<b>6,877.54</b>	<b>6,605.08</b>	<b>177,883</b>	<b>27.00</b>		
	<i>*Projected FFB production from 26June 2017 – 25June 2018</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (ton)</b>	<b>Extraction (%)</b>	<b>Out put (ton)</b>	<b>Extraction (%)</b>
	Muara Wahau	60	177,883	42,692	24.00	9,339	5.25
	<i>*Projected CSPO and CSPK production from 26June 2017 – 25June 2018</i>						
<b>1.9</b>	<b>Other Certifications</b>						
	ISPO from Mutuagung Lestari period 2014 – 2019						
<b>1.10</b>	<b>Time Bound Plan</b>						
1.10.1	<b>Time Bound Plan for Other Management Units</b>						
	<b>Management Unit</b>		<b>Estate (Supply Base)</b>	<b>Time Bound</b>	<b>Location</b>	<b>Status</b>	
	<b>Mill</b>	<b>Time Bound</b>					
	Padang Halaban (PT SMART Tbk)	2011	Padang Halaban	2011	North Sumatera	Certified	
			Penantian	2011	North Sumatera	Certified	
			Adipati	2011	North Sumatera	Certified	
			Kanopan Ulu	2011	North Sumatera	Certified	
	Batu Ampar (PT SMART Tbk)	2012	Batu Ampar	2012	South Kalimantan	Certified	
			Batu Mulia	2012	South Kalimantan	Certified	
			Sungai Panci	2012	South Kalimantan	Certified	
			Sungai Panci KKPA	2012	South Kalimantan	Certified	
	Tanah Laut (PT SMART Tbk)	2012	Tanah Laut	2012	South Kalimantan	Certified	
			Kinta Pura	2012	South Kalimantan	Certified	
	Langga Payung (PT TN)	2012	Langga Payung	2012	North Sumatera	Certified	
			Paya Baung	2012	North Sumatera	Certified	
			Normark	2012	North Sumatera	Certified	
	Hanau (PT TN)	2012	Hanau	2012	Central Kalimantan	Certified	
			Tasik Mas	2012	Central Kalimantan	Certified	
			Tanjung Paring	2012	Central Kalimantan	Certified	

		Langadang	2012	Central Kalimantan	Certified
		Medang Sari (PT SKU)	2018	Central Kalimantan	-
Semilar (PT TN)	2013	Semilar	2013	Central Kalimantan	Certified
		Sei Rindu	2013	Central Kalimantan	Certified
		Mandang	2013	Central Kalimantan	Certified
		Puri	2013	Central Kalimantan	Certified
Jak Luay (PT TN)	2015	Pantun Mas	2015	East Kalimantan	Certified
		Pantun Mas KKPA	2018	East Kalimantan	-
		Jak Luay	2015	East Kalimantan	Certified
		Jak Luay KKPA	2018	East Kalimantan	-
		Long Buluh	2015	East Kalimantan	Certified
		Bukit Subur	2015	East Kalimantan	Certified
		Bukit Subur KKPA	2018	East Kalimantan	-
Leidong West (PT MP Leidong West Indonesia)	2014	Leidong West Utara	2014	Bangka Belitung	Certified
		Leidong West Selatan	2014	Bangka Belitung	Certified
Muara Wahau (PT KDA)	2014	Muara Wahau	2014	East Kalimantan	Certified
		Gunung Kombeng	2014	East Kalimantan	Certified
Gunung Kombeng (PT KDA)	2019	Gunung Kombeng KKPA	2019	East Kalimantan	-
Rantau Panjang (PT KDA)	2017	Rantau Panjang	2017	East Kalimantan	-
		Rantau Panjang KKPA	2017	East Kalimantan	-
Jelatang (PT KDA)	2014	Bangko	2014	Jambi	Certified
		Bangko Plasma	2017	Jambi	-
		Bukit Bungkul KKPA	2017	Jambi	-
		Kubang Ujo Plasma	2017	Jambi	-
		Pamenang Plasma	2017	Jambi	-
		Batang Gading	2017	Jambi	-
		Batang Gading Plasma	2017	Jambi	-
Pelakar (PT KDA)	2017	Pelakar	2017	Jambi	ST-1
		Batang Merangin Estate	2017	Jambi	ST-1
		Batang Tembesi	2017	Jambi	ST-1
Langling (PT KDA)	2014	Bangko	2014	Jambi	Certified
		Bangko Plasma	2017	Jambi	-
		Bukit Bungkul KKPA	2017	Jambi	-
		Batang Gading	2017	Jambi	-
		Batang Gading KKPA (PT SKU)	2017	Jambi	-
		Pamenang Plasma	2017	Jambi	-
		Tiga Serumpun Plasma	2017	Jambi	-

	Sungai Bengkal (PT SKU)	2015	Sungai Bengkal	2015	Jambi	Certified
			Sungai Bengkal KKPA	2015	Jambi	Certified
			Muara Kilis	2015	Jambi	Certified
			Muara Kilis KKPA	2019	Jambi	-
	Bukit Kapur (PT SMART Tbk)	2020	Bukit Kapur	2020	South Kalimantan	ST-1
			Sungai Cantung	2020	South Kalimantan	ST-1
<p>There are revision of time bound plan for SMART on 31 January 2016, the justification from top management is:</p> <ol style="list-style-type: none"> <li>1. Pelakar Mill and Rantau Panjang Mill is still process on disclosure &amp; liability by RSPO, while Bukit Kapur Mill doesn't have land use title (HGU), the HGU is still on process.</li> <li>2. Several associated smallholders (plasma) which refuses to follow the RSPO certification, but the management unit is still communicating with the plasma for the implementation of RSPO certification.</li> </ol>						
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>					
	<p>Muara Wahau Mill receive FFB from scheme smallholder, outgrower and sister company that has not been certified RSPO which is PT Agrotunggal Jayamandiri and PT Tapan Nadenggan. PT Agrotunggal Jayamandiri was independent outgrower and PT Tapan Nadenggan will follow the time bound plan and will be assesst on 2017.</p> <p>Based on TBP, Gunung Kombeng Plasma is planned to be certified with Gunung Kombeng Mill on 2015, but the certification process can not be conducted because smallholders unit decline to join RSPO. After that the TBP for Gunung Kombeng Mill and Gunung Kombeng Plasma is postpone to 2019.</p>					



<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-3</b>	<ol style="list-style-type: none"> <li><b>Ardiansyah (Lead Auditor).</b> Indonesian citizen, Bachelor of Forest Resources Conservation, Department of Forestry. Had work experience in Environmental NGO for 6 month (2007) and consultant for making EIA Document and KLHS for 3 years (2009 – 2012). Had attend training such as RSPO Lead Auditor course, Lead Auditor ISPO, awareness OHSAS, land cover crop mapping and Management System Certification (ISO 9001-2008), Environmental Management System Certification (ISO 14001-2004), Social Auditing and Conflict Resolution. Had many times following audit activities related to sustainable palm oil certification system which is ISPO as an auditor since 2012 for environmental aspect, conservation and social. Fluent in bahasa and malay. At the time of audit, has verify aspect of Legality, SCCS and Land Dispute.</li> <li><b>Rudi Ramdani (Auditor).</b> Indonesian citizen with bachelor degree majoring in Agronomy. Experience as assistant manager in private oil palm company for ±3 years. He has followed training in several aspects as of: ISO 9001, ISO 14001, In house training of OHSAS, RSPO Lead Auditor course and Lead Auditor ISPO. His role as lead auditor of ISPO since April 2016. He had involved many audit in scheme of ISPO and RSPO certification since 2012, with aspect audit of best management practice in oil palm plantation &amp; mill, legal, environment, social, worker welfare. At the time of audit, has verify aspect of Worker Welfare and Social.</li> <li><b>Mohamad Amarullah (Auditor).</b> Indonesian Citizen. Master of Wood Science and Technology and Bachelor of Forestry, majoring in Forest Product Technology. Has experiences as an Agronomist and Research Assistant in Indonesia and Malaysia from 2008 to 2014. Has been attended several trainings such as Lead Auditor of ISPO, Lead auditor RSPO, ISO 17021, ISO 17065, ISO 9001, ISO 19011, ISO 14001, HCV, etc. Has been conducted several ISPO audit scheme as an Auditor since 2014 in BMP, environment, conservation and OHS aspect. Fluent in Bahasa, Malay and English. At the time of audit, has verify aspect of Legal, OHS and BMP.</li> <li><b>Rizliani Aprianita Hsb (Auditor).</b> Indonesian Citizen. Bachelor and Magister of Agribusiness, Faculty of Agriculture. She had followed training such as lead Auditor ISO 9001;2008, ISO 14001;2004, OHSAS 18001, ISPO Auditor training and followed several IHT related to environment, BMP etc. She has been involved in several audit activities related to sustainable palm oil certification since 2015 covering social aspect, health and safety aspect, worker welfare and waste management aspect. During this audit, she assigned to verify transparency and worker welfare.</li> <li><b>Radytio Puspanjana (Auditor Trainee).</b> Indonesian Citizen. Bachelor of agriculture, majoring in Soil Science. Agriculture Faculty. He was working as honorarium Officer at the Riau Province Plantation Agency in the division of huge estate for 1 year. The participated trainings are Survey and Mapping (GIS) Training which was held by National GMIT, ISPO auditor training, ISO 9001/2008 auditor training, ISO 14001/2004 auditor training, IHT Geospatial Information System, Hight Conservation Value, IHT Environmental Impact Assesment, IHT Green House Gas and RSPO Awareness In House Training. Since 2015 has been following many audit as auditor base on Best Management Practice and Environment. At the time of audit, has verify aspect of HCV and Environment.</li> </ol>
<b>2.2 Assessment Methodology, Assessment Process and Locations of Assessment</b>	
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-3</b>	<p>Number of auditors : 4 auditor and 1 auditor trainee          Number of days for ASA-3 at site: 5 days          Number of working days for ASA-3 at site : 20 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-3</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Kresna Duta Agroindo to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, endorsed September 2016 and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the</p>

	<p>information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. 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 surveillance 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><b>The assessment program please find Appendix 2</b></p>
<p><b>2.2.3</b></p>	<p><b>Location of Assessment</b></p>
<p><b>ASA-3</b></p>	<p>Number of units in this certification activity is two (2) estates, which supply the raw material (FFB) to one (1) palm oil mill. In conducting the assessment, the team of auditors used the 0.8√y formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are one (1) palm oil mill (Muara Wahau Mill) and two (2) estates (Muara Wahau Estate and Gunung Kombeng Estate).</p> <p><b>Muara Wahau Mill</b></p> <ol style="list-style-type: none"> <li>1. <b>Security gate.</b> Observation and interview with “Satpam” towards technical, manpower and OHS aspect.</li> <li>2. <b>Weighing bridge station.</b> Observation and interview with weighing bridge operator towards technical, manpower and OHS aspect.</li> <li>3. <b>FFB grading/sortation station.</b> Observation and interview with FFB grader towards technical, manpower and OHS aspect.</li> <li>4. <b>Loading ramp station.</b> Observation and interview with operator towards technical, manpower and OHS aspect.</li> <li>5. <b>Sterilizer station.</b> Observation and interview with operator towards technical, manpower and OHS aspect.</li> <li>6. <b>Tippler station.</b> Observation and interview with operator towards technical, manpower and OHS aspect, as well as special medical check up.</li> <li>7. <b>Kernel station.</b> Observation and interview with operator towards technical, manpower and OHS aspect, as well as special medical check up.</li> <li>8. <b>Engine Room (Genset station).</b> Observation and interview with operator towards technical, manpower and OHS aspect, as well as special medical check up.</li> <li>9. <b>Boiler station.</b> Observation and interview with operator towards technical, manpower and OHS aspect, as well as special medical check up.</li> <li>10. <b>Hydrant.</b> Simulation the emergency respond</li> <li>11. <b>Solid Waste.</b> Observation of the management of solid waste consist of EFB and shell from the production process of mill.</li> <li>12. <b>Hazardous waste warehouse.</b> Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse, wages and complaint mechanism.</li> <li>13. <b>Workshop.</b> Observations and interviews related to wages and overtime, waste management activities, OHS implementations and health inspections</li> <li>14. <b>Central Warehouse.</b> Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health related to OHS and medical examination, wages and complaint mechanism.</li> <li>15. <b>WTP.</b> WTP is works fine, flow meter to measure the flow of water entering and water diverted was worked.</li> <li>16. <b>Diesel Fuel Station.</b> Observation the signages and emergency facility.</li> <li>17. <b>WWTP.</b> Observation of the management of liquid waste from the production process of mill.</li> <li>18. <b>Mill Drainage.</b> Observations mill effluent lines, sanitation mill and flow of leaching mill.</li> </ol> <p><b>Muara Wahau Estate</b></p> <ol style="list-style-type: none"> <li>19. <b>Block E01, Division 1.</b> Observation the conditions and position of legal boundary KDA 055.</li> <li>20. <b>Block C02, Division 1.</b> Observation the conditions and position of legal boundary KDA 058.</li> <li>21. <b>Block F30, Division 3.</b> Observation the conditions and position of legal boundary GPS 007.</li> <li>22. <b>Muara Wahau Transport.</b> Observation the hazardous waste and OHS implementation. Interview related to hazardous waste handling and PPE that provided.</li> </ol>

23. **Block F12 Divisi 2.** Observation to HCV poles, barn owl box and beneficial plants (*Antigonon* dan *Turnera*).
  24. **Block D8/9 Divisi 1.** Observation and interview with harvester and FFB transporter (local contractor) towards technical, manpower, OHS, environment and conservation aspect.
  25. **Block D19/20 Divisi 2.** Observation and interview with Estate FFB transporter towards technical, manpower, OHS, environment and conservation aspect.
  26. **Block E21 Divisi 3.** Observation and interview with pesticide applicators towards technical, manpower, OHS, environment and conservation aspect, as well as special medical check up.
  27. **Block F15/16 Divisi 1.** Observation of EFB application and interview with fertilizer applicator towardstechnical, manpower, OHS, environment and conservation aspect, as well as special medical check up.
  28. **Block C12/13.** Observation and interview with census worker towards technical, manpower, OHS, environment and conservation aspect.
  29. **Block C8/C9.** Observations related to the management of HCV area in form of Sungai Elang riparian and observations related to the management of HCV area in form of area with natural vegetation.
  30. **Fertilizer storage.** Observations relating to the implementation of storage hazardous material, Health safety and labor management.
  31. **Diesel Fuel Station.** Observation the signages and emergency facility.
  32. **Chemical warehouse.** Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health related to OHS and medical examination, wages and complaint mechanism.
  33. **Workshop.** Observations and interviews related towages and overtime, waste management activities, OHS implementations and health inspections
  34. **Hazardous waste warehouse.** Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse, wages and complaint mechanism.
  35. **Clinic.** Observation First aid rooms reasonably clean condition, medical waste recording, labor medical check up and work accident.
  36. **Daycare.** Observations and interviews related to the facilities provided to workers such as employee housing, clean water, daycares, school, and interview related complaint mechanism.
  37. **Housing complex 1.** Field observations and interviews related to workers facility, electricity, domestic waste, sources offresh water, socialization of company policy and complaint mechanism.  
Landfill block B18 division 5. Observations related to the implementation procedures of domestic waste bins and disposal site.
- Gunung Kombeng Estate**
38. **Block G29, Division 2.** Observation the conditions and position of legal boundary KDA 018.
  39. **Block H29, Division 2.** Observation the conditions and position of legal boundary KDA 020.
  40. **Block K10, Division 3.** Observation the conditions and position of legal boundary GPS 009.
  41. **Office of Division 1 & 3.** Observation the store of pesticide, availability of MSDS, signages, mixing and washing place for sprayer team, store for PPE and spraying tools and the availability of emergency equipment. Interview with store officer related to PPE used, handling of waste, MSDS, medical surveillance, monitoring of emergency equipment and training.
  42. **Block K10.** Observations related to the management of HCV area in form of Sungai Pantun riparian and observations related to the management of HCV area in form of area with natural vegetation.
  43. **Block G20.** Observations management of wastewater to land application, implemented PPE, flat bed condition, wastewater level and debit.
  44. **Worker quarters 1 (pondok 1).** Observation the facilities for workers such as childcare, condition of housing, domestic waste handling, generator for electric, sport field, emergency equipment and medical post. Interview with childcare officer, generator officer and medical personnel related to waste handling, hazardous waste handling, wage, working hours, monitoring of emergency equipment, monitoring of fossil fuel, maintenance of generator, medical care and PPE that provided by management unit.
  45. **Chemical and lubricant store.** Observation the store condition, emergency facility, procedure, material in store, signages and availability of MSDS. Interview with store officer related to medical surveillance, training and PPE used.
  46. **Fertilizer store.** Observation the store condition, material in store, signages and availability of MSDS.
  47. **Diesel Fuel Station.** Observation the signages and emergency facility.

	<p>48. <b>Hazardous waste warehouse.</b> Observation the store condition, waste in store, signages and emergency facility.</p> <p>49. <b>Block F30.</b> Observation to riparian zone of Pantun River.</p> <p>50. <b>Block G28/29.</b> Observation to terraces area.</p> <p>51. <b>Block I20 Divisi 4.</b> Observation to barn owl box (nest).</p> <p>52. <b>Block H24 Divisi 2.</b> Observation and interview with manual upkeep worker (which also pesticide and fertilizer applicators) towards towards technical, manpower, OHS, environment and conservation aspect, as well as special medical check up.</p> <p>53. <b>Block H9.</b> Observation and interview with harvester towards technical, manpower, OHS, environment and conservation aspect.</p> <p><b>Field observation and interview with stakeholder:</b></p> <p>54. Surrounding communities (Sukamaju Village, Maju Jaya Village, Miau Baru Village, Cooperation of Bina Sawit Mandiri, Cooperation of Sawit Bersama and contractor). Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities.</p> <p>55. Government Institutions of Indragiri Hilir Districts (Environmental Agency, Manpower Agency, Land Office and Plantation Agency). Interviews related to regulatory compliance, the issue of environmental pollution, land conflict issue and company contributions to the area</p>
<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-3</b>	<p>Consultation of stakeholders for PT KDA held by:</p> <ol style="list-style-type: none"> <li>1. Public announcement at web <a href="http://www.mutucertification.com">www.mutucertification.com</a> on 20 March 2017.</li> <li>2. Public consultation by interview with government agencies in Kutai Timur District (Plantation agency, Environmental agency, Land Office and Manpower agency) on 4 April 2017.</li> <li>3. Public consultation by interview with locals of the nearby village (Sukamaju Village, Maju Jaya Village, Miau Baru Village), KUD and local contractor on 4 April 2017.</li> <li>4. Consultation meeting and interview with Internal Stakeholder (labour union, worker cooperative and gender committee) on 4 April 2017.</li> <li>5. Consultation with NGO (Sawit Watch, Walhi, Forest People, AMAN and WWF) via email on 29 March 2017.</li> </ol> <p>Numbers of input from stakeholders were clarified by PT KDA.</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit ( <b>ASA-4</b> ) will be determined at least 12 months after this <b>ASA-3 (April 2018)</b> .

**3.0 ASSESSMENT FINDINGS**

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

MUTUAGUNG LESTARI has conducted an assessment of Muara Wahau Mill– PT KDA operation consisting of one (1) mill and two (2) oil palm estates.

During the assessment, there one (1) Nonconformity were assigned against Major compliance Indicator, two (2) nonconformities were assigned against Minor Compliance Indicators and seven (7) opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5.

MUTUAGUNG LESTARI found that Muara Wahau Mill – PT KDA complied with the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, endorsed September 2016 And Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>	
<b>1.1</b>	<b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>
<b>1.1.1</b>	There is a list of stakeholder which is reviewed every year by the social PIC. The list consist of government, surrounding village, cooperation, union labor, etc.CH has list of information for public, which consist of 16 kind of information. The list has been socialized to stakeholder through dissemination of the list as showed by minutes of meeting in February 7 2017. There is also procedure of communication and consultation (SOP/SMAR/UMUM/SADV/II/004).  CH has also routinely gave report to government of Kutai Timur, as example of reporting of land use tittle report to Land Agency at 19 January 2017. Some of madatory report not yet reported so this is became <b>Non conformity No.2017.01 as of:</b> <ul style="list-style-type: none"> <li>• The CH has not able to show prove in reporting of employment agreement specified time to manpower agency.</li> <li>• The CH has not able to show prove of contract administration to workers.</li> </ul>
<b>1.1.2</b>	PIC for communication and consultation is the manager of estate and mill. There is procedure of communication and consultation (SOP/SMAR/UMUM/SADV/II/004). CH could show list of request of information and communication in form of recording book, as example of GKME for 2017, which wrote 13 incoming letter of request for assistance. Yet, there is no request for information.
<b>1.1.1</b>	<b>Status: Nonconformity no. 2017.01 with minor category</b>
<b>1.2</b>	<b>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>
<b>1.2.1</b>	CH has list of information for stakeholder, which consist of 16 kind of information. The list has been socialized to stakeholder



and available at estate and mill. All of the information list can be accessed by following its procedure. Based on interview with head of smallholders cooperative and smallholder cooperative advisor, it is explained that information regarding deduction credit of smallholder is transparently informed to the cooperative by the plasma management/manager. Smallholders could request for its information, through the cooperative head or to the plasma management/manager.

**Status: Comply**

**1.3**

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

**1.3.1**

There is no change in policy of business ethic code of the company of the August 1 2014 by VPA, which consist of 4 credit. The policy is written in Indonesian language and has been socialized to worker and other stakeholder. It was known based on interview with worker of GKME and MWHE and also contractor.

**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 and 2.1.2**

CH has a mechanism to identify, implement and evaluate compliance with the law described in SOP Regulation and Other Requirements(SOP/SMART/UMUM/SADV/II/002). This procedure has been explained about the PIC which is responsible for identifying the regulation and the PIC which is responsible for evaluating the rules. Based on this mechanism, the CH identifies the type of legislation that must be fulfilled and classifying them in a group of HCV, Employment, Environment, Health and Safety.

Evidence of compliance undertaken by CH, for example:

- Kalimantan Timur Governor Decree No. 561/K.634/2016 dated 6 December 2016 related to Minimum Wage of Kutai Timur Regency in 2017.
- Has had land use title and business permit.
- The company has comply with minimum wage.
- The CH has conducts zero burning method during land clearing activities.
- The CH has only plants seeds which produced from government recognised seeds producers such as DxP Lonsum, Socfin, Damimas and ASD Costarica.
- The CH has adopts integrated pest management which consist of early warning system, census, biological control, chemical control, monitoring and evaluation.
- The CH has only used pesticides listed in Pesticides Commission of Department of Agriculture on period 2016.
- The CH has Hiperkes Qualified for company doctor and other paramedics as presented in Certificate No. 19.581/DH-IV/08 and No. 102/BK3-SMD/IX/2013 as required by Permenakertranskop No. 01/1976.
- The CH has in accordance with several regulations related to Operator Licenses, for example Welder Operator (Permenakertrans No. 02, 1982), Power (GenSet) Operator (Permenakertrans No. 04, 1985), Tractor Driver (Permenakertrans No. 05, 1985), Steam Machnie (Boiler) Operator (Permenaker No. 01, 1988) and Lift and Carry (Loader) Operator (Permenakertrans No. 09, 2010).

Based on the results of field visits in the division 1 block H9 GKME, interviewed with workers and verification of worker agreement documents are known that the cotract worker has been extended more than once and the renewal is not over a 30 day period. This is not in accordance with Regulation no. 13 year 2003 article 59 and Manpower regulation No. 100 year 2004 article 3. This is become **Nonconformity No. 2017.02 with major category.**

CH has all up date and applicable laws and regulations list in period 2017 full with copied document. That documents available in estate and mill offices including copied of new regulations, such as land application permit, and hazardous & toxic waste storage permit.

CH has been hazardous waste storage permit for Gunung Kombeng Estate and Muara Wahau Mill in accordance with

Decree No.658.31 / K.773 / 2011 which was issued December 27, 2011 and valid for 5 years. The license has been expired and then the company has submitted an extension to the environmental agency, but the licensed not yet issued. The license of hazardous waste warehouse will be observed in next assessment.

**2.1.3 and 2.1.4**

To ensure regulatory compliance, management conducted a compliance evaluation against compliance with applicable regulations. The latest evaluation of regulation compliance was conducted on February 8, 2017.

**2.1.1 | Status: Nonconformity No.2016.02 with Major category.**

**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**

CH has had the land rights in the form of Land Use Title (HGU) and Land Use Building (HGB) for an area of 6,877.5353 hectares which consist of 2 certificate HGU and 1 certificate HGB. Based in document review and field visit known that management unit has manage a area of 6,877.5353 Ha consist of 6,605.08 Ha planted area and 272.46 Ha supporting facilities. Interview with communities is known that the CH did not conduct expansion the operation area.

**2.2.2**

Management unit has had list and map of HGU pole from National Land Agency. Based on the data, there are 66 pole in PT KDA. Management unit have conducted monitoring of boundaries pole once a months and maintenance every three month. The monitoring results for 2016 – 2017 showed that 66 pole are in good condition consist of 32 pole in Muara Wahau Estate and 34 pole in Gunung Kombeng Estate.

Field visit in PT KDA showed that Boundary Pole of KDA 55, KDA 58, KDA 20, KDA 18 and GPS 07 are in a well-maintained condition(see picture) and the pole position is meet with the coordinate. Besides that, CH also maintaining trenches along as part of boundary marker. Based on the explanation, Nonconformity No. 2016.01 is closed.



**2.2.3; 2.2.4 & 2.2.5**

The consultation results with communities (KUD Sawit Bersama, KUD Bina Mandiri, Sukamaju Village, Maju Jaya Village and Miau Baru Villange) and Plantation Agency of Kutai Timur District known that there was no dispute / conflict of land between the companies and communities. Field visit and document review also shows that there was no dispute / land conflict in operation area of CH. The company has had procedure for conflict resolution which stated that the resolution involve the stakeholder.

Based on field visit and document review show that some area of HGU PT KDA is used by other party (communities) and the management unit has shown the agreement with the party, but not for all area. CH has process the agreement but not yet finish and it will be observed in next assessment.

**2.2.6**

GAR as parent company of PT KDA has had policy of Social and Environment which stated “We commit to actively promoting and supporting the responsible resolution of any conflicts involving GAR operation with legitimate concerned at the time underlying events occurred. This will include working with relevant stakeholders to ensure that a balanced, accountable, mutually agreed and documented conflict resolution system is accesible to smallholders, indigenous peoples, rural communities and other affected parties based in order to deal with complaints, grievances and resolve conflicts to the

mutual satisfaction of the parties based on respect for their legal and customary rights, including to lands and resources and their right to give or withhold their free, prior and informed consent to operation planned on their lands. The system will include the mapping of all conflicts in GAR's operations, the development of action plans to address identified conflicts, transparent monitoring and reporting, the option to local community and or customary groups for accessing independent legal and technical advice, the ability for complainants to choose individuals or groups to support them and/or act as observers as well as the option of a third party mediator.

We categorically reject the use of violence in any dispute by any parties.”

Consultation with the stakeholders (KUD Sawit Bersama, KUD Bina Mandiri, Sukamaju Village, Maju Jaya Village and Miao Baru Village), there is no indicate that the company use the mercenary/paramilitar in operation area.

**Status: Comply**

**2.3**

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

**2.3.1; 2.3.2; 2.3.3 & 2.3.4**

CH has had SOP of FPIC which approve by Head of Upstream on 1 July 2014. This procedure is used in the development of oil palm plantations and / or mills in new location permits and development of oil palm plantations and / or factories in existing location permits.

Interview and field visit show that land utilization by CH does not destruct local communities' traditional and legal right. Land ownership is entirely belong to individual or belong to state. The evidence of communities' land release have been well documented and well stored byDnL.The latest land compensation has been conducted in 1997.

Document review, field visit and interview shows that since the ASA-2 until ASA-3, the company does not perform land expansion.

**Status: Comply**

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

**3.1**

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

**3.1.1**

The CH has shows five years longterm management business and budget plan for period 2017-2021. Management unit stated that the business plan are subjected to changed and reviewed annually by the respective management through considering actual trends and dynamic situation which predicted could be changed in the future. The objective of annual review is to optimize the company resources to obtain a satisfactory goal.Parameters listed on the company long term plan has covers FFB production, CPO and kernel production, production cost, transportation/distribution cost, balance/revenue, tax, IDR and USD inflation, FFB and CPO price and currency rates. This longterm budget plan has made by Department of Finance and approved by Regional Controller of Kalimantan Timur I. The longterm plan was extracted more details in annual budget plan which prepared by the Estate Manager. furthermore, based on soil survey semi detail maps (Reg. No. 115/202/PNMP/III/11 and Reg. No. 128/202/PNMP/III/11 for MWHE and GKME, respectively) which derived from land suitability class report 2011, it was informed that there were no presence of peat soil within PT KDA operational areas. Hence, there is no plan related to peat management.

**3.1.2**

Based on hectare statement, it was informed that palms in PT KDA were planted within 1998 to 2004. Furthermore, according to criteria of replanting which mentioned in replanting procedure, it was stated that cycle of oil palm was about for 25 years. Hence, the CH has no replanting plan in the near future. According to the oldest planted palms only, it was predicted that the first replanting would be carried out in 2023.

**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**

CH has shows oil palm agronomy and processing procedures (SOP) which issued by the Head of Upstream and arranged by the Chief of Management Committee Agronomy and Research (MCAR) team on June 12<sup>th</sup> 2012 and the Chief of Management Committee for Mill Development (MCMD) team on December 6<sup>th</sup> 2013, for estate and mill units, respectively. it was noted there were 14 procedures related to oil palm agronomy which covers from planning to FFB transportation to the mill. Based on Agronomy SOP's document reviews, field observation and interview with harvester in Block D8/9 Divisi 1 MWHE dan H9 Divisi 1 GKME it could be concluded that the harvester was able to explain and demonstrate the harvesting process in accordance with SOP, such as ripeness criteria, frond stacking and the use of personal protection equipment (PPE). Furthermore, based on field observation and interview with pesticide applicators in Block E21 Divisi 3 MWHE , it could be concluded that the workers were able to explain and demonstrate its job in accordance with the SOP, such as considering wind flows during spraying process, pesticides and weeds target, prohibited areas to be sprayed (for example conservation area and riparian zone, which were marked with red and yellow poles and cross red mark on the palm trunks), PPE's to be used as well as its management. Moreover, Oil palm processing procedures were presented in work instruction (WI) No. DP-05-03 which consist of technical guidelines towards all processing stations, such as. loading ramp, sterilizer, thresher, press, clarification, drain tank, oil recovery tank, oil recycling storage tank, oil purifier tank, flushing sludge centrifuge, storage tank wash, nut and kernel, boiler, gauge and glasss boiler, emergency boiler, boiler maintenance, generator set operation, steam turbine, water treatment, final effluent treatment, final effluent analysis and ripple mill. The WI has also describes the methods of stock and production measurement of CPO and PK, mill throughput and calcium carbonate analysis.

Based on SOP documents review, it could be concluded that the oil palm agronomy and processing SOP were still relevant with current situation and covers all main aspects from the field to the mill. All SOP's were available in Bahasa. Furthermore, based on observation to estate and mill office, it could be concluded that the respective SOP's were well distributed by sustainability palm oil officer.

**4.1.2**

Master list of procedure documents (softcopy and hardcopy) were saved by Sustainability Division (STDV). All SOP's were firstly checked by STDV Head before distributed to Head of Upstream, Managing Director Operational, Chief Executive Officer (CEO), Vice President Agronomy (VPA), Vice President manufacturing (VPM), Regional Controller (RC), Production Controller (PC), Estate Manager (EM), Factory Manager (FM), Operational Internal Audit (OIA), Estate or Mill Advisor, SMART Research Institute (SMARTRI), Sustainable Palm Oil (SPO) Officer of Sinar Mas Plantation (PSM), SPO Officer Region and SPO Officer in Units. To ensure workers performance consistency towards SOP's, several internal and external training were conducted regularly for example training of harvesting procedure and work instruction, held on January 25<sup>th</sup> 2017, attended by all Forehead (Mandore) and Harvester. Mechanism of procedure revision has presented in document No. SOP/SMART/UMUM/SADV/II/001 dated July 1<sup>st</sup> 2014, about document record and control. Estate and Mill Management stated that up to the time of ASA-3, there were no revision on agronomy and oil palm processing procedures.

Control and monitoring of SOP's were carried out by internal audit which carried out twice a year, held by Department of OIA. The company has able to shows the latest OIA report for second semester No. 49/III-MWHE/11/16, No. 54/III-GKME/12/16 and No. 53/III-GKMMMWHM/12/16 for MWHE, GKME and MWHM, respectively. Both report were dated on November 23<sup>rd</sup> 2016. As response to to internal audit findings, estate and mill management units has made an action plan as a respon and fitted oth list of findings, action plan, date line, status of findings. Based on document of monitoring, it was informed that all OIA findings were all considered closed on January 31<sup>st</sup> 2017.

**4.1.3**

Monitoring on oil palm agronomy and processing has recorded on several documents, for example as follows:

- Daily Foreman report. For example, Mandore of Harvesting daily record has informed harvester absence, harvesting quality, path quality, unharvested bunches, frond stacking placement and cleanliness of loosefruits. The report then should be checked by the Assitant and upload to the database using a program namely System Application Product in Data Processing (SAP).



- Monthly Estate Manager report which describes 14 parameters that need to be regularly evaluate, such as for example FFB security, fertilizer purchasing and supply, fertilizer application, upkeep, land application, integrated pest management activities and transportation. The report was then distributed to VPA and OIA, to be checked, analyzed and evaluate for the improvement. The VPA report dated December 1<sup>st</sup> 2016 informed there was 5 findings, action plan, follow up of visit, and comparison pictures on before and after corrective actions taken. All findings mentioned has closed on 5<sup>th</sup> March 2017.
- Monthly Mill Manager report which describes 62 parameter that need to be regularly evaluate, such as FFB intake statement, production record, FFB grading recapitulation, production quality, cost and losses. The report was then distributed to Production Controller, Vice President Manufacturing (VPM) and OIA, to be checked, analyzed and evaluate for the improvement. The VPM report dated December 21<sup>st</sup> 2016 informed there was 11 findings, action plan, dateline, person in charge (PIC) and status of findings on has all closed January 15<sup>th</sup> 2017.

Based on description above, it could be concluded that estate and mill operational activity had been recorded, reported, analyzed and evaluate, to be improved periodically.

**4.1.4**

Muara Wahau Mill has record the origins of all third-party sourced FFB. The result of filed visit, document review and interview with the management, knownt there is FFB sourced from third party i.e PT Agrotunggal Jayamandiri.FFB deliveries performed under the agreement that has been agreed.

Sinar Mas Agro Resources & Technology has had mechanism to third-party FFB sourcing which is Procedure of FFB Purchase Administration. Based on the procedure, millare not allowed receive FFB from forest areas or other illegal areas.

**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 and 4.2.3**

Procedure (SOP) of soil fertility management was presented in document No. SOP/SMART/MCAR/IX/TA-PPK about manuring and document No. SOP/SMART/MCAR/X/TA-PTB about field upkeep on immature areas. The SOP has covers leaf and soil sampling for annual manuring recommendation calculation, manuring implementation shall be carried out based on right applications towards time, target, dosage and techniques principles, to conduct a proper water management on peat areas and installation of piezometer for water table monitoring, to conduct land cover crops (ex. legumes and *Nephrolephisbisserata*) management which expected could retain the soil moisture and nutrient cycles, application of by products such as land application by palm oil mill effluent (POME) on permitted areas, empty fruit bunch (EFB) mulching and buch ash application, as well as conduct monitoring on erosion poles monthly.

Leaf and soil sampling as well as its analysis has carried out by SMARTRI team. The results has also been used for soil fertility monitoring and evaluation. Estate management unit was able to shows leaf sampling analysis results period 2016 for MWHE and GKME which presented in document Ref. No. 159/DAUN/LAB-SMARTRI/IV/2016 dated 30<sup>th</sup> April 2016 and Ref. No. 210/DAUN/LAB-SMARTRI/IV/2016 dated May 31<sup>st</sup> 2016, respectively. Furthermore, soil analysis results for MWHE and GKME were presented in documents Ref. No. 045/TANAH/AL/ALNZ/02/15 dated April 24<sup>th</sup> 2015 and Ref. No. 036/TANAH/AL/ALNZ/02/15 dated February 25<sup>th</sup> 2015, respectively.

Based on fertilizer recommendation in 2017/2018, it could be concluded that annual dosage recommended were derived from leaf and soil sampling analysis. Moreover, some corrections of fertilizer rates recommended has also made by visual observation towards palms figure and color assessment by the Agronomist to adjust specific additional fertilizer input if there were nutrient deficiency detected. Moreover, according to interview with estate and mill staff and field observation to Block F15/16 Divisi 1 MWHE and H9 Divisi 1 GKME it was found that by-products such as EFB has applied on the estate fields for nutrient cycle purposes.

**4.2.2**

CH has monitor the used of fertilizers and very well documented. Records of fertilizer application was presented in



document of fertilizer recommendation and realization 2016 and Division work program. Fertilizer recommended in 2016 are Urea, Rock Phosphate (RP) and/or Triple Super Phosphate (TSP), Muriate of Potash (MOP), Kieserite and/or Dolomite and Borate, as source of N, P, K, Mg and B, respectively. all 2016 program had completed in December 2016. Total fertilizer used per ton FFB were also available in both estates.

**4.2.4**

Apart from chemical fertilizers application, the CH had a strategy of nutrient cycle from oil palm processing by-products such as EFB and POME. The EFB and POME are expected to supply extra potassium (K) and Nitrogen (N), respectively. Moreover, pruned fronds during harvesting activity has indirectly considered as nutrient cycle strategy. Rates of application of EFB and POME were about 220 kg/palm and 375 m<sup>3</sup>/ha/year, respectively. According to EFB application in January 2017, it was informed that totaling about 5,587 ton and 3,503 ton of EFB had been applied on 186.00 ha in GKME and 116.80 ha in MWHE, respectively. Furthermore, according to Daily Land Application report March 2017, it was noted that 17,038 m<sup>3</sup> and 12,732 m<sup>3</sup> of POME had been applied on 136 ha in GKME and 101.78 ha in MWHE, respectively. Furthermore, based on field observation to Block F15/16 Divisi 1 MWHE and H9 Divisi 1 GKME, it was found the EFB application has very well implemented in accordance with the procedure. The same condition has also noted in Block G18 Divisi 2 GKME for land application

**Status: Comply**

**4.3**

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

**4.3.1**

The CH was able to shows semi detail soil maps with scale of 1:40,000 which derived from land suitability report, presented in document Reg. No. 115/202/PNMP/II/11 and No. 128/202/PNMP/II/11 for MWHE and GKME, respectively. The maps informed that there were no presence of peat soils within PT KDA operational areas. In term of topography, it was informed that there were no areas with slope more than 40 % in both estates. This is confirmed during field observation. Major limitation for oil plam cultivation in both estates were due to poor drainability properties which presence on Typic Endoaquepts soil type where covers about 77.20 ha (or abut 2.20 % of total area in MWHE) and 256,70 ha (or about 7.80 % of total area in GKME). The limitation has classified as marginal (S3) for oil palm cultivation. Moreover, minor limitation were mostly due to fair soil fertility and rolling to hilly slopes (9-40 %). Hence, it could be concluded that there were no fragile soils/area within PT KDA operational areas.

**4.3.2**

According to the soil maps mentioned in Indicator 4.3.1, it was informed that there were about 1,443.17 ha (or about 40.20 % of MWHE total area) and 1,742.13 ha (or about 53 % of GKME total area) has slope ranged from 9-40 %) which classied as rolling to hilly. To overcome limitation on hilly area, several method had implemented which refers to procedure No. SOP/SMART/MCAR/II/TA-PPA about planning of land preparation on new planting and No. SOP/SMART/MCAR/IV/TA-PLB about new land clearing, such as by making terraced planting pattern on hilly areas for soil conservation, by making siltpit for water conservation, planting of trees on riparian of conservation area, monitoring of soil erosion on palm circle, inter-row and harvesting path and frond stacking technique. Furthermore, procedure for erosion measurement was presented in document No. PT KDA-GKME/SOP/29.

Based on field observation to G28/29 GKME, it was found that land management which had implemented in 21-40 % elevation area were terraced planting pattern, manual upkeep and fronds was stacked parallel to the contour line. Moreover, the ground was satisfactory covered by verns (*Nephrolephis* sp.) and vetifer grass. This is supported by the data of monthly erosion poles measurement March 25<sup>th</sup> 2017 which informed that erosion level on palm circle, interrows and rantice path on the upper, middle and valley were zero or consider has no erosion.

**4.3.3**

Program of road maintenance has found on annual budget plan which included on Budget of transportation cost. Each Estate management unit has one unit of campactor 8 ton TLB and one unit of road grader. Road maintenance activities were consist of manual maintenance such as cover crop clearance, surface reparation through gravels and road compaction. Based on the record, it was informed that totaling 195,368 m and 181,00 m road in MWHE and GKME has maintained during 2016. The CH has also able to shows road maintenance program and its realization which shows on

road compaction map, heavy machinery work record and mandor work book. Furthermore, based on field observation to MWHE and GKME, it was found that road conditions were well maintained and easily passable by FFB transport unit.

**4.3.4 and 4.3.5**

As mentioned in Indicator 4.3.1, it state there were no presence of peat soils within PT KDA operational areas. Hence, there is no water management on the particular areas. However, for mineral areas with poor drainability properties, the estate has installed filed drain which aims to keep the moisture on the field. Furthermore drainability study for replanting program is not applicable for the CH.

**4.3.6**

As explained in Indicator 4.3.1, it could be concluded that there is no presence of fragile soils within CH operational areas. Major limitation for oil plam cultivation in both estates were due to poor drainability properties which presence on Typic Endoaquepts soil type where covers about 77.20 ha (or abut 2.20 % of total area in MWHE) and 256,70 ha (or about 7.80 % of total area in GKME). The limitation has classified as marginal (S3) for oil palm cultivation. Moreover, minor limitation were mostly due to fair soil fertility and rolling to hilly slopes (9-40 %). To overcome poor drainability properties, estate management unit has installed scupper drains (filed drains) which aims for moisture conservation for example in Block C11 and C17 in MWHE and Block K18 and K20 in GKME. Furthermore, to overcome limitation on hilly area has already explained in Indicator 4.3.2.

**Status: Comply**

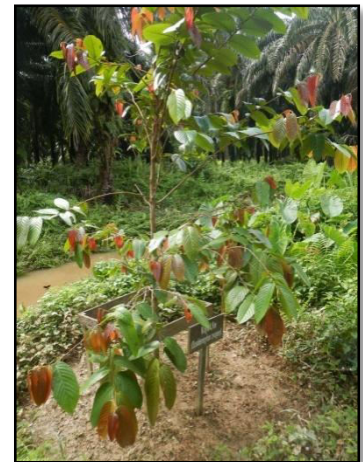
**4.4**

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

**4.4.1; 4.4.2**

CH has SOP of riparian protection no. SOP/SPO/SMART/LH-06 dated 1 July 2010, which is descibed pupose, scope, references, definitions, tasks and responsibilities, and work steps. CH also has a management plan to maintain ground and surface water management plan, such as conservation on riparian area, not using chemical on the riparian area and surface water test routinely and report it to environmental agency. There are river in the GKME and MWHE area, consist of Pantun river and Elang river. Based on field observation in di block C8/C9 (MWHE) and block H24 division 2 (GKME), it is known that company has conducted management on riparian zone, such as:

- around the watersources is covered with natural plant (conditions of the river border are left in a scrub condition).
- there is a boundary that showshigh conservation value areas
- there is signboard of forbidden to hunt.
- the cross (x) sign, as a sign for the prohibition of spraying and fertilizing
- Results of interviews with workers are known that they know about the mechanism of managing the riparian. Around the river border should not spray and fertilize which marked with a cross (x). Workers also understand about the animals that are prohibited from hunting, and forbidden to electrocute in the area of the river.



Interview with Environmental Agency of East Kutai Regency is known that drainage of liquid waste from process and rain should not be incorporated in accordance with Regional Regulation of East Kalimantan Province No. 2 year 2011. Field verification by Environmental Agency shows that Muara Wahau Mill already has separate the drainage from liquid waste and rainwater, but all water (liquid waste and rainwater) is disposed to the same place that is WWTP. The progress to separating the liquid waste and rainwater reuse the blowdown water, reusing turbine cooling water and repair air lock fiber cyclone so as not to fall into the drainage. Company is encouraged to complete the process of separation the liquid waste and rainfall overflow and will be observed in next assessment.

**4.4.3**

Mill has had license for land application in accordance with Decree of Kutai Timur Regent No. 660/K.137/2016 dated 11 February 2016. The management has tested mill's effluent regularly every month. The result of the test is recorded on implementation report of environmental management and monitoring and reported to Environmental Agency. The test

results for October- Februari 2017 :

Parameter	Unit	Standart	Result				
			Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017
BOD	mg/l	<5000	271.02	239.15	274.82	129.37	307

According to the test result, the quality of effluent is accordance with the quality threshold (Environment Ministry Decree No. 29 Year 2003 and land application license).

**4.4.4**

CH has been monitoring water consumption for processing FFB. According to the average water usage of FFB, it is known that, water use on January- March, is more than the budget for water consumption. The Company has demonstrated evaluation and follow-up water use that exceeds the usage budget on January-March 2017. According to the field observation to Water Treatment Process installation, flowmeter processing FFB is in good condition and water consumption is recorded regularly.

Follow-up of the permission of surface water utilization to the Directorate General of Water Resources of the Ministry of Public Works in Jakarta will be observed on next assessment.

**Status: Comply**

**4.5**

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

**4.5.1**

The CH has committed to implement integrated pest management activities in which presented in several procedures, such as procedure No. SOP/SMART/MCAR/VIII/TS-PGM dated June 12<sup>th</sup> 2012 about weeds control which covers weeds control in the nursery, immature and immature areas, equipment used for weeds control, safety procedures of control, guideline of agrochemicals uses (include paraquat) and monitoring and No. SOP/SMART/MCAR/VII/TA-HPT dated June 12<sup>th</sup> 2012 about Pests and Diseases (P&D) Control Management which covers early warning system, census, P&D attack threhold limits, evaluation and decision of pest and disease control, recommendation from SMARTRI, P&D handling, recommendation of P&D control and evaluation. The details of P&D control has presented in several work instructions (WI).

Such P&D management activities has been programmed in the activity program for divisions. Some related matters that have been carried out by management team in 2017 are census of rats and bagworm, planting of beneficial plants (*Turnera subulata* and *Antigonon leptopus*) and for leaf eating caterpillar population control, where easily found on the main and collection roads during filed observation, as well as conducting barn owl (*Tyto alba*) for rat's population control. Based on field observation to Block F12 GKME, it was found the presence of barn owl signed with rat's bones and barn owl feathers.

In order to avoid P&D (include weeds) resistance and prophylactic uses of pesticide, estate management had substitute and/or rotate the use of pesticides for the same target, for example, in term of broad leaf control such as *Ageratum conyzoides*, *Boreiva alata* and *Mikania micranta*, the use of Erkafuron 20 WG (Methyl metsulfuron) could be substitute with Garlon 670 EC (Triclophyr butiksi ester). Moreover, biological control has also adopted as mentioned above.

**4.5.2**

The CH has conducting several trainings which aims to maintain workers knowledge and skills towards P&D management, for example as follows:

- Training and refreshment of P&D related work instructions and agrochemicals MSDS for all pesticide operators in GKME, conducted in April 1<sup>st</sup> 2017.
- Training and refreshment of P&D related work instructions and agrochemicals MSDS for all pesticide operators in MWHE, conducted in June 23<sup>rd</sup> 2016.

Based on field observation and interview with pesticide applicators in Block E32 Divisi 3 MWHE, it could be concluded that the interviewee were able to explained and demonstrate several technical skills such as PPE used, spraying techniques

and prohibited application areas such as HCV and riparian areas which marked with redcross on palm trunks or yellow-red poles.

**Status: Comply**

**4.6**

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

**4.6.1; 4.6.2; 4.6.3 and 4.6.4**

Procedure No. SOP/SMART/MCAR/VII/TA-HPT dated June 12<sup>th</sup> 2012 about Pests and Diseases (P&D) Control Management mentioned that the use of agrochemical should be based on census analysis evaluation when the level of incidence is more than threshold limits. Furthermore, for weeds control purposes, work instruction No. IK/SMART/MCAR/VIII/TA-PGM/03 dated March 26<sup>th</sup> 2012 has describes weeds control on the palm circle, harvesting path, FFB platform, rotation, pesticides uses, type of weeds and recommendation of pesticides. For example in old mature areas, dosage of mixed pesticides recommended are Glyphosate 0.25 l/ha and methyl metsulfirion 0.013 kg/ha.

There was 5 type of pesticides used in 2017 namely Erkaforon 20 WG (Methyl metsulfuron), Garlon 670 EC (Triklampir butoksi ester), Starane 290 EC (Florokspir metil heptil ester), Rolifos 150 SL (Amonium glufosinat) and Roll Up 480 SL (Isoprophyl amine glyphosate). Those pesticides were herbicides which listed in the book of pesticide commission 2016 issued by Department of Agriculture, Republic of Indonesia. There was no chemicals control on pest due to its level incidence was recorded still bellow its economic threshold, as explained in Indicator 4.5.1. Record of pesticide used is presented in document of pesticide used and analysis which updated every month. The document has covers active substance monitoring and LD-50. For example, volume per ha for Roll Up, Starane and Erkaforon used for palm circle and harvesting path spraying in 2017 were 0.28, 0.07 and 0.01 l/ha, respectively. There is also o pesticides listed in WHO Appendix 1A, 1B and/or listed in Stockholm or Rotterdam Convention.

The CH has no use of Paraquat. The CH has Memorandum of President Director dated November 21<sup>st</sup> 2014 which mentioned that the CH has commits to reduce the use of paraquat for about 30 % annually and zero use of paraquat in 2018. According to pesticide use records, the paraquat has not applied since 2016.

In order to avoid P&D (include weeds) resistance and prophylactic uses of pesticide, estate management had substitute and/or rotate the use of pesticides for the same target, for example, in term of broad leaf control such as *Ageratum conyzoides*, *Boreiva alata* and *Mikania micranta*, the use of Erkaforon 20 WG (Methyl metsulfuron) could be substitute with Garlon 670 EC (Triclophyr butiksi ester). Moreover, biological control has also adopted such as planting of beneficial plants (*Turnera subulata* and *Antigonon leptopus*) for leaf eating caterpillar population control, where easily found on the main and collection roads during filed observation, and conducting barn owl (*Tyto alba*) for rat's population control. Based on field observation to Block F12 GKME, it was found the presence of barn owl signed with rat's bones and barn owl feathers.

**4.6.5, 4.6.7 and 4.6.9**

Procedure of pesticide handling has presented in document No. SOP/SMART/MCAR/VIII/TS-PGM dated June 12<sup>th</sup> 2012 about weeds control which covers weeds control in the nursery, immature and mature areas, equipment used for weeds control, safety procedures of control, guideline of agrochemicals uses (include paraquat) and monitoring. Moreover, several procedure and work instruction has also used as a gudeline, such as procedure No. SOP/SPO/SMART/LH-09 about waste management and work instruction No. IK/SPO/SMART/LH-09/01 about stage of eks pesticide containers handling (washing and cleaning). The CH has conducting several trainings which aims to maintain workers knowledge and skills towards P&D management, for example training and refreshment of P&D related work instructions and agrochemicals MSDS for all pesticide operators in GKME and MWHE, conducted in April 1<sup>st</sup> 2017 and June 23<sup>rd</sup> 2016, respectively. Especially for smallholders, the training has conducted in February 17<sup>th</sup> 2016 in GKMA and in June 21<sup>st</sup> 2016 and in Cooperatove Jasa Mutiara Kong Beng, attended by 17 smallholders. The subject of training are step of pesticide application, pesticide preparation, pesticide storage, pesticide handling and cleaning, prohibited pesticide application areas such as HCV and riparian zone, OHS aspect and pesticide impact for health.

According to interview with committee of cooperative Sawit Bersama, it was stated that PT KDA has annually provide training or socialization on pesticide handling to smallholders. As per seen in the the same Indicator on the previous assessment, it could be concluded that the training has been conducted to the associated smallholders, describes as follows:



- Training of weeds management, conducted in March 13<sup>th</sup> 2015, attended by 20 smallholders' representative in GKMA.
- Socialization on procedure of agrochemical application and hazardous materials handling and management, conducted in February 17<sup>th</sup> 2016 in GKMA.
- Training and socialization of pesticide uses and handling, conducted in June 21<sup>st</sup> 2016 in Cooperative JasaMutuara Kong Beng, attended by 17 smallholders' representative.

According to the schedule, the 2017 training is expected to be carried out in the coming June or September 2017. Subject and materials of training were provided and shows during assessment.

Based on field observation and interview with pesticide applicators in Block E32 Divisi 3 MWHE, it could be concluded that the interviewee were able to explained and demonstrate several technical skills such as PPE used, spraying techniques and prohibited application areas such as HCV and riparian areas which marked with redcross on palm trunks or yellow-red pole. Moreover, based on observation to agrochemical warehouse, it was found that pesticides stored were matched with pesticides used records. Furthermore, MSDS documents has also available.

Facilities of cleaning up for pesticide applicators equipments, applicators it self, as well as PPE and spraying tools storage has already provided in every Divisions. This is confirmed during field observation, for example to Divisi 1 and Divisi 3 Office in GKME.

**4.6.6**

CH has SOP of materials management and transfer that explains the examination of Materials and features include hazardous chemicals. The Company has SOP of hazardous waste management in SOP Waste Management documents that explained Inventory of waste, permit, management waste program, evaluation and recording. Based on field visit in chemical warehouse of Gunung Kombeng Estate found that the chemical has been manage in accordance with procedur.

**4.6.8**

According to the field visit and the field upkeep program, the company has only apply pesticide by *Knapsack*/spraying equipment (not spreaded from the air).

**4.6.10**

Based on document and interview (worker and manager), used pesticide container are washed first, after that kept to hazardous waste warehouse and then recorded on hazardous waste logbook. afterward more, used pesticide container deliver to the licensed waste collector (PT Karunia Lumasindo Pratama) by using the licensed transportation.

**4.6.11 and 4.6.12**

Circulation letter No. 001/SE-ADH3/BNJO/01/2010 dated January 12<sup>th</sup> 2010 about pregnant and breastfeeding women and medical check for pesticide applicator mentioned that pregnant and breastfeeding women are prohibited to works as agrochemicals applicators and obliged to regularly carry out a special medical check up every 4 months with pointed paramedics. The CH has list of pesticide applicators for example in MWHE there were 60 applicators with 33 were women. The CH has also shows H1 and H2 status record, which informed pregnant status of the workers. Based on field interview with pesticide applicators in Block E32 Divisi 3 MWHE, it was stated that the CH has conduct annual special medical check up (cholinesterase). Pregnant and breastfeeding workers were prohibited to works with agrochemicals. The identified workers will be transferred into manual upkeep works). furthermore, the CH was able to shows the list of pesticide applicator in 2017 and its special medical check up records in 2016 and 2017. Company response and doctor recommendation to replace the identified infected workers to manual upkeep works has leads to the decreasing figures up to 40 % in 2016 to 2017. Cholinesterase records of all applicators, doctors recommendations its follow up were available.

**Status: Comply**

**4.7**

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

**4.7.1**

Policy on OHS of PT KDA has issued by the President Director of PT SMART, Tbk on November 1<sup>st</sup> 2013. The policy indicates CH's commitment towards OHS implementation through communicate policy and OHS procedures to all



employees and stakeholders which have interest, to comply with government OHS related regulations, to ensure implementation of OHS as a part of operational process, to identify, appraising, and control of continuous improvement in order to avoid work accident and to manage and monitor OHS indicators and conducting a continuous improvement. The CH has socialize the policy during P2K3 meeting which conducted on February 18<sup>th</sup> 2017, January 11<sup>th</sup> 2017 and November 26<sup>th</sup> 2016 in GKME, MWHE and MWHM/GKMM, respectively. The CH has 25 OHS procedures.

The CH has shows OHS work program for 2017, arranged by Secretary of P2K3 (Licensed OHS). Several program in 2017 such as:

- Work program of OHS in mill for 2017 which covers OHS implementation, monthly meeting, OHS documentation, socialization and training, devices calibration, Licences, material handling management, medical monitoring and Hyperkes, three-monthly report, regular monitoring, monthly OHS activity, work program evaluation and target of achievement. The CH was able to shows work program realization issued on January 2<sup>nd</sup> 2017.
- Work program of OHS in MWHE 2017 which covers P2K3 program, checklist of fire extinguisher, monitoring of first aid kit on the working station and fields, PPE inspection, PPE distribution, evaluation of OHS regulation fulfillment, training on emergency procedures, socialization of SOP and WI, additives, AIDS and medical checkup (includes special checkup). The CH was able to shows work program realization issued on January 9<sup>th</sup> 2017.
- Work program of OHS in GKME 2017 which covers P2K3 program, OHS implementation, monthly P2K3 meeting, OHS documentation (HIRAC, OHS policy placement), training and socialization towards OHS and SOP/WI, licences monitoring, medical checkup and Hyperkes, three-monthly P2K3 report, OHS audit, management evaluation and target of achievement. The CH was able to shows work program realization issued on arch 22<sup>nd</sup> 2017.

Evidence of OHS work program implementation has recorded in training report, medical check-up report, records of purchasing of OHS related equipments (PPE, first aid kit, fire extinguisher, hydrant, etc.), P2K3 monthly meeting notes and three-monthly P2K3 reports. Furthermore, Evaluation of OHS program, achievements and its monitoring was presented in P2K3 monthly meeting notes and three-monthly P2K3 reports. For example, the CH was able to shows training activities conducted in 2017 for example training and refreshment of P&D related work instructions and agrochemicals MSDS for all pesticide operators in GKME, conducted in April 1<sup>st</sup> 2017 and training and refreshment of P&D related work instructions and agrochemicals MSDS for all pesticide operators in MWHE, conducted in June 23<sup>rd</sup> 2016.

Based on observation to MWHM, it was found first aid box, fire extinguishers and hydrant stations were satisfactory maintained. Regular checklist monitoring were also available. Moreover, simulation of hydrant were considered satisfactory.

#### **4.7.2 and 4.7.5**

The CH has the hazard identification risk and control (HIRAC) which presented in document No. 01/GKMM-MWHM//2017 (Revision on January 2<sup>nd</sup> 2017), No. F/SMART/HESS-EHSD/SADV/02/02 dated March 22<sup>nd</sup> 2017 and No. F/SMART/HESS-EHSD/SADV/2/3 dated March 22<sup>nd</sup> 2017 for MWHM, MWHE and GKME, respectively. The HIRAC has covers all working activities on the mill and estates. The analysis has covers risk hazard identification, sources of hazard risk, frequency (routine, non-routine, emergency), potential risk identification (sources and impacts), control management, risk analysis of severity level and value level.

Procedure of emergency management is presented in document No. SOP/SMART/UMUM/SADV//005. Emergency situation identified were fire, explosion, contamination, natural disasters, turmoil, demonstration and work accident. The procedure has describes definition, management emergency action chartline, emergency team, planning and action, training and simulation. Moreover, work accident handling has more detail presented in document No. SOP/SMART/HESS-EHSD/SADV//005, which describes victims handling, reporting, investigation, claims, etc. All procedures were available in Bahasa.

The CH has records work accident in the form of recapitulation of work accident which informed time of accident name of employee, gender, age, accident impact (death, physical defect, etc.), accident factors, lost and root of course. Record of work accident is describes as follows:

- There was work accident which caused death in MWHM on January 14<sup>th</sup> 2017 at 23.00 in loading ramp station. Time of lost was 6,000 man days. Chronology and investigation reports to the respective government parties (BPJS, Police, Helath Agency, Village Office), including insurance agency (BPJS) and medical report were available. Follow

up regarding this matters to the employee are socialization of loading ramp procedures and risk identification had been conducted in February 7<sup>th</sup> 2017, attended by all loading ramp operators in WHMM.

- It was reported that there was zero accident in GKME during 2017.
- It was reported that there was no serious accident during 2017 in MWHE, but informed only 4 small/light accident which does not affect man days lost. Investigation, medical report and socialization towards the accident were available.

The CH has provide clinic with Hyperkes Licensed paramedics, consist of doctor (Cert. No. 19.581/DH-IV/08), nurse/midwife (Cert. No. 5388/PM-XIII/97; Cert. No. 15.557/PM-XIII/12; Cert. No. 13.567/PM-XIII/12; Cert. No. 064/BK3-SMD/IX/2013). Memorandum of Regional Controller Kaltim-1 No. 001/RC-KT1/VI/2014 stated that PT KDA clinic is provide first aid service which covers medical treatment, first aid and emergency action. For further medical action, the CH has an agreement (MoU) with Puskesmas Kongbeng dated June 15<sup>th</sup> 2014.

First aid training for Foreman and first aid officer in GKME has been conducted in February 16<sup>th</sup> 2017, attended by 25 workers. First aid box of PT KDA has follows the Minister of manpower Regulation (Permenaker) No. 15, 2008, as follows:

- Type A, located on security pos in MWHM, office, laboratory, processing office, hazardous waste materials warehouse and hazardous materials warehouse. According to monitoring record, last monitoring and update has conducted in April 3<sup>rd</sup> 2017. This is conformed during field observation.
- First aid mobile box, which carried by Harvensting and Field Upkeep Foreman in all MWHE and GKME Divisions, pump house, genset, childcare, mosque, church, Division Office and schools. Last monitoring and and update has conducted in February 2017.

#### **4.7.3**

The CH has shows document of PPE distribution to all workers in MWHE, GKME and MWHM during 2016 and 2017, which signed by Assisstant, Chief of P2K3 and the respctive workers. Based on observation and interview to Block D8/9 Divisi 1 MWHE and Block H9 GKME for harvesting and FFB transportation activity, Block E21 Divisi 2 MWHE and H24 Divisi 2 GKME for field upkeep activity, as well as in all oil palm process station in MWHM, it was found that all employees has wears PPE required by the company procedures and it risk analysis assessment. The workers stated that the PPE is provided by the company and it could be replace with the new one when unproper to be used. Workers with uncompleted PPE will be punished by sent them back from work (consider absent).

Several trainings and socialization related to OHS, for example socialization of GAR social and environmental policy which in point 4.3 has mentioned about OHS. The event has conducted in November 26<sup>th</sup> 2016, attended by 57 workers from MWHM, socialization of loading ramp procedures and its HIRAC in MWHM, conducted in February 7<sup>th</sup> 2017, attended by 17 loading ramp operators, first aid training for Foreman and first aid officer in GKME, conducted in February 16<sup>th</sup> 2017, attended by 25 workers and socialization of HIRAC, the use of PPE and OHS policy in MWHE, conducted in February 22<sup>nd</sup> 2017, attended by 123 workers. The CH has satisfactory distribute and monitor the use of PPE to all workers in the estates and mill. However, evaluation of respirator used for pesticide applicator is encouraged and it will be observed on next assessment.

#### **4.7.4**

The CH has OHS organizations which issued by the Head of Manpower and Transmigration Agency of Kutai Timur District, presented in Decree Letter No. 566/508/P2K3/Was dated April 2<sup>nd</sup> 2015 for MWHM OHS organization (P2K3), No. 566/502/P2K3/Was dated April 1<sup>st</sup> 2015 for PT KDA-MWHE P2K3 and No. 566/712/P2K3/Was dated May 8<sup>th</sup> 2015 for PT KDA-GKME P2K3. The P2K3 Secretary of the former was a Licensed OHS Expertwhich valid untilJuly 16<sup>th</sup> 2017, while for the rest (Estates) was Licensed OHS Expertwhich valid untilAugust 19<sup>th</sup> 2018. Up to ASA-3, there was no change in P2K3 MWHM, MWHE and GKME organization structure.

The monthly meeting of P2K3 has conducted, as required by Minister of Manpower Regulation (Permenaker) No. 155, 1984 Article 3. The evidence has presented in the minutes, for example as follows:

- Minutes of P2K3 meeting of MWHM dated January 21<sup>st</sup> 2017, February 25<sup>th</sup> 2017 and March 25<sup>th</sup> 2017 which attended by 22, 20 and 19 OHS committee, respectively. For example, issues being discussed in March 2017 were OHS workshop, fire extinguisher and Hydrant, manpower, risk symbols and PPE.

- Minutes of P2K3 meeting of MWHE dated January 27<sup>th</sup> 2017 and February 24<sup>th</sup> 2017 which attended by 15 and 13 OHS committee, respectively. For example, issues being discussed in February 2017 were OHS organization structure, timebond schedule, schedule of high-risk employees' medical checkup and regular medical checkup for March and April 2017.
- Minutes of P2K3 meeting of GKME dated January 31<sup>st</sup> 2017 and February 28<sup>th</sup> 2017 which attended by 7 and 4 OHS committee, respectively. For example, issues being discussed in February 2017 was review on HIRAC.

The minutes mentioned above has also reported on the three-monthly report to the Manpower Agency of Kutai Timur District which shows towards Official Letter of document report receipt. For example, P2K3 report Period IV 2016 for MWHM and GKME/MWHE has been receipt by the respective agency on January 13<sup>th</sup> 2017 and January 12<sup>th</sup> 2017, respectively. Report hardcopy were available during ASA-3 assessment.

**4.7.6**

The company has been providing accident insurance for their employees in accordance to conditions set by the government in the form of regular social Insurance Agency for labor paid every month. Based on interviews with several employees in estates and mill obtained information that the employee has been registered as a participant of Social Insurance Agency for Labor. The company also showed payment slips of Social Insurance Agency for Labor from January-February 2017 through Bank.

The company also has memorandum no. 058/CEO 3 /12/2016 dated 8 december 2016, which explained that company provides health care insurance to all daily workers.

**4.7.7**

The CH has provide lost time accident matric. For example number of accident which caused lost mandays recorded in 2016 were 16, 3 and 0 in MWHE, GKME and MWHM, respectively. While total mandays lost in MWHE, GKME and MWHM on the same period were 43, 13 and 0, respectively.

**Status: Comply**

**4.8**

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

**4.8.1**

CH has training program of 2017 which is made based on its identification needs. The program consist of 29 training for all related workers, such as: environment aspect, GHG calculation, social management. Based on inteview with FFB transport contractor, road maintenance contractor and members of independent mallholder group, it is informed that the management has given many training, such as: safety training, HCV training, best management practice (pest management, manuring, harvesting), etc.

**4.8.2**

There is list of training which was given in 2016, as example of HIRAC training in April 2016, chemical handling in March 2016, sexual harassment in March 2016.

**Status: Comply**

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

**5.1**

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

**5.1.1**

CH has EIA document and its addendum related to the increasing capacity of mill in Muara Wahau into 60 Ton FFB/Hour. Located in Kongbeng Indah village, Makmur jaya village, Kongbeng Sub district, Kutai Timur District, Kalimantan Timur Province (same as ASA-2 document).

**5.1.2**

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

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

According to the field observation to Block K 10 of Pantun riparian (Gunung Kombeng Estate) and block C8/C9 of elang riparian (Muara Wahau estate),the protection attempts conducted by the company such as providing signboard prohibition of chemical application on riparian area, providing signboard of prohibition polluting the river, providing the boundary pole for riparian area, providing the boundary pole of spraying, tree planting in riparian area, etc. The results of field observation, there are no activities or used fertilizer / spraying on a river border area.

CH been expected to report on the implementation of environmental management in accordance with environmental management carried out at field because some important impacts are managed irrelevant to actual activities, activities that are not carried out by the company but are included in the RKL report, such as effluent management written using methane capture.

**5.1.3**

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

CH has conducted emission quality test, noise quality test and surface quality test periodically by agredited laboratory. The result of the test shows that the parameters still comply the quality threshold.To see the results of environmental management, monitoring has been carried out each semester. The monitoring results so evaluated, improved and reported to the relevant agencies.Results of environmental management and monitoring the 2nd semester of 2016 has been has been reported to Environment Agency.Report implementation environmental, reported at 20 marc 2017.

**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**

CH has a primary document Identification of HCV in 2013 by HCV Assessment Team Dep. Environment PT SMART Tbk with competency in ecology, biodiversity, social- and environment aspect. HCV assessment report has been reviewed by Independent Consultant on January 2013.

Identified types of HCV area are Pantun Riparian Area of 211 Ha and Elang Riparian Area of 159.47 Ha.HCV identification results also explain the presence of Rare, Threatened, or Endangered (RTE) as well as the status of its protection (IUCN, government regulation 7/1999, CITES).

**5.2.2; 5.2.3 ;5.2.4**

To provide protection against RTE species, management unit has made the hunting ban signboard, patrolling, doing

rehabilitation of riparian as habitat and report to relevant agencies (Nature Conservation Agency) if there is a protected flora and fauna. Company also conducted a periodically monitoring every month for HCV areas, species monitoring, and wild hunting by HCV officer.

Based on field observation in di block block C8/C9 (MWHE), it is known that company has conducted river riparian management, such as:

- around the watersources is covered with natural plant (conditions of the river border are left in a scrub condition).
- there is a boundary that shows high conservation value areas
- there is signboard of forbidden to hunt.
- the cross (x) sign, as a sign for the prohibition of spraying and fertilizing
- Results of interviews with workers are known that they know about the mechanism of managing the riparian. Around the river border should not spray and fertilize which marked with a cross (x). Workers also understand about the animals that are prohibited from hunting, and forbidden to electrocute in the area of the river.

Based on field visit and interview in worker quarters 1 of Muara Wahau Estate and worker quarters 1 of Gunung Kombeng Estate didn't found workers capture, harm, and collect RTE species.

**5.2.4**

CH have established HCV management plan, and implemented it well. All of records for patrols on each estate are available and verified by auditors. Management and monitoring activities of HCV contained in the Management and monitoring HCV report. According to the result of management and monitoring evaluation semester 2 known that there are protected animal in the areal of PT KDA. The result of monitoring also reported to government institution every six month.

**5.2.5**

Results of the verification documents, field visits and interviews with villagers obtained information there is no areas of HCV-related and affect the local community.

**Status: Comply**

**5.3**

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

**5.3.1**

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

based on field observation, organic and inorganic waste sourced from Housing MWHE and GKME, used pesticide packs sources from chemical room; used oil and rags sources from generator room; used oil, used filter, rag, used batteries, used filter sources from workshop; fiber, shell, EFB, POME sources from Mill.

CH has had management of effluent from FFB processing, which is utilized on land application. The Company has reported the effluent management reporting Quarter 4 (period: October to December 2016) on 20 march 2017.

**5.3.2**

CH conduct an inventory of the waste described in the document evaluation aspects of 2017. The result of inventory in estate and mill as follows:

- Spray activities produce waste, such as former pesticide container placed in hazardous waste warehouse.
- Preparation and maintenance block mark, such as former paint cans, placed in hazardous waste warehouse.
- Plastic waste fertilizer, placed in hazardous waste warehouse.
- Activities in the loading ramp, used sacks lose fruit placed in landfill
- Activities in WTP, waste resulting is ex chemical container placed in hazardous waste warehouse.
- Activities in nursery waste resulting is polybag placed in landfill
- IPM controlling, waste resulting is ex pesticide container placed in hazardous waste warehouse.



Based on field visits in chemical warehouse (central warehouses) is known the resulting, former chemicals container be placed to hazardous waste warehouse.

According to the document review, used pesticide packs are washed first, after that kept to hazardous waste storage, and then recorded on hazardous waste logbook. Furthermore, used pesticide packs deliver to the licensed waste collector (PT Karunia Lumasindo Pratama) by using the licensed transportation. Then, reported to Environment Agency. The Company has reported the hazardous waste management reporting Quarter 4 (period: October to December 2016) on 20 March 2017.

**5.3.3**

Record management Hazardous Waste, included in reporting management hazardous waste quarter period October to December 2016 addressed to environment agency. Hazardous waste management recorded several documents, consist of:

- Company has Logbook (Hazardous Waste Warehouse) period October to December in 2016.
- Company has Balance Hazardous waste warehouse reported period October to December in 2016.
- Company has Agreement Letter PT Karunia Lumasindo Pratama for transporter Hazardous waste
- Company has shipping manifest Hazardous waste warehouse, period October to December in 2016.

Field visit found no garbage burning activities in the housing. Based on interview with employees, mentioned that company does not allow burning activities on the housing.

Field on visit and document review found nonconformities consist of:

- Based on field visit at Muara Wahau Mill, EFB station is found EFB that exceeds the capacity of the EFB storage provided (bund wall), so not all leachate water can be accommodated in the leach pond and found EFB water leachate flows to the trench.
- The Company has reported of hazardous waste management report in quarterly and has been provided to the environmental agency. Based on the report of the first quarter I - IV of 2016 is known to have log book and balance of hazardous waste to the environmental agency, but this has not been explained about medical waste.

So this is became **Nonconformity No.2017.03 with minor category.**

<b>5.3.3</b>	<b>Status : Nonconformity no. 2017.03 with Minor Category</b>
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**5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.**

**5.4.1**

CH already maximizing the use of renewable energy (fiber & shell) as boiler fuel. Total use of shells in 2016 was 13,873,940 kg and 30,160,739 kg the use of fiber. Based on monitoring, the energy used in 2016 is 4,097,544 kWh for process the FFB as 241,285.91 Ton or 16.98 kWh/Ton FFB. Total diesel fuel that needed in 2016 is 1,351,230 liters and the actual use is 285,017 so total solar savings is 1,066,212.

	<b>Status: Comply</b>
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**5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.**

**5.5.1 and 5.5.2**

The clearing / preparation of a land clearing / preparation of a new land which is outlined the land clearing process without burning. The results of the document review, public consultation and field visits show that since ST-2 up to the ASA-3, the company did not do a new land clearing.

Based on field visit to Gunung Kombeng Estate and Muara Wahau Estate not found indication of burning activity.

	<b>Status: Comply</b>
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**5.6**

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

**5.6.1 and 5.6.2**

CH has list of activities that produce Greenhouse Gases (GHG) in mill consists of use of chemicals, the use of fossil fuels, the use of electricity and effluent. List of activities that produce GHG in estate consists of, the use of chemical fertilizers, the use of pesticides, the use of electricity, the use of fossil fuels. To minimize the GHG, management unit conduct:

1. The use of Chemicals: Chemical use sufficiently correspond to the dose required.
2. The use of of fossil fuels:
  - Subtracting the use of diesel fuel
  - Generators and heavy equipment were functioning properly be able to consume diesel fuel efficiently
  - Turn off the engine when the vehicle queue loading and weighing FFB.
  - Ensure the maintenance of transport equipment, generators and heavy equipment.
  - Monitoring of Kwh / ton production coming from renewable energy (fiber and shell).
3. The use of electricity: using an efficient lamps and socialization in saving electricity
4. Domestic waste: waste separation an organic and organic; socialization in prohibition of garbage incineration
5. Effluent is greenhouse gas emissions from liquid waste into the air / atmosphere.
6. The use of Pesticides: Optimizing control of IPM and use pesticides that have been registered and also appropriate and precise dose.

Based on field visits in the boiler station any a fiber and shell is used as fuel. Remaining fiber shell and placed so did not result in pollution and potential fire. Based on field visit in landfill, Gunung Kombeng and Muara Wahau Estate is known there are not ex pesticide containers disposed in landfills and domestic waste has been divided into organic and an organic.

**5.6.3**

CH has conducted emission calculations period 2015 – 2016 make use of Palm GHG Version 3.0.1. Calculation for 2016 has been submitted to the RSPO in 2016. Result of GHG emission as follows:

**Summary of Net GHG Emissions**

Emissions per product	tCO <sub>2</sub> e/tProduct	Extraction	%	Production	ton/year
CPO	0.99	OER	23.79	FFB Processed	241,286
PK	0	KER	5.25	CPO Produced	75,723

Land Use	ha
OP planted area	6605.08
OP Planted on peat	0
Conservation (forested)	340.47
Conservation (non-forested)	-

**Summary of Field Emissions and Sinks**

	Own Crop		Group		3 <sup>rd</sup> Party		Total	
	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha	tCO <sub>2</sub> e	tCO <sub>2</sub> e/ha
<b>Emissions</b>								
Land conversion	65235.92	9.88		-	-	-	-	-
*CO <sub>2</sub> emissions from fertilizer	3326.69	0.5		-	-	-	-	-
**N <sub>2</sub> O emissions	3962.58	0.6		-	-	-	-	-
Fuel consumption	876.96	0.13		-	-	-	-	-
Peat Oxidation		0		-	-	-	-	-
<b>Sinks</b>								
Crop sequestration	-61835	-9.36		-	-	-	-	-

Conservation Sequestration	0	0	-	-	-	-	-
<b>Total</b>	<b>11567.15</b>	<b>1.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Summary of Mill Emissions and Credits**

	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB
<b>Emissions</b>		
POME	26826.88	0.2
Fuel consumption	877.65	0.01
Grid Electricity Utilization	0.00	0.00
<b>Credits</b>		
Export of Grid Electricity	0.00	0.00
Sales of PKS	0.00	0.00
Sales of EFB	0.00	0.00
<b>Total</b>	<b>27704.53</b>	<b>0.2</b>

**Palm oil Mill Effluent (POME) Treatment**

Divert to compost	0.00 %
Divert to anaerobic digestion	100.00 %

**POME Diverted to Anaerobic Digestion:**

Divert to anaerobic pond	100.00 %
Divert to methane capture (flaring)	0.00 %
Divert to methane capture (electricity generation)	0.00 %

**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**

CH has SIA which was done in 2014 by internal SIA team. The document has review condition of social such as : society, economy, culture, health, social perspective, etc.

There is 4 recommendation for managing negative effect, which was:

- participation in social activity.
- Evaluation and identification of society needs.
- Socialization of SOP of communication.
- Participation in managing public road.

**6.1.2**

Based on interview with village head of Miau Baru, Sukamaju, Maju Jaya and Marga Mulya, it is known that the CH has involving village in SIA.

**6.1.3& 6.1.4**

In managing social impact, the CH has made plan of managing and reviewing of social impact aspect, every year. The last review of its plan is for period of 2015-2016. The document has explaining method of improving positive and decreasing negative aspect from CH operation in society. The next review for social impact management will be observed on next assessment.

**6.1.5**

Report of social impact assessment period of 2015-2016 has include of smallholder scheme and independent smallholder. The CH has also their own management team for managing both of the farmer.

<b>Status: Comply</b>	
<b>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.</b>	
<p><b>6.2.1</b> There is list of stakeholder which is updated every year by the CH. The list consist stakeholder from government, society, local contractor, worker union, etc. There is procedure of communication and consultation (SOP/SMART/UMUM/SADV//004, dated July 1 2014).Based on interview with village head of Sukamaju. Makmur Jaya, Miau Baru, Marga Mulya, it is known that the CH has socialized the procedure.</p> <p><b>6.2.2</b> PIC of the CH in communication and consultation is manager of estate and mill along with social staff. Based on interview with village head of Sukamaju. Makmur Jaya, Miau Baru, Marga Mulya, it is informed that they already knew the PIC.</p> <p><b>6.2.3</b> There is procedure of communication and consultation (SOP/SMAR/UMUM/SADV//004). PIC for communication and consultation is the manager of estate and mill.CH could show list of request of information and communication in form of recording book, as example of GKME for 2017, which wrote 13 incoming letter of request for assistance. Yet, there is no request for information.</p>	
<b>Status: Comply</b>	
<b>6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which isimplemented and accepted by all affected parties.</b>	
<p><b>6.3.1</b> There is procedur of complaint and dissatisfaction (SOP/SMART/SIGS-CSR/SADV//003, dated July 1 2014). The responsible PIC in handling complaint anddissatisfaction is the Adminstration Head. The system has been socialized to stakeholder in 9 January 2016.</p> <p>Based on infromation from interview with worker union, it is known that there is no industrial problem between both side. All of the worker complaint could be handeld in comfortbale way according to the procedure. It is same with information from manpower agency of Kutai Timur District.</p> <p><b>6.3.2</b> Based on interview with worker union staff and manpower agency of Kutai Timur District, it is known that there is no industrial problem between both side. The CH has use form F/SMART/SIGS/SADV/003/001 in recording complaint from workers. Based on document review of GKME, MWHE and GKMM, it is known that there is no complaint yet.</p>	
<b>Status: Comply</b>	
<b>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.</b>	
<p><b>6.4.1</b> CH has had SOP for land compensation which describes identification, calculation and compensation for land release mechanism. In this procedure was explained that the process of land identification is involved the community and the village government.</p> <p><b>6.4.2 &amp; 6.4.3</b> The results of document review, field visit and interviews show that the CH does not perform new expansion since ASA-2 until ASA-3. The latest land compensation has been conducted in 1997.</p>	

	<b>Status: Comply</b>	
<b>6.5</b> <b>Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</b>		
<b>6.5.1 and 6.5.2</b> CH determines minimum wages based on the Government regulation every year, the minimum wages in 2016 as regulated in Governor decree no. 561/K.634/2016 related minimum wage in Kutai Timur regency year 2017 dated 6 December 2016. Rated minimum wage set by the government is Rp 2,464,108 whereas the value of wages established by the decision of CEO is Rp2,465,108 in force since January 2017 for all permanent workers below of one year work period. Worker agreement between company and workers defided in 2 types: a) Contract worker using worker agreementwith Timeline Condition,such as 091/MWHE/PKWT/II/2017dated 26 February 2017 untill 26February 2018. b) Permanent Workers using Corrective Labor AgreementNo KEP.560/2374/HIJ.  Based on document review on payslip and interview with worker is known that management unit has paid the workers in accordance with minimum wage and overtime.  Labor laws contained in the Collective Labor Agreement (KEP.560/2374/HIJ)for period 2016-2017 which was approved on December 8, 2016.In the Collective Labor Agreement discussed the rules on leave, working defaulters, wages, overtime, social assurance, and others.The results of interviews with estate and mill workers showed that the workers have known about their rights and obligations explained in the collective labor agreement.  Company is encouraged to adjust the position of manpower in the labor record document with the prevailing work agreement and it will be observed on next assessment.		
<b>6.5.3</b> CH can show a list of facilities and infrastructure for workers consisting of housing, lighting, water, daycare, cooperatives, the employees halls, places of worship, school buses, educational facilities etc.. The results of interviews with workers, it is known that the workers have felt fulfilled with the infrastructure and facilities that have been provided by the company.		
<b>6.5.4</b> According to field visits and interview with workers on each housing complex showed that the company has been providing employee cooperatives that sell daily necessities to meet the needs of workers. Management through cooperative management always monitoring the prices of sold goods in the cooperative in order to remain affordable for the employees.		
	<b>Status: Comply</b>	
<b>6.6</b> <b>The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</b>		
<b>6.6.1</b> CH has Circular Letter No: 104/CEO 3-SE/07/2010 explained that the company respect the rules and regulations prevailing in Law No. 21/2000 on Labor union. Based on interview with Labor Union, management provides freedom to all workers to establish the unions. The result of an agreement between the labor unions and the company in the form of Collective Labor Agreement which is available in bahasa and has been implemented by the company.		
<b>6.6.2</b> There are meeting record of Labor Union, such as: - Minutes of meeting Labor union on November, 2 2013 attended by 15 participants. - Records of meeting Labor union on March, 4 2014. - Minutes of meeting on 17 March 2017 attended by 14 participants.		
	<b>Status: Comply</b>	



<b>6.7</b>	
<b>Children are not employed or exploited.</b>	
<b>6.7.1</b>	
<p>CH has a policy related to the requirements of worker's age which is contained in Circular Letter no. 002/SE-HRDV/03/09 on March 31, 2009 that company requires a minimum age of workers is 18 years old. Based on verification of Employee List Report, there is no workers which is employed under 18 years old. This is in accordance with the results of the interview with labor union and workers that there is no underage worker. Based on filed observations such as block C8/C9 and block F30 was not found the use of labor under 18 years old. Results of interviews with internal and external stakeholders, it is known that there is no indication of labor under 18 years old.</p>	
	<b>Status: Comply</b>
<b>6.8</b>	
<b>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</b>	
<b>6.8.1; 6.8.2</b>	
<p>CH has a policy related to equal opportunities and treatment in work which is contained in Circular Letter no. 300/CEO3-SE/08/2015 dated 26 August 2015. That was explain about the company will give equal opportunities to all workers and embrace diversity, regardless of ethnicity, religion, disability, gender, political affiliation, sexual orientation and or worker union. Based on interview with some workers on estates and mill that known, there are no issues related to discrimination by company or other workers.</p>	
<b>6.8.3</b>	
<p>Recruitment and promotion of workers based on skills, capabilities, and qualities. Based on interview with management, workers and labor union, company recruits and promotes employees through performance assessments such as skills, capabilities, attendance and health check. The candidates who can pass the assessment will be hired or promoted by company. All the recruitment and promotion document are kept by the company.</p>	
	<b>Status: Comply</b>
<b>6.9</b>	
<b>There is no harassment or abuse in the work place, and reproductive rights are protected.</b>	
<b>6.9.1 ; 6.9.2</b>	
<p>CH has a policy on the prevention of sexual harassment and violence as outlined in circular letter 101/CEO3-SE/01/2010 on 27 January 2010. The policies has been disseminated to all workers, such as socialization on 11 January 2017 attended by 42 participants. Based on interview with workers and committee gender, the policy had disseminated to workers through gender committee meetings with workers and also done at morning briefing.</p>	
<b>6.9.3</b>	
<p>CH has established a gender committee in each unit as an organization to manage the complaints of women workers in the event of sexual harassment and violations of reproductive rights. Interviews with the management committee of gender shows that they already know the duties and responsibilities as the socialization of the complaints mechanism, the socialization of sexual harassment, etc. The company guarantees the anonymity of the reporting and the revealer of the case. Based on interviews with Labor unions and Gender Committee, there is no cases related to abuse or violence.</p>	
	<b>Status: Comply</b>
<b>6.10</b>	
<b>Growers and mills deal fairly and transparently with smallholders and other local businesses.</b>	
<b>6.10.1</b>	
<p>The CH use FFB price list from the government. The price list is accessible by the smallholder scheme and independent smallholder, through internet and local newspaper. In the other hand, the CH has also disseminate the list to the cooperation staff.</p>	
<b>6.10.2</b>	
<p>The mechanism of FFB price list is not under the CH control. The CH use FFB price list from government in buying FFB</p>	

from smallholder scheme and independent smallholder. There is sample of FFB price list for period of February 2017 and its implementation.

**6.10.3**

The CH could show contract between CH and the smallholder cooperation. Based on interview with cooperation head of smallholder scheme and cooperation of independent smallholder, it is known that the CH has implement fair and transparent contract, as it showed by sample contract number 014/KOP-MK/X/2015 of October 19 2015 between PT Kresna Duta Agrindo and Koperasi Jasa Mutiara Kongbeng.

**6.10.4**

There is sample of payment of FFB number 0015/JKMX.KDA/III/2017 for independent smallholder in March 4 and 16 2017. Based on interview with head of its cooperation, it is known that payment of FFB for independent smallholder is twice a month.

**Status: Comply**

**6.11**

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

**6.11.1**

The CH has public relation staff. There is also manager and assistant for smallholder scheme and independent smallholder. Based on interview with village head of Sukamaju, Maju Jaya, Marga Mulya and Miao Baru, it is known that the CH has informed of job vacancy to villagers.

The CH has also CSR program which consist of 6 aspect, that is: economy, education, health, social, environment, infrastructure.

**6.11.2**

The CH has management staff in handling smallholder scheme and independent smallholder.

**Status: Comply**

**6.12**

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

**6.12.1**

The CH has policy of no forced labor. Based on interview with worker union, it is known that there is no forced labor. Based on field observation in estate and mill, it is known that there is no foreign worker and out sourcing worker.

The responsible PIC in recruiting worker is human resource staff. There is no ban for leaving work, as along as following the procedure. Work agreement has ruled of work term and condition.

During field observation in Muara Wahau Estate and Gunung Kombeng Estate, there is no worker who bring their family to field working area.

Work agreement has transparently explaining of right and obligation of both parties. Resignation procedure from work agreement has clearly explained in collective labor agreement. There is no threat against family members or financial penalties, as informed by the labor union head and worker from estate and mill.

**6.12.2**

Based on interview with worker, worker union and document review of work contract, it is known that there is no contract substitution.

**6.12.3**

There is no migrant worker nor between region worker. Work agreement, article 18 has ruled of term and condition after work or after contract finished. Work contract has clearly explain term and condition, right and obligation for both parties.

**Status: Comply**

**6.13**

<b>Growers and millers respect human rights</b>	
<p><b>6.13.1</b>            CH has GSEP policy in 2.2.3 which stated that the company committed to stand and promote statement of human right of UN for all workers, contractor, customary society, local community in all company operation.</p> <p>There is prove of its socialization as of:</p> <ul style="list-style-type: none"> <li>February 21 2017 to FFB transport contractor at MWHE and road maintenance contractor.</li> <li>February 14 2017 to workers of Divition 5, MWHE.</li> </ul> <p>Based on interview with FFB transport contractor and road maintenance contractor already known of company human policy right.</p>	
<b>Status: Comply</b>	
<b>PRINCIPLE #7 Responsible development of new plantings</b>	
<p>CH does not open/ develops new plantation area after 1 November 2005 and the latest development was conducted in 2004.</p> <p>The document review and interview with management showed that the company is not performed land clearing after 1 November 2005. HCV identification in PT KDA was conducted on 2013. GAR, as the parent of PT KDA has conducted disclouser of liability data and zero liability disclosure on 29 August 2014 by email.</p> <p>The results of document review, field visits and interviews found that CH did not perform new expansion since ASA-2 until ASA-3.</p>	
<b>Status: Comply</b>	
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>	
<b>8.1</b>	
<b>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b>	
<p><b>8.1.1</b>            CH has a commitment to eliminate use of paraquat through memorandum from the President Director on 21 November 2014. According to pesticide use records, the paraquat has not applied since 2016.</p> <p>According to documents reviews which supported by field observations, it could be concluded that the current HCV related programs, realizations and its evaluations were in accordance with RSPO BMPs manual. The implementations on the field has obviously considered satisfactory. Hence, the existing program will remain continued on the next following period.</p> <p>The CH has review of its plan of managing social aspect for period of 2015-2016 in order to improving positive and decreasing negative aspect from CH operation in society. The CH has also made cooperation with independent smallholder, in form of : seed, pesticide and fertilizer softloan, other than best management practices training.</p> <p>To maintain compliance with P &amp; C RSPO, the CH conducts internal audits once every 1 year by internal auditor from Head Office. The last internal review was conducted on 6 – 10 Feb 2017 by 6 auditors. All identified of nonconformities have been closed.</p>	
<b>Status: Comply</b>	



**3.2 Summary of Assessment Report of Supply Chain Requirements**

Clause	(Module E) CPO Mills - Mass Balance Requirements																																							
<b>E.1</b>	<b>Definition</b>																																							
<b>E.1.1</b>	<p><b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>Muara Wahau Mill is used RSPO supply chain of Mass Balance module because mill still received FFB from the outgrowers which has not been certified with RSPO.</p>																																							
	<b>Status: Comply</b>																																							
<b>E.2</b>	<b>Explanation</b>																																							
<b>E.2.1</b>	<p><b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</b></p> <p>Estimates of CPO and PK produced by Muara Wahau Mill obtained from the data of 12 months before the audit activities and have been described in this ASA-3 report.</p>																																							
	<b>Status: Comply</b>																																							
<b>E.2.2</b>	<p><b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b></p> <ul style="list-style-type: none"> <li>RSPO IT Platform member registration number: RSPO_PO1000001765</li> <li>Certified CPO sold to each buyer period of 26 June 2016 – 4 April 2017 <table border="1"> <thead> <tr> <th>Date</th> <th>Buyer</th> <th>Volume</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="2"><b>Total</b></td> <td>-</td> </tr> </tbody> </table> </li> <li>Certified Palm Kernel sold to each buyer period of 26 June 2016 – 4 April 2017 <table border="1"> <thead> <tr> <th>Date</th> <th>Buyer</th> <th>Volume</th> </tr> </thead> <tbody> <tr> <td>26/11/2016</td> <td rowspan="15">PT SUMBER INDAH PERKASA</td> <td>497.53</td> </tr> <tr> <td>09/11/2016</td> <td>501.39</td> </tr> <tr> <td>12/11/2016</td> <td>24.82</td> </tr> <tr> <td>03/11/2016</td> <td>5.17</td> </tr> <tr> <td>03/11/2016</td> <td>204.21</td> </tr> <tr> <td>09/11/2016</td> <td>7.44</td> </tr> <tr> <td>09/11/2016</td> <td>104.4</td> </tr> <tr> <td>09/11/2016</td> <td>294.15</td> </tr> <tr> <td>09/11/2016</td> <td>103.86</td> </tr> <tr> <td>25/10/2016</td> <td>397.24</td> </tr> <tr> <td>25/10/2016</td> <td>8.17</td> </tr> <tr> <td>25/10/2016</td> <td>0.3</td> </tr> <tr> <td>10/10/2016</td> <td>110.36</td> </tr> </tbody> </table> </li> </ul>	Date	Buyer	Volume	-	-	-	<b>Total</b>		-	Date	Buyer	Volume	26/11/2016	PT SUMBER INDAH PERKASA	497.53	09/11/2016	501.39	12/11/2016	24.82	03/11/2016	5.17	03/11/2016	204.21	09/11/2016	7.44	09/11/2016	104.4	09/11/2016	294.15	09/11/2016	103.86	25/10/2016	397.24	25/10/2016	8.17	25/10/2016	0.3	10/10/2016	110.36
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	10/10/2016		145.65
	10/10/2016		71.11
	10/10/2016		301.91
	10/10/2016		211.28
	10/10/2016		8.73
	23/09/2016		81.32
	23/09/2016		292.36
	5/12/2016		497.97
	28/12/2016		499.67
	13/01/2017		302.06
	27/12/2016		198.7
	<b>Total</b>		<b>4,869.8</b>
	<b>Status: Comply</b>		
<b>E.3</b>	<b>Documented procedures</b>		
<b>E.3.1</b>			
<p><b>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</b></p> <p><b>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</b></p> <p><b>b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</b></p>			
<p>Muara Wahau Mill has SOP for the implementation of supply chain in the identification procedure and Traceability. SOP describes the procedure to guarantee the products produced by the mill can be traced to its source and certainly comes from certified sources. The procedure also explains the related officers and the responsibility in the implementation of the requirements.</p> <p>The results of interviews with head of administration and production clerk showed that workers have already known the duties and responsibilities of each in the implementation of SCCS.</p>			
	<b>Status: Comply</b>		
<b>E.3.2</b>			
<p><b>The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</b></p>			
<p>Muara Wahau Mill has had SOP for the implementation of supply chain in the identification procedure and Traceability. SOP describes the procedure to guarantee the products produced by the mill can be traced to its source and certainly comes from certified sources. To find the source of FFB comes from the estate that has been certified with RSPO and then it's labeled on the DeliveryNote and the unique code of each supply base.</p>			
	<b>Status: Comply</b>		
<b>E.4</b>	<b>Purchasing and goods in</b>		
<b>E.4.1</b>			
<p><b>The site shall verify and document the volumes of certified and non-certified FFBs received.</b></p>			
<ul style="list-style-type: none"> <li><b>Certified and non-certified FFB received period of 26 June 2016 to 4 April 2017</b></li> </ul>			
	<b>Month</b>	<b>FFB (Ton)</b>	
		<b>RSPO Certified</b>	<b>Non Certified</b>
			<b>Total</b>
	26 - 30Jun16	1,761.770	831.890
	July 16	11,567.070	2,848.860
	August 16	10,817.120	3174.760
			13,991.880

September 16	16,279.850	7266.160	23,546.010
Oct 16	18,261.770	9038.940	27,300.710
November 16	17,568.470	10374.440	27,942.910
December 16	13,511.340	7870.690	21,382.030
Jan 17	17,779.920	8603.520	26,383.440
Feb 17	16,266.000	9471.010	25,737.010
Mar 17	21,119.210	9893.900	31,013.110
1 – 4 Apr 17	2,180.260	597.010	2,777.270
<b>Total</b>	<b>1,761.770</b>	<b>831.890</b>	<b>2,593.660</b>

**Status: Comply**

**E.4.2**

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

Muara Wahau Mill has had SOP for the implementation of supply chain in the identification procedure and Traceability. This procedure states that in case the projection is exceeding the claim of certified product, then company should perform: informs related RSPO certification body and RSPO IT System/ e-trace.

The results of interviews with representatives of the management unit indicates that the management unit has been understood about the procedures for providing information if there is excess production of RSPO-certified products. Document review showed that the production of RSPO certified products do not exceed the estimated production in the RSPO certificate attachment of ASA-2.

**Status: Comply**

**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.)**

Muara Wahau Mill has record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified product (CPO and PK) on a three-monthly basis as describe on table below

Period	Production CPO (Ton)			Despatch CPO (Ton)			
	Cert	Non	Total	RSPO	ISCC	Non	Total
June 16	2,667.930	896.042	3,563.972	-	2,210.250	1,074.950	3,285.200
July 16	2,810.981	683.900	3,494.881	-	1,922.000	1,625.420	3,547.420
Aug 16	2,594.497	765.763	3,360.260	-	1,887.860	1,247.980	3,135.840
<b>Total</b>	<b>8,073.408</b>	<b>2,345.705</b>	<b>10,419.113</b>	<b>-</b>	<b>6,020.11</b>	<b>3,948.35</b>	<b>9,968.46</b>
Sept 16	3,684.728	1,634.576	5,319.304	-	1,318.070	3,661.900	4,979.970
Oct 16	4,178.852	2,065.983	6,244.835	-	-	6,851.590	6,851.590
Nov 16	4,127.358	2,406.299	6,533.657	-	-	6,622.970	6,622.970
<b>Total</b>	<b>11,990.938</b>	<b>6,106.858</b>	<b>18,097.796</b>	<b>-</b>	<b>1,318.07</b>	<b>17,136.46</b>	<b>18,454.53</b>
Dec 16	3,065.938	1,788.931	4,854.869	-	-	4,509.880	4,509.880
Jan 17	3,838.010	1,892.607	5,730.617	-	-	5,172.170	5,172.170
Feb 17	3,636.287	2,131.977	5,768.264	-	-	5,054.390	5,054.390
<b>Total</b>	<b>10,540.235</b>	<b>5,813.515</b>	<b>16,353.750</b>	<b>-</b>	<b>-</b>	<b>14,736.44</b>	<b>14,736.44</b>

Periode	Production PK (Ton)			Production PK (Ton)			
	Cert	Non	Total	RSPO	ISCC	Non	Total
Juni 16	462.711	158.487	621.198	-	-	506.010	506.01
Juli 16	648.877	144.348	793.225	-	-	736.970	736.97
Agus 16	503.550	148.263	651.813	-	-	699.830	699.83
<b>Total</b>	<b>1,615.138</b>	<b>451.098</b>	<b>2,066.236</b>	<b>-</b>	<b>-</b>	<b>1,942.81</b>	<b>1,942.81</b>
Sept 16	836.993	374.180	1,211.173	812.52	-	491.800	1,304.32
Okt 16	1,003.543	498.234	1,501.777	1,010.95	-	452.880	1,463.83
Nov 16	1,025.085	604.218	1,629.303	883.10	-	523.760	1,406.86
<b>Total</b>	<b>2,865.621</b>	<b>1,476.632</b>	<b>4,342.253</b>	<b>2,706.57</b>	<b>-</b>	<b>1,468.44</b>	<b>4,175.01</b>
Des 16	689.271	395.117	1,084.388	908.81	-	197.750	1,106.56
Jan 17	883.429	431.192	1,314.621	713.68	-	201.490	915.17
Feb 17	806.503	478.450	1,284.953	24.34	-	1,549.500	1,573.84
<b>Total</b>	<b>2,379.203</b>	<b>1,304.759</b>	<b>3,683.962</b>	<b>1,646.83</b>	<b>-</b>	<b>1,948.74</b>	<b>3,595.57</b>

Based on the data, the delivery of certified product (CPO and PK) only from positive stock.

**Status: Comply**

**E.5.2**

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

Muara Wahau Mill does not perform activities of palm kernel crushing to the independent palm kernel crushers.

**Status: Comply**

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

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

**3.4 Summary of RSPO Partial Certification**

**Partial certification for un-certified units:**

Compliance of the uncertified management units of SMART, Tbk 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.

SMART, Tbk Time Bound Plan is explained in table 1.10. SMART run sixteen (16) mills and fifty nine (59) estates (own and smallholders) in Indonesia and has achieved RSPO certified for twelve (12) mills and supply base in Indonesia. SMART, Tbk has informed the Time Bound Plan progress, MUTU has considered that SMART, Tbk is comply with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by SMART, Tbk on January 31, 2016 approved by President Director and MD Sustainability Strategic & Stakeholders Engagement.

MUTU has verified partial certification for un-certified unit's subsidiary of SMART, Tbk based on their Time Bound Plan. There are four (4) uncertified management unit of SMART, Tbk. 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

Section	Requirement	Concerns to Discuss, if any
2.2.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p><b>Company Group/Holding Statement:</b> Companies are already doing internal audits. There are internal audit reports for each company.</p> <p><b>Auditor Verification:</b> Based on the document review, there is a company internal audit that was conducted and the positive assurance is at this table that is also been verified.</p> <ul style="list-style-type: none"> <li>- Internal audit PT Kresna Duta Agroindo (Pelakar Mill and supply base) 24 – 29 October 2016</li> <li>- Internal audit PT SMART (Bukit Kapur Mill and supply base) 15 – 19 Februari 2016</li> <li>- Internal audit PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base) 19 – 23 Desember 2016</li> <li>- Internal audit PT Kresna Duta Agroindo (Gunung Kombeng Mill and supply base 06 – 10 Februari 2017</li> </ul>
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p><b>Company Group/Holding Statement:</b> SMART, Tbk and its subsidiaries have been reporting disclosure and zero liability to RSPO by email dated August 29, 2014 and the company has been sent data evidence of LUCA to RSPO by email dated April 11, 2016. Progress result of review LUCA at follow-up via email</p>



		<p>RSPO dated October 24, 2016 to answer RSPO is still in the review process.</p> <p><b>Auditor Verification:</b> RaCP Process for</p> <ul style="list-style-type: none"> <li>- PT Kresna Duta Agroindo (Pelakar Mill and supply base)</li> <li>- PT SMART (Bukit Kapur Mill and supply base)</li> <li>- PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base)</li> </ul>
2.2.3	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<p><b>Company Group/Holding Statement:</b> There is no new planting.</p> <p><b>Auditor Verification:</b> Based on auditor verification PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base) any new planting since January 1<sup>st</sup> 2010 and NPP has been applied these.</p>
2.2.4	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><b>Company Group/Holding Statement:</b> There are no land conflicts. The Company has a land conflict resolution mechanism in accordance with the RSPO criteria 6.4; 7.5; and 7.6. This procedure is outlined in the SOP Social Conflict Management (SOP/SMART/SENS-CSR/SADV/II/02). This procedure regulates social conflict settlement agreed. Conflict resolution can be done in a participatory manner and can also be done by a third party (mediator). The company also has procedures to deal with complaints before they become conflicts. The procedure is SOP/SMART/SIGS-CSR/SADV/II/003. The company handling complaints appropriately and quickly. SMART has been initiated to become a member of RSPO DSF as a category "out growers".</p> <p><b>Auditor Verification:</b> Auditor has verified the supporting evidence of above the company statement. There are no land conflicts for</p> <ul style="list-style-type: none"> <li>- PT Kresna Duta Agroindo (Pelakar Mill and supply base)</li> <li>- PT SMART (Bukit Kapur Mill and supply base)</li> </ul> <p>There are any land conflicts but was in the process of completion for</p> <ul style="list-style-type: none"> <li>- PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base)</li> <li>- PT Kresna Duta Agroindo (Gunung Kombeng Mill and supply base)</li> </ul>
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p><b>Company Group/Holding Statement:</b> There is no issue of labour disputes in uncertified unit. The company also has procedures to deal with complaints workers before they become conflicts. The procedure is SOP/SMART/SIGS-CSR/SADV/II/003. Procedures related employee issues arranged in the form of internal</p>

		<p>grooves for employees included in the category of internal stakeholders. Media used complaint is a formal letter submitted by unions or incorporated into a suggestion box which is provided in a convenient location.</p> <p><b>Auditor Verification:</b> There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries.</p>
<p>2.2.6</p>	<p>Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.</p>	<p><b>Company Group/Holding Statement:</b> Companies comply with the regulations in accordance with the requirements of the RSPO 2.1 and 2.2 where there is no violation of the rules that are relevant to the plantation. The company has a mechanism to evaluate compliance with regulations, namely SOP/SMART/UMUM/SADV/I/002. In SOP describes procedures for compliance, completeness and groove sections which explain in detail to evaluate compliance with the legislation.</p> <p><b>Auditor Verification:</b> Land legal process is still going on and there is a detail update progress documented by the company for each year.</p> <ul style="list-style-type: none"> <li>- PT Kresna Duta Agroindo (Pelakar Mill and supply base), there is a difference the concession area between Land Use Title (HGU) and Plantation Business Permit (IUP) and Permits Location.</li> <li>- PT SMART (Bukit Kapur Mill and supply base, doesn't have land use title (HGU), the HGU is still on process.</li> </ul>

**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**

<b>NCRNo.</b>	: 2016.01	<b>Issued by</b>	: Team ASA-2
<b>Date Issued</b>	: -	<b>Time Limit</b>	: ASA-3
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: 7 April 2017
<b>Standard Ref. &amp; Requirement</b>	: <b>2.2.2</b> The legal territory boundaries should be clearly defined and visibly maintained.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> Results of field visit to HGU pole No KDA018 (Block G-29, Div.2 GKME) dated May 19, 2016, condition of HGU pole is well maintained and good. However, based on the map of area statement, March 2016 and plot map No. 054-16.09-2007 (scale 1: 20,000) dated October 10, 2007, location of pole position has changed from the point mentioned in the map. Meanwhile the company not able to show the coordinates of the original boundary markers according to the BPN plot map (2007) to ensure compliances the point with the coordinate that has been verified by auditor using the GPS.  It is not in conformity with the implementation of Maintenance of HGU/HGB Boundary markers SOP (SOP/SMART/CERs-EHSD/SADV/I/004, July 1, 2014). In section 2.2.2 on the coordination of conformity of No Pole, explained that "Unit Head in coordination with the PMNP to ensure the position and No. poles installed must be in accordance with the boundary points listed in the HGU/HGB map. PMNP team should make sure that the position and pole number that will be installed is in conformity with the HGU/HGB map".			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> The community has been carrying out agricultural activities at the site before the plantation is managed by PT KDA (previously managed by PT MSS). Placement of the previous stakes installed by PT MSS			
<b>Corrective Action</b> <i>(filled by organization audited):</i> Move the mark according to the coordinates corresponding to the field map of the National Land Agency			
<b>Preventive Action</b> <i>(filled by organization audited):</i> Conducting socialization to the community who worked on the area about the existence of the company's HGU boundaries and communicate that the company will not prohibit the community to do the activity of swiddens on the land. The company asks the cultivators not to move or damage the boundaries.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>6 April 2017</b> The Company has shown that the KDA 018 boundary has been placed in a position corresponding to the field map issued by BPN. Based on the explanation, NC No. 2016.1 is closed.			
<b>Verified by</b>	: Ardiansyah		

<b>NCRNo.</b>	: 2016.02	<b>Issued by</b>	: Team ASA-2
<b>Date Issued</b>	: -	<b>Time Limit</b>	: ASA-3

<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: 7 April 2017
<b>Standard Ref. &amp; Requirement</b>	: <b>4.7.6</b> All workers shall be provided with medical care, and covered by accident insurance (see criterion 6.5.3).		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> The Company has sought registration of non-permanent employees become participants of health insurance (BPJS KES) through direct registration by the company (employees who complete the registration files) and recommends to register independently (if the file is not complete), but based on a review of documents and interviews with stakeholders known that it is not entirely non-permanent employees have completed registration/registered as participants of BPJS KES.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> Daily workers have erratic work time so that the amount of income is not fixed and the status can be quickly changed (can be time - time entry to work) making it difficult to register its BPJS.			
<b>Corrective Action</b> <i>(filled by organization audited):</i> Ensure the health facilities of daily worker provided by the company.			
<b>Preventive Action</b> <i>(filled by organization audited):</i> There is circular letter from top management that confirm about health protection for daily woker.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>6 April 2017</b> The Company has memorandum. No. 058 / CEO3 / 12/2016 dated December 8, 2016 which explains that in connection with the implementation of the program BPJS KES for daily workers then the company provides health care insurance to employees whose care and treatment is borne by the company. The results of interviews with workers at Gunung Kombeng Estate and Muara Wahau Estate indicate that daily workers can take a treatment in the company Clinic. Based on the explanation, NC No. 2016.2 is closed.			
<b>Verified by</b>	: Rizliani Aprianita		

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

<b>NCRNo.</b>	<b>: 2017.01</b>	<b>Issued by</b>	<b>: Rudi Ramdani</b>
<b>Date Issued</b>	<b>: 7 April 2017</b>	<b>Time Limit</b>	<b>: ASA-4</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 5 June 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 1.1.1</b> <b>There should be a list of information relating to criterion 1.2 that can be accessed by relevant stakeholders.</b>		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b> <ul style="list-style-type: none"> <li>• The CH has not able to show prove in reporting of employment agreement specified time to manpower agency.</li> <li>• The CH has not able to show prove of contract administration to workers.</li> </ul>			
<b>Root Cause Analysis (filled by organization audited):</b> <ul style="list-style-type: none"> <li>• Registration of contract workers to the Manpower agency has not been conducted. The registration of contract workers had been conducted in January 2017 but returned by the Manpower Agency because the submission form has not been in accordance with the Manpower Agency standard.</li> <li>• At the time of signing the workers' agreement is read out, the archive is stored in the worker's personal files but not submitted for fear of missing documents. Worker agreement is made 1 duplicate, at the time of signing by workers.</li> </ul>			
<b>Corrective Action (filled by organization audited):</b> <ul style="list-style-type: none"> <li>• Reporting the registration of contract workers to the Manpower Agency in accordance with the standard filing format submitted by the Manpower Agency.</li> <li>• Reprint work agreement of contract workers in two copies and provide a copy of the contract to the workers with the receipts.</li> </ul>			
<b>Preventive Action (filled by organization audited):</b> <ul style="list-style-type: none"> <li>• Reporting the registration of contract workers to the Manpower Agency in accordance with statutory provisions and use the standard format from Manpower Agency..</li> <li>• Contracts will be made in duplicate and made the delivery receipts of contract copies to workers in a future.</li> </ul>			
<b>Assessor Evaluation and Conclusion (filled by auditor):</b> <b>Auditor verification, June 5 2017</b> Company showed letter of receipt of Contract workers agreement from Manpower Agency of Kutai Timur Regency, among others: <ul style="list-style-type: none"> <li>- Letter from MWHE unit dated May 8, 2017 no. 001 / MWHE-Disnakertrans / 05/2017 and has been received by the manpower Agency on May 24, 2017.</li> <li>- Receipt letter of contract workers agreement in GKME unit by the Manpower Agency dated May 23, 2017.</li> <li>- Receipt letter from PT KDA MWHM unit regarding contract workers dated May 22, 2017.</li> <li>- Receipt letter from PT KDA GKMM unit regarding contract workers dated May 22, 2017.</li> </ul> <p>In addition, the company has also showed the minutes of the handover of the workers agreement on 24 March 2017 and 29 May 2017 along with the agreement handover list. Based on the explanation, the non-conformity no. 2017.03 is stated fulfilled.</p>			
<b>Verified by</b>	<b>: Rizliani Aprianita Hsb</b>		



<b>NCRNo.</b>	<b>: 2017.02</b>	<b>Issued by</b>	<b>: Rudi Ramdani</b>
<b>Date Issued</b>	<b>: 7 April 2017</b>	<b>Time Limit</b>	<b>: 6 June 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 5 June 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 2.1.1 There should be evidence of compliance with relevant legal requirements</b>		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> Based on the results of field visits in the division 1 block H9 GKME, interviewed with workers and verification of worker agreement documents are known that the contract worker has been extended more than once and the renewal is not over a 30 day period. This is not in accordance with Regulation no. 13 year 2003 article 59.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> Work agreement of contract worker is extended more than once because of administration head has not understood the procedure of appointment of contract worker in accordance with Manpower Minister Decision no. 100/2004.			
<b>Corrective Action</b> <i>(filled by organization audited):</i> Management follows the rules in Manpower Minister Decision no. 100/2004, appoint the division's employee become permanent employees who met during interview in Block H9.			
<b>Preventive Action</b> <i>(filled by organization audited):</i> HR Dept. disseminates to administration head and employees regarding the rules in contract agreement with workers to better understand the rules in accordance with Manpower Minister Decision 100/2004 so that the implementation of industrial relations can be implemented in accordance with the legislation			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>Auditor verification, June 5 2017</b> The company has showed a letter of appointment to 2 picker workers as permanent workers that indicated by letter of appointment no. 001 / PHT-GKME / V / 2017 and no. 002 / PHT-GKME / V / 2017. In addition, the company also shows the development program for contract workers in PT KDA. The development program includes a development program that will be conducted for contract workers, implementation process, implementation time, there with a list of contract workers, which will be done gradually in 2017 and evaluation will be done every 3 months. Based on the explanation, nonconformity no. 2017.02 is stated fulfilled by observation.			
<b>Verified by</b>	<b>: Rizliani Apranita Hasibuan</b>		

<b>NCRNo.</b>	<b>: 2017.03</b>	<b>Issued by</b>	<b>: Radytio Puspanjana</b>
<b>Date Issued</b>	<b>: 7 April 2017</b>	<b>Time Limit</b>	<b>: ASA-4</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 5 June 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 5.3.3 A waste management plan should be available that is documented and implemented to avoid and reduce pollution.</b>		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> <ul style="list-style-type: none"> <li>Based on field visit at Muara Wahau Mill, EFB station is found EFB that exceeds the capacity of the EFB storage</li> </ul>			

provided (bund wall), so not all leachate water can be accommodated in the leach pond and found EFB water leachate flows to the trench.

- The Company has reported of hazardous waste management report in quarterly LB3 management reports and has been provided to the environmental agency. Based on the report of the first quarter I - IV of 2016 is known to have log book and balance of hazardous waste to the environmental agency, but this has not been explained about medical waste.

**Root Cause Analysis** *(filled by organization audited):*

- When production's high, transportation is constrained by bad weather (rain). Truck and heavy equipment can't enter the block of empty bunch fertilization. Monitoring the amount of empty bunch according to EBA capacity then add the unit of truck to spend empty bunch on EBA, as well as scheduled compacting road so the road can be passed on all weather.
- Manifest of waste hazard transportation reported separately to related agencies.
- Because on 2016 period (I – IV Quarterly), No licensed medical waste collector has been found on East Kalimantan region. So the medical waste is stored in the clinic to be monitored. On 2017, company has already cooperated with KLP which already has a medical waste transport permit. Medical waste is sent via KLP and will be reported in quarterly report (January - March 2017).

**Corrective Action** *(filled by organization audited):*

- Accelerate the process of empty bunch transportation from station to application block by adding a transport unit so the empty bunch on station can be reduced. Furthermore, Management unit must ensure the Compacting road so the transportation unit of empty bunch can be operated on all weather.
- Report the manifest of waste hazard and incorporate medical waste in the quarterly waste hazard report for the first quarter (January - March 2017).

**Preventive Action** *(filled by organization audited):*

- Monitor the daily transport empty bunch, if the amount of empty bunch on EBA overloaded adding the transport unit. The amount of empty bunch overloaded if the capacity over 1400 tons, Which is equivalent to 4 days of production from factory capacity without transport.
- Ensure the road and empty bunch areal maintained. And improve the carrier maintenance plans (Crane Grapple, Truck, EBA).
- Report the manifest of waste hazard to related agencies periodically.
- Incorporate medical waste management documentation into quarterly waste hazard reports periodically.

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

**Auditor verification, June 5 2017**

- The management unit shows the stock report of the empty bunch in POM MuaraWahau for May 2017. Based on the report, the total amount of empty bunch on POM of 31 May 2017 is 307 kg. The company also shows the documentation of actual condition on EBA. *Accordingly, the non-conformity no. 2017.02 is declared fulfilled with observations related to leaching water produced from EBA.*
- The company has sent a waste hazard management report for the period January - March 2017 in accordance with the receipt of the handover report No. 023 / EL-LB3 / KDA-MWHM / V / 2017, the report submitted to Head of Environment Agency of Kutai Timur Regency on 24 May 2017. In the waste hazard management report of Q1 2017 include logbook, balance waste hazard and hazardous waste delivery manifest by PT Karunia Lumasindo Pratama, such as manifest ex oil filter and rag (No. Manifest 00002751) January 22, 2017, used oil (No. Manifest 00002533) January 22, 2017 and medical waste (No. Manifest 00002859) March 1, 2017. *Based on the explanation, nonconformity no. 2017.03 is comply.*

**Verified by** : **Radytio Puspanjana**

**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	2.1.1	The Company has been hazardous waste storage permit for Gunung Kombeng Estate and Gunung Kombeng Muara - Wahau Mill in accordance with Decree No.658.31 / K.773 / 2011 which was issued December 27, 2011 and valid for 5 years. The license has been expired, and then the company has submitted an extension to the environmental agency.
2	4.4.1	Company is encouraged to complete the process of sewerage separation with rainfall overflow.
3	4.4.4	Follow-up of the permission of the utilization of surface water to the Directorate General of Water Resources of the Ministry of Public Works in Jakarta.
4	4.7.3	Evaluation of respirator used for pesticide applicator is encouraged
5	5.1.2	CH is encouraged to report on the implementation of environmental management in accordance with environmental management carried out in the field.
6	6.1.3	CH has opportunity to evaluate plan of yearly social impact assessment.
7	6.5.2	Company is encouraged to adjust the position of manpower in the labor record document with the prevailing work agreement.

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions
1	-	The company's commitment to implement sustainable palm oil management principles
2	-	Has got ISPO Certificate
3	-	The company has done the coaching of farmers and provides soft loan assistance in the form of seeds, fertilizers and pesticides.

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

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p><b>Plantation Agency, Kutai Timur District</b></p> <ul style="list-style-type: none"> <li>• No negative issues related to Plantation Agency</li> <li>• The operation area of company are not on forest areas</li> <li>• The company has conducted fire training with plantation agency.</li> <li>• Since ASA 02, there has never been a fire in the operational area of PT KDA</li> <li>• The Company has reported Business Development Report every three month</li> <li>• PT KDA do not have new licenses or expands the operational area</li> <li>• The purchase of FFB price from third party refers to Plantation Agency, every month</li> <li>• The company already has adequate fire extinguishers.</li> <li>• The CSR activities been made to communities around the company and could be improved also community partisipative.</li> </ul>	<p>There is no negative issues from the government agency. CH has demonstrated compliance with the RSPO criteria 1.1, 2.1, 5.1, 5.5, 6.1, 6.2, 6.10 and principle 7.</p>
<p><b>Manpower Agency, Kutai Timur District</b></p> <ul style="list-style-type: none"> <li>• Wages given by the company in accordance with applicable regulations, that is 2,464,108 / month in accordance with Govenor Decree No 561/K634/2016</li> <li>• The company has workers union</li> <li>• Manpower agency has approved the structure organization PT KDA</li> <li>• P2K3 report and employment report has been reported regularly</li> <li>• PT KDA has completed the requirements and permits issued by the Manpower Agency such as the required labor report.</li> <li>• No workers under the age of 18 years</li> <li>• Collective Labor Agreement still valid</li> <li>• Inspection of the mill machines has been conducted regularly</li> <li>• Workers have been equipped with the operating licenses as boiler operator</li> <li>• The company is expected to improve the relationship of cooperation with the agency</li> <li>• Company Increase the intensity of communication to Manpower agency to keep the company getting the latest information related to Industrial Relations and supervision.</li> </ul>	<p>There is no negative issues from the government agency. CH has demonstrated compliance with the RSPO criteria 2.1; 4.7, 6.3, 6.5, 6.6, 6.7, 6.11 and 6.12.</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p><b>Environmental Agency, Kutai Timur district</b></p> <ul style="list-style-type: none"> <li>• Communication between companies and Environmental agency parties has worked well.</li> <li>• The Company has submitted a report of RKL-RPL implementation to Environmental Agency of Kutai Timur District every six month.</li> <li>• The company has been monitoring the quality of effluent every month and report the test results to Environmental Agency of Kutai Timur District.</li> <li>• Hazardous waste from the company has been managed in accordance with regulation and the company has cooperated with the licensed transporter and collector of hazardous waste.</li> <li>• The company has been controlling the hazardous waste and report the the management of hazardous waste to Environmental Agency of Kutai Timur District.</li> <li>• There is no issue of fires in company's operations area.</li> <li>• There are routine environmental monitoring activities by environmental agency related to the operational such as:               <ul style="list-style-type: none"> <li>- Muara Wahau Mill, there has been no separation of the mill washing water and the resulting liquid waste.</li> <li>- use fertiliz in riparian</li> <li>- There is a leachate water from EFB that flows the environment/ water body.</li> <li>- Poor mill sanitation and hazardous waste found in unlicensed place.</li> </ul> </li> <li>• Environmental management in accordance with the direction of environmental documents owned.</li> </ul>	<ul style="list-style-type: none"> <li>- CH has made a separation effort between liquid water and washing water/rainwater but not yet completed. The progress to separating liquid waste and washing water/rainwater in drainage are reuse the blowdown water, reusing turbine cooling water and repair air lock fiber cyclone so as not to fall into the drainage. Company is encouraged to complete the process of separation the liquid waste and washing water/rainfall water and will be observed in next assessment.</li> <li>- Based on field visit is known there is no fertilizing in pantun riparian and elang riparian</li> <li>- Based on filed visit Muara Wahau Mill in EFB station, is known over capacity. There is a leachate water from EFB that flows the environment/ trenc. <b>NCR 2017.03</b></li> <li>- Based on field visits in mill that are in the process of improving poor sanitation of Mill.</li> </ul>
<p><b>Land agency, Kutai Timur District</b></p> <ul style="list-style-type: none"> <li>• No negative issues from land office</li> <li>• No land claim in HGU of PT KDA</li> <li>• There are no routine reports to be submitted to land agency only performs the administrative functions, if any is a case of overlapping of land ownership certificates and claims from the community</li> <li>• Company do not have a new permit or expand the operational area.</li> </ul>	<p>There is no negative issues from the government agency. CH has demonstrated compliance with the RSPO criteria 2.1;2.2 and principal 7.</p>
<p><b>Cooperation of Sawit Bersama (Head and Advisor).</b></p> <ul style="list-style-type: none"> <li>• Cooperation of Sawit Bersama is partner of PT KDA since 2008 for about 2,214 hectare and 6 village. Land used for smallholder scheme came from certified land of villager.</li> <li>• The contract of smallholder is made for about 30 year and based on Revitalization letter from the head of the region.</li> <li>• The palm oil plant since 2010 and 2011.</li> <li>• FFB price follows government price.</li> <li>• Grading report from mill is accepted by the cooperation.</li> </ul>	<p>The company has shown cooperation with surrounding village as one form of commitment to improve welfare of surrounding villager, as explained in indicator 6.1.2 and 6.1.4.</p>



Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> <li>• FFB Payment method from the company through bank transfer to member of cooperation.</li> <li>• There is no land conflict with the company.</li> <li>• There was some land transaction between the member of cooperation. It is known by the cooperation.</li> <li>• There is no land fire for the last 1 year.</li> <li>• The company has ever explaining of plan for certification of smallholder scheme, but the member has not agreed with it.</li> <li>• In yearly meeting, the company was invited to explain the progress for 1 year before.</li> <li>• At this time the cooperation has no plan of replanting program. It is suspected about 30% of smallholder land would be managed independent.</li> </ul>	
<p><b>Cooperation of Bina Sawit Mandiri (Secretary and clerk).</b></p> <ul style="list-style-type: none"> <li>• Location of plantation is in Taju Buri of Miao Baru village and SP3 with 188 member and land of 118 hectare, which is started since 2013.</li> <li>• Pattern of cooperation with PT KDA in form of soft credit of seed, fertilizer and pesticide, with condition of land that is not in forest area.</li> <li>• FFB price follows the FFB price from government. At this time, member of cooperation can receive about Rp.800,000 per month.</li> <li>• FFB payment process from the company is given to cooperation first, then shared to its member.</li> <li>• FFB transport is used member vehicle.</li> <li>• Boundary is clearly demarcated through trench.</li> <li>• Communication between cooperation and CH is run well through manager and its staff.</li> <li>• For 2015, has ever been land fire of cooperation member. For 2016, there is no land fire.</li> <li>• There is also process of forest land release of farmer land.</li> </ul>	<p>The company has shown cooperation with surrounding village as one form of commitment to improve welfare of surrounding villager, as explained in indicator 6.1.2 and 6.1.4.</p>
<p><b>Head of Sukamaju Village</b></p> <ul style="list-style-type: none"> <li>• PT KDA, RT 19021 include in Sukamaju village.</li> <li>• There is no land conflict.</li> <li>• The village is transmigration village of SP5 Wahau Timur, where the citizen come from java, sundanese, flores, buggis, Makassar, and local people.</li> <li>• Along time ago of 2001, there is talks of village boundary and estate of PT Matra Sawit Sarana, before PT Kresna Duta Agrindo.</li> <li>• There is village plantation of 113 Ha.</li> <li>• The villager is part of cooperation sawit bersama, which comes from revitalization letter of the district head.</li> <li>• The village often communicate with the company through their public staff or manager.</li> </ul>	<p>There is no negative issues from the community. CH has demonstrated compliance with the RSPO criteria 2.2; 5.5; 6.1; 6.2 and 6.11.</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> <li>• The CSR program has not fully involved village head.</li> <li>• CSR that has received from the company: health checking, road maintenance, sanitary, cement, scholarship for elementary and kindergarten. But the village hope that there is CSR for building fence for public cemetery.</li> <li>• There is request for praying room building in the kindergarten.</li> <li>• The company has socialized of SIA and HCV.</li> <li>• Village discussion of 2017 does not inviting company.</li> <li>• Communication with the company through their public staff, manager or administration head.</li> <li>• There is no land fire.</li> <li>• Most of citizen work in the estate.</li> <li>• There was a citizen who receive college scholarship.</li> <li>• Hopefully that company could help and assisting of village owned enterprises.</li> </ul>	
<p><b>Head of Maju Jaya Village</b></p> <ul style="list-style-type: none"> <li>• It is transmigration village in 1986-1987 with commodity of coconut and cacao.</li> <li>• It is start with 404 family, now is 1,500 family.</li> <li>• Maju Jaya village include in cooperation of Sawit Bersama with area of 590 hectare. The land come from certified land.</li> <li>• There is no land conflict between two parties nor land fire.</li> <li>• The company has offering cooperation since 1997, but it start from 2009-2010.</li> <li>• Beside from smallholder scheme, there is also independent scheme in fprm of seed credit.</li> <li>• The company gave assistance to farmer.</li> <li>• The village communicate with administration head, manager and its staff.</li> <li>• There is no letter that has not been responded by the company.</li> <li>• The company has also gave CSR in form of scholarship, road maintenance, etc.</li> <li>• Meeting in the village do not invite company.</li> <li>• FFB price follows the price from government.</li> <li>• Positively there is increasing money turn over in the village.</li> </ul>	<p>The company has shown cooperation with surrounding village as one form of commitment to improve welfare of surrounding villager, as explained in indicator 6.1.1 and 6.1.2.</p> <p>There is no negative issues from the government agency. CH has demonstrated compliance with the RSPO criteria 1.1; 6.1; 6.2; 6.10 and 6.11.</p>
<p><b>Head of Miau Baru Village</b></p> <ul style="list-style-type: none"> <li>• It is local village consist of 1,000 family.</li> <li>• Area of RT 11 of PT KDA include in Miau Baru village.</li> <li>• There are citizen who work in the company.</li> <li>• There is no land conflict.</li> <li>• The company gave assistance in form of soft credit for seed and other farming needs.</li> <li>• FFB price is following price from the government.</li> <li>• There is no complaint from citizen.</li> </ul>	<p>The company has shown cooperation with surrounding village as one form of commitment to improve welfare of surrounding villager, as explained in indicator 6.1.1 and 6.1.2.</p> <p>There is no negative issues from the community. CH has demonstrated compliance with the RSPO criteria 1.1; 6.1; 6.2; 6.3; 6.10 and 6.11.</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> <li>• The company also gave CSR in form of road maintenance, boarding school building, religion day, scholarship. But it is advisable for scholarship in college.</li> <li>• There is no land fire.</li> <li>• Communication with public relation staff.</li> <li>• Village head do not make land letter for forest area.</li> <li>• The company has also gave assistance to independent farmer.</li> <li>• There is no local wisdom such as harvest festival in the village.</li> <li>• Hopefully that respond for request could be increased then previous.</li> </ul>	
<p><b>FFB transport contractor</b></p> <ul style="list-style-type: none"> <li>• Cooperation start since year of 2000, through contract of CPO transport and FFB. But now, only contract of FFB transport.</li> <li>• Contract made for every 3 month.</li> <li>• Payment is done every 2 week.</li> <li>• The company has socialized of PPE, first aid kit, and other policy to contractor.</li> <li>• FFB weighbridge result is clear.</li> <li>• In the other hand, there is farmers group of Rawai Indah in Miau Baru village that also has their own cooperation of Kongbeng Bersatu. The cooperation has soft credit of seed, fertilizer from PT KDA. The main requirement for the credit is that the land is not in forest area.</li> <li>• The company also gave education to the farmers group.</li> <li>• FFB price is following price from government.</li> </ul>	<p>The company has shown cooperation with local contractor is run clear and transparent, as explained in indicator 6.10.4.</p> <p>There is no negative issues from the community. CH has demonstrated compliance with the RSPO criteria 4.7; 6.10 and 6.11.</p>
<p><b>Road maintenance contractor</b></p> <ul style="list-style-type: none"> <li>• Cooperation started since 2006 through local cooperation until 2008. After 2008, cooperation with PT KDA, only in road hardening.</li> <li>• The contract has been clear and transparent.</li> <li>• Actual payment is about 2 month after claim. But the contractor can accept this.</li> <li>• Hazardous management is by its self. There is no storage in estate.</li> <li>• Operator license is available.</li> <li>• The company has socialized of human right policy, worker right, ethic code, business ethic and PPE.</li> </ul>	<p>The company has shown cooperation with local contractor is run clear and transparent, as explained in indicator 6.10.4.</p> <p>There is no negative issues from the community. CH has demonstrated compliance with the RSPO criteria 1.1; 1.3; 4.7; 5.3; 6.10; 6.11 and 6.13.</p>
<p><b>Labor Unions</b></p> <ul style="list-style-type: none"> <li>• There is no negative issues such as discrimination, the use of labor under 18 years or sexual abuse issues.</li> <li>• Providing wages and overtime in compliance with applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Based on field observation and interview with labour union, there was noviolation of labour laws. For example, minimum age, discrimination,</li> </ul>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>regulations.</p> <ul style="list-style-type: none"> <li>• Until the audit takes place, there has been no complaints from workers.</li> <li>• There were work accidents in 2016 and have been evaluated by company and Manpower agency.</li> <li>• All employees have been included in the program BPJS employment and health.</li> <li>• The Company has conducted periodic health checks to workers with high risk. The Company has also provided PPE which is provided for free.</li> </ul>	<p>minimum wage, overtime etc. It refer to criterion 6.5.</p> <ul style="list-style-type: none"> <li>• The company has implemented minimum wage and overtime refer to the latest regulation as written in 6.5.1</li> <li>• Has been described in 4.7.5.</li> <li>• The company has paid labour social insurance and labour health insurance for all workers as written in indicator 4.7.6.</li> </ul>
<p><b>Gender Committee</b></p> <ul style="list-style-type: none"> <li>• There is no negative issues such as discrimination and sexual abuse or child labor.</li> <li>• Management of the gender committee has the program associated with sexual harassment policies, protection of reproductive rights. Socialization also includes a ban on pregnant and lactating women to spray. Socialization is delivered through meetings like recitation etc.</li> </ul>	<ul style="list-style-type: none"> <li>• According o document verification and interview with workers, there was n issues related to violation of the rights of woman.</li> <li>• From the results of interviews with workers, the company has implemented of Company Policies such as reproductive rights and prohibition of pregnant woman to spray. It refer to criterion 6.9</li> </ul>
<p><b>Workers Cooperative</b></p> <ul style="list-style-type: none"> <li>• The company has facilitated workers in the establishment and activities of cooperatives such as transport and room for the activities of cooperatives.</li> <li>• The cooperative has a real activity in the form of savings and loans and sell daily necessities.</li> <li>• Cooperative management had conducted the Annual Member Meeting for the year 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• According to workers the company provides the freedom to form cooperatives</li> </ul>

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

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

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

Signed on behalf of:

PT Kresna Duta Agroindo  
Management Representative



Ismu Zulfikar  
5 June 2017

Mutuagung Lestari  
Lead Auditor



Ardiansyah  
5 June 2017

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Land Office, Kutai Timur District	Sanggata, Kutai Timur District	-	Direct interview	4 April 2017	√	
2	Plantation Agency, Kutai Timur District	Sanggata, Kutai Timur District	-	Direct interview	4 April 2017	√	
3	Manpower Agency, Kutai Timur District	Sanggata, Kutai Timur District	-	Direct interview	4 April 2017	√	
4	Environmental Agency, Kutai Timur District	Sanggata, Kutai Timur District	-	Direct interview	4 April 2017	√	
5	Union Labor of PT KDA	Kutai Timur District	-	Direct interview	4 April 2017	√	
6	Gender Committee of PT KDA	Kutai Timur District	-	Direct interview	4 April 2017	√	
7	Village of Sukamaju	Kutai Timur District		Direct interview	4 April 2017	√	
8	Village of Maju Jaya	Kutai Timur District	-	Direct interview	4 April 2017	√	
9	Village of Miau Baru	Kutai Timur District	-	Direct interview	4 April 2017	√	
10	Cooperation of Bina Sawit Mandiri	Kutai Timur District	-	Direct interview	4 April 2017	√	
11	Cooperation of Sawit Bersama	Kutai Timur District	-	Direct interview	4 April 2017	√	
12	FFB transport Contractor	Kutai Timur District	-	Direct interview	4 April 2017	√	
13	Road Maintenance contractor	Kutai Timur District	-	Direct interview	4 April 2017	√	
14	Worker cooperative	Kutai Timur District	-	Direct interview	4 April 2017	√	
15	WALHI	Jakarta, Indonesia	<a href="mailto:informasi@walhi.or.id">informasi@walhi.or.id</a>	email	29 March 2017		√
16	Sawit Watch	Jakarta, Indonesia	<a href="mailto:info@sawitwatch.or.id">info@sawitwatch.or.id</a>	email	29 March 2017		√
17	AMAN	Jakarta, Indonesia	<a href="mailto:rumahaman@cbn.net.id">rumahaman@cbn.net.id</a>	email	29 March 2017		√
18	WWF	Jakarta, Indonesia	<a href="mailto:wwf-indonesia@wwf.or.id">wwf-indonesia@wwf.or.id</a>	email	29 March 2017		√
19	10 harvester and 7 picker	Muara Wahau Estate	-	Interview	5 April 2017	√	
20	3 manuring workers and 1 supervisor	Muara Wahau Estate	-	Interview	5 April 2017	√	
21	4 spraying workers and 1 supervisor	Muara Wahau Estate	-	Interview	5 April 2017	√	
22	6 manual upkeep workers	Gunung Kombeng Estate	-	Interview	6 April 2017	√	



23	2 harvester and 2 picker	Gunung Kombeng Estate	-	Interview	6 April 2017	√	
24	5 manuring workers	Gunung Kombeng Estate	-	Interview	6 April 2017	√	
25	1 FFB loader and 1 FFB clerk	Gunung Kombeng Estate	-	Interview	6 April 2017	√	

**Appendix 2. Assessment Program**

DATE	3 – 8 April 2017	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Monday, 3 April 2017</b>		
05.00 – 16.00	Jakarta → Balikpapan → Muara Wahau → PT KDA	RRI / MAH / RAA
05.00 – 16.00	Jakarta → Balikpapan → Sangata	ARD / RP
16.00 – 17.00	Opening Meeting	RRI / MAH / RAA
<b>Tuesday, 4 April 2017</b>		
08.00 – 12.00	Public consultation to: <ul style="list-style-type: none"> <li>Communities (if any local contractor and FFB supplier)</li> <li>Government Institution of Kutai Timur District</li> </ul> Review of Previous Visit Non-conformance (Stage-2 – ASA-2), partial certification and time bound plan	RRI ARD / RP MAH / RAA
12.00 – 14.00	BREAK	ARD / RRI / MAH / RP / RAA
14.00 – 17.00	Continue Public consultation to Communities  Public consultation to Contractor, internal stakeholder (labor union, gender committee and cooperative employees)	RRI MAH / RAA
<b>Wednesday, 5 April 2017</b>		
08.00 – 12.00	<b>Field Observation at PT KDA</b> <ul style="list-style-type: none"> <li>HCV and boundary</li> </ul> <b>Field Observation at Muara Wahau Estate</b> <ul style="list-style-type: none"> <li>Harvesting, Manuring, Sparying, IPM, application of waste (if any EFB or composting), Land application (if any) and replanting/new area (if any)</li> <li>Housing, chemical warehouse, hazardous waste warehouse, cleaning and storage of PPE for spraying team, workshop, Landfill and firefighters equipment</li> </ul>	ARD / RRI / MAH / RP / RAA ARD / RP MAH / RRI RAA
12.00 – 14.00	BREAK	ARD / RRI / MAH / RP / RAA
14.00 – 17.00	<b>Field Observation at Muara Wahau Mill</b> <ul style="list-style-type: none"> <li>POM (security, weighbridge, loading ramp, process, engine room, workshop, boiler)</li> <li>WTP, WWTP, Hazardous Waste Warehouse/TPS limbah B3, drainage, collecting place of solid waste (EFB, fiber, shell), methane capture (if any), composting (if any)</li> <li>SCCS</li> </ul>	ARD / RRI / MAH / RP / RAA MAH / RRI RP / RAA ARD
<b>Thursday, 6 April 2017</b>		
08.00 – 12.00	<b>Field Observation at PT KDA</b> <ul style="list-style-type: none"> <li>HCV and boundary</li> </ul> <b>Field Observation at Gunung Kombeng Estate</b> <ul style="list-style-type: none"> <li>Harvesting, Manuring, Sparying, IPM, application of waste (if any EFB or composting), Land application (if any) and replanting/new area (if any)</li> </ul>	ARD / RRI / MAH / RP / RAA ARD MAH / RAA / RRI / RP MAH / RAA
	<ul style="list-style-type: none"> <li>Housing, chemical warehouse, hazardous waste warehouse, cleaning and storage of PPE for spraying team, workshop, Landfill and firefighters equipment</li> </ul>	RRI / RP

DATE	3 – 8 April 2017	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
12.00 – 14.00	BREAK	ARD / RRI / MAH / RP / RAA
14.00 – 17.00	<b>Field Observation at Gunung Kombeng Mill</b> <ul style="list-style-type: none"> <li>• POM (security, weighbridge, loading ramp, process, engine room, workshop, boiler)</li> <li>• WTP, WWTP, Hazardous Waste Warehouse/TPS limbah B3, drainage, collecting place of solid waste (EFB, fiber, shell), methane capture (if any), composting (if any)</li> </ul>	ARD / RRI / MAH / RP / RAA MAH / RRI RP / RAA / ARD
<b>Friday, 7 April 2017</b>		
08.00 – 11.00	RSPO Document Review	ARD / RRI / MAH / RP / RAA
14.00 – 15.00	Interim Meeting/ preparation for closing meeting	ARD / RRI / MAH / RP / RAA
15.00 – 17.00	Closing Meeting	ARD / RRI / MAH / RP / RAA
<b>Saturday, 8 April 2017</b>		
04.00 – 09.00	PT KDA → Berau	
10.45 – 14.30	Berau → Balikpapan → Jakarta	ARD / RRI / MAH / RP / RAA