

**Roundtable on Sustainable Palm Oil Certification
RSPO**

[] Stage-1 [] Stage-2 [] Surveillance [] Re-Assessment

Plantation Management/Owner : **PT Langgeng Muaramakmur - Sime Darby Plantation Sdn Bhd.**

Plantation Name : **Bebunga Mill, Bebunga estate, Bakau Estate and Sungai Cengal Estate.**

Location : **Binturung Village, Pamukan Utara Sub District, Kotabaru District, South Kalimantan Province.**

Certificate Code : **MUTU-RSPO/014**

Date of certificate issue : **16 – March - 2012**

Date of expiry of certificate : **15 – March - 2017**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Review by	Approved by
ASA-3	18 – 20 February 2015	Yudwi Wisnu Rahmanto (Lead Auditor), Moh. Arif Yusni, Brigitta Prita, Entin Hendartin dan Sapto Hadi Winarno	Taufik Margani	Tony Arifarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA- 3	1 May 2015

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Figure 1. Location Map of PT Langgeng Muaramakmur

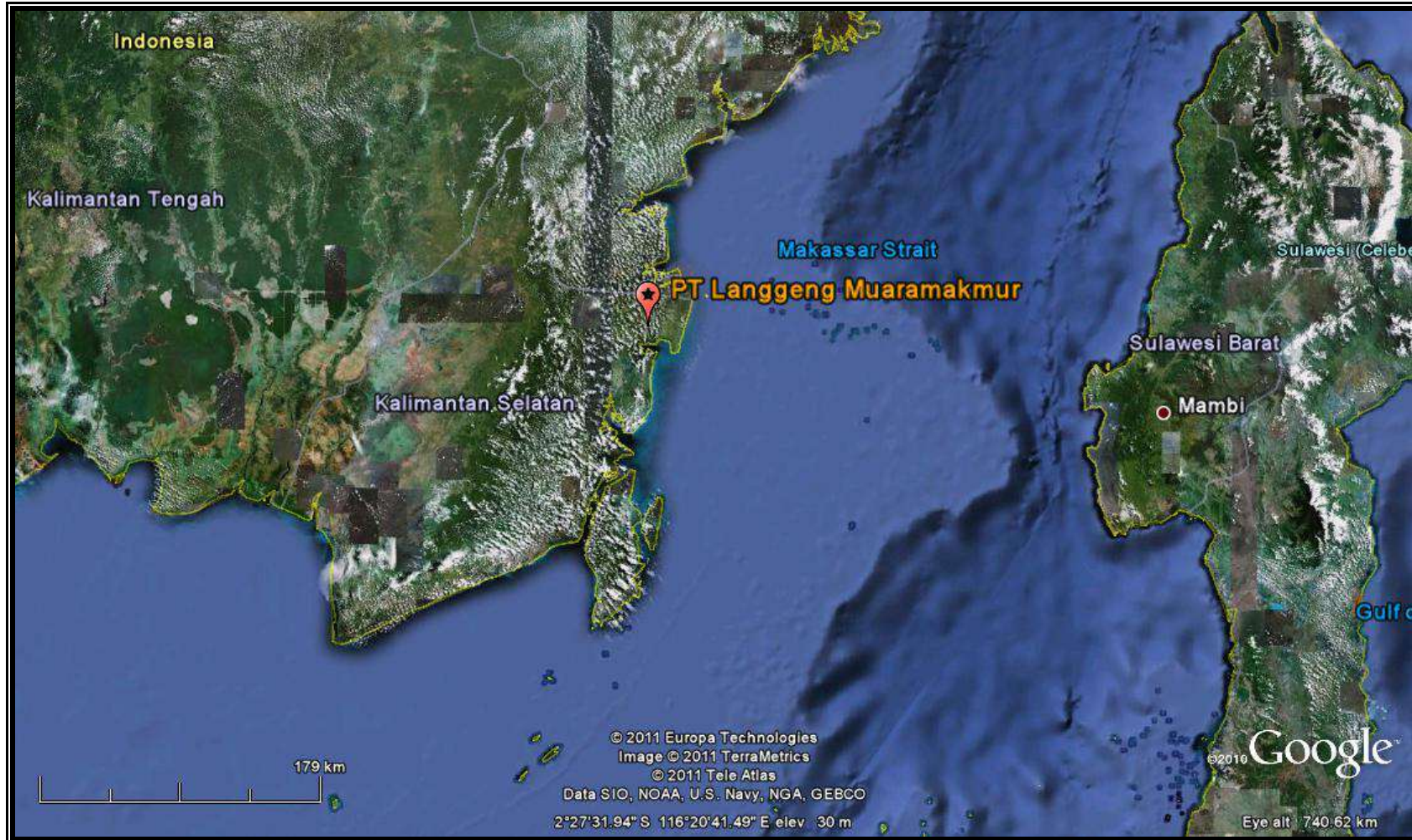
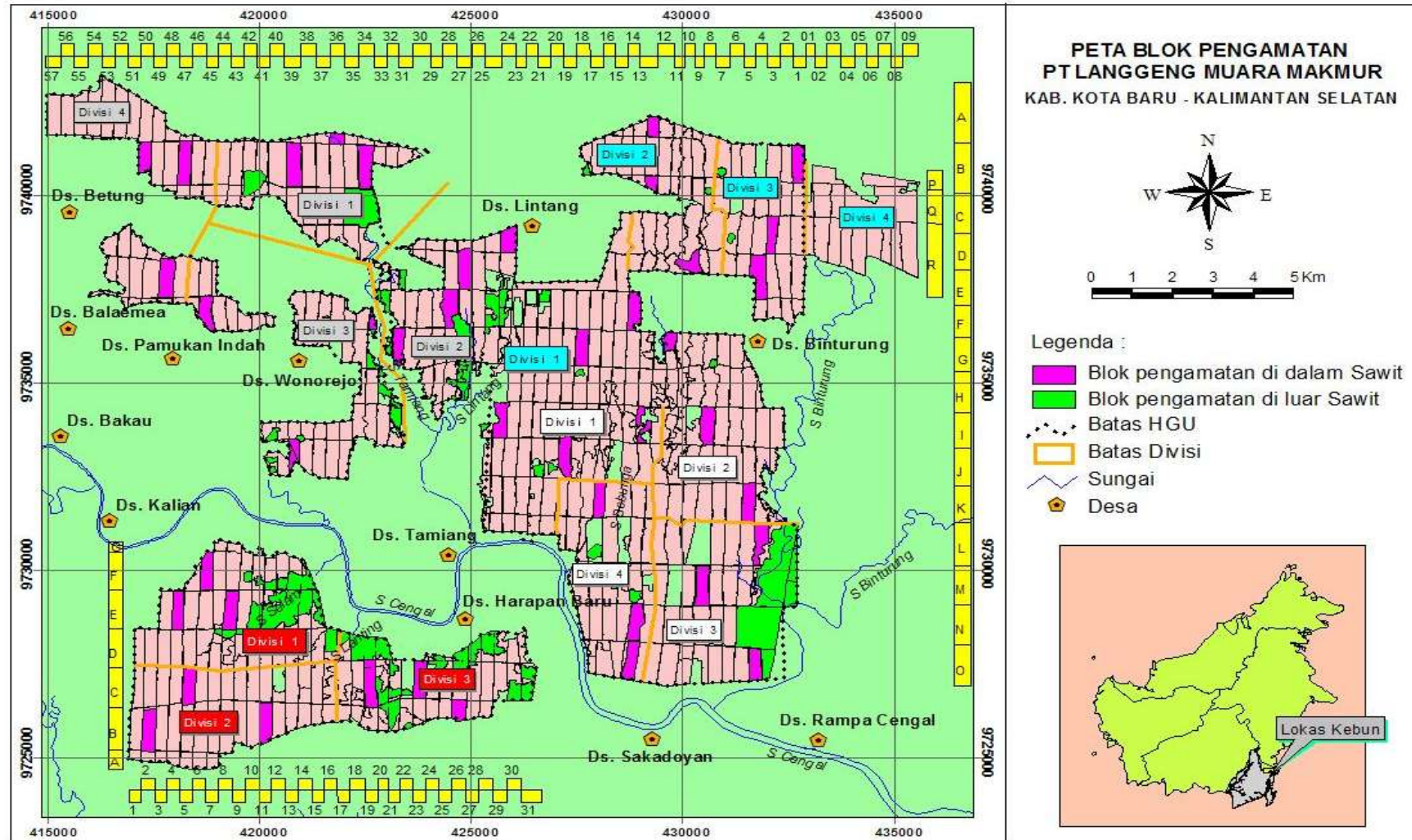


Figure 2. Operational Map of PT Langgeng Muaramakmur



1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	National Interpretation Used		<i>National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011.</i>
1.2	Organization Information		
1.2.1	Company name	PT Langgeng Muaramakmur – Sime Darby Plantation Sdn Bhd.	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Company address and site address	<ul style="list-style-type: none"> • RSPO registered company: No 2, Plantation Tower Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301. • Site: Pamukan Utara Sub District/ Kotabaru District/ South Kalimantan Province. 	
1.2.4	Telephone	+62-21-29926000	
1.2.5	Fax	+62-21-29922686	
1.2.6	E-mail	mohamad.pirabaharan@simedarby.com	
1.2.7	Web page address	www.simedarby.com	
1.2.8	Company status	Foreign investment (PMA)	
1.2.9	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Sime Darby Plantation Sdn Bhd)	
1.2.10	Registered as RSPO member	1-0008-04-000-00 dated on 08 Desember 2004	
1.3	Type of Assessment		
1.3.1	Scope of Assessment	Palm oil Bebunga it's supply base Bebunga estate, Bakau Estate and Sungai Cengal Estate	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	PT. Langgeng Muaramakmur – Sime Darby Plantation Sdn Bhd.	
1.4	Locations of Mill, Plantations and Area Statement		
1.4.1	Location of Mill		
	Name of Mill	Location	GPS
			Latitude Longitude
	Bebunga Mill	Binturung Viilage, Pamukan Utara Sub District, Kotabaru District, South Kalimantan Province.	02° 22' 25"S 116° 19' 47"E
1.4.2	Location of Supply Base		

	Name of Supply Base	Location	GPS				
			Latitude	Longitude			
	Bebunga Estate	Binturung Viillage, Pamukan Utara Sub District, Kotabaru District, South Kalimantan Province.	2° 20' 00" - 2° 24' 14"S	116° 19' 42" - 116° 23' 47"E			
	Bakau Estate	Balaimeaa Village, Pamukan Utara Sub District, Kotabaru District, South Kalimantan Province.	2° 19' 25" - 2° 25' 14"S	116° 14' 47" - 116° 19' 42"E			
	Sungai Cengal Estate	Binturung Viillage, Pamukan Utara Sub District, Kotabaru District, South Kalimantan Province.	2° 24' 12" - 2° 28' 14"S	116° 19' 39" - 116° 23' 30"E			
1.4.3	Tenure						
	• State			14,215.2 Ha			
	• Community			- Ha			
1.4.7	Area Statement						
	• Total area			14,215.2 Ha			
	• Mature area			8,780.59 Ha			
	• Immature area			1,468.23 Ha			
	• Mill			32 Ha			
	• Emplishment			155.63 Ha			
	• Infrastructure			358.47 Ha			
	• Nursery			14 Ha			
	• Occupation			557.41 Ha			
	• Hills, rivers, valleys			794.32 Ha			
	• Reserve area			488 Ha			
	• Replanting 2014/2015			165.91 Ha			
	• Bulking			2.45 Ha			
	• Air Strip			13.97 Ha			
	• Enclave			425 Ha			
	• HCV			959.22 Ha			
1.5	Description of Supply Base						
1.5.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Bebunga Mill	60	174,314.146	40,282.843	23.11	8,169.677	4.69
	*Source Production Data on February 2014 until January 2015						
1.5.2	Description of Estate(s)						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Bebunga Estate	3,891	2,867	45,064.09	15.72	45,064.09	100

	Bakau Estate	5,350	3,270	57,250.01	17.51	57,250.01	100
	Sungai Cengal Estate	4,974.2	4,111.82	62,907.26	15.30	62,907.26	100
		14,215.2	10,248.82	165,221.36	16.12	165,221.36	100
*Source Production Data on February 2014 until January 2015							
1.5.3	Smallholder(s) and other source						
	Name of source(s)	Member(s)	Location	Supplied to Mill		FFB (tonnes/year)	%
	KKPA Sungai Cengal	PT Langgeng Muara Makmur	Kab Kotabaru, Kalsel	5,281.70	-		
	Rampa Estate	PT Paripurna Swakarsa (RSPO Certified Product)	Kab Kotabaru, Kalsel	640.00	-		
	Binturung Estate	PT Paripurna Swakarsa (RSPO Certified Product)	Kab Kotabaru, Kalsel	704.13	-		
	Pondok Labu Estate	PT Paripurna Swakarsa (RSPO Certified Product)	Kab Kotabaru, Kalsel	2,540.00	-		
	Total			9,165.83	-		
*Source Production Data on February 2014 until January 2015							
*KKPA has been certified and include to PT LMI (Rantau POM)							
1.5.4	Product categories			FFB/CPO/PK			
1.6	Dates of Plantings and Cycles						
1.6.1	Age profile of planted palms*						
	Planting Year	Hectarage				Total (Ha)	
		Bebunga Estate (Ha)	Sungai Cengal Estate (Ha)	Bakau Estate (Ha)			
	1992	192	-	-	192		
	1993	58	-	-	58		
	1994	205	-	-	205		
	1995	350	497.77	110	957.77		
	1996	763	984.52	1,165	2,912.52		
	1997	771	549.92	1,205	2,525.92		
	1998	77	181.81	69	327.81		
	1999	-	238.80	-	238.8		
	2000	-	348.14	-	348.14		
	2005	-	375.33	-	375.33		
	2006	18	180.52	-	198.52		
	2007	-	425.78	-	425.78		
	2008	15	-	-	15		
	2013*	-	180.10	110	290.1		
	2014*	201	149.13	306	656.13		

	2015*	218	-	305	523		
	TOTAL	2,867	4,111.82	3,270	10,248.82		
1.6.2	New Planting area after November 2007				Ha		
1.6.3	Planting Cycle				2 nd Cycle Years		
1.7	Approximate Tonnage Certified						
	Past Annual Claim Certified Product	Previous Certificate Claim (tonnes/year)		Actual certified product (tonnes/year)			
	• FFB Production	187,087		160,301.85			
	• CPO Production	48,486		36,968.98			
	• Palm Kernel (PK) Production	10,208		7,532.74			
	*Claim Certified Product on 16 March 2014 until 15 March 2015 (Annex Certified ASA-2)						
	*Actual Claim period on February 2014 – Januari 2015						
1.7.2	Claim Certified Tonnage of FFB						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Bebunga	3,891	2,867	47,993	16.74		
	Bakau	5,350	3,270	60,971	18.65		
	Sungai Cengal	4,974.2	4,111.82	66,996	16.29		
	TOTAL	14,215.2	10,248.82	175,960	17.17		
1.7.3	Claim Certified Tonnage of Palm Product						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel PKO	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Bebunga	60	175,960	42,037	23.89	8,674	4.93
1.8	Other Certifications						
1.8.1	ISO 9001:2008/ISO 14001: 2004			-			
1.8.2	OHSAS 18001:2007			-			
1.8.3	HACCP			-			
1.8.4	Others			-			
1.9	Time Bound Plan for						
1.9.1	Time Bound Plan for Other Management Units						
	MANAGEMENT UNIT		Estate (Supply Base)	Time Bound	LOCATION		
	P O M	Time Bound					
	Sekunyir. PT. Indotruba Tengah	Certified 2010	Sekunyir	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan		
			Seruyan	Certified 2010			

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

PT. Langgeng Muaramakmur	2011	Bebunga	Certified 2011	South Kalimantan
		KKPA Sungai Cengal	2014	
Pondok Labu. PT Paripurna Swakarsa	Certified 2012	Binturung	Certified 2012	Kotabaru District – South Kalimantan
		Pondok Labu	Certified 2012	
		Rampa	Certified 2012	
		Sesulung	Certified 2012	
Selabak. PT Swadaya Andhika	Certified 2012	Selabak	Certified 2012	Kotabaru District – South Kalimantan
		Randi	Certified 2012	
		Sangkoh	Certified 2012	
		Lanting	Certified 2012	
Rantau. PT Laguna Mandiri	Certified 2012	Rantau	Certified 2012	Kotabaru District – South Kalimantan
		Matalok	Certified 2012	
Betung. PT Laguna Mandiri	Certified 2014	Betung	Certified 2012	Kotabaru District – South Kalimantan
		Sekayu	Certified 2012	
Ungkaya. PT Tamaco Graha Krida	Certified 2012	Ungkaya	Certified 2012	Morowali District – Sulawesi Tengah
		Plasma TGK	2015	
Ladang Panjang. PT Bahari Gembira Ria	Certified 2012	Ladang Panjang	Certified 2012	Muaro Jambi District - Jambi
		Plasma BGR	2015	
Rantau Panjang. PT Guthrie Pecconina Indonesia	Certified 2012	Rantau Panjang	Certified 2012	Musi Banyuasin District – South Sumatera
		Bumi Ayu	Certified 2012	
		Karang Ringin	Certified 2012	
		Napal	Certified 2012	
		Mangun Jaya	Certified 2012	
KKPA Sungai Pinang	2015			
Blang Simpo. PT Perkasa Subur Sakti	Certified 2013	Tamiang (PT PPP)	Certified 2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam
		Batang Ara ((PT PSK))	Certified 2013	
		Blang Simpo-01 (PT PPP)	Certified 2013	
		Blang Simpo-02 (PT PPP)	Certified 2013	
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan
		MAS 1	2020	
		MAS 1	2020	
Lembiru. PT Sandika Nata Palma	Certified 2014	Lembiru	Certified 2014	Ketapang District – West Kalimantan
		Awatan	Certified 2014	
		Pelanjau (PT BAL)	2020	
		Sungai Putih (PT BAL)	2020	
		Baturus (PT BAL)	2020	

	<p>Sime Darby has achieved 39 management units in Malaysia and 21 Management Units in Indonesia RSPO certified. There was change of the Time Bound Plan under Sime Darby cause the Sime Darby postpone the others certification process. Change of the Time Bound Plan explanation: PT Mitra Austral Sejahtera. There are social issue still unresolved from the Serikat Petani Kelapa Sawit (SPKS) Sanggau, however the improvement are in progress. Based on RSPO website the progress between PT MAS and Serikat Petani Kelapa Sawit (SPKS) Sanggau presented as a below:</p> <ul style="list-style-type: none"> - On 29 May 2014, DSF had a dialogue session with the Kerunang & Entapang community to understand their position and to explain the services DSF can offer. - In a letter dated 12 June 2014, the villagers of Kerunang & Entapang wrote to RSPO requesting among others, that DSF assist and facilitate the resolution of the dispute pertaining to partnership arrangement with PT MAS. - On 27 August 2014, a meeting was held in Entapang village comprising representatives from Sime Darby, Kerunang & Entapang villagers, TuK, WALHI, Oxfam & RSPO. At that meeting, the community presented their claims and points of view. - It was agreed that Sime Darby will look into their claims and it was also agreed that the parties will meet every 2 months towards the resolution of the dispute. - Further meeting was held between the disputing parties in the village on 12 December. Several bilateral meetings were also held between Sime Darby and TuK to discuss the appropriate way forward. - Latest progress (as of February 2015): TuK, on behalf of the Kerunang/Entapang community would propose solutions to Sime Darby by March 2015 on the settlement of the land issues especially those pertaining to HGU <p>Sime Darby has informed the Time Bound Plan progress, MUTUAGUNG has consider that Sime Darby still comply with the RSPO requirement for partial certification.</p>
1.9.2	The progress of other sources (growers partners and other Growers) to certification standards.
	Bebunga POM_PT Langgeng Muaramakmur gets FFB supply from smallholder scheme which are KKPA Sungai Cengal (full managed smallholder scheme. The estate has got RSPO certification and including within the certification scope of PT Laguna Mandiri (Rantau POM) and has been in line with Time Bound Plan (TBP).

2.0	ASSESSMENT PROCESS
2.1	Certification Body
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: www.mutucertification.com Email : agri@mutucertification.com
2.2	Assessment Team
2.2.1	Lead Assessor and Assessment Team
ASA- 3	<ol style="list-style-type: none"> Yudwi Wisnu Rahmanto (Lead Auditor). Bachelor of Forestry with Silviculture background. He worked at professional independent Certification Body as an Auditor for last 3 years and has been involved in auditing activities with various certification schemes. Selected training which have been followed, such as RSPO Endorsed Lead Auditor Training Course, ISPO Auditor/Lead Auditor Course, Quality Management System (QMS) ISO 9001:2008 Auditor/Lead Auditor Course, GIS-Basic Mapping and Spatial Analysis, Timber Legality Assurance System (SVLK), Verification Organization Training C.A.F.E Practices (Starbucks) and others internal training programs. He has involved in auditing activities, such as Sustainable Forest Management by FSC FM/COC Scheme, Sustainable Palm Oil by RSPO and ISPO Scheme, Coffee And Farmer Equity (C.A.F.E Practices) Starbucks, Organic Standard (EU, NOP, JAS) for Coffee Farmers and Organic Exchange for Textile. During this audit, he is assigned to verify of Legal, HCV and SCCS aspect. Moh. Arif Yusni (Auditor). A bachelor of Agriculture, majoring of Plant Pest and Diseases (Plant Protection). He has two years working experience in oil palm plantation company in Indonesia. Trainings attended namely: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and Auditor/Lead auditor Management System Certification (ISO 9001-2008),. Currently, he works at a Professional Certification Body. He has joined audit related to sustainable palm oil certification system as an auditor. During this audit, he is assigned to verify of best management practice and labour aspects. Brigitta Prita (Auditor Trainee). Bachelor of Forestry, Department of Forest Resources Conservation and Ecotourism, Bogor Agricultural University. Attended training ISPO Auditor training, certification of ISO 9001:2008 Quality Management System (QMS), Training IHT Awareness RSPO, Training QMS 19011, IHT Awareness 17021 and 17065 and Training HCV. During this audit, she is assigned to verify of transparency and hazardous waste aspects. Sapto Hadi Winarno (Auditor). Scholar of Forest Product, Faculty of Forestry, Bogor Agriculture Institute. He has working experience as air sensing photograph consultant since 1994 to 1997. He was working on company of plywood and he was appointed as IPK Manager of Palm Oil Company. He was also appointed as Company Operational Director of PMDN and PMA Manufacture Company on 1998 to 2005. He has certificates of assessor/ auditor/lead auditor on Forest Management and Wood Assurance Certificate since 2005 to recently. He has competence certificate for PHPL and VLK auditor. The professional experience he was dealing with was as the trainer of PHPL and SLK workshop for the Supervisor of Forest. Currently, he works as professional consultant for forestry. During this assessment, he conducted an assessment on Social and Environmental Impact Assessment and conservation aspects. Entin Hendartin (Auditor). Doctor from the Faculty of Forestry, Bogor Agricultural University in 2011. She attended training RSPO Lead Auditor, ISPO Lead Auditor Training and Sustainable Forest Management (SFM) with LEI Scheme) and the Ministry of Forestry. Experts in the environment, social, economic and cultural. Previously, she was a lecturer at the Institute of Technology Bandung. During this assessment, she is assigned to verify environmental and social aspects.
2.3	Assessment Methodology, Assessment Process and Locations of Assessment
2.3.1	Figure of person days to implement assessment
ASA- 3	Number of auditors : 5 auditors Number of days for S-3 at site : 3 days

	Number of working days for S-3 at site : 15 Working days
2.3.2	Detail process of assessment
ASA- 3	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Langgeng Muaramakmur to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008 and Scheme Smallholders October 2009) and Supply Chain Requirement for CPO Mill</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results S-2 delivered by the auditor MAL to the management unit and the results are the subject will be verified at the next assessment phase S-3.</p> <p>Improvement of findings from main assesment findings were observed by auditors at this first surveillance assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of Surveillance report.</p> <p>The assessment program please find Appendix 2.</p>
2.3.3	Locations of Assessment
ASA- 3	<p>Field visit was conducted at location that has an issue related to company operational. Location is determined according to result of public consultation and document review. Determination of location sample refers to the provision of the formula $(x= 0,8 \sqrt{y})$. Location visited during surveillance 3 audit are as follow:</p> <p>Bebunga Mill</p> <ul style="list-style-type: none"> • Processing Stage, According to the field observation and interview with the processing station employees, the employees have aware of the procedure for each of their working scope. The company has also provided PPE and employees have used the PPE during their work. There are symbol of safety work as well in each processing station. The regular medical check-up has also been held and employees have received training to achieve SIO and certificate. <p>Bebunga Estate</p> <ul style="list-style-type: none"> • Harvesting program in Block D12/13 Division 2. Observation over harvesting program. According to the field observation, the harvesting program has been conducted by referring to the applied SOP. Harvesters have aware of the procedure of safety work, harvest basic, and the applied waging system. According to the result of field visit, the harvesting rotation is 8 days, fruit density is 14%, the number of harvesters is 35 harvesters and the hectarage of the harvesting block is 120 Ha. • Herbicide application program in Block F19 Division 2. Observation and interview related to the herbicide application. According to the observation, the sprayers have used proper PPE such as helmet, masker, apron, gloves, and safety boots. Sprayers have also aware of the type of the weed targeted to be exterminated. There was no pregnant nor breastfeeding women workers whom conduct the herbicide application. According to the sprayers information, they have received proper wage (refer to the sectoral minimum wage standard). Sprayers have also received regular medical check up. • Replanting Program in Block B18/B17. According to the result of field visit, company did not conduct burning program. Bloking block is made. The company conducts leguminosae cover crop planting as well as conducting empty fruit bunch application for the new planted tree. • Bebunga Estate Housing Complex. Observation and interview with the workers and workers family in term

of the provided housing complex facilities, clean water facility, domestic waste management, complaint delivery procedure in term of housing complex repairment, verification of gender committee and emergency response assembly.

- **Bebunga Central Polyclinic.** Observation in term of medical facilities and the medical waste management. The generated medical waste are sent to the licensed third party to be exterminated (Sengayam Public Medical Center).
- **Landfills in Block H24 Field B019.** Field observation in term of domestic waste management.
- **Monitoring Well 1, Land Application of Plant II.** Field observation in term of monitoring well condition. According to the field visit result, the monitoring well condition is well maintained.

Bakau Estate

- **Block E 49 Division 4,** According to the observation on location of NK Blen Dosage Manuring referring to the research team recommendation (3.5 Kg / Plant), the manurer has implemented occupational health and safety principles. The entire worker has been equipped with PPE, avron, and masker in order to avoid the direct fertilizer contamination. There is no pregnant or breastfeeding women workers who work closely with chemicals
- **Block E32, E33,** According to the inspection on the nest box, there are signs of the existence of *Tyto Alba* in form of its owlet, rest of the food, feather, and mature ow.
- **Harvesting program in Block F31 Division 2.** Observation over harvesting program. According to the field observation, the harvesting program has been conducted by referring to the applied SOP. Harvesters have aware of the procedure of safety work, harvest basic, and the applied waging system. According to the result of field visit, the harvesting rotation is 8 and 9 days, fruit density is 20%, the number of harvesters is 35 harvesters and the hectarage of the harvesting block is 100 Ha.
- **Herbicide Applicaton program in Block E32/33 Division 2.** Observation and interview related to the herbicide application. According to the observation, the sprayers have used proper PPE such as helmet, masker, apron, gloves, and safety boots. Sprayers have also aware of the type of the weed targeted to be exterminated. There was no pregnant nor breastfeeding women workers whom conduct the herbicide application. According to the sprayers information, they have received proper wage (refer to the sectoral minimum wage standard). Sprayers have also received regular medical check up.
- **EFB Application.** Observation in term of solid waste utilization in form of empty fruit bunch in estate.
- **Daycare of Division 3 of Bakau Estate.** Observation of facilities in daycare and condition of fire extinguisher equipment.
- **Hazardous Waste Storage in Bakau Estate.** Observation in term of hazardous waste storage management. According to the result of observation, the hazardous waste storage has been well managed with the complied storing period and hazardous waste has been marked by referring to the applied regulation. Company has also routinely deliver the hazardous waste to the licensed hazardous waste storage at POM.
- **Bakau Estate Workshop.** According to the observation and interview with the workshop officer, the workers have used standard PPE, welding expert has been trained and has received regular medical check up.
- **Bakau Estate Fertilizer Warehouse.** According to the observation and interview, the fertilizer warehouse has had MSDS and First Aid Kit. However, according to the field observation, the company should equip the content of first aid kit referring to the applied regulation.
- **Bakau Estate Agrochemical Warehouse.** According to the interview and observation, the agrochemical warehouse has had MSDS, First Aid Kit, and Oil Trap.
- **Medical Center of BKE Division II.** According to the observation over the medical facilities and medical waste management, the generated medical waste are delivered to the Bebunga central polyclinic to be then exterminated in Sengayam Public Medical Centre.
- **Bakau Estate Housing Complex.** Observation and interview with the workers and workers family in term of the provided housing complex facilities, clean water facility, domestic waste management, complaint delivery

	procedure in term of housing complex repairment, verification of gender committee and emergency response assembly.
2.4	Stakeholder Consultation and List of Stakeholders Contacted
2.4.1	Summary of stakeholder consultation process.
	Summary of stakeholder consultation process: Stakeholder public consultation of PT Langgeng Muaramakmur was held by: <ul style="list-style-type: none"> 1) Publik Announcement at website RSPO on 26 January 2015. 2) Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples on 16 February 2015. 3) Public consultation meeting with government on 16 February 2015. 4) Quesioner by email to NGO.
2.4.2	List of stakeholder contacted
	Please find appendix 1
2.5	Determining Next Visiting
	The next visit S-4 will be determined one year after this S-3 (Februari – 2015).

3.0. ASSESSMENT RESULT

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Bebunga POM – PT Langgeng Muaramakmur, Sime Darby Sdn Bhd operation consisting of one (01) mill and three (03) oil palm estates.

During the assessment, there were two (02) Non conformities were assigned against Major Compliance Indicators and one (01) nonconformance against supply chain requirement for CPO mill and four (04) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidences e.g. (document record/photographic/etc.). Those corrective actions taken that consist of three (03) Major non-conformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Bebunga POM – PT Langgeng Muaramakmur, Sime Darby Sdn Bhd Group complied with the requirements of RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008.

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

Ref Std.	VERIFICATION RESULT of MUTU-Certification
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY	
1.1	Plantation and Palm Oil Factory have to give adequate information for stakeholders in appropriate language and forms, to ensure the effective participation of stakeholders in decision-making.
	<p>The management unit has had SOP of Information Request with Document Number 050/LMR-INF/C11 dated December 1st 2010. The entire incoming information request to the operational unit purposed to the Manager of Operational Unit will be recorded. The regular information will be maintained by referring to the regular period and information without period deadline shall be maintained for 5 (five) years. The information group of the stakeholders publicly-accessed and classified information was referring to the Statute Number 14 Year 2008 in term of public information transparency. Record of information request and response shall be maintained for 5 years. It is written on SOP of Information Request and Response Number: 050/LMR-INF/C11.</p> <p>Management unit does not has information request but the assistance request for fund, for borrowing the company facilities, and for permit during period of 2014/2015.</p> <p>Bebunga POM</p> <ul style="list-style-type: none"> ♣ Letter from Binturung Village on November 8th 2014 in term of CSR assistance request for 50 Kg/month for the old men. The request has been responded by company on November 17th 2014 (Debt of goods and Voucher Cas request number 01/BBF/XII/14 are available). <p>Bebunga Estate</p> <ul style="list-style-type: none"> ♣ Letter from the Head of North Pamukan Sub-District with Number 005/001/CPU/2015 in term of invitation for the Forum for Planning and Development of Sub-District in Budget Year of 2016 on January 2nd 2015.

Bakau Estate

- ▲ Letter from Kotabaru District Health Agency (Bakau Treatment Public Medical Center) with the letter number 094/558/TU-Pusk/2014 on October 27th 2014 in term of free implant of birth control. It has been responded by company on October 27th 2014 with letter number 009/BKE-Puskesmas/X/2014.

According to the interview with the stakeholder (Lintang Village and the associated agencies), each of the request has been responded by company such as routine reporting, and so on.

Status: Comply

1.2

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

Management unit has the list of documents that can be given to the stakeholders as written on SOP of Information Request (050/ILMR-inf/c11). It is describing the list of publicly accessed document and the classified document as follows:

The publicly-accessed documents are:

1. Land Clearing
2. Evidence of Payment to Labour Social Assurance
3. Evidence of Employees Medical healing payment
4. Employees Public Facilities
5. Data of Pest and Disease Attack
6. Data of Heavy and Light Equipment
7. Data of the supporting machines
8. Data of CSR that was used to be applied
9. Data of Bridge
10. Data of Road Length
11. Data of Operational Building
12. Data of Public Building
13. Data of School Building
14. Type of the Fertilizer used by
15. Type of the Agrochemical used by
16. Data of Permanent Employees
17. Data of School Students

The Classified Informations are:

1. Company Finance Balance Data
2. Company Business Strategy Data
3. Data Associated with State Top Secret
4. Company's Employees Data
5. Company's Permits
6. Technical SOP
7. Personnel Data Associated with Medical Aspect

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.

Evidence of the law requirements compliance is proven by the existence of the Must-Complied Regulation List (Revision 03, dated April 15th 2014) for Bebunga POM unit. The regulation is associated with aspect of land acquisition, environment, and manpower.

According to the result of field visit and interview with the associated agencies (Forestry Agency, Plantation Agency, and Environment Agency) of Kotabaru District on February 16th 2015, PT LMR including Bebunga POM unit has consistently comply the regulation in term of estate and palm oil management. For example, reporting Environmental Management and Monitoring Report each semester and on time. They are also reporting the result of environment parameter test referring to the Guideline of EIA document.

Evidence of the effort to conduct adjustment over the changes of the rule. Auditor team was interviewing several workers. According to the interview result with the workers of estate and mill (represented by labour union) on February 18th – 20th 2015, the manpower aspect, specifically in term of wage and social assurance have been referred to the minimum wage standard in District, Province, and National. The workers were also admit that the wage offered by company has been referred to the minimum wage standard for period of 2015.

The documented system of the law requirements for PT LMR unit (Bebunga POM) was conducted by reviewing the evaluation over the regulation compliance of each associated statutes and regulations such as must complied Regulation List associated with Land Acquisition, Environment, Manpower.

Evaluation of regulation compliance and its changes, entire Minamas Plantation estate unit and mill was conducted by Plantation Services Department (PSD) and Plantation Sustainable and Quality Management (PSQM) Officer in each region. PSQM officer was in charge of the unit of Bebunga POM and its estate supplier.

Status: Comply

2.2

The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights

Document which showing the land acquisition owned by PT LMR for 17,461.77 Ha, most of it is Land Use Title certificate for 16,361.77 Ha and the rest of 1,162.22 Ha is planted area (on progress of its permits).

Progress of Permits (location and Plantation Business Permit) Extension and Land Use Title certificate for 1,162.22 Ha is as follow:

1. Recommendation letter from Segendang Village, Batu Engkau Sub-District, Paser District Number 71/560/VII/2014, dated July 3rd 2014. The content of the letter is the supporting statement of Segendang Village (represented by Chief of Village) to continue the estate establishment and to complete the administration process.
2. Minutes of Meeting of Permit Extension of PT LMR Estate Location in Keladen Village, Baru Engkau Sub-District and Segendang Village, Tanjung Harapan Sub-District on November 18th 2014. The assembly was held in Telake Meeting Hall (Assistant of Governmental Structure of Paser District). The assembly was attended by Paser District Government Assistant; PT LMR; Paser Plantation and Agriculture Agency; Bina Marga Agency, Irigation and Spatial of Paser District; Economy Division Secretary of Paser District; Paser District Governmental Division; Head of Batu Engkau Sub-District; Head of Tanjung Harapan Sub-District; Chief of Segendang Village; Chief of Keladen Village. Conclusion: the land requested by PT LMR has cleared and cleaned. The regional government shall accelerate the process of location permit as long as company comply the regulations.
3. Recommendation Letter of Keladen Village, Tanjung Harapan Sub-District, Paser Village Number 209/DKL/REK/XI/2014, dated November 26th 2014. The content of the letter was that Keladen Village Administration Government recommends PT LMR to extend the location permit.
4. Recommendation Letter of the Head of Tanjung Harapan Sub-District Number: 376/243/Kec.TH/2014, dated November 28th 2014. Date 28 November 2014. The content of the letter was that PT LMR is recommended to extend the location permit at Tanjung Harapan Sub-District Area, Paser District.
5. Recommendation Letter of the Head of Batu Engau Sub-District Number: 413.2/191/Kec.BE. The content of the letter was that PT LMR is recommended to extend the location permit at Batu Engau Sub-District, Paser District.
6. Letter from RI National Land Agency, the Head of Land Office of Paser District Number

405/400.9/64.01/XII/2014, dated December 12th 2014. The letter was containing the Request of Location Permit Recommendation for Processing PT LMR Plantation Business Permit purposed to Paser Regent. The content of the letter was stating recommendation for location permit of PT LMR for 1,162.22 Ha. The expired date of the recommendation letter was till February 12th 2015.

7. Recommendation Letter of Spatial Suitability from Bina Marga Agency, Irigation and Spatial of Paser District Number 503/236/DBMPTR/Bid.TR/2014, dated December 22nd 2014. The conclusion of the letter was that the requester location was not against the spatial plan of Paser District for period of 2014 – 2033 for \pm 1,162.
8. Letter of Location Permit Technical Consideration on behalf PT LMR from Plantation and Agriculture Agency Number 525/097/PUPPH-BUN, dated January 13th 2015. According to the content of the letter, the Plantation and Agriculture Agency provided technical support for the location permit for \pm 1,162.22 Ha, including 20% area purposed for scheme smallholders (300 Ha). The expired date of the technical consideration letter was till March 13th 2015.
9. Letter of Staff Study from Secretariat of Paser District Number: 503/___/Pem.3, dated January 29th 2015. The letter was stating that PT LMR was granted location permit for \pm 1,162.22 Ha which was valid for 12 months.
10. Draft of Paser Regent Decree for Granting Location Permit Extension to PT LMR in Paser District, East Kalimantan Province.

Area boundary legal evidence has been clearly demarcated and maintained as follow:

Bebunga Estate (BBE): Field Visit on February 18th 2015



Bakau Estate (BKE): Field visit on February 20th 2015



Picture 1. Land Use Title Pole No. 1



Picture 2. Land Use Title Pole No. 3 Blok A.47, Div. IV (damaged and was not referring to the coordinate)



Picture 3. Pole No. 17



Picture 4. Land Use Title Pole No. 2 Blok A.51, Div. IV (was not found)

According to the field visit to Bakau Estate:

1. The Position of Land Use Title Pole Number 2 (Block A51 Division 4) was not referred to the coordinate and Land Use Title Map.
2. Land Use Title Pole Number (Block A47 Division 4) was not found.

Hence, there was NC 2015.01 Major 2.2.2.

Base on corrective action sent by the company on March 10th 2015, the management unit was informing the corrective action in form of Land Use Title Pole in Division IV of Bakau Estate in term of Pole 2 and 3 on February 23rd 2015. Corrective action was supported by photograph of corrective action.

According to the evidence of corrective action. Hence, Major Nonconformity 2.2.2 is CLOSED.

Preventing the same case from happening, the company will conduct routine pole monitoring annually in order to ensure that there are no boundary pole that are re-positioned intently.



Picture 5. Pole

Evidence of mounting repair Land Use Title Pole No. 3 (Blok A.47) and No. 2 (Blok A.51) at Div. 4 Bakau Estate.

According to the result of interview with the community of Lintang Jaya Village and Wonorejo Village on February 16th 2015, there is no land conflict and dispute in last 5 years. However, the extension of location permits of PT LMR over the area was admitted by the community of Segendang Village and Keladen Village that it has had permit from each associated village and sub-district. Nowadays, the process is in the stage of technical consideration of Paser District.

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.

According to the result of interview with the community of Lintang Jaya Village and Wonorejo Village on February 16th 2015, there is no land conflict and dispute in last 5 years. Furthermore, there is no traditional right over both village area. However, the extension of location permits of PT LMR over the area was admitted by the community of Segendang Village and Keladen Village that it has had permit from each associated village and sub-district. Nowadays, the process is in the stage of technical consideration of Paser District.

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.

Document of company's long term plan for minimum 3 years work plan in term of production projection with the budget year for Bebunga Estate and Mill management unit on period of July – June. The 3 years term production plan is as follows:

No	Information	Budget 2014/2015	Actual 2014/2015	Projection of 2015/2016	Projection of 2016/2017	Projection of 2017/2018
1	FFB Production (ton):					
	- Bebunga Estate	51,159	26,414	44,317	41,654	38,973
	- Bakau Estate	54,778	33,146	57,398	52,698	44,783
	- Sungai Cengal Estate	80,690	39,641	74,146	72,424	70,467
2	Yield (ton/Ha):					
	- Bebunga Estate	19.19	9.91			
	- Bakau Estate	21.49	11.61			
	- Sungai Cengal Estate	21.33	10.04			
3	CPO (ton)	48,455	24,420	44,235	45,426	48,024
4	OER (%)	25.96	24.62	25.15	27.24	31.14

5	PK (ton)	10,310	4,901	9,412	9,563	10,110
6	KER (%)	5.52	4.94	5.35	5.73	6.56

Plan of Replanting Program for period of 2015/16 to 2029/30

Estate	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Bebunga	278.07	149.58	225.18	226.45	217.98	1,097.26
Bakau	275.82	214.35	221.13	227.58	169.85	1,108.73
Sungai Cengal	298.02	300.11	196.62	386.70	266.23	1,447.68
Total	851.91	664.04	642.93	840.73	654.06	3,653.67

Replanting Block requirement should pay attention:

- Plant Age > 25 th
- Yield (Ton/Ha) < 18 Ton/Ha
- Plant Height > 15.1 m

The actual of replanting program in Bebunga Estate for the planting year of 2014 and 2015 is 419 Ha. Meanwhile, in Bakau Estate for the planting year of 2013, 2014, and 2015 is 721 Ha.

PT LMR management unit has replanting program for period of 2013/2014, 2014/15 and 2015/16. Before the replanting program conducted, the review of SEIA has been conducted by Aksenta (Independent Consultant) in the end of 2012. The scope of the review for entire estates (Bebunga Estate, Bakau Estate and Sungai Cengal Estate) was 1,677.38 Ha. The result of SEIA over the replanting area has been mapped comprehensively refer to the stage of replanting program, including the information of the preserved HCV area.

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.

Management unit has SOP of estate and mill best practice as a reference for estate and mill operational. In order to ensure the implementation runs well, the company has a procedure of monitoring in form of 'Mill and Plantation Advisory and internal operational audit'. The program is conducted in each semester.

Management for each estate and mill is periodically (monthly) report its operational to top management. Report of the operational program is a result of daily company operational recapitulation. Company has also had discussed each item of the program. Procedure of evaluation over the estate and mill operational is conducted by manager.

According to the result of field visit to Bebunga Estate in Division 2 and Bakau Estate in Division 2, the company operational programs have been conducted by referring to the applied procedure. For example, according to the result of field visit and interview with the harvesters, they have understood the harvesting program procedure. They have aware of the fruit maturity standard (10 loosen fruit for each bunch), palm fronding arrangement, fruit arrangement, and PPE usage. Furthermore, the chemist employees have also aware of the work technical, PPE usage, and the foreman has aware of the first aid action when accident occurred.

Status: Comply

4.2

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

Company conducts annual leaf analysis for the recommendation of the manuring for the manuring period of the next year. The result of leaf analysis is will be analyzed by MRC (*Minamas Research Centre*). Measurement over the substance of Nitrogen, Phospore, Kalium, Magnesium and Boron. The research team was analyzing the substance of the soil nutrient (Nitrogen, Posfat, Kalium, Magnesium, Boron and Carbon) in order to recommend manuring for the next year.

In order to maintain the soil fertility, company has conducted manuring, empty fruit bunch application and land application. Those programs are conducted by referring to the result of soil and leaf analysis. For example, according to the field visit to Block G33/34 Division 4 of Bakau Estate, the manuring program has been conducted by company referring to the recommendation (Dolomite 1.3 Kg/Plant). Furthermore, according to the field visit, company has conducted EFB application in Bakau Estate Block F26, F27 with dosage of 40 ton/ha and Bebunga Estate Block B17 and B18 with dosage of 40 Ton/ha.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

Marginal land identification within PT LMR area is conducted by visual method which is by looking at the leaf condition; annual leaf analysis is associated with the indication of land fertility and recommendation over manuring method.

According to the map of Bebunga Estate SPT, the soil type within estate area are Ultisol, Alfisol, Entisol and Inseptisol. According to the result of field visit in Block H24, the location of planting is used to be swamp area. According to the description of the guiding officer, the area is not planted by company due to the rocky soil underneath. The type of the soil in that block is SPT3 or Alfisol. Same type of soil refers to the Bakau Estate SPT (163 Ha).

According to the independent analysis, PT LMR land has several slope category such as flat (0 – 3%), wavy (3-8%), bumpy (8-15 %), hilly (15-30 %) and mountainous region (more than 30%). According to the reference of Semi Detail Soil Survey of PT LMR for each estate issued by Minamas Research Department on 2008, the land slope more than 15% or hilly to mountainous region is recommended by creating individual terrace, U shape front staking and silt pit.

According to the information of Bebunga and Bakau Estate (sample on surveillance 3) Staff, the land management to minimize soil degradation and erosion are conducted by constructing silt pit and water management has been existing. The program is conducted by preserving and put EFB application, frond arrangement, planting of Neprolephis, terrace construction, and individual terrace construction.

According to the field visit to Block E026 FIELD A O25 (coordinate S 2° 22' 27,781"; E116° 19' 32,499"), F027 FIELD A O29 (coordinate S 2° 22' 30,952"; E116° 19' 25,936") (BKE) and Block B015 (coordinate S 2° 20' 51,082"; E116° 21' 28,137") (BBE) Replanting with the average slope more than 15% is conducted by constructing terrace referring to the contour to manage erosion preventive action and to ease the harvesting program. In the edge of the terrace, leguminosae cover crop planting of Mucuna and Pularia Javana is also conducted by company in order to minimize the soil erosion.

The data which describes the road maintenance plan and realization for period of June 2014 in each estate is presented as follow:

BEBUNGA ESTATE (BBE) According to the data on July 2014 to June 2015.

No	MONTH	Plan				Meter Completed (Realization)					
		Total (meter)				ROAD MAINTENANCE (meter)			ROAD HARDENNING (meter)		
		Access Road	Main Road	Collection Road	Total	Access Road	Main Road	Collection Road	Access Road	Main Road	Collection Road
	To date	26,134	87,356	42,837	156,327	4,222	2,874	16,775	-	-	-

BAKAU ESTATE

No	MONTH	PLAN (METER)				REALIZATION (METER)			
		ROAD MAINTENANCE				ROAD MAINTENANCE			TOTAL
		Access Road	MR	CR	Total	Access Road	MR	CR	METER
	To Date Jan 2015	30,270	38,754	130,584	199,607	-	45,600	87,000	132,600

According to the topographic condition and soil map and field visit and interview with the officer of management unit, the estate area is dominated by red yellow podzolik soil with flat to middle topography and no peat soil within the area. According to the result of assessment since Stage 1 to Surveillance 2, PT LMR has the report of soil suitability review and has made the strategy to manage marginal or critical soil within estate area.

Marginal land identification within PT LMR area is conducted by visual method by looking at the leaf condition. Annual leaf analysis is associated with the indication of land fertility and recommendation over manuring method.

According to the reference of Semi Detail Soil Survey of PT LMR for each estate issued by Minamas Research Department on 2008, the land slope more than 15% or hilly to mountainous region is recommended by creating individual terrace, U shape front staking and *silt pit*. According to the information of Bebunga and Bakau Estate (sample on surveillance 3) Staff, the land management to minimize soil degradation and erosion are conducted by constructing silt pit and water management has been existing. The program is conducted by preserving and then empty fruit bunch application, frond arrangement, planting of *Neprolephis*, terrace construction, and individual terrace construction.

According to the field visit to Block B15 in Bebunga Estate, there was replanting program in the end of 2014 and land preparation by constructing terrace, planting of Leguminosae cover crop (*Mucuna sp* and *Pularia javanica*) for strengthening and fertilizing. The topographic condition of the visited replanting area was relatively less than 30% and there were several pool or trench.

Status: Comply

4.4

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

The management unit has attempted to protect the water current and wetland and preserving riparian area during or before replanting. According to the field visit to the location of replanting in Block B15 of Bebunga Estate, the land preparation is also conducted by preserving water source and water current by cleaning the trench or water current. It is shown by the existence of water current system in the new replanted area where the distance between riparian area is marked by company.

HCV area has been determined for 8 Ha of lake water source. The water tank has been constructed within the water source area and Mahogany was planted nearby the water source.

There was an action for restricting the area nearby river and reservoir; water river quality test has also been conducted (each semester) in 3 locations in Tamian River, Bebunga River, and Lintang River. PT LMR has also conducting water quality test in 7 locations such as in 1 reservoir of Bebunga Mill, 3 reservoirs in Cengal Estate, and 3 reservoirs in Bakau Estate. According to the result of the test, the river and reservoir water quality test is still below the quality threshold.

According to the result of the effluent quality test during period of July to December 2014 on waste pool number 10 (conducted by Industrial Standardization and RnD Department, Environment Testing Laboratory, Banjarbaru Climate Policy and Industry Quality Study Department, South Kalimantan), it was still below the quality threshold regulated based on Environment Ministry Regulation Number 28 Year 2003 in term of Effluent Quality Threshold.

PT LMR management unit has the record of water usage for processing FFB and cleaning the mill's environment for period of January – December 2014. The average of water usage per month was 19,37 m3 and the average water usage per FFB was 1.35 m3/ton. Meanwhile, the average of water budget per FFB was 1.30. According to the data, management unit has monthly water usage budget totally and over the processed FFB. Meanwhile, the actual water usage is 1.35.

Status: Comply

4.5

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

Principally, the company is prioritizing Pest and Disease Control by using preventive action through census and biological control. Company has had several procedure to control pest and disease. For example:

- Guideline of Rhinoceros Beetle Control on the Immature Palm Oil Plant (110/EST-ARM/08 part 16.1).

- Guideline of General Pest Control Chemically (110/EST-ARM/08 part 16.1.1).
- Guideline of Bagworm and Nettle Caterpillar Control (110/EST-ARM/08 part 16.2).
- Utilization of *beneficial plant* to control leaf pest through cultivation control (110/EST-ARM/08 part 16.2.1)
- Guideline of barn owl box utilization for controlling Rats attack over Palm Oil Plant (110/EST-ARM/08 part 16.3.1).
- Guideline of deteriorated butt and rod tip (110/EST-ARM/08 part 16.4).

According to the document review on 2014, there was an attack exceeding economy threshold. It was the attack conducted by Palm Oil Leaf Eater for 131.78 Ha in December with the average of attack was 18.94 flyblow per frond. The stages conducted by company was by applying “trunk Injections” with dosage 15 gram per plant and by conducting fogging. According to the result of census on January over the attacked-blocks, the attack rate has been reduced (below the economy threshold). According to the result of field visit and interview with census officers in Bakau Estate, the census officers have aware of the method of census sampling and pest and disease identification, and the must-used technique for handling the attack.

Meanwhile for other common pest and disease that attack palm oil fo example rat, termit, *Oryctes sp*, *Ganoderma*, *Marasmius palmifarus*, there is no attack or symptom above the threshold. According to field visit, during the interview with cencus officer in Bakau Estate, it is known that the cencus officer has understood the cencus method such as sampling and pest and disease identification that attack palm oil plantation including control technique that should be taken.

As a preventive action to anticipate Palm Oil Frond Eater Attack, the company is planting and treating the beneficial plants (*Turnera Subulata* dan *Antigonon leptosus*). Furthermore, in order to prevent rats attack, the company conducts monitoring over the existence of barn owl box monthly (there are 53 barn owl boxes in Bebunga Estate and 70 barn owl boxes in Bakau Estate). According to the result of barn owl box inspection at Block E28 and E29, the barn owl box is in active condition (owl feces, owl feather, and rats carcass).

Management unit has a record of pesticide toxicity and active substance toxicity monitoring per hectare and per ton of FFB as presented in form of *Monitoring Pesticide Usage per Hectare and Per Ton FFB Production Matrix*. The matrix is informing the quantity of pesticide usage and the hectarage of the applied area in last 1 year (volume of pesticide/Ha/Year).

Status: Comply

4.6

Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

Management unit was able to show the list of the pesticides. According to the result of field visit to pesticide warehouse in Bebunga and Bakau Estate, entire of the company-used agrochemicals have been registered and allowed by the authority referring to the registration code written on the agrochemical containers. The record of the pesticide used by the company is written on the document of pesticide usage monitoring per hectare which describes the total of the pesticide used by the company and frequency of application as well as the number of pesticide used by company.

Management unit has had MSDS (*Material Safety Data Sheet*) for each agrochemicals (pesticide) which describes the guideline to store and handle the chemicals, handling when accident occured (first aid action), danger identification, action over the leakage and spillage, PPE, physical and chemical property, reactivity and stability, toxicology information, ecology information, waste disposal and its dispatch. The pesticide usage has referred to the dosage recommendation written on the label of each pesticide and the planned budget. According to the result of field visit to Divison 2 of Bakau Estate and Divison 2 of Bebunga Estate, the dosage for spraying has referring to the dosage. The pesticide containers is also well managed and the containers are collected to be then dispatched to the licensed storage at Bebunga Mill.

Management unit has conducted regular medical check up program for the employees working with chemicals. The latest medical check up was conducted on December 26th 2014 for 72 sprayers in Bebunga and Bakau Estate. According to the result of medical check up, entire employee were in good condition. The medical check up was focusing on Sporometri, and Cholinesterase along with physical check up. Furthermore, according to the result of field visit and interview with sprayers in Division 2 of Bakau and Bebunga Estate, there was no pregnant nor breastfeeding women working as sprayers. Employees have aware of the policy (no breastfeeding and pregnant women allowed to work with chemicals).

Based on the field visit in Bebunga Estate and Bakau Estate, the generated ex pesticide containers has been collected and send to permitted hazardous waste management in Bebunga Mill conforming the permitted storage length period. Further, based on document review, interview with management and field visit to chemical warehouse, it is known that the company does not use pesticide with active ingredient of paraquat or group 1 A and 1 B WHO.

Status: Comply

4.7

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

Management unit has had OHS policy dated December 2011 which describes that Indonesia Upstream Plantation is committed to provide and maintain safety and healthy work environment by implementing effective management to prevent work accident and creating healthy environment. According to the interview with employees of Bebunga and Bakau Estate, the commitment has been socialized to the employees in every morning briefing and through posters and signboards describing safety work practice. Furthermore, there is also training in term of OHS held by company.

Management unit has formed OHS Guiding Committee structure which has been legalized by Kotabaru District Manpower Agency each quarter. The report of OHS Guiding Committee has also been legalized by Kotabaru District Manpower Agency. According to the document review, the management unit has reported the OHS Guiding Committee Report routinely in each quarter. The report of OHS Guiding Committee covers the recommendation of OHS Guiding Committee result of work accident investigation, recapitulation of work accident, report of OHS Guiding Committee Programs, report of employees medical check up, monthly minutes of meeting of OHS Guiding Committee Assembly.

Management unit has registered its entire permanent employee to Labour Social Assurance program which covers the Death Assurance, Work Accident Assurance, and Retiree Assurance. According to the result of document review and interview with labour union, the harvester and treatment workers of Divison 2 of Bakau and Bebunga estate have been involved in the Labour Social Assurance Program.

Management unit has conducted regular medical check up for employees whom work closely with chemicals. The latest medical check up was conducted on December 26th 2014 for 72 sprayers of Bebunga and Bakau Estate and 27 mill's employees. According to the result of medical check up, entire workers were in good condition. The medical check up was focusing on Sporometri, and Cholinesterase including physical check up.

Management unit has had document of risk analysis for OHS program. According to the document of HIRAC, it was describing entire stages identified as dangerous activities, risk category, risk control, and person in charge. According to the interview result at mill and estate, the dangerous potentials have been socialized to the employees.

According to the result of field visit to Divison 2 of Bebunga and Bakau Estate, company has provided PPE for employees. The PPE are adjusted to the danger level and the position where the employee works. The foreman has also been equipped with the first aid kit. The first aid kits have also been placed on several location in Bebunga Mill. The meeting point when dangerous situation occured has also been provided. The evacuation route and 4 hydrants are also monitored monthly. During the field visit, the land fire simulation was shown to the auditor team and the fire team personnels have aware of the stages to overcome the emergency situation like fire.

Management unit has consistently conducted work accident monitoring which is informing the data of: month of the work accident occured, number of cases, work accident location, missing work hours, causes, investigation, and result of investigation. Work accident monitoring is conducted monthly.

Evaluation of the work accident is conducted by OHS Guiding Committee in each quarter. The analysis is conducted by making safety statistic to recognize the causes of work accident. According to the result of analysis, the main cause of the work accident is the harvesters traits which ignores the safety work procedure. The corrective and preventive actions conducted by company are HIRAC socialization, and regular briefing implementation in term of work accident.

Status: Comply

4.8

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

Record of PT LMR employees training was conducted on period of 2014-2015 as written on the document of training matrix such as:

1. BSS & chemicals handling training which was attended by foreman and sprayers on January 22nd 2015. The training was taught by Suprpto (PSQM), Hendri Nardes (Senior Assistant of Division 1 of BBE), and Hamid I. they were teaching the SOP of sprayer, BSS team disciplin, MSDS, first aid usage, and socialization of Gender Committee (evidence of photographs are attached).
2. Emergency response simulation training, fire extinguishing training, and first aid training on January 16th 2015. The training was conducted on replanting area of block N21 of Bakau Estate Division II. It was attended by 9 staffs, 6 BBE fire team members, 6 SCE fire team members and 2 BKE fire team members. It was teaching the material of fire simulation training, first aid and evaluation of fire simulation (evidence of photographs are attached).

Mangement unit has cooperated with well-trained contractor and they have followed the trainings such as safety briefing on October 6th 2014. The training was located on PT Mitra Karya Jaya Perdana. The attending members are 8 participants of contractor.

According to the interview with Kotabaru District Environment Agency on February 16th 2015, PT LMR management unit has implemented EIA refer to matrix of environmental management and monitoring plan.

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.

PT LMR management unit has Environmental Impact Assessment of Estate and Mill on behalf PT. Laguna Mandiri, PT. Langgeng Muara Makmur, PT. Paripurna Swakarsa and PT. Swadaya Andika which was legalized by the Head of Planning Division, Secretary of Central Committee, Department of Agriculture Number 008/ANDAL/BA/II/1995 dated February 27th 1995. There were 9 must-monitored aspects referring to the legalized EIA document. Furthermore, there is also document of Environmental Management and the Letter from Paser District Environment Agency Number: 660.1/210/DPLH/BLH2011, dated May 24th 2011 in term of recommendation over Estate Management for 1,213 Ha which is located in Batu Engau Sub-District and Tanjung Harapan Sub-District, Paser District, East Kalimantan Province. There were 11 must-monitored aspects referring to the legalized document of Environment Management.

Management unit has routinely compose the report of Environmental Management and Monitoring Plan regularly (6 months). The aspects are conducted and reported by referring to the matrix of Environmental Management and Monitoring Plan. For the evidence of implementation, the report of Environmental Management and Monitoring Plan for the 2nd period of 2014 (July – December 2014) and the report of the 4th quarter (October – December 2014) were composed. The reports were reported to Kotabaru District Plantation Agency, South Kalimantan Province Environment Agency, and the Head of South Kalimantan Province Plantation Agency. The management unit also handed over the report of Environmental Management and Monitoring Plan to Paser District (half of the estate area is incorporated to Paser District and under the authority of East Kalimantan Province Environment Agency).

According to the result of report verification, there is no change over company operationals and the scope of EIA document. Therefore, the revision is not needed.

Based on the interview with Environment Agency of Kota Baru on February 16, 2015, it is revealed that management unit of PT LMR has implemented Environmental Impact Assessment in accordance with Environmental Monitoring and Management Plan.

Status: Comply

5.2

The status of rare, threatened or endangered species and 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 their conservation taken into account in management plans and operations.

Record of the result of identification of the protected species is written on the document of PT LMR's HCV Assessment that was conducted by Indonesia Sustainable Palm Oil Foundation on December 2009. There were HCV identified habitate.

Several stages that were conducted to protect the rare and endanger species and their habitate at springs in Block B7 and C8 of Division 3 on February 18th 2015 were in form of hard rods plants enrichment such as Pulai (*Alstonia* sp.), Mahoni (*Swietenia* sp.), Gaharu (*Aquilaria malaccensis*) and other quickly grow plants.

The corrective action over the nonconformity 2014.05 in term of socialization to the community nearby management was as follow:

Auditor Verification:

February 18th 2015

Evidence of corrective action was in form of Official Record of HCV socialization program on February 13th 2015. However, the evidence of corrective action in Mulyoharjo Village and Segendang Village have not yeat able to be shown.

Meanwhile, according to the result of field visit and interview with Wonorejo Village Community on February 18th 2015, the HCV socialization has not yet conducted by PT LMR management unit.

Therefore, auditor teams considers that **Minor NC 5.2.1** is now **MAJOR NC**. It was referring to the twice nonconformity on the minor indicator during period of Surveillance and has not yet fully corrected (*closing out*).

March 20th 2015

Evidence of corrective action in form of HCV socialization document over Binturung Village on August 20th 2014. The evidence is part of socialization for the scope of Pondok Labu POM (PT PSA).

Meanwhile, the evidence of HCV socialization over Mulyoharjo Village, Lintang Jaya Village, and Segendang Village has been informed in form of event photographs and attendance list on February 24th 2015.

Referring to the corrective action, the auditor team considers that the **NC is CLOSED**.

There is no change of the HCV officer since surveillance 2 assessment.

PT LMR management unit has implemented stages of protection over the identified HCV area. According to the result of field visit to springs in block B7 and C8 of division 3 on February 18th 2015 (Bebunga Estate), the condition of the area is well maintained.

Status: Comply

5.3

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

Identification of the waste source and its management is written on the PT LMR waste storage administration for period of 2014. The waste sources are mill, household, workshop, warehouse, and office.

Management unit has had permit to store the hazardous waste in Balaiemea Village, North Pamukan Sub-District, Kotabaru Sub-District, South Kalimantan Province (Bebungan Mill Storage) with Decree Number 188.45/125/KUM/2011 and valid for 5 years. The type of the stored waste are the used lubricant, used filter, used bulb, rag, battery, medical waste, and ex-pesticide containers.

Furthermore, there was Official Record of Hazardous Waste Dispatch for the estate and mill. For example: there was

manifest number 0009692 in form of 1,845 liter (12 drums) of PT Balikpapan Environmental Services dated January 28th 2015. Vehicle Police Number: KT.8875.KP. The valid period is until September 3rd 2015 and it has achieved the permit from Transportation Ministry, Land Transportation Direktorat General with Decree Number 3942/AJ 309/DJPD/2014/640710487BB-0005.

According to the report of environmental monitoring in 4th quarter (October - December 2014), there was a recapitulation of Bebunga POM solid waste such as empty fruit bunch, solid, boiler ashes, and garbage.

The management unit has cooperated with the Sengayam Treatment Public Medical Center (West Pamukan Sub-District) with Cooperative Agreement Letter Number 445/02/VII/TU-PUSK which has been agreed for the period of July 16th 2014 to June 16th 2015. Medical waste was dispatched monthly to the central polyclinic.

Company has conducted coordination and reporting of waste handling such as (hazardous waste, pesticide, liquid and solid waste, etc) routinely to Kotabaru District Environment Agency. According to the result of interview, there is no issue of waste contamination so far.

Status: Comply

5.4

Efficiency of energy use and use of renewable energy is maximized.

According to the data, management unit has conducted efficiency by using renewable energy by conducting routine monitoring over the shell and fiber usage for the boiler fuel. The summary of the data of diesel fuel retrenchment by replacing it with fiber and shell was as follow.

Period of July 2013 – June 2014 with the detail follow:

Total of the Processed FFB	165,981,085 Kg
Total of the Electrical Energy Usage	3,731,965 Kwh
Total of Diesel Fuel Usage	175,820 liter
Average of Kwh/liter of Diesel Fuel	1.81
Total of Fiber and Shell Usage	33,196,217 Kg
Average of Kwh/kg of Fiber and Shell	0.11
Total of Diesel Fuel Retrenchment	1,894,098 liter
Price of Diesel Fuel/liter	IDR 12,100
Cost Efficiency	IDR 22,918,589,202

Period of July 2014 – January 2015 with the detail follow:

Total of the Processed FFB	103,902,466 Kg
Total of the Electrical Energy Usage	2,250,016 Kwh
Total of Diesel Fuel Usage	99,196 liter
Average of Kwh/liter of Diesel Fuel	0.96
Total of Fiber and Shell Usage	20,780,493 Kg
Average of Kwh/kg of Fiber and Shell	0.06
Total of Diesel Fuel Retrenchment	1,275,046 liter
Price of Diesel Fuel/liter	IDR 12,100
Cost Efficiency	15,428,061,315

Status: Comply

5.5

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

The management unit has memorandum of Head of Plantation Operation NO POD-UM-044/III/2010 dated March 9th 2010 in term of replanting program for period of 2010 – 2030 referring to the new block. It was describing the replanting program of Minamas Plantation. Furthermore, the management unit has the manual of Agronomy Reference Number 110/EST-ARM/08, where in part 4 of the Land Preparation Clause 3.1 verse (b) stating that the land clearing program must referring to te Decree of Direktorat General of Plantation Number KB.110/SK/DJ BUN/05.95 dated May 30th 1995. According to the Memorandum of Minamas Plantation - *Head office* Jakarta No. POD-UM-010/II/2009 dated January 22nd 2009 in term of land fire prevention and drought at estate, company has conducted preventive action by mapping fire-potential area and water sources within estates. Furthemore, there was also monthly report of land fire monitoring. According to the document verification, there was no land fire occured during period of 2011 and 2012 within PT LMR area

Management unit has had SOP of Fire Prevention in Document Number 064/LMR-PK/E9, dated December 1st 2010. It was describing the reference, procedure, the team in charge, controlling and administration and reporting.

Management unit has shown the Cooperative Agreement Letter Number 011/Replanting/LMR-BBE/VII/2013 dated July 1st 2013 for contract of replanting. The type of work the contractor must conduct were written on the attachment 1 such as push and fell action, constructing new trench, constructing new road, constructing terrace, constructing mechanical plant hole, constructing soil contour (*guludan*) and leveling of harvesting path. Entire program was conducted mechanically. There was a documentation of land preparation for replanting program in B 025 Division 2 BBE. According to the field observation, entire replanting stages was conducted mechanically.

According to the document verification of the fire monitoring report during period of 2013 to 2014, there was no land fire occured within PT LMR estate. The management unit has also show the data of monthly land fire report during period of February 2014 to January 2015 which is composed on date 3 of the month. According to the data, there was one land fire occured in Pringgan Field B014 on October 18th 2014 (including swamp area). The land fire was located outside of the estate however, there was possibility of the fire occured to the land. The preventive action conducted by company was by creating fire isolator and the fire was able to be extinguished by the BBE fire team.

According to the map of replanting for period of 2014 – 2015 within Bebunga Estate, PT LMR operational area, there was a program o replanting for 217.59 Ha in Block B021, B022, B023 and B027. Management unit shows the time schedule of replanting for period of 2014-2015 as well. The entire replanting stages are conducted mechanically. Land preparation is conducted by pushing and felling the palm oil plant. Furthermore, there is also stage that is purposed to digg the stubble. Waste management, specifically domestic waste is conducted by digging landfill in Block H24 of Bebunga Estate. The waste is placed on the hole to be hoarded. Management unit does entire waste disposal mechanically.

According to the result of field visit to replanting area in period of 2014, and land preparation program in Block B15 (around coordinate S 2° 20' 51,082" ; E 116° 21' 28,137"). Land preparation is conducted mechanically, the rods of palm oil plants are arranged along the planting track. The land clearing program has referring to the applied SOP (Manual of Agronomy Reference Number 110/EST-ARM/08).

According to the data of management unit in term of the list of fire handling and preventing equipments within PT LMR operational area in Bebunga Estate, Sungai Cengal Estate and Bakau Estate are well functioned.

Status: Comply

5.6

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

Management unit has had procedure of GHG Emission Inventory & Prediction (Policy Number: 700/PSQM-GRK-01/12). It contains GHG source inventory such as GHG emission sources inventory of Mill and Estate.

Management unit conducts replanting mechanically. It is shown by the point on the Cooperative Agreement Letter which requires the contractor to conduct replanting mechanically and field visit evidence.

The effort to reduce the emission and contamination has been conducted by company and the effort will be then written to the Report of Environmental Management and Monitoring Plan. According to the report, the company has conducted air pollution monitoring in 1st semester. The tests over the noise, vibration, and odour are also conducted in several location. The non-moving source emission test is also conducted by company within the area of estate and mill.

The tests is referring to the parameter and the quality threshold written on several regulations such as South Kalimantan Governor Regulation Number 053 year 2007 in term of Ambient Air Quality Threshold and Noise Quality Threshold, Decree of Environment Ministry Number 49/MENLH/XI/1996 in term of Vibration Quality Threshold and Decree of Environment Ministry Number 50/MENLH/XI/1996 in term of Odour Level (BTK).

The noise within mill and nearby housing complex is exceeding the quality threshold. Meanwhile the rest of parameters are below the quality threshold. Therefore, the company needs to provide Ear Plug within the work location. The result of vibration and odour test in several locations are below the applied quality threshold as well as the result of emission and air ambient test result.

There is no change of efforts conducted by management unit to reduce pollution and emission. For example:

- a. Installing and operating dust collector on the boiler which is installed automatically at the beginning of mill construction.
- b. Routine cleaning of the internal and external work instruments such as cleaning on boiler ashes, cleaning on boiler pipe system using the installed automatic machine of Sonic Shoot Blower each 2 days. According to the field observation, the cleaning schedule is always conducted on Tuesday, Thursday, and Saturday (at dawn).
- c. Data monitoring and evaluation of shell and fiber usage as a fuel source and monitoring the use of diesel fuel for the generator.

POME Management at Bebunga POM is conducted by using WWTP POM consisted of 10 pools such as 2 cooling ponds with capacity of 2,400 m3/pool and 8 sedimentation pools with capacity of 7,200 m3/pool. The POME sedimentation process is using anaerob system with one pump machine to flow the waste to the land for application.

Management unit has had permit of effluent land application from the Kotabaru Regent with Number 188.45/446/KUM/2013 in term of waste utilization on PT LMR soil which valid for 5 years. The underground water quality is conducted by Baristan of Banjarbaru and the result is reported each quarter to Kotabaru District Environment Agency.

The daily report of effluent pond monitoring weekly is available. The monitored parameter are: embankment leakage, water level, effluent pool pH, scum layer, pump condition, circulation pump condition, lighting, pool hedge.

The monitoring of daily waste analysis covers: pH, TA (Total Alkalinity), VFA (Volatile Fatty Acid), Normality, Volume H2SO4. POME quality is monthly evaluated by Baristan of Banjarbaru.

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.

Company has conducted analysis of positive and negative impacts caused by estate operational over the community as shown by the record as follow:

1. Report of Environmental Impact Assessment on behalf PT Langgeng Muara Makmur which was legalized by the Head of Office of Planning, Secretary of Central Commission, Department of Agriculture on February 27th 1995. The EIA document was providing the estimation of positive and negative impacts such as social dispute, workforce empowerment and increase of community and employees income.
2. Report of Social Impact Assessment review was conducted by company and cooperating with the third party on

2010. The document contains positive impacts caused by PT LMR estate establishment.

Social impact assessment was conducted participatively by involving the community nearby estate and the stakeholders. The implementation was written on the document.

Record of participative social impact monitoring and management conducted regularly has not yet written on the report of Environmental Management and Monitoring Plan in 2nd Semester of 2014. It has been handed over to Kotabaru District Environment Agency and South Kalimantan Province Environment Agency. According to the report review, it has not yet describing the social impact monitoring and management as recommended on the main document of environmental management and monitoring plan approved by Agriculture Ministry with Number 048/RKL-RPL/BA/III/05 on March 30th 1995.

There was no change over environmental management in term of social aspect until surveillance 3. Therefore, the vision of EIA, Environmental Management and Monitoring Plan is not necessary.

Report of Environmental Management and Monitoring Plan has been regularly reported and scheduled to the associated agencies. There was evidence of the copy of environmental management and monitoring plan implementation in 1st and 2nd semester of 2014 and evidence of report delivery to Kotabaru District Environment Agency and South Kalimantan Province Environmental Agency.

PT LMR management unit has conducted scheme smallholders establishment program at Bakau Village, Segandang Village, Sakadoyan Village. According to the result of interview with KKPA Manager on February 2015, the manager of KKPA has proposed the proposal for scheme smallholders' assessment. However, it has not yet responded by Kotabaru District Plantation Agency. Therefore, the credit for the smallholders cannot be given yet.

Progress of scheme smallholders establishment until February 20th 2015 are:

- Segandang Village Scheme Smallholders for 300 ha, the seed has been delivered to the planting area on surveillance 3, the person in charge was Bebunga Estate (Plantation Service Development).
- Bakau Village Scheme Smallholders for 117.94 ha and it has been harvested on January 2015 (planting year was on 2007).
- Sakadoyan Village Scheme Smallholders for 81.74 ha (it was planned for 150 Ha, however, due to the overlap with the preservation area, then it can only be realized for 81.74 ha).

According to the field visit and interview with village community nearby (Lintang Jaya Village, Wono Rejo Village) on February 18th 2015, PT LMR management unit has conducted good and scheduled communication refer to community aspirator. For example, response over CSR program and realization of scheme smallholder of KKPA Sungai Cengal.

Status: Comply

6.2

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

According to the result of interview with management unit, there is no change over procedure of communication and consultation with the community. The procedure applied by company is the same procedure in Surveillance 2. The procedure refers to the SOP of community's complaint handling written in Document Number 053/LMR-PKM/C11 dated December 1st 2010.

Management unit of Bebunga Mill is participating in Forum for Planning and Development for period of 2015. The result of the forum will be considered as a reference for planning the CSR program. However, according to the interview with the Chief of Lintang Jaya and Wonorejo Village, Bakau Estate and Bebunga Estate was not coming even though they have been invited.

PT LMR management unit shows the list of the stakeholders as written on the matrix which contains the information of name of agency, address, name of the government officials, telephone number, telephone number for the level of village, Sub-District, and Province. It contains 31 stakeholders such as chief of village, village apparatus, community figure, plantation agency, and manpower agency.

Record of community's aspiration and follow-up of the company is written on the book of incoming letter and response letter to the stakeholders. There were 29 incoming letters from the stakeholders during the period of 2014, the incoming letter are in form of fund assistance request, equipment assistance request, clean water assistance request, vehicle assistance request, etc. For example, letter from Chief of Tamian Village Number 053/KD-TM/VII/2014 dated November 19th 2014 in term of Assistance request for borrowing Road Grader to repair the road to the plantation. PT LMR management unit was responding the letter with the letter number 027/SCE-TMG/XI/2014 dated November 13th 2014.

Chairman of SOU 11 was appointing the Person in charge of the the information request and response with the Decree Number SK/LMR/I/X/2014 dated October 5th 2014 on behalf Sriyatno (Staf of Plantation Service Development) as person in charge for communicating and handling the complaint of the community over the company. According to the interview result with the Chief of Lintang Jaya Village and Chief of Wonorejo Village on February 20th 2015, they have had the telephone number of the person in charge to conduct communication and consultation with the community.

According to the field visit and interview with village community nearby (Lintang Jaya Village, Wono Rejo Village) on February 18th 2015, PT LMR management unit has described the procedure of communication and the community have aware of it.

Status: Comply

6.3

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

The management unit has had SOP of Information Request with Document Number 050/LMR-INF/C11, SOP of Community Complaint Handling (053/LMR-PKM/C11), SOP of Employees Complaint Handling (PKK), and the Revised SOP of Conflict Resolution (056/LMR-PKC/C12). According to the result of interview with the Chief of Lintang Jaya Village and the Chief of Wonorejo Village, and employees on February 20th 2015, they have aware of the procedure of complaint delivery to management unit referring to the applied SOP.

Management unit of Bakau and Bebunga Estate and Bebunga Mill has the book of community complaint and aspiration. There was no complaint during period of 2014 to February 2015. According to the result of interview with the Chief of Lintang Jaya Village and Wonorejo Village, the complaint is delivered orally by phone and then followed up by writing letter.

Complaint delivered by employees is recorded to the book of complaint. For example, complaint about the lak roof on May 2014; the company was then responded it by giving 4 roofs on May 16th 2014. However, not entire complaint was quickly responded by company for example the letter from Labour Union which was sent on May 14th 2014, June 9th 2014, October 6th 2014 and responded by company on December 13th 2014. It did not match with the applied SOP (maximum 1 month).

Procedure associated with compensation is written on the Procedure of the Occupied-Land Acquisition Number 343/PSD-OKUP/11 dated February 23rd 2012. The procedure is regulating the location of the acquisitioned-land, negotiation with the land owner, compensation payment, must-complied standard documents for compensating the land such as ID card, receipt, documentation of compensation payment, formulir of land inventory, plants, and other business, report of payment realization, waiver over land, official records of forum, recapitulation of land compensation, land sketch, land certificate, declaration letter over land ownership.

Management unit has also had SOP of Land Identification and Standard Payment (**001/PSD-L&AS**) dated June 3rd 2011 which covers the stages and calculation of the land compensation refer to the standard issued by Kotabaru District Government.

Status: Comply

6.4

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

According to the result of interview with the community of Lintang Jaya Village and Wonorejo Village on February 16th 2015, there is no land conflict and dispute in last 5 years. Furthermore, there is no traditional right over both village area. However, the extension of location permits of PT LMR over the area was admitted by the community of Segendang Village and Keladen Village that it has had permit from each associated village and sub-district. Nowadays, the process is in the stage of technical consideration of Paser District.

Status: Comply

6.5

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

PT LMR was determining wage by referring to:

- Decree of South Kalimantan Governor Number 188.44/0595/KUM year 2013 dated December 24th 2013 in term of Sectoral Minimum Wage Standard for period of 2014 was IDR 1,675,000.
- Memorandum of General Manager of HRM in term of Daily Permanent Workers Salary and Monthly Permanent Workers Wage Structure for period of 2014 in South Kalimantan.
- Decree of South Kalimantan Governor Number 188.44/0632/KUM/2014 dated December 16th 2014 in term of Sectoral Minimum Wage Standard for period of 2015 was IDR 1,875,000.
- Memorandum Number 014/HRM-13/II/2015 dated January 12th 2015 in term of Daily Permanent Workers Salary and Monthly Permanent Workers Wage Structure changes for period of 2015 from IDR 1,675,000/month to IDR 1,913,000/month.

According to the result of employees list inspection, interview with management unit and evidence of wage slip, there was no employees receiving under standard payment. The differences of unpaid wage due to the unissued memorandum of HRM GM for period of January 2015 will be added on February 2015. For example: Harvesters Salary for period of January 2015: IDR 1,840,105. Non HRV Premium: IDR 767,580, Social Assurance (Company's expense): IDR 89,670, Rice: IDR 191,250, Gross Wage 2,888,605. First Wage Period + deduction: IDR 300,000, Tax Income Clause 21: IDR 0, Total of Social Assurance: IDR 129,172, Allowance: IDR 191,250, Total of Deduction: IDR 620,422, Nett Income: IDR 2,268,183.

The management unit shows the Collective Labour Agreement for the permanent employees of PT Langgeng Muaramakmur, PT Paripurna Swakarsa, PT Swadaya Andika and PT Laguna Mandiri for period of 2013-2015 (November 21st 2013 November 21st 2015) which has been legalized by Head of Kotabaru District Manpower, Transmigration, and Social Agency in form of Decree Number 568/KEP-1511/HIPK/PDF.PKB/VIII/Naker-2/2013 dated December 31st 2013. Meanwhile, the Collective Labour Agreement for the staff and non-staff of PT Anugerah Makmur and Minamas Gemilang for period of 2014-2016 has been supported by the Decree of Direktorat General of Industrial Relation Guidance and Labour Social Assurance, Republic of Indonesia Manpower and Transmigration Ministry Number 117/PHIJSK-PKKAD/PKB/VII/2014 dated July 11th 2014. According to the result of interview with the Labour Union (Bebunga Mill and Bakau Estate) and the staff, entire clause on Collective Labour Agreement has been complied by management unit.

Management unit has provided facilities for employees. There was list of facilities in PT LMR. For example: staff housing complex, permanent employees housing complex, medical facility, daycare, education facilities (kindergarten, elementary school, secondary school, and high school), meeting hall, sport facilities (soccer field, volley court, badminton court, table tennis court, and tennis court), place of worship (mosque and church). According to the result of field visit, the facilities provided by PT LMR are in good condition.

The management unit has required the contractor to comply the applied regulations in term of manpower. For example: Cooperative Agreement Letter Number 011/Replanting/LMR-BBE/VII/2013 dated July 1st 2013 (valid for 1 year) between PT Langgeng Muara Makmur Bebunga Estate with PT Mitra Karya Jaya Perdana (Replanting contract for 200.56 Ha. According to clause 9, contractor must provide Labour Social Assurance over the employed workers and it

must be handed over at least 7 days before the project conducted. According to the clause 12.7, the contractor must comply the regulation in term of OHS (PPE, SIO).

According to the result of interview with estate and mill labour union, the wage paid by PT LMR management unit has complied the sectoral minimum wage standard of South Kalimantan Province.

Status: Comply

6.6

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

According to the document of Guideline of Sustainable Estate Management (No. POLICY: 724/TQEM-SPM/09) which was issued by Minamas Plantation Management on November 8th 2010, the management unit respects entire employees right to form and join the labour union as written on Social Policy point 5.

According to the Collective Labour Agreement of PT LMM Chapter II, specifically on clause 5, 6, and 7, it is regulating the term of:

- Clause 5. Company's recognition over Labour Union.
- Clause 6. Labour Union recognition over Industrialist.
- Clause 7. Facility provided to Labour Union.
- Clause 8. Industrialist's Dispensation over Labour Union.

Each estate and mill shows the evidence of labour union recording:

- Bakau Estate shows the labour union recording from Kotabaru District Manpower and Transmigration Agency Number 560/37/Naker - 2/ 2014 dated December 11th 2014.
- Bebunga Estate shows the labour union recording from Kotabaru District Manpower and Transmigration Agency Number 560.568/24/Naker dated February 21st 2013.
- Bebunga Mill shows the labour union recording from Kotabaru District Manpower and Transmigration Agency Number 560.568/32/Disnakertrans dated July 25th 2011.
- Labour Union of Minamas Plantation of Pamukan area which is recorded on the book of record Number 568/67/Disnakertrans.
- Staff Labour Union which is registered on the otabaru District Manpower and Transmigration Agency Number568/43/Disnakertrans dated October 17th 2005.

The example of the assembly of PT LMR internal assembly in Bebunga Estate which was attended by 27 staff on September 27th 2014. The assembly was discussing the bonus realization for period of 2013 – 2014.

According to the result of interview with labour union on February 18th 2015:

- Company grant freedom to unite and gather.
- Involved on collective labour agreement compilation.
- Company provide labour union office facility and assistance of unit for labour union operational (if requested).
- Labour union programs are socialization of collective labour agreement, minimum wage standard, and company policy.
- Company relation with labour union is considered harmonic.

There is no unfinished business / issue.

Status: Comply

6.7

Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education program. Children are not exposed to hazardous working conditions.

Management unit has policy in term of minimum age requirement refer to the Memorandum of Head Office- Jakarta (No. POD-UM-052/III/2010), which describes the company policy to comply the Manpower Statute for not hiring the underage

workers.

According to the employees data in Bebunga Mill, Bakau Estate, and Bebunga Estate for period of January 2015, there was no underage workers. The youngest employees is working as daily permanent harvester who was born on September 11th 1995 and has been joining the company since June 24th 2014.

According to the result of field visit and interview with harvester (in block F31 of division2 of BKE), sprayer (in block 32/33 of division 2 of BKE), and gender committee, there is no underage workers (below 18 years old).

Status: Comply

6.8

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

According to the document of Guideline of Sustainable Estate Management (No. POLICY: 724/TQEM-SPM/09) which was issued by Minamas Plantation Management on November 8th 2010, specifically on page 13 in term of equal opportunity and treatment, company states that entire workers/staff shall be treated equally, fair, and normal in term of recruitment, development, work description and condition, regardless race, tribe, gender, skin colour, disability, sexual orientation, organization membership, political thought, religion, and age.

According to the interview with the nursery workers in Bakau an Bebunga Estate, the company is never differentiate the workers. The workers are coming from several regions such as Java, Sumatera, Kalimantan, NTB, NTT, and etc.

Status: Comply

6.9

Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

Management unit shows the policy to form gender committee through Gender Policy which was signed by *Executive Vice President* (April 2008). The policy is purposed to assure the rights, prevent sexual harassment and violation over women, workers, and community including the guideline of gender policy with Policy Number 701/TQEM-ESH/10 which was issued by Minamas Plantation on August 27th 2010 in term of Social policy, company states that entire workers/staff shall be treated equally, fair, and normal in term of recruitment, development, work description and condition, regardless race, tribe, gender, skin colour, disability, sexual orientation, organization membership, political thought, religion, and age.

Furthermore, there was evidence of sexual harassment prevention policy implementation in form of gender committee socialization over the sprayer of Bebunga Estate on January 22nd 2015. (Photographs is available).

According to the interview with the Head and Member of Gender Committee in PT LMR, each employee has aware of the procedure to handle specific complaint in term of gender issue. The victims are able to fill the form of complaint and then the form shall be given to the head or member of gener committee. The head of gender committee shall form the internal investigation team and the report of investigation shall be informed to the mill or estate manager. Therefore, the management unit shall take full action to the sexual criminals. There was no sexual harassment report nor any form of violation during the period of January 2014 to February 2015.

Management unit has policy in term of reproduction right protection as written on Collective Labour Agreement (Decree Number 568/KEP-1511/HIPK/PDF.PKB/VIII/Naker-2/2013). The Collective Labour Agreement validity period is since November 21st 2013 to November 21st 2015. According to Clause 25 in term of pregnancy leave for 45 days before the childbirth and 45 days after the childbirth and 45 days leave when the pregnant women experience misbirth refer to the doctor's or midwife's recommendation.

The evidence of the reproduction right protection implementation is proven by the availability of Pregnancy Information Letter (H2) with letter number 013/Poly-sentral/01/2015/SKH on behalf Maryana (Treatment workers of Division 2 of BKE). She has been allowed to receive H2 leave since February 11th – May 12th 2015, it has been approved by Bebunga central policlinic nurse on January 23rd 2015.

	Status: Comply	
6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.		
<p>The applied FFB price in PT LMR is determined by South Kalimantan Province Plantation Agency. According to the assembly with several parties such as company representative, cooperative unit / smallholders, associated agencies, the FFB price for period of February 2015 has been determined by South Kalimantan Province Plantation Agency with Number 525/0085/PUPPH-2 dated January 16th 2015.</p> <p>The determined FFB price was referring to the age of palm oil estate (IDR 1,122 for the 3 years old plants age and IDR ≥ Rp1.533 for the 13 years old plant age during period of February 2015). The determined FFB price was socialized to the entire palm oil estate company including cooperative unit and smallholders operating within South Kalimantan Province. Therefore, the FFB prices was widely known by the community.</p> <p>According to the result of interview with local contractor in Bebunga and Bakau Estate, and Bebunga Mill, the management unit is never late to pay the payment refer to the composed contract.</p> <p>There was evidence of payment process in form of official record of the work inspection attached with the photographs of inspection and signature of the inspector and evidence of payment refer to the Cooperative Agreement Letter Number 011/Replanting/LMR-BBE/VII/2013 dated July 1st 2013 (Valid for 1 year) between PT Langgeng Muara Makmur Bebunga Estate with PT Mitra Karya Jaya Perdana (Replanting contract work for 200.56 Ha dated June 30th 2014 for IDR 33,317,982.</p>		
	Status: Comply	
6.11 Growers and millers contribute to local sustainable development wherever appropriate.		
<p>Management unit contribution over the regional development is conducted by implementing CSR program, and regional tax and retribution payment.</p> <ul style="list-style-type: none"> • CSR Program in PT LMR is consisted of Education (for example, assistance for providing school transportation for the students), medical (clean water supply), environment (village road maintenance), sport, social, and culture (Assistance for the group of MTQ, assistance for chrismast, assistance for the rice for the oldee, etc). There were realization of budget for Bebunga Estate as much as IDR 38,834,255, Bakau Estate as much as IDR 28.835.000, and Bebunga Mill as much as IDR 79,407,916. • PT LMR contribution over regional development was in form of Water tax payment for period of July 2013 – December 2013 was as much as IDR 9,477,240 for water volume for 157,954 M³. • PT LMR Property Tax Payment for period of 2014 was as much as IDR 2,194,066,420. The payment was transferred via Bank BRI, Branch of Kotabaru. <p>PT LMR Property Tax Payment for period of 2014 was as much as IDR 413,450,339. The payment was transferred via KPP Penajam.</p> <p>According to the field visit and interview with village community nearby (Lintang Jaya Village, Wono Rejo Village) on February 18th 2015, PT LMR management unit has conducted good and scheduled communication refer to community aspirator. For example, response over CSR program and realization of scheme smallholder of KKPA Sungai Cengal.</p>		
	Status: Comply	
PRINCIPLE #7 Responsible development of new plantings		
7.1 A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.		
<p>PT LMR Management Unit has environment documents as follows:</p> <ul style="list-style-type: none"> • Environmental Impact Assessment of Estate and Mill on behalf PT. Laguna Mandiri, PT. Langgeng Muara Makmur, 		

PT. Paripurna Swakarsa and PT. Swadaya Andika which was legalized by the Head of Planning Division, Secretary of Central Committee, Department of Agriculture Number 008/ANDAL/BA/II/1995 dated February 27th 1995. There were 9 must-monitored aspects refer to the legalized EIA document.

- Document of Environmental Management and the Letter from Paser District Environment Agency Number: 660.1/210/DPLH/BLH2011, dated May 24th 2011 in term of recommendation over Estate Management for 1,213 Ha which is located in Batu Engau Sub-District and Tanjung Harapan Sub-District, Paser District, East Kalimantan Province. There were 11 must-monitored aspects refer to the legalized document of Environment Management.

The environment document has been supported with the Environmental Management and Monitoring Plan including the matrix of the management and monitoring plan.

Company's commitment for empowering the nearby community is by implementing scheme smallholders establishment program in Binturung Village, Segendang Village, and Sakadoyan Village which are included on the specific management for KKPA Sungai Cengal. Overall, the number of smallholders involved in Binturung Village are 260 head of the families, in Segendang Village are 160 head of families and in Sekadoyan Village are 120 head of families. According to the report of realization data of the scheme smallholders establishment in KKPA – ASC (Sungai Cengal) until February 25th 2014, there was development of scheme smallholders as follows: Binturung Village scheme smallholders for 383.56 ha which has been established since period of 2006 – 2008. Segendang Village Smallholders Scheme has not yet established and Sekadoyan Village Smallholders Scheme for ± 150 Ha.

Area for 1,162.22 Ha which is still on progress of land right achievement has had environment document in form of document of environment management number 660.1/210/DPLH/BLH2011, dated May 24th 2011 in term of recommendation over document of environment management for estate program which covers 1,213 ha area. The document of environment management is separated from the scope of PT LMR EIA on 1995.

Status: Comply

7.2

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

According to the reference of Semi Detail Soil Survey of PT LMR for each estate issued by Minamas Research Department on 2008, the land slope more than 15% or hilly to mountainous region is recommended by creating individual terrace, U shape front staking and silt pit. Water management or water gate is recommended for the lower region or slope between 0 – 3% in order to avoid water overflowing the land and indirectly preserving soil fertility. For example: field observation on water gate in Block C-48 (SCE) and in Block C-64 Division IV (SCE).

Status: Comply

7.3

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

PT LMR management unit has a replanting program for period of 2013/2014, 2014/15 and 2015/16. Before the replanting program conducted, the review of SEIA has been conducted by Aksenta (Independent Consultant) in the end of 2012. The scope of the review for entire estates (Bebunga Estate, Bakau Estate and Sungai Cengal Estate) was 1,677.38 Ha. The result of SEIA over the replanting area has been mapped comprehensively referring to the stage of replanting program, including the information of the preserved HCV area.

According to the result of field visit in replanting area of block B17/18 (Bebunga Estate), the area is not considered as HCV area and it is located beyond the determined HCV area.

Status: Comply

7.4

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

Marginal land identification within PT LMR area is conducted by visual method which is by looking at the leaf condition; annual leaf analysis is associated with the indication of land fertility and recommendation over manuring method.

According to the reference of Semi Detail Soil Survey of PT LMR for each estate issued by Minamas Research

Department on 2008, the land slope more than 15% or hilly to mountainous region is recommended by creating individual terrace, U shape front staking and silt pit. According to the information of Bebunga and Bakau Estate (sample on surveillance 3) Staff, the land management to minimize soil degradation and erosion is conducted by constructing silt pit and water management has been existing. The program is conducted by preserving and then empty fruit bunch application, frond arrangement, planting of *Neprolephis*, terrace construction, and individual terrace construction.

According to the field visit to Block B15 in Bebunga Estate, there was replanting program in the end of 2014 and land preparation by constructing terrace, planting Leguminosae cover crop (*Mucuna sp* and *Pularia javanica*) for strengthening and fertilizing. The topographic condition of the visited replanting area was relatively less than 30% and there were several pool or trench.

Status: Comply

7.5

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

PT LMR does not has plan for extending the estate area. Therefore, there is no record of socialization in term of estate area extension. The existed socialization record is the record of replanting plan for period of 2014 which covers the villages nearby PT LMR replanting area. The villages are Wonorejo (Pukung), Mulyoharjo (Sebangau), Lintang Jaya, Binturung, Tamiang, Segendang. The program was conducted along with the dissemination of questionnaire for 182 respondents whom represents 6 villages. The questionnaire contains question about how replanting program affect the community economy and welfare, livelihood, and income.

Status: Comply

7.6

Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

According to the document verification, the process of land use title compensation is still on progress. The several disputed area is located in Segendang Village. The issue of compensation disagreement is only involving a small group of people (the significant process is described on the indicator 2.2.3).

Document of compensation for the smallholders within Land Use Title area has been completed as shown by the group of document of land compensation payment which has been signed by the land owner and witnessed by the associated chief of village. ID of land owner, compensation receipt and the photograph of compensation payment are available.

According to the interview with the PSD (Plantation Service Department) officer of PT LMR, during the audit, the entire land disputes have almost been already finished unless for Segendang Village (still on progress, see indicator 2.2.3). Meanwhile, there is no land disputes at the rest of villages.

Communities around the plantations are given the opportunities to work in the company according to their expertise (maintenance, harvesting and office).

Status: Comply

7.7

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

The estate management unit is implementing zero burning policy during replanting program. It is supported with the memorandum Head Plantation Operation NO POD-UM-044/III/2010 dated March 9th 2010 in term of Replanting Program for period of 2010 – 2030 referring to the new block which is describing the commitment to implement zero burning principle.

The management unit has the Manual of Agronomy Reference Number 110/EST-ARM/08, where in part 4 of the Land Preparation Clause 3.1 verse (b) stating that the land clearing program must referring to te Decree of Direktorat General of Plantation Number KB.110/SK/DJ BUN/05.95 dated May 30th 1995.

According to the result of interview with estate assistant, the replanting program must be implemented by referring to the applied SOP (Manual of Agronomy Reference Number 110/EST-ARM/08). So far, mechanical land clearing is still consistently conducted by company.

Management unit has shown the Cooperative Agreement Letter Number 011/Replanting/LMR-BBE/VII/2013 dated July 1st 2013 for contract of replanting, the type of work the contractor must conduct were written on the attachment 1 such as push and fell action, constructing new trench, constructing new road, constructing terrace, constructing mechanical plant hole, constructing soil contour and leveling of harvesting path. Entire program was conducted mechanically. There was a documentation of land preparation for replanting program in B025 Division 2 BBE. According to the field observation, entire replanting stages were conducted mechanically.

According to the Memorandum of Minamas Plantation - Head office Jakarta No. POD-UM-010/I/2009 dated January 22nd 2009 in term of land fire prevention and drought at estate, company has conducted preventive action by mapping fire-potential area and water sources within estates. Furthermore, there was also monthly report of land fire monitoring. According to the document verification, there was no land fire occurred during period of 2011 and 2012 within PT LMR area.

Management unit has had SOP of Fire Prevention in Document Number 064/LMR-PK/E9, dated December 1st 2010. It was describing the reference, procedure, the team in charge, controlling and administration and reporting.

According to the data of management unit in term of the list of fire handling and preventing equipments, entire equipments are well functioned.

Status: Comply

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

8.1

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

Social Impact

PT LMR management has followed up the Study of Social Impact for Period of 2010 in form of Social Economic Aspect Assessment which has been conducted on 2012. The result has been integrated to the result of Forum for Regional Development. The result of integration has been implemented in form of CSR program for period of 2015.

The social monitoring program was conducted by interviewing village community and the dissemination of questionnaire for 182 respondents whom represents 6 villages. The questionnaire contains question about how replanting program affect the community economy and welfare, livelihood, and income.

Management unit has had record of follow-up of RSPO audit findings which was conducted by Internal Audit staff (PSQM-EHS) (Mr Rene Ugroseno and Mr Suprpto Isup) on December 5th 2014 and January 19th 2015. There were 2 major findings and 2 minor findings on December 5th 2014. Company has conducted corrective action on February 16th 2015 and it has been considered closed.

Management unit has conducted sustainable corrective action on environment aspect. For example:

1. Management of domestic waste in form of landfill allocation.
2. EFB usage on replanting area to maintain humidity and soil nutrient.

Production aspect. For example;

1. Manuring effectiveness refer to MRC recommendation.
2. Seed usage with variety of Guthrie and Marihat.

Status: Comply

3.2. Summary of Assessment Report of Supply Chain

Clause	(Module D) CPO Mills - Segregation Requirements
1	Documented Procedures
1.1	<p>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ul style="list-style-type: none"> a) Complete and up to date procedures covering the implementation of all the elements in these requirements. b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.
	<p>Bebunga POM has updated the SOP of Supply Chain, Procedure: Product Identification and Product Traceability in Minamas Plantation POM, Policy Number: RSPO/65/SCCS/LMR (Revision 03), dated March 28th 2014.</p> <p>The document contains:</p> <ul style="list-style-type: none"> a. Scope: the procedure is implemented started from the FFB receipt, production process, bulking station, and delivery process to the buyer; the <i>supply chain</i> implemented on the procedure is <i>Segregation (SG)</i>. b. General information covers: <ul style="list-style-type: none"> - Description of Segregation. - Flow Chart of SG supply chain process. - Requirements of Supply Chain. c. Raw materials identification: FFB covering letter; inspection on FFB quality; product traceability. d. Special condition when the mill receive FFB beyond the certified estate which is processed in same mill. Hence: <ul style="list-style-type: none"> - Document of weighbridge ticket must be separated (certified and non-certified). - Making a quarter-based balance sheet over the CPO and kernel production (certified and non-certified). <p>Officer in charge to implement the applied requirements are:</p> <ul style="list-style-type: none"> a. Mill Manager: <ul style="list-style-type: none"> - Maintaining entire document and record associated with the raw materials usage for the production process. - Verifying the products delivered to the buyers refer to the document (invoice, delivery order, sales contract, official record of product delivery. - Holding the training of supply chain certification requirements for the entire involved staff. b. PSQM Assistant: <ul style="list-style-type: none"> - Inspecting the FFB quality in POM and making daily recapitulation. - Monitoring the product delivery and load / unload. c. Laboratory Assistant: <ul style="list-style-type: none"> - Analyzing and testing the raw materials and products in entire production process. - Maintaining and distributing the result of analysis and test of the raw material and product. d. Assistant/Senior Assistant/Bulking Manager: <ul style="list-style-type: none"> - Monitoring the CPO and Palm Kernel Product transportation from POM to Bulking Station. - Handling CPO / Palm Kernel storage in Bulking Station Area
	Status: Comply

1.2

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

Bebunga POM has updated the SOP of Supply Chain, procedure: Product Identification and Product Traceability in Minamas Plantation POM, Policy Number: RSPO/65/SCCS/LMR (Revision 03), dated March 28th 2014.

- a. Scope: The procedure is implemented started from the FFB receipt, production process, bulking station, and delivery process to the buyer; the *supply chain* implemented on the procedure is *Segregation (SG)*.
- b. General Informaton Covers:
 - Description of Segregation.
 - Flow Chart of SG supply chain process.
 - Requirements of Supply Chain.
- c. Raw Materials Identification: FFB Covering Letter; Inspection on FFB Quality; Product Traceability.
- d. Special Condition when the mill receive FFB beyond the certified estate which is processed in same mill. Hence:
 - Document of weighbridge ticket must be separated (certified and non-certified).

Making a quarter-based balance sheet over the CPO and Kernel production (certified and non-certified)

Status: Comply

2

Purchasing and goods in

2.1

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

Report of the certified Production output was made monthly since the period of March 16th 2014 – March 15th 2015 (ASA-2) as follows:

PT LANGGENG MUARAMAKMUR
PKS BEBUNGA

Monthly summary of sustainable FFB, CPO & Kernel
(Periode 2014-2015)

Month	FFB Received (Ton)			Total FFB Processed (Ton)	CPO Production (Ton)				Kernel Production (Ton)			
	Sustainable	Non sustainable	Total		Sustainable	Non sustainable	Total	OER (%)	Sustainable	Non sustainable	Total	KER (%)
18-Mar-14	5,683,690	235,450	5,919,140	5,959,310	1,300,374	53,491	1,353,865	22.72	281,069	11,562	292,631	4.91
Apr-14	14,748,550	547,500	15,296,050	15,377,760	3,198,914	118,097	3,317,010	21.57	685,966	25,324	711,291	4.63
May-14	14,310,060	453,930	14,763,990	14,765,920	3,215,040	101,971	3,317,010	22.46	689,424	21,866	711,291	4.82
Jun-14	15,934,450	481,050	16,415,500	16,269,890	3,522,274	107,316	3,629,590	22.31	694,131	21,149	715,280	4.40
Jul-14	12,453,450	345,420	12,798,870	13,041,656	2,856,458	77,714	2,934,172	22.50	566,420	15,410	581,830	4.46
Aug-14	15,837,790	367,260	16,205,050	16,037,700	3,749,928	87,885	3,837,813	23.93	744,417	17,447	761,863	4.75
Sep-14	14,681,040	309,020	14,990,060	14,968,720	3,552,327	74,881	3,627,209	24.23	722,749	15,235	737,985	4.93
Oct-14	12,613,760	383,610	12,997,370	13,127,800	2,996,212	90,188	3,086,400	23.51	619,339	18,643	637,982	4.86
Nov-14	14,629,370	444,460	15,073,830	14,778,050	3,423,471	106,156	3,529,627	23.88	721,816	22,382	744,199	5.04
Dec-14	17,329,570	547,260	17,876,830	18,157,230	3,971,931	123,435	4,095,365	22.56	842,420	26,180	868,599	4.78
Jan-15	13,311,460	516,070	13,827,530	13,791,310	3,185,262	123,826	3,309,088	23.99	581,012	22,587	603,598	4.38
17-Feb-15	3,901,250	236,380	4,137,630	3,967,700	876,311	55,515	931,825	23.49	156,289	9,901	166,190	4.19
Total	155,434,440	4,867,410	160,301,850	160,243,046	35,848,501	1,120,474	36,968,975	23.07	7,305,053	227,685	7,532,738	4.70

Dibuat:	Diperiksa:	Disetujui:
		
Lomo Saragi	Sahrir Gunawan	Norjani Sanusi
Asisten	Kasie	Pjs PM Bebunga

Status: Comply

2.2

The facility shall inform the CB immediately if there is a projected overproduction.

According to the Attachment of ASA-2 MUTU-RSPO/014 certificate for period of March 16th 2014 – March 15th 2015, the approximate volume of the certified claim product was as follows:

FFB: 187,087 MT
CPO: 48,486 MT
PK: 10,208 MT

Actual Production certified product di unit Bebunga POM periode 18 Maret 2014 – 17 Februari 2015, sebagai berikut:

FFB: 160,301.85 MT
CPO: 36,968.98 MT
PK: 7,532.74 MT

The actual certified product was still below the projection of certificate attachment.

Status: Comply

3

Record keeping

3.1

The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.


Entire records of the Certified FFB processing and certified CPO and PK production in Bebunga POM were recorded and maintained on the server with SAP system. Report of the certified Production output was made monthly since the period of March 16th 2014 – March 15th 2015 (ASA-2) as follows:

PT LANGGENG MUARAMAKMUR
PKS BEBUNGA

Monthly summary of sustainable FFB, CPO & Kernel
(Periode 2014-2015)


Month	FFB Received (Ton)			Total FFB Processed (Ton)	CPO Production (Ton)			OER (%)	Kernel Production (Ton)			KER (%)
	Sustainable	Non sustainable	Total		Sustainable	Non sustainable	Total		Sustainable	Non sustainable	Total	
18-Mar-14	5,683,600	235,450	5,919,040	5,959,310	1,306,374	55,491	1,361,865	22.72	281,069	11,562	292,631	4.91
Apr-14	14,746,550	547,500	15,294,050	15,377,760	3,198,914	118,097	3,317,010	21.57	695,968	25,324	711,291	4.83
May-14	14,310,050	493,930	14,763,980	14,763,920	3,215,040	101,971	3,317,010	22.46	695,434	21,866	711,291	4.82
Jun-14	15,934,450	481,050	16,415,500	16,269,890	3,522,274	107,316	3,629,590	22.31	694,131	21,149	715,280	4.40
Jul-14	12,453,450	345,430	12,798,870	13,041,858	2,856,458	77,714	2,934,172	22.50	566,420	15,410	581,830	4.46
Aug-14	15,837,790	367,260	16,205,050	16,037,700	3,746,928	87,885	3,834,813	23.93	744,417	17,447	761,863	4.75
Sep-14	14,681,040	306,020	14,987,060	14,968,720	3,592,327	74,881	3,667,209	24.23	722,748	15,335	737,983	4.93
Oct-14	12,613,760	383,610	12,997,370	13,127,800	2,996,212	90,188	3,086,400	23.51	619,338	18,643	637,982	4.86
Nov-14	14,629,370	444,460	15,073,830	14,778,050	3,423,471	106,156	3,529,627	23.88	721,816	22,382	744,199	5.04
Dec-14	17,329,570	547,260	17,876,830	18,157,230	3,971,931	123,435	4,095,365	22.56	842,420	26,180	868,599	4.78
Jan-15	13,311,460	516,070	13,827,530	13,791,310	3,185,262	123,826	3,309,088	23.99	581,012	22,587	603,599	4.38
17-Feb-15	3,901,250	236,360	4,137,610	3,967,700	876,311	55,515	931,825	23.49	156,289	9,501	166,190	4.19
Total	155,434,440	4,867,416	160,301,856	160,243,648	35,848,501	1,126,474	36,968,975	23.07	7,305,053	227,688	7,532,728	4.70

Dibuat:



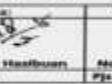
Lomo Sengul
Asisten

Operasi:



Sabir Gansara
Kasir

Ditutupi:



Norand Siman
Pj. PM Bebunga

Status: Comply

3.2

Retention times for all records and reports shall be at least five (5) years.

Company has regulated that the retention time for entire records and reports implemented on the supply chain certification is 5 years.

Entire record of the certified FFB processing and certified CPO and PK production in Bebunga POM were recorded and maintained on the server with SAP system.

Status: Comply

3.3




The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.

Entire records of the certified FFB processing and certified CPO and PK production in Bebunga POM were recorded and maintained on the server with SAP system. Report of the certified production output was made monthly since the period of March 16th 2014 – March 15th 2015 (ASA-2) as follows:

PT LANGGENG MUARAMAKMUR
PKS BEBUNGA

Monthly summary of sustainable FFB, CPO & Kernel
(Periode 2014-2015)

Month	FFB Received (Ton)			Total FFB Processed (Ton)	CPO Production (Ton)				Kernel Production (Ton)			
	Sustainable	Non sustainable	Total		Sustainable	Non sustainable	Total	OER (%)	Sustainable	Non sustainable	Total	KER (%)
18-Mar-14	5,683,690	235,450	5,919,140	5,959,310	1,300,374	53,491	1,353,865	22.72	281,069	11,562	292,631	4.91
Apr-14	14,748,550	547,500	15,296,050	15,377,760	3,198,914	118,097	3,317,010	21.57	685,966	25,324	711,291	4.63
May-14	14,310,060	453,930	14,763,990	14,765,920	3,215,040	101,971	3,317,010	22.46	689,424	21,866	711,291	4.82
Jun-14	15,934,450	481,050	16,415,500	16,269,890	3,522,274	107,316	3,629,590	22.31	694,131	21,149	715,280	4.40
Jul-14	12,453,450	345,420	12,798,870	13,041,656	2,856,458	77,714	2,934,172	22.50	566,420	15,410	581,830	4.46
Aug-14	15,837,790	367,260	16,205,050	16,037,700	3,749,928	87,885	3,837,813	23.93	744,417	17,447	761,863	4.75
Sep-14	14,681,040	309,020	14,990,060	14,968,720	3,552,327	74,881	3,627,209	24.23	722,749	15,235	737,985	4.93
Oct-14	12,613,760	383,610	12,997,370	13,127,800	2,996,212	90,188	3,086,400	23.51	619,339	18,643	637,982	4.86
Nov-14	14,629,370	444,460	15,073,830	14,778,050	3,423,471	106,156	3,529,627	23.88	721,816	22,382	744,199	5.04
Dec-14	17,329,570	547,260	17,876,830	18,157,230	3,971,931	123,435	4,095,365	22.56	842,420	26,180	868,599	4.78
Jan-15	13,311,460	516,070	13,827,530	13,791,310	3,185,262	123,826	3,309,088	23.99	581,012	22,587	603,599	4.38
17-Feb-15	3,901,250	236,380	4,137,630	3,967,700	876,311	55,515	931,825	23.49	156,289	9,901	166,190	4.19
Total	155,434,440	4,867,410	160,301,850	160,243,046	35,848,501	1,120,474	36,968,975	23.07	7,305,053	227,685	7,532,738	4.70

Dibuat:	Diperiksa:	Disetujui:
		
Lomo Saragi Assisten	Sahrir Gunawan Kasie	Norjani Sanusi Pjs FM Bebunga

Status: Comply

3.4

The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.

Bebunga POM management unit does not directly sell entire CPO product. The entire CPO products are dispatched to the Bulking Station within range +/- 7 km from away from Bebunga POM. According to the result of interview with one of the Bulking Station staff, the dispatched CPO from Bebunga POM are stored at the storage tank in each POM within Sungai Durian area. Therefore, Bebunga POM has 2 unit of storage tank bulking with capacity of 2,500 ton. Hence, the CPO from Bebunga POM shall always been separated (SG) from the CPO from other POM.

Status: Comply

4

Sales and goods out

4.1

The facility shall ensure that all sales invoices issued for RSPO palm oil delivered include the following information:

(a) The name and address of the buyer

<p>(b) The date on which the invoice was issued (c) A description of the product, including the applicable supply chain model (Segregated) (d) The quantity of the product delivered (e) Reference to related transport documentation</p>	
<p>Bebunga POM management unit does not directly sell entire CPO product. The entire CPO products are dispatched to the Bulking Station within range +/- 7 km from away from Bebunga POM. According to the result of interview with one of the Bulking Station staff, the dispatched CPO from Bebunga POM are stored at the storage tank in each POM within Sungai Durian area. Therefore, Bebunga POM has 2 unit of storage tank bulking with capacity of 2,500 ton. Hence, the CPO from Bebunga POM shall always been separated (SG) from the CPO from other POM.</p> <p>Sample of invoice document in term of certified product sales on behalf PT LMR with SG claim:</p> <ul style="list-style-type: none"> - Buyer's Name and Address: PT Golden Hope Nusantara. - Invoice Date: December 18th 2013. - MKS product name with SG supply chain model (stamped) of RSPO Certified Segregation. - The delivered quantity or volume. - Tax invoice as the attachment of invoice. 	
	Status: Comply
5	Processing
<p>5.1</p> <p>The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	
<p>Bebunga POM implements SG suply chain model due to the received FFB is delivered from the certified estate (certified sources), KKPA Sungai Cengal has been certified and included on the scope of Rantau POM (PT LMI).</p>	
	Status: Comply
<p>5.2</p> <p>The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.</p> <p>The entire supporting document started by receiving FFB in mill untill the FFB covering letter and weighbridge ticket shows that the raw material source is coming from the certified estate (certified sources).</p>	
	Status: Comply
<p>5.3</p> <p>In cases where a mill outsources activities to an independent 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:</p> <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	
<p>Bebunga POM does not has KCP installation, therefore entire kernel are processed in Rantau KCP (PT LMI) which is still in one Simerdarby entity group.</p>	
	Status: Comply
6	Training
<p>6.1</p> <p>The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification</p>	

Systems	
<p>Bebunga Mill management unit has not yet holding SCCS training to several personnels in term of SCCS implementation. For example, Weighbridge Operator.</p> <p>It becomes Nonconformity 2015.03 SCCS 5.1.</p> <p>Evidence of the corrective action conducted by company:</p> <p>Root Cause: (filled by client) SCCS training was held by Mr Trijono on March 21st 2014. However, Mr Ardan (Weighbridge Operator) was not able to come due to the evening shift.</p> <p>Corrective Action: (filled by client) Holding SCCS training to entire untrained personnels started from estate employees to the bulking station employees in order to make them aware of the RSPO supply chain system.</p> <p>Preventive Action: (filled by client) Company shall routinely hold SCCS training annually to entire employees associated with SCCS.</p> <p>Auditor Observation over corrective action: March 6th 2015 Management unit of Bebunga Mill has provided evidence of corrective action in form of SCCS training documentation. There were Official Record of the training and attendance list of the training participants on March 2nd 2015. The participants of the training were 42 staffs from the Estate Supplier, Bebunga Mill, and Bulking Station. According to the corrective action evidence, then the nonconformity SCCS 5.1 is considered CLOSED.</p>	
	Status: Comply
7	Claims
7.1	
<p>The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.</p> <p>According to the result of contract document and CPO product Invoice verification, Bebunga POM was able to the evidence which describes the company for not using RSPO logo, the company was only attaching the model of SG supply chain. It has referring to the RSPO rules of communication and claim.</p>	
	Status: Comply

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
ASA-3	PT LMR has received certificate usage approval with number MUTU-RSPO/034.	√
	Status: Comply	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-3	<i>Not Applicable;</i> Company does not use the logo whether on its product not off its product within PT LMR.	√
	Status: Comply	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-3	<i>Not Applicable;</i> Company does not use the logo whether on its product not off its product within PT LMR.	√
	Status: Comply	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-3	<i>Not Applicable;</i> Company does not use the logo whether on its product not off its product within PT LMR.	√
	Status: Comply	

3.4. Summary of RSPO Partial Certification.

Total companies observed (0.5 √Y) Where Y is the total of uncertified RSPO registered company The Management Unit name : PT Mitra Austral Sejahtera		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	PT Mitra Austral Sejahtera is compliance with applicable laws and regulations.	√
	Status: Comply	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	PT Mitra Austral Sejahtera has demonstrated land use and not legitimately contested by local communities. The company's land acquisition process has been in accordance with the prevailing regulations.	√
	Status: Comply	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or√
	PT Mitra Austral Sejahtera has documented system for dealing with complaints and grievances, which is implemented and accepted by all parties. There is a communication procedure no. Policy 501/MAS-KOM-03/11 dated 8 April 2011 implemented through the mail box, email, announcements, posters, brochures / pamphlets and meeting / briefing, etc. In order to resolve complaints / disputes associated with land, the company has prepared a compensation negotiation process mechanism no policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of (derasa) compensation payment process through a amicable discussion and meetings with Muspika (Task Force).	√
	Status: Comply	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	PT Mitra Austral Sejahtera has a Compensation Negotiation Process Procedure No. Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of compensation payment process (Derasa) through amicable discussion and meeting with Muspika. The pricing of compensation is based on the Minutes of Agreement on Compensation (Derasa) Pricing dated December 8, 2005 as agreed by PT MAS, Community Leaders and KUD managers, acknowledged by Sub-District Chiefs (3 Sub-districts). Socialization was held on December 9, 2005 and attended by 35 representatives of related groups.	√
	Status: Comply	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or√
	PT Mitra Austral Sejahtera has not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values. Based on the company's Plantation Concession issued through Decision of Land Agency Head of Sanggau District No. 400-56/IL-1999 dated January 8, 1999 on the Granting of Extension Concession the Purposes of Palm Oil Plantation located at Parindu, Bonti, Hulu and Kembayan Tayan sub-districts in the name of PT Mitra Austral Sejahtera with a total area of 20,000 hectares of 30,000 hectares reserved area, the concession of PT MAS is located within Other Use Area (APL) in accordance with the Spatial Plan of West Kalimantan Province. The company management has declared to the community that the company will preserve and will not cultivate palm oil crops in areas that have been identified as HCV (MAS-3 Estate's Statement Letter dated May 1, 2011). Local people / Indigenous Figures joined in Satlak were directly involved in the identification	√

	process of areas where palm oil planting is not allowed in accordance with the agreement.	
	Status: Comply	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	<p>Available EIA documents as approved by the Central EIA Committee letter the Department of Forestry and Plantations, No: 242/Menhutbun-II/2000, on March 23, 2000.</p> <p>The company has conducted studies of social impact, but until the implementation of Stage-1 is still in draft form. SIA mentioned in the draft document:</p> <p>a. Positive Impacts</p> <ol style="list-style-type: none"> 1. Direct Impacts <ul style="list-style-type: none"> - Significant local people are employed by the company. - Emergence of livelihood sources. - Increased revenue sources and incomes of the villagers. - Increased productivity, value and status of land (impact of KKPA plasma development). - Increased accessibility and mobility of people, goods and services. - Public's positive perception to the company. 2. Indirect <ul style="list-style-type: none"> - The increasingly growth of local businesses - Increased cash flow and fund circulation in the surrounding villages. - Increased purchasing power of the local people. <p>b. Negative Impacts;</p> <ol style="list-style-type: none"> 1. Direct impacts; <ul style="list-style-type: none"> - Reduced size of public lands, - Public's negative perception to the company, - Dispute/conflict 2. Indirect impacts and accumulation <ul style="list-style-type: none"> - Clean water problem, - Impaired traditional value system of mutual cooperation, - Change in lifestyles of rural people. <p>Based on the Plantation Development Realization Report of the socialization of new land opening has been conducted in July to September 2010 for Bonti and Kembayan Sub-districts and unit has done socialization of new land opening in March 2011 (Sedae, Canal, Mua, Kampuh, and Tapa sub-villages).</p> <p>Based on interviews with residents of RT Pinsam the company's new plantation opening process also involved te Satlak Team consisting of Sub-village Chiefs, indigenous Leaders, KUD Sekayam Jaya Manager and Village officials as officers who perform verification of the land to be opened.</p>	√
	Status: Comply	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	<p>There is a Land Compensation Negotiation Process procedure No. 501/MAS-Doc 01/11 dated 8 April 2011 in which contains a flow chart of compensation process involving amicable deliberation and meetings with Muspika (Task Force).</p> <p>Documented process and agreement of land acquisition for new plantation area are maintained in MAS 3 Estate's office and RSPO secretariat office in MAS 1 Estate.</p>	√
	Status: Comply	

3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

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

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2014.0 1	Major 4.6.1	<p>Ensure the registered and licensed agrochemical in relevant agency.</p> <p>Company using several agrochemicals to control plantation pest and disease. However, the audit team found agrochemical type kenlon (with an active Triklopir) and Metafuron (with an active Metil Metsulfuron), which have not licensed yet and have not registered in relevant agency, for instance: chemical warehouse in Sungai Cengal Estate and Bebunga Estate</p>	Estate	Major	2 May 2014	Company is a mandatory to ensure the used of agrochemicals are licensed and registered in relevant agency.	<p>19th March 2014</p> <p>Root cause: Herbicide with kenlon and metafuron have been registered in fertilizer and herbicide directorate. However, the company has no evidence whether this type of herbicide has been licensed or registered yet.</p> <p>Corrective Action:</p> <ul style="list-style-type: none"> - Recommendation letter for using and storing the pesticide from manpower and transmigration agency for herbicide type kenlon and Metafuron, on 1st April 2014. - Copy of permit for herbicide type kenlon and Metafuron from 	Closed	2nd April 2014

							<p>fertilizer and herbicide directorate in 2012.</p> <p>Preventive Actions: Always updating the latest information about pesticide permit in case the company using new brand of pesticide</p> <p>Auditor conclusion: Based on the evidence of corrective action, nonconformity stated fulfilled</p>		
2014.0 2	Major 4.6.4	<p>Managing waste (former pesticide packages).</p> <ul style="list-style-type: none"> Audit team found former pesticide package that has not been managed in accordance with existing regulation of pesticide waste management (001/SOP/LMR/2013, on 15th October 2013), where the former pesticide packages should wash, be damaged and send to temporary hazardous waste landfill. It was identified the storage period for former pesticide packages are more than 15 working days in the warehouse of Sungai Cengal Estate (reccomendation letter from BLH No. 660/416/BLHD on 16th Nov 2012). for 	Estate	Major	2nd May 2014	Company must manage former pesticide package in accordance with existing regulation, for instance: should be based on reccomendation from environment agency.	<p>Root of the problem: 1.Lack of socialization on the SOP of former pesticide package management in plantation. The SOP has set the maximum storing period is 15 working days.</p> <p>Corrective Actions:</p> <ul style="list-style-type: none"> The regular 2-weeks delivery of hazardous waste has been routinely implemented. Delivery day is on 	Closed	20th March 2014

		instance: duration of delivery for former pesticide package in September 2013 dan February 2014 from Sungai Cengal estate to Bebunga Mill.					<p>Saturday.</p> <ul style="list-style-type: none"> Improvement evidence such as washing activity's photos and minute of handover are already in accordance with the existing SOP <p>Preventive Actions:</p> <ol style="list-style-type: none"> Pointed Mr. Suprpto Isup as an officer in charge to monitor the delivery of hazardous waste. It was agreed, the delivery day is on Saturday <p>Auditor conclusion: Based on the evidence of corrective action, nonconformities stated fulfilled.</p>			
2014.03	Minor 4.7.2	<p>Periodic medical examination Medical examination for personnel is conducted by health care clinic. For instance: medical examination on 10th May 2013 with the result that there are 3 personnel should get further examination by company's physician, such as Mr. Hasnadi (has obstructive and</p>	Mill	Minor	Surveillance 3	Company must hold regular medical check up for the employees working on high-risk station. It	<p><i>Auditor Verification:</i> February 18th 2015 According to the result of medical check up on behalf Mr Hasnadi (Boiler Operator) on</p>	Closed	18 February 2015	18 February 2015

		mild hearing impairment), however, the company can not present an evidence of the evaluation as well as effective follow up actions over this case				should be authorized to company doctor and it should be evaluated effectively.	December 27 th 2014, it shows that the result of audiomtri check up is normal. It was authorized to Prodia. Meanwhile, the boiler operator has been experiencing hearing infection on May 19 th 2013. According to the result of interview in Bebunga POM on February 18 th 2015, Mr Hasnadi was able to hear what auditor was asking. Therefore, auditor team considers that the issue is closed.			
2014.04	Minor 4.7.6	Working Tools, PPE and first aid kits Company provides occupational health and safety equipment as well as personnel protective equipments (PPE). From field visit, it is known that the implementation of occupational health and safety in the company is in-consistent, for instance: - In mill, personnel unwearing the PPE when they work, such as welder unwearing apron, the operator of generator unwearing ear muff/ear plug	Mill	Minor	Surveillance 3	Company must have sufficient evidence on occupational health and safety compliance in work place and effectively implement it.	<i>Auditor Verification:</i> February 18 th 2015 Evidence of corrective action over the finding, Bebunga POM management unit has issued reprimand letter on March 6 th 2014 in term of reckless action on behalf Mr Tofik. Reprimand letter validity	Closed	18 February 2015	18 Februari 2015

							<p>period is 3 months (March 6th – June 6th 2014).</p> <p>According to the result of interview in Bebunga POM on February 18th 2015, there is no welding program on workshop area and welding operator has recognize the reprimand letter.</p> <p>Therefore, auditor team considers the findings CLOSED.</p>		
2014.05	Minor 5.2.1	<p>HCV socialization</p> <p>Based on field visit to Mulyoharjo, Lintang Jaya, Segandang, and Binturung village, it is known that local community does not fully understand about the existing HCV and its management in plantation area.</p>	Plantation	Minor	Surveillance 3	<p>Company needs to socialize the existing HCV and its management to personnel and local community.</p>	<p><i>Auditor Verification:</i></p> <p>February 18th 2015</p> <p>Evidence of corrective action in form of official record of HCV socialization in Lintang Jaya Village on February 13th 2015. However, the company is still cannot show the evidence of socialization in Mulyoharjo and Segandang Village.</p> <p>Meanwhile, according to the result of field visit and interview with</p>	Closed	20 March 2015

20
Maret
2015

						<p>community of Wonorejo Village on February 18th 2015, HCV socialization is not yet conducted by PT LMR management.</p> <p>Therefore, auditor team considers that the Minor NC 5.2.1 as MAJOR due to twice nonconformity on the minor indicator on 2 period of surveillance and it is not fully corrected (<i>closing out</i>)</p> <p>March 20th 2015</p> <p>Evidence of corrective action in form of document of HCV socialization to Binturung Village on August 20th 2014. The evidence is a part of socialization for scope of Pondok Labu POM (PT PSA).</p> <p>Meanwhile, evidence of HCV socialization to Mulyoharjo Village, Lintang Jaya Village, and Segendang Village has been informed in form of program photograph and</p>		
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							attendance list on February 24 th 2015. Therefore, auditor teams considers that the nonconformity is now (CLOSED) .			
2014.06	Minor 5.2.2	Special officer who is well trained to monitor and to manage the HCV No sufficient evidence on the existance of special officer who is well trained to monitor and to manage the HCV in SCE and BKE	Plantation	Minor	Surveillance 3	Company must point out special officer who is well trained to monitor and manage the HCV in SCE and BKE	<i>Auditor Verification:</i> February 18 th 2015 Evidence of corrective action is informed in form of HCV training materials on October 6 th 2014. Attendance list of the training is also available. For example Mr Hamid I (BBE HCV Officer), Mr Alfian (BKE HCV Officer) and Mr Shedy Ismayana (SCE HCV Officer). Therefore, minor indicator 5.2.2 is considered CLOSED.	Closed	18 February 2015	18 Februari 2015
2014.07	Minor 5.3.1	Special officer who is well trained to monitor and to manage the HCV No sufficient evidence on the existance of special officer who is well trained to monitor and to manage the HCV in SCE and BKE	Plantation	Minor	Surveillance 3	Company must points out special officer who is well trained to monitor and manage the HCV in SCE	<i>Auditor Verification:</i> February 18 th 2015 Evidence of the corrective action over the finding is by directly sending the expired	Closed	18 February 2015	18 Februari 2015

						and BKE	(storing period exceeding the permitted period of storing) hazardous waste. It is supported by the official record of hazardous waste sales of Bebunga POM (March 2 nd 2014) to PT Maju Asri Jaya Utama. Type of the delivered waste are used oil (16 drums – 3,200 L), Accumulator 50 A (2,050 A), Accumulator 70 A (280 A), Accumulator 100 A (200 A), Accumulator 120 A (720 A), Accumulator 4 A (176 A). According to the result of field verification in Bebunga POM hazardous waste storage on February 18 th 2015, the stored waste are still within period of waste storing. Therefore, auditor team is considering the finding closed		
2014.0 8	Major 5.3.2	Domestic Waste Management Based on field visit to final landfill in Block H24 Bebunga Estate, its known that the un-organic and organic domestic waste	Plantation	Major	2nd May 2014	Company should have the management	Root Cause: Lack of socialization in term of SOP of domestic waste management to	Closed	20 March 2015

20
Maret
2014

		<p>have not been managed in accordance with the SOP of domestic waste management, for instance: separation between organic and un-organic waste, the un-organic waste should be buried, etc.</p>				<p>plan for domestic waste in order to avoid and reduce the pollution through the SOP of domestic waste management.</p>	<p>employees. Domestic waste is not yet managed refer to SOP.</p> <p>Corrective Action:</p> <ul style="list-style-type: none"> • Revision of SOP in term of domestic waste handling which has been revised on March 4th 2014 in term of management on operational unit as written on Point 5.2.1. • Waste hoarding in landfill of block H24 and digging new hole to hoard waste. <p>Preventive Action: Conducting routine monitoring.</p>			
2014.09	Minor 6.1.1	<p>Domestic Waste Management Based on field visit to final landfill in Block H24 Bebunga Estate, it is known that the anorganic and organic domestic waste have not been managed in accordance with the SOP of domestic waste management, for instance: separation between organic and un-organic waste, the un-organic waste should be buried, etc.</p>	Plantation	Major	2nd May 2014	<p>Company should have the management plan for domestic waste in order to avoid and reduce the pollution through the</p>	<p><i>Auditor Verification:</i> February 20th 2015 Evidence of questionnaires over social impact caused by replanting program for period of 2014 which was conducted by management of Bebunga</p>	Closed with Observation	20 February 2015	20 Febru ari 2015

						SOP of domestic waste management.	Estate, Bakau Estate and Sungai Cengal Estate over 182 people. The respondents are consisted of community of Lintang Jaya Village, Binturung Village, Segendang Village, Tamiang Village, Wonorejo Village, Mulyoharjo Village. Therefore, auditor team is considering the indicator CLOSED with Observation			
2014.10	Butir 3.4 SCCS Versi Nov 2011 (Modul E)	The usage of supply chain model in sales contract. BBE mill process the certified and non-certified FFB in order to get oil palm by using the Mass Balance (MB) supply chain model and mill presents the summary data over total accepted FFB, which was processed and was delivered for period 2012-2013 and 2013-2014. However, sales contract states the segregation supply chain model (states RSPO Certified Segregation), for instance Sales Contract No. 0028.1/LMR/KTR-MKS/LOK/XII /2013 on 5th December 2013.	Mill	NC	2nd April 2014	Organization is mandatory to explain data like product name, */MB or Mass Balance supply chain model in related document.	Root of the problem: Bebunga mill not using the Mass Balance supply chain model on processing the FFB, even though the sales contract states the segregation supply chain model due to lack of understanding on the requirements of mass balance supply chain model. Corrective Actions: Organization has conducted training on 21 st March 2014, which	Closed	1 April 2014	1 April 2014

							<p>attended by plantation and mill's important officers(attendance sheet is available); there is a memorandum from head PSQM on 17th March 2014 that states the existing supply chain model is the mass balance supply chain model (copy of memorandum from head PSQM is available); there is a revision over the sales contract document, which states the supply chain model is mass balance supply chain model, sample of sales contract on 18th March 2014, No.: 00293-LMR-KTR/MKS/LOK/III/2014.</p> <p>Preventive actions: Periodic review over mass balance supply chain model and coordination with all party including the marketing team.</p>		
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							Auditor conclusion: Based on the evidence of corrective action, nonconformities stated fulfilled			
2014.1 1	Butir 4.1 SCCS Versi Nov 2011 (Modul E)	Invoice with supply chain model. BBE mill process the certified and non-certified FFB in order to get oil plam by using the Mass Balance (MB) supply chain model and mill presents the summary data over total accepted FFB, which was processed and was delivered for period 2012-2013 and 2013-2014. However, sales contract states the Segregation supply chain model (states RSPO Certified Segregation), for instance Sales Contract No. 0028.1/LMR/KTR-MKS/LOK/XII /2013 on 5th December 2013.	Mill	NC	2nd April 2014	Facility should ensure the entire invoice for RSPO certified product states information such as product's supply chain model, which is the mass balance supply chain model.	Root of the problem: Bebunga mill uses the mass balance supply chain model in processing FFB, nevertheless the invoice states segregation supply chain model due to limited knowledge on the requirement of mass balance supply chain model's. Corrective Actions: Organization conducted training on 21 st March 2014, which attended by important personnel in plantation and mill (attendance sheet is available), there is memorandum from head of PSQM on 17 th March 2014 that states the supply chain model is mass balance (copy of	Closed	1 April 2015	1 April 2014

							<p>memorandum from head of PSQM is available); there is a revision over the sales contract, which states the supply chain model is the mass balance, for instance sales contract on 21th March 2014, No.: 00543/LMR/III/2014.</p> <p>Preventive Actions: Periodic review over mass balance supply chain model and coordination with all party including the marketing team.</p> <p>Auditor conclusion: Based on the evidence of corrective action, nonconformities stated fulfilled</p>			
2014.1 2	Butir 5.1 SCCS Versi Nov 2011 (Modul E)	Invoice with supply chain model. BBE mill process the certified and non-certified FFB in order to get oil plam by using the Mass Balance (MB) supply chain model and mill presents the summary data over total accepted FFB, which was processed and was delivered	Mill	NC	2nd April 2014	Facility should ensure the entire invoice for RSPO certified product states information	Root of the problem: Bebunga mill uses the mass balance supply chain model in processing FFB, nevertheless the invoice states segregation	Closed	1 April 2015	1 April 2014

		<p>for period 2012-2013 and 2013-2014. However, sales contract states the Segregation supply chain model (states RSPO Certified Segregation), for instance Sales Contract No. 0028.1/LMR/KTR-MKS/LOK/XII /2013 on 5th December 2013.</p>				<p>such as product's supply chain model, which is the mass balance supply chain model.</p>	<p>supply chain model due to limited knowledge on the requirement of mass balance supply chain model's.</p> <p>Corrective Actions: Organization conducted training on 21st March 2014, which attended by important personnel in plantation and mill (attendance sheet is available), there is memorandum from head of PSQM on 17th March 2014 that states the supply chain model is mass balance (copy of memorandum from head of PSQM is available); there is a revision over the sales contract, which states the supply chain model is the mass balance, for instance sales contract on 21th March 2014, No.: 00543/LMR/III/2014.</p> <p>Preventive Actions: Periodic review over</p>		
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							<p>mass balance supply chain model and coordination with all party including the marketing team.</p> <p>Auditor conclusion: Based on the evidence of corrective action, nonconformities stated fulfilled</p>		
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3.5.2 Identification of Findings, Corrective Actions and Observations at ASA 3 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2015.01	Major 2.2.2	<p>Legal Boundary Pole Maintenance According to the field visit to Bakau Estate:</p> <p>3. The position of Land Use Title pole Number 2 (Block A51 Division 4) was not referring to the coordinate and Land Use Title Map</p> <p>4. Land Use Title Pole Number (Block A47 Division 4) was not found.</p>	Estate	Major	April 20th 2015	Management unit must maintain the Legal Area Boundary pole refer to the owned Land Use Title Map.	<p>Root Cause: (Filled by Client) The pole was intently re-positioned by the ‘criminally suspected person’. Therefore, company must monitor the pole routinely to prevent future problems.</p> <p>Corrective Action: (Filled by Client) Uninstalling pole number 2 and seeking for pole number 3 and place to the coordinate where it should be.</p> <p>Preventive Action: (Filled by Client) Conducting routine pole monitoring annually in order to ensure that there are no boundary pole that are re-positioned intently from its determined place.</p>	Closed	16 March 2015

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Auditor observation over corrective action:</p> <p>March 10th 2015</p> <p>Management unit was informing the corrective action in form of Land Use Title Pole in Division IV of Bakau Estate in term of Pole 2 and 3 on February 23rd 2015. Corrective action was supported by photograph of corrective action.</p> <p>According to the evidence of corrective action. Hence, Major Nonconformity 2.2.2 is CLOSED.</p>		
2015.02	Minor 5.2.1	<p>HCV Socialization</p> <p>According to the field visit to Mulyoharjo Village, Lintang Jaya Village, Segendang Village and Binturung Village, the community nearby have not yet aware of the HCV existence and management within estate area.</p>	Estate	Major	April 20th 2015	Management unit must conduct socialization on the existence and management of HCV area to the employees and community.	<p>Auditor Verification:</p> <p>February 18th 2015</p> <p>Evidence of corrective action was in form of Official Record of HCV socialization program on February 13th 2015. However, the evidence of corrective action in Mulyoharjo Village and Segendang Village have not yet able to be shown.</p> <p>Meanwhile, according to the result of field visit and interview with Wonorejo Village Community on February 18th 2015, the HCV socialization has not yet conducted by PT LMR management unit.</p> <p>Therefore, auditor team considers that Minor NC 5.2.1 as a MAJOR NC. It was referring to the twice nonconformity on the</p>	Closed	20 March 2015

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>minor indicator during period of Surveillance and has not yet fully corrected (<i>closing out</i>)</p> <p>March 20th 2015</p> <p>Evidence of corrective action in form of HCV socialization document over Binturung Village on August 20th 2014. The evidence is part of socialization for the scope of Pondok Labu POM (PT PSA).</p> <p>Meanwhile, the evidence of HCV socialization over Mulyoharjo Village, Lintang Jaya Village and Segendang Village has been informed in form of event photograph and attendance list on February 24th 2015.</p> <p>Referring to the corrective action, the auditor team considers that the NC is CLOSED.</p>		
2015.03	SCCS 5.1	<p>SCCS Training</p> <p>Bebunga Mill management unit has not yet holding SCCS training to several personnels in term of SCCS implementation. For example, Weighbridge Operator</p>	Mill	Major	March 20th, 2015	<p>Bebunga POM management unit must provide training for entire staff and employees associated with the implementation of SCCS.</p>	<p>Root Cause: (Filled by Client)</p> <p>SCCS training was held by Mr Trijono on March 21st 2014. However, Mr Ardan (Weighbridge Operator) was not able to come due to the evening shift.</p> <p>Corrective Action: (filled by client)</p> <p>Holding SCCS training to entire untrained personnels started from estate employees to the bulking station employees in order to make them aware of the RSPO supply</p>	Closed	16 March 2015

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>chain system.</p> <p>Preventive Action: (filled by client) Company shall routinely hold SCCS training annually to entire employees associated with SCCS.</p> <p>Auditor Observation over corrective action: March 6th 2015 Management unit of Bebunga Mill has provided evidence of corrective action in form of SCCS training documentation. There were official record of the training and attendance list of the training participants on March 2nd 2015. The participants of the training were 42 staffs from the Estate Supplier, Bebunga Mill, and Bulking Station.</p> <p>According to the corrective action evidence, then the nonconformity SCCS 5.1 is considered CLOSED.</p>		

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	Major 1.1.2	<p>Response Over the Information Request</p> <p>Management unit needs to ensure that entire information request are responded by referring to the applied procedure.</p>

No	Ref Std	Descriptions
2	Minor 4.7.6	First Aid Equipment Management unit needs to improve the monitoring of first aid facilities.
3	Major 5.3.2	Waste Management Estate Management Unit needs to ensure that the waste storage refers to the type of waste.
4	Minor 6.1.1	Record of Social Impact Monitoring with Community's Participation Estate and Mill management unit needs to ensure the social impact monitoring are conducted and attached to the report of Environmental Management and Monitoring Plan. (Observation) .

3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1		Company's commitment to implement sustainable palm oil management principles.
2		Personnel's competence (staff) in their position.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<u>Kotabaru District Forestry Agency</u> According to the consultation with forestry agency, there is no issue of area status.	There is no issue of area status. It will be maintained.	It complies the criteria 2.2 and the company needs to maintain positive performance and implement sustainable corrective action.

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><u>Kotabaru District Environment Agency</u></p> <p>a. Reporting effluent routinely b. Reporting hazardous waste routinely c. Reporting environmental management and monitoring plan routinely.</p>	<p>Reporting effluent, hazardous waste and environmental management and monitoring plan routinely.</p>	<p>It complies the criteria 4.4; 5.1; 5.3 and The company needs to maintain positive performance and implement sustainable corrective action.</p>
<p><u>Kotabaru District Plantation Agency</u></p> <p>a. Plantation Business Report (LKUP) has been informed collectively and continuously: i. Semester I dated August 12th 2014 ii. Semester II dated January 15th 2015 b. The assessment of operational of the 4 estates were considered GOOD with score between 65-74 c. Permits for entire estate were issued before 2007 d. There were also scheme smallholders in each estate despite there was still dispute with the Scheme Smallholders Future Participants (CPCL) e. Scheme smallholders existence was unsuitable with community's expectation due to the scheme smallholder shall be managed by cooperative unit f. There was information in term of improper profit share g. CSR was considered well running h. There were existed proper and adequate fire extinguishing facilities. i. There was no community's disturbance j. Management unit has also informing the report of Environmental Management and Monitoring Result to Plantation Agency</p>	<p>Management unit shall ensure the compliance over the applied regulation and maintain conducive circumstance with the community nearby estate to keep estate management runs well.</p>	<p>It complies the criteria 2.1; 2.2; 6.2; 6.3 and 6.4 and the company needs to maintain positive performance and implement sustainable corrective action.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><u>Lintang Jaya Village (Syamsu Abidin)</u></p> <p>Positive Aspect</p> <ul style="list-style-type: none"> • Good relationship with company. • There was no land conflict. • There was no environment contamination indication. • Proposal or letter for assistance request was quickly responded by the company. • There was assistance in form of village road repairment, sacrificial cattle, ambulance assistance for the dead. • Workforce empowerment from the Lintang Jaya Village (30% – 40%) • Announcement of contract work. • The Village Party has the phone number of the Head of Division and Manager. Therefore, communication was easily conducted. <p><u>Negative Aspect:</u></p> <ul style="list-style-type: none"> • Company did not attend the forum for planning and development. • Less initiative over the village, assisting only when asked by. • CSR program was not continued by company (fund assistance for IDR 600,000/quarter for period of 2013 was not continued in period of 2014. • Complaint expressed by several community in term of noise and odour.. 	<ul style="list-style-type: none"> • Good relation with Lintang Village is well maintained. Non-formal visit is also routinely conducted. • The company is coordinating with village apparatus if the problem with the community appear. • The company respond the letter from village immediately (even if not entire assistance request are able to be assisted). • Assitance of road maintenance of Lintang Village is routinely conducted by considering road condition, interval of implementation and approval from management unit. • Workforce from Lintang Village is empowered by the company despite the workers are not dominating the number of workers. Job opportunity shall be informed to the village apparatus, especially job as harvester. 	<p>Company has established good communication with the community and the company needs to maintain positive performance and implement sustainable corrective action. Therefore, misunderstanding could be avoided.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> • Job opportunity seems to be only for specific parties, the job opportunity announced is just a field job such as harvester. • Cash fund assistance for the oldee was not continued by company. • Deer hunting is still conducted by community • There is no realization of the result of Forum for Planning and Development despite the result has been handed over. • Company does not have definite concept for developing the nearby community, company is just complying the CSR program. <p>Expectation for the Company:</p> <ul style="list-style-type: none"> • Company is expected to be more initiative (providing assistance anytime without being asked first). • Company is expected to respond the assistance request immediately. • CSR program must be composed realistically. 	<ul style="list-style-type: none"> • Communication between village to entire staff of Bebunga Estate is conducted via cell phone. • The company does not coming to the forum for planning and development of village due to the event at the estate which is held in similar time. However, at the forum for planning and development of sub-district, company sent their representatives. the forum for planning and development is a group of villages including the guided-village and the discussion over the latest forum for planning and development of village. • The Company needs to follow the procedure through the manager if the villages are asking huge amount of money. • CSR assistance given for period of 2013 was given to the honorarium teacher of madrasah. Due to the ineffective 	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
	<p>madrasah program (stopped), the honorarium was stopped for period of 2014. If there is such a program, the company shall consider to assist the program.</p> <ul style="list-style-type: none"> • The noise and odour distance is considered safe for people (2 km away from settlement). The noise and odour pollution is considered temporary due to the wind. • The offered job opportunity is as harvester due to the lack of harvester. Other position has already filled by. • Cash for the oldee used to be implemented. However, it is now given to Sungai Cengal Estate (ongoing). • Sustainable socialization of HCV area needs to be held in order to prevent endanger animal extinction. It has been informed to the HCV socialization which covers the protected flora and fauna and sacred sites. • The result of forum for planning and development in term of CSR from the company has been regulated through discussion with management and 	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
	government (Kotabaru District). CSR are given by considering entire aspect and considering the discussion with the government.	
<p>Wono Rejo Village (Nuryanto)</p> <p>Positive Aspect</p> <ul style="list-style-type: none"> 60% of the villagers are PT LMR employees. <p>Negative Aspect</p> <ul style="list-style-type: none"> There is no significant assistance (unless sacrificial meat for ± 25 package and heavy equipment assistance for less than 1 hour). The latest assistance was provided on 2012 in form of cleaning rituals construction worth for ± IDR 17 millions. Letter for assistance request was not responded. There is no HCV socialization. Rhinoceros beetle was attacking the palm oil estate belong to the community. It was caused by replanting program conducted by PT LMR. The manager has not yet visited Wonorejo Village. It was only represented by the Head of Division and Mr Luhut There was no company representative coming to the Forum for Planning and Development even though the invitation has been sent. The result of Forum for Planning and Development has not yet delivered to the company due to it will generate nothing. In the regime of Mr Joko, he was always coming to the invitation. 	<ul style="list-style-type: none"> Need of workers are fulfilled by empowering workers from other village (if available). Assistance is adjusted with BKE CSR program. Entire request letter are well received and responded. HCV socialization is conducted to the nearby villages. In order to control Orytes in BKE, pheromon is used to catch asiatic rhinoceros beetle nearby replanting area. Estate manager is always attending village event. BKE is never receiving invitation off forum for planning and development sent by Wonorejo Village, company receives invitation only from Pamukan Indah Village (SP). The result of forum for planning and development received by BKE unit shall be reported to CSR division. 	<p>Company has established good communication with the community and the company needs to maintain positive performance and implement sustainable corrective action. Therefore, misunderstanding could be avoided.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Expectation for the Company:</p> <ul style="list-style-type: none"> Company is expected to cooperate with the community better Company is expected to concern the community's complaint. Company is expected to let the employees for coming to the funeral due to the tradition. Company is expected to explain the status of the road, specifically in Wonorejo Village because there are 30 villagers meet the obstacle when processing their land certificate. If any evidence of land compensation was conducted previously, company is expected to show it. Assistance request for repairing the road. 	<ul style="list-style-type: none"> Good cooperation shall always be maintained. Complaint expressed by community of Wonorejo Village is always well responded by company. Adjusted with company collective labour agreement. It has been coordinated with PSD with number 102/BKE-Int/IV/2015 Report is directly responded and realized. 	
<p>Local Contractor (Nuryanto)</p> <ul style="list-style-type: none"> He does not has the copy of Cooperative Agreement Letter. Therefore, he does not aware of the clauses, including the obligation to comply manpower statute. There are obligation for the downpayment as much as 5%. In fact, PT LMI (still one group of Minamas) is never ask for that. Payment was conducted by referring to the Cooperative Agreement Letter. 	<ul style="list-style-type: none"> It has been followed up by giving copy of cooperative agreement letter of contractor work along with the signature. It has complied the government policy and it has been socialized to entire contractor. Payment is conducted by referring to the cooperative agreement letter and the type of the work. 	<p>It has complied the criteria 2.2 and the company needs to maintain positive performance and implement sustainable corrective action.</p>
<p>Manager of PT Mitra Karya Jaya Perdana</p> <ul style="list-style-type: none"> Aware of the content of contract Holding the copy of Cooperative Agreement Letter Implementing the company wage standard higher than the 	<ul style="list-style-type: none"> Contractor should have aware of the content of cooperative agreement letter. It has complied the statute of government. 	<p>It has complied the criteria 4.4; 5.1; 5.3 and the company needs to maintain positive performance and implement sustainable corrective action.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>minimum wage standard. The income is between IDR 2.5 Million/month to Idr 8 Million/month.</p> <ul style="list-style-type: none"> Workers have ISO, Labour Social Assurance, and heavy equipment license. No late payment conducted by PT LMR. Empowering 66 workers (80% of workers are the locals) 	<ul style="list-style-type: none"> It has complied the company SOP. Company shall maintain the performance. The number of workers have been adjusted with the company need over workers. 	
<p>Interim of the Head of Bebunga Mill Labour Union</p> <ul style="list-style-type: none"> Company gives freedom to form union and unite. Collective Labour Agreement is composed by involving Labour Union. Company provide the facility for labour union office and unit assistance for labour union operational when the labour union need. The most common issues are the rice quality provided by company and workers attendance list. Labour Union programs are Collective Labour Agreement Socialization, Minimum Wage Standard Socialization, and Company Policy. The number of Labour Union Member are 95 workers members of the 126 workers in mill. Harmonic relation between company with labour union is maintained. There is no unsolved issue 	<p>According to the result of interview with PT LMR labour union, the company has provided high quality rice (labour union is cooperating with company to provide high quality rice). The problem over tardiness (attendance rate) is never occurred in BBF. The head of BBF labour union informs the management that there is no issue informed to RSPO team.</p>	<p>It has complied the criteria 2.1; 2.2; 6.2; 6.3 dan 6.4 and the company needs to maintain positive performance and implement sustainable corrective action.</p>
<p>Head of Bakau Estate Labour Union</p> <ul style="list-style-type: none"> Company gives freedom to form union and unite. Collective Labour Agreement is composed by involving Labour Union. Company provide the facility for labour union office and unit assistance for labour union operational when the labour 	<ul style="list-style-type: none"> It has complied the applied government regulation. High concern of the company over the employees. 	<p>The company has maintained good relation with the company and the company needs to maintain positive performance.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>union need.</p> <ul style="list-style-type: none"> • The number of Labour Union Member are 550 members • Complaint will be delivered orally and then the administration shall be created by labour union. • Employees dues for labour union is IDR 1.000/person/month. The dues is used for labour union operational. • Harmonic relation between company with labour union is maintained. • There is no unsolved issue. 	<ul style="list-style-type: none"> • Entire complaint are well responded. • Guidance referring to organization code has been given. • Company shall maintain good relation with labour union. 	

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY		
4.1	Formal Sign-off of Assessment Findings		
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p style="text-align: center;">Signed on behalf of:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>PT. Langgeng Muaramakmur Management Representative</p> <div style="text-align: center;">  <u>Mohammad Pirabaharan</u> 1 May 2015 </div> </td> <td style="width: 50%; vertical-align: top;"> <p>Mutuagung Lestari Lead Auditor</p> <div style="text-align: center;">  <u>Yudwi Wisnu Rahmanto</u> 1 May 2015 </div> </td> </tr> </table>	<p>PT. Langgeng Muaramakmur Management Representative</p> <div style="text-align: center;">  <u>Mohammad Pirabaharan</u> 1 May 2015 </div>	<p>Mutuagung Lestari Lead Auditor</p> <div style="text-align: center;">  <u>Yudwi Wisnu Rahmanto</u> 1 May 2015 </div>
<p>PT. Langgeng Muaramakmur Management Representative</p> <div style="text-align: center;">  <u>Mohammad Pirabaharan</u> 1 May 2015 </div>	<p>Mutuagung Lestari Lead Auditor</p> <div style="text-align: center;">  <u>Yudwi Wisnu Rahmanto</u> 1 May 2015 </div>		

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Contact	Date of Contact	Responses	
						Yes	No
1	Forest Agency	District Kotabru	-	Interview	16 Februari 2015	√	
2	Environmental Agency	District Kotabru	-	Interview	16 Februari 2015	√	
3	Kotabaru District Plantation Agency	District Kotabru	-	Interview	16 Februari 2015	√	
4	National Land Agency	District Kotabru	-	-	16 Februari 2015	-	√
5	Labor and Transmigration Agency	District Kotabru	-	-	16 Februari 2015	-	√
6	Lintang Jaya Village	District Kotabru	-	Direct meeting	18 Februari 2015	√	-
7	Wono Rejo Village	District Kotabru	-	Direct meeting	18 Februari 2015	√	-
8.	Manager Of PT Mitra Karya Jaya Perdana	-	-	Direct meeting	18 Februari 2015	√	-
9.	Local Contractor (Mr Nuyanto)	-	-	Direct meeting	18 Februari 2015	√	-
10.	Interim of the Head of Bebunga Mill Labour Union	Bebunga Factory	-	Direct meeting	18 Februari 2015	√	-
11.	Head of Bakau Estate Labour Union	Bakau Estate	-	Direct meeting	18 Februari 2015	√	-
13.	Aliansi Masyarakat Adat Nusantara (AMAN)	Jakarta	rumahaman@cbn.net.id	Email	9 Februari 2015	-	√
14.	Sawit Watch	Jakarta	info@sawitwatch.or.id	Email	9 Februari 2015	-	√
15.	Wahana Lingkungan Hidup (WALHI)	Jakarta	informasi@walhi.or.id	Email	9 Februari 2015	-	√
16.	WWF	Jakarta	wwf-indonesia@wwf.or.id	Email	9 Februari 2015	-	√
17.	Yayasan Selamatkan Teluk Balikpapan	Balikpapan	herryadi@balikpapanbay.or.id	Email	9 Februari 2015	-	√

Appendix 2. Assessment Program

DATE TANGGAL	18 – 20 February 2015	
ACTUAL TIME WAKTU AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
Rabu / Wednesday 18 February 2015 08.00 – 08.30 08.30 – 12.00 12.00 – 14.00 14.00 – 17.00 15.00 – 17.00	<p>Opening Meeting</p> <ul style="list-style-type: none"> • Auditee Speech (Introduction of PIC, Profile of Mill and Estates Management Unit) • Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Determine of Field Visit Audit, Transparency and Confidentiality Clarification). <p><i>Field Visit of BEBUNGA ESTATE:</i></p> <ul style="list-style-type: none"> • Agronomy (Harvesting & Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application, Land Application of POME) • Environmental, Occupational Health & Safety Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management) • Worker's Facilities Aspect (Housing, Daycare, Sports Facilities, Employees Meeting Hall, Sanitary Facilities) • Legal Demarcation Aspect (Inspection of Legal Boundary Stones/HGU Poles, Community Buffer Area/Enclave) • Conservation Aspect (Inspection of HCV Identified Area, Riparian/Waterways Zone, Reservoir, Forest Area) • Social Aspect (Visiting of Tamiang Village, Interview with villagers) <p>Break and Lunch</p> <p>Re-verification of field visit result and previous assessment findings (Stage-2)</p> <ul style="list-style-type: none"> • Interview with Estate Worker Union, Local Contractor, Gender Committee. <p>Field visit of BEBUNGA FACTORY:</p> <ul style="list-style-type: none"> • Supply Chain verification (FFB Receiving, Weighbridge, FFB Sorting, Processing Activity, Despatch CPO) • Occupational Health & Safety Aspect (Inspection to Chemical Storage, Hazardous Waste Storage, Fire Control Simulation, POME Pond) • Interview with Worker's Union Mill, Contractor of CPO Transporter, Gender Committee. 	<p>MR BEBUNGA</p> <p>ALL TEAM</p> <p>MAY</p> <p>SHW</p> <p>GIT, SHW</p> <p>YWR</p> <p>YWR</p> <p>TIN</p> <p>ALL TEAM</p> <p>GIT, TIN</p> <p>YWR</p> <p>MAY</p> <p>YWR</p>
Kamis / Thursday 19 February 2015 09.00 – 16.00	Completing checklist and report finalization	<p>YWR, MAY, GIT, TIN, SHW</p>

DATE TANGGAL	18 – 20 February 2015	
ACTUAL TIME WAKTU AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
Jum'at / Friday 20 February 2015 08.00 – 12.00 12.00 – 14.00 14.00 – 16.00 16.00 – 17.00	<p><i>Field visit of BAKAU ESTATE:</i></p> <ul style="list-style-type: none"> • Agronomy (Harvesting & Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application, Land Application of POME) • Environmental, Occupational Health & Safety Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management) • Worker's Facilities Aspect (Housing, Daycare, Sports Facilities, Employees Meeting Hall, Sanitary Facilities) • Legal Demarcation Aspect (Inspection of Legal Boundary Stones/HGU Poles, Community Buffer Area/Enclave) • Conservation Aspect (Inspection of HCV Identified Area, Riparian/Waterways Zone, Reservoir, Forest Area) • Social Aspect (Visiting of Wonorejo Village, Interview with villagers) <p>Break and lunch</p> <p>Re-verification of field visit result</p> <ul style="list-style-type: none"> • Interview with Estate Worker Union, Local Contractor, Gender Committee. • Internal Team Discussion and Preparation of Closing Meeting <p>Closing Meeting:</p> <ul style="list-style-type: none"> • Presentation of Assessment Findings by Auditor Team (Explanation of Identified Nonconformities and Completion of Corrective Timeline, Answer & Questions) 	<p align="center">MAY</p> <p align="center">MAY, SHW</p> <p align="center">GIT, SHW</p> <p align="center">YWR</p> <p align="center">YWR</p> <p align="center">TIN</p> <p align="center">TIN, GIT ALL Team</p> <p align="center">ALL TEAM</p> <p align="center">ALL TEAM</p>
Sabtu / Saturday 21 February 2015 08.00 – 15.00 15.00 – 16.30 18.00 – 19.15	<p>Travelling back from BEBUNGA Estate to Penajam</p> <p>Travelling (continued) from Penajam to Balikpapan Airport</p> <p>Return flights BALIKPAPAN to JAKARTA</p>	<p align="center">ALL TEAM</p> <p align="center">ALL TEAM</p> <p align="center">ALL TEAM</p>

Appendix 3. Glossary

B3	: Hazardous Waste
BAPEDALDA	: Regional Environmental Impact Management Agency
BBE	: Bebunga Estate
BBF	: Bebunga Factory
BBM	: Fuel Oil
BKE	: Bakau Estate
BLH	: Environmental Affairs Agency
BOD	: Biological Oxygen Demand
BPN	: National Land Agency
BSS	: Block Spraying System
CITES	: Confention On International Trade Endanger Species
CLA	: Collective Labor Agreement
COD	: Chemical Oxygen Demand
CPO	: Crude Palm Oil
CSR/CD	: Corporate Social Responsibility/ Community Development
EIA	: Environmental Impact Analysis
HCV	: High Conservation Value
HGU	: Land Exploitation Rights
HIRAC	: Hazard Identification Risk Assessment Control
IPM	: Integrated Pest Management
JAMSOSTEK	: Jaminan Sosial Tenaga Kerja (Social Security Plan for Workers)
KAN	: Komite Akreditasi Nasional (National Accreditation Committee)
KKPA	: Kredit Koperasi Primer Anggota (Primary Cooperatives Credit Members)
LC	: Land Clearing
LD ₅₀	: Lethal Dosage (Certain dosage that can kill 50% of total population)
LMR	: Langgeng Muara Makmur
MSDS	: Material Safety Data Sheet
NGO	: Non-Governmental Organization
P2K3	: Committee for Occupational Health and Safety Development
PBB	: Land and Building Taxes
Permentan	: Regulation of Minister for Agriculture
PFFT	: Portable Fire Fighting Tools
PK	: Palm Kernel

PPE	: Personal Protective Equipment
POM	: Palm Oil Mill
POME	: Palm Oil Mill Effluent
PP	: Government Regulation
PSD	: Plantation Service departement
PSQM	: Plantation Sustainability Quality Management
PUK	: Working Unit Head
RKL	: Environmental Management Plan
RPL	: Environmental Monitoring Plan
RSPO P&C	: Roundtable on Sustainable Palm Oil Principle and Criterion
SCE	: Sungai Cengal Estate
SKU	: Business Unit
SOP	: Standard Operating Procedures
SPSI	: Indonesian Trade Union
ST1	: Stage 1 (<i>Pre-Assessment</i>)
ST2	: Stage 2 (<i>Main Assessment</i>)
S-1	: Surveillance 1
FFB	: Fresh Fruit Bunches
UMR	: Regional Minimum Wage
UU	: Laws
WWTP	: Waste Water Treatment Point