

**Roundtable on Sustainable Palm Oil Certification
RSPO**

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management Organisation : **PKS IV Subsidiary of PT DHARMA SATYA NUSANTARA Tbk**
 Plantation Name : PT Swakarsa Sinarsentosa
 (Jabdan 1 Estate, Long Jenew 1 Estate dan Long Jenew 2 Estate)
 Location : Village of Benhes, Subdistrict of Muara Wahau, District of Kutai Timur,
 Province of Kalimantan Timur, Indonesia
 Certificate Code : **MUTU-RSPO/060**
 Date of Certificate Issue : 1 June 2015 Date of License Issue : 1 June 2016
 Date of Certificate Expiry : 31 May 2020 Date of License Expiry : 31 May 2017

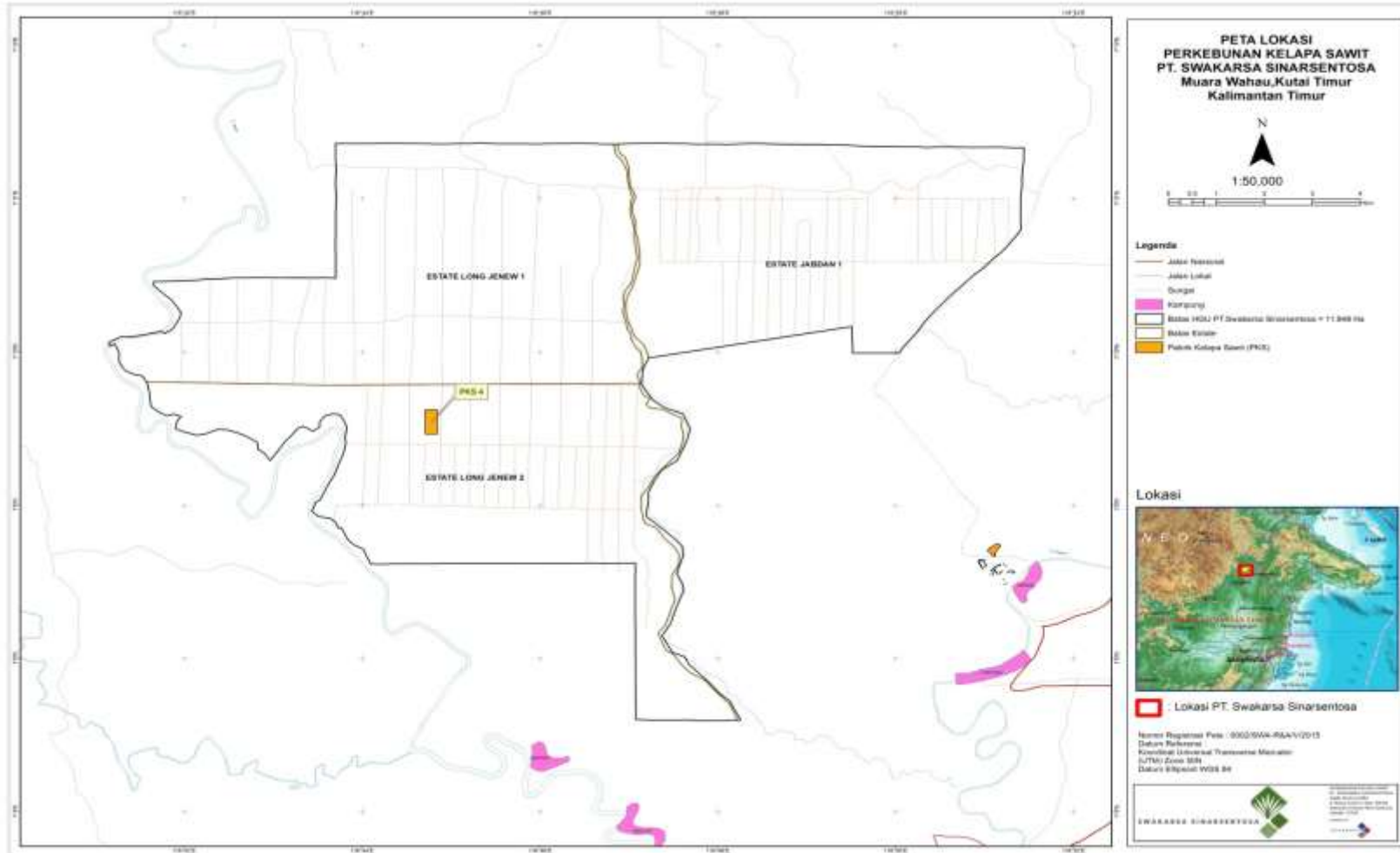
Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-1	15 – 17 March 2016	Bukti Bagja (Lead Auditor), Andi Pratama Pasaribu, Muhamad Rinaldi	Octo HPN. Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-1	5 May 2016

TABLE OF CONTENT

FIGURE	1
Figure 1. Location Map of PT. Dharma Satya Nusantara.....	1
Figure 2. Operational Map of PT. Dharma Satya Nusantara.....	2
Glossary.....	3
1.0 SCOPE OF THE CERTIFICATION ASSESSMENT	4
1.1 Assessment Standard Used	4
1.2 Organisation Information.....	4
1.3 Type of Assessment.....	4
1.4 Locations of Mill and Plantation	4
1.5 Description of Area Statement	5
1.6 Planting Year and Cycles	5
1.7 Description of Mill and Supply Base	5
1.8 Estimate Tonnage of Certified Product.....	7
1.9 Other Certifications	8
1.10 Time Bound Plan	8
2.0 ASSESSMENT PROCESS	10
2.1 Assessment Team.....	10
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	10
2.3 Stakeholder Consultation and Stakeholders Contacted.....	13
2.4 Determining Next Assessment.....	13
3.0 ASSESSMENT FINDINGS	14
3.1 Summary of Assessment Report of the RSPO Certification	14
3.2 Summary of Assessment Report of Supply Chain Requirements	47
3.3 Conformity Checklist of Certificate and Logo Use.....	51
3.4 Summary of RSPO Partial Certification	52
3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components	54
3.6 Summary of Arising Issues from Public, Management and Auditor Response	60
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	67
4.1 Formal Sign-off of Assessment Findings.....	67
APPENDICES	68
Appendix 1. List of Stakeholder Contacted in the RSPO Certification Process.....	68
Appendix 2. Assessment Program	69

Figure 2. Operational Map of PT. Dharma Satya Nusantara



Glossary

AKAD	:	Angkatan Kerja Antar Daerah (inter-city inter-regional labor)
APAR	:	Alat pemadam api ringan (Fire Extinguisher)
ASA	:	Annual Surveillance Assessment
BOD	:	Biological Oxygen Demand
BPJS	:	Badan Penyelenggara Jaminan Sosial (Workers Social Security Agency)
CB	:	Certification Body
COD	:	Chemical Oxygen Demand
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
DSN	:	Dharma Satya Nusantara
EFB	:	Empety Fruit Bunch
FFB	:	Fresh Fruit Bunch
FR	:	Frequency Rate
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha/ Land Use Permit
HRD	:	Human Resources Departement
ISO	:	International Organization for Standarization
ISPO	:	Indonesian Sustainable Palm Oil
JB1	:	Jabdan 1
KSU	:	Koperasi Serba Usaha (Business Multipurpose Cooperative)
KUD	:	Koperasi Unit Desa (Village Cooperative Unit)
LCC	:	Legume Cover Crop
LD50	:	Lethal dosage 50
LJ1	:	Long Jenew 1
LJ2	:	Long Jenew 2
MSDS	:	Material Safety Data Sheet
NGO	:	Non Government Organization
NPK	:	Nitrogen Phosphat Kalium (Nitrogen Phosphate Potash)
OAD	:	Operational Audit Departement
OFI	:	Opportunity For Improvement
OHS	:	Occupational Health & Safety
P2K3	:	Panitia Pelaksana Keselamatan dan Kesehatan Kerja/ Guiding Committee of Occupational Safety & Health
PGS	:	Personalia General Services
PK	:	Palm Kernel
PKO	:	Palm Kernel Oil
PKS-4	:	Pabrik Kelapa Sawit (Palm Oil Mill) -4
POME	:	Palm Oil Mill Effluent
PPE	:	personal protective equipment
SOP	:	Standar Operational Procedure
SR	:	Severity Rate
SWA	:	Swakarsa Sinarsentosa
WHO	:	World Health Organization

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT			
1.1	Assessment Standard Used		<ul style="list-style-type: none"> • <i>RSP0 Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013.</i> • <i>RSP0 Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSP0 Board of Governors on 21 November 2014 (Module E for CPO Mill)</i>
1.2 Organisation Information			
1.2.1	Organisation name listed in the certificate		PT Dharma Satya Nusantara, Tbk
1.2.2	Contact person		Agustinus Triwibowo
1.2.3	Organisation address and site address		<p>Central Office registred at RSP0: Jl. Rawa Gelam V Kav. OR/3B, Kawasan Industri Pulo Gadung, Jakarta, Indonesia</p> <p>Site Address Village of Benhes, Subdistrict of Muara Wahau, District of Kutai Timur, Province of Kalimantan Timur, Indonesia</p>
1.2.4	Telephone		021-461-8135
1.2.5	Fax		021-460-6942
1.2.6	E-mail		agustinus.triwibowo@dsn.co.id
1.2.7	Web page address		www.dsn.co.id
1.2.8	Management Representative who completed the application for certification		Agustinus Triwibowo
1.2.9	Registered as RSP0 member		1-0135-12-000-00 tanggal 4 December 2012
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit		1 POM (PKS - 4) with 3 supply bases: Jabdan 1 Estate; Long Jenew 1 Estate dan Long Jenew 2 Estate
1.3.2	Type of certificate		Single
1.4 Locations of Mill and Plantation			
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	PKS 4	Village of Benhes, Subdistrict of Muara Wahau, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01°09' 06.4" E 116° 44' 46.8"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude

Jabdan 1	Village of Benhes, Subdistrict of Muara Wahau, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 11' 03.9"	E 116° 49' 35.8"				
Long Jenew 1	Village of Benhes, Subdistrict of Muara Wahau, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 11' 14.5"	E 116° 46' 56.5"				
Long Jenew 2	Village of Benhes, Subdistrict of Muara Wahau, District of Kutai Timur, Province of Kalimantan Timur, Indonesia	N 01° 07' 46.3"	E 116° 43' 44.9"				
1.5 Description of Area Statement							
1.5.1	Tenure						
	• State		16,850 Ha				
	• Community		Ha				
	<i>*5.121 ha under operational Jabdan 2 Estate and not included scope of certification/audit POM 4</i>						
1.5.2	Area Statement						
	• Total Area		11,729 Ha				
	• Mature Area		10,765 Ha				
	• Immature Area		- Ha				
	• Mill		45 Ha				
	• Housing and Infrastructure		371 Ha				
	• HCV		444 Ha				
	• Others (swamp / unplanted)		104 Ha				
1.6 Planting Year and Cycles							
1.6.1	Age profile of planting year						
		Hectarage (Ha)					
	Planting Year	Jabdan 1	Long Jenew 1	Long Jenew 2	Total		
	1998	368	-	-	368		
	1999	654	-	564	1,218		
	2000	508	-	-	508		
	2001	747	-	1,434	2,181		
	2003	780	1,488	903	3,171		
	2004	-	2,839	439	3,278		
	2011	-	-	41	41		
	TOTAL	3,057	4,327	3,381	10,765		
1.6.2	New Planting area after January 2010		-		Ha		
1.6.3	Planting Cycle				1 st Cycle		
1.7 Description of Mill and Supply Base							
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)

	PKS IV	60	364,992	84,192	23.08	15,467	4.24
	<i>*Production data source from 12 months before assessment (March 2015 – February 2016)</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Jabdan 1	3,508	3,057	81,105	26.53	60,149	74.16
	Long Jenew 1	4,446	4,327	122,181	28.24	75,818	62.05
	Long Jenew 2	3,775	3,381	96,044	28.41	90,888	94.63
	TOTAL	11,729	10,765	299,331	27.81	226,856	75.79
	<i>*Production data source from 12 months before assessment (March 2015 – February 2016)</i>						
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location	Supplied to Mill			
				FFB (tonnes/year)			
	Jabdan 2 Estate (RSPO Certified)	PT. Swakarsa Sinarsentosa	Muara Wahau, Kaltim	77,547			
	Puhus 1 Estate (RSPO Certified)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	220			
	Puhus 2 Estate (RSPO Certified)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	5,543			
	Puhus 3 Estate (RSPO Certified)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	939			
	Long Kejiak 1 Estate (RSPO Certified)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	3,875			
	Long Kejiak 2 Estate (RSPO Certified)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	3,908			
	Long Kejiak 3 Estate (RSPO Certified)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	2,084			
	Long Teman 1 (Mature Area: 277 Ha)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	872			
	Long Teman 2 (Mature Area: 204 Ha)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	1,233			
	Sungai Wahau 1 (Mature Area: 26 Ha)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	22			
	Sungai Wahau 2 (Mature Area: 18.3 Ha)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	15			
	Sungai Wahau 4 (Mature Area: 51 Ha)	Dharma Satya Nusantara Group	Muara Wahau, Kaltim	30			
	Kemitraan 13.1 & 13.3 (KSU Kombeng Lestari) (Total Area: 411 Ha; Smallholders: 984)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	2,627			
	Kemitraan 14.2 (KSU Lai Sejahtera) (Total Area: 489 Ha; Smallholders: 273)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	2,364			
	Kemitraan 15.2 (KSU Karya Sejahtera) (Total Area: 95 Ha; Smallholders: 38)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	444			
	Kemitraan 16.1 (Piak Makmur Sejahtera) (Total Area: 105 Ha; Smallholders: 98)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	10			

Kemitraan 16.4 & 16.5 (Cahaya Miau Bersatu) (Total Area: 419 Ha; Smallholders: 177)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	252
Kemitraan 1.1, 1.2, 1.3 & 1.4 (KUD Min Sun Lekut) (Total Area: 863 Ha; smallholders: 173)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	14,147
Kemitraan 2.1 (KSU Min Bea Glang Mandiri) (Total Area: 506 Ha; smallholders: 80)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	9,898
Kemitraan 3.1, 3.2 & 3.3 (KSU Harapan Baru) (Total area: 1,270 Ha; Smallholders: 616)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	1,804
Kemitraan 4.1 (KSU Gerdabang Agri Centre) (Total Area: 568 Ha; smallholders: 175)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	8,482
Kemitraan 5.1 (KSU Sawit Usaha Tani Sejahtera) (Total Area: 240 Ha; smallholders: 122)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	183
Kemitraan 6.1 (KSU Kal'ean Blom Kejah) (Total Area: 150 Ha; smallholders: 73)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	29
Kemitraan 9.1, 9.2 & 9.3 (KSU Karya Sejahtera) (Total Area: 2,086 Ha; smallholders: 1,000)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	1,554
Kemitraan 10.4 (KSU Jengea Bong Pet Kuq) (Total Area: 2,087 Ha; smallholders: 230)	Smallholder of PT. Dharma Satya Nusantara	Muara Wahau, Kaltim	54
TOTAL			138,136

**Production data source from 12 months before assessment (March 2015 – February 2016)*

1.7.4	Jenis Produk	FFB, CPO, PK
-------	--------------	---------------------

1.8 Estimate Tonnage of Certified Product

1.8.1	Past Annual Claim Certified Product	Certificate Claim Period 01 June 2015 s.d. 31 Mey 2016 (ton/year)	Actual Certified Product Period 01 June 2015 s.d. 15 March 2016 (ton/year)
	• FFB Production	313,444	191,447.85
	• CPO Production	73,659	44,968.28
	• Palm Kernel (PK) Production	11,910	-

1.8.2 Estimate of Certified FFB Claim

Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)
Jabdan 1	3,508	3,057	89,216	29.18
Long Jenew 1	4,446	4,327	134,399	31.06
Long Jenew 2	3,775	3,381	105,649	31.25
TOTAL	11,729	10,765	329,264	30.59

**Projected FFB production for 12 months of certificate (March 2016 – February 2017)*

1.8.3 Estimate of Certified Palm Product Claim

Name of Mill	Capacity	FFB	CPO	Palm Kernel
--------------	----------	-----	-----	-------------

	(tonnes/ hour)	Processed (tonnes/year)	Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
PKS IV	60	329,264	79,023	24	16,463	5.00
<i>*Projected CSPO and CSPK production for 12 months of certificate (March 2016 – February 2017)</i>						
1.9 Other Certifications						
ISO 9001:2008	-					
ISO 14001: 2004	-					
OHSAS 18001:2007	-					
ISCC	-					
Others	ISPO Certificate with number 824 501 13005 with validity period until 20 January 2019					
1.10 Time Bound Plan						
1.10.1 Time Bound Plan for Other Management Units						
Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status	
MILL	Time Bound Plan					
PKS 1 (PT. SWA)	June 2012	Jabdan 2 (PT SWA)	June 2012	Kutai Timur district, East Kalimantan province	Certified	
		Smallholder (KM 5.9)	2015		Certified January 2016	
PKS 2 (PT. DSN)	June 2013	Puhus 1, Puhus 2, Puhus 3 (PT DIN)	June 2013	Kutai Timur district, East Kalimantan province	Certified	
PKS 3 (PT. DSN)	August 2013	Longkejiak 1, longkejiak 2, longkejiak 3	August 2013	Kutai Timur district, East Kalimantan province	Certified	
		Smallholder (KM 3)	2016		Non certified	
PKS 4 (PT. DSN)	Nov 2014	Jabdan 1, Long Jenew 1, Long Jenew 2 (PT SWA)	Nov 2014	Kutai Timur district, East Kalimantan province	Certified	
PKS 5 (PT. DSN)	2016	Bukit Pandunlangan 1, Bukit Pandunlangan 2, Bukit Pandunlangan 3	2016	Lamandau district, Middle Kalimantan province	Non certified	
PKS 6 (PT DSN)	2016 (Nonertified)	Melenyu 1, Melenyu 2, Melenyu 3 dan Melenyu 4 (PT Dewata Sawit Nusantara)	2016	Kutai Timur district, East Kalimantan province	Non certified	
PT. Pilar Wanapersada	April 2016	PT. Pilar Wanapersada	Non certified	Nangabulik district, Central Kalimantan Province	Non certified	
PT. Dharma Intisawit Lestari	Maret 2016	PT. Dharma Intisawit Lestari	Non certified	Bulungan district, East Kalimantan province	Non certified	
PT. Karya Prima Agro Sejahtera	April 2016	PT. Karya Prima Agro Sejahtera	Non certified	Kutai Timur district, East Kalimantan province	Non certified	
PT. Putra Utama Lestari	April 2016	PT. Putra Utama Lestari	Non certified	Kutai Barat District, East Kalimantan province	Non certified	

1.10.2	<p>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</p>
	<p>Information related with progress of certification of FFB sources from estates under same management with PT. DSN, refers to the above mentioned time Bound plan. For scheme smallholding and other smallholding sources that are not fully managed by PT. DSN, certification Bodies will ensure that those sources will be certified within three years after POM IV RSPO Certified.</p> <p>In accordance with this, RSPO certification system points 4.2.3 describes that the “All the FFB from the directly managed lands (or estates) shall be produced to certifiable standards. The mill will develop and implement a plan to ensure that 100% of associated smallholders and outgrowers are of certifiable standard within 3 years”.</p>

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-1	<ol style="list-style-type: none"> Bukti Bagja (Lead Auditor). Indonesian citizen. Master of Science majoring in Environmental Science, University of Indonesia. More than 10 years experience in environmental sector. Certified RSPO Lead Auditor, involved in various RSPO assessment in Indonesia and Malaysia as Lead Auditor. He too experienced in numbers of international environmental project in Indonesia. Had attended various relevant training i.e. Auditor/Lead auditor Management System Certification (ISO 9001-2008). HCV assessment, Indonesian Sustainable Palm Oil Lead auditor, ArcGIS, MAPInfo, ER MAPPER, ERDAS Imagine. During this assesment, he assigned to verify of legal, environmental, conservation and supply chain aspect. Muhammad Rinaldi (Auditor Trainee). Associate on plam oil plantation from Bogor Agriculture Institute. He has 4 years experience as operation staff for palm oil corporate in Indonesia. He took RSPO Awareness training, Auditor ISPO training, Auditor/Lead Auditor ISO 9001-2008 training, ISO 14000 training, HCV and general occupational health and safety training. During this assesment, he assigned to verify transparency, occupational safety and health, worker welfare and social aspect. Andi Pratama Pasaribu (Auditor Trainee). Bachelor of the social economy, agribusiness a course of study agricultural university faculty of Jember. He had followed the training of auditor sustainable Indonesian palm oil (ISPO). He has experience of work for five years as an operational staff in several plantation companies in Indonesia private oil palm plantation. Currently working on certification body as independent auditors. During this assesment, he assigned to verify best management practice, integrated pest management (IPM) and social aspects.
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ASA-1	Number of auditors : 3 auditor Number of days for ASA-1 at site : 3 days Number of working days for ASA-1 at site : 9 Working days
2.2.2	Assessment Process
ASA-1	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Dharma Satya Nusantara (PKS 4) – PT. Swakarsa Sinarsentosa (Jabdan 1 Estate; Long Jenew 1 Estate; Long Jenew 2) to the requirements of RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013 dan RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).</p> <p>The assessment was conducted through three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results ASA-1 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-2).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ASA-1 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-1.</p> <p>The assessment program please find Appendix 2</p>
2.2.3	Location of Assessment
ASA-1	Sampling method for chosing location by audit team is based on: <ol style="list-style-type: none"> The choosen locations represent each operation area (by using the $0,8\sqrt{y}$ formulation, for this activity, the representation samples are LJ1 Estate and LJ2 Estate) Consideration over rising issue from document's review and stakeholders consultation result, which are substantial and crucial.

A complete list of visited locations:

Long Jenew 1 Estate

- **Barn Owl Box, Block B45 Afdeling 3.** Observation rat control by using *Tyto alba* as natural predator.
- **Harvesting, Block C39/39 Afdeling 2.** Observation and interview with harvesting supervisor and harvester regarding to harvesting rules, payments, safety procedure and wildlife protection.
- **FFB Transporting, Blok C38 Afdeling 2.** Observation and interview with grabber operator and helper regarding to transporting procedures, payments and safety procedures.
- **Roads maintenance, Block C37 Afdeling 5.** Observation mechanically road maintenance activities.
- **Manual Circle Weeding, Block A36 Afdeling 2.** Observation manual weeding control in circle.
- **EFB Application, Block A36 Afdeling 2.** Observation of organic waste utilization to improve soil fertility. Manual application among the trees with dosage 30 ton/Ha/year according to dose set by R&A Department.
- **Worker Housing at afdeling 2.** Observation of employee facilities, management of domestic waste, emergency response facilities, provision of clean water.
- **Rinse place and Storage of Spray Equipment.** Observation related management of tools and PPE for sprayer, bathing and washing facilities, management of environmental pollution.
- **Daycare at Afdeling 2.** Observation related to given facility, emergency response facilities and interviews with employees in relation to work hours, wages, access to daily needs, policies, protection of reproductive rights for women workers.
- **Reservoir at afdeling 2.** Observation related to provision of clean water, waste management and handling leak in the water engine room, the prohibition of the application of chemicals around the reservoir.
- **SDN 012 Long Jenew 1 at Afdeling 5.** Observation related to educational facilities for children's employee, infrastructure condition and emergency response.
- **Afdeling 5 Block C38.** Observation related to infrastructure for fires monitoring such as fire tower.
- **Health Units at Long Jenew 1.** Observation related to medical waste management, work accident data, disease data of workers, training for paramedics and interviews regarding the policy towards reproductive rights.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, provision of ppe, training, emergency response facilities.
- **Fire Extinguishers Warehouse.** Observation on the availability and condition of fire extinguishers and preparedness of fire-fighting team.
- **Agrochemicals Warehouse.** Observation related to management of agrochemical material and waste, emergency response facilities and the types of pesticides used.
- **Hazardous Waste Temporary Warehouse.** Observation related to hazardous waste management, record of hazardous waste, the condition of buildings and supporting facilities.
- **Boundary marker of HGU in Afdeling 7, Block C7 Long Jenew 1 Estate:** Some marker of HGU lost like those number 613, 614, and 618.
- **Riparan area of Telen River in Afdeling 7 Long Jenew 1 Estate:** Riparian ara as a protected area are in good condition and well maintained.
- **Riparian area of Small Kenden River in Block B47 Afdeling 3 Long Jenew 1 Estate:** The riparian border marking is still preserved, river banks are still preserved as well as their signboard river border. River discharge is still small because of drought

Long Jenew 2 Estate

- **EFB Application, Block AE20 Afdeling 8.** Observation of organic waste utilization to improve soil fertility. Manual application among the trees with dosage 30 ton/Ha/year according to dose set by R&A Department.
- **Mechanically Fertilization, Block E25 Afdeling 8.** Observation and interview with supervisor, fertilizer spreader operator and helper regarding to mechanical fertilization procedures, safety work procedures, payments, routine medical check and complain mechanism.
- **Manual Circle Weeding, Block AE32 Afdeling 9.** Observation manual weeding control in circle.
- **Harvesting, Block E36 Afdeling 10.** Observation and interview with harvesting supervisor and harvester regarding to harvesting rules, payments, safety procedure and wildlife protection.
- **Barn Owl Box, Block B45 Afdeling 3.** Observation rat control by using *Tyto alba* as natural predator.

- **Marginal Area, Block J49 and I52 Afdeling 13.** Observation management and strategy on marginal area to increase soil fertility and optimize of yield.
- **Worker Housing at afdeling 10.** Observation of employee facilities, management of domestic waste, emergency response facilities, provision of clean water.
- **Rinse place and Storage of Spray Equipment.** Observation related management of tools and PPE for sprayer, bathing and washing facilities, management of environmental pollution.
- **Daycare at Afdeling 10.** Observation related to given facility, emergency response facilities and interviews with employees in relation to work hours, wages, access to daily needs, policies, protection of reproductive rights for women workers.
- **Reservoir at afdeling 10.** Observation related to provision of clean water, waste management and handling leak in the water engine room, the prohibition of the application of chemicals around the reservoir.
- **Health Units at Long Jenew 2.** Observation related to medical waste management, work accident data, disease data of workers, training for paramedics and interviews regarding the policy towards reproductive rights.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, provision of ppe, training, emergency response facilities.
- **Fire Extinguishers Warehouse.** Observation on the availability and condition of fire extinguishers and preparedness of fire-fighting team.
- **Agrochemicals Warehouse.** Observation related to management of agrochemical material and waste, emergency response facilities and the types of pesticides used.
- **Hazardous Waste Temporary Warehouse.** Observation related to hazardous waste management, record of hazardous waste, the condition of buildings and supporting facilities.
- **Boundary marker of HGU in Afdeling 9 Block G29 Long Jenew 2 Estate:** Position of some markers such as markers 260 and 481 are not in consistent with HGU map from BPN. The marker should not be moved and eventhough there are occupation of land.
- **Riparian arae of Sengat Rivers in Block G28, Afdeling 9, Long Jenew 2 Estate, which shows:** Marker of riparian boundaries are still preserved, river banks are still preserved, and riparian protection signboard are in places.
- **The control wells of Land Application in Long Jenew 2 Estate Block F34 (near the settlement):** control wells in preserved condition, the water has neutral pH, based on pH paper test, and there is no indication of waste pollution.
- **The control wells of Land Application in Long Jenew 2 Esate (applications block):** monitor wells in good condition, the water has a neutral pH and odorless.
- **The location of the flat bed of land applications in Long Jenew 2 Estate Block F:** Flat bed accordance with the standard, with three buffer pools at the end of the flat beds. There is no indication of leakage and waste water level has been set up properly to anticipate rain.

POM-4:

- **Management Process.** Observation and interview with personnel related to FFB's processing into CPO, capacity per station, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, trainings from company and manpower agencies.
- **Machine room/ turbine.** Observation and interview with operator related to the efficiency of fuel utilization, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, medical examination, trainings from company and manpower agencies
- **Boiler Room.** Observation and interview with operator related, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, medical examination, trainings from company and manpower agencies.
- **Loading Ramp.** Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness and rawness criteria.
- **Water Treatment Process.** Observations and interviews related to the use of water, recording water usage

using a flow meter

- **Agrochemicals Warehouse.** Observations related to management of agrochemical and waste of agrochemical packs, emergency response facilities and the types of pesticides used.
- **Temporary hazardous waste Storage:** The hazardous and dangerous symbol are installed, each hazardous waste is stored in collection tank. The record of balance is always updated, the storage container is separated based on waste characteristic, warehouse floor is permanent from cement, each storage container is using pallet and does not touch floor directly. Moreover, the entire hazardous waste symbols and the coordination for landfill location has been inline with the applicable regulation
- **WWTP Facility in Mill 4:** All facilities and pools in WWTP entirely in good condition and functioning. There are safety signs and fencing to protect the safety of the disturbances. Pumps and flowmeter functioning well, there is no indication of a leakage around the pool.

Public consultation, Agencies in Kutai Timur District

- **Plantation Agency in Kutai Timur District.** Interview related to the responsibility for submitting plantation business report of PT DSN and others responsibilities, as well as other issues. For instance the CD/CSR program and training on field fire emergency response by Plantation Agency in Kutai Timur District.
- **Manpower Agency in Kutai Timur District.** Interview related to periodic responsibilities, for instance manpower report and other issues related to industrial relation between company and employee.
- **Environment Agency in Kutai Timur District.** Interview related to periodic environment management report and environment monitoring report (semester) to Environment Agency and the impact from estate and mill's operation activities in PT DSN.
- **National Land Agency in Kutai Timur District.** Interview related to company's legality status.
- **Forestry Agency in Kutai Timur District.** Interview related to land double ownership status between PT DSN area and mining activity as well as forest fire report within PT DSN's surrounding.

2.3 Stakeholder Consultation and Stakeholders Contacted	
2.3.1	Summary of stakeholder consultation process.
ASA-1	Summary of stakeholder consultation process Consultation of stakeholders for <i>PT. Swakarsa Sinar Sentosa and PT Dharma Satya Nusantara</i> was held by: <ul style="list-style-type: none"> • Public Notification at www.mutucertification.com on March 11th, 2016. • Public consultation meeting with villagers and community near company on 15 March 2016 • Public consultation meeting with governmental agencies on Kutai Timur district, i.e agricultural agency, national land agency, environmental agency, Forestry Agency on January 12th, 2016. • Public consultation with national NGO's by email to Wahana Lingkungan Hidup, Sawit Watch, and World Wild Fund on March 14th, 2016
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4 Determining Next Assessment	
	The next visit (ASA-2) will be determined one year after this ASA-1 (March-2017).

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of PKS IV – PT Dharma Satya Nusantara operation consisting of one (1) mill and three (3) oil palm estates.

During the assessment, there were one (1) Nonconformities were assigned against Major Compliance Indicator; two(2) nonconformities were assigned against Minor Compliance Indicators and six(6) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence. Those corrective action(s) taken that consist of one (1) Major non-conformity(s) had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that PKS IV – PT Dharma Satya Nusantara complied with the requirements of **RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013** dan **RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill)**.

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

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
<p>1.1.1 Company has Communication and Consultation Procedure (0215B/SWA-CSR-WHU/VI/2012) that explains:</p> <ul style="list-style-type: none"> • Types of document that can be accessed by stakeholder, • CSR staff responsible for provision and updating the information, • Information request should be responded maximum 3 days after the mail accepted. • Procedur for reporting and contact person of staff CSR <p>Procedure has been socialized to stakeholder around company example head of village and head of sub district in September 2015. Based on interview with community, communication between company and community always going well.</p> <p>1.1.2 Based on SOP communication and consultation (0215B / SWA-CSR-WHU / VI / 2012) described that responses to information requests are 3 days. Company has recorded the entire information request and responses in book of incoming letter from external for period 2015 and 2016, for example:</p> <ul style="list-style-type: none"> • Letter from Head of Dabeq Village (letter number: 145/2004/026/DB/VIII/2015) on 21th August 2015 which discusses about recommendation getting Cooperative Agreement Letter, the letter has been received in CSR Office on 28th August 2015. Company alredy responded the information request with letter from Head of CSR Departement (Letter number: 0042/SWA-CSR-WHU/VIII/2015) on 29th August 2015. 		

- Letter from Koperasi Semoga Sawit Wahau Jaya (letter number: 036/PKP-SSWJ/MW/II/2016) on 15th February 2016 related to information regarding delay the installment of Kredit Saprodi Pola C. The letter has been received in CSR office on 18th February 2016 and has been responded by company with letter from Head of CSR Departement (letter number: 0005/SWA-CSR-WHU/II/2016) on 22th February 2016.

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.

1.2.1

There are Standard Operating Procedures of communication and consultation 0215B / SWA-CSR-WHU / VI / 2012, which describes the information that is accessible to the public such as; Vision and mission of the company, company policy, EIA Document, location permit, Land Use Title, (Plantation Business Permit), Building Construction Permit, Boiler Permit, Generator Permit, Sterilizer Permit, Estate Map, Licenses and Permits of Paramedic Clinics, Licensed Hazardous Waste Warehouse, Permits related to the POM, company regulations, Estate operational Organizational Structure, quarterly reports of companies, reports of conflict resolution, OHS Program, CSR reports, and reports and social conflict resolution stage.

Procedure has been socialized to stakeholder around company example head of village and head of sub district on September 2015. Entire documents can be accessed by requesting documents by mail or directly to the staff in charge (CSR staff).

Status: Comply

1.3

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

1.3.1

Company has established and set commitments associated with the code of integrity and ethical conduct in all operations and transaction execution. The commitments contained in the guidance document quality DSN Group, No document PDM-AGR-R04 issue dated May 1, 2015 was passed by the Executive Director of Business Unit , Agro I. In clause 7.5 of ethical behavior in all transactions and business operations, stated that:

- Each activity must reflect adherence to fair business practices
- Prohibits any employee for corruption, bribery and fraud in the use of funds and resources
- Provide information in accordance with applicable laws and practices of the oil palm industry

Company has been socialized the code of integrity and ethical behavior to all worker in LJ1 on 04th January 2016, in LJ2 on 12th Maret 2016 and in PKS4 on 10th Maret 2016. Based on interview with personel in LJ1, LJ2 and PKS4, its known that they know about company's code of integrity and ethical behavior.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

2.1.1

The relevant legal requirement, local regulation, national and international have been demonstrated and complied. Example:

- Company has been register all worker with insurance on Workers Social Security Agency. That's related to Republic Indonesian Statue number 24 in 2011.
- Company makes the minimum wage accordance with Governor Decree number 561/K.773/2015 on 08th December 2015 related to minimum wage standard for Kutai Timur District for period 2016.
- Company has well-trained operators for heavy machine who had followed training in LJ2 15 operators, 23 operators in LJ1, 20 operators in JB1. This is accordance with Ministry of Manpower and Transmigration Decree No. 09 in 2010 related to Transport and Loading Operators.
- Reporting of Guiding Committee of Occupational Safety & Health activity every 3 months based on Ministry of Manpower Decree No 4 in 1987. Example for fourth quarter report has been sent on 15th January 2016 for PKS 4 and on 28th December 2015 for PT.SWA to Manpower and Transmigration Agency in Kutai Timur District
- Reporting of Environmental Management Efforts / Environmental Monitoring Efforts implementation every semester. Example for reporting at second semester in 2015 has been reported on 09th February 2016 to Environment Bodies in Kutai Timur District.
- Reporting of Hazardous Waste Management every 3 months to Environment Bodies in Kutai Timur District.

Based on field observation and interview with heavy equipment Operator at LJ1 Afdeling 2, explained that operator does not has License of Transport and Loading Operators. It is not accordance on Regulation of Labour Ministry number 9 in 2010 related to transport and loading operators. **Non-Compliance No. 2016.01 with Major Category**

2.1.2

Written information about legal requirements has been documented on Evaluation Summary to Regulation (document number: DK-MS-01A-R01) and the document has been updated on January 2016. There are 7 new regulation has been added on last update example Governor Decree number 561/K.773/2015 in 08th December 2015 related to minimum wage standard for Kutai Timur District for period 2016, Regulation of Agriculture Ministry Number 11 in 2015 related to Indonesian Sustainable Palm Oil certification, Government regulation Number 44 and 46 in 2015 related the program of insurance of work accident, death and retirement.

2.1.3

Mechanism for evaluation the compliance toward related regulations does not changed from last assessment. Mechanism set in SOP-AGR-024-ROO on 01 April 2013 related Identification of Law and Other Legal Requirements. The procedure has been regulate the person in charge for updating the regulation and review should be done every 6 months.

2.1.4

There is evidence of implementation to new regulation, example:

- Memorandum from Directors with letter number 012/DIR/I/2016 on 22th January 2016 related of changing minimum wage according to Governor Decree number 561/K.773/2015 on 08th December 2015.
- Adaptation of Principle and Criteria from Regulation of Agriculture Ministry Number 11 in 2015 related to Indonesian Sustainable Palm Oil. This is has been proven by ISPO Certification from TUV Rheinland with certificate number 82450113005.

2.1.1	Status: Non-Compliance No. 2016.01 with Major Category
--------------	---

2.2

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

2.2.1

According to document verification, auditor observed that PT. SWA and PT. DSN have clear evidences on actual land ownership and uncontested by surrounding communities. The following are records of land ownership of PT. SWA and PT. DSN (Mill 4):

1. **PT. SWA (Jabdan 1, Long Jenew 1, dan Long Jenew 2)**
 - a. Land ownership evidences

- Location permit from Regent of East Kutai District, number 17/PKT/BPN- 16.3/Um-15/XI-1994 for a areal of 30,000 ha, superseded by Decree of East Kalimantan Governour dated November 01, 1995 for an area of 17,500 ha.
- State forest area conversion permit from Ministry of Forsetry number 174/Menhut-VII/1996 dated Februari 9, 1996 and number 152/Kpts- II/1997 year 1997 for an area of 17,500 hektar.
- Land title (HGU) certificate number 01 year 1998 for an area of 16.850 hectare valid until year 2033 (35 years), issued by State Cadastral Office based on Decree of Minister of Agraria / Head of BPN number 135/HGU/BPN/1997 dated October 28, 1997.

b. Plantation Business Permit

Available in the form of *Surat Pendaftaran Usaha Perkebunan* (SPUP) number 199/Menhutbun-VII/2000 dated March 10, 2000 for an area of 16.850 hectares and capacity of mill 60 ton FFB/hour, which was superseded by *Izin Usaha Perkebunan* (Plantation Business Permit) year 2012 from Regent of Kutai Timur.

2. PT. DSN (Palm Oil Mill 4)

c. Land ownership evidence

- Location Permit for Palm Oil Mill of (Mill 4) from East Kutai Regent dated 9 January 2013, updated by Permit year 2014 from Regent of East Kutai.
- The abovementioned Location Permit for Mill 4 was located on existing Land Tite (HGU) of PT. SWA, so that Mill 4 and PT. SWA composed an agreement between PT. DSN and PT. SWA through ageement number 437/SWA/Dir-Arf/JKT/V/14 concerning Granting of authority to utilize land for development of mills its supporting facility in Muara Wahau Village, Kecamatan Muara Wahau, East Kuta Dsitric.

a. Plantation Business Permit

As legal basis for Palm Oil Processing Business, PT. DSN has obtained IUP-P from Regent of East Kutai Regent number 188.4.45/038/Eko.1-XII/2012 dated December 7 2012 for Mill wir 60 ton FFB/hour capacity.

2.2.2

Document verification also showed that management unit of PT. DSN has conducted demarcation of legal boundary of land title (HGU) through installation of bundary markers along the border and routine maintenance of those markers as shown by following records:

- List of boundary marker coordinates issued by BPN and actual boudary marker coordinates in estates.
- Documentation of physical boundary marker installation in all estate area.
- Agreement Letter dated 19 May 2012 between PT. SWA and 43 occupant farmers that occupy the HGU of PT. SWA especially their from Jabdan, Benhes, and Nehes Liah Bing villages. The agreement stated that: 1) The farmer acknowledge and agree toward installment of BPN boundary marker inside all legal (land title) area of PT. SWA including on those occupied by farmer, 2) PT SWA will not disturb any existing land utilization by farmer, 3) Both parties agree to maintain the existance of land title markers.

However, field observation in Afdeling 7 Long Jenew 1 Estate showed that some boundary markers were not in place such as boundary markers number 613, 614, dan 618. Further field observation in Long Jenew 2 Estate showed that markers number 260 and 481 were not in the correct location accoring to boundary marker map. Company has not provided the evidence of placement and maintenance of the entire land use boundaries in accordance with map and coordinates of Land Use Permit from National Land Agency. **Non-Compliance No. 2016.02 with minor Category**

2.2.3

Based on information from CSR and Social Division of PT. SWA and PT. DSN, there was no land conflict case occuring by the time ASA-01 audit was held. This is consistent with the results of a public consultation in ASA-01 audit with the village board around the plantation which are Benhes village, Muara Wahau, Dabeq, and Diak Lay.

2.2.4 & 2.2.5

As mentioned in previous audit ST-2, several land conflict cases has ever happened and all of them have been completed, as shown by the following examples, the most recent conflict resolution in PT. SWA:

- Land disputes in Estate Long Jenew 2 between the company and local settler named Lied Jie Tot's for area of 115 hectares
- Land disputes between companies and local settler named Anton Yarn over the area of 30 hectares. At the beginning, both of land tillers are not willing to accept compensation.

2.2.6

Evidence was available that show that all disputes had been resolved without any violences, as shown by the Joint Agreement Letter dated May 19, 2012 between PT. SWA and 43 occupant from Jabdan, Benhes, and Nehes Liah Bing. Under the agreement, the communities recognized that the occupied land were within the HGU concession of PT. SWA. In the other side, PT. SWA agreed not to force any land development without agreement from the settler.

2.2.2 Status: Non-Compliance No. 2016.02 with minor Category

2.3

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

2.3.1

Document verification shows that within the concession area of PT. SWA, there was no traditional rights / communal rights found, as indicated by the following evidences:

- Decree number 135 year 1997 from BPN concerning Land Title of PT. SWA which showed that the all plantation concession are from state land without any traditional right of ownership
- Social analysis within EIA documents that did not mention any traditional rights existence within the area of PT. SWA
- The results of public consultation with the local community during audit stage 2 and ASA-01 which confirmed that there was no communal land ownership inside the plantation concession.

2.3.2; 2.3.3; 2.3.4

Based on public consultations with the Forestry Service and the local community, it was known that the entire concession area of PT. SWA are from the legal conversion of state forest areas into APL (non forest area) according to decree of the Minister of Forestry No. 174 year 1996.

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.

Major 3.1.1

The company has set a long-term plan for the next 3 years in work plan and budget document years 2016 – 2019. It is document recorded hectares statement, projection of production targets, projection of estate and mill expenses, projection of selling and functional and projection of revenue.

Minor 3.1.2

Based on that document, noted that there is no replanting plan for the next three years. Hectar statement data shows that the oldest tree was planted in 1998 (18 year). Hence, there has been no replanting plan for the next three years.

Status: comply

PRINCIPLE #4 Use of appropriate best practices by growers and millers

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1 Major

The company has documented work instruction/procedures for entire activities in estate. It is work instruction/procedures covering all activities from land clearing, nurseries, planting palm oil trees, planting LCC, upkeep and fertilization, pest and disease control, harvesting and transporting FFB to mill.

For processing activities in mill, the company has documented a standard operational procedures and work instruction which contain entire activities procedure such as FFB receiving, CPO/PK/PKO dispatch and quality control.

Based on interview with harvester and harvesting supervisor in Block C39/39 Afdeling 2 LJ1 Estate and in Block E36 Afdeling 10 LJ2 Estate, they can describe and demonstrate harvesting procedures well. They also know harvesting salary and incentives and safety work procedures. All harvesters must use PPE (boots, hard hat and gloves) during harvesting activity. During the interview, all harvesters and supervisors' PPE has been completed such as boots, hard hat, gloves and stomach belt.

Minor 4.1.2

To ensure consistency of implementation procedures above, the company has conducted agronomy and processing assessment regularly every month (usually on 1 – 10 per month). This activity is conducted by OAD Department to all afdeling and mill every month. For example, block harvesting assessment on February 2016 which parameter of ripe fruit, no loose fruit, long stalk, loose fruit layer, FFB arrangement in collecting point, harvesting round, harvesting complete, frond fracture, frond standard and losses. Assessment criteria using range between 0 – 100.

Based on interview with OAD and field staff, the routine assessment is to ensure consistency of best management practices especially related to harvesting activities. The assessment result will be a part of performance report for field staff, field supervisor and harvester.

Minor 4.1.3

Entire operational activities are recorded and reported every day. For example, fertilization activities are recorded and recapitulated every month on fertilization monitoring. The documents listed fertilizing blocks, amount of area, amount of trees, type of fertilizer, dosage and application date. The documents of monitoring are reported regularly to the estate manager as a part of performance evaluation and budget absorption of fertilization.

Monitoring activities in mill are also well documented. Example, annual report of laboratory shows the data about CPO and PK losses, grading, pH and temperature of liquid waste, monitoring of water usage efficiency, monitoring of renewable energy usage etc. All activities are monitored and documented by laboratory staff and approved by mill coordinator.

Minor 4.1.4

CPO Mill 4 facility has recorded the origin of the entire FFB received, including from third-party sources. FFB data from the period of June 2015 - March 2016 show the sources of FFB as follows:

1. Supply from PT. SWA
2. Supply from PT. KPAS
3. Supply from PT. DAN
4. Supply from PT. DIN
5. Supply from Full Managed Smallholder)

	Status: comply	
--	-----------------------	--

4.2

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

Minor 4.2.1

The company has shown the document of soil fertility management strategy. Based on document verification, interview with field staff and field visit, several strategies among others:

1. Sampling of soil and leaves regularly to make sure the elements that plants need in order to produce optimally. This activity is conducted by a third party. Results of soil and leaf analysis that are tested will be the basis for determining the dose of fertilizer in each estate.
2. Anorganic Fertilizer application. Based on fertilizer application record, there are several anorganic fertilizers that are used by the company such as NPK Compound and Borate according to recommendations released by the research department. Fertilizer application usually uses a mechanical system by using a fertilizer spreader or sowing manually. Based on field visit to the block E25 Afdeling 8, there are mechanical fertilization activities. Based on manuring program data and spreader calibration, the dosage has been complied with its procedures. All workers (manuring supervisor, spreader operator and helper) use PPE such as boots, hard hat, rubber gloves and maskers).

Manuring supervisor also bring MSDS and first aid kit.



Mechanical fertilizer

3. Organic fertilization by using EFB, POME, Dolomite and Rock Phosphate. Based on field visit, EFB application were implemented in block A36 LJ1 and block E20 LJ2 estate. Meanwhile, POME application were implemented in LJ1 Estate.
4. Maintenance of ground cover plants to reduce evaporation (keeping the soil moisture). For example, planting beans and maintenance the fern (*Nephrolepis bisserata*).

All soil management strategy above implemented regarding to recommendation from research department and evaluated annually related to production and soil/leaf sampling result.

Minor 4.2.2

Fertilization is one of the largest cost component in the treatment of oil palm plants. Its costs can reach 75% of total operating costs. Hence, all fertilization activities must be recorded properly in several documents. One of the documents is recommendation and realization of fertilization. According to its document, the type of fertilizers used in each estate as follows:

1. Long Jenew 1 Estate; there is a record of use organic fertilizers such as EFB, POME and Dolomite. Also recorded the usage of anorganic fertilizers namely NPK Compound and Borate.
2. Long Jenew 2 Estate; there is a record of use organic fertilizers such as EFB, Rock Phosphate and Dolomite. Also recorded the usage of anorganic fertilizers namely NPK Compound and Borate.

Minor 4.2.3

The company also conducted soil and leaf analysis periodically. Soil analysis conducted every 6 year and leaf analysis every year in each blocks which has been set. Here is a record of the analysis that has been done:

- Soil analysis: conducted last December 2010 in LJ1 Estate and February 2011 in LJ2 Estate. The analysis carried out by Soil Laboratory of Research and Development Agriculture Body, Indonesian Center for Agricultural Land Resources (accredited by National Accreditation Committee/KAN LP-192-IDN). The parameters tested were texture, pH, KCl, percent organic materials C and N, Cation Exchange value, KCl 1N and others.
- Leaf analysis; conducted last April 2015. The analysis carried out by third party PT. Nusa Pusaka Kencana (accredited by National Accreditation Committee/KAN LP-687-IDN). The parameters were tested Ash, N, P, K, Mg, Ca and B.

Minor 4.2.4

Based on interview with research staff DSN Group, the result of soil and leaf analysis will be used by research department in determining the annual fertilizer recommendation besides land suitability classes. Including mill waste utilization such as EFB and POME. The marginal soil which is low productivity will be priority to get EFB application. Therefore, POME application has been established at LJ1 and JB1 Estate.

Status: comply

4.3

Practices minimize and control erosion and degradation of soils.

Major 4.3.1

The company owns a soil map with a scale of 1:65,000 which is included in the Detailed Soil Survey Report prepared by the *R&I Swakarsa Group* in December 2011. The Map suggests that entire soil is listed as sub-grup USDA namely Typic Kanhapludults, Typic Kandiodults, Plinthic Kandiodut, Aquic Udifluvents and Typic Fragiorthods which is the land with sandy clay texture in block J49 and I52 LJ2 Estate 73 Hectarage.

Minor 4.3.2

Land suitability classes di LJ1, LJ2 and JB1 consist S2 class (suitable) is 10,418 Ha, S3 class (suitable marginal) is 233 Ha and N class (not suitable) is 73 Ha. The limitation factor of lans suitability in soil survey documents is climate (annual rainfall average and dry seasons), soil chemical properties (absorption and availability of nutrient) and soil physical properties (texture, drainage, depth and topografi).

Based on topografi map with a scale 1 : 100,000 (source: Indonesia Shuttle Radar Topographic Mission/SRTM sheet N01E116) is known that slope class in PT. SWA between 0 – 15% which is an flat area.

Minor 4.3.3

The company has documented a roads maintenance which is conducting by mechanical or manual for the next one year. Road maintenance (main road) performed every 2 – 3 months, therefore a collection road performed 4 months. Road maintenance round incidental, can be adjusted to the field conditions.



Road condition in LJ1 and LJ2 estate

Based on field observation, roads, bridges and drainage were well implemented and passable by operational vehicle of estates and mill to transporting FFB, CPO, PK or another logistics.

Major 4.3.4 and Minor 4.3.5

Based on soil survey report, there is no peat area in whole area of PT. Swakarsa Sinarsentosa. Therefore, no peat management procedures or strategy in operational activities.

Minor 4.3.6

Soil survey report conducted by research department on December 2011 declare that founded 73 Ha soil type *Typic Fragiorthods* which N class (not suitable). The texture of soil were sandy clay in blocks J49 and I52 LJ2 Estate. According to the condition, the company has set a strategy among other:

- Excavation trenches with the depth of approximately 2 meters to break up hardpan layer to repairing soil permeability. With the excavation, soil can storage more water that needs by palm oil trees. The trenches made with rectangular shape in block.
- EFB application with dosage 30 tonnes/Ha/year.
- Extra Borate fertilizer application.

Based on interview with research and field staff, there was a significant differences in physical and yield due to that treatment above. The trees bigger and the green frond. It shows that nutritional needs has fulfilled.

Status: comply

4.4

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

Minor 4.4.1 and Major 4.4.2

The company has set water management strategies that were implemented. Several strategies as follows:

- ✓ Protecting riparian from chemicals contamination. The company has installed sign as prohibiting application of pesticides and fertilizers. It sign board has socialized to all workers. The signs can be red painting in palm tree or sign board.
- ✓ Vertiver grass planting in riparian area. It planted with interval 1 – 2 meters. Fo example, vertiver grass planting in Kenden and Sengat River.
- ✓ Conducted monitoring of groundwater quality in land application area every semester.
- ✓ Surface water monitoring every semester. Water analysis conducted by testing laboratorium PT. Sucofindo Samarinda (accredited by National Accreditation Committee/KAN LP-258-IDN). The test performed referring to appendix 5, local regulation of Kalimantan Timur No. 2/2011. Based on the last tests on September 2015 in upstream and downstream of Telen River, several parameters that has tested such as BOD, COD, TSS and Coliform still accordance to surface water quality threshold.

Major 4.4.2

Based on field observation in Kenden and Sengat river, there is a LCC in riparian. Therefore, the company has set riparian as conservation area. The consequence is no chemicals application, logging and hunting. The riparian monitored by conservation officer routinely.



Riparian border

To ensure good flow, there was a routine cleaning activities.

Minor 4.4.3

Based on waste water analysis in second semester 2015 (July – December) which conducted by PT. Sucofindo Samarinda (accredited by National Accreditation Committee/KAN LP-258-IDN) on waste water treatment plant, parameters that tested under the threshold especially BOD and COD. It shows that waste water can be applied in to the land application.

Observation in land application area Long Jenew 1 Estate shows the area were well maintained. There was no leakage that flows outside the area. Based on public consultation with village representation, there was no issues regarding to river pollution especially in in to the river that across the village.

Minor 4.4.4

Water consumption for processing activities in mill regulated in internal memo of Mill Head No. 0011/DSN-PKS4/11/2015 on November 10th 2015. Water consumption budget is 1.3 m³/ton FFB. Through the laboratory annual report which documented by laboratorium staff, shows that water consumption were monitored and documented every day. It counted based on flowmeter data in water treatment plant (water intake).

Water consumption data periode January – Desember 2015 as follows:

Month	FFB	Water	Hydrant and	housing	Boiler	Water	Total	Total water
-------	-----	-------	-------------	---------	--------	-------	-------	-------------

	Processing (tonnes)	Surface (m ³)	housekeeping (m ³)	(m ³)	(m ³)	process (m ³)	water for process m3)	for production (m3)
January	21,808	48,911	9,165	6,828	13,836	13,614	0.62	1.26
February	24,462	43,976	8,160	6,908	10,834	16,176	0.66	1.10
March	30,779	49,242	9,119	7,937	14,177	21,168	0.69	1.15
April	28,359	48,138	10,033	7,521	11,663	20,257	0.71	1.13
May	31,759	49,774	99,00	8,309	11,559	21,551	0.68	1.04
June	29,754	53,267	10,007	8,388	11,591	23,249	0.78	1.17
July	29,930	55,991	9,088	8,527	13,621	22,929	0.77	1.22
August	34,452	57,320	10,747	8,191	14,485	23,425	0.79	1.27
September	34,452	62,769	12,743	8,310	18,423	23,787	0.69	1.23
October	36,009	71,635	15,280	8,988	21,725	25,965	0.72	1.32
November	32,482	69,232	13,601	8,850	20,235	24,515	0.75	1.38
Desember	31,116	63,236	12,812	9,906	18,164	22,976	0.74	1.32
	360,713	56,124	10,888	8,222	15,026	21,634	0.72	1.22

Through the data above, average water consumption for process were 0.72 m³. Therefore, the average water consumption for domestic and process (accumulation) were 1.22 m³. It shows that water consumption under the budget that has been set.

Status: comply

4.5

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

Major 4.5.1

The following activities are the IPM Program done by the Management unit;

- Pests and Diseases Detection Program, which is done periodically (every month). The same monthly period is also applied to the maintenance and caring treatment of the White Buttercup flowers (*Turnera sp.*).
- Work instruction of pest and disease control which is describe a pest control and critical threshold of pest. For example:
 1. Caterpillar threshold: 10 – 40 caterpillar per trees sample.
 2. Rat threshold: 5% trees attacked from sampling.
 3. Termites: 5% trees attacked from sampling.
- Monitoring the population of *Tyto alba* (rat-preying barn owls), which is done periodically (every month).

Pest and disease control has monitored every month which is responsibility of pest and disease staff. The staff assisted by pest and disease supervisor and it census officer in every estates. Monitoring has documented every months. Based on recapitulation data of pest and disease attack, there was no outbreak. All pest and disease were under controlled. The monitoring documents has reported direct to estate manager as a part of evaluation for integrated pest management.

Besides pest and disease attack, the staff also introducing *Tyto alba* as natural predator for controlling rat. There was 2 barn owl box that has introducing each estates. For example block B45 Afdeling 3 LJ1 estate anf block E36 Afdelling 10 LJ2 Estate that observed inactive. The staf says it could because less population of rat. Rat census data on January 2016 shows that rat attack under 1%.

Minor 4.5.2

To ensure of skill and competency of pest and disease officer, the company has conducted integrated pest management training. One of the last training that conducted were pest and disease detection on December 19th 2016 in block B36 Afdeling 2 LJ1 Estate. The training attended by 18 attendance consist pest and disease supervisor and officer of LJ1 Estate. The same training also conducted in LJ2 Estate on November 22nd 2015. Attended by 18 attendande of pest and disease officer.

Status: Comply

4.6**Pesticides are used in ways that do not endanger health or the environment****Major 4.6.1**

In order to control pest, disease and weeds, the company using several pesticides which active ingredients isopropyl aminoglifosaf, metil metsulfuron, fluroxypyr meptyl heptyl ester and coumatetralyl. Based on Registered Of Pesticides Book that release by Fertilizers and Pesticides Committee, Ministry Of Agricultural Republic Indonesia, all pesticides are registered, and have valid official and circulate permit. Justification on pesticides using above based on target allowed by the government.

The company has a chance to evaluated pesticide (brand name Round Up 486SL and Racumin 0.75TP) that will be expired on March 18th 2016. **OFI**

Major 4.6.2

Lethal dosage 50(LD50) also documented in each estate on document chemical toxicity in soil. On the document, listed several data such as product name, usage volume, active ingredients volume, area and toxicity. For example, toxicity of pesticide (active ingredients: isopropyl aminoglifosaf) on December 2015 is 0.104 kg/Ha.

Major 4.6.3

The company has set some effort to reducing pesticide such as:

- Dosage setting. In some step, pesticides application must be reduced. For example, herbicides dosage for weeding in mature area lower than immature area.
- Selective spraying. Means pesticides application only on selected targets. There were no pesticides application in riparian area, conservation area etc.

Minor 4.6.4

Based on document verification, the company has shown commitment not to use pesticides with active ingredients parakuat diklorida. Auditor observation to the agrochemical storage shows that there was no parakuat diklorida purchasing or expenditures. However, there was a record of the rodenticide usage with active ingredients *Coumatetralyl* (IB group refer to WHO Recommended Pesticides by Hazard 2009) for rat control.

Major 4.6.5, Major 4.6.6 and Minor 4.6.9

Based on field visit and interview with supervisor and pesticides applicators in block A36 Afdeling 2 LJ1 Estate and block E32 Afdeling 9 LJ2 Estate, all workers has attended training related to safety working with pesticides. Example, wearing PPE (boots, apron, rubber hand gloves, masker and googles) and good application (follow the wind direction and set the nozzle height below 50 cm). Carbon-layer masker that used for spraying and manuring were comply to the MSDS guidance which is informed that suitable masker area carbon-layer or respiratory masker. It help the sprayer to reducing contamination risk.

Minor 4.6.10

All weeding and fertilization supervisor and officer always bring material safety data sheet (MSDS) in the form of practical card. The MSDS also be equipped with emergency response flow chart in case a pesticide poisoning occurs. All supervisor can demonstrated handling of pesticide poisoning due to information in safety card below.



MSDS of chemical material and emergency handling workflow

The company has been socialized a former herbicides jerry management. All former herbicides jerry cannot reuse and must collected in to hazard and poisonous storage before returned to CV. Sumber Agung (legal hazard and poisonous transporter refer to environment ministry decree No. 38/2011). All evidences related to former pesticides jerry management were documented. For example, there was a minutes of meeting on December 25th 2015 shows that manifest contain 120 pieces former herbicides jerry. Person who responsible in hazard and poisonous management is supporting and warehouse staff.

Minor 4.6.7

Pesticides application has through the reducing risk and negative efforts. All persons involved has attended training and can demonstrated safety work procedures. Beside that, the company has set several treatment to ensure safety as follows:

- Briefing of MSDS every morning before start to works.
- PPE usage such as boots, apron, glasses, masker and hand gloves.
- Installation sign board in area which have been applied pesticides.
- Installation sign board in area that prohibition to application pesticides in riparian zone. The signs such as red painted in trees in riparian zone to reducing water pollution.
- All pesticides applicator must self-cleaned in spraying house before back home. All work equipment and PPE should not be taken home.
- Pregnant or breastfeeding mothers not allowed working as chemical applicators.
- All chemical applicator must drinks a glass of milk before and after working to reduced chemical effect.

Based on annual medical check report, there is no chemical applicator that indicated chemical contaminated.

Minor 4.6.8

Based on a review of documents and interviews with management staff and public consultation with villagers, the company did not perform the application of pesticides from the air.

4.6.11

Company has done medical checkup for workers that in touch with pesticide such as warehouse officer, spraying foreman, and sprayer. Medical checkup has been done on January 2016 for 99 workers from LJ1 and LJ2 with the result 95 workers is normal and 4 workers are not normal. Follow up from that result, company has moved the workers in not normal condition into a job are not in touch with chemicals and workers will be rechecked on Mei 2016.

Based on interview with spraying personnel, explained that the company checks personnel health annually and paramedics stated that in 2015 there is no worker who exposed disease due to pesticides.

4.6.12

Based on interviewing paramedics, explained that all woman workers who work with chemicals has been examined pregnancy every month. When were workers detected pregnant, she will moved into a job are not associated with chemicals

Company can shown evidence of pregnancy examination, such as at LJ2 on 25th February 2016 has a pregnancy examination toward 9 woman workers with the result all workers not in pregnant or breast-feeding.

Status: Comply

4.7

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

4.7.1

Policy and Procedure related to Occupational Health & Safety has not revised from previous assessment.

Company shown work program of P2K3 in 2016. The planned activities include review of Risk Analysis, monitoring of implementation OHS, medical check up (1 time per year), OHS & Enviroment Training, Emergency and First Aid Training, Meetings about OHS at company and reporting about OHS at company to Labour Agency. Effectiveness of program will be discusses on meeting of P2K3 every month.

4.7.2

Hazards & Risk Identification at PT. DSN and PT.SWA has been reviewed on 02nd January 2016. There is addittions of hazard identify that is risk of electrical panel explosion and FFB transport using mechanical tools.

Based on field visit on Hazardous Material Storage, there is MSDS in accordance with the chemicals stored and on Harvesting Activity, all worker has used PPE accordance with risk identification.

4.7.3

Company has provided training on safe working for its personnel which documented in news event, attendance list and photos of activities. Training had been done for example training Chemis for sprayer, training of work instruction & procedure process on mill for production employees, proocedure of harvesting for harvester. In addition, company showed training certificate and Operator License from the institution concerned in accordance with applicable regulations for example certificate of Electricity OHS Officer, licenses of boiler's operators, certificates of welders.

Based on field observation and interview with heavy equipment Operator at LJ1 Afdeling 2, explained that operator does not has License of Transport and Loading Operators. It is not accordance on Regulation of Labour Ministry number 9 in 2010 related to transport and loading operators. **Non-Compliance No. 2016.01 with Major Category**

Companies can showed evidence of give PPE to workers. Provision of PPE has been adapted to the type of hazard in accordance with the identification of risk. Based on field visit to LJ1, LJ2 and PKS-4, the entire personnel wear PPE base on risk analysis example engine room's operator using PPE with kind of helmet, earmuff, and safety shoes.

4.7.4

Company has identified person in charge on occupational health and safety, which is stated in company's guiding committee of occupational health and safety structure. The structure has been approved by Manpower and Transmigration Agency in Kutai Timur and has been accordance with regulation of Labour Ministry Number 04 in 1987. Based on interview with Labour Agency Kutai Timur District, company have P2K3 and OHS Officer in accordance with ther regulations. Based on interview with Labour Agency Kutai Timur District, company have P2K3 and OHS Officer in accordance with the regulations.

Meeting realted OHS has been done on every month by P2K3 and has been recorded in Minutes Meeting of P2K3. The minutes has been reported on quarterly reports of P2K3. In that meeting has been discussed about plan and actual of OHS activity. Example on December 2015, meeting discuss about safety patrol, work accident, plan of training and procurement plan of PPE.

4.7.5

Procedure about management of emergency and accident does not revised form previous assessmment. Procedure has been provided on OHS & Enviroment Procedure of DSN group (SOP-AGR-037-R01).

To improve understanding of emergency situation to workers, company has conducted training including training of emergency response and First aid training. In the training, workers described how to use extinguishers, first aid tools and

evacuation handling.

Company also provided equipment to handle emergencies among others there is a fire extinguisher (APAR, water tank and pumps, water drum, sack, bucket, ax, crowbar, shovel) and first aid box or bag. Company has document of Sheet Check for Emergency Response Tools for documented the inspection of emergency response tools are be done each week. Based on field observation, there is a check sheet on fire extinguisher tools which conducted every week and on field visit to harvesting and upkeep activity, it is known that each foreman has understood how to use First Aid tools.

4.7.6

Companies can show proof of payment of accident insurance in Workers Social Security Agency (BPJS), example for the period January 2016: Payment for LJ2 has been paid on 15 February 2016 with total 455 workers, payment for LJ1 has been paid on 12 February 2016 with total 474 workers and payments for PKS4 2016 has been paid on 10 February 2016 with total 217 workers. The amount of worker which paid are in accordance with list of employee period January 2016. Based on interview with personnel in PKS-4, LJ1 and LJ2, its clear that the entire personnel have the membership card of manpower social insurance.

Companies can show proof of insurance claims for accidents that occurred in the company, example at LJ1 giving evidence of Accident Insurance for employees was injured at work on 1 April 2015 which caused a parts of finger is severed . The company can show the results of investigations of accidents (Accident Report), proof of the determination of the Accident Insurance from Workers Social Security Agency (BPJS) and proof of payment to the victim.

4.7.7

Recording of work accidents has been done on P2K3 report that lists all accidents both from light, moderate to severe. There was recorded for period in 2015, with details as follows:

- LJ1: there were 124 work accidents with 122 cases light category, moderate category 1 cases and severe category 1 case
- LJ2: there were 14 work accidents with light category
- PKS4: there were 5 work accidents with light category

In addition, the company has Table Calculation Frequency Rate (FR) and Severity Rate (SR), which describes the number of moderate and severe work accidents (caused lost working day), the amount of working days lost and the calculation of FR & SR. data in 2015, such as:

- LJ1: there are 2 Cases with total 101 days lost
- LJ2: there are no moderate and severe work accidents which caused lost days
- PKS4: there is no moderate and severe work accidents which caused lost days

For moderate and severe accident, company showed a follow-up to accidents that occurred in the form of accident investigation reports which explain the details of the victims, the injured part, time of occurrence, type of accident, analyze the causes of accident, chronology and improvement plan.

4.7.3 | **Status: Non-Compliance No. 2016.01 with Major Category**

4.8

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

4.8.1

In order to improve personnel' competency, company has been made training programs based on personnel needs. Training for PT DSN and PT SWA personnel are centered under the Learning Centre Department. Training program in 2016 has been created that cover all aspects of the RSPO Principle and Criteria such as Occupational Health, Safety & Environment Training, Conservation Training, Waste Management training, Operational Training and Principle & Criteria of ISPO, RSPO and ISO training. Training program has created for all level employee (Staff, Foreman and Worker)

4.8.2

Company has recorded all of training for each worker in Monitoring of Training Implementation has been monitored by Learning Center Departemen. This document describes name of worker, job level, date and title of training. There is sample record for each worker, example:

- Training records of Eka Heri Sandi (Chief Assistant at LJ1) has conducted training among others Hazards

Identification, Risk Assessment & Risk Control And Guiding Committee Of Occupational Safety & Health Training (August 2011), Mitigation of Greenhouse Gases (November 2015), Quality Control TBS Training (August 2015), ISO, ISPO and RSPO Training (March 2016).

- Training records of Muhammad Roni (Kernel Intake operator at PKS4) has conducted training among others Occupational Health, Safety & Environment Training (July 2014) and Basic First Aid Emergency Training (October 2014)
- Training records of D. Dedy (Harvesting Foreman at LJ2) has conducted training among others Fire Emergency Response Training (July 2015) and Harvesting System Training (August 2015)

Based on interview with worker and harvesting Foreman, explained that the worker has been trained related harvesting technic and determine criteria of ripe FFB. In addition, In addition, foreman has understood how to use First Aid tools.

Besides that, Company has trained the smallholders such as training related to fertilization, upkeep and harvest with farmers' groups Long Pka Wel Guaq, Nehas Liah Bing village on March 19, 2015.

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. SWA

Management unit of PT. SWA has conducted Environmental Impact Assessment (EIA or AMDAL) study in 1998 and had been approved by the Ministry of Agriculture through the approval letter number 21 / EA / RKL-RPL / BA / VI / 1998 dated June 8, 1998. The scope of the study was the Plantation and Processing Plant in Muara Wahau, Kutai, East Kalimantan with plantation area 25,000 hectares and mill processing capacity of 60 ton FFB /hour (Mill 1) and capacity of 60 ton FFB/hour (Mill 2).

The afore mentioned EIA document stated that the environmental management monitoring of PT. SWA covers the following impact: 1) the potential of erosion and decreased of soil fertility, 2) a decrease in water quality, 3) a decrease in air quality, 4) changes in ecosystems, 5) disturbance to protected wildlife, 6) changes in agricultural patterns, 7) employment , 8) the increase in revenues of community, 9) public health, 10) social unrest.

Due to the addition of the mill's installed capacity into 90 ton FFB / hour and adjustments of EIA study area to match plantation area (16.850 hectares), management unit of PT. SWA has prepared an addendum of EIA plantation and palm oil mill PT. SWA and had been approved by East Kutai Regent through decree number 662 / K.315 / 2013 dated April 22, 2013.

Addendum of EIA in year 2013 has included changes in protocol and plans of environmental management and monitoring (RKL-RPL) into the following environmental impacts: 1) the quality of surface water, 2) ambient air quality, 3) attitudes and negative perceptions of the community, 4) employment opportunities , 5) business opportunities, 6) attitude and positive perception of society, 7) degradation of soil fertility, 8) degradation of biodiversity, 9) public safety due to traffic, 10) load of sediment in the water body, 11) disruption of runoff, 12) reduction of environmental sanitation quality.

As evidence of the implementation of environmental management and monitoring, the company has compiled regular report named RKL-RPL every six months and report to relevant agencies. The latest reports available for the second half of 2015 which were submitted to the local government on February 9, 2016

Based on observations of auditors, RKL-RPL report of 2nd half of 2015 has already contained adequate environmental management and monitoring component as follows: 1) water quality, 2) ambient air quality, 3) attitudes and negative perceptions of the community, 4) employment opportunities, 5) business field, 6) attitude and a positive perception of society, 7) degradation of soil fertility, 8) degradation of biodiversity, 9) traffic accidents ashore, 10) load of sediment into the water body, 11) disruption of governance runoff, 12) reduction in environmental sanitation ,

To evaluate the relevance of environmental management and monitoring plan, management unit of PT. SWA has developed a regular review on EIA document every two years refers to the valid EIA document. The latest review of EIA document is available for year 2016 which showed that the RKL-RPL document is still relevant to be implemented and there are no changes needed in the management and monitoring of the environment.

Palm Oil Mill 4 – PT. DSN

Palm Oil Mill 4 began operating in 2013 in addition to the existing Mill 1 and 2 that have been built before. For the purposes of environmental management and monitoring in Mill 4, management unit has developed an environmental management and monitoring assessment document in the form of UKL-UPL for the Development of Palm Oil Mill 4 with a production capacity of 60 ton TBS / hour and Palm Kernel Oil (PKO) production capacity of 300 tons of kernel / day.

UKL - UPL document had been approved by local government through decree number 660/520/3-BLH / IV / 2011 dated 14 April 2011 concerning Recommendations on UKL-UPL of CPO and PKO Mill 4 of PT. Dharma Satya Nusantara in Benhes Village, Muara Wahau, East Kutai District.

UKL-UPL had contained plan / protocol of management and monitoring of environmental impact that will be carried out by PT. DSN, which included management and monitoring of: 1) liquid waste, lubricating oil and waste water, 2) gas emission from boilers and generators, 3) solid waste, such as empty fruit bunches, fiber, and shells, 4) factory environmental, and 5) occupational health environment

CPO Mill 4 - PT. DSN has periodically (every six months) delivered reports on EIA implementation (RKL-RPL) to local authorities. Latest report available for second half of 2015 which was submitted on February 9, 2016 to Environmental Office of East Kalimantan Province and on February 10 to Environmental Office of East Kutai.

To evaluate the relevance of environmental management and monitoring plan, management unit of PT.DSN has developed a regular review on UKL-UPL document every two years. The latest review was available for year 2016 which showed that the RKL-RPL document is still relevant to be implemented and there are no changes needed in the management and monitoring of the environment.

Status: Comply

5.2

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

Auditor observed that Management unit of PT. SWA has conducted HCV assessment and identification of rare or endangered species in year 2011 – 2012, through cooperation with third party consultant (Daemeter Consulting). The HCV assessment includes identification survey of flora and fauna within plantation, important habitat with environmental value, including areas important to community lives around plantation.

Based on HCV identification, 29 protected species of flora were identified, mostly from the family of dipterocarp. There were also 44 species of threatened species of animals by category endemic, protected or listed in the Cites list. There were 43 species of birds with the status of "conservation priorities". Meanwhile, the plantation areas identified as having high conservation value were Kenden River Banks (119 hectares) and conservation areas VI (secondary forest covering an area of 325 hectares).

For the protection of flora and fauna and HCV area, Management Unit of PT. SWA has compiled a HCV management program included in:

1. HCV management plan which is integrated with HCV identification documents, which contain:
 - Explanataion of important value of HCV area (HCV 1.2 ; 1.3; 3; and 4.1)
 - Guidance for management and monitoring of HCV area (1.2; 1.3; 3 and 4.1)
 - Mangament plan of HCV area
2. SOP of riparian area in work instruction number IK-AGR-SHE-06-R00 concerning Management of Riparian Area

Based HCV management plan document, management measures of HCV area to be implemented include:

- Dissemination of HCV protection to employees and the public
- Conducting patrols in the HCV area
- Habitat management through rehabilitation of a conservation area to its natural form, demarcation of HCV area, installs signboard of HCV area and environmental protection
- Install clear boundary markers in field and conduct enrichment planting with local types such as Meranti, Kapur, Eugenia and Agarwood,
- Weekly monitoring of wildlife and natural vegetation
- Two yearly total wildlife and vegetation inventory.
- management of riparian to prevent erosion by planting vertiver grass species on the river banks.
- In the conservation area IV, enrichment has been started gradually from border toward core area. On conservation area VII.

Field observations during ASA-01 in Long Jenew 1 and Long Jenew 2 Estate showed the following result:

- Riparian area of Kenden Kecil River in Block B47 Afdeling 3 Long Jenew 1 Estate showed that boundary markers are still preserved, no chemical treatment, some parts of river banks are still in good condition, Riparian protection signboard available. River discharge is still small due to long drought in year 2015 and in beginning of 2016.
- Riparian area of Sengat river in Block G28, Afdeling 9, Long Jenew 2 Estate showed that boundary markers are still preserved, no chemical treatment, some parts of river banks are still in good condition, Riparian signboard available.

For the purposes of managing the conservation area, management unit of PT. SWA has appointed some officers dedicated in management of HCV area:

- Achmad Jubair Syam, with an undergraduate qualification in Forestry, already had HCV training certificate from Tropenbos, biodiversity survey training from IPB, and orangutan Conflict Mitigation Training from Mulawarman University
- Wisnu Prabowo, with undergraduate qualifications in Forestry, has attended HCV training from Tropenbos, Orangutan Conflict Mitigation Training from Mulawarman University.

HCV team of PT SWA and PT. DSN has been socialized the HCV protection and regularly train the employees. Other than internal training during HCV assessment process in year 2012, PT SWA has also programmed regular internal socialization and training.

During 2015, there have been socialization processes in 26 employees and two employees attended by about 1180 workers in PT. SWA and PT. DSN:

1. Dissemination in Jabdan 1 estate, attended by 204 workers, performed four times on the 2nd, 4th, February 6, 2016 and March 3, 2015
2. Dissemination in Jabdan 2 estate attended by 261 workers, conducted 5 times on 9, 11, 13, 16, and February 24, 2015
3. Dissemination in Long Jenew 1 estate attended by 371 workers, conducted 5 times on Feb. 4, 6, 9, 11, March 13, 2015
4. Dissemination in Long Jenew 2 estate attended by 344 workers, conducted five times on 16, 23, March 27, 2015 and on 6, 8 April 2015

As part of the training, HCV team has evaluated the success of dissemination through the pre-test and post test with a success percentage reached 64% at post-test. In addition, in year 2015 there was also be dissemination to the community in Nehes Liah Bing and Jabdan Village.

To monitor the condition of the HCV area, PT. SWA conducts total inventory of flora and fauna every two years and periodic monitoring (monthly) at several points in accordance with the SOP. The latest two yearly inventory conducted in 2014 with 41 sample points in conservation area VI blocks and 20 points in the conservation area block VIII. Total duration of monthly monitoring for year 2015 was 153 hours. From the monitoring, 100 species of birds were identified in block VI conservation area and 54 species of birds in the block VII. There was slight increase of biodiversity over the previous year.

In addition to regular monitoring, PT. SWA has also compiled Annual Report on Evaluation of High Conservation Value

Management in PT. SWA which contains evaluation on the implementation of the HCV management such as:

- Evaluation of outreach programs to employees and the public. In general socialization show good achievement.
- Evaluation of patrols programs conducted in one year of period. The periodic patrols by conservation officers showed the success of preventing disruption of the conservation area.
- Evaluation of inventory and monitoring program of flora and fauna, conducted regularly every two years.
- Evaluation of the rehabilitation / enrichment of conservation area. In 2015 performed only 0.5 hectares at block VI and VII due to long dry season.
- Evaluation of conservation area attributes. In total there were 107 signboards with varied conditions.
- Evaluation of river water quality monitoring in the conservation area, which shows that parameters of the water still meet the river water quality standards.

Consistent with audit result in previous indicator 2.3.1, there are no traditional rights used as a plantation of PT. SWA. The entire plantation estate originated from conversion of state forest area by the Ministry of Forestry. To ensure this, there has been public consultation during and after HCV analysis as shown by the following records:

1. Public consultation to the traditional institutions (adat) of Nehas Liah Bing:
 - October 4, 2014, attended 12 representatives. Report of the meeting is available, attendance list and picture documentation.
 - November 24, 2014, attended by 9 representatives
 - December 10, 2014: attended 15 representatives
2. Documentation of public consultation and HCV dissemination on Feb 28th, 2014; January 16, 2014 and July 14, 2014.

Confirmation on the issue has also been obtained by auditor from public consultation session of RSPO audit ASA-01 dated January 12, 2016 which shows that there is no overlap between the village community land concession areas including HCV area.

Status: Comply

5.3

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

For the scope of the plantation estate in PT. SWA, management unit has conducted identification of the sources of waste and pollution, as indicated by the following documentation:

1. EIA documents which contains identification of general sources of waste from plantations and mills such as solid waste, liquid waste from CPO production, and air pollution from emissions of combustion in boilers and generators.
2. Hazard Identification and Risk Assessment, and control of environmental risk and impact which outlines the types of activities in plantation and mill, generated waste, and the level of risk. Types of waste that are listed such as: domestic waste from residential, scheduled waste from agrochemical use, greenhouse gas emissions, and others.

For the scope of Palm Oil Mill 4 - PT. DSN, management unit has provided documentation identification of waste and pollution sources, as shown in the following document:

1. UKL – UPL (Environmental Management and Monitoring Effort) of PKS 4 PT. Dharma Satya Nusantara which contains identification of waste such as: solids, liquids, and gases. The liquid waste generated from waste water treatment plants and lubricating materials, solid waste generated from the production process such as empty bunch, shell, and fibers. gas waste gas / emissions from generators and boilers.
2. Report on Identification of Waste and Pollution in mill. The document mentions 28 production activities that produce waste such as: loading ramp, stew, production, WWTP, maintenance, WWTP, scheduled waste stored, Warehouse, and so forth. Types of generated waste categorized into scheduled waste and non-scheduled waste.

Procedure of chemical materials handling including hazardous and toxic materials (B3) available in the Work instructions for Scheduled Waste Management in DSN Group Number IK-AGR-SHE-09-R00, January 15, 2014. The work instruction describes the requirements of LB3 storage, LB3 handling at site, LB3 storage standards, LB3 safety signboard with reference to the current regulation most notably Government regulation number 101 year 2014 regarding the Management of LB3, KepBapedal no. 1 of 1995 on Technical Requirements for Storage and collection LB3, and KepBapedal No. 255 of 1996 on Procedures for storage and collection of used lubricant oil.

Auditor observed in Mill 4 and two sample estates and found that LB3, chemical material and its container has been managed properly as follows:

- Used chemical container were collected, rinsed, packed, and been delivered to a licensed collector namely CV Sumber Agung. LB3 items managed by third parties including: used lubricant oil, used filters, used batteries, used fabrics and gloves, paint container, chemical packaging. The latest delivery was done on 6 November, 2015.
- For temporary storage of used chemicals container and LB3, management unit has built storage (TPS) in Mill 4. Permit from the local government available. The storage has been equipped with standard equipment such as symbols of LB3, first aid equipment, ventilation and fireproof, secure from unauthorized and community.
- Waste water from chemical container rinsing were reused for agrochemical mixing process.
- All chemical container waste and LB3 handling process has been recorded in the regular balance sheet of LB3 every month. The balance sheet had been reported regularly to the official of East Kutai Regency every 3 months.

Plan and strategies for disposal and waste management in Mill and Estates have been documented in the following documents:

- Identification of waste and pollution in mill 4 PT. DSN which explains the plan of waste handling from production activities, including hazardous and toxic ones (LB3).
- Work Instruction for LB3 Handling in PT. DSN number IK-AGR-SHE-09-R00, January 15, 2014
- EIA documents and its addendum which explains the plan of waste and pollution management from mills and plantations mainly in the form of liquid waste and emissions.
- Document of Hazard Identification, Risk assessment and Control (HIRAC) and Control measures of environmental impact (safety and health) which outlines the types of activities, waste generated, and the level of risk. Types of waste are listed such as domestic waste from residential, B3 of agrochemical use, greenhouse gas emissions, and others.

Document verification and field observation also showed that waste management has been done properly, such as:

- Solid waste from mill (fiber and shell) used for boilers fuel at the plant.
- Solid waste in the form of empty bunch applied as organic fertilizer on the estates.
- Liquid waste from FFB processing (raw effluent) fully utilized for organic liquid fertilizer (Land Application) after passing through wastewater treatment plant (WWTP) to meet the quality standards according to the rules.
- Waste gas from the boiler stack emissions and power supply (generator) managed through the installation of dust collector.
- Waste from harvest activities such as frond arranged around the oil palm trees to reduce erosion and maintain soil moisture.
- LB3 has been managed in accordance with the SOP and also according to the LB3 storage license.

Domestic waste collected in collective households, separated between the organic with the inorganic and dumped into final landfills.

Status: Comply

5.4

Efficiency of fossil fuel use and the use of renewable energy is optimised.

Minor 5.4.1

The company has implemented efficiency of fossil fuel efforts through renewable energy usage by using shell and fiber. Its efforts have been documented and monitored well. For example, in monitored renewable energy usage and efficiency analysis document recorded as follows:

Shell and fiber efficiency data for boiler PKS4 year 2015:

Description	January - December 2015
FFB Processing (Tonnes)	360,713
Fossil fuel usage	
Diesel fuel (Tonnes)	156,219
Energy produced (KWH)	570,144
Diesel fuel usage/KWH (litres)	0.274

Renewable energy usage	
Fiber (Tonnes)	43,286
Shell (Tonnes)	28,857
Energy produced (KWH)	11,744,130
Total energy produced (KWH)	12,314,274
KWH/Ton FFB Processing (KWH)	34.14
Diesel fuel efficiency (litre)	3,374,101

Based on data above, the company has make savings 3,374,101 litre diesel fuel by using shell and fiber. All data documented by laboratory staff of PKS4.

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.

Major 5.5.1

Company already has the infrastructures of land fires. However, there is no sufficient evidence of the evaluation of the level of fire vulnerability as the basic consideration of provision, placement, and organization of land fires effectively.

Non compliances No. 2015.01 minor indicator.

Observation on March 16th 2016

The company has shown evidence as follows:

1. Monitored hotspot and fires frequency every day by Safety and Health Department from Global Forest Watch Fires sites. Based on monitoring result, the company has set fire vulnerability maps and fire emergency equipment in vulnerable area.
2. Based on monitoring result, the company has set several maps of fire hotspot.
3. The company has issued memorandum related anticipation and control of land fires (Memorandum No. 001/DIR/JKT/II/2016 dated February 2nd 2016). The memo's described treatment for anticipation land fires such as fulfilled the regulation related to fire prevention, activated emergency response team, routine monitoring and to ensure land fire facilities ready to use etc.
4. Forming fire emergency team in each estate and approved by guiding committee of occupational safety and health.
5. Conducted land fire simulation in each estate on February 9th 2016.
6. Appoint an official officer for routine patrol every day.
7. Performed extra land fire facilities.

Based on evidences that shown, noncompliances No. 2015.01 is **closed**.

Minor 5.5.2

The company does not conduct burning in land clearing. Based on field visit and interview with village representative, the method of land clearing were mechanical by using heavy equipment such as bulldozer and excavator.

5.5.1 Status: Non-compliance No. 2015.01 with Minor Category is closed.

5.6

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

As explained in the previous indicator, the management unit has identified source of waste including emissions from plantation and activities, as indicated in the EIA document and Waste Identification document. In the mill, the major emission source is from POME and the use of diesel fuel for generators and vehicles. Some of the main sources of pollution in palm oil mills are as follows:

- Liquid waste from processing
- Generator / engine emissions
- Boiler emission of combustion of renewable fuel
- Dust from road transportation
- Emission from CPO and FFB transportation.

Greenhouse gas emissions source in plantation are mostly from the use of chemical fertilizers, fossil fuel for

transportation, and N2O emission.

Summary of greenhouse gas emission in PT. SWA and Mill 4 PT. DSN are as follow:

1. Emission from estate

Source	tCO2e	tCO2e/ha	Measurment Programme	Target
Land clearing	-	-	No land clearing any longer since 2004	-
Fertilizer	16.842	0,2	Organic fertilizer	
N2O	13.416	0,16		
Fossil fuel	2.655	0,03	Reduction in operating hours of genset in the main emplacement of the original plan of 720 hours to 704 hours per month	Reduce diesel fuel consumption from normal budget
Peat	-	-	Not peatland conversion	-
Total	32.913	0,39		

2. emission from Mill 4

Source	tCO2e	tCO2e/ha	Measurment Programme	Target
POME	61.304	0,73	in 2015 has reviewed the feasibility of implementation of methane capture facility	2019
Diesel fuel	742	0,01	- Efficient use of diesel fuel with optimization of fiber and shells as renewable fuel - Engine maintenance to avoid inefficiency in diesel engine fuel consumption	
Imported electricity	-	-		
Total	62.046	0,74		

In accordance with Environmental Monitoring Programs in the EIA document, the management unit has been monitoring pollution and greenhouse gas emissions on a regular basis (each semester), which is performed by a laboratory SUCCOFINDO (accredited). The latest testing carried out in the 2nd half of 2015, In August 2015. The brief summary of testing result is as follows

1. Ambient air quality monitoring

No	Parameters	Unit	Threshold	Result	
				Front office	Housing
1	CO	Ug/nm3	30000	449,45	200,53
2	NO2	Ug/nm3	400	90,16	45,25
3	SO2	Ug/nm3	900	117,28	93,58
4	O3	Ug/nm3	235	<0,01	<0,01
5	Hydrocarbon (HC)	Ug/nm3	160	<0,01	<0,01
6	PM10	Ug/nm3	150	68,44	19,82

7	Dust	Ug/nm3	230	155	43
8	Lead	Ug/nm3	2	<0,01	<0,01
9	Dustfall	Ton/Km2/bulan	10	1,35	1,36

According to PP No.41 / 1999 concerning Control of Air Pollution in Indonesia.

2. Odority:

No	Parameters	Unit	NAB	Area Land Application	Housing
1	Ammonia (NH3)	ppm	2	2	<0,01
2	Metil merkaptan (CH3SH)	ppm	0,002	0,002	Ttd
3	Hidrogen sulfide(H2S)	ppm	0,02	0,02	<0,01
4	Metil sulfide (CH3)SS	ppm	0,01	0,01	Ttd
5	Stirena (C6H5CHCH2)	ppm	0,1	0,1	Ttd

According to Kepmen LH No.50/MENLH/11/1996

3. Noise:

No	Location	Unit	Result		Threshold
			August	October	
1	Kernel crushing	dBA	97,2	95,9	80
2	Genset Area	DbA	101,1	102,5	80
3	Tippler Area	DbA	92,4	82,6	80
4	Boiler Area	DbA	92,6	95,7	80
5	Sterilizer Area	DbA	87,5	89	80
6	Pressing Area	DbA	92,0	83,8	80
7	Clarification Area	DbA	92,7	87,5	80
8	loading ramp	DbA	77,5	90,3	80
9	Kernel Station	DBA	96,3	91,3	80

According to Keputusan Menteri tenaga Kerja dan Transmigrasi no.13/MEN/X/2011.

4. Generator emissoon in mill:

No	Parameter	Unit	Thershold	Genset-01	Genset-02
1	Ammonia	Mg/m3	0,5	<0,01	<0,01
2	Gas chlorine	Mg/m3	10	<1	<1
3	Hydrogen chloride	Mg/m3	5	<0,1	<0,1
4	Hydrogen fluride	Mg/m3	10	<0,1	<0,1
5	Nitorgen dioxide	Mg/m3	1000	376	486
6	Opacity	%	35	10	15
7	Particulate	Mg/m3	350	29,27	38,13
8	Sulfur dioxide	Mg/m3	800	2	2
9	Hydrogen sulfide	Mg/m3	35	<0,01	<0,01
10	Mercury	Mg/m3	5	<0,0005	<0,0005
11	Arsenic	Mg/m3	8	<0,001	<0,001
12	Antimony	Mg/m3	8	<0,01	<0,01
13	Cadmium	Mg/m3	8	<0,001	<0,001

14	Zinc	Mg/m3	50	<0,05	<0,05
15	Lead	Mg/m3	12	<0,01	<0,01

According to Kepmen LH no.13/MENLH/III/1995 concerning Threshold for static emission.

5. Hasil uji emisi boiler Bulan Agustus 2016 :

No.	Parameter	Unit	NAB	Boiler-01	boiler-04
1	Particulate	Mg/m3	300	22,12	19,22
2	SO2	Mg/m3	600	1	1
3	NO2	Mg/m3	800	5	15
4	HCL	Mg/m3	5	<0,1	<0,1
5	CL2	Mg/m3	5	<1	<1
6	NH3	Mg/m3	1	<0,01	<0,01
7	HF	Mg/m3	8	<0,1	<0,1
8	Opacity	%	30	10	15

According to PermenLH No.07/MEN-LH/II/2007 concerning threshold for static emission from boiler

Results of air quality test above (emissions, ambient, odor and noise) have been reported regularly every six months to the government authorities through the Implementation Report on Environmental Management and Monitoring (RKL-RPL). The latest report for the second half of 2015 had been delivered in January, 2016.

The result of greenhouse gas emissions assessment using a Palm GHG calculator has also been reported to the RSPO Secretariat c.q. GHG Working Group. For year 2015, an official report on GHG emission calculation had been submitted on March 4, 2016 by management unit.

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.

A participatory Environmental and Social Impact Assessment available for PT. SWA in the following document:

1. EIA or AMDAL study in 1998 and had been approved by the Ministry of Agriculture. Due to the addition of the mill's installed capacity into 90 ton FFB / hour and adjustments of EIA study area to match plantation area (16.850 hectares), management unit of PT. SWA has prepared an addendum of EIA and had been approved on April 22, 2013.
2. Environmental management and monitoring assessment document (UKL-UPL) for Development of Palm Oil Mill 4, approved by local government on 14 April 2011.

Summary of environmental and social impact of PT SWA and mill 4 according to AMDAL and UKL-UPL

Activities	Impact
Mill activities	The decline in surface water quality
	The decline in air quality
	The negative perception of society
Labour	Employment opportunities
Local partnership for smallholder plantation development	Local business opportunities
	The positive perception of society
Plantation estate development	Degradation of soil fertility
	Degradation of biodiversity
Agronomic activities	Degradation of biodiversity
	The decline in surface water quality
Harvesting and transportation of FFB	The decline in air quality
	Local business opportunities

Traffic	Road safety
	Surface water management
	Sedimentation
Clinic	The decline in the quality of environmental sanitation
Generator and Workshop	The decline in surface water quality
	The decline in ambient air quality
Emplasmnt	The decline in air quality
	Local business opportunities
Community empowerment	Local business opportunities
	The positive perception of society

3. Social Impact Assessment (SIA), composed in 2011 and contains an overview of the social environment profile of villagers, community and institutional structures, perceptions of villager against the company, facilities and infrastructure needs.

Record in study report SIA shows that the assessment was composed through a participatory approach and community involvement in data collection (interviews and Focus Group Discussion), involving representatives of the community group, traditional leaders, and village official in study area, which are: Benhes, Nehes Liah Bing, Dabeq, Muara Wahau, New Miau, and Village Diaq Lay.

According to public consultation result in audit ASA-01, in general, people surrounding PT. SWA and PT DSN satisfy with the social performance. There are no significant complaints and objections. Negative social impact has been handling through various CSR and community empowerment programmes.

As guidance for social impact monitoring, the company has developed protocols on social impact monitoring as mentioned in the EIA and SIA document. Monitoring on social impacts in EIA has been described in the above table. Mean while, social management and monitoring plan based on the SIA is intended to ensure that activities to increase the positive impact and reduce the negative impact of running as planned.

The SIA study identified the following impact to be managed: land acquisition and land conversion, the risk of accidents and occupational health, public perception, public health, employment, marginalization of minority groups, social conflicts, increased of income of local villager, increased in human resource capacity, strengthening community organizations, changes in habits and environment, development of smallholdings.

The unit responsible for managing and monitoring the implementation of social impact is CSR Department team in Muara Wahau. Monitoring has been doing done by collecting data and information from the public through a variety of methods such as questionnaire and interview. Distribution of questionnaires including the village chief and community leaders.

Management unit (CSR Department) has reviewed the Social Impact Management Plan periodically through a participatory process and involvement of the community . Latest review available for year 2016 whcih was composed in January 6, 2016 showing that the participatory methods are questionnaire and interview. It is concluded in the review that management plan still considered relevant with existing condition.

Management unit has developed partnership with surrounding communities (plasma) through two smallholding oil palm plantation schemes, namely:

1. Full operated partnership: management of smallholding plantation fully by the company
2. Agricultural production facility support (saprodi) , where company provides fertilizer and seed, while maintenance by each land owner

The total area of smallholdings was about 5,128 hectares is comprised of 3,580 hectares full scheme operate and 1,548 for *saprodi* scheme. Details of the development are as follows:

- a. Plasma cooperative Minsun Lekut in Benhes starting in 2007 until 2014, with a total area of 1876 hectares
- b. Plasma cooperative Min Bea Glang Mandiri in Dabeq started in 2008 with a total area of 506 hectares
- c. Plasma cooperative Jengea Bong Pet Kuq in 3 villages started 2013-2014 covering an area of 1,918 hectares

d. *Saprodi* Partnership in 4 villages with a total area of 1,548 hectares

To assure positive impact on smallholding, management unit has included smallholding development as study object within EIA (AMDAL) year 2013, SIA analysis document and within HCV assessment document. Public consultation in audit ASA 2 shows that smallholding development run well, mostly for fully operated scheme.

Status: Comply

6.2

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

In accordance with the results of previous audit, management unit can demonstrate that there are standard procedures for communication and consultation as indicated by SOP No. 0215B / SWA-CSR-WHU / VI 2012 on Communication and Consultation.

The SOP contains a description of the procedures for communication in terms of information requests, complaints or dissatisfaction, conflict resolution mechanisms, complaints / claims, land acquisition identification mechanisms, calculation and compensation, the communication on violence act, provision of advice and consultation.

In general, the implementation of communication and consultation carried out by:

- Submission orally or in writing to the contact person in the company
- The response will be given a maximum of 3 working days
- For troubleshooting will be performed by a meeting between the two sides.
- Unless the government agencies, the involvement of third parties must be by agreement
- Company protect anonymity of the complainant, in case there are any report violations of laws and regulations

The above mentioned mechanisms has been disseminated and discussed with affected communities on June 7, 2012. Each village is represented by two people consisting of the Village Chief and Chief of Adat. The village, which agreed ordinances / communication procedures are Behes village, Lay Dik village, village Deabeq, Nehas Liah Bing village, Muara Baru Miau Wahau and villages.

For the purposes of communication and consultation, the company has appointed a special officers to manage social issues in PT. SWA and DSN, which is under the Division of Corporate Social responsibilities & Environment with the structure and personnel as follows:

Official in Head Office:

- CSR Head HO: Petrus Loekito
- CSR Planning and review: Bodie Wibowo
- CSR Operation Group Head: Rekso Pramono

Official in Muara Wahau site:

- CSR Wahau – Kaltim: Kokok Budiarto
- Relation & partnership: Maradu Panjaitan, Taufik, W. Omat, Pandu SW, Damas
- Com. Development & business development: N. Yordan, Dahlia, Ratna S, Rahayu, Ramli Junaini, Ismail Adi, Paulus M. Kristianto
- Monitoring, evaluation & Office management: Ignatius Sunandar, Pia Alfia,
- Community infrastructure: Suryansyah

Job description for each position available clearly for each position and responsibilities. The company implements the system “single channel” to deliver communication with society. Social issues associated with estate and mill operations are all handled by the division of environmental and CSR. The officers in charge of communication comes with complete address and phone number and distributed in every stakeholder village.

1. Kokok Budiarto (HP 08115823144)

2. Suriansyah (HP 08115566624)
3. M Sahal (HP 085283762847)
4. Ignatius Sunandar (HP 08122599961)

To support social communication, management unit has developed the latest list of stakeholders for PT SWA and PT DSN, arranged on January 12, 2016. The list contains complete data of stakeholder profile including information on addresses and contact phone numbers,

Communication records are available in the form of Log Book on Incoming Letter of PT. SWA managed by the Social Division / CSR. According to that record, there was at least 53 incoming mail recorded from stakeholders PT. SWA, and all of them had been addressed properly.

Status: Comply

6.3

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

Management unit has developed system of communication and consultation with stakeholder as shown in document No. 0215B / SWA-CSR-WHU / VI 2012. This document describes and regulates the Rules of communication with local communities or NGOs and organizations, including the submission of complaints and objections.

The communication mechanism has been communicated and socialized with affected communities on June 7, 2012. Each village was represented by two people consisting of the Village Chief and Chief of Adat. In addition to that, management unit also has a complaints handling mechanism for internal stakeholder (employees) in Procedure Number SOP-AGR-054-RO1. The purpose of this SOP is to ensure that employees receive proper treatment when they make complaint in accordance with company rules and regulations and minimize dissatisfaction and injustice. In this procedure also states that the identity of reporter should be protected.

Based on interviews with the CSR section, in the period of 2013-2014 there have been no complaints from the public related to the performance of PT. SWA and Mill 4 of PT DSN. Document verification during public consultation showed that during the ASA-1 audit take place, there are no cases of land disputes are still / ongoing between the company and the community. This is consistent with the results of a public consultation with the village board around the plantation.

For any cases of land conflicts that have previously occurred, the company has set the settlement procedure by consensus and dialogue. Some of the conflicts that have occurred have been resolved properly through consultation and dialogue (see previous criterion 2).

Status: Comply

6.4

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

Management unit has developed mechanism of identification, calculation and payment of compensation in communication and consultation SOP number 0215B / SWA-CSR-WHU / VI / 2012. The procedure describes the stages of compensation as follows:

1. identification of disputed land by way of measurement together with the community using appropriate tools and discussion / verification of evidence of legality of particular land.
2. The compensation is calculated based on the agreement between the company and in accordance with customary landowners and common decency
3. The compensation for destroyed crops is done by statute or governmental regulation
4. The compensation payment made after agreement and an official report
5. If no agreement is obtained, thus it will be mediated by third party and if still no agreement, then it will proceed with litigation.

Based on the examination of legal documents in PT. SWA and PT. DSN, field verification and public consultation, it is known that there was no process of compensation payment to communities for land acquisition of PT. SWA and PT.

DSN. The whole plantation concession derived from the State Forest Area Ex that have been released (converted) by the Ministry of Forestry through permit No. 174 / Menhut-VII / 1996 dated February 9, 1996 and letter no. 152 / Kpts II / 1997 covering an area of 17,500 hectares.

However, the procedure for calculating and distributing fair compensation is available in SOP number No. 0215B / SWA-CSR-WHU / VI / 2012 dated June 7, 2012 which was signed by representatives of the village and company representatives. Appendix 2 of this SOP describes the mechanism of identification, calculation and compensation to communities equitably.

Status: Comply

6.5

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

6.5.1

PT DSN and PT SWA pay their personnel salary based on the applicable regulation, like the Governor decree and Company's decree. Moreover, company could present documents related to salary for personnel, example:

- Governor Decree No 561/K.773/2015 on 08th December 2014, which states that the minimum wage for Kutai Timur District period 2016 is IDR 2,276,312 that valid since 1st January 2016.
- Company's decree over the revision of minimum wage number 012/DIR/II/2016 on 22nd January 2016, which revise the minimum wage into IDR 2,276,350 along with rice allowance for about 0.5 kg per day based on attendance. Moreover, daily wage becomes IDR 91,054 per day.

Company can showed list of personnel salary, for instance salary payment in February 2016 informs the work location, name, personnel number, grade, income (salary, overtime, allowance, incentive and total salary), deduction (manpower social insurance, manpower health insurance, tax, total deduction), and total paid and personnel signature. In addition, the company provided pay slips to each employee that contains information in accordance with the payroll. Based on document's review, that company has paid its personnel salary based on the applicable regulation.

Employee and Worker Union stated that salary has payed based on the applicable regulation. Company always payed salary on time accordance to Company Decree. Overtime and incentive payment have been carried out in accordance with National Regulations and Company Decree.

6.5.2

Manpower regulation and agreement describe the payment and work condition, which have been stated in company's Decree (PP) PT SWA and PT DSN for period 2015-2017 that has been approved by Ministry of Manpower, directorate general PHI JSK. The regulation has been approved by decree No.KEP.714/PHIJSK-PKKAD/VI/2015 on 19th June 2015 for PT.DSN and KEP.720/PHIJSK-PKKAD/VI/2015 on 19th June 2015 for PT.SWA. Company's Decree has been given to Worker Union on 13th November 2015. In addition, company has Letter of Employment Agreement for each worker which describes job level, rights and obligations, work hours, wages, insurance, leave, facilities, sanctions and termination of employment.

6.5.3

There is no change in number of employees facility from the previous assessment, but in 2015 at LJ1 there redevelopment the Housing made from wood into brick with total 5 units. Based on field visit on worker housing at LJ1 and LJ2, it is known that the housing in good condition, in every worker housing has facilities kind of volleyball court, football field and also worship facilities.

For clean water supply, company has been testing clean water sources from the river Telen periodically, but this has to be evaluated with reference to the applicable standard of clean water (regulation of health minister number 416 in 1990), to ensure the provision of adequate clean water facilities for employees. **Non-Compliance No. 2016.01 with Minor Category**

6.5.4

Based on interviews with woman workers and gender committee, at worker housing there is cooperative that selling food staples. Company also provide a transportation 2 times a month to bring employees to the nearest market.

Status: Comply
<p>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.</p>
<p>6.6.1 Policy about recognising the rights of employees to freedom of association is stated on Company's Decree for period 2015-2017. The statement mentions in article 4 point (g) that personnel are entitle to establish organization and become a member and or leader of the organization based on the applicable regulation. This document is published in bahasa version.</p> <p>Worker Union stated in 2015 structure organization does not change and labour agency explained that Worker Union at PT.SWA and PT.DSN has been registered.</p>
<p>6.6.2 Company can showed evidence of meeting with Worker Union such as meeting on 10th April 2015 discussed about May Day celebration, meeting was attended by 20 participants which consist of representative of Worker Union, Head of HR Section DSN Grup and HR Staff. In addition, workers also showed internal meeting on January 5, 2016 which was attended by the entire Worker Union DSN group to agree that not needs to create PKB because company's decree is still relevant to the Labor Law.</p> <p>Based on interview with Worker Union, communication between company and Worker Union always going well. There is no issued about worker welfare on 2015.</p>
Status: Comply
<p>6.7 Children are not employed or exploited.</p>
<p>6.7.1 Requirement of minimum age is stated on company's decree (PP) for period 2015-2017 article 5 Point b.2, which states that minimum age for recruitment is 18 years. The implementation of policy that related to minimum age has been verified through list of personnel for period January 2016. The document informs personnel name, number, position, company, recruitment date, office location, personnel' status and date of birth. Based on document's review its known that the company does not recruit personnel under the age of 18 years old.</p> <p>Based on field observation and interview at LJ1,LJ2 and PKS4, its known that the entire personnel are above 18 years old, which is inline with minimum age requirement. Moreover personnel stated that company was very careful on candidate age during the recruitment process and company ensures that candidates had their identity card.</p>
Status: Comply
<p>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.</p>
<p>6.8.1 Policy related to discrimination toward personnel has no revision from previous surveillance result. Based on interview with worker union, its known that Company is not treating workers in a discriminatory manner starting from acceptance until work in all activities types. Promotion is based on the achievements of workers.</p>
<p>6.8.2 Based on document's review over list of personnel such as at LJ2 period January 2016, its known that there was no indication of discrimination toward personnel based on their religion, ethnicity, gender, and origin. The entire personnel have been treated equally and just.</p> <p>Interview with worker and Worker Union revealed that company's commitment and policy over equal opportunity and anti-discrimination have been well implemented. Moreover, personnel state that company does not discriminate personnel and company gives equal promotion opportunity based on personnel qualification. Worker composed from</p>

different origin include from the East Nusa Tenggara, Java and Sumatra North.

6.8.3

Personnel selection and recruitment process is described in SOP for recruitment, with document number SOP-AGR-012-R02, which was issued on 1st January 2015. The document has been signed and approved by Operation audit & management system head and executive Director SBU Agro I. the document explains that the entire recruited-personnel (in Jakarta office / representative office, local site recruitment and AKAD) were recruitment based on administrative requirement based on selection process (administrative and interview) and completed the process with information letter that states that candidate is fit to work. Based on selection result, hence candidate will be placed in appropriate work unit based on their skill and competency.

Promotion process has been explained on document number SOP-AGR-017-R00 that has been issued on 15th February 2015. Promotion should be based on company's need and vacant position. Moreover the entire personnel who have qualification position will be periodically evaluated based on competency gap evaluation.

Assessment for promotion has been documented in Form Assessment Performance Worker with assessment aspect such as quality of work, knowledge of duty, cooperation, discipline and communication. Based on interview with worker union, company does not treat personnel discriminatively from recruitment process up to placement in various work division.

Status: Comply

6.9

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

6.9.1

Policy to prevent sexual harassment and abuse remains the same with the previous surveillance result. Policy set out in company regulation in article 12. Based on interview with Gender Committee, there is no issue of sexual harassment and abuse. Policy has been socialized directly and placed on the bulletin board.

6.9.2

Protection on reproductive right policy remains the same with the previous surveillance result. Policy set out in company regulation in article 32. Based on interview with woman workers at LJ1 and LJ2, it is known that personnel know about the policy and could explain mechanism of getting the leave for reproductive right.

6.9.3

Complaint mechanism related to prevention of harassment and abuse toward women. The diagram flow for reporting is starting from victim's report to gender committee, hence gender committee records the report in form FM-STD5-52-Rxx, gender committee thus clarifies with the alleged-perpetrator/ immediate supervisor of perpetrator for clarification, gender committee evaluates the case, if the alleged-perpetrator is proved to be guilty, subsequently gender committee will make a report to PGS, PGS settles the case and issues penalty, HRD dept Head gives sanction to perpetrator.

Company also has SOP for complaint management, document number SOP-AGR-054-R01 on 12th October 2015 explains the mechanism and diagram flow of manpower complaint management. In general term, point 5 states that the identity of reporter should be protected. Moreover based on interview with woman worker, it is known that personnel understand the complaint mechanism and company has a mechanism for complaint, which protects the identity of reporter. Based on interview with Gender Committee, there is no issue of sexual harassment and abuse.

Status: Comply

6.10

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

Minor 6.10.1

FFB prices referring to minutes of meeting pricing team has set by plantation agency of Kalimantan Timur. There are one of the result of meeting in February 2016 which set at January 29th 2016. The prices list can be accessed by public through www.disbun.kaltimprov.go.id or from circulate letter that sent by plantation agency to all smallholder and partnership company. Member of cooperation also can access price list at the cooperation office or direct to partnership staff.

Major 6.10.2

PKS4 receiving FFB from several smallholder cooperation that forge partnership with the company. For example, cooperation Min Sun Lekut and Min Bea Glang. The prices were differences in each cooperation due to planting year. According to the document verification and public consultation, FFB payments has appropriate with the FFB prices that set by government. So far, there is no complaint regarding to FFB payments.

FFB price is regarding to the ministry of agriculture regulation no. 14/2013 about guidance of purchasing FFB from smallholder. Especially in Kalimantan Timur, legal standing for FFB pricing set by local regulation as follows:

1. Regulation has set by Kalimantan Timur Governor No. 41/2010 about guidance on purchasing FFB from smallholder.
2. Governor of Kalimantan Timur Decree No. 525/K.688/2013 dated October 3rd 2013 about guidance on purchasing FFB from smallholder in Province of Kalimantan Timur.

FFB pricing mechanism has set in letter of agreement between the company and smallholder. One of the clause set that FFB prices referring to government regulation.

Minor 6.10.3

One of example cooperative agreement letter with other parties FFB and CPO transporting.. Cooperative Agreement Letter draft that has been returned to the parties to read its contents. If there has been a further agreement, the contract will be signed between the two sides on stamp duty and the copies held by each party. In the verified contracts contained clauses about the dispute resolution. It means, if there is a complaint, objection or dissatisfaction in the agreement at a later time, both parties who tied on the agreement are agreed settlement together by law in District Court that are designated together.

Minor 6.10.4

Based on interview with local contractor, cooperative agreement letter is transparent and agreed together. So far, local contractor has aggrieved yet especially in payments. Payments document shows the company has fulfilled its obligations in terms of payment of work. So far there has been no dissatisfaction from the contractor in terms of work payment.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

6.11.1

Company showed program to improve local development which documented on CSR Activity Plan for 2016, that document explain types of activities and the cost. Activities made into some sector such as Education Sector, Economic Sector, Socio-Cultural Sector and Enviroment and Settlement Sector. The program has been socialized to community and government agency around the company at event Village Development Planning Deliberation on 18th February 2016.

Company showed implementation of improve local development which documented in Realization of Annual Plan CSR 2015 and 2016, the activities consist of Education Sector, Economic Sector, Socio-Cultural Sector and Enviroment and Settlement Sector. For example the activities done on February 2016 :

- In economic sector such as mentoring activity for local farmer and Organization Management Training for Cooperation.
- In Socio-Cultural Sector such as visit pastor from Nehas Liah Bing Village.

6.11.2

PT.SWA has a partnership smallholders but PKS4 did not accept the FFB from there. FFB from smallholder transferred to PKS1.

But the company still continues to provide guidance to the existing partnership estate, it is showed by documentation sample as follows:

- The report dated 31 September 2014 for a comparative study of cooperative partnership DSN Group to PT.Hindoli Cargill Sungai Lilin, South Sumatra, which was held on 22-28 October 2013.

- Reports of need assessment and training activities to strengthen the capacity of the KSU management Partners DSN Group dated September 27 – 2 October, 2014.
- Documentation of follow-up socialization activities reports for facilitation of tax consultants on 27 November 2015 in CSR office with 17 participants from the cooperative and the company sides.
- Documentation report about dissemination of national palm oil developments dated August 25, 2015 which was attended by participant from CSR team, and cooperative representatives as many as 54 participants which discussed the development of the price of CPO and partnership estate management strategy.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1 & 6.12.2

Based on document verification of workers list, known that all workers at PT.DSN-PKS4 and PT.SWA is permanent workers and inter-city inter-regional labour, workers status can be demonstrable with work agreement or letter of appointment work. Worker Union stated that all workers are permanent workers or inter-city inter-regional labour and Work Agreement has been made to each worker.

6.12.3

When the audit is performed the company was using a temporary inter-city inter-regional labor (AKAD). The company has set a special labor policy and procedures and has been implemented. Policies and procedures are listed in Working agreement of employes inter-city inter-regional. In the document described all the provisions relating to the rights and obligations of the company and the workforce. Things were informed, among others: the status and contract durations, transportation of departure and return, the provisions of extension the contract and the appointment of a permanent employee, work hours, wages, facilities, Holiday Allowance, insurance, leave, penalties, irregularities and the layoff provisions

The company showed permit letter to use temporary inter-city inter-regional labor at PT.SWA issued by General Director of coaching employment, number B.40/PPTKPKK-TKDN/I/2016 on 12th January 2016 and Recommendation Letter for inter-city inter-regional labor with letter number 562/1726/PPTK on 17th November 2015 from Labour Agency Kutai Timur District. In the document explained that PT.SWA can use temporary inter-city inter-regional labor.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1

The Company has established and set commitments related to the respect for human rights. The commitments contained in the quality guidance document DSN Group, document No. PDM-AGR-R04 issue dated May 1, 2015 was passed by the Executive Director of Agro I Business Unit. In clause 10.2 states that DSN Group of Agro I Business Unit uphold and respect the human rights of all employees in accordance with mandated in the applicable legislation.

Company has been socialize policy of the respect of Human Rights to all worker in LJ1 on 04th January 2016, in LJ2 on 12th Maret 2016 and in PKS4 on 10th Maret 2016. Based on interview with personel in LJ1, LJ2 and PKS4, its known that they know about company's policy of the respect of Human Rights.

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.

No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.

	Status: Comply	
7.2	Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.	
	No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.	
	Status: Comply	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	
	No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.	
	Status: Comply	
7.4	Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.	
	No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.	
	Status: Comply	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	
	No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.	
	Status: Comply	
7.6	Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	
	No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.	
	Status: Comply	
7.7	Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.	
	No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.	
	Status: Comply	

7.8		
New plantation developments are designed to minimise net greenhouse gas emissions.		
No new development after November 2007. Based on document of area statement, in PT Swakarsa Sinarsentosa (Long Jenew 1, Long Jenew 2 and Jabdan 1) started in 1998 and completed in 2004. company did not expanding the estate. It is known from Environmental Impact Assessment and Identification of HCV, there is no area that opened from November 2005 until prior of HCV identification is done.		
	Status: Comply	
PRINCIPLE #8 Commitment to continuous improvement in key areas of activity		
8.1		
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.		
Company has implemented a commitment to continuous improvement, among others:		
<ul style="list-style-type: none"> • Company no longer uses chemicals included in Type 1A or 1B WHO or ingredients listed in Stockholm and Rotterdam Convention as well as paraquat (indicator Minor 4.6.1). • Company has monitored environmental impacts according to applicable regulation such as having EIA document and reporting the Environmental Management and Monitoring Plan every 6 months (Criteria 5.1). • Waste management has been conducted in accordance with applicable regulation. The company already has a permit to utilize and monitor the quality of effluent; also has a licensed temporary warehouse for hazardous waste and send the waste to the third party who has a license; solid waste such as shells, fibers and empty bunches are reused for operational activities (criteria 5.3). • Company has made the identification and management of the pollution and emission generated by testing the operational appliances in accordance with relevant regulation (criteria 5.6). • Company has identified social impacts in EIA document and Social Impact Assessment document as well as having monitoring plans for social impacts to be implemented in social activities such as CSR. Company also has reported the activities of social impact management in Environmental Management and Monitoring Plan report (criteria 6.1). • The company has conducted internal audit RSPO in mill and estates. Documents of internal audit report has shown to auditor which dated 10 – 11 August 2015 in Long Jenew 1 Estate, 13 – 14 on August 2015 in Long Jenew 2 Estate, 16 – 17 September 2015 in Jabdan 1 Estate and 27 – 29 October 2015 in PKS4 mill. Internal audit were conducted by Operational Audit Department. All non-compliances record has been corrected. 		
	Status: Comply	

3.2 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module E) CPO Mills - Mass Balance Requirements
E.1	Definition
E.1.1	<p>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p>
	<p>Verification on FFB reception documents at Mill 4 facilities showed that there are FFB supply from un-certified sources, apart from its certified own estate. Therefore, facility implementing Mass Balance supply chain scheme. Data on FFB reception from June 2015 - March 2016, indicating the data reception FFB are as follows</p> <ol style="list-style-type: none"> 1. Internal source of PT. SWA (certified) <ul style="list-style-type: none"> - Jabdan 1 Estate: 43.643 ton (15,26%) - Jabdan 2 Estate: 60.703 ton (21,22%) - Long Jenew 1 Estate: 57.442 ton (20,08%) - Long Jenew 2 Estate: 67.080 ton (23,45%) 2. Internal source of PT. KPAS (un certified) <ul style="list-style-type: none"> - Sungai Wahau Estate: 103 ton (0,04%) - Long Teman Estate: 2.389 ton (0,83%) 3. Internal source of PT. DAN (certified) <ul style="list-style-type: none"> - Puhus 1 Estate: 220 ton (0,08%) - Puhus 2 Estate: 7.527 ton (2,63%) - Puhus 3 Estate: 939 ton (0,33%) 4. Internal source of PT. DIN (certified) <ul style="list-style-type: none"> - Long Kejiak 1: 3.875 ton (1,35%) - Long Kejiak 2: 3.908 ton (1,37%) - Long Kejiak 3: 2.084 ton (0,73%) 5. External source from Smallholding Plantation <ul style="list-style-type: none"> - Kemitraan 1: 11.684 ton (4,08%) - Kemitraan 2: 7.744 ton (2,71%) - Kemitraan 3: 1.804 ton (0,63%) - Kemitraan 4: 6.703 ton (2,34%) - Kemitraan 5: 183 ton (0,06%) - Kemitraan 6: 29 ton (0,01%) - Kemitraan 9: 1.554 ton (0,54%) - Kemitraan 10: 54 ton (0,02%) - Kemitraan 13: 3.014 ton (1,05%) - Kemitraan 14: 2.563 ton (0,90%) - Kemitraan 15: 469 ton (0,16%) - Kemitraan 16: 356 ton (0,12%)
	Status: Comply
E.2	Explanation
E.2.1	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p>
	<p>Estimated tonnage of Certified PO and PK products that can be produced by Mill 4 had been noted in the summary report of the certification by the certification body. For the certification period of June 1, 2015 to May 31, 2016, CPO production is</p>

<p>estimated at 73 659 tonnes and PK production estimate is 11, 910 tonnes, and 313.44 tonnes of FFB from three certified supplier estates.</p>	
	<p>Status: Comply</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	
<p>Facility Mill 4 has met the requirements for registration and reporting of supply chain management through the RSPO IT platform (e-trace) with member id: RSPO_P01000002088, user name rkristanti394, with a validity period until May 31, 2016. Based on verification on the e-trace account, there is no certified CPO sales during the period June 2015 to the implementation of the ASA-01 audit.</p>	
	<p>Status: Comply</p>
E.3	Documented procedures
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a. Complete and up to date procedures covering the implementation of all the elements in these requirements; b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</p>	
<p>Mill 4 facility has SOP of supply chain as seen in Work Instruction number IK-AGR-MS-04-R05 about Trackbacks of CPO, CPK, and PKO, published on March 1, 2016 with approval from OAMS & Agronomy Group Head. SOP regulates the implementation of mass balance supply chain system, which includes explanation on:</p> <ul style="list-style-type: none"> - General requirements - Admission procedures of FFB reception in mill and PK in KCP - The production process of CPO in mill and PKO in KCP - Storage of CPO, PK, and PKO - Delivery (Despatch) of CPO, PK, and PKO - Commercial in bulking - Training - Storage - The responsibility of each staffs involved in the supply chain PKS: Processing Area Manager / Head of Department / Mill Manager, Head of Environment, Manager of Human Capital Development, Head of Sales, EMS- Management Representative, etc. <p>There is evidence of awareness and training on SCSS for related staffs, as seen in attendance lists of training in mill 4 dated March 2, 2016, attended by 19 officers involved in supply chain including: Production Assistant, general Admin, production admin, security, weighbridge operator, and other related personnel.</p>	
	<p>Status: Comply</p>
<p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	
<p>Procedures of reception and processing of certified FFB can be found in Work Instruction number IK-AGR-MS-04-R05 about Trackbacks CPO, PK, and PKO, published on March 1, 2016 with the approval OAMS & Agronomy Group Head. Work instructions section 5.2.A contains a detailed explanation of the admissions procedure of incoming FFB starting from security checking, weighing up, until calculation of the percentage of MB for FFB / PK. In section 5.2.B there is detailed explanation of the production process of PKO and CPO refers to the procedure SOP-AGR-027-Rxx as well as associated formulas.</p>	
	<p>Status: Comply</p>
E.4	Purchasing and goods in

E.4.1

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

Mill 4 facility can demonstrate evidence of verification and documentation of incoming certified and non certified FFB, as described in the following:

- FFB delivery note checking in entry gate by security.
- Weighing process that distinguish certified and uncertified FFB. Sample of weighbridge slip for the period 1 to 14 March 2016 showed that slip from certified sources have been stamped "certified", while FFB from uncertified sources not stamped "certified".
- Weighbridge slip contains the following information: slip number, date, estate suppliers, section, block (field), average bunch weight, the number of bunches, vehicle number, driver, clock in, clock out, signature of the authorized person (operator, PGS, mill head).
- There is a list of suppliers that are certified and not certified which is updated regularly every month. For the period from March 2016, the certification status of the supplier of the fruit are as follows:

Certified suppliers:

- PT. SWA: Estate JB1, JB2, LJ1, and LJ2
- PT. DAN: Estate PU2

Non certified supplier:

- PT. Agro Karya Prima Sejahtera, SWE gardens, LTE
- PT. SWA, Partnership smallholding 1 and 2
- PT. DAN, Partnership smallholding 4
- PT. Karya Prima Agro Sejahtera, Partnership 13 Partnership 14 Partnership 15 Partnership 16

According to verification, the total incoming certified FFB during the period June 1, 2015 until the ASA-1 audit was 191,447.85 tons and non certified FFB was by 29462.36 tons.

Status: Comply

E.4.2

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

No excessive production of certified CPO during the certification period of June 1, 2015 - May 31, 2016. Estimated production and actual production in this period are as the following figure:

- Estimation of CPO production amounted to 73,659 tonnes, while the actual production of CPO was 44968.28 tons
- Estimated processed FFB was 313,444 tonnes while the actual TBS was 191,447.85 tons

Nevertheless, Mill 4 facility has a procedure for reporting to the CB immediately when if there is an excessive CPO / PK production as described in the IK-AGR-MS-04-R05.

Status: Comply

E.5

Record keeping

E.5.1

- a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.
- b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)

Mill 4 Facility can demonstrate recording process of incoming FFB, processed FFB, CPO production and PK production. Record of certifide CPO production of and non certified one are listed in:

- Daily Mass Balance reports of CPO and Kernel with closing hour (cut off) on 08.00
- Daily working sheet on oil extraction rate, recorded based on the measurement in storage tanks
- Based on the daily data, facility has made stock balancing calculation quarterly as follows:

Period	Incoming FFB (ton)		CPO Production (ton)		Dispatch (ton)		Stock (ton)	
	Certified	Uncertified	Certified	Uncertified	Certified	Uncertified	Certified	Uncertified
Apr – Juni 2015	27.114	2.717	6.042	654	5.491	1.287	551	222
Juli – Sept 2015	58.079	6.183	14.027	1.528	13.728	1.654	775	158
Okt – Dec 2015	53.004	10.465	12.279	2.423	12.522	2.496	549	160
Jan – mar 2016	53.249	10.096	12.618	2.395	12.609	2.395	565	160

As shown by e-trace account verification, during 2015-2016 certification period, there were no record of sales of certified CPO or PK.

Status: Comply

E.5.2

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

Mill 4 facility does not outsource the crushing of palm kernel. Palm Kernel sent to the Kernel Crushing Plant in Mill 4 for crushing. KCP has separated SCCS certification process.

Status: Comply

3.3 Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
ASA-1	Since earning the RSPO certificate, POM 4 has not received any request over RSPO-certified product from buyers, therefore no utilization over logo and claim for product. Until today, POM 4 does not using logo on its product (on-product) and non-product (off-product).	NA
	Status: NOT APPLICABLE	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-1	Since earning the RSPO certificate, POM 4 has not received any request over RSPO-certified product from buyers, therefore no utilization over logo and claim for product. Until today, POM 4 does not using logo on its product (on-product) and non-product (off-product).	NA
	Status: NOT APPLICABLE	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-1	Since earning the RSPO certificate, POM 4 has not received any request over RSPO-certified product from buyers, therefore no utilization over logo and claim for product. Until today, POM 4 does not using logo on its product (on-product) and non-product (off-product).	NA
	Status: NOT APPLICABLE	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-1	Since earning the RSPO certificate, POM 4 has not received any request over RSPO-certified product from buyers, therefore no utilization over logo and claim for product. Until today, POM 4 does not using logo on its product (on-product) and non-product (off-product).	NA
	Status: NOT APPLICABLE	

3.4 Summary of RSPO Partial Certification

Unit manajemen yang diobservasi:		
PT Swakarsa Sinarsentosa is a company managed by PT Dharma Satya Nusantara group and has RSPO membership number 1-0135-12-000-00 since 2013. However, PT Swakarsa Sinarsentosa was registered as RSPO member (i.e.number 1-0064-08-000-00) in 2009, before PT DSN (as holding) registered as RSPO member.		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	There is no land right dispute under the DSN subsidiary	√
	Status: Comply	
2.2	The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.	X or√
	There is no labour dispute identified within DSN group.	√
	Status: Comply	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is Implemented and accepted by all affected parties.	X or√
	Land dispute between PT Dharma Agrotama Nusantara (another plantation under PT DSN) with a villager from Puhus village was identified. However, the dispute has been closed since management PT DSN group make agreement with villager in Puhus village. In addition, land conflict in PT Dhama Intisawit Lestari and PT Karya Prima Agro Sejahtera were existing, however the company can provide land conflict resolution progress.	√
	Status: Comply	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	There is no evidence that company replaces primary forest at all plantation area. According to Indonesia I regulation, plantation areas cannot be established in primary forests, but conversion of forest area or non forest area as well as non productive area, land bank and other categories of land are permitted as decided by the government Ministry of Forestry Decree letter no. 70/KPTSII/2001. All plantation areas in PT Dharma intisawit Nugraha were established in between year 2005 to 2007.According to the HCV assessment results there were HCV areas cleared i.e Riparian river along to Telen in Long Kejiak 2 estate. The company has identified the area and will follow RSPO regulation regarding compensation rule. There is new development area in PT Dewata Sawit Indonesia, NPP assessment was done on August 2012 and the report available and can be verified at the main audit time for PT DSN Palm Oil Mill 3	√
	Status: Comply	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or√
	There is no evidence that company replaces primary forest at all plantation area. According to Indonesia I regulation, plantation areas cannot be established in primary forests, but conversion of forest area or non forest area as well as non productive area, land bank and other categories of land are permitted as decided by the government Ministry of Forestry Decree letter no. 70/KPTSII/2001. All plantation areas were established in between year 2005 to 2007.According to the HCV assessment results there were HCV areas cleared.. There is new development area in PT Dewata Sawit Indonesia, NPP assessment was done on August 2012 and the report available and can be verified at the main audit time for PT DSN Palm Oil Mill 3.	√
	Status: Comply	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√

	Land dispute between PT Dharma Agrotama Nusantara (another plantation under PT DSN) with a villager from Puhus village was identified. However, the dispute has been closed since anagement PT DSN group make agreement with villager in Puhus village. In addition, land conflict in PT Dhama Intisawit Lestari and PT Karya Prima Agro Sejahtera were existing, however the company can provide land conflict resolution progress.	√
	Status: Comply	
7.6	Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	Land dispute between PT Dharma Agrotama Nusantara (another plantation under PT DSN) with a villager from Puhus village was identified. However, the dispute has been closed since anagement PT DSN group make agreement with villager in Puhus village. In addition, land conflict in PT Dhama Intisawit Lestari and PT Karya Prima Agro Sejahtera were existing, however the company can provide land conflict resolution progress.	√
	Status: Comply	

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

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

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2015.1	Minor 5.5.1	Analysis of Vulnerability Level Company already has the infrastructures of land fires. However, there is no sufficient evidence of the evaluation of the level of fire vulnerability as the basic consideration of provision, placement, and organization of land fires effectively.	PT. SWA	Minor	Surveillance 1	Companies must show the evaluation of vulnerability of fires as the basis for provision of facilities and infrastructure, placement and organization of effective land fires	<p>Root Cause:</p> <ol style="list-style-type: none"> 1. Not update the Technical Guidelines Anticipation Impact of Climate Change in 2014 issued by Director General of Plantation Ministry. 2. Base for determining vulnerability fires only based on days it does not rain at every section. <p>Corrective Action:</p> <ol style="list-style-type: none"> 1. Updating the regulations related to handling fires. 2. Evaluating of vulnerability fires, based on the hotspots and patrol as the basic for provision of facilities and infrastructure, placement and organization of land fires. <p>Preventive Action:</p> <ol style="list-style-type: none"> 1. Adding frequencies of updating regulations through the website and communications with government agencies. 2. Dividing the the total area into five areas monitoring and controlling fires. 3. Evaluating effectiveness of controlling system of fire hazard. <p>Conclusion: Observation on March 16th 2016</p>	Closed	16 March 2016

						<p>The company has shown evidence as follows:</p> <ol style="list-style-type: none"> 1. Monitored hotspot and fires frequency every day by Safety and Health Department from Global Forest Watch Fires sites. Based on monitoring result, the company has set fire vulnerability maps and fire emergency equipment in vulnerable area. 2. Based on monitoring result, the company has set several maps of fire hotspot. 3. The company has issued memorandum related anticipation and control of land fires (Memorandum No. 001/DIR/JKT/II/2016 dated February 2nd 2016). The memo's described treatment for anticipation land fires such as fulfilled the regulation related to fire prevention, activated emergency response team, routine monitoring and to ensure land fire facilities ready to use etc. 4. Forming fire emergency team in each estate and approved by guiding committee of occupational safety and health. 5. Conducted land fire simulation in each estate on February 9th 2016. 6. Appoint an official officer for routine patrol every day. 7. Performed extra land fire facilities. <p>Based on evidences that shown, non-compliances No. 2015.01 is closed.</p>		
--	--	--	--	--	--	---	--	--

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-1 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2016.1.	2.1.1 & 4.7.3	<p>Compliance Labour Regulation</p> <p>Based on field observation and interview with heavy equipment Operator at LJ1 Afdeling 2, explained that operator does not has License of Transport and Loading Operators. It is not accordance on Regulation of Labour Ministry number 9 in 2010 related to transport and loading operators.</p>	LJ1	Major	17 Mey 2016	Company must shown all of heavy equipment's operator has License of Transport and Loading Operators in accordance to applicable regulation.	<p>• Root Cause:</p> <ol style="list-style-type: none"> Does not have backup operator grabber's who has heavy Equipment lisenche's, where the number of operators is equal to the number of units grabber owned Estate LJ1 , so the operator who has heavy Equipment lisenche's will lack when one operator not work (example Sutarno leave on March 15 to 16, 2016) There is still a tendency to permissive act with permissibility of operationalize graber (heavy machine) to personnel who are not have heavy Equipment lisenche's <p>• Corrective Action:</p> <ol style="list-style-type: none"> operator who not has license has been restored to their former work (upkeep worker) such as Rianto. Plantation Head send Memorandum to Estate Head related of the prohibition of the operation of heavy equipment / Farm Tractor by operators who do not have the license. Conduct training of Heavy Equipment Officers through cooperation with licensed training consultants are 	Closed With observat ion	2 May 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Batiwakkal Mandiri on April 28 to 30 April 2016, attended by 19 participants from PT. DSN.</p> <ul style="list-style-type: none"> Preventive Action: <ol style="list-style-type: none"> collecting data of number of heavy equipment / Farm Tractor and Operators to determine the adequacy of the operator and the Equipment (evidence collection is available) make a plan for training related Heavy Equipment License's to senior helper <p>auditor conclusion: Observation on 2 Mayi 2016 PT. DSN especially POM-4 and its supply base has identified 2 root causes of non-conformance. Corrective actions have been taken in accordance with the root causes, that is the adequacy of the availability of certified operators and presence a permissive act from the field supervisor to the operators who do not have license. On May 2, 2016, trained operators has been increased in accordance with the number of machine, this is evidenced by the training to the operator in accordance with the rules on 28-30 April 2016 by OHS Service Company (attended by 19 participants from employees), and has instruction to not allow operators who are</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							not has license to operate heavy equipment including grabber. Based on this evidence, Non-Compliance Number 2016.01 has been Fulfilled and will observed at the next assessment related a license for heavy equipment operator from related agency.		
2016.2.	2.2.1	Legal Boundaries Maintenance Company has not provided the evidence of placement and maintenance of the entire land use boundaries in accordance with map and coordinates of Land Use Permit from National Land Agency	PT. SWA	Minor	ASA - 2	Company must provided the evidence of placement and maintenance of the entire land use boundaries in accordance with map and coordinates of Land Use Permit from National Land Agency	<ul style="list-style-type: none"> • Root Cause: • Corrective Action • Preventive Action • Conclusion: 	Open	
2016.3.	6.5.3	Clean Water Quality company has been testing clean water sources from the river Telen periodically, but this has to be evaluated with reference to the applicable standard of clean water (regulation of health minister number 416 in 1990), to ensure the provision of adequate clean water facilities for employees	PT.S WA	Minor	ASA - 2	Companies must shown evidence of follow-up Telen River water management as a source of clean water to ensure the provision of adequate clean water facilities for employees.	<ul style="list-style-type: none"> • Root Cause: • Corrective Action • Preventive Action • Conclusion: 	Open	

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	1.1.1	Companies can improve socialization of mechanisms of communication and consultation to all relevant stakeholders, especially NGOs and agencies at the district level.

2	4.6.1	Companies has opportunity to evaluate the use of pesticides trademark Roundup 486SL and Racumin 0,75TP that the permit will be expired on March 18, 2016.
3	4.7.4	Companies need to ensure progress on validation of P2K3 structure (PT. SWA) is being proposed.
4	4.7.5	Companies need to improve the knowledge for all paramedics related to occupational diseases and ensuring the administration.
5	4.8.2	Companies need to ensure the effectiveness of training especially training about pesticide
6	6.5.1	Companies need to ensure fixed allowances that are components of the minimum wage.

3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1	-	Companies has participated in the development of surrounding communities through the development of smallholders were adequate for the improvement of social welfare and economic empowerment
2	-	Commitment toward nature conservation effort through wildlife and natural vegetation protection and management of HCV area.
3	-	Competency of staff who involved on the implementation of RSPO audit.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Focus Group Discussion with village representative (Village of Benhes, Dabeq and Diaklay)</p> <p>Positif issues:</p> <ol style="list-style-type: none"> 1. The company and the villagers has a good relationship and communication. Especially the direct border village. 2. The company has delivering CSR's aid to the surrounding village according to the needs of society. 3. The company has been build a smallholder palm oil estate through the scheme-smallholder program in order to increase villagers welfare. 4. The villagers has been prioritized to get a job chance. A job vacancy informed through the village head or other village leader. 5. The company has been delivered chance for all villagers to be a local contractors especially a FFB/CPO transporter and operational vehicle rent etc. 6. The company helps the education for children from the surrounding villages through the scholarships program. The scholarship start from junior high school until university study. 7. The company has consistently empowering the cooperative management of scheme-smallholder. One of the program has held a comparative study to another success scheme-smallholder cooperation. 8. The company's existence is very positive on order to increase a society welfare, transportation/information access and also education. 	<p>Company will always strive to maintain good relations with the community around company is based on the principle of the company-community partnerships. Therefore dialogue approach will continued together with implementation of CSR program through community empowerment.</p>	<p>company has been doing good relations with surrounding villages such as implement the CSR program, cooperation with local contractors such as procurement of transportation and labor absorption.</p> <p>Companies can show trainings undertaken to improve knowledge of best management practices to smallholders example training related to fertilization, upkeep and harvest with farmers' groups Long Pka Wel Guaq, Nehas Liah Bing village on March 19, 2015.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Negative issues:</p> <p>9. The villagers, especially a scheme-smallholder member does not get training on best management practices in palm oil cultivation that conducted by the company.</p> <p>10. There was indicated a dead plants in scheme-smallholders area. The member of scheme-smallholder needs company's help to replanting in order to increasing yields.</p>	<p>Company had training related to best management practices in palm oil for some farmer groups, but it is not all villages have done. This year the company is already making plans to hold some sort of training activities that are necessary for farmers.</p> <p>Related with the insertion for Full Operate Smallholders , that is automatically done by the company. To smallholdings belonging to the community, the company already has Procedure of Seedlings Loan Application, as when community apply for loans seedlings in Seed Production (Saprodi) Partnership Scheme through by cooperative</p>	
<p>Focus group discussion with local contractor:</p> <ol style="list-style-type: none"> 1. Work agreement letter between the company and local contractor made with transparently, fairly and agreed together. Including the specification, volume and payments. 2. All contractor are satisfied with a payments. Including payments method, time payments and administration transparency. 3. All contractor are surrounding villagers. It is directly increasing local welfare and spreading job chances. 4. The company helps all contractor. For example in purchasing fuel, roads maintenance etc. 5. The company helps facilitate the contractors to registering health insurance for contractor's employees, provide housing, electrical, water etc. <p>Negative issues: -</p>	<p>Company does not discriminate with regard to treatment and provision of business cooperation between local and non-local contractors. The opportunity is given to local contractors who are ready to fulfill all the provisions of the cooperation with the company.</p> <p>Guidance relating to local contractors conducted through the CSR program of empowerment aspect.</p>	<p>Company has implemented the transparency to all contractors from making of Work Agreement till the payment. Companies can show evidence of Work Agreement Letter and Notice of Working Inspection which has been signed by the contractor and the company</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Worker Union of PT.SWA and PT.DSN - PKS-4</p> <ul style="list-style-type: none"> • In 2015 there are no complaints, so far communication between company and Worker Union goes well • Internal meetings between Worker Unions is always done such as a discussion about events on May Day. • Company has implemented the wages in accordance with Minimum Wages at Kutai Timur District, payment has been applied on January 2016. • All workers have registered as participants on work accident insurance. • Company is not treating workers in a discriminatory manner starting from acceptance until work in all activities types. Promotion is based on the achievements of workers. • Employees in PT.SWA and PT.DSN PKS-4, all worker is permanent worker and each worker has a Letter of Working Agreement • Company has been providing infrastructure such as housing and adequate clean water to workers. During the dry season, water is distributed using water tank from the POM or the nearby river. • Company does not hiring a child. Terms of hiring has been set in company's decree. 	<p>Cooperation between the company and Worker Unions will always be fostered and maintained in accordance with applicable regulations</p>	<p>Company is expected to maintain its good work performance, including its worker welfare aspect and do not discriminate the workers.</p>
<p>Gender Committee PT.SWA dan PKS-4</p> <ul style="list-style-type: none"> • Policy related to protection against sexual harassment and violence has been socialized to workers either directly or by posting the policy on bulletin board. • Policy related to reproductive rights are known by workers • Acces to buy food staples can easily reach, at worker housing there is cooperative that selling food staples. Company also provide a transportation 2 times a month to bring employees to the nearest market. 	<p>Protection against sexual harassment policy and reproductive rights will continue to be implemented and disseminated to employees.</p>	<p>Company is expected to maintain its good work performance, including its Protection against sexual harassment policy and reproductive rights.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> Mechanism of specifically complaints has been socialized to all worker. The identity of reporter will be always protected 		
<p>Plantation Agency, Kutai Timur District Tuesday, 12th January 2015</p> <p>Public consultation result:</p> <ul style="list-style-type: none"> Until now there is no issues related to objection or report on PT DSN's estate and mill's operation activities. These is no issues related to social and land conflict within PT DSN's area PT DSN conducted training on field fire in a collaboration with plantation agency. PT DSN has periodically submitted estate plantation report. PT DSN has completed the requirement and license from plantation agency. Company's CSR program should be improved in order to bring an optimal benefit for local communities. PT DSN is expected to submit its plantation report ontime (three-month report). 	<p>Company will intensively coordinate with related department regarding to data collection, hence the report could be submitted on time.</p>	<p>Company is encourage to implement sustainable improvement in order to comply plantation regulation and report.</p> <p>Compliance on regulation will become the main aspect for the next surveillance.</p>
<p>Manpower Agency, Kutai Timur District Tuesday, 12th January 2015</p> <p>Public consultation result:</p> <ul style="list-style-type: none"> Relationship between PT DSN and Manpower Agency runs well and is focused to improve coordination between company and related agencies. PT DSN disbursed salary to its personnel based on district standard minimum wage, which is IDR. 2,276,312/ month. There is no objection or incoming report to local Manpower 	<p>Data on PPE's compliance and membership on manpower social insurance for personnel under contractor has been monitored by each Dept/Estate/Mill per period, particularly by PGS and occupational and environmental health and safety assistant. The compliance has been submitted to Manpower and</p>	<p>Company is encouraged to implement a sustainable improveemnt by coordinating with related agencies in order to ensure compliance with the entire manpower regulations.</p> <p>Compliance on regulation will become the</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Agency related to manpower right abuse.</p> <ul style="list-style-type: none"> • PT DSN has registered worker union and its organigram to Manpower and Transmigration Ageny in Kutai Timur District. • PT DSN has registered and approved the organogram of guiding comittee of occupational health and safety to Manpower and Transmigration Agency. • PT SDN has periodically submitted the guiding comittee of occupational health and safety to each working unit. • PT DSN has completed the requirement and permit from Manpower and Transmigration Agency, such as manpower mandatory report. • Manpower and Transmigration Agency conducts periodic investigation over working tools based on the applicable regulation. • Manpower and Transmigration Agency makes certification over working tools based on the applicable regulation. • PT DSN is expected to have PPE compliance data and manpower social insurance membership for personnel who work under contractor in order to ease Manpower and Transmigration Agency’s monitoring process. 	<p>Transmigration Agency in a form of “three-month guiding comittee of occupational health and safety report”.</p>	<p>main aspect for the next surveillance.</p>
<p>Environmental Agency, Kutai Timur District Tuesday, 12th January 2015</p> <p>Public consultation’s results:</p> <ul style="list-style-type: none"> • Communication between PT DSN and Environmental Agency runs well. • PT DSN has periodically submitted its environemnt management plan and environment monitoring plan report. • There is no issuess or complain related to PT DSN estate 	<p>Company will always improve its communication and coordination with Environmental Agency through its periodic report as required by the applicable regulations.</p>	<p>Company is expected to maintain its good work performance, including its environment management.</p> <p>However, company is still encouraged to</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>and mill's operation being submitted to Environmental Agency.</p> <ul style="list-style-type: none"> PT DSN has periodically submitted its hazardous waste and liquid waste report The CSR program of PT DSN should be improved and covered broader social aspects. 		<p>improve its coordinatio with related agencies to ensure its comlience with the applicable regulations, particularly on environment management.</p>
<p>National Land Agency, Kutai Timur District Tuesday, 12th January 2015</p> <p>Public consultation's results:</p> <ul style="list-style-type: none"> Until now there is no issues related to social and land conflict within PT DSN's area. There is no periodic reports that should be submitted to National Land Agency in District level because the agency only performs administrative function such as recording, except for overlap land certificate case and claim from local communities. PT DSN has completed the requirement and license from National Land Agency and there is no cultivation outside HGU area as well as ovelap with mining area. PT DSN is expected to be consistent to protect and maintain its boundary stakes based on National Land Agency's stakes. 	<p>Company will always improve its communication and coordination with National Land Agency and always consistent to maintain the boundary markers</p>	<p>Company is expected to maintain its good work performance, including its land legality.</p>
<p>Forest Agency, Kutai Timur District Tuesday, 12th January 2015</p> <p>Public consultation's results:</p> <ul style="list-style-type: none"> Relation between PT DSN with Forestry Agency runs well and company's coordination with related agency needs to 	<p>Company will always improve its communication and coordination with related agencies, including Forest</p>	<p>Company is expected to maintain its good work performance, including its environment management.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>be improved.</p> <ul style="list-style-type: none"> • Until now, there is no report on forest burning and field burning related to PT DSN. • PT DSN has completed the requirement and license from Forestry Agency and there is no overlap with mining area. • PT DSN is suggested to conduct training in a collaboration with Forestry Agency in Kutai Timur District, related to forest and estate emergency response team. 	<p>Agency, <i>BKSDA</i>, and so forth.</p>	<p>However, company is still encouraged to improve its coordination with related agencies to ensure its compliance with the applicable regulations, particularly to prevent forest burning and protection of biodiversity..</p>

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

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

Signed on behalf of:

PT. Dharma Satya Nusantara
Management Representative



Agustinus Triwibowo
Tuesday, 03 May 2016

Mutuagung Lestari
Lead Auditor



Bukti Bagja
Tuesday, 03 May 2016.

APPENDICES

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Plantation Agency	Kutai Timur District, Kalimantan Timur Province, Indonesia	(0549) 21353 Syahriansyah.suhut@gmail.com	Interview	12 January 2016	√	
2	Land National Agency	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	12 January 2016	√	
3	Labour Agency	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	12 January 2016	√	
4	Forest Agency	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	12 January 2016	√	
5	Environmental Agency	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	12 January 2016	√	
6	Benhes Village	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	15 March 2016	√	
7	Dabeq Village	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	15 March 2016	√	
8	Diaklay Village	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	15 March 2016	√	
9	Local Contractor (Transportir CPO dan Transportir TBS)	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	15 March 2016	√	
10	Worker Union of PT DSN dan PT SWA	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	15 March 2016	√	
11	Gender Committee of PT DSN & PT SWA	Kutai Timur District, Kalimantan Timur Province, Indonesia	-	Interview	15 March 2016	√	
12	World Wild Found	Indonesia	Wwf-indonesia@or.id	Email	14 March 2016		√
13	Wahana Lingkungan Hidup Indonesia	Indonesia	informasi@walhi.co.id	Email	14 March 2016		√
14	Sawit Watch	Indonesia	info@sawitwatch.or.id	Email	14 March 2016		√

Appendix 2. Assessment Program

DATE		14 – 18 March 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 14 March 2016			
06.00 - 19.00	06.00 - 19.00	JAKARTA – BALIKPAPAN → BERAU → DSN / SWA	• BB / MR / AP
Tuesday, 15 March 2016			
08.00 - 08.30	08.00 - 08.30	Opening Meeting	• BB / MR / AP
08.30 - 12.00	08.30 - 12.00		
08.30 - 12.00	08.30 - 12.00	<ul style="list-style-type: none"> • Stakeholders consultation to Nearest village and community leader 	• MR
		Field Observation PKS.4 mill: <ul style="list-style-type: none"> • WWTP (IPAL), Operational, K3 (OHS), waste management and Supply Chain 	• BB / AP
12.00 - 14.00	12.00 - 14.00	BREAK	
14.00 - 17.00	14.00 - 17.00	❖ Internal Stakeholders consultation (gender committee, labour union)	• MR
14.00 - 17.00	14.00 - 17.00	❖ Document Review and Review of Previous Visit Non-conformance (Stage-2).	• BB / AP
Wednesday, 16 March 2016			
08.00 - 12.00	08.00 - 12.00	Field Observation Long Jenew.1 Estate <ul style="list-style-type: none"> • Manuring, Spraying, Harvesting, best agricultural practices • Worker Welfare (payments, complaint mechanism) • Hazardous Waste Material (B3) management • Legal operational and Conservation Area • Worker facilities (housing, health clinic, clean water, etc) and • Land Fire facilities, Storage, ect.. 	<ul style="list-style-type: none"> • AP • MR • BB • BB • MR • MR
12.00 - 14.00	12.00 - 14.00	BREAK	
14.00 - 17.00	14.00 - 17.00	Document Review and Review of Previous Visit Non-conformance (Stage-1) and public consultation response	• BB / MR / AP
Thursday, 17 March 2016			
08.00 - 12.00	08.00 - 12.00	Field Observation Long Jenew.2 Estate <ul style="list-style-type: none"> • Manuring, Spraying, Harvesting, best agricultural practices • Worker Welfare (payments, complaint mechanism) • Hazardous Waste Material (B3) management • Legal operational and Conservation Area • Worker facilities (housing, health clinic, clean water, etc) and • Land Fire facilities, Storage, ect.. 	<ul style="list-style-type: none"> • AP • MR • BB • BB • MR • MR
12.00 - 14.00	12.00 - 14.00	BREAK	

DATE		14 – 18 March 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
14.00 - 15.00	14.00 - 15.00	Document Review and Review of Previous Visit Non-conformance (Stage-2) and public consultation response	• BB / MR / AP
15.00 - 16.00	15.00 - 16.00		• BB / MR / AP
15.00 - 16.00	15.00 - 16.00	Audit finding preparation and conclusion	• BB / MR / AP
		Closing Meeting	• BB / MR / AP
Friday, 18 March 2016			
08.00 – 17.00	08.00 – 17.00	• DSN / SWA → BERAU → BALIKPAPAN → JAKARTA	• BB / MR / AP

