

**Roundtable on Sustainable Palm Oil Certification
RSPO**

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management Organisation : SUKAMANDANG Palm Oil Mill, PT KRIDATAMA LANCAR subsidiary of SIME DARBY Plantation Sdn Bhd

Plantation Name : Sukamandang Estate, Sapiri Estate, Baras Danum Estate, Kuala Kuayan Estate

Location : Village of. Sukamandang, Sub District of Seruyan Tengah, District of Seruyan, Province of Central Kalimantan, Indonesia

Certificate Code : **MUTU-RSPO/003**

Date of Certificate Issue : 5 July 2011 **Date of License Issue** : 5 July 2011

Date of Certificate Expiry : 4 July 2016 **Date of License Expiry** : 4 July 2016

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-4	2 – 6 Juni 2015	Trismadi Nurbayuto (Lead Auditor), Yohanes Hardian, Leonada, Panggading Hariara N	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-4	11 August 2015

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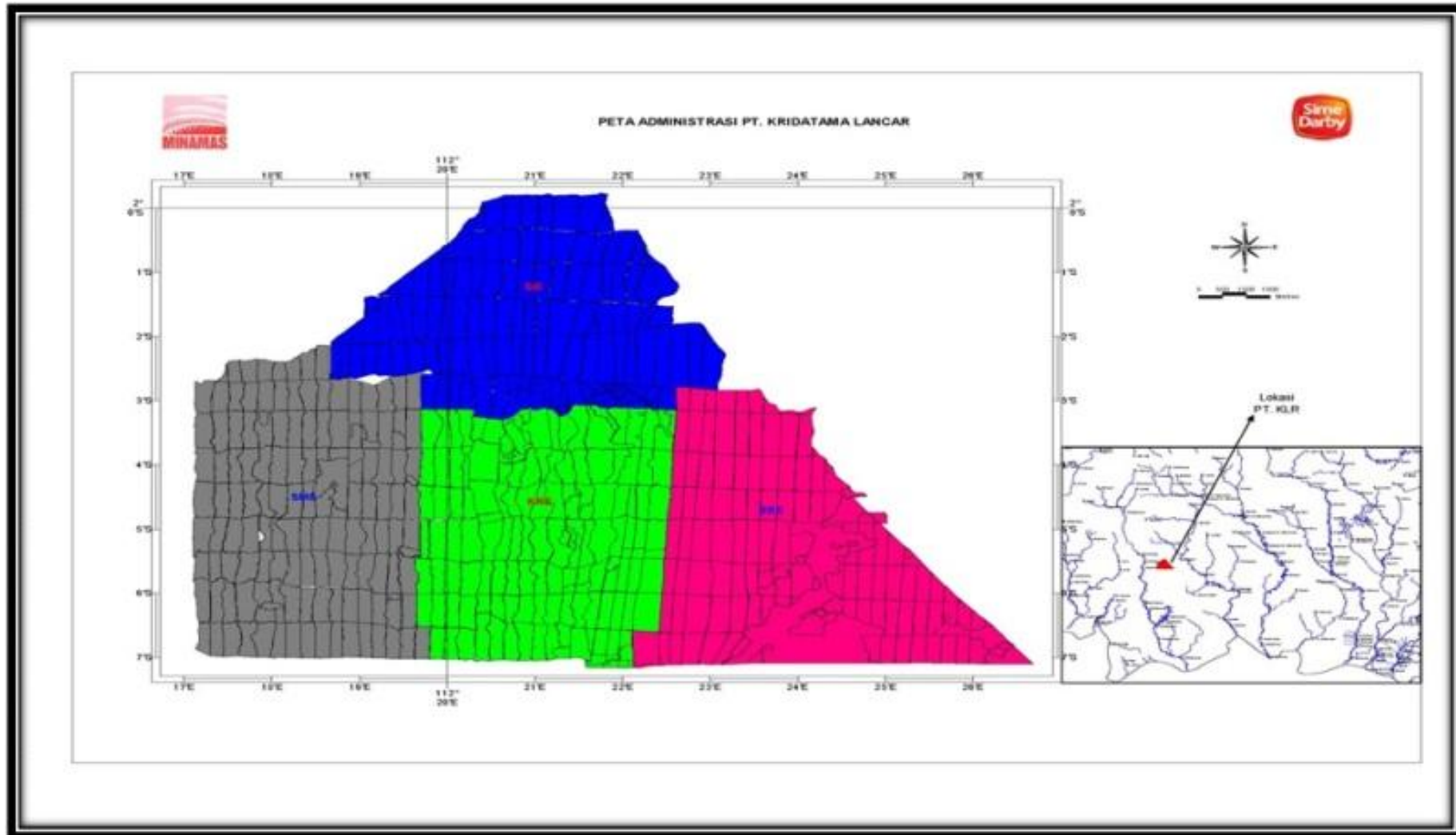
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FIGURE

Figure 1. Location Map of PT Kridatama Lancar



Abbreviations		
AMDAL (SEIA)	:	Analisis Mengenai Dampak Lingkungan (<i>Social and Environmental Impact Assessment</i>)
APD (PPE)	:	Alat Pelindungan Diri (<i>Personal Protective Equipment</i>)
B3	:	Bahan Beracun dan Berbahaya (<i>Hazardous Material Waste</i>)
BGE	:	Batang Garing Estate
BKSDA	:	Balai Konservasi Sumberdaya Alam (<i>Natural Resources Conservation Agency</i>)
BOD	:	Biological Oxygen Demand
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
EFB	:	Empty Fruit Bunch
HCV	:	High Conservation Value (Nilai Konservasi Tinggi)
HGU	:	Hak Guna Usaha. (<i>Land Use Permit</i>)
HIRARC	:	Hazard Identification Risk Assessment and Risk Control
HTE	:	Hatan Tiring Estate
IUP	:	Izin Usaha Perkebunan. (<i>Plantation Operation Licence</i>)
IPAL (WWTP)	:	Instalasi Pengelolaan Air Limbah (<i>Wastewater Treatment Plant</i>)
JAMSOSTEK	:	Jaminan Sosial Tenaga Kerja (<i>Social Assurance of Labor</i>)
Jankos / EFB	:	Janjangan Kosong / Empty Fruit Bunch
K3 (OHS)	:	Keselamatan dan Kesehatan Kerja. (<i>Occupational Health and safety</i>)
KBE	:	Kawan batu Estate
KER	:	Kernel Extarction Rate
KLR	:	PT. Kridatama Lancar (Minamas Plantation-Sime Darby group)
MRC	:	Minamas Research Center
OER	:	Oil Extarction Rate
P2K3	:	Panitia Pembinaan Keselamatan dan Kesehatan Kerja (Guiding Committee of Occupational Safety & Health)
PHT (IPM)	:	Pengendalian Hama Terpadu (<i>Integrated Pest Management</i>)
PK	:	Palm Kernel
PKS (POM)	:	Pabrik Kelapa Sawit (Palm Oil Mill)
PME	:	Pematang Estate
PMF	:	Pematang Factory
POME	:	Palm Oil Mill Effluent
PSD	:	Plantation Services Departement
PSQM	:	Plantation Sustainability and Quality Management
RKL/RPL	:	Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan. (<i>Environmental Management Plan/ Environment Monitoring Plan</i>)
RSPO	:	Roundtable on Sustainable Palm Oil
SEL	:	Studi Evaluasi Lingkungan (Environment Evaluation Study document)
SIA	:	Social Impact Assessment
SOP	:	Standard Operating Procedure
SOU	:	Strategic Operation Unit
ASA-4	:	Annual Surveillance Assessment 4
TBS (FFB)	:	Tandan Buah Segar (<i>Fresh Fruit Bunch</i>)
UKL/UPL	:	Upaya Kelola Lingkungan/ Upaya Pemantauan Lingkungan. (<i>Environmental Management Efforts/ Environmental Monitoring Efforts</i>)

1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used	<ul style="list-style-type: none"> • <i>RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013.</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 	
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT Kridatama Lancar – subsidiary of Sime Darby Plantation Sdn, Bhd	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> • Head Office: Sime Darby Plantation Sdn Bhd, Main Block, Level 10, Plantation Tower No.2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor • Indonesia Office: The Plaza Office Tower Lantai 36 JI MH Thamrin Kav. 28-30 Jakarta 10350 	
1.2.4	Telephone	(+603) 7848 4000 (+62) 21-29926000	
1.2.5	Fax	(+603) 7848 5361 (+62) 21-29922686	
1.2.6	E-mail	mohamad.pirabaharan@simedarby.com	
1.2.7	Web page address	www.simedarby.com	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Minamas Plantation)	
1.2.9	Registered as RSPO member	07 September 2004, 1-0008-04-000-00	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	<i>Palm Oil Mill and supply base</i> <ul style="list-style-type: none"> • Sukamandang Palm Oil Mill Sukmandang Estate (SME), Sapiri Estate (SIE), Baras Danum Estate (BDE) dan Kuala Kuayan Estate (BDE). 	
1.3.2	Type of certificate	<i>Single</i>	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Sukamandang POM	Village of sukamandang, Sub District Seruyan, District Seruyan, Province Central Kalimantan	S 112°17'07" – 112° 20' 19" E 1° 02' 09" - 2° 07' 03"

1.4.2	Location of Certification Scope of Supply Base					
	Name of Supply Base	Location	Coordinate			
			Latitude	Longitude		
	Sukamandang	Village of Sukamandang, Sub District Seruyan Tengah, District Kotawaringin Timur, Province Central Kalimantan	S 112° 17' 07" – 112° 20' 19"	E 1° 02' 09" - 2° 07' 03"		
	Baras Danum	Village of Biring Kapuk, Sub District Mentaya Hulu, District Kotawaringin Timur, Province Central Kalimantan	S 112° 21' 47" – 112° 26' 34"	E 2° 02' 48" - 2° 06' 58"		
	Sapiri	Village of Sapiri, Sub District Mentaya Hulu, District Kotawaringin Timur, Province Central Kalimantan	S 112° 18' 40" – 112° 23' 08"	E 1° 59' 48" - 2° 02' 50"		
	Kuala Kuayan	Village of Kuala Kuayan, Sub District. Mentaya Hulu, District Kotawaringin Timur, Province Central Kalimantan	S 112° 17' 07" – 112° 26' 34"	E 2° 02' 49" - 2° 07' 02"		
1.5	Description of Area Statement					
1.5.1	Tenure					
	• State	14,779.92 Ha				
	• Community	- Ha				
1.5.2	Area Statement					
		Sukamandang (Ha)	Kuala Kuayan (Ha)	Sapiri (Ha)	Baras Danum (Ha)	TOTAL (Ha)
	• Total area	3,935.89	3,665.00	3,531.35	3,647.68	14,779.92
	• Mature area	3,635.89	3,450.00	3,257.35	2,999.68	13,343.81
	• Immature area	-	-	-	-	-
	• Mill	60.00	-	-	-	60.00
	• Emplishment / Workers Quarter	68.00	16.00	23.00	36.00	143.00
	• Nursery	5.00	-	-	-	5.00
	• Occupation	-	15.00	33.00	-	48.00
	• Others area	-	-	31.00	-	-
	• HCV	30.00	51.00	31.00	463.00	575.00
1.6	Planting Year and Cycles					
1.6.1	Age profile of planting year					
	Planting Year	Hectarage (Ha)				Total
		Sukamandang Estate	Kuala Kuayan Estate	Sapiri Estate	Baras Danum Estate	
	1994	104.02	-	-	-	104.02
	1995	177.60	-	-	-	177.60
	1996	1,223.16	887.00	-	-	2,110.16
	1997	2,131.10	1,303.00	142.53	-	3,576.63
	1998	-	569.00	536.77	-	1,105.77
	1999	-	-	408.20	-	408.20
	2000	-	124.00	737.08	-	861.08

	2004	-	101.00	485.00	-	586.00		
	2005	-	358.00	787.13	349.55	1,494.68		
	2006	-	108.00	160.64	1,331.82	1,600.46		
	2007	-	-	-	880.45	880.45		
	2008	-	-	-	437.86	437.86		
	TOTAL	3,635.89	3,450.00	3,257.35	2,999.68	13,342.92		
1.6.2	New Planting area after January 2010		2,918.77		Ha			
1.6.3	Planting Cycle		1 st Cycle or 2 nd Cycle					
1.7	Description of Mill and Supply Base							
1.7.1	Description of Mill							
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel		
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)	
	Sukamandang	60	305,508.68	70,682.73	23.14	14,048.28	4.60	
	<i>*Production data source from 1 Juni 2014 – Mei 2015</i>							
1.7.2	Description of Certification Scope of Supply Base							
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill		
						FFB (tonnes/year)	%	
	Sukamandang Estate	3,935.89	3,635.89	82,294.32	22.63	82,294.32	100	
	Kuala Kuayan Estate	3,665.00	3,450.00	70,788.04	20.52	70,788.04	100	
	Sapiri Estate	3,531.35	3,257.35	76,884.65	23.60	76,884.65	100	
	Baras Danum Estate	3,647.68	2,999.68	63,789.50	21.27	63,789.50	100	
	TOTAL	14,779.92	13,342.92	293,756.51	22.01	293,756.51	100	
	<i>*Production data source from 1 Juni 2014 – Mei 2015</i>							
1.7.3	FFB description from other source							
	Name of sources	Organisation	Location	Supplied to Mill				
				FFB (tonnes/year)				
	Pematang Estate	PT. Teguh Sempurna (RSPO Certified)	Desa pematang, Kecamatan Mentaya Hulu, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah	2,136.53				
	Kawan Batu Estate	PT. Teguh Sempurna (RSPO Certified)	Desa Sahabu, Kecamatan Batu Ampar, Kabupaten Seruyan, Propinsi Kalimantan Tengah	4,936.73				
	Hatantiring Estate	PT. Teguh Sempurna (RSPO Certified)	Desa Kawan Batu, Kecamatan Mentaya Hulu, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah	1,720.49				
	Batang Garing Estate	PT. Teguh Sempurna (RSPO Certified)	Desa Karang Biring Kapuk Kecamatan Mentaya Hulu, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah	2,349.87				
	TOTAL				11,143.62			
	<i>*Source Production Data on 1 Juni 2014 – Mei 2015</i>							
1.7.4	Jenis Produk			FFB, CPO, PK				
1.8	Estimate Tonnage of Certified Product							

1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 5 July 2014 to 4 July 2015 (tonnes/year)	Actual certified product 5 July 2014 to 4 July 2015 (tonnes/year)																																													
	• FFB Production		316,350.84	262,405.73																																													
	• CPO Production		73,551.57	63,073.25																																													
	• Palm Kernel (PK) Production		15,026.66	12,578.99																																													
1.8.2	Estimate of Certified FFB Claim																																																
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)																																												
	Sukamandang Estate	3,935.89	3,635.89	81,208	22.34																																												
	Kuala Kuayan Estate	3,665.00	3,450.00	71,706	20.78																																												
	Sapiri Estate	3,531.35	3,257.35	82,491	25.32																																												
	Baras Danum Estate	3,647.68	2,999.68	70,746	23.58																																												
	TOTAL	14,779.92	13,342.92	306,151	22.94																																												
	<i>*Projected FFB production for 12 months of certificate</i>																																																
1.8.3	Estimate of Certified Palm Product Claim																																																
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel																																											
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)																																										
	Sukamandang	60	306,151	71,884	23.48	15,308	5.00																																										
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>																																																
1.9	Other Certifications																																																
	ISCC		Certificate No. EU-ISCC-Cert-DE100-20152063 valid from 5 March 2015 to 4 March 2016.																																														
	Others		-																																														
1.10	Time Bound Plan																																																
1.10.1	Time Bound Plan for Other Management Units																																																
	<table border="1"> <thead> <tr> <th colspan="2">MANAGEMENT UNIT</th> <th rowspan="2">Estate (Supply Base)</th> <th rowspan="2">Time Bound</th> <th rowspan="2">LOCATION</th> </tr> <tr> <th>P O M</th> <th>Time Bound</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Sekunyir. PT. Indotruba Tengah</td> <td rowspan="2">Certified 2010</td> <td>Sekunyir</td> <td>Certified 2010</td> <td rowspan="2">Seruyan and West Kotawaringin District – Central Kalimantan</td> </tr> <tr> <td>Seruyan</td> <td>Certified 2010</td> </tr> <tr> <td rowspan="3">Mangala. PT. Tunggal Mitra Plantations</td> <td rowspan="3">Certified 2010</td> <td>Mangala 1</td> <td>Certified 2010</td> <td rowspan="3">Rokan Hilir District – Riau</td> </tr> <tr> <td>Mangala 2</td> <td>Certified 2010</td> </tr> <tr> <td>Mangala 3</td> <td>Certified 2010</td> </tr> <tr> <td>PT. Sime Indo Agro</td> <td>Certified 2010</td> <td>PT. Sime Indo Agro</td> <td>Certified 2010</td> <td>Sanggau District –West Kalimantan</td> </tr> <tr> <td rowspan="3">Teluk Siak. PT Aneka Inti Persada</td> <td rowspan="3">Certified 2011</td> <td>Teluk Siak</td> <td>Certified 2011</td> <td rowspan="3">Pekanbaru, Siak District – Riau</td> </tr> <tr> <td>Pinang Sebatang</td> <td>Certified 2011</td> </tr> <tr> <td>Aneka Persada</td> <td>Certified 2011</td> </tr> <tr> <td>Sungai Pinang.</td> <td>Certified 2012</td> <td>Sungai Pinang</td> <td>Certified 2012</td> <td>Musi Rawas District – South</td> </tr> </tbody> </table>							MANAGEMENT UNIT		Estate (Supply Base)	Time Bound	LOCATION	P O M	Time Bound	Sekunyir. PT. Indotruba Tengah	Certified 2010	Sekunyir	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan	Seruyan	Certified 2010	Mangala. PT. Tunggal Mitra Plantations	Certified 2010	Mangala 1	Certified 2010	Rokan Hilir District – Riau	Mangala 2	Certified 2010	Mangala 3	Certified 2010	PT. Sime Indo Agro	Certified 2010	PT. Sime Indo Agro	Certified 2010	Sanggau District –West Kalimantan	Teluk Siak. PT Aneka Inti Persada	Certified 2011	Teluk Siak	Certified 2011	Pekanbaru, Siak District – Riau	Pinang Sebatang	Certified 2011	Aneka Persada	Certified 2011	Sungai Pinang.	Certified 2012	Sungai Pinang	Certified 2012	Musi Rawas District – South
MANAGEMENT UNIT		Estate (Supply Base)	Time Bound	LOCATION																																													
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Sungai Pinang.	Certified 2012	Sungai Pinang	Certified 2012	Musi Rawas District – South																																													

PT. Bina Sains Cemerlang		Bukit Pinang	Certified 2012	Sumatera
Sukamandang. PT. Kridatama Lancar	Certified 2011	Sukamandang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
		Sapiri	Certified 2011	
		Baras Danum	Certified 2011	
		Kuala Kuayan	Certified 2011	
Pematang. PT. Teguh Sempurna	Certified 2011	Pematang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
		Kawan Batu	Certified 2011	
		Hatan Tiring	Certified 2011	
		Batang Garing	Certified 2011	
Alur Dumai. PT Lahan Tani Sakti	Certified 2011	Alur Dumai	Certified 2011	Rokan Hilir District – Riau
Teluk Bakau. PT. Bhumireksa Nusa Sejati	Certified 2011	Teluk Bakau	Certified 2011	Indra Giri Hilir District – Riau
		Nusa Perkasa	Certified 2011	
		Nusa Lestari	Certified 2011	
Mandah. PT. Bhumireksa Nusa Sejati	Certified 2014	Mandah	Certified 2011	Indra Giri Hilir District – Riau
		Rotan Semelur	Certified 2011	
Angsana Mini. PT Sajang Heulang	Certified 2011	KKPA-1 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		Pantai Bonati	Certified 2011	
Angsana. PT Ladangrumpun Suburabadi	Certified 2011	Angsana	Certified 2011	Tanah Bumbu District – South Kalimantan
		Gunung Sari	Certified 2011	
		KKPA-4 PT.SHE	Certified 2013	
Mustika. PT Sajang Heulang	Certified 2013	KKPA-2 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		KKPA-3 PT.SHE	Certified 2013	
		KKPA-5 PT.SHE	Certified 2013	
Gunung Aru. PT Bersama Sejahtera Sakti	Certified 2011	Gunung Aru	Certified 2011	Kotabaru District – South Kalimantan
		Gunung Kemas	Certified 2011	
		Laut Timur	Certified 2011	
		Pantai Timur	Certified 2011	
Bebunga. PT. Langgeng Muaramakmur	Certified 2011	Sungai Cengal	Certified 2011	Kotabaru District – South Kalimantan
		Bebunga	Certified 2011	
		KKPA Sungai Cengal	Certified 2015	
Pondok Labu. PT Paripurna Swakarsa	Certified 2012	Binturung	Certified 2012	Kotabaru District – South Kalimantan
		Pondok Labu	Certified 2012	
		Rampa	Certified 2012	
		Sesulung	Certified 2012	
Selabak. PT Swadaya Andhika	Certified 2012	Selabak	Certified 2012	Kotabaru District – South Kalimantan
		Randi	Certified 2012	
		Sangkoh	Certified 2012	
		Lanting	Certified 2012	
Rantau. PT Laguna Mandiri	Certified 2012	Rantau	Certified 2012	Kotabaru District – South Kalimantan
		Matalok	Certified 2012	
Betung. PT Laguna Mandiri	Certified 2014	Betung	Certified 2012	Kotabaru District – South Kalimantan
		Sekayu	Certified 2012	
Ungkaya.	Certified 2012	Ungkaya	Certified 2012	Morowali District – Sulawesi

PT Tamaco Graha Krida				Tengah
		Plasma TGK	Audited 2015	
Ladang Panjang. PT Bahari Gembira Ria	Certified 2012	Ladang Panjang	Certified 2012	Muaro Jambi District - Jambi
		Plasma BGR	2015	
Rantau Panjang. PT Guthrie Pecconina Indonesia	Certified 2012	Rantau Panjang	Certified 2012	Musi Banyuasin District – South Sumatera
		Bumi Ayu	Certified 2012	
		Karang Ringin	Certified 2012	
		Napal	Certified 2012	
		Mangun Jaya	Certified 2012	
		KKPA Sungai Pinang	2015	
Blang Simpo. PT Perkasa Subur Sakti	Certified 2013	Tamiang (PT PPP)	Certified 2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam
		Batang Ara ((PT PSK))	Certified 2013	
		Blang Simpo-01 (PT PPP)	Certified 2013	
		Blang Simpo-02 (PT PPP)	Certified 2013	
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan
		MAS 1	2020	
		MAS 1	2020	
Lembiru. PT Sandika Nata Palma	Certified 2014	Lembiru	Certified 2014	Ketapang District – West Kalimantan
		Awatan	Certified 2014	
	New Development	Karya Palma	2016	
PT. Budidaya Agro Lestari	2018	Pelanjau	2018	Ketapang District – West Kalimantan
		Sungai Putih	2018	
		Baturus	2018	
<p>Sime Darby has been certified for its 39 POM's management units in Malaysia and 21 POM's management units in Indonesia. There is a change in time bound plan causing the postponement of company's certification process with the explanation as below:</p> <p>PT Mitra Austral Sejahtera, there is social issue that has been resolved in PT Mitra Austral Sejahtera between the company and Palm Oil Farmer Union. However, the continuous improvement is on process.</p> <p>PT Budidaya Agro Lestari is waiting the Government's decision on Province Spatial Planning of Kalimantan Barat Province. TBP for Karya Palma Estate is planned in 2016.</p>				
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard			
	Sukamandang palm oil mill does not received from other non certified RSPO associates outgrowers.			

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-4	<p>Trismadi Nurbayuto (Lead Auditor). Associate Forestry from the Forestry Faculty of IPB and Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, IPB. Specialists in the Environmental Social Impact Assessment (SEIA) and the High Conservation Value (HCV). He participated in HCV Management Training, Indonesian Sustainable Palm Oil (ISPO) Auditor, In House Training RSPO; training of ISO 9001:2008 Quality Management System, ISO 22000:2005 Food Safety Management System, and ISO 14001:2004 Environmental Management System. Previously worked in the private oil palm plantations, became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO) until 2014. He has been involved in the activities of SEIA and Identification of HCV in Palm Plantation. Currently has been several times following audit activities related to sustainable palm oil certification system as lead auditor.</p> <p>Panggading Hariara (Auditor). Bachelor of Social and Political Science. Experience as a social activist in Indonesia and the Commonwealth Commission on Child Protection. Attended training including ISO 9001:2008 Auditor, Social Accountability 8000, Indonesian Sustainable Palm Oil (ISPO) Auditor and has attended five (5) times the related audit system of sustainable palm oil certification as an auditor. At this time his activities in ISPO certification are to assess the legality and social aspects.</p> <p>Leonada (auditor): Bachelor of Agriculture Department of Agriculture, Faculty of Agriculture, Department of Plant Breeding and Seed Technology, Bogor Agricultural University Has experience of operational staff work as publicly-listed plantation company oil palm plantations in private sectors in indonesia .Training followed some of them are ever: training an auditor indonesian sustainable palm oil (ispo) , lead an auditor iso 9001; 2008 , basic management depelovment agronomy program , training pest of the plant diseases and weeds pht) (integrated health , training the use of pesticides limited (kompes) , waste management training pesticides and fertilizer , the k3 general and when it works at an institute of independent certification as an auditor .On judgment surveillance-4 this time assessed from the perspective of oil palm cultivation , an organism a bully plants and the implementation of work safety and health</p> <p>Yohanes Hardian (auditor): Diploma 3 Forest Resource Conservation, Faculty of Forestry, Bogor Agricultural University, specialist in the field of environment and wildlife, and HCV Attended training involved several managers Identification of HCV Oil Palm Plantation. Worked as an environmental staff on Oil Palm Plantation. ISPO auditors have been trained and has been training Auditor ISO 9001 and ISO 19011. Legal Training documents inhouse training ISPO commission. In the surveillance assessment-4 this time to assess the environmental aspects, conservation and greenhouse gases.</p>
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ASA-4	<p>Number of auditors : 4auditor Number of days for ASA-4 at site : 4 days Number of working days for ASA-4 at site : 16 Working days</p>
2.2.2	Assessment Process
ASA-4	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Kridatama Lancar to the requirements of Principe and Criteria for The Production of Sustainable Palm Oil. Endorsed by RSPO Executive Board and Accepted at The Extraordinary General Assembly by RSPO Members on April 25th 2013 and RSPO Supply Chain Certification Standard for Organizations Seeking or Holding Certification Adopted by The RSPO Board or Governors on November 21st 2014 (Module D/E for CPO Mill</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results ASA-4 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (RC). Improvement of findings from main assesment findings were observed by auditors at this ASA-4 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-4</p>

The assessment program please find Appendix 2

2.2.3 Location of Assessment

ASA-4

Sukamandang Mill

1. **Location 1 – Security Post.** Auditor interviewed security guard and recorded the passing truck, which transported the incoming FFB (RSPO Certified), outgoing CPO and PK; as well as installed the label in CPO and PK trucks. In general, security understands the procedure to accept certified FFB as well as the procedure to install the label.
2. **Location 2 – Weight Bridge.** Auditor interviewed operators, it's known that company has delivered SCCS training in December 2014. In addition, operators also understand the segregation/ IP (the latest standard) SCCS. Document's review over FFB's weight bridge ticket, CPO and PK showed that there were special attributes (RSPO certified) and RSPO Segregation.
3. **Location 3 – Boiler's station.** Auditor interviewed boiler's operator, and they have the license for steam engine operator. Operators received medical examination in 2014. Company has provided PPE for the entire personnel. Moreover, personnel have understand the complaint mechanism.
4. **Location 4 – Workshop.** Auditor interviewed welders, and it's known that they have the certificate for professional welder. Personnel understand about the minimum wage in 2015, and received medical examination in 2014. Moreover, company provides complete first aid box at workshop.
5. **Location 5 – Hydrant at Storage Tank area.** Auditor observed hydrant condition and conducted simulation. Fire extinguishers were in a good condition and ready to use.
6. **Temporary hazardous waste landfill.** Sukamandang mill has conducted the monitoring over hazardous waste, such as daily monitoring as stated in hazardous waste logbook, information boards are available, and in addition the hazardous waste management has been well implemented.
7. **WWTP Mill.** Based on field observation, it's known that company has implemented the appropriate liquid waste management. In general, WWTPs are in a good condition, there is no indication of leakage, and company has periodically monitored the quality of liquid waste.
8. **Water treatment plan.** Based on field visit, there is a separated flow meter between the process and the need of domestic water. Moreover, the flow meters are in a good condition.
9. **Workshop.** Based on field visit, company has properly conducted the hazardous waste management at workshop. Workshop personnel are equipped with sufficient PPE.

Sapiri Estate

1. **Location 1 – Stake 14, 15, 16, 21, 22.** Auditor observed the condition of HGU stake. Based on observation, stakes are in a good condition and are clearly demarcated.
2. **Location 2 – HCV 4.1 Riparian area of Manggis River, Block D48, Division 2.** Auditor observed the condition of riparian area as the HCV. For instance, company did not do the chemical spray as well as chemical fertilization, there was a signboard with a washy paint. In addition company has cultivated hardwood vegetation, such as *Pterocarpus indicus*.
3. **Location 3 – water source at block D42, Division 2.** Water source for personnel at Sapiri Estate housing, signboard and prohibition board for spraying and fertilizing over the first and second palm oil tree within the buffer zone area.
4. **Location 4 – HCV 4.2. Bukit Susu, Block F34, Division 3.** Erosion control area has been cultivated with palm oil tree since 2005. There are signboard and cultivation of hardwood vegetation.
5. **Location 5 – HCV 4.1. Riparian of Kalali River, Block F28, Division 3.** Auditor observed the condition of riparian area, which is managed as the HCV area. For instance there was no chemical spraying as well as fertilization, there was signboard with washy paint. Moreover, company has cultivated hardwood vegetation like *Pterocarpus indicus*.
6. **Location 6 – HCV 4.1. Water source, Block F28, Division 3.** Water source for estate. There is signboard and prohibition board for spraying and fertilizing over the first and second palm oil tree within the buffer zone area.
7. **Spraying activity.** In Sapiri Estate Block G39 auditor found spraying activity, which was conducted by 11 spraying personnel, the used material is Dalopir (triklopir) with broad leaf weed and hard-wood tree as targets based on the condition of dominant weed in the field, with a dose of 250 cc per ha. Spraying personnel understand the spraying procedure, understand the doze and targeted weed, as well as understand the hazard

of pesticide as well as the function of spraying PPE. Moreover, the spraying personnel were ensured to use well-functioning PPE. During the field visit, observers did not find pregnant personnel and its stated that pregnant women workers are not allowed to work with chemicals.

8. **Fertilization activity.** Sapiri Estate block F45 was under fertilization and there were 20 fertilization personnel. The applied fertilizer such as RP amount 14 ton, with a doze 2 Kg/Ha and each personnel was responsible on 2.5 Ha areas. Fertilization personnel understood the proper fertilization technique, including the procedure to use spreading bowl according to the calibration result. Personnel understood the function and utilization of PPE, moreover, the fertilization personnel were ensured to wear the PPE when they work and the PPE should be in a good condition.
9. **Harvesting activity.** Observation in Sapiri estate block D41 showed that personnel have understand the harvesting procedure as well as harvesting technique based on occupational health and safety, including the procedure in case of work accident's occurrence. Personnel understand and wear the PPE based on its function and type. The foreman brought the first aid box to the field and they understand the first aid procedure in case of emergency in the field.
10. **BSS House (Block Spraying System)** Observation at BSS house at Sapiri Estate showed that BSS house is in a good condition. The entire PPE and spraying tools are washed and stored in BSS/BMS house. Water trench to dispose pesticide-contaminated water is well maintained and has no potential to harm or pollute environment.
11. **Pesticide Warehouse.** Observation at Sapiri Estate shows that the pesticide material has been well arranged and competed with MSDS, ventilations are in a good condition, there is a container for leakage, PPEs are available for visitors, and the mixing place is also available. Chief of warehouse understand the mechanism to store pesticide in regard to occupational health and safety at pesticide warehouse. Stock of pesticide is well recorded in warehouse card, for instance stock for prima up until 05 June 2015 amount 491.54 liter (34.57 jars) and metaprima 31.5 Kg (126 bottles) in accordance with the actual number in the warehouse.
12. **Application of Nest Box (Tyto Alba).** Observation at Sapiri Estate shows that there is an active nest box at block F46, damaged nest box at block F40, non-active nest box at block F42 and a block F50. This finding will subject to OBSERVATION for company in order to improve the application of *Tyto alba* (barn owl) by installing nest box to control rat with biological approach.
13. **The application of beneficial plant.** Observation in Sapiri Estate at block D41, F40, F42, F45, F46, F50, F52, G39 show some beneficial plants, such as *Turnera subulata* and *Cassia cobanensis*.
14. **The application empty fruit bunches.** Observation in Sapiri Estate at block F52 shows that there is an application of empty fruit bunches. The empty fruit bunches are stacked evenly between palm oil trees with total amount 300 Kg per stack and 40 ton per ha.
15. **The application of Silt Pit.** Observation in Sapiri Estate at block F40 shows the application of silt pit with the size of 60 cm x 40 cm x 4 meter, which is functioned to hold water and organic material in sloping area.
16. **Road management.** During the field visit, auditor observes the road maintenance activity, however based on field observation at Sapiri Estate at block D41, F40, F42, F45, F46, F50, F52, G39 show that the road is in a good condition and can be passes by vehicles.
17. **Personnel housing at central complex.** Observation over facilities and infrastructures for personnel wellbeing such as housing type G2 harvesting and semi harvesting, medical facilities such as polyclinic with paramedics (nurse and midwives), place of worship such as mosque, education facility such as kindergarten, sport facility such as soccer field, other facilities such as child care, clean water source from dam/pond and well. Dam has been fenced and has been completed with signs.
18. **Temporary hazardous waste landfill.** Company has monitored the hazardous waste as stated in hazardous

daily monitoring logbook, signboards are available, and the hazardous waste has been well managed.

KUALA KUAYAN ESTATE

- 19. **Spraying activity.** At Kuala Kuayan Estate at block K42, auditor observed spraying activity, which carried out by 15 personnel. The utilized material was Prima Up (glyphosate) with narrow-leaf weed as target. The dose was 250 cc per ha. Spraying personnel understand the spraying procedure, doze, wed that should be terminate, understand the hazard from pesticide as well as the function of PPE. It is mandatory for spraying personnel to wear PPE during work and ensure the PPE are in a good condition. During the observation, there were no pregnant spraying personnel. Moreover, it is prohibited for pregnant personnel to perform spraying activity and other work that related to chemical material.
- 20. **Fertilization activity.** Observation at Kuala Kuayan Estate at block J46, auditor found fertilization activity that was carried out by 23 fertilization personnel. The applied fertilizer was Kieserite amount 10.5 ton, dose 1 kg/Ha and personnel performance was 3.3 Ha/person). Fertilization personnel understand the mechanism for fertilization, including using spreading bowl based in calibration. Personnel have understood function and the utilization of PPE. Moreover, it is mandatory for spraying personnel to wear PPE during work and ensure the PPE are in a good condition.
- 21. **Harvesting Activity.** At Kuala Kuayan estate block K50, auditor found out the harvesting personnel understand the harvesting procedure and mechanism based on occupational health and safety aspects, including the mechanism for work accident. The employees understand and wear PPE based on the function and type of work. Field supervisor carried first aid box and understand the first aid mechanism in case of accident.
- 22. **BSS House (Block Spraying System)** BSS houses at Kuala Kuayan estate are in a good condition and well arranged. The entire PPE and spraying tools are washed and stored at the BSS/BMS house. Trench for disposing contaminated water is well managed and has no potency to pollute environment.
- 23. **Nest Box Application (*Tyto alba*).** Observation in Kuala Kuayan Estate Block K46 showed that it has an active nest box.
- 24. **Beneficial plant Application.** Observation in Kuala Kuayan Estate Block J46, K13, K42, K45, K50 showed there are some beneficial plants, such as *Turnera subulata* and *Cassia cobanensis*.
- 25. **Empty fruit bunches application.** During the observation in Kuala Kuayan Estate at block K13, auditor found the empty fruit application. The empty fruit bunches are stacked evenly between palm oil trees with total amount 300 Kg per stack and 40 ton per ha.
- 26. **The application of Silt Pit.** Observation in Kuala Kuayan Estate K45 shows the application of silt pit with the size of 60 cm x 40 cm x 4 meter, which is functioned to hold water and organic material in sloping area.
- 27. **Road management.** During the field visit, auditor observes the road maintenance activity, however based on field observation at Kuala Kuayan Estate at block J46, K13, K42, K45, K50 show that the road is in a good condition and can be passes by vehicles.

Baras Danum Estate

Location 1 – HGU Stake No. 31 and No. 32. Field observation at the entire stakes are well maintained and clearly demarcated. However, the standard for HGU stake at BDE has not been in line with the National Land Agency standard as stated at SIE.

2.3 Stakeholder Consultation and Stakeholders Contacted	
2.3.1	Summary of stakeholder consultation process.
ASA-4	Public consultation for pt kirdatama smoothly carried out through interview with the stakeholders and visit internal and

	external , among other <ul style="list-style-type: none"> • 3 June 2015 visits and interviews to Dinas Sosial Tenaga Kerja dan Transmigrasi, Dinas Kehutanan dan Perkebunan, Kantor Pertanahan, dan Badan Lingkungan Hidup Kabupaten Kotawaringin Timur • 4 June 2015 visits and interviews FGD wit local comunity and head of Sapiri village dan Dusun Tajur Beras. • 26 May 2015 sent a letter of consultation by email to NGO (WALHI, Sawit Watch, dan WWF)
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit Re-Certification will be determined one year after this surveillance -4

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of **Sukamandang POM –PT Kridatama Lancar** operation consisting of one (1) mill and four (4) oil palm estates.

During the assessment, there were three (3) Nonconformities were assigned against Major Compliance Indicators, four (4) nonconformities were assigned against Minor Compliance Indicators; one (1) nonconformance against supply chain requirement for CPO mill and seven (7) opportunities for improvement identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidence(s) e.g. (document record/photographic/etc.). Those corrective action(s) taken that consist of three (3) Major non-conformities and one (1) non-conformance against supply chain requirement for CPO had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Sukamandang POM – PT Kridatama Lancar, SIME DARBY Plantation Sdn Bhd complied with the requirements of Principle and Criteria for The Production of Sustainable Palm Oil. Endorsed by RSPO Executive Board and Accepted at The Extraordinary General Assembly by RSPO Members on April 25th, 2013 and RSPO Supply Chain Certification Standard for Organizations Seeking or Holding Certification Adopted by The RSPO Board or Governors on November 21st 2014 (Module D/E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **maintained**

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
	PT. KLR has the SOP of communication (398/KLR/KOM-SOP/41/12) dated 02 nd November 2011. This procedure describes the practical instruction for internal and external communication, especially in term of security, medical and environmental protection (K3LL). The company has a record for information request from stake holder as well as the its response, such a letter from Manpower and Transportation Agency in Seruyan District No. 560/555/Disnakertranspar/IV/2015 to head of management of PT. TSA on 08 th May 2015 regarding the mandatory report on manpower and management. Hence, company has responded the letter and sent the electronic mail to Manpower and Transportation Agency office on 06 th June 2015.	
	Status: compliance	
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.	
	Based on SOP of document control number 398/KLR/DOC-SOP/42/12, there are list of the publicly-accessed documents. For example: a. Environment impact analysis document, environment management report and environment monitoring report.	

- b. Policy and company's manual
- c. Occupational health and safety program and environmental protection
- d. HCV document and Social Impact Assessment
- e. Continual Improvement Program

On 12th June 2012, PT KLR describes the type of document that can be accessed by public, such as:

- a. Legal document: Location's permit, decision letter on forest area release, SPUP, HGU, SITU/HO, IMB, NPWP, occupational health and safety certificate.
- b. The company's management; Vision Mision, organigram, company's profile, number of personnel, company's regulation, work agreement.
- c. Estate; Areal Statemen, the utilization of fertilizer, the utilization of agrochemical, production data, seed certification
- d. Social; medical facilities, educational facilities, worship facilities, sport facilities, cooperative unit for workers, scholarship, CSR
- e. Local economy; local retribution, tax.
- f. environment; Environment impact analysis document, environment management report and environment monitoring report, fire extinguishers, water analysis, air analysis, amient analysis, soil nalysis, liquid waste analysis.
- g. report; report of investation activity progress, plantation business development report, mandatory report for manpower, report of guiding ommitteef or occupational health and safety, hazarouse waste balance sheet, social insurance report, job vacancy.

Based on interview with local community at Sapiri Village, Kuala Kuayan Village; the company has the publicly-accessed documents.

The company is encouraged to conduct re-socialization regarding the type of the publicly-accessed documents for all stakeholders. OFI

Status: compliance

1.3

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

Company has a policy No. 440/HRM-COC/07 dated 24th May 2007 regarding the Code of Conduct (ethical code), which explains:

- 1. Personnel/ staff within the Minamas Plantation should not have conflict of interest which later can infected the decision making process and lead to the decrease of company's performance.
- 2. Corporate Governance: company uses the structure and process, which lead to the improvement of company's venture and accountability in order to implement the stakeholders' long-term value in accordance with legal law and universal ethic.

The policy explains the basis of individual attitude and behavior inside and outside company's environment, supervisor attitude, sub-ordinate attitude. Company as well as the entire personnel are prohibited to accept, to offer, directly or indirectly a valuable thing as part of bribery from or to consumers, vendor, government officials and related party that can influence the decision-making. Interview with staff, management and personnel in estate and mill show that the entire personnel understand company's code of ethic.

Status: compliance

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

Company has some records related to company's obedience to legal regulation, especially the responsibility to submit report:

- Report on capital investment activity in semester II 2014 to cooperative agency, small and medium enterprise and capital investment of East Kotawaringin District and Industrial Agency, Trade Agency and capital investment of Seruyan District through Indonesia post office on 16th January 2015.

- Manpower mandatory report SMF to Manpower and Transmigration Agency in East Kotawaringin and Seruyan District on 09th June 2015 (via email).
- Manpower mandatory report KKE and SIE to Manpower and Transmigration Agency in East Kotawaringin and Seruyan District on 09th June 2015 (via email).

However, company is not able to present the evidence of report submission for the 1st quarter report for period of 2015 (consultation result with Kotim Plantation Agency). Non-compliance NCR 2015.01

Root cause:

PT. KLR does not send the first three-month plantation report for period of 2015.

Corrective actions:

PT. KLR has sent plantation business development report in 1st quarter of 2015 to associated agency, which completed with evidence of report submission.

Preventive Actions:

Drafting and submitting the plantation business development report on time in accordance with the submission schedule.

Observation on 25th June 2015

The management unit sent the first three-months of plantation report 2015 to Forestry and Plantation Agency in Seruyan District and Plantation Agency of East Kotawaringin District on 22nd June 2015 through post expedition service. Based on the aforementioned Corrective actions, then the non-compliance is closed.

Manpower:

PT. KLR is located within two districts, such as Kotawaringin Timur District and Seruyan District, related to payment of PT. KLR is based on Governor of Kalimantan Tengah Decree No. 43 in 2014 on 28th October 2014 regarding the minimum wage and sectorial minimum wage for East Kotawaringin District in 2015, amount IDR. 2,108,920. Meanwhile for District minimum wage and sectorial minimum wage of Seruyan District No. 45 in 2014 on 6th November 2014 regarding the minimum wage and sectorial minimum wage for Seruyan District in 2015, amount IDR. 2,110,500. - General Manager HRM through Memorandum No. 016/HRM-i3/II/2015 on 12th January 2015 regarding the daily wage and salary structure for monthly staff in 2015 within KOTIM and Seruyan area (especially PT. KLR and PT. TSA). Based on Governor of Kalimantan Tengah Decree No. 43 and No. 45 in 2014, the salary has been increased to IDR. 2,110,500/month from IDR. 1,918,618/month.

Interview with worker union at estate unit said that the implementation of sectorial minimum wage in 2015 has been implemented since January 2015. Moreover, from the interview with personnel, it's known that employees of estate and mill have understood the sectorial minimum wage in 2015.

Company has a procedure to evaluate its compliance toward the legal requirement and regulation. The evaluation has been conducted periodically for at least every 6 months and it is supported by monthly meeting to evaluate the progress. In addition, company consults with related institution in order to up date company's regulation.

Company has recorded the entire revision over company's legal revision, such as:

- Law No. 24 in 2011 regarding the implementation of social security
- Government Regulation No. 101 in 2014 regarding the management of hazardous waste
- Ministry of Land decree No. 11 in 2015 regarding the certification system for Indonesia sustainable palm oil plantation (ISPO)
- Governor of Kalteng Decree No. 43 and No. 45 in 2014 regarding the minimum wage and sectorial minimum wage in Kotawaringin Timur & Seruyan District in 2015.
- Regulation from environment ministry No. 14 in 2013 regarding the hazardous symbols and label (the replacement of Kepka Bapedal No. 05 in 1995)
- Presidential Decree No. 111 in 2013 revision over President Decree No. 12 in 2013 regarding the health insurance.
- Ministry of Manpower Decree No. 12 in 2015 regarding the electricity health and safety in workplace.
- Government Decree No. 66 in 2014 regarding the environment safety.

- Ministry of Environment Decree No. 97 in 2014 regarding the handover of responsibility to issue permit related to environment and forestry in order to deliver an integrated service to coordination bureau of capital investment.

Based on review on document evaluation, some regulations have not been included in the document, for example:

- Ministry of Manpower Decree No. 26 in 2014 regarding the implementation of OHS Management System.
- Ministry of Manpower Decree No. 1/MEN/II/2015 on 17th January 2015 regarding the decision of supreme court No. 100/PUU-X/2012 over article 96 UU No. 13 in 2003 regarding the manpower. Non-compliance NCR. 2015.02.

Status: Non-compliance NCR. 2015.02.

2.2

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

Interview with the management, National Land Agency of East Kotawaringin District, Local community in Sapiri and Kuala Kuayan Village, reveal that for the last one year, company does no conducted any land. However, company can present the recapitulation for land compensation from 2006 to 2011.

Legal Aspect: land ownership based on decree from governemnt and in accordance with the applicable regulation, such as location permit from National Land Agency at East KotaWaringin District No 2056.460/BPN/XII.1993, Decree for forest area's release, which was issued by Forestry Ministry No. 762/KPTS-II/1996 on 12th December 1996 regarding the release of some part of S. Semilat forest, Kotawaringin Timur District, Kalimantan Tengah Province, amount 15,900 Ha for plam oil plantation on behalf of PT Kridatama Lancar and HGU Decree that is issued by National Land Agency (BPN) based on Decree No. 58/HGU/BPN/99 on 22nd June 1999 over the land of 14,779 Ha, which later on is registered in Land Agency of Kotim District and earns the HGU certificate No 11 on 09th August 1999 over an area of 14,779.920 Ha based on measurement letter No. 04/1999 that valid till 9th August 2034.

Based on position's monitoring document over HGU stake at Sukamandang Estate, it is known that there are 12 stakes, Sapiri Estate has 15 stakes. Meanwhile the Kuala Kuayan Estate that located in the middle of PT. KLR has no area that located side by side with the external area of PT. KLR. Based on field observation on stake 14, stake 15, stake 16, stake 22 and stake 22 at Sapiri Estate, the condition of HGU stakes are good and well maintained. The entire stakes are side by side with other private plantations. There is no plantation located side by side with local smallholders' plantation. Moreover, the Baras Danum Estate has stake No. 31 and stake No. 3, which both in a good condition and well maintained.

Interview with the management shows that currently there is no land conflict with local community. In addition, the public consultation with National Land Agency of Kotawaringin Timur District, and local community at Sapiri and Kuala Kuayan Village for the last one-year shows that there is no land dispute between PT. KLR with community and other plantations.

PT. KLR has send the request letter for land measurement over the neglected 481.42 ha area to the National Land Agency in Central Kalimantan Province on 10th July 2013 No. 091/KLR/UM/PSD/VII/13 regarding: the request to measure the neglected ± 481.48 ha land; however, until now, the letter has not been responded by the National Land Agency of Kalimantan Tengah Province. On 25th August 2014, the Minamas Research Centre team conducted field measurement by involving related agencies from Tajur Beras and Tabion Sub-village, Kapuk Village, which producing the map with scale of 1:21,000.

In case there is a conflict in the future, and in order to prevent the escalation of conflict, PT. KLR has a policy No. 022/SOU-Intern/VI/2015/S dated 4th June 2015, which is signed by head of SOU Sukamandang regarding the prohibition to hire mercenary and paramilitary within estate operational area, such as:

1. Company refers to Republic of Indonesia's legal regulation and the applicable law within the on carrying its operation activity
2. Conflict between company and other parties will be settled without military intervention, such as by hiring military unit.
3. Company prohibits the the violence approach on conflict resolution.

Status: compliance

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.

at the moment, there is no conflict between company and other parties or local community. However, the Land Use Title (HGU) area of PT KLR that has become resident (Tajur Beras and Tabion Sub-village and Kapuk Village) and based on field visit to the boundary location shows that:

- a. Local community/village within HGU area have understand the condition and made an agreement with company to respect each other existance.
- b. There is no conflict between local community and company
- c. Sub-village/ Villages have become part of company's CSR program.
- d. There is a boundary sign between local community's plantation and company's plantation area, in a form of trench along the boundary area.

Based on explanation from the management of PT KLR, it states that company have a plan to exclude the area from its HGU area because definitively the area has become community's residence area. The aforementioned area is well-mapped within the community's residential map in HGU (scale 1:21,000) with a broad approximately 481.48 Ha. The mapping process has included local community from Tajur Beras and Tabion Sub-village and Kapuk Village that have been conducted on 25th August 2014.

Based on interview with management and local community at Sapiri and Kuala Kuayan Village, for the last one year, there is no land compensation process. The management unit can present the land compensation record from 2006 to 2011. In case of conflict occurs between company and local community, the resolution will be represented by village government institution. Moreover, the entire information regarding the land compensation is written in Bahasa (Indonesia language). This approach was taken in order to ensure that stakeholder could understand the document. For instance the minutes of payment, environment impact analysis document and other relevant documents.

Status: compliance

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

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

Company has a short-term plan as well as long-term projection for 5 years ahead, particularly related to estate's operational cost plan, which is approved by Head Plantation Operation. The distribution of the work plans, including: work plan 2015 – 2016 and operational & production cost projection 2016 – 2020.

Company has a plan for replanting program based on memo: POD-UM-027/IV/2014 on 10th March 2014. The attachment of the memo explains the planned-area for cultivation, the allocation of budget and seed. Based on the attached memo, its known that Kuala Kuayan estate will start its replanting program in period of 2015/2016 within 234.00 ha area particularly for the palm oil plants that have been cultivated since 1996. Meanwhile for Sapiri Estate, the replanting program in 2018/2019 will be conducted within 251.13 ha area for the palm oil plants that have been cultivated since 1997.

Status: compliance

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 the procedure for palm oil estate and mill, such as:

- Agricultural Reference Manual (Document number: 110/EST-ARM/13), approved on 16th September 2013, which regulates the preparation for cultivation material, nursery technique, replanting, land preparation, cultivation density, harvesting start-time, estate maintenance, fertilization for the un-productive plantation, the application of empty fruit bunches, the application of liquid waste from mill, the management of canopy, water management for beach area as well as cultivation in peat area, ablation, ripe-fruit standard, harvesting spin, loosen-fruit collection, the protection of plantation, weed control, cover crop like nut vegetation as well as rain fall rate record.
- Procedure for mill's operation activity, which has been approved on 26th July 2010, which consist of: SOP No.110/POD-FAC/07, CHAPTER I regarding the Management Procedure for Palm Oil, such as fruit acceptance

(1.1), sterilization (1.2), striping (1.3), Digesting (1.4), Pressing (1.5), Clarification (1.6), Separation of nut from fiber (1.7), Kernel station (1.8), BAB II. Storage for oil and kernel. Storage for oil (2.1), laboratory management (5.9), steam chimney (6.1), Electricity's generator (6.2), Type of generator (6.3), Occupational health and safety (6.10), etc. Monitoring over the implementation of operational work, as can be seen from the monthly report that consists of information such as the production of FFB, the rotation of harvesting, the maintenance of plantation, fertilization, general cost. Monitoring over the operational activity has been conducted periodically. For instance monitoring by Plantation/Mill Advisory and operational auditors will be conducted at least once a year.

Based on analysis over production data in Sukamandang POM, it's known that for the last one year, company did not receive FFB from third parties. FFB in Sukamandang POM are sent by nucleus estate: Kuala Kuayan Estate, Sapiri Estate, Baras Danum Estate, and Sukamandang Estate. In addition, company receives FFB from PT. Teguh Sempurna (Minamas Sime Darby/RSPO Certified), which consists of Kawan Batu Estate, Batang Garing Estate, Pematang Estate and Hatan Tiring Estate.

Status: compliance

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

Company conducted the fertilization as an effort to maintain soil fertility. The fertilization is based on fertilization recommendation based on leaf analysis sample. Hereby are samples of controlled-soil fertilization:

- Kuala Kuayan Estate: ZA (563,575 Kg), MOP (668,448 Kg), RP (595,264 Kg), HGFB (34,161 Kg), Urea (58,069 Kg), Kieserite (181,045 Kg), Dolomite (10,001 Kg).
- Sapiri Estate: ZA (788,702 Kg), MOP (586,252 Kg), RP (362,023 Kg), HGFB (4,931 Kg), Kieserite (426,614 Kg).

Services MRC laboratory conducted the Leaf analysis periodically as can be seen on leaf analysis result on 19th June 2014. The objective of analysis is to set the fertilization recommendation for period 2014 – 2015. Analysis sample in Kuala Kuayan Estate such as: Field H008, Block H34 no LSU KKE 101, broad of block 41 Ha, planting year 1997 number of trees 5381, % dry weight (Ash: 6.37), (N: 2.83), (P: 0.146) (K: 0.908), (Mg: 0.250), (Ca: 0.503), PPM dry weight B (16.6). Company also conducted soil analysis, which can be seen from soil analysis result from environmental research center of education and cultural ministry of Lambung Mangkurat University No. 139/UN8.2.1/PL/2014 file code SQ-034/2014 on 21st April 2014 for instance: sample code MM/EF/14/BBE/PK-1 soil texture 64.25%, dust 9.07%, clay 26.68% with a texture of sandy-clay and completed with mineral data such as C (2.15 %) and N (0.15 %).

In order to enhance the availability of fertilizer based on soil mineral-need, company prepare the fertilizer based on fertilization recommendation as well as leaf analysis. (OFI)

Company has a strategy to increase soil fertility through recycling nutrient, such as by utilize the Empty Fruit Bunches (EFB) for instance, period 2014 – 2015 in May 2015 (Sapiri Estate 1,620.68 ton and Kuayan Estate 889.14 ton). Based on field observation at Sapiri Estate block F52 and Kuala Kuayan Estate K13, auditors found the evidence of empty fruit bunches application. 300 Kg of empty fruit bunches are stacking evenly between plants and or 40 ton per ha.

Company has an extended-license to utilize liquid waste from mill. The liquid waste can be applied to estate area in PT Kridatama Lancar at Sukamandang Village, Mentaya Hulu Sub-district, Kota Waringin Timur District based on Decree from Kota Waringin Timur Reagent number: 188.45/581/HUK-BLH/2014. This license is valid for 5 years, since the issuance on 30th May 2014 with total application of liquid waste amount for 353 ha.

Status: compliance

4.3 Practices minimize and control erosion and degradation of soils.

Company has a map for marginal soil based on the detailed-soil survey (2010) and monitored-soil (2010), company has some maps, such as soil-type map with a scale of 1: 50,000. Based on this survey, the categorization of marginal soil is based on suitability class N1 (*currently unsuitable*) with a sloping area more than 40%. Detailed-soil survey (2010) at Kuala Kuayan and Sapiri Estate did not find the existence of peat area (*Ordo Histosol*) in the managed area. From the

detailed-soil survey, it's known that the classification of soil, such as ordo ultisol and oxisol. Based on field observation along sample location at Sapiri Estate block D41, F40, F42, F45, F46, F50, F52, G39, and Kuala Kuayan Estate block J46, K13, K42, K45, K50 there is no peat area.

Company has several strategies for maintaining sloping area, such as by establishing silt pit, individual terrace, terrace, the application of U-shape frond stacking, and cultivation of Nephrolepis. The realization in 2014/2015 such as:

- Sapiri Estate: silt pit 18,171 units
- Kuala Kuayan Estate: silt pit 117,477 units, individual terrace 574 trees, and connecting-terrace 13,056 meters.

In addition, company has conducted the monitoring over the pace of soil erosion by using erosion stakes, for instance at KKE there are 5 spots (Block J010, K010, K011, K012, K013).

Company has some strategies for marginal soil by recycling nutrient and using Empty Fruit Bunches (EFB). For instance, period 2014 – 2015 in May 2015 (Sapiri Estate with a total of 1,620.68 ton and Kuala Kuayan Estate with total 889.14 ton).

Company has a mechanical road maintenance and road pavement by using the laterite stone for period of July 2014 – June 2015. At Kuala Kuayan Estate, total implementation of mechanical road maintenance: 319,045 meter and road pavement: 10,967 meter³. For Sapiri Estate, total implementation of mechanical road maintenance: 139,804 meter.

Based on field observation in Sapiri Estate block F40 and Kuala Kuayan Estate K45, it's known that there is an application of silt pit with a size of 60 cm x 40 cm x 4 meter, which is used to sustain organic material and water in sloping area. Moreover, company also applies the U-shape frond stacking and cultivates nephrolepis plantation to prevent erosion along the sample location of Sapiri Estate block D41, F40, F42, F45, F46, F50, F52, G39, and Kuala Kuayan Estate block J46, K13, K42, K45, K50. However, during the field visit, auditor did not find the road maintenance program, but based on field observation at Sapiri Estate block D41, F40, F42, F45, F46, F50, F52, G39, and Kuala Kuayan Estate block J46, K13, K42, K45, K50 its known that the roads are in a good condition and can be passed by vehicle.

A company is advised to maintain and improve its erosion-monitoring program and maintains the erosion stakes especially for sloping areas (OFI).

Status: compliance

4.4

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

Company has a document for water source management within the similar plantation, riparian area and the managed-dam as the HCV-1 area (1.2-almost extinct species 1.3-habitat for endangered species) and HCV-4 (4.1-ecosystem that providing water and managing flood for community in the downstream, 4.2-important area for managing erosion and sedimentation, and 4.4-important area for fulfilling basic need for agriculture and fisheries). Company has a management plan for protecting the buffer zone, such as:

- Cultivation of vegetation like Mahoni and Angsana at the buffer zone.
- Monitoring over hard-wood vegetation within the buffer zone
- Painting the sign of buffer zone
- Riparian area, which has been decided as the HCV area has been reforested by eliminating chemicals within the area.

Company monitors the quality of river's water that is passing through the estate area, such as Suiang Manggis and Pemain Kalali river. BARISTAN Banjar Baru Kalimantan Selatan conducted the analysis based on standard quality as stated in Ministry of Health Decree No 416 in 1990 regarding the requirement for clean water. The analysis result over Manggis Hulu River, Manggis Hilir River, Pemain Kalali River before mill and, Pemain Kalali River after mill shows that company's operational activities does not contaminate the environment. Moreover, company is also conducting the monitoring over soil water quality as part of monitoring over liquid waste application and its quality. The analysis result over monitoring well H.31, monitoring well H.32, community's well at C. sari shows that the quality of monitoring well is below the required standard quality.

company has a record of the implementation of water sources management and maintenance plan within the bufferzone, which is recorded in the logbook for HCV identification. Based on field visit, its known that the water source's management and maintenance in sapiri estate is in a form of fencing water source's area, prohibiting the application of chemical material, prohibiting waste disposal and palm oil cultivation surround dam, which is the clean water source for personnel.

Monitoring over liquid waste is conducted every month. The analysis result is compared with the standard threshold based on Ministry of Environment Decree No 20 in 2003. The accredited Baristan of Kalimantan Selatan Province conducted the analysis. Based on the analysis result over liquid waste quality assessment, the liquid waste management has been well implemented and there is a decreasing level of BOD amount up to 98% based on the sample test from the previous inlet process.

Based on document's review, in general, the utilization of water for processing is in average of 0.94 (m3/ton FFB) and its still under the budget 1.3, which means the water utilization, is well controlled.

Status: compliance

4.5

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

Company has planned and implemented the holistic pest and disease management. These efforts have been well monitored, for instance the monitoring over pest and disease by conducting periodic census, pest control using biological approach such as by installing nest box for owl and cultivating the beneficial plant. In general, based on pest census at sample location in Sapiri Estate and Kuala Kuayan Estate, there is no serious attack from pest and disease. Personnel in charge to manage pest and disease has been appointed, for instance training record over holistic pest and disease on 14 – 15th March 2014, which was attended by 114 participants.

Based on field observation at Kuala Kuayan Estate Block K46, auditors find active nest boxes. Meanwhile at Sapiri estate auditors find active nest box at block F46, and broken nest box at block F40, and inactive nest box at block F42 and F50. This findings will become the object of OBSERVATION for company in order to improve the application of biological predator/ *Tyto alba* (owl) by installing nest box to control rats attack.

In addition, company also develops the beneficial plant as a main plant for pest predator in order to control pest attack with biological approach. Based on field observation, its known that along the sample location at Sapiri Estate block D41, F40, F42, F45, F46, F50, F52, G39, and Kuala Kuayan Estate block J46, K13, K42, K45, K50 there are beneficial plants, such as *Turnera subulata* and *Cassia cobanensis*.

Status: compliance

4.6

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

Company is using pesticide that is registered in pesticide commission, based on the requirement and targeted-weed, pest and disease in the field. The utilization of pesticide per hectare is recorded every month and based on the record; there is no utilization of pesticide within the categorization of World Health Organization class 1A or 1B, or which is categorized in Stockholm or Rotterdam convention, and paraquat. Company has set the policy on paraquate, which is stated in the memorandum document from Head of Plantations Operation (number: POD-UM-127/X/2008, on 4th November 2008). This policy is in accordance with field observation result at Sapiri Estate Block G39 and Kuala Kuayan Estate block K42, where the utilized pesticide is a 50% mixed-material, which reduces the pollution risk from the genuine pesticide. During the field observation at Sapiri Estate, the used pesticide is Dalopir (trichlopir) with the broad leaf weed and hard-wood plants as targets in line with the dominant weeds in the field, with a dose of 250 cc per ha and for Kuala Kuayan Estate, the used-pesticide is Prima Up (glyphosate) with narrow-leaf weed as target with the dominant weeds in the field, with a dose of 250 cc per ha.

Company has implemented the early warning system (EWS) by periodically monitoring the pest and disease before applying the chemical pest and disease prevention. Company does not use the paraquate as mentioned on the interview

result with spraying personnel. Spraying personnel admit that company does not use paraquate and does not applied pesticide through air application. Moreover, spraying personnel receive periodic medical examination.

Spraying personnel in the field understand the spraying techniques; the utilized dose, the targeted-weed, and understand the risk from pesticide material as well as the function of spraying PPE. Spraying personnel are ensured to wear PPE in a good condition. In addition, spraying personnel have participated in training on spraying technique based on safety briefing record for spraying team and fertilization team on 17th October 2014 at Sapiri Estate, which was attended by 16 spraying personnel. Meanwhile the Kuala Kuayan estate grants spraying training on 01st December 2014. It was attended by 18 spraying personnel.

Based on field observation on pesticide warehouse at Sapiri Estate, the pesticide materials are well stacked and are supported with MSDS, air ventilation is in a good condition, container for leakage is provided, PPEs for visitor are available, mixing place is available. Chief of warehouse understand the procedure to store pesticide including the occupational health and safety aspect in the warehouse. Stock of pesticide has been well recorded in warehouse card, for instance the stock for prima up until 5th June 2015 is amount 491.54 liter (34.57 jars) and metaprima 31.5 Kg (126 bottles) which is similar to the actual condition in the warehouse.

In addition, company also has the BSS (Blok Spraying System) based on field observation at BSS house in Sapiri Estate and Kuala Kuayan Estate, its known that the existing BSS and BMS house are in a good condition. The entire PPE and spraying tools are washed and stored at the BBS house. Water disposal canal, which has a potential to be contaminated with the pesticide, has been well managed, and hence would not polluting environment.

The hazardous pesticide packages are collected in temporary hazardous waste landfill base on hazardous waste balance sheet that points out the existence of used-pesticide packages, such as kenlon that was disposed to the temporary hazardous waste on 19th March 2015 amount 59 cans, in accordance with the minutes of hazardous waste handover No. 023/KKE-SMF/III/2015. The stored used-pesticide packages in the temporary hazardous waste landfill hence will be handed to the licensed collector by using licensed transporter. This report is proved with the manifest of hazardous waste handover on 27th March 2015.

Company has a prohibition policy for pregnant and lactating female worker to work as spraying staff. Company delivers periodic examination for female personnel in order to ensure that they are not working with chemical material (spraying) when they are pregnant or lactating. Moreover, company has a policy for menstrual leave H-1 (for menstrual pain) and H-2 (for pregnant). Based on interview with spraying personnel as well as observation result, neither pregnant nor lactating female personnel work in Sapiri Estate Block G39 and Kuala Kuayan Estate block K42. In addition, company makes it clear that it is prohibited for pregnant and lactating female personnel to work with chemicals.

	Status: compliance	
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4.7

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

Company has the occupational health and safety policy, which has been approved by Head Plantation Upstream Indonesia in December 2011. The policy states that company is highly commit to provide and protect a safe and health work environment in order to prevent work accident toward personnel, contractor and visitors.

Company has a guiding committee for occupational health and safety program in 2015 for guiding committee for occupational health and safety of PT. KLR. Beside, company has conducted periodic analysis and evaluation toward hazard risk, which can be generated from the entire company's operational activities, both in the estate and in the mill. Company provides medical and work accident insurance, which can be proved by registering personnel to worker social insurance/ Jamsostek as well as Worker Social Security Agency of Health Program.

Company delivers training on occupational health and safety aspect and technic for its personnel. Company provides PPE based on work risk and the potential hazard for each personnel based on their position. For instance there is minutes of hand over of PPE for spraying personnel in Sapiri Estate on 8th May 2015 in a form of apron. Estate assistant handed the apron to 12 spraying personnels. In another hand, the Kuala Kuayan Estate also handed PPE to spraying personnels, which can be proved with official record of PPE's hand over such as apron on 1st December 2014 amount 38

set. Personnel received the PPE in person.

Company has personnel in charge on occupational health and safety in a form of organogram for the guiding committee of occupational health and safety that has been approved by the Social, Manpower and transmigration Agency and secretary of guiding committee of occupational health and safety who has a certificate as an expert on occupational health and safety. The report of guiding committee of occupational health and safety has been periodically submitted to related agencies. Moreover, company has a procedure in case of emergency. Some of personnel have been trained to deliver first aid, hence first aid kits have been provided and the entire work accident have always been recorded and well monitored.

Based on field observation in Sapiri Estate related to harvesting activities, such as harvesting activity at block D41, fertilization at block F45, spraying at block G39 and Kuala Kuayan estate, harvesting activity at block K50, spraying at block K42, fertilization at block J46, its known that personnel understand several aspects within the occupational health and safety, including the procedure in case of accidents. Personnel understand and wear PPE based on its function and type of work. Field supervisor carries first aid box and understand the first aid technique in case of accident.

Status: compliance

4.8

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

Company has some trainings program for its personnel:
Estate (July 2014 – June 2015)

No	Type of Training	Participants	Facilitators	Plan
1	Training on vegetation and wildlife census	EM, Sr Assistant, Assistant	BKSDA	September 14 and February 15
2	Pest and disease census	Census Team	Ass and EM	September 14 and January 15
3	First aid training	Supervisor, Agronomist and paramedics	Assistant and PSQM	November 14
4	Safety Officer	Assistant and higher position	Manpower Agency	November 14
5	Occupational health and safety management	Assistant and higher position	Manpower Agency	November 14
6	Fertilization	.	Plantation Agency	June 15
7	The management of pesticide	Mgr, Sr Assistant, BSS's supervisors and spraying team, warehouse personnel	Plantation Agency	June 15

Sukamandang Mill

No	Type of Training	Participants	Facilitators	Plan
1	Management procedure for hazardous waste	All staff and personnel	EHS and occupational health and safety expert	December 14
2	APAR and fire Hydrant	All staff and personnel	EHS and occupational health and safety expert	October 14 and February 15
3	First aid training	All staff and personnel	Physician and paramedics	June 15
4	Emergency response	Emergency response team	EHS and occupational health and safety expert	October 14 and February 15
5	Electric welder	Workshop	Ast Maintenance and occupational health and safety expert	September 14 and March 15
6	Troubleshooting for boiler	Opt boiler and electricians	EHS and occupational health and safety expert	January 15

7	The operationalization of steam engine	All staff and Operator	Manpower Agency and occupational health and safety expert	December 14 and May 15
<p>There are records of training programs that have been conducted by company, such as:</p> <ul style="list-style-type: none"> - First aid training, which has been conducted on 01st June 2015 at general hall KKE that was attended by 33 participants. The attendance sheet is attached. - Training for spraying personnel on 17th October 2014 at Sapiri Estate, which was attended by 16 participants. - Training on spraying calibration on 01st December 2014 in Kula Kuayan Estate. It was attended by 18 participants. - Training on general occupational health and safety expert on 20-29th April 2015 at Training Centre PT. Minamas Gemilang-Sukamandang Area Kalteng, which was conducted in a collaboration with Delta Indonesia and Ministry of Manpower and transmigration of Republic of Indonesia. There is a sample of training certificate on behalf of Mr. Toni Manurung No. 687/IV/K3/AK3U/2015 and on behalf of Mr. Gunawan No. 659/IV/K3/AK3U/2015 and attendance sheet of 32 participants - Training on Troubleshooting automatic for boiler on 14th January 2015 at workshop office and boiler station. It was attended by 14 participants and training module as well as photos. - Training on electric welder on 14th March 2015 at workshop of Sukamandang Factory. 10 participants was attending the training. The training module and photos are attached. 				
Status: compliance				
PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity				
<p>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.</p>				
<p>PT KLR has the environmental impact assessment document for period 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sampurna (16,000 hectare) and mill's construction plan with a capacity of 2X 40 ton/hour, which has been approved by Ministry of Agriculture – Head of Agribusiness No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9th October 1998. Meanwhile the managed area by KLR is the palm oil plantation over an area of 14,779.92 Ha with a mill with a capacity of = 60 ton FFB/Hour.</p> <p>PT KLR showed a letter from Environmental Agency of Kalimantan Tengah Province No. 660/614/II/BLH on 10th August 2012, which emntions that the increase over mill'scapacity from 60 Ton FFB/hours does not require a revision or reissuance of environment document because this issue has been covered by the available environemtal impact analysis document. PT KLR has the environment management plan and environment-monitoring plan as the guidelines to manage and to monitor the environment. Environmental aspects that are needed to be managed and monitored are:</p> <ul style="list-style-type: none"> • Erosion • The degradation of the quality of the water of Manggis River • The degradation of air quality and noises • Disruption on biodiversity of the natural vegetation • Disruption on the ecosystem of protected wildlife • Disruption in the ecosystem of water species • Social, economic and cultural impact, environment and community • Field fire <p>Activities that have been managed and monitored in environment management plan and environment monitoring plan such as:</p> <ol style="list-style-type: none"> 1. The management over soil fertility and erosion 2. The quality over waste water management 3. Degradation on air quality and noise 4. Disruption on biodiversity of the natural vegetation 				

5. Disruption on the ecosystem of protected wildlife
6. Disruption in the ecosystem of water species
7. Social, economic and cultural impact, environment and community
8. Field fire

Company has submitted the implementation report over environment management plan and environment monitoring plan. Both reports have been submitted to related institutions as well as the evidence below:

1st semester of 2014

1. Submission of evidence over the environment management plan and environment monitoring plan report in 1st semester of 2014 to Environmental Agency in Kotawaringin Timur in letter no. 12/KLR/PSQM/IX/ 14 on 12th September 2014
2. Submission of evidence over the environment management plan and environment monitoring plan report in 1st semester of 2014 to Ministry of Environment (agroindustry division) in letter no: 12/KLR/PSQM/IX/ 14 on 3rd October 2014
3. Submission of evidence over the environment management plan and environment monitoring plan report in 1st semester of 2014 to Environmental Agency in Seruyan District in letter no: 12/KLR/PSQM/IX/ 14 on 12th September 2014

Semester 2 in 2014

1. Submission of evidence over the environment management plan and environment monitoring plan report in semester 2 in 2014 to Environmental Agency in Kotawaringin Timur in letter no. 017/SOU-Um/III/15/S, which has been accepted on 20th April 2015
2. Submission evidence over the environment management plan and environment monitoring plan report in semester 2 in 2014 to Ministry of Environment (agroindustry division) in letter no. 016/SOU-Um/III/15/S on 20th April 2015
3. Submission evidence over the environment management plan and environment monitoring plan report in semester 2 in 2014 to Environmental Agency of Kalimantan Tengah Province in letter no. 016/SOU-Um/III/15/S on 20th April 2015

Status: compliance

5.2

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

PT KLR identified the HCV (High Conservation Value) area on January 2010. Aksenta drafted the list of HCV. Structure of Aksenta team, such as:

No.	Nama	Bidang Keahlian	Keterangan
1	Wibowo A. Djatmiko	Biodiversity	Approved RSPO
2	Bambang Widyatmiko	Jasa Lingkungan	Approved RSPO
3	Ganip Gunawan	Sosial Ekonomi	Approved RSPO
4	Erwin Hermawan	SIG	

The stated information on the above list, such as: the presence of wildlife that consists of 13 fish species, 8 type of amphibian, 19 type of reptile (11 species including at the Appendix II CITES), 73 species of bird (13 species including the Appendix II CITES), and 35 types of mammal (5 species at Appendix I CITES and 13 species at Appendix II CITES). Type of mammal that is categorized within the Appendix I is kukang (*Nycticebus menagensis*), orangutan kalimantan (*Pongo pygmaeus*), sunbear (*Helarctos malayanus*), macan dahan (*Neofelis diardii*), and kucing batu (*Pardofelis marmorata*).

Within the operational area of KLR, there are 783.54 hectare of HCV that has been identified and consists of:

1. HCV 1 (1.2 – protection over the endangered species; 1.3 - refugium for wildlife) located at KKE, BDE, and SME area;
2. HCV 4 (4.1 – water for local community's daily need; 4.2 – riparian area; 4.4 – water for agriculture and fisheries) located at KKE, BDE, SME, and SIE;

3. HCV 5 – area with a function to fulfill local community’s basic need, located at BDE area;
4. HCV 6 – area with traditional value and respected by local community that located at BDE, SME area.

There is an attendance sheet of public hearing activity on 12th August 2009, which the company has delivered the public hearing to select HCV area by involving stakeholder, such as: Village Youth Organization, Local Development Bureau, Head of Village, and community leader/ religious leader. Company has a Standard Operating Procedure for protecting wildlife (RSPO/B.5.6/KLR) dated 01st May 2009. The HCV management program has been drafted and it covered the entire HCV areas in each estate, such as installing signboard, cultivation in buffer zone (riparian area), and monitoring. Company has drafted the complete management plan for High Conservation Value (HCV) in 2014/2015 for each HCV areas on 17th July 2014. PSQM PT KLR drafted the plan. HCV management plan consists of the installation of signboard, maintenance on dam fence, monitoring over natural vegetation and wildlife, socialization for personnel and community, rehabilitation/ tree cultivation/verifier cultivation as well as the analysis over water quality. In addition, the entire cost have been allocated, for instance; the allocation budget for Sukamandang Estate, such as:

HCV	Location	Activities Plan	Target and Period of Activity
Riparian area	Manggis River Pemain Kalali River Pemain Kalali downstream	<ul style="list-style-type: none"> • Installation/maintenance of prohibition signboard and information signboard • Installation/maintenance of boundary stakes for the bufferzone and painting palm tree • Cultivtion of hard-wood plant 	<ul style="list-style-type: none"> • Monthly monitoring on sign boards • Monthly monitoring on bufferzone • Painting palm tree in October 2014, January 2015 • Cultivting 500 trees
	Mill’s dam	<ul style="list-style-type: none"> • Cultivation of hard-wood plant and vetivier plant. • Analysis on water quality 	<ul style="list-style-type: none"> • Conducting water analysis every 6 months.

Based on field visit to Kuala kuayan Estate, the auditor found the damaged HCV signboard and buffer zone signboard, which required improvement. Company has prepared the Standard Operating Procedure for wildlife protection (RSPO/B.5.6/KLR) dated 01st May 2009 such as: Clause 5.1 Preventive actions by delivering socialization: Clause 5.2 foreclose the captured-wildlife within the company’s operation area. Company has conducted HCV socialization for local community on 21st June 2014, which was attended by Local Development Bureau and Sukamandang Village secretary.

Company monitored the cultivation within NKT area at Kuala Kuayan Estate in December 2014, with result such as: 3,942 angšana trees, 429 mohoni trees, and 32 sungkai trees. In addition, company monitored wildlife and wildlife species as stated in the logbook of wildlife identification in April 2015, with result such as Black Eagle, *Punai*, *Bubut Merah*, *Pampulu*, which are directly identified by its voice and direct observation.

The HCV monitoring result is stated in environment monitoring plan and environment management plan in semester 2 of 2014. The management and evaluation on wildlife and natural vegetation that have been conducted, such as:

- Pointing the definitive HCV map
- Delivering socialization for the entire staff, personnel and community within the estate operation area
- Drafting the annual HCV monitoring and management plan environment

Company has an opportunity to improve its HCV management by allocating more time for the HCV management and monitoring, including the maintenance over signboard. (OFI).

Based on field visit at the traditional value area within the HGU-which has been pointed as the HCV 6- at bukit batu kapal and bukit batu tungku are in a good condition. The maintenance and renovation for traditional festivities venue area always conducted by coordinating with local traditional leader.

Status: compliance

5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	
<p>Mill and estate have identified the sources of waste and pollution, for instance: generator house, fertilization, workshop, chemical warehouse, spraying which leads to pollution on water body, office, housing, polyclinic, and proces in mill. Based on Mayor Decree No 398 in 2013 regarding the temporary landfill - jejis – the definition of hazardous wastes are used-oil, emission of air pollution, filter regarding well as used-glove, herbicide packages, used-solar, TL bulb, and used-grease trap. Company stored the chemical material in the licensed temporary hazardous waste based on government regulation. Moreover, company has the license to store hazardous waste based on Head of Seruyan District Decree No 398 in 2013 that has been signed on 7th October 2013 with type of hazardous waste, such as: used-oil, filter, accu, used-gloves, herbicide packages, used-solar, TL bulb, used-greas trap, electronic waste and medical waste.</p> <p>Company cooperates with PT Wiraswasta Gemilang Indonesia, Semarang branch (PT WGI) to manage the hazardous waste disposal. The PT Wiraswasta Gemilang Indonesia, Semarang branch (PT WGI) is a licensed hazardous waste collector based on Ministry of Environment Decree No 127 in 2010 that valid for 5 years, since 17th June 2010.</p> <p>Company stored chemicals in a licensed storage based on government regulation. Company has a license to store hazardous waste based on Head of Seruyan District Decree No 398 in 2013, that has been signed on 07th October 2013 with type of hazardous wastes, such as: used-oil, filter, accu, used-gloves, herbicide packages, used-solar, TL bulb, used-greas trap, electronic waste and medical waste.</p> <p>Company cooperates with PT Wiraswasta Gemilang Indonesia, Semarang branch (PT WGI) to manage the hazardous waste disposal. The PT Wiraswasta Gemilang Indonesia, Semarang branch (PT WGI) is a licensed hazardous waste collector based on Ministry of Environment Decree No 127 in 2010 that valid for 5 years, since 17th June 2010.</p> <p>Based on SOP for domestic waste management point 5.2, it is stated the separation between organic and inorganic waste. However, based on field observation in final landfill KKE and SIE, the waste management has not been inlined with company's regulation. NCR 2015.3.</p>	
	Status: compliance
5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	
<p>Company processed 273,611 ton FFB from Juli 2014 to May 2015. Compnay was using 38,306 ton fiber and 16,133 ton shell for processing. The utilizatio of fiber and sheel is equal to the utilization of 285,576 liter of diesel fuel.</p>	
	Status: compliance
5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.	
<p>The management unit has the guideline for sustainable palm oil management point 5.7.2, which describes the zero burning approach. The guideline explains company's environment policy, which vehemently support the zero burning approach for replanting activity. In addition, replanting with zero burning approach is easy to carry out, such as by letting the palm oil tree rotten in the estate area, which later provide the organic material for soil. Moreover, this techniques is considered minimize the air pollution from burning if company uses the burning approach.</p> <p>Based on interview with the management of PT. KLR, until 2014/2015 the company did not do any replanting activity. The replanting will be conducted in 2015/2016, within the 243.56 Ha areas that locate in Sukamandang Estate and 236 Ha in Kuala Kuayan Estate</p>	
	Status: compliance
5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	
<p>Company presents the inventory procedure as well as the forecast for GRK emission (No Policy: 700/PSQM-GRK-01/12). The SOP explains the inventory method as well as the method to calculate glass house emission, which is generated by company's operation activity and gives the basis for environment management. The forecast calculation over glass house effect is using the IPCC 2006 Guideline and principle MRV (Measurable, reportable, and Variable) for</p>	

land utilization and carbon balance.

Inventory over the GRK emission

Emission source in estate

- Change in estate cover: difference on time averaged C stock above the land before and after the cultivation of palm oil trees.
- Current utilization of the estate: the utilization of fertilizer (N₂O), change on Corg soil (CO₂), soil management (CH₄), cultivation in peat area (CO₂ and CH₄)
- Diesel fuel utilization for generator operation and heavy equipment operation (CO₂)
- Transportation of FFB from estate to mill

Emission source from mill's operation activity

- The utilization of diesel fuel for operating the generator (CO₂)
- Shell and fiber utilization for boiler and generator's operation (CO₂)
- The utilization of electricity for mill's operation
- Kernel separation
- The disposal of POME waste (CH₄ and CO₂)
- Product transport (CPO and PKO) to the refinery or port (CO₂)

The calculation result for GHG

Estate		
Activity	Emission	Unit
Default value from estate	0.1224	kg CO ₂ eq/kg FFB
	0.4885	kg CO ₂ eq/kg CPO
Sukamandang Mill		
Electricity consumption	344,522.88	kg CO ₂ eq
(POME)	31,086,973.60	kg CO ₂ eq
Heat Production	00	kg CO ₂ eq
Fuel consumption	95,879	kg CO ₂ eq
Composting	00	kg CO ₂ eq
The total of CPO's annual production	70,682,000	Kg CPO/ year
Total emission from processing	31,527,376.38	kg CO ₂ eq
Total emission from processing/kg CPO	0.4460	kg CO ₂ eq/kg CPO
Total emission from transport	0.010	kg CO ₂ eq/kg CPO
Total Estate+ Mill+ Transport	0.94	kg CO ₂ eq/kg CPO

PT. KLR presents the calculation proses on the GRK emission for period 2014/2015 by using the GHG palm method, however company fails to prove the submission of GRK emission calculation report to RSPO office. Non-compliance 2015.04

company's efforts to reduce emission and pollution for period 2014/2015, such as:

- Maintaining green fences as the absorbent of pollution in personnel housing area as well as in the estate areas.
- Set the line between personnel and staff housing space, at least 500-1000m away from mill location. The objective of this effort is to reduce the impact from emission and pollution exposure such as from chimney and boiler.
- Conducting periodic maintenance on machines, for instance vehicle, generator and boiler as the emission and pollution sources.
- Equipping office building with exhaust fan, AC, and tightly cover the office building to reduce the pollution.

Regular socialization to increase personnel discipline on using PPE, especially for mill's personnel. Moreover, there is an evidence for complete PPE's handover for mill's personnel as well as hand over for PPEs such as - mask, ear plug - to transport division, compound division, and shift process 1 and 2 division, security, workshop, laboratory, on 3rd September 2014.

Company has periodically examined the quality of air – two times in a year – and reported the result in company's environment management plan and environment monitoring plan. UNILAB Jakarta conducted the air quality examination for semester 2 in 2014. From the examination, its known mostly the air parameters area under the standard threshold, however the mandatory utilization of PPE has been well implemented, such as personnel must wear mask at work.

The company also conducted the air quality assessment within the mill's area, particularly at housing area. Based on the assessment, it's known that the air condition is good and the parameters area under the standard threshold. Meanwhile, the emission test has been conducted at boiler and generator. For example:

- Based on the assessment, it's known that the generated emission by boiler at SMF (Sukamadang Factory) is under the standard threshold based on the attachment II PermenLH No 07 in 207 regarding the standard threshold for the quality of emission, which comes from a static source. Company uses biomass such as fiber and shell as the fuel.
- Based on UNILAB PERDANA laboratory's analysis – accreditation number LP-195-IDN –, the generated emissions comply the quality threshold based on the attachment IV A Environment Ministry Regulation No. 21 in 2008 related to emission standard threshold form static source for PLTD that is using the fossil fuel.

Status: compliance

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

6.1

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

Currently, neither expansion not addition on PT. KLR area, hence the company can use the present environment impact assessment document 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sampurna (16,000 hectare) with mill's establishment plan with a capacity of 40 ton/hour, that has been approved by Ministry of Agriculture – Head of Agribusiness No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9th October 1998. This document explains the positive and negative of social impact such as increasing the opportunity for entrepreneurship and degrading the quality of environment both physically and chemically. The document provides the information regarding the monitoring and management on social impact that can be done by KLR. KLR has the social impact assessment, which was carried out by the Aksenta on 9th – 13th August 2009. The document highlights the negative and positive of social impact as well as provides the recommendation in order to minimize the negative impact and enhance the positive one.

The management unit has a plan to prevent or to reduce the negative impact and to increase the positive impact based on the recommendation on Social Impact Assessment document, such as by recruiting the locals to reduce the social gap like living condition among local community. In addition, the management will evaluate the drafted plan annually. For period of 2014/2015, such as:

- SME: community's education division, health, religion, social, sport and environment.
- KKE: religion and social;
- SIE: religion, culture and social;
- BDE: education, health, religion, social and culture.

For instance, the assistance on granting duck's breeding for local community at Tajur Beras Sub-village on 21st November 2014. Company is suggested to draft the social management plan by establishing the implementation schedule as well as the evaluation result over the implementation. (Observation).

Based on interview result with management, Forestry and Plantation Agency in Kotawaringin Timur District and local community from Sapiri Village, Kuala Kuayan Village. Until the ASA-04 activity, PT. KLR does not have the scheme smallholders system for smallholders or KKPA.

Company has the SIA document. It was drafted in October 2009 with the internal impact and local community as the scope of analysis.

PT. KLR has a record on consultation with local community that stated in company's SIA document. Attendance sheet for local community on the Focus Group Discussion (FGD) is available.

Participant on MUSREMBANG at Seruyan District on 17th March 2014 at Aula BAPPEDA were represented by Mr. Toni Manurung (invitation on 12th March 2015). On this meeting, the company has formulated its social management plan for period 2014-2015.

Social management plan of PT KLR for period (July 2014 - June 2015)

1	Education for the locals	Sukamandang Village, Pondok Kopi Village, Tajur Baras Sub-village
2	Health	Sukamandang Village, Pondok Kopi Village, Tajur Baras Sub-village
3	Religion	Sukamandang Village, Kuala Kuayan Village, Sapiri Village, Tajur Baras Sub-village, Tabion Sub-village
4	Social and Sport	Sukamandang Village, Ayawan Village, Sapiri Village
5	Environment	Seruyan Sub-district
6	Culture	Kapuk Village, Kotim Sub-district

Some implementation records, such as:

- Meat grant during Idul Adha celebration for community at Kuala Kuayan Village, Sapiri Village, Pondok Kopi Village, Tajur Baras Sub-village on 04th October 2014
- Assistance of 20 packs of cement for establishing Pantekosta Eklesia church at Sukamandang Village on 20th March 2015.
- GKII Church establishment assistance at Ayawan Village on 19th August 2014.
- Education assistance for children at Pondok Kopi Village on 20th February 2015.
- Road improvement at Sukamandang Village that has been conducted in September
- Medical examination for free at Sapiri Village in 2014 (interview result)

Company has not conducted the review on social management plan because the latest one has not been evaluated and has not been fully implementation (ongoing process). Moreover, company will draft the evaluation document to formulate the social impact for next year.

Status: compliance

6.2

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

There is a communication procedure (No. 398/KLP/ROM-SOP/41/42). This procedure provides the practical guideline for communication (Internal and External) in term of safety, health and environment (K3LL).

There is a record for company and community's meeting to socialize company's communication procedure. This evidence is in line with the interview result with local community, which stated that the meeting was conducted in October 2014 along with the Idul Adha feast.

Company has officer in charge on communication and consultation with local community from the Plantation Service Department (PSD). For PT KLR area, company appointed Mr. Toni Manurung in Sukamandang Village and he also covers the operational area in Central Kalimantan.

PT KLR has a list of stakeholder, which consists of community leader (6 persons), government at Sub-district and village (7 institutions), government at District level (9 institutions), government at provincial level (6 institutions) as well as business partner (5 institutions).

Status: compliance

6.3

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

There is an SOP for complaint mechanism of PT. KLR management (Administration SOP on 04th March 2009), with the objective: to provide a guideline to submit complain/ advice/ aspiration to PT. TSA. There is a detail of procedure for submitting complain/ advice/ aspiration, which is documented at capital office and division. Moreover, company

guarantees the *confidentiality* of complain/ advice/ aspiration.

Company has some document over the incoming complains, such as:

- Complain from personnel: on behalf of Mr. Ibrahim (boiler's operator) on 22nd March 2015, which stated that material requisition amount 1 pack of cement for repairing bath up has been approved and company has granted 1 pack of cement, one day after the material requisition.
- Complain from personnel: on behalf of Siti Mardiah (caretaker at child care center) on 07th January 2015, who submitted oral complain to clerk at Div. I to provide matrass/ carpet for in the childcare center. Hence, this request has been approved and company granted the child care center with 5 carpets, 5 pillows, 2 window cloths in accordance with the official record of handover No. /BAPB/INTRN/XV/06/153 on 06th June 2015.

Status: compliance

6.4

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

PT. KLR has a procedure for land occupation clearance No. 344/PSD-OKUP/10; this procedure explains that company is entitle over the land based on the data from the Plantation Services Department. Company paid land compensation, which was started with the drafting of minutes of negotiation that consists of PT/Estate, broad of the compensated land, the condition of the area (unoccupied land/planted land/land with building), the right over the land (acknowledgement/stamp/SKT/certificate) and the standard value for the land that is mutually agreed as a basis for payment. The entire records for land compensation are stored in the land compensation document, for instance the land compensation record for period 2006 – 2011, which consists of:

- Official record of agreement
- Land handover letter (SPHAT)
- Acknowledgement letter
- Recapitulation for compensation
- Compensation map
- Persil map over the land clearance
- Photocopy of national ID card
- Payment invoice
- Land description letter

Acknowledgment letter of the right of the land, etc.

Status: compliance

6.5

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

Company makes an alignment for its personnel salary to be in line with Kalimantan Tengah Governor Decree about the sectorial minimum wage in a district level for period 2015 for Seruyan District No. 45 in 2014 for IDR. 2,110,500 and Memorandum from General Manager HRM No.016/HRM-i3/II/2015 on 12th January 2015 regarding the salary for daily workers and salary structure for monthly personnel. Sample of payment for personnel in April 2015, such as:

- KKE on behalf of Pailan dally spraying personal with salary of ID. 2,110,500 (25 working day)
- SIE on behalf of Parsidah SKU maintenance personnel with salary of IDR. 2,026,080 (24 working day)
- MILL on behalf of Muhammad Arifin processing personnel with salary of IDR. 2,110,500 (25 working day)

Company regulation PT. KLR 2014-2016 based on Manpower and Transmigration Agency of Kalimantan Tengah Province Decree No. KEP.574/HI.01/X/NakertransKLR 2014 the approval on company's regulation PT KLR on 23rd October 2014. Attached the consideration and suggestions from personnel representatives related to the approval on material of PP PT. KLR 2014-2016 as well as the PP's socialization record that has been conducted on 8th July 2014 at Division office, Kawan Batu Estate.

Company also has the mutual work agreement 2014-2016 that has been agreed between worker union of Minamas Plantation and PT Minamas, and is witnessed by the director of work requirement, wellbeing and discrimination analysis of the Ministry of Manpower and Transmigration on 11th April 2014.

Company provides facilities for its personnel, such as:

company provides the facilities for personnel, such as: housing type G1 16 units, Type G2 139 units, elementary school 3 Units, badminton sport station 1 unit, place of worship (Mosque 3 units and church 1 unit), polyclinic, child care 4 units and clean water facility that comes from dan and well, which is flowed by using pipes.

Mill G1 Mgr and staff 7 units, G1 5 units, G2 58 units, Musholla 3 units, Soccer field 1 unit, volley court 1 unit, water treatment 1 unit, school bus 1 unit, clinic and school at the estate area. Based on field observation at the emplacement area, it's known that the facilities and infrastructures area in a good condition. For education facility, worship and so forth, particularly for mill's personnel will be based on to the existing facilities at the estate area. Moreover, all workers got the houses.

Company provides household need through personnel's cooperative that sale vegetable. Moreover, local vendors are allowed to enter estate area for selling their vegetables prior to permit from estate and mill's unit.

Status: compliance

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.

PT Kridatama Lancar has a policy to appreciate personnel right to establish and join worker union, which is stated in the SOP for sustainable plantation management guideline No. Policy 724/TQEM-SPMS/09 on 27th August 2010 Chapter policy and objectives Sub chapter of policy of Plantation Upstream Indonesia regarding the social policy page 13 Point 5. It explains that the company is expected to respect personnel's rights to establish and join worker union based on their own freewill.

There is a record for internal meeting of SP at SMF office on 19th January 2015 with main topic such as: the requisition for the establishment of office for the worker union's secretariat, the request on the explanation about personnel's salary. 6 participants attended the activity.

Based on interview with SP, the company does not interfere worker union's activities.

Status: compliance

6.7

Children are not employed or exploited.

Based on document's review over personnel salary, interview and field observation at Division II and III HTE, there is no underage workers.

Status: compliance

6.8

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

Company's policy regarding the equal treatment and opportunity for recruitment is stated in SOP guidelines for sustainable plantation management No. Policy 724/TQEM-SPMS/09, which was approved on 1st April 2010 by Chief Executive Officer, on chapter policy, objective and goals, sub-chapter the policy of Plantation Upstream Indonesia related to social policy Point 1 states that the entire personnel should be equally treated and just in term of recruitment, promotion, work description an environment with no discrimination toward race, social status, ethnicity, gender, skin color, disability, sexual orientation, organization membership, political thought, religion and age.

Some vacancy announcements, such as:

Estate

Vacancy announcement for Indonesian youth to work for company as harvesting, hand picker and loader personnel on 25th January 2015, with general requirement, such as:

1. Age between 18-35 years old
2. Physically and mentally fit to work.

3. Submitting national ID card as well as family card
4. Submitting good behavior letter from police department
5. Willing to follow company's regulation and policy

Moreover, company has some records related to personnel's promoting, such as:

1. Promotion evidence for daily staff on behalf of Wahyono based on decrees No. SK-Prom/SKU-KKE/2014/XI/001, which states that based on the result of personnel work performance evaluation, starting on 01st June 2014 he is promoted as a supervisor with monthly position. The decree was issued on 31st May 2014. In addition, the record is supported by the work performance evaluation result as well as promotion of the position.
2. Promotion letter for an internship daily staff on behalf of Nano (harvesting personnel Division II KKE) valid since 02nd February until 02nd May 2015 who currently has become a fix term personnel. In addition, the record is completed with the work performance evaluation result as well as promotion of the position.

Status: compliance

6.9

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

Company has a policy related to the prevention of sexual harassment and sexual assault, which is stated in SOP guidelines for sustainable plantation management No. Policy 724/TQEM-SPMS/09 on 27th August 2010 chapter policy and objective, sub-chapter of policy on Plantation Upstream Indonesia regarding the social policy point 4 such as developing and expanding and implementing policy to protect female personnel from sexual harassment and assault and to protect their reproductive rights.

In addition, it is stated in mutual work agreement 2014-2016 Article 30 penalties, point 2.4.4 violence against stage IV will be resulting an issuance of warning letter III and will be the last if: (e) personnel conducting adultery or gambling within company's operation area; (f) attacking, torturing, threatening or intimidating collagenous or employee within company's operation area.

Socialization evidences:

- Socialization on gender committee on 28th May 2015 at Sapiri Estate that was attended by the entire estate personnel. Socialization module was about complaint on female personnel's complains over their rights, sexual harassment as well as gender discrimination.
- Socialization on gender committee for period October 2014 at Kuala Kuayan Estate that was attended by 64 personnel. Socialization module was about complaint on female personnel's complains over their rights, domestic violence, sexual harassment, gender discrimination, organogram of gender committee in estate.

Mutual work agreement 2014-2016, article 33 states that:

- (1) Female personnel are entitled to earn paid leave for 1.5 months before delivery and 1.5 months after delivery based on physician recommendation.
- (2) Female personnel who experience miscarriage are entitle to earn 1.5 paid leave after the miscarriage based on physician recommendation.
- (3) For lactating personnel, company is granting compensation time for lactating her baby at the office prior to supervisor permit.

Socialization evidence:

- Socialization on gender committer on 12th December 2014 at Baitul Rahman Mosque Hatan Tiring Sapiri Estate, which was attended by the entire estate personnel. This socialization was discussing female personnel's right, domestic violence, sexual harasshment, and gender discrimination. The document is supported by attendance list of 50 participants.

Evidences over policy's implementation, such as:

- Leave application request on behalf of Nasipah, fertilization personnel who submit her leave request for delivery, start from 29th April 2015 to 13th June 2015 (45 working days) that has been approved on 29th April 2015.
- H1 leave application request on behalf of Tukinem from 9 to 10th June 2015 that has been submitted to her supervisor on 24th May 2015.

There is an SOP for complains mechanism over PT. KLR management (Administration SOP on 04th March 2009), with the objective: to provide a guideline to submit complain/ advice/ aspiration to PT. TSA. There is a detail of procedure for submitting complain/ advice/ aspiration, which is documented at capital office and division. Moreover, company guarantees the *confidentiality* of complain/ advice/ aspiration.

Status: compliance

6.10

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

Some legal and transparent mutual work agreements:

HTE
KKE

Mutual work agreement No. KKE/SPK-LKL/II/2015/025-TBS between KKE and Mr. Imin Suganda date 01st February 2015 for transporting FFB from estate to mill based on the regulated price, including the mechanism for payment as well clause for occupational health and safety compliance. Work duration from 01st February to 31st April 2015, compnay has paid contrator based on the agreed mutual work agreement. Moreover, both arties area agreed that the payment will be disbursed after the minutes of evaluation and payment have been issued, for instance on behalf of Imin Suganda as a second party (KKE/SPK-LKL/II/2015/025-TBS) will be paid on 06th May 2015 BAPP was issued on 02nd April 2015

SIE

Mutual work agreement No. 05/SPK-LKL/XII/2014/Angkut TBS between SIE and Mr. Hadlani Susilo on 24th December 2014 type of work is transporting FFB from estate to mill based on fix-price, including payment method as well as the clause for occupational health and safety compliance. Work duration from 01st February to 31st April 2015, company has paid contractor based on the agreed work agreement. Moreover, both arties area agreed that the payment will be disbursed after the minutes of evaluation and payment have been issued, for instance on behalf of Imin Suganda as a second party (SPK No. 05/SPK-LKL/XII/2014/Angkut TBS) will be paid on 14th April 2015 BAPP was issued on 03rd April 2015

SMF

Mutual work agreement No.005/SMF-SPKL/III/2015 between SMF and Mr. Sumali on 05th March 2015, type of work is set up and packs up the wall's canopy at boiler station, kernel and clarification. Work duration from 20th March to 21st April 2015 with a cost of IDR 22,150,000 along with payment method and clause for occupational health and safety compliance.

company has paid contractor based on the agreed work agreement. Moreover, both arties area agreed that the payment will be disbursed after the minutes of evaluation and payment have been issued, for instance on behalf of Imin Suganda as a second party (SPK No.005/SMF-SPKL/III/2015) will be paid on 26th May 2015 BAPP was issued on 29th April 2015.

The entire work agreements are completed with stamp and signed by both parties to ensure that the agreement is legally valid and the payment will be disbursed on time (interview with contractor).

Based on interview with security and operator of weight bridge at Sukamandang Mill, its known that company does not receive or purchase FFB from local smallholder or other companies outside the minamas group. Review on FFB acceptance and management's data reveals that so far, the Sukamandang POM only receives FFB from nucleus plantation and from PT. Teguh Sempurna plantation from which both have the RSPO certificate.

Status: compliance

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Some record over company's contribution for local development, such as:

- Assistance of 20 sacks of cement for Pantekosta Eklesia Church's construction at Sukamandang on 20th March 2015.
- Assistance for GKII Church's construction at Ayawan Village on 19th August 2014.

<p>- Road improvement at Sukamandang Village that has been implemented in September</p> <p>(Interview with local leader reveals that company is contributing toward local development. this finding is inline with company's internal document on local development).</p>
<p>Status: compliance</p>
<p>6.12 No forms of forced or trafficked labour are used.</p> <p>Some evidence that company does not use illegal workers, such as: Promotion decree SKU No. 05/SKP/KKE-DIV II/XII/2013 on behalf of Junaidi with internship period of 3 months, starts from 26th Nov 2013 to 26th February 2014, his salary is in line with the minimum wage for plantation sector and SIE Promotion decree SKU daily on behalf of 047/SK-PKN/SKU-SIE/V/2015 on behalf of Khohan harvesting personnel from Division I with salary of IDR. 2,110,500/ months. Work agreement for local SKU daily No. /SPK/SKU-Harian/KLR-SIE/V/2015 on behalf of Khohan, that start from 02nd May 2015. SMF Work agreement No. 007/SMF-SKPL/IV/2015 on 03rd April 2015 on behalf of Eko Setyo Utomo as the office boy with collective labour agreement for 3 months.</p> <p>Based on interview result with some personnel, the personnel never substitute their type of work from the first time they join company until now. Moreover, based on document's review, there is no migrant personnel in company.</p>
<p>Status: compliance</p>
<p>6.13 Growers and millers respect human rights</p> <p>the management unit has the policy for human right that has been signed by head of SOU 02 Sukamandang PT. KLR, where the Minamas Plantation Group is committing to protect the right for all its personnel, such as:</p> <ol style="list-style-type: none"> 1. The right to life, or instance to stay life, earning physical and mental wellbeing, earning a good and healthy life. 2. The right to establish family and have children 3. Right to develop oneself 4. Right to justice 5. Right for personal freedom 6. Right to the wellbeing 7. Political right 8. Female right 9. Children right <p>Based on interview with personnel from Sapiri Estate, Kuala Kuayan Estate and Sukamandang POM, the company respects the entire rights of its personnel. Company has an opportunity to re-communicating the policy about human right to its personnel. OFI</p>
<p>Status: compliance</p>
<p>PRINCIPLE #7 Responsible development of new plantings</p>
<p>7.1 A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p> <p>PT KLR has the environmental impact analysis documet for period 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sampurna (16,000 hectare) and mill's construction plan with a capacity of 40 ton/hour, which has been approved by Ministry of Agriculture – Head of Agribusiness No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9th October 1998. This document explains the positive and negative of social impact such as increasing the opportunity for enterpreneurship and degrading the quality of environment both physicky and chemically. The document highlights the</p>

negative and positive of of company's operation activities toward environemnt and social aspect, such as the degradation of air's quality, distraction on wildlife and natural vegetation, enhance work opportunity and the degradation of physical and chemical of the environment. Furthermore, this document provides information on management and monitoring that can be done by KLR to manage the environment and social impact.

PT KLR has the environment management plan and environment monitoring plan, which explain the management and monitoring that can be done by KLR to manage the environment and social impact, such as:

- Enriching mill and housing area with trees and company requires personnel to wear PPE when they area working at the mill.
- Conducting soil and water conservation such as by establishing silt pit, arranging midrib and cultivating Neprolepsis.
- Managing liquid waste, which is generated by IPLA pond before being applied to the land
- Emphasizing the IPM technique (Integrated Pest Management) though cultivation of beneficial plant and natural predator, in order to reduce the utilization of chemical material such as insecticide and herbicide.

Company recruits local workforce and delivers Community development program for the villages nearby PT KLR. However, company does not have the scheme smallholder program.

Status: compliance

7.2

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

Based on semi detail soil survey and soil monitoring result (2010), company has some maps such as map for soil type with a scale of 1 : 50,000. The classification of the soil is ultisol and oxisol ordo.

From Surveillance-3 to Surveillance-4, there is no new cultivation within KLR plantation area. The entire new cultivated area (2005-2009) within the KLR area has been stated in the HGU document No. 11 in 1999 with a broad of 14,779.92 hectare. Information about land suitability covers the information about topography, weather, soil type, soil fertility, the depth of soil water and drainage that has been considered in the document of feasibility study and environment impact analysis that has been approved by Ministry of Agriculture – head of Agribusiness Division No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9th October 1998.

Based on the above description, the indicator 7.2 is considered as not applicable for PT. KLR.

Status: compliance

7.3

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

SIE, BDE, and KKE unit have conducted the cultivation after November 2005, however company cannot prove that this cultivation was not replacing the HCV. Noncompliance NCR 2015.5

Root Cause:

Unit SIE, BDE, and KKE unit have conducted the cultivation after November 2005, however company can not prove that this cultivation was not replacing the HCV

Corrective Actions:

PT. KLR is still preparing the Land Use Change Analysis (LUCA) document, which is planned to be submitted to the secretariat of RSPO in August 2015 based on the approved plan stated in letter to the secretariat of RSPO by Head of PSQM Sime Darby on 15th July 2015.

The analysis covers the land clearing document as well as the evidence that the cultivation has been conducted after November 2005 and does not replacing the HCV.

Preventive Actions:

The implementation of LUCA need to be controlled to ensure the implementation based on the planned schedule and can be submitted immediately to the secretary of RSPO. Moreover to ensure that this activity does not replace the HCV area through a tight control.

However, PT. KLR cannot present the Land Use Change Cover Analysis as well as its evidence that can be submitted to RSPO based on RSPO Remediation and Compensation Procedure, May 2014. Noncompliance NCR 2015.6

Root Cause:

PT. KLR can not present the Land Use Change Cover Analysis as well as its evidence that can be submitted to RSPO based on RSPO Remediation and Compensation Procedure, May 2014

Corrective Actions:

PT. KLR is still preparing the Land Use Change Analysis (LUCA) document, which is planned to be submitted to the secretariat of RSPO in August 2015 based on the approved plan stated in letter to the secretariat of RSPO by Head of PSQM Sime Darby on 15th July 2015.

Preventive Action:

The implementation of LUCA need to be controlled to ensure the implementation based on the planned schedule and can be submitting immediately to the secretary of RSPO.

Observation on 28th July 2015

Head PSQM Sime Darby Plantation sent a letter to Technical Director RSPO on 15th July 2015, regarding the progress of LUCA document that will be submitted in August 2015. Moreover, the Biodiversity and Conservation Manager (RSPO) have responded the letter. Basically, RSPO is waiting for LUCA report in August 2015.

Based on the aforementioned Corrective action, thus non-compliance NCR 2015.6 and NCR 2015.7 as a major category has been closed based on observation result.

The management unit of SIE conducted cultivation after November 2005. However, company cannot show the starting date as well as the land clearing. Non-compliance NCR 2015.7

Status: compliance

7.4

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

From Surveillance-3 to Surveillance-4, there is no new cultivation within KLR area.

Status: compliance

7.5

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

NA

At the moment company does not conducting land clearing or expansion.

Status: compliance

7.6

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

There is a Procedure for land occupation clearing No. 343/PSD-OKUP/10 with an objective to ensure that each and every company within the Minamas Plantation Scope can performs a good and appropriate land occupation clearing, including the one within the HGU based on company's regulation and the applicable Government policy.

The procedures, such as: submitting the mapping result of land occupation survey by the Plantation Service Dept. team, discussing and set the maximum price as a budget for land compensation, conducting inventory process and negotiation with land owner, making an agreement on land compensation that is documented in the minutes of process.

The identification process covers the establishment of inventory team, which consists of estate, PSD, landowner, Village Officers or Muspika, research division, and security. Conflict resolution by discussing and providing the compensation based on the condition of the land (forest, bushes, and plantation).

NA	Until now, PT KLR does not make a new land clearing or cultivates in the outside the HGU area.
	Status: compliance
7.7	Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.
	<p>The management unit has the guideline for sustainable palm oil management on point 5.7.2. It describes the zero burning approach. The guideline explains company's environment policy, which vehemently support the zero burning approach for replanting activity. In addition, replanting with zero burning approach is easy to carry out, such as by letting the palm oil tree rotten in the estate area, which later provide the organic material for soil. Moreover, this techniques is considered minimize the air pollution from burning if company uses the burning approach.</p> <p>Based on interview with the management of PT. KLR, until 2014/2015 company has not conducted the replanting activity. The replanting will be conducted in 2015/2016, within the 243.56 Ha areas that locate in Sukamandang Estate and 236 Ha in Kuala Kuayan Estate.</p>
	Status: compliance
7.8	New plantation developments are designed to minimise net greenhouse gas emissions.
	<p>Company presents the inventory procedure as well as the forecast for GRK emission (No Policy: 700/PSQM-GRK-01/12). The SOP explains the inventory method as well as the method to calculate glass house emission which is generated by company's operation activity and gives the basis for environment management. The forecast calculation over glass house effect is using the IPCC 2006 Guideline and principle MRV (Measurable, reportable, and Variable) for land utilization and carbon balance.</p> <p>inventory over the GRK emission.</p> <p>Emission source in estate</p> <ul style="list-style-type: none"> - Change in estate cover: difference on time averaged C stock above the land before and after the cultivation of palm oil trees. - Current utilization of the estate: the utilization of fertilizer (N₂O), change on Corg soil (CO₂), soil management (CH₄), cultivation in peat area (CO₂ and CH₄) - Diesel fuel utilization for generator operation and heavy equipment operation (CO₂) - Transportation of FFB from estate to mill <p>Emission source from mill's operation activity</p> <ul style="list-style-type: none"> - The utilization of diesel fuel for operating the generator (CO₂) - Shell and fiber utilization for boiler and generator's operation (CO₂) - The utilization of electricity for mill's operation - Kernel separation - The disposal of POME waste (CH₄ and CO₂) - Product transport (CPO and PKO) to the refinery or port (CO₂) <p>The management unit has the guideline for sustainable palm oil management point 5.7.2, which describes the zero burning approach. The guideline explains company's environment policy. It vehemently supports the zero burning approach for replanting activity. In addition, replanting with zero burning approach is easy to carry out, such as by letting the palm oil tree rotten in the estate area, which later provide the organic material for soil. Moreover, this techniques is considered quite effective to decrease the air pollution caused by burning program if company uses the burning approach.</p>
	Status: compliance
PRINCIPLE #8 Commitment to continuous improvement in key areas of activity	
8.1	Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.
	Social management plan of PT KLR for period (July 2014 - June 2015). It is addressed to the local community, such as:

1	Education for local community	Sukamandang Village, Pondok Kopi Village, Tajur Baras Sub-village
2	Health	Sukamandang Village, Pondok Kopi Village, Tajur Baras Sub-village
3	Religion	Sukamandang Village, Kuala Kuayan Village, Sapiri Village, Tajur Baras Sub-village, Tabion Sub-village
4	Social and Sport	Sukamandang Village, Ayawan Village, Sapiri Village
5	Environment	Seruyan Sub-district
6	Culture	Kapuk Village, Kotim Sub-district

The management unit has conducted the internal audit for RSPO on 20th May 2015, which was carried out by assistant PSQM PT. KLR in each unit, such as:

Unit BDE: 18 non-compliances, has been fully improved.

Unit KKE: 13 non-compliances, has been fully improved.

Unit SME: 7 non-compliances, has been fully improved.

Unit SIE: 13 non-compliances, has been fully improved.

Unit SMF: 6 non-compliances, has been fully improved.

Each management unit has improved the entire findings on non-compliance.

Social

- Record for the sustainable improvement in social (internal) such as, the establishment of worship venue and educational center like KKE: 1 unit of mosque, 1 unit of elementary school, BDE: 1 unit mosque.

Company has set the policy not to use Paraquat, which is stated in the memorandum document from Head of Plantations Operation (number: POD-UM-127/X/2008, on 4th November 2008) regarding the recommendation to replace the application of active material of Paraquat-Gramoxone at Minamas area. Based on interview results with spraying personnel in the field, the company has no longer use the paraquat.

Status: compliance

3.2 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module D) CPO Mills – Identity Preserved Requirements
D1	Definition
	<p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> <p>Sukamandang Factory (SMF) only receives and processes FFB from certified-estate, such as from nucleus estate: Sukamandang Estate, Sapiri Estate, Kuala Kuayan Estate and Baras Danum Estate. In addition, company also process FFB from PT. Teguh Sempurna (Certified RSPO) such as: Pemantang Estate, Hatan Tiring Estate, Kawan Batu Estate and Batang Garing Estate. Based on the mentioned data, SMF applies the Identity Preserved (IP) requirement.</p> <p>the management unit is able to explain and demonstrate the FFB’s acceptance and management process. Based on implementation in the field, the Mustika mill is using the standard of SCCS Modul D (IP). Moreover the accepted FFBs are mark with the RSPO Certified stamp. for instance:</p> <ul style="list-style-type: none"> • Weighing ticket on 3rd June 2015 for FFB from KKE that informs vehicle number KH 9042 PM, driver’s name: Rehan, net weight 9,280 kg. The weight bridge is marked with the RSPO Certified stamp. Fruit acceptance letter informs the Afdeling, serial number for fruit acceptance letter, vehicle number, number of trip, exit route, harvestng date, cultivation year, division, block, number of bunches or weight (in ton). Weighing ticket and fruit acceptance letter have been marked with the RSPO Certified stamp. • Weighing ticket on 3rd June 2015 for FFB from SIE that informs vehicle number KH 9100 FA, driver’s name Supri, net weight 6,300 kg. The weight bridge is marked with the RSPO Certified stamp. Fruit acceptance letter informs the Afdeling, serial number for fruit acceptance letter, vehicle number, number of trip, exit route, harvestng date, cultivation year, division, block, number of bunches or weight (in ton). Weighing ticket and fruit acceptance letter have been marked with the RSPO Certified stamp. • Weighing ticket on 3rd June 2015 for FFB from KBE (PT. TSA) that informs vehicle number AA 1829 GF, driver’s name Ojet, net weight 9,890 kg. The weight bridge is marked with the RSPO Certified stamp. Fruit acceptance letter informs the Afdeling, serial number for fruit acceptance letter, vehicle number, number of trip, exit route, harvestng date, cultivation year, division, block, number of bunches or weight (in ton). Weighing ticket and fruit acceptance letter have been marked with the RSPO Certified stamp.
	Status: compliance
D.2	Explanation
	<p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p> <p>SMF set the estimation for CPO and PK production that have been produced from 5th July 2014 to 4th July 2015 such as: SME: 85,447.36 ton; KKE: 79,131.49 ton; SIE: 84,047.02 ton; and BDE: 67,724.96 ton with total FFB: 316,350.84 ton</p>

CPO: 73,551.57 ton with PK: 15,026.66 ton.

The actual production from 5th July 2014 to 1st June 2015 is nucleus FFB: 262,405.73 ton; FFB from PT. TSA (Certified RSPO): 8,738.32 and total generated CPO amount: 63,073.25 ton and PK: 12,578.99 ton.

Based on the actual production data, there is no overproduction compare to the projection in a previous year.

Status: compliance

D.2.2

The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).

SMF cannot present its registration evidence as well as the submission of supply chain report through the RSPO Supply Chain (RSPO IT) organization. **Non-compliance No. 2015. With grade SCCS D.2.2.**

Root Cause:

SMF can not present its registration evidence as well as the submission of supply chain report through the RSPO Supply Chain (RSPO IT)Platform (E-Trace)

Corrective Actions:

Company has registered and complied the appropriate requirement for supply chain report through RSPO IT Platform (E-Trace) with a License ID: CB18752 as stated on this report. The E-Trace is also distributed to the operational as part of information source.

Preventive Actions:

Possible preventive action in the future is by conducting coordination with department regarding to the socialization of supply chia system, including the compliance on requirement and reporting as well as ID e-Trace.

- Certified CPO sold to each buyer period of July 2014. to June 2015..

Date	Buyer	Volume (Kg)
5-Jul-14	PT SAP	1,250,339
11-Jul-14	PT ITH	40,009
15-Jul-14	PT MNA	1,500,000
18-Jul-14	PT MNA	1,500,000
22-Jul-14	PT MSM	1,000,000
7-Aug-14	PT GHN	1,200,124
13-Aug-14	PT GHN	1,200,413
19-Aug-14	PT GHN	1,801,545
22-Aug-14	PT MSM	1,000,000
23-Aug-14	PT GHN	1,200,373
29-Aug-14	PT. SMART	1,301,606
6-Sep-14	PT MSM	1,750,965
11-Sep-14	PT MSM	1,300,000
19-Sep-14	PT MSM	1,000,000
25-Sep-14	PT.SAP	1,250,229

27-Sep-14	PT. WNI	1,300,572
30-Sep-14	PT. SAP	389,773
11-Oct-14	PT SAP	1,250,482
15-Oct-14	PT MSM	1,200,582
28-Oct-14	PT DPA	1,500,000
3-Nov-14	PT DPA	1,999,968
10-Nov-14	PT DPA	1,250,000
15-Nov-14	PT SMART	1,500,000
20-Nov-14	PT. MSM	1,500,000
13-Dec-14	PT MSM	1,500,000
17-Dec-14	PT MSM	1,300,561
23-Dec-14	PT MSM	1,001,098
27-Dec-14	PT BEST	1,372,269
9-Jan-15	PT. GHN	1,500,000
20-Jan-15	PT MSM	1,000,575
24-Jan-15	PT MSM	1,250,000
28-Jan-15	PT MM	1,602,600
8-Feb-15	PT. GHN	1,500,000
14-Feb-15	MNA	1,000,853
18-Feb-15	MSM	1,000,000
26-Feb-15	MSM	1,000,000
6-Mar-15	PT BEST	1,000,000
13-Mar-15	PT MSM	1,112,610
20-Mar-15	PT BEST	1,409,942
28-Mar-15	PT BEST	1,625,814
1-Apr-15	PT. GHN	1,301,096
13-Apr-15	PT. GHN	1,700,709
18-Apr-15	PT MSM	1,121,946
27-Apr-15	PT GHN	1,500,000
13-May-15	PT. GHN	1,500,630
20-May-15	PT. GHN	1,500,000
22-May-15	PT. GHN	1,250,000
28-May-15	PT. GHN	1,400,000
5-Jun-15	PT. GHN	1,500,000
15-Jun-15	BEST	1,500,000
19-Jun-15	MSM	1,250,000
26-Jun-15	BEST	1,500,000
30-Jun-15	BEST	444,265
Total		67,831,947

• Certified PK sold to each buyer period of July 2014. to June 2015.

Date	Buyer	Volume (Kg)
2-Jul-14	PT. Batara Elok Semesta Terpadu	320,040
25-Jul-14	PT. Batara Elok Semesta Terpadu	598,475
13-Aug-14	PT. Batara Elok Semesta Terpadu	500,382
1-Sep-14	PT. Batara Elok Semesta Terpadu	897,430
19-Sep-14	PT. Batara Elok Semesta Terpadu	498,565
24-Oct-14	PT. Wilmar Nabati Indonesia	700,219
28-Oct-14	PT. Teguh Sempurna	24,001
26-Nov-14	PT. Sukajadi Sawit Mekar	497,320
2-Dec-14	PT. Batara Elok Semesta Terpadu	501,937
9-Dec-14	PT. Wilmar Nabati Indonesia	1,002,248
5-Jan-15	PT. Wilmar Nabati Indonesia	997,908
15-Jan-15	PT. Batara Elok Semesta Terpadu	299,728
31-Jan-15	PT. Wilmar Nabati Indonesia	502,392
14-Feb-15	PT. Batara Elok Semesta Terpadu	349,655
18-Mar-15	PT. Sukajadi Sawit Mekar	502,120
5-Mar-15	PT. Batara Elok Semesta Terpadu	402,083
1-Apr-15	PT. Wilmar Nabati Indonesia	700,805
16-Apr-15	PT. Global Interinti Industry	699,670
(In Progres)	PT. Sukajadi Sawit Mekar	485,400
18-May-15	PT. Global Interinti Industry	897,073
29-Jun-15	PT. Sukajadi Sawit Mekar	701,160
Total		12,078,611

Status: compliance

D.3 Documented procedures

D.3.1

The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:

- a. Complete and up to date procedures covering the implementation of all the elements in these requirements;
- b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.

- a) Company has the SOP for product identification and traceability at Minamas Plantation Mill (No. Policy RSPO/65/SCPP/KLR) Rev. 03 on 05th June 2015. This SOP explains the identification on raw material and product (estate should ensure that the generated SOP is certified- RSPO and maintained physically-separately from other CPO sources/ non-certified RSPO and uniquely can be identified right through mill and supply base), examination over the quality of fruit and product at mill, traceability, product delivery, product transportation from mill to *Bulking Stasiun* (examination sample pick up, sealing on the truk and the preparation of minutes of meeting), CPO delivery to buyers (conducted in accordance with the contract, handover after manager received the Delivery Order), CPO's loading to ship (verification on ship's condition, palka should be closed and sealed, minutes of handover should be prepared).
- b) Person in charge on the implementation of this requirement, such as:
 - Factory Manager (Mr. Sofiano Eferly) & Senior Assistant (Mr. Rokhani) store an maintine the entire

document and record over the utilization of raw material and supporting material during the production process as well as the quality of end product, CPO delivery; provide adequate training regarding the requirement for supply chain certification for the entire personnel who involve on providing and accepting the raw material, production processing, storing and delivering mill's production to buyers.

- Laboratory assistant and PSQM (Mr. Arif Ardiawan) conducts the analysis and examination over the quality of raw material and product in each stages of production. Monitirs the delivery and loading of plam product as well as witness the drafting of minutes of CPO and palm kernel delivery.
- Sr. Logistic & Distribution Assistant (Mr. Marcelinus Teddy T) is responsibe to supervise the transportation of CPO and PK product from mill to bulking station and to supervise sale, transport in Bulking Sebukat areal (Area Pangkalan Banteng)
- Production clerk (Mr. M. Taufik) writes/ records the administration and record of certified and non-certified FFB's acceptance, the generated palm product both certified and non-certified as well as the delivery of products.

Interview with the security if weight bridge ticket reveals that he understands the procedure for accepting the certified-FFB, when there is a fruit delivery letter that does not completed with RSPO certificate, then the truck is forbidden to enter mill's area for weighing process, whether the truck comes from company's estate or external. Meanwhile based on interview with weighbridge operator, its known that they understand the SCCS segregation module/IP. When there is outgoing trucks that transport CPO and PK, thus the truck should be completed with RSPO-Segregation/IP stamp. Moreover, there is a training record for SCCS-Module D, which has been conducted on 10th March 2015 at clubhouse Sukamandang Estate that followed by 23 personnel from each estate and mill.

Status: compliance

D.3.2

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

SMF only accepts and processes FFB from certified-estate (SIE, KKE, BDE, SME); as well as receives certified RSPO FFB from PT. Teguh Sempurna (KBE, BGE, THE, PME). SMF can explain and can demonstrate the acceptance process as well the processing of FFB. Based on the actual implementation in the filed, it's known that SMF is using the standard SCCS Module D (IP). Moreover, company also has a mechanism for accepting fruit, which is stated in the SOP document no SMF/SOP. PBR on 22nd June 2010, each driver is required to show the fruit delivery letter from each estate and fruit contractor. This fruit delivery letter explains the source of FFB as well as its quantity. For instance:

- **Sapiri Estate:** weightbridge ticket on 3rd June 2015 for FFB from KKE, which informs vehicle number no KH 9042 PM, with driver name is Rehan, net weigh is 9,280 kg. Weightbridge ticket has a certified-RSPO stamp. The fruit delivery letter informs the afdeling, serial number for fruit delivery letter, vehicle number, trip number, time when he vehicle getting out from the field, harvesting date, cultivating date, division, block, volume of fruit bunches (in ton), weight bridge ticket and fruit delivery letter have been mark with certified-RSPO stamp.
- **Kuala Kuayan Estate:** weightbridge ticket on 3rd June 2015 for FFB from SIE which informs vehicle number no KH 9100 FA, with driver name is Supri, net weigh is 6,300 kg. Weightbridge ticket has a certified-RSPO stamp. The fruit delivery letter informs the afdeling, serial number for fruit delivery letter, vehicle number, trip number, time when he vehicle getting out from the field, harvesting date, cultivating date, division, block, volume of fruit bunches (in ton), weight bridge ticket and fruit delivery letter have been mark with certified-RSPO stamp.
- **Kawan Batu Estate (PT. TSA):** weightbridge ticket on 3rd June 2015 for FFB from KBE (PT. TSA) which

informs vehicle number no AA 1829 GF, with driver name is Ojet, net weigh is 9,890 kg. Weightbridge ticket has a certified-RSPO stamp. The fruit delivery letter informs the afdeling, serial number for fruit delivery letter, vehicle number, trip number, time when he vehicle getting out from the field, harvesting date, cultivating date, division, block, volume of fruit bunches (in ton), weight bridge ticket and fruit delivery letter have been mark with certified-RSPO stamp.

Status: compliance

D.4 Purchasing and goods in

D.4.1

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

FFB's acceptance is documented in fruit delivery letter and weight bridge ticket, such as:

- **Sapiri Estate:** weightbridge ticket on 3rd June 2015 for FFB from KKE, which informs vehicle number no KH 9042 PM, with driver name is Rehan, net weigh is 9,280 kg. Weightbridge ticket has a certified-RSPO stamp. The fruit delivery letter informs the afdeling, serial number for fruit delivery letter, vehicle number, trip number, time when he vehicle getting out from the field, harvesting date, cultivating date, division, block, volume of fruit bunches (in ton), weight bridge ticket and fruit delivery letter have been mark with certified-RSPO stamp.
- **Kuala Kuayan Estate:** weightbridge ticket on 3rd June 2015 for FFB from SIE which informs vehicle number no KH 9100 FA, with driver name is Supri, net weigh is 6,300 kg. Weightbridge ticket has a certified-RSPO stamp. The fruit delivery letter informs the afdeling, serial number for fruit delivery letter, vehicle number, trip number, time when he vehicle getting out from the field, harvesting date, cultivating date, division, block, volume of fruit bunches (in ton), weight bridge ticket and fruit delivery letter have been mark with certified-RSPO stamp.
- **Kawan Batu Estate (PT. TSA):** weightbridge ticket on 3rd June 2015 for FFB from KBE (PT. TSA) which informs vehicle number no AA 1829 GF, with driver name is Ojet, net weigh is 9,890 kg. Weightbridge ticket has a certified-RSPO stamp. The fruit delivery letter informs the afdeling, serial number for fruit delivery letter, vehicle number, trip number, time when he vehicle getting out from the field, harvesting date, cultivating date, division, block, volume of fruit bunches (in ton), weight bridge ticket and fruit delivery letter have been mark with certified-RSPO stamp.

The daily FFB's acceptance is recorded in FFB's acceptance record. Based on this document, it's known that company only receive FFB from SME, SIE, KKE, BDE (nucleus estate) and certified-RSPO from PT. TSA (PME, THE, KBE and BGE). This document also highlights the source of FFB, volume (in ton), as well as acceptance time. Based on document's review, its known that on 1st June 2015 , company received 270,784,050 kg FFB.

Certified and non-certified FFB received period of July 2014 to June 2015 - PT. KLR - SUKAMANDANG FACTORY

Month	FFB (Kg)			Total
	RSPO Certified from PT. KLR	RSPO Certified from PT. TSA	Non Certified	
Jul 2014	25,228,350	385,430		25,613,780

Agt 2014	30,966,400	484,860		31,451,260
Sep 2014	23,611,570	178,100		23,789,670
Okt 2014	24,051,130	1,682,250		25,733,380
Nop 2014	26,372,750	789,250		27,162,000
Des 2014	24,107,530	408,920		24,516,450
Jan 2015	23,947,390	52,380		23,999,770
Feb 2015	19,482,280	0		19,482,280
Mar 2015	22,495,490	1,807,580		24,303,070
Apr 2015	23,438,800	1,425,570		24,864,370
Mei 2015	23,438,800	1,425,570		24,864,370
Jun-15	25,155,930	1,278,670		26,434,600
Grand Total	292,296,420	9,918,580		302,215,000

Status: compliance

D.4.2

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

SMF sets the estimation volume (in ton) of CPO and PK production from 5th July 2014 to 4th July 2015, such as: SME: 85,447.36 ton; KKE: 79,131.49 ton; SIE: 84,047.02 ton; and BDE: 67,724.96 ton with total FFB: 316,350.84 ton
CPO: 73,551.57 ton and PK: 15,026.66 ton.

Based on document's review, its known that the actual total production has not exceeded the projected production (certificate is attached).

Status: compliance

D.5

Record keeping

D.5.1

The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.

SMF records and balances the acceptance between certified-RSPO FFB and CPO as well as kernel daily delivery, monthly, three months and annually:
for instance, recapitulation of FFB's acceptance, CPO and PK delivery for period March – May 2015

Months	Processed FFB	CPO		PK	
		Production	Sale	Production	Sale
March 2015	24,355,051	5,601,683	5,148,366	1,160,847	1,102,888
April 2015	24,792,433	5,664,409	5,623,751	1,238,011	699,670
May 2015	23,283,448	5,311,602	5,603,323	1,043,863	1,218,403
Total	72,431,932	16,577,694	16,375,440	3,442,720	3,020,961

SMF presents the traceability for each CPO and PK delivery in a daily basis; for instance the delivery of CPO on 29th May 2015 221,090 Kg to bulking. The stock at that moment was 653,741 kg.
Meanwhile for PK delivery on 19th May 2015 to buyer (PT. Sukajadi Sawit Mekar/Musim Mas) amount 16,100 kg, stock at Silo 432,591 Kg. with DO 00158/00153/04/15/L-KLR-IKS (total 300,000 Kg).

CPO for period July 2014 – April 2015 was sold to PT Golden Hope Nusantara, PT. Megasurya Mas, PT. Sukajadi Sawit Mekar, PT. Global Interniti Industry, PT. Sinar Alam Permai, PT. Multimas Nabati Asahan, PT. Musim Mas, PT. SMART, Tbk, PT. Wilmar Nabati Indonesia, PT. Mikie Oleo Nabati Industri, PT. Batara Elok Semesta Terpadu, PT. Indo Truba Tengah, PT. Sime Indo Agro, PT. Teguh Sempurna with total CPO that was sold 58,487.49 ton.

PK for period July 2014 – May 2015 was sold to PT. Batara Elok Semesta Terpadu, PT. Wilmar Nabati Indonesia, PT. Teguh Sempurna, PT. Sukajadi Sawit Mekar, and PT. Global Interinti Industry with total PK that was sold 10,711.26 ton.

CPO and kernel's weighbridge ticket state name of product, for instance:

- Weighbridge ticket for CPO on 19th April 2015 with buyer name is PT Golden Hope Nusantara, CPO product, that informs vehicle number DA1371ZB, net weight 7,980 kg, driver name, seal number, that has a stamp for RSPO Certified –Segregation.
- Weighbridge ticket for PK on 20th April 2015 with buyer name is PT Sinar Mas Agro Resources and Technology Tbk. that informs vehicle number, driver name, seal number and net weight, that has a stamp for RSPO Certified –Segregation.

Company can present other documents that explain the name of generated product as well as sale-product:

- Sales contract No. 00617/KLR/KTR-MKS/LOK/IV/2015 on behalf of PT Golden Hope Nusantara on 09th April 2015, invoice document No. 00821/KLR/IV/2015 on 24th April 2015 for CPO sale amount 1,704,965 kg. the Sales Contract and Invoice have stated buyer's name and address, which is PT Golden Hope Nusantara Jl. MH Thamrin Kav. 28-30 The Plaza Tower LT. 36 RT: 009; RW: 005; Gondangdia Village, Menteng Sub-district, Jakarta Pusat DKI Jakarta Raya 10350. Moreover, it's completed with information about the RSPO-Segregation Certified product that has been stated in the stamp.
- Sales contract No. 00616/KLR/KTR-MKS/LOK/IV/2015 on behalf of PT Megasurya Mas on 01st April 2015, the invoice document No. 0018/KLR/IV/2015 on 14th April 2015 for CPO sale amount 1,000,000 kg. The document Sales Contract & Invoice state buyer's name and address, which is PT Megasurya Mas Jl. Tambak Sawah No. 32 Tambak Sawah Waru, Sidoarjo, Jawa Timur 61256. Moreover, it's completed with information about the RSPO-Segregation Certified product that has been stated in the stamp.
- Sales contract No. 00153/KLR/KTR-MKS/LOK/IV/2015 on behalf of PT Sukajadi Sawit Mekar on 02nd April 2015, the invoice document No. 00819/KLR/KTR-IKS/LOK/IV/2015 on 27th April 2015 for PK sale amount 500,000 kg. The document Sales Contract & Invoice state buyer's name and address, which is PT Sukajadi Sawit Mekar Spring Tower 06-62 Jl. KL. Yos Sudarso Tanjung Mulia, Medan Deli, Sumatera Utara 20241. Moreover, it's completed with information about the RSPO-Segregation Certified product that has been stated in the stamp.
- Sales contract No. 00154/KLR/KTR-MKS/LOK/IV/2015 on behalf of PT Global Interniti Industry on 06th April 2015, the invoice document No. 00819/KLR/KTR-IKS/LOK/IV/2015 on 27th April 2015 for PK sale amount 500,000 kg. The document Sales Contract & Invoice state buyer's name and address, which is PT Sukajadi Sawit Mekar Spring Tower 06-62 Jl. KL. Yos Sudarso Tanjung Mulia, Medan Deli, Sumatera Utara 20241. Moreover, it's completed with information about the RSPO-Segregation Certified product that has been stated in the stamp.

Status: compliance

D.6 Processing

D.6.1

The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage

Based on interview with mill's senior assistant, its known that Sukamandang Factory only receives and processes FFB from Sukamandang Estate, Sapiri Estate, Kuala Kuayan Estate, Baras Danum Estate and PT. TSA (Batang Garing Estate, Hatan Tiring Estate, Pemantang Estate and Kawan Batu Estate), which entirely are certified-RSPO product. the SOP of Supply Chain PT Kridatama Lancar Minamas Plantation (RSPO/65/SCPP/KLR), explains that plantation will ensure that the certified-RSPO CPO should be physically separated from CPO that comes from other sources/non-certified RSPO and uniquely can be identified up to the mill and supply base. This effort shows that the company has been taking its maximum effort to prevent contamination.
 the management unit has a chance to synchronize the administration record based on the SCCS standard in November 2014, for instance the stamp for segregated-product become the Identity Preserved. (**Observation**).

Status: compliance

**D.6.2
 The objective is for 100 % segregated material to be reached**

Based on interview with mill's senior assistant, its known that Sukamandang Factory only accepts and processes FFB from Sukamandang Estate, Sapiri Estate, Kuala Kuayan Estate, Baras Danum Estate and PT. TSA (Batang Garing Estate, Hatan Tiring Estate, Pemantang Estate and Kawan Batu Estate), which entirely are certified-RSPO product. the SOP of Supply Chain PT Kridatama Lancar Minamas Plantation (RSPO/65/SCPP/KLR), explains that plantation will ensure that the certified-RSPO CPO should be physically separated from CPO that comes from other sources/non-certified RSPO and uniquely can be identified up to the mill and supply base. This effort shows that the company has been taking its maximum effort to prevent contamination.
 the management unit has a chance to synchronize the administration record based on the SCCS standard in November 2014, for instance the stamp for segregated-product become the Identity Preserved. (**Observation**).

Status: compliance

3.3 Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or √
ASA-4	PT Kridatama Lancar has a logo and a certificate of approval numbers No. MUTU-RSPO/003	√
	Status: Compliance	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or √
ASA-4	The Company does not use either logo on the on-product and off-product within the scope of PT Kridatama Lancar	√
	Status: Compliance	
3.	Implementation of Certificate and Logo is not used on product	X or √
ASA-4	The Company does not use either logo on the on-product and off-product within the scope of PT Kridatama Lancar	√
	Status: Compliance	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or √
ASA-4	The Company does not use either logo on the on-product and off-product within the scope of PT Kridatama Lancar	√
	Status: Compliance	

3.4 Summary of RSPO Partial Certification

Management unit of Sime Darby Sdn Bhd.		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Compliance	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Status: Compliance	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Status: Compliance	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Status: Compliance	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Status: Compliance	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Status: Compliance	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or √
	The whole unit under the organization's operations (subsidiary) SIME DARBY planned to carry out the certification process in accordance with TIME BOUND PLAN	√
	Status: Status: Compliance	

3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

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

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
2014.1.	Major 2.1.1	<p>Keeping period of hazardous waste including used agrochemical packages. Audit identified hazardous waste and agrochemical waste have been stored more than 90 days (exceeding standard threshold), for instance in hazardous waste warehouse in BDE and SME.</p>	Estate	60 Days	Company should ensure that hazardous waste management has been in line with government regulation No. 18 in 1999.	<p>Root Cause: Hazardous waste and agrochemical waste have been stored more than 90 days (exceeding standard threshold), for instance in hazardous waste warehouse in BDE and SME. Delayed transportation by licensed hazardous waste collector was because of small quantity of waste. Licensed hazardous waste rejects to collect small quantity of hazardous waste.</p> <p>Corrective Action: Immediately deliver hazardous waste to licensed collector (PT. Wiraswasta Gemilang). Hazard Waste Manifest between PT. KLR (PKS Sukamandang) and PT. WGI is available.</p> <p>Preventive Actions: Increasing supervision on hazardous waste monitoring as well as build intensive cooperation with hazardous waste collector so there will be no delay on transporting hazardous waste to third party.</p> <p>Observation on 8th July 2014 Used agrochemical packages waste has been managed in line with the applied regulation. Waste from Kuala Kuayan Estate, Sapiri Estate, Sukamandang Estate and Baras Danum Estate have been handed to licensed collector Wiraswasta Gemilang Indonesia (WGI). Delivery has 2 stages: 1)</p>	Closed	8 th July 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
						on 26 th May 2014 sent 552 pieces 2) on 9 th June 2014 sent 327 pieces. Hazard waste Manifest from PT WGI. (Improvement evidence over hazard waste manifest & minutes of hazardous waste transportation from estate to mill) is available.		
2014.2.	Major 4.6.4	Management of pesticide waste. Company is trying to manage pesticide waste (solid and liquid). In order to minimize pollution over environment by providing BSS house & licensed hazardous waste warehouse, but the implementation of BSS (Block Spraying System) utilization in Sukamandang Estate and Baras Danum Estate as washing station for working tools, agrochemical package, PPE have not been optimal and based on interview with spraying personnel in Division 1 SME and Division 2 BDE, it is known that PPE and spraying tool's washing were conducted in personnel house.	Estate	60 Days	Pesticide waste (solid and liquid) management must be in line with the applied procedure and mechanism in order to minimize negative impact toward environment.	<p>Root Cause: Company has been trying to manage pesticide waste (solid and liquid) in order not to pollute environment, however the implementation of BSS utilization in SME and BDE were not optimal because monitoring over BSS utilization not been periodically implemented.</p> <p>Corrective Action: Corrective actions that have been undertaken by company, such as:</p> <ol style="list-style-type: none"> 1. Maximizing the utilization of BSS house by functioning it as washing station and warehouse 2. Delivering work procedure and BSS house for spraying personnel through safety briefing. 3. Cleaning and storing spraying tools in BSS house. <p>Preventive Actions: Several preventive actions that can be taken by company, such as:</p> <ol style="list-style-type: none"> 1. Monitoring over BSS house utilization as well as ensuring that work procedure is in line with the applied procedure. 2. Ensuring the entire BSS house components work properly in order to minimize negative impact toward environment. 3. Periodically deliver safety briefing to refresh 	Closed with an observ ation	11 th July 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
						<p>personnel knowledge on proper work procedure.</p> <p>Observation on 8th July 2014 Company trying to supervise personnel, improved supervision and optimized BSS utilization, which located in Baras Danum Estate and Sukamandang Estate. BSS SME team's Safety Briefing minute on 22nd May 2014 and BSS BDE team on 14th June 2014 are available, delivered subjects were about work procedure, PPE's utilization and washing procedure as well as spraying tools storage in BSS house.</p> <p>Observation on 11th July 2014 Final pond as well as water canal in Block Spraying System (BSS) house been fixed. Collection pond is a drum and permanent pond is under construction stage.</p> <p>Spraying personnel keep apron, masks, knapsack and glove in BSS house, no more tools being brought and being washed in personnel's house (improvement evidence, BSS house documentation)</p>		
2014.3.	Minor 4.7.4	<p>Record of Occupational Health and Safety Training</p> <ul style="list-style-type: none"> - SIO/licensed for Operator boiler (on behalf of Syahbudin) has been expired since 24th May 2012. - Boiler Operators (on behalf of Darnoko, Kuswantoro and Ibrahim) have not received 	mill and Estate	ASA-4	Company should present evidence that the entire operators have received Occupational Health and Safety Training and have SIO/ Occupational Health and Safety License	<p>Root Cause : Boiler Operator does not yet have a license and get SIO K3 boiler Operator and found the Boiler operator SIO had passed the validity period. Additionally Foreman Spraying Division 3 SME hasn't gotten a first aid training</p> <p>Corrective Actions ; Several Corrective actions that have been implements,</p>	Closed	24 th August 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
		Occupational Health and Safety Training and does not have SIO/ Occupational Health and Safety License.				<p>such as:</p> <ul style="list-style-type: none"> Extend the SIO operators that the validity period has expired Include the HSE Training for operators of Boilers that do not yet have licenses K3. Providing first aid training to foreman. <p>Preventive Actions: Monitors consistently against permitting letter mainly SIO in order to be monitored and extend the SIO that will approach the validity period. In addition to making first aid training as a continuous training and carried out periodically in order to provide an understanding and knowledge of first aid.</p> <p>Observation on 24th July 2014</p> <ul style="list-style-type: none"> Available operators boiler SIO on behalf Syahbudin that has been extended the validity period until June 17th 2016. There are operators boiler SIO on behalf Damoko valid up to 6th July 2016. On behalf Kuswantoro valid up to 17th June 2016 Available training first aid on 11th June 2014 who trained by doctor companies and participants training totaled 27 people (assistant, supervision / foreman and security guard). 		
2014.4.	Minor 4.7.6	<p>Compliance evidence over occupational health and safety program and first aid</p> <ul style="list-style-type: none"> Spraying foreman in Division 2 BDE does not have first aid kits. PPE proficiency mechanism for the entire personnel has not been 	Estate	ASA-4	<p>Company must ensure that the entire first aid officers in the field have to be completed with first aid kits.</p> <p>Company have to ensure</p>	<p>Root Cause:</p> <ul style="list-style-type: none"> Spraying foreman in Division 2 BDE has not been completed with first aid kits PPE proficiency mechanism for the entire personnel has not been well implemented. <p>Corrective Actions:</p>	Closed	8 th July 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
		consistently implemented, for instance based on observation over spraying activity in Division 3 SME, apron is broken and cause skin irritation.			PPE proficiency mechanism for the entire personnel will be well implemented.	<p>Several Corrective actions that have been implements, such as:</p> <ul style="list-style-type: none"> • Distributing PPE to all supervisors in BDE, which can be proved through minute of first aid kits hand over. • Distributing PPE for spraying personnel in SME, which can be proved through minute of PPE hand over <p>Preventive Actions: Required preventive action in the future is supervising PPE utilization and first aid kits proficiency, so there will be no broken PPE and all supervisors bring first aid kits when they work.</p> <p>Observation on 08th July 2014</p> <ul style="list-style-type: none"> • Minute of first aid kits hand over to 17 supervisors in BDE on 26th May 2014 is available. • Minute of PPE hand over (gloves and aprons) to 18 spraying personnel in SME on 24th May 2014 is available. 		
2014.5.	Minor 4.7.7	First aid training Spraying foreman in Division 3 SME have not received first aid training.	Estate	ASA-4	Company should present the evidence that the entire first aid personnel have received first aid training.	<p>Root Cause: Spraying foreman in Division 3 SME has not received first aid training.</p> <p>Corrective Action: Corrective actions that have been conducted, such as first aid training that was followed by the entire supervisors in PT KLR</p> <p>Preventive Actions: Preventive actions that need to be taken are making</p>	Closed	8 th July 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
						<p>first aid as sustainable training and being regularly implemented to provide understanding and to refresh personnel knowledge on first aid. Company should make first aid training as one of P2K3 regular activity in PT KLR.</p> <p>Observation on 8th July 2014 Minutes of first aid training on 11th June 2014 is available. Trainer was from company's physician and there were 27 participants (Assistant, Supervisor/foreman and guard).</p>		
2014.6.	Major 5.2.2	<p>Management plan for managing HCV area. Company has not drafted comprehensive management Plan for HCV area as recommended in HCV identification report in 2010.</p>	Estate	60 Days	Company should draft comprehensive management Plan for HCV area as recommended in HCV identification report in 2010.	<p>Root Cause: Management plan for HCV area has not consistently implemented.</p> <p>Corrective Actions: Company has drafted management Plan for HCV area for period 2014/2015</p> <p>Preventive Actions: Preventive action that needs to be taken in the future is to draft management plan for HCV area consistently.</p> <p>Observation on 22nd July 2014 Company has drafted comprehensive management Plan for HCV area for period 2014/2015 for each HCV area on 17th July 2014 by PSQM PT KLR, (the evidence is improvement on work plan) for instance in Sukamandang:</p> <ul style="list-style-type: none"> HCV 1.3 (wildlife refuge), reservoir location and riparian area. The plan is to install prohibition 	Closed	22 nd July 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
						<p>signboard as well as periodic monitoring every month, socialization on HCV existence to local community every year.</p> <ul style="list-style-type: none"> HCV 4.1, mill's reservoir location, the work plan is to cultivate vegetation and verifier vegetation as well as analysing water's quality every 6 months 		
2014.7.	Minor 5.2.1	<p>Protected wildlife/ species posters. Based on field visit to HCV area (Bukit Batu Kapal and riparian of Manggis River) pointed out that Poster about type of protected wildlife/ species has been broken.</p>	Estate	ASA-4	Company has to ensure that the entire posters about type of protected wildlife/ species are in a good condition.	<p>Root Cause: Evaluation over monitoring result on signboards and posters condition is inconsistent.</p> <p>Corrective Actions: Company has undertaken Corrective actions by pin down broken posters and replace them with new posters in HCV area (Bukit Batu Kapal and riparian of Manggis River).</p> <p>Preventive Actions: Preventive action that needs to be taken in the future is to monitor posters condition including HCV signboards consistently, so company can notice whenever these posters or signboards need to be repair or be replaced. so</p> <p>Observation on 11th July 2014 Broken wildlife signboard has been replaced on 17th June 2014 (Block I 33 and K33). Moreover, new poster has been installed in Block J27 and J28. Monitoring data and improvement efforts over signboards and posters are available.</p>	Closed	11 July 2014
2014.8.	Major 5.3.2	<p>Documented and implemented waste management plan Based on field visit in hut 2</p>	Estate	60 Days	Company have to ensure that domestic waste management has been	<p>Root Cause: Based on field visit in hut 2 Sukamandang Estate, its known that domestic waste management has not been</p>	Closed	8 th July 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
		Sukamandang Estate, its known that domestic waste management has not been well implemented based on SOP for domestic waste management, like waste was scattered all over the place and there was a sign that waste been burned.			well implemented based on SOP for domestic waste management.	<p>well implemented based on SOP for domestic waste management, like waste was scattered all over the place and there was a sign that waste been burned.</p> <p>Corrective Action: Corrective actions that have been conducted, such as:</p> <ol style="list-style-type: none"> 1. Re-identifying waste management based on the applied procedure 2. Cleaning sign of waste been burned. 3. Installing sign board for waste disposal 4. Drafting schedule for waste disposal 5. Conducting socialization for personnel that related to domestic waste management. <p>Preventive Action: Preventive actions that need to be taken in the future such as: ensuring domestic waste management will be well implemented and company able to monitor and to supervise the implementation.</p> <p>Observation on 8th July 2014</p> <ul style="list-style-type: none"> • Company has conducted socialization over occupational health and safety policy and compliance toward housing safety and health on 22nd May 2014. • Company has had the schedule for domestic waste disposal until December 2014. 		

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
2014.9.	Minor 6.1.2	Social impact management plan. Company still not able to draft social impact management plan by considering social impact assessment document.	Estate	ASA-4	Company should draft social impact management plan by considering social impact assessment document.	<p>Root cause: The company has not compiled the social impact management plant considering SIA document.</p> <p>Preventative Action: 1. Compiling management plan of social impact assessment for year 2014/2015 and will re-compile it for the next period. 2. Implementation of all management plan</p> <p>Preventive Action: Composing management plan comprehensively, therefore the company can control the existing social impact.</p> <p>Observation on June 3, 2015: The unit management shows the management plan of SIA for 2014/2015. The SIA management in each estate are: SME: education, community health, sport and environment. KKE: religion and social BDE: education, health, religion, social and culture</p> <p>The social impact management plan has been as recommended in company's SIA study.</p>	Open	
2014.10.	Minor 6.5.1	Clean water provision There is no sufficient evidence that company has conducted assessment over clean water quality, which was used by personnel in BDE's housing.	ASA-4	ASA-4	Company should provide evidence that it has conducted assessment over clean water quality, which was used by personnel in BDE's	<p>Root cause Not available enough evidence that the company has test the quality of clean water used by an employee in BDE housing</p> <p>Corrective action The company has been testing the quality of clean</p>	Closed	1 st September 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
					housing.	<p>water around the water sources used by employees, not limited to housing in the BDE, e.g. :</p> <ul style="list-style-type: none"> • Baras Danum Estate, reservoir division 1 and division 3; well water of division 3 • Sukamandang estate, reservoir division 1, 2, 3 and well water division 1, 3 • Sapiri estate, reservoir division 1,3 and well water division 1, 2 <p>Preventive action Company monitoring consistently against clean water sources used by employees and do analysis water quality periodically.</p> <p>Observations 1st September 2014 Based on the results of the test conducted by Unilab Prime on 08 July 2014 with sample Water Reservoirs such as BDE 1; Water Reservoir 3 BDE, BDE well water and 3 test result shows the quality of clean water still complies with a defined quality standard Permenkes No. 416 of 1990. In addition the company also performs testing of clean water in every existing housing in estates and POM, and test results are still in accordance with a defined quality standard.</p>		
2014.11.	Minor 6.9.2	<p>Evidence of policy regulation over protection of reproductive right There was no sufficient evidence that company has implemented reproductive right protection. Based on interview with spraying staff in Division I SME, audit found that personnel got miscarriage leave for 14 days. This practice is not inline wit</p>	SME	ASA-4	Company has to ensure that protection over reproductive right should be well implemented.	<p>Root Cause: Based on interview conducted by auditor with the spraying worker in Division I SME found that the worker has got the work leaving permit after having miscarriage not complied with the applied regulation.</p> <p>Corrective Action: 1. Giving day off since April 2 up to April 24, 2014 (23 days off)</p>	Open	

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
		company's policy as well as Manpower Law No. 13 in 2003.				2. Giving extra day off since 24 July 2014 up to 16 August 2014 (22 days) Preventive Action: Monitoring all women worker and having a coordination with gender committee on reproductive right in its relation to job desk.		
2014.12.	Point 2.2 SCCS Ver Nov 2011 (Module D)	Purchasing and accepting material. Company has documented RSPO certified FFB, CPO and PK, the actual certified product volume (after Surveillance 2) was FFB 323.008,68 ton, CPO 80.158,20 ton, Kernel 12.938,54 ton. This actual product was exceeded certification body's projection (overproduction), however, company didn't inform certification body regarding this issue.	PT KLR	30 Days	Related to overproduction, company should inform certification body directly.	Root Cause: Company didn't inform certification body about overproduction to certification body Corrective Actions: Draft a letter to inform certification body (<i>Mutuagung Certification</i>) about this over production Preventive Actions: in the future, company should periodically monitor and report its production volume to certification body (<i>Mutuagung Certification</i>) Observation on 23rd June 2014 CPO overproduction against projection amount 3,729.39 ton has been reported to Mutuagung Lestari through a letter No 10/SOU-InternRSPO/VI/2014/S on 16 th June 2014. This report inform that projection for period June was 2013 – May 2014 FFB 334,532 ton, CPO 76,942.36 ton, IKS 15,053.94 ton. In addition, actual production was FFB 333,035.62 ton, CPO 8,671.75 ton, IKS 14,162.98 ton.	Closed	23 rd June 2014
2014.13.	Point 6.1. SCCS Ver Nov 2011	Training Latest SCCS training was conducted on 18 th November 2011 and was	PT KLR	30 Days	Company should deliver training for its personnel as required, also able to prove	Root Cause there was no training related to SCCS that has been	Closed	23 rd June 2014

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
	(Module D)	attended by 27 personnel from mill and estate. SCCS training has not periodically been implemented to ensure personnel's understanding over standard requirement (period 2013); and there were several key stakeholders in Sukamandang Mill that didn't able to present evidence that they have attended SCCS training, for instance: weighing clerk and guard.			that company has implemented SCCS.	<p>Corrective Actions Key personnel (weighing clerk, guard, fruit clerk/transport clerk, grading and Head of Division) attended SCCS training on 16th June 2014.</p> <p>Preventive Action Conducting periodic training in order to deliver knowledge and understanding over SCCS to key personnel that have a relation with supply chain system.</p> <p>Observation on 23rd June 2014 Key personnel in Sukamandang Mill, (not limited to weighing clerk and guard) have received SCCS training that was conducted on 16th June 2014 at Clubhouse Sukamandang, Assistant PSQM/Internal auditor RSPO was a resource person at this training. Participants such as Manager, Head of administration, weighing clerk, guard, transportation foreman, harvesting clerk.</p>		

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-4 Assessment

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
2015.1	2.1.1	<p>Implementation over the latest applicable regulations Based on document's review and public consultation with Forestry and Plantation Agency, its known that, PT. KLR has not submitted its first three-months plantation record in 2015.</p>	Major	Mill	5 th August 2015	Company should present the compliance over the applicable regulations.	<p>Root Cause: PT. KLR should send the three-month plantation record in 2015.</p> <p>Corrective Actions: PT. KLR sent the plantation business development report first three-months report in 2015 to agency. Moreover, PT. KLP attached the evidence of submission to related agencies.</p> <p>Preventive Actions: Drafting and reporting the plantation business development report on time based on the submission schedule.</p> <p>Observation on 25th June 2015 The management unit send the first three-month 2015 plantation report to Forestry and Plantation Agency in Seruyan District and Plantation Agency in Kotawaringin Timur District on 22nd June 2015 by using post delivery service</p> <p>Based on the aforementioned improvement evidence, thus the non-compliance has been fulfilled.</p>	Closed	25 th June 2015
2015.2	2.1.1.	<p>System, which records the entire revision over legal regulation,</p>	Minor	PT KLR	Re-Certificati	The management unit should present the	<p>Root Cause:</p>	Open	

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
		<p>should be implemented.</p> <p>Based on document's review on company's compliance toward legal regulations, its known that some regulations have not stated on the document, such as:</p> <ul style="list-style-type: none"> Ministry of Manpower Decree No. 26 in 2014 regarding the implementation of OHS Management System Ministry of Manpower Decree No. 1/MEN/I/2015 on 17th January 2015 regarding to Supreme Court Decree No. 100/PUU-X/2012 over article 96 UU No. 13 in 2003 regarding the manpower. 			on	record over the entire revision on legal regulation that needs to be implemented.	<p>Corrective Actions:</p> <p>Preventive Actions:</p>		
2015.3	5.3.3.	<p>Waste management and disposal plan that should be documented and implemented</p> <p>Based on SOP on domestic waste management point 5.2. which stated the separation between organic and inorganic waste, however based on observation on final landfill at KKE and SIE, its known that waste management has not been inline with company's SOP.</p>	Minor	PT KLR	Re-Certification	Company should dispose waste based on company's SOP.	<p>Root Cause:</p> <p>Corrective Actions:</p> <p>Preventive Actions:</p>	Open	
2015.4	5.6.3	<p>Regular submission on GHG report to RSPO</p> <p>PT. KLR presented the result on GRK</p>	Minor	PT KLR	Re-Certification	PT. KLR should present the evidence that the result on GRK	<p>Root Cause:</p> <p>Corrective Actions:</p>	Open	

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
		emission calculation for period 2014/2015 by using the Palm GHG method, however, company disabled to present the evidence that the report has been submitted to RSPO.				emission calculation for period 2014/2015 by using the Palm GHG method has been submitted to RSPO.	Preventive Actions:		
2015.5	7.3.1.	<p>Evidence that there is no new cultivation that replace primary HCV forest area, since November 2005.</p> <p>Unit SIE, BDE, and KKE conducted the cultivation after November 2005, however, company's disable to prove whether this cultivation not replacing the primary HCV area.</p>	Major	PT. KLR	5 th August 2015	The management unit should prove that the cultivation after 2005 did not replacing the HCV by using landsite image analysis.	<p>Root Cause: SIE, BDE and KKE has new planting after November 2005, however there is no evidence yet that the new planting does not replace HCV area.</p> <p>Corrective Actions: PT KLR has been processing Land Use Change Analysis (LUCA) and is planned to be submitted to RSPO Secretariat on August 2015 according to the planning that has been sent to RSPO Secretariat by Head of Sime Darby PSQM on 15 July 2015.</p> <p>Company's LUCA will inform land clearing and it is as an evidence that the new planting after November 2015 does not replace any HCV area.</p> <p>Preventive Actions: LUCA needs to be control therefore its implementation is in accordance with the planned one and can be send to RSPO Secretariat as soon as possible. Meanwhile, for future company's operation, there is a warranty of no HCV area replaced through a tight control.</p>	Closed with Observation	28 th July 2015

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<p>Observation on 28th July 2015 Head PSQM Sime Darby Plantation sent a letter to Technical Director of RSPO on 15th July 2015, regarding to the progress of LUCA that will be summited in August 2015. Moreover, the Biodiversity and Conservation Manager (RSPO) have responded the letter. The bottom line is, the RSPO is waiting the submission of LUCA report in August 2015. Based on the aforementioned improvement evidence, thus the non-compliance 2015.6. Has been fulfilled with the observation.</p>		
2015.6	7.3.2.	<p>The HCV covers the analysis over the revision on soil utilization in order to set the changes over natural vegetation since November 2005.</p> <p>PT. KLR cannot present the Land Use Change Cover Analysis report as well as the evidence that the report has been submitted to RSPO based on RSPO Remediation and Compensation Procedure, May 2014.</p>	Major	PT. KLR	5 th August 2015	<p>PT. KLR should present the Land Use Change Cover Analysis report as well as the evidence that the report has been submitted to RSPO based on RSPO Remediation and Compensation Procedure, May 2014.</p>	<p>Root Cause: PT KLR has not been able to show LUCA and there is no evidence of LUCA submission to RSPO Secretariat as regulated in RSPO Remediation and Compensation Procedure, May 2014.</p> <p>Corrective Actions: PT KLR has been processing Land Use Change Analysis (LUCA) and is planned to be submitted to RSPO Secretariat on August 2015 according to the planning that has been sent to RSPO Secretariat by Head of Sime Darby PSQM on 15 July 2015.</p> <p>Preventive Actions: LUCA needs to be control therefore its implementation is in accordance with the planned one and can be send to RSPO</p>	Closed with Observation	28 th July 2015

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<p>Secretariat as soon as possible. Meanwhile, for future company's operation, there is a warranty of no HCV area replaced through a tight control.</p> <p>Observation on 28th July 2015 Head PSQM Sime Darby Plantation sent a letter to the Technical Director of RSPO on 15th July 2015, regarding to LUCA's progress, which will be submitted in August 2015. Furthermore, the Biodiversity and Conservation Manager (RSPO) have replied the letter. In brief, RSPO is waiting for the LUCA report in August 2015.</p> <p>Based on the aforementioned improvement evidence, thus the non-compliance 2015.6. Has been closed with the observation</p>		
2015.7	7.3.3.	<p>First operation and land clearing date should be recorded. The management unit of SIE will cultivate after November 2005; however, the company cannot present the first operation and land clearing date.</p>	Minor	SIE	Before re-certification	The management unit should present the first operation and land clearing date, particularly for cultivation from 2005 to 2008.	<p>Root Cause:</p> <p>Corrective Actions:</p> <p>Preventive Actions:</p>	Open	
2015.8	SCCS D.2.2	<p>Reporting and registration of supply chain through RSPO IT Platform Company can not present the registration evidence and submission's requirement of the</p>	Minor	SMF	5 th July 2015	Company should present the present the registration evidence and submission's requirement of the proper supply chain	<p>Root Cause: Company can not present the registration evidence and submission's requirement of the proper supply chain through the RSPO IT Platform (E-Trace)</p> <p>Corrective Actions:</p>	Closed	27 th June 2015

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
		proper supply chain through the RSPO IT Platform (E-Trace)				through the RSPO IT Platform (E-Trace)	<p>Company has been register and complied the submission's requirement of the proper supply chain through the RSPO IT Platform (E-Trace) with a License ID: CB18752 as stated in the indices of this document. Moreover, the E-Trace has been socialized to the operation unit as part of information source.</p> <p>Preventive Actions: Future preventive action that can be taken by the company is by conducting effective coordination with related agencies regarding the socialization of supply chain system including the compliance on requirement compliance, reporting as well as the ID e-Trace.</p> <p>Observation on 27th June 2015 The management unit has presented the registration evidence of E-Trace, with a License ID: CB18752. Closed</p>		
2015.9	RSPO certification system 4.2.4 and attachment 4.2.2	<p>Time Bound Plan PT Minamas Plantation (Sime Darby Group) present the revision of Time Bound Plan, however cannot present the justification and approval from officer in charge. Moreover, there is no time bound plan for Karya Palma Estate (PT. SNP)</p>	Minor	Sime Darby	Re-Certification	PT Minamas Plantation (Sime Darby Group) should present the justification and approval on the revised-Time Bound Plan.	<p>Root cause: PT Minamas Plantation (Sime Darby Group) including PT. KLR have presented the revision over Time Bound Plan, however cannot present the justification and approval from officer in charge. Moreover, there is no time bound plan for Karya Palma Estate (PT. SNP).</p> <p>Corrective Actions: Time Bound Plan Minamas Plantation (Sime Darby Group) has been approved and justified for the revision.</p>	Closed	26 June 2015

No.	Ref Std	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<p>Preventive Actions: PT. KLR will store the document in the document list at RSPO secretariat in PT. KLR.</p> <p>Observation on 22nd June 2015 Minamas SimeDarby has revised the Time Bound Plan (TBP), which is signed by the Head of PSQM on 11th June 2015, where the TBP PT. BAL has been revised in 2018. This case is waiting for the decree from Regional Spatial Planning of Kalimantan Barat Province.</p> <p>Observation on 26th June 2015 Minamas SimeDarby has revised the Time Bound Plan (TBP), which is signed by the Head of PSQM on 11th June 2015, where the TBP PT. BAL has been revised in 2018. This case is waiting for the decree from Regional Spatial Planning of Kalimantan Barat Province. Meanwhile for Karya Palma Estate is planned to be conducted in 2016.</p>		

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	Major 1.2.1.	The company has an opportunity to socialize the types of documents that can be accessed by the public to all stakeholders
2	Minor 4.3.2	The company to be able to continue to improve the monitoring of the rate of erosion by treating the erosion stakes in the management of sloping area.
3	Minor 4.2.1	The company to be able to improve the availability of organic fertilizer adjusted to the needs based on a recommendation fertilizer and analysis of leaves that have been done.

4	Major 4.5.1	The company can continue to develop applications <i>Tyto alba</i> (owl) with the installation of nest box in order to control pests biologically mice
5	Major 5.2.2	The company may increase HCV management program by adding a system of time management and monitoring of HCV including maintenance signboard.
6	Major 6.1.3 (Observation)	Companies should draw up a plan of social governance to determine a schedule of implementation is clear following the result of evaluation of the realization that has been done.
7	Major 6.13.1	The company has an opportunity to communicate the human rights policy to all employees.

3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
		The company's commitment to implement the principles of sustainable management of oil palm
		Has obtained a certificate ISCC 2015
		The Company has issued policy and is committed to not using paraquat
		The company showed good commitment in providing personal protective equipment to employees , complete with BMS / BSS the building that serves as the spray and laundering instrument and place to a bath for employees who have been working the use of chemicals
		The company has received an award " Pemerduli K3 " the plantation sector by the bupati kotawaringin east on 12 february 2015 no. 560.566 / 048 / was-kk / ii of 2015
		Sukamandang Factory awarded Zero Accident in 2014
		Award from the Director General of Taxation on tax payments and orderly world for fiscal year 2014
		The company's commitment to implement the principles of sustainable management of oil palm

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

Issues from Public	Management Response	Auditor Response
<p>Sapiri Village (Head of Local Land Agency, community leader, Traditional Leader) In general, the relationship between company and local community runs well. Company's operation brings positive impact, such as when company grants assistance for improving road condition in the village, mass circumcision, provides grant for religious festivities. There is no conflict regarding the plantation area between company and local community. Moreover, company has conducted the socialization on communication and consultation procedure to stakeholder.</p> <p>Tajur Beras Sub-village (Head of neighborhood) In general, the relationship between company and local community runs well. Company's operation brings positive impact, such as when company granted scholarship for local children who study in PT KLR's school, moreover company also provides school bus, company constructed artesian well to provide the need on clean water for community in sub-village, company assists the duck breeding program and grants 20 ducks for each household, and delivers free medical checkup.</p> <p>Aspirations:</p> <ul style="list-style-type: none"> - The improvement of bridge, that connecting one Sub-village to another Sub-village. - Lack of meeting with local community. - Local community has not received by socialization on the communication and consultation procedure. - Implementation of plasma plantation scheme. 	<p>Relationship between company and local community has been run well. The entire communication has been conducted in a good and using the participatory approach. The current positive condition will be sustained.</p> <p>Relationship with local community in Tajur beras has been run well and will be sustained.</p> <ul style="list-style-type: none"> - 1 bridge at Tj Beras Sub-village cannot pass by car, even though it has been improved. However, company has built an alternative road in Tajurberas Sub-village, which can be passed by car. - Meeting between company's leader has been well implemented - Socialization on company's communication for stakeholder has been conducted annually, along with meat grant during the Idul Adha festivities for local community - The plasma plantation scheme has an issue because there is no are that is available for developing the plasma plantation scheme. However, other partnership activities such as transporting FFB that has been well implemented. 	<p>Company can improve its good relationship with the entire local community.</p> <p>Company may implement the aspiration from local community based on priority scale and company's budget.</p> <p>Company should improve the intensity of socialization over company's procedures, which are related to stakeholders.</p> <p>Company may improve the local business development program based on the actual potency from local villages.</p>

Issues from Public	Management Response	Auditor Response
<p>National Land Agency in KOTIM (Head of Communities Management and Empowerment Division) Company has HGU certificate that is in line with its purpose, even though there is a neglected area being identified within company's HGU area No. 11. Related to the neglected area, the decree was issued by the national land agency, which is a decree that has been issued based on the responsible assessment result (Decree No. 04/PTT-HGU/BPN RI 2012 over the area 481,48 Ha.) However, the national land agency of Kotawaringin Timur does not have the copy of this decree because the decree is available in national land agency office in Jakarta.</p> <p>Forestry and Plantation Agency in KOTIM (Head of organization and supervision on plantation business Division) Company has implemented a sound plantation activity. The assessment over plantation has been conducted, however the assessment result has not been issued yet. Company is expecting the decree from head of Plantation Agency in Kalteng Province, regarding to this issue. Remarks: <ul style="list-style-type: none"> - Company is expected to deliver training for spraying personnel by using limited pesticide. - Related to reporting, company has not submitted the first three-month report in 2015. </p> <p>Manpower and Transmigration Agency in KOTIM (Head of work safety division) Company conducted its obligation by submitting the periodic report (guiding committee for occupational health and safety first three-month report, annual manpower mandatory report) and the compliance over minimum wage. In a meantime, manpower and transmigration agency will monitor the manpower activities within company's working area.</p>	<ul style="list-style-type: none"> - Company obeys the applicable regulations and in handling land legal issue, company will always coordinate with related agency in order to minimize the negative impacts. - Company has delivered spraying training, which has been conducted by Dow Agro science and Bayer Indonesia - LKUP has been made and delivered by capital office in Jakarta and will be traced up to the drafting process and delivery. <p>Company consistently will obey the applicable government's regulation especially related to manpower protection and the required responsibilities.</p>	<p>Company can improve its coordination with related agencies and consistently obey the entire legal regulations.</p> <p>Company can improve its coordination with related agencies and consistently obey the entire legal regulations.</p> <p>Company can improve its coordination with related agencies and consistently obey the entire legal regulations.</p>

Issues from Public	Management Response	Auditor Response
<p>There is no complain or crucial issue from worker union, which has been submitted to manpower and transmigration agency.</p>		
<p>Worker union at estate unit PT. KLR</p> <ul style="list-style-type: none"> - SPUK has been registered in manpower agency of Kotawaringin Timur - Wage has been in line with minimum wage for plantation sector for Seruyan District in 2015 - SPUK has been submitted by the secretariat and has been approved by company. However, the approved location of secretariat is at Division 1 SME. - SPUK once submitted an official letter to the management on 28th May 2014. Related to the synchronization from management, is still under the discussion of management unit. - At the moment, total SPUK members are 405; in addition, there is a mandatory cost for membership. - SPUK knows about the mechanism for complain submission. <p>Aspirations</p> <ul style="list-style-type: none"> - SPUK is expecting secretariat to be located near to capital office, in order to make an easy access when there is a regular meeting. - SPUK is expecting the synchronization of the latest premium. - SPUK is expecting the membership cost to be incorporated in salary note, in order to make the recording process easier. - SPUK is expecting to be involved in the regulation drafting process and/or in a process of extending company's regulation. 	<ul style="list-style-type: none"> - Company encourages worker union's activity - Personnel wage is in accordance with the highest minimum wage for plantation sector in 3 districts, such as Kotawaringin Timur, Kotawaringin Barat and Seruyan (because company is located in some districts) - Company has provided facilities for the worker union's activity, beside the one that stated in Division I, worker union activity can be conducted at worker hall. - The implementation of premium will wait the approval from the management. - The worker union membership cost is a pure decision from worker union and company did not interference with this decision. Moreover, company cannot deduct this cost from personnel's salary because company has a payroll system by using the SAP online program. - The entire SOP of company has been socialized to personnel. - Before company's regulations being approved by manpower agency, personnel have reviewed the draft of these regulations. 	<p>Company may improve the communication with worker union as well as synchronizing the premium for worker union's membership cost if the management approves this request.</p> <p>Before regulation being approved by manpower agency, it's better to get the response and feedback from personnel first.</p> <p>Related to the documentation process over the deduction of worker union membership cost, which cannot be facilitated by company, it can be socialized to worker union.</p>

Issues from Public	Management Response	Auditor Response
<p>Gender committee (Secretary Ms. Sarah) and treasurer (Ms. Prapti) Sukamandang Estate; and Ms. Dina (health division) Sapiri Estate)</p> <ul style="list-style-type: none"> - Gender committee has some activities, such as integrated medical service, socialization on gender committee each division - For the last one year, there is no complain related to reproductive right (H1 and H2 leave). - There was a domestic violence in Division 2 Sukamandang Estate and the victim reported to gender committee, however, this case was settles with a discussion/mediation approach. - Each unit has a representative in gender committee. In total there are 6 personnel. - Company has facilitated the entire activity of worker union - Gender committee has a monthly integrated medical service activity 	<p>Company encourages the gender committee to perform its duty and implement its activity.</p>	<p>Company consistently supervise and empower the gender committee.</p>
<p>Local contractor (Mr Dayat and Mr Lali) transporting FFB and empty fruit bunches</p> <ul style="list-style-type: none"> - The work agreement will be updated every three months. Moreover, the maximum deadline for transporting FFB is 7 ton for security reason, and this issue gas been discussed. - When there is inflation and causing the increase of fossil fuel cost, company will make an adjustment with the transportation cost. - Payment system is stated clearly at the work agreement document. - So far, there is no case of payment delay - There is no complaining related to the existing system. <p>CV. Mitra Seruyan Permai (MSP) contractor for transporting CPO, Mr Liansen from Rantau Pulut Village, Seruyan Tengah.</p>	<p>The implementation of work activity has been inline with the signed work agreement. The work agreement has been reviewed and commented by partner when there is inappropriate clause.</p> <p>Road condition in company's area is in a good condition, moreover, company makes a sufficient maintenance,</p>	<p>Company has a transparent partnership with local contractor and the payment system has been well implemented.</p> <p>Company may improve the coordination with the entire stakeholders related to the improvement of village road condition.</p>

Issues from Public	Management Response	Auditor Response
<ul style="list-style-type: none"> - Work agreement is updated every year. The drafting process of work agreement is conducted transparently. - Company always makes a negotiation on work agreement. For instance when there is an inflation that caused an increase of fuel price. - Payment system for contractor is 1-2 days after minor payment day - There is no delay on monthly payment. - The entire right and responsibility of both party has been stated in work agreement document. <p>Aspirations:</p> <ul style="list-style-type: none"> - Community is expecting the road access to enter estate could be improved in order to prevent damage on vehicle. - When there is inflation, company is expected to give quicker response to make an adjustment with transporting cost. 	<p>however other contractors also use this road, such as from PDR to km 115 along ±30 km, and the road is in a good condition and can be accessed.</p> <p>At the moment, road maintenance and improvement have only conducted by Minamas.</p> <p>There was a meeting between sub-district government and other companies for discussing the road maintenance, however, there is no response from other stakeholders.</p> <p>Minamas has a commitment to maintain and improve the road condition from PDR to Km 115, even though there is no assistance from other parties.</p>	

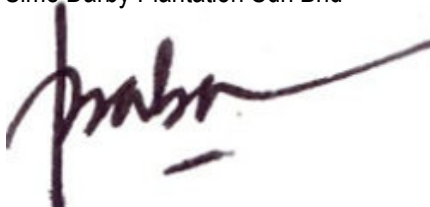
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

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

Signed on behalf of:

PT Kridatama Lancar
Head of PSQM Minamas Plantation,
Sime Darby Plantation Sdn Bhd



Mohamad Pirabaharan
Thursday, 30 July 2015

Mutuagung Lestari
Lead Auditor



Trismadi Nurbayuto
Thursday, 30 July 2015

APPENDICES

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Environment Agency of Kotawaringin Timur District	Jl. Jenderal Sudirman Km. 9 Sampit	0531-21430/ blh.kabkotim@gmail.com	Interview	3 June 2015	√	
2	Social, Manpower and Transmigration Agency of Kotawaringin Timur District	Jl. Jenderal Sudirman Km. 6 Sampit	0531-24052	Interview	3 June 2015	√	
3	National Land Agency Kotawaringin Timur District	Jl. Jenderal Sudirman Km 5,5 Sampit	0531-21396/ Kantah_kotim@yahoo.co.id	Interview	3 June 2015	√	
4	Forestry and Plantation Agency of Kotawaringin Timur District	Jl. Jenderal Sudirman Km. 6,5 Sampit	0531-32057	Interview	3 June 2015	√	
5	Wahana Lingkungan Hidup Indonesia		info@walhi.or.id ; informasi@walhi.or.id	Questionnaire	26 May 2015		√
6	Sawit Watch Indonesia	Jl. Taman Sempur Kaler No.28, Bogor. Jawa Barat. 16129	Telp : 0251-8352171 Fax : 0251-8352047 Email : info@sawitwatch.or.id	Questionnaire	26 May 2015		√
7	WWF Indonesia			Questionnaire	26 May 2015		√
8	Sapiri Village	Sapiri Village	-	Interview	4 June 2015	√	
9	Tajur Beras Hamlet	Tajur Beras Hamlet	-	Interview	4 June 2015	√	
10	CV. Mitra Seruyan Permai (kontraktor lokal)	Rantau Pulut Village	-	Interview	4 June 2015	√	

Appendix 2. Assessment Program

DATE / TANGGAL		2 – 6 Juni 2015	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
Tuesday/Selasa, 2 June 2015			
09.15 – 10.15 10.30 – 14.30	09.15 – 10.15 10.30 – 14.30	JAKARTA → PANGKALAN BUN PANGKALAN BUN → PT. KLR	• TN / YH / LEO / PHN
Wednesday/Rabu, 3 June 2015			
08.00 - 09.00 08.00 – 12.00	08.00 - 09.00 08.00 – 12.00	Opening Meeting PT. KLR Public Consultation with Government in Sampit	• TN / YH / LEO • PHN
10.00 – 12.00	10.00 – 12.00	Document Review and Review of Previous Visit Non-conformance (ASA-03 RSPO)	• TN / YH / LEO
12.00 – 14.00	12.00 – 14.00	BREAK	• TN / YH / LEO / PHN
14.00 – 17.00	14.00 – 17.00	Field Observation SUKAMANDANG POM • WWTP (IPAL), Land Application (LA), Hazardous Waste Material (B3) management, Water Treatment Plant (WTP) • Supply Chain, K3 (OHS) Document Review and Review of Previous Visit Non-conformance (ASA-03 RSPO)	• YH • TN • LEO
Thursday/Kamis, 4 June 2015			
08.00 – 12.00	08.00 – 12.00	Field Observation SAPIRI ESTATE • Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), and Worker Welfare (payments, complaint mechanism) • Legal operational • High Conservation Value Area, Empty Fruit Bunch Application, Soil Erosion Monitoring Poule. • Worker facilities (housing, health clinic, clean water, etc) and Hazardous Waste Material (B3) management, Land Fire facilities, Storage, ect. • Stakeholders consultation to Nearest village and community leader (Sapiri, Kuala Kuayan)	• LEO • TN • TN • YH • PHN
12.00 – 14.00	12.00 – 14.00	BREAK	• TN / YH / LEO / PHN
14.00 – 17.00	14.00 – 17.00	• Clarification of Public Consultation and Field Observation • Document Review and Review of Previous Visit Non-conformance (ASA-03 RSPO)	• TN / YH / LEO / PHN
Friday/Jumat ,5 June 2015			
08.00 – 12.00	08.00 – 12.00	Field Observation KUALA KUAYAN ESTATE • Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), and Worker Welfare (payments, complaint mechanism) • Legal operational • High Conservation Value Area, Empty Fruit Bunch Application, Soil Erosion Monitoring Poule. • Worker facilities (housing, health clinic, clean water, etc) and Hazardous Waste Material (B3) management, Land Fire facilities, Storage, ect. • Stakeholders consultation to Labour Union, Committee Gender, EFB/CPO transporter, Local Contractor	• LEO • TN • TN • PHN • YH

DATE / TANGGAL		2 – 6 Juni 2015	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
12.00 – 14.00	12.00 – 14.00	BREAK	• TN / YH / LEO / PHN
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> • Clarification of Public Consultation and Field Observation • Document Review and Review of Previous Visit Non-conformance (ASA-03 RSPO) 	• TN / YH / LEO / PHN
Saturday/Sabtu, 6 June 2015			
08.00 – 12.00	08.00 – 12.00	<ul style="list-style-type: none"> • Completion of checklist and clarification/ follow-up on outstanding audit issues • Audit finding discussion and preparation 	• TN / YH / LEO / PHN
12.00 – 14.00	12.00 – 14.00	BREAK	• TN / YH / LEO / PHN
14.00 – 16.00	14.00 – 16.00	CLOSING MEETING	• TN / YH / LEO / PHN