

***Roundtable on Sustainable Palm Oil Certification***

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

Plantation Management/Owner : **PT DAYA LABUHAN INDAH – Wilmar International Limited**

Plantation Name : **Daya Labuhan Indah 2 POM dan Kebun Wonosari, Kebun Sei Deras (PT Daya Labuhan Indah); Cabang Dua Estate (PT Perkebunan Milano)**

Location : **Sei Tampang Village, Bilah Hilir Sub-district, Labuhan Batu District, North Sumatera Province, Indonesia**

Certificate Code : ***MUTU-RSPO/047***

Date of certificate issue : ***08 October 2014***

Date of expiry of certificate : ***07 October 2019***

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Review by	Approve by
Stage-1	01-05 April 2013	Oktovianus Rusmin, Ibnu Satria Prabudi, Ardiansyah, Abdul Rahman, Panggading Hariara		
Stage-2	01-07 December 2013	Oktovianus Rusmin, Muardi Marwas, Ardiansyah, Rudi Ramdani, Steve Mualim, Henry Marpaung	Ganapathy Ramasamy	

Assessment	Approved by MUTUAGUNG LESTARI on:
Stage-2	<b>08 October 2014</b>

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Figure 1. Location Map of PT Daya Labuhan Indah dan PT Perkebunan Milano



Figure 2. Operational Map of PT Daya Labuhan Indah

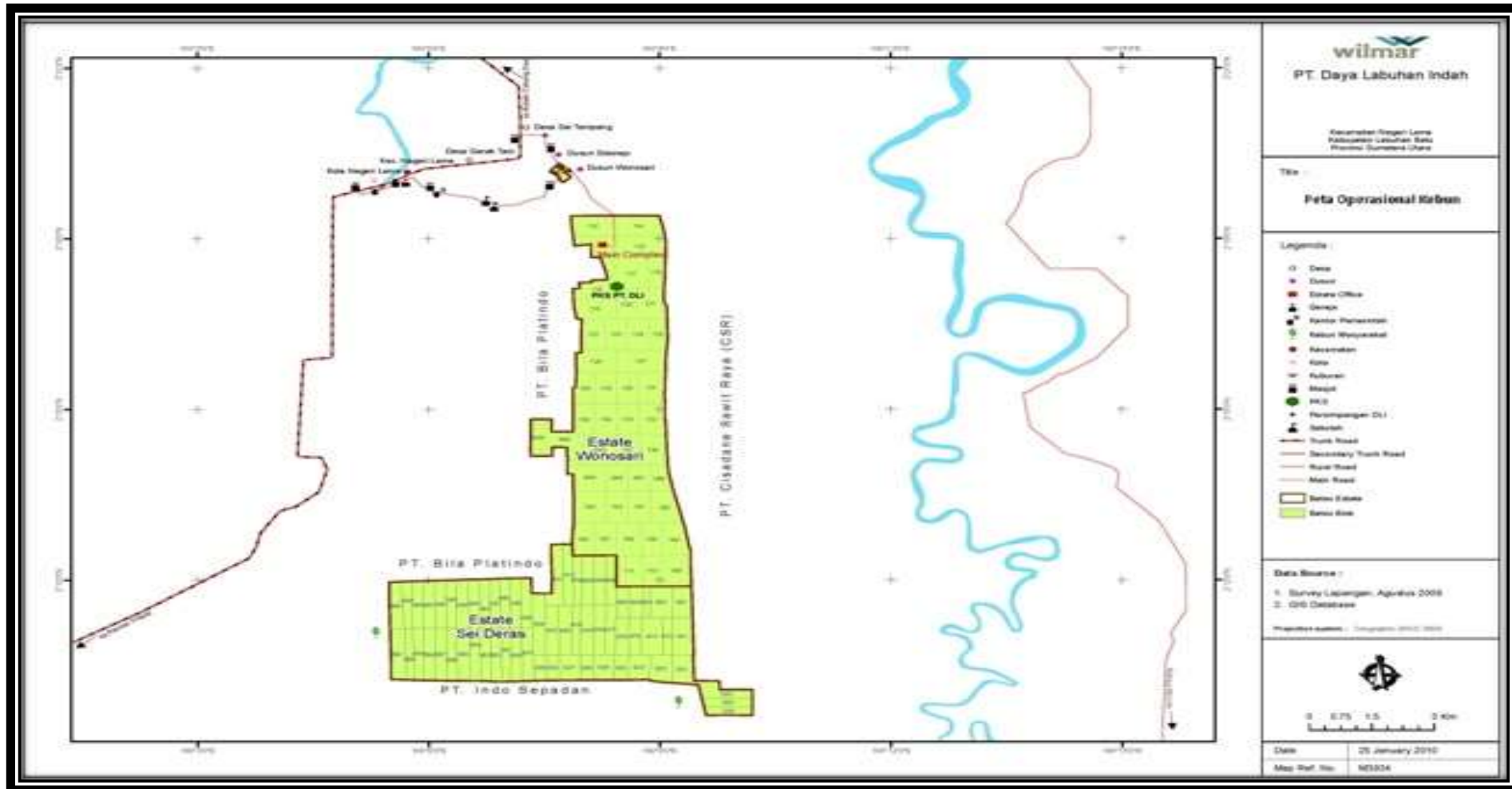
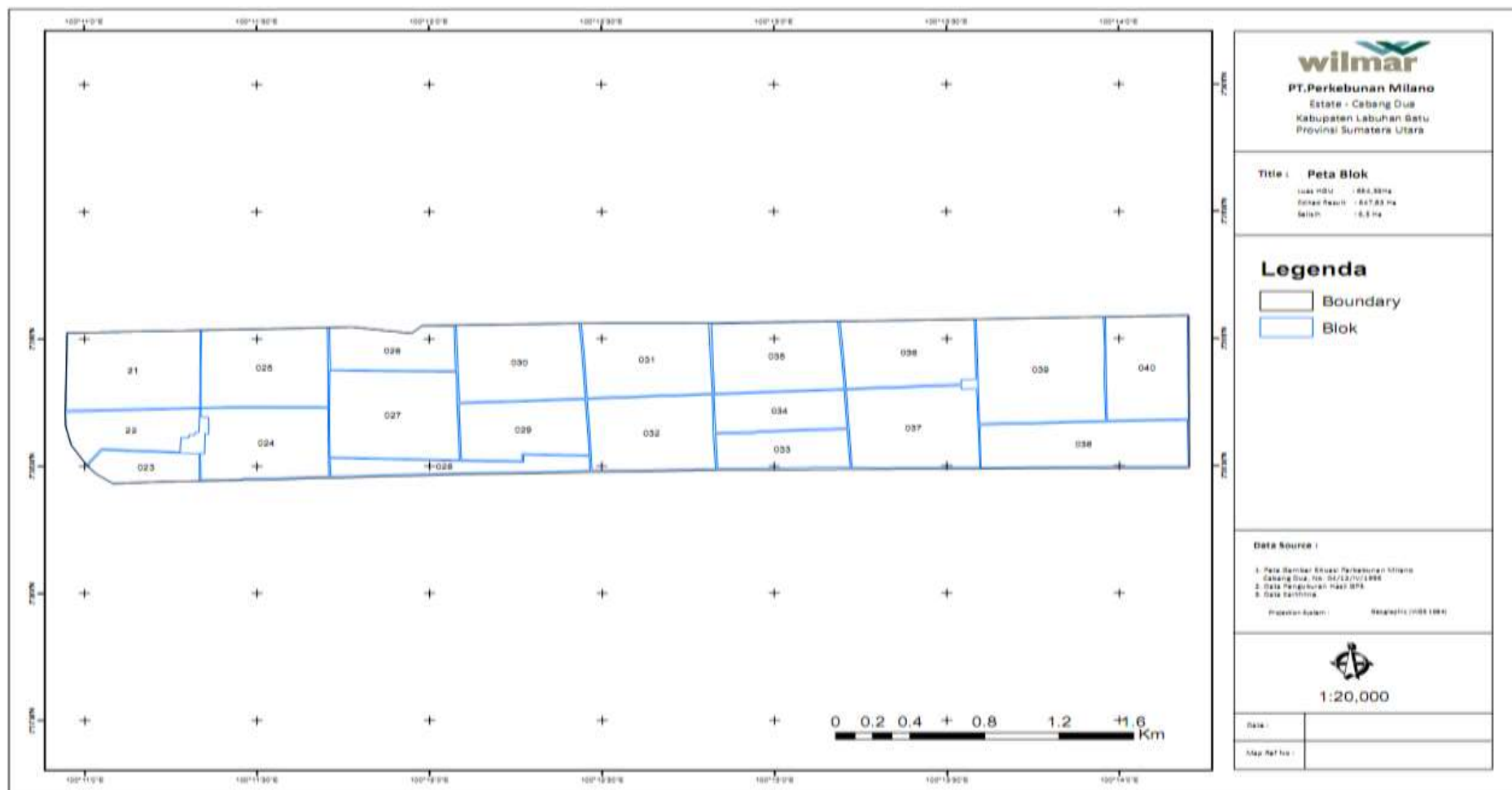


Figure 3. Operational Map of PT Perkebunan Milano



1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	National Interpretation Used	National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011 for CPO Mill.	
1.2	Organization Information		
1.2.1	Company name	PT Daya Labuhan Indah - WILMAR INTERNATIONAL LIMITED	
1.2.2	Contact person	Jeremy Goon	
1.2.3	Company address and site address	RSPO registered company 56.Neil Road Singapore, Singapore 088 030  Liaison Office Multivison Tower Lt. 15 Jl. Kuningan Mulya Blok B9, Kuningan, Jakarta 12980 – Indonesia	
1.2.4	Telephone	(62-21) 461 6555	
1.2.5	Fax	(62-21) 461 6687	
1.2.6	E-mail	simonsiburat@wilmar.com	
1.2.7	Web page address	www.wilmar-international.com	
1.2.8	Company status	Private	
1.2.9	Management Representative who completed the application for certification	Simon Siburat (Sustainability Controller Wilmar Group)	
1.2.10	Registered as RSPO member	1-0011-04-000-00 02 September 2005	
1.3	Type of Assessment		
1.3.1	Scope of Assessment	Palm Oil Mill and supply base	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	PT DAYA LABUHAN INDAH – Wilmar International Limited	
1.3.4	Number of management unit	1 (one) POM (DLI 2) and 3 (three) supply base Wonosari Estate and Sei Deras Estate (PT DLI), Cabang Dua Estate (PT Perkebunan Milano).	
1.4	Locations of Mill, Plantations and Area Statement		
1.4.1	Location of Mill		
	Name of Mill	Location	GPS
			LatitudeLongitude
	DLI 2 POM	Sei Tampang Village, Bilah Hilir Sub-district, Labuhan batu District, North Sumatera Province	2° 17' 9.6" N100° 08' 26.47" E



1.4.2	Location of Supply Base								
	Name of Supply Base	Location	GPS						
			Latitude	Longitude					
	Wonosari Estate (PT DLI)	Sei Tampang Village, Bilah Hilir Sub-district, Labuhan batu District, North Sumatera Province	2° 17' 53.44" N	100° 08' 15.45" E					
	Sei Deras Estate (PT DLI)	Bilah Village, Bilah Hilir Sub-district, Labuhan batu District, North Sumatera Province	2° 10' 46.97" N	100° 08' 7.69" E					
	Cabang Dua Estate (PT Milano)	Sei Nahodaris Village, Panai Tengah Sub-district, Labuhan batu District, North Sumatera Province	2° 28' 35.57" N	100° 11' 17.97" E					
1.4.3	Tenure								
	• Community								
	• State								
	- PT Daya Labuhan Indah		5,572.25 Ha						
	- PTPerkebunan Milano		654.33 Ha						
1.4.4	Area Statement								
	• Company name	PT DLI (Ha)	PT Milano (Ha)	TOTAL (Ha)					
	• Total area	5,572.25	654.33	6,226.58					
	• Mature Area	2,827.52	542.56	3,370.08					
	• Imature Area	2,079.47	73.49	2,152.96					
	• Mill	17.50	-	17.50					
	• Infrastructure (office, emplasment, store, trench, road, bridge)	260.72	35.78	296.50					
	• Occupation	101.04	-	101.04					
	• Nursery	6.00	2.50	8.50					
	• Reserve area	280.00	-	280.00					
	• HCV(include Infrastructure area)	9.12	2.41	11.53					
1.5	Description of Supply Base								
1.5.1	Description of Mill								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel		PKO	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
		DLI 2	30	53,179.2	9,088.74	17.10	2,702.57	5.08	-
	Source: Production Data of DLI 2 POM Period December 2012 – November 2013.								
1.5.2	Description of Certified Estate(s)								
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill			
						FFB (tonnes/	%		

						year)	
	Wonosari Estate (PT DLI)	2,964.25	2,491.51	22,060.78	8.85	22,060.78	42
	Sei Deras Estate (PT DLI)	2,608.00	2,415.48	13,698.25	5.67	13,698.25	25
	Cabang Dua Estate (PT Milano)	654.33	616.05	10,476.21	17.01	10,476.21	20
	<b>TOTAL</b>	<b>6,226.58</b>	<b>5,523.04</b>	<b>46,235.23</b>	8.37	<b>46,235.23</b>	<b>87</b>
	Source: Production Data of Estate Period December 2012 – November 2013.						
1.5.3	Smallholder(s) and other source						
	<b>Name of source(s)</b>	<b>Member(s)</b>	<b>Location</b>			<b>Supplied to Mill (tonnes/year)</b>	
	Individual	-	Labuhan batu District, Propinsi North Sumatera Province			6,944.01	
	<b>TOTAL</b>					6,944.01	
	Source: Production Data of DLI 2 POM Period December 2012 – November 2013.						
1.5.4	Product categories			FFB/CPO/PK			
1.6	Year of Plantings and Cycles						
1.6.1	Age profile of planted palms*						
	<b>Planting Year</b>	<b>Hectarage</b>					<b>Total</b>
		<b>Wonosari Estate</b>	<b>Sei Deras Estate</b>	<b>Cabang Dua Estate</b>			
	1990	-	-	70.63	<b>70.63</b>		
	1991	-	-	42.56	<b>42.56</b>		
	1994	175.79	-	12.10	<b>187.89</b>		
	1995	376.39	73.38	-	<b>449.77</b>		
	1996	464.86	130.04	-	<b>594.9</b>		
	1997	-	69.14	-	<b>69.14</b>		
	1998	-	654.03	-	<b>654.03</b>		
	1999	-	450.53	-	<b>450.53</b>		
	2000	-	433.36	106.16	<b>539.52</b>		
	2001	-	-	235.59	<b>235.59</b>		
	2002	-	-	55.57	<b>55.57</b>		
	2003	-	-	19.95	<b>19.95</b>		
	2009	572.61	-	-	<b>572.61</b>		
	2010	901.86	-	-	<b>901.86</b>		
	2012	-	605.00	-	<b>605</b>		
	2013	-	-	73.49	<b>73.49</b>		
		<b>TOTAL</b>	<b>2,491.51</b>	<b>2,415.48</b>	<b>616.05</b>	<b>5,523.04</b>	
	1.6.2	New Planting area after January 2010		1,580.35 Ha			



1.6.3	Planting Cycle	1 <sup>st</sup> Cycle							
1.7	Approximate Tonnage Certified								
1.7.1	Past Annual Claim Certified Product (applicable at Surveillance)	Certificate Claim (tonnes/year)			Actual certified product** (tonnes/year)				
	• FFB Production	-			-				
	• CPO Production	-			-				
	• Palm Kernel (PK) Production	-			-				
	** <i>Certificate Claim period</i> ..... – ..... ** <i>Actual Claim periode</i> ..... – .....								
1.7.2	Claim Certified Tonnage of FFB								
	Name of Estate(s)		Total Area (Ha)	Planted Area (Ha)		FFB (tonnes/year)		Yield (tonnes/ha/year)	
	Wonosari Estate (PT DLI)		2,964.25	2,491.51		23,669.35		9.50	
	Sei Deras Estate (PT DLI)		2,608.00	2,415.48		14,492.88		6.00	
	Cabang Dua Estate (PT Milano)		654.33	616.05		10,780.88		17.50	
	TOTAL		6,226.58	5,523.04		48,943.10		8.86	
1.7.3	Claim Certified Tonnage of Palm Product								
	Name of Mill	Capacity (tonnes/hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel		PKO	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	DLI 2	30	48,943.10	8,809.76	18.00	2,691.87	5.50	-	-
1.8	Other Certifications								
1.8.1	ISO 9001:2008/ISO 14001: 2004			ISO 9001:2008 dan ISO 14001: 2004					
1.8.2	OHSAS 18001:2007			-					
1.8.3	HACCP			-					
1.8.4	Others			-					
1.9	Time Bound Plan								
1.9.1	Time Bound Plan for Other Management Units								
	Management Unit		Address		Hectarage (Ha)	Time Bound Plan		Status	
	Sapi (1 + 2)		Sandakan, Sabah, Malaysia			2008		Certified	
	Sabahmas		Lahad Datu, Sabah, Malaysia			2008		Certified	
	Reka Halus		Sandakan, Sabah, Malaysia			2008		Certified	
	Saremas (1 + 2)		Miri Serawak, Malaysia			2008		Certified	

Kaminsky	Miri Serawak, Malaysia		2008	Certified
Suai	Miri Serawak, Malaysia		2008	Certified
Segarmas	Miri Serawak, Malaysia		2008	Certified
Terusan (1 + 2)	Sandakan, Sabah, Malaysia		2009	Certified
Kiabau	Sandakan, Sabah, Malaysia		2009	Certified
Ribubonus	Sandakan, Sabah, Malaysia		2009	Certified
PT Milano (SDE, BSE & MBE)	North Sumatra	5,217	2009	Certified
PT Mustika Sembuluh	Central Kalimantan	19,450	2009	Certified
PT Kencana Sawit Indonesia	West Sumatra.	10,216	2010	Certified
PT Kerry Sawit Indonesia	Central Kalimantan	18,273	2010	Certified
PT Tania Selatan (BT & BB)	South Sumatra	4,063	2010	Certified
Hibumas	Sandakan, Sabah	-	2010	Certified
Sri Kamusan	Sandakan, Sabah	-	2010	Certified
Sekar Imej	Sandakan, Sabah	-	2010	Certified
Aktif Kukuh & Koerasi	Sandakan, Sabah	-	2010	Certified
PT AMP Plantation	West Sumatra	9,226	2011	Certified
PT Primatama Muliajaya	West Sumatra	1,940	2011	Certified
PT ANI (Sambas)	West Kalimantan	7,910	2012	Certified
PT Buluh Cawang Plantations	South Sumatra	5,284	2012	Audited
PT Tania (Bamboo Kuning)	South Sumatra	2,418	2012	Audited
PT Bumi Sawit Kencana	Central Kalimantan	11,471	2012	Audited
PT Gersindo Minang Plantations	West Sumatra	3,600	2012	Certified
PT Permata Hijau Pasaman	West Sumatra	2,615	2012	Certified
PT Sarana Titian Permata	Central Kalimantan	19,979	2012	Certified
PT Daya Labuhan Indah	North Sumatra	5,288	2013	Audited
PT Milano (CDE)	North Sumatra	654	2013	Audited
PT Agro Palindo Sakti	South Sumatra	1,102	2014	1st Stage Audit
PT. Citra Riau Sarana	Riau	-	2014	Not classified, shares are being divested
PT Mentaya Sawit Mas	Central Kalimantan	16,371	2014	1st Stage Audit
PT Musi Banyuasin Indah	South Sumatra	4,946	2014	1st Stage Audit
PT. Agronusa Investama Pahauman	West Kalimantan	-	2014	Planning
PT Murini Sam Sam	Riau	1,396	2015	Planning
PT Sinarsiak Dianpermai	Riau.	1,156	2015	Planning
PT. Bumi Pratama Khatulistiwa	West Kalimantan	-	2015	Planning
BBPOP (Benso Plantations)	Ghana	-	2015	Final Audit
PT Buluh Cawang Plantations	West Kalimantan	9,890	2015	Planning
PT. Pratama Prosentindo	West Kalimantan	8,543	2016	Planning
PT. Putra Indotropical	West Kalimantan	9,496	2016	Planning

	PT Agro Palindo Sakti	West Kalimantan	12,000	2016	Planning
	PT Daya Landak Plantation	West Kalimantan	17,629	2016	Planning
	PT Indoresins Putra Mandiri	West Kalimantan	9,071	2016	Planning
	PT Karunia Kencana Permaisejati	Central Kalimantan	19,650	2016	1st Stage Audit
	PT Rimba Harapan Sakti	Central Kalimantan	13,790	2016	1st Stage Audit
	PT. Agro Indah Persada 2	Bangko - Jambi	-	2016	Planning
	Wilmar International Limited have committed to make time bound plan for overall another unit existing under their holding for implementing the Principle & Criteria or get RSPO Certificate. The Auditors team have considered these planning in accordance with a system of RSPO Certification for Partial Certification. Development and the follow-up of planning will be verified and reported on regular annual visit.				
<b>1.10</b>	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>				
	DLI 2 POM, PT Daya Labuhan Indah only receive FFB from own estate (certified)				

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Certification Body</b>
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: <a href="http://www.mutucertification.com">www.mutucertification.com</a> Email : <a href="mailto:agri@mutucertification.com">agri@mutucertification.com</a>
<b>2.2</b>	<b>Assessment Team</b>
<b>2.2.1</b>	<b>Lead Assessor and Assessment Team</b>
<b>ST-1</b>	<p>Assessment Team consist of:</p> <ol style="list-style-type: none"> <li><b>Oktovianus Rusmin (Lead Auditor).</b> Bachelor's Degree in Social &amp; Political Sciences Department of Anthropology. Specialists in the field of Social and Cultural (Social Impact &amp; Conflict Resolution) and HCVF. Already participated in Forest Management Auditor Training (FSC Standard), ISO 14001 Environmental Management System Training, SVLK (wood legality) Auditor, Indonesian Sustainable Palm Oil (ISPO) and RSPO Lead Auditor Training. He was several times involved in the assessment of Sustainable Forest Management Certification (Standard LEI) and Gap Analysis Audit (FSC Standard). Had worked at the Center for study of Anthropology University of Indonesia and Social Advisor at Tropical Forest Trust (TFT) Indonesia. He was numerously involved in Social Impact Assessment and HCV Identification in Palm Oil Plantations and Natural Forest concessions and was approved as HCV assessor by RSPO for Social Discipline Specialist. Have been involved in several palm oil certification as Auditor and Lead Auditor.</li> <li><b>Ibnu Satria Prabudi (Auditor).</b> A Bachelor of Agriculture Majoring in Agro-technology, Agriculture Faculty of Instiper Yogyakarta. Currently he has been working with an independent certification agency as auditor. Training he has followed are: Lead Auditor RSPO, Auditor ISPO, Awareness HACCP certification, Awareness SQMS Mc Donald, In House Training Green House Gas and Lead auditor ISO 9001:2008. He has been working with an independent certification body as an auditor. He has followed several audit activities related to certification system of sustainable palm oil (RSPO and ISPO certification).</li> <li><b>Ardiansyah (Auditor).</b> Bachelor Degree in Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has attended the Management System Certification (ISO 9001-2008), followed several activities such as preparing EIA document for plantation and plantation forest; contribute on HCV identification and several times following audit activities related to sustainable palm oil certification system as an auditor. In this assessment, he conducted assessment of environmental aspect, soil and water conservation.</li> <li><b>Abdul Rahman (Auditor).</b> Bachelor of Environmental Engineering, Islamic University of Indonesia and Master of Management &amp; Utilization of Waste, Gadjah Mada University. He has experience in mitigation of greenhouse gas emissions. He was listed as the Social Carbon Validator for a carbon project in Indonesia. During this time he was active in various seminars and forums for the development of standards and methodology of greenhouse gases in Indonesia. In addition he has experience as document drafting team effort Environmental Management and Environmental Monitoring Effort (UKL - UPL) for 1 year at CV. Bismat Consultant. He has been involved in water sampling methodology and analysis training, waste management training, auditor ISO 9001, ISO 14064 and ISO 14001 training also Technical expert OHSAS training.</li> <li><b>Panggading Hariara (Auditor).</b> 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.</li> </ol>
<b>ST-2</b>	<p>Tim penilai terdiri dari:</p> <ol style="list-style-type: none"> <li><b>Oktovianus Rusmin (Lead Auditor).</b></li> <li><b>Muardi Marwas (Auditor).</b> Bachelor of Agriculture Bogor Agriculture Institute. Attended RSPO and ISPO Assessment in Indonesia. He had been trained Auditor/Lead auditor Management System Certification (ISO 9001-2008), Awareness HACCP certification, training of RSPO auditor and training of RSPO Lead Auditor, ISPO Lead auditor training, awareness green house gas and Witeness Distribution Quality Management Process (DQMP) APMEA. Currently he works for Independent Certification Body. He had involved activities RSPO and ISPO certification assessment as an auditor.</li> </ol>

	<p>3. <b>Ardiansyah (Auditor).</b></p> <p>4. <b>Steve Mualim (Auditor).</b> Master in Environmental and natural resources management, Bogor Agricultural University. He has worked as a freelance in several consultant in the Environmental Impact Assessment. He has followed training of Lead Auditor training ISPO, RSPO awareness, Ecological Risk Assessment, Asian Network Update and Carbon, and Climate Change Mitigation and Adaptation for Agricultural Productivity and Auditor/Lead auditor Management System Certification (ISO 9001-2008).</p> <p>5. <b>Rudi Ramdani (Auditor).</b> Bachelor of Agriculture Majoring in Agronomy, Agriculture Faculty of Bogor Agricultural University. He has experienced more than two years as an operational staff in a private oil palm plantation company in Indonesia. He also followed training he namely: Indonesian Sustainable Palm Oil auditor, Awareness RSPO, Management System Certification (ISO 9001-2008) training and awareness OHSAS. Currently he works for Independent Certification Body. He had involved activities RSPO and ISPO certification assessment as an auditor.</p> <p>6. <b>Henry Marpaung (Auditor).</b> A Bachelor of Agricultural Science majoring in Agribusiness Management Programs. He has worked as a research assistant for the Center for Study of IPB; In 2004 - 2009 he served as a QMS management representative for PT Surveyor Indonesia, and in 2000 - 2010 he was a consultant of QMS, EMS and OHSAS for PT Surveyor Indonesia. Trainings he has followed are : SMK3 (HSE) Training, IRCA Lead Auditor 9001 Training, HCV Assessment Course, and OHSAS 18001 Lead Auditor Training. Today he has been a professional consultant and an external auditor for PT Mutuagung Lestari since 2010. In this main assessment he assessed of health and safety, Best Management Practices.</p>
<b>2.3</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.3.1</b>	<b>Figure of person days to implement assessment</b>
<b>ST-1</b>	<p>Number of auditors: 5 auditor</p> <p>Number of days for <b>Stage-1</b> at site: 5 days</p> <p>Number of working days for <b>Stage-1</b> at site: 25 Working days</p>
<b>ST-2</b>	<p>Number of auditors: 6 auditor</p> <p>Number of days for <b>Stage-1</b> at site: 5 days</p> <p>Number of working days for <b>Stage-1</b> at site: 30 Working days</p>
<b>2.3.2</b>	<b>Detail process of assessment</b>
<b>ST-1</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Daya Labuhan Indah and PT Perkebunan Milano to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008 and/or Scheme Smallholders October 2009) and Supply Chain Requirement for CPO Mill.</p> <p>The assessment was conducted in two 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.</p>
<b>ST-2</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Daya Labuhan Indah and PT Perkebunan Milano to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008 and/or Scheme Smallholders October 2009) and Supply Chain Requirement for CPO Mill.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>ST-2</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>S-1</b>).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ST-2</b> assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ST-2</b>.</p> <p>The assessment program please find Appendix 2</p>

2.3.3	<b>Locations of Assessment</b>
ST-2	<p><b><u>DLI 2 POM</u></b></p> <ul style="list-style-type: none"> <li>• <b>Fire extinguisher.</b> Mill Inspection shows that hydrants in the bunch press station are in ready condition, and well functioned.</li> <li>• <b>FFB processing into CPO and PK.</b> Interview and inspection on TBS sorting process shows that employees understand their respective roles and tasks. There are 4 officers in charge of sorting to check the overall FFB received at the mill.</li> <li>• <b>Waste pond.</b> Waste water generated from mill operations is processed in a pond with membrane technology to minimize seepage into the soil (peat soil). Waste pond has been managed and adequate. Wastewater at the dischargeoutlet to the water body does not smell. The wastewater is discharged into water bodies. Peat soil around the plant does not allow land application.</li> <li>• <b>Furnace fuel.</b> Construction of new fuel furnace has been completed. Furnace fuel is used to process empty bunches / solid waste into bunch ash to be applied as additional fertilizer in the estate. The measurement of ambient and air quality around the fuel furnace has been done.</li> </ul> <p><b><u>Wonosari Estate</u></b></p> <ul style="list-style-type: none"> <li>• <b>Hazardous Waste Warehouse.</b> The auditor team made observations related to the hazardous waste management in Wonosari estate. The observations show that the company stored hazardous waste in an uncertified place in a long retention time.</li> <li>• <b>Final Disposal of Domestic Waste.</b> The audit team conducted observations related to the activities of Final Waste Disposal. The observations show that the activities of collecting and landfilling domestic waste have been conducted in accordance with procedures established by the company, for example waste management is periodically collected and transported to Final Waste Disposal.</li> <li>• <b>Housing Afdeling 4 Division 2.</b> Auditor team conducted interviews with employees about the facilities, waste management, complaints and observations on neighborhood conditions.</li> <li>• <b>Fertilizer Warehouse.</b> The auditor team conducted observations related to activities in fertilizer warehouse management in the estate. Observations show that fertilizer warehouse has been equipped with hazardous material symbol in accordance with regulations, adequate PPE have been provided for visitors, there is MSDS for each type of fertilizer and warehouse condition is well-maintained.</li> <li>• <b>Spare part warehouse.</b> The auditor team conducted observations related to the management of spare parts warehouse in the estate. Observations show that adequate PPE have been provided for visitors and warehouse condition is well-maintained.</li> <li>• <b>Fuel storage tank.</b> The auditor team conducted observations related to the management of the fuel storage tank at the estate. Observations show that fertilizer warehouse has been equipped with hazardous symbols in accordance with regulations, there are MSDS and spill kits available in case there is diesel spill, and adequate PPE have been provided for visitors, and the storage tank condition is well maintained.</li> <li>• <b>Chemical Warehouse.</b> The auditor team conducted observations related to chemical warehouse management activities in the estate. Observations show that the chemical warehouse has been equipped with hazardous symbols in accordance with regulations, there are MSDS and spill kits in accordance with the type of chemicals used, adequate PPE have been provided for visitors, and the warehouse condition is well maintained.</li> <li>• <b>Oil Warehouse.</b> The auditor team conducted observations related to the management of the oil warehouse at the estate. Observations show that fertilizer warehouse has been equipped with hazardous symbols in accordance with regulations, adequate PPE have been provided for visitors, there are spill kits available for oil spill, and the storage tank condition is well maintained.</li> <li>• <b>Clinic.</b> The auditor team conducted interviews with company nurses related to the handling mechanism of spray workers that are pregnant / nursing and health checks on a regular basis. Medical equipment is maintained and sterile. Clinical waste is managed in accordance with applicable regulations.</li> <li>• <b>Workshop.</b> Observations show that safety signboards are available, First Aid Emergency Box equipment is available, workshop equipment is in good order. Interviews with officers and welders show that the employees have had good OHS awareness by wearing PPE appropriate with the type of work.</li> <li>• <b>Fire fighting Equipment.</b> Field visits show that firefighting equipment is available and in good condition, and there is regular inspection of firefighting equipment. In general, emergency response teams have a fairly good knowledge</li> </ul>



on fire emergency response.

- **Block 114, Division I.** Field observations and interviews with foremen and harvest workers related to technical work, foreman First Aid Emergency Kit, wages, labor unions and worker complaints handling. Foreman is equipped with First Aid Emergency Kit and understands technical matters of First Aid Emergency Kit. Workers equipped with harvest PPE (helmet, goggles, boots) and know the labor unions. Workers' wages have been in accordance with the prevailing wage rules.
- **Block 114, Division I.** Field interview with the operators of farm tractor and FFB loader worker of contractors. Farm tractor operators do not have Operator License and FFB loader workers of contractor are not equipped with helmets.
- **Block 123, Division I.** Field observations and interviews with foremen and female daily-non permanent (KHL) workers in plant pests and diseases (HPT) census activities. Workers understand pests and diseases census activities undertaken, where workers were able to mention the types of censused pests and the symptoms of attack. The foreman is equipped with First Aid Emergency Kit and understands the technical use. Female workers have been aware of the existence of gender committees.
- **Block 107, Division 2.** Observation of monitoring poles of peat subsidence. The research staffs informed that 1 subsidence pole cover an observations area of 300 hectares.
- **Block 108, Division 2.** Observation of owl nests (BOB) as an effort of domestication of wild owls, where the owl nests were installed in September 2013. Owl nests are empty.
- **Wonosari Estate office complex.** Observations and interviews with building contractor workers. The result of the interviews is that workers have been equipped with PPE (helmet, gloves and boots) and received wages in accordance with regulations.

#### Sei Deras Estate

- **HGU Boundary poles** (large poles: DLI VII, IX DLI, DLI XIII & small poles: 4 & 5), HGU boundary poles are in good conditions and well maintained, punctuation marks are clearly visible, except the pole DLI IX was not found.
- **HGU Certificate issuance process area.** The area has been planted with oil palm.
- **Occupational area (Sei Deras Estate Block 50 & 61):** the area has been planted with oil palm.
- **HGU Trenches, HCV Sekat Bakar.** Field visits show that the management undertaken by the company includes verifer grass planting on the edge of the trench, keeping the water level in the HGU ditch, notice board installation of HCV location and monitoring HCV location.
- **HCV area, Danau Biru.** The results of the visit show that HCV management has been done at the site is the location of the boundary marking, installation of notice boards, and socialization.

#### Cabang Dua Estate

- **Employee's well.** The observations and interviews with residents show that clean water source in the form of drilled wells are in good condition, the well water is clean, and the company has been doing the routine testing of the well water quality every 6 months.
- **Hazardous Waste Warehouse.** The auditor team made observations related to the hazardous waste management in Cabang Dua estate. The observations show that the company stored hazardous waste in an uncertified place in a long retention time.
- **Final Disposal of Domestic Waste.** The audit team conducted observations related to the activities of Final Waste Disposal. The observations show that the activities of collecting and landfilling domestic waste have been conducted in accordance with procedures established by the company, for example waste management is periodically collected and transported to Final Waste Disposal.
- **Housing Division 1.** Auditor team conducted interviews with employees about the facilities, waste management, complaints and observations on neighborhood conditions.
- **Fertilizer Warehouse.** The auditor team conducted observations related to activities in fertilizer warehouse management in the estate. Observations show that fertilizer warehouse has been equipped with hazardous material symbol in accordance with regulations, adequate PPE have been provided for visitors, there is MSDS for each type of fertilizer and warehouse condition is well-maintained.
- **Spare part warehouse.** The auditor team conducted observations related to the management of spare parts warehouse in the estate. Observations show that adequate PPE have been provided for visitors and warehouse condition is well-maintained.

	<ul style="list-style-type: none"> <li>• <b>Chemical Warehouse.</b> The auditor team conducted observations related to chemical warehouse management activities in the estate. Observations show that the chemical warehouse has been equipped with hazardous symbols in accordance with regulations, there are MSDS and spill kits in accordance with the type of chemicals used, adequate PPE have been provided for visitors, and the warehouse condition is well maintained.</li> <li>• <b>Oil Warehouse.</b> The auditor team conducted observations related to the management of the oil warehouse at the estate. Observations show that fertilizer warehouse has been equipped with hazardous symbols in accordance with regulations, adequate PPE have been provided for visitors, there are spill kits available for oil spill, and the storage tank condition is well maintained.</li> <li>• <b>Clinic.</b> The auditor team conducted interviews with company nurses related to the handling mechanism of spray workers that are pregnant / nursing and health checks on a regular basis. Medical equipment is maintained and sterile. Clinical waste is managed in accordance with applicable regulations.</li> <li>• <b>Workshop.</b> Observations show that safety signboards are available, First Aid Emergency Box equipment is available, workshop equipment is in good order. Interviews with officers and welders show that the employees have had good OHS awareness by wearing PPE appropriate with the type of work.</li> <li>• <b>HGU boundary poles</b> (large poles: VI, VII, VIII and IX, the distance between each pole is 500 meters), HGU boundary poles are in good conditions and well maintained, punctuation marks are clearly visible.</li> <li>• <b>HCV Area 6 Block 22</b> (a sacred place for pilgrimage for the people). The results of the visit show that the management has been conducted at the HCV location are boundary marking, the notice board installation of HCV location, and socialization.</li> <li>• <b>Block 24, Division I.</b> Observations and interviews with the operators of farm tractor and FFB loader worker of contractors. Farm tractor operator on behalf of Fazarudin does not have Operator License and FFB loader workers of contractor on behalf of Karsim and Nadikin bought PPE in the form of helmets by themselves.</li> <li>• <b>Block 27, Division I.</b> Field observations and interviews with foremen and harvest workers related to safety technical work, foreman' First Aid Emergency Kit, wages, labor unions and worker complaints handling. Foreman is equipped with First Aid Emergency Kit and understands technical matters of First Aid Emergency Kit. Workers are equipped with harvest PPE (helmet, goggles, boots) and know the labor unions. Workers' wages have been in accordance with the prevailing wage rules.</li> <li>• <b>Housing.</b> Interviews with spraying foremen and female workers in spraying activities. The results of interview show that there are no BSS houses which are ready to use. Currently, working equipment such as masks, gloves and aprons are brought home by workers. Workers know the existence of the gender committee and the implementation of riparian areas as no-spraying-areas.</li> <li>• <b>Block 24, Division 1 and nursery.</b> Observation of plant maintenance activities of <i>Turnera subulata</i> as host plant of leaves caterpillar pest control and their nursery activities.</li> <li>• <b>HGU Trenches, Sekat Bakar HCV.</b> The results of field visits show that the management undertaken by the company includes verifer grass planting on the sides of the trench, maintaining the water level in the HGU ditch, notice board installation of HCV location and monitoring HCV location.</li> <li>• <b>Block 39, Peat Subsidence Poles.</b> Field visits show that the company has conducted monitoring of peat soil subsidence through peat subsidence poles.</li> </ul>
<b>2.4</b>	<b>Stakeholder Consultation and List of Stakeholders Contacted</b>
<b>2.4.1</b>	<b>Summary of stakeholder consultation process.</b>
	<p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for PT Daya Labuhan Indah and PT Perkebunan Milano was held by:</p> <p>Public Notification 30 days before assessment.</p> <p>Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples.</p> <p>Numbers of input from stakeholders were clarified by PT Daya Labuhan Indah and PT Perkebunan Milano</p>
<b>2.4.2</b>	<b>List of stakeholder contacted</b>
	<b>Please find appendix 1</b>
<b>2.5</b>	<b>Determining Next Visiting</b>

	The next visit ( <b>S-1</b> ) will be determined one year after this <b>ST-2</b> .
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### 3.0. ASSESSMENT RESULT

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

MUTUAGUNG LESTARI has conducted an assessment of DLI 2 POM – PT Daya Labuhan Indah, Wilmar International Limited operation consisting of one (1) mill and three (3) oil palm estates.

During the assessment, there were five (5) Nonconformities were assigned against Major Compliance Indicators; six (6) nonconformities were assigned against Minor Compliance Indicators; no identified nonconformance against supply chain requirement for CPO mill; and no identified opportunity(s) for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidences e.g. (document record/photographic). Those corrective action(s) taken that consist of five (5) Major non-conformities and six (6) Minor non-conformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that DLI 2 POM – PT Daya Labuhan Indah, Wilmar International Limited Group/Holding complied with the requirements of RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and Supply Chain Requirement for CPO Mill November 2011.

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Issued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>	
<b>1.1</b>	<b>Plantation and Palm Oil Factory have to give adequate information for stakeholders in appropriate language and forms, to ensure the effective participation of stakeholders in decision-making.</b>
Records of requests for information are recorded in the logbook documents of External Incoming Letters informing about: letter date of submission, sender, subject, company's response and letter's last status.	
There are Logbook documents as follow:	
<ul style="list-style-type: none"> <li>The period of January-November 2013 there were 30 incoming letters, which are mostly in the form of requests for assistance and 1 letter is about: Appeal Letter of Execution of PER-28 / PJ / 2012 from the Tax Office of Rantau Prapat in terms of Liability of Income Tax Deduction and Collection letter number S-12 / WPJ.26 / KP.0307 / 2013 dated 19 January 2013.</li> <li>Cabang Dua Estate: in the period of January-November 2013, there were 13 incoming letters, where most of which are in the form of requests for assistance and appeal letter. For example: a letter received on 27 March 2013 from Environment Body of Labuhan Batu dated 21 March 2013 regarding the appeal of forest and field fire anticipation (letter number 660/145 / BLH-LB / KR / 2013).</li> <li>DLI 2 POM: The period of January – November 2013, there were 13 incoming letters where most of which are in the form of requests for assistance, for example: a letter dated 29 January 2013 from Sei Tampang mosque management for assistance of boiler crust, dated 31 January 2013, which was followed up by 2 trucks of boiler crust (response of letter number: 002 / MCC-DLI2 / EL / I / 13 dated 31 January 2013 to Sei Tampang mosque).</li> </ul>	
Responses to requests for information are recorded in outgoing mail expedition books. For the period of January -November 2013, there were sample of response letters as follows:	
Wonosari estate:	

- Responses to requests for information (incoming mail) regarding: Liability of Income Tax Deduction and Collection, which has been responded by providing an annual tax return (SPT) of PT DLI Employees from the Management to Primary Tax Office of Rantau Prapat, which was received by tax office staff dated 25 March 2013.

Cabang Dua Estate:

- The response to the appeal in anticipation of forest fire (letter received on 27 March 2013 from BLH of Lab Batu District dated 21 March 2013 regarding an appeal in anticipation of forest and field fires, letter number 660/145 / BLH-LB / KR / 2013). The company responded by conducting joint patrols of fire prevention and reported the results of those activities.

DLI 2 POM:

- The response to the letter number 01 dated 29 January 2013 from Sei Tampang mosque management on the request for assistance of boiler crust for hoarding the road, which has been responded by the company with letter number: 002 / MCC-DLI2 / EL / I / 13 dated 31 January 2013 to Sei Tampang mosque management in the form of 2 trucks of boiler crust.

PT DLI has the Record Control procedure no PRO-GEN -002 which aims to ensure every incoming and outgoing record can be identified, stored and maintained until a certain period prior to safe and secure destruction authorization, where the provisions of document storage is set as follows:

1. 1 year for documents of quality management system, environment, OHS, and RSPO, ISPO.
2. 3 years for archives administration.
3. 10 years for taxation archive.
4. 3 years for personnel and clinic files after employees resign or do not work anymore in PT DLI.

The company shows evidence that the procedure has been known by stakeholders in the form of availability of document receipt number 045 / DLI / KWS / EXT / III / 2013 regarding: the delivery of Data / Information Transparency and company documents, dated 1 March 2013 addressed, among others, to: Head of Police of B. Hilir; Head of Subdistrict of B. Hilir; Head of Sei Tampang village, Head of Bilah Village; Head of Sidorejo Village.

Based on the review of incoming mail logbook documents and outgoing mail expedition book as well as consultations with stakeholders of PT DLI, it is identified that up to the implementation of Stage 2 audits, the company has responded to incoming letters, mostly in the form of request for assistance.

**Status: Comply**

## 1.2

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

There is circular letter to all stakeholders of PT DLI regarding Data / Information Transparency and Company documents No. 045 / DLI / KWS / Ext / III / 2013 dated 1 March 2013, signed by Michael Tiwon (Reg I SUMUT AGM), in the form of data / information that is publicly accessible, among others:

- Company Profile.
- The general policy of the company.
- Organizational Structure of Company Management.
- Company documents issued by the government such as EIA.
- Company Business Activity Report to the government such as land acquisition report, report on the implementation of environmental and social surveys, planting reports, production reports.
- Actual implementation of the Community Development Program.
- The number of workers in the company.

The company has Record Control procedure no PRO-GEN -002 approved by Asst Manager Michael Tiwon, prevailing 1 July 2012 in order to ensure records are identified, stored and maintained until a certain period before safe and secure destruction authorization with the following provisions:

1. 1 year for documents of quality management system, environment, OHS, and RSPO, ISPO.
2. 3 years for archives administration.
3. 10 years for taxation archive.
4. 3 years for personnel and clinic files after employees resign or do not work anymore in PT DLI.

The company shows evidence that the procedure has been known by stakeholders in the form of availability of document receipt

number 045 / DLI / KWS / EXT / III / 2013 regarding: the delivery of Data / Information Transparency and company documents, dated 1 March 2013 addressed, among others, to: Head of Police of B. Hilir; Head of Subdistrict of B. Hilir; Head of Sei Tampang village, Head of Bilah Village; Head of Sidorejo Village.

**Status: Comply**

## **PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

### **2.1**

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

The company has made updated list of rules and regulations that must be met and classified the rules types:

#### **For estate areas:**

There are List of Rules and Regulations related to the activities of plantation company and compliance evaluation. There are 20 Acts, 17 Government regulations, 4 Presidential Decree, 6 Minister Regulation, and 14 Ministerial Decree.

The update for the estate is Act No. 18 year 2013 on the prevention and eradication of forest destruction and Minister of Agriculture Regulation No. 98/Permentan/OT.140/9/2013 on Guidelines for Licensing of Plantation Business.

#### **For mill areas:**

Environment: 54 Rules

Occupational Health and Safety: 40 rules

Employment: 36 rules

The company already has a mechanism to evaluate compliance with relevant legislation, through the procedures of the Regulatory Compliance Identification and Evaluation (effective date 1 March 2012) made by EHS Officer approved by RPTM (Regional Process Technical Manager). The SOP explains that the evaluation of regulatory compliance is done at least every 3 months.

Evaluation conducted is an adjustment effort to the change of rules.

The examples of the efforts to comply with the existing regulations, among others: ensuring that the Act No. 18 year 2013 on the prevention and eradication of forest destruction and the Regulation of Minister of Agriculture No. 98/Permentan/OT.140/9/2013 on Guidelines for Licensing of Plantation Business, as well as remuneration to the employee in accordance with the applicable standard of Provincial Minimum Wages (*Upah Minimum Provinsi/ UMP*) in 2013 has been conducted well.

**Status: Comply**

### **2.2**

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

Land tenure and land utilization of PT Daya Labuan Indah and PT Perkebunan Milano (Cabang Dua Estate) is based on:

1. HGU Certificate No. 1 year 1992, by HGU decree No. 29/HGU/BPN/92, dated 24 December 1992, covering 4,694.5 hectares, valid until 31 December 2022.
2. HGU Certificate No. 2 year 1996, by HGU decree No. 19/HGU/BPN/96, dated 31 May 1996, covering 654.33 hectares, valid until 12 August 2021.
3. HGU Certificate in process covering 445.88 hectares in Labuhan Batu District area (Proceedings of the Land Technical Advisory in the issuance of Permit Location No. 01/RTP/VII/2013 dated 8 July 2013 and Permit Location No. 503.593/346/Ptnh/2013, dated 1 August 2013).
4. HGU Certificate in process covering 431.87 hectares di Labuhan Batu Selatan District area (Proceedings of the Land Technical Advisory in the issuance of Permit Location No. 02/RTP/VIII/2013 dated 1 August 2013).
5. Decree of the Minister of Agriculture No. HK.350/E.4.331/04.90, dated 10 April 1990, concerning the extension of Approval of Principle of Plantation Business into Oil Palm covering 6,600 hectares in Bilah Hilir and Kampung Rakyat subdistrict, Labuan Batu District, Prov. North Sumatra
6. Letter from the Head of Investment Coordination Board of the Republic of Indonesia on behalf of the Minister of Agriculture and Minister of Industry, No. 324/T/PERTANIAN/INDUSTRI/2005 dated 27 April 2005 on Permanent Business License of PT Daya Labuan Indah engaged in Oil Palm Plantation and Processing business.



7. Decree of the Labuan Batu District Head No. 180/27/Huk/2013, dated 12 October 2012, on Providing the Processing and Plantation Business Permit (IUP-P) to PT Daya Labuan Indah for Oil Palm Processing Business Located in Sei Tampang Village, Bilah Hilir subdistrict, Labuhan Batu District. Processing industry of oil palm plantation with Capacity of 30 Tons FFB/ Hour.
8. Decree of Labuhan Batu District Head No. 180/100/Huk/2013, dated 28 March 2013, on Providing the Plantation Business Permit (IUP) to PT Daya Labuan Indah on Cultivation Business of Oil Palm Plantations Located in Business Located in Sei Tampang Village, Bilah Hilir subdistrict (4,694.5 ha) and the Oil Palm Plantation Products Processing Industry Business Located in the Pangkatan Village, Pangkatan Subdistrict, Labuhan Batu District (30 tons FFB / hour)
9. Decree of Labuan Batu District Head No. 180/121/Huk/2013, dated 4 April 2013, on Providing the Plantation Business Permit (IUP-B) to PT Perkebunan Milano (Cabang Dua Estate) for Oil Palm Plantation which covering 654.33 Ha.

There is HGU Boundary Poles Maintenance SOP (SOP-GEN-007), which describes HGU boundary poles checks are performed quarterly. The boundaries of the area managed by the company has been marked on the map and in the field. The details of boundary poles in each estate are in the following table:

No	Estate	Number of poles		Condition*		
		BPN*	Additional	Good	Damaged	Missing
1	Wonosari	21	25	15	5	1
2	Sei Deras	14	14	14	-	-
3	Cabang Dua	11	10	11		
	<b>Total</b>	<b>46</b>	<b>49</b>	<b>80</b>		

The company has had HGU boundary poles maintenance program in 2013 in each estate. There are the results of monitoring and maintenance of HGU boundary poles in each estate in September 2013 and the photographs of implementation of monitoring and maintenance. The results of field visits when checking HGU boundary poles in each estate are as follows:

- Sei Deras Estate & Wonosari Estate (PT Daya Labuhan Indah), sampling poles: DLI VII, DLI VXI, DLI XIII (in good condition and well-maintained, punctuation marks are clearly visible). For example boundary pole PT DLI No. XIII:



- Cabang Dua Estate (PT Perkebunan Milano), sampling poles: VI, VII, VIII & IX (in good condition and well-maintained, punctuation marks are clearly visible). For example boundary pole PT Milano Kebun Cabang Dua No. VII:



DLI has had Plantation Business Permit (IUP) for oil palm plantation area of 4,694.5 hectares, but there are cultivated area of 877.75 ha which were not included in the IUP. Based on the explanation, arise **Nonconformity 2013.25 with Major category**

#### **Observation on 4 June 2014:**

Document of Plantation Business Permit for an area of 877.75 hectares is in the process of compliance when the audit ST2

was conducted.

The company has shown a document of Cultivation-Plantation Business Permit (IUP-B) for oil palm plantations of PT DLI, Sei Deras Estate covering 445.88 Ha published by Labuan Batu District Head No. 180/102 / HUK / 2014 dated 8 April 2014. However the company has not been able to show documents of Plantation Business Permit for the rest of other areas managed, covering  $\pm$  431.87 Ha. Based on the explanation, **Nonconformity 2013.25 with Major category was not complied.**

#### **Observation on 10 June 2014**

The company has shown evidence of the Application of Plantation Business Permit for Aquaculture (IUP B) to Labuhan Batu Selatan District Head, dated 6 June 2014, however there are not enough evidence of response (progress) from the license issuer to the IUP application. Based on the explanation, **Nonconformity 2013.25 with Major category was not complied.**

#### **Observation on 2 July 2014**

The company has shown evidence of the progress of obtaining IUP:

- Location Inspection Report for Application of Plantation Business Permit for Cultivation (IUP-B) of PT DLI (an area of 431.87 Ha) by Integrated Licensing Service and Investment Agency of Labuhan Batu Selatan District, dated 27 June 2014.
- Documentation (photographs) of visits and Location Inspection for Application of Plantation Business Permit for Cultivation (IUP-B) of PT DLI (an area of 431.87 Ha) by Integrated Licensing Service and Investment Agency of Labuhan Batu Selatan District, dated 27 June 2014.

#### **Observation on 15 September 2014 :**

Estate Business License (IUP-B) on the manage area of 431,87 ha of oil palm has been established by the Head of Licensing Service Agency Integrated and South Labuhan Batu Regency Investment on 5 September 2014. Permission number 503/327/BPPT-LS/2014 was given to efforts of palm oil plantation in the village of Tanjung Selamat sub-district of South Labuhan Batu. The whole Area has had a business license of 877,75 Ha of plantations.

These problems arise because the company has not ensured that all areas managed have met the applicable rules related to Plantation Permit. As a preventive measure in the future, the company will meet all relevant regulations, including compliance with Plantation Business Permit (IUP) on operational activities and also monitor all environmental permits and documents to ensure all regulations are met. Based on the explanation, **Nonconformity 2013.25 with Major category was declared closed.**

Based on the documents of Area Statements 2013, there are PT DLI estate area utilized by the other party (occupational), covering 101.04 hectares in Sei Deras Estate. The observations during field visits show that the area is in the control of the other party and has been planted with oil palm trees. The company has had a land dispute resolution mechanism in the Dispute Resolution Procedures and Compensation (PRO-BM.GEN-005). The procedures are as technical guide in solving the problems that arise as a result of social interaction between the company and stakeholders, as well as the agreements of the form of compensation. However, the company has not been able to demonstrate evidence of the agreement to the problem resolution. Based on the explanation, arise **Nonconformity 2013.26 with Major category.**

#### **Observation on 4 June 2014:**

Meeting program with cultivators of 101.04 ha has been defined but it has not been realized.

Follow-up measures taken by the company to resolve the land occupation problems above has been demonstrated by the record evidence in the form of:

- Agreement between PT DLI and the community on 28 February 2014 for the resolution of an area of 101.04 hectares in Sei Deras Estate. The agreement is to maintain conducive operational conditions of both parties (list of participants attending the meeting and the photos are attached).
- Agreement between PT DLI and the community on 11 March 2014 for the resolution of an area of 101.04 hectares in Sei Deras Estates. The agreement is that both sides remain doing their activities normally (list of participants attending the meeting and the photos are attached).

As a preventive measure in the future, the company will continue to renew the mutual agreement between the company and cultivators, and ensure the conflict can be settled amicably. Based on the explanation, **Nonconformity 2013.26 with Major category was declared closed.**

**Status: Comply**

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

Based on information from the management of PT Daya Labuan Indah and Social Impact Study results, it is identified that around the plantation they are not indigenous. The results of consultation with the Land Planning and Arrangement Section Chief – Land Agency in Labuan Batu district, also inform that there is no customary rights in the plantations around Labuan Batu district, besides the rights of the state. Customary rights are only found in Tapanuli Selatan, Tapanuli Utara & Simalungun. The stakeholder consultation with representatives of the community surrounding area of the PT DLI & Cabang Dua Estate (PT Milano), informs that there is no land in the plantation area of PT DLI & Cabang Dua Estate (PT Milano) which are possessed by customary rights.

The results of documents of High Conservation Value Area identification of PT Daya Labuan Indah 2013 and PT Perkebunan Milano 2013 show that the preparation of the documents involved community in collecting data through an integrated process of group discussion.

There are examples of land compensation, such as, Compensation Letter on behalf of Zam-Zam MS, Tanjung Selamat Village which explain that he was willing and has received compensation for the land covering 20,000 M<sup>2</sup> with a compensation value of IDR 20,000,000. The letter was signed by each party in May 2000, the parties namely: land owner, PT DLI management representative, Tanung Selamat Village Head and The Witnesses. The letter is also as evidence that the land owners have received compensation.

**Status: Comply**

**PRINCIPLE #3 Commitment to long-term economic and financial viability**
**3.1**
**There is an implemented management plan that aims to achieve long term economic and financial viability.**

The company has work plan documents include documents for long-term work plan:

1. DLI 2 POM year 2013 – 2018. The document was made by administration head (KTU) and approved by Mill head dated 27 February 2013. This document include: financials, statement area, crop, FFB processed, the cost of production (estate cost and milling costs), plantation development cost, capital expenditure, buildings, workers housing requirements, staff requirements, sustainable implementation costs.
2. Wonosari estate Documents include: financial, statement area, crop, FFB processed, costs of production (estate and milling costs), plantation development cost, capital expenditure, buildings, workers housing requirements, staff requirements, and sustainability implementation costs.

The company can demonstrate the plan of replanting activity year 2013 - 2017 in the document of 5 years replanting program 2013-2017 of Wonosari Estate. Area that have been replanted in 2013 is an area 73.49 Ha in Cabang Dua Estate and replanting will be held at Wonosari Estate in 2014 for an area 1,099.66 Ha.

**Status: Comply**

**PRINCIPLE #4 Use of appropriate best practices by growers and millers**
**4.1**
**Operating procedures are appropriately documented and consistently implemented and monitored.**

There is SOP of oil palm cultivation practices starting from land preparation to harvesting, for example:

1. PRO-EST-001 on Nursery.
2. PRO-EST-002 on land clearing.
3. PRO-EST-003 on Planting.
4. PRO-EST-004 on treatment.
5. PRO-EST-005 on Harvesting.
6. PRO-EST-006 on Integrated Pest and Disease Control.

The company is committed to produce sustainable palm oil, by developing adequate mechanisms starting from zero burning land preparation, treatment, production, FFB receipt at the mill, FFB processing until CPO dispatch.

- Nursery (PRO-EST-001), land preparation (PRO-EST-002), planting (PRO-EST-003), treatment (PRO-EST-004), harvesting (PRO-EST-005), pest and disease control (PRO-EST-006), manual manuring (SOP-EST-004), weeds control (SOP-EST-009), treatment of circle / *gawangan* (SOP-EST-008).
- FFB receipt at mill (SOP-MILL-001), FFB Processing (SOP-MILL-002), Loading Ramp Operation (SOP-MILL-004), Sterilizer (SOP-MILL-005), until the Dispatch of CPO and PK (SOP-MILL-032).
- In the environmental management, the company has a liquid waste management procedures (doc Mill - 031), handling distraction from not moving sources (doc Mill - 031), hazardous material management (SOP doc - GEN - 005). In addition, the management of conservation areas such as riparian has been set in the document-SOP GEN-010, identifying, establishing area boundary, managing and monitoring the sustainability of the conservation area.

Inspection of operations is always performed by internal audits and Technical Manager. Operations at the mill are audited by Regional Technical Manager (RPTM) periodically every 2 months. Inspections include gear box machine condition, turbine, generator, control panel, water clarifier, and the administration of the mill. Date of visit : 13 March 2013. In addition, periodic housekeeping audits every 3 months is conducted, the monitoring includes the work station cleanliness, safety, procedures application, employee competence. Date of visit : 21 March 2013. Head Office sustainability team examined the application of RSPO P & C standards in the unit. Audit was conducted on 13 -15 February 2013.

**Status: Comply**

#### 4.2

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

The Company has conducted practices to maintain soil fertility, such as by doing:

- Analysis of soil: soil analysis is carried out as required, semi-detailed soil study was conducted by PARAM AGRICULTURAL SOIL SURVEYS (M) SDN. BHD in 2008 for PT DLI area and Cabang Dua Estate of PT Perkebunan Milano.
- Leaf Analysis: leaf analysis is done once a year to get the fertilizer recommendation. There is soil analysis results for Wonosari Estate, Sei Deras Estate (PT DLI) and Cabang Dua Estate (PT Milano) which were conducted in September 2013. It describes the content of pH H<sub>2</sub>O; pH KCl; cation exchange capacity (Ca; Mg; K; Na); K content; P content; Mg content; Ca content; Mn content; Zn content; Cu content; Fe content; N content; organic C content; particle size (coarse sand; fine sand; silt; clay).
- Manuring according to the fertilizer recommendation. For example,

NPK types for Immature Plants in Wonosari Estate

Block	Plating year	Ha		Palm		Actual application fertilizer		Recommended application fertilizer	
		R	A	R	A	Kg/palm	Total MT	Kg/palm	Total MT
128	2010	46.92	46.92	6.347	6.347	1.00	6.35	1.00	6.35
132	2010	60.66	60.66	8.459	8.459	1.00	8.46	1.00	8.46

**Status: Comply**

#### 4.3

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

The company has had a marginal soils map for PT DLI and Cabang Dua Estate PT Plantation Milano. Marginal soil found in the area of the company is peat.

The results of semi-detailed soil study conducted by PARAM AGRICULTURAL SOIL SURVEYS (M) SDN. BHD show that the entire area of DLI and Cabang Dua estate PT Plantation Milano is flat with a slope rate of 0-4%, so there is no management strategy for areas with certain slopes.

The company has a road maintenance programs which are carried out manually and mechanically in the area of mature Plants and Immature Plants. Road maintenance program is described in the work plan document of each estate, for example:

- Cabang Dua estate (PT Plantation Milano): collection road maintenance plan in October 2013 of 1,179 m and the realization is 6,330 meters. This happens because collection roads are more easily damaged because they are passed by Jonder.
- Wonosari Estate (PT DLI), road maintenance of 1,268 m in February 2013 in block 112, and has been realized according to the plan.

Management of peatlands undertaken by the company to minimize the decrease in peat soil surface are as follows:

- To conduct water management with the construction of Weirs (dams).
- To monitor water levels at several locations.
- To monitor peat land subsidence.

**Status: Comply**

#### 4.4

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

Procedure (SOP) of Replanting has been described in the SOP of Land Opening but at the time of audit it cannot be explained to the auditor. The company has had replanting SOP document No. SOP-EST-003 and SOP of Conservation Area.

The company has had the procedures that regulate the water flow and wetlands protection, including protecting and maintaining riparian area at the time or before replanting, for example, SOP-EST-003 which explains the company mechanism to maintain the quality and the availability of surface water during replanting with good water management.

All practices to maintain the quality and availability of surface and ground water has been monitored by the company on a regular basis, for examples:

- Block X15 Sei Deras Estate pole number 08 dated 12 September 2013 with subsidence of 1.2 cm supervised by a field conductor
- There are records of vetiver grass planting realization as set out in the HCV management plan year 2013-2014, the planting of vetiver grass is done in block 87 Sei Deras Estate as long as 300 meters

There is quality monitoring program of surface water used by the community around plantation. The company has been testing the quality of surface water for semester 1 year 2013 as listed in the RKL / RPL report semester 1 year 2013 for example: water body quality test results (DLI-2 POM, downstream of Barumon river) semester 1 year 2013 (May 2013) tested by Health Laboratory, Health agency of North Sumatra with accreditation number LP-551-IDN with nitrate parameter test results = 5.7mg / l, Arsenic = <0.02 mg / l, Cr = <0.002 mg / l

RKL and RPL documents semester 1 year 2013 show that the company has made efforts to manage and protect the quality of surface water. Management actions that have been done for the water protection are:

- WWTP to process liquid waste in order to not contaminate environment and water body.
- To supervise the intensive utilization of wastewater to avoid leakage and runoff.
- To use fertilizers and pesticides according to the provisions.

In order to maintain surface water quality, the company also conducts monitoring of wastewater quality on a regular basis and reporting it quarterly to the relevant agency. Wastewater quality test results for the period of July - September 2013 show there were no wastewater BOD parameters that exceeded the quality standard (BM BOD = 100 mg / l, BOD test results in July = 97.9 mg / l, August = 66 mg / l, September = 80.9 mg / l). As POM effort to maintain surface water availability, the company monitors water use for the processing of FFB. Water source of DLI-2 POM comes from the water reservoir and the analysis results of the ratio of water use/ ton of FFB for the period of January-October 2013 show that DLI- 2 POM has a ratio of efficient water use (<budget in 2013) which is an average of 1.76 m<sup>3</sup>/ton of FFB.

**Status: Comply**

#### 4.5

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

The company already has a schedule for activity of detection and census of pests and plant diseases in 2013, which includes the plan of activity of detection and census of pests and plant diseases for each division. Each detection activity includes all types of plant pests and disease (oil palm leaf-eating caterpillar pests, beetle pest *Oryctes rhinoceros*, termites, rats, as well as *busuk pupus*). The results are then evaluated for the recommendations for further action of census activities obligatory, until the evaluation whether or not the control action is necessary. Detection and census programs are planned every 2 months for the all plant pests and diseases.

There is sample program for Division I Wonosari estate for 23 large blocks. For examples, for Block I12 TT 2009, the number of plants was 8,613 trees, detection activity was planned for an area of 63.41 hectares in: January, March, May, July, September,



and November 2013.

The Company has conducted integrated pest management training to the workers, as follows:

- IPM Training on 17 May 2013 which was attended by 10 workers with material of plant pests and diseases census.
- Training of spraying activities conducted on 23 March 2013 which was attended by 30 workers, with the material: Spraying and IPM SOP socialization.

Implementation of IPM activities is implemented according to the schedule.

- Example of detection results of leaf-eating caterpillar of Wonosari estate, block 122 Division 1, which is planned in every odd month. There is the record of detection on the block on 7 September 2013, with the results: 32 trees suffered mild attack of leaf caterpillar pest *Setora nitens*.
- Example of detection results of termites of Wonosari estate, block 134 Division II, which is planned at every odd month. The last activity was held on 17 September 2013, with as many as 3,114 trees observed, the number of trees attacked was 30 (0.96%) and control action was conducted directly.
- Example of detection and census results of *Oryctes rhinoceros* pest, Wonosari estate, Block 135 which is planned every odd month. The activity was held on 17 September 2013 with as many as 2,860 trees observed, and the results: the number of trees attacked was 25 trees.
- Example of evaluation documents of ferotrap installation, Wonosari estate, in January 2013, block 62 Immature Plants, the number of trees was 5,808 Ha, the results: 386 beetle pests trapped.
- Summary and actions of rat census results, block 41 Immature Plants with total number of plants observed was 2,597 trees, plants attacked was 1,484 trees, the attack rate was 57%. The first treatment on 1 October 2013 with the number of baits was 1,484 trees or 67%; it was followed by the second treatment with the number of baits was 448 trees or 17%. Because the level of bait attached was below 20%, then the control action was stopped.
- There are records of pesticidestoxicity monitoring in the form of analysis record of the use of active ingredient per acre for unit Wonosari Estate and Cabang Dua Estate. The record document contains information about the amount of active ingredient used compared the hectarage of areas applied. The information of pesticides toxicity is presented by type of pesticide used. For example: the use of herbicides Winston with the active ingredient methyl metsulfuron, the amount of toxicity in October 2013 was 0.002 kg / ha.

The field visit to Wonosari Estate warehousing complex, shows that special warehouse for pest control agents and equipment storage are still in the development stage. Based on the explanation, arise **Nonconformity 2013.27 with Minor category**.

#### **Observation on 4 June 2014:**

The evidence shows the improvements of Cabang Dua, Wonosari & Sei Deras Estates, they have had special places for spray teams work equipment and PPE storage (documentation in the form of photos is available).

These problems arose because the company has not completed the construction of the place for spray team work equipment and PPE storage. Program and budget have been provided, the company need to perform the realization stage. The preventive action taken is the company will ensure that the realization of infrastructure fulfillment program including Plant Pests Organisms (OPT/Organisme Pengganggu Tanaman) control materials or equipment storage is prioritized. Based on the explanation, **Nonconformity 2013.27 with Minor category was declared closed.**

<b>Status: Comply</b>
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#### **4.6**

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

All pesticides used by the company already have a circular authorization and have registered at the agency as listed in pesticides book of Ministry year 2012. The company also has a letter of recommendation from a social, manpower and transmigration agency number 560/859/DSTKT-4/2013 on recommendation of pesticides are used. Examples of agrochemical active ingredients used by the company are:

- a. The active ingredient glufosinate ammonium, the active ingredient of 150 grams / liter. Target :broadleaf weeds.



- b. The active ingredient Isopropilamina glyposat, the active ingredients of 480 grams / liter. Target: narrow-leaved weeds.  
c. The active ingredient methyl metsulfuron, the active ingredient content of 20%. Target: broadleaf weeds.

All agrochemical use has been in accordance with the target species, appropriate dose and being applied by skilled personnel. Appropriate target and dose may be indicated in the document of weeds control with chemicals that inform about the usage dosage and targeted species. The use of pesticides with active ingredients of brodifacum has been closely monitored and only used when there are rats detected exceeding the threshold.

The washing of chemicals former packaging and washing waste water management are in accordance with the SOP. Former packaging of chemicals are processed. After use, the former packaging are washed and stored in Hazardous Waste Warehouse. The Company cooperates with PT Shali Riau Lestari and CV Amindy Barokah (Hazardous waste collector which was officially authorized by Ministry of Environment) for collecting the used packaging.

The interviews with medical personnel (company doctors) show that currently there are no spray personnel who are pregnant and / or breastfeeding, it is also verified during field visits and interviews with spray workers.

Medical Checkup Program include:

- Specific Medical Checkup routine every years (SGOt, SPOT, Cholinestrase, Audiometri, Spirometri) for sprayers and manuring, workers at warehouse and mill workers.
- pregnancy tests routine every 3 month.
- General Medical Checkup routine every 6 month.

There are records of the results of medical examination DLI 2 POM, Wonosari Estate and Cabang Dua Estate as follows:

- There are documents of forms (FRM-KLK-011) of pregnancy test results of female workers for spraying and fertilizing station of PT Perkebunan Milano, Cabang Dua dated 17 October 2013 for 17 female workers, where all workers were healthy and there were no pregnant women workers.
- There are documents of pregnancy tests results of Wonosari Estate which was held on 13 November 2013 for 20 spraying and manuring workers, with the result: workers are in good health and there are no pregnant workers.

The interviews with female workers in Wonosari Estate and spray workers in Cabang Dua Estate show that women workers have been aware of the prohibition for pregnant or breast-feeding women to work in a section that deals with chemicals, such as fertilizing and spraying, they also realize the risks.

The interview with one of the EHS staffs of PT DLI shows that the implementation of pesticide waste handling has not been done in accordance with applicable regulations (stored in the warehouse fertilizer). Based on the explanation, arise **Nonconformity 2013.28 with Minor category.**

#### Observation on 4 June 2014:

Wonosari Estate & Cabang Dua Estate have stored hazardous waste including pesticides used packaging in licensed hazardous waste landfill (SK 503.660/44/BLH-LB / WAS / 2014 & SK 503 660/103 / BLH-LB / WAS / 2014). The company has been monitoring hazardous waste including pesticides used packaging listed in the hazardous waste balance sheet in hazardous waste landfill. Pesticides used packaging are not reused as a container of water (documentation available).

These problems arose because at the time of ST -2 audit the construction of licensed temporary storage warehouse for hazardous waste was in process.

The preventive action taken is the company will ensure hazardous waste temporary storage permit is valid and ensure all the hazardous waste is placed in a licensed warehouse. Based on the explanation, **Nonconformity 2013.28 with Minor category was declared closed.**

Status: Comply
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#### 4.7

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

The policy of occupational health and safety programs have been documented and well implemented by the company, for example, reporting of OSH committee third quarter activity which was reported on 20 November 2013 to the labor agency.

Occupational Health and Safety Policy set in September 2010 by the Top Management, states that PT. Wilmar Internationalis committed to:

- 1) Complying with all rules and regulations of Occupational Safety and Health and the applicable requirements locally, nationally and internationally which are ratified.
- 2) Implementing and maintaining Safety Management System.
- 3) Creating and communicating to employees, contractors, client and guest visitors about safe work habits and specific safety regulations in the workplace and the need to prevent workplace accidents, occupational health hazards and damage or loss of goods.

The company has shown evidence of implementation of GCOSH regular meeting, as follows:

- In August, held on August 16, 2013
- In September, held on 16 September 2013

The Company has conducted periodic health checks to 54 employees who have high work risk in the field (audiometric examination) and 47 people for spirometry by the Center for Occupational Safety and Health dated 18 July 2013. From audimetri examination, it is found 20 people with hearing loss while from spirometry examination it is found 1 person experiencing mild obstruction.

The Company has conducted training of welders, Boiler men and electricians. There is electrician license in the name of Nasib Saut Sihotang (No: Ser.01225 / TK3-LIST / IX / 2013); welder certificates on behalf of Repin Sitanggang (No. S.289 / JL / PNK3 / V / 13); and Boiler men on behalf of Manahan Silitonga (No. 11.P.03.9446-OPK3-PUBT-B I/V/2011).

The review of documents and field observation show that all estate units and PT DLI POM has had OHS structure, adequate facilities and infrastructure such as the risk analysis documents prepared by Safety officer which was authorized by Ministry of Manpower with registration number 1093 / PK3 / AJ / 12/2012 / PO, and SOP of Emergency Condition that contains about fire prevention and suppression condition such as estate and forest fires; fire at the mill; fire at housing.

The Company has included non-permanent employment in Social Security program (JAMSOSTEK) in the form of work accidents and death insurance. For example, for work unit: Wonosari in October, the company registered 287 people from 287 employees in the company. Work unit:Deras Sei, the company registered 194 people of 194 daily workers employed in October 2013. Overall, records of occupational accidents that occur have been reviewed and monitored on a regular basis.

The results of field interviews show that there are transport and lift operators and electricians who do not have Operator License from the relevant institution. Based on the explanation, arise **Nonconformity 2013.29 with Minor category**.

#### **Observation on 4 June 2014:**

Lift and transport operators and electrical engineers have had certificate of OHS training of Coaching for Lift and Transport Operators of heavy equipment and OHS competencies coaching for electrical technicians from relevant institutions. (Attached certificate of training).

Electrician on behalf Rayendra has been transferred to the sterilizer station.

Lift and transport operator on behalf of Dedi Sadilah has been transferred to the maintenance section. (Attached mutation letter).

Problems arose because training programs for worker skills have been defined but they have not been realized.

The preventive action taken is the Company will ensure that all operators must have Operator license as the requirements to conduct the activities. Based on the explanation, **Nonconformity 2013.29 with Minor category was declared closed**.

<b>Status: Comply</b>
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#### **4.8**

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

The review of documents and field observations show that the company has had staffs, employees, and contractors which are adequately trained. Continuous training programs for all staffs and employees and contractors are available and in accordance with their respective positions as contained in the Training Matrix 2013 where there is a plan and realization of training according to the needs of skills at each position, the types of training provided for example:

- Training of manuring, spraying and pest disease for Sei Deras Estate, such as training on March, 21<sup>st</sup> 2013 at Meeting Room Sei Deras Estate.

- Simulation of fire prevention for Wonosari Estate
- First Aid Emergency Training for Cabang Dua Estate

Associated with the use of a third party such as contractors, the company has ensured to use only contractors who are trained and have formal legal entity in accordance with applicable regulations. The evidence can be seen for example in the Work Letter Agreement No. 24/DLI-KWS/SPK/XI/2012 between PT Daya Labuhan Indah with CV NADYA AFIQA, dated 12 November 2012 for the work of Construction of Employees House G10 type 51 Permanent as many as 2 units in Wonosari Estate.

**Status: Comply**

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

##### **5.1**

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

##### **PT DLI**

PT DLI has the EIA documents that comply with the Decree of Agriculture Ministry No. 054/ ANDAL/RKL-RPL/BA/IV/95 dated 6 April 1995 on the Agreement of EIA and RKL-RPL of Oil Palm Plantation and its Processing Mill. The scope of EIA study covered a 5,000-Ha oil palm plantation and its processing mill (POM DLI 1) located at Pangkalan Village, Bilah Hilir Sub-district. PT DLI has made a Revised Document of Environmental Management Plan (*RKL*) and Environmental Monitoring Plan (*RPL*) of the Estate, the Palm Oil Mill, the Composting, and Land Application. Said revised document has been authorized by the Environment Bodies of Labuhan Batu Regency under a Decree No. 660/46/SET-KOMISI/VIII/2009 dated 31 August 2009. The scope of the EIA document covered a 4,649.5-ha oil palm plantation and the extension of the processing mill (DLI 2 POM) with the capacity of 30 tons FFB per hour.

The areas managed by PT DLI are an oil palm estate which covers an area of 5,292.25 Ha and a Palm Oil Processing Mill with a capacity of 30 tons FFB per hour. PT DLI has an EIA Document that covers an area of 4,694.5 ha, however, the environmental document for the 877.75-ha of land is still unable to be presented. Based on the explanation, arise **Nonconformity 2013.30 with Major category**.

##### **Observation 4 June 2014:**

The company has presented the environmental documents in the forms of *UKL/UPL* documents for Sei Deras Estate oil palm plantation owned by PT DLI which covers an area of 445.88 Ha. The documents have been authorized by the Environment Bodies of Labuhan Batu Regency under a Decree No. 660/21/BLH-LB/AM/2014 dated 27 January 2014.

The company has not been able to present the environmental documents for the remaining ±431.87-Ha of area that it manages. Based on the explanation, **Nonconformity 2013.30 with Major category was not complied.**

##### **10 June 2014:**

The company has presented the environmental documents in the forms of *UKL/UPL* documents for Sei Deras Estate oil palm plantation owned by PT DLI which covers an area of 431.87 Ha. The documents have been authorized by the Environment Bodies of Labuhan Batu Selatan Regency under a Decree No. 660/334/BLH/1//2014 dated 5 May 2014.

The company will do the monitoring on the compliance with all Statutes related to the company's operational activities, including the compliance of the environmental documents. Based on the explanation, **Nonconformity 2013.30 with Major category was declared closed.**

DLI has done the management and the monitoring of the environment on a regular basis (every 6 months) and reported the findings to the Environment Bodies of Labuhan Batu regency.

DLI was able to present the receipt of report submission, such as that of *RKL* and *RPL* from the First Semester of 2013 which was submitted to the BLH on 1 July 2013.

All of the compulsory aspects in the EIA documents have been monitored by DLI.

##### **PT Perkebunan Milano**

Cabang Dua Estate of PT. Perkebunan Milano has revised the *UKL-UPL* documents which have also been authorized by the Environment Bodies of Labuhan Batu Regency under a document No. 660/42/BLH-LB/AM/2012 dated 1 February 2012. The

scope of this document is the activities of the oil palm plantation at Cabang Dua Estate. PT Perkebunan Milano has performed the environmental management and conducted regular monitoring (every 6 months), and reported the findings to the Environment Bodies of Labuhan Batu Regency. PT Perkebunan Milano was able to present the receipts of report submission, such as that of the implementation of *UKL* and *UPL* from the First Semester of 2013 which was submitted to the Environment Bodies of Labuhan Batu Regency on 5 September 2013. All aspects that are compulsory in the *UKL-UPL* documents have been managed and monitored by Cabang Dua estate, except for the Community Health Aspect. Based on the explanation, arise **Nonconformity 2013.31 with Major category**.

**Observation on 4 June 2014:**

PT Perkebunan Milano, Cabang Dua Estate has applied the *UKL* & *UPL* that are in accordance with the authorized document.

The source of the problem was the monitoring PIC's lack of comprehension and no complaints conveyed so far by the Environment Bodies (*BLHD*) on the monitoring report submitted.

Preventive measures taken by the company towards such issues is by providing comprehension on matters related to the environmental monitoring for the staff responsible for said task. Another thing was by ensuring that monitoring activity that is conducted every semester is in accordance with the recommendation stated in the *UKL* and *UPL* documents. Based on the explanation, **Nonconformity 2013.31 with Major category was declared closed**.

<b>Status: Comply</b>
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**5.2**

**The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.**

**PT Daya Labuhan Indah**

he company has done the identification of the species that are protected, rare, extinct, or endangered, and the habitats with high conservation value. The identification was conducted in collaboration with a third party, namely *Remark Asia* in July 2013 by using the Guideline of High Conservation Value Area Identification in Indonesia published by the Consortium of HCV Revision toolkit Indonesia June 2008. The team consisted of 8 members with 3 assessors who were registered in RSPO Approved HCV Assessors.

Based on the identification result, the company has determined the HCV areas to be managed are the ones located at Danau Biru Area Block O62 Sei Deras Estate which covers an area of 3.42 Ha (HCV 1.1; HCV 1.3; HCV 1.4 HCV 1.4; HCV 2.3; HCV 3; HCV 4.1) and HGU boundary trenches stretching about 9.5 KM long and 6-8 M wide (HCV 4.3). There are five (5) threatened species that identified in PT DLI: *Psittacula longicauda*, *Aegithina viridissima*, *Trichastoma rostratum*, *Megalaima mystacophanos* and *Hydrochous gigas*.

The following steps are taken by the company in dealing with the rare or endangered species, or the habitats with high conservation value;

- Measuring the definitive HCV area along with its riparian buffer zone.
- Issuing a Management's Decree stating the HCV area. There is a Decree No. 003/Reg./Intr./XI/2013 dated 1 November 2013 which describes the Authorization of Special HCV Personnel and HCV areas that are managed.
- Marking the HCV boundary areas at the premise. There is documentation from the boundary poles installation activity at the HCV Area of Danau Biru. Based on the field visit to Block O62 Sei Deras Estate, it was confirmed that the boundary poles are available at said location.
- Installing sign boards containing information and prohibition (to do hunting, fish poisoning, and keeping animals as pet) at the HCV areas and their surroundings. There is documentation available from the event.
- Planting vetiver grasses. There is documentation from such activity which was done at Block 87 (for 300 meter long).
- Conducting dissemination for employees and local communities.
- Composing HCV related SOP, such as that of Identification and Management of Conservation Area, No. SOP-GEN-010; Revision 00; valid from 1 July 2013.
- Installing posters containing information on the types of protected fauna species living in the area of PT DLI.

PT DLI has assigned *Mr. Sulis Tiarto* and *Mr. SM. Sihite* to be HCV Special Personnel through a Decree No. 003/Reg.I/Intr./XI/2013 on 01 November 2013, and is subject to revision for any error. However, the above assigned personnel have not yet joined any necessary training. Based on the explanation, arise **Nonconformity 2013.32 with Minor category**.

#### **PT Perkebunan Milano**

The company has done the identification of the species that are protected, rare, extinct, or endangered, and their habitats with high conservation value. The identification was conducted in collaboration with a third party, namely *Aksenta* in July 2009 by using the Guideline of High Conservation Value Area Identification in Indonesia published by the Consortium of HCV Revision toolkit Indonesia June 2008. The team consisted of 4 members with 3 assessors who were registered in RSPO Approved HCV Assessors.

Based on the identification result, the company has determined the HCV areas to be managed are the ones located at *HGU* boundary trenches of Cabang Dua Estate which covers an area of 2.4 Ha (HCV 4.3) and Beringin Keramat at Block 042 (Old Block C-1) which covers an area of 0.01 Ha (HCV 6).

The following steps are taken by the company in dealing with the rare or endangered species, or the habitats with high conservation value;

- Measuring the definitive HCV area along with its riparian buffer zone.
- Issuing a Management's Decree stating the HCV area. There is a Decree No. 01/Reg.1/Intr.II/2012 dated 1 January 2013 which describes the Authorization of Special HCV Personnel and HCV areas that are managed.
- Marking the HCV boundary areas at the premise. Based on the field visit to Cabang Dua Estate, it was confirmed that the boundary poles are available at HCV 6 Area (sacred trees).
- Installing sign boards containing prohibition (to do hunting, fish poisoning, and keeping animals as pet) at Cabang Dua Estate areas. The field visit done to Cabang Dua Estate has confirmed that there were a set of signboards planted on the premise.
- Planting vetiver grasses. There is documentation from such activity which was done at Block 87 (for 300 meter long).
- Conducting dissemination for employees and local communities.
- Composing HCV related SOP, such as that of Identification and Management of Conservation Area, No. SOP-GEN-010; Revision 00; valid from 1 July 2013.
- Installing posters containing information on the types of protected fauna species identified in Cabang Dua Estate.

PT Perkebunan Milano has assigned *Mr. Surianto* and *Mr. Ricky Ario Wardana* as HCV special personnel through a Decree No. 01/Reg.1/Intr.II/2012 dated 1 January 2013, which is subject to revision for any error. However, these assigned personnel have not yet joined any training. Based on the explanation, arise **Nonconformity 2013.32 with Major category**.

#### **Observation on 5 June 2014.**

The company has presented the following record evidence;

- The Decree of Assistant Group Manager PT DLI No. 003/ Reg.I/Intr./XI/2013 dated 1 November 2013 on the Assignment of Special Personnel for Monitoring the Natural Hydrological Function Controller Area and the areas that function as Natural Barriers to the spread of Forest and Land Fires "High Conservation Value (HCV)". According to said Decree, there are two special personnel who have been assigned, namely *Sulistiarto & Sampe Martinus Sihite*.
- The Certificate of "HCV Monitoring Training" by the name of *Sulistiarto*, from the training that was held on 16 March 2011.
- The Certificate of "HCV Special Personnel Training" by the name of *Sampe Martinus Sihite*, from the training that was held on 16 March 2011.
- List of Attendance from HCV Training for the Employees of PT DLI on 18 February 2014.

Preventive measures taken by the company include updating and improving the comprehension of the HCV personnel to ensure their consistency in doing the job of HCV Program Monitoring. Based on the explanation, **Nonconformity 2013.32 with Minor category was declared closed**.

	<b>Status: Comply</b>	
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#### **5.3**

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



The company has made an identification of waste sources for each Estate and POM to keep away from pollution and emission, as listed below;

- Used oil from production tools
- Used oil filters from production tools
- Used chemical containers from the laboratory and from the process at water treatment plant
- Used fluorescent lamps from the mill's and the housing's lightings
- Domestic waste from the housing and the office, such as used papers, used stationery, and used printers
- Solid waste from the POM, such as empty bunches and fibers, and effluent from the POM (POME).

The following waste management plans are stated in the document of waste and pollution sources identification at the DLI 2 POM;

- Solid waste management plan, which is the utilization of the fibers and shells as boiler's fuel.
- POM Effluent management plan, which is by discharging it back to the fit pond and then to the cooling pond.
- Hazardous Waste management plan, by storing and temporarily keeping the waste at a licensed Hazardous Waste Temporary Warehouse, recording it, and distributing it to a licensed third party collector.

#### **Hazardous Waste and Agrochemical containers**

The company collected all hazardous waste and stored it at a licensed Hazardous Waste temporary Warehouse located at DLI 2 POM. The warehouse holds a storage license through a Decree of Labuhan Batu Regent No. 503.660/80/BLH-LB/WAS/2011 dated 4 April 2011 on The Issuance of License for Hazardous Waste Temporary Warehouse at PT DLI which is valid for a 5-year period starting from its authorization date. The location coordinate of said warehouse is N: 02°17'11.1" and E: 100°08'26.5".

As for the transporting and collecting of the Hazardous Waste, the company has settled partnerships with the licensed contractors, namely CV Amindy Barokah and PT Shali Riau Lestari.

#### **Medical Waste**

The company has made a partnership with the Hospital of PTP-III Aek Nabara that has gained an operational license of the machine for hazardous and infectious waste processing. The license was issued by the Environment Bodies on 30 March 2009. Furthermore, the company has also got the Mutual Working Agreement with the Hospital of PTP-III Aek Nabara on 1 May 2013 and is valid for a year on the utilization of an incinerator available at the Hospital of PTP III.

#### **Hazardous Waste Quarterly Report**

There is a Third Quarter of 2013 Report from July to September period which contains the Hazardous Waste logbook, its balance sheet, its sources identification, and its reporting evidence that was submitted on 19 October 2013 to the Ministry of Environment, the Environment Bodies of North Sumatera Province, the Center of Ecoregion Management of Riau, and the Regional Environment Bodies of Labuhan Batu.

Based on the field visit and the document study, the following were revealed;

- There was hazardous waste stored at the Temporary Warehouse of DLI 2 POM that has exceeded its permitted retention time (>6 months).
- There were hazardous waste (used oils, oil filters, and agrochemical containers collected (at Cabang Dua Estate and Wonosari) at a location that didn't have permit.
- The Hazardous Waste from Cabang Dua estate (PT Milano) were collected at a location that didn't have permit.
- There were used chemical containers that were utilized as water collectors at Cabang Dua Estate.

Based on the explanation, arise **Nonconformity 2013.33 with Minor category.**

#### **Observation on 4 June 2014:**

Wonosari Estate and Cabang Dua Estate have stored their hazardous waste, including used pesticide containers, at the hazardous waste temporary warehouses that are licensed (Decree No. 503.660/44/BLH-LB/WAS/2014 and Decree No. 503.660/103/BLH-LB/WAS/2014).

The company has also done monitoring the hazardous waste, including used pesticide containers, which was documented in the Hazardous Waste Balance Sheet/*neraca limbah B3* at Hazardous Waste Temporary Warehouse.

Used pesticide containers were not reused to collect water (documentation is available). The hazardous waste that has exceeded its retention time at the Temporary Warehouse of Wonosari Estate has been transported to a licensed third party (PT



Shali Riau) on 7 March 2014.

The company has ensured that all hazardous waste was being treated according to relevant regulations and has made good communications with the collector company and the licensed hazardous waste processor. Based on the explanation, **Nonconformity 2013.33 with Minor category was declared closed.**

**Status: Comply**

#### 5.4

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

One of the many efforts taken by the company in reducing the emissions generated from the use of fossil fuel is by using renewable energy, which are fibers and shells, as the substitute for the diesel fuel.

The company also provides a monitoring of the renewable energy usage and its efficiency analysis. Based on the analysis result, the following information was gained from the use of renewable energy during the period of January to October 2013;

- The energy efficiency from the use of shells and fibers during the period of January to October 2013 at the POM of DLI-2 tended to stay on a steady number, which is 10,696.12 MJ per ton FFB for the shells, and 8,260.41 MJ per ton FFB for the fibers.
- Over the period of January to October 2013, the company has managed to save the use of diesel fuel with shell and fiber substitution. This is evident from the use of diesel fuel that tended to decrease during the period from January to October 2013. For example, the use of diesel fuel in January was 7,970 liters, and the use of diesel fuel in September 2013 was 6,410 liters with the use of 413 tonnes of shells, and 721.24 tonnes of fibers.

**Status: Comply**

#### 5.5

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

The company has a mechanism for emergency situation (PRO – GEN – 013; 1 July 2012) which explains the preventive measures and countermeasures to be taken in case of estate/forest, mill, and housing fires.

Estate/Forest Fire:

In any case of estate/forest fire, the following countermeasures must immediately be taken:

- a. Any employee of PT DLI and Cabang Dua Estate who witnesses the incident must immediately report it to their superiors, either the supervisor, the assistant, the manager, or on-duty manager, even if it takes place during day offs. The manager will then ensure that such information be received by the Assistant GM.
- b. The assistant must visit the premise where the fire takes place and immediately take emergency measures should the incident is a serious one, in terms of its possibility to spread out.
- c. Shall the fire is a minor one; workers can be mobilized using trailer tractor, knapsacks, and water dippers to put out fire. Water tank can also be utilized if there are no water sources at or near location. Putting out fire using knapsacks must be done under direct supervision from the assistant.
- d. For severe fire, estate manager must directly engage in supervising the firefighting efforts. Excavators must be mobilized to isolate the fire area by cutting down the trees that closest surround the fire scene and by cleaning out the grasses and bushes around it in order to stop the fire from spreading.

Land clearing is not done by burning the area but rather mechanically. Field visit to both Cabang Dua Estate and Wonosari Estate have proven that the land preparation for replanting was done using heavy equipment (manually) and there is no evidence of burning.

The following are infrastructure and facilities available for fire mitigation; operational vehicle, water pump, hydrant, fire extinguishers, and other supporting tools (shovel, burlap cloth, hose, nozzle sirens, ambulance, and evacuation stretchers).

A firefighting/evacuation/medical team has been assembled. Land fire drill has also been conducted at Wonosari Estate on 27 March 2013 at the soccer field and was attended by 34 workers.

The result of an inspection at Wonosari Estate and DLI 2 POM is as follow;

- Wonosari Estate: there was a complete set of firefighting equipment, they were all in good condition and were being inspected on a regular basis. In general, the emergency response team has an adequate knowledge as to what needs to be done in such situation.

- POM: all hydrants at the bunch press station are in good condition, well maintained, and ready to use.

**Status: Comply**

## 5.6

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

The company has plans in reducing and managing the pollution and emission, as well as the monitoring of both emission air quality and ambient air quality, as stated on the *RKL/RPL* documents from the first semester of 2013. The GHG inventory that has been done by the company is illustrated in the table below;

Sources of emission	Activities	Management	Frequency	Location
Boiler Emission	Boiler operational	Conducting preventive maintenance based on the determined schedule	Conducted every 6 months	DLI-2 POM
Diesel Generator Emission	Generator operational	Conducting preventive maintenance and emission test of the generators	Conducted every 6 months	
Furnace Emission	Furnace operational	Conducting emission test of the furnace	Conducted every 6 months	

### Ambient Air and Emission Air Qualities

The company has been doing regular air quality test on a 2-year basis and has been including the results in the *RKL/RPL* reports. The result of the study from the first semester showed that all test parameters for both emission air and ambient air did not exceed the quality standard, for instance the parameters of emission air at the generator 1 are  $\text{NO}_x = 10.27 \text{ mg/m}^3$  and  $\text{SO}_2 = 2.2 \text{ mg/m}^3$ . Different results were shown by the noise parameters, of which several stations had noise level so high that it exceeded the limit, such as that of engine room. Regarding this, the company has taken some preventive actions and treatment by calling for the use of earmuffs and earplugs for all employees working at the stations with high level of noise.

Parameter	Satuan	Hasil uji					BM
		Kernel	Sterilizer	Threshing	Engine Room	Boiler	
Kebisingan	DbA	96.6	88.7	89.8	98.6	89.7	85

The management and the efforts taken in reducing pollution and emission are stated in the *RKL/RPL* documents from the first semester of 2013, which describe the following actions;

- Generator Emission
  - Regular maintenance of generator machine, including oil changes and parts replacement.
  - The frequency of generator usage must be well recorded so that the operational hours are observable for continuous maintenance.
- Emission from Mobile Sources
  - Regular maintenance is done for vehicles that have been in operations for quite a long time.
- Ambient Air and Noise
  - Spraying the estate roads with water, especially during dry season.
  - Requiring every truck that is parked to turn off the engine to reduce the gas volume from the exhaust.

### Palm Oil Mill's Effluent

All effluent is first being treated at the POM's WWTP. Prior to being utilized, the waste is treated to achieve the quality standard of effluent utilization at the oil palm estate, which is  $\text{pH } 5 - 9$  and  $\text{BOD} \leq 5,000 \text{ mg/l}$ .

The treatment done at the WWTP is using the biological system through the processes of anaerobe, facultative, aerobe, and control pond, accordingly.

The result of laboratory test showed that all parameters used in effluent quality test did not exceed the defined quality standard. For example; the effluent quality in September 2013;  $\text{BOD} = 80.9 \text{ mg/l}$ ,  $\text{COD} = 253 \text{ mg/l}$ ,  $\text{TSS} = 100 \text{ mg/l}$ .

All of the operational activities that cause the decrease in air quality have been monitored and managed and reported to relevant agencies. The Company has reported the results of the standard measurement for interference from stationary sources to the

relevant agencies, such as the one included in the *RKL/RPL* reports from the first semester of 2013. Moreover, the company has also submitted said *RKL/RPL* reports to the Environment Bodies of Labuhan Batu for PT DLI on 1 July 2013.

The results of on-site interviews with the spray workers at Cabang Dua Estate suggested that all spray-working tools (such as glasses, masks, gloves, and protective clothes/aprons) were taken home and were being cleaned at home by each worker. Based on the explanation, arise **Nonconformity 2013.34 with Minor category**.

**Observation on 4 June 2014:**

Cabang Dua Estate, Wonosari Estate, and Sei Deras Estate have all presented evidence of improvement, such as specific place to keep the work tools and PPE and their cleaning point (photos are available for documentation).

One of the preventive measures taken by the company is ensuring the equipment/tools that are contaminated by chemical substances from spraying and manuring activities area kept at the warehouse and must not be taken home. Dissemination continues to be given to spray and manuring workers regarding the risk and danger of taking home contaminated working tools. Based on the explanation, **Nonconformity 2013.34 with Minor category was declared closed**.

Status: Comply

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

**6.1**

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

There is a Document of Environmental Impact Assessment of PT Daya Labuhan Indah from the year 1995. The document explains about both positive and negative impacts of the management of oil palm plantation towards environmental and social aspects. It also contains a Guidelines Matrix of Environmental Management Plan and Environmental Monitoring Plan.

There is a Report of Social Impact Assessment of the Plantation and Palm Oil Mill Unit of PT Daya Labuhan Inti from the year 2013. The document describes the followings; social impacts arising partly due to the management of the oil palm Estate and Palm Oil Mill by PT Daya Labuan Indah; recommendation of things the company must do, and Management and Monitoring Plans that need to be done.

The local communities around the plantation and the employees were involved during the data collecting process, through focus group discussion and participatory mapping. Moreover, a Stakeholder Consultation was also conducted with representatives of local residents.

In addition, there is a Social Impact Assessment of PT Perkebunan Milano from the year 2009, including Cabang Dua Estate. The document describes the social impacts arising due to the management of the oil palm Estate and Palm Oil Mill by PT Perkebunan Milano; the recommendation of things the company must do, and the Management and Monitoring Plans that need to be done. Similarly, data collection process was carried out through a consultation process with local communities.

The report also explains about the Social Impact Management and Monitoring Plans that was composed through a consultation process involving local communities to gain inputs related to the impact that were going to be monitored and managed. The company has been performing both management and monitoring of the environment and reporting them on a regular basis (every 6 months) to the Environment Bodies of Labuhan Batu Regency.

Furthermore, there is an explanation on the replanting activity in the document of Environmental Aspect Identification / OHS Hazards and Impacts/OHS Risks. The potential impacts of replanting activity on the environment include environmental damages and disasters and the increase in temperature. While the impacts on the workers might include dehydration / fainting, fatigue, personnel injuries, and venomous animals sting.

Countermeasures taken towards such impacts are including the followings;

- Work area distribution with sufficient survey personnel;

<ul style="list-style-type: none"> <li>- Always bring water and food;</li> <li>- Always put on necessary Personal Protective Equipment;</li> <li>- Not conducting any planting activity on the protected forest areas and watersheds;</li> <li>- Ensuring zero burning practices;</li> <li>- Collecting plant remains on the boundary / edges of each planting block</li> </ul>		
	<b>Status: Comply</b>	
<b>6.2</b> <b>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</b>		
<p>The company has been applying an open and transparent method in communication and consultation made by the plantation and/or the mill's management with local communities, and other parties that are impacted or relevant, as stated in the Procedures of Communication, Consultation, and Coordination with External Parties, document No. PRO-BM.BEN-001.</p> <p>There is a list of Stakeholders, such as Labuhan Batu Regent, Chairman of Labuhan Batu City Council, Chief of Military District Command (<i>Kodim</i>) 0209 of Labuhan Batu, Labuhan Batu District Attorney, Labuhan Batu District Court, and Forestry &amp; Plantation Agency of Labuhan Batu.</p> <p>All aspirations and responses conveyed by the Stakeholders to the company are well recorded and stored. A special personnel has also been assigned to be responsible in conducting consultation and building communication with the communities, as can be found in the Decree of Public Speakers Team of PT DLI No. 011/DLI-HRD/SK/V./2012 which was issued on 26 March 2013.</p>		
	<b>Status: Comply</b>	
<b>6.3</b> <b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>		
<p>The company employs an open system, which is accepted by all impacted parties, in receiving complaints and settling disputes in an effective, time efficient, and correct way, as suggested in the Procedure of Communication, Consultation, and Communication with External Parties, document No. PRO-BM.BEN-001.</p> <p>The document study and direct interviews revealed that the company has records and follow-up actions in handling complaints from the communities. In relations with the traditional rights over a land, the company also has an SOP for land Acquisition No. SOP-IJIN LAHAN&amp;OPS-006.</p> <p>Field observation did not find any potential conflicts or disputes with the communities related to the recent land ownership status of the company.</p>		
	<b>Status: Comply</b>	
<b>6.4</b> <b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>		
<p>Below are samples of documentation from the negotiation process and/or compensation settlement results;</p> <ol style="list-style-type: none"> <li>1. Compensation Letter for <i>Mr. Zam Zam Ms.</i> of Tanjung Selamat Village, stating that said person has agreed on and accepted the compensation for his 20,000 m<sup>2</sup> land that was worth IDR 20,000,000. Said letter was signed in May 2000 by respective parties: land owner, representative of PT DLI management, Head of Tanjung Selamat Village, and witnesses.</li> <li>2. Reference Letter No. 593/292/1994 issued by the Head of Tanjung Selamat Village on the Certificate of Land Owner by the name of <i>Zam Sam MS.</i></li> </ol> <p>The list of Compensation Recipients that was recorded in the document of Compensation Summary contains such information; names of recipients, area of compensated land, and the amount of compensation received by each respective land owner.</p>		
	<b>Status: Comply</b>	
<b>6.5</b> <b>Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</b>		
<p>The waging system and employment requirements for the employees from the contractor have complied with the industrial minimum standard, as described in the Decree of Governor on the Provincial Minimum Wage of North Sumatera Province in the year 2013. The company has also kept a mutual working agreement with the contractor, in accordance with the applicable</p>		

regulations, such as Mutual Working Agreement No. 24/DLI-KWS/SPK/XI/2012 made between PT DLI and CV Nadya Afifa for a construction work of two employee housing units of G10 type 51 permanent.

Field observation showed that the company has provided facilities for housing, education, clean water, health, and other appropriate public facilities in accordance with the inventory of facilities and infrastructure to promote employees' welfare at each estate.

The company is using Mutual Working Agreement (MWA) system for any activities of fresh fruit bunch loading and unloading. For example; Mutual Working Agreement for FFB Loading and Unloading, made between the management of Wonosari Estate (PT DLI) and local contractor (*R. Yandi*); and between the management of Cabang Dua Estate and local contractor (*Yan Daulay*). Article 11 paragraph 2 of said agreement states that the contractor must pay full attention to the safety and the health of its employees, including providing necessary safety equipment (safety shoes, rubber shoes, earplugs, safety belts, gloves, masks, etc.)

The following information was discovered during field observation;

- Wonosari Estate, Division 1, Block 114; there were two FFB loading workers who did not wear any personal protective equipment required, which is helmet. They are *Suwandi* and *Suardi*, recruited by the contractor.
- Cabang Dua Estate, Division 1 Block 24; there were two FFB loading workers (namely *Karsim* and *Nadikin*) who personally purchased the protective helmet to be use at work place.

Based on the explanation, arise **Nonconformity 2013.35 with Minor category**.

#### Observation on 5 June 2014

The company has presented the following record evidence;

- Minutes of Event of Personal Protective Equipment Distribution to the members of All Indonesia Labor Union, such as helmets and boots, to be used during every activity of FFB loading.
- Photo documentation from such event, displaying *Suwandi* and *Suardi* at Wonosari Estate.
- Photo Documentation from the event of Personal Protective Equipment handover to *Karsim* at Cabang Dua Estate.

The cause of such non-conformance was the lack of monitoring on the PPE distribution to the contractor workers. Preventive measures taken by the company include a continuous monitoring on such PPE provision for all workers including contractors, and monitoring on the adherence to using PPE during work. Based on the explanation, **Nonconformity 2013.35 with Minor category was declared closed**.

Status: Comply

#### 6.6

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

The company is committed to respecting the rights of its employees to form and to join labor union, as stated in the Collective Labor Agreement (CLA) and internal memo no. 002/WGP-HRD/I/2007 on the employment provisions, which guarantees the freedom of each employee to form and to join the Worker Union or Labor Union in accordance with applicable Rules and Regulations.

Moreover, the company shall also conduct meetings with the labor union, such as the one held between the *SPSI* of PT DLI and the Management of PT DLI on 11 March 2013 which discussed the Work Location Adjustment and Employee Residential Location at Division 1. The record of said event is supplemented with the photos and the list of attendance (13 participants).

Status: Comply

#### 6.7

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

The company has a Policy of Child Labor – Wilmar International, per September 2010, which seeks to create a working environment that is conducive, characterized by justice and mutual respect. The company does not tolerate the use of child labor, nor that it exploit children at all its operational area and facilities. Other than that, there is an Internal Memo No. 002/WGP-



HRD/I/2007 regarding the Employment Provisions that was authorized by Head of HRD on 2 January 2007, in which Point 2 states the Prohibition of Employing Children.

The study on the documents of list of employees, employee demography, and from the result of field observation, it is confirmed that no labor under 18 years old that was recruited.

**Status: Comply**

#### 6.8

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

The company has a Policy of Equal Opportunity – Wilmar International, per September 2010, which supports the principles of justice and non-discrimination, and seeks to treat everyone with full respect, free from discrimination that can violate law and ethics. In specific, the purpose of this policy is to not do any discrimination on gender, race or ethnicity, disability, sexual orientation, age, or belief; but to develop a global workforce that has the capabilities based on an objective assessment.

Furthermore, there is an Internal Memo No. 002/WGP-HRD/I/2007 on the Employment Provisions that was authorized by the Head of HRD per 2 January 2007, in which Point 3 states: Equal Opportunity for All Employees.

Based on the study of employment documents, employees' demography, and field observation, it is suggested that the company has provided its employees with such equal opportunity and equal treatment in employment. The mechanism of work performance assessment and promotion has been ongoing for the employees.

**Status: Comply**

#### 6.9

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

The company has a Policy on Sexual Harassment, per September 2010, which states that Wilmar International seeks to create a work environment that is conducive, characterized by equality and mutual respect. For this purpose, the sexual harassment policy encourages the reporting of any incidents involving sexual harassment that is experienced by any individual regardless of their gender and age, as the impact of their work contract made with the company.

The company has a policy of the protection of reproductive rights for female workers, in menstrual situation, pregnancy, or breastfeeding, as stated in the document of Collective Labor Agreement. The implementation of such policy can be seen from the current mechanism of leave taking for female workers; for instance the one requested by *Armijah Harahap*, who took her maternity leave starting from 30 April until 30 June 2013.

PT DLI has a Procedure No. PRO-GEN-019 describing the Delivery and Handling of Sexual Harassment Cases, which is aimed at ensuring the existence of official flow and is able to be used by either the suspect / perpetrator, the victim, the gender committee, or by the company, in finding settlement to sexual harassment cases until the level of applicable settlement.

The company has established a gender committee at each estate. On-site interviews with the board members of said committee and with the workers at both Wonosari Estate and Cabang Dua Estate have suggested that all female workers acknowledged the functions of such committee and there has not been any report made related to sexual harassment experienced by female workers.

**Status: Comply**

#### 6.10

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

There is a document of Notes of Meeting of RFS Compliance on 27 May 2013, which stated that PT DLI, DLI 2 POM have joined the RFS US EPA Compliance program, therefore does not accept FFB from the outside. However, said outside FFB is redirected to be transported to POM DLI 1 instead. Such practice has been done by the DLI 2 POM since 8 April 2013.

The company has an SOP for FFB Purchase (Document No. SOP.001/TBS/VIII/2009, dated 24 August 2009), which in determining the FFB purchase price, there is an agreement made between both respective parties. However, the company has only been applying the RFS program per 8 April 2013, which meant that DLI 2 POM does not accept any fruits from outside suppliers.

The company has a document of contractor list with the document of mutual working agreement for each contractor. The MWA explains the payment mechanism for each work contract made.

There is a summary of local contractor payment from the year 2013 at PT Milano Wonosari Estate until November 2013, for contractors of FFB loading & unloading, FFB transport, mountain soil pruning, thinning, planting holes, trees planting, filling small poly bags, filling big poly bags, lining, and moving the content of big poly bags.

**Status: Comply**

#### 6.11

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

Both the Plantation and the Mill are contributing to the society through their CD/CSR programs.

There is a document of Program & Budget Plan for CSR-CDP in 2013 by PT Daya Labuhan Indah and Cabang Dua Estate, Sumatera I, North Sumatera Region, respectively.

The program in each estate includes the followings;

- Assistance in improving economy of the rural communities,
- Religious life guidance,
- Health,
- Infrastructure,
- Social-culture and sports,
- Education,
- Assistance in the cost of education

In total, the budget allocation for each estate are;

1. PT Daya Labuhan Indah (Wonosari Estate and Sei Deras Estate) = IDR 84,713,000
2. Cabang Dua Estate = IDR 23,000,000

Which brought the total budget of IDR 107,713,000.

As for the realization of such CSR/CDP Program in Sumatera I North Sumatera Region on 2013, it is seen below;

1. PT Daya Labuhan Indah (Wonosari Estate and Sei Deras Estate) = a total of IDR 15,991,778
2. PT Perkebunan Miano (including Cabang Dua Estate) = a total of IDR 6,704,658

Other contributions made by the company include tax payment, such as that of Land and Building Taxes, and other payments of levy. Below are samples of record evidence for such payments;

- Payment receipt of Land and Building Tax of PT Daya Labuhan Indah for a 46,940,000 m<sup>2</sup> area of tax object located at Bilah Village for an amount of IDR 586,992,880.
- Payment receipt of Non-metallic Minerals and Rocks Tax, in accordance with the Regional Regulations No. 05 Year 2011, for an amount of IDR 12,078,000.
- Payment receipts of Income Tax (PPh) No. 21, 22, and 23 of PT Daya Labuhan Indah.
- Evidence of assistances provided by the company for local communities, upon requests or upon submitted proposals (during January to March 2013).

**Status: Comply**

#### **PRINCIPLE #7 Responsible development of new plantings**

#### 7.1

##### **A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**

The company does not perform any new plantation development; it is only practicing a replanting activity which is done at the areas that have been managed by PT DLI and Cabang Dua Estate (PT Perkebunan Milano).

The company has a document of environmental management in the form of EIA document for PT DLI, and UKL/UPL document for Cabang Dua Estate of PT Perkebunan Milano (Refer to Criterion 5.1).

The company has a document of environmental management in the form of EIA document for PT DLI, and UKL/UPL document

for Cabang Dua Estate of PT Perkebunan Milano.

**Status: Not Applicable**

## 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.**

The company does not perform any new plantation development; it is only practicing a replanting activity which is done at the areas that have been managed by PT DLI and Cabang Dua Estate (PT Perkebunan Milano).

Prior to having the replanting done, PT DLI and Cabang Dua Estate of PT Perkebunan Milano have both carried out the Semi Detailed Soil Study (Refer to Criterion 4.3)

**Status: Not Applicable**

## 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.**

The company does not perform any new plantation development; it is only practicing a replanting activity which is done at the areas that have been managed by PT DLI and Cabang Dua Estate (PT Perkebunan Milano).

The document study and the field visit both confirmed that no HCV zone was found at the planting area.

**Status: Not Applicable**

## 7.4

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

The company does not perform any new plantation development; it is only practicing a replanting activity which is done at the areas that have been managed by PT DLI and Cabang Dua Estate (PT Perkebunan Milano).

The document study and the field visit both claimed that there is no steep land in the company. A marginal soil map is available, and the peat soil management efforts are made by the company to protect such soil type (Refer to Criterion 4.3).

**Status: Not Applicable**

## 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.**

Both PT Daya Labuhan Indah and PT Perkebunan Milano (Cabang Dua Estate) does not have any new estate expansion/clearing activity. The replanting activity that has been conducted since 2009 is performed at the areas that are previously managed.

**Status: Not Applicable**

## 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.**

Both PT Daya Labuhan Indah and PT Perkebunan Milano (Cabang Dua Estate) does not have any new estate expansion/clearing activity. The replanting activity that has been conducted since 2009 is performed at the areas that are previously managed.

**Status: Not Applicable**

## 7.7

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

The company does not perform any new plantation development; it is only practicing a replanting activity which is done at the areas that have been managed by PT DLI and Cabang Dua Estate (PT Perkebunan Milano).

Land clearing/land preparation is done without burning, but rather mechanically. Field visit to Cabang Dua Estate has proven that the land preparation for replanting was done using heavy equipment (manually).

**Status: Not Applicable**

**PRINCIPLE #8 Commitment to continuous improvement in key areas of activity**
**8.1**

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

**Social Impact**

There is a Report of Social Impact Assessment of the Estate and the Palm Oil Processing Unit of PT Daya Labuan Indah from the year 2013. This document is describing the following matters –among others –: social impacts arising partly due to the management of the oil palm Estate and Palm Oil Mill by PT Daya Labuan Indah; recommendation of things the company must do, and Management and Monitoring Plans that need to be done.

The local communities around the plantation and the employees were involved during the process of this study, in the data collecting process, focus group discussion, and participatory mapping. Moreover, a Stakeholder Consultation was also conducted with representatives of local residents.

In addition, there is a Social Impact Assessment of PT Perkebunan Milano from the year 2009, including Cabang Dua Estate. The document describes the social impacts arising due to the management of the oil palm Estate and Palm Oil Mill by PT Perkebunan Milano; the recommendation of things the company must do, and the Management and Monitoring Plans that need to be done. Similarly, data collection process was carried out through a consultation process with local communities.

**Environmental Aspects**

In accordance with the applicable regulations, the company is obliged to submit the report of environmental management results to local government institutions every six months in a form of environmental monitoring and management report.

In addition, the company is also required to submit a monitoring report of palm oil mill's effluent (pome) management on a 3-month basis.

The company has made an evaluation and a management on the environmental aspects existing at the plantation, such as the below samples;

- The use of certain chemical substances.  
The company has been striving for the use of agrochemicals according to the fertilizing recommendation and improving the efficiency in using pesticides by taking the accurate dosage, the curate practice, and the accurate timing. The use of certain chemicals for Plant Pests & Diseases control has been based on the early detection system and the assessment of threshold level of attacks of Plant Pests & Diseases.
- Waste reduction.  
The company has the documentation of waste reduction as well as the waste treatment, such as utilization of shells and fibers as the substitute for and in reducing the use of fossil fuel, and effluent management to prevent any environmental contamination.
- Pollution and Emission.  
The company has been doing a regular monitoring and study of air quality in accordance with the applicable regulations. There are follow up and evaluation by the company on the parameters that have exceeded the quality standard.

**Status: Comply**

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

Clause	(Module E) CPO Mills - Mass Balance Requirements
<b>1</b>	<b>Documented Procedures</b>
<b>1.1</b>	<p>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements.</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities</p>

<b>procedures for the implementation of this standard.</b>	
<p>The company establishes the Mass Balance Supply Chain Model (SOP-MILL-34) to ensure the compatibility and the balance of the certified and non-certified CPO/kernel supply stock. The mechanism of product traceability for the CPO/PKO/PK will guarantee that the FFB receipt until product delivery is done in a correct flow. The process from FFB receipt, processing to become products, and product delivery are equipped with reporting, so that both FFB and product traceability can be easily and consistently done.</p> <p>Responsible personnel:</p> <ol style="list-style-type: none"> <li>Security officers are responsible for recording all FFB expeditions and CPO/PK/PKO dispatches.</li> <li>Scaling Officers are responsible for scaling all received FFBs and all transported products, inspecting the status of FFB sustainability and non-sustainability and the status of CPO sustainability/non-sustainability, ensuring all received FFBs reports, inspecting all reports of received FFB and transport reports of CPO/PK/PKO are in compliance with the requirements from ISCC, SCCS, and RFS.</li> <li>Logistic Personnel is responsible for calculating the products resulted, the dispatches made, the document delivery order, and serial numbers, composing and submitting the production reports, the product transport reports, and the traceability report.</li> <li>Sorting and Grading Personnel is responsible for grading the FFB, ensuring the grading report, and the FFB receipt.</li> <li>KTU personnel is responsible for controlling the FFB and CPO/PK receipt, FFB receipt report, dispatch, CPO/PK delivery report, and traceability report.</li> <li>Mill Head is responsible for ensuring that the whole practice of FFB process to become the end products is done according to relevant procedures, ISCC, SCCS, and RFS requirements to respond to the need of traceability.</li> </ol>	
	<b>Status : Comply</b>
<b>1.2</b>	
<b>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</b>	
<p>The company establishes the Mass Balance Supply Chain Model (SOP-MILL-34) to ensure the compatibility and the balance of the certified and non-certified CPO/kernel supply stock. The mechanism of product traceability for the CPO/PKO/PK will guarantee that the FFB receipt until product delivery is done in a correct flow. The process from FFB receipt, processing to become products, and product delivery are equipped with reporting, so that both FFB and product traceability can be easily and consistently done.</p>	
	<b>Status : Comply</b>
<b>2</b>	<b>Purchasing and goods in</b>
<b>2.1</b>	
<b>The facility shall verify and document the volumes of certified and non-certified FFBs received.</b>	
<p>The company establishes the Mass Balance Supply Chain Model (SOP-MILL-34) to ensure the compatibility and the balance of the certified and non-certified CPO/kernel supply stock. The mechanism of product traceability for the CPO/PKO/PK will guarantee that the FFB receipt until product delivery is done in a correct flow. The form for such mechanism is provided to balance the volume of certified and non-certified receipts.</p>	
	<b>Status : Comply</b>
<b>2.2</b>	
<b>The facility shall inform the CB immediately if there is a projected overproduction.</b>	
<p>The company has not yet gained the RSPO certificate.</p>	
	<b>Status : Not Applicable</b>
<b>3</b>	<b>Record keeping</b>



3.1	
The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	
The company establishes the Mass Balance Supply Chain Model (SOP-MILL-34) to ensure the compatibility and the balance of the certified and non-certified CPO/kernel supply stock. The mechanism of product traceability for the CPO/PKO/PK will guarantee that the FFB receipt until product delivery is done in a correct flow. The form for such mechanism is provided to balance the volume of certified and non-certified receipts.	
	<b>Status : Comply</b>
3.2	
Retention times for all records and reports shall be at least five (5) years.	
All records and reports of RSPO and supply chain are set for a 5-year period (SOP for Record Control, PRO-GEN-002)	
	<b>Status : Comply</b>
3.3	
(a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	
(b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	
(c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	
The existing procedure is regulating the recording system and balancing the whole RSPO certified FFB for every three months. The form is already provided for such recording.	
	<b>Status : Comply</b>
3.4	
The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	
The supply chain model used is the Mass Balance (SOP-MILL-34). The company is not yet able to claim that its products are RSPO certified, nor that it could state such claim in the Contract of Purchase and Sale.	
	<b>Status : Comply</b>
3.5	
In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	
There is no other palm oil product processing unit except the CPO processing, and the company does not have any collaboration with other contractors.	
	<b>Status : Not Applicable</b>
4	<b>Sales and goods out</b>

**4.1**

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

- (a) The name and address of the buyer
- (b) The date on which the invoice was issued
- (c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)
- (d) The quantity of the product delivered
- (e) Reference to related transport documentation

The supply chain model used is the Mass Balance (SOP-MILL-34). The company is not yet able to claim that its products are RSPO certified, nor that it could state such claim in the Contract of Purchase and Sale and in the invoice.

**Status : Comply**

**5**
**Training**
**5.1**

The facility shall specify and provides the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.

The company has provided dissemination for the mill employees as required. The dissemination is for the Mill Manager, *KTU*, Sustainability EHS, Maintenance Supervisor, Logistic Supervisor, Quality Control Supervisor, and Weighbridge Supervisor. The SCCS introduction provides an understanding on the SCCS mechanism, including its supporting forms. The dissemination was conducted on 28 November 2013.

**Status : Comply**

**6**
**Claims**
**6.1**

The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.

The company is not yet able to claim that its products are RSPO certified, nor that it could state such claim in the Contract of Purchase and Sale and in the invoice.

**Status : Not Applicable**

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

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ST-2</b>	PT DLI and PT Perkebunan Milano not yet certified.	
	<b>Status: Not Applicable</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ST-2</b>	PT DLI and PT Perkebunan Milano not yet certified.	
	<b>Status: Not Applicable</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ST-2</b>	PT DLI and PT Perkebunan Milano not yet certified.	
	<b>Status: Not Applicable</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ST-2</b>	PT DLI and PT Perkebunan Milano not yet certified.	
	<b>Status: Not Applicable</b>	

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

Total unit management that observed (0.5 $\sqrt{Y}$ ), Y is total unit management which registered in RSPO but not certified (0.5 x $\sqrt{16}$ = 2 unit management)		
1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera		
2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or $\sqrt$
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>Already have land title based on decree of National Land Agency No. 22/HGU/BPN/2005 dated 15 March 2005. This has been accordance with the Government Regulation No. 40 of 1996 and Act about Main Agrarian No. 05 of 1960.</li> <li>Already have Permit location based on decree of South Sumatera Governor No. 84/KPTS/BKPM/1989 dated 1 November 1989. This has been accordance with Regulation of Agrarian Minister No. 2 of 1993 and Act No. 05 of 1960.</li> <li>Already have Plantation Business Permit (IUP) based on decree of Banyuasin Regent No. 387 of 2010 dated 28 June 2010. This is in accordance with Regulation of Agricultural Minister number 26 of 2007 and Act about Plantation No. 18 of 2004.</li> </ul> 2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>Already have land title based on HGU certificate No. 33 of 2005 from National Land Agency. This has been accordance with the Government Regulation No. 40 of 1996 and Act about Main Agrarian No. 05 of 1960.</li> <li>Already have Plantation Business Permit (IUP) based on decree of Kotawaringin Timur Regent No. 525.26/205/V/EKBANG/2004 dated 18 May 2004. This is in accordance with Regulation of Agricultural Minister number 26 of 2007 and Act about Plantation No. 18 of 2004.</li> <li>Already have EIA document based on decree of Kotawaringin Timur Regent No. 660/01/BLH/IV/2009. This is in accordance with Government Regulation No. 27 of 2012 and Act No. 32 of 2009.</li> </ul>	$\sqrt$
	<b>Status: Comply</b>	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or $\sqrt$
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>Already have Permit location based on decree of South Sumatera Governor No. 84/KPTS/BKPM/1989 dated 1 November 1989, covering area <math>\pm</math> 1,300 Ha.</li> <li>Already have land title based on decree of National Land Agency No. 22/HGU/BPN/2005 dated 15 March 2005, covering area 1,272 Ha.</li> <li>Land acquisition document for an area 1,060.75 Ha is available.</li> </ul> 2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>HGU certificate No. 33 of 2005 from National Land Agency for an area 16,370.815 Ha.</li> <li>Land acquisition document is available.</li> </ul>	$\sqrt$
	<b>Status: Comply</b>	
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 $\sqrt$
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>SOP of mechanism to acceptance and response information from external (Doc No. PRO-BNM-001, dated 1 March 2013).</li> <li>SOP of complaints and internal conflict (Doc No. PRO-GEN-015, dated 1 March 2013).</li> <li>SOP of resolution conflict (Doc No. dated 1 March 2013).</li> <li>SOP of identification the parties which eligible to get compensation (Doc No. PRO-BNM.GEN-002, dated 1 March 2013).</li> <li>SOP of Traditional rights arrangement (Doc No. PRO-BNM-006, dated 1 March 2013).</li> </ul>	$\sqrt$

	2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>Mechanism of land conflict resolution which acceptable for stakeholders (SOP. 30/BM/(0)/0409).</li> </ul>	
	<b>Status: Comply</b>	
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>SOP of mechanism to acceptance and response information from external (Doc No. PRO-BNM-001, dated 1 March 2013).</li> <li>SOP of complaints and internal conflict (Doc No. PRO-GEN-015, dated 1 March 2013).</li> <li>SOP of resolution conflict (Doc No. dated 1 March 2013).</li> <li>SOP of identification the parties which eligible to get compensation (Doc No. PRO-BNM.GEN-002, dated 1 March 2013).</li> <li>SOP of Traditional rights arrangement (Doc No. PRO-BNM-006, dated 1 March 2013).</li> </ul> 2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>Mechanism of land conflict resolution which acceptable for stakeholders (SOP. 30/BM/(0)/0409).</li> </ul>	√
	<b>Status: Comply</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>HCV assessment by Re Mark Asia at 13 – 18 May 2013, covering area 1,594 Ha. Based on HCV assessment there is no primary forest.</li> <li>Planting year consist of: 1993, 1994, 1995, 1998 and 2012.</li> </ul> 2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>HCV assessment by Malaysian Environmental Consultants, Sdn, Bhd at February 2009. Based on HCV assessment there is no primary forest.</li> <li>Planting year consist of: 2007, 2008, 2009, 2010 and 2013.</li> </ul>	√
	<b>Status: Comply</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>Land title based on decree of National Land Agency No. 22/HGU/BPN/2005 dated 15 March 2005.</li> <li>Land acquisition document for an area 1,060.75 Ha is available.</li> </ul> 2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>HGU certificate No. 33 of 2005 from National Land Agency for an area 16,370.815 Ha.</li> <li>Land acquisition document is available.</li> </ul>	√
	<b>Status: Comply</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	1. Agro Palindo POM – PT Agro Palindo Sakti, South Sumatera <ul style="list-style-type: none"> <li>SOP of mechanism to acceptance and response information from external (Doc No. PRO-BNM-001, dated 1 March 2013).</li> <li>SOP of complaints and internal conflict (Doc No. PRO-GEN-015, dated 1 March 2013).</li> <li>SOP of resolution conflict (Doc No. dated 1 March 2013).</li> <li>SOP of identification the parties which eligible to get compensation (Doc No. PRO-BNM.GEN-002, dated 1 March 2013).</li> </ul>	√



	<ul style="list-style-type: none"> <li>SOP of Traditional rights arrangement (Doc No. PRO-BNM-006, dated 1 March 2013).</li> </ul>	
	2. Mentaya Sawit Mas POM – PT Mentaya Sawit Mas, Central Kalimantan <ul style="list-style-type: none"> <li>Mechanism of land conflict resolution which acceptable for stakeholders (SOP. 30/BM/(0)/0409).</li> </ul>	
	<b>Status: Comply</b>	

**3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**
**3.5.1 Identification of Findings, Corrective Actions and Observations at ST-1 Assessment**

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
2013.01	Major 2.2.2	<b>Legal Evidence/Area Boundary Marks.</b> There is a monitoring result of PT DLI boundary poles and Minutes of the poles inspection. However, there is no sufficient evidence that the company already has guidelines or procedures for boundary poles maintenance.	Estate	Potential NC	Stage - 2	PT DLI must have the guidelines or procedures for boundary poles maintenance.	<b>4 December 2013</b> SOP of HGU Boundary Poles Maintenance (SOP-GEN-007) and the result of monitoring and maintenance evidence of HGU Boundary Poles in each estate in September 2013 are available.	Closed	5 Dec 2013
2013.02	Major 4.4.1	<b>Replanting Procedure</b> Based on the document observation, the company does not have sufficient evidence of replanting procedure.	Estate	Potential NC	Stage – 2	Company must have replanting procedures to ensure the area to be replanted is not included in the conservation value area.	<b>5 December 2013</b> Company already has SOP of replanting Doc. No. SOP-EST-003 and SOP of Conservation Area.	Closed	6 Dec 2013
2013.03	Minor 4.5.1	<b>Facilities and Infrastructure of Plant Pest Organisms/OPT Control Implementation.</b> The result of document observation showed that the company does not have sufficient evidence of specific place to keep the equipment and ingredients of Plant Pest Organism/OPT control.	Estate	NC	S-1	Company must provide specific place to keep the equipment and ingredients of OPT control.	<b>5 December 2013</b> Company has not provided specific place to keep the equipment and ingredients of OPT control. Potential NC upgrade to NC ( <b>See CAR No. 2013.27</b> )	Open	6 Dec 2013
2013.04	Major 4.6.4	<b>Management of Pesticide Packaging Waste.</b> The result of interview with one of the EHS	Estate	NC	Before the report submitted	Company must ensure that management of pesticide packaging	<b>4 &amp; 5 December 2013</b> The result of field visit showed that pesticide packaging waste is still stored	Open	6 Dec 2013

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		staffs noted that the pesticide packaging waste is not managed in accordance with applicable regulations (discarded in manure storage warehouse).				waste is conducted in accordance with applicable regulations.	in unauthorized places. Potential NC upgrade to NC (See CAR No. 2013.28)		
2013.05	Minor 4.6.1	<b>The Use of Chemicals Category Type 1A WHO.</b> Based on the document observation of the list of chemicals (pesticide) use in PT DLI, it is found that the company still uses chemicals category type 1A WHO, for example, the use of Petrokum with brodifacoum as the active ingredient.	Estate	Potential NC	Stage – 2	Company must ensure that the use of chemicals category type 1A is reduced or eliminated.	<b>5 December 2013</b> Company has conducted in-depth census detection and prior evaluation before recommending the use of Brodifacoum.	Closed	5 Dec 2013
2013.06	Major 4.7.1	<b>Implementation of OHS Policy.</b> There is no sufficient evidence that the activities of Guiding Committee of OHS in Wonosari Estate and Sei Deras Estate have been reported to relevant agencies.	Estate	Potential NC	Stage-2	Company must ensure that the implementation of occupational health and safety has been conducted in accordance with applicable provisions including periodic report of activities of Guiding Committee of OHS.	<b>5 December 2013</b> Company has reported the activities of Guiding Committee of Occupational Health and Safety of Wonosari Estate and Sei Deras Estate to labour service on a quarterly basis. For Quarter I (March), it was reported on 27 June 2013, Quarter II (April-June 2013) on 22 July 2013 and the activity in Quarter III (July-September) was reported on 20 November 2013.	Closed	5 Dec 2013
2013.07	Major 4.7.2	<b>Record of Guiding Committee of Occupational Health and Safety Periodic Meeting.</b> There is no sufficient evidence that there is periodic meeting of Guiding Committee of Occupational Health and Safety held once	Estate	Potential NC	Stage-2	Company must ensure that the implementation of occupational health and safety has been properly conducted in accordance with applicable provisions	<b>5 December 2013</b> Company has demonstrated evidence of the implementation of Guiding Committee of OHS meetings periodically, as follow: • In August, the meeting was	Closed	5 Dec 2013

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		a month for Wonosari Estate and Sei Deras Estate as required in Decree of Labour Ministry No. 155 year 1984 article 6 paragraph 3.				including conduction regular meeting of The Guiding Committee of Occupational Health and Safety.	conducted on 16 August 2013. • In September, the meeting was conducted on 16 September 2013.		
2013.08	Minor 4.7.2	<b>Special Medical Screening for Workers at High Risk.</b> There is no sufficient evidence that special medical screening for workers at high risk has been conducted.	Mill	Potential NC	Stage – 2	Company must ensure that the implementation of occupational health and safety has been properly conducted in accordance with applicable provisions including conducting special medical screening for workers at high risk.	<b>5 December 2013</b> Company has already conducted periodic medical screening to 54 workers at high risk in the field (audiometric examination) and 47 persons had spirometry examination by Center of Occupational Health and Safety on 18 July 2013. From audiometric examination, 20 persons found with hearing loss while from spirometry examination there was 1 person experiencing mild obstruction.	Closed	5 Dec 2013
2013.09	Minor 4.7.4	<b>Training Records.</b> Based on the result of document observation there are several non-conformances in the implementation of Occupational Health and Safety Management System, such as: - There is no sufficient evidence that all welders and electricians have obtained competency licenses (qualification) of welders and electricians at work as required in the Regulation of Labour Ministry No. 2/1982 on the Qualification of Welder at Work and in the Decree of Directorate General of Industrial	Mill and Estate	Potential NC	Stage-2	Company must ensure that the implementation of occupational health and safety has been conducted in accordance with applicable provisions including conducting special training for workers with particular skills.	<b>5 December 2013</b> Company has already held training for welders and electricians. There is a license for electrician on behalf of Nasib Saut Sihotang (No. Cert. 01225/TK3-LIST/IX/2013) and certificate for welder on behalf of Repin Sitanggang (No. S.289/JL/PNK3/V/13).	Closed	5 Dec 2013

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		Guidance and Employment Supervision No. KEP.311/BW/2002 on Competency Certification of Occupational Health and Safety for the Electricians.							
2013.10	Major 5.1.1	<b>Environmental Document.</b> PT. DLI already have Document of EIA covering an area of 4,694.5 Ha. However, the company has not been able to demonstrate evidence of environmental document for the area of 594.44 Ha which located outside the Land Use Title/HGU but utilized by the company.	Estate	NC	Before the report submitted	Company must demonstrate the environmental document for an area of 594.44 Ha that is located outside the HGU.	<b>5 December 2013</b> Company has not demonstrate the environmental document for an area of 594.44 Ha that is located outside the HGU. Potential NC upgrade to NC ( <b>See CAR No. 2013.30</b> )	Open	6 Dec 2013
2013.11	Major 5.1.2	<b>Implementation of the Result of EIA and or Environmental Management and Monitoring Efforts.</b> 1. There are several aspects that have not been managed and monitored according to directions of the document of Environmental Management and Monitoring Plan of PT DLI, namely: a. Changes in the function and properties of peatland. b. Soil quality. c. The existence of wildlife. d. Public health. 2. Cabang Dua Estate has not been able to demonstrate evidence of the handover of Environmental	Mill and Estate	NC	Before the report submitted	1. DLI should be able to demonstrate that the report of Environmental Management and Monitoring Plan implementation has been conducted in accordance with direction in the document that has been ratified. 2. Cabang Dua Estate should be able to demonstrate evidence of the handover of	<b>5 December 2013</b> Company has demonstrated evidence of improvements, such as: 1. PT DLI has conducted management and monitoring of all aspects containing in the document of EIA. 2. PT Milano Plantation Cabang Dua Estate has demonstrated evidence of the reporting of Environmental Management and Monitoring Efforts for Semester I year 2013 to Environment Bodies of Labuhan Batu District on 1 July 2013.	Open	6 Dec 2013



CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		<p>Management and Monitoring Efforts report for Semester II of 2012.</p> <p>3. Cabang Dua Estate has been evaluating the result of the test, however, the evaluation has not met the requirement of the quality standard.</p> <p>4. Cabang Dua Estate has not been able to demonstrate that the reporting of Environmental Management and Monitoring Efforts reported has met the directions of the document. As for the aspects that have not been managed and monitored are:</p> <ul style="list-style-type: none"> <li>a. The decrease of groundwater quality in the settlement of Sei Nahodaris villagers.</li> <li>b. Solid waste/garbage generated and the environmental aesthetic.</li> <li>c. Drainage water quality.</li> <li>d. Hazardous waste.</li> <li>e. Biodiversity of the water.</li> <li>f. Road damages.</li> <li>g. Job opportunity.</li> <li>h. Income levels.</li> <li>i. Positive and negative perceptions.</li> <li>j. Public health levels.</li> </ul>				<p>Environmental Management and Monitoring Efforts report for Semester II year 2012.</p> <p>3. Cabang Dua Estate should evaluate the testing result in accordance with the requirement of the quality standard.</p> <p>4. Cabang Dua Estate should be able to demonstrate that the report of Environmental Management and Monitoring Efforts implementation has been conducted in accordance with direction in the document that has been ratified.</p>	<p>3. PT Milano Plantation Cabang Dua Estate has conducted evaluation related to testing result in accordance with the quality standard.</p> <p>4. PT Milano Plantation Cabang Dua Estate has conducted management and monitoring of all aspects containing in the document of Environmental Management and Monitoring Efforts, <b>except for the aspect of public health.</b></p> <p>Potential NC upgrade to NC (<b>See CAR No. 2013.31</b>)</p>		
2013.12	Major 5.2.1	<b>The result of the identification of protected, rare, endangered species and habitats of high conservation value.</b>	Estate	Potential NC	Stage – 2	PT DLI must conduct HCV identification	<p><b>5 Dec 2013</b></p> <p>Company has identified high conservation area conducted by RSPO</p>	<b>Closed</b>	<b>5 Dec 2013</b>

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		There is no evidence available that PT DLI has identified HCV area.					<p>approve assessor. Based on the identification result, PT DLI determined that the conservation area will be managed covers 3.42 hectares in Danau Biru and the HGU boundary trench of PT DLI.</p> <p>Based on the identification result, PT Milano Plantation determined that the conservation area to be managed is about 0.01 Ha in Cabang Dua Estate, Block O42 (old block C-1) and HGU boundary trench of PT Milano Plantation, Cabang Dua Estate covering an area of 2.4 Ha.</p>		
2013.13	Major 5.2.2	<p><b>Appropriate measures to protect rare, endangered species, or habitats of high conservation value.</b></p> <p>Identification of HCV area has not been conducted so the existence of rare and endangered species has not been identified.</p>	Estate	Potential NC	Stage – 2	PT DLI must identify the HCV area.	<p><b>5 December 2013</b></p> <p>PT DLI has identified HCV area. The measures taken by the company to protect rare species and HCV area are:</p> <ul style="list-style-type: none"> <li>• Measuring definitive extent of the HCV area.</li> <li>• Issuing Decree of Management regarding determination of HCV area.</li> <li>• Marking the boundary of HCV area in the field.</li> <li>• Making signboards of prohibition (no hunting, no fish-poisoning, and no keeping wildlife) in the HCV area.</li> <li>• Conducting dissemination to employees and community about HCV and wildlife protection.</li> </ul>	Closed	5 Dec 2013

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> <li>Arranging SOP related to HCV and wildlife protection.</li> <li>Making posters of the types of protected wildlife identified in PT DLI.</li> </ul>		
2013.14	Major 5.2.3	<b>Measures to protect endangered species and their habitats in accordance with relevant regulations.</b> There has not been available evidence that PT DLI has performed the measures to protect rare, endangered species.	Estate	Potential NC	Stage – 2	PT DLI must identify the HCV area in order to conduct protection measures for endangered species.	<b>5 December 2013</b> PT DLI has identified HCV area. The measures taken by the company to protect rare species and HCV area are: <ul style="list-style-type: none"> <li>Measuring definitive extent of the HCV area.</li> <li>Issuing Decree of Management regarding determination of HCV area.</li> <li>Marking the boundary of HCV area in the field.</li> <li>Making signboards of prohibition (no hunting, no fish-poisoning, and no keeping wildlife) in the HCV area.</li> <li>Conducting dissemination to employees and community about HCV and wildlife protection.</li> <li>Arranging SOP related to HCV and wildlife protection.</li> <li>Making posters of the types of protected wildlife identified in PT DLI.</li> </ul>	Closed	5 Dec 2013
2013.15	Minor 5.2.1	<b>Posters, warning boards on protected species, publications, circulars and disseminations.</b> The HCV area has not been identified yet	Estate	Potential NC	Stage – 2	PT DLI must identify the HCV area to guide the provision of posters, warning boards regarding	<b>5 Dec 2013</b> Based on the field visit and document review, it is known that the company has posted several posters and has	Closed	5 Dec 2013

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		so the posters, warning boards on protected species, publications, circulars, and disseminations are not available yet.				protected species, publications, circulars, and disseminations.	assembled warning boards in the estate area as well as conducted dissemination to employees and community.		
2013.16	Minor 5.2.2	<b>Specialized and trained officers for monitoring and management of HCV area.</b> The HCV area has not been identified yet so there are no specialized and trained officers for monitoring and management of the area.	Estate	NC	S-1	PT DLI must identify the HCV area and assign specialized officers for monitoring and management of the area.	<b>05 December 2013</b> Company has already identified HCV area, but the specialized officers have not been trained. Potential NC upgrade to NC ( <b>See CAR No. 2013.32</b> )	Open	6 Dec 2013
2013.17	Major 6.1.1	<b>Documentation of social and environmental impact analysis.</b> There is a Document of EIA of PT DLI available in 1995, however there is not sufficient evidence that the social impact has been monitored comprehensively and showed participation from parties affected.	Estate and Mill	Potential NC	Stage – 2	PT DLI must monitor the social impacts and involve the communities affected.	<b>04 December 2013</b> There is Report of Social Impact Assessment of the Oil Palm Plantation and Processing Unit of PT Daya Labuhan Indah in 2013. The process of data collecting is done through focus group discussion and participatory by involving local residents.	Closed	5 Dec 2013
2013.18	Minor 6.1.1	<b>Social impact management and monitoring plan with periodic participation from community.</b> There is no sufficient evidence that social impact management and monitoring have been conducted by involving the communities.	Estate and Mill	Potential NC	Stage – 2	PT DLI must monitor the social impacts and involve the communities affected.	<b>04 December 2013</b> Management and Monitoring Plans need to be conducted available are described in Report of Social Impact Assessment of the Oil Palm Plantation and Processing Unit of PT Daya Labuhan Indah in 2013.	Closed	5 Dec 2013
2013.19	Major 7.1.1	<b>Document of Environmental Management.</b> DLI has not been able to demonstrate document of environmental impact	Estate	Potential NC	Stage – 2	Company should be able to demonstrate document of environmental impact management for	<b>05 December 2013</b> Company does not develop a new estate, only conducts replanting activities in the area that have been	Closed	5 Dec 2013

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		management for replanting activities conducted after 2007.				replanting activities conducted after 2007.	managed. The company already has document of EIA and has studied the environmental impacts caused by replanting activities in environmental risk analysis.		
2013.20	Minor 7.1.1	<b>Environmental Management and Monitoring.</b> DLI has not been able to demonstrate document of Environmental Management and Monitoring Plan for replanting activities conducted after 2007.	Estate	Potential NC	Stage – 2	Company should be able to demonstrate document of Environmental Management and Monitoring Plan for replanting activities conducted after 2007.	<b>05 Dec 2013</b> Company already has plans for environmental impact management occurred from the replanting activities, such as ensuring the zero-burning practices, planting cover crops after cleaning, etc.	Closed	5 Dec 2013
2013.21	Major 7.2.1	<b>Record of Land Suitability.</b> DLI has not been able to demonstrate document of land suitability as the result of soil survey to support replanting.	Estate	Potential NC	Stage – 2	Company is able to demonstrate document of land suitability as the result of soil survey to support replanting.	<b>05 Dec 2013</b> Company has already studied the soil to determined land suitability for the replanting.	Closed	5 Dec 2013
2013.22	Minor 7.2.1	<b>Implementation of Estate Development Based on the Land Suitability.</b> DLI has not been able to demonstrate record of replanting implementation which was conducted based on the land suitability.	Estate	Potential NC	Stage – 2	Company should be able to demonstrate record of replanting implementation which was conducted based on the land suitability.	<b>5 Dec 2013</b> Based on the field visit and document review, the company has conducted soil management in accordance with the recommendation on soil study.	Closed	5 Dec 2013
2013.23	Major 7.3.1	<b>New Planting after 2005.</b> There is no evidence that PT DLI did not do a new planting during the period of 2005-2007 in primary forest area or HCV area since the identification of HCV had not been conducted.	Estate	Potential NC	Stage – 2	Company must identify HCV area.	<b>5 December 2013</b> Based on the field visit and document study, the company did not do a new planting during the period of 2005-2007 in HCV area or in primary forest area.	Closed	5 Dec 2013



CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
2013.24	Major 7.3.2	<b>Map of Land Clearing Plan and Realization in Accordance with HCV Identification.</b> There is no sufficient evidence that the realization of land clearing is in accordance with HCV since it has not been identified.	Estate	Potential NC	Stage – 2	Company must identify HCV.	<b>5 December 2013</b> Company has identified HCV, and from the result of document review and field visit, the replanting was not conducted in HCV area.	Closed	5 Dec 2013

**3.5.2.1 Identification of Findings, Corrective Actions and Observations at ST-2 Assessment**

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
2013.25	Major 2.2.1	<b>Plantation Business Permit.</b> There is a Plantation Business Permit available No. 180/100.Huk/2013 dated 28 March 2013 covering an area of 4,694.5 Ha. However, there is an area covering 877.75 Ha that does not included in the permit.	Estate	NC	Before the report submitted	Company should be able to demonstrate the entire area to be managed recently that is described in the Plantation Business Permit.	<p><b>4 June 2014</b> <b>Root Cause</b> Document of Plantation Business Permit for the area of 877.75 Ha is in the process of compliance when the audit took place.</p> <p><b>Corrective Action</b> The company has provided document of Plantation Business Permit-for Cultivation (IUP-B) for oil palm plantation of PT DLI covering an area of 445.88 Ha which was issued by Head of Labuhan Batu District No. 180/102/HUK/2014 dated 8 April 2014.</p> <p>Company has not been able to demonstrate document of Plantation Business Permit for the remaining area of ± 431.87 Ha.</p> <p><b>5 June 2014</b> Company has not been able to demonstrate evidence of progress in obtaining Plantation Business Permit registration for the remaining management area of 431.87 Ha from relevant agency (permit publisher).</p> <p><b>10 June 2014</b> Company has demonstrated evidence of</p>	Closed with observation	15 September 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Plantation Business Permit-for Cultivation (IUP-B) Application Letter to Head of Labuhan Batu Selatan District on 6 June 2014. However, there has not been sufficient evidence of response (progress) from the permit issuer to the application.</p> <p><b>02 July 2014</b> Company has provided evidence of progress in obtaining Plantation Business Permit:</p> <ul style="list-style-type: none"> <li>• Minutes of Location Examination for the Proposal of Plantation Business Permit – for Cultivation (IUP-B) of PT DLI (431.87 Ha) by Integrated Licensing Service and Investment Agency of Labuhan Batu Selatan District on 27 June 2014.</li> <li>• Documentation (photographs) of the visit and Location Examination for proposal of Plantation Business Permit –for Cultivation (IUP-B) of PT DLI (431.87 Ha) by Integrated Licensing Service and Investment Agency of Labuhan Batu Selatan District on 27 June 2014.</li> </ul> <p><b>15 September 2014 :</b> Estate Business License (IUP-B) on the manage area of 431,87 ha of oil palm has</p>		

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>been established by the Head of Licensing Service Agency Integrated and South Labuhan Batu Regency Investment on 5 September 2014. Permission number 503/327/BPPT-LS/2014 was given to efforts of palm oil plantation in the village of Tanjung Selamat sub-district of South Labuhan Batu. The whole Area has had a business license of 877,75 Ha of plantations.</p> <p><b>Preventive Action</b> It is confirmed that the company meets all related regulations including the compliance of Plantation Business Permit, as well as monitors all environmental permits and documents to ensure that all permits have been complied.</p> <p><b>Auditor's Conclusion</b> Based on the evidence above, the non-conformance can be <b>closed</b>.</p>		
2013.26	Major 2.2.3	<b>Progress of land disputes resolution.</b> From the Document of Area Statement 2013, there is an area in PT DLI estate that is occupied by another party covering 101.04 Ha in Sei Deras Estate. The company has not been able to provide evidence records (progress) of the resolution of the land problem.	Estate	NC	Before the report submitted	Company must provide the evidence records (progress) of the resolution of land problems in Sei Deras Estate.	<p><b>4 June 2014</b> <b>Root Cause</b> Meeting program with the land tenants of 101.04 Ha had been set but never been realized.</p> <p><b>Corrective Action</b> Company has provided evidence records in the form of:</p> <ul style="list-style-type: none"> <li>• Agreement between PT DLI and</li> </ul>	Closed	4 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>community on 28 February 2014 for the resolution of area covering 101.04 Ha in Sei Deras Estate. The main point of the agreement was to maintain conducive situation in the operations of both parties (participant attendance list and photographs attached).</p> <ul style="list-style-type: none"> <li>Agreement between PT DLI and community on 11 March 2014 for the resolution of area covering 101.04 Ha in Sei Deras Estate. The consensus is that both sides are still doing activities as usual (participant attendance list and photographs attached).</li> </ul> <p><b>Preventive Action</b> Keep following-up the result of agreement between the company and tenants and ensuring the conflict can be resolved through discussion.</p>		
2013.27	Minor 4.5.1	<p><b>Facilities and Infrastructure of Plant Pest Organisms/OPT Control Implementation.</b></p> <p>The result of document observation showed that the company does not have sufficient evidence of specific place to keep the equipment and ingredients of Plant Pest Organisms/OPT control.</p>	Estate	NC	S-1	Company must provide specific place to keep the equipment and ingredients of Plant Pest Organisms/ OPT control	<p><b>4 June 2014</b></p> <p><b>Root Cause</b> The program and budget have been prepared, the company is still waiting for the right time to realize it.</p> <p><b>Corrective Action</b> Cabang Dua Estate, Wonosari Estate and Sei Deras Estate have already had specific places for storing the work equipment and PPE for spray teams (documentation available).</p>	Closed	4 June 2014



CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<b>Preventive Action</b> It is confirmed that the program of infrastructure fulfillment including equipment storage or materials in Plant Pest Organisms/OTP control is preferred in the realization.		
2013.28	Major 4.6.4	<b>Management of Pesticide Packaging Waste.</b> From the result of interview with one of the EHS staffs, the pesticide packaging waste is not managed properly in accordance with applicable regulation (discarded in fertilizer storage warehouse).	Estate	NC	Before the report submitted	Company must ensure that management of pesticide packaging waste is conducted in accordance with applicable regulations.	<b>4 June 2014</b> <b>Root Cause</b> The construction of hazardous waste licensed temporary warehouse is on process.  <b>Corrective Action</b> Wonosari Estate and Cabang Dua Estate have already stored the hazardous waste including pesticide packaging waste in licensed hazardous waste temporary warehouse (SK 503.660/44/BLH-LB/WAS/2014 & SK 503.660/103/BLH-LB/WAS/2014).  Company has been monitoring the hazardous waste including pesticide packaging waste listed in the balance sheet of Hazardous Waste in the temporary warehouse.  The used packaging of pesticide is not reused as water container (documentation available).	Close	4 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<b>Preventive Action</b> It is confirmed that the license of hazardous waste temporary storage remains valid and all hazardous waste is stored in a licensed warehouse.		
2013.29	Minor 4.7.4	<b>Training Records.</b> Based on the interview in the field, there are convey and forklift operators and electricians who have not obtained Operator License from relevant agency, namely: <ul style="list-style-type: none"> <li>• M. Ali (Wonosari Estate)</li> <li>• Karman (Wonosari Estate)</li> <li>• Zainiri (Wonosari Estate)</li> <li>• Darman (Sei Deras Estate)</li> <li>• FaZarudin (Cabang Dua Estate)</li> <li>• Siwantrisno (Cabang Dua Estate).</li> <li>• Dedi Sadillah (Cabang Dua Estate).</li> </ul> And the electricians who do not have license are: <ul style="list-style-type: none"> <li>• Rayendra (DLI 2 POM).</li> <li>• Dani Patria (DLI 2 POM).</li> </ul>	Estate	NC	S-1	Company must ensure that convey and forklift operators and electricians have obtained competency license from relevant agency.	<b>4 June 2014</b> <b>Root Cause</b> Worker skill training programs have been set but have not been realized.  <b>Corrective Action</b> Convey and forklift operators and electricians have already had certificate of attending the OHS Convey and Forklift Operator Coaching in type of heavy equipment and have attended OHS competency coaching for electrical engineer from relevant agency (certificate of training attached).  Electrician on behalf of Rayendra has been transferred to sterilizer station. Convey and forklift operator on behalf of Dedi Sadilah has been transferred to maintenance (transfer letter attached).  <b>Preventive Action</b> Continuously monitoring the regulation compliance including labour regulations.  Ensuring all operators have Operator License as the requirement for work.	Closed	4 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
2013.30	Major 5.1.1	<b>Environmental Document.</b> PT. DLI already have Document of EIA covering an area of 4,694.5 Ha. However, the company has not been able to demonstrate evidence of environmental document for the area of 594.44 Ha located outside the Land Use Title/HGU but utilized by the company.	Estate	NC	Before the report submitted	Company should be able to demonstrate the environmental document for an area of 594.44 Ha that is located outside the HGU.	<p><b>4 June 2014 :</b>  <b>Root Cause</b>  Document of Environmental Management and Monitoring Efforts for the land covering 877.75 Ha is still on the process of compliance.</p> <p><b>Corrective Action</b>  Company has demonstrated environmental document in the form of Environmental Management and Monitoring Efforts for Sei Deras oil palm plantation of PT DLI covering an area of 445.88 Ha which was ratified by Decree of Environment Bodies of Labuhan Batu District No. 660/21/BLH-LB/AM/2014 on 27 January 2014.</p> <p><b>Company has not been able to demonstrate environmental document for remaining management area covering ± 431.87 Ha.</b></p> <p><b>10 June 2014</b>  Company has demonstrated environmental document in the form of Environmental Management and Monitoring Efforts for Sei Deras oil palm plantation of PT DLI covering an area of 431.87 Ha which was approved by Environment Bodies of Labuhan Batu</p>	Closed	20 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Selatan District No.660/334/BLH/1/2014 on 5 May 2014.</p> <p><b>Preventive Action</b> Monitoring the regulatory compliance related to the corporate operations including compliance of environmental document.</p>		
2013.31	Major 5.1.2	<p><b>Implementation of the Result of EIA and or Environmental Management and Monitoring Efforts.</b></p> <p>PT Milano Plantation, Cabang Dua Estate has conducted environmental management and monitoring on a regular basis (every 6 months) and reported it to Environment Bodies of Labuhan Batu District. All aspects that must be in the document of Environmental Management and Monitoring Efforts have been managed and monitored except for the Aspect of Public Health.</p>	Mill and Estate	NC	Before the report submitted	PT Milano Plantation, Cabang Dua Estate should be able to demonstrate that the report of the implementation of Environmental Management and Monitoring Efforts has been conducted at least in accordance with the direction in the document approved.	<p><b>4 June 2014 :</b></p> <p><b>Root Cause</b> Incomprehension of PIC who does the monitoring as well as there are no complaints from the District Environment Bodies to the monitoring reports submitted.</p> <p><b>Corrective Action</b> PT Milano Plantation, Cabang Dua Estate has implemented the Environmental Management and Monitoring Efforts in accordance with the document that has been approved.</p> <p><b>Preventive Action</b> Providing comprehension to the PIC who does the environmental monitoring related to environmental activities in accordance with the document of Environmental Management and Monitoring Efforts, and ensuring the environmental monitoring in every semester is conducted in</p>	Closed	4 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							accordance with recommendation from the document.		
2013.32	Minor 5.2.2	<b>Specialized and trained officers for monitoring and the management of HCV area.</b> Company has not been able to show that the specialized officers for monitoring and the management of HCV area have been trained.	Estate	NC	S-1	Company should be able to prove that specialized officers for monitoring and management of HCV area have been trained.	<b>05 June 2014</b> <b>Root Cause</b> Specialized officers for monitoring and management of HCV area have not been trained yet.  <b>Corrective Action</b> Company has demonstrated evidence of records, among others: <ul style="list-style-type: none"> <li>• Decree of the Group Manager Assistant of PT DLI No. 003/Reg.I/Intr./XI/2013 dated 1 November 2013 on the Determination of Area Control Specialized Officers as the Controller of Natural Hydrology Function and The Area Functioning as Natural Barriers to Prevent The Extent of Forest Fire or Land of "High Conservation Area" (HCV). Under the decree, 2 specialized officers were assigned namely Sulistiarto and Sampe Martinus Sihite.</li> <li>• Certificate of Training "HCV Monitoring" on behalf of Sulistiarto, training dated 16 March 2011.</li> <li>• Certificate of "Specialized Training of HCV Officer" on behalf of Sampe</li> </ul>	Closed	05 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Martinus Sihite, training dated 16 March 2011.</p> <ul style="list-style-type: none"> <li>Attendance list of HCV training for employees of DLI on 18 February 2014.</li> </ul> <p><b>Preventive Action</b></p> <p>Updating and upgrading comprehension of HCV officers to keep up-to-date and consistently monitoring the HCV program.</p>		
2013.33	Minor 5.3.1	<p><b>Hazardous Waste Management</b></p> <p>Field visit and document review showed that:</p> <ul style="list-style-type: none"> <li>There is hazardous waste stored exceeds the allowable retention time (&gt;6 months) in Hazardous Waste Temporary Warehouse 3 of POM DLI2.</li> <li>There is hazardous waste (used lubricants, oil filters, and agrochemical packaging) stored at unlicensed place.</li> <li>Hazardous waste generated by Cabang Dua Estate (PT Milano) is stored at an unlicensed place.</li> <li>There is hazardous waste in the form of used chemical containers utilized as water containers in employee housing of Wonosari Estate.</li> </ul>	Estate and Mill	NC	S-1	Company should manage the hazardous waste in accordance with applicable provisions.	<p><b>4 June 2014</b></p> <p><b>Root Cause</b></p> <ol style="list-style-type: none"> <li>Hazardous waste temporary warehouse permit is on the process of application.</li> <li>Difficulty in getting hazardous waste legal collector and manager company.</li> </ol> <p><b>Corrective Action</b></p> <p>Wonosari Estate and Cabang Dua Estate have stored hazardous waste including pesticide packaging waste in licensed hazardous waste temporary warehouse. (SK 503.660/44/BLH-LB/WAS/2014 &amp; SK 503.660/103/BLH-LB/WAS/2014).</p> <p>Company has been monitoring hazardous waste including pesticide packaging waste listed in the balance sheet of Hazardous Waste Temporary Warehouse.</p>	Closed	4 June 2014



CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Pesticide packaging waste is not reused as water containers (documentation available).</p> <p>Hazardous waste extended the retention time in Wonosari Estate temporary warehouse has been delivered to the third legal party (PT Shali Riau) on 7 March 2014.</p> <p><b>Preventive Action</b></p> <ol style="list-style-type: none"> <li>1. Ensuring all hazardous waste is managed according to relevant regulations.</li> <li>2. Promoting cooperation and good communication with licensed companies that collect and process the hazardous waste.</li> <li>3. Making a schedule informing date and month of hazardous waste delivery.</li> </ol>		
2013.34	Minor 5.6.1	<p><b>Record of pollution reduction plans and efforts.</b></p> <p>Based on the field interview with spray workers in Cabang Dua Estate, spray equipment (goggles, masks, gloves and protection suit/apron) are taken home and</p>	Estate	NC	S-1	Company needs to manage the efforts of pollution reduction from spray equipment cleaning activities.	<p><b>4 June 2014</b></p> <p><b>Root Cause</b></p> <p>Storage warehouse for spray equipment/fertilizers contaminated with chemicals is in the process of development.</p>	Closed	4 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		washed at each worker's home.					<p><b>Corrective Action</b> Cabang dua Estate, Wonosari Estate and Sei Deras Estate already have specific place for storing and washing working equipment and PPE for spray workers (documentation available).</p> <p><b>Preventive Action</b> 1. SOP of contaminated equipment handling is available, so is the warehouse for storing contaminated equipment. It is confirmed that equipment/tools contaminated with chemicals from spray and manuring activities are stored in the warehouse provided and no longer taken home. 2. Dissemination continues to spray and manuring workers regarding health hazard if the contaminated equipment are taken home.</p>		
2013. 35	Minor 6.5.2	<p><b>Contractors comply with applicable regulations in terms of employment.</b> Company uses a system of Work Agreement Letter/SPK for FFB loading and unloading activities, for example: FFB Loading and Unloading Agreement between Wonosari Estate manager PT DLI</p>	Estate	NC	S-1	Company must ensure the compliance of personal protective equipment or contractors of FFB loading and unloading and evaluate the obedience of the	<p><b>05 June 2014</b> <b>Root Cause</b> Lack of monitoring of PPE compliance for contractor workers.</p> <p><b>Corrective Action</b> Company has demonstrated evidence of</p>	Closed	05 June 2014

CAR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		<p>and local contractor on behalf of R. Yandi; and between Cabang Dua Estate management and local contractor on behalf of Yan Daulay. On article 11 paragraph 2 of the agreement, it is said that contractors must give serious attention to the safety and health of their workers, including providing safety equipment such as safety shoes, rubber boots, earplugs, safety belts, gloves, masks, and so forth. The field visit showed that:</p> <ul style="list-style-type: none"> <li>• At Wonosari Estate Division 1 Block 114, there were 2 loading workers on behalf of Suwandi and Suwardi who did not wear helmets as their personal protective equipment.</li> <li>• At Cabang dua Estate Division 1 Block 24, there were 2 FFB loading workers on behalf of Karsim and Nadikin who bought their own protective helmets.</li> </ul>				contractors regarding health and safety of their workers.	<p>records, such as:</p> <ul style="list-style-type: none"> <li>• Minutes of the Submission of Personal Protective Equipment to Indonesian Worker Union in the form of helmets and shoes to be used in any activities of FFB loading.</li> <li>• Documentation (photograph) of the Handover of Personal Protective Equipment to Suwandi and Suwardi in Wonosari Estate.</li> <li>• Documentation (photograph) of the Handover of Personal Protective Equipment to Karsim in Cabang Dua Estate.</li> </ul> <p><b>Preventive Action</b> Keep monitoring the compliance of PPE for all workers including contractors, and monitoring discipline in the use of PPE at work.</p>		

**3.5.2.2 Opportunity for Improvements at ST-2 Assessment**

No	Ref Std	Descriptions
-	-	-
-	-	-

**3.5.2.3 Noteworthy Positive Components at ST-2 Assessment**

No	Ref Std	Descriptions
1		Commitment of the company to implement the principle of sustainable palm oil management.
2		DLI 2 POM has obtained Certificate of Zero Accident in 2009.
3		Cabang Dua Estate has obtained Certificate of ISO 9001 and 14001.

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

Issues from Public	Management Response	Auditor Response
<b>Environment Bodies of Labuhan Batu District (Section of Supervision and Law Enforcement)</b>		
<ul style="list-style-type: none"> <li>Environmental management of PT DLI has been going well and there are no complaints from parties/surrounding communities.</li> <li>Implementation Report of Environmental Management and Monitoring Plan of PT DLI + Cabang Dua Estate (PT Milano Plantation) has been routinely submitted to Environment Bodies.</li> <li>Based on the auditor verification, the Implementation Report of Environmental Management and Monitoring Plan from PT DLI has been submitted to Environment Bodies (there is Implementation Report of Environmental Management and Monitoring Plan of PT DLI Semester with evidence of Receipt on 25 July 2013 and Implementation Report of Environment Management and Monitoring Plan of Cabang Dua Estate – PT Milano Plantation along with evidence of Receipt on 5 September 2013).</li> <li>Management of Hazardous and Toxic Waste of PT DLI has been reported routinely. There is evidence of report receipt for the 3rd quarter on 12 August 2013.</li> <li>Location of the estate and mill of PT DLI are relatively far from residential area of the community.</li> </ul>	<p>PT. Daya Labuhan Indah and PT Milano Plantation Cabang Dua Estate consistently apply the conditions set by the regulations.</p>	<ul style="list-style-type: none"> <li>Based on the result of auditor verification, the Implementation Report of Environmental Management and Monitoring Plan of PT DLI has been reported to Environment Bodies (there is Implementation Report of Environmental Management and Monitoring Plan of PT DLI Semester with evidence of Receipt on 25 July 2013 and Implementation Report of Environment Management and Monitoring Plan of Cabang Dua Estate – PT Milano Plantation along with evidence of Receipt on 5 September 2013).</li> <li>Based on the auditor verification, there is a receipt of the report of Management of Hazardous and Toxic Waste of PT DLI for the 3rd quarter on 12 August 2013.</li> <li>Company must ensure that all regulatory obligations related to estate and mill operations have been met.</li> </ul>
<b>Forestry and Plantation Service of Labuhan batu District (Head of Plantation Section)</b>		
<ul style="list-style-type: none"> <li>PT Daya Labuhan Indah + Cabang Dua Estate (PT Milano Plantation) has reported several regular reporting obligations.</li> </ul>	<p>PT. Daya Labuhan Indah and PT Milano Plantation Cabang Dua Estate consistently apply the conditions set by regulations and continue to maintain and coordinate with relevant parties (stakeholders of the company).</p>	<ul style="list-style-type: none"> <li>Based on the result of auditor verification, there is evidence of Plantation Business Activity Report/LKUP of PT DLI and Cabang Dua Estate (PT Milano Plantatio) for the period of January – June 2013.</li> </ul>

Issues from Public	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>There is evidence of Plantation Business Activity Report/LKUP of PT DLI and Cabang Dua Estate (PT Milano Plantation) for the period of January – June 2013.</li> <li>There is a Report of Fire Monitoring of PT DLI and PT Milano Plantation (including Cabang Dua Estate) in 2012.</li> <li>Until today, there are no issues of the conflicts related to land management in the area of PTDLI estate.</li> </ul>		<ul style="list-style-type: none"> <li>Based on the result of auditor verification, there is a Report of Fire Monitoring of PT DLI and PT Milano Plantation (including Cabang Dua Estate) in 2012.</li> <li>Information on land conflicts (inventory and monitoring) must be documentarily proven.</li> <li>Company must ensure that all regulatory obligations related to estate and mill operations have been met.</li> </ul>
<b>Social Service, Labour and Transmigration of Labuhan Batu District (Section of Supervision and Employment)</b>		
<ul style="list-style-type: none"> <li>PT Daya Labuhan Indah and PT Milano Plantation have reported several routine obligations, such as:               <ul style="list-style-type: none"> <li>Compulsory Labour Report</li> <li>Guiding Committee of Occupational Health and Safety Report</li> </ul> </li> <li>Until today, there are no issues of conflicts about employment in PT DLI.</li> <li>Remuneration to employees is already in accordance with applicable regulation namely District Sector Minimum Wage/UMSK of Labuhan Batu.</li> <li>During this year there are no reports of occupational accidents in the area of PT DLI.</li> <li>PT DLI has obtained Certificate of Zero Accident for POM in 2012.</li> </ul>	PT. Daya Labuhan Indah and PT. Milano Plantation Cabang Dua Estate consistently apply the conditions set by regulations dealing specifically with employment and continue to give more attention to Occupational Health and Safety/OHS in the operational activities of the estate and POM.	<ul style="list-style-type: none"> <li>Based on the result of auditor verification, there is evidence in the form of Compulsory Labour Report and Guiding Committee of Occupational Health and Safety Report from PT DLI + Cabang Dua Estate (Milano).</li> <li>Based on the result of auditor verification, there are no conflicts of employment found in PT DLI. However, the company must ensure that all the rights of workers have been complied.</li> <li>Based on the result of auditor verification, the company has provided wages according to applicable regulation namely District Sector Minimum Wage/UMSK of Labuhan Batu.</li> <li>Based on the result of auditor verification, there is no information on occupational accidents within a year.</li> </ul>
<b>National Land Agency of Labuhan Batu District (Head of Land Setting and Structuring Section)</b>		
<ul style="list-style-type: none"> <li>Until today, there are no issues on land disputes in the area of PT DLI.</li> </ul>	PT. Daya Labuhan Indah and PT Milano Plantation Cabang Dua Estate consistently apply the conditions set by regulations regarding land legality.	<ul style="list-style-type: none"> <li>Information on land conflicts (inventory and monitoring) must be documentarily proven.</li> </ul>



Issues from Public	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>In Labuhan Batu District there are no customary rights other than the state. The customary rights exist in the area of Tapanuli Selatan, Tapanuli Utara and Simalungun.</li> <li>Currently, PT DLI is filing for the issuance of the Certificate of Land Use Title/HGU in the area covering 445.88 Ha in Labuhan Batu District, and in the area covering 431.87 Ha in Labuhan Batu Selatan District. Both application have reached the stage of obtaining location permit.</li> </ul>	For now the company is undertaking the legality accomplishment.	<ul style="list-style-type: none"> <li>Company must ensure that all regulatory obligations related legality of land tenure/management have been met.</li> </ul>
<b>Head of Sei Tampang Sub-Village</b>		
<p>Performance of the company is ordinary. Things that need to be improved for the future are:</p> <ul style="list-style-type: none"> <li>Recruitment of labour, it is expected to give priority to native people.</li> <li>Old daily contracted workers are promoted to be permanent workers.</li> <li>Contribution or CSR for economic improvement is expected to be enhanced.</li> <li>CSR is now running the road hoarding in Wonosari Sub-Village.</li> </ul>	<p>In general, PT Daya Labuhan Indah (Estate and POM) has applied the recruitment and promotion of workers by featuring native people in accordance with the needs and the level of workers' ability.</p> <p>Process of participatory research analysis to the economic empowerment program will be conducted in accordance with the need and background considering the ability of the company.</p>	CSR program undertaken by the company is adapted to the basic need of local communities.
<b>Secretary of PUK SPSI</b>		
<p>System of Daily Contracted Worker is if there are 25 working days, they will be promoted to permanent workers. However, company only has 20 working days.</p> <ul style="list-style-type: none"> <li>Company never provides water refill for employees' consumption.</li> <li>Facilities in employees' housing need to be improved.</li> <li>What is the basic reason for the company to prohibit the employees to keep poultrys?</li> </ul>	<p>PT. Daya Labuhan Indah and PT Milano Plantation Cabang Dua Estate consistently apply the conditions set by regulations.</p> <p>The availability of clean water for employees' consumption will be adjusted with budget and company's program.</p> <p>For daily contracted workers, 2 programs have been set: Death Insurance/JKM and Occupational Health Insurance/JKK from the Labour Social Assurance and the cards are not available.</p>	CSR program undertaken by the company is adapted to the basic need of local communities.

Issues from Public	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>Have the daily contracted workers been registered as members of Labour Social Assurance? Because until now all daily contracted workers have not had the insurance cards.</li> </ul>	<p>Company establishes a ban on poultry concerning hygiene maintenance of living environment and public health, as well as for the prevention of bird flu (avian influenza).</p> <p>Company is in the process of improving facilities.</p>	
<b>Head of LKMD of Sei Tampang Village</b>		
<ul style="list-style-type: none"> <li>The annual meeting of village LPJM has invited the company to hear the village program. Company showed lack of response to the need of village by not coming to the meeting. The last meeting was held in 2009.</li> <li>It is better for the company to identify what the village needs before providing assistance. The examples of assistance needed are fisheries and livestock.</li> </ul>	<p>Company still prioritizes public education.</p>	<p>CSR program undertaken by the company is adapted to the basic need of local communities.</p>
<b>Head of Wonosari Sub-Village</b>		
<ul style="list-style-type: none"> <li>Road facilities have been improved, irrigation has been repaired.</li> <li>Company is expected to increase the acceptance of employment in Wonosari sub-village.</li> <li>There is DLI estate covering an area of 13 ha spread around Wonosari village, triggering the occurrence of theft. The company is expected to release the area so it can be utilized by community.</li> </ul>	<p>Company continues to pay attention and improves infrastructure in accordance with the ability.</p> <p>Company has implemented employment acceptance from the community around.</p> <p>Company will increase the surveillance to the 13-ha area.</p>	<p>CSR program undertaken by the company is adapted to the basic need of local communities.</p>
<b>Head of Sei Tampang Village</b>		
<ul style="list-style-type: none"> <li>Transparency of management is expected to be better in the future.</li> <li>Evaluation and continuous improvement are expected to continue in accordance with applicable regulation in order to arise the harmony between company and community.</li> </ul>	<p>Company still openly responds to the input from community in accordance with the procedure.</p>	<ul style="list-style-type: none"> <li>CSR program undertaken by the company is adapted to the basic need of local communities.</li> <li>If there is a disputed area, the resolution should be through understanding of all parties (<i>Free, Prior and Informed Consent</i>).</li> </ul>

Issues from Public	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>Proposals/letters from community are still not well-responded by the company.</li> <li>Company is expected to allow people to traverse the occupied area in the estate.</li> </ul>		
<b>Villager of Cabang Dua</b>		
<ul style="list-style-type: none"> <li>Performance of the company is ordinary. However, the environmental management is quite well.</li> <li>Company has provided assistance in the form of fence construction for mosque or school.</li> <li>What is the basic reason for the company to prohibit the employees to keep poultries?</li> </ul>	<p>Process of participatory research analysis to the economic empowerment program will be conducted in accordance with the need and background considering the ability of the company.</p> <p>Company establishes a ban on poultry concerning hygiene maintenance of living environment and public health, as well as for the prevention of bird flu (avian influenza).</p>	CSR program undertaken by the company is adapted to the basic need of local communities.
<b>WWF Indonesia</b>		
There is no issue from WWF Indonesia		
<b>Sawit watch</b>		
There is no issue from Sawit Watch		
<b>Aliansi Masyarakat Adat Nusantara (AMAN)</b>		
There is no issue from AMAN		
<b>WALHI Indonesia</b>		
There is no issue from WALHI Indonesia		

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

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

Signed on behalf of:

PT Daya Labuhan Indah  
Sustainability Controller



Simon Siburat  
15 September 2014

MUTUAGUNG LESTARI  
Lead Auditor



Oktovianus Rusmin  
15 September 2014

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

No	Institusi/LSM/Masyarakat	Alamat	Telepon/Email	Bentuk komunikasi	Tanggal
1	Environment Bodies of Labuhan Batu District	Labuhan Batu District	-	Interview	3 Dec 2013
2	Forestry and Plantation Service of Labuhan batu District	Labuhan Batu District	-	Interview	3 Dec 2013
3	Social Service, Labour and Transmigration of Labuhan Batu District	Labuhan Batu District	-	Interview	3 Dec 2013
4	National Land Agency of Labuhan Batu District	Labuhan Batu District	-	Interview	3 Dec 2013
5	Head of Sei Tampang Sub-Village	Sei Tampang Village	-	Interview	3 Dec 2013
6	PUK SPSI	Sei Tampang Village	-	Interview	3 Dec 2013
7	LKMD Sei Tampang Village	Sei Tampang Village	-	Interview	3 Dec 2013
8	Wonosari Sub-Village	Sei Tampang Village	-	Interview	3 Dec 2013
9	Sei Tampang Village	Sei Tampang Village	-	Interview	3 Dec 2013
10	Villager of Cabang Dua	Cabang Dua Village	-	Interview	3 Dec 2013
11	WWF Indonesia	Indonesia	wwf-indonesia@wwf.or.id	email	19 November 2013
12	Sawit watch	Indonesia	info@sawitwatch.or.id	email	19 November 2013
13	Aliansi Masyarakat Adat Nusantara	Indonesia	rumahaman@cbn.net.id	email	19 November 2013
14	WALHI Indonesia	Indonesia	info@walhi.or.id	email	19 November 2013

**Appendix 2. Assessment Program**

DATE		1 – 7 December 2013		AUDITOR					
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED		OR	MM	AR	RR	SM	HM
<b>Sunday</b> <b>01/ Dec/ 2013</b> 05.00 – 07.20 15.45 – 22.00 23.00 – 24.00	<b>Sunday</b> <b>01/ Dec/ 2013</b> 05.00 – 07.20 15.45 – 22.00 23.00 – 24.00	<b>Traveling from Jakarta to Medan</b> <b>Traveling from Medan to Rantau Prapat</b> <b>Traveling from Rantau Prapat to Plantation Area</b>		<b>Audit Team</b>					
<b>Monday</b> <b>02/Dec/2013</b> 08.00 – 09.00  14.00 – 17.00		<b>Opening Meeting</b>  <b>Verified document e.g:</b>		<b>Audit Team</b>					
		• Commitment to transparency	1.1; 1.2				√		
		• Compliance with applicable laws and regulations	2.1	√	√	√	√	√	√
		• Legality, Permit and Land tenure	2.2; 2.3	√					
		• Commitment to long-term economic and financial viability	3.1		√				
		• Best Management Practices (Harvesting, loading, process)	4.1; 4.6		√		√		
		• Soil and water conservation	4.2; 4.3; 4.4; 7.2; 7.4			√			
		• Integrated Pest Management	4.5				√		
		• Occupational Health and Safety, Training	4.7; 4.8						√
		• Tanggung Jawab lingkungan dan Sosial	5.1; 6.1; 7.1; 7.7	√			√		
		• Pencegahan dan Penanggulangan Kebakaran	7.7; 5.5			√			
		• High Conservation Value	5.2; 7.3;	√		√			
		• Management of domestic waste, Pollutants and Emission	5.3; 5.4; 5.6					√	
		• Responsible to local development and social	6.7; 6.8; 6.9; 6.10; 6.11	√					
		• Responsible consideration of employees	6.5; 6.6				√		√
		• Komunikasi, informasi dan konsultasi dengan masyarakat secara terbuka	6.2; 6.3; 6.4; 7.5; 7.6				√		
		• Continuous Improvement	8.1	√	√	√	√	√	√
		• Supply Chain	S.C.C.S		√				



DATE		1 – 7 December 2013	AUDITOR					
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	OR	MM	AR	RR	SM	HM
<b>Tuesday</b> <b>03/Dec/2013</b> 08.00 – 12.00	<b>Tuesday</b> <b>03/Dec/2013</b> 08.00 – 12.00	Stakeholder consultation (government institution)	OR, AR					
		Stakeholder consultation (nearest village, local NGO, etc)	MM, RR, SM , HM					
		Continuing of Verified document	MM, RR, SM , HM					
<b>Wednesday</b> <b>04/Dec/2013</b> 08.00 – 12.00  14.00 – 17.00	<b>Wednesday</b> <b>04/Dec/2013</b> 08.00 – 12.00  14.00 – 17.00	Field observations (PT DLI)						
		Legal boundary, occupation area	√					
		Manuring, Spraying, Nursery & Chemical store				√		
		Workshop, Hazardous waste warehouse, underground water, landfill area					√	
		clinic, housing, fire extinguisher, Oil warehouse						√
		HCV area, management and monitoring of peat area			√			
		POM operation & Land application		√				
<b>Thursday</b> <b>05/Dec/2013</b> 09.00 – 11.30  14.00 – 16.30	<b>Thursday</b> <b>05/Dec/2013</b> 09.00 – 11.30  14.00 – 16.30	Field observations (Cabang Dua Estate - PT Perkebunan Milano)						
		Legal boundary, HCV area	√					
		Manuring, Spraying, Nursery & Chemical store				√		
		Workshop, Hazardous waste warehouse, underground water, landfill area					√	
		Clinic, housing, fire extinguisher, Oil warehouse						√
		HCV area, management and monitoring of peat area		√	√			
<b>Friday</b> <b>06/Dec/2013</b> 09.00 – 11.00  12.00 – 20.00	<b>Friday</b> <b>06/Dec/2013</b> 09.00 – 11.00  12.00 – 20.00	Closing Meeting	Audit Team					
		Traveling from Plantation Area to Medan						
<b>Saturday</b> <b>07/Dec/2013</b> 09.00 – 11.00	<b>Saturday</b> <b>07/Dec/2013</b> 09.00 – 11.00	Traveling from Medan to Jakarta	Audit Team					

**Appendix 3. Glossary**

ASEAN	:	Association of South East Asian Nations
AVP	:	Assisstant Vice President
B3	:	<i>Bahan Beracun dan Berbahaya</i> / Hazardous waste
BLH	:	<i>Badan Lingkungan Hidup</i> / Environment Bodies
BPN	:	<i>Badan Pertanahan Nasional</i> // National Land Agency
BOD	:	Biological Oxygen Demand
CEO	:	Chief Executive Officer
CPO	:	Crude Palm Oil
CBD	:	Convention on Biodiversity
DLI	:	Daya Labuhan Indah
EHS	:	Environment, Health and Safety
EIA	:	Environment Impact Assessment
FFB	:	Fresh Fruit Bunch
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha/ land title
ISBPR	:	Identifikasi Sumber Bahaya, Penilaian, dan Pengendalian Resiko
IUP	:	Izin Usaha Perkebunan/ Plantation Business Permit.
IPAL / WWTP	:	Instalasi Penyaluran Air Limbah / Waste Water Treatment Plant
JAMSOSTEK	:	Jaminan Sosial Tenaga Kerja
Jankos	:	Janjangan Kosong
KER	:	Kernel Extraction Rate
KTU	:	<i>Kepala Tata Usaha</i> / Admistration Head
LC	:	Land Clearing
MB	:	Mass Balance
NC	:	Non Comformance
OER	:	Oil Extraction Rate
OHS/ K3	:	Occupational Health and Safety/ <i>Kesehatan dan Keselamatan Kerja</i>
OHS Committee/ P2K3	:	Occupational Health and Safety Committee/ <i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i>
PK	:	Palm Kernel
PPE	:	Personal Protective Equipment
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill effluent
RKL/RPL	:	<i>Rencana dan Pemantauan Lingkungan</i> / Environmental Management Plan and Environmental Monitoring Plan
SOP	:	Standart Operational and Procedure
ST 1	:	Stage 1
ST 2	:	Stage 2
UKL/UPL	:	<i>Upaya Pengelolaan dan Pemantauan Lingkungan</i>

