

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

[] Stage-1 [] Stage-2 [✓] Surveillance [] Re-Certification

Name of Management Organisation : **Bumi Permai Mill – PT. Prima Mitrajaya Mandiri Subsidiary of MP Evans Group PLC**

Plantation Name : PT Prima Mitrajaya Mandiri – Beringin Jaya Estate; Lembuswana Estate; Bumi Permai Estate; Prima Estate; Kahoi Estate
PT Teguh Jaya Prima Abadi – Rahayu Estate; Mahakam Estate

Location : Benua Puhun Village, Muara Kaman Sub District, Kutai Kartanegara District, Kalimantan Timur, Indonesia

Certificate Code : **MUTU-RSPO/062**

Date of Certificate Issue : 26 JUNE 2015 Date of License Issue : 26 JUNE 2016

Date of Certificate Expiry : 25 JUNE 2019 Date of License Expiry : 25 JUNE 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-1	06 – 10 April 2015	Ardiansyah (Lead Auditor) Ibnu Satria Prabudi Muhammad Rinaldi, Warsito, Sapto Hadi Winarno	Octo HPN Nainggolan	Tony Arfiarachman
ASA-2	16 – 20 May 2016	Ardiansyah (Lead Auditor) Muhammad Rinaldi, Bukti Bagja, Mohammad Amarullah	Octo HPN Nainggolan	Tony Arfiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-2	18 June 2016

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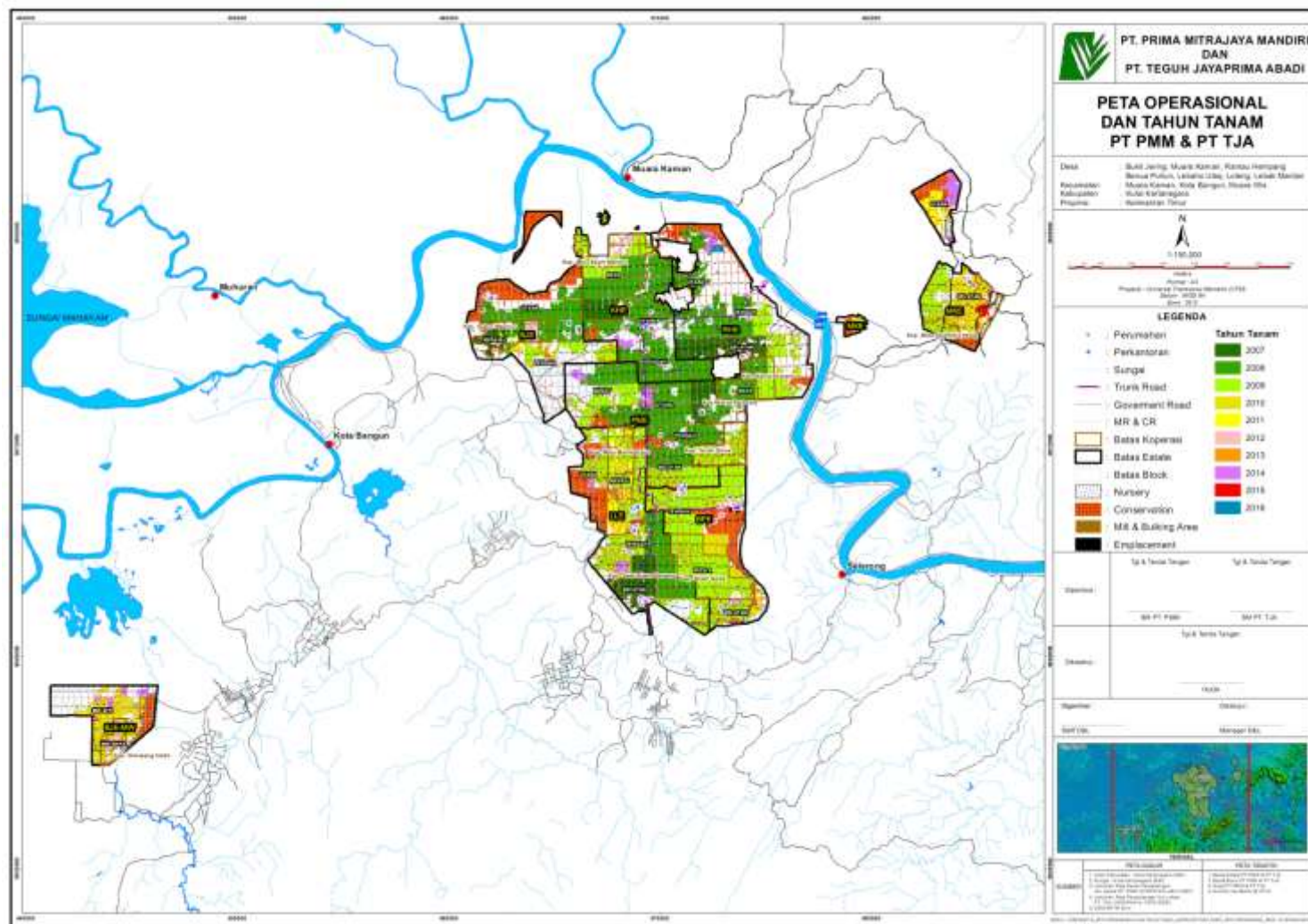
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FIGURE

Figure 1. Location Map of PT.PMM & PT. TJA



Figure 2. Operational Map of PT. PMM & PT. TJA



Glossary

ASA	:	Annual Surveillance Assessment
BJE	:	Beringin Jaya Estate
BOD	:	Biological oxygen demand
BPD	:	<i>Badan Permusyawaratan Desa</i> (Deliberative Village Body)
BPJS	:	<i>Badan Penyelenggara Jasa Sosial</i> (Social Insurance Agency)
BPM	:	Bumi Permai Mill
CH	:	Certificate Holder
CPO	:	Crude palm oil
CSR	:	Corporate social responsibility
EFB	:	Empty Fruit Bunch
EIA	:	Environmental Impact Assessment
FFB	:	Fresh Fruit Bunch
GHG	:	Green House Gases
GM	:	General Manager
HCV	:	High conservation value
HGU	:	<i>Hak Guna Usaha</i> (Land Use Title)
HOA	:	Head of Operation Agronomy
HIPERKES	:	<i>Higiene Perusahaan, Kesehatan dan Keselamatan Kerja</i> (Company Hygiene OHS)
HRD	:	Human Resources Department
IPM	:	Integrated Pest Management
ISPO	:	Indonesia Sustainable Palm Oil
IUP	:	<i>Izin usaha perkebunan</i> / Plantation Business License
KKPA	:	<i>Kredit Kepada Koperasi Primer untuk Anggotanya</i> (Associated smallholder)
KUD	:	<i>Koperasi Unit Desa</i> (Village Cooperatives Unit)
LA	:	Land Application
LCC	:	Legume Cover Crop
LLE	:	Lembuswana Estate
LSU	:	Leaf sampling unit
LTA	:	Lost Time Accident
MSDS	:	Material Safety Data Sheet
NGO	:	Non-Government Organizations
NPP	:	New Planting Procedure
OHS	:	Occupational Health and Safety
P & D	:	Pest and Disease
PD	:	President Director
PK	:	Palm Kernel
P2K3	:	<i>Panitia Pembinaan Kesehatan dan Keselamatan Kerja</i> (OHS committee)
POM	:	Palm Oil Mill

POME	:	Palm oil mill effluent
PPE	:	Personal Protective Equipment
PT PMM	:	PT Prima Mitrajaya Mandiri
PT TJA	:	PT Teguh Jaya Abadi
RHE	:	Rahayu Estate
RKL	:	<i>Rencana kelola lingkungan</i> (Environment Management Plan)
RPL	:	<i>Rencana pemantauan lingkungan</i> (Environment Monitoring Plan)
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rare, Threatened, Endangered
S & C	:	Sustainable & Certification
SCCS	:	Supply Chain Certification Standard
SIA	:	Social Impact Assessment
SM	:	Senior manager
SOP	:	Standard Operation Procedure
SPK	:	<i>Surat perjanjian kerjasama</i> (agreement letter)
SPSI	:	<i>Serikat Pekerja Seluruh Indonesia</i> (Indonesian Labour Union)
WHO	:	World Health Organization
WTP	:	Water Treatment Plant
WWF	:	World Wild Fund
WWTP	:	Waste Water Treatment Plant

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT				
1.1 Assessment Standard Used		<ul style="list-style-type: none"> • RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013. • 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) 		
1.2 Organisation Information				
1.2.1	Organisation name listed in the certificate	PT PRIMA MITRAJAYA MANDIRI, PT TEGUH JAYAPRIMA ABADI – MP EVANS GROUP PLC		
1.2.2	Contact person	Abdul Aziz Muhshi (Manager Sustainability & Certification)		
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> • RSPO registered company: Gedung Graha Aktiva Lt. 10, Jl. HR Rasuna Said Kav. 03 Blok X-1, Kuningan, Jakarta Selatan • Liaison Office: Gedung Graha Aktiva Lt. 10, Jl. HR Rasuna Said Kav. 03 Blok X-1, Kuningan, Jakarta Selatan 		
1.2.4	Telephone	021-52920338		
1.2.5	Fax	021-52920339		
1.2.6	E-mail	azizm@mpevans.co.uk		
1.2.7	Web page address	www.mpevans.co.uk		
1.2.8	Management Representative who completed the application for certification	Sivabalan Subbiah (Head of Operation Agronomy Kaltim)		
1.2.9	Registered as RSPO member	1-0027-06-000-00, October 08 th , 2006		
1.3 Type of Assessment				
1.3.1	Scope of Assessment and Number of Management Unit	PT PRIMA MITRAJAYA MANDIRI (Bumi Permai Mill, Beringin Jaya Estate, Kahoi Estate, Lembuswana Estate, Bumi Permai Estate; Prima Estate; PT TEGUH JAYAPRIMA ABADI (Rahayu Estate dan Mahakam 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
	Bumi Permai Mill	Benua Puhun Village, Muara Kaman Sub-District, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia.	S 0° 17' 44,84"	E 116° 45' 39,65"

1.4.2	Location of Certification Scope of Supply Base				
	Name of Supply Base	Location	Coordinate		
			Latitude	Longitude	
	PT PMM				
	Beringin Jaya Estate	Bukit Jering and Lebak Mantan Village, Muara Kaman Sub-district, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia	S 00° 13' 04"	E 116° 41' 20"	
	Kahoi Estate	Muara Kaman Hilir Village, Muara Kaman Sub-district, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia	S 00° 12' 14"	E 116° 42' 54"	
	Lembuswana Estate	Loleng and Lebaho Ulak Village, Muara Kaman Sub-district, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia	S 00° 15' 50"	E 116° 41' 24"	
	Bumi Permai Estate	Benua Puhun Village, Muara Kaman Sub-district, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia	S 00° 17' 21"	E 116° 44' 27"	
	Prima Estate	Loleng Village, Muara Kaman Sub-district, Kutai Kartanegara District, Kalimantan Timur Province, Indonesia	S 00° 16' 15"	E 116° 44' 02"	
	PT TJA				
	Rahayu Estate	Rantau HEMPANG Village, Muara Kaman Sub-district, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia	S 00°13' 01"	E 116° 46' 09"	
	Mahakam Estate	Bunga Jadi Village, Muara Kaman Sub-district, Kutai Kartanegara Districts, Kalimantan Timur Province, Indonesia	S 00° 12' 03"	E 116° 52' 03"	
1.5	Description of Area Statement				
1.5.1	Tenure				
	• State		40,150 Ha		
	IUP No. 503/31/SK-DISBUN KUKAR/VII/2006 on behalf of PT PMM for area 21,500 Ha IUP No. 503/64/SK-DISBUN KUKAR/XII/2007 on behalf of PT TJA for area 13,550 Ha IUP No. 503/53/SK-DISBUN KUKAR/VII/2007 on behalf of PT TJA for area 5,100 Ha				
	• Community		- Ha		
1.5.2	Area Statement		PT. PMM	PT.TJA	Total
	• Total area		15,651.14	5,130.72	20,781.86
	• Mature area		10,069.12	2,813.19	12,882.31
	• Immature area		461.33	385.22	846.55
	• Emplasment & Mill		6.81	10.32	57.13

• Drainage	81.69	14.02	95.71
• Nursery	36.36	3.98	40.34
• Road	472.98	138.66	611.64
• Reserved Area	2,077.98	689.81	2,767.79
• Others area	994.16	634.92	1,629.08
• HCV	1,410.71	440.60	1,851.31

1.6 Planting Year and Cycles
1.6.1 Sebaran umur tanaman

Planting Year	Hectarage (Ha)							
	Beringin Jaya Estate	Kahoi Estate	Lembus wana Estate	Bumi Permai Estate	Prima Estate	Rahayu Estate	Mahakam Estate	Total
2007	137.38	175.37	395.17	-	166.92	378.82	-	1,253.66
2008	694.05	1,499.44	483.86	-	1,299.38	1,143.49	-	5,120.22
2009	200.94	319.42	1,128.35	1,867.14	612.22	483.21	321.82	4,933.10
2010	486.29	-	-	212.64	-	-	385.42	1,084.35
2011	43.50	-	262.11	-	-	-	166.08	471.69
2012	144.94	40.41	-	-	-	-	-	185.35
2013	37.83	-	37.47	-	-	-	-	75.30
2014	57.37	53.83	76.99	10.85	86.57	38.31	108.64	432.57
2015	-	-	-	-	-	-	39.94	39.94
2016	-	-	-	-	-	122.80	9.88	132.68
TOTAL	1,802.30	2,088.47	2,383.95	2,090.63	2,165.09	2,166.63	1,031.78	13,728.86

1.6.2 New Planting area after January 2010 2,421.88 Ha

1.6.3 Planting Cycle 1st 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 (%)
Bumi Permai Mill	60	250,664.59	64,496.81	25.73	11,391.77	4.54

**Source: Production Data of mill period May 2015 – April 2016*

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	
					TBS (tonnes/year)	%
PT PMM	15,651.14	10,530.45	180,185.40	17.11	180,185.40	100
Beringin Jaya Estate	4,047.30	1,802.30	24,220.41	13.44	24,220.41	100
• Own Estate	3,449.16	1,275.08	16,071.81	12.60	16,071.81	100

	• Koperasi Subur Makmur (399 smallholders)	396.20	377.63	6,273.25	16.61	6,273.25	100
	• Koperasi Grenseng Indah (90 smallholders)	201.94	149.59	1,875.35	12.54	1,875.35	100
	Kahoi Estate	2,682.35	2,088.47	37,312.50	17.87	37,312.50	100
	• Own Estate	1,682.35	1,144.96	19,600.88	17.12	19,600.88	100
	• Koperasi Mitra Sawit Mandiri (1,087 smallholders)	1,000.00	943.51	17,711.62	18.77	17,711.62	100
	Lembuswana Estate	3,499.51	2,383.95	40,337.81	16.92	40,337.81	100
	• Own Estate	2,508.96	1,640.08	27,901.69	17.01	27,901.69	100
	• Koperasi Maju Membangun (1,184 smallholders)	629.62	563.87	7,562.56	13.41	7,562.56	100
	• Koperasi Sawit Etam Bersama (612 smallholders)	360.93	180.00	4,873.56	27.08	4,873.56	100
	Bumi Permai Estate	3,072.27	2,090.63	35,988.20	17.21	35,988.20	100
	• Own Estate	2,075.30	1,123.52	17,191.70	15.30	17,191.70	100
	• Koperasi Tanah Sama (652 smallholders)	996.97	967.11	18,796.50	19.44	18,796.50	100
	Prima Estate	2,349.70	2,165.09	42,326.48	19.55	42,326.48	100
	PT TJA	5,130.72	3,198.41	48,884.47	15.28	48,884.47	100
	Rahayu Estate	3,561.67	2,166.63	33,993.99	15.69	33,993.99	100
	• Own Estate	2,961.67	1,649.37	25,692.94	15.58	25,692.94	100
	• Koperasi Karya Bersama (815 smallholders)	600.00	517.26	8,301.05	16.05	8,301.05	100
	Mahakam Estate	1,569.05	1,031.78	14,890.48	14.43	14,890.48	100
• Own Estate	1,398.05	919.47	14,890.48	16.19	14,890.48	100	
• Koperasi Mitra Sejahtera Abadi (151 smallholders)	171.00	112.31	-	-	-	-	
TOTAL	20,781.86	13,728.86	229,069.87	16.69	229,069.87	100	
<i>*Source: Production data of Mill period May 2015 – April 2016</i>							
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location	Supplied to Mill			
				FFB			
				(tonnes/year)			
	Rimba Ayu Estate (Non Certified)	PT Kutai Agro Jaya	Kutai Kartanegara District, Kalimantan Timur	21,045.33			
	Budi Duta Estate (Non Certified)	PT. Budi Duta Agro Makmur	Kutai Kartanegara District, Kalimantan Timur	527.30			
	TOTAL			21,572.63			
<i>*Source: Production data of Mill period May 2015 – April 2016</i>							
1.7.4	Jenis Produk		FFB, CPO, PK				

1.8	Estimate Tonnage of Certified Product					
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim 19 June 2015 to 25 June 2016 (tonnes/year)		Actual certified product 19 June 2015 to 17 May 2016 (tonnes/year)		
	• FFB Production	256,048.97		209,468.83		
	• CPO Production	64,012		53,127.19		
	• Palm Kernel (PK) Production	11,522		9,543.98		
1.8.2	Estimate of Certified FFB Claim					
		Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)
		PT PMM	15,651.14	10,530.45	217,911	20.69
		Beringin Jaya Estate	4,047.30	1,802.30	33,120	18.38
		• Own Estate	3,449.16	1,275.08	23,263	18.24
		• Koperasi Subur Makmur (399 smallholders)	396.20	377.63	7,062	18.70
		• Koperasi Grenseng Indah (90 smallholders)	201.94	149.59	2,795	18.69
		Kahoi Estate	2,682.35	2,088.47	44,447	21.28
		• Own Estate	1,682.35	1,144.96	24,727	21.60
		• Koperasi Mitra Sawit Mandiri (1,087 smallholders)	1,000.00	943.51	19,719	20.90
		Lembuswana Estate	3,499.51	2,383.95	58,959	24.73
		• Own Estate	2,508.96	1,640.08	37,516	22.87
		• Koperasi Maju Membangun (1,184 smallholders)	629.62	563.87	12,506	22.18
		• Koperasi Sawit Etam Bersama (612 smallholders)	360.93	180.00	8,937	49.65
		Bumi Permai Estate	3,072.27	2,090.63	40,526	19.38
		• Own Estate	2,075.30	1,123.52	19,786	17.61
		• Koperasi Tanah Sama (652 smallholders)	996.97	967.11	20,740	21.45
		Prima Estate	2,349.70	2,165.09	40,860	18.87
		PT TJA	5,130.72	3,198.41	63,743	19.93
		Rahayu Estate	3,561.67	2,166.63	48,060	22.18
		• Own Estate	2,961.67	1,649.37	34,688	21.03
		• Koperasi Karya Bersama (815 smallholders)	600.00	517.26	13,371	25.85
		Mahakam Estate	1,569.05	1,031.78	15,683	15.20
		• Own Estate	1,398.05	919.47	15,280	16.62
		• Koperasi Mitra Sejahtera Abadi (151 smallholders)	171.00	112.31	403	6.15
		TOTAL	20,781.86	13,728.86	281,654	20.52
		*Projected FFB production period 26 June 2016 – 25 June 2017				

1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Bumi Permai Mill	60	281,654	73,230	26	12,674	4.5
	<i>*Projected CSPO and CSPK production period 26 June 2016 – 25 June 2017</i>						
1.9	Other Certifications						
	-			-			
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					
	Pangkalan (PT Pangkatan Indonesia)	2012	PT Pangkatan Indonesia (Pangkalan Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012	
			PT Bilah Plantindo (Bilah Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012	
			PT Sembada Sennah Maju (Sennah Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012	
	Benua Puhun (PT Prima Mitrajaya Mandiri)	2013	Rantau Humpang Estate (PT Teguh Jayaprima Abadi)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
			Mahakam Estate (PT Teguh Jayaprima Abadi)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
			Bukit Jering estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
			Kaman Hilir estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
			Loleng estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
			Benua Puhun estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
			Prima estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014	
	Rantau Humpang (PT Prima Mitrajaya Mandiri)	2019	-	-	Kutai Kertanegara – East Kalimantan	2019	
	Tuing (PT Gunung Pelawan Lestari)	2017	PT Gunung Pelawan Lestari	2017	Bangka	Planning	
	-	-	PT Simpang Kiri Plantation Indonesia	-	Aceh	-	

	-	-	PT Evans Lestari	2024	Musi Rawas – South Sumatera	-
	<ul style="list-style-type: none"> PT Simpang Kiri Plantation Indonesia is an independent estate in the sense that it sells its FFB to a POM not owned by MP Evans. It is therefore unclear if the estate can be certified if the POM does not become certified. Tuing Mill, PT Gunung Pelawan Lestari delaying TBP from 2015 become 2017, this is caused of mill is under construction until now and will be operate on March 2016. 					
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard					
	Bumi Permai Mill receive FFB from PT. Kutai Agro Jaya and PT Budiduta Agromakmur with contract for a year and FFB from community plantation who full managed by companies. These community plantations have been entered on the scope of this activity.					

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-2	<p>1. Ardiansyah (Lead Auditor). Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has followed several activities for identified environmental impact such as preparing EIA document for plantation and plantation forest. He has followed several trainings namely: Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), Environmental Management System (ISO 14001-2004), SMK3 based on OHSAS, RSPO Lead Auditors Training Course endorsed by Proforest and Diameter, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and mapping for land cover analysis. During the assessment the auditor verified supply chain, Legality aspect and Land Dispute.</p> <p>2. Bukti Bagja. 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 assessment, he assigned to verify of waste management, environmental and HCV aspect.</p> <p>3. Muhammad Rinaldi. Associate on palm 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 assessment, he assigned to verify transparency, occupational safety and health, worker welfare and social aspect.</p> <p>4. Mohamad Amarullah. Master in Wood Science and Technology from Universiti Putra Malaysia and Bachelor of Forestry from Forest Product Department, Bogor Agricultural University (IPB). Have six years professional experience as an Oil Palm Agronomist and Research Assistant in Indonesia and Malaysia. He taken part in Soil Correlation Tour and Yield Improvement Project on Peat Area during 2011-2014 as well as participate and passed several training such as, ISO 17021, ISO 17065, HCV, ISPO Auditor, ISO 9001:2008 in 2014 and RSPO Awareness in 2015. At this assessment, he assigned to verify best management practices aspect and transparency.</p>
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ASA-2	<p>Number of auditors : 4 auditor</p> <p>Number of days for ASA-2 at site : 5 days</p> <p>Number of working days for ASA-2 at site : 20 Working days</p>
2.2.2	Assessment Process
ASA-2	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT PRIMA MITRAJAYA MANDIRI and PT TEGUH JAYAPRIMA ABADI (MP EVANS GROUP PLC) to the requirements of Principle and criteria for Sustainable Palm Oil Production on April 2013 and supply chain Requirement for CPO Mill, November 2014.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ASA-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-3).</p> <p>Improvement of findings from main assessment findings were observed by auditors at this ASA-2 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-2.</p> <p>The assessment program please find Appendix 2</p>

2.2.3	Location of Assessment
ASA-2	<p>The sampling location is done by using the formula $(0.8 \sqrt{Y})$, Y is number of estate that is in the PT PMM and PT TJA. Total sampling at PT PMM and PT TJA is three (3) estate that are Lembuswana Estate, Beringin Jaya Estate, Rahayu Estate. Then, in order to balance the information the auditor also visited villages around PT PMM and PT TJA.</p> <p>Lembuswana Estate</p> <ul style="list-style-type: none"> • Worker Housing at Division Tengah. Observations related to facility employees, domestic waste management, emergency response facilities, provision of clean water, access to basic needs. • Rinse place and Storage of Spray Equipment. Observation related management of tools and PPE for sprayer, bathing and washing facilities, management of environmental pollution. • Artesian well at Division Tengah. Observation related to provision of clean water, management of pollution and contamination of water sources. • Clinic. 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. • Waste Disposal Place at Block S31-32. Observations related to management of domestic waste. • Fertilizer Warehouse. Observation related to storage of fertilizer materials, emergency response facilities. • Primary School. Observations related to conditions for employees facilities such as school facilities for employees children. • Block R40 Div. Selatan (harvesting). Auditee: 2 mandore, 1 harvester and 1 loosefruit picker. To observe harvester's knowledge on harvesting technique, ripeness standard and quality of FFB, pruning, frondstacking and personal protection equipment (PPE) used towards company standard, conservation area, the existence of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of LKS Bipartit and gender committee as well as to crosscheck employee status and wages. • Block P33 Div. Tengah (palm circle dan harvesting path spraying by Glisat 120 ml). Auditee: 1 mandore and 9 upkeep workers. To observe upkeep worker's knowledge on safe spraying techniques, agrochemical mixing, type of agrochemicals and its target, forbidden area for spraying activity and PPE used towards company standard, conservation area, the existence of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of Bipartit cooperative institution and gender committee as well as to crosscheck employee status, regular medical check up, training given and wages. • Block Q31/32 Div. Selatan (manuring application of Kieserite 800 gr). Auditee: 1 mandore dan 16 manuring workers. To observe manuring worker's knowledge on fertilizer dossage and placement (macro and micro nutrient), technique of application, abnormal palm, forbidden area for manuring activity and PPE used towards company standard, conservation area, the existence of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of Bipartite Cooperation Institution and gender committee as well as to crosscheck employee status, regular medical check up, training given and wages. • Block Q33 dan S33 Div. Selatan (manual field upkeep of beneficial plant). To observe manual upkeep activity of <i>Turnera subulata</i> and <i>Cassia cobanensis</i> along collection and main road. • Block P36 Div. Tengah (leaf sampling, POME and EFB compost application). Auditee: 2 LSU workers. To observe LSU worker's knowledge on leaf sampling technique, determining Frond No. 1 and No. 17 and part of leaf taken for analysis and PPE used towards company standard, conservation area, the existence of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of LKS Bipartit and gender committee as well as to crosscheck employee status and wages. Implementation of POME for land application and EFB compost application were also observed.

- **Block S42/43 Div. Selatan (riparian zone management).** To observe riparian management implemented, such as signboards, pole installation dan riparian condition.
- **Blocks L13 and K13, Smallholdings of Koperasi Maju Membangun.** Observations related to new planting area.
- **Blocks T43 dan T44 of Smallholdings of Koperasi Sawit Etam Bersama.** Observations related to new planting area.
- **Block N27 of Smallholdings of Loleng Village.** Observations related to new planting area.
- **Block T42 and T43.** Observation on Riparian of Sungai Kendang. There are boundary markers for application the chemicals, there is a signboard areas of HCV, HCV areas in good condition and maintained.
- **Block P27.** Observation on Cadastral stake at number LL15. Stakes in good condition and well maintained.
- **Block N27.** Observation on HCV area in form of secondary forest. There are boundary markers for application the chemicals, there is a signboard areas of HCV, HCV areas in good condition and maintained.

Beringin Jaya Estate

- **Block E21 at Division Utara.** Observations and interviews with the foreman and workers associated with the spray application of procedures, conservation areas, areas that do not apply, employment policies, training, and facilities to the implementation of OHS.
- **Block D22.** Observations related to water level in peatlands by using a water gate and measurement of water in the canal by using a drain stick.
- **Block E19 at Division Utara.**
 - Observations and interviews with the foreman and harvest workers related to the application procedures, employment, training, and facilities to the implementation of OHS.
 - Observations related to the measurement of ground water by using piezometers
- **Block E/8/9.** Observations related to the use of beneficial plant with *Turnera subulata*, *Casia cobanensis* and *Antigonon leptosus* as controlling pests and diseases.
- **Block E10 at Division Utara.**
 - Observations related to the measurement of peat land subsidence.
 - Observations and interviews with employees in related to rat pest control using rodenticides (Active Ingredients Brodifakum)
- **Chemical Warehouse.** Observations and interviews about the management of Hazardous Material, emergency response facilities and OHS.
- **Collection place of Hazardous Waste.** Observations about the management of hazardous waste, emergency facilities.
- **Fertilizer Warehouse.** Observations on fertilizer storage and available OHS facilities.
- **Diesel Fuel Tank.** Observations on diesel fuel management and emergency response in case of leaks / spills.
- **Housing at Utara Division, Block D09.** Observations on housing facility and interviews with the workers related to the public facility provided by the company and the management of household waste.
- **Housing at Tengah Division, Block F21.** Observations on housing facility and interviews with the workers related to the public facility provided by the company and the management of household waste.
- **Block F22, Landfill.** Observation related to waste management.
- **Block D08-09.** Observation on HCV area in form of secondary forest.

Bumi Permai Mill

- **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.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities.
- **Water Treatment Process.** Observations and interviews related to the use of water, recording water usage using a flow meter, provision PPE for worker and work mechanism accordance to procedure.
- **Chemical Warehouse.** Observations and interviews about the management of Hazardous Material, emergency response facilities and OHS.
- **Hazardous Waste Warehouse.** Observations on Hazardous waste management and available OHS facilities
- **Central Warehouse.** Observations and interviews about the management of material that use in mill, emergency response facilities and OHS.
- **Drainage.** Observations the waste water in mill.
- **Collection place of shell and fiber.** Observation the management of solid waste.
- **Composting station.** Composting facility is going well, there was no indication of contamination.
- **Biogas station.** Facility is going well, there is no indication of leakage at the pond, there are adequate safety facilities such as guardrail and signboard.
- **WWTP area.** WWTP pool in good condition, there is no indication of a leak, but there is no guardrail at WWTP area and less warning signpost.
- **Land Application and Monitoring Wells.** Flat bed are functioning properly and in accordance with standard specifications, there is no indication of a leak. Monitoring wells in good condition, there is no indication of groundwater contamination.

Rantau Hempang Bulking

- **Bulking.** Observation and interview related to record of receiving and shipment of CPO and SCCS.

Rahayu Estate

- **Block G41 Div. Tengah (harvesting).** Auditee: 2 mandore, 8 harvesters and 8 loosefruit pickers. To observe harvester's knowledge on harvesting technique, ripeness standard and quality of FFB, pruning, frondstacking and personal protection equipment (PPE) used towards company standard, conservation area, the existance of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of Bipartite Cooperation Institution and gender committee as well as to crosscheck employee status and wages.
- **Block G54 Div. Selatan (selective weeding by Paraquat).** Auditee: 1 mandore and 6 upkeep workers. To observe upkeep worker's knowledge on safe spraying techniques, agrochemical mixing, type of agrochemicals and its target, forbidden area for spraying activity and PPE used towards company standard, conservation area, the existance of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of Bipartite Cooperation Institution and gender committee as well as to crosscheck employee status, regular medical check up, training given and wages.
- **Block H52 Div. KKPA (manual upkeep and interview with manuring workers).** Auditee: 1 mandore and 8 workers. At the time of visit, there is no manuring activity in Rahayu Estate, thus manuring gank were being transferred into manual upkeep activity. However, interview on manuring technique is still carried out so Auditor is able to observe manuring worker's knowledge on fertilizer dossage and placement (macro and micro nutrient), technique of application, abnormal palm, forbidden area for manuring activity and PPE used towards company standard, conservation area, the existance of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of Bipartite Cooperation Institution and gender committee as well as to crosscheck employee status, regular medical check up, training given and wages.
- **Block G48 Div. Tengah (rat census).** Auditee: 2 census workers. To observe census worker's knowledge of sampling technique for each pests measured, early warning system, biological and chemical control control, conservation area, the existance of protected flora and fauna, mechanism of information request, delivery of complaints and grievances, rules of Bipartite Cooperation Institution and gender committee as well as to

	<p>crosscheck employee status and wages.</p> <ul style="list-style-type: none"> • Housing Block G2/5 Div. Selatan. To observed and check housing facility, domestic rubbish management, health facility, fire extinguisher and housing complex sanitation. • Hazardous waste warehouse. Interview with Hazardous waste warehouse keeper. To observed completeness and condition of Hazardous waste warehouse such as symbols or signboards, alarm, MSDS, eyewash, fire extinguisher, first aid kit box and PPE box, as well as to observe worker's knowledge hazardous materials, list of hazardous material waste, storing technique and time permit, recording and keeping mechanism. • Fuel (solar) station. To observe and check station condition, oil trap, symbols or signboard and fire extinguisher. • Genset station. To observe and check genset capacity (kVA), symbols or signboards and fire extinguisher. • Chemical storehouse. To observe and check storehouse condition, list of agrochemical stored, storage management, MSDS, eyewash, shower, fire extinguisher, first aid kit box and PPE box. • Block B42-B43. Observation on HCV area in form of Swamp area. • Block I56-I58. Observation on HCV area in form of Secondary forest. • Block C39-C40. Observation on Cadastral Stake number TJA 151. The Stakes in good condition, there are planting at out of new cadastral boundary, but still inside the coverage of previous cadastral map (TJA 95) • Block I56. Observation on Cadastral Stake number TJA 25. The stake in good condition, there are planting at out of new cadastral boundary, but still inside the coverage of previous cadastral map. <p>Stakeholder Consultation</p> <ul style="list-style-type: none"> • Institutions of governance (District Government Agencies Kutai Kartanegara consisting of the National Land Agency; Plantation and Forestry Agency; Environment Agency, Manpower Agency). Interviews related to regulatory compliance, the issue of environmental pollution, land conflict issue and company contributions to the area. • Surrounding villages (Lebaho Ulak Village, Rantau Hemplang Village, Loleng Village). Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities.
2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ASA-1	<p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for PT PRIMA MITRAJAYA MANDIRI and PT TEGUH JAYAPRIMA ABADI (MP EVANS GROUP PLC) was held by:</p> <ul style="list-style-type: none"> • Public Notification at web mutucertification.com on May 02nd, 2016 • Public consultation meeting with local stakeholders (Lebaho Ulak Village, Rantau Hemplang Village, Loleng Village, smallholders cooperative) on May 17th, 2016 • Public consultation with local contractor, gender committee and Worker Union on May 17th, 2016 • Public consultation with government agency Kutai Kartanegara District (National Land Agency; Plantation and Forestry Agency; Environment Agency, Manpower Agency) on May 17th, 2016 • Public consultation with NGO (WWF, Sawit Watch, Wahana Lingkungan Hidup Indonesia) by email on May 3rd, 2016 <p>Numbers of input from stakeholders were clarified by PT Prima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi – MP EVANS GROUP</p>
2.3.2	Stakeholder contacted
	Please find appendix 1
2.4	Determining Next Assessment
	The next visit (ASA-3) will be determined one year after this ASA-2 (May -2017).

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Bumi Permai POM – PT. Prima Mitrajaya Mandiri operation consisting of one (1) mill and seven (7) oil palm estates.

During the assessment, there were one (1) nonconformity were assigned against Minor Compliance Indicators and one (1) nonconformance against RSPO Certification System and seven (7) opportunities for improvement were identified.

MUTUAGUNG LESTARI found that of Bumi Permai POM – PT. Prima Mitrajaya Mandiri complied with the requirements of RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013 and 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.		
1.1.1 List of stakeholder of PT PMM and PT TJA are recorded in document No. REC/1.0/PMM/15/2, which mentioned name of person in charge and his/hers position, contact number and address. Furthermore, each Estate was also having a specific document of its own of stakeholder. For example, documents No. SHE/6.2/BJE, No. REC/1.0/RHE/15/2 and No. REC/1.0/LLE/15/2 are stakeholder list document for Beringin Jaya (formerly Bukit Jering), Rahayu (formerly Rantau Humpang) dan Lembuswana (formerly Loleng) Estate, respectively. In general, Estates stakeholder consist of head of village, elders, head of District Department and other government institution, religious leader, firefighter, contractor, supplier, cooperative, market or shop, doctors on hospitals and puskesmas, military, police station and companies surrounding PT PMM and PT TJA. Update and distribution of documents mentioned, was under responsibility of Sustainable and Certification (S&C) Department. According to letter of appointment dated January 2 nd , 2016, it was stated that Head Assisstant and Staff were appointed as PIC for document management.		
1.1.2 Procedure for giving information and response/feedback to stakeholder is recorded in documents No. PMM/SOP/Umum-02 (for PT PMM) and No. TJA/SOP/Umum-02 (for PT TJA), Revision 1 dated September 16 th , 2013 titled "Transparency of Information". Informations are classified into the level of confidentiality. Issued of any confidential information must be discussed and approved by the respective section head of management (i.e. Manager, Group Manager). Issued of very confidential information document must be further discussed with HRD Head Office. Any communication and agreement should be inline and not contravene with company principles and provisions/regulations. List of transparent and confidential information for public is recorded in "Appendix of Transparency Documents" or " <i>Lampiran List Transparansi Dokumen</i> " dated January 2 nd , 2016. There are 51 and 30 type of documents which classified as transparent and confidential, respectively. For example, transparent documents are company policies, HCV assessment, hazardous materials monitoring, CSR, Guiding Committee of Occupational Safety & Health (P2K3), etc. example of confidential documents i.e. company budget, financial audit, investment report, CPO production, salary, etc.		
Request of information from stakeholder and company feedback is recorded in the book of "Information Request" or "Permintaan Informasi" No. SHE/6.2/BJE/1/2, No. SHE/6.1/LLE/2 and No. SHE/6.2/RHE/2 for Beringin Jaya,		

Lembuswana and Rahayu Estate. The book are describes on date of request, requester and its position, company representative, response/feedback given, date of feedback and handwriting sign from both parties. According to document review, it can be concluded that starting from April 2014, there was an additional column which explain the feedback and information given and up to April 20th, 2016, time of response was varies from 1 to 6 days, orally and latterally.

1.1.1 and 1.1.2

Based on public consultation with Government Institutions of Kutai Kartanegara District, such as National land Agency (*Badan Pertanahan Nasional*), State Ministry for Environment (*Badan Lingkungan Hidup Daerah*), State Department of Forestry and Estate Crops (*Dinas Kehutanan dan Perkebunan*) dan State Department of Manpower, Social and Transmigration (*Dinas Tenaga Kerja, Transmigrasi dan Sosial*) at February 10th, 2016, it was stated that PT PMM and PT TJA are quite transparent in terms of providing information and giving periodical reports ontime. Example of periodical reports are quarter report of OHS guiding committee, report of hazardous waste balance sheet, report of estate business development, report of investment activities, effluent application, semester report of environmental management and monitoring plan yearly report of estate statistics, etc. All last updated documents mentioned earlier were provided during the time of audit. Furthermore, based on interview with workers in Lembuswana, Beringin Jaya dan Rahayu Estate, it can be concluded that the workers very well understood on the mechanism of information requests in accordance with the company procedures. Workers also claimed that the information were provided quickly, orally or latterally at a maximum of up to six working days.

	Status: Comply	
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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

List of transparent and confidential documents for public is recorded in "Appendix of Transparency Documents" or "*Lampiran List Transparansi Dokumen*" dated January 2nd, 2016. There are 51 and 30 type of documents which classified as transparent (publicly available) and confidential, respectively. According to SOP No. PMM/SOP/Umum-02 and No. TJA/SOP/Umum-02 Revision 1 dated September 16th, 2013, issued of any confidential information must be discussed and approved by the respective section head of management (i.e. Manager or Group Manager) and Issued of very confidential information document must be further discussed with HRD Head Office. Any communication and agreement should be inline and not contravene with company principles and provisions/regulations.

For example, publicly available documents are company policies, job description, SOP's, HCV assessment and management plan, GHG monitoring, hazardous materials monitoring, CSR, Guiding Committee of Occupational Safety & Health (P2K3), list of stakeholder, internal and external complaints, list of employee, company organization chart, OHS Guiding Committee structure, employee agreement, etc. Furthermore, example of confidential documents are legal documents, permit, company budget, financial audit, investment report, CPO production, Head Management visit report (SM, GM, HOA and PD), salary, land application, MoU with cooperative, seeds documents, maps of company, data of compensation payment, internal and external assessment report, etc.

Based on public consultation with Government Institutions of Kutai Kartanegara District, such as National land Agency (*Badan Pertanahan Nasional*), State Ministry for Environment (*Badan Lingkungan Hidup Daerah*), State Department of Forestry and Estate Crops (*Dinas Kehutanan dan Perkebunan*) dan State Department of Manpower, Social and Transmigration (*Dinas Tenaga Kerja, Transmigrasi dan Sosial*) at February 10th, 2016, it was stated that PT PMM and PT TJA are quite transparent in terms of providing information and giving periodical reports ontime. Example of periodical reports are quarter report of OHS guiding committee, report of hazardous waste balance sheet, report of estate business development, report of investment activities, effluent application, semester report of environmental management and monitoring plan yearly report of estate statistics, etc. All last updated documents mentioned earlier were provided during the time of audit.

	Status: Comply	
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1.3

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

1.3.1

Policy on integrity and ethical behavior in all operational implementation and transactions is recorded document of Anti-bribery and corruption code of conduct (CoC) which was signed by Managing Director M.P. Evans Group on July 29th, 2013. CoC was available in both English and Bahasa. The document describes definition of bribery and corruption, the general anti-corruption and bribery obligations, interaction between this code of conduct and other laws and regulations, use of personal funds, compliance officer, facilitation payments, emergencies and personal safety, entertainment, gifts, reporting concerns, dealing with agents, suppliers and other third parties, charitable and political donations, sponsorships, annual review, examples of acts of bribery and corruption and examples of behavior roomates suggest an Increased risk of birbery and corruption.

Document No. TRS/4.0/BJE/0/2016 mentioned that training and socialization of company policy, anti-corruption, transparency, complaint mechanisms, information of paycheck, CSR policy, the environment and biodiversity, reproductive opportunities, association and sexual harassment policy had been conducted by Head of the Assisstant and Manager of Beringin Jaya Estate at Divisi Tengah on March 30th, 2016. This event was attended by 11 manuring workers, 6 staff and 10 harvester. Meanwhile, socialization for third parties such as contractor employees had been carried out in May 30th, 2016.

Based on interviews with workers in Lembuswana, Beringin Jaya and Rahayu Estate, it can be concluded that workers are very well understood about the integrity and ethical behavior of companies, for example, the prohibition of corruption and bribery.

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

Companies can show compliance with laws and regulations, for example:

- Reporting the P2K3 report and work accident report which has been carried out regularly every three months in accordance with the Regulation of Labor Ministry No. 4 Year 1987 and Regulation of Labor Ministry No. 3 Year 1998.
- Company has implemented the minimum wage accordance with Governor Decree no 561 tahun 2015 related to minimum wage standard for Kutai Kartanegara District for period 2016.
- Implementation of Labor Ministry Regulation Number 26 in 2015 related to Work Accident Security. Companies can show the proof of dues payment to Workers Social Security Agency for all employees.
- Company has well-trained operators for heavy machine who had followed training in BPM 3 operators, 4 operators in BJE, 7 operators in RHE and 5 operators in LLE. This is accordance with Ministry of Manpower and Transmigration Decree No. 09 in 2010 related to Transport and Loading Operators.
- Has had 3 electricians who have been trained Electricity OHS in accordance with Directorate General of labor inspection Decree No. 311 in 2002.
- Has had 4 Welders who has been trained accordance with Regulation of Labor and Transmigration Ministry No. 02 Year 1982 about Qualifications of welders in the workplace
- Company has 8 boiler operators in accordance with the Labour Ministry Regulation No. 01 in 1988 on Qualifications and Requirements Boiler Operators.

Companies can show a copy of the regulations was documented on soft file by S & C department. Based on interview with the Department of Tanah Bumbu District, explained that the company has implemented regulations that applicable.

2.1.2

Procedures that ensure the system about legal requirements contained in SOP of Implementation of Applicable Regulations No. TJA / SOP / General-01 on January 1, 2011. In that document explained the person in charge is Legal Manager assigned to seek legislation that must be applied in operational activities and to coordinate with RSPO manager to evaluate the new regulation.

2.1.3 & 2.1.4

To ensure compliance to regulations, company has a document of Evaluation Compliance to Regulatory and Act. The evaluation has been done for aspect of OHS & Employment, Environment Aspect, and aspect of Forestry & Land plantation. Evaluation is done against some regulatory, among others:

- Regulation of Plantation, Forestry & Land sector as much as 63 regulations.
- Regulation of OHS sector as much as 51 regulations.
- Regulation of Employment sector as much as 52 regulations.
- Regulation of Environmental Sector as much as 61 regulations.

Besides that, the company undertook an RSPO internal audit every year which is also ensuring regulatory compliance. Audit has been done in PT.PMM & PT.TJA on March 2016.

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.

2.2.1

CH is able to show the document of land legal, consist of:

1. Location permits from Kutai Kartanegara Regent on 26 June 2007 for an area of \pm 21,500 Ha on behalf PT PMM. Based on this location permit, conducted cadastral measurements for:
 - PT PMM area of 8,816.92 Ha on 3 August 2015.
 - Koperasi Mitra Sawit Mandiri area of 971.59 Ha on 18 December 2014.
 - Koperasi Serba Usaha Subur Makmur area of 391.70 Ha on 18 December 2014.
 - Koperasi Maju Membangun area of 592.13 Ha on 18 December 2014.
 - Koperasi Sawit Etam Bersama area of 180 Ha on 18 December 2014.
 - Koperasi Grenseng Indah area of 176.21 Ha on 18 December 2014.
2. Locations permit from Kutai Kartanegara Regent on 10 August 2015 for an area of \pm 891.46 Ha on behalf Koperasi Tanah Sama.
3. Locations permit from Kutai Kartanegara Regent on 27 Oktober 2008 for an area of \pm 5,100 Ha on behalf PT TJA. Based on this location permit, conducted cadastral measurements for:
 - PT TJA area of 2,466.18 Ha on 12 August 2014.
 - Koperasi Karya Bersama area of 231.04 Ha on 12 August 2014.
4. Location permit from Kutai Kartanegara Regent on 27 October 2008 for an area of \pm 13,550 Ha on behalf PT TJA.
5. Location permit from Kutai Kartanegara Regent on 30 December 2014 for an area of \pm 641 Ha on behalf Koperasi Karya Bersama.

Forest area release

Based on document review known that some area of PT PMM and PT TJA located in forest area that can be converted (*Hutan Produksi yang dapat dikonversi/HPK*). The company has had recommendation from Provincial Government for process the license of forest area release based on letter from Investment Agency of Kalimantan Timur Province date 30 October 2015 for PT PMM and date 29 August 2014 for PT TJA.

Land Use Title (HGU)

The process of Land Use Title (HGU) progress is still being processed until Surveillance-2. The process of Land Use Title (HGU) for PT PMM has reached the stage of land inspection by committee *B/panitia B* that conducted on April, 15th 2015. The process of Land Use Title will be observe on next surveillance. Based on stakeholder consultation with BPN on Kutai Kartanegara Districts known that until audit process, the BPN Regional Office in Samarinda have not submitted the documents of HGU process in BPN Center Jakarta for review with a reason to be cautious about the national issues of land fire. This obstacle has lasted nearly a year without clarity from BPN Regional Office of Kalimantan Timur Province. Besides that, The company does not have administrative completeness issue in HGU process (OFI).

Document of Plantation Business Permit

CH has had plantation business permit for all operational area which consist of:

- Oil palm plantation business permit on behalf PT Prima Mitrajaya Mandiri for an area of 21,500 Ha based on decree

of Kutai Kartanegara Regent on 26 July 2007.

- Plantation business permit for process (IUP-P) on behalf PT Prima Mitrajaya Mandiri with capacity of 60 Ton FFB/Hour based on decree of Kutai Kartanegara Regent on 8 November 2011.
- Revision of Plantation business permit on behalf PT Teguh Jayaprima Abadi for an area of 5,100 Ha based on decree of Kutai Kartanegara Regent on 27 July 2007.
- Plantation business permit on behalf PT Teguh Jayaprima Abadi for an area of 13,550 Ha based on decree of Kutai Kartanegara Regent on 4 Desember 2007.

Public consultation with Land Office of Kutai Kartanegara Regency known that the land use title process of PT PMM and PT TJA is currently still in the BPN Regional Office of Kalimantan Timur and not been sent to the BPN Centre. He also explained that the company does not have a problem with the administration documents in the process of land use title.

2.2.2

Field visit show that legal boundary based on cadastral map has been demarcated obviously and well maintained. Besides that, boundary poles are managed routinely every 6 month **in accordance with procedure of production and management of boundary poles No. PMM/SOP/UMUM-14, approved by President Director on 1 Jan 2011.**

2.2.3; 2.2.4; 2.2.5; 2.2.6

Document review and interview with communities known that there aren't land dispute in company operational area. The company has had SOP Internal and External Complaint which explain the mechanism of conflict resolution. Besides that, MP Evans as parent company of PT PMM and PT TJA also has CSR Policy which approve by President Director on 27 April 2015. This policy include explain about "Synergize the resources of companies, communities and governments to create harmony in communication and consultation, and not to use of force, mercenaries and para-militaries for problem solving." **Based on stakeholder consultation with communities and government institution known that companies did not use paramilitary in their operation.**

Status: Comply

2.3

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

2.3.1; 2.3.2; 2.3.3; 2.3.4

The company has had document of land compensation which has been involve local authorities/community leaders for identified the parties who deserve compensation. In land compensation process, the company also conducting mapping for communities land. Land mapping carried out by a team formed by local village government tasked to inventory the number and area of land cultivated by the community and the process of measurement involves the the adjacent parties. All land compensation documents presented in the Indonesian language that can be understood by all parties.

Interviews with communities around known that there are no indigenous rights, land that in company area is individualized land (former shifting cultivation). The company has shown evidence of land acquisition with the involvement of landowners, the adjacent parties and the village authorities. There is also a map of the land acquired that signed by the landowner, the adjacent parties and village authorities.

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.

3.1.1

Management unit (Estates and Mill) has a long term plan for economic and financial viability, which recorded on the documents as follows:

- **Estate production budget 2014-2022**

The plan has describes in detail of production volume (ton/year) from every single field, Block properties such as progeny used, year of planting, planting density, first-time year of harvested and total production. For example, total

production budget for Beringin Jaya, Lembuswana and Rahayu Estate in 2017 are 46,577; 81,444 and 54,764 ton/ha, respectively.

- **Hectarage budget 2013-2022**

The budget describes the planning of land clearing activities and field planting from 2013 to 2022. The budget mentioned that land clearing and planting activity will be completed on October 2016 and there is no replanting program until 2022.

- **Infrastructure budget 2015-2023**

Budget describes the outline of number and cost per unit of material or infrastructures planed (e.g. housing, electricity system, bridges), machinery (e.g. generator, lawn mower, etc.), furniture (e.g. cupboard, cabinets, beds, etc.), office equipment (e.g. computer, AC, etc.), vehicles (e.g. double cabin, motorcycles, etc.) and heavy equipment (e.g. dump truck, water tanks, backhoe, tractor, etc.).

- **Mill production budget 2016-2026**

Bumi Permai Mill (BPM) can demonstrate the long term capital expenditure, such as buildings and fitting, machinaries, furniture and fittings, office equipments and vehicle and heavy equipment. Manpower for operator, admin staff, laboratory, security and compound staff were also budgeted. Regarding production, the budget for OER and KER were 25.50 % and 4.50 %, respectively. For example, total CPO production of BP-POM in 2020 is 97,687 ton/year, which comprises of 69,888; 22,011 and 5,789 ton from PT PMM, PT TJA, PT KAJ (eksternal FFB supplier), respectively.

Management plans mentioned above are subjected to changed and reviewed annually by the respective management through considering actual trends and dynamic situation which predicted could be changed in the future.

3.1.2

Based hectare statement 2016, the oldest plant in PT PMM and PT TJA is 9 years old, which planted in 2007. Age of the planting cycle is set for 25-30 years. Thus, the company has no replanting plans in the near future.

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

Management unit has procedure of oil palm agronomy and processing which available in Bahasa. Agronomy procedures used as guideline for estates which starts from land clearing, nursery, planting, field upkeep, harvesting, products (FFB) transportation and replanting. Meanwhile, processing procedures used as guidelines for mill which starts from FFB acceptance, product quality analysis (CPO and PK), dispatch, etc. example of procedures as follows:

- Procedure (SOP) of land clearing (doc. No. PMM/SOP/AGRO-02). It was stated that land clearing must be conducted manually and zero burning. The SOP also describes soil and water conservation techniques, palm density per ha, hectarage of Blocks, etc.
- SOP of water and soil conservation (doc. No. PMM/SOP/AGRO-05) which describes installation of siltpit/foot hill drain, trenches, planting of vetiver grass and other legume cover crop, drainage and water management.
- SOP of monitoring and integrated pest management/IPM (doc. No. (PMM/SOP/AGRO-07) which describes census technique, monitoring of pests and diseases, biological, manual and chemical control for leaf eating caterpillar, grasshopper, termite, *Oryctes rhinoceros*, rat and other mammals.
- SOP of manuring (doc. No. PMM/SOP/AGRO-09 dated 1 Januari 2011).
- SOP of personal protection equipment/PPE (doc. No. PMM/SOP/K3-13) which stated that all PPE identified should be provided by the company.
- SOP of harvesting and transportation (doc. No. SOP/Agro-10) which describes quality of FFB, monitoring, administration, rotation, PPE used, etc.
- SOP of FFB acceptance (doc. No. SOP/4.1/02) which describes flow process of FFB transportation from field to Mill.
- SOP of FFB grading (doc. No. SOP/4.1/03) which describes monitoring and analysis of FFB quality, grading sampling technique and administration.
- SOP of processing (doc. No. SOP/4.1/01 to SOP/4.1/26) which consist of FFB weighing and acceptance, grading,

sterilizing process, pressing, clarification, oil recovery tank, recycling oil storage, nut and kernel, boiler and engine room, water treatment plant, final effluent, storage tank cleaning, land application, composting, method of sampling and making a compost, biogas plant, process control manual, cash flow of fuel, hydrotest CPO tank, CaCO_3 testing and analysis, kernel stock measurement, CPO and Kernel delivery to bulking station and mass balance.

- SOP of CPO sampling quality (doc. No. SOP/4.1/20) which describes sampling technique and analysis in all processing station.

Based on interview with harvester, field upkeep, manuring and census workers in Lembuswana and Beringin Jaya Estate, it can be concluded that all workers mentioned are very well understood, can explain and demonstrate their work process inline with the company's procedure. For example, standard of ripeness, PPE used and management, riparian and conservation area.

Department of Sustainable and Certification (S&C) has responsibility in SOP documents management and distribution. All SOP documents are reviewed by estate management annually and will be reviewed if needed. Procedure of document review are described in document No. PMM/SOP/Umm-08 and No. TJA/SOP/Umm-08 for PT PMM and PT TJA, respectively.

To ensure that the works are properly carried out based on standards, the company held trainings regularly. Estate management shows document of training budget and realization in 2016. Subject of training are understanding on ISPO, RSPO and ISCC, environmental and occupational health and safety (OHS), legislation, social and communication, waste and hazardous material management, fire fighting and the use of fire extinguisher, first aid, technical procedures, work instruction, MSDS, training operators, internal audit, training agronomist (spraying, harvesting, manuring, IPM, manual upkeep and leaf census), OHS for workers and training for contractors (FFB transport, transportation, transport of compost and buildings). Example of trainings which had been carried out are listed as follows:

- Training on harvesting in Lembuswana Estate, dated January 29th, 2016 which attended by 10 harvester and training dated February 9th, 2016 which attended by 35 workers.
- Training on upkeep spraying by paraquat in Lembuswana Estate, dated March 11th, 2016 which attended by 10 upkeep workers/aplicator.
- Training on manuring in Rahayu Estate, dated February 5th, 2016 which attended by 13 manuring workers.
- Training on PPE in Rahayu Estate, dated April 18th, 2016 which attended by 2 Mandore and 12 orang pesticide aplicators.

4.1.2 and 4.1.3

Company has mechanism of periodic assessment and monitoring, as follows:

- Field visit assessment of GM of Kalimantan Timur Region which carried out quarterly. GM to check work quality on FFB production, harvesting, field upkeep, road maintenance, transportation, fertilizer, EFB compost and POME application as well as monitoring of pests and diseases.
- Monthly Estate Manager Progress Report. Subjects of monitoring are hectare statement, staff, labour statement and labour outturn, rainfall, crop statement, harvesting interval, yield/ha/annum, nursery, vehicle and implementation, fertilizer delivery, stores and stock position, immature cost, general issues, summary and pictures documentation.
- Monthly Mill manager Report. Subject of monitoring are labour statement and labour outturn, CPO and PK production, cost of processing and materials, electricity consumption and biogas.
- Internal audit which carried out by Department of Internal Audit annually.
- Annually Management review on OHSAS, environment, social, policy review, Agronomy and processing procedures and recommendation for sustainable improvement.

There must be notes for every monitoring report that may be used for sustainable improvement, for example as follows:

- Lembuswana Estate Manager Report in March 2016 mentioned that EFB compost application must be spread evenly through out the Blocks and time of application must be less than 48 hours and manuring schedule in immature area should take age of planting as consideration.
- Beringin Jaya Estate Manager Report in March 2016 mentioned that in order to accelerate FFB extraction from the Blocks, accessibility maintenance (bridges and harvesting path) should be the priority for the next month period.
- Rahayu Estate Manager Report in March 2016 reported that up to March 2016, 2,451.98 ha had been zero burning

cleared and 2,100.83 ha had been planted. Both activity were comply with the standard. The rest ceared area will be continued planted accrding to the company standard.

- Internal Audit Report which conducted in 19-23 March 2016 describes the explanation of root of problems, management review and comments, impact of problem, recommendation, action plan, actual action and comments from Head of Operation Agronomy.

4.1.4

Bumi Permai Mill (BPM) has recorded the origin or source of FFB that sent by own estate and the third parties. On period of May 2015 – April 2016, BPM was receiving the FFB from PT PMM, PT TJA, Koperasi Subur Makmur, Koperasi Grenseng Indah, Koperasi Mitra Sawit Mandiri, Koperasi Maju Membangun, Koperasi Sawit Etam, Koperasi Tanah sama, Koperasi Karya Bersama, Koperasi Mitra Sejahtera, PT Kutai Agro Jaya and PT Budiduta Agromakmur.

Status: Comply

4.2

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

4.2.1

The company has a procedure of manuring (doc. No. PMM/SOP/AGRO-09 dated Januari 1st, 2011). The procedure (SOP) describes technique of application, monitoring and management of management of fertilizer packaging. SOP stated that ferilizer recommendation dosage measurement must be based on leaf and soil sampling analysis. Procedur also mentioned that factors such as soil fertility, soil properties, run-off, oil palm appearance, climate and rainfall shoul be also taken into account. According to company manual Agronomy, leaf sampling and soil sampling should be carried out annually and every five years, respectively. Based on interview with leaf sampling unit (LSU) workers in Block P36 Divisi tengah Lembuswana Estate, it can be concluded that workers can explain and demonstrate technique of leaf sampling very well such as time of sampling should no be carried out after 11:00 am, sampling method and determining number of fronds/palms taken on each Block, to determine Frond No. 1, No. 17 and part of leaf and rachis which are cutted for sample.

4.2.2

Uses of fertilizers are recorded and documented on fertilizer recommendation for mature palm semester 2016 and fertilizer todate 2016. Fertilizer recommended by the Aronomist in 2016 are Urea, RP, TSP, MOP, Borate, Kieserite, Dolomite, CuSO₄, ZnSO₄ and EFB compost. Manuring schedule was divided into two semester. For example, accrding to fertilizer report in april 2016 Semester I, it could be concluded that actual application of Urea up to April 2016 in Lembuswana, Beringin jaya and rahayu Estate were 98 %, 96 % and 100 % fulfilled, respectively. Furthermore application of MOP was 84 %, 96 % and 99 % fulfilled, respectively. Uncompleted application was mainly due to delay of fertilizer delivery. Hence, the rest fertilizer program will be carried out to the Semester II. Actual fertilizer uses per ton FFB per year were also measured. For example, MOP used in 2015 for Lembuswana, Beringin jaya and rahayu Estate were 16, 22 and 15 kg/ton FFB/year, respectively and RP used were 8, 8 and 14 kg/ton FFB/year, respectively.

4.2.3

Leaf and soil sample laboratory analysis were conducted by Goodhope Research and Development and The centre of Environment Research, University of Mulawarman in Samarinda, respectively. According to document of fertilizer recommendation report 2016, parameters measured on leaf analysis are macronutrient (N, P, K, Ca and Mg) and micronutrient (B, Zn and Cu) content (in %) in Frond No. 17 as well as P and K content in rachis. Meanwhile, document of soil analysis No. 006/UN17/PPLH-LAB.T/XII/2015 for PT PMM and No. 007/UN17/PPLH-LAB.T/XII/2015 for PT TJA dated December 22nd, 2015, parameter measured are soil pH, CEC, Organic C, N total, C/N Ratio, Texture, bulk density, MC, permeability and pyrite content.

4.2.4

Nutrient recycle implemented by the company are EFB compost, POME application and progressive pruned fronds. Lisence for land application permit by mill effluent is stated on Regent (Bupati) of Kutai decree No. 660.1/002/B.II.1/SK-LA/BLHD/III/2014, dated March 7th, 2014 and Environment Stated Department No. 002/SP/B.II.1/BLHD/VI/2012. Land application will be conducted out in area totally around 200 ha (Blocks N32, N33, N34, N35, N36, N39, N40, N41, N42, N43, O32, O33, O34, O35, O,36, P32, P33, P34, P35 and P36) where located in Bumi Permai (formerly Benua Puhun)

and Lembuswana Estate Record of those by-products were available in Monthly manager Report. For example, according to Estate Manager Report in March 2016, it could be concluded that totally 699.33 ton of EFB compost application had been carried out in Beringin jaya Estate with dosage of 80 kg/palm and EFB application in Rahayu Estate had already fulfilled the budget. Furthermore, based on field visit in Block P36 Divisi Tengah Lembuswana Estate, it could be concluded that there is no leaks in pipeline system and the POME does not overflow to the environment body. Overall, land applications were satisfactory and comply with the permit.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

Company shows a soil map with proper scale (1:35,000 and 1:40,000) in PT PMM and PT TJA which were derived from semi detailed soil survey report in 2009, conducted by PT Earth Line. The maps informed that there is no steep or very steep area. Potential fragile area were located on the peat (*Sapric Haplohemist*) area which covered approximately for about 20 % of total area. Land information was also informed by soil feasibility study map (scale 1:40,000). For example, in Beringin jaya Estate, it was informed that currently not suitable (N-category) area where located in Divisi Utara, Eastern KKPA and Northern of Divisi Tengah in Block G13-G-20. Meanwhile, N-category in Rahayu estate were located in Divisi Utara Block B41-45 and C43-45.

Identification of steep slope area is referring to soil survey report in 2009 and soil feasibility study map. Estate management strategy regarding slope limitation was adopted in SOP No. PMM/SOP/AGRO-05) dated January 1st, 2014 about water and soil conservation. The SPO describes installation of siltpit/foot hill drain, trenches, planting of vetiver grass and other legume cover crop (ex. *Mucuna bractetata*). The company shows map, budget and realization of *Mucuna* planting in 2016. *Mucuna* planting report informed that 47.50 ha where located in 8 Blocks in Rahayu Esatate were planted in April 2016 and 237.94 ha where located in field BJ09T3 and BJ013T9 Beringin jaya Esatate were planted in January 2016. Based on field observation to Lembuswana, Beringin Jaya and Rahayu Estate, it could be concluded that strategy on steep area such as terraces system, parallel pruned frond stacking to the field contour, LCC (*Mucuna*) and vetifer grass plantation are satisfactory implemented

4.3.2 and 4.3.6

Management strategy on fragile area are presented in semi detailed soil survey repot 2009. The report describes land suitability class, limitation factor from each soil type and management input needed. In general, limitation factor in PT PMM and PT TJA are very low soil nutrient content, sandy soil and flood prone on peat and lowlying area. Management input recommended to overcome the limitation factors are describes as follows:

- To enhance soil organic content by by-product application (EFB and POME).
- Manuring recommendation must be based on leaf and soil analysis.
- Installation of Terraces system, contour parallel frond stacking and planting of LCC on hilly to steep area.
- Proper water management application on peat and lowlying area, include its monitoring on water level, water table and peat subsidence.

Based on field observation to Lembuswana, Beringin Jaya and Rahayu Estate, it could be concluded that all those recommendation mentioned above are properly implemented.

4.3.3

In order to maintain a good accessibility and FFB transportation, road maintenance activity such as road compaction and grading, bridge installation, etc. were included in the annual and long-term budget. There are records of the respective activity which provided as follows:

- Map and realization of road maintenance up to March 2016 informed that there were road grading activity at Blocks E10, E15, D20, D22 and D23 in Beringin Jaya Estate Divisi Utara PT PMM with totally 1,750 m and 600 m in the collection road (CR) and main road (MR), respectively.
- Map and realization of road road maintenance up to March 2016 informed that there were road grading activity at Blocks H48-52, I50-52 and J42-43 in Rahayu Estate Divisi KKPA PT TJA with totally 67,740 m and 24,316 m in the CR and MR, respectively.

4.3.4 and 4.3.5

Peat management strategy was adopted from procedure documents No. PMM/SOP/AGRO-12 and TJA/SOP/AGRO-12 for PT PMM and PT TJA, respectively. Some of the strategies undertaken are installation of piezometers for monitoring water table no more than 60 cm, installation of collection, the main drain and to maintain water level at a of 50-70 cm from the peat surface and peat subsidence monitoring. Observations on water management were conducted regularly every week. Water management monitoring was recorded in drain block logbook and piezometer logbook. According to the logbook, it was informed that water level was approximately maintained at the level of 50 cm. Based on piezometer observation at Block E19, Watergate in Block D22 and Subsidence pole in Block E10 in Divisi Utara Beringin Jaya Estate, it could be concluded that monitoring tools are in good condition, well maintained and accordance with the standards.

According to peat subsidence record in Beringin Jaya Estate, it could be concluded that since December 2012, subsidency rate was approximately about 0.27 cm/year. This indicates a good water management practices. However, for more representative results of peat subsidence in various depth categories, numbers of subsidence poles are needed to be evaluated. **OFI**

Status: Comply

4.4

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

4.4.1

Observed during audit Water Management Plan for mill and estate, as seen in the following records:

1. Environmental Management Plan (RKL) as part of the EIA documents. The RKL document includes following measures:
 - Protection of buffer zone and surface waters
 - Management of the wastewater through land application of to avoid water pollution
2. HCV area management plan drawn up in 2011, which includes the protection of riparian water and surface waters.
3. The annual work plan of mills which includes plan for fulfillment of water needs to ensure water availability and water saving.
4. The annual work plan of Estate which includes the plan of establishment of water reservoir in preparation for the dry season.

Sighted in field visits that all measures of water management plan have been well implemented as described in the next indicator 4.4.2, 5.2.3, such as: Protection of river buffer zone, Monitoring the surface water quality, Implementation of land application, Saving of water resources and water reservoir establishment

4.4.2

CH has identified all rivers and wetlands inside plantation concession areas. Documentation available in the EIA report and analysis of HCV containing distribution maps of the river in the area of PT. PMM and PT. TJA. The report showed the presence of some small streams and wetlands: River Keham (PT. PMM), River Kedang Semilis (PT. PMM), River Paseban (PT. PMM), Fresh water Swamp as natural water reservoirs in the rain season

All of riparian and swamp identified as HCV has been designated as protected areas. SOP of protection of riparian and wetlands contained in the SOP: PM/SOP/Umum-15 on River Buffer Zone Management.

Field observations in Estate Lembuswana, Rahayu, and Beringin Jaya showed evidence of surface water flow protection measures and including riparian wetlands, namely:

- Determination of river buffer zone with a distance of 50 meters left-right of small river and 100 meters for large rivers. Demarcation of the border is done with the installation of boundary markers river border.
- Conducting erosion control plantings (Cover Crop) such as Mucuna bracteata and Vertiver Grass.
- Enrichment of conservation area, housing and open area with tree planting.
- Pperiodic water quality testing every three months with the parameters of environmental quality standards as stipulated in Government Regulation No. 82 in 2001. The latest test results are available for the second half of 2015 shows that all parameters of water quality complies with the quality standards set.

- No chemicals application (fertilizers and herbicides) in the buffer zone area,

4.4.3

Sighted that POME from Bumi Permai Mill has been managed properly as described belows:

- Waster water pocessing in WWTP with total capacity of 20,800 m3 using the anaerobic system.
- Nutrient cycling through Land Application (after BOD and pH meet the requirements).
- Some POME used as a mixture of composting to accelerate the composting process.
- Some of POME (30%) is used as a raw material for methane capture unit

Effluent water quality has also been monitored regularly, as seen in the following:

- Daily Monitoring on waste water discharged and pH used for methane capture unit (30% of the daily discharge POME). Done thorough Log Book recording based on flowmeter measurement and pH testing by the laboratory staff.
- Daily monitoring on discharged waste water and pH of waste sent to land application. Done through Log Book recording based on flowmeter measurement and pH testing.
- Formal testing on effluent quality for land application by exernal accredited laboratory (Sucofindo Samarinda - KAN LP-258-IDN). The test results has been reported regularly to the authorities.
- The test results for recent year 2015-2016 showed that effluent qalty for LA is still meet standard in accordance Ministrial Regulation number 28 and 29, 2003.
- Land Application Permit available in the decree of Kutai Kartanegara Regent number 660.1 / 002 / BHI / SK-LA / BLHD / III / 2014.

4.4.4

Bumi Permai Mill (BPM) using river water and rainwater as raw water for FFB processing. The raw water is treated first at water treatment plant (WTP) to meet standard. The volume of water use (M3) is monitored on a daily basis using a flow meter installed at several outlets including those leading to the processing unit. Usage data for the first three months of 2016 shows the average water use was in accordance with the budget:

Month	FFB processed (ton)	Water usage (M3)			Ratio water /tonnes FFB (M3/ton FFB)			Budget
		Treated	Untreated	Total	Treated	Untreated	Total	
Jan-16	23.520	21.957	8.350	30.307	0,93	0,36	1,29	1,5
Feb-16	16.652	16.725	5.058	21.783	1,00	0,30	1,31	1,5
Mar-16	19.635	16913	10.529	27.442	0,86	0,54	1,40	1,5

Note : Treated water is water from water treatment plant

A field visit showed that the water treatment plant is in good condition. Flowmeter is in good condition and there is no indication of the inefficiency of water use. To encourage water efficiency, the company has a policy of austerity as evidenced by the circular (SE) of Manager BPM No: 01 / SE-Efficiency / BPM / 01/2014 dated January 21, 2014 on the efficient use of water and electricity.

Status: Comply

4.5

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

4.5.1

Procedur on IPM was presented in document No. PMM/SOP/AGRO-07 and TJA/SOP/AGRO-07, dated January 1st, 2013. SOP describes biological, manual and chemical application for popualion control of oryctes, grasshopper, leaf eating caterpillar, termite, rat and other mamals. Company also used agronomy manual, chapter integrated pest management which describes early warning system and time of census and monitoring. For example, time of early warning monitoring for leaf eating caterpillar, rat and ganoderma were conducted every 2 months, 3 months and 3 years if there were no incidence attacks, respectively. Document of IPM 2016 budget was provided during the time of audit. The budget was consisting of pest detection and identification, census of rat, leaf eating caterpillar and beneficial plant (*Turnera subulata*

and *Cassia cobanensis*) planting.

Based on interview with P&D census workers in Block E10 Divisi Utara, Beringin Jaya Estate (PT PMM) and Block G48 Divisi Tengah, Rahayu Estate (PT TJA), it could be concluded that the workers very well understood the technical census for each pest's type and already implementing an early warning systems. Workers also able to classify level of pest and disease attack accordance with the SOP. If there were new P&D incidence at surrounded census Blocks, worker will immediately inform the Assistant for further preventive action.

Pest monitoring, detection and census were recorded periodically by Estate Management, for example as follows:

- Census Form dated January 30th, 2016 informed that rat attack in Block H18 Divisi KKPA Rahayu Estate was 11.65%. This figure was more than economic threshold (>5 %). Thus, Estate Management decides to control rat population by implementing Brodifacoum active substance rat bait. At the time of visit, rat bait application was still on going. This is conformed to census workers statement which informed that significant pest attack in PT PMM and PT TJA was rat. This is also conformed to Auditor field visit.
- Census Form dated February 13-16th, 2016 informed that bagworm and other leaf eating caterpillar attack in Block E14 Divisi Utara, Beringin Jaya Estate was below 4 caterpillar/frond. This figure was below economic threshold, thus, there is no pesticide application needed.
- Map and workplan of beneficial plant planting in May 2016 informed that 1,581; 2,129; 2,421 and 2,155 of mixed *Turnera subulata* and *Cassia cobanensis* seedling had been planted in Divisi Utara, Divisi Tengah, Divisi Selatan and Divisi KKPA, respectively. Document review shows that realization of beneficial plant planting was match with the budget.

In order to avoid pesticide propilactic used, Estate management had rotate and substitute the uses of pesticides to control the same target. For example, chemical control of wide-leaf weeds by *Paraquat* could be substitute with *Floroxypir metilheptil ester*. Moreover, the uses of brand Best Up and Kleen Up which have same active substance (*Isopropyl amina glifosat*) were rotated to control narrow-leaf weeds.

In order to reduce pesticide used for P&D population control, biological control was adopted. For example, beneficial plant such as *Turnera subulata* and *Cassia cobanensis* were planted to provide and preserve the leaf eating caterpillar predator. Hence, the level of incidence could be controlled below the economic threshold. Based on field visit to Block Q33 and S33 in Divisi Selatan Lembuswana Estate and Block E8/9 Divisi Utara in Beringin Jaya Estate, it was found that beneficial plants where locating along collection and main-raod were manually upkeped.

4.5.2

Pesticide applicators in Blocks P33 Divisi Tengah Lembuswana Estate; Block E10 and E21 Divisi Utara in Beringin Jaya Estate (PT PMM); Block G48 Divisi Tengah dan Block G54 Divisi Selatan, Rahayu Estate (PT TJA), stated that training on integrated pest management had been given. for example:

- OHS training in pesticide application at Divisi KKPA 69, Beringin Jaya Estate, dated July 28th, 2015. Subject given are use of PPE, prohibition of smoking and cosuming food or drink during spraying time, safe spraying technique, etc. The training was attended by 9 aplicators.
- Weed control by Paraquat training in Lembuswana Estate, dated March 11th, 2016, atteded by 10 aplicators.
- PPE use training in Rahayu Estate, dated April 18th, 2016, attended by 2 mandore and 12 Aplicators.

Apart from the training above, pesticide aplicators also stated that the safe working practices in agrochemical application was always reminded by the Assisstant on a daily muster morning.

Status: Comply

4.6

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

4.6.1

Procedures of agrochemical use were presented in documents, as follows:

- No. PMM/SOP/K3-11 or TJA/SOP/K3-11, dated January 1st, 2011 which describes procedures of hazardous materials management as set out in government Environmental regulation, preventive action to environment damage, hazardous materials classification, materials control, administration and PPE used by officer in charge. Management of hazardous waste such as monitoring, handling in agency-licensed warehouse, administrative, waste delivery to licensed collector, etc. were also describes in this SOP.
- No. PMM/SOP/Umum-17 or No. TJA/SOP/Umum-17, dated January 1st, 2011 which describes storage and mixing technique of agrochemicals.
- No. PMM/SOP/Umum-16 or TJA/SOP/Umum-16, dated January 1st, 2011 which describes specific uses of paraquat and glyphosate.

4.6.2

Program of pesticide used is provided in annual budget while actual realization was noted in monthly Manager Report. The report describes brands and type of pesticides, active substance usage, target, dosage per ha, recapitulation usage per month, monitoring uses in liter/ha. For example, document of PT PMM Beringin Jaya Estate No. REC/1.0/BJE/8/27, April 2016 informed that use of Trendy 20 WG (active substance: 20 % *Metil metsulfuron*) had been implemented in area totaling 1,802.30 ha with actual usage of 0.007 lt/ha. Furthermore, document No. OSH/4.0/BJE/4/20 informed that LD 50, chemical used and toxicity unit used of Trendy 20 WG at the same period were 2,000 mg/kg, 1.12 kg and 0.00000034 kg/LD50/ton FFB, respectively.

Based on list of pesticides used in PT PMM and PT TJA, it could be concluded that there were 13 brands of pesticides used with active substance such as *trichlophyr butoksi ester*, *floroxypir methylhepthyl ester*, *methyl metsulfuron*, *Isopropiyl amine gliphosate*, *Paraquat dichloride* and *brodifacoum*. All pesticide used are listed in the book of pesticide commission 2016. The list given were match with Auditor observation to agrochemical store.

4.6.3; 4.6.4

To minimize the use of pesticide, the following action were taken by the company, such as:

- To rotate and substitute the uses of pesticides to control the same target.
- Manual upkeep as found in Block G54 Selatan Division dan Block H52 KKPA Division Rahayu Estate.
- To conduct periodic census and monitoring. Uses of pesticide must be based on census analysis, when the level of incidence was above economic threshold.
- To conduct biological control such as planting of beneficial plant (*Turnera subulata* and *Cassia cobanensis*) as found in collection and main road in Block Q33 and S33 Selatan Division Lembuswana Estate and Block E8/9 Utara Division Beringin Jaya Estate; and installation of barn owl nest when palm height from bole to the lower frond is more than 5 m.
- Head of Agronomy Operational commitment which mentioned in circular No. SE/HOOA-Kaltim/01/2013/001 dated January 1st, 2013, stated that company is commits to reduce the paraquat usage along the plant age. Furthermore, there is circular No. SE/HoOA-Kaltim/01/2013/002 dated January 1st 2013 which describes the reduction of the active substance for the agriculture operationals including type 1A and 1B WHO. According to the document review of the usage data for period of 2013 – 2015, there was active substance pesticide reduction for *Paraquat*.

4.6.5; 4.6.9

Based on interview with Pesticide (*Glyphosate* and *Paraquat*) applicators in Blocks P33 Tengah Division Lembuswana Estate; Block E10 and E21 Utara Division in Beringin Jaya Estate (PT PMM); Block G48 Tengah Division and Block G54 Selatan Division, Rahayu Estate (PT TJA), the workers stated that training on pesticide application had been given. for example:

- OHS training in pesticide application at Block G09 KKPA Division, Beringin Jaya Estate, dated July 28th, 2015. Subject given are agrochemical storage, use of PPE, prohibition of smoking and cosuming food or drink during spraying time, safe spraying technique, etc. The training was attended by 9 aplicators.
- Weed control by Paraquat training in Lembuswana Estate, dated March 11th, 2016, attedded by 10 aplicators. Company also shows paraquat applicator certificates of 52 and 49 workers from PT PMM and PT TJA, respectively. The certificates were issued by pesticide commission and valid until October 25th, 2017 to December 17th, 2019.

- PPE use training in Rahayu Estate, dated April 18th, 2016, attended by 2 Mandore and 12 Applicators.

Pesticide applicators stated that the same training was given periodically at least once a year for refreshment and they were also able to explain the type of pesticide and its target, radius of 50 m on riparian area which marked with red-pole are prohibited to be sprayed, conservation area and points which mentioned in MSDS instructions such as potential hazards and symptoms, pesticides mixing, spill and fire control, PPE used and first aid. Based on observation to Blocks mentioned above, it could be concluded that pesticide applicator use complete PPE as shown below:



PPE for Pesticide Applicators in PT PMM and PT TJA

4.6.6; 4.6.7; 4.6.9; 4.6.10

Procedure of agrochemicals handling are provide in documents, as follows:

- PMM/SOP/Umum-17 or No. TJA/SOP/Umum-17, dated January 1st, 2011. SOP describes technique on storage, mixing and handling of agrochemicals (pesticides). Based on observation to Pesticide Warehouse in Rahayu Estate, it could be concluded that pesticide storage had arranged based on its WHO Appendix III classification and supported with proper tank washing capture that will be re-used for pesticide mixing, PPE, OHS symbol, MSDS, first aid, emergency shower, eye washer and fire extinguisher. Accessibility of warehouse was under warehouse-officer. For inspection purposes, outsider must be accompanied by the respective officer.
- No. PMM/SOP/K3-11 or No. TJA/SOP/K3-11, dated January 1st, 2011. Sop describes hazardous materials handling which accordance with national regulation on environment. Based on observation to licensed hazardous materials storehouse in Rahayu Estate, it could be concluded that monitoring of hazardous wastes was well recorded in the logbook and balance sheet, placement of wastes were well arranged, all pesticides containers were 3 times washes and holed/punched, no wastes were stored more than 90 days and deliver to licensed collector (CV Sumber Agung) on time. The storehouse was also supported with proper PPE, OHS symbol, MSDS, first aid, eye washer, alarm and fire extinguisher. Furthermore, based on observation to housing complex in G2/5 Selatan Division Rahayu Estate, it could be concluded that there is no use of discarded packaging pesticides and other agrochemicals for domestic household purposes. Trash bins and water tank were provided by the company while flower pots was purchased by the employee himself.

4.6.8

According to the field visit on the spraying program, the company has applied pesticide by using *Knapsack/spraying equipments* (not spreaded from the air).

4.6.9

Pesticide Applicators stated that that the company has held regular medical check up annually by examining their physic medical check up, rontgen and blood check up. They also stated that the pregnant and breastfeeding women were prohibited to work with agrochemicals (include fertilizers). This is accordance with Head of Agronomy commitment which expressed in document of circular No. SE/HOO-A/03/2012/002, dated March 1st, 2013.

4.6.11

The Company has shown a list of spray workers in the document of List Spray Employees on April 2016 that inform the number of employees, the employee's name, sex, place and date of birth. Based on these documents, it is known that there are 32 workers in RHE, there are 55 workers in LLE and there are 43 workers in BJE.

Company has conducted medical checkup to spraying worker with physical examination, blood pressure and Cholinestrase testing. There is results of health examination in 2015 were carried out on November 28, 2015, with the results that is:

- Medical checkup in RHE to 32 spraying workers with the results of all workers in healthy condition.
- Medical checkup in LLE to 55 spraying workers with the results of 54 workers in a healthy condition and 1 workers in temporary unfit conditions
- Medical checkup in the BJE to 43 spraying workers with the results of 39 workers in a healthy condition and 4 workers in temporary unfit conditions

All workers are in temporary unfit condition has done follow-up with changed the job for worker to activities that do not use pesticides / agrochemicals.

4.6.12

Policy on preventing pregnant and breast-feeding women for handling pesticides stills same as the previous assessment that contained in Circular Letter No. SE / hoo-A / 03/2012/002 dated March 1, 2013 from the Head of Operations Agronomy.

Based on document review of List Spraying Worker In April 2016, at LLE there are 8 female workers and BJE there are 4 female workers who work in the spray activity. Based on interviews with female workers in the spraying activity, it is known that workers understand banning to pregnant and breastfeeding women to work in the spray activity. When in that condition, the workers be transferred into jobs that not related to agrochemicals.

Status: Comply

4.7

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

4.7.1

Company has an OHS Policy that authorized by the President Director on January 2, 2011 which is available in Indonesian language. Company also has made the work program related to OHS for year 2016. Implementation that has been realized, among others:

- Conducting monthly meetings
- Reporting of P2K3 activities regularly every three months.
- Conducting medical checkup for workers
- Conduct training related emergency response and working technic
- Examination of emergency response tool regularly every month

Company always evaluates the OHS work plan every year for example a work program in 2015 that evaluated in the Management Review Meeting on January 13, 2016. To plan has not been implemented; the company has made an action plan to put in the work program on year 2016.

4.7.2

Company has identified a risk in every type of operational activity in Plantation and Mill. The entire identification is recorded

in documents Hazard Identification and Risk Assessment are evaluated every year (last update is performed in January 2016). Besides that, Company has MSDS that describes the descriptions of chemicals, method of handling, hazard identification, the type of PPE use, handling emergencies. Companies may improve the quality of detailing HIRAC with PPE used in accordance with Product Labels/MSDS. **OFI**

4.7.3

Company has conducted training of safe working performed in accordance with the training program. Example training to employees regarding the use of Paraquat on April 27, 2016 followed by 190 workers of the entire unit management. In addition, Company showed evidence of training in the form of certificates and License, for example Heavy Equipment Operator License, Certificate for HIPERKES paramedic, certificate for electrician, Boiler Operator License, Certificate for welders.

Company also has provided PPE for workers. Distribution of PPE has been recorded in documents of "*Logbook Serah Terima PPE*". Based field visits and interviews in BJE, LLE and RHE, it is known that workers has been using PPE according to risk identification and the product label/MSDS for example, spray workers with Behnquat pesticides are using PPE with the type of long-sleeved shirts, long pants, boots, goggles, mask with a carbon fiber, helmet, aprone and gloves made from an nitrite.

4.7.4

The person who responsible for the implementation of OHS listed in P2K3 structure. Company has 3 structures consist of structure P2K3 at PT.PMM, P2K3 at PT.TJA and P2K3 at BPM. The entire structure has been approved by the Labor Agency in Kutai Kartanegara District. Based on interviews with the Labor Agency, company has P2K3 structure is in accordance with regulations.

Company has conducted a meeting to discuss about OHS in P2K3 meetings that conducted every month for each unit management and every 3 months that conducted jointly from PT.PMM & PT.TJA. This is in accordance with Labor Ministry Decree Number. 155 in 1984. For example: In March meeting which conducted on March 29, 2016 was attended by 29 participants from the entire unit PMM & TJA P2K3 discuss related work programs, work accidents and review documents. Based on interviews with Bipartite Cooperation Institution, explained that meetings has conducted periodically to discuss about OHS and other discussion about employment.

4.7.5

Company has Procedure of Work Accident Handling that approved by Senior Manager dated March 3, 2013 which describes the flow for handling workplace accidents and procedures for handling emergencies (PMM/SOP/umum-10, dated January 1, 2011 was approved by the President Director) explaining provision of emergency information, handling of fire emergencies, explosions and natural disasters.

Company has recorded all accidents that occur in the P2K3 report and company has Reports of Research and Assessment of Accidents which describes the identification of the causes and follow-up from an accidents.

Companies can show a list of emergency response tools that includes boxes and bags first aid. All equipment is monitored every month and recorded in the card of tool condition monitoring. In addition, company has conducted emergency response training for person in charge, for example: First Aid Training on October 26, 2015 to 48 workers (foreman, clerk, assistant) and Firefighter Training on January 15, 2016 in RHE for firefighter team with 42 participants.

Based on field observation, at each fire extinguisher there is formulir for monitoring the condition of fire extinguisher and every foreman has been equipped with first aid kit and the foreman can explain how to use the first aid tools. Companies need to ensure that ordinance of monitoring of the fire extinguishers (water pumps and hoses) has been conducted in accordance with the procedure. **OFI**

4.7.6

The company has a clinic headed by Doctor Company and all workers have registered in accident insurance. Companies can show proof of dues payment of accident insurance for all workers period April 2016. Based on interviews with Doctors

Company, for 2015 there are no workplace accident insurance claims because all accidents that occurred in 2015 can be handled at the company clinic. Insurance claims do if there are accidents that are handled at hospitals outside the company.

4.7.7

Company has recorded all occupational accidents and reported to Labor Agency in P2K3 report. For example Work Accident Report on Period January-March 2016:

- Rahayu Estate: there is 1 accident, the number of days lost 5 days.
- PT.PMM-Plantation: there were 3 accidents, the number of days lost 5 days.
- PT.PMM-Factory: there are no accidents.

Status: Comply

4.8

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

4.8.1

The company has the Employee List that includes a list of permanent Worker, staff, and contract employees. List of employees always updated every month by Head of Administration. The company can show training program for the year 2016 related to all of RSPO principles and criteria. The training program is based on the identification of training needs based on the duties and responsibilities of position.

The training program explains the types of training, frequency of activities, instructor, and time of training. Training are included in the training program in 2016 is: training understanding of RSPO, training and understanding of Environmental and OHS Aspects, understanding rules and regulations relating to the environment, OHS and employment, management Hazardous material & waste, training first aid and simulated emergency response, operational training.

4.8.2

Companies can demonstrate training activities in the form of the minutes of training, attendance and photos. Training has been done, for example:

- Training of harvesting operational has been done in LLE Division Tengah on 27 April 2016 for 10 harvester with instructor is Assistant Division
- Training of OHS has conducted in LLE Division Selatan on March 17, 2016 for 16 workers fertilizer with instructor is assistant division. The training explain importance of using PPE, policies that applicable in the company, and the danger of pregnant worker who work in activities with agrochemicals.

Based on interviews with harvester, spray worker and applicator of rodenticides, workers can explain the technical of work in accordance with procedures such as the determination of the FFB criteria, wide-spraying conditions in the circle of tree and the harvesting path and how to put rodenticides between the trees.

Based on documents review and interviews with the cooperative and management, explained that the cooperation method between company and farmer is Cooperative Credit Scheme with all implementation of technical Cultivation and harvesting is conducted by workers from company.

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.

5.1.1.

Sighted that PT. PMM and PT TJA has adequate environmental document, as described belows:

1. Environmental Impact Assessment (EIA) for Mill, composed in 2010 covering an area of \pm 46.055 Ha including Storage Tank and special dock area \pm 28 Ha. Has been approved by Regent Kutai Kartanegara on December 13, 2010.
2. EIA for Estate of PT. PMM, made in 2008 covering area of 21,500 hectares. Has been approved by the regent Kutai Kartanegara on 24 September 2008.
1. EIA for estate of PT. TJA, composed in year 2008 covering area of \pm 5,100 hectares, has been approved by authorities on September 24, 2008.
2. EIA for estate of PT. TJA in 2009 covering an area of 13 550 hectares (Mahakam Estate), approved by local authorities on March 16, 2009.

Structure and content of those EIA documents in PT. PMM and PT. TJA have met the requirement and regulations and have been approved by the authorities. Those EIA documents provided evidence of public consultation processes with the interested parties to identify impacts and formulating necessary mitigation measures.

5.1.2

Based on the EIA document, CH has developed an Environmental Management Plan (RKL) as outlined in the matrix of impact management plan:

PT. PMM

1. Management and monitoring plan of environmental impacts in mill that includes aspects: work safety, public health problems, noise, ambient air quality, odor, occupational health, public health, emergency, Potential fires and explosions.
2. Management and monitoring plan of environmental impacts in Estate of PT. PMM covers: Decrease in water quality, reduction in the number and diversity of aquatic biota, decline in business opportunities for community, disorders of occupational health and safety, ambient air quality, public health, attitudes and perceptions of community.

PT. TJA

Implementation report of RKL-RPL in Estate of PT. TJA including:

- Decrease in the quality of surface water (Sabilung, Mahakam, and lakes around the project)
- The decline in aquatic biota at project site
- The emergence of risk of health problems and accidents
- Quality of ambient air
- Disruptions of traffic
- Disruption of public health
- Impaired occupational health for workers
- The decline in environmental sanitation
- Decrease in ambient air quality
- Noise
- Attitude and positive perception of society
- Quality of HR community
- Employment and business opportunities

RKL-RPL implementation reports have been submitted to the local authorities on a regular basis. Provided evidence of submission of the report for the first half of 2015, delivered on 9 September 2015 and for 2nd semester 2015 delivered on March 7, 2016. The Company has appointed manager S & C Kaltim to responsible in the planning and implementation of RKL and RPL.

5.1.3

Consistent with the RKL documents, CH has drawn up a plan for environmental Monitoring (RPL). Environmental monitoring plan (RPL) draw up the major monitoring protocols such as location, time, method, stakeholders, and the impact parameter. As guidance to the monitoring process, CH has SOP of monitoring in SOP with code PMM / SOP / General-32 regarding Environmental Management and Monitoring.

CH has also conducted periodic review on the RKL-RPL to evaluate the relevance and sufficiency of management plan

(RKL-RPL). Records of latest Environmental Management and Monitoring Plan review is available for the period of 2015.

However:

- There is no sufficient evidence of public health monitoring in a broader scope including community surrounding estates, not limited in employees.
- No evidence of participative social impact monitoring
- There is no adequate evaluation of the trend to determine the effectivity of reduction of the negative impact

Based on the explanation is found **Non conformity No. 2016.01 with minor category**

5.1.3	Status: Non conformity No. 2016.01 with minor category
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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

5.2.1.

CH has identified HCV area and protected animals, carried out through research cooperation with competent third party (Envirologic and Aksenta Consulting) in year 2011 - 2012. The identification of HCV have involved communities surrounding villages (Benua Puhun, Rantau Humpang, Loleng), owner of enclave area and land acquisition team. Based on identification, HCV area covering 1,411 hectares in PT PMM and 440.60 hectares in PT TJA. The identification results showed the presence of HCV (see indicator 5.1.2) and the presence of protected species legislation with endangered category (tiles) and vulnerable, as follows:

- Endangered species: Trenggiling (*Manis javanica*), Kucing ikan (*Prionailurus planiceps*), Bekantan (*Nasalis larvatus*), Owa kelawat (*Hylobates muelleri*),
- Vulnerable species: Pesut mahakam (*Orcaella brevirostris*), Beruk (*Macaca nemestrina*), Sero ambrang (*Aonyx cinerea*), Babi jenggot (*Sus barbatus*), Surili (*Presbytis frontata*)

The management unit has compiled a Management and Monitoring Plan of HCV. The measures taken to protect RTE and HCV are:

- Tighten patrol against threats on HCV and threatened species.
- Training protected vegetation inventory and monitoring inspections.
- Creation and maintenance of signboards.
- Installment of signboard of HCV and conservation area in each estate
- Conducting enrichment and greening in conservation areas and open area.
- Training wildlife conflict mitigation.
- monitoring of wildlife and vegetation.
- Identify threats and sources of threats.
- Dissemination periodically to workers and the public.
- Regular checks at the place of workers and staff to determine the illegal hunting of protected wildlife.
- Creating a mechanism flowchart protected animals.

5.2.2

The management unit demonstrated evidence of implementation of Management and Monitoring Plan of HCV, including:

- Annual monitoring of vegetation once every 1 year. Latest monitoring in March 2015 held in:
 - Estate Mahakam Block N 39, Block O / P 55; Block O54 / Block H / I 50.
 - On 4 - March 6, 2014 in all conservation areas in Central and Southern Division
 - On March 24 to 25 2015 Lembuswana Estate
 - On 28-29 March 2015 in Beringin Jaya Estate.
- Routine Patrol in HCV area and worker housing to inspect presence of protected wildlife. There is log book of HCV patrol at each estate. In general, there is no illegal hunting and destruction of the HCV area.
- Socialization of HCV area, done once every 1 year. The latest socialization dated November 20, 2014 attended by the fertilizer team of Kaman Estate.
- Installation of HCV information boards, prohibition of hunting, planting tree species. The field verification showed that

HCV signboard installed in each estate. There are 35 signboard installed in the whole plantation.

- Greening / enrichment in conservation areas with tree crops. Enrichment of HCV area in Loleng Estate: 196 hectares, 905 hectares, 165 hectares, 61 hectares and 90 hectares in 2013.

5.2.3

The company has procedures for management and protection of HCV area and RTE species in SOP with code PMM / SOP / Umm-07 on regarding Management and monitoring of HCV, and SOP PM/SOP/Umm-15 regarding River Buffer Zone Management.

The protection policy has been socialized adequately to the workforce and the surrounding communities. CH has appointed HCV officer for PT. PMM and PT. TJA in January 1, 2011. He had had training on December 27, 2010 given by the manager of the RSPO. Interview with workers and workers family known that they already know about prohibition to capture, harmed, collecting or kill any RTE species. Based on field visit at workers housing shows that no workers that capturing, harming, collecting or killing any RTE species.

Records on Socialization of HCV and other issues related to ISPO and RSPO:

- Kaman Hilir Estate: 20th Nov 2014 was attended by the team of the fertilizer and chemical applications. ,
- Mahakam Estate: dated October 2, 2014, attended by 20 people (part pemitra, officials and village leaders)
- Mahakam Estate: April 22, 2014, attended by 20 people (technicians, foremen, workers).
- HCV Training for staff in the Training School which was held on February 22, 2016 which was attended by 20 staff

5.2.4

As a continuation of the management plan, CH has monitored periodically HCV area in accordance with the SOP. The latest monitoring carried out on March 2016 by a trained HCV team. Examples of the results of the monitoring of flora and fauna:

- Lembuswana Estate March 24-25, 2015. The results of the monitoring shows that there are 92 species of plants and 23 species of mammals, including species that are vulnerable and protected by law.
- Beringin Jaya dated March 28 to 29, 2015. The results of monitoring showed 97 species of birds and 27 species of mammals. Vegetation analysis B13-15 block, block F14, and D / E 08.

CH has conducted a review of the management plan of each one year once in the document "Report and Review Action Plan" for the PT. PMM and for PT. TJA, based on monitoring data of HCV. For example, provided a review on HCV action plan for Period of September 2014 - August 2015

The review concludes that the management plan drawn up are still effective and relevant, the biodiversity index is still high, and no unprecedented conflict between wildlife and humans.

5.2.5

Based on the results of the study documents, it is noted that the entire area of the concession including HCV areas have been freed from the interests of other parties. The management unit showed evidence of land compensation agreement for HCV area, for example:

- Evidence of indemnity at Block N26 / 27, O25 / 26 for an area of 16:43 Ha.
- Evidence of indemnity located in Block K / L 24/25 covers area of 8.7 ha.

Status: Comply

5.3

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

5.3.1.

CH has identified the source of the waste from mill and estates, as seen in the document:

1. Report on identification of wastes from the estate and mill in EIA document, in particular liquid and solid waste from mill and estate. Types of waste are identified and documented, among others:
 - Ex-chemical containers / packaging chemicals
 - Household waste (garbage)

- Hazardous waste such as batteries / battery scrap, used lamp, used motor lubricant and other
 - Mills waste in the form of: Liquid waste, Empty Fruit Bunch, shell, fiber, and solid decanter
2. Identification of impact of mill and estate operational such as: workshops, warehouses, offices and residential clinic.

5.3.2

All waste including chemicals and their containers have been disposed in accordance mechanisms set in SOP on Hazardous and Non Hazardous Waste handling. Chemicals used in the mills primarily for water treatment and boiler chemicals and stored in hazardous waste warehouse specially equipped with standard equipment such as: shelf and pallet, MSDS, organized by category, first aid equipment, chemical symbols, the rooms were enclosed and protected. Based on field visits in Lembuswana Estate, Beringin Jaya Estate, Rahayu Estate and Bumi Permai Mill known that chemical containers

For storing hazardous waste, provided authorized hazardous waste warehouse:

- a. Hazardous waste warehouse in Rahayu Estate and Mahakam Estates refers to permit from Kutai Kartanegara Regent number 660.1/002/B.1.2/BLHD/I/2014 dated January 30th, 2014
- b. Hazardous waste warehouse in Bumi Permai Mill refers to permit from Kutai Kartanegara Regent No. 660.1/SK-208/B.1.2/BLHD/VI/2013, dated June 27, 2014.
- c. Hazardous waste warehouse in Bumi Permai Estate refers to permit from Kutai Kartanegara Regent No. 660.1/81/BLHD/VI/2015 dated 12 June 2015.
- d. Hazardous waste warehouse in Kahoi Estate refers to permit from Kutai Kartanegara Regent No. 660.1/83/BLHD/VI/2015 dated June 12, 2015.

Implementation of the chemical waste storage are as follows:

- All the chemicals and their containers are recorded in the Log Book and kept at Hazardous waste warehouse then discharged / transported by a licensed collector hazardous waste accordingly. **Based on field visit at housing, mill and estates shows that chemical containers managed by storing at hazardous waste warehouse.**
- The company can demonstrate manifest and evidence of hazardous waste disposal by CV Sumber Agung (Hazardous waste licensed collector). Cooperation with the licensed collector is done through agreement letter No.TJA / RSPO / 03/2014 / 002 dated on March 17, 2015

5.3.3

For storing chemicals and its container, CH already has a Hazardous waste warehouse. Standard for storage of chemicals and their containers refers to the following:

1. Waste Management SOP from Housing and Office, number TJA / SOP / K3-10 Rev 00 dated January 1, 2011
2. SOP on Management of Hazardous waste warehouse, number TJA / SOP / K2-11 Rev 00 dated January 1, 2011
3. SOP on Fertilization in the document number TJA / SOP / Agro-09 Rev 00 dated January 1, 2011, regulates management procedures of used sacks of fertilizer.

All chemicals and their containers have been well-managed and responsibly. Records management is available in:

- Log Book Hazardous waste for each type of Hazardous waste, contain the date, type of waste, its characteristics, the number of entry and exit, end stock
- Balance sheet of hazardous waste, created per three months.
- Manifest of Hazardous waste transporting to licensed collector and transporter.

Status: Comply

5.4

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

5.4.1

Fossil fuel efficiency plan contained in the document:

1. Procedures of solid waste utilization as renewable energy
2. Procedures for monitoring of use of fossil fuels and efficiency analysis
3. Procedures for the operation of Biogas Plant to produce electricity

Fossil fuel usage has monitored and analyzed through:

- Daily monitoring of the use of solid waste for boiler fuel.
- Daily monitoring on fossil fuels use in each unit. Available evidence of monthly recap and its efficiency analysis.
- Reports of operation of biogas plant in Bumi Permai Mill.

Based on field visit on mill known that BPM has been applying methane trapping technology which 70% of mill effluent used for composting and 30% for the biogas plant. The biogas unit produces power by an average of 830 kW.

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.

5.5.1 & 5.5.2

Policy related to method of zero burning for land preparation still same as the previous assessment that contained in SOP Land Clearing (PMM / SOP / AGRO-02) dated January 1, 2011 describes the land clearing system without use of fire (Zero Burning). Based on document review and field observation, there is additional of plasma area but not included in the scope of this audit. During a visit in LLE Block U, H and L which are a new plantings area, it is known that the company does not do the burning for land preparation on expansion area.

Status: Comply

5.6

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

5.6.1

CH has made inventory on activities that generate pollution and waste, and conducts periodic monitoring on air quality on regular basis (every 6 months). Measurement carried out by the accredited Environmental Laboratory namely Industrial Research and Standards (Baristand) Samarinda (KAN No. LP-060-IDN).

Pollution monitoring including ambient air quality test, generators emission quality, boiler emissions, odor and noise. The latest test results available for the second half of 2016 showed parameter of ambient air quality and emissions met the national requirement.

5.6.2

In addition to pollution, CH has also conducted an inventory on greenhouse gas (GHG) emissions from the mill and estate activities. All relevant documentation for inventory has been collected such as use of fertilizers, fossil fuel use, the use of alternative fuels (fiber and shell), documentation of land use change, map of soil types to identify the presence of peat, tree planting data.

The source of GHG emission in Mills and Estates are:

- a. At the initial stage: source of emission area peat emissions, the use of diesel fuel and application of chemicals (agrochemicals).
- b. At the production stage: transportation activities, the use of chemicals and fertilizers, forest fires, and land application.
- c. In the composting activities.
- d. At mills, GHG emission sources are generator, boiler and powerplant.

GHG emissions reduction plan has been included in the documents of:

- a. Report of green house gas inventory in Benua Puhun mill
- b. Report of GHG emission mitigation covering: GHG emission reduction strategies, action plans, integrated environmental management and others. The planned reduction of greenhouse gas emissions including: Installation of biogas, planting trees, and the savings of fossil fuels.

All treatment of mill effluent (POME) have been recorded properly and responsibly as shown by the following documents:

- Periodic report of environmental management and monitoring which contains information of POME treatment
- Report of land application
- Report of composting station
- Report biogas power plant

5.6.3

System for monitoring of pollution and GHG emissions has been set in:

1. SOP of Control and Management of Static Air Pollution Sources in document number TJA/SOP/General 29 dated January 1, 2015
2. SOP of Inventory and mitigation of GHG
3. EIA document which requires periodic air quality and emissions monitoring every six months.

Report of Inventory and monitoring of greenhouse gas have been shared to relevant authorities as follows:

1. Report of results of monitoring of ambient air quality and emissions from stationary sources to local governments of Kutai Kartanegara every six months. Monitoring using standard methods and equipment in accordance with applicable regulations. Measurements were performed by an accredited laboratory.
2. Reporting of GHG calculation from estate and mills using Palm GHG calculator to the RSPO secretariat, latest report delivered on May 18, 2016.

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.

6.1.1 & 6.1.2

Social and Environmental impact analysis available in the following records:

1. EIA of Bumi Permai Mill, conducted in 2010 covering an area of 46.055 ha (refers to 5.1.1)
2. EIA of Estate of PT. PMM, conducted in 2008 of 21,500 Ha (refers to 5.1.1)
3. EIA of Estate of PT. TJA, conducted in 2008 measuring + 5,100 Ha (refers to 5.1.1)
4. EIA PT. TJA in 2009 covering an area of 13 550 hectares in Mahakam Estate (refers to 5.1.1)
5. Social Impact Assessment in June 2012 conducted through cooperation with third party PT Aksenta Gagas Dinamika. SIA study provides evidence of community and employee involvement through: collection of data and information, FGD, questionnaires, and interviews. There were as many as 94 responders involved. Evidence is also available in the form of photos of activities at community meetings.

6.1.3

Based on EIA and SIA in PT. PMM and PT. TJA, CH has made action plans to mitigate negative impacts and enhance positive impacts, as shown in:

1. Environmental Management Plan (RKL) of Bumi Permai Mill (refers to 5.1.2)
2. Environmental Management Plan (RKL) of Estate PT. PMM (refers to 5.1.2)
3. Environmental Management Plan (RKL) of Estate PT. TJA (refers to 5.1.2)
4. Social Impact Management Plan referred to the document SIA in PT. PMM and PT. TJA namely: capacity building to participants plasma and cooperative management, coordinating with stakeholders, coordinating with the villagers in the preparation of the CSR program.

For all the abovementioned action plans, CH has identified location of action, the relevant parties, the period of time management, target, and parameters.

6.1.4

Similar to Environmental Management Plan in PT. PMM and PT. TJA, CH has made action plans to monitor social and

impacts, as shown in documents:

1. Environmental Monitoring Plan (RPL) of Bumi Permai Mill (refers to 5.1.3)
2. Environmental Monitoring Plan (RPL) of Estate PT. PMM (refers to 5.1.3)
3. Environmental Monitoring Plan (RPL) of Estate PT. TJA (refers to 5.1.3)
4. Social Impact Monitoring Plan referred to the document SIA in PT. PMM and PT. TJA

For all of those environmental monitoring plans, CH has determined the monitoring location, relevant parties for reporting, period, and targets. Periodic reviews have been conducted every two years both for EIA social monitoring plan in accordance with SIA.

6.1.5

Assessment on social and environmental impact on smallholder has been addressed in the EIA and SIA, both negative and positive impacts. The Company has appointed special officer in charge of dealing smallholder issue is Partnership Manager.

As part of its social commitment, PT. PMM has built full managed smallholdings (KKPA) covering an area of 3,559.95, ha (until the February 2015) distributed to 6 villages namely: Bukit Jering, Lebaho Ulaq, Loleng, Muara Kamam Ilir, Benua Puhun and Muara wis. Meanwhile for PT. TJA, there have been full managed smallholder covering an area of 569.41 ha (until the month of February 2015) distributed in two villages: Rantau Humpang and Bunga Jadi.

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.

6.2.1.

CH has developed SOP on communication and consultation with affected parties, as seen in:

- SOP with code PMM / SOP / General-02 on the Transparency of Information dated 02.01.2011
- SOP with code PMM / SOP / General-05 about Complain Internal & External dated 01.02.2011
- SOP Communication and Consultation no. PMM / SOP / General-22, effective from 1 January 2013. The SOP explains procedures of communication and consultation with the communities / stakeholders, government, NGOs, and opponent.

Thoses SOPs have been disseminated to stakeholders through public consultation premises surrounding communities as described in 6.2.3 indicators, including:

- stake holder meeting dated September 29, s / d October 3, 2014.
- Meeting with the head of the village of Bunga Jadi on June 13, 2014 regarding the coordination of village regulations associated with plantation operations.

6.2.2

For dealing with stakeholder's and smallholders complaint, CH has appointed Partnership Manager. Public consultation with villagers during audit ASA-2 shows that communities has understood procedures of communication with the company through the means provided or through a designated officer. So far no problem in communication between CH and stakeholders.

6.2.3

To support communication, there is list of stakeholders updated in 2016 for PT PMM (81) and PT TJA (25) including the Village Chief, Village Chief, Leaders of indigenous peoples, Cooperative / plasma, Police, Firefighters, House hospital, government agencies, Suppliers and Contractors.

Records of meeting / consultation with the parties, e.g.:

- Coordination between the cooperatives with the company that was held on March 2, 2015 regarding the dissemination of benefit and socialization of cooperative work plan in March, 2015.
- The meeting with the village Labaho Ulaq, Loleng, Muara Kaman Ilir, Lebak Mantan, Bukit Jering and Benua Puhun which was attended by the head of the village, BPD, LPM, youth, the PKK on 5 consecutive days from September

29, s / d October 3, 2014.

- Coordination meeting with the cooperative of "Mitra Sejahtera Abadi", held on January 29, 2015 and February 5, 2015.
- Meeting with the head of the village of Bunga Jadi on June 13, 2014 regarding the coordination of village regulations associated with plantation operations.

In general, communication with stakeholders runs well. All records of communication with internal and external parties are available in the register book of external and internal communications, including responses submitted and notes follow up the results of communication.

The public consultation during the audit indicates that there are no objections to the presence of companies from all stakeholders, including: local governments, rural communities around the estates, as well as internal stakeholders.

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.

6.3.1. & 6.3.2

Observed mechanism for dealing with complaints from workers in the SOP of internal and external complaint (number PMM/SOP/Umm-05) effective since January 1, 2011. The SOP contains: responsibilities, procedures and documentation of complaints. All complaints submitted to management and written complaints will be recorded in the register of incoming mail. There is clause that states guarantee the confidentiality of whistle blowers and witnesses of the complainant. There is also suggestion box as a means of submitting complaints.

SOP communication and conflict resolution had been communicated to the surrounding affected community. This has been confirmed in accordance with the public consultation showed that stakeholders know the methods of complaints and objections.

Handling complaints from the parties performed by each unit with primary responsibility associated Unit Manager or through officers of Partnership Division. In 2016, there has been no incoming mail related complaints from the public to the company's operations. Most of the incoming mail in the form of request for financial assistance, roads repair and other assistance requests. In addition to complaints from the surrounding community, there are also complaints from the internal / employee who served in the log book employee complaints. There are employee complaints log book in 2015-2016.

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.

6.4.1; 6.4.2

The company has had the SOP of land acquisition which approve on January 1st 2009. The procedure has been explained that the land acquisition process is conducted with the involvement of local communities. Public consultation with the communities around known that the process of land acquisition has been conducted by involving the communities, the village authorities, landowners, the adjacent parties and the company. Document review showed that in 2015 there were land acquisition of an area 98.81 Ha and the year 2016 (until January) is an area of 12:40 Ha.

6.4.3

The process and the agreement of land acquisition has been documented by the company and stored by the legal department. Documentation of land acquisition has involved land owners, the adjacent parties and village authorities.

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

Company has implemented the payment of wages for employees refers to the minimum wage at Katanegara Kutai District in accordance with Decree of East Kalimantan Governor's Number 561 / K.803 / 2015 dated 28 Dec 2015 is explained Minimum Wage is set at Rp. 2,305,000, -.

Company has adjusted the payment of wages for employees by issuing the Decree from Directors and based on document verification of Salary Slip April 2016 is known that wages payment is in accordance with the Minimum Wages of Kutai Kartanegara District. Based on interviews with Bipartite Cooperation Institution and workers, explained that the company has paid wages according to the minimum wage set by the government and payment is done on time.

6.5.2

Companies can show employment law that detailing payments and conditions of employment in the company regulations that have been approved by the Labor Agency at Kutai Kartanegara District for the period 2014-2016. Beside that, each of permanent workers and contract workers have been equipped with the Working Agreement that describes the assignment of responsibilities, work hours, wages and facilities.

Company Regulation and Working Agreement are available in Indonesian language. Based on interviews with Bipartite Cooperation Institution, explained that in the company were no complaints related to employment and company always implement the operational activities in accordance with the rules and regulations.

6.5.3

Company can show documents list of facilities and infrastructure in the Estate consisting of housing, Worship Facilities, Child Care, School and Sports Facilities. Based on visits to housing employees, there are houses, places of worship, elementary schools, artesian well for clean water needs and sports facilities such as tennis courts with good condition and adequate to be use.

6.5.4

Based on interviews with women workers and gender committee, explained that in order to fulfill the basic needs are easily accessible because there are a sellers who come to employee housing, there are a stalls in each worker housing and for the company has been providing Employee Cooperative that sells basic necessities.

Status: Comply

6.6

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

6.6.1

Policy related to the freedom of made a worker association is still same as previous assessment that contained in Policy of Freedom of Association for Employees which has been approved by the President Director of PT Evans Indonesia dated January 2, 2011. Based on interview with workers representatives known that the company already have Freedom of Association for Employees. Based on interview with Estate workers, it could be concluded that company has facilitate freedom of association according to worker aspiration. However, the existing Bipartite system was feels satisfactory to facilitate a good communication between workers and company. Workers also stated that forming a labor union is not necessary in the near future.

Company has formed a joint organization with workers in the Bipartite Cooperation Institution and has been registered in the Labor Agency. Based on interviews with the Chairman of Bipartite Cooperation Institution and the Labor Agency, there is changes in structure organizational of Bipartite Cooperation Institution due to the period of tenure has been expired and the new structure organization has been formed and re-registration for period 2015-2018.

6.6.2

Company and worker's representative has regularly conduct meeting. For example Meeting on March 30, 2016 were carried out by all units PT.PMM & TJA which was attended by 34 participants from the company and workers. Companies can show results and comments in the Minutes of the Meeting.

Status: Comply	
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6.7

Children are not employed or exploited.

6.7.1

Policy related to the worker's age is listed in the Memorandum of HRD Department dated March 1, 2012. It states that the company is not allowed to hire the underage workers (under 18 years old). Based on verification documents of Workers List in March 2016, there are no workers younger than 18 years.

Based on interviews with Bipartite Cooperation Institution, explained that in the company does not workers who are under 18 years. Every workers recruitment must be complement with national identity cards.

Status: Comply	
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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.

6.8.1 & 6.8.2

Policy related to does not discriminate the workers does not change from the previous assessment that listed in the policy of equality of employment opportunity that approved by the President Director. That policy explained that all workers can get a chance regardless of any form of discrimination: race, caste, nationality, ethnicity, religion, disability, gender, sexual orientation, union membership, political affiliation and age.

6.8.3

Acceptance and promotion procedures there are no changes from the previous assessment. The procedures is contained in SOP Acceptance and Selection of New Employees Non Staff (No. Document: PMM / SOP / Generic-25) with effective date on January 1, 2011.

Companies can demonstrated rise and appointment of new employees based on assessment. Assessment is recorded in the Work Evaluation Form that assess some factor example quantity of work (attendance, timeliness), quality of work (skills, knowledge and communication), work behavior (discipline, initiative, adaptation to work environment), work relationship (with staff and fellow employees). Based on interviews with Bipartite Cooperation Institutionand gender committee, the company did not discriminate the workers from acceptance till promotions.

Status: Comply	
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6.9

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

6.9.1

Policy regarding sexual harassment is still the same as the previous assessment that listed in Sexual Harassment Policy approved by the President Director dated January 2, 2011. The Company has established a Gender Committee in each management unit for oversee and fostering the women workers and worker's wife. Based on interviews with Gender Committee, explained that the policy related to sexual harassment, abuse to the employees and complaint mechanisms have been socialized to workers and worker's wife.

6.9.2

Policy related to reproductive rights for women workers there are no changes from the previous assessment that listed in the Reproduction Policy authorized by the President Director, dated September 2, 2013. Based on interviews with a Gender Committee and women workers known that workers can explain the reproductive rights that given by the company include leave of menstruation are given 2 days with the information from paramedic and day off for childbirth are given for period 1.5 months before giving birth and 1.5 months after giving birth.

6.9.3

Complaints and response mechanism is not change from previous assessment that listed on the SOP Internal and External Complaint with Document Number PMM/SOP/Umum-05. Based on document verification of Complaints Book, there are no complaints related to sexual harassment and violence. Based on information from gender committee, that the handling of issues about sexual harassment and violence will be resolved together with gender committee and the identity of reporter will be protected.

Status: Comply

6.10
Growers and mills deal fairly and transparently with smallholders and other local businesses.
6.10.1. & 6.10.2

Based on the agreement of smallholdings development between companies with KUD, the determination of the purchasing price of smallholder's FFB refers to formal regulation of Price Determination Committee of Provincial Government of East Kalimantan. Determination is conducted once in a month.

The determined price disseminated to all prime plantation in the Province. TBS pricing information obtained directly from the Plantation Office, and distributed to cooperatives members plasma. No complaints and objections related on such price determination method. Pricing method uses standard formula: $K \{ (HCPO \times RCPO) + (x \text{ His Ris}) \}$. Indeks K for the month May 2016 was 80.68. FFB price in May was USD. 1584.39 for years of planting > 10 years.

6.10.3

Public consultation showed that contract of FFB supply with smallholder has been understood well by both parties, including the cooperatives officials and communities. Th contracts is perceived fair and transpararan to both parties. In addition to perception of FFB supplier, Interview with contractors (construction and compost transportation) shows that , contractors perceived the work contract document is fair. Contractors can studied prior to approved.

6.10.4

Verification of payment documents showing that payment for FFB purchasing from smallholder are always punctual. Payments are made directly to the account of each KUD. Document verification shows that payments for FFB transportation contractors are also punctual with two weeks basis. E.g. payment on FFB transportation in Mahakam Estate for April 2016, paid on May 2016, not late than 10 days. Interview with local contractor (FFB transport and upkeep) also known that the payment has been made in accordance with the agreement letter that is 2 times in a month.

Status: Comply

6.11
Growers and millers contribute to local sustainable development wherever appropriate.
6.11.1

The Company conduct to identify the needs and priorities of local development through the collection of data and information from community surrounding. The company's contribution to local development through:

1. Development of smallholdings
2. Involvement of local contractors
3. Payment of taxes for central and local governments.
4. The CSR program

PMM PT and PT TJA has also contributed to local development through:

- The involvement of local contractors and local purchasing. Contract records showed some estate operational activity that involves local people are: transport of palm seedlings, school transport, manufacture of clothesline, manufacture TPH, etc.
- The Company has a social commitment in terms of CSR programmes. CSR program created in 2015 covering

programme of: education, religion, sports, infrastructure, arts and culture and health, etc. Company's CSR program has been preceded by survey or dissemination to the local village government.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1 & 6.12.2

Based on documents review and interviews with Bipartite Cooperation Institution and labor agency, there are no illegal or forced worker. Contract Worker and Permanent workers has been equipped with the Working Agreement that has been agreed together.

6.12.3

Based on manpower reports for Labor Agency, there are 2 foreign workers in PT TJA and 4 foreign workers in PT PMM. The Company has shown that all foreign workers have been equipped with the requirements according to the regulations. Company showed Permit Entry of Foreign Workers that issued by Labor Agency.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1

CH already had policy of CSR which is endorsed by president director on 27th of April 2015 in order to respect human rights. The policy explains about respecting human rights and respecting race, nationality, culture, religion and prohibition of force labor, ensuring that all employees receive fair remuneration, fair management and have opportunity to career development.

Based on interviews with workers in LLE, BPM, BJE and RHE, explained that the policy of respecting the human rights has been socialized during the morning briefing. Based on interviews with Bipartite Cooperation Institution, explained that there are no issues that are detrimental to employees including human rights violations.

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.

7.1.1; 7.1.2; 7.1.3

CH has establishing the oil palm plantation since 2007. Since ASA-1 until ASA-2 there were planting of oil palm for an area of 125.96 Ha in PT TJA and there isn't oil palm planting in PT PMM. The company has conducted RSPO NPP on February 2013

Environmental impact assessment for the planting area in 2016 has been covered in the EIA documents that have been owned as explained in Criterion 5.1.

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.

7.2.1 and 7.2.2

Topographic information was derived from semi detailed soil survey report in 2009, conducted by PT Earth Line. According to the topography and soil suitability map, it could be concluded that 18.26 % area in PT PMM and 0.01 % area in PT TJA were classified as hilly (10°-20°), while the rest are consider as flat to undulating and rolling. Thus, there is no area were categorized as steep (>20°). Moreover, the presence of peat soils (*Sapric Haplohemists*) in PT PMM and PT TJA were 25.98 % and 19.95 %, respectively. According to the report, limitation factor on soil properties were mainly due to, very

low nutrient content, poor to very poor drainage in lowlying area, poor rooting condition, hilly slope, the presence of sandy soils and deep peat. To overcome those limitation factors, those recommendation are taken into accounts, such as:

- To enhance soil organic content by by-product application (EFB and POME).
- Manuring recommendation must be based on leaf and soil analysis.
- Installation of Terraces system, contour parallel frond stacking and planting of LCC on hilly to steep area.
- Proper water management application on peat and lowlying area, include its monitoring on water level, water table and peat subsidence.

Based on field observation to Lembuswana, Beringin Jaya and Rahayu Estate, it could be concluded that all of those recommendation mentioned above are properly implemented.

In order to maintain a good accessibility and FFB transportation, road maintenance activity such as road compaction and grading, bridge installation, etc. were included in the annual and long-term budget. There are records of the respective activity which provided as follows:

- Map and realization of road maintenance up to March 2016 informed that there were road grading activity at Blocks E10, E15, D20, D22 and D23 in Beringin Jaya Estate Divisi Utara PT PMM with totally 1,750 m and 600 m in the collection road (CR) and main road (MR), respectively.
- Map and realization of road road maintenance up to March 2016 informed that there were road grading activity at Blocks H48-52, I50-52 and J42-43 in Rahayu Estate Divisi KKPA PT TJA with totally 67,740 m and 24,316 m in the CR and MR, respectively.

The weekly observation of water level weekly was recorded in logbook which supported with drain-Block location map. Based on document log book review in Beringin Jaya Estate period 2015 to 2016, it could be concluded that the Estate Management has monitor the water level periodically, once a week. There were totaling 12 drain block in 2015 with additional 6 drain block in 2016. Water level had settled up to an average of 50 cm.

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.

7.3.1

PT PMM and PT TJA has conducted environmental and social assessment prior the land clearing which explained on document of Environmental and Social Assessment of Oil Palm Developments PT PMM and PT TJA by Environmental Management & Monitoring Pty Ltd. The assessment carried out by Charlie Ross on April 2007. PT PMM and PT TJA also has been conducted RSPO NPP by Control Union Certification on February 2013.

7.3.2; 7.3.3

The Company has conducted a HCV Assessment to a large area that is in accordance with the location permit PT PMM and PT TJA. According to the result of the document review and interview, the land clearing has been conducting since April 2007.

7.3.4; 7.3.5

Management unit has had document of HCV area management and monitoring plan as written on the criteria 5.2

Status: Comply

7.4

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

7.4.1

Company shows soil map and land suitability with proper scale (1:40,000) which derived from semi detailed soil survey report in 2009, conducted by PT Earth Line. Both maps informed that 18.26 % area in PT PMM and 0.01 % area in PT TJA were classified as hilly (10°-20°), while the rest are consider as flat to undulating and rolling. This is confirmed by Auditor field observation. Thus, in term of slope category only, there was no area classified as fragile. Moreover, the presence of peat soils (Sapric Haplohemists) in PT PMM and PT TJA were 25.98 % and 19.95 %, respectively. According

to soil map, there were \pm 8-9 % area in PT PMM and PT TJA were classified as deep peat (peat depth >3 m). In contrast, based on field observation in both location, the peat were generally shallow. There are no oil palm planted on deep peat area.

7.4.2

Estate management strategy regarding slope limitation was adopted in SOP No. PMM/SOP/AGRO-05) dated January 1st, 2014 about water and soil conservation. The SPO describes installation of silt pit/foot hill drain, trenches, planting of vetiver grass and other LCC(ex. *Mucuna bractetata*). The company shows map, budget and realization of *Mucuna* planting in 2016. *Mucuna* planting report informed that 47.50 ha where located in 8 Blocks in Rahayu Estate were had planted in April 2016 and 237.94 ha where located in field BJ09T3 and BJ013T9 Beringin jaya Estate were had planted di January 2016. Based on field observation to Lembuswana, Beringin Jaya and Rahayu Estate, it could be concluded that strategy on steep area such as terraces system, parallel pruned frond stacking to the field contour, LCC (*Mucuna*) and vetiver grass plantation are satisfactory implemented

Peat management strategy were adopted from procedure documents No. PMM/SOP/AGRO-12 and TJA/SOP/AGRO-12 for PT PMM and PT TJA, respectively. Some of the strategies undertaken are installation of piezometers for monitoring water table no more than 60 cm, installation of collection, the main drain and to maintain water level at a of 50-70 cm from the peat surface and peat subsidence monitoring. Observations on water management was conducted regularly every week. Water management monitoring were recorded in drain block logbook and piezometer logbook. According to the logbook, it was informed that water level was approximately maintained at the level of 50 cm. Based on piezometer observation at Block E19, Watergate in Block D22 and Subsidence pole in Block E10 in Divisi Utara Beringin Jaya Estate, it could be concluded that monitoring tools are in good condition, well maintained and accordance with the standards. According to peat subsidence record in Beringin Jaya Estate, it could be concluded that since December 2012, subsidency rate was approximately about 0.27 cm/year. This indicate that Estate Management has implement a good water management practices.

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.

7.5.1

CH has establishing the oil palm plantation since 2007. Since ASA-1 until ASA-2 there were planting of oil palm for an area of 125.96 Ha in PT TJA and there isn't oil palm planting in PT PMM. The company has conducted RSPO NPP on February 2013.

Planting areas are carried out in 2016 are still included in the location permit and cadastral map that owned by PT TJA.

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.

7.6.1

Document of EIA, SIA and Environmental and social assessment has explained about the traditional rights and use rights that exist in the operations area of the company. Based on environmental and social assessment known that "Local people do not have individual ownership, but there is a system for community use of the land resources. Although there is no individual land ownership, village areas are recognised, which sometimes is problematic as there are no well defined village boundaries. Under the customary system, the land resource belongs to the village but the improvements belong to the individual, who would be eligible to receive compensation for crops and commercial trees."

PT PMM and PT TJA has establishing the oil palm plantation since 2007. Since ASA-1 until ASA-2 there were planting of oil palm for an area of 125.96 Ha in PT TJA and there isn't oil palm planting in PT PMM. The company has conducted

RSPO NPP on February 2013. Planting areas are carried out in 2016 are still included in the location permit and cadastral map that owned by PT TJA.

7.6.2; 7.6.3; 7.6.4; 7.6.5; 7.6.6

Interviews with village representatives known that the process of land acquisition conducted without compulsion and voluntarily. The whole recording of land acquisition process has been documented and stored by the legal department. Compensation provided in the form of money to each party entitled in accordance with the results of identification of the village authorities.

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.

7.7.1 & 7.7.2

Policy related to method of zero burning for land preparation still same as the previous assessment that contained in SOP Land Clearing dated January 1, 2011 describes the land clearing system without use of fire (Zero Burning).

Based on document review and field observation, there is additional of plasma area but not included in the scope of this audit. During a visit in LLE Block U, H and L, it is known that the company does not do the burning for land preparation on expansion area.

Status: Comply

7.8

New plantation developments are designed to minimise net greenhouse gas emissions.

7.8.1; 7.8.2

Within the scope of the ASA-2 audit, CH has performed NPP for all new planting over the year 2010. No areas with high carbon opened to plantations and CH has identified the source of greenhouse gases emission (refers to 5.6.2).

Some efforts to minimize net greenhouse gas emissions include:

- Enrich HCV with tree planting to increased uptake of carbon (carbon sequestration).
- Reduction of fossil fuels.
- The implementation of zero burning.
- Optimal utilization of biomass fuels as an energy source in mill
- Implementation of Water management systems, among others by making peat subsidence and monitoring the water surface elevation
- Dissemination of zero burning policy

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.

8.1.1

The company has conducted several programs. For example:

- The company has significantly reduced the use of paraquat since 2012 (criteria 4.6).
- Rat population control by barn owl will be carried out as per palm height has matched with procedure requirement.
- Reduce GHG emissions: Biogas plant
- Waste reduction: utilization of shell and fiber for boiler fuel. Besides that, EFB is also used as a raw material for composting.

Company has shown the document of Sustainable Improvement Program in 2016 which was approved by the Manager of S&C Department on February 1, 2016. Plans were made, among others:

- Renewable Fuel by using a biogas for source of electricity.

- Improvement of operational activities such as a reduction in use of Paraquat for mature areas.
- Construction of permanent houses for employees and developing the business of worker cooperative.

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																																																										
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.																																																										
Bumi Permai Mill is used RSPO supply chain of Mass Balance module because they still received FFB from the estate which has not been certified with RSPO that is PT Budiduta Agromakmur and PT Kutai Agro Jaya																																																										
	Status: Comply																																																									
E.2	Explanation																																																									
E.2.1																																																										
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.																																																										
Estimates of CPO and PK produced by BPM obtained from the data of 12 months before the audit activities and have been described in this ASA-4 report.																																																										
	Status: Comply																																																									
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).																																																										
<ul style="list-style-type: none">RSPO IT Platform member registration number: RSPO_PO1000001488Certified CPO and PK sold to each buyer period of 19 Juni 2015 to 17 Mei 2016: no transaction via etraceCertified CPO and PK via greenpalm period of 19 June 2015 to 17 May 2016:																																																										
<table><tr><th>Date</th><th>Buyer</th><th>Volume (Ton)</th></tr><tr><td>CPO</td><td></td><td></td></tr><tr><td>9/7/2015</td><td>FRITO LAY (A DIVISION OF PEPSICO)</td><td>1,000</td></tr><tr><td>9/17/2015</td><td>NORGESFOR AS</td><td>1,000</td></tr><tr><td>10/6/2015</td><td>OY KARL FAZER AB</td><td>875</td></tr><tr><td>10/6/2015</td><td>OY KARL FAZER AB</td><td>125</td></tr><tr><td>10/7/2015</td><td>FRITO LAY (A DIVISION OF PEPSICO)</td><td>1,000</td></tr><tr><td>10/16/2015</td><td>VANDEMOORTELE GROUP</td><td>1,500</td></tr><tr><td>10/23/2015</td><td>CONAGRA FOODS INC</td><td>500</td></tr><tr><td>11/2/2015</td><td>RECKITT BENKISER (SINGAPORE) PTE LTD</td><td>3,000</td></tr><tr><td>11/17/2015</td><td>MAPLEHURST BAKERIES LLC</td><td>315</td></tr><tr><td>11/17/2015</td><td>CARGILL MEATS EUROPE LTD</td><td>25</td></tr><tr><td>11/17/2015</td><td>ADVANCED LIQUID FEEDS LTD</td><td>25</td></tr><tr><td>11/17/2015</td><td>COLGATE PALMOLIVE COMPANY</td><td>2,000</td></tr><tr><td>11/25/2015</td><td>DAUDRUY VAN CAUWENBERGHE ET FILS</td><td>246</td></tr><tr><td>11/25/2015</td><td>DAUDRUY VAN CAUWENBERGHE ET FILS</td><td>800</td></tr><tr><td>11/25/2015</td><td>GRANJA SAN FRANCISCO S.L.U</td><td>25</td></tr><tr><td>11/25/2015</td><td>CUETARA S.L.U</td><td>1,200</td></tr><tr><td>11/25/2015</td><td>NUTPOR LDA</td><td>200</td></tr></table>		Date	Buyer	Volume (Ton)	CPO			9/7/2015	FRITO LAY (A DIVISION OF PEPSICO)	1,000	9/17/2015	NORGESFOR AS	1,000	10/6/2015	OY KARL FAZER AB	875	10/6/2015	OY KARL FAZER AB	125	10/7/2015	FRITO LAY (A DIVISION OF PEPSICO)	1,000	10/16/2015	VANDEMOORTELE GROUP	1,500	10/23/2015	CONAGRA FOODS INC	500	11/2/2015	RECKITT BENKISER (SINGAPORE) PTE LTD	3,000	11/17/2015	MAPLEHURST BAKERIES LLC	315	11/17/2015	CARGILL MEATS EUROPE LTD	25	11/17/2015	ADVANCED LIQUID FEEDS LTD	25	11/17/2015	COLGATE PALMOLIVE COMPANY	2,000	11/25/2015	DAUDRUY VAN CAUWENBERGHE ET FILS	246	11/25/2015	DAUDRUY VAN CAUWENBERGHE ET FILS	800	11/25/2015	GRANJA SAN FRANCISCO S.L.U	25	11/25/2015	CUETARA S.L.U	1,200	11/25/2015	NUTPOR LDA	200
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11/25/2015	GALLETAS ARTIACH S.A.U	29
11/27/2015	STANDARD BRANDS (IRELAND) LTD	489
11/27/2015	ALVA SAS	200
11/30/2015	EMEIS COSMETICS PTY LTD	40
11/30/2015	ANTONS BEST OY	82
12/7/2015	VI-JON, INC	356
12/8/2015	CHUDLEIGHS LTD	25
12/8/2015	DAWN FOODS INC	1,000
12/10/2015	MONDELEZ EUROPE GMBH	2,000
12/10/2015	MONDELEZ EUROPE GMBH	1,000
12/10/2015	MONDELEZ EUROPE GMBH	644
12/10/2015	MONDELEZ EUROPE GMBH	2,000
12/10/2015	MONDELEZ EUROPE GMBH	2,000
12/10/2015	MONDELEZ EUROPE GMBH	1,846
12/10/2015	YSCO NV	25
12/10/2015	KERRY FOODS LIMITED	129
12/10/2015	KERRY FOODS LIMITED	1,000
12/11/2015	CADBURY INDIA LIMITED	1,000
12/14/2015	MONDELEZ EUROPE GMBH	1,000
12/14/2015	MONDELEZ GLOBAL LLC	1,000
12/17/2015	COMMERCIAL BAKERIES CORP.	25
12/17/2015	HILLSHIRE BRANDS	300
12/17/2015	PALUANI SPA	25
12/17/2015	SHEARER'S FOODS LLC	800
12/18/2015	THE FATHER'S TABLE	758
12/21/2015	ETN FRANZ COLRUYT NV	242
12/21/2015	WESTON FOODS (CANADA) INC	942
12/21/2015	WESTON FOODS (CANADA) INC	350
12/22/2015	AB MAURI (UK) LIMITED	708
12/24/2015	AAK (UK) LTD	850
12/30/2015	UNILEVER SUPPLY CHAIN COMPANY AG	1,000
12/30/2015	UNILEVER SUPPLY CHAIN COMPANY AG	1,000
12/31/2015	UNILEVER SUPPLY CHAIN COMPANY AG	2,000
1/13/2016	NOUVA INDUSTRIA BISCOTTI CRICH SPA	25
1/13/2016	VANDEMOORTELE GROUP	5,975
1/25/2016	ARYZTA LLC	3,000
1/27/2016	QUAKER CHEMICAL CORPORATION	60
1/28/2016	LE DOLCEZZE DI SIENA SRL	25
1/28/2016	MOI INTERNATIONAL (AUST) PTY LTD	1,470
1/29/2016	T QUALITY LTD	445
1/29/2016	TURANO BAKING COMPANY	269
2/2/2016	LEVO PRODUCKTENMAATSCHAPPIJ B.V.	146
2/3/2016	NICOLS POLAND SP ZOO	155
2/3/2016	RAVINTORAISIO OY	186
2/17/2016	KONINKLIJKE AHOLD NV	130
2/17/2016	DSM NUTRITIONAL PRODUCTS AG	30
2/17/2016	AB MAURI (UK) LIMITED	2,815
1/13/2016	SISTERNA BV	194
1/20/2016	DELIFRANCE SA	25
1/27/2016	INDUSTRIA DE JABONES Y DETERGENTES LAS PALMAS SA	50
1/28/2016	MOI INTERNATIONAL (AUST) PTY LTD	25
3/31/2016	MANTINGA	25
4/1/2016	BOUCHARD NV	25
4/19/2016	OSCAR A/S	80
4/19/2016	GALLETAS GULLON S.A	200
4/19/2016	DAUDRUY VAN CAUWENBERGHE ET FILS	100

4/20/2016	THE JAMES SKINNER BAKING COMPANY	50
4/29/2016	ADVANCED LIQUID FEEDS LTD	25
TOTAL		54,231
KERNEL		
10/2/2015	KAO CORPORATION	100
10/8/2015	SARAYA CO LTD	150
10/13/2015	AB MAURI (UK) LIMITED	100
10/19/2015	FRIESLANDCAMPINA	100
11/17/2015	COLGATE PALMOLIVE COMPANY	400
11/19/2015	L'OREAL	200
11/23/2015	L'OREAL	100
11/30/2015	KAO CORPORATION	150
12/8/2015	THURN PRODUKTE GMBH	164
12/10/2015	YSCO NV	25
12/10/2015	FRIESLANDCAMPINA	40
12/10/2015	FRIESLANDCAMPINA	35
12/10/2015	FRIESLANDCAMPINA	198
12/10/2015	KERRY FOODS LIMITED	2
12/30/2015	KASLINK FOOD OY	61
1/13/2016	VANDEMOORTELE GROUP	248
1/13/2016	GATTEFOSSE	127
1/14/2016	DALLI-WERKE GMBH & CO.KG	464
1/28/2016	WACHEM PLM LIMITED	5
1/28/2016	VANDEMOORTELE GROUP	32
2/10/2016	BEIERSDORF AG	224
2/10/2016	LDC TRAITEUR	30
2/12/2016	BIMBO S.A. DE C.V.	363
TOTAL		3,318.00

	Status: Comply
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E.3	Documented procedures
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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:
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.
BPM has had SOP of RSPO Sustainability for estate which described the duties and responsibilities of each part; the identification of raw materials and products; and performs supply chain system. To improve the understanding of each Parties related to the supply chain, then the management unit is conducted socialization to the relevant parties. The last socialization activities carried out on April 26, 2016 which was attended by 10 people from the mill manager, head of administrator, weighing administrator, assistant and administrator S&C.
Interviews with security and the weighing administrator showed that workers have already known the duties and responsibilities of each in the implementation of SCCS. Field visits and interviews in Rantau Humpang Bulking indicate that labor and management have also been given training on SCCS, but until now there has never been the sale of certified products.

	Status: Comply
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E.3.2
The site shall have documented procedures for receiving and processing certified and non-certified FFBs.

BPM has had SOP of RSPO Sustainability for estate, among others, described about the process of FFB reception from the supplier estates. The results of field visits and document verification showed that the FFB received by the mill comes from the estate that has been certified with RSPO and the estate that has not been certified with RSPO. To find the source of FFB comes from the estate that has been certified with RSPO, and then it's labeled on the Delivery Order Letter in the form of stamp RSPO CERTIFIED.

Status: Comply

E.4
Purchasing and goods in
E.4.1
The site shall verify and document the volumes of certified and non-certified FFBs received.
• Certified and non-certified FFB received period of 19 June 2015 to 17 May 2016

Month	FFB Receive (Ton)		
	Certified	Non-Certified	Total
19 – 30 June 2015	2,466.38	490.98	2,957.36
July 2015	11,667.16	1,922.52	13,589.68
August 2015	13,204.42	865.45	14,069.87
September 2015	20,178.94	2,091.68	22,270.62
October 2015	32,936.27	3,837.77	36,774.04
November 2015	28,279.87	333.39	28,613.26
December 2015	24,087.01	1,571.81	25,658.82
January 2016	21,109.610	1,938.660	23,048.27
February 2016	15,354.140	1,343.050	16,697.19
March 2016	18,052.500	1,113.400	19,165.90
April 2016	14,361.83	1,737.83	16,099.66
1 – 17 May 2016	7,770.70	931.98	8,702.68
Total	209,468.83	18,178.52	227,647.35

Status: Comply

E.4.2
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.

Since receiving the RSPO certificate (June 19, 2015) up to the audit (May 17, 2016), BPM production of CSPO and CSPK does not exceed the RSPO certificate issued. Interviews showed that the management representative has know about the reporting mechanism if production of RSPO certified product excess of the certificates issued.

Status: Comply

E.5
Record keeping
E.5.1

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

BPM has had a monthly report which described about the Acceptance of FFB, Production of CPO and PK, Delivery of CPO and PK. During the period of July 2015 to April 2016 there is no shipment of RSPO certified products (CSPO and CSPK). There is the following product shipment data from BPM:

Period	CPO Shipment (ton)		PK Shipment (ton)	
	RSPO Certified	Non Cert	RSPO Certified	Non Cert
July 2015	-	3,278.57	-	382.87
August 2015	-	3,357.03	-	600.00
September 2015	-	4,875.03	-	500.00
October 2015	-	8,128.20	-	1,300.00
November 2015	-	8,276.88	-	915.68
December 2015	-	6,114.30	-	1,226.29
January 2016	-	6,544.47	-	1,215.70
February 2016	-	4,652.65	-	955.80
March 2016	-	4,949.17	-	1,553.95
April 2016	-	4,226.80	-	1,002.66
Total	-	54,403.10	-	9,652.95
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.				
BPM does not perform activities of palm kernel crushing to the independent palm kernel crushers.				
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-2	Since the RSPO certificate achieved on June 26th 2014, PTPrima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi have neither use the certificate logo whether on-product or off-product yet.	√
	Status: NA	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-2	Since the RSPO certificate achieved on June 26th 2014, PTPrima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi have neither use the certificate logo whether on-product or off-product yet.	√
	Status: NA	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-2	Since the RSPO certificate achieved on June 26th 2014, PTPrima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi have neither use the certificate logo whether on-product or off-product yet.	√
	Status: NA	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-2	Since the RSPO certificate achieved on June 26th 2014, PTPrima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi have neither use the certificate logo whether on-product or off-product yet.	√
	Status: NA	

3.4 Summary of RSPO Partial Certification

Total management unit yang diobservasi: 1. PT Gunung Pelawan Lestari 2. PT Simpang Kiri Plantation Indonesia 3. PT Evans Lestari		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	<p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> The company obtained the Izin Lokasi dated October 27th 2004 from the Bupati Bangka. Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka AMDAL was received on March 28th 2008 from the Bupati Bangka. The Izin Lokasi was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 <p>PT Evans Lestari</p> <ul style="list-style-type: none"> Izin Lokasi dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. Izin Usaha Perkebunan (IUP) dated November 21st 2012 from the Bupati Musi Rawas was obtained. AMDAL dated February 14th 2013 from the Bupati Musi Rawas was obtained. There are no current plans to commission a mill for this location. 	
	Status: Comply	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	<p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> The company obtained the Izin Lokasi dated October 27th 2004 from the Bupati Bangka. Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka The Izin Lokasi was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 <p>PT Evans Lestari</p> <ul style="list-style-type: none"> Izin Lokasi dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. 	
	Status: Comply	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or√
	<p>There are a few open cases currently being dealt between the company and the respective Dinas Ketenagakerjaan (Manpower Department) for the respective operational units.</p> <p>The company has implemented standard operation procedures (SOPs) to handle such matters. A documented process in resolving labour disputes was reviewed. Evidence of complaints lodged,</p>	

	reviewed, and closed by mutual agreement were sighted. Interview with the local labour union and gender committee representative for the Benua Puhun operations, revealed that there was no labour dispute during the audit period with the exception of a few on-going complaints that's being handled through the established process	
	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√
	The company already have SOP Land Compensation	
	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√
	<p>The audit team sighted documents housed in the PT Evans Indonesia head office in Jakarta. Document and interviews confirm the following actions were completed:</p> <ul style="list-style-type: none"> • NPP Notification: PT Evans Indonesia – PT Teguh Jayaprima Abadi (PT TJA) was done on February 26 to March 25, 2013 with no negative comments. • NPP Notification: PT Evans Indonesia – PT Prima Mitrajaya Mandiri (PT PMM) was done on February 26 to March 25, 2013 with no negative comments. <p>Status of other land holdings:</p> <p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> • The company obtained the Izin Lokasi dated October 27th 2004 from the Bupati Bangka. • Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka • AMDAL was received on March 28th 2008 from the Bupati Bangka. • The Izin Lokasi was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. • The company has plans in place to commission a 3rd palm oil mill in 2014, known as PKS Tuing with a target RSPO certification for 2015. • HCV assessments were carried out in May 2013 by Aksenta. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> • There is currently 1 operational estate with 2,654 Ha • HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 • HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 • There are no current plans to commission a mill for this location as all existing crop is being sold to an external mill not owned by PT. Evans Indonesia. <p>PT Evans Lestari</p> <ul style="list-style-type: none"> • Izin Lokasi dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. • Izin Usaha Perkebunan (IUP) dated November 21st 2012 from the Bupati Musi Rawas was obtained. • AMDAL dated February 14th 2013 from the Bupati Musi Rawas was obtained. There are no current plans to commission a mill for this location. • HCV assessment by Fakultas Kehutanan Institut Pertanian Bogor was carried out in March 2013. • See also 2.3.6 above <p>Proposed plans for future NPP notifications to take place for 2013/2014:</p> <ul style="list-style-type: none"> • PT. Evans Lestari • PT. Gunung Pelawan Lestari 	

	Both NPP is forecasted to take place either Q4, 2013 or Q1, 2014	
	Status: Comply	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	<p>No negative stakeholder comments were received during the 30-days consultation period either by CUC or the auditee prior to this main assessment or during the audit. However, the audit team has captured and followed up on 3 issues.</p> <p>Issue #1 In PT. Gunung Pelawan Lestari, no issues were recorded from any intrested parties during the ASA1 audit in PKS Pangkatan in August 2013. However the Koperasi Gunung Muda Sejahtera, not in favour for oil palm cultivation even the compensation process activated. The company is currently engaged in an on-going negotiation with the Koperasi to idenfied solutions.</p> <p>Issue #2 A grievance complaint against the parent company, MP Evans Group PLC, that was published on the RSPO website. The grievance was filed on February 13, 2013 and posted on the RSPO grievance and complaint website. See link: http://www.rspo.org/en/status_of_complaint&cpid=34 The nature of the complaint: Alleged breach of Principle 2. Synopsis of compliant, that the company has:</p> <ul style="list-style-type: none"> • Carried out illegal logging on 540 Ha. • Planted on land outside the concession area. • Planted on land outside the HGU. <p>The audit team sighted several key correspondences with the regard to this complaint as described below. The member had met with the RSPO on 26th July 2013 and the relevant documents pertaining to these allegations were made available. The member had officially responded to RSPO on several occasions between March 2013 to August 2013, providing clarification concerning their land holdings and steps taken to ensuring compliance with local regulatory requirements. The last communication to RSPO, dated August 13th 2013, explains its position and progress made.</p> <p>Background and History Several estates make up this main assessment audit for PKS Benua Puhun. These estates went through the NPP notification under 2 groups:</p> <ul style="list-style-type: none"> • PT Teguh Jayaprima Abadi (PT TJA) Rantau Hempang Estate, Mahakam Estate • PT Prima Mitrajaya Mandiri (PT PMM) Bukit Jering Estate, Kaman Hilir Estate, Loleng Estate, Benua Puhun Estate, Muara Wis Estate <p>Both PT TJA and PT PMM obtained their respective "Izin Lokasi (IL)", "Izin Usaha Perkebunan (IUP)" and AMDAL as follows:</p> <p>PT TJA Izin Lokasi: Obtained June 27th 2006 for 5,100 Ha's and September 6th 2007 for 13,550 Ha from the Bupati Kutai Kartanegara</p> <ul style="list-style-type: none"> • Izin Usaha Perkebunan: Obtained January 16th 2007 and December 4th 2007 from the Bupati Kutai Kartanegara. • AMDAL: Obtained September 24th 2008 and March 16th 2009 from the Bupati Kutai 	

	<p>Kartanegara.</p> <p>PT PMM</p> <ul style="list-style-type: none"> • Izin Lokasi: Obtained June 26th 2007 for 21,500 Ha's from the Bupati Kutai Kartanegara. • Izin Usaha Perkebunan: Obtained July 26th 2007 from the Bupati Kutai Kartanegara. • AMDAL: Obtained September 24th 2008 from the Bupati Kutai Kartanegara. <p>All these documents had approved concession areas as KBNK (Kawasan Budidaya Non-Kehutanan), meaning Non-Forest Land.</p> <p>However, in 2011, the Forestry Ministry came out with a new map, zoning forest areas. There was a conflict with the governmental regulations between the local government (Kalimantan Timur Province) and the central government (Forestry Ministry of Republic Indonesia) over different map zoning of forest areas by the respective authorities.</p> <p>Based on survey done by the Forestry authorities in 2011, some of the land area that make-up PT. TJA and PT. PMM are not classified as non-forest area and are now within forest areas or Hutan Produksi (HP) as opposed to the IL, IUP and AMDAL listed above. The company was advised by Central Government Forestry Ministry authorities that approximately 1,140 Ha's are in forest area. The company had followed up the matter with the Forestry Ministry (Kementerian Kehutanan) and was advised that there are several stages in the process before the land is finally classified as forestland.</p> <p>On 6th July 2012, The President of The Republic of Indonesia issued the amendment of The Peraturan Pemerintah no. 10 year 2010, namely Peraturan Pemerintah no. 60 year 2012.</p> <p>From the flow chart of PP no. 60 of 2012, any company affected by this, differences in map zoning of forest areas, has a limited time to initiate forestland release through a process, starting with an application.</p> <p>On September 10th 2012, the company proactively made their application based on PP no. 60/2012 for both PT. PMM and PT. TJA for 1,140 Ha. A partial approval for 616 Ha's was received followed by another revised application dated March 20th 2013 for the remaining area.</p> <p>On September 19th, the RSPO has written back to the member, MP Evans, with recommendations from the Grievance Panel.</p> <p>At the time of this audit, the process for land swap according to PP No. 60 year 2012 is still an on going process. However, the audit team sighted an official document from the Forestry Ministry, dated August 2nd 2013, where approximately 276,240 Ha's in Kalimantan Timur has been classified as "Perubahan Fungsi Kawasan hutan". Under this category, there is approximately 199,402 Ha's or Hutan Produksi (HP) which is forestland, has been converted to HPK (Hutan Produksi Konversi) which is forestland that is allowed to be converted. The concession areas that make-up PT. TJA and PT. PMM fall under this category.</p> <p>The company had subsequently made the necessary application for the entire 1,140 Ha on August 29th 2013; confirmed receipt by the Forestry Ministry on August 30th 2013. The application is a process to help change the status of HPK (Convertible Forest Area) to APL (Areal Penggunaan Lain) or "Area for Other Land Use" for the 1,140 Ha's and is currently under review.</p> <p>Note: Non-Forest Areas are typically called APL or KBNK.</p> <p>In addition, the audit lead to a meeting with RSPO Indonesia office, Ibu Kusumadewi, who had also reviewed the documents presented by MP Evans Group PLC and believed the latest information favours the company in addressing the recommendations made by the grievance panel.</p> <p>The management will be officially responding to RSPO's letter dated September 19th 2013 and it is hoped the evidence provided, will help close the grievance complaint.</p> <p>Issue #3</p> <p>Also, in 2012, during the main assessment for PKS Pangkatan, the audit team identified a complaint that involved the minority shareholder partner.</p> <p>The local partner lodged the complaint to RSPO, local authorities and the police. The complaint highlights that the company's East Kalimantan operations (PT Prima Mitrajaya Mandiri) was planted on forest area, impacting approximately 762 Ha's.</p>	
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	<p>This compliant, closely follows the compliant received by RSPO in February 2013 discussed above. Although the izin (permit) provided did not fall into forest category, MP Evans has taken the 762 ha's in question out of their application for HGU and is not part of PT Prima Mitrajaya Mandiri (PT. PMM). The Kadastral map of HGU for PT Prima Mitrajaya Mandiri shows the exclusion of the forest areas which are logged over / degraded forests and amounts to about 762 ha's. Again, this area although included in the Ijin Lokasi map but has been excluded from HGU.</p> <p>Given the latest information and findings in Issue #2, the company's actions in making the necessary application to the Forestry Ministry dated August 29th 2013, where it is clear that 1,140 Ha's between PT. TJA and PT. PMM is now categorized as HPK land, will help address both complaints (Issue #2 and Issue #3).</p> <p>In addition, based on sighted correspondences and interviews, the company is in the process of closing the complaint and concerns raised by the minority partner.</p> <p>The audit team concluded that significant progress has been made in resolving and closing this particular grievance complaint and the established process in resolving such matters is working. The progress of this issue will be reviewed during the next surveillance audit in 2014.</p>	
	Status: Comply	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	The company already have SOP Land Compensation	
	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 ASA-1 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		During surveillance-1 conducted, Benua Puhun Mill and it estate supplier has shown the implementation over the RSPO standard. Therefore, no nonconformity found.							

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

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2016.1	5.1.3	Implementation of Environmental Management and Monitoring Implementation of monitoring to the environmental impact has not been in accordance with AMDAL documents, that is: <ul style="list-style-type: none"> - Monitoring of public health does not include communities around the company in generally, is still limited to people who become employees. - Does not attached a evidence from implementation of social impact monitoring. - There are no adequate evaluation for results of environmental impact 	POM and Estate	Minor	ASA-3	CH must provide evidence of monitoring of environmental impact in accordance with AMDAL and RKL RPL document.	<ul style="list-style-type: none"> • Root cause: • Corrective action • Preventive action: • Auditor conclusion: 		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		monitoring to determine the effectiveness of the reduction from negative impact, for example: not available for evaluation of surface water quality parameters that do not match the quality standards							
2016.2	RSPO Certification System 4.2.4.e	Partial Certification. There operational activities on planting since January 1, 2010 in PT PMM, which is a subsidiary of MP Evans Plc which has not fullfill the RSPO New Planting Procedure.	MP Evans Plc	minor	ASA-3	RSPO members must be able to demonstrate compliance with the New Planting Procedure for entire operational area is planted after 1 January 2010 in accordance with the RSPO Certification System.			

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	2.2.1	CH need to ensure of obtaining land permit (HGU) for all operating areas (Observation)
2	2.2.2	CH need to anticipate the difference between the results of cadastral plantation boundaries 2011 and 2012 for the effectiveness of the maintenance of land legality
3	4.3.4	CH is encouraged to conduct an evaluation of the amount of peat subsidence stakes so that the rate of subsidence peat from each depth category can be represented (Observation).
4	4.7.2	Companies may improve the quality of detailing HIRAC with PPE used in accordance with Product Labels/MSDS.
5	4.7.5	Companies need to ensure that ordinance of monitoring of the fire extinguishers (water pumps and hoses) has been conducted in accordance with the procedure. (Observation)
6	5.1.3 & 6.1.3	CH need to improve the quality of review of the AMDAL and SEIA document including an analysis of the changes of plantation and mill practices that currently conducted.

7	SCCS E.4.1	CH need to ensure the verification and documentation of certified and non-certified FFB volume that accepted to the POM (Observation).
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3.5.4

No	Descriptions
1.	The company has commitment to implement sustainable estate principles.
2.	The company has high quality human resource who competence in each division.
3.	The company has unit Biogas Plant to utilize the waste to produce electricity.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>17 May 2016 Land Office of Kutai Kartanegara Districts</p> <ul style="list-style-type: none"> It has been conducted cadastral and Minutes of Committee B for PT PPM and PT TJA. Until audit process, the BPN Regional Office in Samarinda have not submitted the documents of HGU process in BPN Center Jakarta for review with a reason to be cautious about the national issues of land fire. This obstacle has lasted nearly a year without clarity from BPN Regional Office of Kalimantan Timur Province. The company does not have administrative completeness issue in HGU process. There is no forest area in operations area of PT PMM and PT TJA based on latest cadastral map. No land conflicts with the surrounding communities, plasma, other plantations and mining companies. Suggest from land office: <ul style="list-style-type: none"> Area conservation of ± 200 ha that have been excluded in cadastral maps of PT PMM, in order to remain managed by the company, so that it can cope with potential looting of forest products. Land disputes that have occurred between PT PMM and Transmigration for an area of ± 180 ha has been completed and excluded from cadastral maps. Land Office hopes that the function of the land be returned in accordance with its allocation. 	<ul style="list-style-type: none"> HGU still in process The company will continuously coordinate with BPN Regional Office of Kalimantan Timur Province The company will continue to ensure that the administration run properly. True, There is no forest area in the latest cadastral map. The company will always maintain good relations with the surrounding community The company wants the existing conservation area, but conservation area (200 ha) excluded by the Committee B. The land has been excluded from the latest cadastral map 	<ul style="list-style-type: none"> HGU process will be observe to next surveillance No forest area in cadastral map. In accordance with criteria 2.2 The company has manage the HCV area in accordance with criteria 5.2 There was no land dispute on period of 2015 – 2016

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>17 May 2016 Manpower Agency of Kutai Kartanegara Districts</p> <ul style="list-style-type: none"> The company has approval for the P2K3 of PT PMM and PT TJA (available decree and approval on March and April 2016). Reports of labor regularly submitted every month. However, there has been no regular reporting related to the use of foreign workers and facilitators. This is not in accordance with the Ministerial Regulation No. 16, 2015 regarding the procedure for the use of foreign labor. The Company routinely have reported accidents. There are daily worker and foreign workers who have worked for more than six months not yet included in the BPJS program. The company has the permissions on boilers, generators and electrical installations. The company has cooperated with labor offices regarding OHS training, for example, the last time conducted OHS training of heavy equipment operator in April 2016. Wages are paid in accordance with the Minimum Wages of Kutai Kartanegara Districts 2016, amounting to Rp 2,305,000.-. No workers under the age / children There is no discrimination issue related to tribe, race, religion and inter-group. The company has a Bipartite Cooperation Institution. The company has not provided a copy of the Working Agreement to workers. 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules. The report has been done routinely. The Company is committed to comply with applicable rules. Currently, the Company does not employ daily worker, all workers (contract & permanent) included in BPJS program. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. 	<ul style="list-style-type: none"> In accordance with criteria 2.1; 4.7; 6.5; 6.6; 6.7 and 6.8.

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> Suggest from labor agency: <ul style="list-style-type: none"> Daily Worker who has worked yearly be appointed into permanent workers. The company need conduct socialization to the workers concerning Manpower Regulation No. 6 2016 on religious holiday allowance for workers / laborers in the company (replacement of Manpower Regulation No. 4 of 1994) 	<ul style="list-style-type: none"> All workers (contract and permanent) have been given a copy of the Working Agreement. The company will implement a hiring contracts workers into permanent gradually The company will conduct socialization to the workers concerning Manpower Regulation No. 6 2016 	<ul style="list-style-type: none"> Based on interview and document review known that the workers has provided a copy of the Working Agreement.
17 May 2016 Environmental agency of Kutai Kartanegara Districts <ul style="list-style-type: none"> Mandatory reporting of such effluent report and hazardous waste report have been implemented by the company according to the rules. The company has permission for hazardous waste warehouse. The company has permission for utilize the effluent / land application Implementation report of RKL / RPL in accordance with applicable regulations. there is no issue of environmental pollution caused by the company's operations. Companies already coordinate and communicate well with the environmental agency. 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. The Company is committed to comply with applicable rules. Be maintained. 	<ul style="list-style-type: none"> In accordance with criteria 2.1; 4.4; 5.1 and 5.3
17 May 2016 Plantation and Forestry Agency of Kutai Kartanegara Districts <ul style="list-style-type: none"> The Company has reported Plantation Business Activity Reports regularly every month. 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules 	<ul style="list-style-type: none"> In accordance with criteria 2.1 and 2.2.

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> The last plantation class assessment conducted in 2015 and is valid for three years. PT PMM got Class II and PT TJA got Class III. There is no additions in location permit, HGU and IUP The company has had a smallholdings which covers over 20% of the company's plantation area. There has been no socialization and CSR reporting to the Forestry and Plantations Agency. There is no customary forests There is no land disputes and occupation by the community. There is no forest area in the concession of PT PMM and PT TJA. Suggest from Plantation and Forestry Agency: <ul style="list-style-type: none"> The company to be more transparent in providing FFB production data. The company need to give explanations and information to smallholders related to profit distribution of FFB production. 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules The Company is committed to comply with applicable rules The Company is committed to comply with applicable rules True The company will maintain good relations with the surrounding community HGU still in the process It has been reported in Plantation Business Activity Reports The company will maintain good relations with the surrounding community 	
Bipartite Cooperation Institution <ul style="list-style-type: none"> Meetings are held every three months, which was attended by representatives of workers and employers. the last meeting was conducted in April 2016. Wages in accordance with the minimum wage of Kutai Kartanegara Districts of 2016 with the amount of Rp. 2,305,000, -, for contract and permanent workers. Company regulations valid for the period of 2014-2016. Company regulation stored in the estate office and can be accessed whenever needed. All workers (contract and permanent) have been 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules The Company is committed to comply with applicable rules The Company is committed to comply with applicable rules 	<ul style="list-style-type: none"> In accordance with criteria 2.1; 4.7; 5.2; 6.2; 6.5; 6.6 and 6.8.

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>registered in BPJS program (both healthcare and worker).</p> <ul style="list-style-type: none"> Workers from the local area and from outside the region The company does not discriminate against workers both from the reception to the promotion. Promotion is based on employee performance appraisals. Requirements for work consisting of ID card, application letter, Police Notes, family card and medical certificates. Facilities for workers consist of school transport, housing, electricity, clean water, sports facilities, religious facilities. During the period 2015 - 2016 there are no issues related to employment Each worker (contract or permanent workers) has been complemented with working agreement that mutually agreed. Sanctions that are regulated by the company has been known by workers, including sanctions against the destruction of HCV. Communication between the company and workers' representatives goes well. 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules True The Company is committed to comply with applicable rules True True True The Company is committed to comply with applicable rules True The company will maintain good relations with workers 	
<p>Gender Committee of Beringin Jaya Estate, Bumi Permai Mill, Lembu Swana Estate, Rahayu Estate</p> <ul style="list-style-type: none"> Policy on protection against sexual harassment and violence has been socialized to workers and workers' families. Policy related to reproductive rights are known by workers. Access to buy adequate food can be reached easily, in the worker housing there are cooperatives and shops that sell 	<ul style="list-style-type: none"> Have been in accordance with company policy & commitment. Have been in accordance with company policy & commitment. Have been in accordance with company policy & commitment. 	<ul style="list-style-type: none"> In accordance with criteria 6.2; 6.5 and 6.9

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>basic needs, there are also pitchman that selling basic needs which come every day.</p> <ul style="list-style-type: none"> • The specific complaints mechanism been communicated well through gender committee. • Reporter's identity for grievances will be kept confidential. • There is no issue of sexual harassment in the period 2015-2016. 	<ul style="list-style-type: none"> • Have been in accordance with company policy & commitment. • Have been in accordance with company policy & commitment. • Have been in accordance with company policy & commitment. 	
<p>Local contractor (upkeep and FFB transport):</p> <ul style="list-style-type: none"> • Each contractor has had a copy of the agreement letter that mutually agreed. Contractors are given time to learn agreements letter which will be agreed. • The payment has been made in accordance with the agreement letter that is 2 times in a month • Contractor's workers has given PPE. • The company always gave a briefing before working either to workers of the company or contractor workers • No cases of disputes between the contractor and the company. • No discrimination in provision of employment. Provision of employment is done based on ability • The Company has conducted socialization of HCV, protected animals, a ban on burning, poison prohibition, prohibition of employing minors and prohibition of sexual harassment. • The contractor provides first aid equipment for workers. If an accident occurs on the field it will be the responsibility of the contractor. • Wages provided by contractors to workers is based on 	<ul style="list-style-type: none"> • The Company is committed to comply with applicable rules. • The Company is committed to comply with applicable rules • The Company is committed to comply with applicable rules • The Company is committed to comply with applicable rules • The Company is committed to comply with applicable rules • The Company is committed to comply with applicable rules • The Company is committed to comply with applicable rules • The Company is committed to comply with applicable rules 	<ul style="list-style-type: none"> • In accordance with criteria 4.7; 5.2; 6.5; 6.8 and 6.10.

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>performance with average wages ranging from Rp 2,800,000 - 4,000,000 / month.</p> <ul style="list-style-type: none"> There have been no cases of violations committed by contractor's workers against to the directive of the company. The contractor expects the company to help the contractor's workers went to the clinic in case of accident and continue to provide housing for contractor's workers who do not have a place to stay. 	<ul style="list-style-type: none"> The Company is committed to comply with applicable rules The Company is committed to comply with applicable rules The company will accommodate first aid to contractor's workers and the Company will attempt to provide housing to the contractor's workers adjusted to the the company's ability and availability of homes 	
<p>Village Head and villagers</p> <p>a. Basic Information</p> <ul style="list-style-type: none"> The company's performance is generally considered quite good. Village of Loleng, Lebaho Ulak, and Rantau Hempang dominated by indigenous people of Kutai. Plantations both nucleus and plasma sourced from shurbs or shifting cultivation. During land clearing of own estate, the company has conducted socialization and negotiations with landowners. There is no coercion and the use of violence in the acquisition of land. Currently there are no cases of land disputes that occurred between the plantation and the community. There is a potential conflict because the land belongs to the Benua Puhun village used to Rantau Hempang Plasma. Around 100 hectares of land of Benua Puhun Village defined by the company as Rantau Hempang plasma. 	<ul style="list-style-type: none"> Have been in accordance with company policy & commitment Have been in accordance with company policy & commitment Have been in accordance with company policy & commitment Have been in accordance with company policy & commitment. The company will coordinate with the village board to resolve problems that arise 	<ul style="list-style-type: none"> In accordance with criteria 2.2; 5.1; 5.2; 6.1; 6.2; 6.4; 6.5; 6.8; 6.10 and 7.3.

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> Some people complain about the difficulty of being an mill worker because of the requirement that a lot. Formerly communities promised can enter only with ID cards. Some local people consider companies do not prioritize local residents to participate as a contractor in the company. Companies ever promised local residents being contractor at the time of the HGU process. The contractor in the mill deemed not to involve local residents as the workers. <p>b. Environment Aspect</p> <ul style="list-style-type: none"> There was never any issue of environmental pollution in the surrounding villages both of water and air pollution. The company is quite intense to socialize protection of conservation areas and the protection of flora and fauna in all the surrounding villages. <p>c. CSR and social</p> <ul style="list-style-type: none"> The company had a positive impact in the form of the opening of access roads, labor absorption and construction of various facilities and infrastructure including the development of smallholdings since 2006/2007. The company has always responded to each of the aspirations and grievances. Communication and consultation procedure has been understood by the public. Community and village board had no difficulty in communicate to companies because there is a public relations officer which responsible for the social issues and CSR. Management of plasma is transparent enough. Although in recent months the results of operations is always a 	<ul style="list-style-type: none"> Acceptance of workers adjusted to capabilities and expertise. Provision of employment contracts adjusted to the expertise and ability of the contractor. Local contractors have been accommodated by the company in accordance with the expertise and ability Have been in accordance with company policy & commitment. Have been in accordance with company policy & commitment. Have been in accordance with company policy & commitment. Have been in accordance with company policy & commitment. 	

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>minus, but there was no suspicion because the company is always open in terms of financial management of smallholdings. Monthly meetings with the company is doing well, companies often explain directly the financial management of smallholdings in the village meetings.</p> <ul style="list-style-type: none"> Some residents assume the existence of the Mill has not provided benefits for local residents and there is no added value for the villagers, such as no involvement of residents in waste management. There has been no increase in capacity for the local workforce and local contractor in order to become a skilled workforce or a qualified contractor. <p>d. Aspiration</p> <ul style="list-style-type: none"> Citizens expect the company remains committed to development the smallholdings and CSR although company leaders keep changing 	<ul style="list-style-type: none"> Have been in accordance with company policy & commitment. The company has attempted provide employment and business opportunities in accordance with the capabilities and expertise. The Company regularly conducts training of all parties, including labor and local contractors. The company remains committed to develop the smallholdings to the nearby village community. 	

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

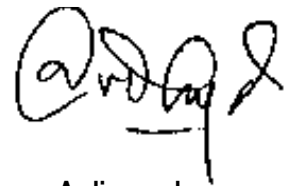
4.1 Formal Sign-off of Assessment Findings

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 Prima Mitrajaya Mandiri
&
PT Teguh Jaya Abadi
Management Representative (Position)

Mutuagung Lestari
Lead Auditor



Name
Day, date/month/year

Ardiansyah
Friday, 17/June/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	Yes
1	National Land Agency	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
2	Plantation Agency	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
3	Enviroment Agency	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
4	Labor Agency	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
5	Representative of Rantau Hempang Village	Benua Puhun Village, Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
6	Officer of Koperasi Rantau Hempang	Bunga Jadi Village, Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
7	Head of Lebaho Ulak Village	Lebaho Ulak Village, Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
8	Head of Koperasi Etam Bersama	Muara Kaman Ilir Village, Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
9	Bipartite Cooperative institution From PT. PMM & PT.TJA	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
10	Head Of Koperasi Desa Loleng	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
11	Head Of Loleng Village	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
12	Gender committee from BJE, BPM, LLE, RHE	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
13	Local contractor (Maintenance Contractor, FFB Transport, Compost Aplicator Contractor)	Kutai Kartanegara District, Kalimantan Timur Province	-	Interview	May 17 th , 2016	√	
14	WWF	Jakarta, Indonesia	indonesia@wwf.or.id	email	May 3 th , 2015		√
15	Sawit Watch	Jakarta, Indonesia	info@sawitwatch.or.id	email	May 3 th , 2015		√
16	Wahana Lingkungan Hidup	Jakarta, Indonesia	Informasi@walhi.or.id	email	May 3 th , 2015		√

Appendix 2. Assessment Program		
DATE	16 – 21 May 2016	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 16 May 2016		
06.00 – 08.00 08.30 – 16.00 16.00 – 17.00	JAKARTA → BALIKPAPAN BALIKPAPAN → SITE OPENING MEETING	ARD/ MR/ BB/ MA
Tuesday, 17 May 2016		
08.00 – 12.00	<ul style="list-style-type: none"> Stakeholders consultation to Related Government Institution (Kutai Kartanegara District Government and local NGO) Stakeholders consultation to Nearest village and community leader Review of Previous Visit Non-conformance (ST-2 dan ASA-1 RSPO) 	MA BB ARD/ MR
12.00 – 14.00	BREAK	ARD/ MR/ BB/ MA
14.00 – 17.00	<ul style="list-style-type: none"> Stakeholders consultation to Labour union (SPSI), Gender Committee and local contractor Clarification of Public Consultation and field observation 	ARD/ MR ARD/ MR/ BB/ MA
Wednesday, 18 May 2016		
08.00 – 12.00	Field Observation <u>Lembuswana Estate</u> <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, best agricultural practices and Worker Welfare (payments, complaint mechanism) Worker facilities (housing, health clinic, clean water, etc); Hazardous Waste Material (Limbah B3); Hazardous Material (B3) management and Land Fire facilities Legal operational and Conservation Area 	ARD/ MR/ BB/ MA ARD/ MA MR BB
12.00 – 14.00	BREAK	ARD/ MR/ BB/ MA
14.00 – 15.30	Stakeholders consultation to Related Government Institution (Kutai Kartanegara District Government and local NGO)	BB
14.00 – 17.00	Field Observation to <u>Bumi Permai POM</u> <ul style="list-style-type: none"> Operational station WTP, Hazardous Waste Warehouse, workshop, Chemical Warehouse. Supply Chain 	ARD/ MR/ MA MA MR ARD
15.30 – 17.00	<ul style="list-style-type: none"> WWTP, Composting area and Biogas Plant 	BB
Thursday, 19 May 2016		
08.00 – 12.00	Field Observation <u>Beringin Jaya Estate & Rahayu Estate</u> <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, best agricultural practices and Worker Welfare (payments, complaint mechanism) at Beringin Jaya Estate Manuring, Spraying, Harvesting, best agricultural practices and Worker Welfare (payments, complaint mechanism) at Rahayu Estate Legal operational and Conservation Area 	ARD/ MR/ BB/ MA MR MA ARD/ BB
12.00 – 14.00	BREAK	ARD/ MR/ BB/ MA

14.00 – 17.00	Field Observation <u>Rahayu Estate</u> <ul style="list-style-type: none"> Worker facilities (housing, health clinic, clean water, etc); Hazardous Waste Material (Limbah B3); Hazardous Material (B3) management and Land Fire facilities Legal operational and Conservation Area	ARD/ MR/ BB/ MA MR/ MA ARD/ BB
Friday, 20 May 2016		
08.00 – 12.00	Field Observation <u>Beringin Jaya Estate</u> <ul style="list-style-type: none"> Worker facilities (housing, health clinic, clean water, etc); Hazardous Waste Material (Limbah B3); Hazardous Material (B3) management and Land Fire facilities Legal operational and Conservation Area	ARD/ MR/ BB/ MA MR/ MA ARD/ BB
12.00 – 14.00	BREAK	ARD/ MR/ BB/ MA
14.00 – 15.30	Continue checklist and audit finding preparation	ARD/ MR/ BB/ MA
15.30 – 17.00	CLOSING MEETING	ARD/ MR/ BB/ MA
Saturday, 21 May 2016		
08.00 – 12.00	SITE → BALIK PAPAN	ARD/ MR/ BB/ MA
13.00 –	BALIKPAPAN → JAKARTA	ARD/ MR/ BB/ MA