

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

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

Plantation Management/Owner : **PT FORESTALESTARI DWIKARYA – GOLDEN AGRI RESOURCES Ltd.**

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

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

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

Date of certificate issue : **April, 21<sup>st</sup> 2014**

Date of expiry of certificate : **April, 20<sup>th</sup> 2019**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-1	03 – 06 March 2015	Ardiansyah, Muardi Marwas, Entin Hendartin	Tony Arifirachman	Taufik Margani

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-1	April 3 <sup>rd</sup> , 2015

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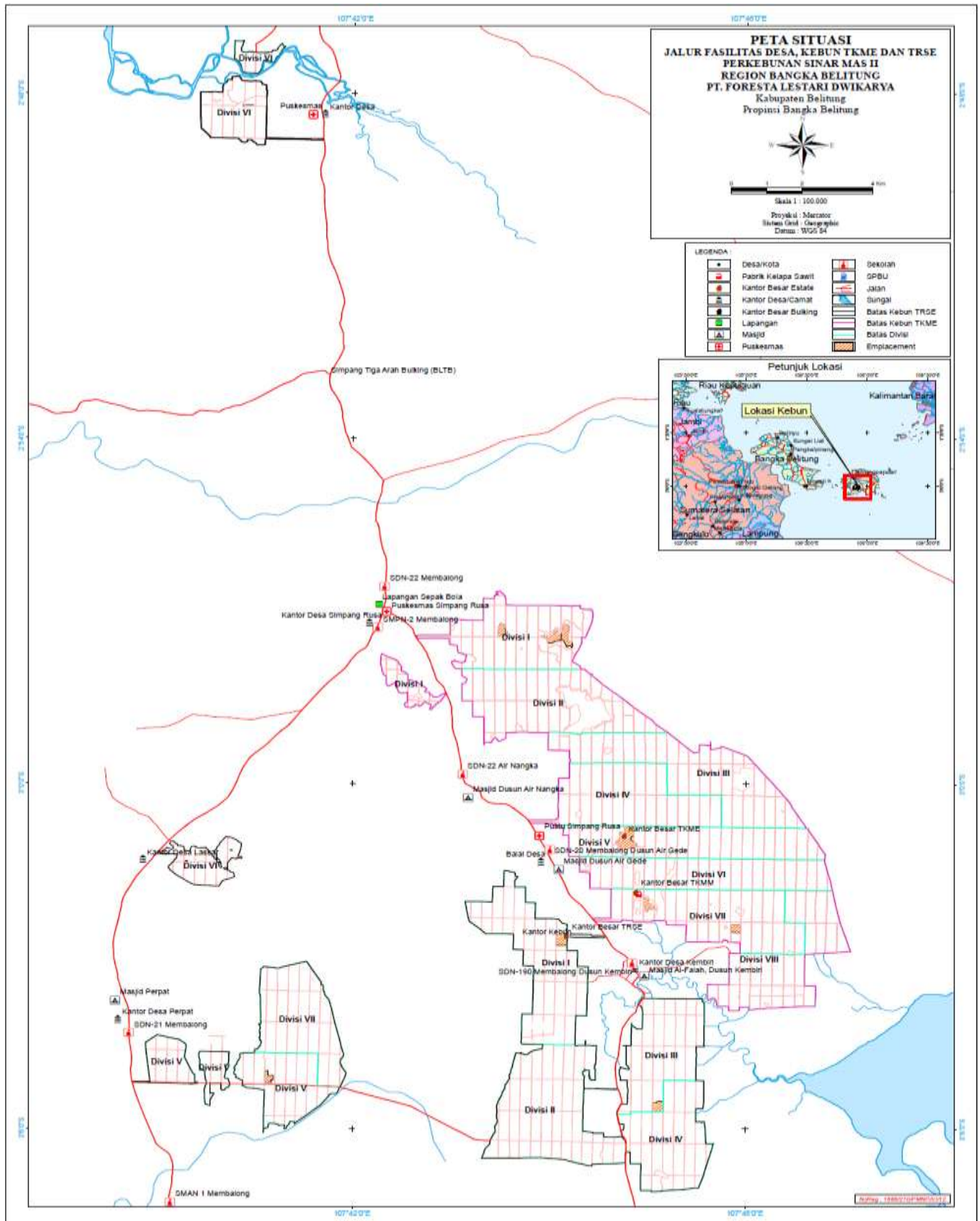
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Figure 1. Location Map and Operational Map of PT Forestadwikarya Lestari



<b>1.0</b>	<b>SCOPE OF THE CERTIFICATION ASSESSMENT</b>		
<b>1.1</b>	<b>Assessment Standard Used</b>	<i>National Interpretation, RSPO Principles and Criteria (P&amp;C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011 for CPO Mill.</i>	
<b>1.2</b>	<b>Organization Information</b>		
1.2.1	Company name	PT Forestalestari Dwikarya – <b>Golden Agri Resources Ltd</b>	
1.2.2	Contact person	Ismu Zulfikar	
1.2.3	Company address and site address	RSPO registered company: 108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535  Liaison Office: Sinar Mas Land Plaza, Tower II, 30th Floor Jl. MH Thamrin No. 51, Jakarta 10350, Indonesia	
1.2.4	Telephone	(+62-21) 318 1388	
1.2.5	Fax	(+62-21) 318 1389	
1.2.6	E-mail	ismu-zulfikar@smart-tbk.com	
1.2.7	Web page address	www.smart-tbk.com	
1.2.8	Company status	Private	
1.2.9	Management Representative who completed the application for certification	Ismu Zulfikar (Head of Environmental Departement)	
1.2.10	Registered as RSPO member	1-0096-11-000-00, 31 March 2004	
<b>1.3</b>	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment and Number of management unit	Tanjung Kembiri Mill; Tanjung Kembiri Estate and Tanjung Rusa Estate	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	PT Forestalestari Dwikarya	
<b>1.4</b>	<b>Locations of Mill, Plantations and Area Statement</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>GPS</b>
			<b>Latitude</b> <b>Longitude</b>
	Tanjung Kembiri Mill (TKMM)	Kembiri Village, Membalong Sub District, Belitung District, Bangka Belitung Province, Indonesia	03° 01' 52.55" S      107° 46' 18.60" E
1.4.2	Location of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>GPS</b>
			<b>Latitude</b> <b>Longitude</b>
	Tanjung Kembiri Estate (TKME)	Kembiri Village, Membalong Sub District, Belitung District, Bangka Belitung Province, Indonesia	03° 00' 54.58" S      107° 46' 08.19" E

	Tanjung Rusa Estate (TRSE)	Kembiri Village, Membalong Sub District, Belitung District, Bangka Belitung Province, Indonesia		03° 02' 38.05" S	107° 45' 15.56" E		
1.4.3	Tenure						
	• State			11,337.58 Ha			
	• Community			- Ha			
1.4.4	Area Statement						
	• Total area			11,337.58 Ha			
	• Mature area			10,484.67 Ha			
	• Immature area			- Ha			
	• Mill			9.53 Ha			
	• Infrastructure (roads, brige and trance)			77.17 Ha			
	• Emplashment			366.80 Ha			
	• Others area			354.96 Ha			
	• HCV			466.13 * Ha			
	Note : * Refer to HCV identification, some area HCV overlap with planted area						
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 (%)
	Tanjung Kembiri	60	242,432.64	52,396.47	21.61	15,164.18	6.26
	*Source: Mill Production Data Period March 2014 – February 2015						
1.5.2	Description of Certified 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)	%
	Tanjung Kembiri	6,086.30	5,839.11	124,362.32	21.30	124,362.32	100
	Tanjung Rusa	5,251.28	4,645.56	104,313.77	22.45	104,313.77	100
	TOTAL	11,337.58	10,484.67	228,676.09	21.81	228,676.09	100
	*Source: Mill Production Data Period March 2014 – February 2015						
1.5.3	FFB description from other source						
	Name of source(s)	Member(s)	Location	Supplied to Mill			
				FFB (tonnes/year)	%		
	Tanjung Rusa Plasma	PT FLD	Kembiri Village, Membalong Sub district, Belitung District, Bangka Belitung Province	2,288.27	-		
	PT Pratama Unggul Sejahtera		Belitung District	3,849.26	-		
	PT Palmindo Biliton Berjaya		Belitung District	7,619.02	-		
	TOTAL			13,756.55			
	*Source Production Data Period February 2014 – January 2015						

1.5.4	Product categories		FFB / CPO / PK				
1.6	Planting Year and Cycles						
1.6.1	Age profile of planting year						
	Planting Year	Hectarage					
		Tanjung Kembiri (Ha)	Tanjung Rusa (Ha)	Total (Ha)			
	1995	1,726.48	-	1,726.48			
	1996	2,080.89	1,203.24	3,284.13			
	1997	1,878.19	3,157.15	5,035.34			
	1998	153.55	285.17	438.72			
	TOTAL	5,839.11	4,645.56	10,484.67			
1.6.2	New Planting area after January 2010		- Ha				
1.6.3	Planting Cycle		2 <sup>st</sup> Cycle				
1.7	Approximate Tonnage Certified						
1.7.1	Past Annual Claim Certified Product		Previous Certificate Claim (tonnes/year)	Actual certified product (tonnes/year)			
	• FFB Production		257,471	202,366.59			
	• CPO Production		57,644	46,954.74			
	• Palm Kernel (PK) Production		15,448	13,207.52			
	<i>** Certificate Claim period 21 April 2014 – 20 April 2015</i>						
	<i>** Actual Claim period 21 April 2014 – 4 March 2015</i>						
1.7.2	Claim Certified of FFB						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Tanjung Kembiri Estate	6,086.30	5,839.11	140,139	24		
	Tanjung Rusa Estate	5,251.28	4,645.56	116,139	25		
	TOTAL	11,337.58	10,484.67	256,278	24.44		
	<i>*Source:Projection data of estate</i>						
1.7.3	Claim Certified of Palm Product						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Tanjung Kembiri	60	256,278	56,381	22	16,658	6.5
	<i>*Source:Projection data of estate</i>						
1.8	Other Certifications						
	ISO 9001:2008		-				
	ISO 14001: 2004		-				
	OHSAS 18001:2007		-				
	ISCC		ISCC				
	Others		ISPO				



1.9	Time Bound Plan					
1.9.1	Time Bound Plan for Other Management Units					
	Unit Manajemen		Estate (Supply Base)	Rencana Tata Waktu	Lokasi	Status
	Pabrik	Tata Waktu				
	Pangkalan Panji	2013	PT Sawit Mas Sejahtera	2013	South Sumatera	Certified
	Bumi Sawit	2013	PT Bumi Sawit Permai	2013	South Sumatera	Certified
	Muara Kandis	2013	PT Djuanda Sawit Lestari	2013	South Sumatera	ST-2
			Smallholder (KKPA Pandawa)	2013		ST-2
			Smallholder (Pandawa Plasma)	2013		ST-2
	Sungai rungau	2013	PT Sumber Indah Perkasa and PT Binasawit Abadi Pratama	2013	Central Kalimantan	Certified
	Bukit Perak	2013	PT Bumi Permai Lestari	2013	Bangka Belitung	Certified
	Tanjung Kembiri	2013	PT Forestalestari Dwikarya	2013	Kab. Belitung	Certified
	Sungai Buaya	2014	PT Sumber Indah Perkasa	2014	Lampung	Certified
			Smallholder (KKPA Gedung Aji Lama)	2014	Lampung	Certified
			Smallholder (KKPA Mesuji)	2014	Lampung	Certified
	Sungai Merah	2014	PT Sumber Indah Perkasa	2014	Lampung	Certified
			Smallholder (KKPA Gedung Aji Baru)	2014	Lampung	Certified
	Kasuari	2015	PT Sinar Kencana Inti Perkasa	2015	Papua	ST-1
			Smallholder (KKPA Sungai Panci)	2015	Papua	ST-1
			PT Sumber Indah Perkasa (Mambruk Estate)	2015	Papua	ST-1
	Senakin	2015	PT Purimas Sasmita & PT Sinar Kencana Inti Perkasa (Senakin Estate)	2015	South Kalimantan	-
	Pekawai	2015	PT Agrolestari Mandiri	2015	West Kalimantan	-
			Smallholder (Kayung Plasma)	2015	West Kalimantan	-
	Kenanga	2015	PT Kencana Graha Permai	2015	West Kalimantan	-
			PT Cahaya Nusa Gemilang	2015	West Kalimantan	-
			Smallholder (Kencana Plasma)	-	West Kalimantan	-
			Smallholder (Kenanga Plasma)	-	West Kalimantan	-
	Ketayang	2015	PT Mitra Karya Agrindo	2015	Central Kalimantan	-
			PT Agrolestari Sentosa	2015	Central Kalimantan	-
			PT Aditunggal Mahajaya	2015	Central Kalimantan	-
	Perdana	2015	PT Binasawit Abadi Pratama	2015	Central Kalimantan	ST-1
Kuayan	2015	PT Agrokarya Prima Lestari	2015	Central Kalimantan	ST-1	
		PT Buana Adhitama	2015	Central Kalimantan	ST-1	

	Belian	2015	PT Paramitra Internusa Pratama	2015	West Kalimantan	-
			PT Bangun Nusa Mandiri	2015	West Kalimantan	-
			PT Kartika Prima Cipta	2015	West Kalimantan	-
			PT Persada Graha Mandiri	2015	West Kalimantan	-
			PT Buana Artha Sejahtera	2015	Central Kalimantan	-
	Sungai Kupang	2015	PT Sinar Kencana Inti Perkasa Sungai Kupang Estate Sungai Kupang KKPA	2015	South Kalimantan	ST-1
Golden Agri Resources Ltd run 17 mills and 54 estates in Indonesia and has achieved RSPO certified for 1 (one) mills and supply base in Indonesia. Golden Agri Resources Ltd has informed the Time Bound Plan progress, MUTUAGUNG has considered that Golden Agri Resources Ltd is comply with the RSPO requirement for Time Bound Plan.						
1.9.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>					



<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Certification Body</b>
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Web : <a href="http://www.mutucertification.com">www.mutucertification.com</a> Email: <a href="mailto:agri@mutuccertification.com">agri@mutuccertification.com</a>
<b>2.2</b>	<b>Assessment Team</b>
<b>ASA-1</b>	<ol style="list-style-type: none"> <li><b>1. Ardiansyah (Lead Auditor).</b> Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has followed several activities for identified environmental impact such as preparing EIA document for plantation and plantation forest. He has joined several trainings namely: Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), SMK3 based on OHSAS, RSPO Lead Auditors Training Course endorsed by Proforest and Daemeter, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and mapping for land cover analysis. During the assessment the auditor verified the environmental and legal aspects.</li> <li><b>2. Muardi Marwas (Auditor)</b> Bachelor of Agriculture Bogor Agriculture Institute. Attended RSPO and ISPO Assessment in Indonesia. He had been trained Auditor/Lead Auditor of Management System Certification (ISO 9001-2008), Awareness HACCP certification, training of RSPO auditor and training of RSPO Lead Auditor, ISPO Lead auditor training, awareness green house gas and Witness Distribution Quality Management Process (DQMP) APMEA. Currently, he works for Independent Certification Body. During the assessment he verified the BMP and OHS aspects.</li> <li><b>3. Entin Hendartin (Auditor).</b> Doctor of Forest Study Bogor Agriculture University. She experienced as lecture of environment study subject at Bandung Institute of Technology. She has joined RSPO Lead Auditor, management of production forest, ISO 9001, and ISO 14001. During the assessment the auditor verified the social aspect.</li> </ol>
<b>2.3</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.3.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-1</b>	Number of auditors : 3 auditors Number of days for <b>ASA-3</b> at site : 4 days Number of working days for <b>ASA-3</b> at site : 12 working days
<b>2.3.2</b>	<b>Detail process of assessment</b>
<b>ASA-1</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Forestalestari Dwikarya 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 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) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>ASA-1</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>ASA-2</b>).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ASA-1</b> assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ASA-2</b></p> <p>The assessment program please find Appendix 2</p>
<b>2.3.3</b>	<b>Locations of Assessment</b>
<b>ASA-1</b>	Location sample of ASA-1 are <b>Tanjung Kembiri Mill, Tanjung Kembiri Estate and Tanjung Rusa Estate</b>

	<p><b>Tanjung Kembiri Mill:</b></p> <ol style="list-style-type: none"> <li><b>1. Station of Processing.</b> Observation and interview in term of procedure of FFB processing started from FFB grading, operator wage, employees competence, mill's fire management.</li> <li><b>2. Diesel Fuel Tank, material warehouse, hazardous waste storage:</b> Observation and interview in term of OHS implementation, hazardous waste management, employees medical check up and employees welfare.</li> <li><b>3. WWTP Pool:</b> Observation on effluent management.</li> <li><b>4. WTP and Reservoir:</b> Observation on water treatment plant and water source protection.</li> </ol> <p><b>Tanjung Kembiri Estate:</b></p> <ol style="list-style-type: none"> <li><b>5. Block M/N 59, Division VII:</b> Observation on legal boundary pole which is pole of FLD 50</li> <li><b>6. Block M 58/59, Division VII:</b> Observation on legal boundary pole which is pole of FLD 51</li> <li><b>7. Block L 47, Division VII:</b> Observation on legal boundary pole which is pole of BT 103 and 113.</li> <li><b>8. Block M 51, Division VII:</b> Observation on HCV area management in form of water infiltration.</li> <li><b>9. Sprayer Team of Division 1.</b> Observation and interview in term of chemicals usage competence of team member, PPE usage, specific medical check up and cholinesterase and spirometri.</li> <li><b>10. Sprayers Equipment Washing Station &amp; Chemicals Warehouse on Division 1.</b> Observation in term of hazardous materials. The stored agrochemicals are Roll up (glyphosate), Rolixone (Paraquat), Garlon (Tri), Metafuron (Metil metsulfuron).</li> <li><b>11. Harvesters of Division 2.</b> Observation interview in term of harvesters competence, wage, work contract, the availability of PPE.</li> <li><b>12. Block K50 and L57.</b> Observation in term of organic manuring. Effluent utilization for Land Application. Actual location of LA is similar with permitted location.</li> <li><b>13. Block L56.</b> Observation in term of nestbox usage.</li> </ol> <p><b>Tanjung Rusa Estate:</b></p> <ol style="list-style-type: none"> <li><b>14. Block N 19, Division III:</b> Observation on legal boundary pole which are poles of FLD 85 and FLD 86.</li> <li><b>15. Block N 25, Division III:</b> Observation on legal boundary pole which are poles of FLD 10 and FLD 11.</li> <li><b>16. Block N 21/22, Division III:</b> Observation on HCV area management in form of Kembiri Tributary Riparian.</li> <li><b>17. Sprayers Equipment Washing Station on Division 1.</b> Observation in term of hazardous material washing such as knapsack washing, avron washing, and ex pesticide containers washing.</li> <li><b>18. Generator Station.</b> Observation and interview in term of overtime waging system, procedure of complaint delivery.</li> <li><b>19. Harvesting Block.</b> Observation and interview in term of harvester competence, waging system, work contract, PPE availability, insurance.</li> </ol> <p><b>Public consultation:</b></p> <ol style="list-style-type: none"> <li><b>20.</b> Environment Agency. Interview related to company's environmental responsibility</li> <li><b>21.</b> Forestry and Plantation Agency. Interview related to company's compliance with laws and transparency.</li> <li><b>22.</b> Manpower, Social and Transmigration Agency. Interview related to company's OHS and social welfare responsibility</li> <li><b>23.</b> Kembiri Village. Interview related to company's social responsibility, negative and positive impact.</li> </ol>
2.4	<b>Stakeholder Consultation and Stakeholders Contacted</b>
2.4.1	<b>Summary of stakeholder consultation process.</b>
ASA-1	<p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for PT Forestalestari Dwikarya was held by:</p> <ul style="list-style-type: none"> <li>• Public Notification had launched on web mutucertification.com on February, 10<sup>th</sup> 2015</li> <li>• Public consultation with Villagers of Kembiri Village by interview on March, 4<sup>th</sup> 2015</li> <li>• Public consultation with government institution at Belitung District (Environment Agency; Forestry and Plantation Agency; Manpower, Social and Transmigration Agency) by interview on March, 3<sup>rd</sup> 2015</li> <li>• Public consultation with NGO (WWF, Walhi, AMAN) by email on February, 25<sup>th</sup> 2015</li> </ul> <p>Numbers of input from stakeholders were clarified by PT Forestalestari Dwikarya</p>

2.4.2	Stakeholder contacted
	Please find appendix 1
2.5	Determining Next Assessment
	The next visit ( <b>ASA-2</b> ) will be determined one year after this <b>ASA-1</b> (March -2016).

### 3.0. ASSESSMENT RESULT

#### 3.1. Summary of Assessment Report of the RSPO Certification

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

During the assessment, there were zero (0) Nonconformity were assigned against Major Compliance Indicator . Zero (0) nonconformity were assigned against Minor Compliance Indicators and zero (0) nonconformity against supply chain requirement for CPO mill and five (8) opportunities for improvement were identified.

MUTUAGUNG LESTARI found that Tanjung Kembiri Mill – PT Forestalestari Dwikarya, **Golden Agri Resources Ltd** 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.		
PT Foresta Lestari Dwikarya (PT FLD) management unit has a procedure to receive and provide information to entire parties. The incoming and outgoing information is written on the Book of Information Record and Response. For example, invitation letter from Environmental Agency in term of technical guidance of Environmental Management and Monitoring Plan Compilation Number 660.1/597/BLHD/II/2013 dated November 20th 2014. Management unit was responding it by sending staff to attend the event on November 25th 2014.		
Company has SOP of Document Handling and Recording SOP/SMART/UMUM/SADV/1/001.The SOP is describing:		
<ul style="list-style-type: none"><li>• Procedure of document maintaining</li><li>• Document is maintained on the computer supported with specific access code.</li><li>• Document maintaining period is determined since the day of its legalization untill the document considered expire.</li><li>• Document maintaining period is determined for 10 years.</li><li>• The document withdrawal and extermination, procedure of document maintaining system, and procedure of record extermination.</li></ul>		
	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.		
The list of the publicly-accessed informations (by stakeholders) (F/SMART/UMUM/SADV/004/003 dated October 20th 2014) are as follows: number of employees and list of employees' basic salary. Labour Social Assurance and labour union, data of Taxpayer ID number, regional tax payment / redistribution, environment document, act of establishment and changes, data of production area and application, evidence of land ownership, report of HCV identification, report of Social Impact Assessment, report of community empowerment program, report of OHS Guiding Committee, document of corrective action program, document of ISPO audit report, document of human right policy.		
	Status: Comply	
PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS		

### 2.1

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

Company has shown the effort to comply the applied law requirements such as:

- Owning the document of Plantation Business Permit from Belitung Regent Number 525/00525/IUP-KEB/IV/2003 dated March 24th 2003 for 12,232.43 Ha area of palm oil and palm oil mill management with capacity of 60 ton/hour.
- Owning the permit of hazardous waste storage on behalf PT Forestalestari Dwikarya from Belitung Regent Number 188.45/241/kep/blhd/2012 dated July 24th 2012.
- Owning the permit of effluent utilization over the estate from Belitung Regent Number 188.45/234/kep/blhd/2012 dated June 29th 2012.
- Routinely reporting several estate and mill management such as reporting Environmental Management and Monitoring Plan, hazardous waste management, and effluent management.
- Providing PPE for the workers.
- Owning environment document in form of EIA.
- Owning land fire facilities.

Company conducts adjustment over the changes of regulation. For example, changes of Environment Ministry Regulation Number 14 Year 2003 in term of hazardous waste symbol and label. According to the field visit to hazardous waste storage of Tanjung Kembiri Mill, the symbol and label has referring to the latest regulation.

Management unit has consistently conducting evaluation over the applied law requirements refer to the SOP of Regulations and Other Requirements (SOP/SPO/SMART/LH-03). Evaluation over the compliance is conducted per semester by Assistant or Document Controller and assisted by the associated department. The latest evaluation was conducted on February 27th 2015. According to the latest evaluation, entire regulations have been complied.

**Status: Comply**

### 2.2

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

PT FLD has had Land Use Title (HGU) for **11,337.58 Ha** in Kembiri Village, Perepat Village, Lasar Village, Simpang Rusa Village, Membalong Sub-District; Cerucuk Sub District, Badau Sub-District; Perawas Sub District, Tanjung Pandan Sub-District, Belitung District.

PT FLD has been conducting consistently Land Use Title Pole monitoring annually refer to the SOP of Estate Pole Installation and Maintenance Number PT FLD-TKME/SOP/16 dated July 2nd 2012. According to the result of monitoring on 2015, the entire poles in Tanjung Kembiri Estate (388 poles) and Tanjung Rusa Estate (596 Poles) are well maintained. According to the field visit, the pole condition is good and well maintained. For example Pole of FLD 50, FLD 51, BT 103, BT 113 in Tanjung Rusa Estate and poles of BT 85, BT 86, FLD 10, FLD 11 in Tanjung Rusa Estate.

According to the result of public consultation with Belitung District Plantation Agency and Kembiri Village Community, there is no land dispute occurred between community and PT FLD. According to the result of interview with PT FLD and Kembiri Village, there is no new land compensation. The latest land compensation was conducted on 1994 – 1995.

According to the document review and field visit, there is an area that is unable to be planted due to the the area status as community land which has existed before the Land Use Title of PT FLD achieved. Entire community's areas have been recorded to get the hectarage data, location, and ownership status. **Nonconformity CAR Number 2013.06 with Minor category is closed**

There is no changes on the procedure of conflict resolution (SOP of Land Conflict Resolution Number SOP/SPO/SMART/LH-04). According to the document, the conflict resolution should be conducted in forum with dialogue and proving the legality over the land. If the negotiation cannot reach an agreement, it will be then facilitated by government. If still no agreement reached, the resolution shall be brought to the court.

**Minor 2.2.2 Status: Nonconformity CAR Number 2013.06 with Minor category is closed**

**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.**

The land managed by PT FLD was compensated on 1994 – 1995. Evidence of compensation process record in form of report or recapitulation of land compensation document is maintained by Division of Document & Legal (D & L).

According to the result of document review, management information, and interview with Plantation Agency, there is no traditional right existed within PT FLD operational area.

**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.**

Company work plan is compiled for one year of estate operational period. Document of budget production, document of mature upkeep (mature plant maintenance), document of running account (heavy vehicle and equipment) and document of general account (general cost). Company's work plan for mill is written on the document of over head, processing and workshop. According to the result of budget evaluation and realization, there was minus FFB production between 7% - 10% of the applied budget for period of 2014 (the budget for Tanjung Rusa Estate was 109,541.27 Ton and for Tanjung Kembiri Estate was 136,497.76 Ton).

PT FLD has also compiled the long term period plan (2014 – 2016) by considering FFB production, cost revenue, cost estates, mill estates, operating expenses, profit and loss for entire mill and estate operationals.

**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.**

Company has also procedure of estate management in form of Management Committee Agronomy and Research, dated September 1st 2012. It is discussing the stages of land clearing, plant treatment, and harvest. Other stages such as FFB loading and transport, rainfall rate measurement using ombrometer. FFB processing is regulated on Management Committee for Mill Development (MCMD) Revision IV. Other operationals stages are FFB receipt, sterilization, threshing, pressing, clarification, sub stasiun of oil recovery tank clarification, nut and kernel, boiler and engine room, water treatment, final effluent and storage tank washing along with SOP for POM laboratory.

According to the interview with mills operator, harvester, manuring team and sprayer, they have aware of the procedure as written on SOP. Operator of land application monitors the effluent application. According to the field visit to Block K50 and L57, land application has complied the procedure by considering environment. Operator gives buffer zone located between 2 – 3 flatbed of the block edge. There is no environment contamination issue. Sprayers have aware of the dangers of pesticide usage. The dosage is referring to the pesticide dosage recommendation. Application of Roll up 50 cc by mixing Starane 12,5 gram.

According to the result of interview with grading operator, operator describe the process of FFB receipt, grading system of the nucleus and outside estate until document recording.

Mill and estate operationals are recorded on the SAP program (System application Product and Processing), report is derived from foreman report. Entire operationals conducted daily in division such as workday, production, raw material usage, workers position. Furthermore, record of foreman daily program is witnessed by assistant. The operational activity is inspected and monitored continuously. SMART group has a department of internal audit. The ongoing audit programs are:

- Audit of plant treatment and estate area in 1st semester of 2015, the audit was conducted twice in scope of estate.
- RSPO internal audit has been conducted on January 19th – 23rd 2015. The assessed aspect is RSPO P&C.
- Mills inspection once a year. The inspected aspects are aspects of production, planning, and processing using power and consumable, control process (CPO and kernel loss), quality control, maintenance (maintenance, personnel protective equipments, grading, and laboratory).

**Status: Comply**



**4.2**
**Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.**

Soil nutrient monitoring is also conducted to recognize the substance on the soil. PT FLD has the procedure of soil analysis for the plant age of 3 years old, 8 years old, 18 years old, 23 years old, and before the replanting program. It is caused by the separation between the age of the immature and mature plants. The example of the soil quality measurement are, for examples:

- Tanjung Kembiri Estate. Taking soil sample on 2011. The result of analysis was issued on 2012. Sample was taken from Tanjung Kembiri Estate, Block L53 in cycle with depth between 15 – 40 cm shows the dominant soil texture were sand (77.23%), dust(12.42%)and clay (10.35%). Substance of Corg (1.32%), N(0.06%) and ration C/N 21 and capacity of cation exchange (5.95 me/100g),pH H<sub>2</sub>O 4.31 and pH KCL 3.55.
- Tanjung Rusa Estate. Taking soil sample on 2011. The result of analysis was issued on 2012. Sample was taken from Tanjung Rusa Estate, Block J27 in cycle with depth between 0 -15 cm shows the dominant soil texture were sand (78.7%), dust(12.8%)and clay (8.51%). Substance of C org (3.07%), N(0.08%)and ration of C/N 37 and cation exchange capacity (11.3 me/100g).

The research is also analyzing leaf sample once a year. The sample has been tested by SMART Laboratory on June 2014. The result of the test determine the manuring recommendation on 2015 in order to get effective and sustainable output.

Fertilizer dosage has be referring to the SMARTRI Recommendation. EFB and effluent are applied to the land. Entire programs are monitored and recorded. For example,there was realization of 643.450 Kg of urea fertilizer, 1,500 Kg of TSP fertilizer, 354,500 Kg of DAP fertilizer, 1,357,050 Kg of KCL fertilizer, 47,050 Kg of Kieserit powder, 457,850 Kg of kieserit granular fertilizer, 28,415 Kg of Borate fertilizer, 1,302 Kg of CuSO<sub>4</sub> fertilizer, 65,950 Kg of Rock Fosfat fertilizer in Tanjung Rusa Estate in 1st Semester of 2014. The 1st semester manuring program has not yet been started untill audit.

The applied EFB during period of 2015 was 30 kg in Block B35; 112 Kg in Block B36; 275 Kg in Block G50; 386 Kg in Block J54; 104.80 Kg in N58. During year 2014 there was 24,272 ton of EFB was applied to 606.80 Ha.

<b>Status: Comply</b>	
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**4.3**
**Practices minimize and control erosion and degradation of soils.**

The result of field visit shows the land of Tanjung Kembiri is dominated with wavy flat land with slope between 0 – 16 %, slope area 21 – 40 % for 120.97 ha. Soil texture is dominated with sandy clay soil. Land class S2 (marginal) hectareage is 4440.9 Ha, S3 (marginal) is 78.61 ha and N (unsuitable) is 1322.14 Ha. Map of Marginal soil is issued by Plantation Monitoring and Planing Divison (PMNP) with scale 1: 60,000 on 2009. There is small area with slope between 21 – 40 % for 120.97 ha. Company was constructing silt pit and individual terrace on the area.

Land of Tanjung Rusa Topography is flat untill wavy with slope 0 - 16 %. Meanwhile, the soil texture is dominated with sandy clay soil. Map of Marginal Soil was issued by PMNP with scale 1: 50,000 on 2009.

According to the field visit, the road condition is well maintained. Road maintenance was conducted manually and hardening was conducted by using road grader. Road hardenning in Block D40 – 42, E41 – E42 Division 2 has over. According to the data, the road realization during December 2014 in Tanjung Kembiri was 122 Ha.

According to the field visit to Tanjung Rusa and Tanjung Kembiri, there is no peat soil within those area. Soil management conducted by company is by using organic and anorganic fertilizer with specific dosage referring to the recommendation of the research team. The applied EFB during period of 2015 was 30 kg in Block B35; 112 Kg in Block B36; 275 Kg in Block G50; 386 Kg in Block J54; 104.80 Kg in N58. There was 24,272 ton of EFB was applied to 606.80 Ha during year 2014

<b>Status: Comply</b>	
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**4.4**
**Practices maintain the quality and availability of surface and ground water.**

PT FLD has consistently conducts pratices to maintain the water quality and availability. For example:



- Determining riparian area and wetland as HCV area.
- Installing prohibition to hunt and damage HCV area. According to the field visit to HCV area in Block M51, Division 7, Tanjung Kembiri Estate there has been prohibition signboard installed.
- Managing the boundary of spraying area on riparian by installing signboard of spraying boundary, marking on palm oil plant, treating manual. According to the result of field visit to Kembiri Tributary Riparian, Block N21/22, Division 3, Tanjung Rusa Estate, there has been plant marked, vertifer grass planted, and prohibition signboard installed.
- Socialization in term of riparian area protection to the employees/smallholders/community. According to the result of the interview on Tanjung Rusa Estate and Tanjung Kembiri Estate, employees have aware of the prohibition to spray nearby riparian area.
- Monitoring water quality in scope of estate, specifically which is impacted by POM operational. According to the water quality monitoring (surface water) on November 2014 in Kembiri Tributary, Kepang River, and Cerucuk River, entire parameters have complied with the quality threshold (refers to Government Regulation Number 82 Year 2001).

In order to avoid contamination, company has well managing the POME using WWTP before its applicated to estate. Monitoring is conducted in waste outlet, it was conducted by Environment Laboratory, South Sumatera Province monthly. According to the result of measurement for period of July – December 2014, the parameters (BOD and pH) has complied to the environment quality threshold referring to Decree of Environment Ministry Number 29 Year 2003.

PT. FLD has also conducted monitoring of regular water usage for POM operational. According to the result of monitoring during period of October – December 2014, the ratio of water usage was between 1.31 – 1.47 m<sup>3</sup>.

**Status: Comply**

### 4.5

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

Program of Palm Oil Leaf Eater is conducted every 2 months. The rat census is conducted monthly. Ganoderma census is conducted annually. Leaf eater caterpillar control is conducted by using *Turnera subulata*. Maintenance of *Turnera subulata* in period of 2014 covered 54,791 meter (65% of the planned treatment) in Tanjung Rusa Estate.

PT FLD has provided training of weed control and IPM to the employees. Training was attended by 20 employees and conducted by research team on February 26th 2015. The rats is controlled by using *Tyto alba*. Nest box is provided as the place to breed. The active nest box is indicated by the owlets existence and the leftover inside the nest box. According to the rat census on January and February 2015, the rats attack was still under control (below economy threshold). There was no pesticide used for exterminating rats during period of 2014.

Company is monitoring the agrochemicals usage, including toxicity level (unit per ton of FFB) monthly. The information of type of pesticide used by company, active substance, unit (liter or Kg) are written. For example, agrochemicals usage on January 2015, Tanjung Rusa:

Active Substance	LD 50	Substance of the Active Substance (%)	Quantity used for (liter or kg)	Quantity of the active substance (liter or kg)	Pesticide unit/ton of FFB
Glyphosat	5000	0.41	-	-	-
Paraquat diclorida	90.9	0.42	22.25 liter	9.35	0.0167
Metil metsulfuron	5000	0.60	1.06	0.64	0.000027
Triklopir	2574	0.44	-	-	-
Floroksipir	2000	0.60	-	-	-

**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.**

The Agrochemicals used in estate and registered and allowed by agency are Roll up, Starane, Erkaforon, Garlon and Rolixone. Auditor has observed the management and procedure of agrochemicals storage in Tanjung Kembiri and Tanjung Rusa. The appeared agrochemicals were Roll up (Glifosat Active Substance), Starane (Fluroksipir), Metaprima (metil metsulfuron), Rolixone (Paraquat) and chemicals adhesive. There is no agrochemical categorized as type of 1A nor 1B WHO (substance listed as Convention of Stockholm and Rotterdam) used by company. the hazardous materials warehouse is supported with hazardous materials symbol and trap.

President Director of Sinarmas Group has determined the work program to reduce paraquat usage until 30% on 2015 to zero paraquat usage on 2018. Paraquat is used only for exterminating weed fern (*Noxious Ferns*). Sinarmas Group Research has conducted weed census and herbicide selection training on February 26th 2015. Company is encouraged to realize paraquat usage by referring to the owned action plan. **OFI 2015.3**

Ex pesticide containers is washed for 3 times (refer to MSDS) and the water used to wash it shall be used for spraying. According to SOP of Waste Management (SOP/SMART/LEMS-EHSD/SADV/II/002) on July 2nd 2014 on point 6.3.b, the washed pesticide containers could be used for the same operations or could be returned to the supplier. The washed ex-pesticide containers were sent to the hazardous waste storage on February 27th 2015.

According to the field observation, the ex pesticide containers and fertilizer sack washing has been referring to the work instruction with document number IK/SPO/SMART/LH-09/01 which was legalized on July 1st 2010. For example, washing is conducted on washing station, pesticide containers should be washed 3 times and fertilizer sack should only be washed once), the water used for washing should not overflow and contaminate the environment, the washed ex-pesticide containers should be checked and stored separately with the fertilizer sack which is stored at warehouse.

Agrochemicals usage has referred to the target and with lower dosage recommended by its producer. For example, Paraquat dichloride to control weed fern. Auditor conducts spraying action in Division 1 of Tanjung Kembiri Estate. According to the interview with sprayer team. They have aware of the effort to protect riparian area and do not apply pesticide spraying nearby riparian area. The sprayers have been equipped with PPE (apron, glasses, gloves). There is no pregnant nor breastfeeding women work as sprayers, and they shall be mutated if they still do the job (spraying).

Company has conducted regular medical check up for the high-potential risk workers in form of *spirometri* and *cholinesterase* medical check up. Medical check up were conducted on June 7th 2013, December 23rd 2013, and February 12th 2015. Entire sprayers have been examined.

Medical check up for period of 2015 has been started on February 12th 2015. *Chlonesterase* medical check up over 101 sprayers and operator in mill. Entire patients were considered normal. The *cholinesterase* medical check up was conducted by Laboratory Main Clinic.

Status: Comply

#### 4.7

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

People in charge on the OHS program are Ferdiyansyah, Mudihartono and Bambang Suryanto. The Board of OHS Guiding Committee has been registered in the Belitung District Manpower Agency. It is supported with the the information of Belitung District Manpower Agency.

Company has registered its employees to insurance program such as work accident insurance, death insurance and pension time insurance, meanwhile, health insurance is managed by company by providing clinic with its doctor and medical assistant. Work accident insurance payment on January 2015 informs that there is insurance payment for 128 Mill Employees for IDR 18,777,744 and 26 contract employees for IDR 3,761,940. Meanwhile there was a work accident insurance payment on January 2015 for 649 of Tanjung Kembiri Estate Employees for IDR 90,501,978 and 514 contract workers for IDR 9,066,960. There was a work accident insurance payment on January 2015 for 349 contract employees of Tanjung Rusa Estate for IDR 6,156,360 and 519 Permanent Employees for IDR 71,974,234.

Company has analyzed the risk of entire estate and mill operation. The dangers potential refer to the source and impact caused by is identified, then risk level and risk control such as elimination, substitution, engineering, administrative, or PPE

usage will be then assessed. According to the inspection on field, sprayer, grading operator, mill operator have been entirely given PPE. Mill operator is provided with safety helmet, safety shoes and ear plug. Sprayer and manurer are given apron, gloves, safety shoes. According to the interview result with FFB transport contractor, the company is always holding safety briefing to the contractor before the work started.

Company has conducted medical check up for the high-potential danger workers such as audiometri, spirometri and cholinesterase check up. Medical check up were conducted on June 7th 2013, December 23rd 2013, February 12th 2015. Medical check up on 2nd stage was conducted on December 23rd 2013 for 64 workers. Cholinesterase and spirometri check up for 53 employees and audimetri for 11 employees. According to the result of medical check up evaluation, 26 employees were recommended to get further medical check up to lung specialist and smoking cesation (2013). According to the result of further auditometrik check over 7 employees on March 15th 2014, Otolaryngologist was confirming that the employees hearing is normal.

Medical check up for period of 2015 has been started since February 12th 2015. Medical check up of *Chlonesterase* over 101 sprayers and operators in mill. Entire patients were considered normal. The *cholinesterase* medical check up was conducted by Main Clinic Laboratory. The medical check up of *cholinesterase*, *spirometri*, *audiometric* shall be conducted on October 2015.

Training of occupational health and safety at mill and estate in form of land fire simulation was conducted on September 20th 2014. The training was attended by 49 participants of foreman division (shown by the attendance list). Tanjung Kembiri Mill is encouraged to provide ready use land fire facilities refer to the composed action plan. **OFI 2015.4**

**Status: Comply**

### 4.8

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

Management unit is identifying the need of training in form of matrix for each position such as mechanic, electric, heavy vehicle operator, welding expert, harvester, manurer, emplacement workers, and warehouse workers.

Record of training for each employees is well documented on the form of training record (FP 07/SMK3-SOP-08). For example, D&L staff receives RSPO Certification Awareness Training on April 2014 and Foreman of Processing Stage Shift 2 of Tanjung Kembiri Mill received First Aid Action Training on June 2014. Training is only provided for employees not smallholders due to the scheme smallholders is still fully managed by management unit.

There are several evidence which proves that management unit has cooperated with well trained contractor. For example:

- According to the result of interview, the contractor has used well trained workers to do the job.
- Contractor has received safety briefing from PT FLD management unit before start to work.
- Contractor has good reputation.

**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 FLD has had environment document in form of EIA document which was compiled at the beginning of estate establishment which covers 15,000 ha and POM with capacity of 60 ton of FFB/Hours. In order to adjust several changes and Land Use Title actual hectareage achieved by, EIA revision was conducted and legalized by provincial government on 2007 through Decree of Bangka Belitung Islands Governor Number 188.44/450.c/bapedalada/2007. The scope of document revision were the hectareage of palm oil for 11,337.582 ha and POM capacity of 60 ton of FFB/Hours.

PT FLD has managed and monitored the environment refer to the owned EIA document. The result of environmental management and monitoring is written on the Report of Environmental Management and Monitoring Plan which is reported to the associated agency each semester. The evidence of report handover to the Bangka Belitung Province Environment Agency on February 16th 2015 and to Belitung District Environment Agency on February 27th 2015 for period of 2nd

semester of 2014 is available. There is no changes on the operational area nor company operational since ST-2 to ASA-1.

**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.**

PT FLD has identified the protected, rare, or endangered species and HCV area on 2012. The identification was conducted by company internal team registered as RSPO approved assessor. HCV identification result has been conducted peer review by Resit Sozer (Independent Consultant). According to the document, there are several protected flora and fauna within estate area such as Cekakak belukar (*Halcyon smymensis*), Elang ikan (*Ichthyophaga humilis*), Elang tikus (*Elanus caeruleus*), Lutung (*Trachypithecus cristatus*), and black Kangkareng (*Anthraceros malayanus*). Total of the PT FLD-managed HCV area is 466.13 Ha (no area change).

Management unit has consistently protected HCV area. For examples:

- Implementation of wildlife protection SOP. According to the result of interview with workers in Tanjung Rusa Estate and Tanjung Kembiri Estate, workers have aware of the prohibition to hunt wild animal within PT FLD area.
- Planting the protection plant along the riparian area. Official record of bamboo planting (430 bamboos) and verifer grass planting (230 verifer grass) along the Mudur Riparian in Block D42, Division 2, Tanjung Kembiri Estate on January 27th – 31st 2015 is available.
- Socialization of HCV to the community. Official Record of HCV pamflet installation in office of Kembiri Village and Simpang Rusa Village on June 10th 2013 is available.
- Socialization of HCV to the employees and staff in each estate. Official Record of the socialization to 14 sprayers of Division I, Tanjung Kembiri Estate dated February 20th 2015 is available.
- Installation of HCV location identity, signboard, and poster informing the protected species. According to the field visit to Kembiri Tributary Ripatian in Block N25, Division 3, Tanjung Rusa Estate and HCV area in Block M51, Division 7, Tanjung Kembiri Estate, the signboard informing prohibition to burn land and applying chemicals, and hunting for animals is available.
- Appointment of the personnel in charge to manage HCV. There are 2 well trained officers who are Syaful Hamdi for Tanjung Rusa Estate and Damrah Thalib for Tanjung Kembiri Estate.

**Status: Comply**

### 5.3

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

PT FLD has managed waste refer to the management plan, for example:

- Solid waste / domestice waste is transported to the landfills and hoarded. According to the field visit to housing complex of Division I & II, Tanjung Kembiri Estate and housing complex of Division I & II, Tanjung Rusa Estate, the domestic waste is collected and then disposed to the landfill.
- Solid waste of the ex pesticide containers is washed and stored at warehouse to be then given to the waste collector as described on Criteria 4.6.
- Hazardous waste of oil, filter, rag, and others are managed by referring to the regulation and given to the waste collector (licensed waste collector). According to the field visit, entire hazardous waste are stored at the licensed hazardous waste.
- Infectious waste and other dangerous medical waste are given to the third party (Public Hospital) to be then destroyed.
- Non-hazardous solid waste such as plastic, can, and stationary are hoarded on the landfill.
- Mill's solid waste such as EFB and fiber are utilized as renewable energy resource and fertilizer. According to the result of document review and field visit to Tanjung Rusa Estate and Tanjung Kembiri Estate, the EFB has been applied to the land.
- POME is applied to the land and the quality is routinely monitored.

The generated hazardous waste is centralized on the licensed hazardous waste storage at Tanjung Kembiri Mill referring to the Decree of Belitung Regent Number 188.45-241 year 2012. The waste will be then transported by PT Primanru (licensed third party). PT FLD has sent the quarter-based report which describes the result of effluent analysis; effluent utilization



monitoring; shell and fiber utilization monitoring; hazardous waste sheet; hazardous waste balance sheet; checklist of the hazardous waste storage condition; checklist of WWTP condition; EFB utilization monitoring. The evidence of the quarter-based report to Belitung District Environment Agency for the period of October – December 2014 on January 26th 2015.

**Status: Comply**

#### 5.4

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

Tanjung Kembiri Mill has utilized renewable energy resource such as shell and fiber as boiler fuel. The renewable energy resource usage could reduce the diesel fuel usage for the generators on the palm oil processing. According to the data of renewable energy resource on 2014, Tanjung Kembiri Mill has calculated the efficiency analysis of the shell and fiber usage. It could retrench diesel fuel for 111.129 liter/ month. Furthermore, the company has also monitored the diesel fuel usage for estate and mill operational.

**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 company prepares the land for replanting mechanically, no fire used. There is no replanting program during the assessment.

The company has had a procedure to handle emergency situation. The emergency situation is defined as fire, explosion, contamination, natural disaster, riots, demonstration, and work accident (sop/smk3/smart/lh-09), specific procedure to handle land fire is written on SOP/NP/smart/xi/lh2002.

Emergency response team has been formed and registered to the associated agency. Working unit to handle emergency situation is formed in estate and mill (not only for handling land fire). Emergency response team is consisted of several teams such as evacuation team, liason team, extinguisher team, refugee team, rescuer and medical team.

**Status: Comply**

#### 5.6

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

PT FLD has conducted emission and pollution source control referring to the identification result and the applied plan. For examples:

- Testing the ambient air quality and emission quality from emission source each semester. The result of the tests are available. The test was conducted by Environment Laboratory of South Sumatera Province. According to the result of the test, emission and pollution quality are below the environment quality threshold.
- Maintaining emission source. According to the interview with the workers, the maintenance for generator are changing oil and filter every 250 hours; top overhaul every 2,500 hours; to every 5,000 hours; general overhaul every 10,000 hours.
- Installing boiler chimney with dust collector.
- Providing PPE in form of masker and earplug. According to the result of field visit to Tanjung Kembiri Mill, entire workers have used proper PPE.
- Using Renewable energy resource to reduce petroleum fuel.
- Planting trees around the mill area.

Effluent generated by mill production is well managed in 8 WWTP ponds before the effluent applied to the land. The quality of the generated effluent is measured and monitored in order not to exceeding quality threshold. Effluent management in POM is conducted by using anaerobic (multi feeding) system, the size of the pool is with wide of 2 meter and depth of 0.5 meter and the length is adjusted with land topography.

Quality test of the effluent in outlet is monthly conducted by Environment Laboratory, South Sumatera Government. According to the test during the period of July – December 2012 for the main parameter (pH and BOD), the parameter has complied the quality standard based on Environment Ministry Decree Number 29 Year 2003. Furthermore, quality test has also been conducted on the monitoring well and well nearby settlement and in the Kembiri River.

**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.**

Management unit has documents which describe the social impact identification consisting of:

- Document of Estate and Mill Environment Impact Assessment of PT Forestalestari Dwikarya year 2007 (Version of Revision). The document was compiled by CV Indolestari Makmur (Environment Consultant) – Palembang and has been legalized by Bangka Belitung Islands Governor Number 188.44/450.C/BAPEDALDA/2007, dated September 18th 2007.
- Report of Estate and Mill Social Impact Assessment of PT Forestalestari Dwikarya 2012. The positive and negative impact caused by estate operational along with the plan for managing and monitoring social impact are described on the document.
- Review of plan for managing and monitoring social impact for the period of January 2012 – December 2014 was conducted by Sustainability Division PT SMART Tbk tahun 2015

Management unit has given the Report of Environmental Management and Monitoring Plan in 1st semester (January – June 2014) and 2nd semester (July – December 2014) to Belitung District Environment Agency on January 17th 2015. According to the public consultation with the agency, the copy of Environmental Management and Monitoring Plan of PT FLD is also existed on the office of Belitung District Crops and Horticulture Plants, Husbandry, Plantation, Forestry, and Food Security. The report has referred to the applied matrix.

**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.**

Management unit has SOP of Communication and Consultation (SOP/NP/SMART/XIV/MCAR003). The objective of the SOP is to ensure that entire communication and consultation with internal and external parties in term of estate management runs effectively. The scope of the SOP are the entire communication and consultation with the stakeholders of the estate and mill operations, whether internal or external.

There is example of record of communication and consultation with the community. For example, in Tanjung Kembiri, there were 11 incoming letters from stakeholders during the period of 2014 such as Invitation letter for attending ngeprak duren festival from Chief of Kembiri Village Number 005/152/KBR-DS/II/2014 dated February 24th 2014. Management unit was responding the letter by sending the Head of Administration to attend the event on February 25th 2014.

Management unit shows the list of stakeholders in Tanjung Rusa Estate, Tanjung Kembiri Estate and Kembiri Mill on January 20th 2015. The list contains name, address, telephone number, name of the officials which are classified based on the agency, government, contractor. The record of aspiration from community is recorded on the book of community aspiration and its response. The date of the incoming letter, letter sender, interest, and response of the company are recorded on the book of aspiration. The person in charge for the process of communication and consultation with the community is the manager of each estate unit.

**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.**

Procedure to receive complaint is written on the document of procedure of Complaint and Disgruntle Handling (SOP/SMART/SIGS-CSR/SADV/II/003) dated July 1st 2014. The procedure is considered as guidance to manage and handle the complaint and disgruntle. Entire stage process of the complaint handling are written on the document including PIC, flow chart, complaint delivery procedure, and follow up. According to the SOP, the complaint is divided into internal and

external complaint. Management unit has also had the Procedure of Communication and Consultation which is SOP/SMART/UMUM/SADV/I/004. The procedure is considered as guidance to communicate and consult with the stakeholders. The procedure is supported with the procedure of implementation, communication response, and procedure for informing the information, and the flow chart which describes the stage of the implementation along with the associated document.

Management unit has a form of employees complaint and disgruntle. For example, complaint in Kembiri Mill in term of the trench issue within housing complex area on February 24th 2014. Management unit was responding the issue by creating permanent trench which was scheduled to be finished on April 15th 2014.

**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.**

PT FLD has procedure in form of SOP of Land Compensation (SOP/NP/SMART/VIII/D&L.002) which describes the process and procedure of land compensation over the growth plant within location permit area. The objective of the procedure is to ensure that the area shall not be disturbed. Entire negotiation process and land compensation are conducted with the agreement of the land owners and witnessed by village and sub-subdistrict representative.

There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.

**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.**

The waging system company made is based on the Decree of Bangka Belitung Governor Number 188.44/1176/TK.T/2013 dated November 29th 2013 in term of Province Minimum Wage Standard for period of 2014 as much as IDR 2,001,300 (plantation, forestry, fishery, and husbandry). According to the document observation of the employees (mill and estate) recapitulation, the received wage has complied the District Minimum Wage Standard for period of 2014.

Management unit has Collective Labour Agreement between PT FLD and Labour Union which was legalized on August 13th 2007 and expired on June 30th 2009. The Collective Labour Agreement has now been expired, however, according to clause 46, the Collective Labour Agreement shall be extended if the new Collective Labour Agreement has not been reached. According to the interview with staff of Human Resources of *Perkebunan Sinar Mas* (PSM) 2, the Collective Labour Agreement is now still on progress of company's internal. The new draft has just been proposed by Labour Union on December 2014 while the softcopy was handed over on January 2015.

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

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

There is Cooperative Agreement Letter FLD-TRSE/SPKL-L/Januari/2015/005 dated December 24th 2014 in term of FFB Transport and Specific Loosen Fruit. The Cooperative Agreement Letter was composed by Estate Manager of Tanjung Rusa Estate and Tanjung kembiri Estate with Sahadi (FFB Transport and Specific Loosen Fruit Contractor). According to the



Clause 3 verse 6 and 7, it states that:

- Verse 6. Contractor is able to comply the statute regulation in term of manpower, specifically in term of salary payment and no underage workers employed.
- Verse 7. Contractor is able to ensure the occupational health and safety and must provide PPE to its workers refer to the applied regulation.

**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.**

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

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

Labour union is always made routine meeting. For example, the meeting on February 7th 2015 which was discussing the issue of employees workhours, workers incentive, incentive premium for picking up and dropping off school students, employees drink water at Tanjung Rusa Estate, personal protective equipment, security officer who has working for 1 years and still no promotion yet. Labour union shall send the official letter to the company management unit to discuss the unclear points and labour union is expecting to discuss Collective Labour Agreement with HR Division immediately. The meeting was attended by UH TKME, UH TKMM, Head of TKME Assistant, Head of TRSE Assistant, Interim of Head of TKME Assistant, Head of TKME Administration, Divisi 5 Assistant, Head of TKMM Division, Head of TRSE Division, Leader of Labour Union, Vice-Leader of Labour Union, Labour Union Secretary, TRSE Warehouse Administration.

**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.**

Circular letter from HR Director Number 002/SE-HRDV/03/09 dated March 31st 2009 which is describing the minimum workers age requirement is stating that the minimum workers age requirement is 18 years old. The regulation is referring to the Statute Number 13 year 2003. Tanjung Kembiri Estate, Tanjung Kembiri Mill, and Tanjung Rusa Estate shows the list of employees (entirely), according to the document review, there is no underage workers. The youngest workers on behalf Juliansyah is male and work as harvester. He was born in Tanjung Pandan on July 18th 1996 and he was accepted as workers on December 1st 2014 (18 years and 4 month years old). According to the interview with the workers, they have aware of the minimum age requirements.

**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.**

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

According to the document review, the evidence of zero discrimination are can be seen by referring to the list of employees in Tanjung Kembiri Estate:

- Total of permanent employees number is 626 employees
- Number of monthly permanent employees is 88 and daily permanent employees is 538.
- Number of male is 515 and female is 111.

<ul style="list-style-type: none"> <li>Number of workers who their religion is Islam is 613 employees and christian is 13 employees</li> <li>Tribes: Melayu is 534 employees (85%) and Flores is 5 employees (1%), Javanese is 27 employees (4%), and Lombok is 60 employees (10%)</li> </ul>		
Status: Comply		
<b>6.9</b> <b>Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.</b>		
<p>Circular letter of CEO 2 Number 003/CEO2-SE/01/2011 dated January 10th 2011. The circular was asking the entire unit manager and unit manager's structure to conduct socialization to entire employee in term of preventive action and management over sexual harassment, company was forming gender committee in each unit (estate and mill) and was also composing the flow chart of sexual harassment handling procedure. The report of sexual harassment incident is written on the Book of Sexual Harassment and Violation Report available at estate and mill. There is no report of sexual harassment incident until February 2015.</p> <p>Company policy in term of reproduction right protection is written on:</p> <ul style="list-style-type: none"> <li>Circular of CEO 2 Number 095/CEO 2-SE/12/2010 dated December 14th 2010 in term of menstruation day off. According to the circular, the industrialist must grant day off in the first and second day of menstruation to the women workers.</li> <li>Memorandum of VPA PSM 2 Number 001/MEMO-VPA PSM2/04/2011 dated April 8th 2011 in term of prohibition for the pregnant and breastfeeding women workers to work with chemicals.</li> <li>Cooperative Agreement Letter between PT Forestalestari Dwikarya and PUK SPSI sector of SPPP which was legalized on August 13th 2007) : <ul style="list-style-type: none"> <li>Menstruation Day Off (H1), for women workers for 2 days off / month (first and second day of menstruation) refer to the doctor's examination.</li> <li>Childbirth day off (H2) for 3 months (45 days before the childbirth and 45 days after the childbirth) refer to the doctor's examination.</li> </ul> </li> </ul> <p>Record of reproduction right protection implementation. For example, Letter from Division 1 Assistant of Tanjung Kembiri Estate to the Tanjung Kembiri Estate Manager on July 22nd 2014 in term of Proposal for Employees Mutation on behalf Sumiati as sprayers. She is proposed to be placed as treatment workers on Division 1 due to her pregnancy. Management unit was then response the letter with Decree Number 053/SK-TKME/VII/2014 dated July 25th 2014 in term of the mutation of the associated employee. According to the wage slip review, there was no wage deduction of the associated employee.</p>		
Status: Comply		
<b>6.10</b> <b>Growers and mills deal fairly and transparently with smallholders and other local businesses.</b>		
<p>Company is cooperating with Sejahtera Bersama Cooperative Unit for 496.99 Ha are located in Kembiri Village, Membalong Sub-District, Belitung District. The FFB price is determined based on the meeting among several parties such as Province Plantation Agency, Plantation Management, Palm Oil Smallholders Cooperative Unit and other parties.</p> <p>According to the result of interview with local contractor (FFB transport) and housing complex renovation contractor, the contractor is reviewing the Cooperative Agreement Letter first before the contractor sign it and contractor has the copy of the agreement. Payment conducted by management unit is always on time. The contractor has been cooperating with PT FLD since 2000. Contractor got the contract through tender.</p>		
Status: Comply		
<b>6.11</b> <b>Growers and millers contribute to local sustainable development wherever appropriate.</b>		
<p>PT FLD contribution over the local development is by implementing CSR/CD program in each estate unit (Aspects of Social, Economy, and Environment) and other programs such as tax payment (property tax, water tax). There are evidence of records in form of Recapitulation of the report of CSR / CD implementation in each estate and evidence of tax payment.</p>		
Status: Comply		

<b>PRINCIPLE #7 Responsible development of new plantings</b>		
<b>7.1</b>		
<b>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.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	
<b>7.2</b>		
<b>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.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	
<b>7.3</b>		
<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	
<b>7.4</b>		
<b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	
<b>7.5</b>		
<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	
<b>7.6</b>		
<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	
<b>7.7</b>		
<b>Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>		
There is no new estate development nor area expansion since ST-2 until ASA-1. Company is just managing the area with planting year during period of 1995 – 1998.		
	<b>Status: Not Applicable</b>	

**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.**

Management unit has their programs monitored and reviewed and they are developing and implementing the sustainable improvement programs for their main operations such as:

- Conducting routine monitoring over the emission source and conduct maintaining over the facility in order to keep the emission quality comply the environment quality threshold applied by government (criteria 5.6).
- Managing waste by referring to the government regulation and management plan to minimize negative impact over the environment (Criteria 5.3).

FLD Management Unit has shown the evidence of corrective action over the findings during audit ST-2, for example: Finding resolution 2013.06 in term of **Procedure of Land Use Title overlap with community's land**. Evidence of corrective action over the finding shown are:

- Map of the land managed by community.
- Declaration letter from the managing community (occupier) which state that there is no land dispute between the community and company over the land managed by both parties.
- Company's commitment to overcome the community-managed area within PT FLD Land Use Title area was written on the letter number 002/RC-BB/memo/IX/2014 dated September 24th 2014 which was describing the plan for resolution and inventory of Land Use Title managed by company in order to prevent future issues caused by cultivation over the land.

**Status: Comply**

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

Clause	(Module E) CPO Mills - Mass Balance Requirements
<b>1</b>	<b>Documented Procedures</b>
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> <ol style="list-style-type: none"> <li>Complete and up to date procedures covering the implementation of all the elements in these requirements.</li> <li>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.</li> </ol> <p>SOP of RSPO Supply Chain Product of Mass Balance (No: PT FLD-TKMM/SOP/35) dated October 30th 2013. The procedure is describing the task and responsibility of each of the involved division, definition, FFB receipt, weighing, quality control, processing stage, processed product monitoring, mass balance calculation, product dispatch.</p> <p>Furthermore, there is also SOP of RSPO Certified Product Reporting (No: PT FLD-TKMM/SOP/36) dated October 30th 2013.</p> <p><b>Status: Comply</b></p>
1.2	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p> <p>SOP of RSPO Supply Chain Product of Mass Balance (No: PT FLD-TKMM/SOP/35) dated October 30th 2013 is describing:</p> <ul style="list-style-type: none"> <li>The mill-received FFB product is classified into 3 types of estate which are nucleus estate, scheme smallholder, and independent estate.</li> <li>Entire of the incoming FFB status is recorded / recapitulated / and updated.</li> <li>The certified FFB supplier is considered as sustainable raw material in order to be able to be identified and to be differentiated with the uncertified supplier.</li> </ul> <p><b>Status: Comply</b></p>
<b>2</b>	<b>Purchasing and goods in</b>
2.1	<p>The facility shall verify and document the volumes of certified and non-certified FFBs received.</p> <p>Documentation of the certified and uncertified FFB received by Tanjung Kembiri Mill is separated. The certified FFB is stamped with "GHG" on the FFB Covering Letter and the uncertified FFB shall not stamped with "GHG". Furthermore, the Certified FFB ID code delivered from the certified estate shall appear on the "weighbridge card". For Example:</p> <ul style="list-style-type: none"> <li>Certified FFB <ul style="list-style-type: none"> <li>FFB Covering Letter: Tanjung Rusa Estate, Division 4, Block S20-21, complex 96D18, 273 FFB, taxation weight: 6,270 Kg, date of March 4th 2015, stamped with GHG Emission: 99.10 kgCO<sub>2</sub>eq/ ton of FFB.</li> <li>Weighbridge card No A006434: Tanjung Rusa Estate, Division 4, 96D18, 273 FFB, Net weight:6,270 Kg, certified ID 15034536.</li> <li>FFB Covering Letter: Tanjung Kembiri Estate, Division 8, Block P63-65, complex 97D26 and 98D27, 326 FFB, date of March 4th 2015, stamped with GHG Emission: 99.10 kgCO<sub>2</sub>eq/ ton of FFB.</li> <li>Weighbridge card No A006439: Tanjung Kembiri Estate, Division 8, complex 97D26 and 98D27, 326 FFB, Net weight: 6,640 Kg, certified ID 15034359.</li> </ul> </li> <li>Non-Certified FFB <ul style="list-style-type: none"> <li>FFB Covering Letter: PT Pratama Unggul Sejahtera, Division 3, Block A11-12, 968 FFB, date of March 4th 2015.</li> <li>Weighbridge card No A006483: PT Pratama Unggul Sejahtera, Division 3, 968FFB, Net weight: 6,660 Kg.</li> </ul> </li> </ul>

- FFB Covering Letter: PT Palminro Billiton, Division 4, 718 FFB, date of January 11th 2015.
- Weighbridge card No A000890: PT Palminro Billiton, Division 4, 718FFB, Net weight: 4,550 Kg.
- FFB Covering Letter: Tanjung Rusa Plasma, Divisi 1, complex 11D01, 1,043 FFB, Loosen Fruit: 660 Kg, date of March 4th 2015.
- Weighbridge card No B002682: Tanjung Rusa Plasma, Division 1, complex 11D01, 1,043 FFB, Net weight: 5,030 Kg.

**Status: Comply**

### 2.2

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

SOP of RSPO Supply Chain Product of Mass Balance (No: PT FLD-TKMM/SOP/35) dated October 30th 2013 describes that if the production projection is higher than the claimed certified product, then several actions must be taken. For examples:

- Informing to the associated RSPO CB and RSPO IT System / e-trace. The communication is assisted by Certification Section, EHS Department after they receive the information from Head of Mill Unit and Sales Departement.
- Re-Analyzing the composed data of production and mass balance report.
- Calibrating and Re-Checking the weighbridge and its supporting tools.

CPO and PK production have not exceed the determined projection since ST-2 till ASA-1 (April 21st2015 – March 4<sup>th</sup> 2015). The determined projection are:

- CPO: 46,956.74Ton of CPO has been produced, 56,644 Ton of CPO is projected
- PK: 13,207.52 Ton of PK has been produced, 15,445 Ton of PK is projected

**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.

According to the Declaration 5 of PT Forestalestari Dwikarya dated February 1st 2013 in term of Documentation and Records Maintaining, it states that "PT Forestalestari Dwikarya declares to maintain accurate, complete and accessible records of these requirements and is able to report on a regular basis. Retention of these records shall be at least five (5) years.

According to the interview with Certification Division Staff in Tanjung Kembiri Mill, the record in form of FFB Covering Letter and Weighbridge Ticket for last 1 month are maintained at office and then those are placed at archive safe deposit box (within office area). Furthermore, records are also maintained on the computer system.

Procedure of records and reports maintaining associated with RSPO Supply Chain is written on SOP of Document Handling (SOP/SMART/UMUM/SADV/II/001 dated July 1st 2014).

**Status: Comply**

#### 3.2

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

According to the Declaration 5 of PT Forestalestari Dwikarya dated February 1st 2013 in term of Documentation and Records Maintaining, it states that "PT Forestalestari Dwikarya declares to maintain accurate, complete and accessible records of these requirements and is able to report on a regular basis. Retention of these records shall be at least five (5) years.

SOP/SMART/UMUM/SADV/II/001 dated July 1st 2014 is describing that:

- Central document handling receives form of document handover from SPO Officer of PSM and conducts archiving over the received documents and records.



- The documentation is maintained in form of computer file.
- In order to prevent the missing file possibility, there is a backup master in form of external hardisk maintained on the Head of Division Room.
- Document maintaining period is regulated for 10 (ten) years.

**Status: Comply**

### 3.3

- (a) 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.
- (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.

Tanjung Kembiri Mill has recorded the received FFB, the produced CPO, the produced PK, product dispatch. The received certified-FFB and the non-certified FFB is separated. Recording is conducted by using computerized system of WB program.

Month	The Received FFB (Kg)			CPO (Kg)	PK (Kg)	Dispatch of the RSPO certified product	
	Certified	Non Certified	Total			CPO (Kg)	PK (Kg)
April 21st 2014 – June 2014	44,830,520	893,010	45,723,530	9,375,100	2,322,420	-	-
July – Sept 14	84,643,500	1,076,930	85,720,430	19,067,180	5,631,840	-	-
Oct – Dec 14	46,937,620	3,873,130	50,810,750	11,005,250	3,322,090	-	1,300,000
Jan – Mar 4th 2015	25,954,950	8,275,340	34,230,290	7,507,210	1,931,170	-	-
<b>Total</b>	<b>202,366,590</b>	<b>14,118,410</b>	<b>216,485,000</b>	<b>46,954,740</b>	<b>13,207,520</b>	<b>-</b>	<b>1,300,000</b>

**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.

Tanjung Kembiri Mill has used the product name (Mass Balance) on the document of trade such as Weighbridge Ticket Number A042534 dated December 12th 2014 which was describing the RSPO-Certified Kernel dispatch as many as 5,020 Kg to PT SMART TBK referring to the contract number: DIC/2950/201114/0001. The weighbridge ticket is stamped as MASS BALANCE.

**Status: Comply**

### 3.5

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 the crush is covered through a signed and enforceable agreement.

Tanjung Kembiri Mill sales only the PK to the other party.

**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:

- The name and address of the buyer
- The date on which the invoice was issued
- A description of the product, including the applicable supply chain model (Segregated or Mass Balance)



(d) The quantity of the product delivered	
(e) Reference to related transport documentation	
Tanjung Kembiri Mill has used the product name (Mass Balance) on the document of trade such as Weighbridge Ticket Number A042534 dated December 12th 2014 which was describing the RSPO-Certified Kernel dispatch as many as 5,020 Kg to PT SMART TBK refer to the contract number: DIC/2950/201114/0001. The weighbridge ticket is stamped as MASS BALANCE.	
	<b>Status: Comply</b>
<b>5</b>	<b>Training</b>
<b>5.1</b>	
The facility shall specifies and provides the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	
Socialization of RSPO – SCCS in Meeting Hall of Tanjung Kemiri Mill on December 3rd 2014. The socialization was attended by 24 participants consisted of assistant, security, weighbridge clerk, dispatch, lab analyst, production clerk. Attendance list, materials, and event documentation are available.	
Socialization in Tanjung Kemiri Mill Meeting Hall on January 22nd 2015. The training was explaining the mass balance supply chain. The socialization was attended by 13 participants consisted of security, lab, grading, dispatch, weighbridge operator, personnel division, Head Assistant, manager, Head of Administration, SPO Officer. Attendance list, minutes of meeting, and event documentation are available.	
	<b>Status: Comply</b>
<b>6</b>	<b>Claims</b>
<b>6.1</b>	
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.	
Tanjung Kembiri Mill shows the information of claim implementation which comply the Regulation of RSPO Communication and Claim on Declaration 7 PT Forestalestari Dwikarya dated February 1st 2013 in term of claim. The declaration states that "PT Forestalestari Dwikarya declares that the only make claims regarding the use of or support of RSPO certified Palm Oil or derivatives that are in compliance with the RSPO Guidelines for Communications and Claims (annex 10, Supply Chain Certification System)".	
	<b>Status: Comply</b>

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

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-1</b>	PT Forestalestari Dwikarya has achieved approval/permit of the certificate usage with certificate number MUTU-RSPO/037.	
	<b>Status: Comply</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-1</b>	Company does not use logo whether on the product (on-product) nor for not on the product (off-product) within scope of PT Forestalestari Dwikarya.	
	<b>Status: Not Applicable</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-1</b>	Company does not use logo whether on the product (on-product) nor for not on the product (off-product) within scope of PT Forestalestari Dwikarya.	
	<b>Status: Not Applicable</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-1</b>	Company does not use logo whether on the product (on-product) nor for not on the product (off-product) within scope of PT Forestalestari Dwikarya.	
	<b>Status: Not Applicable</b>	

**3.4. Summary of RSPO Partial Certification.**

<b>Total companies observed (0.5 √Y) Where Y is the total of uncertified RSPO registered company</b> <b>The Management Unit name : -</b> <b>Date of Observation: -</b>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Compliance</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	All subsidiaries under Golden Agri Resources Ltd are planned to be RSPO certified.	
	<b>Status: Comply</b>	

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

#### 3.5.1 Identification of Findings, Corrective Actions and Observations at Stage-02 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2013.05	Major 1.1.2	<b>Responses to the Request for Information</b> There is no enough evidence of responses to requests for information from the Agriculture and Forestry Agency of Belitung District through letter No. 525/123/DPK/2013 dated 7 February 2013 regarding requests for information of PT. Forestalestari Dwikarya's Land Use Title (HGU).	Major	Estate & Mill	Before the certificate issued	The company must show the records of responses to requests for information from the Agriculture and Forestry Agency of Belitung District through letter No. 525/123/DPK/2013 dated 7 February 2013 regarding requests for information of PT. Forestalestari Dwikarya's Land Use Title (HGU).	<b>Root cause:</b> 1. Communication and consultation letters register was not fully recorded by the management units of PT FLD concerned. 2. Some communication and consultation letters of relevant stakeholders (government and society) were coming through the representative office and were not recorded in PT FLD units concerned. 3. The letters addressed by the representative office directly to the head office in Jakarta, without any responses and were not recorded in PT FLD's units, so the units did not know and had no records of the letter registration. <b>Corrective Actions:</b> 1. The Company updates books of requests for information and books of communication and consultation on the incoming mail from Plantation and Forestry Agency with letter numbers of 525/123/DPK/II/2013 and 522/264/DPK-VI/2013 addressed to the Chairman of PT Forestalestari Dwikarya and to the Director of PT Forestalestari Dwikarya. 2. Company on behalf of the Tanjung Kembiri Estate Unit has responded to the letter from the Agriculture and Forestry	Closed	23 July 2013

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Agency with letter number of 058/FLD/EM-TKME/VII/2013 addressed to the Head of Agriculture and Forestry Agency of Belitung.</p> <p><b>Preventive Actions:</b></p> <p>The company makes Memorandum on Letter of Communication and Consultation from Stakeholders with letter number 006/RC-BB/MEMO/VII/2013 addressed to the Chief of Tanjung Pandan Representative Office, All Manager, KTU PT FLD, RC Staff, SPO Officer, and D &amp; L TPNO.</p> <p><b>Auditors observations:</b></p> <p><b>July 23, 2013</b></p> <p>The company has shown evidence of delivery of responses to requests for information from the Agriculture and Forestry Agency of Belitung District on requests for information of PT. Forestalestari Dwikarya's HGU through submission of a response letter dated 19 July 2013.</p>		
2013.06	Minor 2.2.2	<p><b>Conflict resolution mechanism accepted by the parties.</b></p> <p>There is an area in HGU that cannot be undertaken by the company because it is claimed as public land that cannot be compensated. For these lands, the company has not shown evidence of completion as stipulated in mechanism accepted by both parties.</p>	Minor	Estate	Before the certificate issued	The Company shall show evidence of land disputes resolution mechanism accepted by both parties	<p><b>Root Cause:</b></p> <p>The area was an area of PT Angkasa Puri No. 01 year 1994 which was taken over by PT Forestalseatri Dwikarya, during the period of take over, that has been community land existed there.</p> <p><b>Corrective Action:</b></p> <p>Company has conducted data collecting of the land ownership and company has</p>	Closed	March 3 <sup>rd</sup> 2014

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>requested declaration letter from several land owners which states that there is issue of land dispute with the company. The harmonic relation between company and the community is well maintained and the letter is requested gradually.</p> <p><b>Preventive Action:</b> Company is always maintaining good relation with the land owner to create harmonic relation.</p> <p><b>Observation on March 3<sup>rd</sup> 2014.</b></p> <ul style="list-style-type: none"> <li>• There is a map of location of the land managed by community and located within company Land Use Title operational area. There is declaration letter from the villagers managing the land that there is no land dispute occurred. The declaration letter is witnessed by chief of Kembiri Village</li> <li>• Company commitment to solve the area managed by community within land use title area of PT FLD is written on the letter number 002/RC-BB/memo/IX/2014 dated September 24<sup>th</sup> 2014 which describes the plan of inventory and resolution of land use title managed by community to avoid future problem.</li> <li>• There is inventory of the list of the community-managed land in form of</li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>palm oil estate, corn field, spices field, and rubber plantation located in Tanjung Rusa Estate (block H-07, J-08, J-09, K-11, K-12, L-13, L-14, M-14, N-09, M-10, P-15). Total of enclave hectareage managed by community is 174,79 ha.</p> <p>According to the evidence of the reviewed document, it will be observed in the next auditor team (land dispute within PT FLD operational area).</p>		
2013.07	Minor 4.6.2 dan Minor 4.7.2	<b>Operator's Health examination</b> Based on the field observation, there are spray workers that have not perform special health examination	Minor	Estate	Before the certificate issued	Companies must show evidence that all spraying workers obtain special health examination	<p><b>Root cause:</b>            Special health examination has been done only for spray workers who suffered from health problems based on physical examination.</p> <p><b>Corrective Action:</b>            The company identifies spraying workers who have not obtain special medical examination, budgeting examination cost, and preparing schedule of tests performed in stages.</p> <p><b>Preventive actions</b>            The company ensures all spray workers have special health examination, evaluating the results of the examination and workers with health problems perform further examination.</p> <p>Auditors observations:            July 23, 2013            The company showed commitment of health examination to all spray workers through: identifying the number of</p>	Closed with observ ation	23 July 2013



CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							employees who have not obtained health examination, budgeting the examination implementation cost, and preparing the schedule of examination in stage II in September and stage III in November 2013		
2013.08	Major 4.7.1	<b>OHS Program Policy Implementation</b> Based on the observation of mill and estate operations there are workers who did not use appropriate PPE according to the standard, such as: wheel loader worker, engine room worker, and tree pruning worker working alone in the off hours.	Major	Estate & Mill	Before the certificate issued	The company must show evidence of implementation of OHS program policy	<b>Root cause:</b> The company has provide PPE for workers, however the workers' awareness of the importance of the use of PPE is still lacking. <b>Corrective Action:</b> The Company identifies and evaluates compliance with the use of PPE for all workers and makes the program as an effort to improve compliance with PPE use. <b>Preventive Action</b> The company ensures the program for increased use of PPE is on schedule. <b>Auditors observations:</b> <b>July 23, 2013</b> The Company showed improvement measures by identifying the possible causes of the problem (PPE usage compliance evaluation for labor) and preparing action plan for increased compliance with the use of PPE	Closed with observation	23 July 2013
2013.09	Major 5.1.2	<b>Implementation of the Environmental Management and Monitoring</b> Environmental Management Plan and Environmental Monitoring Plan implementation reports have not included the results of environmental	Major	Estate	Before the certificate issued	The Company shall show evidence of environmental monitoring and management implementation as requested by the EIA document (RKL-RPL)	<b>Root cause :</b> Preparation of Environmental Management Plan and Environmental Monitoring Plan implementation reports does not refer to the approved EIA . <b>Corrective Action :</b> The company has shown evidence of	Closed With Observation	14 August 2013

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		monitoring as requested by the EIA document specifically related to the monitoring of aquatic biota.				specifically related to aquatic biota monitoring.	<p>environmental monitoring activities in accordance with the EIA documents specifically related to aquatic biota monitoring through the implementation of aquatic biota measures by the Environmental Laboratory of South Sumatra provincial government.</p> <p><b>Preventive Actions:</b> The Company ensures implementation of environmental management and monitoring in accordance with the draft preparation of EIA document through Environmental Management Plan and Environmental Monitoring Plan containing all significant impacts which are mandated to be managed and monitored in EIA document.</p> <p><b>Auditors observations :</b> <b>August 14, 2013</b> The Company shows evidence of environmental monitoring in accordance with EIA documents through the measurement of aquatic biota in Sungai Kembiri, Sungai Cerucuk, and Sungai Kepang Membalong conducted by Environmental Laboratory of BLH of South Sumatra Province on July 30, 2013. Observations will be made to the consistency of the monitoring implementation and reporting of environmental monitoring to relevant agencies in accordance with the EIA document requests</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2013.10	Minor 5.3.2	<b>Infectious hazardous waste reporting</b> The Company do not include infectious hazardous waste to hazardous waste balance sheet reported to the relevant agencies.	Minor	Estate & Mill	Before the certificate issued	The Company must show the evidence of the inclusion of infectious hazardous waste to hazardous waste balance sheet reported to the relevant agencies.	<b>Root cause:</b> Infectious hazardous waste reporting has not been identified as obligations that must be met by the company. <b>Corrective Action:</b> The Company has reported infectious hazardous waste in the form of hazardous waste balance sheet. There is evidence of a copy of the report and the report delivery receipts to BLHD Pelalawan. <b>Preventive Actions:</b> Ensure infectious hazardous waste is recorded in hazardous waste balance sheet reported to the relevant agencies. <b>Auditors observations:</b> <b>July 19, 2013</b> The Company shows the evidence of the inclusion of infectious hazardous waste to hazardous waste balance sheet reported to the relevant agencies.	Closed	19 July 2013

**3.5.2 Identification of Findings, Corrective Actions and Observations at *Surveillance-01* Assessment**

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

**3.5.3 Opportunity for Improvement at *Surveillance-01* Assessment**

No	Ref Std	Descriptions
1.	<b>Major 2.1.1</b>	<ul style="list-style-type: none"> <li>Company with Manpower Agency need to ensure the recording of employees collective labour agreement contract and installation of lighting rod (Observation).</li> <li>Company needs to ensure the insurance for the employees has been paid (complied) refer to the changes of regulation that will effectively be implemented on July 2015 (Observation).</li> </ul>
2.	<b>Major 2.2.2</b>	Company needs to ensure that the legal boundary pole has referring to the coordinate of National Land Agency and Map of Land.
3.	<b>Minor 4.6.1</b>	Company is encouraged to realize paraquat usage refer to the owned action plan (Observation).
4.	<b>Minor 4.7.5</b>	Tanjung Kembiri Mill is encouraged to provide ready-use fire extinguishing facilities refer to the composed action plan (Observation).
5.	<b>Major 4.8.2</b>	Estate management unit is encouraged to document the record of training.
6.	<b>Major 6.5.2</b>	Company is encouraged to accelerate the resolution over Collective Labour Agreement for employees (Observation).
7.	<b>Minor 6.10.1</b>	Company is encouraged to communicate with the smallholders over the contract agreement and to ensure that the contract is considered fair, legal, and transparent.
8.	-	Company is suggested to conduct well preparation (document preparation and implementation) over RSPO standard that will be implemented on April 2015.

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

Issues from Stakeholders	Management Response	Auditor Response
<b>March 3rd 2014</b>		
<b>Belitung District Environment Agency</b> <ul style="list-style-type: none"> <li>PT FLD has had permits in term of environment such as hazardous waste storage permit, land application permit, and environment document legalization.</li> <li>PT FLD is always reporting Environmental Management and Monitoring Plan routinely (each semester).</li> <li>Environment Agency is routinely inspecting the company in order to give the company guidance. The latest inspection was conducted on February 23rd 2015 and no findings over the environment legality aspect.</li> <li>There is no issue in term of environment contamination caused by FLD operational.</li> </ul>	<ul style="list-style-type: none"> <li>Permits in term of environment owned by PT FLD shall be extended and complied by company.</li> <li>Reporting of Environmental Management and Monitoring Plan is routinely reported to the associated agency along with the handover evidence.</li> <li>Belitung District Environment Agency monitors the environment within PT FLD area annually.</li> <li>PT FLD is always preventing environment contamination.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 2.1; 5.1; 5.3; 5.6.</li> <li>Comply the Criteria 5.1</li> <li>Comply the Criteria 2.1; 5.1</li> <li>Comply the Criteria 5.1</li> </ul>
<b>Belitung District Food and Horticulture Plant, Husbandry, Forestry and Food Security Agency (Head of Crops Production and Protection Division and Staff of UPPHP of Plantation Division)</b> <ul style="list-style-type: none"> <li>Management unit always reports Plantation Business Development Reports (LPUP) and Sejahtera Bersama Cooperative Unit Development Reports during 2014, Kembiri Village, Membalong Sub-District, Belitung District.</li> <li>Company has created partnership with Sejahtera Bersama Cooperative Unit for the area of 496.99 Ha located on</li> </ul>	<ul style="list-style-type: none"> <li>PT FLD is routinely reporting the Plantation Business Development (LPUP) and Report of Sejahtera Bersama Cooperative Unit Development on 2014, Kembiri Village, Membalong Sub-District, Belitung District.</li> <li>Company has created partnership with Sejahtera Bersama Cooperative Unit for the</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 2.1</li> <li>Comply the Criteria 6.10; 6.11</li> </ul>

Issues from Stakeholders	Management Response	Auditor Response
<p>Kembiri Village, Membalong Sub-District, Belitung District.</p> <ul style="list-style-type: none"> <li>Company has had CSR program as reported through Letter Number 01/FLD/EM-TKME/VIII/2014 dated August 20th 2014 in term of CSR program on 2014, PT Forestalestari Dwikarya</li> <li>There are native settlers nearby company (Kembiri Village)</li> <li>Plantation Agency verifies the company referring to the Plantation Business Development.</li> </ul> <p>Letters sent by Belitung District Food and Horticulture Plant, Husbandry, Forestry and Food Security Agency</p> <ul style="list-style-type: none"> <li>Letter Number 525/149/DTPHP2KKP/2014 dated February 20th 2014 in term of ISPO certification acceleration refer to the letter of Plantation Direktorat General Number 41/HK.330/E/I/2014 dated January 16th 2014.</li> <li>Letter Number 525/1120/DTPHP2KKP/2014 dated November 28th 2014 in term of FFB participation on July to December 2014 for IDR 120,000,000</li> <li>Letter Number 525/1190/DTPHP2KKP/2014 dated November 17th 2013 in term of socialization of Agriculture Ministry Regulation Number 14 year 2013 and Bangka Belitung Islands Governor Regulation Number 15 year 2014.</li> <li>Letter Number 525/818/DTPHP2KKP/2014 dated 18th 2014 in term of Plantation Business Monitoring on September 22nd 2014.</li> </ul>	<p>area of 496.99 Ha located on Kembiri Village, Membalong Sub-District, Belitung District</p> <ul style="list-style-type: none"> <li>Company has CSR program and report the program to the associated agency.</li> <li>There is native settlers nearby company area (Kembiri Village)</li> <li>Plantation agency conducts annual monitoring over the company.</li> </ul> <ul style="list-style-type: none"> <li>The letter was not received by PT FLD. However, PT FLD has conducted ISPO Main Audit which was assessed by PT Mutu Agung Lestari on September 22nd – 25th 2014 and it was recommended to achieve ISPO certificate.</li> <li>PT FLD has participated, it was proven by payment evidence number 16/BUN/XII/2014 for IDR 120,000,000,-</li> <li>Company did not receive the letter and PT FLD is always responding the incoming letter sent by agencies.</li> <li>PT FLD has received the letter and respond the letter with the letter from TKME Manager Number 02/FLD/EM-TKME/XI/2014 and it has been recorded to the book of communication.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 6.11</li> <li>Comply the Criteria 2.3</li> <li>Comply the Criteria 2.1</li> </ul> <ul style="list-style-type: none"> <li>Comply the Criteria 1.1</li> <li>Comply the Criteria 1.1; 6.10.</li> <li>Comply the Criteria 1.1.</li> <li>Comply the Criteria 1.1</li> </ul>
<p><b>Manpower, Social and Transmigration Agency</b></p> <ul style="list-style-type: none"> <li>Report of manpower aspect has been received (obligation to</li> </ul>	<ul style="list-style-type: none"> <li>Routine obligation to report the workforce to</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 2.1</li> </ul>



Issues from Stakeholders	Management Response	Auditor Response
<p>report the Workforce)</p> <ul style="list-style-type: none"> <li>Machines / stations at Mill has been granted with permits.</li> <li>Collective Labour Agreement has long expired.</li> <li>Complaint expressed by the employees through labour union in term of improper payment during overtime at IMLEK day off. The received overtime payment is daily payment plus IDR 18,500 as incentive</li> <li>Cooperative Agreement Letter between company and employees was not registered to the associated agency.</li> <li>Tanjung Kembiri Mill has had lighting rod installation. However, the lighting rod has not been installed at estate area.</li> </ul>	<p>the associated agency</p> <ul style="list-style-type: none"> <li>Machines at mill have been legalized and have been regularly inspected refer to the applied regulation.</li> <li>Collective Labour Agreement has expired since 2009, and the new Collective Labour Agreement is on progress of agreement. Therefore, the old Collective Labour Agreement is still valid.</li> <li>Employees awareness in term of wage is still not good enough, company gives monthly incentive for the generator operator for IDR 462,500,- with term and condition (good performance for a month). If the workers are bunking off, then the incentive shall not be given. Socialization in term of wage is need to be held in order to make the employees aware of the term and condition.</li> <li>On october 2012, the company was proposing the draft of PKWT to the Manpower Agency. However, Manpower Agency was not accepting the proposal and prefer <i>outsourcing</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 2.1</li> <li>Company is encouraged to accelerate the Collective Labour Agreement process.</li> <li>Comply the Criteria 6.3; 6.6</li> <li>Comply the Criteria 2.1</li> <li>Company needs to ensure that Manpower and Transmigration Agency in term of recording of the collective labour agreement and lighting rod installation within workplace.</li> </ul>
<b>4 Maret 2015</b>		
<b>Kembiri Village (Chief of Village, Secretary of Village, Village Forum Institution, Community)</b>		

Issues from Stakeholders	Management Response	Auditor Response
<p>Kembiri Village is the closest village with Tanjung Kembiri Mill.</p> <ul style="list-style-type: none"> <li>According to the information from village party, there was an MoU between company and the village party at the beginning of mill establishment which was describing the benefit of the company existence such as education assistance in level of Elementary School, Secondary School, High School, and University. However, it has been not realized yet.</li> <li>PT FLD has not yet reported the newcoming workers whom work at company to the village party.</li> <li>Village is always conduct annual event "<i>Maras Tahun</i>". However, the company's assistance is still considered it as improper.</li> <li>PT FLD has given assistance for the sport event held by village party such as sport facilities, accomodation, etc.</li> <li>Company needs to concern on the net usage for supporting FFB dispatch using truck.</li> <li>The number of local workforce is 224 workers. Furthermore, company is also cooperating with local contractor as FFB dispatch partner.</li> <li>Company is always giving assistance in form of low price oil to the community annually.</li> <li>Company was informing the scholarship to the level of bachelor. The information was informed at information board in front of chief of village's office.</li> <li>PT FLD has cooperated with the community nearby the</li> </ul>	<ul style="list-style-type: none"> <li>Management is never be shown the MoU or the existence of the MoU. However, management unit wascalling the Secretary of Village on March 5th 2015 to get the copy of MoU. According to the answer of Secretary of Village, they do not have it as well but they will try to search for it by contacting the community figure.</li> <li>We shall report the newcoming workers to the village party.</li> <li>Management unit was never totally refuse the assistance request if the request was proposed in writting.</li> <li>Company shall keep assisting the sport event held by village party.</li> <li>Entire FFB truck owned by estate or contractor should use net in order to prevent falling FFB.</li> <li>In order to improve local community's economy, company is always hire the local workers.</li> <li>Assistance of low price cooking oil to the community approaching Eid Mubarak Feast.</li> <li>Company gives information of scholarship for bachelor program annually to the community. The shcolarship information is placed on information board in front of chief of village office.</li> <li>There was misunderstanding, community</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 6.2</li> <li>Company is encouraged to report the newcoming workers to the village party.</li> <li>Comply the Criteria6.11</li> <li>Comply the Criteria 6.11</li> <li>Company needs to ensure that the FFB transportation Vehicle is using net to prevent FFB falling to the ground.</li> <li>Comply the Criteria 6.11</li> <li>Comply the Criteria 6.11</li> <li>Comply the Criteria 6.11</li> <li>Comply the Criteria 6.11</li> </ul>

Issues from Stakeholders	Management Response	Auditor Response
<p>location of scheme smallholders establishment. According to the Cooperative Agreement Letter, the handover of scheme smallholders shall be conducted on January 1st 2015. However, there is no follow up of the plan until then. According to the information of community's representative, company's response dissatisfying them.</p> <ul style="list-style-type: none"> <li>There is no land dispute between company and the community.</li> <li>Community's expectation over company's assistance is for example, water assistance during drought season, and school transportation (Secondary School).</li> <li>Mill is causing odour felt by community.</li> </ul>	<p>thinks that the company was just buy some time. Meanwhile, the scheme smallholders has not yet been approved by Plantation Direktorat General refer to the technical assessment. The explanation was conducted on March 5th 2015. The technical assessment shall be conducted on March 16th – 19th 2015. If it pass the technical assessment, then it will be granted by referring to the Cooperative Agreement Letter.</p> <ul style="list-style-type: none"> <li>Company is always maintain good relation with the community nearby estate.</li> <li>Company is assisting the provision of clean water to the community during drought season.</li> <li>Company has conducted planting of citronella around WWTP pool to reduce the odour.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 2.2; 6.4</li> <li>Comply the Criteria 6.11</li> <li>Comply the Criteria 5.6</li> </ul>
<p><b>Head of Labour Union</b></p> <ul style="list-style-type: none"> <li>The negotiation at forum in order to solve the Collective Labour Agreement issue is on going. Employees are expecting conducive work.</li> <li>PPE is provided by company</li> <li>Employees on behalf Teguh has not yet been promoted despite he has been working in a long period.</li> </ul>	<ul style="list-style-type: none"> <li>Company has attempted to negotiate with the Labour Union in term of Collective Labour Agreement Issue on TKME Mess Meeting Hall on February 17th 2015. However, the labour union was just represented by 1 representative. Therefore, the negotiation shall be re-scheduled.</li> <li>PPE is provided by company refer to the risk analysis, company should prioritize SAFETY FIRST</li> <li>Status of Teguh as employee is PKWT and the agreement is still valid until June 30th 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 6.6</li> <li>Comply the Criteria 4.7</li> <li>Company is encouraged to monitor the status of their employees to adjust with the applied regulation.</li> </ul>

Issues from Stakeholders	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>The career path for the foreman is not obvious. The foreman who has dedicated himself for 10 years has never been promoted.</li> <li>The same issue from Manpower and Transmigration Agency in term of overtime salary during official day off.</li> </ul>	<p>Company shall always consider the employees performance to promote the employees.</p> <ul style="list-style-type: none"> <li>Company always conducts annual evaluation to entire employees. The result of evaluation could be in form of promotion. For example: daily labour is promoted to be permanent employee. If they keep the good work, they could be promoted higher such as clerk who is promoted as head of administration, foreman who is promoted as staff (assistant) and head of workshop who is promoted to Technique Assistant.</li> <li>Employees awareness in term of wage is still not good enough, company gives monthly incentive for the generator operator for IDR 462,500,- with term and condition (good performance for a month). If the workers are bunking off, then the incentive shall not be given. Socialization in term of wage is need to be held in order to make the employees aware of the term and condition</li> </ul>	<ul style="list-style-type: none"> <li>Company is encouraged to communicate with the workers.</li> <li>Comply the Criteria 6.3; 6.6</li> </ul>
<p><b>Local Contractor (Housing complex renovation and FFB transport)</b></p> <ul style="list-style-type: none"> <li>PT FLD management unit is always conducts safety briefing (OHS) before the contractor do the job.</li> <li>Workers age <math>\geq</math> 20 year</li> </ul>	<ul style="list-style-type: none"> <li>Safety Briefing (OHS) is always be informed to the contractor during Tender and in work location.</li> <li>Company must comply the Statute Number 13</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 4.8; 6.5</li> <li>Comply the Criteria 4.8; 6.5</li> </ul>

Issues from Stakeholders	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>Contractor is reviewing the Cooperative Agreement Letter first before the contractor sign it and contractor maintain the copy of Cooperative Agreement Letter.</li> <li>Contractor's workers have been insured.</li> <li>Payment is always conducted by management unit on time.</li> <li>Contractor has been cooperating with PT FLD since 2000 / 14 years.</li> <li>Contractor was receiving the project through tender.</li> </ul>	<p>Year 2013 in term prohibition to hire underage workers.</p> <ul style="list-style-type: none"> <li>Contractor is aware of the content of signed Cooperative Agreement Letter.</li> <li>Contractor is registering their workers to the program of labour social assurance.</li> <li>Payment is always conducted by management unit on time. Therefore, contractor able to pay their employees on time.</li> <li>Contractor works are regulated on the SOP of Contractor Management.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 6.10</li> <li>Comply the Criteria 2.1</li> <li>Comply the Criteria 6.10</li> <li>Comply the Criteria 6.5</li> </ul>
<p><b>Tanjung Kembiri Estate Gender Committee</b></p> <ul style="list-style-type: none"> <li>Gender committee was never receive complaint in term of sexual harasshment nor violation.</li> <li>Gender committee conducts socialization in term of the procedure of sexual harasshment and violation reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Gender committee has the book of complaint in term of sexual harasshment.</li> <li>Gender Committee has work program (socialization) to prevent sexual harasshment occured.</li> </ul>	<ul style="list-style-type: none"> <li>Comply the Criteria 6.9</li> </ul>

**4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY****4.1 Formal Sign-off of Assessment Findings**

Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.

Signed on behalf of:

PT Forestalestari Dwikarya  
Management Representative



**Ismu Zulfikar**  
Friday, April 3<sup>rd</sup>, 2015

Mutuagung Lestari  
Lead Auditor



**Ardiansyah**  
Friday, April 3<sup>rd</sup>, 2015



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

No	Institution/NGO/ Community	Address	Phone/Email	Form of Communication	Date of Contact	Respond	
						Yes	No
1.	Manpower Agency	Tanjung Pandan, Belitung	-	Interview	03 March 2015	√	
2.	Environment Agency	Tanjung Pandan, Belitung	-	Interview	03 March 2015	√	
3.	Plantation Agency	Tanjung Pandan, Belitung	-	Interview	03 March 2015	√	
4.	Local Contractor	Belitung	-	Interview	04 March 2015	√	
5.	Communities Kembiri Village	Belitung	-	Interview	04 March 2015	√	
6.	Labour union	Belitung	-	Interview	04 February 2015	√	
7.	Gender Committee	Belitung	-	Interview	04 February 2015	√	
8.	WALHI	Jakarta, Indonesia	<a href="mailto:info@walhi.or.id">info@walhi.or.id</a>	Email	25 February 2015		√
9.	Aliansi Masyarakat Adat Nasional (AMAN)	Jakarta, Indonesia	<a href="mailto:rumahaman@cbn.net.id">rumahaman@cbn.net.id</a>	Email	25 February 2015		√
10.	Sawit Watch.	Jakarta, Indonesia	<a href="mailto:info@sawitwatch.or.id">info@sawitwatch.or.id</a>	Email	25 February 2015		√
11.	World Wild Found (WWF).	Jakarta, Indonesia	<a href="mailto:indonesia@wwf.or.id">indonesia@wwf.or.id</a>	Email	25 February 2015		√

**Appendix 2. Assessment Program**

DATE	March 3 <sup>rd</sup> – March 6 <sup>th</sup> , 2015			
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR		
		ARD	MM	EH
<b>Tue , 3 March 2015</b>				
10.00 – 11.00	Traveling from Jakarta to Belitung	√	√	√
11.00 – 12.00	Stakeholder consultation to relevant agencies at Tanjung Pandan	√	√	√
13.00 – 14.00	Traveling from Belitung to Site	√		
14.00 – 15.00	Opening Meeting	√	√	√
15.00 – 17.00	previous audit findings verification	√	√	√
<b>Wed , 4 March 2015</b>				
08.00 – 12.00	Stakeholder consultation to Village  <u>Field Observations:</u> <b>Tanjung Kembiri (Divisi 2 &amp; Divisi 4)</b> Manuring, Spraying, Harvesting, IPM, Workers safety, LA  Workers facilities (housing, health care, school, union, etc.), Waste management (landfill, sanitary), land fire facility, Warehouse. Break	√		
12.00 – 14.00			√	
14.00 – 17.00	<b><u>Field Observations at Tanjung Keambiri POM</u></b>  Mill Processing, OHS Implementation, Workshop, Boiler, Engine Room, etc.  POM waste management, Water Intake, Storage/warehouse, SCCS, etc  Verification of field visit and completing checklist		√	
		√		√
<b>Thu, 5 March 2015</b>				
08.00 – 12.00	<u>Field Observations:</u> Legal boundry and HCV  <u>Field Observations:</u> <b>Tanjung Rusa (Divisi 2 &amp; Divisi 4)</b> Manuring, Spraying, Harvesting, IPM, Workers safety, LA  Workers facilities (housing, health care, school, union, etc.), Waste management (landfill, sanitary), land fire facility, Warehouse. Break	√		
12.00 – 14.00		√	√	√
14.00 – 17.00	Verification of field visit and completing checklist	√		
<b>Fri , 6 March 2015</b>				
08.00 – 10.00	Preparing for Closing Meeting	√	√	√
10.00 – 12.00	Closing Meeting	√	√	√
12.00 – 13.00	Traveling from Site to Belitung	√	√	√

### Appendix 3. Glossary

BOD	:	Biological Oxygen Demand
BPN	:	<i>Badan Pertanahan Nasional</i> (National Land Agency)
COD	:	Chemical Oxygen Demand
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
D & L	:	Document & Legal
EIA	:	Environmental Impact Assessment
EFB	:	Empty Fruit Bunch
FFB	:	Fresh Fruit Bunch
FPIC	:	Free, Prior and Informed Consent
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> . (Land Use Permit)
HR	:	Human Resources
IUP	:	<i>Izin Usaha Perkebunan</i> (Plantation Operation Licence)
IPM	:	Integrated Pest Management
ISPO	:	Indonesia Sustainable Palm Oil
JAMSOSTEK	:	<i>Jaminan Sosial Tenaga Kerja</i> (Social Assurance of Labor)
KER	:	Kernel Extraction Rate
LA	:	Land Application
LC	:	Land Clearing
MCAR	:	Management Committee Agronomy and Research
MCMD	:	Management Committee for Mill Development
MSDS	:	Material Safety Data Sheet
OER	:	Oil Extraction Rate
OHS	:	Occupational health and safety
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> (Committee of Occupational Safety & Health)
PK	:	Palm Kernel
PMNP	:	Plantation Monitoring And Planing
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
PSM	:	<i>Perkebunan Sinar Mas</i> (Sinar Mas Plantation)
PT FLD	:	PT Forestalestari Dwikarya
RSPO	:	Roundtable on Sustainable Palm Oil
SCCS	:	Supply Chain Certification System
SIA	:	Social Impact Assessment
SOP	:	Standard Operating Procedure
ST-1	:	Stage 1
ST-2	:	Stage 2
S-1	:	Surveillance 1
TKMM	:	Tanjung Kembiri Mill
TKME	:	Tanjung Kembiri Estate
TKRE	:	Tanjung Rusa Estate
UH	:	Unit Head
WWTP	:	Wastewater Treatment Plant