

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

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

Name of Management : **Betung Factory,**
 Organisation : **PT Laguna Mandiri - SIME DARBY Plantation Sdn Bhd**
 Plantation Name : **Betung Factory, Betung Estate dan Sekayu Estate**
 Location : **Desa Betung, Sub District of Pamukan Utara, District of Kotabaru,
Province of Kalimantan Selatan, Indonesia**
 Certificate Code : **MUTU-RSPO/035**
 Date of Certificate Issue : 01 April 2014 Date of License Issue : 01 April 2016
 Date of Certificate Expiry : 31 March 2019 Date of License Expiry : 31 March 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-2	29 January – 2 February 2016	Trismadi Nurbayuto, Moh. Arif Yusni, Leonada, Panggading Hariara	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-4	28 March 2016

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Figure 1. Location Map of PT. Laguna Mandiri – Betung Factory

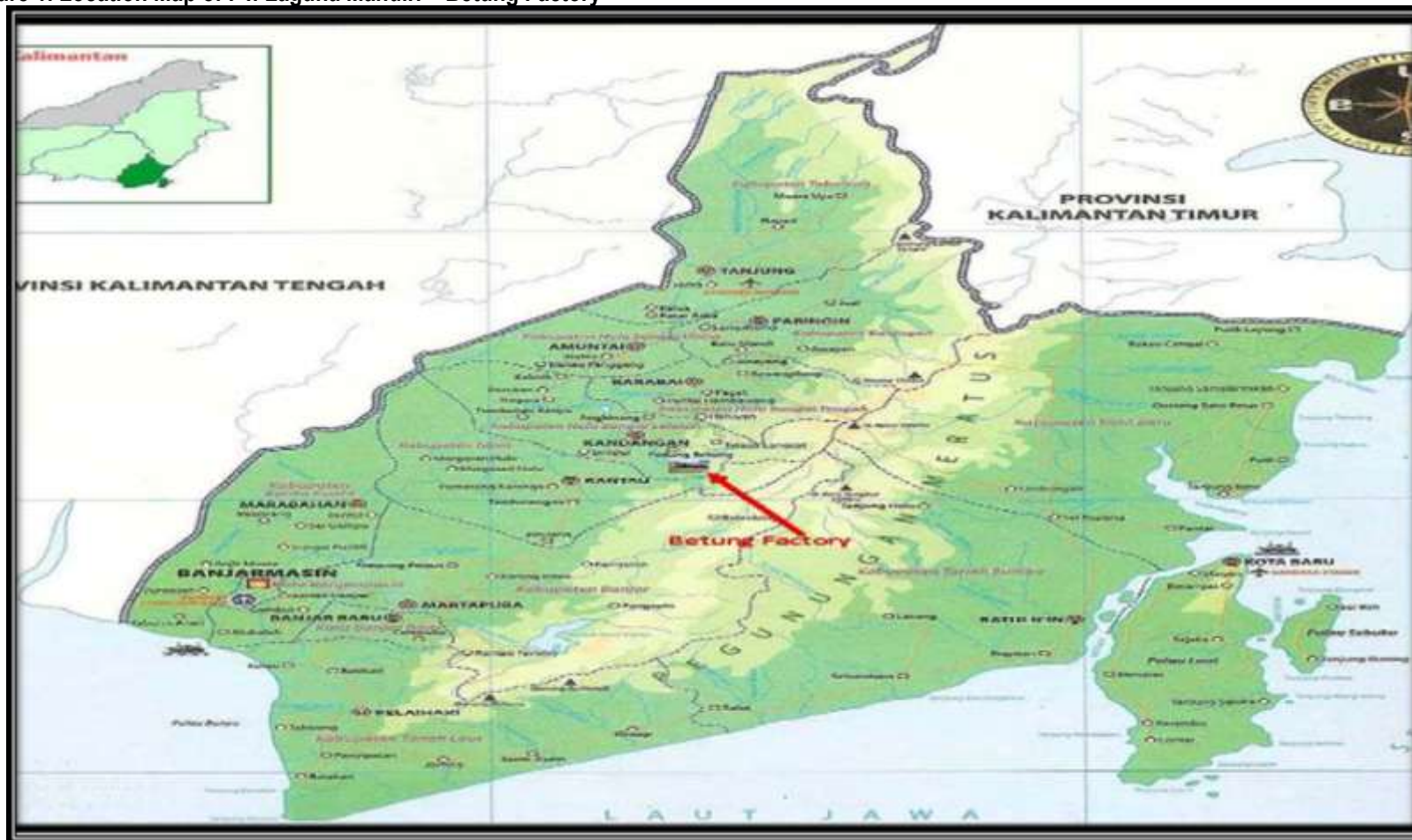


Figure 2. Operational Map of PT. Laguna Mandiri – Betung Estate

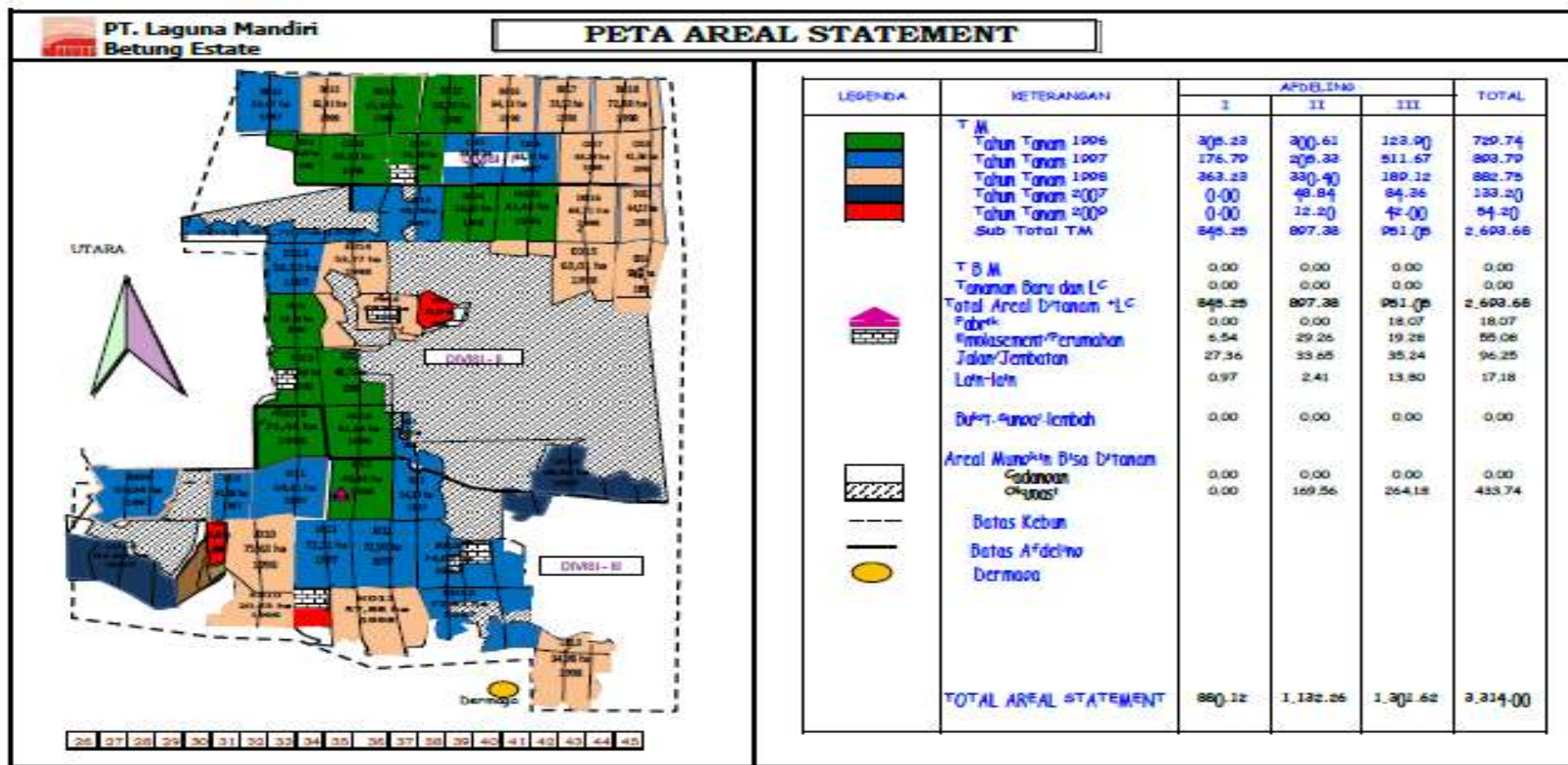
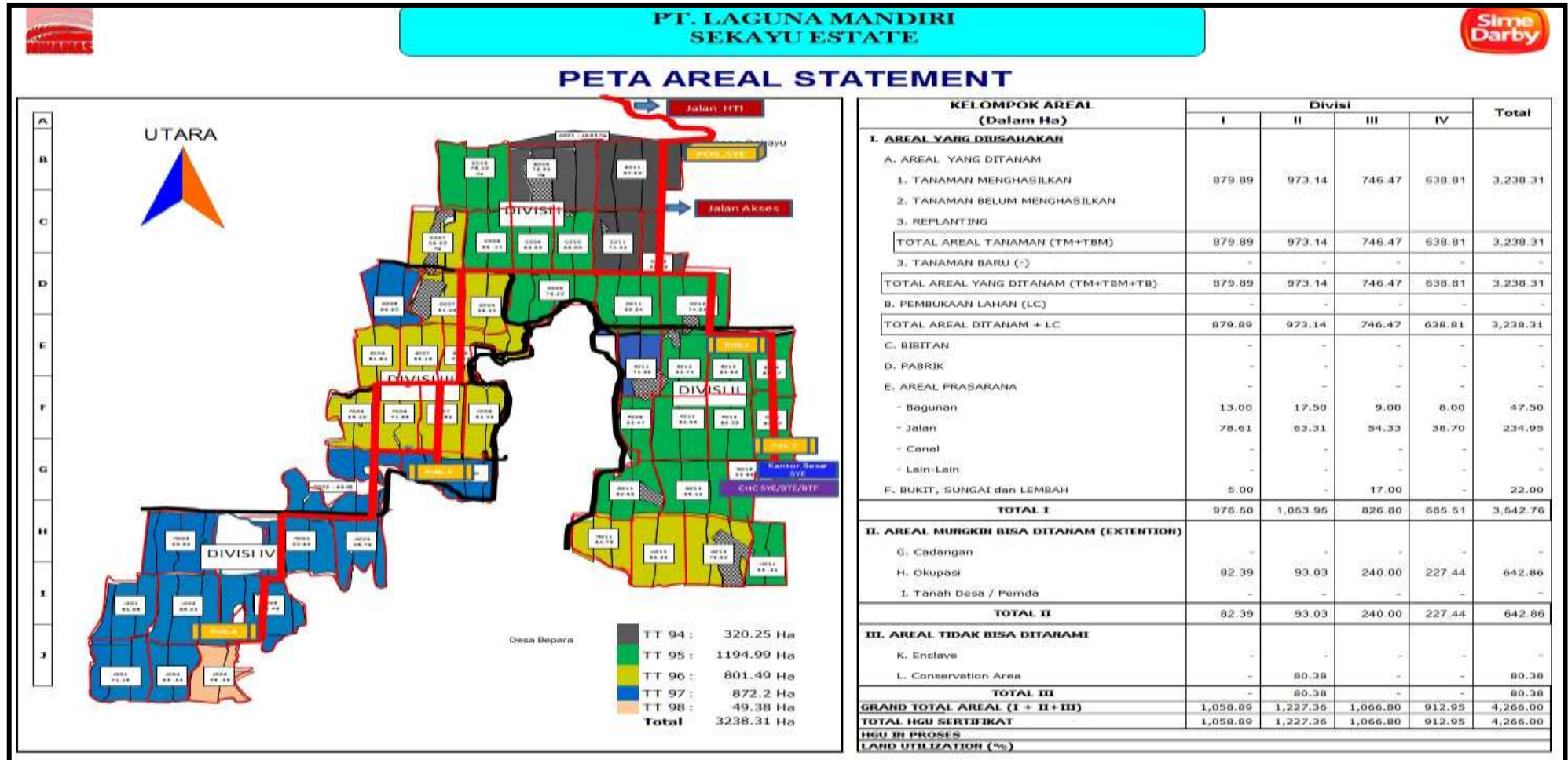


Figure 3. Operational Map of PT. Laguna Mandiri – Sekayu Estate



Abbreviations Used		
SEIA	:	Social and Environmental Impact Assessment
ARM	:	Agriculture Manuar Reference
ASA	:	Annual Surveillance Assessmnet
AMDAL	:	<i>Analisis Mengenai Dampak Lingkungan</i> (Environment Impact Assessment)
PPE	:	Personal Protective Equipment
BTE	:	Betung Estate
BTF	:	Betung Factory
BOD	:	Biological Oxygen Demand
CEO	:	Chief Excecutive Officer
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
EFB	:	Empty Fruit Bunch
FFB	:	Fresh Fruit Bunch
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> . (Land Use Permit)
HIRAC	:	Hazard Identification Risk Assessment Control
IP	:	Identity Preserved
ISPO	:	Indonesian Sustainable Palm Oil
ISCC	:	International Sustainability Carbon Certification
KER	:	Kernel Extarction Rate
LA	:	Land Application
LMI	:	Laguna Mandiri
MRC	:	Minamas Research Center
OFI	:	Opportunity For Improvement
OER	:	Oil Extarction Rate
PKWT	:	<i>Perjanjian Kerja Waktu Tertentu</i> (Certain Time Duration Contract)
PK	:	Palm Kernel
PSD	:	Plantation Services Departement
PSQM	:	Plantation Sustainability and Quality Management
RSPO	:	Roundtable on Sustainable Palm Oil
RP	:	Rock Phospate
SIA	:	Social Impact Assessment
SEIA	:	Social and Environmental Impact Assessment
SKU-H	:	<i>Satuan Kerja Upah Harian</i> (Daily wage unit)
SKU-B	:	<i>Satuan Kerja Upah Bulanan</i> (Monthly wage unit)
SOP	:	Standard Operating Procedure
SYE	:	Sekayu Estate

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used	<ul style="list-style-type: none"> • <i>RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013.</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 	
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT LAGUNA MANDIRI – SIME DARBY Plantation Sdn Bhd	
1.2.2	Contact person	Men Kon Tang	
1.2.3	Organisation address and site address	RSPO registered company: No 2, Plantation Tower Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301 Liaison Office: The Plaza Lt. 36 JI MH Thamrin Kav. 28-30 Jakarta 10350.	
1.2.4	Telephone	+62-21-29926000	
1.2.5	Fax	+62-21-29922686	
1.2.6	E-mail	mohamad.pirabaharan@sime-darby.com	
1.2.7	Web page address	www.sime-darby.com	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Minamas Plantation)	
1.2.9	Registered as RSPO member	1-0008-04-000-00, 7 September 2004	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Betung factory, Betung Estate and Sekayu 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
	Betung	Desa Betung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan	S 2° 22' 45" E 116°12' 11"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Betung Estate (BTE)	Desa Betung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan	S 2°24'16" -2°18'25" E 116°10'51" – 116°14'10"
	Sekayu Estate (SKE)	Desa Sekayu, Sub District of	S E

		Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan	2°23'19" -2°18'23"	116°06'31" – 116°11'55"
1.5	Description of Area Statement			
1.5.1	Tenure			
	• State		7,580	Ha
	• Community		-	Ha
1.5.2	Area Statement			
		Betung Estate (Ha)	Sekayu Estate (Ha)	Total (Ha)
	• Total area	3,314.00	4,266.00	7,580.00
	• Mature area	2,705.52	2,833.57	5,539.09
	• Immature / Replanting Area	-	404.74*	404.74
	• Mill	17.18	-	17.18
	• Emplishment	43.18	47.50	90.68
	• Infrastructure	114.32	158.29	272.61
	• Unplanted Area (Hills, River and Swamps)	-	22.00	22.00
	• Occupation	433.8	642.86	1076.66
	• HCV	-	157.04	157.04
	* The area has been chipping and will be plant in 2016.			
1.6	Planting Year and Cycles			
1.6.1	Age profile of planting year			
	Planting Year	Hectarage (Ha)		
		Betung Estate	Sekayu Estate	Total
	1994	-	320.25	320.25
	1995	-	1,194.99	1,194.99
	1996	741.64	801.49	1,543.13
	1997	893.73	467.46	1,361.19
	1998	882.75	49.38	932.13
	2007	133.20	-	133.2
	2009	54.20	-	54.20
	Replanting Area 2015*	-	404.74	404.74
	TOTAL	2,705.52	3,238.31	5,943.83
	* The area has been chipping and will be plant in 2016.			
1.6.2	New Planting area after January 2010		-	Ha
1.6.3	Planting Cycle		1 st Cycle	
1.7	Description of Mill and Supply Base			
1.7.1	Description of Mill			

	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Betung	45	83,498.86	19,030.88	22.79	39,869.21	4.78
	*Production data source from 12 months before assessment, period of January - December 2015						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Betung Estate	3,314.00	2,705.52	45,190.18	16.70	45,190.18	54.13
	Sekayu Estate	4,266.00	3,238.31	31,789.97	9.82	31,789.97	38.08
	Total	7,580.00	5,943.83	76,980.15	12.95	76,980.15	92.21
	*Production data source from 12 months before assessment, period of January - December 2015						
1.7.3	FFB description from other source						
	Name of sources*	Organisation	Location	Supplied to Mill			
				FFB (tonnes/year)	%		
	Sesulung Estate	PT. PSA	Sub District of Pamukan, District of Kotabaru	460.53	0.55		
	Binturung Estate	PT. PSA	Sub District of Pamukan, District of Kotabaru	746.21	0.89		
	Bakau Estate	PT. LMR	Sub District of Pamukan, District of Kotabaru	2,232.23	2.67		
	Rampa Estate	PT. PSA	Sub District of Pamukan, District of Kotabaru	1,176.68	1.41		
	KKPA Sungai Cengal**	PT. LMI&PT. PSA	Sub District of Pamukan, District of Kotabaru	30.30	0.04		
	Pondok Labu Estate	PT. PSA	Sub District of Pamukan, District of Kotabaru	555.71	0.67		
	Bebunga Estate	PT. LMR	Sub District of Pamukan, District of Kotabaru	816.00	0.98		
	TOTAL			6,504.29	7.79		
	*All Sothers Sources are RSPO Certified						
1.7.4	Product categories			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 01 April 2015 to 31 March 2016 (tonnes/year)		Actual certified product 01 April 2015 to 28 January 2016 (tonnes/year)		
	• FFB Production		119,000		79,106.35		
	• CPO Production		27,965		18,026.74		
	• Palm Kernel (PK) Production		5,626		3,709.64		
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Betung Estate	3,314.00	2,705.52	52,421	19.38		
	Sekayu Estate	4,266.00	3,238.31	36,876	11.39		
	Total	7,580.00	5,943.83	89,297	15.02		
		*Projected FFB production for 12 months of certificate					
1.8.3	Estimate of Certified Palm Product Claim						

	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Betung	45	89,297	20,360	22.80	4,465	5.00
*Projected CSPO and CSPK production for 12 months of certificate							
1.9	Other Certifications						
	ISCC			EU-ISCC-Cert-DE/100-20152304 from 29 June 2015 until 28 Juni 2016.			
	ISPO			No. MUTU-ISPO/026 9 September 2014 untill 8 September 2019			
1.10	Time Bound Plan						
1.10.1	Time Bound Plan for Other Management Units						
	MANAGEMENT UNIT		Estate (Supply Base)	Time Bound	LOCATION		
	P O M	Time Bound					
	Sekunzir. PT. Indotruba Tengah	Certified 2010	Sekunzir	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan		
			Seruyan	Certified 2010			
	Manggala. PT. Tunggal Mitra Plantations	Certified 2010	Manggala 1	Certified 2010	Rokan Hilir District – Riau		
			Manggala 2	Certified 2010			
			Manggala 3	Certified 2010			
	PT. Sime Indo Agro	Certified 2010	PT. Sime Indo Agro	Certified 2010	Sanggau District –West Kalimantan		
	Teluk Siak. PT Aneka Inti Persada	Certified 2011	Teluk Siak	Certified 2011	Pekanbaru, Siak District – Riau		
			Pinang Sebatang	Certified 2011			
			Aneka Persada	Certified 2011			
	Sungai Pinang. PT. Bina Sains Cemerlang	Certified 2012	Sungai Pinang	Certified 2012	Musi Rawas District – South Sumatera		
			Bukit Pinang	Certified 2012			
	Sukamandang. PT. Kridatama Lancar	Certified 2011	Sukamandang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan		
			Sapiri	Certified 2011			
			Baras Danum	Certified 2011			
			Kuala Kuayan	Certified 2011			
	Pemantang. PT. Teguh Sempurna	Certified 2011	Pemantang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan		
			Kawan Batu	Certified 2011			
			Hatan Tiring	Certified 2011			
			Batang Garing	Certified 2011			
	Alur Dumai. PT Lahan Tani Sakti	Certified 2011	Alur Dumai	Certified 2011	Rokan Hilir District – Riau		
	Teluk Bakau. PT. Bhumireksa Nusa Sejati	Certified 2011	Teluk Bakau	Certified 2011	Indra Giri Hilir District – Riau		
			Nusa Perkasa	Certified 2011			
			Nusa Lestari	Certified 2011			
	Mandah. PT. Bhumireksa	Certified 2014	Mandah	Certified 2011	Indra Giri Hilir District – Riau		
			Rotan Semelur	Certified 2011			

Nusa Sehati				
Angsana Mini. PT Sajang Heulang	Certified 2011	KKPA-1 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		Pantai Bonati	Certified 2011	
Angsana. PT Ladangrumpun Suburabadi	Certified 2011	Angsana	Certified 2011	Tanah Bumbu District – South Kalimantan
		Gunung Sari	Certified 2011	
		KKPA-4 PT.SHE	Certified 2013	
Mustika. PT Sajang Heulang	Certified 2013	KKPA-2 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		KKPA-3 PT.SHE	Certified 2013	
		KKPA-5 PT.SHE	Certified 2013	
Gunung Aru. PT Bersama Sejahtera Sakti	Certified 2011	Gunung Aru	Certified 2011	Kotabaru District – South Kalimantan
		Gunung Kemasari	Certified 2011	
		Laut Timur	Certified 2011	
		Pantai Timur	Certified 2011	
Bebunga. PT. Langgeng Muaramakmur	Certified 2011	Sungai Cengal	Certified 2011	Kotabaru District – South Kalimantan
		Bebunga	Certified 2011	
		KKPA Sungai Cengal	Certified 2015	
Pondok Labu. PT Paripurna Swakarsa	Certified 2012	Binturung	Certified 2012	Kotabaru District – South Kalimantan
		Pondok Labu	Certified 2012	
		Rampa	Certified 2012	
		Sesulung	Certified 2012	
Selabak. PT Swadaya Andhika	Certified 2012	Selabak	Certified 2012	Kotabaru District – South Kalimantan
		Randi	Certified 2012	
		Sangkoh	Certified 2012	
		Lanting	Certified 2012	
Rantau. PT Laguna Mandiri	Certified 2012	Rantau	Certified 2012	Kotabaru District – South Kalimantan
		Matalok	Certified 2012	
Betung. PT Laguna Mandiri	Certified 2014	Betung	Certified 2012	Kotabaru District – South Kalimantan
		Sekayu	Certified 2012	
Ungkaya. PT Tamaco Graha Krida	Certified 2012	Ungkaya	Certified 2012	Morowali District – Sulawesi Tengah
		Plasma TGK	Audited 2015	
Ladang Panjang. PT Bahari Gembira Ria	Certified 2012	Ladang Panjang	Certified 2012	Muaro Jambi District - Jambi
		Plasma BGR	2015	
Rantau Panjang. PT Guthrie Pecconina Indonesia	Certified 2012	Rantau Panjang	Certified 2012	Musi Banyuasin District – South Sumatera
		Bumi Ayu	Certified 2012	
		Karang Ringin	Certified 2012	
		Napal	Certified 2012	
		Mangun Jaya	Certified 2012	
		KKPA Sungai Pinang	2015	
Blang Simpo. PT Perkasa Subur Sakti	Certified 2013	Tamiang (PT PPP)	Certified 2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam
		Batang Ara ((PT PSK))	Certified 2013	
		Blang Simpo-01 (PT PPP)	Certified 2013	
		Blang Simpo-02 (PT	Certified 2013	

		PPP)		
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan
		MAS 1	2020	
		MAS 1	2020	
Lembiru. PT Sandika Nata Palma	Certified 2014	Lembiru	Certified 2014	Ketapang District – West Kalimantan
		Awatan	Certified 2014	
	New Development	Karya Palma	2016	
PT. Budidaya Agro Lestari	2018	Pelanjau	2018	Ketapang District – West Kalimantan
		Sungai Putih	2018	
		Baturus	2018	
<p>Sime Darby has been certified at all management unit POM in Malaysia (39 Unit management) and Indonesia (21 Unit management). There's several change's for time bound plan that cause for delayed certification process, such as: PT Mitra Austral Sejahtera, still has unfinished social issue from Serikat Petani Kelapa Sawit (SPKS), but the progress is on going.</p> <p>PT. Budidaya Agro Lestari is waiting for Surat Keputusan Rencana Tata Ruang dan Wilayah Province Kalimantan Barat. TBP for Karya Palma Estate (PT. Sandika Nata Palma) is planned on 2016.</p>				
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard			
	PT. LMI has no associated smallholders program			

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ASA-4	<p>1. Trismadi Nurbayuto (Lead Auditor). Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, Bogor Agricultural University. Specialists for Environmental Social Impact Assessment (SEIA) and High Conservation Value (HCV). Has attended several training such as: HCV, Auditor for Indonesian Sustainable Palm Oil (ISPO) training and Auditor/Lead auditor Management System Certification (ISO 9001-2008). Previously worked in the private oil palm plantations, became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO) until 2014. He has been involved in the SEIA and Identification of HCV in Plantation Company. At this assessment was observed and audit on Environment and HCV aspect.</p> <p>2. Leonada (Auditor). Bachelor of Agriculture, majoring of Agronomy, Agriculture Faculty of Bogor Agricultural University. Seven years working experience at oil palm Plantation Company in Indonesia and followed several trainings namely: Auditor Indonesian Sustainable Palm Oil (ISPO), Awareness RSPO, Lead Auditor ISO 9001: 2008 (Management System Certification), Basic Management Development Program Agronomy, Plantation Integrated Pest Management training, Training of the limited pesticide usage (pesticide commission), training of pesticide and fertilizer waste management, training of OHS Specialist. Currently he worked as an auditor at Certification Body. At this assessment was observed and audit on Best Agriculture Practices.</p> <p>3. Moh. Arif Yusni (Auditor). A bachelor of Agriculture, majoring of Plant Pest and Diseases (Plant Protection). He has a working experience in oil palm Plantation Company in Indonesia. Trainings attended namely: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training, RSPO Lead Auditor training, OHS Auditor training by Man Power Ministry, Lead Auditor ISO 9001: 2008 (Management System Certification) training course. Now he worked at Professional Certification Body. At this assessment was observed and audit on Legal, SCCS, health and Safety aspect.</p> <p>4. Panggading Hariara (Auditor). Bachelor of Social and Political Science. Experience as a social activist in Indonesia and the Commonwealth Commission on Child Protection. Attended training including ISO9001:2008 Auditor, Social Accountability 8000, Indonesian Sustainable Palm Oil (ISPO) Auditor and has several audit on sustainable palm oil certification as an auditor. At this assessment was observed and audit on Social and Worker aspect.</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-4 at site : 5 days</p> <p>Number of working days for ASA-4 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 PT Teguh Sempurna to the requirements of RSPO Principle and Criteria for The Production of Sustainable Palm Oil. Endorsed by RSPO Executive Board and Accepted at The Extraordinary General Assembly by RSPO Members on April 25th 2013 and RSPO Supply Chain Certification Standard for Organizations Seeking or Holding Certification Adopted by The RSPO Board or Governors on November 21st 2014 (Module D/E for CPO Mill)</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results 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 assesment 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	Locations of Assessment
ASA-2	<p>Audit team took sample location based on:</p> <ol style="list-style-type: none"> 1. The chosen location represents each operation area (by using $0.8\sqrt{y}$ formulation, which represents each operation area). 2. Considering the rising issues from crucial and substantial result from document's review and stakeholders' consultation. <p>The visited location such as:</p> <p>Betung Estate:</p> <ol style="list-style-type: none"> 1. Fertilizer central warehouse. The available hazardous symbols, personnel are equipped with mask, fertilizer are arranged based on the applicable procedure and ventilation condition in warehouse is in good condition. 2. BSS (Block Spraying System) House. Observation on spraying procedure, implementation of occupational health and safety procedure as well as used-pesticide package (and/or hazardous waste) management. 3. Workshop. Observation and interview with workshop personnel, personnel wear standard PPE, they also understand the potential risk and hazard due to work activity, and welder personnel have received welder certificate and periodic medical examination. 4. Chemical warehouse. First aid box and hazardous symbols are available. Personnel understand the emergency response procedure and periodic medical examination has been conducted periodically. 5. Fuel Tank. Observation on fuel tank, person in charge understands fuel-filling procedure, PPE and hazardous symbols are available and inline with the applicable regulation. 6. Fire extinguisher. Observation indicates that working tools are consist of water tank and truck, hose, pump machine, shovel and so forth. Inventory on fire extinguisher tools is conducted on monthly basis. 7. Polyclinic. Clinical waste has been managed based on the applicable regulation, interview with medical personnel indicates that paramedics followed the hiperkes training and earned license from related agencies. 8. Personnel housing, audit team-interviewed personnel regarding to facilities and infrastructure issue, conducted observation on facilities and infrastructure, which was facilitated by company. 9. Final landfill. Based on observation result, its known that domestic waste collection and disposal have been inline with company's regulation, for instance waste is collected and transported periodically to final landfill. 10. Child care, audit team interviewed personnel regarding to personnel health facilities and infrastructure. 11. HGU stake No 26, 28 and 31 which is side by side with Betung Village. The stake is in good condition and well maintained. Moreover there is no indication of management outside the permitted area. 12. HCV4 at Block K37. Auditor observed the vegetation in peat area. Moreover there is some wildlife such as: Kuntul bird and Kareo Padi bird. Based on interview result, it's known that there was field fire in September 2015 where the fire came from the outside of HGU. In addition, there is also a minute of land fire and report submission to police office. 13. Riparian of Pinang River (outside the HGU). Auditor observed the condition of riparian area, which has good vegetation. Even though the riparian area is located on the outside of HGU area, company commits to maintain the riparian of Pinang River, for instance by installing the signboard that prohibited hunting and tree cutting activity. 14. Riparian of Walen River at Block D34/D35. Auditor observes the condition of riparian area with good vegetation; there is a cultivation of mahoni tree. 15. Replanting. Replanting activity at block C35 is mechanically conducted with zero-burning approach. 16. Spraying. Block G35 spraying activity uses an active glyphosate (Audit) with a dose of 300 ml/ha. 17. Empty fruit bunches application. Block G36 with a dose of 250 Kg per tree. 18. Road maintenance. Based on field observation along visited location at block G35, H35, H36, G36, C35, J34, the road is in good condition and well maintained and can be accessed by transportation unit. 19. Beneficial plant. <i>Turnera subulata</i> is cultivated on the edge of road and <i>Antigonon leptopus</i> is cultivated at the corner of block along the visited location at block G35, H35, H36, G36, C35, J34.

20. **Harvesting.** At block H36, there were harvesting personnel who have an adequate understanding on ripe fruit criteria and based on fruit sample, its known that FFB's ripe is 100 percent.
21. **Watering. At block G35,** audit team found water tandon to anticipate dry season.
22. **Land Application (LA) Block H35 with a size of each bed 3 x 2 x 0.8 meter** with total 54 beds in each line. There is also a flow meter for monitoring the discharge of waste which applies and there is also a safety bed as much as 4 bed in case of waste overflows due to rain or overflow.
23. **Erosion stake at Block J34,** audit found erosion stake in good condition.

Sekayu Estate:

24. **Fertilizer central warehouse.** The available hazardous symbols, personnel are equipped with mask, fertilizer are arranged based on the applicable procedure and ventilation condition in warehouse is in good condition.
25. **BSS (Block Spraying System) House.** Observation on spraying procedure, implementation of occupational health and safety procedure as well as used-pesticide package (and/or hazardous waste) management.
26. **Workshop.** Observation and interview with workshop personnel, personnel wear standard PPE, they also understand the potential risk and hazard due to work activity, and welder personnel have received welder certificate and periodic medical examination.
27. **Chemical warehouse.** First aid box and hazardous symbols are available. Personnel understand the emergency response procedure and periodic medical examination has been conducted periodically.
28. **Fuel Tank.** Observation on fuel tank, person in charge understands fuel-filling procedure, PPE and hazardous symbols are available and inline with the applicable regulation.
29. **Fire extinguisher.** Observation indicates that working tools are consist of water tank and truck, hose, pump machine, shovel and so forth. Inventory on fire extinguisher tools is conducted on monthly basis.
30. **Polyclinic.** Clinical waste has been managed based on the applicable regulation, interview with medical personnel indicates that paramedics followed the hiperkes training and earned license from related agencies.
31. **Personnel housing,** audit team-interviewed personnel regarding to facilities and infrastructure issue, conducted observation on facilities and infrastructure, which was facilitated by company.
32. **Child care,** audit team interviewed personnel regarding to personnel health facilities and infrastructure.
33. **Riparian of Enten River at Block C24/D24.** Auditor observes the condition of riparian area with good vegetation; there is a cultivation of mahoni and sungkai trees.
34. **Riparian of Sekayu River at Block D28.** Auditor observes the condition of riparian area with good vegetation.
35. **HCV 1 at Block G25.** Auditor was observed sekunder forest with good vegetation, based on interview with HCV officer. The land is owned by community and has no been compensated. There are signboard about hunting ban and cutting trees ban.
36. **HCV 1 at Block B21.** Auditor was observed sekunder forest with good vegetation, based on interview with HCV officer. The land is owned by community and has no been compensated. There are signboard about hunting ban and cutting trees ban.
37. **HGU stake No 4 at block B27,** which is side by side with Sekayu Baru Village. The stake is in good condition and well maintained. Moreover there is no indication of management outside the permitted area.
38. **HGU stake No 93** which is side by side with Bepara Village. The stake is in good condition and well maintained. Moreover there is no indication of management outside the permitted area.
39. **HGU stake No 15** which is side by side with Sekayu Baru Village. The stake is in good condition and well maintained. Moreover there is no indication of management outside the permitted area.
40. **Replanting.** Replanting activity at block E2 and E3 is mechanically conducted with zero-burning approach.
41. **Harvesting.** At block G27, there were harvesting personnel who have an adequate understanding on ripe fruit criteria and based on fruit sample, its known that FFB's ripe is 100 percent.
42. **Watering. At block F29,** audit team found water tandon to anticipate dry season.
43. **Beneficial plant.** *Turnera subulata* is cultivated on the edge of road and *Antigonon leptopus* is cultivated at

the corner of block along the visited location at block F32, E30, F29, G27, E2 and E29.

44. **Nest Box at Block E29.** Auditor was observed nest box, there are evidence of mouse bone around it.
45. **Erosion stake at Block F29,** audit found erosion stake in good condition.
46. **Fertilizing at block F32,** audit found Rock Phosphate (RP) fertilizing activity with dose 1.76 Kg/plant according to fertilizer recommendation from Minamas Research Center, and the worker using a calibrated sower.
47. **Road maintenance.** Based on field observation along visited location at block F32, E30, F29, G27, E2 and E29 the road is in good condition and well maintained and can be accessed by transportation unit.

Betung Factory:

1. **Security Post.** The Security to make sure transportation unit will entered the factory area in an orderly manner and the workers using PPEs.
2. **Weight Bridge.** The clerk has understood how to work according to SOP, based on interviews known that the wage and overtime system in accordance with regulations.
3. **Loading Ramp station.** FFB grading activities, the 100 FFB samples were taken from the truck with ripe condition. The loose fruits was weighed using a shovel which has been calibrated.
4. **Processing station.** There are Health and Safety signboard, all worker use PPE according to the level of risk job. Each operator can explain the work and responsibilities in accordance the SOP.
5. **Powerplant.** There are Health and Safety signboard, all worker use PPE according to the level of risk job. Each operator can explain the work and responsibilities in accordance the SOP.
6. **Water Treatment.** Company has the WTP with water comes from dam, which located 2 KM away, for mill's processing need. WTP personnel could explain the technical guideline for WTP.
7. **Temporary hazardous waste landfill.** The temporary hazardous waste landfill has been inline with the applicable regulation, air canal is good, occupational health, safety signs are available, emergency kits, and hazardous waste is recorded in logbook.
8. **Workshop.** Workshop material is well arranged and work safety symbols are available. Moreover emergency tools like fire extinguisher and first aid box are available.
9. **Diesel fuel tank.** Diesel fuel tank is available and completed with safety container for anticipating leakage. Occupational health and safety and fire extinguisher are also available.
10. **Chemical warehouse.** Chemical warehouse is available and well arranged. MSDS is available for washing chemical material.
11. **Hydrant installation.** Hydrant is well functioning and emergency respon team understand the procedure to use hydrant.

Surrounding villages

1. **Surrounding villages (Sekayu Baru and Betung village)** based on interview related to company's contribution on local communities, pollution issues and land conflict.
2. **Internal Stakeholder (worker union, gender committee).** Interview related to company's responsibilities toward its personnel.

2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ASA-2	<p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for PT. Teguh Sampurna was held by:</p> <ul style="list-style-type: none"> 11 January 2016 public notification on Mutuagung Lestari website(www.mutucertification.com) 17 January 2016 send a consultation letter by email to NGO's (WALHI) <p>Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples:.</p> <ul style="list-style-type: none"> 26 January 2016 visit and consultation FGD with local peoples and Head of Village Sekayu.

	<ul style="list-style-type: none"> 1 February visit and consultation FGD with local peoples and Head of Village Betung.
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit (ASA-3) will be decided one year after the activities of ASA-2 (February s.d. April 2017).

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of PT Laguna Mandiri – Betung POM, SIME DARBY Plantation Sdn Bhd operation consisting of one (1) mill and two (2) oil palm estates.

During the assessment, there were one (1) Nonconformity was assigned against Major Compliance Indicator, three (3) nonconformities were assigned against Minor Compliance Indicators and eight (8) Opportunity For Improvements.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditors in form of documentation evidences e.g. (*document record/photographic/etc.*). Those corrective actions taken that consist of *three (3)* Minor nonconformity shall be verified during next assessment.

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

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is *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.	
	Company has a list of internal and external <i>stakeholder</i> , which consists of related agencies, village administrative and local communities. Company shares non-confidential information to stakeholder, which has been socialized to stakeholder, for instance on 23 rd January 2015. Stakeholder's update is conducted when there is a revision and head of administration in each management unit conducts monitoring over the revision.	
	Some information related to environment, social and legal have been periodically submitted to stakeholder, such as plantation business report, the mandatory manpower report, waste balance and hazardous waste report, environment management and environment monitoring report, guiding committee of occupational health and safety's three-month report and fire monitoring report. Report submission can be identified based on report submission receipt, such as plantation business semester 2 in 2015. Report submission to Directorate General of Plantation Agency on 19 th January 2016.	
	Company has a procedure related to information request, which is stated in SOP document number 015/LMI-PIF/10 on 01st July 2010. The SOP outlines the mechanism to answer information request from stakeholder. Moreover, company also has a procedure related to document's storage duration and response deadlie, which is stated in SOP for information request and answer No. 056/LMI-JPI/12 that was issued on 15 th June 2012. The SOP explains the storage duration for information request and response, which is 5 years.	
	Company has letter in and out book. Based on the book, in 2015, Sekayu estate did not have an incoming letter about information request. Instead, company has an incoming letter from stakeholder about grant request, which has been	

replied by company. Sample of incoming letter on 12th December 2015, with letter number 01/PPN/GPDI-BPR/XII/2015 from priest in Bepara Village on diesel fuel and oil request to lighten Christmas celebration, which has been granted by company on 23rd December 2015. Interview with local contractor, worker union and communities' representative revealed that stakeholders have understood the information request procedure and there was no written information request has been submitted to company.

Status: Full Compliance

1.2

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

Company has list of information type, which can be accessed and cannot be accessed by external party (public), which is stated in SOP No. 015/LMI-PIF/10. Type of information that can be accessed by public such as manpower social insurance receipt, personnel medical treatment invoice, public facilities for personnel, data on the implemented CSR, type of fertilizer and personnel data. All these data are available in unit management and can be accessed by stakeholder when needed. Moreover, company also has information/ document, which can be accessed by public such as budget, *financial*, legal and *Corporate license*, tender, procurement and sale.

Status: Full Compliance

1.3

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

Company has *Code of Conduct* (440/HRM-COC/07) procedure, which consists of company's commitment toward integrity code and ethical conduct on the entire operation and transaction. The document consists the compliance on normal business, no corruption, bribery and scamming. *Code of Conduct* has been socialized to the entire personnel, for instance the socialization on 23rd January 2015, which was attended by 72 personnel. This is also recognized by the union as the representative of the employees about the socialization that has delivered by the company.

Status: Full Compliance

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

Document verification result and interview with the management unit, certificate holder should present its efforts to comply the entire regulations (local, national, international) related with company's operation activities. For instance for legality aspect, company has the HGU certificate; and for environment aspect, company has the environment impact assessment study; and for manpower, company has disbursed minimum wage based on the applicable regulation. In addition, the entire regulations are kept in each unit office, for instance Sekayu Estate and Betung Estate can present the copy of Ministry of Agriculture regulation and head of National Land Agency No. 5 in 2015 related to location permit.

Certificate holder has a mechanism to ensure the compliance toward the applicable regulation, such as SOP for sustainable plantation management guideline on chapter 1.2, which explains the compliance toward government regulation and law as well as SOP on legal requirement that explains the identification mechanism toward the applicable and related regulation. In order to ensure compliance toward the applicable regulation, certificate holder could present the evaluation result on legal compliance and obedience toward the applicable regulation within company's operation area. The evaluation is conducted periodically every year based on the requirement from PSQM team.

Certificate holder has notes on regulation's revision, which has to be implemented by company. Some sample of company's efforts to comply the applicable regulation such as the revision on standard duration for hazardous waste storage based on law No 101 in 2014 regarding the management of hazardous and poisonous waste management as well as the involvement in ISPO certification based on Ministry of Agriculture Decree No 11/OT.140/3/2015 on ISPO implementation.

Status: Full Compliance

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.

Company owns and manages land as stated in the previous audit findings. Untuk the ASA-2 activity, company never expands or change its land ownership document. Company owns a 15,300 hectare land, which covers the entire PT LMI (Rantau Estate, Matalok Estate, Betung Estate and Sekayu Estate) area, meanwhile the broad of operation area in Betung Estate and Sekayu Estate is 7,580 Ha based on the scope of RSPO certificate.

Periodic examination on HGU stake's condition every year by estate manager. Based on field visit in Sekayu Estate at stake No 15 (small stake), stake No 4 (huge stake) that side by side with Sekayu Baru Village and stake No 93 (small stake) that is side by side with Bepara Village as well as in Sekayu Estate at HGU stake No 26, 28 and 31 (entirely is huge stake) that located side by side with Betung Village, where legal boundary stake is in good condition and well maintained and there is no indication of company's operation outside the permitted area. However, based on document verification, the color of some stake have been worn out and covered by bushes. Subsequently, company is encouraged to continuously maintain the entire legal boundary area (**OFI 01**)

Based on document's review in statement area and interview with local communities in Betung and Sekayu Village, there is no indication of an on-going land conflict between company and local communities. The entire area have been converted into plantation area by government in 1995 and has been paid to local communities who plan the area. Moreover, interview with management revealed that - the HGU area, which belong to local communities and could not be compensated – company did not forced local communities to surrender their land to company. Total enclave area at BTE and SYE is 1,076.66 ha, which has been excluded from HGU area of PT LMI.

Major 2.2.2 | **Status: Opportunity For Improvement**

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.

Social survey docuemnt in Social Impact Assessment (SIA), which was drafted by PT. LMI also indicates that there is no traditional/ indigenous right within PT. LMI operation area. Land ownership is entirely belong to individual or belong to state. The evidence of communities' land release have been well documented and well stored by company's legal department (PSD).

Company can present a complete document over land compensation in a form of: minutes of land compensation with previous occupant, which is known by head of village and head of sub-district, land release letter, acknowledgement letter and invoice. Until ASA-2 activity, company did not expand its operation area, and the latest land compensation has been conducted in 1999.

Status: Full Compliance

PRINCIPLE #3 Commitment to long-term economic and financial viability
3.1

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

Based on analysis on mill's processing budget, its known that mill's processing plan has followed estate production budget since estate only accept FFB from nucleus estate (Betung and Sekayu Estate) with FFB projection in 2016/2017 was amount 97,361 ton, OER: 23.75% dan KER: 5.00%. Processing cost forecast for mill until 5 years ahead was between IDR. 600 and IDR. 700 per ton CPO. In order to ensure company's liability, company conducts financial audit by public accountant: Tanudiredja, Wibisana, Rintis and partner on 30th June 2015, financial report is normally attached with no exception.

Company has a long-term replanting plan, for instance in Betung Estate and Sekayu Estate for period 2015/2016 have a plan to replanting 424.76 ha and 404.74 ha. Until January 2016, chipping have been implemented in each Betung Estate: 195.65 ha and Sekayu Estate: 212.28 ha. Based on field observation at block E1-E3 (Sekayu Estate) and Block C34-C35 (Betung Estate), both estates have conducted mechanical chipping activity with zero-burning approach.

Status: Full Compliance

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Company has SOP for estate from land clearing to harvesting, which is stated in agronomy manual reference for palm oil cultivation No. 110/EST-ARM/13 on 01st September 2013 that has been signed by Head, Plantation Upstream Indonesia Minamas. Document SOP has been distributed on 16th September 2013 to the entire estate and mill's manager. Moreover, company has a procedure for FBB acceptance to CPO and kernel *dispatch* as stated in technical guideline for palm oil mill chapter I and II, Minamas Plantation on 30th April 2007.

Operational procedure has been socialized to the entire personnel based on their work unit. Based on field visit on Sekayu and Betung Village during the harvesting and spraying activity, auditor found that personnel could demonstrate work procedure based on the applicable regulation. During the field visit, mill's personnel such as *weighbridge* operator, grading operator, boiler operator, water Treatment Plan operator could explain their duties and responsibilities based on the applicable work procedure.

Company has SOP for document development, number (023/LMI-PDS/10), which has been approved on 1st July 2010. The SOP covers mechanism for SOP development and appointment of person in charge as well as the available SOP. Monitoring on SOP implementation has been described in sustainable plantation management guideline (724/TQEM-SPMS/09), which has been approved on 27th August 2010. Chapter VII implementation and monitoring explains the implementation of internal audit, external audit, management evaluation, evaluation level, evaluation response and procedure revision. Person in charge on audit and evaluation has an adequate competency as required by company.

The implementation of operation activity has been documented on daily, monthly and annually basis, for instance report in December 2015 for Sekayu Estate, which is stated on planted area, replanting implementation, production and maintenance that further being evaluated related to monthly work achievement. Based on field observation in Betung and Sekayu Estate on harvesting and spraying activity, it's known that field supervisor records daily work achievement, followed by its documentation in estate office. Similar activity is also conducted in Sekayu Mill, where the *weighbridge* clerk records the daily weighbridge result in each transport unit, and grading clerk records the daily grading result.

Company conducted internal audit for company's operation such as in Betung estate that is presented in paper work on audit summary/ *Lembar Kertas Kerja Kesimpulan Pemeriksaan* for period semester II 2014/2015 on 23rd March 2015, where some findings cover the financial, administrative, logistic, *workshop*, plantation maintenance, harvesting and FFBs transportation aspect. Company has followed up the findings on 2nd April 2015. Operational audit in Sekayu estate was conducted on 17th – 23rd November 2015 with some findings such as harvesting maintenance and harvesting quality. Moreover, company also conducted audit in mill, which was conducted by Mill Advisor based on field visit on 9th – 10th June 2015 where company has followed up some findings such as tools' security and structure of general maintenance in September 2015.

Betung Mill has documented the entire accepted-FFB in FFB acceptance document. The document explains the total of accepted-FFB (tonnage). The document explains the total of accepted-FFB and the source of FFB (sender). Based on document's review and interview with management, it's known that Betung Mill does not purchase FFB from third party and the entire FFB comes from company under the management of Sime Darby SDn Bhd.

Status: Full Compliance

4.2

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

Company has SOP related to fertilization as stated in *Agriculture Manual Reference* (ARM) No. Policy 110/EST-ARM/13 Chapter 8 regarding the fertilization of palm oil cultivation that covers: fertilization technic, empty fruit bunches application and compost application on un-productive plantation and productive plantation, the placement of fertilizer and fertilizer application by '*focal feeding*' on *inland marginal* soil.

Implementation of SOP is periodically monitored by operation audit or *Plantation advisory*. Beside, supervisor and

assistant supervise the implementation of fertilization activity and manager re-evaluated the activity. Field visit in Sekayu estate block F32 revealed that fertilization activity was using a dose based on fertilizer recommendation. Moreover, supervisor records the result based on actual work achievement on that day.

Implementation of fertilization for period July 2015 – June 2016, such as:

Estate	Type of fertilizer							
	NK Blend		RP		Kieserite		HGFB	
	Bgt	Act	Bgt	Act	Bgt	Act	Bgt	Act
Sekayu	2214.19	1306.77	0	0	296.32	62.85	27.43	27.43
Betung	1950.77	1550.00	472.14	287.00	270.58	0	20.01	15.00

The fertilization report has been inline with the second plantation business report. According to field visit in Sekayu estate, audit team found fertilization activity by using *Rock Phosphate (RP)* with a dose of 1.76 Kg per tree based on fertilizer recommendation. Moreover, fertilization personnel were using spreading tools such as plastic cup, which has been periodically calibrated.

Company conducts soil analysis through semi detail soil survey by research department of Minamas Plantation. Semi detail soil survey was conducted in 2005 (soil survey in Sekayu and Betung estate in 2005), which covered information on soil type and land class suitability based on fertility level and topography. Apart from that, semi detail soil survey has been conducted in Sekayu estate between February and June 2010 and revealed that the topography of estate is dominated by dully area, hilly area, and area with sloping more than 40% does not exist. Survey detail for Betung estate has been conducted from July to November 2010 and revealed that the domination of date is rolling area (55.2%) and hilly area (39.2%) yet there is no sloping above 40%.

Company takes leaf sampling annually for fertilizer recommendation in next period. Leaf sampling then being analyzed by MRC (*Minamas Research Centre*) in Riau Province. The measurement on Nitrogen, Phosphor, Kalium, Magnesium and Boron element. Research team analyses the composition of organic material from plantation (Nitrogen, Phosphate, Kalium, Magnesium, Boron and Carbon) in order to issue fertilizer recommendation for the next year. For instance, leaf analyses in Sekayu Estate: *Test Report* No. P49/2015 sampling date on 21st May 2015, issued on 7th July 2015. Betung Estate: *Test Report* No. P47/2015 sampling date 21st May 2015, issued date on 7th July 2015. Company can present soil analysis result by environment research center from university of Lambung Mangkurat, for instance soil analysis result No. 287/UN8.2.1/PL/2015.

Company is recycling the nutrient by applying empty fruit bunches and liquid waste from mill, which is presented in the monitoring of liquid waste application for period 2015, sample of liquid waste application in December 2015 was 13,383 M³. Meanwhile for empty fruit bunches application for period July – December 2015 for Sekayu estate was 3,762.32 ton and Betung estate 3,120 ton. Company is also recycling replanting residue, which can be seen from field visit in replanting area of Sekayu estate block E 2, 3 and Betung estate block C34, 35, 36. Company replants estate by using chipping method with zero-burning approach. Hence the chipped-palm oil tree will be arranged in the field.

Audit team found empty fruit bunches and liquid waste during the field visit in Sekayu estate block F29 and Betung estate block G35. Empty fruit bunches with a dose of 250 Kg per tree, moreover the application of mill's liquid waste was also found in Betung estate block H35 with each *bed* size is 3 x 2 x 0.8 meter with total 54 beds in each line. There is also a *flow meter* to monitor the applied-waste debit and 4 safety beds are available to anticipate waste overflow due to rainy season.

Status: Full Compliance

4.3

Practices minimize and control erosion and degradation of soils.

Company has marginal soil map with a scale of 1: 50,000. The map divides Sekayu estate into five soil series and Betung estate into seven soil series. Moreover, company also presents land class map with a scale of 1: 50,000 where the company's area is divided into 4 class, such as S2 class: dry and erosion, S3 class: dry and erosion, S3 class: dried

narrow-solum and erosion, S2 class: dry and flooding.

Company has the protection policy over sloping area and river flatbed area, which is SOP number 724/TQEM-SPMS/09 on 27th August 2010 that was approved by CEO. This SOP consists a procedure for protecting sloping area, such as:

- Soil in estate area with sloping about >40% for subsidiary land and not for cultivation. If this area has vegetation, hence company will maintain the vegetation and it is recommended for the area to be cultivated with forest vegetation.
- For flat to undulating area about <40%, at the beginning of erosion and surface flow prevention, company will cultivate nut vegetation.

The guideline for measuring soil erosion is stated in SOP for Soil Erosion management No. 008/LMI-PSE/2012 that has been approved on 16th December 2012. The SOP explains the standard criteria for soil damage on biomass production with an objective to measure soil erosion in order to collect information of soil physical lost on some soil condition and to collect information on the effectiveness of soil conservation activities. The measurement method for soil erosion is using the erosion stake, which is made from iron bar and monitoring is conducted with a monthly basis such as by observe the position of land surface as stated on erosion stake's number scale. Subsequently, the change on soil surface's height will be collected.

Company presents land sloping map with a scale of 1: 50,000 from Sekayu estate that can be divided into four sloping category, such as slope 0 – 3% (flat) for about 21 Ha, slope 3 – 8% (undulating) 1,714 Ha, slope 8 – 15% (rolling) 275 Ha, slope 15 – 30% (hilly) 1,263 Ha. Betung estate is divided into four sloping area, such as slope 0 – 3% (plat) for about 23 Ha, slope 3 – 8% (undulating) 1,512 Ha, slope 8 – 15% (rolling) 121 Ha, Slope 15 – 30% (hilly) 1,082 Ha. Moreover company monitors erosion by installing erosion stake in some field locations. This can be proved during field visit in Sekayu esate block F29 and Betung estate block J34. Based on monitoring on erosion stake in 2015 in Sekayu estate, there are 7 spots of erosion stake in Betung estate in 2015 where there are three erosion stakes with the average of 0.32 mm, 0.48 mm, and 0.32 mm.

Company has road maintenance plan and road pavement plan for period July 2015-June 2016. Road maintenance plan and its implementation has been stated on grader allocation table and road roller like in Sekayu estate with implementation or about 130,103 meter and Betung estate 366,275 meter. Moreover, company also paves road with rock, for instance in Sekayu estate 3,000 m³ and Betung estate 4,500 m³. Based on field observation along sample location in Sekayu estate block F32, E30, F29, G27, E2, E29 and Betung block G35, H35, H36, C36, J24 road is well maintained and some spot have been paved and can be passed by FFB's transportation unit.

Based on semi detail soil survey, there is no peat land area within company's operation area. Company has strategic program to solve the sloping problem by reducing erosion and run off, improving soil fertility and manging the fertilization. Company has a program to establish terrace for replanting area, such as for Sekayu estate, which is managing in 2016 and covers an area for about 404.74 Ha. There is also cultivation of nephrolepis until December 2015 that covers 2,102 hectare. Apart from that, company also develops silpit and until December 2015 there are 28,306 units silpit in Sekayu estate and 22,426 units in Betung estate. Field visit in Sekayu and Betung estate revealed that company cultivates nephrolepis crop as part of its effort to reduce erosion, in addition company also builds watering dam to anticipate dryness on area with certain slope during dry season like in Betung estate block G35.

Status: Full Compliance

4.4

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

Company has identified water source and established water source distribution map with a scale of 1:50,000, the water sources distribution, such as: Walen River (Betung Estate), Enten River, Sekayu River (Sekayu Estate) and water dam

in Betung mill. The implementation of water source management such as: the cultivation of hard-wood crop in riparian area, the installation of HCV signboards and the prohibition to apply chemical material along riparian area as well as conducting socialization on prohibition to apply chemical material to personnel.

Based on field visit to riparian area of Walen River at Block D34/D35 Betung Estate and SS Estate at Block C24/D24; SS Sekayu at Block D28 Sekayu Estate revealed taht company has protected riparian areas by installing sign board for riparian area, establishing boundary for SS area: by painting palm oil tree with a round yellow paint, cultivating vacant area with forest crop or vertiver grass, prohibiting fertilizer application along riparian area, cleaning disc manually. The utilisation of water for FFB's management in Selabak Mill has been efficiently conducted and based on the monitoring result, the average water ratio is 1.15 m3/ton, which is under the water utilization budget in 2015 such as 1.70 m3/ton FFB.

Selabak Mill applied liquid water to land according to permit letter from Kotabaru Reagent No. 188.45/884/KUM/2014 that has been set on 5th December 2014 and valid for 5 years. One of the monitoring activities was monthly monitoring of liquid waste BOD. The monitoring result for period October – December 2015 revealed that the entire BOD is under standard quality that was set by government based on Ministry of Environment Decree No. 28 in 2003. Field observation shows there are 12 IPAL pond that consists of Deolog Pond, Cooling Pond, Acidification Pond 1-2, Anaerobic pond 1-4, aerobic pond 3-1, aerobic pond (LA). Flow meter in the last pond is in a good condition. Thus liquid waste from processing activity will be flowed to land application by using pump to block J35, J36, I34, I35, I36, I37, H33, H34, H35, H36 and H37. The observation also reveals that there is no leakage in IPAL pond or in Flat bad land application at block H35.

Status: Full Compliance

4.5

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

Company holistically manages pest and disease, such as by conducting periodic early warning system on pest and disease attack. In 2015, based on pest and disease management result in Sekayu and Betung estate, there is no pest and disease attack from: termite, Ganoderma, Orytes rhinoceros, Tirathaba, rat and boar. Leaf eater census in Sekayu estate shows that there is no fire caterpillar attack with a heavy category in January 2015, furthermore, company makes a management follow up action by using the fogging and trunk injection method. The attack trend is declining, where until July 2015 there is no more attack. However in December 2015 there was heavy attack in Betung estate and company conducted fogging and trunk injection activity. The result of this action has not been evaluated and it is necessary to be certified on the next surveillance activity (OFI).

Company holistically manages pest and disease by developing biological management, such as cultivating host plan as a natural predator of leaf eater caterpillar and breeding owl as natural predator of rat. For instance in Betung estate, there is a cultivation of Turnera subulata 249,417 meter and installation of 55 owl barn hut with the occupation level remains 0%. This finding becomes the observation object to improve owl-breeding program as one of company's efforts to control rat attack. (OFI).

Based on field visit, its known that company has developed natural/ biological predator such as owl and beneficial plant, the application of barn hut can be seen in Sekayu estate at block E29. Meanwhile the Beneficial plant such as turnera subulata has been cultivated in the edge of road and Antigonon leptopus in the corner of block along visited location in Sekayu estate at block F32, E30, F29, G27, E2, E29 and Betung estate at block G35, H35, H36, C36, J34.

Company gives training to its personnel related to holistic pest and disease management on 3rd April 2015 in Sekayu estate, which was attended by 8 personnel, and in Betung estate on 4th February 2015, which was attended by 8

personnel. Moreover company also provided training related to safety work procedure by using pesticide, such as on 19th December 2015 that was attended by 11 personnel. During field visit the employee is admitted that they have followed spraying technical training held by the company.

Major 4.5.1	Status: Opportunity For Improvement
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4.6

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

Company has a work procedure related to chemical material like spraying and pest and disease management. This procedure is stated in Agricultural Manual Reference (ARM) No. Policy 110/EST-ARM/13. Company applies pesticide three times a year based on target in the field. The used-pesticide has been registered in pesticide commission. Based on field observation in Sekayu estate block E30, audit found that the spraying activity by using pesticide with an active glyphosate material for controlling narrow leaf weed in disc area and harvesting path.

Company controls weed by using chemical material with three-rotation in a year. Weed control such, as disc spray has been selectively conducted based on field condition. Based on pesticide utilization, it's known that there is a declining on pesticide utilization. For instance pesticide utilization in 2015 at Sekayu estate was 0.39 liters per hectare (0.04 liter per ton FFB), meanwhile for Betung Estate 0.21 liter per hectare (0.02 liter per ton FFB).

Company minimize the utilization of pesticide, such as by holistically controlling pest and disease and applying pesticide preventively and implementing the early warning system, moreover, company also implements the biology pest and disease control, such as by developing barn hut owl box and beneficial plant: based on field visit, its known that company has developed biological pest and disease management such as owl, beneficial plant, application of barn hut owl box in Sekayu estate at block E29. Meanwhile Beneficial plant such as turnera subulata has been cultivated on the edge of road and Antigonon leptopus was cultivated in the corner of block along the visited location in Sekayu estate block F32, E30, F29, G27, E2, E29 and Betung estate block G35, H35, H36, C36, J34.

Company has a complete list of pesticide, which is included in World Health Organization category with class 1A or 1B, or stated in Stockholm or Rotterdam convention. The list is attached in attachment 2 SOP sustainable plantation management guideline No. Policy 724/TQEM-SPMS/09 that was issued on 27th August 2010. Company does not use pesticide with paraquate active material and pesticide that categorized in class 1A or 1B. This application is highlighted in company's policy not to use paraquate, such as memorandum from Head of Plantations Operation (number: POD-UM-127/X/2008, on 4th November 2008) related to recommendation of substitution for an active paraquate-Gramoxone within Minamas area. Moreover company also has a prohibition on ratgone/brodifacoum utilization from Plantation Advisory on 16th-18th July 2013. This has been acknowledging by supervisor and spraying personnel during field visit in Sekayu estate, that company does not use pesticide with an active paraquate material.

Company minimizes operation activity, which uses pesticide, such as providing spraying training to minimize the negative impact of pesticide utilization activity, such as spraying training, including safe work procedure for personnel on 10th June 2015 that was attended by 10 personnel in Sekayu estate, while Betung estate on 28th January 2015 that was attended by 11 personnel. Moreover, company also has the SOP for spraying PPE's utilization number (008/SAA-APS/10) that was approved on 18th June 2009. The entire pesticide applicators must wear PPE that has been provided and required by company as stated in spraying PPE's handover in Sekayu estate that consists of apron, rubber gloves and mask on 19th January 2016 and in Betung estate on 25th January 2016 that consists of apron and rubber gloves that has been received directly by related personnel.

Based on field observation in Sekayu and Betung estate, the spraying personnel wore PPE based on the applicable regulation and supervisor always ensures the completeness and condition of PPE. After work, PPE should be washed

and kept on the available warehouse. Spraying personnel acknowledge that they received training on spraying technic and they could demonstrated the safe spraying technic such as not against the wind blow.

Company has a safe spraying work procedure, beside company also has MSDS (Material Safety Data Sheet) for each pesticide that explains the storage and management direction, early treatment on exposure/ accident (firs aid), risk identification, direction for leakage and spill over, PPE, physical and chemical characteristic, reactivity and stability, toxicology information, ecological information, waste disposal and transportation.

Related to pesticide utilization dose, company refers to dose recommendation that is stated in each pesticide label and document examination reveals that pesticide utilization has been inline with the recommended dose. In order to ensure the utilization of pesticide based on the target, company has identified type of weed and type of management. Document verification and field visit also reveals that he used-pesticide has been inline with target and type.

Based on field observation in Sekayu and Betung estate, its known that spraying personnel wear PPE based on the applicable regulation and supervisor always ensures the completeness and condition of PPE before the work gets started. After work, PPE should be washed and kept on the available warehouse. Spraying personnel acknowledge that they received training on spraying technic and they could demonstrated the safe spraying technic such as not against the wind blow.

Based on document's review related to pesticide application and interview with spraying personnel and communities representative, there is no information states that company applies pesticide through air.

Company provides periodic training for personnel related to pesticide utilization and management based on technical direction and safe work procedure. However, company does not deliver training for smallholder because company does not have the plasma plantation scheme now. For instance, training for personnel related to pest and disease management – training on fire caterpillar management - on 3rd April 2015 in Sekayu estate, which was attended by 8 personnel, Betung estate on 4th February 2015 that was attended by 8 personnel. Company also delivered training related to safe work procedure on pesticide utilization, such as on 19th December 2015 that was attended by 11 personnel.

Company has the SOP for pesticide package storage number 014/LMI-IKPBP/2012, field observation on pesticide warehouse at Betung Estate and Sekayu Estate reveals that company has comply the latest standard practice such as: MSDS is available, sufficient lighting and air circulation is good. Moreover, field observation in Block Spraying System (BSS) house revealed that there is a warehouse for storing personnel clean uniform, tools washing station, body wash facility and chemical mixing station.

The management of used-pesticide package from Sekayu Estate and Betung Estate is by sending the hazardous waste to temporary landfill in Betung mill, hence on 25th January 2016 will be sent to temporary hazardous waste landfill in Rantau Mill (PT. LMI). There is minutes of hazardous waste handover from Betung Mill to Rantau Mill of PT. LMI, which consists of jar 20 ltr: 41 Pcs, jar 5 ltr: 94 Pcs, metaprima package 250 gr: 465 Pcs, Dalopir package: 267 Pcs, Lancer package 1 Kg: 217 Pcs, and decis package: 102 Pcs. Hazardous waste in temporary Rantau mill waste landfill will be transported by licensed transported, PT. Sinar Bintang Albar, on 28th January 2016 with a detail of used-oil: 4,200 liter (manifest no. AGU 0000351), used-accu: 13 Pcs (AGU 0000352), used-filter: 202 pcs (AGU 0000353), used-chemical packages: 6 pcs of can drum and jar 41 Pcs (AGU 0000355) and used-TL bulb: 67 Pcs (AGU0000356).

Document's verification result and interview with spraying personnel reveals that company has periodically examined personnel health and the latest medical examination was conducted in December 2015 in a collaboration with Mandiri Healthy Care laboratory in Kotabaru in a form of Cholinesterase, Spirometri and physical examination result indicates

that the entire personnel are healthy and fit to work. They also explain that they never get illness caused by pesticide effect like itchy and skin irritated.

Based on field interview with spraying personnel, It's known that there are no pregnant or lactating female personnel who work to apply pesticide. Beside, it's known that pregnant and/or lactating female personnel are prohibited to work with chemical material, which can negatively affect baby and infant.

Status: Full Compliance

4.7

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

Until the implementation of Audit ASA 2 there is no revision related to occupational health and safety policy within PT Laguna Mandiri. Based on field visit, it's known that company has installed occupational health and safety signboard, environment health and safety, occupational health and safety training or safe work practice for personnel. Moreover, company also has complied the occupational health and safety tools.

Until the implementation of audit ASA-2 there is no revision on Hazard Identification Risk Assessment Control (HIRAC) document. The document explains the entire risk potential aspect in estate and mill as well as its preventive actions. HIRAC document has been socialized to the entire personnel through morning *briefing* before work activity gets started and being installed in warehouse, BSS house and mill's area. Based on interview with estate and mill's personnel, it's known that personnel can explain the potential risk from work activity along with its preventive actions. Based on field visit, company has reviewed the potential hazard source in fuel filling station in Sekayu Estate along with the necessary management actions (OFI 03)

Company could present the record for training activity related to occupational health and safety training program and the implementation of occupational health and safety in estate and mill. Interview result with estate and mill's personnel revealed that training for improving personnel understanding and skill has always been delivered through morning briefing and emphasizing the occupational health and safety aspect. Based on field visit and interview with personnel, it's known that the management unit provides PPE for personnel, for instance, company provides PPE for harvesting personnel, such as safety shoes, helmet, glove's. However company has a chance to re-evaluate the suitability of PPE with the established potential risks (OFI 04).

Based on document's verification and interview with management unit, its known that company has established guiding committee of occupational health and safety organization in order to ensure the occupational health and safety policy will be properly and effectively implemented. Guiding committee of occupational health and safety organization has earned an approval from Manpower and Transmigration Agency of Kotabaru. Document's verification reveals that the management unit has submitted the guiding committee of occupational health and safety report periodically every three-month to Manpower and Transmigration Agency of Kotabaru. The guiding committee of occupational health and safety's report covers the entire occupational health and safety's, such as: recommendation from guiding committee of occupational health and safety, work accident investigation result, recapitulation of work accident, guiding committee of occupational health and safety report, personnel medical examination result, minutes of guiding committee of occupational health and safety monthly meeting.

Company has a procedure for emergency, for instance SOP for emergency, SOP for fire management and response. Field visit to housing and mill indicates that company set the evacuation path and completes it with map, other sign as well as sufficient *signboard* in order to make the evacuation process easier in case of emergency. During the field visit to mill, warehouse and workshop, it's known that division office provides first aid box, which has been monitored periodically. Meanwhile for operation activity in the field, supervisor has been equipped with first aid kits. Moreover, during the interview, supervisor states that they received first aid training and understand the first aid mechanism and procedure in case of accident occurrence.

During the period of 2015 in the company never happened fatal work accidents, it is supported by the data from work accident reports submitted to Labor and Transmigration Agency of Kota Baru district. All employees have also been included in the program of Social Security Agency of Labor and Health.

The management unit has consistently monitor work accident and made a complete report on: month of occurrence, number of case, accident location, type of accident, impact, lost hour, causes, follow up action and result. Monitoring on work accident is conducted in a monthly basis and will be discussed in guiding committee of occupational health and safety monthly meeting.

Major 4.7.2	Status: Opportunity For Improvement
Major 4.7.3	

4.8

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

Company has a training program for period 2016, which consists of RSPO, ISPO understanding, ISCC understanding, hazardous management, hazardous waste management, training for welder, first aid training, guiding committee of occupational health and safety, risk management, HCV, pest and disease control and SIA. The training program was developed based on training need analysis by PSQM.

Company has training record for personnel in each unit (in a form of personnel file). Based on interview with personnel in estate and mill, it's known that personnel participated in training based on their position.

Status: Full Compliance

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

5.1

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

PT LMI (Betung and Sekayu Estate) has the environment impact analysis document, which covers the environment impact analysis (AMDAL) document, environment management plan document and environment monitoring plan document for study scope such as:

- Estate area; company has environment impact assessment document, which has been approved by the Agribusiness Bureau of Agriculture Departement through an approval letter No. 008/ANDAL/BA/II/1995, on 27th February 1995, which is drafted by PT. ANIMA REKAYASA PERKASA, Jakarta. Meanwhile for estate location in PT. Laguna Mandiri, PT. Langgeng Muara makmur, PT. Paripurna Swakarsa and PT. Swadaya Andika, the maximum capacity of each mill is 60 Ton FFB/Hours.
- Betung Mill; betung mill is the second-mill in PT LMI and has the environment impact assessment document (ANDAL, RKL & RPL) that has been approved by the evaluation committee and technical team of environment impact assessment/environment management plan and environment monitoring plan in Kotabaru District No. 660/22/BLHD-AMDAL, on 20th August 2010, which was drafted by Forestry faculty of Lambung Mangkurat University in Kalimantan Selatan and mill's development plan within PT. Laguna Mandiri area with a broad of 20 Ha, and capacity of 60 Ton FFB/Hours that has been signed by Kota Baru Reagent based on approval letter No.188.45/293/KUM/2010 on environment appropriateness for palm oil mill' developemnt in Pamukan Utara, Sub-distrit, Kotabaru District, Kalimantan Selatan Province by PT. Laguna Mandiri.

Aksenta has conducted Social Environment Impact Assessment over the replanting activity on 9th – 11th February 2015 by involving related stakeholders (local communities and personnel). Some potential impact from replanting activity, such as:

- The opening of land cover as an impact of tree cutting that will speed up the erosion flow and flood runs off.
- The opening of land covers and changing the ecosystem drastically from old palm oil ecosystem to open land ecosystem.
- Social impact recipient from replanting activities consists of two groups, such as: company's personnel who work on the replanted location, especially harvesting personnel and local communities.
- The activity stage will cause a social impact on personnel and company, such as:
 - The termination of harvesting and maintenance work in replanting location (negative impact)

- B. Activities or series of work related to replanting activity, which previously does not exist (positive impact)
C. Tree's cutting and dismantled of palm oil root after cut.

From the aforementioned potential impact of replanting activity, compahy establishes the negative impact management and the strengthening positive impact management.

Company's environment management plan and environment monitoring plan for period semester 1 in 2015 have been reported to Environment Bureau of Kotabaru District, Kalimantan Selatan Province and Ministry of Environment and Forestry. However, the environment management plan and environment monitoring plan report for semester II in 2015 is under the drafting process. Company needs to ensure the replanting impact management and monitoring are inline with recommendation from AKSENTA. OFI. No.6. Based on document's review and interview with management, there is no revision on the current applicable environment management.

Minor 5.1.2	Status: Opportunity For Improvement
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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

Record on protected species identification is stated in HCV assessment document in PT Laguna Mandiri for Rantau estate, Matalok estate, Sekayu estate and Betung estate. The HCV identification analysis was conducted by Indonesia sustainable palm oil foundation in December 2009, where there are forest areas that have been identified as HCV area, such as peat area in block. Public consultation activity with stakeholder is conducted on 6th December 2009.

HCV identification result reveals that there are rare species in company's areas, such as Kukang bukung (*Nycticebus coucang borneanus*) in Sekayu Estate and Bekantan (*Nasalis larvatus*) and in Betung Estate. These wildlife are protected based on CITES (App I) and law No. 7 in 1999, regarding to the preservation of natural vegetation and wildlife. The threat on HCV area is explained in HCV assessment document of PT. Laguna Mandiri, which was drafted by Indonesia sustainable palm oil foundation over HCV1 potential from vegetation aspect by which the forest area under local communities occupation, subsequently the preservation of these area are doubtful. To conduct monitoring HCV area the company have a HCV Officer with resposnsibility are monitoring HCV area and to determine the condition of HCV and to monitor the presence of wildlife in the area HCV.

Based on field observation and interview with HCV personnel at Block D28 (riparian of Sekayu) Sekayu Estate, the management unit monitor wildlife and the condition of wildlife ecosystem every month. The most-encountered type of wildlife such as: kuntul bird (*Egretta garzetta*), kareo padi bird (*Amauroris phoenicurus*), and cekakak udang bird (*Alcedinidae*). Rare species of Kukang (*Nycticebus coucang borneanus*) is not available in HCV area. Meanwhile, the observation result and interview with HCV personnel at Block J32 (riparian of Pinang river) Betung Estate, rare species of Bekantan (*Nasalis larvatus*) are still being encountered this year. The majority of riparian area of Pinang River is located on the outside of HGU area, however company commits to maintain riparian area in Pinang River by installing the prohibition signboard to hunt wildlife and cut trees. In addition, company also delivers socialization/ HCV training to the entire personnel periodically, for instance on 8th October 2015 that was followed by 77 participants. HCV area monitoring plan is evaluated annually based on results of monitoring that has been done, for the period 2016/2017 there was no change in monitoring HCV and still the same area with the recommendation of the assessor.

Based on field observation and interview with HCV personnel at Block G25 Sekayu Estate and Block D34 Betung Estate there is an occupied location by local community within the HCV area, however company cannot present the agreement or negotiation process to maintain the area. **This become non-compliance, refers to NCR 2016.01.**

Minor 5.2.5.	Status: Non-compliance NCR 2016.01.
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5.3

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

The management unit of PT. LMI has identified the source of waste and pollution. For instance liquid waste from mill's processing activity, used-oil from vehicle and so forth.

Waste management:

- Solid waste in a form of shell and fiber have been utilized as fuel for boiler
- Solid waste like empty fruit bunches has been applied as organic fertilizer in palm oil plantation.
- Liquid waste from FFB's processing (Raw effluent) is fully utilized for plantation activity as liquid fertilizer (IPAL) in order to fulfill the standard quality requirement based on the applicable regulation.
- Gas waste from boiler and generator chimney emission by installing dust collector, multi-cyclone and dust conveyor.
- Boiler dust is utilized for stacking.
- Harvesting waste such as midrib is arranged in death trench
- Used pesticide packages are re-utilized for the next agrochemical mixing process
- Domestic waste: is separated into organic and un-organic waste. The organic waste such as leaf, food left over and so forth will be disposed to landfill, while un-organic waste will be collected in waste bin thus being transported to temporary waste landfill location for land filling.
- Clinical waste: clinical waste is being collected in pointed station and completed with label for further collection on central polyclinic before final delivery to relevant agency for final destroy.

Company has a license for temporary hazardous waste storage, which was issued by Kotabaru Reagent with letter number 188.45/883/KUM/2014 on 5th December 2014 for PT. Laguna Mandiri-Betung Factory. The permitted waste type for collection such as: used oil, majun fiber and used-gloves, used-filter, used-accu, laboratory waste, electronic waste, used-pesticide packages, used-TL bulb with coordinate of LS 02°22'40.0" and BT 116°12'21.3" with a permit for 5 years since the issuance.

Hazardous waste management from Sekayu Estate and Betung Estate has been delivered to temporary hazardous waste landfill in Betung Mill. Furthermore on 25th January 2016 the waste was delivered to temporary hazardous waste landfill in Rantau Factory (PT. LMI). There is a minutes of hazardous waste handover from Betung Mill to Rantau Mill of PT. LMI that consists of 20 ltr jar: 41 Pcs, 5 ltr jar: 94 Pcs, 250 gr metaprima package: 465 Pcs, Dalopir package: 267 Pcs, 1 Kg Lancer package: 217 Pcs, and decis package: 102 Pcs. Hazardous waste in Rantau Factory mill is transported by licensed transported PT. Sinar Bintang Albar on 28th January 2016 wit detail, used oil: 4,200 liter (manifest no. AGU 0000351), used-accu: 13 Pcs (AGU 0000352), used-filter: 202 pcs (AGU 0000353), used-chemical packages: 6 drum can and 41 Pcs jar (AGU 0000355), and used-TL bulb: 67 Pcs (AGU0000356).

Based on observation result in temporary hazardous waste landfill in Betung Mill, its known that the available stock in warehouse until 29th January 2016 such as: Oil: 141 Liter, Accu: 2 Pcs, TL bulb: 19 Pcs, and used-pesticied package: 60 Pcs. Each hazardous waste is placed in appropriate pace based on its type and completed with hazardous symbols, for used-oil drum, company uses pallet to prevent direct contamination to the floor. Temporary hazardous waste landfill is also completed with eye washer, first aid box and alarm. Meanwhile based on interview result with personnel who reside in personnel central housing complex, its known that housing has been completed with domestic waste bin, by which the waste will be transported to landfill, two times a week.

	Status: Full Compliance	
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5.4
Efficiency of fossil fuel use and the use of renewable energy is optimised.

Company monitors the efficiency of diesel fuel and renewable energy like fiber and sheel's utilization. The average utilization of fibre in 2015 was 316,827 Kg while fibre was 329,903 Kg with fibre energy 5.24 Kwh/Ton CPO and fibre 1.33 Kwh/Ton CPO. Moreover, company has a long-term plan to increase the substitution of diesel fuel with shell and fiber up to 70% hours and turbine work uses shell and fiber as its fuel.

	Status: Full Compliance	
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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.

Company has SOP related to land clearing in chapter 4 of Agricultural Manual Reference (ARM) Policy No. 110/EST-ARM/13 related to land preparation. The SOP states that land clearing is mechanically conducted with zero-burning approach. However based on field observation at Block E1-E3 (Sekayu Estate) and block C34-C35 (Betung Estate) company conducted mechanically chipping with zero-burning approach

Status: Full Compliance

5.6

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

Selabak mill has source identification form for environment impact (waste, emission, ambient, noise and corrective actions) such as: installation of liquid waste disposal and Grease Trap. Some efforts to reduce pollution and emission such as: the reduction of diesel fuel utilization in mill, machine periodic maintenance in mill, periodic maintenance on estate and mill's operation vehicle; land clearing with zero-burning approach, reduction of chemical fertilizer utilization and the application of empty fruit bunches and liquid waste, zero-burning on domestic waste, as well as long-term plan on methane trap utilization. In order to monitor the generated-emission from mill's operation, company measures the quality of air and ambient every 6 months. For instance emission measurement from immobile source on 28th July 2015 on boiler's chimney and generator chimney, NH3 parameters are under the standard quality, which are 0.1176 mg/m³/each and 0.0936 mg/m³. However, company cannot present the evidence of GRK emission calculation and report in 2015 to RSPO secretariat. **This finding becomes non-compliance, refers to NCR 2016.02.**

Minor 5.6.3. Status: Non compliance NCR 2016. 02.

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.

Company conducted a participatory social impact analysis due to estate activity, which can be seen from below records: Social impact analysis report PT LMI by Indonesia sustainable palm oil foundation/ *Yayasan Kelapa Sawit Berkelanjutan Indonesia* in 2010 with some recommendation result such as:

- Appointing person/ division in charge to communicate with stakeholder.
- Developing SOP for external communication as a reference for administrative division or public relation unit to communicate with stakeholders.
- Establishing special division or staff to handle CD/CSR.

There is a meeting record between some villages, such as Rempak Cengal, Binturung, Sesulung, Bepara, Pamukan Utara, Betung, Bakau and Pamukan Utara Reagent, Sungai Durian Reagent, BPD, and the representative of Pamukan estate for the development of SIA document and attendance sheet for 53 participants, who represent the affected parties.

PT. LMI a meeting record between some villages, such as Rempak Cengal, Binturung, Sesulung, Bepara, Pamukan Utara, Betung, Bakau and Pamukan Utara Reagent, Sungai Durian Reagent, BPD, and the representative of Pamukan estate for the development of SIA document and attendance sheet for 53 participants, who represent the affected parties.

OFI- Company needs to involve the internal stakeholder within its social impact analysis as part of the affected parties.

Company has the social impact plan, which is included in CSR program by drafting the program through consultation

activity with the affected parties/stakeholder in Musrenbang meeting in Pamukan Utara on 05th January 2015 for program in 2016 and an at Head of Bakau Sub-district office on 20th January 2016 in Head of Pamukan Utara Sub-district office for program in 2017. The Musrenbang activity was attended by representative from parliament member, Reagent, Muspika, Head of sectorial police office, Head of sectorial army office, SKPD, community leader and company's CEO.

Company reviews the annual CSR program by considering the Musrenbang result in village level and sub-district level, and the program is based on stakeholder consultation result. The Social Impact Assessment (SIA) document for Plasma plantation scheme is part of the affected parties; hence company gives special attentions to improve the livelihood of local communities surround estate area, which gathers in cooperative Bina Swadaya Karya membeship.

Major 6.1.2. Status: Opportunity For Improvement

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.

Company has SOP No. 704-TQEM-ESH/10 on 1st July 2010 related to communication, which has been approved by Sekayu Estate Manager, Betung Estate Manager, and Betung mill. Moreover, company has conducted socialization related to communication SOP.

Based on interview result with head of Bakau Village and Harapan Baru Village, its known that company has conducted socialization on communication procedure and socialization on prohibition to burn location within estate operation area.

Unit management chairman SOU IX Betung has appointed person in charge to reply the information request from external source, by decree No. 001/SOU IX BT/VII/2014 on 1st July 2014.

Sekayu Estate: Asdian Lapata (head of section).

Betung Estate: John Ali Akbar (head of section).

Betung Factory: Sudarwedi Hidayat (head of section).

Based on interview with head of vilage, village administrative and local communities in Sekayu dan Betung village, its known that they have phone number of head of section for communication and consultation.

Company has the updated list of stakeholder in 2015, such as:

1. National government (jakarta)
2. Government of Kalimantan Selatan Province
3. Government of Kota Baru District
4. Village administrative and community leader in PT SAA estate area (Head of Sungai Durian Sub-district, Head of Pamukan Utara Sub-district, Head of Manunggul Lama Village, Head of Bakau Village, Head of Harapan baru Village, Head of Kalian Village, Head of Sakadoan Village, Head of Buluh Kuning Village, Head of Trombongsari Village, Head of sectorial police office in sungai durian, Head of sectorial police office in Pamukan utara, Head of police post in sungai durian, and so forth).
5. Contractor
6. Worker union and gender committee
7. NGO national such as WALHI, WWF and Sawit Watch

Some communication records from stakeholder are kept in external communication book:

- Letter No. 637/KD-BTG/Alat/11/2015 from head of Betung Village on vehicle assistance request to pick mini excavator mini up for production road construction in Betung Village on 22nd November 2015. The management responded with letter No. BTE-EKS/033/XI/2015/s regarding the approval to lend truck to head of Betung Village on 22nd November 2015

- Letter No. 638/KD-BTG/Alat/11/2015 from head of Betung Village on vehicle assistance request to borrow Grader for production road construction in Betung Village on 27th November 2015. The management responded with letter No. BTE-EKS/034/XI/2015/s regarding the approval to lend Grader to head of Betung Village on 27th November 2015

Status: Full Compliance

6.3

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

Company has a mechanism for complaint management for stakeholder and local communities. The procedure explains mechanism for responding complaint. Moreover the procedure also mentions “*company ensures the safety and confidentiality of reporter*”. Document verification reveals that this procedure has been socialized to the entire personnel on 23rd January 2016. The interview result with personnel and local communities shows that they understand the mechanism and procedure for submitting complain to company.

Based on document review and interview with estate operation personnel, there is no report of conflict between company and related stakeholder. The incoming record also does not indicate any objection and conflict. In addition, the incoming letters are mostly about grant proposal (donation request) for stakeholder’s events. Public consultation with related stakeholder (local communities and worker union) indicates there is no complain and conflict between estate and its stakeholders.

Status: Full Compliance

6.4

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

Company has the identification procedure for land compensation with an objective to uniform the land claim resolution on company’s HGU area in order to get land legality status. Beside, land compensation is also regulated in conflict resolution procedure. The procedure regulates the discussion process, which should involve estate manager, PSD, landowner, village administrative and/or Muspika and research department for measuring the land.

From ST-2 activity to ASA-2, company never expanse its operation area and the latest land compensation has been done in 1999 an the entire agreement has been negotiated and well documented, including the land claim documentation, settlement evidence and negotiation records, map of the claimed-area, land compensation record, discussion result for the compensation, land release letter, acknowledge letter and invoice.

Status: Full Compliance

6.5

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

Company has list of personnel salary in December 2015, where the salary is based on HRM Memorandum No.014/HRM-13/I/2015 on 12th January 2015 and inline with Governor of Kalimantan Selatan Decree number 188.44/0633/UM/2014 on 16th December 2014 on minimum wage for Tanah Bumbu District in 2015 amount IDR 1,913,000/month or IDR 76,520/day.

Interview result with worker union reveals that there is no personnel earn salary under the applicable standard minimum wage. Company needs to ensure the daily salary payment for the entire PKWT personnel have been disbursed based on company’s Memorandum. (Observation)

PT LMI has work agreement in 2013-2015 based on Head of Social Manpower and Transmigration Agency of Kota Baru Decree No. 568/KEP-1511/HIPK/PDF/PKB/VIII/Naker-2/2013 and has been socialized to the entire personnel in Randi Estate on 28th January 2016 (Div I-II-III), Selabak Mill (in front of the office), Lanting Estate (Div I-II-III).

Moreover, company has prepared facilities and infrastructure for its estate and mill's personnel. Based on observation at personnel housing, its known that company has provided sufficient public facilities, for instance:

1. Housing facilities: Housing type G2 with a permanen concreat building, which has 2 bedroom, living room, kitchen and bathroom. Electrivity comes from generator with a capacity of 220 Volt. While clean water comes from mill. Domestic waste management has been conducted by separating the organic and unorganic waste. Furthermore the aunorganic waste will be trasnported by waste truck every week and collected in final landfill.
2. Health facilities: company provides clinic, hyperkes certified physician and nurse.
3. Public facilities: there is personnel hall, child care, worship facilities: mosque and church area available.
4. Sport facilities: there is soccer field and volley ball field.

NCR 2016.3. There are personnel with certain time duration contract (PKWT) status (Mill and Estate) who extend their working duration beyond the applicable manpower regulation. Subsequently company cannot present the evidence of work agreement extension for certain time duration (PKWT) has been inline with Ministry of Manpower decree No. 100 in 2004.

Major 6.5.1.	Status:	
Major 6.5.2.	Opportunity For Improvement	
	Non-compliance with NCR 2016.3.	

6.6
The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Company has a policy that guarantees the freedom to joint and establish organization as stated in social policy in December 2011, in point 5 that explains "company respects personnel right to establish and joi worker union based on heir free will as well as to dicuss in a collective group".

The evidence over company's compliance towards the freedom to establish and join organization:

The registration of worker union to Manpower and Transmigration Agency in Kota Baru District, No. 560.568/100/SP/Disosnaker on 26th February 2013 (Sekayu Estate); No.560.568/098/Disosnakertrans on 18th December 2013 (Betung Estate) and No. 560.568/100//Disosnakertrans on 18th December 2012 (Betung Factory).

There is a minute of meeting of worker union federation in Minamas of Sungai Durian area on 07th December 2015 at the warehouse of elementary private school in Selabak Estate with an agenda to discuss work agreement of Minamas 2015-2017, the discussion on minimum wage for Kota Baru regency 2016, discussion of Federation Cup 2nd 2016. Representative attended the meeting from each worker union unit and representative from Sungai Durian management. Based on the aforementioned explanation, hence it can be concluded that company has the meeting record between company and worker union.

	Status: Full Compliance	
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6.7
Children are not employed or exploited.

Company has a policy on minimum age requirement as stated in Memorandum from Head Office- Jakarta (No. POD-UM-052/III/2010) on 24th March 2010. The policy prohibits company to hire personnel under age based on the applicable manpower law, which requires the minimum age for hiring is 18 years old. Moreover, this issue I also state in work agreement on article 16 on recruitment and point 1.2.2 that states the required minimum age is 18 years old during the first hiring.

Based on personnel data and interview with personnel in Div I SYE, Division III BTE and BTF there is no personnel under 18 years old.

	Status: Full Compliance	
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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.

Company has SOP of sustainable plantation management guideline by Minamas Plantation Indonesia (No. Policy: 724/TQEM-SPMS/09) page 13, on 27th August 2010, which covers company's policy on equal opportunity and treatment on work, as stated in point 1 that mentions: the entire staff should be equally and normally treated in term of recruitment, promotion, work condition and description, with no discrimination against race, social status, ethnicity, gender, skin color, disability, sexual orientation, organization membership, political view, religion and age.

Based on personnel data in estate and mill in December 2015, it shows that personnel area coming from various race, religion and origins. The majority of personnel are male, Islam and come from local communities. Meanwhile the interview with personnel in estate and mill reveals that there is no discrimination so far.

Company can present the evidence of recruitment process as well as promotion process, such as: Decree No. 001/BTE-SKP/X/2015 about the promotion of SKU-H with probation period from 01st October to 31st December 2015 with wage based on the applicable minimum wage along with rice allowance amount 15 kg/month. Moreover, there is also fit to work letter from central clinic of sungai durian area. Furthermore, decree SK-PROM/SKU-BTE/0214/XI/007 set the promotion from SKU-H to SKU-B level G1 per 01st June 2014, which is completed with work evaluation form.

Status: Full Compliance

6.9
There is no harassment or abuse in the work place, and reproductive rights are protected.

Company has gender policy guideline with Policy number 701/TQEM-ESH/10 by Minamas Plantation Indonesia on 27th August 2010, which covers company's social policy that mentions: the entire staff should be equally and normally treated in term of recruitment, promotion, work condition and description, with no discrimination against race, social status, ethnicity, gender, skin color, disability, sexual orientation, organization membership, political view, religion and age.

In addition, there also social policy by Head Plantation Upstream Indonesia in December 2011 at point 6, which states that company develops and implements a policy to prevent sexual harassment against women as well as to protect their reproductive right.

SOP for complain management for the entire stakeholders and communities (RAM) No.077/SAA-Stkhldr.ADM/2015) Rev. 01 which has been approved on 8th October 2015. At chapter V. procedure point 5.5 mentions that "*company guarantees the safety and confidentiality of reporter*" and there is an attachment of complaint management mechanism for the entire stakeholder; socialization is conducted on morning briefing and personnel understand this mechanism.

Based on interview result and gender committee, there is no mistreatment/ abuse toward female personnel, in addition the interview result with spraying team in BTE and SKE. In case of female personnel are pregnant or lactating, hence they will be mutated to other works such as manual maintenance work.

Company has SOP for complain management mechanism for the entire stakeholders and local communities No.077/LMI-Stkhldr.ADM/2012) Rev. 01 that has been approved on 8th October 2015. Chapter V. procedure point 5.5 mentions that "*company guarantees the safety and confidentiality of reporter*" and there is an attachment of complaint management mechanism for the entire stakeholder. Socialization of complaint management mechanism has been conducted on 13/01/2016 during morning briefing at division office yard, which was attended by personnel division I, II, III.

Status: Full Compliance

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

Company has a document that sets the price of FFB by Plantation Agency of Kalimantan Selatan province in November and December 2015 based on decree No. 525/3119/PUPPH-2. However, based on document's review and since the

RSPO KKPA certificate for Sungai Cengal is freeze; Betung mill never purchases FFB from external sources. In other that there is work agreement with other contractor, such as for land clearing area for replanting. Based document review described both sides are agreed with content of contract. The payment methods has been compliance with agreement. Based on interviews with local contractors is known that the company has been paying on time.

Status: Full Compliance

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Company has a record for its contribution on local development based on consultation and communication result, such as:

Company's contribution to local development, such as:

1. Compactor assistance for improving road condition in Bepara Village in June 2015 from Sekayu Estate.
2. Road improvement assistance in village Mengkudu Dili road in August 2015 from Betung POM.
3. Grader assistance to improve the quality of soccer field in Sekayu village in May 2015 from Sekayu Estate.

Based on interview with Mill Manager and document verifications as known that Company does not receive FFB from independent smallholders.

Status: Full Compliance

6.12

No forms of forced or trafficked labour are used.

Company can prove that there is no illegal worker or force labor in any kind, sample of work agreement for certain time: Work agreement for certain time (PKWT) No. 036/BTE-EM/SPK/I/2016/PKWT as fertilizer applicators in Div I BTE for work duration from 01st January to 31st February 2016 with salary base on the applicable wage regulation.

Work agreement for certain time (PKWT) No. 46/SYE-PKWT/XI/2015 as fertilizer applicators in Div I SYE for work duration from 16th December 2015 to 16th February 2016 with salary base on the applicable wage regulation.

Work agreement for certain time (PKWT) No. 02/BTF-TK/08/2015 as security guard for mill with work duration from 01st February to 01st May 2016 with salary base on the applicable wage regulation. Based on document's review and interview with estate and mill personnel and during the surveillance activity, there is no revision on work function as stated in work contract.

Based on document verification and interview with worker in POM and Estate, during surveillance assessment there are no changes in work functions that have been defined in the contract. In addition, interviews with employees in estate and Mill is known that there is no substitution contract in works

Status: Full Compliance

6.13

Growers and millers respect human rights

Company has the human right policy, which was set by head of SOU IX PT. LMI on 01st July 2015 for the entire personnel that covers:

1. The right for live
2. The right to build a family and have children
3. The right to develop oneself
4. The right to get justice
5. The right on personal freedom
6. The right on security
7. The right on welfare
8. The right to join government
9. Women right
10. Children right

Socialization on human right policy, occupational health and safety, information policy, paramilitary on 23rd January 2015 for the entire personnel and their spouse as well as contractors.

Status: Full Compliance

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.

Based on interview with estate manager and field observation is known that Company does not open a new plantation area, but performs replanting activity.

Status: -

7.2

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

Based on interview with estate manager and field observation is known that Company does not open a new plantation area, but performs replanting activity.

Status: -

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.

There is no new land clearing after the latest audit (Surveillance 1). Head of PSQM Sime Darby Plantation has delivered the Land Use Change Cover Analysis in December 2014 and has been responded by Compensation Executive on 13th January 2015. While the responds from RSPO can be accepted and processed by reviewer. Based on interview result with the management, its known that there is no reply from RSPO.

Betung Estate and Sekayu Estate latest cultivation was conducted from 2005 to 2009, however company could not present the exact date of land clearing. **This finding becomes non-compliance, refers to NCR 2016. 04.**

Company has the HCV identification document along with its management and monitoring plan, in order to ensure there is no exposed HCV area during replanting activity.

Minor

Status: non-compliance. NCR 2016.04.

7.3.3.

7.4

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

Based on interview with estate manager and field observation is known that Company does not open a new plantation area, but performs replanting activity.

Status: -

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.

The company does not expand nor develop new estate now.

Status: -

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.

Based on interview with estate manager and field observation is known that Company does not open a new plantation area, but performs replanting activity.

Status: -

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.		
Based on interview with estate manager and field observation is known that Company does not open a new plantation area, but performs replanting activity.		
	Status: -	
7.8		
New plantation developments are designed to minimise net greenhouse gas emissions.		
Based on interview with estate manager and field observation is known that Company does not open a new plantation area, but performs replanting activity.		
	Status: -	
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.		
Major 8.1.1		
Company has an improvement activity, such as by monitor the operation activity in the field. This was conducted through internal audit for operation such as in Betung estate as indicates in paper work of evaluation summary/ <i>Lembar Kertas Kerja Kesimpulan Pemeriksaan</i> for period semester II 2014/2015 on 23 rd March 2015, where some findings covers he financial, administrative, logistic <i>workshop</i> , plantation maintenance, harvesting and FFB's transportation aspect. Company has followed up this finding on 2 nd April 2015. Moreover, there is an operation audit at Sekayu Estate on 17 th – 23 rd November 2015 with some findings that cover the maintenance and harvesting quality aspect. Mill Advisor conducted audit in mill, and based on field visit on 9 th – 10 th June 2015, some issue that become a concern such as the safety of working tools and general maintenance that has been followed up by company in September 2015.		
Company does not use pesticide with paraquat active material and pesticide that categorized into 1A or 1B class. This is strengthened by company's policy not to use paraquat as stated in memorandum from Head of Plantations Operation (number: POD-UM-127/X/2008, on 4 th November 2008) regarding the recommendation on substitution of Paraquat-Gramoxone application.		
Company implements the terrace system for sloping area as indicates in terrace establishment program for <i>replanting</i> areas, such as in Sekayu Estate in 2016 that covers an area of 404.74 Ha. Company uses a mechanical chipping for its replanting activities with zero-burning approach.		
	Status: Full Compliance	

3.2. Summary of Assessment Report of Supply Chain Requirement

Clause	(Module D) CPO Mills – Identity Preserved Requirements
D1	Definition
D.1.1	<p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> <p>Document verification and field visit indicate that the supply chain model in Betung Mill is using the Identity Preserved (IP) model because the used-FFB comes from company's estate (Sekayu Estate and Betung Estate) and other certified units, such as:</p> <ol style="list-style-type: none"> 1. Sesulung Estate (under the Sesulung Factory scope, RSPO certificate number: MUTU-RSPO/016) amount 0.59% 2. Binturung Estate (under the Sesulung Factory scope, RSPO certificate number: MUTU-RSPO/016) amount: 0.96 % 3. Pondok Labu Estate (under the Sesulung Factory scope, RSPO certificate number: MUTU-RSPO/016) amount: 0.70 % 4. Rampa Estate (under the Sesulung Factory scope, RSPO certificate number: MUTU-RSPO/016) amount: 2.16 % 5. Bakau Estate (under the Bebunga Factory scope, RSPO certificate number: MUTU-RSPO/014) amount: 3.04 % 6. Bebunga Estate (under the Bebunga Factory scope, RSPO certificate number: MUTU-RSPO/014) amount: 1.03 % 7. Sungai Cengal Estate (under the Bebunga Factory scope, RSPO certificate number: MUTU-RSPO/014) amount: 0.62 % 8. Selabak Estate (under the Selabak Factory scope, RSPO certificate number: MUTU-RSPO/015) amount: 0.03 % 9. KKPA Sungai Cengal (under the Rantau Factory scope, RSPO certificate number: MUTU-RSPO/009) amount: 0.04 % <p>The decision to implement the Identity Preserved (IP) model is available in supply chain model declaration in Betung POM on 1st May 2015.</p>
	Status: Full Compliance
D.2	Explanation
D.2.1	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p> <p>Certification body in certification report summary has recorded the estimated volume of CPO and PK that can be generated by certified mill. For certification period 01st April 2015 – 31st March 2016, the estimation of CPO production was amount 27,965 ton and estimation of PK production was 5,626 ton.</p> <p>The actual generated volume has been recorded in annual supervision report by certification body. For period 01st April 2015 – 28th January 2016, the actual certified CPO production until the audit activity was 18,026.744 ton and PK production was 3,709,643 ton.</p>
	Status: Full Compliance

D.2.2

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

Mill has complied the reporting requirement for supply chain through the managing organization **RSPO_PO1000001380. Betung Factory** has not selling CSPO or CSPK during periods March 16th 2015 – 28 Januaryth 2016

Status: Full Compliance

D.3

Documented procedures

D.3.1

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

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

There is a procedure for implementing the SCCS with IP model in SOP number: RSPO/65/SCPP/LMI on 1st July 2015 related to product identification and product traceability in Minamas Plantation Mill. SOP consists a complete and latest procedure which covers the implementation of the entire element within SCCS IP requirement, such as:

1. The scope of IP procedure
2. Definition
3. General IP information
4. Person in charge on IP implementation

Factory Manager:

- Stores and maintains the entire document, record and notes related to raw material and production process.
- Verification on status of product that has been sent to buyers, based on document (invoice, DO, Sales Contract, minutes of product delivery).
- Provides training on supply chain certification requirement for the entire related-personnel.

PSQM Assistant:

- In charge on FFB's grading quality in mill and prepares daily recapitulation.
- Supervises pal product delivery, loading and transport.

Supervisor/ Laboratory Assistant:

- Analyses the quality of raw material and product on the entire mill's production process
- Stores, maintains and distributes the analysis result and the examination of row material and product quality.
- Assistant/ Sr. Assistant / Bulking Manager:
- Transporting CPO and Palm Kernel product from mill to Bulking Station
- Handling and storing the CPO and Palm Kernel in Bulking Station area

5. Procedure
6. Special condition
7. Administraive facilities

There is an evidence that personnel have attended the SCCS training as indicates by SCCS training record in 2015, on 22nd December 2015. The SCCS training participants are consist of FM, Sr. Officer, EM, and estate assistant on supplier estate (19 participants).

Status: Full Compliance

D.3.2

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

There is a procedure to implement SCCS with IP model as stated in SOP number: RSPO/65/SCPP/LMI on 1st July 2015 regarding to product identification and product traceability in Minamas Plantation Mill. the SOP consists a complete and latest procedure on certified and non-certified FFB's acceptance and processing.

During the audit ASA-2 activity, audit team collected some information, such as:

1. Information on certification status from the entire fruit supplier to Betung POM. During the audit S2, the entire fruit supplier unit have their certificate as indicated on list of supplier and certificate information.
2. Verification on the incoming FFB's status thorough fruit document's examination, such as:
 - Fruit delivery note (SPB), which consists the information of fruit origin, such as: Seal number/SPB, vehicle number, delivery date, harvesting date, spin, cultivation year, block, number of bunches, BJR, tonnage estimation, "RSPO CERTIFIED" stamp.
 - Weighbridge ticket in Betung Mill consists information such as: ticket number, "RSPO CERTIFIED" stamp, tonnage (net).

Status: Full Compliance

D.4 Purchasing and goods in
D.4.1
The site shall verify and document the volumes of certified and non-certified FFBs received.

Facility verified and documented the accepted certified and non-certified FFB's volume based on the applicable procedure, such as:

1. There is an information on certification status from the entire fruit supplier to Betung POM. During the audit S2, the entire suppliers have been certified as indicated on list of supplier and certificate information.
2. Verification on the incoming FFB's status thorough fruit document's examination, such as:
 - Fruit delivery note (SPB), which consists the information of fruit origin, such as: Seal number/SPB, vehicle number, delivery date, harvesting date, spin, cultivation year, block, number of bunches, BJR, tonnage estimation, "RSPO CERTIFIED" stamp.
 - Weighbridge ticket in Betung Mill consists information such as: ticket number, "RSPO CERTIFIED" stamp, tonnage (net).
3. The received certified and non-certified FFB from April 2015 to 28th January 2016

Month	FFB (Ton)		
	RSPO Certified	Non Certified	Total
April 2015	3,295,870		3,295,870
May 2015	3,493,620		3,493,620
June 2015	5,441,330		5,441,330
July 2015	4,949,140		4,949,140
August 2015	3,830,860		3,830,860
Sept 2015	4,883,350		4,883,350
October 2015	7,141,100		7,141,100
November 2015	12,436,910		12,436,910
December 2015	21,614,487		21,614,487
1 st - 28 th January 2016	12,019,680		12,019,680
Total	79,106,347		79,106,347

Status: Full Compliance

D.4.2

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

- CPO and PK production from April 2015 to 28th January 2016

Month	Certified Product (Ton)	
	CPO	PK
April 2015	746,903	156,976
May 2015	776,968	161,741
June 2015	1,217,336	241,811
July 2015	1,104,483	211,342
August 2015	891,671	167,072
Sept 2015	1,044,108	217,219
October 2015	1,644,040	365,040
November 2015	2,608,422	607,736
December 2015	5,055,790	1,088,034
1 st - 28 th January 2016	2,937,023	492,670
Total	18,026,744	3,709,643

There is no overproduction during certification from 01st April 2015 – 31st March 2016, the certification period from 01st April 2015 – 31st March 2016, the estimation of CPO production was 27,965 ton and PK was 5,626 ton.

For Period 01st April 2015 – 28th January 2016, the actual certified-CPO production until audit was **18,026.744** ton and PK production was **3,709,643** ton.

Facility has a reporting procedure to certification body directly in case there is an overproduction from projection.

Status: Full Compliance

D.5

Record keeping

D.5.1

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

Facility is recording and balancing the entire accepted RSPO certified FFB, CPO and PK delivery with three-month basis.

Period	Certified FFB	CPO		Delivery to Bulking		Stock	
		CPO	PK	CPO	PK		
April – June 2015	12,230,820	2,741.207	560.529	2,634.580	567,260	106,627	(6,731)
July – September 2015	13,663,350	3,040.262	595.633	3,144,020	589,410	2,869	(508)
October - December	41,192,497	9,308.25	2,060.81	6,214.64	1,923.32	3,096,481	136,983

The storage duration for records/ document or report from received FFB in mill to CPO product dispatch to buyers is 5 years.

Status: Full Compliance

D.6

Processing

D.6.1

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

Facility only have one line of palm oil processing facility and storage to process and store oil only from certified source. There is no processing and transporting for un-certified CPO.

Facility verifies the certified CPO and PK, which have been delivered through weighbridge ticket with information such as: ticket number, time, nett weight, transporter, "RSPO Certified" stamp, Mill, product code, quality, approval from mill's personnel.

Status: Full Compliance

D.6.2

The objective is for 100 % segregated material to be reached

With the limitation for receiving FFB only from certified source, facility could present that its achievement on 100% target of separating the certified and non-certified material.

Status: Full Compliance

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
ASA-2	PT. Laguna Mandiri has the approval of logo and permit/certification number MUTU-RSPO/004	√
	Status: Full Compliance	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA-2	The company does not use logo whether at the on-product and off-product within the scope of PT.Laguna Mandiri.	N/A
	Status: Not Applicable	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA-2	The company does not use logo whether at the on-product and off-product within the scope of PT.Laguna Mandiri.	N/A
	Status: Not Applicable	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA-2	The company does not use logo whether at the on-product and off-product within the scope of PT.Laguna Mandiri.	N/A
	Status: Not Applicable	

3.4. Summary of RSPO Partial Certification.

Name of organization: PT Guthrie Pecconina Indonesia (KKPA Jernih River)		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	<p>There are some evidence of legal compliance that cover:</p> <ol style="list-style-type: none"> 1. Legal land ownership based on law No. 5 in 1960 related to the substantial agriculture issues, which is the HGU certificate No. 664/2003, 552/2003 for an area of 10,139.91 ha. 2. Providing manpower social insurance, in a form of Jamsostek based on law No. 3 in 1992. 3. Providing occupational health and safety tools for the entire personnel based on law No. 1 in 1970. 4. There is an environment document development progress (environment management plan/ environment monitoring plan) based on law No. 23 in 1997. 5. Preparing land clearing process with zero-burning approach No. 18 in 2004. 6. Does not discriminating personnel based on No. 21 in 1999 – ratification of ILO on anti discrimination has been stated in work agreement/ work contract. 7. Allocating some part of the area, which should be protected as protected area based on President Decree No. 32 in 1990 and law No. 41 in 1999 related to forestry. (Identification of HCV by Aksenta in July 2012). 8. Paying salary above the applicable minimum wage standard. <p>Related to company's compliance toward the applicable land ownership regulation, environment and social management, manpower protection, report submission, some related agencies (for instance: environment agency in Musi Banyuasin District, government in Musi Banyuasin District, and Plantation and Forestry Agency in Musi Banyuasin District) mentions that GPI has complied and consistent on the applicable regulation.</p>	√
	Status: Full Compliance	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	<p>Location permit based on Head of Musi Banyuasin District Decree No. 262 in 2011 that covers an area of 4,000 ha.</p> <p>Location permit based on Head of Musi Banyuasin District Decree No. 0217 in 2011 that covers an area of 2000 ha.</p> <p>The appointment of 262 plasma smallholder candidates based on Head of Musi Banyuasin District Decree No. 0258 in 2010.</p> <p>Work agreement with Sinar Delima cooperative No. 001/Plasma/GPI-KUD/II/2012 regarding the development of palm oil plantation with partnership scheme KKPA (<i>Kredit Koperasi Primer untuk Anggota</i>).</p> <p>IUP Plasma based on Head of District Decree No. 0265 in 2010 (nucleus estate 800 ha and Plasma 1200 ha in Gajah Mati Village, Sungai Keruh Sub-district) and IUP based on Head of District Decree No. 282/KPTS/IUP/DISBUN/2011 (nucleus estate 1600 ha and Plasma 2400 ha).</p> <p>Kavling distribution plan has been mapped. At the moment, company is waiting the approval from cooperative for plasma plantation distribution.</p> <p>There is minute of land handover process from landowner with a basis of business right and land ownership letter. For instance, minutes of land handover on behalf of Aziz Ali with a basis of business right and land ownership letter dated 9th July 2007 for a land area of 2.8 ha that is known by Head of Gajah Mati Village and acknowledgement right letter on behalf of Aziz Ali for an area of 2,8 Ha in Gajah Mati Village on 24th February 2008 and has been registered to Head of Sub-district office No. 593/126/2009/XII/2008 on 3rd December 2008.</p>	√

	Status: Full Compliance	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or√
	<p>There is consultation and communication procedure with local community (RSPO/6.2/KKM), communities complain management (RSPO/6.3/PKM), personnel complain management (RSPO/6.5/PKK) and conflict resolution (RSPO/2.2/PK) in a participatory way by involving local communities in estate area, such as: (1) Talang Piase Village (14th May 2011); (2) Sub-village III Talang Ilo (27th May 2011); (3) Napal Village (29th May 2011); (4) Karang Ringin II Village (26th May 2011); (5) Rantau Kasih Village (13th May 2011). Socialization activity record, which consists of activity date, venue, matter, photos, attendance sheet. Conflict resolution technique in an effective, on-time and with a correct mechanism are regulated in <i>flow chart</i> of complain resolution, with a description such as: company receives complaint from internal and external source (accepted by head of section for recording), followed by submitting the report to manager for decision making or being consulted with head of department if the decision should come from head of department. Complain from personnel can be settled within two work-days (from complain submission to manager to resolution), meanwhile resolution for complain from local communities depends on the type of complain. If it is a brief complain then it could be settled within 3 work day, but if the complaint is significant, then the decision should be consulted to head office management with duration for about one week.</p> <p>Complaint from communities is recorded in communities complaint log book</p> <p>The procedure to identify and calculate the compensation over the lost of legal right or traditional right over the land is stated in procedure for conflict resolution (RSPO/2.2/PK). There is no revision over the content or mechanism of compensation calculation – similar to previous audit finding.</p>	√
	Status: Full Compliance	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	<p>The procedure to identify and calculate the compensation over the lost of legal right or traditional right over the land is stated in procedure for conflict resolution (RSPO/2.2/PK), which has been socialized.</p> <p>The entire evidence of land conflict resolution is available in location, such as minutes of land handover from land owner with a basis of business right and land ownership letter. For instance, minutes of land handover on behalf of Aziz Ali with a basis of business right and land ownership letter dated 9th July 2007 for a land area of 2.8 ha that is known by Head of Gajah Mati Village and acknowledgement right letter on behalf of Aziz Ali for an area of 2,8 Ha in Gajah Mati Village on 24th February 2008 and has been registered to Head of Sub-district office No. 593/126/2009/XII/2008 on 3rd December 2008.</p>	√
	Status: Full Compliance	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or√
	There is an HCV identification result, which has been conducted in July 2011 by AKSENTA. The document ensures that there is no HCV area being used for the new KKPA plantation development.	√

	Status: Full Compliance	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	<p>The procedure to identify and calculate the compensation over the lost of legal right or traditional right over the land is stated in procedure for conflict resolution (RSPO/2.2/PK), there is no revision on compensation calculation mechanism and compensation issues from the previous audit.</p> <p>There is minutes of land handover from land owner with a basis of business right and land ownership letter. For instance, minutes of land handover on behalf of Aziz Ali with a basis of business right and land ownership letter dated 9th July 2007 for a land area of 2.8 ha that is known by Head of Gajah Mati Village and acknowledgement right letter on behalf of Aziz Ali for an area of 2,8 Ha in Gajah Mati Village on 24th February 2008 and has been registered to Head of Sub-district office No. 593/126/2009/XII/2008 on 3rd December 2008.</p> <p>Plasma plantation development is based on agreement between Sinar Delima Cooperative (smallholders group) and PT GPI based on agreement letter No. 001/Plasma/GPI-KUD/II/2012 on development of plantation with partnership scheme/ <i>pembangunan Perkebunan Kelapa Sawit Pola Kemitraan KKPA (Kredit Koperasi Primer untuk Anggota)</i>. The appointment of 262 plasma smallholder candidates based on Head of Musi Banyuasin District Decree No. 0258 in 2010.</p>	√
	Status: Full Compliance	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	<p>There is minutes of land handover from land owner with a basis of business right and land ownership letter. For instance, minutes of land handover on behalf of Aziz Ali with a basis of business right and land ownership letter dated 9th July 2007 for a land area of 2.8 ha that is known by Head of Gajah Mati Village and acknowledgement right letter on behalf of Aziz Ali for an area of 2,8 Ha in Gajah Mati Village on 24th February 2008 and has been registered to Head of Sub-district office No. 593/126/2009/XII/2008 on 3rd December 2008.</p>	√
	Status: Full Compliance	

3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.
3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-2 Assessment

No.	Ref Std/ indicator	Non-compliance	Grade	Area	Deadline	Corrective actions requests	Observation and date	Status	Closing date
2016.1	5.2.5	Agreement with local communities for maintaining HCV area. Based on field observation and interview with HCV officer at Block G25 Sekayu Estate and Block D34 Betung Estate, there is local communities right on HCV area, however company could not present the agreement or negotiation process to maintain the HCV area.	Minor	PT. LMI	ASA-03	Company should present the agreement or negotiation process to maintain the HCV area and not to open the identified HCV area for local communities.	Root causes: Curative actions: Preventive actions:	Open	
2016.2	5.6.3	Green house glass emission's calculation and reporting Company could not present the evidence of Green house glass emission's calculation and reporting in 2015 to RSPO secretariat.	Minor	PT. LMI	ASA-03	Company should present the evidence that the Green house glass emission's calculation and reporting in 2015 has been submitted to RSPO secretariat.	Root causes: Curative actions: Preventive actions:	Open	
2016.3	6.5.2	Personnel working contract Company could not present the evidence of personnel with certain duration working contract extention has been inline with Ministry of Manpower Decree No. 100 in 2004. The example agreement on each unit with number: BTE: SPK PKWT No. 036/BTE-EM/SPK/I/2016/PKWT SKE: PK PKWT No. 46/SYE-	Major	PT. LMI	2 nd April 2016	Company should present the evidence that the personnel with certain duration working contract extention has been inline with Ministry of Manpower Decree No. 100 in 2004.	Root causes: There is no evidence a contracts extention the personnel with certain duration working has been inline with Ministry of Manpower Decree No. 100 in 2004. Curative actions: Made the works aggrement the personnel with certain	Closed with observation	March, 23 2016

No.	Ref Std/ indicator	Non-compliance	Grade	Area	Deadline	Corrective actions requests	Observation and date	Status	Closing date
		PKWT/XI/ BTF: SPK PKWT No. 02/BTF- TK/08/2015					<p>duration working related with Ministry of Manpower Decree No. 100 in 2004.</p> <p>Preventive actions: Ensuring the work agreement with certain duration working related with Ministry i</p> <p>Verification, 23 March 2016 The Company can show the the work agreement with certain duration working related in Sekayu Estate, Betung Estate and Betung Factory with time periode one year. On that's agreement are inline with Manpower Decree No. 100 in 2004.</p> <p>Based on that's evidence team auditors declared the non conformances has been closed with observation</p>		
2016.4	7.3.2	<p>The starting date of land clearing should be recorded.</p> <p>Betung Estate and Sekayu Estate were conducting new cultivation from 2005 to 2009; however, company could not present the record of when the land clearing was started.</p>	Minor	PT. LMI	ASA-03	Betung Estate and Sekayu Estate should present the starting date of land clearing from 2005 to 2009.	<p>Root causes:</p> <p>Curative actions:</p> <p>Preventive actions:</p>	Open	

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	Major 2.2.2	Company is encourage to continuously maintain its legal boundary (Observation)
2	Major 4.5.1	Company has a chance to continuously observed the fire caterpillar attack and periodically increasing the occupation of barn hut box in order to biologically control rat pest
3	Major 4.7.2	Company need to monitor the potential hazard source in fuel filling station in Sekayu Estate and takes necessary controlling actions.
4	Major 4.7.3	Company need to review the appropriateness of PPE based on work risk/ hazard.
5	Major 5.3.2	Company need to ensure the management and disposal of hazardous waste has been inline with law No. 101 in 2014 related to hazardous waste management. (Observation)
6	Minor 5.1.2	Company need to ensure the replanting impact has been monitored and managed based on the recommendation from AKSENTA.
7	Major 6.1.2	Company needs to involve internal stakeholder as part of the affected-parties within its social impact analysis report.
8	Major 6.5.1	Company need to ensure the disbursement of daily wage for PKWT (work agreement with certain duration) personnel has been inline with company's memorandum. (Observation)



3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1		Company's commitment to implement the sustainable palm oil management principles.
2		Personnel enthusiasm to demonstrate the RSPO standard requirements.
3		Company earned ISCC certificate in 2015 with Certificate number EU-ISCC-Cert-DE/100-20152304 from 29 th June 2015 to 28 th June 2016.
4		Company earned <i>zero accident awards</i> .
5		Company earned ISPO certificate in 2014 with certificate No. MUTU-ISPO/026 on 9 th September 2014.

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

Issues From Public	Management Response	Auditor Response
Sekayu Village In general, the community relations work in harmony with the company, the company has been providing assistance to the public such as water supply during drought season, heavy machinery to repair the village roads, rice for elderly residents, etc. Community aspiration: <ul style="list-style-type: none"> - Rice quantities for elderly residents need to be upgraded; local people expectation is 15 kg per person. - Worker recruitment. - Rehabilitation of village mosque has not respond by company. - Acquisition of company land to the citizens of the 500 m for the village road. 	The harmonious relationship will continue to be enhanced by good. Rice is given together with the rice distributed also for employees of the plantation. Open recruitment of local employees has been delivered to community, but the worker required is the harvester. While the community are not willing. Acquisition of company land 500 m for the village road has not been written, but also will be submitted to the PSD.	According to document verifications, the company has realized CSR in infrastructure and social Associated with other aspirations, the company can respond in writing to the public.
Betung Village In general, the community relations work in harmony with the company, the company has been providing assistance to the public such as water supply during drought season, heavy machinery to repair the village roads, rice for elderly residents, etc. Community aspiration: <ul style="list-style-type: none"> - The community expect to be trained about agronomies of palm (Best Agriculture Practices) - The realization of CSR activities can be socialized to community. 	The harmonious relationship will continue to be enhanced by good. It will cooperate with CSR Departement related the increasing community prosperity.	According to document verifications, the company has realized CSR in infrastructure and social Associated with other aspirations, the company can respond in writing to the public.

	The realization of CSR activities will be socialized to community.	
Workers Union The relationship between employees and management of the companies currently is working in harmony, it is supported by the information from the union leaders that have no intervention from the company against union activities. When surveillance activities, the workers union officials together with the management is in discussion of Collective Labor Agreement draft on 2016 to 2018.	With the Collective Labour Agreement (CLA) are increasingly harmonious relationship between worker and the company. If there are problems with employees, the Worker unions will coordinate with the company in the settlement.	According to document verification, at this time the worker union officials and the company is in discussion period 2016-2018 collective labor agreement.
Contractor In general, the relations between the company with communities walking in harmony, in terms of business with local contractors, any job with small and medium scale are preferably by using local contractors around the estate operational area. <ul style="list-style-type: none"> - PPE and work tools are covered by the contractor. - Estate clinic provided first aid in case of accidents. - payment according to the Work Agreement Letter. 	The Letter of Agreement will be focused on local contractors in Human Resources and funding is still small scale, but for Letter of Agreement that require management and advanced technology are coordinated with central management.	According to document verification, In letters of intent have described the rights and responsibilities of both parties and also the payment system. In the document the minutes of payment is known that all the work that has been paid in a timely manner in accordance with the agreements signed.

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	Formal Sign-off of Assessment Findings
	<p>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.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>Minamas Plantation, Sime Darby Bhd Head of PSQM</p>  <p><u>Mohamad Pirabaharan</u> Wednesday, 23 March 2016</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Trismadi Nurbayuto</u> Wednesday, 23 March 2016</p> </div> </div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Head of Sekayu Village	Village of Sekayu, Sub District Pamukan, Kotabaru District	-	Meetings and interview	30 January 2016	√	
2	Community Leades of Betung Village	Village of Betung, Sub District Pamukan, Kotabaru District	-	Meetings and interview	1 February 2016	√	
3	Local Contractor	Kotabaru District, Village of Betung, Sub District Pamukan, Kotabaru District	-	Meetings and interview	1 February 2016	√	
4	WALHI	Jakarta	informasi@walhi.or.id	Questioner via email	17 January 2016		√

Appendix 2. Assessment Program

DATE		29 January – 3 February 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Friday, 29 January 2016			
08.00 – 08.30	08.00 – 08.30	Opening Meeting <ul style="list-style-type: none"> Presentation to Auditee about Introduce PIC, Profile Unit Manajemen Mill and estates, scope of Audit, Audit planning, and sampling. NCR ASA-1 Verification and document observation 	• All team
08.30 – 11.30	08.30 – 11.30		
11.30 – 14.00	11.30 – 14.00	Break and lunch	• All team
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> Interview with Worker Union, Local Contractor and Gender Committee Field Observation in Betung Factory <ul style="list-style-type: none"> SCCS Verification Safety and Health Implementation Environment and Water Waste Treatment Plant 	• PHN • MAY • LEO • TMB
Saturday, 30 January 2016			
08.00 – 0.00	08.00 – 09.00	Field Observation SEKAYU ESTATE <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), and Worker Welfare (payments, complaint mechanism), Empty Fruit Bunch Application, Soil Erosion Monitoring Poule. Legal operational&High Conservation Value Area, Worker facilities (housing, health clinic, clean water, etc) andHazardous Waste Material (B3) management, Land Fire facilities, Storage, ect. Stakeholders consultation to Nearest village and community leader (Sekayu Village)	• LEO • TMB • MAY • PHN
09.00 – 12.00	09.00 – 14.00		
12.00 – 14.00	14.00 – 17.00	BREAK	• All Team
Monday, 1 February 2016			
08.00 – 12.00	08.00 – 12.00	Field Observation SEKAYU ESTATE <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), and Worker Welfare (payments, complaint mechanism), Empty Fruit Bunch Application, Soil Erosion Monitoring Poule. Legal operational&High Conservation Value Area, Worker facilities (housing, health clinic, clean water, etc) andHazardous Waste Material (B3) management, Land Fire facilities, Storage, ect. Stakeholders consultation to Nearest village and community leader (Betung Village)	• LEO • TMB • MAY • PHN
12.00 – 14.00	12.00 – 14.00	BREAK	• All Team
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> Clarification of Public Consultation and Field Observation Document Review and Review of Previous Visit Non- 	• All Team

DATE		29 January – 3 February 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
		conformance (ASA-01 RSPO)	
Tuesday, 2 February 2016			
08.00 – 10.00	08.00 – 10.00	• Closing Meeting	• All Team
10.00 – 19.00	12.00 – 17.00	• Traveling from Estate to Balikpapan	• All team
Wednesday, 3 February 2016			
11.00 – 13.00	11.00 – 13.00	Balikpapan - Jakarta	• All team