

**Roundtable on Sustainable Palm Oil Certification  
RSPO**

Stage-1     Stage-2     Surveillance     Re-Certification

**Name of Management Organisation** : Lembiru Palm Oil Mill – PT Sandika Natapalma subsidiary of Sime Darby Plantation Sdn Bhd

**Plantation Name** : Lembiru Estates and Awatan Estates

**Location** : Village of Awatan Sub District of Marau, District of Ketapang Province of Kalimantan Barat, Indonesia

**Certificate Code** : **MUTU-RSPO/044**

**Date of Certificate Issue** : 03 July 2014                      **Date of License Issue** : 03 July 2016

**Date of Certificate Expiry** : 02 July 2019                      **Date of License Expiry** : 02 July 2017

| Assessment | Assessment Date    | PT. Mutuagung Lestari Auditor  | Reviewed by    | Approved by        |
|------------|--------------------|--|----------------|--------------------|
| ASA-2      | 11 – 14 April 2016 | Octo H.P.N. Nainggolan (Lead Auditor),<br>Yudwi Wisnu Rahmanto,<br>Trismadi Nurbayuto, Bukti Bagja | Taufik Margani | Tony Arifiarachman |

| Assessment | Approved by MUTUAGUNG LESTARI on: |
|------------|-----------------------------------|
| ASA-2      | 8 August 2016                     |

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Figure 1. Location Map of PT Sandika Natapalma

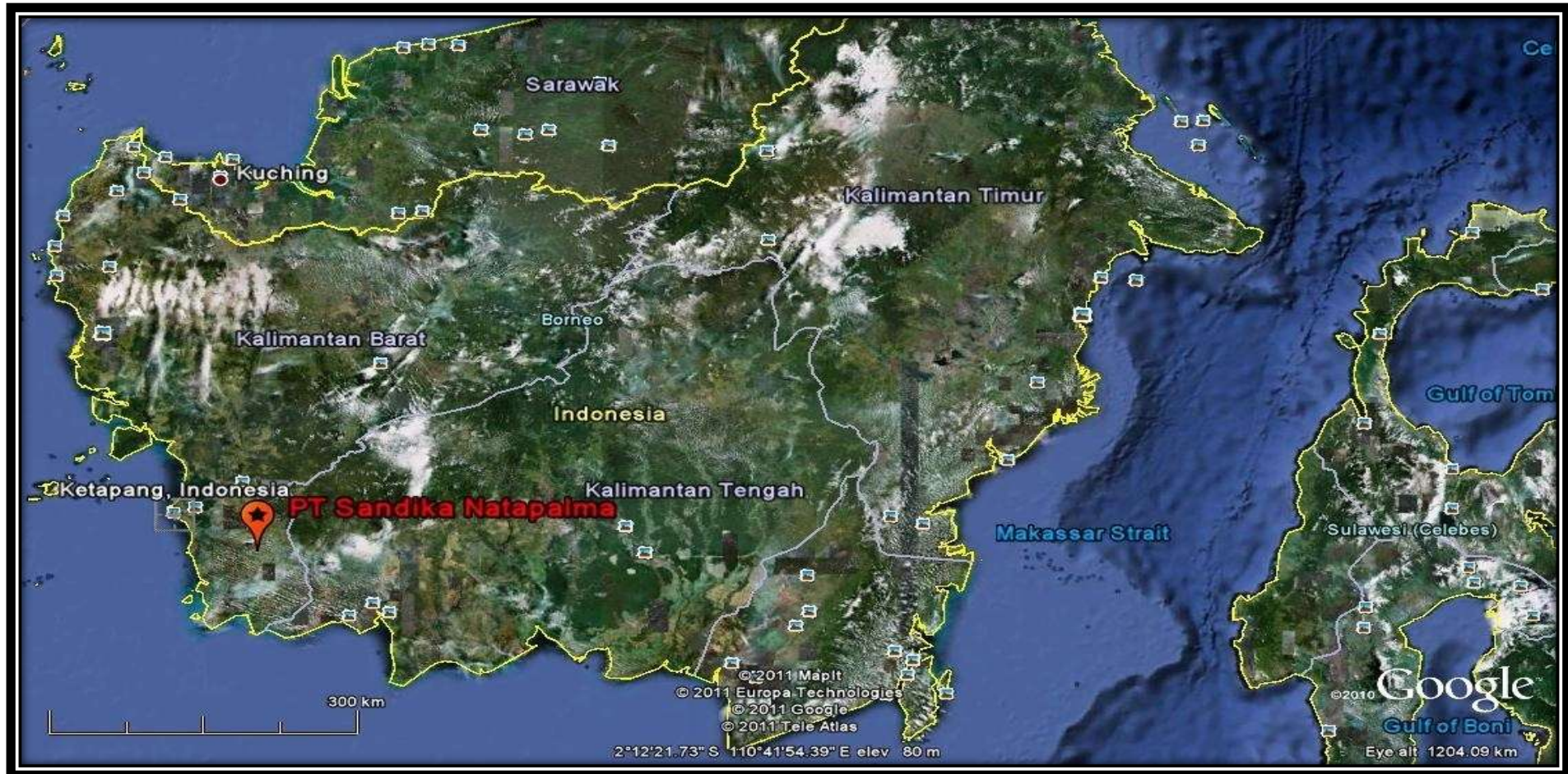
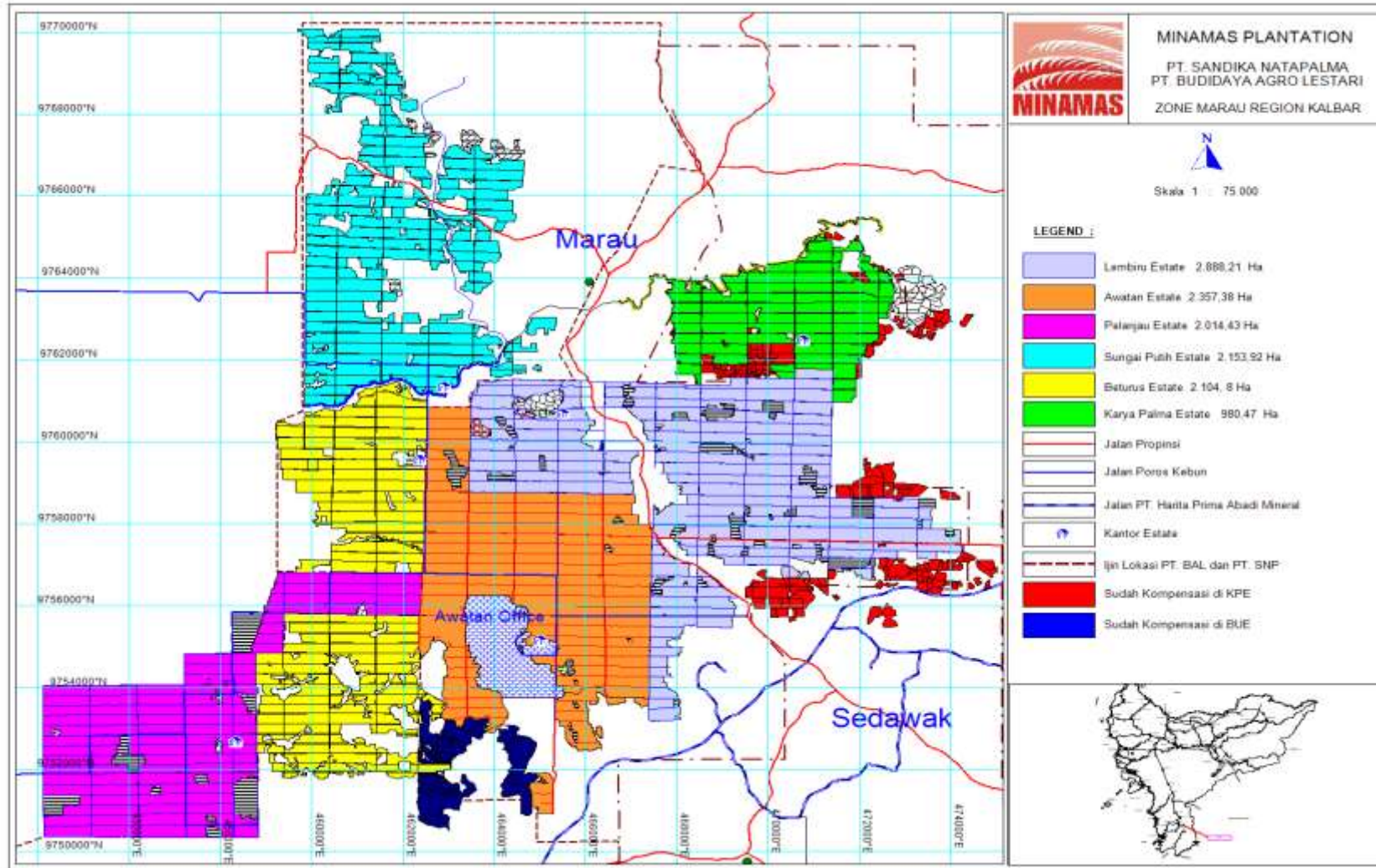


Figure 2. Operational Map of PT Sandika Natapalma



| <b>Abbreviations Used</b> |   |
|---------------------------|---|
| AMDAL                     | : Analisis Mengenai Dampak Lingkungan ( <i>Social and Environmental Impact Assessment</i> )                                       |
| ASA                       | : Annual Surveillance Assessment  |
| AWE                       | : Awatan Estate   |
| BAL                       | : PT Budidaya Agro Lestari  |
| BPJS                      | : Badan Penyelenggara Jaminan Sosial ( <i>Government Social Insurance Body</i> )  |
| BMS                       | : Block Manuring System   |
| BPN                       | : Badan Pertanahan Nasional ( <i>National Land Agency</i> )   |
| BOD                       | : Biological Oxygen Demand  |
| CH                        | : Certificate Holder  |
| CPO                       | : Crude Palm Oil  |
| CSR                       | : Corporate Social Responsibility   |
| DPLH                      | : Dokumen Pengelolaan Lingkungan Hidup ( <i>Environmental Management Document</i> )   |
| EFB                       | : Empty Fruit Bunch   |
| EIA                       | : Environmental Impact Assessment   |
| FFB                       | : Fresh Fruit Bunch   |
| FGD                       | : Focus Group Discussion  |
| FPIC                      | : Free Prior and Inform Consent   |
| GHG                       | : Green House Gas   |
| HCV                       | : High Conservation Value   |
| HGU                       | : Hak Guna Usaha. ( <i>Land Use Title</i> )   |
| HIRARC                    | : Hazard Identification Risk Assessment and Risk Control  |
| ISPO                      | : Indonesian Sustainable Palm Oil   |
| KPE                       | : Karya Palma Estate  |
| LBE                       | : Lembiru Estate  |
| LBF                       | : Lembiru Factory   |
| LC                        | : Land Clearing   |
| LCC                       | : Legume Cover Crop   |
| MB                        | : Mass Balance  |
| MRC                       | : Minamas Research Center   |
| MSDS                      | : Material Safety Data Sheet  |
| NC                        | : Non Conformance   |
| OHS                       | : Occupational Health and Safety  |
| OHSA                      | : Occupational Health and Safety Assessment   |
| IPM                       | : Integrated Pest Management  |
| PK                        | : Palm Kernel   |
| POM                       | : Palm Oil Mill   |
| POME                      | : Palm Oil Mill Effluent  |
| PPE                       | : Personal Protective Equipment   |
| PSD                       | : Plantation Services Department  |
| PSQM                      | : Plantation Services Quality Management  |
| RKL/RPL                   | : Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan. ( <i>Environmental Management Plan/ Environment Monitoring Plan</i> ) |
| RSPO                      | : Roundtable on Sustainable Palm Oil  |
| SCCS                      | : Supply Chain Certification System   |
| SOP                       | : Standart Operating Procedure  |
| SEIA                      | : Social Environmental Impact Assessment  |
| SIO                       | : Surat Izin Operator ( <i>Operator License</i> )   |
| SNP                       | : PT Sandika Natapalma  |
| WWTP                      | : Waste Water Treatmnet Plant   |

|            |   |  |   |
|------------|---|--|---|
| <b>1.0</b> | <b>SCOPE of the CERTIFICATION ASSESSMENT</b>                              |  |   |
| <b>1.1</b> | <b>Assessment Standard Used</b>   | <ul style="list-style-type: none"> <li>• <i>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill)</i></li> </ul> |   |
| <b>1.2</b> | <b>Organisation Information</b>   |  |   |
| 1.2.1      | Organisation name listed in the certificate                               | <b>PT SANDIKA NATAPALMA subsidiary of SIME DARBY Plantation Sdn Bhd</b>  |   |
| 1.2.2      | Contact person  | Mohamad Pirabaharan  |   |
| 1.2.3      | Organisation address and site address                                     | <ul style="list-style-type: none"> <li>• <i>RSPO registered company:</i><br/>No 2, Plantation Tower Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301</li> <li>• <i>Liaison Office:</i><br/>The Plaza Lt. 36<br/>JI MH Thamrin Kav. 28-30 Jakarta 10350.</li> </ul>   |   |
| 1.2.4      | Telephone   | (+62) 21- 29926000   |   |
| 1.2.5      | Fax   | (+62) 21- 29922686   |   |
| 1.2.6      | E-mail  | <a href="mailto:mohamad.pirabaharan@sime-darby.com">mohamad.pirabaharan@sime-darby.com</a>   |   |
| 1.2.7      | Web page address  | <a href="http://www.sime-darby.com">www.sime-darby.com</a>   |   |
| 1.2.8      | Management Representative who completed the application for certification | Mohamad Pirabaharan<br>( <i>Head of PSQM Plantation</i> )  |   |
| 1.2.9      | Registered as RSPO member   | 1-0008-04-000-00, 7 September 2004   |   |
| <b>1.3</b> | <b>Type of Assessment</b>   |  |   |
| 1.3.1      | Scope of Assessment and Number of Management Unit                         | Palm Oil Mill and supply base<br><ul style="list-style-type: none"> <li>• Lembiru Mill, Lembiru Estate, Awatan Estate</li> </ul>   |   |
| 1.3.2      | Type of certificate   | Single   |   |
| <b>1.4</b> | <b>Locations of Mill and Plantation</b>                                   |  |   |
| 1.4.1      | Location of Mill  |  |   |
|            | <b>Name of Mill</b>   | <b>Location</b>  | <b>Coordinate</b>                       |
|            |   |  | <b>Latitude</b> <b>Longitude</b>        |
|            | Lembiru   | Village of Awatan Sub District Marau, District Ketapang, Province West Kalimantan  | S 2° 10' 12"      E 110° 40' 4"         |
| 1.4.2      | Location of Certification Scope of Supply Base                            |  |   |
|            | <b>Name of Supply Base</b>  | <b>Location</b>  | <b>Coordinate</b>                       |
|            |   |  | <b>Latitude</b> <b>Longitude</b>        |
|            | Lembiru Estate  | Village of Awatan Sub District Marau, District Ketapang, Province West Kalimantan  | S 02° 09' 53.28"      E 110° 41' 16.35" |
|            | Awatan Estate   | Village of Awatan Sub District Marau, District Ketapang, Province West Kalimantan  | S 02° 12' 55.02"      E 110° 40' 55.00" |

|            |  |                         |                             |                   |                        |                   |                |
|------------|--|-------------------------|-----------------------------|-------------------|------------------------|-------------------|----------------|
| <b>1.5</b> | <b>Description of Area Statement</b>                         |                         |                             |                   |                        |                   |                |
| 1.5.1      | Tenure   |                         |                             |                   |                        |                   |                |
|            | • State  | 8,406.28 Ha             |                             |                   |                        |                   |                |
|            | • Community  | - Ha                    |                             |                   |                        |                   |                |
| 1.5.2      | <b>Area Statement</b>  |                         |                             |                   |                        |                   |                |
|            | • Total area   | 8,406.28 Ha             |                             |                   |                        |                   |                |
|            | • Mature area  | 5,245.59 Ha             |                             |                   |                        |                   |                |
|            | • Immature area  | - Ha                    |                             |                   |                        |                   |                |
|            | • Mill   | 14.29 Ha                |                             |                   |                        |                   |                |
|            | • Emplishment  | 16.38 Ha                |                             |                   |                        |                   |                |
|            | • Infrastructure (roads and bridges)                         | 201.44 Ha               |                             |                   |                        |                   |                |
|            | • Reserve area   | 225.32                  |                             |                   |                        |                   |                |
|            | • Occupation   | 1,173.23 Ha             |                             |                   |                        |                   |                |
|            | • Others area  | 1,039.13 Ha             |                             |                   |                        |                   |                |
|            | • HCV  | 490.90 Ha               |                             |                   |                        |                   |                |
| <b>1.6</b> | <b>Planting Year and Cycles</b>                              |                         |                             |                   |                        |                   |                |
| 1.6.1      | Age profile of planting year                                 |                         |                             |                   |                        |                   |                |
|            | Planting Year  | Hectarage (Ha)          |                             |                   |                        |                   |                |
|            |  | Lembiru                 | Awatan                      | Total             |                        |                   |                |
|            | 1997   | 614.35                  | 374.07                      | 988.42            |                        |                   |                |
|            | 1998   | 143.85                  | 1,983.31                    | 2,127.16          |                        |                   |                |
|            | 1999   | 954.54                  | -                           | 954.54            |                        |                   |                |
|            | 2000   | -                       | -                           | -                 |                        |                   |                |
|            | 2001   | 1,175.47                | -                           | 1,175.47          |                        |                   |                |
|            | <b>TOTAL</b>   | <b>2,888.21</b>         | <b>2,357.38</b>             | <b>5,245.59</b>   |                        |                   |                |
| 1.6.2      | New Planting area after January 2010                         |                         | - Ha                        |                   |                        |                   |                |
| 1.6.3      | Planting Cycle   |                         | 1 <sup>st</sup> Cycle       |                   |                        |                   |                |
| <b>1.7</b> | <b>Description of Mill and Supply Base</b>                   |                         |                             |                   |                        |                   |                |
| 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 (%) |
|            | Lembiru  | 45                      | 174,940.711                 | 36,836.614        | 21.06                  | 8,273.995         | 4.73           |
|            | <i>*Production data source from April 2015 to March 2016</i> |                         |                             |                   |                        |                   |                |
| 1.7.2      | Description of Certification Scope of Supply Base            |                         |                             |                   |                        |                   |                |
|            | Name of Estate   | Total Area (Ha)         | Planted Area (Ha)           | FFB (tonnes/year) | Yield (tonnes/ha/year) | Supplied to Mill  |                |
|            |  |                         |                             |                   |                        | FFB (tonnes/year) | %              |
|            | Lembiru Estate   | 4,929.29                | 2,888.21                    | 45,702.75         | 17.78                  | 45,702.75         | 100            |
|            | Awatan Estate  | 3,476.99                | 2,357.38                    | 41,925.08         | 15.82                  | 41,925.08         | 100            |
|            | <b>Total</b>   | <b>8,406.28</b>         | <b>5,245.59</b>             | <b>87,627.83</b>  | <b>16.70</b>           | <b>87,627.83</b>  | <b>100</b>     |

|  |   |  |   |  |                                  |                            |                          |
|--|---|--|---|--|----------------------------------|----------------------------|--------------------------|
| <i>*Production data source from April 2015 to March 2016</i>               |   |  |   |  |                                  |                            |                          |
| 1.7.3  | FFB description from other non certified source                   |  |   |  |                                  |                            |                          |
|  | <b>Name of sources</b>  | <b>Organisation</b>  | <b>Location</b>   | <b>Supplied to Mill</b>  |                                  |                            |                          |
|  |   |  |   | <b>FFB</b><br>(tonnes/year)  |                                  |                            |                          |
|  | Pelanjau Estate   | PT Budidaya Agro Lestari<br>(Sime Darby Plantation)<br>• <i>RSPO Non Certified</i> | Sub District of Marau<br>(2,014.43 Ha)                                | 39,704.79  |                                  |                            |                          |
|  | Sungai Putih Plasma<br>(1,375 Smallholders)                       |  | Sub District of Marau<br>(2,157.89 Ha)                                | 25,729.72  |                                  |                            |                          |
|  | Beturus Estate  |  | Sub District of Marau<br>(1,921.58 Ha)                                | 9,551.94   |                                  |                            |                          |
|  | Karya Palma Estate  | PT Sandika Natapalma<br>(outside scope of certification)                           | Sub District of Marau<br>(1,115 Ha)                                   | 2,096.82   |                                  |                            |                          |
|  | KelompokTani<br>Gereja Pantekosta<br>Indonesia Barat              | Independent Suppliers  | Sub District of Marau   | 568.286  |                                  |                            |                          |
|  | Koperasi SUMS   | Independent Suppliers  | Sub District of Marau   | 5,890.374  |                                  |                            |                          |
|  | Sungai Kyai   | Independent Suppliers  | Sub District of Marau   | 3,770.951  |                                  |                            |                          |
|  | <b>TOTAL</b>  |  |   | <b>87,312.881</b>  |                                  |                            |                          |
| <i>*Production data source from April 2015 to March 2016</i>               |   |  |   |  |                                  |                            |                          |
| 1.7.4  | Product categories  |  | <b>FFB, CPO, PK</b>   |  |                                  |                            |                          |
| <b>1.8</b>   | <b>Estimate Tonnage of Certified Product</b>                      |  |   |  |                                  |                            |                          |
| 1.8.1  | Past Annual Claim Certified Product                               |  | Previous Certificate Claim<br>July 2014 to June 2015<br>(tonnes/year) | Actual certified product<br>July 2014 to 6 April 2015<br>(tonnes/year) |                                  |                            |                          |
|  | • FFB Production  |  | 88,929  | 68,589.81  |                                  |                            |                          |
|  | • CPO Production  |  | 20,009  | 15,773.089   |                                  |                            |                          |
|  | • Palm Kernel (PK) Production                                     |  | 4,446   | 3,360.862  |                                  |                            |                          |
| 1.8.2  | Estimate of Certified FFB Claim                                   |  |   |  |                                  |                            |                          |
|  | <b>Name of Estates</b>  | <b>Total Area</b><br>(Ha)  | <b>Planted Area</b><br>(Ha)   | <b>FFB</b><br>(tonnes/year)  | <b>Yield</b><br>(tonnes/ha/year) |                            |                          |
|  | Lembiru Estate  | 4,929.29   | 2,888.21  | 51,988   | 18.0                             |                            |                          |
|  | Awatan Estate   | 3,476.99   | 2,357.38  | 38,897   | 16.5                             |                            |                          |
|  | <b>TOTAL</b>  | <b>8,406.28</b>  | <b>5,245.59</b>   | <b>90,885</b>  | <b>17.32</b>                     |                            |                          |
| <i>*Projected FFB production from 3 July 2016 to 2 July 2017</i>           |   |  |   |  |                                  |                            |                          |
| 1.8.3  | Estimate of Certified Palm Product Claim                          |  |   |  |                                  |                            |                          |
|  | <b>Name of Mill</b>   | <b>Capacity</b><br>(tonnes/ hour)  | <b>FFB</b><br><b>Processed</b><br>(tonnes/year)                       | <b>CPO</b>   |                                  | <b>Palm Kernel</b>         |                          |
|  |   |  |   | <b>Out put</b><br>(tonnes)   | <b>Extraction</b><br>(%)         | <b>Out put</b><br>(tonnes) | <b>Extraction</b><br>(%) |
|  | Lembiru POM   | 45   | <b>90,885</b>   | 19,131   | 21.05                            | 4,544                      | 5.0                      |
| <i>*Projected CSPO and CSPK production from 3 July 2016 to 2 July 2017</i> |   |  |   |  |                                  |                            |                          |
| <b>1.9</b>   | <b>Other Certifications</b>                                       |  |   |  |                                  |                            |                          |
|  | Lembiru POM and supply base does not obtain other certifications. |  |   |  |                                  |                            |                          |



| <b>1.10 Time Bound Plan</b>                              |                   |                             |                   |  |
|--|-------------------|-----------------------------|-------------------|--|
| <b>1.10.1 Time Bound Plan for Other Management Units</b> |                   |                             |                   |  |
| <b>MANAGEMENT UNIT</b>                                   |                   | <b>Estate (Supply Base)</b> | <b>Time Bound</b> | <b>Location</b>  |
| <b>P O M</b>   | <b>Time Bound</b> |                             |                   |  |
| Sekunyir.<br>PT. Indotruba<br>Tengah                     | Certified<br>2010 | Sekunyir                    | Certified 2010    | Seruyan and West Kotawaringin District<br>– Central Kalimantan |
|  |                   | Seruyan                     | Certified 2010    |  |
| Manggala.<br>PT. Tunggal Mitra<br>Plantations            | Certified<br>2010 | Manggala 1                  | Certified 2010    | Rokan Hilir District – Riau                                    |
|  |                   | Manggala 2                  | Certified 2010    |  |
|  |                   | Manggala 3                  | Certified 2010    |  |
| PT. Sime Indo<br>Agro                                    | Certified<br>2010 | PT. Sime Indo Agro          | Certified 2010    | Sanggau District –West Kalimantan                              |
| Teluk Siak.<br>PT Aneka Inti<br>Persada                  | Certified<br>2011 | Teluk Siak                  | Certified 2011    | Pekanbaru, Siak District – Riau                                |
|  |                   | Pinang Sebatang             | Certified 2011    |  |
|  |                   | Aneka Persada               | Certified 2011    |  |
| Sungai Pinang.<br>PT. Bina Sains<br>Cemerlang            | Certified<br>2012 | Sungai Pinang               | Certified 2012    | Musi Rawas District – South Sumatera                           |
|  |                   | Bukit Pinang                | Certified 2012    |  |
| Sukamandang.<br>PT. Kridatama<br>Lancar                  | Certified<br>2011 | Sukamandang                 | Certified 2011    | Seruyan and East Kotawaringin District<br>– Central Kalimantan |
|  |                   | Sapiri                      | Certified 2011    |  |
|  |                   | Baras Danum                 | Certified 2011    |  |
|  |                   | Kuala Kuayan                | Certified 2011    |  |
| Pematang.<br>PT. Teguh<br>Sempurna                       | Certified<br>2011 | Pematang                    | Certified 2011    | Seruyan and East Kotawaringin District<br>– Central Kalimantan |
|  |                   | Kawan Batu                  | Certified 2011    |  |
|  |                   | Hatan Tiring                | Certified 2011    |  |
|  |                   | Batang Garing               | Certified 2011    |  |
| Alur Dumai.<br>PT Lahan Tani<br>Sakti                    | Certified<br>2011 | Alur Dumai                  | Certified 2011    | Rokan Hilir District – Riau                                    |
| Teluk Bakau.<br>PT. Bhumireksa<br>Nusa Sejati            | Certified<br>2011 | Teluk Bakau                 | Certified 2011    | Indra Giri Hilir District – Riau                               |
|  |                   | Nusa Perkasa                | Certified 2011    |  |
|  |                   | Nusa Lestari                | Certified 2011    |  |
| Mandah.<br>PT. Bhumireksa<br>Nusa Sejati                 | Certified<br>2014 | Mandah                      | Certified 2011    | Indra Giri Hilir District – Riau                               |
|  |                   | Rotan Semelur               | Certified 2011    |  |
| Angsana Mini.<br>PT Sajang<br>Heulang                    | Certified<br>2011 | KKPA-1 PT.SHE               | Certified 2013    | Tanah Bumbu District – South<br>Kalimantan                     |
|  |                   | Pantai Bonati               | Certified 2011    |  |
| Angsana.<br>PT<br>Ladangrumpun<br>Suburabadi             | Certified<br>2011 | Angsana                     | Certified 2011    | Tanah Bumbu District – South<br>Kalimantan                     |
|  |                   | Gunung Sari                 | Certified 2011    |  |
|  |                   | KKPA-4 PT.SHE               | Certified 2013    |  |
| Mustika.<br>PT Sajang<br>Heulang                         | Certified<br>2013 | KKPA-2 PT.SHE               | Certified 2013    | Tanah Bumbu District – South<br>Kalimantan                     |
|  |                   | KKPA-3 PT.SHE               | Certified 2013    |  |
|  |                   | KKPA-5 PT.SHE               | Certified 2013    |  |
| Gunung Aru.  | Certified         | Gunung Aru                  | Certified 2011    | Kotabaru District – South Kalimantan                           |

|  |                 |                         |                |   |
|--|-----------------|-------------------------|----------------|---|
| PT Bersama Sejahtera Sakti                     | 2011            | Gunung Kemas            | Certified 2011 |   |
|  |                 | Laut Timur              | Certified 2011 |   |
|  |                 | Pantai Timur            | Certified 2011 |   |
| Bebunga. PT. Langgeng Muaramakmur              | Certified 2011  | Sungai Cengal           | Certified 2011 | Kotabaru District – South Kalimantan                          |
|  |                 | Bebunga                 | Certified 2011 |   |
|  |                 | KKPA Sungai Cengal      | Certified 2015 |   |
| Pondok Labu. PT Paripurna Swakarsa             | Certified 2012  | Binturung               | Certified 2012 | Kotabaru District – South Kalimantan                          |
|  |                 | Pondok Labu             | Certified 2012 |   |
|  |                 | Rampa                   | Certified 2012 |   |
|  |                 | Sesulung                | Certified 2012 |   |
| Selabak. PT Swadaya Andhika                    | Certified 2012  | Selabak                 | Certified 2012 | Kotabaru District – South Kalimantan                          |
|  |                 | Randi                   | Certified 2012 |   |
|  |                 | Sangkoh                 | Certified 2012 |   |
|  |                 | Lanting                 | Certified 2012 |   |
| Rantau. PT Laguna Mandiri                      | Certified 2012  | Rantau                  | Certified 2012 | Kotabaru District – South Kalimantan                          |
|  |                 | Matalok                 | Certified 2012 |   |
| Betung. PT Laguna Mandiri                      | Certified 2014  | Betung                  | Certified 2012 | Kotabaru District – South Kalimantan                          |
|  |                 | Sekayu                  | Certified 2012 |   |
| Ungkaya. PT Tamaco Graha Krida                 | Certified 2012  | Ungkaya                 | Certified 2012 | Morowali District – Sulawesi Tengah                           |
|  |                 | Plasma TGK              | Certified 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 – Nangroe Aceh Darussalam |
|  |                 | Batang Ara ((PT PSK))   | Certified 2013 |   |
|  |                 | Blang Simpo-01 (PT PPP) | Certified 2013 |   |
|  |                 | Blang Simpo-02 (PT PPP) | Certified 2013 |   |
| MAS. PT Mitra Austral Sejahtera                | 2020            | MAS 1                   | 2020           | Sanggau District – West Kalimantan                            |
|  |                 | MAS 1                   | 2020           |   |
|  |                 | MAS 1                   | 2020           |   |
| Lembiru. PT Sandika Natapalma                  | Certified 2014  | Lembiru                 | Certified 2014 | Ketapang District – West Kalimantan                           |
|  |                 | Awatan                  | Certified 2014 |   |
|  | New Development | Karya Palma             | 2017           |   |
| PT Budidaya Agro Lestari                       | <b>2018</b>     | Pelanjau                | 2018           |   |
|  |                 | Sungai Putih            | 2018           |   |
|  |                 | Baturus                 | 2018           |   |

|        |   |
|--------|---|
|        | <p>The Time Bound Plan was revised and declared by the Sime Darby Plantation Sdn Bhd Indonesian representative on June 16<sup>th</sup>, 2016 by the Head of PSQM.</p> <p>Sime Darby has been certified on all 39 units Palm Oil Mill in Malaysia and 21 units Palm Oil Mill in Indonesia. The Time Bound Plan was revised, cause the company to delay certification process with the following explanation:</p> <ul style="list-style-type: none"> <li>- PT. Mitra Austral Sejahtera, there is still an issue that remain unresolved social i.e. from Serikat Petani Kelapa Sawit (SPKS), but improvements are on going.</li> <li>- PT. Budidaya Agro Lestari waiting for land title process</li> </ul>   |
| 1.10.2 | <p><b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b></p>   |
|        | <p>The revision of certification Time Bound Plan showed by the CH consider not challenging due to:<br/>         Certification plan for Karya Palma Estate (PT Sandika Natapalma) and PT Budidaya Agrolestari including Sungai Putih Estate (full manage scheme smallholders - <b>Sejahtera Palma Sejati &amp; Mitra Usahatani Sejahtera Plantation Cooperatives</b>) planned on 2018 (it should have 2017).<br/>         Based on the explanation above it was not met with <b>RSPO Certification System 4.2.3</b><br/>         All the FFB from the directly managed lands (or estates) shall be produced to certifiable standards. The mill will develop and implement a plan to ensure that 100% of associated smallholders and outgrowers are of certifiable standard within 3 years.</p> |

|       |  |
|-------|--|
| 2.0   | <b>ASSESSMENT PROCESS</b>  |
| 2.1   | <b>Assessment Team</b>   |
| ASA-2 | <ol style="list-style-type: none"> <li>1. <b>Octo HPN Nainggolan (Lead Auditor)</b>. He holds a degree in Agricultural Science majoring in Social Economic Agriculture (Agribusiness); He had 6 (six) years working experience related to oil palm industries Agronomist with one of the biggest Indonesian oil palm plantations. Ended his career journey in oil palm plantation moved to be involved in RSPO implementation and assessment since 2011 as a team member and subsequently as a lead auditor with a RSPO approved certification body covering assessment with RSPO P&amp;C and RSPO NPP. He has passed several training programmes on ISO 9001 &amp; 14001, Indonesian Sustainable Palm Oil (ISPO), and successfully completed the RSPO Lead Auditor endorsed courses; RSPO Supply Chain Lead Auditor endorsed courses as well as training on HCV Identification and Management. Currently, he works for PT Mutuagung Lestari as a RSPO Scheme Manager and is a RSPO Lead auditor/Auditor. Several number of RSPO audits have been done covering RSPO P&amp;C and RSPO NPP in Indonesia. He fluent to speak and written in Bahasa and English. During the assessment he covered legal aspect, land conflict, transparency and supply chain</li> <li>2. <b>Trismadi Nurbayuto (Auditor)</b>. Associate Degree from the Forestry Faculty IPB and Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, IPB. Specialists in the Environmental Social Impact Assessment (SEIA) and the High Conservation Value (HCV). He participated in HCV Management Training, Lead Auditor's ISPO training, Lead Auditor's RSPO, training of ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Previously worked in the private oil palm plantations, and became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO). He has been involved in the activities of SEIA and Identification of HCV in Palm Plantation. Currently has been several times following audit activities related to sustainable palm oil certification system as an social and environment auditor's. At this surveillance assessment he conducted of Best Agricultural Practices, Integrated Pest Management and Safety and Health aspect.</li> <li>3. <b>Yudwi Wisnu Rahmanto (Auditor)</b>. Bachelor of Forestry with Silviculture background. He worked at professional independent Certification Body as an Auditor for last 5 years and has involved in auditing activities with various certification schemes. Selected training which have been followed, such as RSPO Endorsed Lead Auditor Training Course, ISPO Auditor/Lead Auditor Course, Quality Management System (QMS) ISO 9001:2008 Auditor/Lead Auditor Course, GIS-Basic Mapping and Spatial Analysis, Timber Legality Assurance System (SVLK), Verification Organization Training C.A.F.E Practices (Starbucks) and others internal training programs. He has involved in auditing activities, such as Sustainable Forest Management by FSC FM/COC Scheme, Sustainable Palm Oil by RSPO and ISPO Scheme, Coffee And Farmer Equity (C.A.F.E Practices) Starbucks, Organic Standard (EU, NOP, JAS) for Coffee Farmers and Organic Exchange for Textile. During this audit, he assigned to verify of social and workers welfare aspect.</li> <li>4. <b>Bukti Bagja (Auditor)</b>. Master of Science majoring environment, Indonesia University. He had involved in RSPO assessment and HCV for GIS. The training he has followed namely. ArcGIS, MAPInfo, Global Mapper, ER MAPPER, ERDAS Imagine, Indonesian Sustainable Palm Oil auditor and Awareness RSPO, and Auditor/Lead auditor Management System Certification (ISO 9001-2008). During this audit, he assigned to verify of Environmental and Conservation Aspect.</li> </ol> |
| 2.2   | <b>Assessment Methodology, Assessment Process and Locations of Assessment</b>  |
| 2.2.1 | <b>Figure of person days to implement assessment</b>   |
| ASA-2 | <p>Number of auditors : 4 auditors<br/>         Number of days for <b>ASA-1</b> at site : 4 days<br/>         Number of working days for <b>ASA-1</b> at site : 16 Working days</p>  |
| 2.2.2 | <b>Assessment Process</b>  |
| ASA-2 | <p>This particularly assessment was also witnessed by the Accreditation Services International as RSPO accreditation body. The witness assessment in order to monitor and evaluate the continued effectiveness of the CAB's audit program management and fulfillment of the accreditation requirements.</p> <p>The second surveillance assessment was conducted by measuring the sufficiency of implementation with the</p>  |

consistency done by the PT. Sandika Natapalma to the requirements of RSP0 Principles and Criteria for Sustainable Palm Oil Production for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013 and RSP0 Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSP0 Board of Governors on 21 November 2014 (Module E for CPO Mill).

The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) *interview*, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.

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-2**).

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-3**.

The assessment program please find Appendix 2

**2.2.3 Locations of Assessment**

**ASA-2** Numbers of units in this certification activity are two estates, which supply the raw material (FFB) to Lembiru palm oil mill. In conducting the assessment, the team of auditors used the  $0.8\sqrt{y}$  formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are one palm oil mill (Lembiru POM) and two estates (Lembiru estate and Awatan estate)

**Lembiru POM:**

1. **Mill security post.** Interview with security officer regarding understanding of supply chain requirement.
2. **Weighbridge.** Interview with weighbridge operator regarding separation of supply chain document.
3. **Kelampai Bulking Station.** Interview with the representative of bulking station in regard the documentation and implementation of supply chain.
5. **Loading Ramp:** officers has understood the procedure of sorting and grading well, however inconsistent grading from signed by the clerk PSQM. Sample selection procedure needs to be clarified trucks for graded.
6. **Process station:** generally the condition is quite good, there are some records that met the dispatcher backhoe loaders who don't have the SIO (Licensed). There is the use of fire extinguishers to wash floors (mis-use). Founded the contractors who don't have employment insurance. Workers in Boiler station are not using PPE's (Ear Muff), whereas in the engine room officers claimed to have never received special medical checkup especially audiometry test.
7. **Chemicals storage:** in generally the storage managed well, however there is a record in the in the form of: there is no Hazardous Symbol, MSDS is not specific to chemicals NALCO, there are spills of chemicals powder on the floor were not immediately made, there are chemicals expired that hasn't been evacuated to schedule waste storage.
8. **Schedule Waste storage:** in generally schedule waste has accordance with the regulations, but there are some records that's: first aid tools inadequate.
9. **Water Treatment Plant (WTP):** WTP is works fine, flow meter to measure the flow of water entering and water diverted was worked.
10. **Waste Water Treatment Plant (WWTP):** Water Waste level in some less than ideal are less than 40 cm. Dimensions WWTP in some pools are inadequate , because of a barrier between the pool was broken. There are indications of surface water contamination because the water from the sedimentation ponds are polluted from discharged to the outside.

**Lembiru Estate**

1. BPN boundary pole No.3 → S 02° 09' 82" & E 110° 40' 30" located in Block D.2.D. The pole is well maintained and demarcated; however there were several boundary poles not maintain and not in place during auditor

- observing to the site.
2. **Block F4C of Division 2, harvesting program.** Observation and interview with the harvesting Foreman and the Harvester in term of the provision of PPE, work tools, health and work accident assurance, wage, premium, complaint handling. The company has provided PPE and work tools based on the employee's need. In complete contents of the first aid box brought foreman.
  3. **Block E4BC, D3B of Division 1.** Auditor was observed the beneficial plant such as *Antigonon leptosus*, *Cassia cobanensis*, and *Turnera subulata*.
  4. **Block E4BC of Division 1 spraying program.** Observation and interview with the Spraying Foreman and the Spraying Team in term of the provision of PPE, work tools, health and work accident assurance, wage, premium, complaint handling, regular medical check up, spraying training, first aid training, gender issue and buffer zone. The company has provided PPE and work tools. In complete contents of the first aid box brought foreman.
  5. **Block E5A of Division 1, manuring program.** Observation and interview with the Manuring Foreman and the Manuring Team in term of the provision of PPE, work tools, health and work accident assurance, wage, premium, complaint handling, regular medical check up, spraying training, first aid training, gender issue. The company has provided PPE and work tools. They have manage the manpower issue perfectly.
  6. **Block D3B of Division 1, Feromon Trap.** Observation on rhinoceros beetles pest control with feromon trap with ratio 1:25 ha.
  7. **Block Spraying System (BSS) house.** Observation on PPE's place and provide the shower place for spraying worker.
  8. **HCV area of Seleming Hill, block D4D.** Observation the management to protect water spring.
  9. **HCV area od Sekakai River, Block I6, Division 4, Lembiru Estate.** Observation of the river belt and buffer zone to protect the river.
  10. **Areal HCV / Enclave Bawas Tua at Block L6AB** size 5,32 hectare. This are identified as occupied land by communities. Vegetation structure consists of rubber plants and old schrubs. There is no signboard of HCV area because the land is owned by community.
  11. **Land Application at Block E28**, in general, effluent bed is well maintained. However, there is no controlling effluent bed is empty remain along one path. It should be at least two bed remains empty as part of controlling to avoid contamination outside the application. Also, an effluent level in several beds is inadequate (< 5cm).
  12. **Controlling wells at Block F3H**, control wells was made permanently, maintained, ground water is good quality and there is no indication of pollution and contamination.
  13. **Creche at Workers Housing Division 1&2 LBE.** Interview with sample workers related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights.
  14. **Workers housing facilities at Division 1&2 LBE.** Observe the workers facilities condition that provide by the company and waste management. Found the open burning and open dumping of domestic waste.
  15. **Generator machine room at Division 1&2 LBE.** Observe the waste management, including inspection of chemical used containers, check whether or not oil spillage.
  16. **Workshop LBE.** Interview with sample workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights. Implementation of waste management, storage, workshop management. Found that agrochemical containers, secondary containment, fuel drum and used tires are disposed behind the workshop and unresponsible managed.
  17. **Fertilizer store LBE.** Observe the implementation of chemical storage procedure, MSDS, Safety and Health and Storage condition.
  18. **Chemical and general store LBE.** Observe the implementation of procedure, MSDS, Safety and Health, Storage condition and interview with representative officer.
  19. **Clinic at Beturus Estate (PT. BAL).** Interview with nurse and doctor related to medical facilities and access for workers, how to handling of medical waste management.

**Karya Palma Estate.**

Interview with Karya Palma Estate Manager and officer regarding the preparation to RSP0 certification.

**Awatan Estate**

1. BPN boundary pole No.1F → S 02° 13' 65" & E 110° 40' 66" located in Block K.2.D, Division III. The pole is well maintained and demarcated.
2. BPN boundary pole No.1G → S 02° 12' 86" & E 110° 40' 24" located in Block J.1.C, Division III. The pole is well maintained and demarcated.
3. BPN boundary pole No.35 → S 02° 12' 34" & E 110° 39' 41" located in Block J.1.A, Division III. The pole is well maintained and demarcated.
4. BPN boundary pole No.1 → S 02° 12' 01" & E 110° 39' 42" located in Block N.3.D. The pole is well maintained and demarcated.
5. **Block G3D of Division 2 spraying program.** Observation and interview with the Spraying Foreman and the Spraying Team in term of the provision of PPE, work tools, health and work accident assurance, wage, premium, complaint handling, regular medical check up, spraying training, first aid training, gender issue and buffer zone. The company has provided PPE and work tools. In complete contents of the first aid box brought foreman.
6. **Block I3A, I3B of Division 2.** Auditor was observed the beneficial plant such as *Antigonon leptopus*, *Cassia cobanensis*, and *Turnera subulata*.
7. **Block G2AB of Division 1, harvesting program.** Observation and interview with the harvesting Foreman and the Harvester in term of the provision of PPE, work tools, health and work accident assurance, wage, premium, complaint handling. The company has provided PPE and work tools based on the employee's need. In complete contents of the first aid box brought foreman.
8. **Block I1B of Division 1, EFB application.** Field observation and interview with the manager in term of the EFB application. The company applied the EFB as the zero waste attempt as well as to add the organic ingredient and nutrition on the soil nutrient lack land.
9. **Block I1B of Division 1.** Auditor was observed the fire watchtower with a height of over 15 meter.
10. **Chemical Storage.** Observation on chemical stock, MSDS are kinds of chemicals. The exhaust fan is not working.
11. **Block Spraying System (BSS) house.** Observation on PPE's place and provide the shower place for spraying worker.
12. **Morning Muster in Awatan Estate.** Based on observation, it's known that a foreman doesn't ensure of PPE's using by workers. Truck sparying team is unfied with water tank.
13. **HCV Area Sungai Dua:** riparian have not marked consistently. No bookmarks and markers adequate for the maintenance of river buffer zone.
14. **HCV Area Sungai Bata:** riparian have not marked consistently. No bookmarks and markers adequate for the maintenance of river buffer zone.
15. **Awatan Hill:** Awatan Hill was maintained, signboard was available and the HCV area there is still a population of protected wildlife. It species is *Hylobates agilis*.
16. **Domestic waste disposal/dumpsite at Block G04A (Division 2 AWE).** Observe the implementation of waste management.
17. **Creche at Workers Housing Division 3 AWE.** Interview with sample workers related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights.
18. **Workers housing facilities at Division 3 AWE.** Observe the workers facilities condition that provide by the company and waste management. Found the open burning and open dumping of domestic waste.
19. **Generator machine room at Division 3 AWE.** Observe the waste management, including inspection of chemical used containers, check whether or not oil spillage. Found that a chemical container was kept inside the room without legal permission.
20. **Central Workshop AWE.** Interview with sample workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights. Implementation of waste management, storage, workshop management.
21. **Fertilizer store AWE.** Observe the implementation of chemical storage procedure, MSDS, Safety and Health and Storage condition.

- 22. Chemical and general store AWE.** Observe the implementation of procedure, MSDS, Safety and Health, Storage condition and interview with representative officer.
- 23. Fuel station, Fire Fighting Equipment Storage and Agrochemical containers Temporary storage AWE.** Found that oil spillage on the ground, agrochemical used containers kept over the permitted period and inappropriate of containers volume records. Fuel as a flammable material was kept in Fire Fighting Equipment Storage.

Stakeholder consultation with

Statutory Bodies at Ketapang Regency on 11 April 2016:

1. Ketapang District Manpower Agency (The Head of Manpower Supervising Division).
2. Ketapang District Forestry Agency (Head of Forestry Agency and Division Head of Forest Area Mapping).
3. Ketapang District National Land Agency (The Head of National Land Agency).
4. Ketapang District Environment Agency (The Head of Environment Agency).

Surrounding local communities on 12 April 2016:

1. Secretary of Sub District Marau, Secretary of Sukakarya Village, and Head of regulatory bodies Sukakarya Village.
2. Representative of villagers Dusun Batu Manang (Village of Sukakarya), Customary of Dayak Kendawangan, Member of smallholders Koperasi Sejahtera Palma Sejati (SPS).
3. Villagers Representative of Dusun Sedawak (Karya Baru Village), Local Customary Head.
4. Villagers Representative of Dusun Awatan (Sukakarya Village) and Community Leaders.

Internal Stakeholders on 12 April 2016:

1. Gender Committee of Awatan Estate.
2. The Head of SBTP (Worker Union) Awatan Estate.

Internal Stakeholders on 13 & 14 April 2016:

1. Creche workers Division 3 AWE and Division 1&2 LBE.
2. Workshop workers AWE & LBE.
3. Doctor and Nurse at Clinic

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|--------------|--|
| <b>2.3</b>   | <b>Stakeholder Consultation and Stakeholders Contacted</b>   |
| <b>2.3.1</b> | <b>Summary of stakeholder consultation process.</b>  |
| <b>ASA-1</b> | Summary of stakeholder consultation process<br>Consultation of stakeholders for PT. Sandika Natapalma was held by:<br>Public Notification on Mutuagung Lestari Website on 10 March 2016.<br>Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples on 11 – 12 April 2016.<br>Numbers of input from stakeholders were clarified by PT. Sandika Natapalma |
| <b>2.3.2</b> | <b>Stakeholder contacted</b>   |
|              | <i>Please find appendix 1</i>  |
| <b>2.4</b>   | <b>Determining Next Assessment</b>   |
|              | The next visit ( <b>ASA-3</b> ) will be determined April 2017.   |



**3.0. ASSESSMENT FINDINGS**

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

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

During the assessment, there are two (2) previous minor non-conformances upgrade into major due to not closed until ASA-2, thirteen (13) nonconformances were assigned against major compliance Indicators, seven (7) nonconformances were assigned against minor compliance indicators, three (3) nonconformances against supply chain requirement for CPO mill and two (2) nonconformances against the RSPO Certification System.

In the current condition after the ASA-2 the certified unit has to provide corrective action to complying the non-conformances in 60 days (especially Major Non-conformance) prior the auditor team recommends to continue the certification.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by auditor team in form of documentation evidences e.g. (document record/photographic/etc.). Those corrective actions taken that consist of thirteen (13) Major nonconformances, three (3) supply chain nonconformances, 2 (two) certification system non-conformances and 5 (five) Minor nonconformances had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Lembiru POM – PT Sandika Natapalma, SIME DARBY Plantation Sdn Bhd complied with the requirements of RSPO Principles and Criteria for Sustainable Palm Oil Production for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is continued.

| Ref Std.  | VERIFICATION RESULT of MUTU-Certification |
|---|---|
| <b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>  |   |
| <b>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.</b>   |   |
| <p><b>1.1.1</b></p> <p>Certificate Holder has had list of stakeholders dated 30 August 2015, consist of Subdistrict, Communities Representative, Customary Representative, Statutory Bodies, and Head of Villages. These lists are updated every 6 months and also have a mechanism to provide information, as per procedure “Permintaan Informasi” (No: 008/SNP-E/VIII/10, Rev. 01, dated 2 August 2010). The procedure explains mechanism to receive and respond to information/inquiry from stakeholders. Information type that publicly available are:</p> <ol style="list-style-type: none"> <li>1. Legal: Permits (Concession Permit, Plantation Permit, Land Use Right and/or its on-going process).</li> <li>2. Environmental: AMDAL/SEIA, SIA and HCV Report, SEIA Monitoring Report (RKL-RPL).</li> <li>3. Social: Social activities document, Corporate Social Responsibility Document, SIA Report, OSHA Document and Reports, Continual Improvement Document.</li> </ol> <p>Based on interview with local community during ASA-2 (12 April 2016), informed that the company making a direct</p> |   |

communication related grievances, complaint and CSR request from stakeholders. Information request/inquiry accepted through verbal and/or written request – and recorded by Operational Manager, Head of Administration (KTU) and Plantation Service Department Staff.

Company maintains records of request for information and responses under “Buku surat masuk dan surat keluar” for Awatan Estate (AWE) and Lembiru Estate (LBE). Some of information requests/inquiry has no explanation or notes of respond by Estates.

**1.1.2**

**NCR 2016.1: Term of response information, complaints and aspirations of stakeholders**

The CH have records of requests for information and responses have been be maintained, however, during interview with local communities it was informed that respond to grievance, complaint and/or other request by the company was not consistent implemented, i.e:

- a) There is no timeline was explained in the procedure to respond of any request/inquiry from stakeholders.
- b) There is no respond made by the company related worker grievance at Lembiru Estate (LBE), i.e: inadequate quality of rice.
- c) There is no respond made by the company regarding worker complaint at Lembiru Estate and Awatan Estate, related to operational time of electricity supplies from generator machine in workers housing.
- d) Inconsistency of responding timeline against information request/inquiry, CSR and social program from communities.

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| <b>1.1.2</b> | <b>Status: Non-Compliance 2016.1 with major category</b> |
|--------------|--|

**1.2**

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

**1.2.1**

Certificate Holder has a procedure for information request handling and information provision under “Permintaan Informasi” (No: 008/SNP-E/VIII/10, Rev. 01, dated 2 August 2010). There is a list of information available for public:

- 1. Legal: Permits (Concession Permit, Plantation Permit, Land Use Right and/or its on-going process).
- 2. Environmental: AMDAL/SEIA, SIA and HCV Report, SEIA Monitoring Report (RKL-RPL).
- 3. Social: Social activities document, Corporate Social Responsibility Document, SIA Report, OSHA Document and Reports, Continual Improvement Document.

Based on information gathered from subdistrict staff (sekretaris Camat Marau) during stakeholder’s consultation on 12 April 2016, it was clearly informed that its procedure has already socialized to the communities, including information available for public.

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|  | <b>Status: COMPLIED</b> |
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**1.3**

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

**1.3.1**

Certificate Holder is able to shows company policy related Business Ethics with No Policy 440/HRM-COC/07, signed 24<sup>th</sup> May 2007. The policy mentioned commitment to uphold code of ethical conduct. Furthermore, based on interview with sampled workers, they have received communication/dissemination of such policy.

Communication of code of ethical conduct carried out at AWE (8 January 2016), attended by 219 workers; LBE (12 January 2016), attended by 97 workers; LBF/Mill (29 February 2016), attended by 30 workers; KPE (3 December 2015), attended by 30 workers.

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|  | <b>Status: COMPLIED</b> |
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**PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

**2.1****There is compliance with all applicable local, national and ratified international laws and regulations.****2.1.1**

Certificate holder obtain the legal requirement for operating the plantation in form of:

- Location Permit document No.367 Year 2008 dated 7 October 2008 for 11,300 ha
- Plantation bussines permit number 196/Mentanhut/VII/2000 dated 3 November 2000 for 8,406.21 ha and 60 Tonnes FFB/Hour for mill capacity.
- Land Use Title (Hak Guna Usaha/HGU) number 4 Year 2000 coverage area 8,406.21 ha based on Indonesian National Land Agency Decree dated 22 February 2000 number 8/HGU/BPN/2000 and valid until 28 February 2030.

The copies of all legal documents available in estate and mill office. Those were observed by the auditor team during the ASA-2.

CH attempts to comply the applied statute in Safety and Health regulation and Worker regulation. However, there is an **NC Number 2016.2 in Major category:**

- a. CH has not been able to show 2 certificates of welders who have been trained in April 2015 (Mr. Aliyen and Mr. Trijono Eko).
- b. Based on interviews with boiler operator (Mr. Hardianto) has returned to work at the station boiler, but it can't be shown Licensed.

According to field visits and interviews with backhoe loader operators in Lembiru POM, it is known that he doesn't have the SIO lift transports. This is not in accordance with the Ministerial Regulation No. 9 of 2010.

**2.1.2**

Personel who have responsibility for managing the legall documentation is Plantation Services Department Manager and helped by the SPO officer on site. This department also identified the law and regulation which related to the plantation operational.

The list of legal requirement available in the unit covering of 109 regulations and those were including the new regulation for example:

- Agriculture Ministry Regulation Number 11 Year 2015 regarding Indonesian Sustainable Palm Oil
- Forestry Ministry Decree Number 936 Year 2013 regarding the appointing of forest area in West Kalimantan Province.
- Forestry Ministry Decree Number 733 Year 2015 regarding the change of appointing of forest area in West Kalimantan Province.

The auditors have sighted the list of laws and regulations were available in each unit's office (estate and mill).

**2.1.3**

Fulfillment of the regulations and laws evaluation were identified and observed by the auditor team during the ASA-2 through document which update on 1 April 2016 explaining kind of regulation, description, evidence of fulfillment (document/program reference), fulfillment status (yes/no) of 109 regulations related to plantation operational.

**2.1.4**

The methodology to adjust the change of regulation explain in the procedure Law Requirement (Prosedur Persyaratan Hukum) number Policy: 301/SNP-HKM-05/11. This document explaining personel who have responsibility to update the regulation and law, identification and inventory, evaluation and monitoring.

There is update regulations which have been identified by the certificate holder for example West Kalimantan Governor Decree Number 861/DISNAKERTRANS/2015 dated 19 November 2015 regarding the minimum wage.

During the ASA-2 the auditor team interview with the PSD manager and known every year the certificate holder always update the regulation especially regarding the minimum wage.

2.1.1 Status: NCR 2016.2 with major category

2.2

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

2.2.1

There are no changes of the certified area after the certificate holder obtained the RSP0 certificate since 2014. The land tenure documentations were shown by the CH in form of:

- Location permit of PT SNP based on the decree of Ketapang Regent number 367 year 2008, dated October 7th 2008. It covers 11,300 ha area at Marau and Upas Sub-District, Ketapang District.
- Business permit of PT SNP based on the decree of the Head of Investment Agency number 1186/Pertanian/Industri/2008 dated November 21st 2008. The land use for 8,406.21 ha for establishment of estate and POM.
- Plantation business permit in form of the registration paper of plantation business permit of PT SNP number 196/Mentanhut/VII/2000. It covers 8,406.21 ha area in Maray Sub-District, Ketapang District, West Kalimantan Province; 1 unit of POM with capacity of 60 ton of FFB/hour. It was issued by the Director General of Plantation on November 3rd 2000.
- Land Use Title (HGU) certificate number 4 year 2000. It valid till February 28th 2030. According to the decree of the Head of National Land Agency dated February 22nd 2000 number 8/HGU/BPN/2000; cadastral measurement paper dated December 22nd 1998. It covers 8,406.21 ha; The certificate was issued by the Head of Ketapang District National Land Agency on February 29th 2000.
- The Regent of Ketapang issued decree number 523/DISBUN – D/2014 in term of the changes of the land hectarage of PT Sandika Natapalma on October 14th 2014. According to the decree, the Regent approve the area extension of the plantation business permit from 8,406.21 Ha to 13,936.21 Ha with capacity of 45 Ton of FFB/Hours. It is located at Belahan Village and Sukaria Village, Riam Batugading Village and Karya Baru Village of Maraud Sub-District and Sukaria Village of Air Upas Sub-District, Ketapang District (the map is attached).

Legal documents showing history and land status change and CH have managed and shows to auditor team during the ASA-2.

2.2.2.

Available legal operations and location map which have been shows to the auditor team in scale of 1:25.000. The map informs the boundary of the certificate holder area. Maintenance and Monitoring of the boundary was established on the procedure number 301/SNP/01/PDKK dated 4 June 2011 and explain the boundary pole will monitor and maintain every month and the document was sighted by the auditor available in the estate.

The auditor team have observed in the field during the surveillance and found there are no poles available in several locations which auditor has been appoint. CH also cannot show the evaluation of the monitoring and maintenance of the boundary poles. CH shows to the auditor team the document of **Realisation of HGU Pole Maintenance 2015** however the document failed to explain the coordinates of the poles and not mentioned there are poles have been lose and broken. **Based on the observation taken auditor raised a minor non conformance (NCR 2016.03)**

Due to the associate smallholders area is under the management of the cooperative and still on process for land title, there is no information showing through map the boundaries of associate smallholders. However all the associated smallholders area were fully manage by the CH in Sungai Putih Estate. There are no cases have been reported on boundary breach in the certified holder assessment scope, however there are area is on progress for land title in Karya Palma estate which still under the CH management.

**2.2.3**

During the surveillance the auditor team interview with Ketapang National Land Agency and explain that not all in the land title (HGU) area have been siccesly manage by the CH, there are several area still operate and manage by the community/villagers. Based on interview result with villagers around the CH area known that there are occupation area manage by several community because there are no compensation have been agreed for the particular area. For the occupation area the CH still making approach by communication without any acts of violence or coercion. All the land acquisitions were well documented by the Plantation Services Department of the CH and the FPIC record also sighted by the auditor team. The documentations in form of Representation Letter, Map compensatory, copy of ID Card, Proof of Payment of compensation, Photo and Documentation Payment of compensation, Form Inventory of land, crops and other types In Order Acquisition of land, Realization Statement compensation, Letter of Land Right Release, Summary of community Land Compensation, Land Sketch, Certificate of Land, Promissory Land, Minutes of the Land Acquisition within HGU Area, Minutes of the Land Acquisition includes in HGU Area, Handover (Payments) of compensation.

**2.2.4 and 2.2.5**

During the ASA-2 takes place according to the result of public consultation with Ketapang District National Land Agency, there is no land claim sent by the locals to National Land Agency. Furthermore based on the results of interviews with local community members and local residents in mind that there are no conflicts of land impacting on cessation of operations of the company PT SNP.

**2.2.6**

Certificate Holder established a Memorandum from Head of SOU 13 on 16 March 2016 Number PM/025/SPO/IV/16 regarding policy of prohibition of using the mercenary or paramilitary in company operations to solve conflict. The policy has been socialized to all level of workers, community arround the company and contractors on 8 January 2016, 12 January 2016 and 29 February 2016. The auditor team also has interviewed to sampled workers during the surveillance and known that they were aknowledge about the policy and there is no confrontation and intimidation by the company to maintain peace and order.

During the site visit the auditor team sighted there is no use of the military force by the company. Based on the explanation the CH has been met with the requirement.

|               |  |
|---------------|--|
| <b>2.2.2.</b> | <b>Status: Non conformance 2016.03 with minor category</b> |
|---------------|--|

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

**2.3.1; 2.3.2; 2.3.3 and 2.3.4**

According to the result of public consultation with Ketapang District National Land Agency, there is no customary claim over the area to National Land Agency. Furthermore, it is supported by the result of public consultation with the several community leaders of Suka Karya and Karya Baru Village.

However the CH refers to procedures that support also the FPIC process on procedure Land Acquisition Number Policy 343 / PSD-OKUP / 11 dated 23 February 2012 which aims to make the implementation process of land acquisition occupation, based on the control of areas within or adjacent to the location permit already owned by the company in the form of concession can be carried out properly in accordance with company policy, National Act, Government Regulations.

During the surveillance the auditor team interview with Ketapang National Land Agency and explain that not all in the land title (HGU) area have been siccesly manage by the CH, there are several area still operate and manage by the community/villagers. Based on interview result with villagers around the CH area known that there are occupation area manage by several community because there are no compensation have been agreed for the particular area.

For the occupation area the CH still making approach by communication without any acts of violence or coercion.

All the land acquisitions were well documented by the Plantation Services Department of the CH and the FPIC record also sighted by the auditor team. The documentations in form of Representation Letter, Map compensatory, copy of ID Card, Proof of Payment of compensation, Photo and Documentation Payment of compensation, Form Inventory of land, crops and other types In Order Acquisition of land, Realization Statement compensation, Letter of Land Right Release, Summary of community Land Compensation, Land Sketch, Certificate of Land, Promissory Land, Minutes of the Land Acquisition within HGU Area, Minutes of the Land Acquisition includes in HGU Area, Handover (Payments) of compensation

Furthermore, according to the cadastral map which was issued by Ketapang District National Land Agency number 26/2012 dated may 28<sup>th</sup> 2012, there are area which were enclaved as follow:

- Enclave1 (Sepakat Mekar Cooperative Unit): 36.92 ha
- Enclave 2 (Washing Pond of PT. Harita Tambang): 123.02 ha
- Enclave 3 (Pesanggaran Hamlet): 93.26 ha
- Enclave 4 (PBT of PT SNP dated December 22<sup>nd</sup> 1998): 310.93 ha

**Status: Complied**

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

**3.1**

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

**3.1.1. and 3.1.2.**

The management unit shows the document of the work plan for period of 2016/2017 and the projection for the next 5 years for period of June 2020/2021 in each estate. It consisted of the Areal statement (Planted Hectare), Direct Cost, FFB Production, Yield (Ton/Ha) and Fixed Cost for the next 3 years. The document of the long term plan is recognized by the Head Region of West Kalimantan and it has been received by the Team of BPC-Business Planning Controlling. The annual and the midterm plans are written on the monthly work plan by the Estate Manager. All financial indicators like OER projection, a productivity projection, benefit and cost ratio forecast. It was observed by auditor team with confidential data. Based on interview with Awatan Estate Manager, replanting plan will moved forward in this year on August. The replanting plan has included to Awatan Estate short term 2016/2017 with area 166.77 ha.

The POM management unit shows the document of the work plan for period of 2016/2017 and the projection for the next five years to June 2020/2021. It consisted of the processed FFB, CPO production, Palm Kernel production, Palm Oil Extraction, Palm Kernel Extraction and Mill Cost. The document of the long term plan is recognized by the Head Region of West Kalimantan and it has been received by the Team of BPC-Business Planning Controlling. The annual and the midterm plans are written on the monthly work plan by the Mill Manager.

**Status: Complied**

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

**4.1**

**Operating procedures are appropriately documented and consistently implemented and monitored.**

**4.1.1.**

The company has SOP of estate started from LC to its harvesting program. Those are written on the Manual of Agronomy Reference in Policy Number 110/EST-ARM/08. It has been approved by the top management on August 19th 2008. The manual of Agronomy Reference is still used by the company as reference for executing the estate operationals. According to the field observation, the SOP has been distributed to each unit and is understood by the workers. The company has had SOP of estate. It is written on the procedure of POM Technique (1st and 2nd edition) and the procedure of general administration for the palm oil estate. The procedure is consisted of 6 chapters in term of the basic of palm oil processing stage, CPO and Kernel storing, waste control, water management and laboratory analysis.

**4.1.2 and 4.1.3.**

The company has internal procedure of operational monitoring and assessment in place to monitor consistent of the implementation. The verifications have been implemented through *Plantation Advisory* (PA) program for estate and *Mill Advisory* (MA) for mill. The personells conducted the PA and MA were trained and competent. It is conducted at least once a year. For example, the PA visited on May 2015 and the MA visited on December 2015. In addition to regular visits from PA and MA, CH have a person (PSQM Assistant) who responsible to make sure that all SOP in Estate and Mill has done. All comment from PA and MA has followed up by each management unit. The operational monitoring can be seen on the report of Monthly Meeting Committee Management (MMCM) 2015/2016. The MMCM report's in each estate have evaluated to all operational cost, suppose that harvesting interval from July 2015 to March 2016 is average < 9 days/month. The monthly reports mill manager has also recapitulated from July 2015 to March 2016, for example: mill throughput is average 38 Ton/hours, it's below from the budget with 45 Ton/hours.

**4.1.4.**

The CH has SOP No. SOP/PEMB-TBS/SNP/15 about FFB purchased from third party, recording of the origin of the FFB processed by Lembiru POM sent by the nucleus estate nor the third party is written on the report of Lembiru POM production. The report contains several informations like the list of FFB supplier including the incoming tonnage per day, the ongoing data and the total in a month. CH has not been able to show the Purchase Agreement FFB from a 3rd party is still valid. In addition, also can't showed the evidence that the TBS from a 3rd party comes from the legal sources and it's not forest area. It's was raised as noncompliance (NCR No. 2016.4) with Major Category.

|       |  |
|-------|--|
| 4.1.4 | Status: NCR No. 2016.4 with Major Category |
|-------|--|

**4.2**

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

**4.2.1.**

The company has a SOP related to the fertilization activities contained in the *Agricultural Reference Manual* (ARM) Policy No. 110/EST-ARM/13 Part 8 about the fertilization of Oil Palm Tree which include: technical fertilization, EFB application and compost application on immature plants (TBM) and mature plants (TM), placement of fertilizer and manure application on a 'focal feeding' on the ground of inlandmarginal. The implementation from the SOP is monitored periodically with the operational audit or Plantation advisory. In addition, the implementation of fertilization are supervised by a supervisor, assistant and evaluated again by the manager. The practices to maintain the soil fertility is started by conducting the documented soil survey. It is documented on the report of Soil Survey and the Land Suitability Class on 2015. The report contains the analysis of the soil type to the level of its type and its spread (unit of soil map is available) including the land suitability class over the palm oil plants. The information is used by the company as reference of technical culture reference to maintain and improve soil fertility. For example, most of the land physiography at Awatan Estate are the wavy and declivious area, the management is then recommended to implement cultivation practice on the wavy area.

**4.2.2.**

Realization of fertilization for the period of July 2014 - June 2015 has been completed. The fertilization report is in accordance with the estate monthly reports, for the period July 2015 - June 2016 is still in progress and the following is the realization of fertilization up to March 2016 for the period of July 2015 to June 2016:

| Estate  | MOP (ton) |        | HGFB (ton) |          | NPK (ton) |     |
|---------|-----------|--------|------------|----------|-----------|-----|
|         | Bgt       | Act    | Bgt        | Act      | Bgt       | Act |
| Awatan  | 667.69    | 123.35 | 2,005.35   | 1,949.44 | 2,005     | 604 |
| Lembiru | 1,025.99  | 125.09 | 2,786      | 2,786.46 | 2,888     | 511 |

According to the result of field visit to Lembiru Estate (Division 1, Block E5A), the manuring procedure has been well implemented. Each line of the plant is attached with the manurer's name to ease the supervisor control. Manuring Team in term of the provision of PPE, work tools, health and work accident assurance, wage, premium, complaint handling, regular medical check up, spraying training, first aid training, gender issue. The company has provided PPE and work tools.

**4.2.3.**

The company carried out the analysis of leaves and soil as a reference in fertilizer recommendation. Soil and leaf analysis are performed by MINAMAS Research Centre (MRC), the research team analyzed the content of plant nutrients (Nitrogen, Phosphate, Potassium, Magnesium, Boron and Carbon) for fertilizer recommendation in the next year.

**4.2.4.**

The company has policy to stack the frond in form of U Shape (stacking at the interrow and inter plants) for pressing the weed growth, spread the recycled soil nutrient of the palm oil plants, reduce the soil nutrient erosion eroded by surface flow, improving the soil humidity. The company applies EFB on the less optimum plant growth as a soil nutrient recycle program. Based on field observation to Block I1B (LBE) and block E4B (AWE), doses for EFB application is 4 ton/ha. In addition, according to field observation the application of POM effluent found in block E2A (LBE). This location is accordance to license and no indication leakage of effluent.

Based on the documents review of field, auditor observed that CH has implemented nutrients recycling strategy through waste recycling most notably for EFB and POME. Records available in the following documents:

- SOP of waste management number 301/SNP-LB3-03/11 and SOP of Liquid Waste (POME) Management number 110/EST-ARM/08 which contains procedure of solid waste recycling, empty bunch use for mulch, and POME use for land application.
- Records of EFB applications in each estate based on dailly empty fruit bunches application data. Dosage recommendation is around 40 tonnes/ha/year in the productive block. In Awatan Estate, total application in the period of July 2015 - March 2016 is around 89.41 hectares, while in Lembiru Estate around 48.43 ha.
- Record of POME application (land application) volume based on routine monitoring data on volume and quality of POME application. Monitoring results are also reported on a regular basis every three months to local government.

| Month         | Processed FFB | Produced  | Applied |
|---------------|---------------|-----------|---------|
| October 2015  | 14.005.000    | 1.120.400 | 18125,5 |
| November 2015 | 10.015.500    | 801 .240  | 14591   |
| December 2015 | 8.689.000     | 695.120   | 15615   |

**Status: Complied**

**4.3**

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

**4.3.1.**

CH has identified slope class for the entire plantation area, as indicated by the following documents:

1. EIA documents in 2004 which describes the distribution of slope classes in the study area, ranging from flat (0-3% covering an area of 15 964 ha); ramps (3-8% covering an area of 3,630 ha); corrugated (8-15% covering an area of 3,263 ha) and somewhat hilly (15-25% area of 1,143 ha).
2. HCV analysis compiled in 2010, which included the analysis of slope PT. SNP.
3. Report on review and evaluation of land suitability in 2014 done by Minamas Research Department

For soil conservation on sloping areas and river buffer zone, CH has issued a policy number 724/TQEM-SPMS/09) dated 1 April 2010. Based on the policy, several measures had been taken such as:

- Periodic monitoring of erosion rate based on Work Instructions number 301/SNP-EST-01/11 dated 8 April 2011 regarding Measuring the rate of erosion.



- Land with a slope > 40% (> 21.8 degrees) designated as reserve land and is recommended for growing tree species;
- On flat land until areal with slope <40%, planting Land Cover Crops to prevent erosion and run off.
- Selective spraying and omissions soft grass as ground cover.
- Application of empty fruit bunch as mulch.
- Arrangement of dried frond with U-Shape to prevent soil erosion.

To monitor erosion rate, CH has installed three erosion meters marked as pole number 01 in Lembiru Estate, pole number 02 in Awatan Estate, and number 03 in Awatan Estate. A field visit in Awatan Real Estate and Lembiru shows that all erosion meter in good condition.

#### **4.3.3.**

The company had an adequate road maintenance program with reference to:

1. SOP of road Maintenance as part of Agronomy Manual Book.
2. Standard of budget calculation for road maintenance, which taking into account: Road length (CR and MR), standard of manpower 0.5 MD/ ha, laterite needs of 10 percent of its length, the cost of renting compactors and graders, and foreman MD with standards 263 HK / year

Based on road maintenance budget set by the management of PT. SNP, road maintenance program for budget years 2015 - 2016 are as follows:

1. Estate Awatan allocated budget of Rp 1,305,900,496, - for one year (2015 to 2016) which consists of the activities: road maintenance (grading), maintenance of drainage, laterite later at a certain point, etc.
2. Estate Lembiru allocated budget of Rp. 1.644911 billion, - for one year (2015-2016) consisting of: laterite layer, graders, drainage and bridge repair.

Road maintenance records available with either in the form of plans and realization of road maintenance. Until March 2016 the realization of the maintenance of roads in Lembiru is 8.530 meters, while for the Awatan Estate is 5,710 meters.

#### **4.3.4. & 4.3.5**

Based on EIA document and the Feasibility Study of Oil Palm and field observations, there is no peat land in area of PT SNP.

#### **4.3.6.**

CH has set up strategies for management of marginal soil referring to recommendations from Soil Survey by Research Center in 2009. The survey found that there are area with marginal soil (N) covering 332 hectares in Lembiru Estate with a limiting factor is hardpan at depths > 50 cm and coarse sand-textured soils.

Meanwhile in Awatan Estate, marginal soil covering area of 103 hectares with limiting factor: run-off, erosion, leaching, water deficits, and stagnant area.

Strategies for marginal soil handling in Lembiru Estate are as follows:

- Implementation of soil and water conservation to suppress the leaching of nutrients and suppress the surface water runoff and erosion
- Reduce the effect of water shortage
- Water management
- Improved soil fertility include the application of EFB
- Management of fertilization
- Marginal land management strategies in Awatan Estate through treatment:
- Pressing water runoff and nutrient leaching pressing
- Reduce the effect of water shortage
- Water management
- Improved soil fertility
- Management of fertilization

- Arrangement of the dried frond with U-shape.

Field visit in Lembiru and Awatan showed that efforts for marginal soil has been running in Awatan Estate and Lembiru Estate, such as: application EFB, fertilization, soil and water conservation, and others.

**Status: Complied**

#### 4.4

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

##### 4.4.1.

Document review showed that CH had several water management plans, such as:

1. Surface water management plan in the EIA document 2004 and DPLH 2014 that include management and monitoring of rivers (Kendawangan River, Reservoir Awatan and Seliming Reservoir, River Marau, Drilling and Reservoir Lembiru Estate), and surface water quality monitoring program which is scheduled every 6 months.
2. 2 Water resources management plan in HCV document: identification of water sources to be protected as high conservation value such as: Kendawangan River, Awatan Reservoir, Seliming Reservoir, Marau River, and Reservoir in Lembiru Estate.
3. Creating water reservoir (waterbody) to cope with water shortages in the dry season. In 2016, there are 9 units of water body in Estate of Awatan and 7 waterbodies in Lembiru 7

Neverthelss, CH has not yet prepared a comprehensive water management plan document which contains information of: water resources identification, water use efficiency, renewability of water resources, the impact on water catchment areas and stakeholders local, access to clean drinking water throughout the year for employees and the public, to avoid contamination of water surface and groundwater. **NCR 2016.5 minor non-conformance raised**

Monitoring of surface water in each estate has been done periodically each semester, which covers the following stream:

- Marau River and Kendawangan River which includes parameters of Physics, Chemistry, and Microbiology.
- Water Reservoir in Awatan Estate, reservoir in Lembiru Mill, and the reservoir in Lembiru Estate, which includes testing of water quality parameters in accordance to Permenkes No. 492 Year 2010: Microbiology, Inorganic Chemistry, Physics, and Chemistry.

##### 4.4.2.

Document review showed that PT. SNP has identified all streams and wetlands inside concession area, as seen in the following document:

- Identification of HCV in PT. Sandika Natapalma prepared in 2010 (see indicator 5.2.1)
- EIA Study in year 2004
- DPLH study in year 2014
- Report on Soil Survey year 2014 by Minamas Research Center.

Those abovementioned survey identified surface water sources and wetlands inside PT. SNP are:

- Spring in Awatan hill, springs in Beturus hills, springs in Seleming Hill, and Serapen hill. These are used by the plantation workers and villager (Marau and Batu Manang villager).
- Kendawangan River upstream, Awatan River, Sungai Dua, Sungai Sekakai, and Sungai Bata.

Based on river and surface water identification, CH has defined buffer zone in accordance SOP:

- Policy on slope protection and buffer zones number 724 / TQEM-SPMS / 09) dated April 1, 2010. In order to prevent erosion and run off then planted LCC. Protection of river banks for large rivers (200 meter) and small river (50 meter).
- Work Instructions on Designation and management of conservation areas in the region which have already been planted (Policy No. 301 / SNP-ENV-05/11) dated July 8, 2011. Marking using red paint on a subject that should not be sprayed and fertilized. And allowing the forest trees, shrubs, soft grass and the other located in the area / conservation grows naturally.

Field verification shows that efforts to manage water resources has been carried out, namely:

- Keeping the water reservoirs as a water sources for employee housing, as in Block D3D Seleming Division, as

Seleming reservoir location.

- Managing riparian area river 50 meters wide on the left and right edges of the river, such as river banks Marau in Lembiru Estate.
- monitoring water quality awatan rivers / streams and rivers Marau Kendawangan periodically (6 months).

**4.4.3.**

Auditor observed that facility for POME treatment available in form of Wastewater Management Installation (WWTP) that consist of thoe following components: Cooling pond, anaerobic pond with dimension of 83 x 43 x 6 meter (3 units), facultative pond with dimensions of 82 x 42 x 6 meter (3 units), 1 sedimentation pond, Buffer / backup pool.

All POME from WWTP goes to estate for nutrient recycle and applied in accordance with Permit of Land Application from Local Government (Decree number 673 / KLH-B / 2015 of Wastewater Utilization for Land Application ) covering an area of 153.18 hectares.

Effluent quality (POME) has been monitored by regular monthly testing by Sucofindo laboratory - Pontianak (accredited). Sample of POME quality monitoring available for the period January-March 2016 are as follow:.

| Parameters   | Threshold* | Units | January 2016 | February 2016 | March 2016 |
|--------------|------------|-------|--------------|---------------|------------|
| COD          |            | Mg/L  | 475          | 670,72        | 1.006,08   |
| BOD          | 5000       | Mg/L  | 158,4        | 224,10        | 402,43     |
| pH           | 6 - 9      | -     | 7,78         | 7,9           | 8,12       |
| Oil & Grease |            | Mg/L  | < 0,025      | <0,025        | <0,025     |
| Pb           |            | Mg/L  | 0,0873       | 0,2424        | 0,1937     |
| Cu           |            | Mg/L  | 0,1249       | 0,3782        | 0,4296     |
| Cd           |            | Mg/L  | < 0,0010     | 0,0248        | 0,0322     |
| Zn           |            | Mg/L  | 0,3875       | 0,5720        | 0,7480     |
| TSS          |            | Mg/L  | 68           | 496           | 1026       |
| N-Total      |            | Mg/L  | 304,75       | 323,87        | 201,81     |

\*Threshold refer to KepMen LH no 29 tahun 2003.

Based on measurement result, quality of POME still meet required standard from Minister of Environment through Decree No. 29 of 2003 (Licensing of Industrial Wastewater Utilization for Application In Oil Palm Plantation). Volume of POME application maesured using digital flowmeter. Recording of the POME application in Q4 of 2015 are as follows:

| Month         | Processed  | Produced  | Applied |
|---------------|------------|-----------|---------|
| Oktober 2015  | 14.005.000 | 1.120.400 | 18125,5 |
| November 2015 | 10.015.500 | 801.240   | 14591   |
| Desember 2015 | 8.689.000  | 695.120   | 15615   |

**4.4.4.**

To ensure optimal use of water resources, there is SOP on monitoring of water consumption in Operating Manual of Water Treatment Plant (WTP) station. Monitoring has been done both for processing water and domestic water (residential and office).

Use of water in mill has been monitoring periodically using flowmeter installed in Water Treatment Plant both on pipe leading to processing and to domestic use. Records of water usage available in Lembiru mill. Example for the period January to December 2015 is as follows:

|                           | Jan | Feb | Mar | Apr | Mei | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|---------------------------|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|
| Actual ratio (m3/ton TBS) | 1,2 | 1,1 | 1,4 | 1,5 | 1,6 | 1,2 | 1,1 | 1,1 | 1,4  | 1,2 | 1,2 | 1,3 |
| Budget                    | 1,3 | 1,3 | 1,3 | 1,3 | 1,3 | 1,3 | 1,3 | 1,3 | 1,3  | 1,3 | 1,3 | 1,3 |

The table shows that in general ratio of Actual Use of Water compared to FFB processed is 1.28 M3 / Ton TBS which means below the internal standard of PT. SNP (<1.3 M3 / Ton FFB).

**4.4.1** | **Status: NCR.2016.5 non-conformance with minor category**

**4.5**

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

**4.5.1.**

The company carries out integrated pest and disease management including the company operates an early warning system against pest attacks in the form of detection of pests and diseases that are conducted regularly. During the period of July 2015 to June 2016, based on the results of pest disease census in Lembiru Estate and Awatan Estate it's known that potential pest is rats (the percentage attacked 13.45%). While the percentage of caterpillar leaf eating attacks and Oryctes attacks is still below the 15%. CH has conducted pest control, for example: rats control by spreading Sime Ebor Baits; caterpillar control by planting beneficial plant; and oryctes attack by feromon trap in block I1B (LBE) and block E4BC (AWE).

**4.5.2.**

The training for employees who have to with the pest control was held on May 21 2015 in form of the pest and disease training by Plantation Advisor. It was participate by the naturalist of Lembiru Estate and Awatan Estate. It was teaching the introduction of the pest and disease, definition, attack indication, control census. According to the result of interview with the pest and disease naturalist in each estate, they had aware of the pest control identification and technique.

**Status: Complied**

**4.6**

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

**4.6.1**

The Company has work procedures associated with chemicals such as spraying and pest and disease control. The procedure contained in the *Agricultural Reference Manual (ARM) Policy No. 110 / EST-ARM / 13*. Companies are using pesticides in accordance with the target and the actual target in the field conducted three times a year. The pesticide has been registered in the pesticide commission. Based on the results of field observations in the Lembiru estate in block E4BC and Awatan estate in block G3D found chemical circle weed control. The spraying activities are using pesticides that are already registered in the Pesticide Commission that is auditing the active ingredient *gliposat* with a dose of 300 ml / hectare to control broadleaf weeds in the circle and in the harvesting path.

During field observations, it was observed taht spraying worker used chemical material with the active ingredient "glyphosate", the target is a broadleaf weeds on the disc and along harvesting track.

**4.6.2.**

The company carries out weed control by using chemicals made in 3 rotations in a year. Weed controls such as circle spraying is performing selectively adapted to conditions on the field. Based on the data from the use of pesticides known the decrease of the pesticides use, in the recapitulation of 2015, the use of pesticides with the active ingredient *metsulfuron methyl* is 0.01 mg / hectare and *Triklopir butoksida, etil ester* 0.001 Kg/ha

**4.6.3.**

The Company made an effort to minimize the use of pesticides such as by performing integrated pests and diseases control such as not doing preventive pesticide application and implementing the early warning systems, and the company also implemented biological pest control such as beneficial plant development. Based on the field visit, it is also known that the company has developed the natural enemies of pests such as *Turnera subulata* and *Cassia cobanensis* is planted alongside the road and *Antigonon leptopus* planted in the corner of the encountered block along the site visit in Awatan estate in Block I3A, I3B and Lembiru estate in block D38 and E4BC.

**4.6.4**

The Company has a complete list of pesticides that are designated by World Health Organization (WHO) Class 1A or 1B, or listed in the Stockholm or Rotterdam conventions. The list contained in appendix 2 SOP of Sustainable Plantation Management Guideline Policy No. 724 / TQEM-SPMS / 09 published on August 27, 2010. The Company does not use paraquat pesticides and pesticides belonging to the class 1A or 1B. This is confirmed by a policy for not using *Paraquat* is outlined in the memorandum of the Head Plantations Operation (number: POD-UM-127 / X / 2008, dated November 4, 2008) about the Recommendation of Application Replacement of *Paraquat-Gramoxone* Active Ingredients in Minamas Environment. According to field observation to Chemical Storage in Central, there is no further stock of Paraquat.

**4.6.5; 4.6.7; 4.6.8; and 4.6.9**

The Company made an effort to minimize the impact resulting from the implementation of work by using pesticides, among others, company provides spray training included how to work safely in spraying to the employees such as, on January 18, 2016 in Awatan Estate was attended by 31 employees. The Company also has SOP on Spray PPE (301/SNP-SFT-02/11). All employees of pesticide applicators are required to use PPE that has been determined and provided by the company showed in the news event of the spray PPE acceptance among others in Lembiru estate in the form of boots on February 17, 2016 and in Awatan estate on January 18, 2016 in the form of masks and rubber gloves which accepted directly by the concerned employees. This is evidenced during a field visit to the spraying activities in Lembiru estate (block E4BC) and Awatan estate (block G3D) encountered that sprayers are using PPE in accordance with the established procedures and supervisor always ensure the completeness and the condition of PPE before doing the work. PPE that has been used then washed and stored in the storage which has been provided by the company. Sprayer also admitted followed the spraying technical training and can demonstrate technical of spraying as not against the wind direction. The management unit does not apply pesticide through the air. According to field observations known that a Spraying Mandor in AWE is not use Masker in accordance with hazard potentials. **Auditor raised as noncompliance NC 2016.6 with Major Category.**

**4.6.6**

Field observation and document review showd that all of pesticides used by CH (as listed in indicator 4.6.2) are registered one and specific only for a particular target. CH has a policy of selective control and a commitment not to use restricted pesticides such as paraquat.

During field observations, it was observed taht spraying worker used chemical material with the active ingredient "glyphosate", the target is a broadleaf weeds on the disc and along harvesting track.

**4.6.10. & 4.6.11.**

The management unit does not dispose the hazardous waste due to the agreement with the hazardous waste transporter which is not dealt. Hence, the management unit attempts to communicate the period extension of hazardous waste storing period at the hazardous waste storage of Lembiru POM with the associated agency (Environment Agency). Therefore, the period extension is extended to 360 days (previously only 90 days). The decree of the extension was issued by the Head of Ketapang District Environment Agency. CH has done a periodic general medical checkup to all operators in AWE and LBE, although it has not shown the evidence that it has carried out the specific medical checkup such as spirometry and cholinesterase to all pesticide operators. **It's was raised as noncompliance NCR 2016.7. With Major Category.**

**4.6.12.**

Based on field interviews with sprayers in Lembiru estate in block E4BC and Awatan estate in block G3D, it is known that there are no female employees who are pregnant or nursing to apply pesticides or fertilizers, Additionally obtained information that the employees have known if pregnant or nursing are not allowed to work related to the chemicals

because they are harmful to their babies or their fetuses. The policy is written on the work instruction of BMS team and the use of BMS station number 301/SNP-EST-02/11.

**4.6.5 Status: NCR 2016.6 with Major Category.**

**4.6.11 Status: NCR 2016.7 with Major Category.**

**4.7**

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

**4.7.1.**

The management unit is consistently documenting the applied OHS, the procedure of OHS and OHS program. There is no changes on the policy and procedure of OHS. Meanwhile the OHS work program for period of 2015 – 2016 are the OHS issue identification, danger sources identification and control, OHS statute compliance, OHS siding-sidang, OHS consultation/socialization, installation of slogan, poster and signboards of OHS, research over the OHS goods purchase and document analysis. OHS document maintenance, research and analysis of work accident case, OHS performance assessment/OHSMS assessment, evaluation/reporting.

**4.7.2.**

The management unit has composed Hazard Identification Risk Assessment and Risk Control (HIRAC) for the estate and POM operationals. It has been updated on 2016. The HIRAC compilation refers the SOP of OHS identification guidance. The HIRAC (Policy Number 7301/PSQM-ESH/11) was legalized on July 7th 2011. According to field observation its known that there are several risk control that has not been applied such as:

- Spraying worker transportation in AWE are not separated with water tank and spraying equipment.
- Some harvesters in AWE don't use a helmet.

The auditor team considered that there is a systematic failure in Occupational Health and Safety System (OHSAS) implementation. **It's was raised as noncompliance NCR 2016.8 with major category.**

**4.7.3**

According to field observations it's known that:

- Spraying Mandor in AWE is not use Masker in accordance with hazard potentials.
- Boiler and Genset operators in POM doesn't use ear muffler.
- Harvester's in AWE doesn't use a helmet.
- Based on interview with harvesters and spraying worker in LBE, there were personally buys a safety shoes.
- Based on field observation in muster morning, there is not PPE's use monitoring by Mandor or Field Assistant.

The auditor team considered that there is a systematic failure in Occupational Health and Safety System (OHSAS) implementation. **It's was raised as noncompliance NCR 2016.9 with major category.**

**4.7.4.**

The responsible person in the OHS program has also been identified. The management unit has had the organization container in Guiding Committee of Occupational Safety & Health which is responsible for OHS program. Results of the verification document known that the management unit has submitted the Guiding Committee of Occupational Safety & Health reports regularly every three months. The Guiding Committee of Occupational Safety & Health report covers all activities of OHS, among others: Guiding Committee of Occupational Safety & Health recommendations, the results of the investigation of workplace accidents, work accidents recapitulation, Guiding Committee of Occupational Safety & Health activity reports, employee health inspection reports, minutes of meetings held every months.

**4.7.5.**

The management unit shows the SOP of emergency response (501/SNP-KRD-13/11) and the procedure of accident and investigation reporting dan (310/SNP-SFT-08/11). The procedure is described on the understood language by the workers. It discuss the emergency response and accident reporting procedure. The reporting of work accident has been

documented and monitored by PSQM unit regularly. Based on field observations its known that:

- First aid in Harvest and spraying activities is not completely with Aquades and a glass for eye's washer.
- There are not able first aid using monitoring by Harvest and Spraying Mandor.
- First aid in chemical storage and schedule waste storage is inadequate.

**It's was raised as noncompliance NCR 2016.10 with Minor Category.**

**4.7.6.**

The management unit has registered the employees to the Manpower BPJS program. There is an evidence of the Manpower BPJS payment for period of March 2016. All employees BPJS program have been paid. While according to field observations its known that harvester in AWE and stairs maintenance in LBF (contractor worker). There has not accident insurance registered, it's not in accordance with the employment agreement between the company and contractors. **It's was raised as noncompliance NCR 2016.11 with Minor Category.**

**4.7.7.**

The management unit shows the record of Accident Statistic for period of July 2015 to March 2016 for each POM and estate work unit. The data of Safety Performance Indicators *Incident Rate, Frequent Rate, Lost Time Incident-Frequent Rate dan Severity Rate* are described on the statistic.

|        |   |  |
|--------|---|--|
|        | <b>Status:</b>                          |  |
| 4.7.2. | <b>NCR 2016.8 with major category.</b>  |  |
| 4.7.3. | <b>NCR 2016.9 with major category.</b>  |  |
| 4.7.5. | <b>NCR 2016.10 with minor category.</b> |  |
| 4.7.6. | <b>NCR 2016.11 with minor category.</b> |  |

**4.8**

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

**4.8.1. and 4.8.2.**

The company has composed the training program to improve the employees competence in term of the RSPO P&C. For example, the internal training which was scheduled on March 2015. The taught training is the estate best practice training (Training of Schedule waste, water treatment plant, and HCV Management). The management unit is able to show the result of training for each employees including the attendance list, the certificate and the taught training materials. All the employees training records are maintained on each estate and mill office.

|  |                         |  |
|--|-------------------------|--|
|  | <b>Status: Complied</b> |  |
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**PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity**

**5.1**

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

**5.1.1.**

- CH has prepared appropriate environmental impact assessment both for mill and estate as seen in the following:
- Environmental Impact Assessment (EIA) carried out in 2004, had been approved by Local Environmental Office of Kalimantan Province on May 24, 2004. The study covers area of 24,000 hectares and a capacity of mill 60 Tons FFB / Hour),
  - Additional Environmental Impact Assessment (namely DPLH) for plantation area that are not included in the EIA, which covers an area of 2,517 hectares in the village of Suka Karya, Village Riam Batu Gading, Karya Baru and Village Sukaria. Has been approved Local Environmental Office of Ketapang on March 10, 2014.

From document review, auditor observed that those two environment documents have been prepared through consultation process with local community and parties concerned. Regent of Ketapang District has issued Environmental License through Decree No. 452 / KLH-B / 2014 dated on September 1, 2014.

**5.1.2**

Field verification showed that there are no changes in plantation and mill practices according to the EIA and DPLH documents. Therefore, no revisions needed against the previously environmental document (EIA & DPLH).

As part of EIA study, CH has developed an Environmental Management Plan and Environmental Monitoring Plan, which cover the following component of impact: Increasing the rate of soil erosion, Changes in Water Quality, Potential Land Fire, Disruption of protected vegetation and wildlife, Social Unrest, Community Health.

In accordance to DPLH document, CH has also developed an Environmental Management Plan and Environmental Monitoring Plan, which cover: Management of Air Quality and Noise, Changes in Surface Water Quality, The potential for Land Fire, Roads and Bridges damage, Decrease in Aquatic Species Diversity, emergence of Pests and Diseases, Changes on Public Perception, Employment, Income Improvement of villager, Social Conflict, emergence of new disease.

Management and monitoring protocol for each impact has been determined including detail of management actions, location, time and the responsible units.

Field observations show that environmental management activities that have been running are:

- Sloping land management to prevent erosion
- Monitoring of forest fires and provision of fire extinguishers
- Employment from surrounding communities to reduce negative perceptions
- Installation of WWTP and Land Application

### 5.1.3

Surveillance 1 audit revealed one Non conformity number No. 2015.08 regarding:

- (1) Component and Sub-Component of impact that are managed and monitored not match to requirement of EIA and DPLH.
- (2) Report on the implementation of the Environmental Management and Monitoring Plan for Second Half of 2014 in accordance with DPLH were not available.
- (3) Evidence of submission of the report to local government were not available.

#### Observation on April, 12 2016

Document review shows that CH has compiled report on implementation of Environment Management and Monitoring (RKL-RPL) of second half of year 2015, which contain the following management:

- Air quality and noise,
- Surface water quality monitoring in the Kendawangan River (upstream and downstream), Gemagak River, Tulus River, Padang River and the Putih River (upstream and downstream).
- Potential land fires
- Damage to roads and bridges
- Decrease in biodiversity
- Pests and plant diseases
- Employment and income improvement opportunities of surrounding village
- increase in community's income
- The occurrence of social conflict
- The emergence of new diseases caused by mill and estate activities

The report had been submitted to Local Environmental Office of Ketapang District periodically.

Nevertheless, the available report of second half of 2015 has not yet covered all social and environmental impacts in accordance with DPLH document, notably in the following aspects:

- No evidence of monitoring of impact on aquatic biota
- No Evidence of social impact monitoring with participatory from stakeholders most notably on people's perception, employment, business development, and potential conflicts due to recruitment.



Auditor concluded that The RKL-RPL report of second half of 2015 has not yet meet requirement from environmental documents (EIA and DPLH), thus the finding can not be closed yet.

**5.1.3** | **Status: Minor NCR 2015.08 upgraded to major**

**5.2**

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

**5.2.1**

PT. SNP has carried out Identification of HCV area in cooperation with third party assessor (Aksenta) in year 2010. Assessment conducted by a competent team and proper methodology. The study recommended 2,636.63 ha areas as HCV and HCV Potential. The actual declared (designated) area of HCV is 490.9 hectares, consisting of:

Estate Lembiru

- Bawas Tua enclave forest covering an area of 5.32 hectares
- Bukit Seleming covering an area of 22.5 hectare
- Riparian area of Sekakai River covering an area of area of 7.1 hectares
- Riparian area of Sekakai River covering an area of area of 7.2 hectares
- Riparian area of Sekakai River covering an area of area of 13 hectares
- Riparian area of Sekakai River covering an area of area of 16 hectares
- Riparian area of Sekakai River covering an area of area of of 9 hectares

Estate Awatan

- Bukit awatan that covering an area of 380.6 hectares
- Riprian area of Sungai Dua covers area of 1.5 hectare
- Riparian area of Bata River that covers area of 20.8 hectares
- Riparian area of Awatan River covering an area of 13.2 hectares

In general, there is no fragile and threatened habitat found (HCV 3), but there are several important sites for protected species (HCV-1), area that has ecosystem services (HCV 4) which are riparian area, and area that has cultural identity value (HCV 6). Map of those HCV are available, but still not sufficient for the purposes of the management and monitoring of HCV, and not yet distributed to each estate as well.

CH is encouraged to review the HCV document in term of completeness of basic information (rivers, inferior, etc.) as guidance to the management of HCV area (Observation).

Protected flora and fauna found during HCV survey are as follow:

- protected flora including vulnerable ones according to IUCN and Cites Appendix II, namely; Agarwood (*Aqualaria malaccensis*), Ulin (*Eusideroxylon zwageri*), Tree of honey (Pulai, jelutung, sindur, kempas, ketanggung, the details of wood and stone),
- protected fauna (26 species) including those with endangered status according to IUCN and Appendix II of CITES, namely: *Hylobates agilis* / Kelempiau, *Nyctiebus coucang* / Slow lorises, *tarsiers bancanus* / Kemeninga, *Helarctos malayanus* / Bear, *Presbytis rubicund* / Sailors, *Macaca nemestrina* / monkey, *Aonyx cinerea* / Kembarang, *Neofelis nebulosa* / Remau, *Sus barbatus* / Pig, *Cervus unicolor* / Deer.
- 7 species of birds including thos from Appendix II of CITES and 10 species protected by the Act
- Reptile species (turtles / *Amyda cartilaginea*, leaves turtle / *Cyclemys dentate*, Tortoise mud / *Siebenrockiella*).

During HCV study, CH had been directly socialized to employees and external sakeholder. Public consultation was held on June 4, 2013 attended by 43 representatives of the local government, village head, community leaders, customary leaders.

**5.2.2.**

The HCV report recommended several HCV management measures such as: signboard installment (identity and prohibition boards), dissemination of HCV area to the public, prevention of illegal logging, riparian area protection, and some others.

However, from field visit auditor obserbed that management unit has not been able to show consistent implementation of HCV management as shown by:

- Lack of definitive and comprehensive management and monitoring plan as guide to implementation of HCV management. The management plan should contains a proper and measurable targets, types of activities that are relevant, and clear time frame.
- Inconsistency of marking of important HCV area such: riparian area, spring in Seleming Hill, and spring in Awatan hill.

**Non conformity 2016.12 with Major category**

**5.2.3**

CH has appointed special officers to carry out monitoring and maintenance of HCV area: Mr. Mu'an Very Fadli, M. usin and Harsoyo Takas. They have been trained by internal HCV trained on June 7, 2013.

Management unit has socialized the presence of HCV and the protection of flora and fauna to all employees. In addition, the management unit has issued Memorandum No. SOU13 / 014 / RSPO / V / 15 dated May 6, 2015, subject: Sanctions on captivation of Protected Animals in accordance with Law No 5 of 1990 regarding Biodiversity Conservation.

However, interviews with HCV officials shows that the level of understanding is not yet optimal. CH is encouraged to conduct capacity development of HCV officer including provides appropriate supporting facilities (observation).

**5.2.4**

CH has composed a HCV management plan based on recommendation in available HCV identification document, and had been monitoring HCV area as seen in monitoring result for year 2014. The moonitoring result had been used as feed back to improvement of management plan.

However, document verification and and field visits in Lembiru and Awatan shows that the implementation of the periodic monitoring of flora and fauna has not been done comprehensively including protected flora and fauna like Hylobates agilis, Helarctos malayanus, Cervus unicolor, Nycticebous coucang, etc.

**Non conformity 2016.13 with minor category**

**5.2.5.**

Socialization of HCV area in PT. SNP has carried out on May 4, 2015 attended by 12 representatives of local government and communities. The meeting resulted in an agreement on harmonizing protection of the rights of local communities as well as HCV.

According to declaration of HCV area (2016), enclave areas which were identified as potential HCV are excluded from HCV because PT. SNP does not have any legitimacy to manage it. PT. SNP agreed not to take any coercive steps in acquiring the enclaved areas.

|              |   |
|--------------|---|
| <b>5.2.2</b> | <b>Status: Non conformity 2016.12 with major category</b> |
|--------------|---|

|              |   |
|--------------|---|
| <b>5.2.4</b> | <b>Status: Non conformity 2016.13 with minor category</b> |
|--------------|---|

**5.3**

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

**5.3.1.**

Verifikasi Verification of documents shows that CH has identified sources - sources of waste and pollution from plantations and mills activities, as seen in the following documents:

- i. EIA and DPLH which identifying the sources of contamination in plantations and factories, especially solid waste and liquid waste.
- ii. Documents of "Identification of sources of waste / pollution and management plan". The document includes the identification of the source of the waste, waste types, classification (hazardous and non hazardous), frequency (routine or non-routine), re-use / re-cycle / disposal, temporary storage, disposal course (rivers, atmosphere, boiler, or sold to third party).

**5.3.2.**

For ex-chemicals containers handling, the company has constructed hazardous waste storage at Lembiru Mill. Permission has been obtained from Regent of Ketapang District through letter No. 424 / KLH-B / 2013. Before sent to mill, there is transit storage for chemical container in each estate.

From storage, chemical containers transported to licensed third party for disposal. All chemical waste generation and disposal have been recorded in the log book of hazardous waste.

However, from field visits, auditor observed the following inconsistency in management of chemical waste:

- In Emplacemement 3 of Awatan Estate (power house), some hazardous wastes (e.g. used lubricant, filters used, container of used lubricant, used oil tank) stored not in hazardous storage.
- In refueling station of Awatan Estate, some oil spills directly into the ground.
- The used packaging of herbicides stored exceeding 30 days (since February 4, 2016) not in permitted hazardous storage.
- Use of ex-lubricant containers for pesticide in Awatan Estate.
- Used tire, secondary containment, containers of used oil, was found in the back of workshop lembiru Estate.
- Waste of pesticide packaging found in sprayinh housing of Lembiru Estate.
- Ex fertilizer sacks is placed in an open area near the manure storage of Lembiru Estate.

**Non-conformity 2016.14 with major category**

**5.3.3.**

Waste disposal plans documented in the following SOP:

- SOP of hazardous waste management Number 301 / SNP-LB3-03 / 11 year 2011
- SOP of POME treatment number 110 / EST-ARM / 08
- SOP on monitoring and measurement of hazrdous waste, liquid and solid wastes number 301 / SNP-MON-06/2011

Waste management measures that have been done, among others are:

- Periodic monitoring (monthly) on the quality of POME (BOD, COD, etc).
- Renewable energy, shells and fiber from FFB processing is used as a fuel in Boiler.
- Nutrient recycling through EFB application in estate, as organic fertilizer.
- Used lubricant from workshop and mill are stored in licensed hazardous waste storage licensed. Domestic waste from residential disposed through landfill facility in each estate

However, from field verification in Lembiru Esate and Awatan Estate, auditor observed that:

- Domestic waste dumping in Block G004A Division 2 Awatan Estate, where domestic waste were not disposed at the designated places.
- domestic waste at employee housing of Awatan Estae Division 3 and Lembiru Estate Division 1 & 3 still not well managed. Garbage not disposed to land fill, some were burned.
- Disposal of of contaminated waste water from sediment pond in Lembiru POM has not done well and creating potential surface water contamination.
- Potential impact of environmental pollution from POME management particularly related to the height of liquid waste surface in waste ponds (LBF) and Land Application (LBE)

**Non-conformity 2016.15 with minor category**

**5.3.2. Status: Non-conformity 2016.14 with major category**

**5.3.3 Status: Non-conformity 2016.15 with minor category**

**5.4**

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

**5.4.1**

In accordance with SOP of waste management, CH has utilized shell and fiber as renewable energy for boiler. Based on the report of the use of fiber shell for the period July 2015 - March 2016 renewable energy efficiency reach 0.83 Kwh / Ton CPO. The use of fiber generating renewable energy efficiency 2.5 Kwh / Ton CPO.

The consumption of fossil fuels in the estate and mill has been well monitoried, as shown by the form of monitoring of the diesel fuel consumption period July 2015 - March 2016. Based on the monitoring data, annual consumption of diesel fuel was around 178,000 liters and was lower than budget.

In addition to monitoring, PT. SNP has also made an analysis to determine the efficiency of the use of renewable energy compared to the use of fossil fuels (diesel). Document management unit shows the use of renewable energy to reach

| 15% of the processed EFB.   |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
|---|-----------------------------------|---|--|--------|----------|------------|---------|---------------|-----------------|---------------------|-------------------------|-------------|-----------------------------------|---|--|--------------------|-----------------|--------------------------------------|---------------------------|----------------|-----------------|---|--|------|-----------------|---|--------------|
|   |                                   | <b>Status: COMPLIED</b>   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <b>5.5</b>  |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <b>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.</b>  |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <p>The management unit shows the document of Agronomy Manual Reference Number 110/EST-ARM/08, Part 4. Land Preparation. It describe the technical guideline for clearing the land mechanically based on the decree of Director General of Plantation number KB.110/SK/DJ BUN/05.95. According to the result of field and document observation, there is no land clearing for replanting activities.</p> <p>Field observations and interview in Awatan and Lembiru Estate including inspection along estate boundary showed that there was no indication of fire use in land clearing activities.</p>  |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
|   |                                   | <b>Status: COMPLIED</b>   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <b>5.6</b>  |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <b>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</b>   |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <b>5.6.1.</b>   |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <p>Based on the verification of documents, it is known that CH has assessed the sources of greenhouse gas emissions from mill and estate activities, as seen in the following document:</p> <ol style="list-style-type: none"> <li>Identification of sources of waste and pollution in the EIA and DPLH (see indicator 5.1.1)</li> <li>Documents of identification of sources of waste and pollution (see indicator 5.3.1)</li> <li>Calculation of greenhouse gas emissions from the mill and estate activities with reference to greenhouse gas accounting guidelines of the Ministry of Agriculture (ISPO Comission) and RSPO standard calculation using palm GHG calculator.</li> </ol> <p>Summary of greenhouse gas emissions and management general management plan:</p>   |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <table border="1"> <thead> <tr> <th>Source</th> <th>Emission</th> <th>Management</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Land clearing</td> <td>CO<sub>2</sub></td> <td>Zero Burning policy</td> <td>Land clearing document.</td> </tr> <tr> <td>Fertilizing</td> <td>CO<sub>2</sub> &amp; NO<sub>2</sub></td> <td> <ul style="list-style-type: none"> <li>Chemical fertilizer reduction</li> <li>EFB application)</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Nutrient recycling document.</li> <li>EFB application Monitoring.</li> <li>Fertilizing recommendation.</li> </ul> </td> </tr> <tr> <td>Diesel consumption</td> <td>CO<sub>2</sub></td> <td>Reduction of diesel fuel consumption</td> <td>Diesel usage consumption.</td> </tr> <tr> <td>FFB processing</td> <td>CO<sub>2</sub></td> <td> <ul style="list-style-type: none"> <li>Periodic emission test</li> <li>Diesel fuel reduction</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Periodic emission test</li> <li>Diesel fuel reduction and organic fertilizer</li> </ul> </td> </tr> <tr> <td>POME</td> <td>CH<sub>4</sub></td> <td> <ul style="list-style-type: none"> <li>Methane Trapping/biogas</li> </ul> </td> <td>Not yet done</td> </tr> </tbody> </table> |                                   |   |  | Source | Emission | Management | Remarks | Land clearing | CO <sub>2</sub> | Zero Burning policy | Land clearing document. | Fertilizing | CO <sub>2</sub> & NO <sub>2</sub> | <ul style="list-style-type: none"> <li>Chemical fertilizer reduction</li> <li>EFB application)</li> </ul> | <ul style="list-style-type: none"> <li>Nutrient recycling document.</li> <li>EFB application Monitoring.</li> <li>Fertilizing recommendation.</li> </ul> | Diesel consumption | CO <sub>2</sub> | Reduction of diesel fuel consumption | Diesel usage consumption. | FFB processing | CO <sub>2</sub> | <ul style="list-style-type: none"> <li>Periodic emission test</li> <li>Diesel fuel reduction</li> </ul> | <ul style="list-style-type: none"> <li>Periodic emission test</li> <li>Diesel fuel reduction and organic fertilizer</li> </ul> | POME | CH <sub>4</sub> | <ul style="list-style-type: none"> <li>Methane Trapping/biogas</li> </ul> | Not yet done |
| Source  | Emission                          | Management  | Remarks  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| Land clearing   | CO <sub>2</sub>                   | Zero Burning policy   | Land clearing document.  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| Fertilizing   | CO <sub>2</sub> & NO <sub>2</sub> | <ul style="list-style-type: none"> <li>Chemical fertilizer reduction</li> <li>EFB application)</li> </ul> | <ul style="list-style-type: none"> <li>Nutrient recycling document.</li> <li>EFB application Monitoring.</li> <li>Fertilizing recommendation.</li> </ul> |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| Diesel consumption  | CO <sub>2</sub>                   | Reduction of diesel fuel consumption  | Diesel usage consumption.  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| FFB processing  | CO <sub>2</sub>                   | <ul style="list-style-type: none"> <li>Periodic emission test</li> <li>Diesel fuel reduction</li> </ul>   | <ul style="list-style-type: none"> <li>Periodic emission test</li> <li>Diesel fuel reduction and organic fertilizer</li> </ul>                           |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| POME  | CH <sub>4</sub>                   | <ul style="list-style-type: none"> <li>Methane Trapping/biogas</li> </ul>                                 | Not yet done   |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <b>5.6.2</b>  |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |
| <p>Documents shows that all documents required in counting and handling of greenhouse gas emissions has been identified like: Recap of fossil fuel use, recap the use of fertilizers and pesticides, recaps of POME monitoring, recap of EFB use, recap the use of fiber and shells for boiler fuel, and others.</p> <p>Plans to minimize greenhouse gas emissions have been compiled in the SOP of waste handling. Further more, CH is encouraged to make a more specific of planning in greenhouse gas emissions reduction including quantitative data that show the target of greenhouse gas emissions reduction.</p> <p>Some measures to reduce greenhouse gas emissions that have been implemented are as follows:</p> <ul style="list-style-type: none"> <li>- The use of fiber and shell to reduce the use of diesel fuel in the mill.</li> <li>- implementation of zero burning policy</li> <li>- Preventive maintenance of the generator, boiler, and dust collector cleaning</li> </ul> <p>To increase the greenhouse gas absorption, CH is encouraged to undertake enrichment and planting tree species in</p>   |                                   |   |  |        |          |            |         |               |                 |                     |                         |             |                                   |   |  |                    |                 |                                      |                           |                |                 |   |  |      |                 |   |              |

river banks and open spaces.

**5.6.3.**

Auditor observed that CH has been monitoring greenhouse gas emissions, through:

- Regular monitoring on the POME quality as recorded in official three months environmental report to the local government.
- Monitoring of generator and boiler emissions and ambient air quality regularly every semester. Testing standards refer to the applicable national standards. Testing carried out by an accredited third party, PT. Sucofindo laboratory in Pontianak.

Records of measurement of emissions and ambient air quality for second half of 2015 are as follows:

Ambient Air Quality of Semester 2 year 2015

| No. | Parameter | Unit   | Treshold Standar<br>PP 41 Tahun<br>1999 | Measurement |               |                          |
|-----|-----------|--------|---|-------------|---------------|--------------------------|
|     |           |        |   | Behind Mill | Seleming Mill | In front of Lembiru Mill |
| 1.  | SO2       | µg/Nm3 | 900                                     | 45,1        | 40,7          | 51,4                     |
| 2.  | CO        | µg/Nm3 | 30.000                                  | 86,1        | 81,4          | 101,4                    |
| 3.  | NO2       | µg/Nm3 | 400                                     | 80,4        | 74,1          | 74,4                     |
| 4.  | O3        | µg/Nm3 | 235                                     | 2,4         | 2,1           | 2,4                      |
| 5.  | HC        | µg/Nm3 | 160                                     | 1,7         | 1,4           | 1,74                     |
| 6.  | Debu      | µg/Nm3 | 230                                     | 11,38       | 11,4          | 184,76                   |
| 7.  | Pb        | µg/Nm3 | 2                                       | 0,013       | 0,012         | 0,015                    |
| 8.  | Noise     | dBA    |   | 76,49       | 52,83         | 74,26                    |

Boiler emission and Diesel Generator for second half of 2015

| Parameters        | Emission test |              | Unit   | Threshold |          |
|-------------------|---------------|--------------|--------|-----------|----------|
|                   | Boiler        | Genset No. 2 |        | Genset*   | Boiler** |
| Total Particulate | 101           | -            | Mg/Nm3 |           | 300      |
| SO2               | 69            | -            | Mg/Nm3 |           | 600      |
| NO2               | 407           | 867          | Mg/Nm3 | 1000      | 800      |
| CO                | -             | 224          | Mg/Nm3 | 600       |          |
| NH3               | 0,68          | -            | Mg/Nm3 |           | 1        |
| HF                | 0,41          | -            | Mg/Nm3 |           | 1        |
| HCl               | 1,4           | -            | Mg/Nm3 |           | 5        |
| Cl2               | 0,64          | -            | Mg/Nm3 |           | 5        |
| Opacity           | 5 – 10        | -            | %      |           | 30       |

\* KepMen LH No. 13/2009. \*\*Treshold based on PerMen LH No. 07 Tahun 2007 Lampiran I.

In addition to monitoring of greenhouse gas emission, CH has been calculating the greenhouse gas balance from mill and estates refers to the applicable national standards in the Ministry of Agriculture (ISPO) and RSPO standards through the use Palm GHG calculator.

The latest results of calculation available for year 2015 and has been reported to the RSPO Secretariat as seen by delivery notes in March, 2016.

CH has also regularly reported the results of monitoring of emissions and air quality to the Environmental Agency of Ketapang. There are reporting evidence for the 1st half and the 2nd half of 2015.

**Status: COMPLIED**

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

**6.1**

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

**6.1.1.**

To anticipate social and environmental impacts of mill and estate activities, CH has conducted social impacts analysis of plantation activities:

- a. Environmental Impact Assessment (EIA) carried out in 2004 and has been approved by Bappedalda West Kalimantan (see indicators 5.1.1 and 5.1.2).
- b. Additional of the environmental impact in the form of DPLH prepared in 2014 for plantations are that not covered by EIA document (2,517 Ha as seen in indicators 5.1.1 and 5.1.2 above).
- c. The SIA (Social Impact Assessment) conducted in March 2010 through cooperation with third parties (Aksenta).

SIA document (2010) contains evidence of communities / villagers participation in study. Participation was through interviews and focus group involving the village and community leaders, traditional leaders, youth leaders, and sub-district officials, including the police.

Results of the consultation meeting had been summarized in the SIA report. As part of social impact management, CH has channelled Corporate Social Responsibility (CSR) by considering the results of the EIA study and Social Impact Assessment.

identified impacts in SIA (2010) document are:

- Direct positive impacts, e.g. Workforce, new sources of livelihoods, increased income of surrounding villager, the increased accessibility and mobility of people, goods and services, and the positive perception of the public.
- The indirect positive impact, for example: the higher growth of local businesses, the increased flow of money and the circulation of money in the surrounding villages as well as the rising purchasing power of the local community.
- Direct negative impacts, such as shrinking of the local people's lands, negative perception on the company, and disputes.
- Indirect negative impacts and accumulated impacts, for example, water scarcity, waning of traditional value system of mutual cooperation, changing of lifestyle of rural communities.
- Impacts on employee: loyalty and productivity, if employees feel cared for and treated properly it will impact on high productivity and employee loyalty.

**6.1.2.**

SIA report provided document of community participation in social and environmental impact assessment (as seen in documentation of respondents in FGD and attendance list of consultation, dated March 2010). 40 community representatives consist of: Head of Villages, head of sub villages, Community Leaders, Village secretary, Chairman of villager board, Teacher, Principal of Junior School, Medical, police chief, etc. While in FGD, internal stakeholders involved were: foreman, supervisor, driver, Contractors, Harvesters, boilers staff, and staff.

**6.1.3**

CH has developed a management plan for environmental and social impacts of plantation activities:

- Management and Monitoring Plan of social aspects of the EIA documents compiled in May 2004. Management Plan and Social Monitoring according to the EIA documents includes: restlessness Society, employment and business opportunities, public revenues, social interaction, perception and values, public health.
- Monitoring and Management Plan of social aspect of DPLH compiled in May 2004, covering: Changes of Public Perception, Employment, Income Generation, Social Conflict and new disease.

However, specific management plan based on SIA assessment in 2010 not available. Social Impact Assessment / SIA (2010) identified many direct positive impact, indirect positive impact, direct negative impact, indirect negative impact, and impact on employees. Those impact are specific and different from those ones in EIA. A specific management plan based on SIA study should be available

**NCR 2016.16 with Major category**

**6.1.4**

**In the ASA-1 audit, there was non-conformity number 2015.14:**

Not enough evidence that CH has done periodic review on social management plans to reduce the negative impact, at least two years with the participation of all affected parties.

**Observations on April 12, 2016**

Auditor observed that CH has not yet provided sufficient evidence of periodic review on SIA Management Plan according to Social Impact Assessment result year 2010. There is at least two yearly review required with participation of affected parties.

**The previous minor non-conformance is still cannot be closeout by the certified unit. The auditor has upgraded this into major nonconformance.**

**6.1.5**

Verification of documents shows that the company has developed a local partnership in smallholder plantation development as described belows:

- Plantation development in Suka Karya Village for an area of 700 hectares with 350 household members according Ketapang Regent Decree No. 508 of 2011 dated 13 December 2011 regarding the CPCL.
- The planted area in Suka Karya village for an area of 400 hectares with 205 household members according to Ketapang Regent Decree No. 558 of 2011 dated November 18, 2011.

Efforts has also been done to increase capacity of local farmers / cooperative manager through:

- socialization and anticipation of FFB stealing on October 14, 2014 which was attended by KSU Mandiri Sejahtera, KSU Kyai River, Independent small holder manager of GPIB, PSD manager, chairman of SOU 13 Lembiru, Manager LBF (11).
- Training for local famer / smallholder farmers and cooperative officers, for example: training on the Cooperatives management (accounting and management) on July 7, 2014 held at Awatan Estate. Training was conducted in cooperation with Local Cooperatives Office of Ketapang District as trainer. There was evidence of attendance lists and documentation of training activities.

**6.1.3 Status: Non-conformance 2016.16 with major category**

**6.1.4 Status: Minor NCR 2015.14 upgraded to major**

**6.2**

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

**6.2.1**

Documented procedure for communication and consultation with public was established on "Prosedur Komunikasi Internal dan Eksternal (No. Policy: 301/SNP-KOM-08/11)".

**6.2.2** Certificate Holder has appointed officers responsible to carried out communication and consultation with local communities is Plantation Service Department (PSD), Head Region and Operational Manager.

Communication and consultation mechanism has considered the existence/ formation of a multi-stakeholder forum and take into account of differential access to information for male/ female, workers, villagers representative both old and new villagers including ethnics. List of stakeholders (dated 30 August 2015), consist of Subdistrict, Communities Representative, Customary Representative, Statutory Bodies, Head of Villages.

Result of communication and consultation was recorded in the logbook "Surat Masuk dan Surat Keluar" Awatan Estate and Lembiru Estate, some of information requests/inquiry has no responded by Estates.

**6.2.3**

**NCR 2016.1: Term of response information, complaints and aspirations of stakeholders**

The CH have maintain list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders. however, during interview with local communities it was informed that respond to grievance, complaint and/or other request by the company was not consistent implemented, i.e:

- a) There is no timeline was explained in the procedure to respond of any request/inquiry from stakeholders.
- b) There is no respond made by the company related worker grievance at Lembiru Estate (LBE), i.e: inadequate quality of rice.
- c) There is no respond made by the company regarding worker complaint at Lembiru Estate and Awatan Estate, related to operational time of electricity supplies from generator machine in workers housing.
- d) Inconsistency of responding timeline against information request/inquiry, CSR and social program from communities.

**Minor 6.2.3 | Status: Non-Compliance 2016.1**

**6.3  
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.**

**6.3.1 and 6.3.2.**

CH established the procedure of Community Complaint Handling Number 005/SNP-PKM/III/11 (revision 1) and in a diagram explaining the plot has an open system involving affected communities. Int the procedure also mentioned personel resposibilitied which is Plantation Services Department officer. According to the result of interview with several parties such as the village apparatus of Sukakarya Village, Karya Baru Village, Marau Sub-District, customary figures, the Head of cooperative unit and the head of smallholder group, they have aware of the method to send the complaint. The management unit documents the resolution process and has it kept carefully.

During the surveillance the auditor team also sighted the suggestion box in front of the estate office which serves for workers and communities who want to make suggestions or complaints.

The system have been implemented effectively for example in case of evidence handling land claims where handling through consultation and a statement of agreement known by the village chief and village head. Of the 9 cases of existing claims, seven claims have been resolved by agreement and there are still 2 claims (Br. Ujang God and Linyir) are still in the process.

CH had Employees complaints handling procedures (SOP-006 / SNP / III / 11), describes the order handling such complaints if the complaint is submitted in writing to the assistant supervising each and recorded for company workers who want to make complaints and complaints.

Records of handling disputes are documented by category respectively. The data are fitted with supporting data (in the form of the minutes of the agreement or Statement).

The Company has a policy No. 440 / HRM-COC / 07 on the Code in Chapter VI points B.3 submitted that the management is obliged member protection against whistleblower and also mentioned about the legal protection.

No complaints to the CH scope brought into RSPO Complaint Panel.

The officer in charge for documenting the complaints handling was payroll staff in each estate.

**Status: Complied**

**6.4  
Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

**6.4.1**

PT SNP has procedure of the acquisition for the occupied land (Policy Number 343/PSD/Okup/10 dated 23<sup>rd</sup> of February 2012 describes acquisition of land should be based on the master map of the final occupation, map master occupation MRC and land owners (based on legal documents) carried by the Plantation Manager Services - Region and Manager Estate and witnessed by village officials or parties concerned. Any negotiations must be made an official report of negotiations.

The procedure is owned by the company implemented in the settlement process of land restitution derived from agreements between the company and the community in accordance with established procedures



**6.4.2**

The procedure is owned by the company implemented in the settlement process of land restitution derived from agreements between the company and the community in accordance with established procedures.

Smallholders were included in the negotiations and participate. It was written and implemented within the cooperation agreement between the company smallholdings where smallholder's cooperatives become members of the cooperative.

**6.4.3**

The process and the agreement have been well documented by the company. The documentation contained in the recapitulation of compensation in 2014 and 2015 record. Agreements land use publicly accessible evidenced by the recording of land acquisition and compensation agreements that are held by the people affected by compensation.

**Status: COMPLIED**

**6.5**

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

**6.5.1**

The Certificate Holder determines minimum wages based on the Government regulation every year, the minimum wages in 2016 as regulated in "SK Gubernur KALBAR No: 861/DISNAKERTRANS/2015 dated 29<sup>th</sup> October 2015, related Minimum Wage Ketapang Regency Year 2016. The company has Internal Office Memo No: 010/RSP-i2/II/2016, dated 22<sup>nd</sup> January 2016 from Head Office Jakarta related of minimum wages adjustment.

Worker agreement between company and workers defided in 3 types:

- a) Contract worker using Worker Agreement with Timeline Condition. i.e. SPK-Panen dan Berondol Kontrak, No: 01 PT. SNP-AWE/SPK/LKL/II/2016, tanggal 2 Januari 2016.
- b) FFB Transport Contractor: SPK Pengangkutan Tandan Buah Segar (No. 01/PT.SNP-AWE/VII/2015).
- c) Permanent Workers using "Peraturan Perusahaan" in current status is ongoing process to Dinas Sosial Tenaga Kerja dan Transmigrasi Kabupaten Ketapang Nomor: 85 Tahun 2015, dated 6 October 2015.

Company payroll system is using payment slip to the workers, information in payment slip comprises of wages, allowance, deduction and nett wages.

During data verification and field interview with sample workers at Block G2A/B AWE (harvesting activity), known that the worker status is contracted worker and payment mechanism is done by the company directly (not from head of contractors).

Payment slip that shown to the auditor is only for permanent workers, while during field observation it was found a contract worker. Certificate Holder is failed to prove the payment slip and record of its worker.

**Major non conformance raised (NCR 2016.17).**

**6.5.2**

Furthermore, the Certificate Holder also failed to provide the worker contract that was interviewed as harvester in Awatan Estate with 18 years old. **Minor non-conformance raised by the auditor (NCR 2016.18)**

**6.5.3**

The company has prepared facilities for their workers, such as:

- Housing complex (G2, G6 and G10 types)
- Elementary (1 unit) and kindergarden (1 units)
- Policlinic (1 unit) located in PT. BAL
- Mosque (2 units)

- Church (2 unit)
- Creche (2 units)
- School bus (2 units)
- Ambulance (1 unit)
- Sport facilities

During the field observation the auditor team sighted that the worker facilities were in adequate and well functioned.

**6.5.4**

The traditional market is available surrounding company (Sub-District of Marau) with approximate distance is 5-6 km from estates.

|              |  |
|--------------|--|
| <b>6.5.1</b> | <b>Status: Non-conformance 2016.17 with major category</b> |
| <b>6.5.2</b> | <b>Status: Non-conformance 2016.18 with minor category</b> |

**6.6**

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

**6.6.1**

Freedom of association policy documented in “SOP Pedoman Manajemen Perkebunan Berkelanjutan No. Policy 724/TQEM-SPMS/09, 27 Agustus 2010” which state that: “perusahaan diharapkan dapat menghargai hak-hak semua karyawan untuk membentuk dan bergabung dalam komunitas Serikat Pekerja sesuai dengan pilihan mereka serta bernegosiasi secara bersama-sama”.

During interview with sample workers, freedom of association policy is written in Bahasa Indonesia and all employees can understand. This policy has been informed to all employees and being placed into notice board in public area (Estate Office, Workers Housing).

**6.6.2**

Latest meeting with labour union “Forum Serikat Buruh Kecamatan Marat (FSBKM) and the company is on 4<sup>th</sup> June 2015”, the meeting attended by 8 workers and 8 staff. This meeting is discussed about renewal of Worker Agreement period 2015-2017.

**Status: COMPLIED**

**6.7**

**Children are not employed or exploited.**

**6.7.1**

The company has own policy signed by management in Worker Agreement “Peraturan Perusahaan” clause 3 stated that: It is not allowed all children to work in every activities/processes in company and range of age to be work is 18-35 years old.

Based on document review of list of workers “Data Karyawan” Awatan Estate and Lembiru Estate, update March 2016, interview with workers and obervation during field visit, it was no found workers hired under 18 years.

**Status: COMPLIED**

**6.8**

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

**6.8.1**

The certificate holder has Equal Opportunities policy as documented in “Kebijakan Perusahaan Mengenai Peluang dan Perlakuan yang Sama” (No. Policy 724/TQEM-SPMS/09, Rev. 2, dated December 2011). During interview with sample workers in AWE, LBE and LBF, it was clearly that no discrimination was implemented by the company as long as they

have been working at the company.

**6.8.2**

Information from stakeholders consultation with surrounding villages, they stated that the company is giving opportunities to work without any form of based on race, religion, origin, gender and political affiliation.

**6.8.3**

The company has procedure hiring workers regulated that hiring and promotion of workers based on skill, work experiences, and job evaluation.

**Status: COMPLIED**

**6.9**

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

**6.9.1**

The certificate holder has policy to prevent sexual harassment and violence against women with No Policy 301/SNP-ENV-03/11. There is a gender committee actively meets and discussing general agenda and other issue related to handling sexual harassment, dissemination of sexual harassment prevention. Implementation of this policy is in form of Gender Committee and regular meeting once at 3 months.

**6.9.2**

Meanwhile, reproductive policy against women employees has been established and stated in Worker Agreement "Peraturan Perusahaan" clause 9 (d).

**6.9.3**

Mechanism for complaints management where it needs to protect its confidentiality for complaint submitter was found in company procedure (077/SNP.BAL-Stkhldr.ADM/2016, 7 October 2015).

**Status: COMPLIED**

**6.10**

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

**6.10.1**

FFB Price is available in place and determined by Certificate Holder with reference of Local Government Decree (SK Sekretaris Daerah No. 525/02/ASS-II, dated 31<sup>st</sup> January 2016). Mechanism of FFB pricing is totally following the regulation and the smallholders also informed by the certificate holder.

**6.10.2**

Based on interview with Head of Koperasi SPS (smallholders organisation scheme), the company is report regularly by monthly basis to all smallholders members, including the latest price of FFB.

**6.10.3**

Agreement between Certificate Holder and Smallholders Cooperative (Koperasi Perkebunan Sejahtera Palma Sejati) is available in place "Nomor: 001/Kemitraan Khusus/SNP-SPS/VI/2014 dan Nomor: 001/Kopbun-SPS-Khusus/VI/2014 tentang Perjanjian Kerjasama Pembangunan dan Pengelolaan Kebun Kelapa Sawit dengan Pola Kemitraan Khusus".

**6.10.4**

Payment system is paid directly from company to the Cooperative and the Chief will distribute to the farmer group and farmers. During the interview, payment regularly made in monthly basis at first week.

**Status: COMPLIED**

**6.11**

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

**6.11.1**

**NCR 2016.19: Involvement of local communities into development program.**

Based on interview with local communities (sub-village of Batu Manang and Sedawak) informed that local development by the company has not according to the communication way. Furthermore, the certificate holder has not provided yet an involvement of communities during identification of local contribution.

**6.11.2**

Meanwhile, CH have partnership program with Village of Sukakarya and Karya Baru through smallholder's scheme with fully managed system and established since 2014. This partnership program is between Certificate Holder (PT. Sandika Natapalma) and Smallholders Cooperative (Koperasi Perkebunan Sejahtera Palma Sejati).

|               |  |
|---------------|--|
| <b>6.11.1</b> | <b>Status: Non-conformance 2016.19 with minor category</b> |
|---------------|--|

**6.12  
No forms of forced or trafficked labour are used.**

**6.12.1**

During interview with sample workers and local communities, there was no trafficked labour and migrant worker in Estates and Mill. All the workers is Indonesian citizens, mostly from local villagers.

**6.12.2 & 6.12.3**

Also, the management representative and sample workers confirmed that no contract substitution was noted. This has been verified by auditors at field and document review. The contract made in 2 original copies and kept by each parties (company and contractor).

|  |                         |
|--|-------------------------|
|  | <b>Status: COMPLIED</b> |
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**6.13  
Growers and millers respect human rights**

**6.13.1**

The CH has Human Rights Policy signed by Chairman of SOU 13 on April 2015. During interview with workers in Division 3 AWE, Division 1&2 LBE and Lembiru POM, confirmed that workers understand the workers rights, including human rights for workers.

During they have been worked at the company, there is no violation of human rights. Most of workers sample interviewed has been working for 5-8 years.

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|  | <b>Status: COMPLIED</b> |
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**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.**

There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.

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|  | <b>Status: COMPLIED</b> |
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**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.**

There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.

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|  | <b>Status: COMPLIED</b> |
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**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 are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.

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| Status: <b>COMPLIED</b>  |  |
| <b>7.4</b>   |  |
| <b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>  |  |
| There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.  |  |
| Status: <b>COMPLIED</b>  |  |
| <b>7.5</b>   |  |
| <b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>  |  |
| There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.  |  |
| Status: <b>COMPLIED</b>  |  |
| <b>7.6</b>   |  |
| <b>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.</b>  |  |
| There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.  |  |
| Status: <b>COMPLIED</b>  |  |
| <b>7.7</b>   |  |
| <b>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.</b>  |  |
| There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.  |  |
| Status: <b>COMPLIED</b>  |  |
| <b>7.8</b>   |  |
| <b>New plantation developments are designed to minimise net greenhouse gas emissions.</b>  |  |
| There is no new are development under the scope of certification at LBE and AWE during ASA-2 assessment. The planting years are 1997 to 2001.  |  |
| Status: <b>COMPLIED</b>  |  |
| <b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>  |  |
| <b>8.1</b>   |  |
| <b>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b>  |  |
| <b>8.1</b>   |  |
| In Social aspect actions plan for continuous improvement made by the Certificate Holder through inspection and follow-up from Mill and Plantation Advisory. CH also takes remedial action on the findings of the audit nonconformities RSPO through an internal audit by PSQM department.  |  |
| Community plantation development has been realized since 2014 through a partnership agreement for the construction plantation with co-operative with the local communities and until recently the development of ASA-2 takes place constantly improved and expanded. All the improvement records for social aspect especially for partnership program available. |  |
| Corrective action plan on social issues such conduct intensive communication with the public, especially to the members of the smallholders cooperative.   |  |
| <b>Fundamental failures of the CH performance.</b>   |  |
| From the ASA-2 findings the auditor team considers that there is a systematic failure associated with the recurrence of a mismatch against the results of previous audits (ST-2 and ASA-1)   |  |

- 1) Safety and Health responsibilities.** Not met against the Implementation of Safety and Health Policy "plantations and palm oil mills employers should ensure that the workplace, machinery, equipment, transport and processes under their control are always safe and do not endanger the health of excessively."
- a. Non-conformity evidence or observation against indicator 4.6.5 standard relating to potentially unsafe practices when pesticides operator not using the appropriate mask.
  - b. Non-conformity evidence or observation against indicator 4.6.11 standard relating to not all high risk workers (chemical sprayers) specifically have been tested with annual medical surveillance for example spirometry and cholinesterase.
  - c. Non-conformity evidence or observation against indicator 4.7.2 standard relating to sprayers loading truck at AWE was not separate with water tank and spraying equipment.
  - d. Non-conformity evidence or observation against indicator 4.7.3 standard relating to:
    - Several harvesters at AWE not using safety helmet.
    - Chemical spraying supervisor (*mandor*) at Division 1, AWE not use appropriate mask according to the MSDS
    - Boiler and engine operators at mill stations not using safety *ear muff*.
    - During the interview with harvesters and sprayers at Division 1 LBE revealed they were buy their own PPE.
    - During the *morning muster* the auditor team was known that there was no PPE use monitoring for the workers before they start working to the field.
  - e. Non-conformity evidence or observation against indicator 4.7.5 standard relating to the first aid kit boxes not completely filled according to the working risk, no record use of first aid kit.

- 2) Environmental responsibilities.**
- a. Non-conformity evidence or observation against indicator 5.1.3 standard relating to environmental impact management and monitoring.
  - b. Non-conformity evidence or observation against criteria 5.2 standard relating to consistency of HCV management and monitoring implementation
  - c. Non-conformity evidence or observation against criteria 5.3 standard relating to waste management which multiple non-conformities raised and fail to address the real underlying causes of their poor environmental performance.

**3) Social responsibilities.**  
 Non-conformity evidence or observation against criteria 6.1 standard relating to social impact assessment that involves the participation of all affected parties.

**4) Supply Chain requirement.**

Non-conformity evidence or observation against supply chain standard relating to implementation of the mass balance countings (RSPO certified and non-certified).

|              |  |
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| <b>8.1.1</b> | <b>Status: non-conformance 2016.20 with major category</b> |
|--------------|--|

3.2. Summary of Assessment Report of Supply Chain Requirement

| Clause | (Module E) CPO Mills - Mass Balance Requirements  |
|--------|---|
| E.1    | Definition  |
| E.1.1  | <p><b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>Lembiru POM receives FFB from RSPO certified and noncertified sources. RSPO certified sources are from Lembiru Estate and Awatan Estate with certificate number MUTU-RSPO/ 044<br/> Meanwhile noncertified sources from Beturus Estate, Pelanjau Estate, Sungai Putih Estate (Full Manage Plasma Cooperative SPS) and Karya Palma Estate.<br/> There are also from independent smallholders FFB sources• Sungai Kyai smallholders group, GPIB smallholders group and Sumber Usaha Mandiri Sejahtera Cooperative.<br/> Based on the document observation known that the model used by the company is the Mass Balance.</p>   |
|        | Status: Complied  |
| E.2    | Explanation   |
| E.2.1  | <p><b>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&amp;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.</b></p> <p>The twelve month projection of FFB, CPO and Palm Kernel also inform in the basic information of this summary report.<br/> FFB 90,885 tones, CPO 19,131 tonnes and palm kernel 4,544 tonnes.</p>   |
|        | Status: Complied  |
| E.2.2  | <p><b>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).</b></p> <p>Lembiru POM (PT SNP) is now registered on the RSPO IT platform etrace in E-Trace ID Member of RSPO_PO1000001867.</p>  |
|        | Status: Complied  |
| E.3    | Documented procedures   |
| E.3.1  | <p><b>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:</b></p> <ol style="list-style-type: none"> <li>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</li> <li>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.</li> </ol> <p>The Certificate Holder has had the procedure of product identification and traceability at POM number RSPO/66/SCCS/15-SNP dated April 26th 2015. The procedure has adjusted from the SCCS standard on November 2014. The person in charge of the POM operational are the Factory Manager, Assistant of PSQM, Laboratory Foreman/Assistant and Assistant /Sr. Assistant /Manager of Bulking.</p> <p>However during the site visit and interviews with weighbridge operator the auditor team have found nonconformities which</p> |

are:

- There are several weighbridge tickets (number 136829, dated 8 April 2016) from certified source is not marked with sustainable. This was not accordance which written in the procedure.
- Not all the officers related to the supply chain activity (mill security officer and Kelampai bulking officer) have been involved in the training of the supply chain.

Based n the findings non conformance was raised. **NCR.2016.21**

**Status: Non conformance 2016.21**

**E.3.2**

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

During the documentation observation the auditor team found non conformance of there was no information of initial stock (sustainable and non sustainable) of FFB in the Mass Balance counting.

When the auditor visit to the kelampai bulking station there CH also cannot shown the mass balance counting.

Based n the findings non conformance was raised. **NCR.2016.22**

**Status: Non conformance 2016.22**

**E.4**

**Purchasing and goods in**

**E.4.1**

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

The auditor team have found non conformity of not available on RSPO certified and non certified product have been verified by the mill manager (responsible PIC) during the document observation in the mill office.

Based n the findings non conformance was raised. **NCR.2016.23**

**Status: Non conformance 2016.23**

**E.4.2**

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

For the certificates period from 3 July 2015 until 2 July 2016 the production of CPO and Kernel that are listed on the license and the E-Trace are: 20,009 tonnes of CPO and 4,446 Tonnes Palm Kernel.

Actual data production since 3 July 3 2015 untills second surveillance conducted (11 April 2016) the CPO is 15,773.089 Tonnes and 3,360.862 Tonnes of palm kernel.

Based on the data shown there is no overproduction from projected.

**Status: Complied**

**E.5**

**Record keeping**

**E.5.1**

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

a) The CH is nor able to show the record of certified CPO and PK dispatch in a quarter-based report along with the information of the buyers as well as the CPO and PK specification (RSPO certificate).

b) The CH is not able to show the dispatched and CPO and PK volume as well as the adjusted ingredient accounting system based on the conversion ratio required by RSPO.

c) The auditor team have checked the sales record which shown by the CH and through E-Trace, there is no sales of



certified product by the mill since the last period of certificate license (since 3 July 2015) until the surveillance conducted.

**Status: Complied**

**E.5.2**

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

According to the result of interview with the management unit, Lembiru POM sells only the PK to the third party.

**Status: Complied**

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

|              |  |              |
|--------------|--|--------------|
| <b>1.</b>    | <b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>                           | <b>X or√</b> |
| <b>ASA-2</b> | PT Sandika Natapalma has had certificate usage permit in number MUTU-RSPO/044.   | √            |
|              | <b>Status: COMPLIED</b>  |              |
| <b>2.</b>    | <b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>               | <b>X or√</b> |
| <b>ASA-2</b> | The company does not use trademark for its product (on-product) and its non-product (off-product) within the scope of PT Sandika Natapalma | √            |
|              | <b>Status: COMPLIED</b>  |              |
| <b>3.</b>    | <b>Implementation of Certificate and Logo is not used on product</b>   | <b>X or√</b> |
| <b>ASA-2</b> | The company does not use trademark for its product (on-product) and its non-product (off-product) within the scope of PT Sandika Natapalma | √            |
|              | <b>Status: COMPLIED</b>  |              |
| <b>4.</b>    | <b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>  | <b>X or√</b> |
| <b>ASA-2</b> | The company does not use trademark for its product (on-product) and its non-product (off-product) within the scope of PT Sandika Natapalma | √            |
|              | <b>Status: COMPLIED</b>  |              |

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

|                                       |  |              |
|---------------------------------------|--|--------------|
| <b>Management unit(s) observed:</b>   |  |              |
| <b>1. PT. Mitra Austral Sejahtera</b> |  |              |
| <b>2.1</b>                            | <b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>  | <b>X or√</b> |
|                                       | PT Mitra Austral Sejahtera is compliance with applicable laws and regulations.   |              |
|                                       | <b>Status: Compliance</b>  |              |
| <b>2.2</b>                            | <b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>   | <b>X or√</b> |
|                                       | PT Mitra Austral Sejahtera has demonstrated land use and not legitimately contested by local communities.<br>The company's land acquisition process has been in accordance with the prevailing regulations   |              |
|                                       | <b>Status: Compliance</b>  |              |
| <b>6.3</b>                            | <b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>  | <b>X or√</b> |
|                                       | PT Mitra Austral Sejahtera has documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.<br>There is a Communication Procedure No. Policy 501/MAS-KOM-03/11 dated 8 April 2011 implemented through the Mail Box, Email, Announcements, posters, brochures / pamphlets and meeting / briefing, etc. To resolve complaints / disputes associated with land, the company has prepared a Compensation Negotiation Process Mechanism No Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of (derasa) compensation payment process through a amicable discussion and meetings with Muspika (Task Force).  |              |
|                                       | <b>Status: Compliance</b>  |              |
| <b>6.4</b>                            | <b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>   | <b>X or√</b> |
|                                       | PT Mitra Austral Sejahtera has a Compensation Negotiation Process Procedure No. Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of compensation payment process (Derasa) through amicable discussion and meeting with Muspika. The pricing of compensation is based on the Minutes of Agreement on Compensation (Derasa) Pricing dated December 8, 2005 as agreed by PT MAS, Community Leaders and KUD managers, acknowledged by Sub-District Chiefs (3 Sub-districts). Socialization was held on December 9, 2005 and attended by 35 representatives of related groups.   |              |
|                                       | <b>Status: Compliance</b>  |              |
| <b>7.3</b>                            | <b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>   | <b>X or√</b> |
|                                       | PT Mitra Austral Sejahtera has not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.<br>Based on the company's Plantation Concession issued through Decision of Land Agency Head of Sanggau District No. 400-56/IL-1999 dated January 8, 1999 on the Granting of Extension Concession the Purposes of Palm Oil Plantation located at Parindu, Bonti, Hulu and Kembayan Tayan sub-districts in the name of PT Mitra Austral Sejahtera with a total area of 20,000 hectares of 30,000 hectares reserved area, the concession of PT MAS is located within Other Use Area (APL) in accordance with the Spatial Plan of West Kalimantan Province<br>The company management has declared to the community that the company will preserve and will not cultivate palm oil crops in areas that have been identified as HCV (MAS-3 Estate's Statement Letter dated May 1, 2011).<br>Local people / Indigenous Figures joined in Satlak were directly involved in the identification process of areas where palm oil planting is not allowed in accordance with the agreement. |              |

|            |   |              |
|------------|---|--------------|
|            | <b>Status: Compliance</b>   |              |
| <b>7.5</b> | <b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>   | <b>X or√</b> |
|            | <p>Available EIA documents as approved by the Central EIA Committee letter the Department of Forestry and Plantations, No: 242/Menhutbun-II/2000, on March 23, 2000.</p> <p>The company has conducted studies of social impact, but until the implementation of Stage-1 is still in draft form. SIA mentioned in the draft document;</p> <p>a. Positive Impacts</p> <ol style="list-style-type: none"> <li>1. Direct Impacts <ul style="list-style-type: none"> <li>- Significant local people are employed by the company.</li> <li>- Emergence of livelihood sources.</li> <li>- Increased revenue sources and incomes of the villagers.</li> <li>- Increased productivity, value and status of land (impact of KKPA plasma development).</li> <li>- Increased accessibility and mobility of people, goods and services.</li> <li>- Public's positive perception to the company.</li> </ul> </li> <li>2. Indirect <ul style="list-style-type: none"> <li>- The increasingly growth of local businesses</li> <li>- Increased cash flow and fund circulation in the surrounding villages.</li> <li>- Increased purchasing power of the local people.</li> </ul> </li> </ol> <p>b. Negative Impacts;</p> <ol style="list-style-type: none"> <li>1. Direct impacts; <ul style="list-style-type: none"> <li>- Reduced size of public lands,</li> <li>- Public's negative perception to the company,</li> <li>- Dispute/conflict</li> </ul> </li> <li>2. Indirect impacts and Accumulation <ul style="list-style-type: none"> <li>- Clean water problem,</li> <li>- Impaired traditional value system of mutual cooperation,</li> </ul> </li> </ol> <p>- Change in lifestyles of rural people.</p> <p>Based on the Plantation Development Realization Report of the socialization of new land opening has been conducted in July to September 2010 for Bonti and Kembayan Sub-districts, and unit has done socialization of new land opening in March 2011 (Sedae, Canal, Mua, Kampuh, and Tapa sub-villages).</p> <p>Based on interviews with residents of RT Pinsam the company's new plantation opening process also involved te Satlak Team consisting of Sub-village Chiefs, Indigenous leaders, KUD Sekayam Jaya Manager and Village officials as officers who perform verification of the land to be opened.</p> |              |
|            | <b>Status: Compliance</b>   |              |
| <b>7.6</b> | <b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>   | <b>X or√</b> |
|            | <p>There is a Land Compensation Negotiation Process procedure No. 501/MAS-Doc 01/11 dated 8 April 2011 in which contains a flow chart of compensation process involving amicable deliberation and meetings with Muspika (Task Force).</p> <p>Documented process and agreement of land acquisition for new plantation area are maintained in MAS 3 Estate's office and RSPO secretariat office in MAS 1 Estate.</p>  |              |
|            | <b>Status: Compliance</b>   |              |

3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

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

| No.     | Ref Std        | Nonconformity  | Grade | Location       | Time Limit    | Corrective Action   | Observation and Date  | Status | Closed Date    |
|---------|----------------|--|-------|----------------|---------------|---|---|--------|----------------|
| 2015.01 | Major<br>1.1.2 | <p><b>Information Request and Its Response</b></p> <p>According to the result of document review, the company is not responding the letter of Ketapang Regent number 500/0235/Bappeda-B dated February 5th 2014 in term of the request for the CSR program plan and realization on 2013 and the report should be given at least on February 28th 2014.</p> | Major | POM and Estate | June 9th 2015 | The management unit must ensure the information request to be responded and documented. | <p><b>Root Cause:</b><br/>There is no receipt of CSR realization reporting to the associated agency.</p> <p><b>Corrective Action:</b><br/><i>Re reporting the CSR realization on 2013 for IDR 105,475,000 (USD 8113) to the regent by asking for the delivery receipt signature.</i></p> <p><b>Preventive Action:</b><br/><i>Implementing the incoming letter recording based on the procedure.</i></p> <p><b>Observation on May 28<sup>th</sup> 2015</b><br/>The management unit shows the evidence of CSR realization reporting of PT SNP on 2013 dated May 25<sup>th</sup> 2015 to the Ketapang Regional Economy Development Agency. <b>However, the management unit is not able to show the evidence of CSR report delivery receipt signature by the Regional Economy Development Agency.</b></p> | Closed | June 26th 2015 |

| No.     | Ref Std        | Nonconformity   | Grade | Location | Time Limit | Corrective Action  | Observation and Date   | Status | Closed Date               |
|---------|----------------|---|-------|----------|------------|--|--|--------|---------------------------|
|         |                |   |       |          |            |  | <p><b>Observation on June 27<sup>th</sup> 2015</b><br/>The management unit has sent the CSR report for period of 2013 back via email to <a href="mailto:bappeda.ketapang.b@gmail.com">bappeda.ketapang.b@gmail.com</a> on June 27<sup>th</sup> 2015. The scan of report receipt signature paper shall be sent to the management unit.</p> <p><b>Observation on June 29<sup>th</sup> 2015</b><br/>The management unit shows the receipt of signature paper over the CSR report for period of 2013 to the Regional Economy Development Agency on June 25<sup>th</sup> 2015. It was received on June 29<sup>th</sup> 2015.</p> <p><b>Auditor Conclusion:</b><br/>Complied</p> |        |                           |
| 2015.02 | Minor<br>1.3.1 | <p><b>Policy of Integrity Code and Ethic Action</b><br/>The management unit shows the policy of business ethic (Policy number 440/HRM-COC/07). It was approved by GM, SGM, HPO, and GHPI on May 24<sup>th</sup></p> | Minor | Estate   | ASA-2      | The management unit must ensure that the policy of business ethic (Policy number 440/HRM-COC/07) has been well communicated to all | <p><b>Root Cause:</b><br/>The limited scope only to the level of staff and the unawareness of the management unit that it has to be socialized to the permanent workers and contractor.</p> <p><b>Corrective Action:</b></p>   | Closed | May 28 <sup>th</sup> 2015 |

| No.     | Ref Std     | Nonconformity  | Grade | Location       | Time Limit                | Corrective Action   | Observation and Date   | Status | Closed Date                |
|---------|-------------|--|-------|----------------|---------------------------|---|--|--------|----------------------------|
|         |             | 2007. However, there is not enough evidence that the policy has been well communicated to all workers and to the cooperative unit.   |       |                |                           | workers and to the cooperative unit.  | <p>Holding socialization to all workers and contractor.</p> <p><b>Preventive Action:</b><br/>Holding training for the employees and developing the human resource like the leadership training on the level of supervisor.</p> <p><b>Observation on May 28<sup>th</sup> 2015</b><br/>The management unit shows the record of human rights and business ethic code of conduct on May 2<sup>nd</sup> 2015. It was attended by all employees and contractor.</p> <p><b>Auditor Conclusion:</b><br/>Complied</p> |        |                            |
| 2015.03 | Major 2.1.1 | <p><b>Compliance over the Applied Law Regulation</b></p> <p>a. The boiler Operator on behalf of Hardianto does not have OHS license yet (Operator License) for the steam machine (boiler) Operator referring the Manpower Ministry</p> | Major | POM and Estate | June 9 <sup>th</sup> 2015 | The company must be able to show the evidence of the applied law requirements compliance. | <p><b>Root Cause:</b></p> <p>a. The boiler Operator and the welding Expert do not have Operator License during the field observation.</p> <p>b. The obstacle of the hazardous waste sales is the availability of the licensed buyer.</p> <p>c. The existed hazardous waste symbol is looked like crap.</p>   | Closed | June 26 <sup>th</sup> 2015 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | <p>Regulation number 1 year 1988.</p> <p>b. The welding expert at POM does not have the welding expert qualification referring the Manpower Ministry Regulation number 02 Year 1982.</p> <p>c. The management unit is not able to show the evidence of the incoming and outgoing hazardous waste reporting realization to the Regent and Ketapang District Environment Agency in quarter-based report based on the decree of Ketapang Regent number 424/KLH-B/2013</p> <p>d. The hazardous waste containers at hazardous waste storage is not supported with label referring the Environment Ministry Regulation Number 14 year 2013 and procedure of hazardous waste</p> |       |          |            |                   | <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>Placing the certified boiler Operator. The certified welding Expert is being processed at the associated agency.</li> <li>Informing the report of hazardous waste in and out to the Environment Ministry in a quarter based report.</li> <li>Installing hazardous waste symbol at the hazardous waste storage.</li> </ul> <p><b>Preventive Action:</b><br/>Composing schedule of training for period of 2015.<br/>Field observation in term of the hazardous waste symbols installation at the hazardous waste storage is conducted by POM Staff.</p> <p><b>Observation on May 28th 2015</b><br/>a. The management unit shows the letter number SKU Rotasi/FM LBF/V/2015/071 dated May 19th 2015 in term of the mutation of worker on behalf of Fatriansyah from the clarification Operator to boiler Operator on since June 1st 2015. According to the certificate number Ser 1738/OPK3/B.I/XII/2013 from the RI</p> |        |             |



| No. | Ref Std | Nonconformity                                      | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | management number 301/SNP-LB3-03/11 (5.3.2 Major). |       |          |            |                   | <p>Manpower Agency, the worker on behalf of Fatriansyah has participated on the OHS technique training for the steam machine Operator on November 25th – 30th 2013. <b>(closed)</b></p> <p>b. The management unit is not able to show the welding expert certification yet. <b>(open)</b></p> <p>c. The management unit is not able to show the evidence of the incoming and outgoing hazardous waste reporting realization to the Regent and Ketapang District Environment Agency in quarter-based report based on the decree of Ketapang Regent number 424/KLH-B/2013. <b>(open)</b></p> <p>d. The management unit shows the evidence of hazardous waste label in all hazardous waste containers at hazardous waste storage. <b>(closed)</b></p> <p><b>Observation on June 26th 2015</b><br/>The management unit shall registers 2 welding expert on behalf of 2 Tarmidi and Aliyen (LBF) based on the approval of the Interim of GM of Kalteng Kalbar Mill through letter number 098/LBF-</p> |        |             |

| No.     | Ref Std     | Nonconformity   | Grade | Location       | Time Limit | Corrective Action  | Observation and Date  | Status | Closed Date   |
|---------|-------------|---|-------|----------------|------------|--|---|--------|---------------|
|         |             |   |       |                |            |  | <p>EXT/VI/2015 dated June 22nd 2015.<br/> <b>Closed with observation.</b><br/>           The management unit has shown the report of hazardous waste management and has hazardous waste management in 1st to 4th quarter of 2014 reported to the Ketapang District Environment Agency via email (<a href="mailto:l.h.ketapang@gmail.com">l.h.ketapang@gmail.com</a>). <b>It is considered closed.</b></p> <p><b>Auditor Conclusion:</b><br/>           According to the evidence, the NC number 2015.03 is closed</p> |        |               |
| 2015.04 | Minor 2.1.2 | <p><b>Written Information in term of Legal Requirements</b><br/>           The management unit is able to show the documentation over the law requirements. However, there is no enough evidence to show that the documents have been updated based on the law statute changes in aspect of plantation, environment and manpower.</p> | Minor | POM and Estate | ASA-2      | The management unit must show the documentation over the law requirements to be updated. | <p><b>Root Cause:</b><br/>           There is no PIC to update the regulation.</p> <p><b>Corrective Action:</b><br/>           Updating the plantation-relevant RI regulation per May 2015.</p> <p><b>Preventive Action:</b><br/>           Appointing PIC to update the new or expire regulation.</p> <p><b>Observation on May 19th 2015</b><br/>           The management unit has updated the</p>  | Closed | May 19th 2015 |

| No.     | Ref Std     | Nonconformity  | Grade | Location       | Time Limit | Corrective Action  | Observation and Date   | Status | Closed Date   |
|---------|-------------|--|-------|----------------|------------|--|--|--------|---------------|
|         |             |  |       |                |            |  | <p>relevant statutes on aspects of environment, plantation and manpower. For example:<br/> Agriculture Ministry Regulation Number 47 Year 2014 in term of Brigade and guideline for handling and preventing fire.<br/> Environment Ministry Regulation Number 05 Year 2014 in term of waste water quality threshold.<br/> Statute number 40 year 40 in term of National Social Assurance System.</p> <p><b>Auditor Conclusion:</b><br/> Complied</p> |        |               |
| 2015.05 | Minor 4.2.4 | <p><b>Strategy to recycle the nutrient with EFB and effluent application</b><br/> The company is not able to show the documentation of POME application.</p> | Minor | POM and Estate | ASA-2      | The company must be able to show the documentation of POME application as an attempt to increase the soil fertility by reducing the external manuring input. | <p><b>Root Cause:</b><br/> There is no accurate recording of the application so far.</p> <p><b>Corrective Action:</b><br/> Collecting the data in POM over the applied effluent and EFB.</p> <p><b>Preventive Action:</b><br/> Conducting consistent monitoring over the applied effuet at the flatbed area for 42 Ha at Lembiru and concerning the result of MRC result for EFB application.</p>  | Closed | June 1st 2015 |

| No.     | Ref Std     | Nonconformity   | Grade | Location | Time Limit    | Corrective Action  | Observation and Date  | Status | Closed Date    |
|---------|-------------|---|-------|----------|---------------|--|---|--------|----------------|
|         |             |   |       |          |               |  | <p><b>Observation on June 1st 2015</b><br/>The management unit shows the record of POME application since January 2014 to March 2015. For example, the effluent application on January 2015 was 7,560 ton to block E2A.</p> <p><b>Auditor Conclusion:</b><br/>According to the record of effluent application during period of 2014/2015, the NC number 2015.05 is closed.</p>  |        |                |
| 2015.06 | Major 4.5.1 | <p><b>Implementation of the Integrated Pest Management (IPM) Plan</b><br/>The company has procedure of IPM, the pest census is conducted when the attack is occurred. However, according to the result of field visit to division office and the interview with the IPM Officer, the pest monitoring is conducted visually only and there is no documentation for it.</p> | Major | Estate   | June 9th 2015 | The company must conduct the program and documents the pest detection and census referring the applied and documented procedure. | <p><b>Root Cause:</b><br/>There is no well data recording maintenance when doing pest census.</p> <p><b>Corrective Action:</b><br/>Restore all the pest census data during period of January to April 2015. The data which are composed by each PIC.</p> <p><b>Preventive Action:</b><br/>Conducting routine pest and disease census. It should be conducted by naturalist of each unit.</p> <p><b>Observation on May 28th 2015</b></p> | Closed | June 27th 2015 |

| No.     | Ref Std      | Nonconformity   | Grade | Location | Time Limit | Corrective Action   | Observation and Date   | Status                  | Closed Date   |
|---------|--------------|---|-------|----------|------------|---|--|-------------------------|---------------|
|         |              |   |       |          |            |   | <p>The management unit shows the recapitulation of pest attack in LBE and AWE during period of 2014. The attack level at LBE (Rat: 3.85%; Squirrel: 3.90%; Termit: 1.10% and Oryctes: 6.35%) and the attack level at AWE (Rat: 5.7%; Squirrel: 1.38%; Termit: 0.56% and Oryctes: 2.31%). However, the management unit is not able to show the detail of pest and disease attack detection record per month. For example, the record for period of January to March 2015.</p> <p><b>Observation on June 27th 2015</b><br/>The management unit shows the record of pest census at AWE and LBE during the period of July 2014 to May 2015. According to the data, the attacker on AWE and LBE during period of January to March 2015 were Rats and Squirrel. The Oryctes attack was dominating on February 2015. <b>(Complied)</b>.</p> |                         |               |
| 2015.07 | Minor 4.6.10 | <p><b>Proper waste disposal which is comprehensively understood</b><br/>According to the result of field observation at Lembiru Estate,</p> | Minor | Estate   | ASA-2      | The company must provide the washing station and PPE and spraying equipments storage that has to do | <p><b>Root Cause:</b><br/>BMS &amp; BSS station is not available</p> <p><b>Corrective Action:</b><br/>Constructing BMS and BSS station</p>   | Closed with observation | May 28th 2015 |

| No.     | Ref Std     | Nonconformity   | Grade                  | Location       | Time Limit              | Corrective Action   | Observation and Date  | Status | Closed Date                   |
|---------|-------------|---|------------------------|----------------|-------------------------|---|---|--------|-------------------------------|
|         |             | the company does not have the PPE washing station and warehouse, spraying equipments. Therefore, the employees wash the equipments and the PPE at the estate and store it at house. |                        |                |                         | with chemicals to prevent the soil contamination.   | <p><b>Preventive Action:</b><br/>Implementing the SOP of BMS and BSS station in all management unit. The company should commit to preserve the environment from being contaminated by pesticide and fertilizer.</p> <p><b>Observation on May 28th 2015</b><br/>The management unit has provided the PPE and spraying equipments washing station that has to do with chemicals at Lembiru Estate. The washing station has been supported with secondary containment to prevent the contamination over the environment.</p> <p><b>Auditor Conclusion:</b><br/>Complied.</p> |        |                               |
| 2015.08 | Minor 5.1.3 | <p>Implementation of Environmental Management and Monitoring Plan</p> <p>(1) The managed and monitored component/sub-component/parameters is not referring the EIA</p>              | Minor upgrade to Major | POM and Estate | ASA-2 Into 14 June 2016 | (1) The managed and monitored component/sub-component/parameters must be managed by referring the EIA | <p><b>Corrective Action:</b><br/>9<sup>th</sup> of June 2016.</p> <p>Unit of Certification has signified several evidences regarding to the water's biota test that has been done not only at the laboratory with an accreditation on 26<sup>th</sup> of May 2016, but also with several samples</p>  | Closed | 30 <sup>th</sup> of June 2016 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action   | Observation and Date  | Status | Closed Date |
|-----|---------|---|-------|----------|------------|---|---|--------|-------------|
|     |         | <p>environmental management and monitoring plan on 2014.</p> <p>(2) The report of environmental management and monitoring in 2nd semester of 2014 is not available.</p> <p>(3) The evidence of the environmental management and monitoring plan report delivery of the 2nd semester report of 2014 referring the environment management document on 2014 to the associated agency is not available.</p> |       |          |            | <p>environmental management and monitoring plan on 2014.</p> <p>(2) The report of environmental management and monitoring in 2nd semester of 2014 must available.</p> <p>(3) The evidence of the environmental management and monitoring plan report delivery of the 2nd semester report of 2014 referring the environment management document on 2014 to the associated agency must available.</p> | <p>that has been taken from the river's spot of Awatan.</p> <p>Due to the sampling has been done on May 2016, so the test result will be reported with the monitoring report of environmental impact on the first semester of 2016.</p> <p>Emphasize to all PIC which is involved from the beginning until verification's process to do several studies and evaluations regarding to the implementation.</p> <p>Release an instruction's memo for sampling and sampling's officer.</p> <p><b>Preventive Measurement:</b></p> <ol style="list-style-type: none"> <li>1. Reminder of checklists regarding to the monitoring of environmental's analytical of Marau Zone. Those files consists of several informations, such as the parameter of air's quality, river's water quality, reservoir's water quality, analysis of land, and liquid waste for the period from second semester in 2016 until the first period in 2017.</li> <li>2. Environmental's sampling's schedule of</li> </ol> |        |             |

| No.     | Ref Std     | Nonconformity  | Grade | Location | Time Limit | Corrective Action  | Observation and Date  | Status | Closed Date   |
|---------|-------------|--|-------|----------|------------|--|---|--------|---------------|
|         |             |  |       |          |            |  | <p>PT Sandika Natapalma. The contents of those files, explaining about time of sampling, location of sampling, reference, implementation and sampling's officer.</p> <p><b>Verification on 1<sup>st</sup> of July 2016.</b><br/>From several evidence of improvements that have been explaining above, auditors assess that the non-conformity has been fulfilled.,</p> |        |               |
| 2015.09 | Minor 5.2.3 | <p><b>Policy to Preserve RTE Species</b><br/>The company is not able to show the evidence of policy/sanction for the employees who collect or raise RTE flora and fauna species.</p> | Minor | Estate   | ASA-2      | The company must be able to show the evidence of policy/sanction for the employees who collect or raise RTE flora and fauna species. | <p><b>Root Cause:</b><br/>The policy of management unit is not updated yet.</p> <p><b>Corrective Action:</b><br/>The SOU socialize the Statute Number 5 Year 1990 in 2015 through Memorandum SOU13/014/RSPO/V/15</p> <p><b>Preventive Action:</b><br/>Installing the HCV signboard and memo of sanction for raising and collecting the endanger animals.</p>            | Closed | May 19th 2015 |



| No.     | Ref Std     | Nonconformity   | Grade | Location | Time Limit | Corrective Action   | Observation and Date  | Status | Closed Date    |
|---------|-------------|---|-------|----------|------------|---|---|--------|----------------|
|         |             |   |       |          |            |   | <p><b>Observation on May 19th 2015</b></p> <p>The management unit shows the document of socialization in term of Statute Number 5 Year 1990 in term of natural resource and conservation and ecosystem to all employees. Those who break the law shall be sanctioned with clause 40 (criminal terms).</p> <p>Furthermore, the company also show the Memorandum Number SOU13/014/RSPO/V/15 dated May 6th 2015 in term of the sanction for raising the endanger animals referring the Statute Number 5 Year 1990.</p> |        |                |
| 2015.10 | Minor 5.2.5 | <p><b>The Agreement to Preserve the HCV and the Rights of the Locals Optimally</b></p> <p>The company is not able to show the evidence of the agreement with the locals to preserve HCV and the rights of the locals optimally.</p> | Minor | Estate   | ASA-2      | The company must be able to show the evidence of the agreement with the locals to preserve HCV and the rights of the locals optimally.. | <p><b>Root Cause:</b></p> <p>The enclave owner does mind for the installation of signboard.</p> <p><b>Corrective Action:</b></p> <p>The approaches and socilation for the collective agreement to preserve HCV area involves the locals and the Head of Sub-District Forum.</p> <p><b>Preventive Action:</b></p>  | Closed | June 22nd 2015 |

| No.     | Ref Std     | Nonconformity  | Grade | Location | Time Limit | Corrective Action  | Observation and Date  | Status | Closed Date    |
|---------|-------------|--|-------|----------|------------|--|---|--------|----------------|
|         |             |  |       |          |            |  | <p>Socialization of statute number 5 year 1990 and update the existence of Signboard</p> <p><b>Observation on June 22nd 2015</b><br/>           The management unit socialize the HCV on May 4th 2015. It was attended by 12 participants consisted of the locals and the Head of sub-district forum. According to the result of the assembly, the company and the locals shall preserve HCV and the rights of the locals.</p>  |        |                |
| 2015.11 | Minor 5.3.3 | <p><b>Plan and management of waste to avoid and reduce the pollution must be documented and must be implemented</b></p> <p>a. According to the result of field visit at the workshop of division Seleming of Lembiru Estate and the hazardous waste storage of Lembiru POM, there are oil spillage which causes the direct contamination over the environment. It is not complying the</p> | Minor | Estate   | ASA-2      | <p>The management unit must manage Unit manajemen harus melakukan pengelolaan limbah untuk menghindari polusi dan didokumentasi dan diimplementasikan.</p> | <p><b>Root Cause:</b><br/>           There is no oil trap in the area. The license buyer is not taking the hazardous waste at the LBM hazardous waste storage yet. The record balance sheet is not updated.</p> <p><b>Corrective Action:</b><br/>           Cleaning the oil spillage at the workshop and the hazardous waste storage. Updating the hazardous waste balance sheet.</p> <p><b>Preventive Action:</b><br/>           Incorporating the environment investigation on the program of PSQM visit to the management unit.</p> | Closed | June 26th 2015 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | <p>Government Regulation number 101 year 2014.</p> <p>b. The company is not able to show the evidence of the updated record of pesticide containers of LBE.</p> |       |          |            |                   | <p><b>Observation on May 28th 2015</b></p> <p>a. The management unit has cleaned the oil spillage at the LBE workshop and LBM hazardous waste storage. However, the preventive action to prevent such a thing to occur is not conducted yet. <b>(open)</b></p> <p><b>b. Observation on May 19th 2015</b><br/>The management unit shows the document of the updated balance sheet for period of 2014/2015. <b>The document is recognized since March 2014 to June 2015. The irrelevant data when verifying the document is on March 2015.</b> Furthermore, the document describes the hazardous waste storing period of the pesticide containers which has exceed the allowed period.</p> <p><b>Observation on May 28th 2015</b><br/>The management unit must show the hazardous waste balance sheet (pesticide containers) which has been legalized by the top management.</p> |        |             |

| No.     | Ref Std     | Nonconformity  | Grade | Location       | Time Limit | Corrective Action  | Observation and Date  | Status | Closed Date    |
|---------|-------------|--|-------|----------------|------------|--|---|--------|----------------|
|         |             |  |       |                |            |  | <p><b>Observation on June 26th 2015</b><br/>           The management unit conducts several corrective action to prevent the oil spillage to the environment by creating secondary containment and oil trap as well as providing the specific floor for the oil drum. <b>It is considered closed.</b></p> <p>The management unit has sold hazardous waste to the licensed collector on June 12th 2015. The manifest number AGU 0000211 ( 211 pcs of the solid waste and the oil filter) is attached; AGU Number 0000147 (29 drum x 220 liter of used oil); and AGU Number 0000146 (36 pcs of used batteries). The management unit has updated the hazardous waste recording (including the ex pesticide containers). Furthermore, PT. SNP has owned the permit letter for extending the storing period from 90 days to 360 days for all type of hazardous waste. <b>Closed.</b></p> |        |                |
| 2015.12 | Minor 5.4.1 | <p><b>Petroleum Fuel Consumption Efficiency</b><br/>           The company is not able to show the plan and realization of petroleum fuel efficiency and its</p> | Minor | POM and Estate | ASA-2      | The company must be able to show the plan and realization of petroleum fuel and its evaluation result. | <p><b>Root Cause:</b><br/>           The realization of the petroleum fuel efficiency has been conducted. The obstacles is the data recording which is not updated.</p>   | Closed | June 26th 2015 |

| No.     | Ref Std     | Nonconformity  | Grade | Location | Time Limit    | Corrective Action  | Observation and Date   | Status | Closed Date    |
|---------|-------------|--|-------|----------|---------------|--|--|--------|----------------|
|         |             | evaluation result.   |       |          |               |  | <p><b>Corrective Action:</b><br/>Showing the budget of diesel fuel consumption and composing the data of the realized petroleum fuel.</p> <p><b>Preventive Action:</b><br/>The realization of the petroleum fuel efficiency must be routinely (monthly) updated.</p> <p><b>Observation on June 26th 2015</b><br/>The management unit shows the document of the Renewable Energy Consumption (July 2014 – May 2015). The consumption of the renewable energy resources reaches 16% over the processed FFB/Mt. For example, the total of the processed FFB was 10,033,500 Mt; Fibre Usage was 1,003,350 Mt and Shell Usage was 675,465 Mt.</p> |        |                |
| 2015.13 | Major 5.6.2 | <p><b>GHG Emission</b><br/>The company is not able to show the record of the realization to reduce the GHG emission.</p> | Major | POM      | June 9th 2015 | The company must be able to show the record of the realization to reduce the GHG emission. | <p><b>Root Cause:</b><br/>The realization has been conducted. The obstacles lies on the data which is not updated.</p>   | Closed | June 26th 2015 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action   | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|---|--|--------|-------------|
|     |         |               |       |          |            | For example, the monitoring of diesel fuel consumption, Efb application, woody plants planting. | <p><b>Corrective Action:</b><br/>Re-collecting the data that has to do with the GHG emission reduction.</p> <p><b>Preventive Action:</b><br/>Optimizing the EFB application at the estate as well as the IPM program. Retrenching the diesel fuel consumption by replacing it with the renewable energy like shell and fiber.</p> <p><b>Observation on June 22nd 2015</b><br/>The management unit shows the result of GHG calculation at Lembiru Mill during period of 2009 – 2014. However, the plan and realization to reduce the GHG emission is not yet shown.</p> <p><b>Observation on June 26th 2015</b><br/>The management unit has shown the realization to reduce GHG emission by using fiber and shell to reduce the petroleum fuel consumption. According to the result of calculation, the renewable fuel resource consumption reaches 16%. Furthermore, the manuring program must refer the recommendation from Minamas</p> |        |             |

| No.     | Ref Std        | Nonconformity   | Grade                  | Location       | Time Limit                       | Corrective Action   | Observation and Date   | Status | Closed Date                   |
|---------|----------------|---|------------------------|----------------|----------------------------------|---|--|--------|-------------------------------|
|         |                |   |                        |                |                                  |   | Research Centre.   |        |                               |
| 2015.14 | Minor<br>6.1.4 | <p><b>Re-review the SIA</b></p> <p>There is no enough evidence that the company has re-asses the <i>Social Impact Assessment</i> for at least once every 2 years by involving participation from all the <i>amius curiae</i>.</p> | Minor upgrade to Major | POM and Estate | ASA-2<br>Into<br>14 June<br>2016 | <p>The company must be able to show the evidence that the company has re-asses the <i>Social Impact Assessment</i> for at least once every 2 years by involving participation from all the <i>amius curiae</i>.</p> | <p><b>Root cause:</b></p> <p>The company didn't know that the Social Impact Assessment (SIA) needs to be reviewed. According to the result of Social Impact Assessment's documentary study by AKSENTA in 2010, there is no statement that SIA needs to be reviewed.</p> <p><b>Corrective Action:</b></p> <p>Doing SIA independently by means:</p> <ol style="list-style-type: none"> <li>1. Questionnaires' distribution that should be done with representative.</li> <li>2. The receiving party of questionnaire should represent all groups in the social structure.</li> <li>3. Do several evaluations from the questionnaires that have been filled.</li> </ol> <p><b>Observation on 12<sup>th</sup> of April 2016</b></p> <p>There is still no any evidence available regarding to the review of Social Impact Assessment periodically with the participation of all affected parties and also include the changes of plantation's aspect that will soon be implemented, such as replanting.</p> | Closed | 15 <sup>th</sup> of July 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p><b>Observation on 14<sup>th</sup> of July 2016</b></p> <ul style="list-style-type: none"> <li>• CH has signified the document of Social Impact Assessment's Evaluation of PT Sandika Natapalma in 2016-2018 that has been done on 9<sup>th</sup>-13<sup>th</sup> of July 2016 by PSD and PSQM's Team (M. Huda Mustawa; Kasimo; Rifai Chalik; Riki Aryandani)</li> <li>• CH has signified the document Plan of Management and Monitoring's of Social Impact which is suitable with the identification impact and arranged by PSQM and PSD Staff, and also known by the Chairman of SOU-13 and PSD Manager. The plan that has been mentioned before will be explaining about positive and negative impact which is accompanied by a layout plan from July of 2016 until June of 2017, and the person in charge of those activities such as:               <ol style="list-style-type: none"> <li>a. The formation of Panel Committee.</li> <li>b. Visiting the community and surrounding village.</li> </ol> </li> </ul> |        |             |



| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>c. Help in resolving land dispute.<br/> d. Manage the society's estate.<br/> e. Evaluate the implementation programme.</p> <p><b>Observation on 15<sup>th</sup> of July 2016.</b><br/> Unit of Certification has signified the documents of completeness regarding to the Social Impact Assessment. The contents of those documents are questionnaire's result which have been distributed on 12<sup>th</sup> of July 2016 to all stakeholders around Suka Karya Village and Karya Baru Village, with the representative sampling's technique and sixteen respondents.</p> <p><b>Auditor's Summary:<br/> 15<sup>th</sup> of July 2016</b><br/> From the evidence of documents which have been given during the verification process in the ground, auditor's team are assessing that the corrective's evidence have been fulfilled. The consistency of Social Impact Assessment's Implementation which is involve the society, will be re-verification at the time of Surveillance-3 visit.</p> |        |             |

| No.     | Ref Std     | Nonconformity  | Grade | Location       | Time Limit    | Corrective Action  | Observation and Date   | Status | Closed Date    |
|---------|-------------|--|-------|----------------|---------------|--|--|--------|----------------|
| 2015.15 | Major 6.5.2 | <p><b>Law of workers, agreement with the labour union or the collective labour agreement</b></p> <p>The company regulation for the workers of PT SNP on 2012 has expired on September 30th 2014.</p> | Major | POM and Estate | June 9th 2015 | <p>The company must be able to show the regulation of the company which comply the Manpower Statute and it should be legalized by the associated agency as well as its socialization to all workers.</p> | <p><b>Root Cause:</b><br/>The company has negotiated the agreement with the labour union to compose new collective agreement letter on the level of permanent employees.</p> <p><b>Corrective Action:</b><br/>Negotiation in forum by each 9 formed teams.</p> <p><b>Preventive Action:</b><br/>The labour union shall be recalled for composing the employees collective labour agreement.</p> <p><b>Observation on June 26th 2015</b><br/>The management unit has negotiated with the employees. The negotiation was held on June 4th 2015. It was participated by 18 employees consisted of manager, HRM, administrator, the Head of labour union of each estate and POM of PT. SNP. The authority paper between PT. SNP with the labour union is also attached. However, the agreement found its dead end.</p> <p><b>Observation on June 29th 2015</b></p> | Closed | June 29th 2015 |

| No.     | Ref Std      | Nonconformity   | Grade | Location       | Time Limit    | Corrective Action   | Observation and Date   | Status | Closed Date   |
|---------|--------------|---|-------|----------------|---------------|---|--|--------|---------------|
|         |              |   |       |                |               |   | The management unit shows the record of assembly between the company and the labour union at the level of proletarian workers. Almost all the 18 chapters of draft of collective labour agreement for period of 2015 – 2017 are agreed. However, there is no agreement in term of the wage structure. The paper is not signed due to the dead end for meeting the <i>quorum</i> . It shall be decided on the next negotiation.   |        |               |
| 2015.16 | Major 6.13.1 | <p><b>Human Rights</b></p> <p>The company shows the human rights policy which was legalized by the Head of SOU 13 of Lembiru on April 2015. However, there is not enough evidence that the policy has been communicated to all workers.</p> | Major | POM and Estate | June 9th 2015 | The company must be able to show the evidence that the policy has been communicated to all workers. | <p><b>Root Cause:</b></p> <p>The management unit does not know that the human rights policy socialization to the employees is a mandatory.</p> <p><b>Corrective Action:</b></p> <p>Conducting integrated socialization to the permanent employees during the morning briefing.</p> <p><b>Preventive Action:</b></p> <p>Ensuring that the management unit does not cross the human rights policy.</p> <p><b>Observation on May 28th 2015</b></p> <p>The management unit shows the record of socialization of code of conduct in term of</p> | Closed | May 28th 2015 |

| No.     | Ref Std                       | Nonconformity   | Grade | Location | Time Limit      | Corrective Action  | Observation and Date  | Status | Closed Date    |
|---------|-------------------------------|---|-------|----------|-----------------|--|---|--------|----------------|
|         |                               |   |       |          |                 |  | <p>the human rights and the business ethics. It was held on May 2nd 2015 and was participated by 30 employees.</p> <p><b>Auditor Conclusion:</b><br/>Complied</p>   |        |                |
| 2015.17 | SCCS Modul E Versi 2014 E.3.1 | <p>The mill must have the procedure or the guideline to ensure the implementation of all elements written on requirements including:</p> <p>a. The complete and update procedure which cover all element on the requirements.</p> <p>b. Name of the people in charge over the implementation of the requirements. The PIC must show the awareness of the facility procedure to implement the standard.</p> <p>The company is not able to show the changes of SCCS policy which has been adjusted to the</p> | Major | POM      | March 31st 2016 | The management unit must have the procedure referring the SCCS Standard in Version 2014. | <p><b>Root Cause:</b><br/>The latest RSPO Generic P&amp;C is not known by the management unit.</p> <p><b>Corrective Action:</b><br/>Revising the SOP of SCCS to adjust it with the SCCS version on 2014.</p> <p><b>Preventive Action:</b><br/>Socialization of the new standard of SCCS of version 2014.</p> <p><b>Observation on June 22nd 2015</b></p> <p>a. The management unit has had the procedure of product identification and traceability at POM number RSPO/66/SCCS/15-SNP dated April 26th 2015. The procedure has adjusted the SCCS standard on November 2014.</p> | Closed | June 22nd 2015 |

| No.     | Ref Std                       | Nonconformity  | Grade | Location | Time Limit   | Corrective Action   | Observation and Date  | Status | Closed Date    |
|---------|-------------------------------|--|-------|----------|--------------|---|---|--------|----------------|
|         |                               | SCCS Standard of Version 2014. For example, the PIC for managing RSPO IT Supply Chain/E-trace is not described yet.  |       |          |              |   | b. The PIC of the POM operationals are the Factory Manager, Assistant of PSQM, Laboratory Foreman/Assistant and Assistant /Sr. Assistant /Manager of Bulking.<br>Berdasarkan bukti prosedur No. RSPO/66/SCCS/15-SNP tanggal 26 April 2015. Maka ketidaksesuaian terpenuhi.  |        |                |
| 2015.18 | SCCS Modul E Versi 2014 E.3.2 | <b>The facility must has the documented procedure in term of the certified and non-certified FFB processing stage</b><br>The management unit also has the procedure to differentiate the certified FFB/CPO/PK product by using RSPO stamp on the weighbridge ticket. However, according to the result of field visit and the interview with the <i>Weighth Bridge</i> Operator, there is no separation conducted by the company (RSPO stamp) to ensure the dispatch of the certified CPO/PK. | Major | POM      | May 9th 2015 | The management unit must be able to ensure the procedure of FFB receipt and process of the certified and the non certified one has been properly implemented. | <b>Root Cause:</b><br>RSPO stamp is not yet created.<br><br><b>Corrective Action:</b><br>Creating RSPO and non-RSPO stamp.<br><br><b>Preventive Action:</b><br>Introducing the RSPO standard to the POM employees and using the stamp to differentiate the RSPO-certified FFB and the Non-certified FFB.<br><br><b>Observation on June 23rd 2015</b><br>The management unit has revised the procedure. It becomes number RSPO/66/SCCS/15-SNP dated April 26th 2015. According to point 7.1.1, the separation of the weighbridge ticket for the RSPO certified FFB and the non-certified | Closed | June 25th 2015 |

| No.     | Ref Std   | Nonconformity   | Grade | Location | Time Limit      | Corrective Action   | Observation and Date   | Status | Closed Date       |
|---------|---|---|-------|----------|-----------------|---|--|--------|-------------------|
|         |   |   |       |          |                 |   | <p>one is conducted. (the management unit must ensure the document separation consistently).</p> <p><b>Observation on June 25th 2015</b><br/>           The management unit is keep using the stamp as the evidence for the FFB receipt and the CPO and PK dispatch. For example, the FFB delivery paper and the weighbridge ticket of Awatan Estate dated June 25th 2015 for 2,070 Kg. Furthermore, there is also an example of the PK dispatch weighbridge ticket for 6,916 Kg. Hence, the NC is now closed.</p> |        |                   |
| 2015.19 | SCCS<br>Modul E<br>Versi 2014<br>Clausul<br>E.5.1 | <p><b>Records Maintenance</b></p> <p>a. The management unit is not able to show the record of certified CPO and PK dispatch in a quarter-based report along with the information of the buyers as well as the CPO and PK specification (RSPO certificate).</p> <p>b. The management unit is not able to show the dispatched and CPO and PK volume</p> | Major | POM      | May 9th<br>2015 | <p>a. The management unit must be able to show the record of certified CPO and PK dispatch in a quarter-based report along with the information of the buyers as well as the CPO and PK specification (RSPO certificate)</p> <p>b. The management</p> | <p><b>Root Cause:</b><br/>           The recording procedure is not consistently implemented.</p> <p><b>Corrective Action:</b><br/>           Filling the blank sheet of the recording and has the buyer information re-reviewed by referring the maintained DO document.</p> <p><b>Preventive Action:</b><br/>           Maintain the recording and document storing consistency.</p>   | Closed | June 26th<br>2015 |

| No.     | Ref Std            | Nonconformity   | Grade | Location | Time Limit | Corrective Action   | Observation and Date   | Status | Closed Date    |
|---------|--------------------|---|-------|----------|------------|---|--|--------|----------------|
|         |                    | <p>as well as the adjusted ingredient accounting system based on the conversion ratio required by RSPO. For example, the dispatch on April 7th 2015, there was 145.67 ton of the dispatched CPO and 14.129 ton of the dispatched PK.</p> <p>c. The management unit is not able to show the evidence of the certified CPO and PK positive stock on April 7th 2015.</p> |       |          |            | <p>unit must be able to show the dispatched and CPO and PK volume as well as the adjusted ingredient accounting system based on the conversion ratio required by RSPO. For example, the dispatch on April 7th 2015, there was 145.67 ton of the dispatched CPO and 14.129 ton of the dispatched PK.</p> <p>c. The management unit must be able to show the evidence of the certified CPO and PK positive stock on April 7th 2015.</p> | <p><b>Observation on June 26th 2015</b><br/>           The management unit shows the document of FFB Allocation (Tonnage) of Lembiru Mill during period of July 2014 to May 2015. For example, the evidence of summary stock on April 2015 of LBE for FFB: 3,544.700 ton; CPO: 780.543 ton dan PK: 156,676 ton, AWE for FFB: 2,873.290 ton; CPO: 632.698 and PK:126.999 ton.</p> |        |                |
| 2015.20 | RSPO Certification | Implementation of Time Bound Plan   | Minor | -        | ASA-2      | The revision of the top management-justified  | <p><b>Root Cause:</b><br/>           Time Bond Plan is the mandatory of the</p>  | Closed | June 26th 2015 |

| No. | Ref Std                        | Nonconformity   | Grade | Location | Time Limit | Corrective Action  | Observation and Date   | Status | Closed Date |
|-----|--------------------------------|---|-------|----------|------------|--|--|--------|-------------|
|     | <b>System 4.2.4.c (Minor).</b> | The revision of the top management-justified <i>Time Bound Plan</i> for Minamas SimeDarby group is not yet shown. For example, the Time Bound Plan of PT. BAL and Karya Palma Estate. |       |          |            | <i>Time Bound Plan</i> for Minamas SimeDarby group must be shown | <p>HQ management.</p> <p><b>Corrective Action:</b><br/>Coordination with the Head of PSQM Jakarta</p> <p><b>Preventive Action:</b><br/>Sharing the information of the updated data.</p> <p><b>Observation on June 22nd 2015</b><br/>Minamas SimeDarby has revised the Time Bound Plan (TBP). It has been signed by the Head of PSQM on June 11th 2015. The TBP of PT. BAL was revised to 2018. It waits the decree of the West Kalimantan Province Spatial Plan.</p> <p><b>Observation on June 26th 2015</b><br/>The Minamas SimeDarby has revised the Time Bound Plan (TBP). It was signed by the Head of PSQM on June 26th 2015. The TBP of PT. BAL was revised to 2018. It waits the decree of the West Kalimantan Province Spatial Plan. Meanwhile, the TBP for Karya Palma Estate is planned on 2016.</p> |        |             |



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

| No.     | Ref Std       | Nonconformity   | Grade | Location | Time Limit                | Corrective Action  | Observation and Date   | Status | Closed Date  |
|---------|---------------|---|-------|----------|---------------------------|--|--|--------|--------------|
| 2016.01 | 1.1.2 & 6.2.3 | <p><b>Term of response information, complaints and aspirations of stakeholders.</b><br/>           The CH have records of requests for information and responses have been maintained, however during interview with local communities it was informed that respond to grievance, complaint and/or other request by the company was not consistent implemented, i.e:</p> <p>a) There is no timeline was explained in the procedure to respond of any request/inquiry from stakeholders.</p> <p>b) There is no respond made by the company related worker grievance at Lembiru Estate (LBE), i.e: inadequate quality of rice.</p> <p>c) There is no respond made by the company regarding worker complaint at Lembiru Estate and Awatan Estate, related to operational time of electricity supplies from</p> | Major | SNP      | 60 days<br>(14 June 2016) | CH shall determine of timeline response to all information request/inquiry, grievance/complaint and aspiration from stakeholder, and well implemented. | <p><b>Root cause:</b><br/>           There is still no monitoring of information's response, complaint and information, and aspiration from stakeholders at the unit (when the information came, how long the process that they need to solve it, and the status of response).</p> <p><b>Corrective Action:</b><br/>           Create the monitoring of information's response which is documented and archived by Section Chief and will be addressed by Unit Manager. The limit of time is two weeks (fourteen days) after the information is reported by employee and SH. (Documents: Book of Monitoring Information Request, Complaint, and Aspiration)</p> <p><b>Observation on 21<sup>st</sup> of June 2016</b><br/>           Unit of Certification has signified response's evidence of complaint, such as:</p> <p>1. The Socialization of the fulfillment the quality of rice which has been held on 23<sup>rd</sup> of April 2016 for all LBE's employee (several socialization's evidences which are available such as, list of attendance that has been signed by 85 employees, photos and activities's report), beside it the company is also issuing the inter office mail from LBE Manager to all</p> | Closed | 15 July 2016 |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | generator machine in workers housing.<br>d) Inconsistency of responding timeline against information request/inquiry, CSR and social program from communities. |       |          |            |                   | <p>SKU's employees, assistant, and Chief Head on 23<sup>rd</sup> of April 2016 (Letter's reference number BRS.I/30/SPO/IV/16) which is informed that the company assign one person in each division for doing the examination of rice, if there is a complaint, it should be submitted by written and word of mouth to the assistant.</p> <p>2. Genset Operational's Socialization on 27<sup>th</sup> of April 2016 to all LBE employee and 25<sup>th</sup> of April 2016 to all AWE employee. There are several documentation's witness such as photos and list of attendance of socialization participant.</p> <p>3. For the time system of information response's request, CH has signified the System Operational Procedure (SOP) of complaint handling for all parties and society (SOP 077/SNP.BAL-Stkhldr.ADM/2015) on 15<sup>th</sup> October of 2015. At point 5.10 of the SOP, mentioned that all of the answers for complaint of stakeholder and society, will be answered by Head of Department, at least two weeks (fourteen days). Those SOP still not yet published to all society and all parties which are related. The SOP of complaint handling is also related to the SOP of</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>Information Request (Reference Number : 008/SNP-E/VIII/10, Rev. 01, on 2<sup>nd</sup> of August 2016)</p> <p><b>Observation on 13<sup>th</sup> of July 2016</b></p> <ul style="list-style-type: none"> <li>Unit of Certification has signified the documentation of information's monitoring and all complaints which have been received from stakeholders and informed about date of incoming mail, mail's reference number, originally letter, regarding of the letter, date of response, content of response, and authorization (signature).</li> <li>Unit of Certification has signified the example of incoming mail from Sukakarya's Head of Village, Sub District of Marau, District of Ketapang, on 20<sup>th</sup> of October 2015 regarding to the request for the help of water to Unit of Certification.</li> </ul> <p><b>Observation on 15<sup>th</sup> of July 2016</b></p> <p>Unit of certification has signified the example of response's letter to Sukakarya's Head of Village on 22<sup>nd</sup> of October 2016, and the reference number LBE/030/PAB/X/15 as one of the kind of response from the incoming mail to the Unit of Certification (the document of response's letter and receipt are available)</p> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit                | Corrective Action   | Observation and Date  | Status | Closed Date  |
|---------|---------|--|-------|----------|---------------------------|---|---|--------|--------------|
|         |         |  |       |          |                           |   | <p><b>Preventive Measurement:</b><br/>Head of Chief will do the monitoring of response, complaint and aspiration, and will be documented neatly..</p> <p><b>Auditor's Summary:</b><br/><b>15<sup>th</sup> of July 2016</b><br/>From all documentation's evidence that have been given, team of auditor are assessing that all of the corrective's evidence have been fulfilled. The consistency of response's implementation to stakeholder will be re-verification by the visi's time of Surveillance-3.</p>   |        |              |
| 2016.02 | 2.1.1   | <p>Compliance to Local, National, Regional and International Regulations</p> <p>a. CH has not been able to show 2 certificates of welders who have been trained in April 2015 (Mr. Aliyen and Mr. Trijono Eko).</p> <p>b. Based on interviews with boiler operator (Mr. Hardianto) has returned to work at the station boiler, but it can't be shown Licensed.</p> <p>c. According to field visits</p> | Major | POM      | 60 days<br>(14 June 2016) | CH shall be shown evidence that has compliance to the Local, National, Regional and International Regulations | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>The implementation control of function from the leader for the placement of each employee.</li> <li>There's still several lacks of understanding to the minimum standard for the placement of special operator employee.</li> </ul> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>Team of PSD are doing socialization once every 6 months regarding to the requirements for the employee based on the applicable regulation on 23<sup>rd</sup> of June 2015 at AWE to all members of SOU, such as The Regulation of Labor Minister Number 9 in 2010. (The</li> </ol> | Closed | 13 July 2016 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | and interviews with backhoe loader operators in Lembiru POM, it is known that he doesn't have the SIO lift transports. This is not in accordance with the Ministerial Regulation No. 9 of 2010. |       |          |            |                   | <p>documentation of socialization are completed with attendance, material of training, photos, and invitation letter).</p> <p>2. Conduct the training of welders on 10<sup>th</sup> of April 2016 to all employees, at the labor office of District of Ketapang which is being in the arrangement for publishing (Reference Number 560.119/STKT-C/2016).</p> <p>3. Conduct the training of transportation's lifting during 4<sup>th</sup>-7<sup>th</sup> of May 2016 for twenty employees at the District of Sampit. (Documentation of Participant's Certificate attached).</p> <p><b>Observation on 21<sup>st</sup> of June 2016 :</b><br/>When the observation has been held, CH has signified several corrective's documents, such as:</p> <ul style="list-style-type: none"> <li>• Letter from the office of Social, Labor, and Transmigration on 14<sup>th</sup> of June 2016 (Reference Number 560/119/STKT-C/2016) regarding to the notification is still on process. The letter is explaining that the certificate of welder on behalf of Aliyen and Trijono Eko are still on process at the Ministry of Labor Republic of Indonesia.</li> <li>• The monitoring's document of SIO for the Area of Marau (2014-2021), which is explaining about the date of issue and end of SIO, kinds of SIO that issued,</li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>and the description of operator's location.</p> <ul style="list-style-type: none"> <li>Regulation of update's programme in 2016. Inside of the programme, CH will do the socialization of regulation which is related with the operational of plantation on the first semester in 2016 (June of 2016) and the second semester in 2016 (December of 2016).</li> </ul> <p><b>Observation on 13<sup>th</sup> of July 2016:</b><br/>           Observation for the document of corrective action which is sent by CH regarding to the socialization of employee's minimum requirements on 27<sup>th</sup> of June 2016, done by PSD Manager (Plantation Services Department) and attended by twenty three of Marau Zone Staffs. Several regulations which are socialized such as:</p> <ul style="list-style-type: none"> <li><i>Regulation of Minister of Labor and Transmigration No.09 in 1982 regarding to lift and transport's operator.</i></li> <li><i>Regulation of Minister of Labor and Transmigration No.01 in 1982 regarding to the pressure vessel.</i></li> <li><i>Regulation of Minister of Labor and Transmigration No.02 in 1982 regarding to the qualification for welders.</i></li> <li><i>Regulation of Minister of Labor and Transmigration No.01 in 1988 regarding to the qualification for steam engine operator.</i></li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <ul style="list-style-type: none"> <li>Guidance of the General's Director of Industrial Relations and Labor Inspection No.311 in 2002 regarding to the Certificate of Competency of the occupational health safety electricity's technician.</li> <li>Regulation of Minister of Labor and Transmigration No.33 in 2015 regarding to the occupational health safety of electricity in the office.</li> </ul> <p><b>Observation on 12<sup>th</sup> of July 2016:</b><br/>Has been signified the certificate of training of steam engine's operator (boiler), Certificate Number 589/OPK3/B.I/V/2016 on behalf of Hardianto with the validity until 31<sup>st</sup> of May 2021.</p> <p><b>Preventive Measurement:</b></p> <ul style="list-style-type: none"> <li>Create the socialization programme which is related to the update of constitution to all units, once every six months and defined by the Chairman of SOU.</li> <li>Monitoring the validity of SIO for all operators in every unit such as the document of check list which is done by PSQM Team and assisted by Head of Section Unit PT Sandika Natapalma. (Document attached: Monitoring of SIO).</li> </ul> <p><b>Auditor's Summary:</b></p> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action  | Observation and Date  | Status | Closed Date  |
|---------|---------|---|-------|----------|------------|--|---|--------|--------------|
|         |         |   |       |          |            |  | <p><b>13<sup>th</sup> of July 2016</b><br/>           From the evidence of documentation that has been given during the verification process, team of auditors are assessing that the corrective of evidence has been fulfilled. The consistency of evaluation implementation for labor's regulation fulfillment (especially for the qualification of special operator) will be re-verification on the time of visit for Surveillance-3</p>   |        |              |
| 2016.03 | 2.2.2   | <p><b>Monitoring and maintenance of boundary poles.</b><br/>           During the field visit to LBE auditor team sighted there were several boundary poles missing and broken. There was also not available the monitoring and followed for maintenance of the boundary poles.</p> | Minor | SNP      | ASA-3      | <p>CH has to show the monitoring of the boundary poles which shall be clearly demarcated and visibly maintained.</p> | <p><b>Root cause:</b><br/>           The supporting document regarding to the map of operational's limit area and point coordinates have not been saved and archived neatly.</p> <p>Officer be through the difficultness when they're identifying the boundary spot of operational's limit area in the ground.</p> <p><b>Corrective Action:</b><br/>           RSPO Officer in order to archive the document of limit area operational's map neatly at the Secretariat of RSPO periodically once in a month and reported it to the PSQM team and Head of SOU (Update checklist of RSPO document's archive).</p> <p>The Plant Foreman is doing monitoring the stakes of cultivation rights periodically and reported to the Unit Manager once in a</p> | Closed | 22 June 2016 |



| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit             | Corrective Action                                   | Observation and Date   | Status | Closed Date  |
|---------|---------|--|-------|----------|------------------------|---|--|--------|--------------|
|         |         |  |       |          |                        |   | <p>month (document attached: the power of attorney appointment of the administration of plant, photo of the condition of cultivation right of stakes, checklist of cultivation rights monitoring)</p> <p><b>Preventive Measurement:</b><br/>Assitant is doing the verification's monitoring of stakes cultivation rights, with the crosscheck in the ground and reported it to the Estate Manager once in every three months. Reviewing and evaluating the standard operational procedure in controlling cultivation rights' stakes.</p> <p><b>Auditor's Summary:</b><br/><b>Ground Observation on 21<sup>st</sup> of June 2016</b><br/>Team of auditors are checking the stakes of cultivation rights and monitoring what has been made nicely by unit of management and reveal that all of the stakes has been available and treated well. There are several stakess which have been lost, but Unit of Certfcation has signified the corrective's plan and the procurement of stakes's limit and has been coordinated with National Land Agency.</p> |        |              |
| 2016.04 | 4.1.4   | Records the origins of all third – party sourced FFB | Major | POM      | 60 days (14 June 2016) | CH shall be to show the Purchase Agreement FFB from | <p><b>Root cause:</b><br/>There's still no PIC officer who will do the monitoring the term of work agreement in</p>  | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action  | Observation and Date   | Status | Closed Date |
|-----|---------|---|-------|----------|------------|--|--|--------|-------------|
|     |         | CH has not been able to show the Purchase Agreement FFB from a 3rd party is still valid. In addition, also can't showed the evidence that the TBS from a 3rd party comes from the legal sources and it's not forest area. |       |          |            | a 3rd party is still valid. In addition, also can't showed the evidence that the TBS from a 3rd party comes from the legal sources and it's not forest area. | <p>checklist mode.</p> <p>There's still no coordination between Mill Team with Legal Department regarding to the extention of the third party fresh fruit bunch work agreement.</p> <p><b>Corrective Action:</b><br/>Corrective action that should be done by CH, such as:</p> <ul style="list-style-type: none"> <li>- CH should conduct the re-cooperation to all third parties who the validity of cooperation has been exhausted. One of the kind of the collaboration is the addendum of work agreement. There's an example of addendum which is available with the reference number 03/SPK-KSK/I/2016 and the validity of the addendum is six months (until on 31<sup>st</sup> of July 2016).</li> <li>- Appoint the PIC officer for monitoring the work agreement. There's an appointment letter which is available with the reference number 0943/LBF-Int/VI/2016 on 1<sup>st</sup> of June 2016 regarding to the appointment as the monitoring officer. It is already enough to cover the corrective action that there has been an officer who will do the monitoring the validity of work agreement and also reported it to the Manager.</li> <li>- Conduct the coordination between Mill</li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>Team with Legal Department regarding to the extension of work agreement of the third party fruit fresh bunch's acceptance in written by mail from Mill Manager on 24<sup>th</sup> of June 2016. (Documentation's mail from Mill Manager to the Legal Department).</p> <ul style="list-style-type: none"> <li>- Company has been communicated with the Legal Department in Jakarta, and the reference number 95/LBP-Int/VI/2016 on 1<sup>st</sup> of June 2016, regarding to the extension of third party fresh fruit bunch sales and purchases work agreement.</li> <li>- The agreement has been signed by the LBF Factory Manager for the purpose of communicating that the third party's work agreement validity has been expired. The arrangement of work agreement should be done by the Legal Department in Jakarta and the copies should be given to CH.</li> <li>- There's a document of third party sales and purchases of fresh fruit bunch's monitoring which is available on June of 2016, and the document will be used as a controlling tool for CH to monitor the validity of third party work agreement.</li> </ul> <p><b>Preventive Measurement:</b><br/>Verification the monitoring result of work agreement every one month by Mill Manager (Documentation: Document of the term work agreement verification form).</p> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action   | Observation and Date  | Status | Closed Date  |
|---------|---------|---|-------|----------|------------|---|---|--------|--------------|
|         |         |   |       |          |            |   | <p><b>Auditor's Summary:</b><br/> <b>Observation on 21<sup>st</sup> of June 2016</b><br/>           Based on the documentation which has been shown to all auditors, the incompatibility can be closed. The effectivity and consistency of corrective and preventive action will be seen on the next visit of audit.</p>  |        |              |
| 2016.05 | 4.4.1   | <p><b>Water Management Plan</b><br/>           CH has not able to provide the document of all water management plan in PT. SNP, including protection of watercourse for communities. Such as: water source, mechanism of protection, plan of water catchment installation, etc.</p> | minor | PT       | . SNP      | CH shall be able to provide the document of all water management plan within plantation area is adequate. | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>• There is still no officer who has been elected to do the supervision for the source of water that used by society.</li> <li>• There is still not yet made the supervision planning programme for source of water by the officer who has been elected that used by society</li> </ul> <p><b>Preventive Action:</b></p> <ul style="list-style-type: none"> <li>• CH has been conducted the election for the officer in supervising the source of water, especially that used by society. The election has been conducted to every unit of estate which is suitable with these documents:               <ol style="list-style-type: none"> <li>a) Letter of appointment for the officer at Awatan Estate (Reference Number 01/AWE-HCV/VII/2015 on 1<sup>st</sup> of July 2015, on behalf of Bambang).</li> <li>b) Letter of appointment for the auditor at Lembiru Estate (Reference Number 01/SP-</li> </ol> </li> </ul> | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>PT.SNP/HCV-LBE/01/16 on 1<sup>st</sup> of July 2015, on behalf of Liyono).</p> <p>The letter of appointment informed that the officer should do the monitoring of water management (water sampling and buffer zone management) and do the coordination with Marau Certification Staff and cooperated with stakeholders.</p> <ul style="list-style-type: none"> <li>• The location of water source has been established by CH, consist of:               <ol style="list-style-type: none"> <li>a) The upstream of Awatan river (appropriation for drinking water and plant activity)</li> <li>b) The downstream of Awatan river (appropriation for plant activity)</li> <li>c) Reservoir of Awatan Estate (appropriation for drinking water)</li> <li>d) The upstream and downstream of Sekakai River (appropriation for drinking water)</li> <li>e) Reservoir at the first shed of Lembiru Estate (appropriation for drinking water)</li> <li>f) Water springs of Seleming Hill (appropriation for drinking water)</li> </ol> </li> <li>• Representing the document of water management programme which is including the information regarding to water management and buffer zone, such as:               <ol style="list-style-type: none"> <li>a) Creating the schedule for planning and procedure.</li> </ol> </li> </ul> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit             | Corrective Action  | Observation and Date  | Status | Closed Date |
|---------|---------|--|-------|----------|------------------------|--|---|--------|-------------|
|         |         |  |       |          |                        |  | <p>b) Identifying for water source area.<br/> c) Rehabilitation for plant/enrichment with type of wood plant.<br/> d) Marking area of river demarcation.<br/> e) Monitoring the quality of water table which is in-out from the estate and evaluating the result of analysis.<br/> f) Socializing to all employee and society.<br/> The programme informed the time management for each month in 2016.</p> <p><b>Preventive Measurement:</b><br/> CH has been planning for corrective action that will be done by officer who has been elected by the monitoring document every month, in order to avoid the incompatibility to be happened again.</p> <p><b>Auditor's Summary:</b><br/> <b>Observation on 22<sup>nd</sup> of June 2016</b><br/> From all the corrective's evidence that have been presented by team of auditors, they're assessing that it can be fulfilled dan the implementation will be veriflicated for the next evaluating (ASA-3).</p> |        |             |
| 2016.06 | 4.6.5.  | <b>PPE's Using by Pesticide Operators</b><br>According to field observations known that a spraying mandor (supervisor) in AWE is not use | Major | Estate   | 60 days (14 June 2016) | CH shall provide and use the appropriate safety and application equipment and also using PPEs in | <b>Root cause:</b> <ul style="list-style-type: none"> <li>There is still no monitoring form of APD for supervision.</li> <li>There is still no specification of APD utilization for the job with chemical risk</li> </ul>   | Closed | 2 July 2016 |

| No. | Ref Std | Nonconformity                                     | Grade | Location | Time Limit | Corrective Action                                       | Observation and Date  | Status | Closed Date |
|-----|---------|---|-------|----------|------------|---|---|--------|-------------|
|     |         | safety mask in accordance with hazard potentials. |       |          |            | accordance with the hazardous potential identification. | <p>in HIRAC.</p> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>• Impementation the using of SIME Card within the observation of APD application.</li> <li>• Doing the revision and reviewing for HIRAC by AK3 on 25<sup>th</sup> of June 2016 which is informed the specification of safety mask (Enviro Mask Safety) for worker's protection from chemical material when they're doing the pulverizationwith the classification that can be able to filter until 95% of micron particle (Documentation: the revision of HIRAC is available dan has been verified by team of auditor)</li> <li>• Creating form and checking the monitoring of APD by the assistant every morning circle (Documentation: Format of Monitoring).</li> </ul> <p><b>Observation on 22<sup>nd</sup> of June 2016</b></p> <p>Team of auditor are doing the verifying towards the consistency of implementation for APD utilization by employee and it is known that:</p> <ol style="list-style-type: none"> <li>1. When the observation activity of pulverizationjust already done at the block of F4C, First Division, Lembiru Estate, team of auditor have seen that the Supervise and pulverization's</li> </ol> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>worker has been using the pulverization of APD completely dan compatible with the risk impact analysis.</p> <p>2. The interview result with pulverization's workers at Lembiru Estate known that currently all workers have been provided by APD company which is suitable with every kind of job at the ground</p> <p>3. When the activity of morning muster assistant of the ground has already done and the supervise were conducting the monitoring of APD utilization before the activity of pulverization with checklist document began. Team of auditor also have been done the monitoring of utilization of APD checklist to all wokers who has been held since May of 2016.</p> <p><b>Preventive Measurement:</b></p> <ul style="list-style-type: none"> <li>• Consistency the utilization of SIME Card into the observation of APD utilization.</li> <li>• Consistency of APD monitoring in every unit and the document of monitoring be reported to the Manager every day (Documentation of APD Monitoring Checklist).</li> <li>• Reward and punishment towards the utilization and violation of APD (Documentation of APD letter of warning strikes).</li> <li>• Periodically safety briefing and training</li> </ul> |        |             |



| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit             | Corrective Action   | Observation and Date  | Status | Closed Date  |
|---------|---------|--|-------|----------|------------------------|---|---|--------|--------------|
|         |         |  |       |          |                        |   | <p>of HIRAC by the assistant (Documentation of list of attendance, minutes of meeting, and photo of safety briefing).</p> <p><b>Auditor's Summary:</b><br/> <b>2<sup>nd</sup> of July 2016</b><br/>           From the verification of documentation and observation at the ground by team of auditor, so it can be concluded that the incompatibility has accomplished and the consistency of implementation will be verified on the next evaluating (ASA-3)</p>   |        |              |
| 2016.07 | 4.6.11  | <p><b>Specific Medical Surveillance for All Pesticide Operators</b><br/>           CH has done a periodic general medical checkup to all operators in AWE and LBE, although it has not shown the evidence that it has carried out the specific medical checkup such as spirometry and cholinesterase to all pesticide operators.</p> | Major | Estate   | 60 days (14 June 2016) | CH shall be to show the evidence that all pesticide operators in AWE and LBE has done a periodic specific medical checkup (spirometry and cholinesterase) | <p><b>Root cause:</b><br/>           Unit of Certification has found the difficultness to get the third party (provider) for MCU (Medical Check-up) implementation, and the third party who wants to come to do direct examination to the location of PT SNP Estate.</p> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>Unit of Certification has shown the evidence of Annual Special Medical Check-up News Announcement for labor with high risk on 16-18<sup>th</sup> of June 2016 by provider (Sakura Clinic Laboratory-Pontianak) to all labors with high risk, such as:</li> </ul> | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <ul style="list-style-type: none"> <li>➤ 30 LBE workers (27 workers for chemical test and 3 workers for hearing test)</li> <li>➤ 13 AWE workers (10 workers for chemical test and 3 workers for hearing test)</li> <li>➤ 54 Lembiru POM workers (10 workers for chemical test and 44 workers for hearing test)</li> </ul> <p>The information that has been gotten by the team of auditor from the doctor at PT SNP that the result of workers medical test still not sent by provider to CH, but if the result has been sent, so it will be announced to all relevant workers.</p> <ul style="list-style-type: none"> <li>• Cooperating between CH with provider of medical (PT Sakura Diagnostik Medika/Sakura Clinic Laboratory) namely Letter of Work Agreement No. 003/EXT/SPK/MCU-K/VI/16 or No. 002/LKS-CU-PT/VI/2016 on 13<sup>th</sup> of June 2016 which is informed regarding to medical test to all workers with high risk at the unit of estate and mill.</li> </ul> <p><b>Preventive Measurement:</b><br/>CH has been creating an action planning for MoU (Memorandum of Understanding) with the provider of medical test laboratory to conduct it periodically (every year). The action planning has been evidence by</p> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location | Time Limit             | Corrective Action  | Observation and Date  | Status | Closed Date  |
|---------|---------|---|-------|----------|------------------------|--|---|--------|--------------|
|         |         |   |       |          |                        |  | <p>showing the preliminary approval request from CH to the provider of MCU via email on 22<sup>nd</sup> of June 2016.</p> <p>CH also has been planning to create the MoU draft in two weeks ahead (2<sup>nd</sup> of July 2016) for annual medical test for workers with high risk.</p> <p><b>Auditor's Summary:</b><br/> <b>Observation on 22<sup>nd</sup> of June 2016</b><br/>           From the documentation of evidence that has been given by and the result of interview with the doctor at the company, team of auditors are assessing that the corrective evidence has been accomplished and fulfilled. The consistency of annual medical test implementation for all pulverization workers will be re-verified on the next of evaluating (ASA-3).</p> |        |              |
| 2016.08 | 4.7.2   | <p><b>Evaluation and implementation of HIRAC</b><br/>           According to field observation it is known that there are several risk control that has not been applied such as:</p> <ul style="list-style-type: none"> <li>- Spraying worker transportation in AWE are not separated with water tank and spraying equipment.</li> <li>- Some harvesters in AWE doesn't use a</li> </ul> | Major | Estate   | 60 days (14 June 2016) | CH shall be show evidence that Risk Control implementation in accordance to HIRAC. | <p><b>Root cause:</b></p> <ol style="list-style-type: none"> <li>1) The limitation unit of employee transport.</li> <li>2) Identification of risk impact (HIRAC) has not been relevant no more with the actual condition at the ground.</li> <li>3) The understanding regarding to the risk identification by AK3 to employee and staff</li> <li>4) The APD of harvest staff still has not completed.</li> </ol> <p><b>Corrective Action:</b></p>   | Closed | 12 July 2016 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | <p>helmet.</p> <p>The auditor team considered that there is a systematic failure in Occupational Health and Safety System (OHSAS) implementation.</p> |       |          |            |                   | <p><b>Observation on 22<sup>nd</sup> of June 2016</b></p> <p>Team of auditor has been verifying regarding to the consistency of implementation APD utilization by worker and it is known that:</p> <ol style="list-style-type: none"> <li>When the monitoring of morning muster, the assistant and supervise were doing the monitoring of APD utilization before the harvest conducting began by using the document of checklist.</li> <li>When the conducting of harvest activity at E4B block, First division, Lembiru Estate, team of auditor were seeing that the permanent workers has been using APD completely with safety helmet and safety shoes.</li> <li>From the interview result with the assistant and supervise, it is known that they have been figure out regarding to the utilization of SIME CARD document device in purpose for monitoring the implementation of safety work practice for every workers.</li> </ol> <p><b>Observation of Document on 12<sup>th</sup> of July 2016</b></p> <ul style="list-style-type: none"> <li>Unit of Certification has been shown HIRARC that has been revised on 25<sup>th</sup> of June 2016 by AK3 regarding to the identification of agrochemical pulverization such as separation of the carrier for pulverization workers which is separated by the water tank and also</li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>with agrochemical spray tools.</p> <ul style="list-style-type: none"> <li>• Socialization of IRAC to all employees by the assistant (Documentation of attendance list, minutes of meeting, and photo)</li> <li>• The distribution of APD (Documentation of news announcement for APD hand over)</li> </ul> <p><b>Observation of document on 2<sup>nd</sup> of July 2016</b></p> <p>Unit of certification has been shown the evaluation of risk identification (HIRARC) to the implementation of using the carrier for spray workers which is separated by the water tank and agrochemical spray tool. (Documentation of HIRAC and photo of implementation are available)</p> <p><b>Preventive Measurement:</b></p> <ul style="list-style-type: none"> <li>• Monitoring the checklist of APD by the assistant and supervise at the circle of rice.</li> <li>• Understanding the using of SIME CAR which is aims to monitoring the implementation of safety culture in work place in every level of workers (document and photo from the socialization are available).</li> </ul> <p><b>Auditor's summary:</b><br/> <b>12<sup>th</sup> of July 2016</b><br/>           From the documentation which have been</p> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit                | Corrective Action  | Observation and Date  | Status | Closed Date  |
|---------|---------|--|-------|----------|---------------------------|--|---|--------|--------------|
|         |         |  |       |          |                           |  | given and verification result at the ground, team of auditor are assessing that the corrective evidence has been accomplished. The consistency of using the carrier for pulverization workers which is separated by water tank and also agrochemical spray tool will be re-verifying on the next evaluating (surveillance 3).   |        |              |
| 2016.09 | 4.7.3   | <p><b>PPE's Using</b><br/>According to field observations it's known that:</p> <ul style="list-style-type: none"> <li>- Spraying Mandor in AWE is not use Masker in accordance with hazard potentials.</li> <li>- Boiler and Genset operators in POM doesn't use ear muffler.</li> <li>- Harvester's in AWE doesn't use a helmet.</li> <li>- Based on interview with harvesters and spraying worker in LBE, there were personally buys a safety shoes.</li> <li>- Based on field observation in muster morning, there are not PPE's use monitoring by Mandor or Field Assistant.</li> </ul> <p>The auditor team considered</p> | Major | PT. SNP  | 60 days<br>(14 June 2016) | CH shall provide and use the appropriate safety and application equipment and also using PPEs in accordance with the hazardous potential identification. | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>• There is still no standard criteria of using the APD for the activity which is exposure with chemical directly in HIRAC.</li> <li>• There is still no monitoring checklist for the using of APD.</li> </ul> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>• Revising and reviewing of HIRAC regarding to APD standard which is exposure with chemical directly. (Documentation of HIRAC)</li> <li>• Checklist monitoring of APD in every unit of work (mill and estate) daily, before the work begins and the using of SIME CARD when the implementation of work has just begun.</li> </ul> <p><b>Observation on 22<sup>nd</sup> of June 2016</b><br/>Team of auditor are doing the verification to the consistency of APD using implementation by workers and it is known that:</p> | Closed | 12 July 2016 |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | that there is a systematic failure in Occupational Health and Safety System (OHSAS) implementation. |       |          |            |                   | <ol style="list-style-type: none"> <li>1. When the observation is already done, the activity of pulverization at F4C block, First Division, Lembiru Estate, team of auditor were seeing that the supervise and spray workers has been used APD pulverization completely and compatible with risk impact analysis (especially the using of pulverization safety mask).</li> <li>2. When the observation at Lembiru POM has just began, team of auditor were seeing that the operator has already used safety tool for ear, such as ear plug and ear muff, and the team of auditor were also do the interview with the operator. Based on the interview result, it is known that the operator has been provided with APD completely by CH and also they have been understood that the using of APD is really important to keep the safety and health at the work place (especially for hearing).</li> <li>3. When the implementation of harvest activity at E4B block, first division, Lembiru Estate was already began, team of auditor were seeing that the permanent employees have been used APD completely such as safety helmet and safety shoes.</li> <li>4. The interview result with harvest worker and pulverization worker at Lembiru Estate known that currently all workers</li> </ol> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>have been provided by APD, which are suitable with their kinds of job. Beside it, from the interview result also known that if there's an error in APD will be replaced by their manager as a evidence of replace for the new APD.</p> <p>5. When the morning muster activity was already began, the assistant and supervise were monitoring the using of APD before the harvest implementation with using the document of checklist. Team of auditors also doing the monitoring of APD checklist to all workers who has been implanted since May of 2016.</p> <p><b>Observation on 12<sup>th</sup> of July 2016</b><br/>Unit of Certification has been shown HIRARC which has been revised by AK3 on 1<sup>st</sup> of July 2016 regarding to the identification standard of APD using based on the kind of job (harvesting, germination, pulverization, agrochemical, maintenance, and workshop).</p> <p><b>Preventive Measurement:</b></p> <ul style="list-style-type: none"> <li>• Replacing of APD, briefing every morning, and monitoring of APD when morning queue (document of monitoring the using of APD by workers when morning muster, are available).</li> </ul> |        |             |



| No.     | Ref Std | Nonconformity  | Grade | Location      | Time Limit | Corrective Action   | Observation and Date  | Status | Closed Date  |
|---------|---------|--|-------|---------------|------------|---|---|--------|--------------|
|         |         |  |       |               |            |   | <p><b>Auditor's summary:</b><br/> <b>12<sup>th</sup> of July 2016</b><br/>           From all documentations which have been given and the verification during the activity of audit, team of auditor were assessing that the corrective evidence has been accomplished. The consistency of APD using implementation has suitable with the kind of job and will be verify again on the next audit (Surveillance 3).</p>   |        |              |
| 2016.10 | 4.7.5   | <p><b>First Aid's</b><br/>           Based on field observations its known that:</p> <ul style="list-style-type: none"> <li>- First aid in Harvest and spraying activities is not completely with Aquades and a glass for eye's washer.</li> <li>- There are not able first aid using monitoring by Harvest and Spraying Mandor.</li> <li>- First aid in chemical storage and schedule waste storage is inadequate.</li> </ul> | Minor | Awatan Estate | ASA-03     | CH shall be shown evidence that all First aid is completely in accordance with hazard and accident potentials that may occur in field. And also shall be shown evidence the First aid use monitoring. | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>a) There is still none the detail of standard operational procedure regarding to first aid which is brought by Supervisor to the ground for each part of job.</li> <li>b) The socialization of revise procedure namely utilization of first aid still not yet done (Reference Number 009/KP-MZ/INT/Mem/SOP/VI/16) which is informed completeness list of first aid that should have fulfilled to every leader from the unit of work at LBE and AWE.</li> </ul> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>a) Revising the procedure of utilization of first aid (reference number 009/KP-MZ/INT/Mem/SOP/VI/16 which has been established on 22<sup>nd</sup> June 2016 by Manager and Doctor from the reference company. The procedure based on the regulation of labor ministry No. 15 on 2008 regarding to first aid at the work place.</li> </ul> | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>b) Action Plan:</p> <ul style="list-style-type: none"> <li>➔ Creating the petition and agreement of purchasing the completeness of first aid based on <b>Inter-office mail</b> to Estate Manager (Lembiru and Awatan) by the doctor of the company on 22<sup>nd</sup> of June 2016. The petition has informed the completeness data regarding to first aid which are needed and by mentioning the total of working unit at the ground (harvest and maintenance).</li> <li>➔ The completeness of first aid realization planning is poured into the completeness of first aid box action planning (at the latest on 25<sup>th</sup> of June 2016)</li> </ul> <p><b>Preventive Measurement:</b></p> <ul style="list-style-type: none"> <li>• CH will do the monitoring of first aid box completeness by the PIC of AK3 per month and reported to the doctor of the company to be completed based on reported form on the utilization of first aid box at the attachment on 7.1 and 7.2.</li> </ul> <p><b>Auditor's summary:</b><br/>           Observation on 21<sup>st</sup> of June 2016</p> <ul style="list-style-type: none"> <li>• Observation result to the chemical material pulverization activity at F4C</li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>block, First Division, Lembiru Estate by team of auditor, known that the supervisor of pulverization has been brought the completeness of first aid which has suitable with completeness list that the procedure of utilization box of first aid within (SOP Number 009/KP-MZ/INT/Mem/SOP/VI/16). At the same time, team of auditor were also checking the completeness of APD using by spray chemical material worker and was found that the supervisor and workers has been using the mask which has suitable with the recommendation and risk identification.</p> <ul style="list-style-type: none"> <li>• However, from the observation result when the harvesting at E4B block, First Division, Lembiru Estate, team of auditor were interviewing and checking the completeness of first aid by the supervisor of harvest and known that the first aid was not complete (there was no cloth triangle, pin, tweezers, and eye cleanser). At the same time, the checking the register of first aid completeness using. However it was found that the supervisor of harvesting did not had the registration, so the incompatibility still not accomplished.</li> <li>• From the observation document result and action plan which can be evidence</li> </ul> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location                      | Time Limit | Corrective Action   | Observation and Date   | Status | Closed Date  |
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|         |         |   |       |                               |            |   | by CH, so team of auditor took into consideration that CH has been completed the corrective and could explaining what kind of action should be taken for the fulfillment of incompatibility, so NCR 20116.10 has been accomplished and will be observed on the next evaluating (ASA-3) to see the consistency of corrective implementation.  |        |              |
| 2016.11 | 4.7.6   | <p><b>Accident insurance for contractor worker</b><br/>           According to field observations its known that harvester in AWE and stairs maintenance in LBF (contractor worker). There has not accident insurance registered, it's not in accordance with the employment agreement between the company and contractors.</p> | Minor | Awatan Estate and Lembiru POM | ASA-03     | CH shall be to show the evidence that all workers (include contractor worker) has registered on accident insurance. | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>There is still no special clause for the insurance of accident at the work place in the letter of work agreement, which should be provided for all workers..</li> </ul> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>Registration for temporary worker and contractor to the social security administrator.</li> </ul> <p><b>Observation on 21<sup>st</sup> of June 2016:</b></p> <ul style="list-style-type: none"> <li>CH has been shown letter of work agreement between CH with workers and has been contained in the 9<sup>th</sup> clause related to the case of workplace accidents.(engage the second party into the social security administrator). As for the example : Letter of work agreement Number 010/AWE/SPK-FANDRES/IV/2016 between the</li> </ul> | Closed | 12 July 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>delegation of CH with FANDRES TUBO. And the letter of work agreement Number 019/AWE/SPK-IKAM/IV/2016 between the delegation of CH with IKAM.</p> <ul style="list-style-type: none"> <li>Recapitulation result of social security administration payment for several temporary workers (AWE estate) was available. Where the data shows that the temporary workers have been registered to the social security administration and for the payment has been done by the company. As for the example, evidences of payment on June of 2016 for 48 workers were available.</li> </ul> <p><b>Observation on 12<sup>th</sup> of July 2016</b><br/>Unit of certification (Lembiru POM) has shown several evidence of documentation, such as:</p> <ol style="list-style-type: none"> <li>The attachment of wages payment on June 2016 for workers from the contractor of CV Ide Super Teknik on behalf of Yunan (document is available).</li> <li>Letter of work agreement's draft by adding clause of requirement to the contractor which was required to attach the evidence of participation labor warranty with operator license.</li> </ol> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit             | Corrective Action  | Observation and Date   | Status | Closed Date  |
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|         |         |  |       |          |                        |  | <p><b>Preventive Measurement:</b><br/>Running the preconditions before receiving the job by contractor regarding to there must be an insurance for labor in the letter of work agreement and must be completed with supporting evidence that the workers have been registrated into labor insurance.</p> <p><b>Auditor's conclusion:</b><br/><b>12<sup>th</sup> of July 2016</b><br/>From the documentation result that has been given and the explanation from Lembiru POM when the verification activity has began, team of auditor were assessing that corrective evidence has been accomplished. The consistency of implementation for contractor evaluation has been occupied the regulation of labor (especially the warranty of labor) will be verified on the next evaluation (ASA-3).</p> |        |              |
| 2016.12 | 5.2.2   | <p><b>Implementation Management of HCV Area</b><br/>CH has not able to provide that implementation management of HCV area is consistently managed, i.e.:</p> <ul style="list-style-type: none"> <li>- Management and monitoring plan are not comprehensive made, for instance: measureable target, type of relevant</li> </ul> | Major | PT. SNP  | 60 days (14 June 2016) | CH shall be able to provide the evidence of implementation management within HCV identified area according to management plan. | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>➢ The officer who has been elected as the PIC for HCV still not accomplished a training regarding to HCV, so the plan management and monitoring was not comprehensive.</li> </ul> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>1) Create the letter of appointment for the PIC of HCV (document : letter of attorney appointment)</li> </ol>   | Closed | 12 July 2016 |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | <p>activities, timeline.</p> <ul style="list-style-type: none"> <li>- Inconsistency of marking in HCV area, riparian zone, spring of Bukit Seleming and Bukit Awatan.</li> </ul> |       |          |            |                   | <p>2) Conduct the training for the PIC of HCV (document : certificate of training, where, when, and implemented by any party)</p> <p>3) Revise the plan of management and monitoring based on the regulation of HCV supervision principle (Document: revise the plan of management and monitoring for HCV)</p> <p>4) Reviewing and revising the document of HCV production (document: revise of HCV production document)</p> <p>5) Re-areal of HCV based on the standard operational procedure which has been established (photo of HCV areal)</p> <p><b>Auditor's observation on 22<sup>nd</sup> of June 2016</b></p> <ul style="list-style-type: none"> <li>➤ When the observation has been done by the team of auditor, they were also seen the conducting management of HCV area, especially at the water spring of Seleming Hill and the water spring of Awatan Hill. From the observation result, known that the area has been demarcated nicely around the water spring, and it was signed by giving the yellow line to the main of oil palm plant with 50 diameters from the water spring spot. Team of auditor also seen that there's no sign of using pesticide for oil palm on the area for weed controlling.</li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>➤ For the area of Sempadan river has been demarcated by the yellow line with the radius of 50 meters from the river side. The consistency of area management which has been established as HCV will be verified on the next surveillance.</p> <p><b>Auditor's observation on 13<sup>th</sup> of July 2016</b></p> <ul style="list-style-type: none"> <li>• Documentation of training on 8<sup>th</sup> of April 2016 regarding to the method of HCV management and monitoring by Senior Assistant of PSQM (Triyono) which is competent to all HCV officers that has been elected by company.</li> <li>• <b>Showing the revision of plan management and plang monitoring HCV of PT SNP which has been prepared by PSQM Staff on 3<sup>rd</sup> of April 2016 and informed the location of HCV, criteria of HCV, purpose of management, management action, time management, and person in charge. The monitoring table of flora and fauna has been available.</b></li> <li>• Documentation of HCV sign board which is include in the map.</li> <li>• Recording such as placement photo of sign board in the area of HCV (example: water spring of Seleming Hill and Awatan Hill area).</li> </ul> |        |             |



| No.     | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action   | Observation and Date   | Status | Closed Date |
|---------|---------|---|-------|----------|------------|---|--|--------|-------------|
|         |         |   |       |          |            |   | <p><b>Preventive Measurement:</b></p> <p>1) Monitoring checklist and evaluating periodically regarding to the plan management, plan monitoring, and realization of HCV management per 6 months and reported to the Unit Manager, RSPO Secretariate and PSQM.</p> <p>2) PSQM Team were conducting the monitoring crosscheck of HCV and reported periodically per 6 months to the Unit Manager and PSQM Manager (document: letter of instruction of PSQM for monitoring HCV by Head of SOU).</p> <p><b>Auditor's Summary:</b><br/> <b>13<sup>th</sup> of July 2016</b><br/>           From all documentation that have been given and verified, team of auditor are assessing the corrective evidence has been accomplished. The consistency of HCV area management implementation will be verified on the next surveillance (Surveillance-3).</p> |        |             |
| 2016.13 | 5.2.4   | <p><b>Records of monitoring HCV Area</b><br/>           Implementations of monitoring on RTE's species of Flora and Fauna have not done yet by CH. The status of its RTE's species according to HCV Identification report are:<br/> <i>Hylobates agilis</i></p> | Minor | PT. SNP  | ASA-3      | CH shall be able to provide that implementation of monitoring RTE's species and their habitats is well managed. | <p><b>Root cause:</b></p> <p>➤ There is still no socialization to all officers who have been elected as HCV officer and the environmental society around the company regarding to flora and fauna which have been protected in HCV area.</p> <p><b>Corrective Action:</b></p>  | Open   |             |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | (Kelampiau/Gibbon), <i>Helarctos malayanus</i> (Beruang Madu/Sun Bear), <i>Cervus unicolor</i> (Rusa Sambar/Deer), <i>Nycticebous coucang</i> (Kukang/Coucang), etc. |       |          |            |                   | <p>1) Conducting the socialization for flora and fauna which have been protected via banner and sign board/prohibition board in the areal of HCV and access way in the envromental of the company (documentation : photo of signboard/prohibition)</p> <p>2) Conducting the socialization for all societies around the company by the assistant on May of 2016, at Awatan Village ( documentation: the attendance list of socialization, photo, and minutes of meeting)</p> <p>3) Checklist of monitoring for flora and fauna every month by the officer of HCV and reported to the assistant and unit of manager. (documentation: monitoring of flora and fauna, photo of monitoring, where the socialization take place, and when the socialization held)</p> <p><b>Observation on 12<sup>th</sup> of July 2016</b><br/>Unit of certification has shown the evidence of documentation, such as:</p> <ol style="list-style-type: none"> <li>1. Socialization of documentation of flora and fauna which are protected through banner and signboard in HCV areas and access road in company environment.</li> <li>2. Checklist of monitoring flora and fauna (for June 2016 at the HCV area, block J2D AWE, and block D2D LBE) by HCV</li> </ol> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>officer and reported to the assistant and Unit Manager.</p> <p><b>Preventive Measurement:</b><br/>           The implementation of socialization periodically related to protected flora and fauna based on determined document which will be done by the unit assistant every 3 months. (Documentation: socialization programme, by, whom, when, and where)</p> <p>Unit of assistant reviews the monitoring result of flora and fauna with observation method based of SOP observation of HCV/new method of supervising HCV (which will be socialized) which is done by HCV officer based on determine document of HCV every one month and reported to the Unit of Manager (Documentation: Result monitoring review of flora and fauna).</p> <p><b>Auditor's summary:</b><br/> <b>2<sup>nd</sup> of July 2016</b><br/>           NC.2016.13has not been fulfilled.<br/>           Unit of Certification has not shown :</p> <ol style="list-style-type: none"> <li>1. Identification the numbers of needs and socialization at which (based on identification needs) location of placement of banner/signboard of</li> </ol> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location | Time Limit             | Corrective Action   | Observation and Date   | Status | Closed Date  |
|---------|---------|---|-------|----------|------------------------|---|--|--------|--------------|
|         |         |   |       |          |                        |   | socialization of protected flora and fauna (the area of HCV and access road) in the environment of the company.  |        |              |
| 2016.14 | 5.3.2   | <p><b>Hazardous Waste Management</b><br/>Based on field observation, hazardous waste management has not well implemented responsibly by CH. Location are:</p> <ul style="list-style-type: none"> <li>- Generator house at Division 3 AWE, it was sighted that hazardous waste (lubricant used, filter used, lubricant containers, oil used containers) was placed in a store without permit.</li> <li>- Fuel station in Central Workshop AWE, found the oil spillage on the ground.</li> <li>- Herbicides containers was kept over 30 days (since 4 Feb 2016) and placed in a store without permit (AWE).</li> <li>- Lubricant container is used as a measuring tool for pesticide (AWE).</li> <li>- Used tires, secondary</li> </ul> | Major | PT. SNP  | 60 days (14 June 2016) | CH shall provide the implementation of chemical handling and its containers are well responsibly managed. | <p><b>Root cause:</b></p> <ol style="list-style-type: none"> <li>1) Not yet any working instruction related to manager/delivery LBC in working area (genset house, traction, BMS/BSS) from K3 expert and approved by Head of SOU.</li> <li>2) No log book of LB3 which record the delivery of LB3 to TPS LB3.</li> <li>3) Understanding from officer and chemical supervision is still lack, so that the management is not suitable to the apply procedure.</li> <li>4) Identification of waste source in the unit of estate not yet done (workshop, gas station, pesticide warehouse, BMS/BSS House, workshop at occupation, cottage housing)</li> <li>5) Evaluation programme regarding to handling and supervising of B3 has not been done continually by PSQM at the unit of estate.</li> </ol> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>a) K3 expert will make the working instruction related to management/delivery of LB3 in working</li> </ol> | Closed | 22 July 2016 |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | <p>containment, lubricant containers are disposed behind the workshop (LBE).</p> <ul style="list-style-type: none"> <li>- Pesticide containers were kept at Block Spraying System (BSS) house (LBE).</li> <li>- Fertilizer sacks was placed in open area (behind fertilizer store LBE).</li> </ul> |       |          |            |                   | <p>area (genste house, traction, BMS/BSS house) which is approved by the Head of SOU.</p> <ul style="list-style-type: none"> <li>b) The PIC of waste source will make log book of LB3 which record the delivery of LB3 to temporary disposal place B3 waste (documentation: logbook in every B3 waste source-genset house, traction, BMS/BSS House).</li> <li>c) The improvement of officer understanding and chemical supervision by AK3 related to the management procedure through periodically socialization every 6 months (documentation : socialization in form of absence, minutes of meeting, and photo).</li> <li>d) PSQM coordinates with AK3 to identify the waste source in the unit of estate (workshop, gas station, pesticide warehouse, BMS/BSS house, workshop at occupation, housing estate). (Documentation : review of HIRAC of waste source at the unit of estate).</li> <li>e) PSQM arrange the evaluation handling and supervising of B3 AND LB3 periodically at the unit of estate every month. (Documentation : monthly programme in form of checklist about handling of B3 and LB3 at the unit of estate).</li> <li>f) There is documentation confirming</li> </ul> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>socialization which has been done on 28<sup>th</sup> of April 2016 by the personnel who is competent (AK3) AWE regarding on handling of fuel spill, LB3 at genset machine house, characteristic of LB3 for operator/person in charge.</p> <p>To see the consistency of implementation management of LB3, team of auditor did direct observation visit to the area and the result as below:</p> <p>1) <b>The observation by team of auditor on 22<sup>nd</sup> of June 2016 at the third cottage genset house of AWE, known that there are fuel spills around genset, used tires, and rag which were saved at the area, and still not yet managed neatly. On the location, team of auditor also interviewed with the officer and explained that the former oil containers were used as retail buried when the replacement of oil tank and oil genset machine used as fuel shelter which connected with genset machine.</b></p> <p>From the observation result, team of auditor were assessing that the waste management at genset house still not yet done correctly. Unit of certification should show that the waste management in every genset</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>house has been done correctly based on the procedure, and the understanding of every officer/operator for waste management (the understanding has not been shown, even though the socialization (awareness) to operator has been done on 28<sup>th</sup> of April 2016).</p> <p>2) <b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b> at AWE gas station, there's no more found former of fuel spilled which directly fall to the ground. CH also done the stifening (concrete) to the area, so the fuel spilled will no longer contaminated directly into the ground. At the same time team of auditor also got the information from the personnel in charge, if there's fuel spilled while refilling the gas, will directly use the sand to make it clean so it will help to anticipate the potential of fire and contaminated directly to the ground. Team of auditor also did the observation at LBE gas station and known that the area has been done the stifening (concrete) to avoid spill which will directly soil to the ground and if there's found the fuel spill, it will flow directly to the containment which has been made.</p> <p>3) <b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b> at the warehouse temporary saving of LB3 AWE, known</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>that there's no more LB3 which was saved. All LB3 have been sent to TPS LB3 which is licensed at Lembiru POM. Beside it, there's also found the register of LB3 shipment balance sheet when the observation has already began. Team of auditor also interviewing the warehouse officer and known that currently all collected LB3 have been overseeing for time of saving by the registering document to keep it more than 30 days, and have to be sent to TPS LB3 which is licensed as soon as possible.</p> <p>4) <b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b> at AWE agrochemical warehouse, known that the dosage of pesticides has been using the space which more scapeable (measuring cup in the unit of ml) and did not use oil package anymore. At the same time, the team of auditor also interviewing warehouse officer who can explain about measuring the using of pesticide must be use the right measure instrument and not allowed to use the package of oil or the package which not suitable. (documentation : photo of pesticide's dosage are available)</p> <p>5) <b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b> at LBE workshop, still seen the used tire which was out of fron</p> |        |             |



| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>workshop fence, waste of iron pieces which has been mixed with discarded oil at the back corner of workshop warehouse, used of pesticide package and used of oil have been saved at the workshop warehouse (it should be saved at TPS LB3). Based on the observation result, team of auditor were assesing the LB3 management at LBE workshop still not implemented correctly. To fulfilled the incompatibility, unit of certification have to show LB3 management at LBE workshop based on the procedure (must be placed at TPS LB3) and registered correctly by using the balance sheet of LB3 shipment registration to TPS LB3.</p> <p>6) <b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b> at the LBE house for spraying preparation (BSS), team of auditor have seen that the used of pesticide package was not at the location anymore and has been managed correctly by placing it at TPS LB3. It's also supported by the used package pesticide of shipment balance sheet which has been registered correctly.</p> <p>7) <b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b> at LBE fertilizer warehouse shows that bags of fertilizer has been managed correctly by placing</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>them to the special area of warehouse. At the same time, team of auditor also interviewed the warehouse officer who informed clearly regarding to the mechanism of bags of fertilizer management if the activity of fertilizing has been done.</p> <p><b>Observation on 15<sup>th</sup> of July 2016</b><br/>           Unit of certification has shown evidence of documentation, such as:</p> <ol style="list-style-type: none"> <li>1. <b>Work instruction regarding to LB3 management/shipment at work location which is made by K3 expert and approved by Head of SOU that informed the time of waste saving for 30 days and coming from temporary place before placing it at TPS LP3 with licensed on 25<sup>th</sup> of June 2016.</b></li> <li>2. <b>Identification source of waste in the unit of estate and how to manage it which is informed :</b> <ul style="list-style-type: none"> <li>➤ Source of waste (genset house, fertilizing, workshop, chemical warehouse, spraying, office, and housing)</li> <li>➤ Name of waste</li> <li>➤ Kind of waste (solid, liquid, smoke)</li> <li>➤ Unit</li> </ul> </li> <li>3. Evidence of evaluation on 9<sup>th</sup> of July 2016 from LB3 handling socialization report towards three workers</li> </ol> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>(supervisor of transport, head of warehouse and workshop, genset operator) using questionnaire method (result of evaluation is available).</p> <p>4. Mechanism document of PSQM coordination with AK3, identifying source of waste in the unit of estate on 9<sup>th</sup> of July 2016, which is informed that PSQM staff are doing the routine visit every three months for inspection in every location which produce LB3.</p> <p>5. Defilement source potential inspection list document at fuel gas station (eight lists of observation), chemical application activity (four lists of observation), B3 warehouse (thirteen lists of observation), TPS LB3 warehouse (twelve lists of observation), Oil Warehouse (eight lists of observation), fertilizer warehouse (seven lists of observation), genset house (eleven lists of observation), workshop (eight lists of observation), reservoir water source (four lists of observation)</p> <p>6. ....</p> <p>7. Registered management of LB3 disbursement sheet document at the location of work and registration book which are informed the incoming and outgoing waste data, such as from the central of warehouse and workshop.</p> <p>8. The evidence of evaluation on 9<sup>th</sup> of</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>July 2016 from LB3 management handling socialization result towards three workers (supervisor of transportation, head of warehouse and workshop, genset operator) by using questionnaire method (result of evaluation is available).</p> <p>9. Registered management of LB3 disbursement sheet document at the location of work and registration book which are informed the incoming and outgoing waste data, such as from the central of warehouse and workshop which has been verified by AK3 and Manager of Estate.</p> <p>10. Annual programme in 2016-2017 of B3 and LB3 management handling and monitoring by PSQM which are informed :</p> <ul style="list-style-type: none"> <li>❖ Identification the source of pollution in 2016 (on July and October) and in 2017 (on January and April).</li> <li>❖ Inspection the potential of pollution source, analysis, Programme Implementation, and Evaluation of Programme Implementation in 2016 (on August and November) and in 2017 (on February and May).</li> </ul> <p><b>Observation on 18<sup>th</sup> of July 2016</b><br/>Unit of certification has shown the evidence of documentation, such as:</p> |        |             |

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|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <ol style="list-style-type: none"> <li>1. The organization has been sent the corrective document such as the instruction of work for LB3 handling in the location of work which has been established by Head of SOU 13 on 25<sup>th</sup> of June 2016.</li> <li>2. Unit of certification has shown the documentation of waste handling at genset house by: <ul style="list-style-type: none"> <li>• Completeness of B3 symbol which has been discharged in the area of genset house.</li> <li>• There is no more LB3 (used tires and rag) around the area of genset house.</li> <li>• No more oil which is spilled from genset and the implementation for genset service.</li> <li>• The using of spill kit as an absorbent for handling if the spilled happened.</li> <li>• Creating the drainage canals to oil trap.</li> <li>• Re-socialization (re-awareness) for LB3 handling on 16<sup>th</sup> of July 2016 at AWE Office towards seven operators/officers (warehouse officer, workshop officer, and genset house officer) by AK3 officer.</li> </ul> </li> <li>3. Registration such as logbook and LB3 balance sheet which has been received</li> </ol> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>and sent to TPS LB3 (as for the example on June of 2016), consist of used tires, pieces of iron, the packaging of ex-pesticide and ex-oil.</p> <p>4. Evidence of result that AK3 has been done the monitoring by unit and the evaluation of understanding the management or LB3 shipment and also known by the Manager and Head of SOU every one month (as for the example, the monitoring on June of 2016).</p> <p><b>Observation on 22<sup>nd</sup> of June 2016</b><br/>Unit of certification has shown the evidence of documentation, such as:</p> <p>1. <b>Waste handling at LBE workshop by separating the place for used iron waste, used tires, and LB3 at the special place for each kind of waste.</b></p> <p><b>Preventive Measurement:</b></p> <p>1) AK3 has been doing the monitoring which has already done by the unit and evaluation the understanding of handling/shipment of LB3 for the officer and Supervisor who are related to LB3 and known by the manager and Head of SOU once in a month. Evaluating the understanding of LB3 handling with questionnaire to all the officers who are related to LB3 handling.</p> <p><b>(Documentation: checklist monitoring and the officer</b></p> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location               | Time Limit | Corrective Action  | Observation and Date   | Status | Closed Date |
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|         |         |   |       |                        |            |  | <p><b>interviewing result)</b></p> <p>2) Balance sheet/log book which has been updated by the officer who has verified by AK3 and the manager unit (documentation: balance sheet/log book which has been verified).</p> <p>3) Doing the identification update if there's found a new activity which has a potential to be the source of waste.</p> <p>4) Organizing the annual programme evaluation for handling and monitoring B3 and LB3 by PSQM.</p> <p><b>Auditor's Summary:</b><br/> <b>22<sup>nd</sup> of July 2016</b><br/> <b>By the verification result and the documentation which have been done by the team of auditor, are seeing that the corrective incompatibility for this indicator has been fulfilled/accomplished.</b></p> |        |             |
| 2016.15 | 5.3.3   | <p><b>Wate Management</b><br/>           Based on field observation, waste management has not well implemented responsibly by CH. Location found are:</p> <ul style="list-style-type: none"> <li>- Domestic waste/landfill in Block G004 Division 2 AWE, domestic waste are disposed inappropriate place (open dumping).</li> <li>- Domestic waste condition</li> </ul> | Minor | Awatan Estate & Pabrik | ASA-3      | CH shall provide the waste management are well implemented and responsibly to avoid of pollutions. | <p><b>Root cause:</b></p> <p>1) Identification and evaluating the initial placement for placing the landfill which is not representative.</p> <p>2) The socialization still not comprehensive which is done by the assistant unit who are related for domestic waste handling and disallowance for open burning.</p> <p>3) The application of land instalation has not been yet done for POME</p>  | Open   |             |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | <p>at workers housing Division 3 AWE and Division 1&amp;2 LBE was disposed in open dumping.</p> <ul style="list-style-type: none"> <li>- Found the domestic waste disposed with open burn at workers housing Division 3 AWE and Division 1&amp;2 LBE.</li> <li>- Water disposal at sediment pond which contaminate by effluent from Lembiru POM was not well managed, so that potentially polluted of surface water.</li> <li>- Evaluation of environmental impact from POME management particularly on the effluent level at POME pond and Land Application (LBE).</li> </ul> |       |          |            |                   | <p>application at the block, First Division of LBE, so POME has been restrained at IPAL LBF which has the potential for the surface of water pollution.</p> <p>4) There is still no evaluation for potential impact of environmental pollution from POME by PSQM.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> <li>1) The creating of landfill at the new location of G4A block, second division, of AWE has still not accomplished (documentation: photo of the new landfill).</li> <li>2) Socialization in the form of signboard related to domestic waste and disallowance for open burning at the cottage (documentation: photo of open burning signboard and socialization of waste handling).</li> <li>3) Accelerate the installation progress of LA by LBE team and LBF at the first division of LBE (documentation: photo of installation and progress of installation process).</li> <li>4) Implementation of evaluating the potential environmental pollution impact by PSQM related to the height of liquid waste at IPAL LBF and LA LBE.</li> </ol> <p>For monitoring the consistency of waste handling implementation, team of auditor</p> |        |             |



| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>have been doing direct observation and the result of visiting, consist of:</p> <ol style="list-style-type: none"> <li><b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b>at the landfill of G004A block, second division of AWE has been completed with an adequate shelter to accommodate the domestic waste which have been produced.</li> <li><b>Observation team of auditor on 22<sup>nd</sup> of June 2016</b>at the housing of AWE third division, domestic waste has been placed in the trash bin, but the team of auditor seen there're several spot on basin roadside and at the periphery home which still available and strewn. Based on the observation result, team of auditor were assesing that the waste handling at AWE housing has not implemented correctly. To fulfilled the incompatibility, unit of certification have to show the evidence of domestic waste should be managed correctly based on the procedure (the waste have to be collected and not strewn, then it must be placing at the place which has been established, and the registrated documentation/monitoring the lited of domestic waste.</li> <li><b>Observation team of auditor on 21<sup>st</sup> of June 2016</b>at the housing of AWE and LBE division (housing of first division, trench which is located behind</li> </ol> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>the house and the office of first division which located beside BSS Home), there're found several waste domestic that still not managed properly and also found the former burning home. At the same time, team of auditor also found the drum that has been used as oil (pertamina) before, behind the house of LBE first division's employee (should be placing at TPS LB3)</p> <p><b>Based on the observation result, team of auditor are assesing that the waste management at AWE housing, still not implemented properly. To fulfilled the incompatibility, unit of certification have to evidence that the waste has been managed properly and disallowance for incineration.</b></p> <p>4. <b>Observation team of auditor on 21<sup>st</sup> of June 2016</b>at IPAL Lembiru POM known that the water disposal/sediment pond has done the correctivity by manufacture of pipes which is distributed directly to sediment pond water disposal and streamed directly to the waste pond (waste pond number two) so it will reduce the potential of surface water pollution.</p> <p>5. <b>Observation team of auditor on 21<sup>st</sup> of June 2016</b>at IPAL Lembiru POM, known that the height of liquid waste at</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>waste pond still looks pretty high. The party from the mill has done the prevention such as elevating the edge of the pond with a barrow. Team of auditor were also do the interview with the manager of Lembiru POM and known that the evaluation of potential impact to the altitude advance of liquid waste and land application in several parts of pond have still not accomplished. <b>Based of the observation result and the interviewed that has already done, the team of auditor were assesing that the evaluation of potential impact to the altitude advance of liquid waste and land application which would be the impact for mill waste liquid pollution potential still have not been accomplished. To fulfilled the incompatibility, unit of certification must be shown the evidence that the evaluation of mill liquid waste pollutiion potential related to the altitude of waste and watering of land application at the flat bed have been done correctly.</b></p> <p><b>Preventive Measurement:</b><br/>Monitoring and evaluating the environmetal hygiene of cottage from waste and open burning by the assistant of division with PSQM periodically (once in a month) and</p> |        |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>reported to the Estate Manager (documentation: monitoring of cottage hygiene).</p> <p><b>Auditor's summary:</b><br/> <b>2<sup>nd</sup> of July 2016</b><br/>           Based on the verification result which has been done by auditor to see the correctivity for this incompatibility, the team of auditor were assesing that the incompatibility int this indicator still not accomplished. Unit of certification must be able to show the evidence of correctivity, such as:</p> <ol style="list-style-type: none"> <li>1. Evidence of socialization and whole evaluation which have been done by the assistant unit related to waste domestic handling and disallowance for open burning. (due to when the verification has already began on 21<sup>st</sup> of June 2016, still found that the waste has been managed properly and still found the former burning trash).</li> <li>2. Implementation of land application instalation for POME at LBE first division block, so POME will be restrained at IPAL LBF which will generate the potential for water pollution.</li> <li>3. The evidence documentation of evaluation for environmental pollution impact from POME by</li> </ol> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit                | Corrective Action  | Observation and Date   | Status | Closed Date  |
|---------|---------|--|-------|----------|---------------------------|--|--|--------|--------------|
|         |         |  |       |          |                           |  | PSQM.  |        |              |
| 2016.16 | 6.1.3   | <p><b>Management Plan of Social Impact Assessment</b><br/>           CH has identified and analyze of social impact as a result of plantation activities in SIA document. However, some of impacts are not covered in the SIA document, such as:</p> <ul style="list-style-type: none"> <li>- Social and environmental impact from repanting activities.</li> <li>- Management and monitoring plan of social impacts based on identification.</li> </ul> | Major | PT. SNP  | 60 days<br>(14 June 2016) | CH shall provide the document of social impact management plan as a follow-up of Social Impact Assessment. | <p><b>Root cause:</b><br/>           SIA still not yet implemented by PSD and PSQM for the society who related directly (public figure, indigenous leader, MUSPIKA, and all societies around PT SNP) for replanting activity.</p> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>1. The implementation of SIA has been implemented by PSD team who have been coordinated with PSQM team in the village and backwoods around PT SNP area in representative. (Documentation: Evaluation of SIA towards the society around PT SNP).</li> <li>2. Planning programme and monitoring of social impact which have been done by PSD team towards the society around PT SNP (Documentation: Planning programme and Monitoring of Social Impact).</li> </ol> <p><b>Observation on 14<sup>th</sup> of July 2016</b></p> <ul style="list-style-type: none"> <li>• CH has been shown the document of evaluation for social impact assessment PT Sandika Natapalma for 2016-2018 period which has been done on 9-13<sup>th</sup> of July 2016 by PSD and PSQM team (M Huda Mustawa, Kasimo, Rifai Chalik, Riki Aryandani),</li> </ul> | Closed | 15 July 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>however inside of the document still not completed yet with the evidence of interview/consultation result with stakeholders (Suka Karya Village and Karya Baru Village) and how to determine the method of representative sampling.</p> <ul style="list-style-type: none"> <li>• CH has been shown the document of management planning and monitoring for social impact based on the identification impact which has been arranged by PSQM and PSD Staff and also known by the Head of SOU 13 and the Manager of PSD. This plan has been informed the positive and negative impact including the time management planning for July 2016 until June 2017 and the person in charge for the activity, such as:               <ol style="list-style-type: none"> <li>a. Establishment of Panel Committee.</li> <li>b. Visiting the society and the village which were related by.</li> <li>c. Give the solution for land of dispute.</li> <li>d. Estate for society management</li> <li>e. Evaluation of implementation programme</li> </ol> </li> </ul> <p><b>Observation on 15<sup>th</sup> of July 2016</b><br/>               Unit of certification has shown the completeness document of Social Impact Assessment (SIA) such as questionnaire which had been distributed on 12<sup>th</sup> of July 2016 to all around stakeholders (Suka Karya</p> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location      | Time Limit             | Corrective Action  | Observation and Date  | Status | Closed Date  |
|---------|---------|--|-------|---------------|------------------------|--|---|--------|--------------|
|         |         |  |       |               |                        |  | <p>Village and Karya Baru Village) with using the representative sampling for 16 respondents.</p> <p><b>Preventive Action:</b><br/>Implementation of SIA towards the society around PT SNP periodically (once in two years) by PSD team and reviewed by PSD Manager , Head of SOU (Documentation: SIA as reviewed result).</p> <p><b>Auditor's summary:</b><br/><b>15<sup>th</sup> of July 2016</b><br/>Based on the evidence of documentation which has been given and verified, team of auditor were assessing that the evidence of corrective which has been informed has been fulfilled. The consistency of implementation for social impact management by involving the society will be re-verified on the next surveillance (Surveillance-3).</p> |        |              |
| 2016.17 | 6.5.1   | <p><b>Evidence of Payment Slip</b><br/>Payroll system of the CH is using salary slip to all workers. Information in the salary slip contains of wages, allowance, deduction and nett wages. During data verification and field interview with sample workers at Block G2A/B AWE (harvesting activity), known that the worker status is</p> | Major | Awatan Estate | 60 days (14 June 2016) | CH shall provide the evidence of payment condition of all workers. | <p><b>Root cause:</b><br/>There's a lack of understanding of work agreement and contractor so an error has occurred between the making process of work agreement for temporary worker and contractor.</p> <p><b>Corrective Action:</b><br/>Updating the letter of work agreement for temporary workers by person to person based on their personal identify per 1<sup>st</sup> of</p>   | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | <p>contracted worker and payment mechanism is done by the company directly (not from head of contractors). Payment slip that shown to the auditor is only for permanent workers, while during field observation it was found a contract worker. Certificate Holder is failed to prove the payment slip and record of its worker.</p> |       |          |            |                   | <p>April 2016 (documentation: letter of work agreement for temporary workers on 16<sup>th</sup> of April).</p> <p><b>Preventive Measurement:</b><br/>The implementation for reviewing the work agreement by the assistant and Chief of Section and reported to the Manager Unit per three months. (Documentation: review of work agreement per three months).</p> <p>Creating the letter of work agreement for every temporary workers and updating the evidence of wage payment for temporary workers and must be documented. (attachment 6.5.1)</p> <p><b>Auditor's Summary:</b><br/>The company has shown several documents of corrective such as:</p> <ul style="list-style-type: none"> <li>- Letter of work agreement between the representative of CH and workers. List of workers which have been created for the work agreement per 1<sup>st</sup> of April 2016 are available. As for the example: SPK No 010/AWE/SPK-FANDRES/IV/2016 between the representative of CH with FANDRES TUBO. And SPK No. 019/AWE/SPK-IKAM/IV/2016 between the representative of CH</li> </ul> |        |             |



| No.     | Ref Std | Nonconformity   | Grade | Location      | Time Limit             | Corrective Action  | Observation and Date   | Status | Closed Date  |
|---------|---------|---|-------|---------------|------------------------|--|--|--------|--------------|
|         |         |   |       |               |                        |  | <p>with IKAM.</p> <ul style="list-style-type: none"> <li>- Document of salary list for temporary employee in April-May of 2016. The document consist of revenue information, gross wages, cuts and net wages. Beside it, the document also consist of the receipt in the form of signature for each worker.</li> </ul> <p><b>Based on the observation of document, the incompatibility has been fulfilled (closed).</b> The effectiveness of corrective measurement will be seen on the next surveillance (Surveillance-3)</p>   |        |              |
| 2016.18 | 6.5.2   | <p><b>Worker Agreement</b><br/>Based on field observation and interview with harvester at Awatan Estate, as long as one week later he was assisted by his son (18 y.o) in harvesting. However, CH can not provide the contract of its worker.</p> | Major | Awatan Estate | 60 days (14 June 2016) | CH shall provide that all employees have worker agreement. | <p><b>Root cause:</b></p> <ul style="list-style-type: none"> <li>• Result study for the unit of certification shows that the permanent workers who has been helped by their children when they're working, has been the indicator for lack of control from the assistant and supervisor of unit which are related to disallowance to bring the family member to help their works. Based on the result of study, family member which has been found was helping their works by the team of auditor, did not need the work agreement.</li> </ul> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>• The implementation control which should be done by the assistant and</li> </ul> | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>supervisor by using SIME card in every line of work (documentation: SIME card).</p> <ul style="list-style-type: none"> <li>Socializing the policy of disallowance to hire the children who are still under the age and bring the people who are not the workers who have been registered at the company. (Documentation: photo, attendance list, and socialization minutes of meeting)</li> </ul> <p><b>Auditor's Observation on 21<sup>st</sup> of June 2016</b><br/>           To see the consistency for the implementation of waste management, team of auditor has been done direct observation on 22<sup>nd</sup> of June 2016 for harvest activity of LBE first division and AWE second division. From the visiting result, team of auditor have seen that the harvest workers were doing their works without any helped of their family member. At the same time, team of auditor also did the interview with the supervisor and permanent employee and informed that the permanent employee are disallowed to get any help from their family member or unknown workers.</p> <p><b>Preventive Measurements:</b><br/>           Controlling through SIME card which is started from supervisor when the queue in the morning until the execution of work..</p> |        |             |

| No.     | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action  | Observation and Date  | Status | Closed Date |
|---------|---------|---|-------|----------|------------|--|---|--------|-------------|
|         |         |   |       |          |            |  | <p><b>Auditor's Summary:</b><br/>Based on the documentation result and also the information of interview, team of auditor were assessing that the incompatibility for this indicator has been fulfilled. The consistency of the fulfillment will be re-verify on the next surveillance (surveillance-3).</p>  |        |             |
| 2016.19 | 6.11.1  | <p><b>Communities Involvement of Local Development Program.</b><br/>Based on interview with local communities (sub-village of Batu Manang and Sedawak) informed that local development by the company has not according to the communication way. Furthermore, the certificate holder has not provided yet an involvement of communities during identification of local contribution.</p> | Minor | SNP      | ASA-3      | CH shall provide that contribution of local development program is based on consultation and involvement of local communities. | <p><b>Root cause:</b><br/>There is still no activity of involving the society around for creating the CSR programme by PSD team.</p> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>Distributing the questionnaire and focus group discussion for the needs of CSR programme.</li> <li>Involving the society around PT SNP to be involved in the making process of CSR programme by PSD team (documentation: result of coordination CSR programme with SH around PT SNP, attendance list, photo).</li> </ul> <p><b>Observation on 30<sup>th</sup> of June 2016</b> unit of certification has been presented several kinds of documents, such as:</p> <ol style="list-style-type: none"> <li>CSR Programme. Including time management of monitoring the respond to the CSR of company.</li> <li>Questionnaire of society's needs. Which is consist of seven questions to measure</li> </ol> | Open   |             |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>the company CSR programme.</p> <p>3. List of attendance on 21<sup>st</sup> of June 2016 and photo of activity.</p> <p><b>Preventive Measurement:</b><br/>CSR programme will be communicated with SH in the environmental area of PT SNP by PSD Team and will be reviewed in MUSREMBANG.</p> <p><b>Auditor's Summary:</b><br/>2<sup>nd</sup> of July 2016<br/>Based on the documentation that has been given, the company has shown the evidence which has been complete, however the team of auditor still need the clarification and additional document which is related to:</p> <ol style="list-style-type: none"> <li>1. The mechanism for identify the stakeholder who will be involved in company CSR socialization.</li> <li>2. List of stakeholder who identified will give the impact to the company activity.</li> <li>3. Evidence of socialization which has been presented (list of attendance) still not yet seen the representative from Batu Manang Village and Sedawak Village.</li> </ol> <p>This incompatibility has still not be fulfilled. The organization must be shown</p> |        |             |

| No.     | Ref Std | Nonconformity  | Grade | Location | Time Limit             | Corrective Action   | Observation and Date   | Status | Closed Date   |
|---------|---------|--|-------|----------|------------------------|---|--|--------|---------------|
|         |         |  |       |          |                        |   | the additional evidence which will be a note for auditor's verification.   |        |               |
| 2016.20 | 8.1     | <p><b>Fundamental failures of the CH performance.</b><br/>From the ASA-2 findings the auditor team considers that there is a systematic failure associated with the recurrence of a mismatch against the results of previous audits (ST-2 and ASA-1)</p> <p><b>1) Safety and Health responsibilities. Not met against the Implementation of Safety and Health Policy "plantations and palm oil mills employers should ensure that the workplace, machinery, equipment, transport and processes under their control are always safe and do not endanger the health of excessively."</b></p> <p><b>a. Non-conformity evidence or observation against indicator 4.6.5 standard relating to potentially unsafe</b></p> | Major | SNP      | 60 hari (14 Juni 2016) | The CH has to shows the evidences for continuous improvement of the system for developing and ensuring the discrepancies that never appeared on a previous audit does not happen again. | <p><b>Root cause:</b><br/>There is no RSPO requirement standard for internal audit which taking attention to detail by the party who is competent (PSQM team)</p> <p><b>Corrective Action:</b><br/>PSQM team has already made the programme and implemented the RSPO requirement standard for internal audit for SMK3 scope towards the result of visiting by Mutuagung Lestari team and will be reported to the Unit of Manager and PSQM Manager per once in six months. (documentation: programme and internal audit planning SMK3 requirement in RSPO)</p> <p><b>Observation on 30<sup>th</sup> of June 2016</b><br/>The organization has been sent the evidence of correctivity, such as:<br/>           1. Programme of internal audit.<br/>           2. The result of RSPO internal audit on 23<sup>rd</sup>-25<sup>th</sup> of June 2016 which is consist of the identification of incompatibility.<br/>           Based on the evidence of correctivity which has been sent, the organization has not identify the area or indicator which will be the requirement of SMK3, enviromental management, social impact management, and the separation of product with certificate</p> | Closed | 1 August 2016 |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | <p>practices when pesticides operator not using the appropriate mask.</p> <p>b. Non-conformity evidence or observation against indicator 4.6.11 standard relating to not all high risk workers (chemical sprayers) specifically have been tested with annual medical surveillance for example spirometry and cholinesterase.</p> <p>c. Non-conformity evidence or observation against indicator 4.7.2 standard relating to sprayers loading truck at AWE was not separate with water tank and spraying equipment.</p> <p>d. Non-conformity evidence or observation against indicator 4.7.3</p> |       |          |            |                   | <p>which has been suitable with the root cause that has been written before.</p> <p>In the file of internal audit programme, the organization still not yet identify clearly the areas which will be the place for audit activity related to the requirement of SMK3 RSPO (and another requirements which are related with the implementation).</p> <p><b>The result of internal audit which have been presented such as NCR (sheet of incompatibility), has still not clearly answering the requirement and the implementation of RSPO which has been done by the company. Based on the report, it is only the sheet of incompatibility and still not yet taking the scope of all reports of audit activity (date of audit, team of audit, and the schedule of audit) and the evidence of report has been distributed to the related division.</b></p> <p><b>Observation on 22<sup>nd</sup> of July 2016</b><br/>The organization has been sent the evidence of documentation internal audit implementation based on the standard of P&amp;C RSPO OF 2013 which has been held on 23<sup>rd</sup>-25<sup>th</sup> of June 2016 and also the commitment from management in the each unit of company. Based on the result of internal audit, can be presented that kind of</p> |        |             |

| No. | Ref Std | Nonconformity   | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | <p>standard relating to:</p> <ul style="list-style-type: none"> <li>Several harvesters at AWE not using safety helmet.</li> <li>Chemical spraying supervisor (<i>mandor</i>) at Division 1, AWE not use appropriate mask according to the MSDS</li> <li>Boiler and engine operators at mill stations not using safety <i>ear muff</i>.</li> <li>During the interview with harvesters and sprayers at Division 1 LBE revealed they were buy their own PPE.</li> <li>During the <i>morning muster</i> the auditor team was known that there was no</li> </ul> |       |          |            |                   | <p>documentation has been fulfilled.</p> <p><b>Observation on 1<sup>st</sup> of August 2016</b><br/>           The organization has been sent the evidence of implementation document of internal audit has been suitable with the standard of P&amp;C RSPO of 2013 which has been held on 23<sup>rd</sup>-25<sup>th</sup> of June 2016, and presented that the result of internal auditor observation has been done and passed the monitoring of ground check towards the fulfillment implementation of each indicator (especially for criteria f 4.6, 4.7, 5.1, 5.2, 5.3, 6.1, 6.2, and supply chain). The explanation of the RSPO internal audit result and the programme of corrective measurement which will be done to fulfill the incompatibility that has already found in the result of internal audit.<br/>           dari hasil internal audit tersebut</p> <p><b>Preventive Measurement:</b><br/>           PSQM team periodically has been done the implementation of internal audit to the unit which will do the RSPO audit for reviewing the forwardness and the conformity of SMK3 requirement in RSPO which will be reported to the Unit Manager and PSQM manager. (Documentation: report of the forwardness and the conformity as the basic requirement in RSPO principle internal audit).</p> |        |             |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|---|--------|-------------|
|     |         | <p>PPE use monitoring for the workers before they start working to the field.</p> <p>e. Non-conformity evidence or observation against indicator 4.7.5 standard relating to the first aid kit boxes not completely filled according to the working risk, no record use of first aid kit.</p> <p><b>2) Environmental responsibilities.</b></p> <p>a. Non-conformity evidence or observation against indicator 5.1.3 standard relating to environmental impact management and monitoring.</p> <p>b. Non-conformity evidence or observation against</p> |       |          |            |                   | <p><b>Auditor's Summary:</b><br/> <b>1<sup>st</sup> of August 2016</b><br/>           Based on the documentation which has been given and verified, team of auditor were assessing that the evidence of correctivity which has been presented is fulfilled. The consistency of implementation, correctivity which continually, also the P&amp;C RSPO internal audit implementation by unit of certification will be re-verified on the next surveillance.</p> |        |             |



| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|----------------------|--------|-------------|
|     |         | <p>criteria 5.2 standard relating to consistency of HCV management and monitoring implementation</p> <p>c. Non-conformity evidence or observation against criteria 5.3 standard relating to waste management which multiple non-conformities raised and fail to address the real underlying causes of their poor environmental performance.</p> <p>3) <b>Social responsibilities.</b><br/>Non-conformity evidence or observation against criteria 6.1 standard relating to social impact assessment that involves the participation of all affected parties.</p> <p>4) <b>Supply Chain requirement.</b><br/>Non-conformity evidence or observation against</p> |       |          |            |                   |                      |        |             |

| No.     | Ref Std                       | Nonconformity  | Grade      | Location    | Time Limit             | Corrective Action   | Observation and Date   | Status | Closed Date  |
|---------|-------------------------------|--|------------|-------------|------------------------|---|--|--------|--------------|
|         |                               | supply chain standard relating to implementation of the mass balance countings (RSPO certified and non-certified).   |            |             |                        |   |  |        |              |
| 2016.21 | SCCS Modul E Versi 2014 E.3.1 | <p><b>Documentation of delivery / acceptance of RSPO certified products as well as supply chain training.</b></p> <ol style="list-style-type: none"> <li>During the observation to weighbridge and interview with the operator, auditor team found non-conformity of the weighbridge ticket document not mark as RSPO certified. This not accordance to the mill procedure.</li> <li>The auditor team has interviewed with the mill security officer and Kelampai bulking station officer. During the interview revealed that they were have not been trained for supply chain as required.</li> </ol> | NC (Major) | Lembiru POM | 60 days (14 June 2016) | <p>CH should be able to show evidence that any document receipt / delivery associated with the supply chain have been identified and separated.</p> <p>Ensuring that all personnel related with the supply chain system have received training.</p> | <p><b>Root of causes:</b><br/>The understanding of workers regarding to the designation of RSPO certificate is still not maximum and the understanding of SCCS by the security and Bulking workers still not yet fulfilled due to the socialization is still not yet done for them.</p> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>CH has already made the terms of using the stamp for RSPO/Non-RSPO certified on the cover letter of fruit and weightbridge ticket based on the letter from the Manager of Lembiru Mill No 072/LBF-INT/IV/2016 on 13<sup>th</sup> of April 2016 which is addressed to Chief of Section Mill Administration, Security team of Lembiru Mill and Weightbridge Operator which has presented the sign of RSPO certified for fresh fruit bunch and sourced from certified estate (Awatan Estate and Lembiru Estate) and RSPO Non-certified from the fresh fruit bunch which is coming from Karya Palma Estate, Beturus Estate, Sungai Putih Estate, Pelanjau Estate, and the third party of fresh fruit bunch.</li> </ol> | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date  | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|---|--------|-------------|
|     |         |               |       |          |            |                   | <p>(Documentation is available and has been verified by the team of auditor).</p> <p>2. Conducting the socialization and training for RSPO supply chain for Chief of Section Administration Lembiru Mill and also for the security of POM on 9<sup>th</sup> of May 2016 and for staff of Kelampang Bulking Station on 19<sup>th</sup> of May 2016 which has done by PSQM assistant (photo and documentation of training activity has been verified by the team of auditor).</p> <p><b>Preventive Measurement:</b><br/>The monitoring routine for the using of RSPO stamp periodically and do the refresh socialization of SCCS to all personnels who do the SCCS.</p> <p><b>Auditor's Summary:</b><br/><b>Observation on 22<sup>nd</sup> of June 2016</b><br/>Team of auditor has done the verification for document of socialization and training for Head of Administration and Security of Lembiru POM and also for the staff of Kelampai Bulking Station.<br/>Team of auditor has done the interview with Head of Administration of Lembiru POM and Staff of Kelampai Bulking Station to the understanding which is related to system and calculation of supply chain.<br/>Based on the verification record and the interview which has been done by the team</p> |        |             |

| No.     | Ref Std                       | Nonconformity  | Grade      | Location    | Time Limit             | Corrective Action   | Observation and Date   | Status | Closed Date  |
|---------|-------------------------------|--|------------|-------------|------------------------|---|--|--------|--------------|
|         |                               |  |            |             |                        |   | of auditor, they were assessing that the evidence of incompatibility has been fulfilled. NCR.2016.21 is fulfilled (closed)   |        |              |
| 2016.22 | SCCS Modul E Versi 2014 E.3.2 | <p><b>Separation of certified and non-certified product documentation.</b></p> <p>During the document observation to Lembiru POM found non-conformity of certified and non-certified product mass balance model separation cannot be demonstrated:</p> <ul style="list-style-type: none"> <li>Initial stock counting for CPO and Palm Kernel not available.</li> <li>Mass Balance model counting at Kelampai Bulking Station was not available.</li> </ul> | NC (Major) | Lembiru POM | 60 days (14 June 2016) | CH should be able to show that the results and the method for calculating for certified and non-certified product separation have demonstrated appropriately. | <p><b>Root cause:</b><br/>Team of Lembiru Mill still not understanding the calculation of separating the material of the first stock with mass balance model, and the team of Bulking neither too due to they have not got the training of SCCS.</p> <p><b>Corrective Action:</b></p> <ol style="list-style-type: none"> <li>CH has already made the terms of using the stamp for RSPO/Non-RSPO certified on the cover letter of fruit and weightbridge ticket based on the letter from the Manager of Lembiru Mill No 072/LBF-INT/IV/2016 on 13<sup>th</sup> of April 2016 which is addressed to Chief of Section Mill Administration, Security team of Lembiru Mill and Weightbridge Operator which has presented the sign of RSPO certified for fresh fruit bunch and sourced from certified estate (Awatan Estate and Lembiru Estate) and RSPO Non-certified from the fresh fruit bunch which is coming from Karya Palma Estate, Beturus Estate, Sungai Putih Estate, Pelanjau Estate, and the third party of fresh fruit bunch. (Documentation is available and has been verified by the team of auditor).</li> <li>Conducting the socialization and</li> </ol> | Closed | 22 June 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p>training for RSPO supply chain for Chief of Section Administration Lembiru Mill and also for the security of POM on 9<sup>th</sup> of May 2016 and for staff of Kelampang Bulking Station on 19<sup>th</sup> of May 2016 which has done by PSQM assistant (photo and documentation of training activity has been verified by the team of auditor).</p> <p>3. The document of SCCS Mass Balance Log Book is available for Lembiru POM and Kelampai Bulking Station since CH has been certified (3<sup>rd</sup> of July 2014) until the verification began which has informed the first stock, the receiving of fresh fruit bunch, the processing of fresh fruit bunch and the production of CPO and kernel. (Documentation is available).</p> <p><b>Preventive Measurement:</b><br/>By periodically, team of Lembiru POM and Bulking Station are creating the balance sheet of Mass Balance every month, quarterly, and then documented them.</p> <p><b>Auditor's summary:</b><br/><b>Observation on 22<sup>nd</sup> of June 2016</b></p> <ul style="list-style-type: none"> <li>Team of auditor has already done the verification of socialization documentation and training for Head of Administration and Security of Lembiru</li> </ul> |        |             |

| No.     | Ref Std                       | Nonconformity  | Grade      | Location    | Time Limit             | Corrective Action  | Observation and Date  | Status | Closed Date                   |
|---------|-------------------------------|--|------------|-------------|------------------------|--|---|--------|-------------------------------|
|         |                               |  |            |             |                        |  | <p>POM and also Staff of Kelampai Bulking Station..</p> <ul style="list-style-type: none"> <li>Team of auditor has been done the interview with Head of Administration Lembiru POM and Staff of Kelampai Bulking Station towards the understanding of system and calculation of supply chain, and it is known that the officer in charge has already explained and demonstrated the calculation of Mass Balance certified product clearly.</li> <li>Based on the verification document and interview which already done by the team of auditor, team of auditor were assessing that the evidence for this incompatibility has already fulfilled. NCR.2016.22 has fulfilled (closed).</li> </ul> |        |                               |
| 2016.23 | SCCS Modul E Versi 2014 E.4.1 | <p><b>Verification of certified and non-certified FFB volumes.</b><br/>During the document observation to Lembiru POM non-conformance found there was not available certified and non-certified FFB volumes which have not verified by the supply chain personal in charge (mill manager).</p> | NC (Major) | Lembiru POM | 60 days (14 June 2016) | CH have to shows that certified and non-certified FFB volumes have been verified by the responsible PIC. | <p><b>Root cause:</b><br/>Team of Lembiru POM have provide the document for separated of RSPO Mass Balance but still not yet completed with the establishment by the person in charge of the team, due to already considered with another part of SCCS document.</p> <p><b>Corrective Action:</b><br/>The Mill Team must be sure to create and completed the document of SCCS with the verification by the Mill Manager as the person in charge (Documentation is available and has been verified by the team of auditor)</p>   | Closed | 22 <sup>nd</sup> of June 2016 |

| No.     | Ref Std                                    | Nonconformity  | Grade      | Location                            | Time Limit             | Corrective Action   | Observation and Date  | Status | Closed Date                   |
|---------|--|--|------------|-------------------------------------|------------------------|---|---|--------|-------------------------------|
|         |  |  |            |                                     |                        |   | <p><b>Preventive Measurement:</b><br/>Then, The Mill teams are measuring the document which already prepared must be completed with the verification of Mill Manager as the person in charge.</p> <p><b>Auditor's Summary:</b></p> <ul style="list-style-type: none"> <li>Team of auditor has already done the verification of document. Separating the RSPO certified and Non certified document which has been verified by the person in charge of Supply Chain (Mill Manager).</li> <li>Team of auditor has been interviewing with Mill Manager and it should be explained and demonstrated that the calculation has been verified (signature).</li> </ul> <p>Based on the verification document and interview, team of auditor are assessing that the evidence has been enough and fulfilled. NCR.2016.23. has been fulfilled (closed).</p> |        |                               |
| 2016.24 | RSPO Certification System 4.2.4.c (Minor). | <p><b>Challenging Time Bound Plan.</b><br/>The revision of certification Time Bound Plan showed by the CH consider not challenging due to:<br/>Certification plan for Karya Palma Estate (PT Sandika</p> | NC (Major) | SNP (Sime Darby Plantation Sdn Bhd) | 60 days (14 June 2016) | Sime Darby Plantation Sdn Bhd have to shows the challenging Time Bound Plan with the justification which is adequate for the RSPO Certification System. | <p><b>Root Cause:</b><br/>Sime Darby Indonesia through MINAMAS PLANTATION is not yet do the update and the changing of Time Bound Plan due to the personnel who in charge (Head of PSQM Indonesia) is still not giving the information annual regularly to the certification body.</p>  | Closed | 21 <sup>st</sup> of June 2016 |

| No. | Ref Std | Nonconformity  | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|--|-------|----------|------------|-------------------|--|--------|-------------|
|     |         | <p>Natapalma) and PT Budidaya Agrolestari including Sungai Putih Estate (full manage scheme smallholders - <b>Sejahtera Palma Sejati &amp; Mitra Usahatani Sejahtera Plantation Cooperatives</b>) planned on 2018 (it should have 2017).<br/>Based on the explanation above it was not met with <b>RSPO Certification System 4.2.3</b><br/>All the FFB from the directly managed lands (or estates) shall be produced to certifiable standards. The mill will develop and implement a plan to ensure that 100% of associated smallholders and outgrowers are of certifiable standard within 3 years.</p> |       |          |            |                   | <p><b>Corrective Action:</b><br/>Verification on 21<sup>st</sup> of June 2016</p> <ul style="list-style-type: none"> <li>Sime Darby Indonesia has revising the Time Bound Plan by establishing Karya Palma Estate (PT Sandika Natapalma) and PT Budidaya Agrolestari, which will be planned in 2017. The document has been sent through email by MINAMAS PLANTATION (Sime Darby Indonesia) on 17<sup>th</sup> of June 2016 and has been verified by the team of auditor.</li> <li>Head of PSQM Indonesian will give the information to the certification body for every year in the month of January or if there's any change or expansion for operational area, especially in Indonesia.</li> </ul> <p><b>Preventive Measurement:</b><br/>Verification on 21<sup>st</sup> of June 2016<br/>Sime Darby Indonesia through MINAMAS PLANTATION will give the announcement to the certification body if there's an update of time bound plan due to the expansion or additional of operational area or the additional of new mill.</p> <p><b>Auditor's summary:</b><br/>Based on the observation which has been done by team of auditor regarding to the corrective of Time Bound Plan, so it can be concluded that the incompatibility has been</p> |        |             |



| No.     | Ref Std                           | Nonconformity   | Grade | Location                            | Time Limit             | Corrective Action   | Observation and Date  | Status                  | Closed Date                    |
|---------|-----------------------------------|---|-------|-------------------------------------|------------------------|---|---|-------------------------|--------------------------------|
|         |                                   |   |       |                                     |                        |   | fulfilled.  |                         |                                |
| 2016.25 | RSPO Certification System 4.2.4.e | <p><b>Partial Certification.</b><br/>There was operational activity of planting started since 1 January 2010 at Karya Palma Estate (PT Sandika Natapalma) and Baturus Estate (PT Budidaya Agrolestari) which not complies with RSPO New Planting Procedure.</p> | Major | SNP (Sime Darby Plantation Sdn Bhd) | 60 days (14 June 2016) | Sime Darby Plantation Sdn Bhd has to show that they have to comply with RSPO New Planting Procedure for areas have planted since 1 January 2010 according to RSPO Certification System. | <p><b>Root Cause:</b><br/>Management didn't know that there's a procedure of NPP for the year of planting above 2010 for KPE areal and BUE.</p> <p><b>Corrective Action:</b><br/>Creating the application of approval to the management centre regarding to the implementation of NPP.</p> <p><b>Preventive Measurement:</b></p> <p><b>Auditor's Summary:</b><br/><b>1<sup>st</sup> of August 2016</b><br/>In regards of RSPO secretariat announcement on 21 December 2015 about <b>Endorsement of the New Planting Procedure (NPP) and BOG Decision on Sanctions for Non-Submission of NPP</b> was state:</p> <ol style="list-style-type: none"> <li>Sanction whereby new planting area (developed after January 2010) that has not gone through the NPP process will not be able to trade the CPO and PK as CSPO and CSPK for the first 3 years after its certification</li> <li>For the management unit which has not gone through the NPP process and the same time did not comply with the HCV assessment requirement, sanctions applied for not submitting NPP and shall follow Remediation and Compensation Procedures (RaCP) 2015.</li> </ol> | Closed with observation | 1 <sup>st</sup> of August 2016 |

| No. | Ref Std | Nonconformity | Grade | Location | Time Limit | Corrective Action | Observation and Date   | Status | Closed Date |
|-----|---------|---------------|-------|----------|------------|-------------------|--|--------|-------------|
|     |         |               |       |          |            |                   | <p><b><i>The Sanction is effective immediately as 1 January 2016.</i></b></p> <p>As the summary by the auditor team in the case of Karya Palma Estate (PT Sandika Natapalma) and Beturus Estate (PT Budidaya Agro Lestari) subsidiary of Sime Darby Plantation Sdn Bhd which developed after 1 January 2010 without gone through the NPP process, the units shall follow the sanction as stated above.</p> |        |             |

3.5.3 Opportunity for Improvement at ASA-2

| No | Ref Std                 | Descriptions   |
|----|-------------------------|--|
| 1  | <b>Major<br/>4.6.6.</b> | Evaluation use of ventilation / <i>exhaust fan</i> at Awatan estate ( <b>Observation</b> ).  |
| 2  | <b>Major<br/>5.2.1</b>  | Re review of HCV document and basic information completion (river, lowland, etc..) as guidance of HCV management accurately at respective estate. ( <b>Observation</b> ) |
| 3  | <b>Minor<br/>5.2.3</b>  | Improvement of HCV management officer capacity and supporting adequate tools.  |
| 4  | <b>5.5</b>              | Socialization and monitoring of precautions to society located in the concession area related to clearing land without burning.  |
| 5  | <b>Major<br/>6.9.2</b>  | Ensuring understanding of all employees, especially for female workers of reproductive rights (example: leave due to menstruation) in accordance with the regulations.   |

3.5.4 Noteworthy Positive Components at ASA-2

| No | Descriptions   |
|----|--|
| 1  | Certificate Holder has established scheme smallholder to increase the nearby community welfare |

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

| Public Issues<br>(Institution/ NGO/Community)  | Management Responses  | Auditor Responses  |
|--|---|--|
| <p><b>Ketapang District Manpower Agency</b></p> <p><b>The Head of Manpower Supervising Division</b></p> <p><b>Positive Issues</b></p> <p>a) The structure of OHS Guiding Committee has been legalized and the company has reported the OHS Guiding Committee program for each quarter.</p> <p>b) There is no issue of industrial relation reported to the associated agency such as the worker discrimination, child worker, sexual harassment.</p> <p>c) The company gives the workers freedom to unite or join the labour union. It is proven by the existence of labour union (SBTP) in each unit.</p> <p>d) The company has attempted to comply the manpower regulation. For example, the minimum wage standard, overtime payment calculation, membership of labour social assurance, religious feast allowance.</p> <p>e) Generator set and Compressor Licensed in Lembiru Mill in process.</p> <p><b>Negative Issues</b></p> <p>f) The company needs to ensure that the Operators working on POM like boiler Operator, sterilizer Operator and engine room Operator have Operator license/OHS license.</p> | <p>The company will remain committed to the rules issued by the government and will complete it.</p> <p>It will be conducted compliance and ensure the operator has a licensed.</p> | <ul style="list-style-type: none"> <li>• The company has had OHS Guiding Committee structure and has it reported consistently to the associated agency based on the auditor team verification.</li> <li>• According to the result of interview with the labour union, there is no industrial relation issue.</li> <li>• The evidence of generators and compressors certificate renewal process has been verified by the auditor team.</li> <li>• There are some operators don't have a license and become major nonconformities in this assessment. This was raised as non-conformance by the auditor (NCR.2016.01)</li> </ul> |
| <p><b>Ketapang District Forestry Agency</b><br/><b>(Head of Forestry Agency and Division Head of Forest Area Mapping)</b></p> <ul style="list-style-type: none"> <li>• Based on overlaying between PT. SNP area and Forestry Minister Decree No. 259/2000, SNP area goes to production forest area. But based on overlaying between PT. SNP area and Forestry Minister</li> </ul>  | <ul style="list-style-type: none"> <li>• Forestry Minister Decree No. 259/2000 is not in PT. SNP area, but it's in Location Permitted of</li> </ul>                                 | <ul style="list-style-type: none"> <li>• According to the results of interviews with the Head of Forestry Agency, the current</li> </ul>   |

| Public Issues<br>(Institution/ NGO/Community)   | Management Responses   | Auditor Responses   |
|---|--|---|
| <p>Decree No. 936/2013, it's has been other's used land area (APL). And also result to overlaying with Forestry Minister Decree No. 733. It's has been Other's used land area (APL).</p> <ul style="list-style-type: none"> <li>The release of forest area authority located from Ministry Forestry. District Ketapang Forestry Agency are not aware of the change process from Forest Area to Others used land area.</li> </ul>  | <p>PT. Budidaya Agro Lestari.</p>  | <p>area of PT. SNP has the status others used land area (APL).</p>  |
| <p><b>Ketapang District National Land Agency</b><br/> <b>The Head of National Land Agency</b><br/> <b>Positive Issues</b></p> <ul style="list-style-type: none"> <li>PT. SNP has had Land Use Title number 4 year 2000.</li> <li>Additional HGU process of PT. SNP and PT. BAL, slightly delayed due to the policy of BPN RI require to attaching a map of peat distribution. To ensure that no peat area in new concession plan.</li> <li>There is no land dispute issue reported by the locals to the National Land Agency in last a year.</li> </ul> | <ul style="list-style-type: none"> <li>PT. SNP has had Land Use Title number 4 years 2000 and no peat area in this HGU.</li> </ul>   | <ul style="list-style-type: none"> <li>According to result of document verification and interviews by the auditor team.</li> </ul>  |
| <p><b>Ketapang District Environment Agency</b><br/> <b>The Head of Environment Agency</b><br/> <b>Positive Issues</b></p> <ul style="list-style-type: none"> <li>There is no complaint reported by the locals in term of the contamination issue and other negative issues in aspect of environment management.</li> <li>The company has complied the report delivery. The report of environmental management and monitoring plan in 1st and 2nd semester of 2015 has been reported to the Ketapang District Environment Agency.</li> </ul>             | <ul style="list-style-type: none"> <li>This condition will be retained by company so that no issues and conflict with local communities and compliance reporting RKL-RPL will remain.</li> </ul> | <ul style="list-style-type: none"> <li>According to the results of field observations by the auditor team, there is not indicated any environmental contamination.</li> <li>According to verification by auditor team, the company has reported RKL-RPL each semester to the environment agency.</li> </ul> |

| Public Issues<br>(Institution/ NGO/Community)   | Management Responses   | Auditor Responses   |
|---|--|---|
| <ul style="list-style-type: none"> <li>The company has land application licensed from Head of Ketapang District with decree No. 673/KLH-B/2015 (5 October 2015) with area 153.18 ha valid until 5 years.</li> </ul>   |  |   |
| <p><b><u>Local Contractor (FFB Contractor)</u></b></p> <p><b>Positive Issues</b></p> <ul style="list-style-type: none"> <li>The company pays the contractor on time.</li> <li>The contractor implements the wage above the governor-applied minimum wage standard on 2015. Sharing system to the driver at 15% of total revenue per month.</li> <li>The workers age are ≥ 20 years old.</li> <li>The mandatory of the company to use PPE like helmet, boots and gloves.</li> <li>There is a safety briefing.</li> <li>Only transport FFB from Lembiru Estate.</li> <li>There is a safety briefing from the company.</li> <li>The contractor drivers have the applied driving license</li> </ul> | <ul style="list-style-type: none"> <li>The Company remains committed and consistent in implementing all laws and regularly conducts evaluation.</li> </ul> | <ul style="list-style-type: none"> <li>As verified by the auditor team, a local contractor has complied with all regulations.</li> </ul>  |
| <p><b><u>Gender Committee of Awatan Estate</u></b></p> <ul style="list-style-type: none"> <li>Socialization done by gender committees about the right of women such as menstrual leave, maternity leave, sexual harassment, and child worker.</li> <li>There are no female employees who are pregnant or breastfeeding workers made relating to chemicals like spraying and fertilizing.</li> <li>The socialization of the procedure of sexual harassment complaint delivery over women.</li> <li>There is no reporting of sexual harassment during period of 2015/2016</li> <li>In March 2016 there were complaints from harvester, regarding the</li> </ul>                                   | <ul style="list-style-type: none"> <li>The company will maintain the conducive relations with worker and committed to play rules apply.</li> </ul>         | <ul style="list-style-type: none"> <li>According to field observations and interviews with women workers, all of the women rights have been socialized by the company.</li> <li>In conjunction with complaint harvester team in March 2016, has been verified by the auditor team.</li> </ul> |

| Public Issues<br>(Institution/ NGO/Community)   | Management Responses   | Auditor Responses  |
|---|--|--|
| <p>base crop harvest to 6 Ha. And subject to reduction when not reached, but it has been fully completed by the company.</p>  |  |  |
| <p><b>The Head of SBTP (Worker Union) Awatan Estate</b></p> <ul style="list-style-type: none"> <li>• During the year (2015/2016) there was no dispute between the company and employee.</li> <li>• Rice provided by the company has suitable for consumption.</li> <li>• In generally, employees have to understand the mechanism of information request and responses procedure.</li> <li>• The company has implemented UMSK 2016 per February 2016. For January wages was paid in February 2016.</li> <li>• In March 2016 there were complaints from harvester, regarding the base crop harvest to 6 Ha. And subject to reduction when not reached, but it has been fully completed by the company.</li> <li>• Collective work agreement (PKB) and Company rules (PP) for employee level has been expired on November 2015.</li> </ul>  | <ul style="list-style-type: none"> <li>• Relations between employees and worker union (SBTP) have been maintained and the company gives freedom to the SBTP, to carry out activities related to workers. For example: Labor Day is celebrated every year.</li> <li>• About Collective Work Agreement still remain to be discussed and will be scheduled back, especially about points that are not yet an agreement.</li> </ul>  | <ul style="list-style-type: none"> <li>• According to interviews and observations with estate and mill employees, the company has facilitated the activities SBTP and there was never any dispute between employees and companies.</li> </ul>  |
| <p><b>Secretary of Sub District Marau, Secretary of Sukakarya Village, and Head of regulatory bodies Sukakarya Village</b></p> <p><b>Positive Issues:</b></p> <ol style="list-style-type: none"> <li>1. Good communications with company, they're always attending the MUSRENBANG (Consultative planning and development meeting).</li> <li>2. Grievance and aspiration procedure, and also type of document can accessed by public has done socialized.</li> <li>3. CSR programs have communicated to Sub District Marau, especially for education, health and road maintenance aspect.</li> <li>4. Majority the stakeholders Sukakarya Village were worked in PT. SNP and PT. BAL.</li> <li>5. HCV area was done socialized.</li> <li>6. Implementations units' team from Marau Sub District has conducted a routine monitoring of environment aspects in PT. SNP, such as water waste land application.</li> </ol> | <ul style="list-style-type: none"> <li>• Company have commitment to maintain of relationship with government, particularly in related to handling resolution in any problems raised from local communities. Also, make a regular communication within CSR program.</li> <li>• Company will continuously informed to the local communities (including Dayak tribes) related hunting of wildlife, whilst this activities as a part of local wisdom and culture.</li> </ul> | <ul style="list-style-type: none"> <li>• All the positive issues against plantation activities between communities of Sukakarya village have been verified by auditor teams.</li> <li>• Based on field observation and interview with local communities, hunting of wildlife is a part of local tradition and culture since many years ago.</li> </ul> |



| Public Issues<br>(Institution/ NGO/Community)   | Management Responses  | Auditor Responses  |
|---|---|--|
| <p>7. If there is a conflict, then the mediation involving the districts, villages, traditional leaders and local police.</p> <p>8. Whole process of land compensation has been done through participatory and FPIC mechanism. Also, price of land compensation has referred to Regent Decree Year 2006.</p> <p><b>Negative:</b></p> <p>1. Hunting of wildlife are still doing by local communities, the reason is for basic need of protein and traditional culture (Dayak tribes), whilst the company has made socialization of protected species and HCV.</p>  |   |  |
| <p><b>Representative of villagers Dusun Batu Manang (Village of Sukakarya), Customary of Dayak Kendawangan, Member of smallholders Koperasi Sejahtera Palma Sejati (SPS).</b></p> <p><b>Positive:</b></p> <ol style="list-style-type: none"> <li>Since Plantation Company established, road acces and communities welfare are much better than before.</li> <li>Communication with the company is open and transparently made.</li> <li>Socialization of HCV and land rights has been conducted by the company prior to land development of Karya Palma Estate. There is no coercion in releasing land rights, whole process are using transparently and accepted by affected parties.</li> <li>Social aid of generator machine procurement by the company for villagers Batu Manang is very helpful to electricity.</li> <li>Land compensation process has involved relevant parties, including border of land owner.</li> <li>Working opportunities in the company is transparent.</li> <li>The company is respect to all communities' right within the plantation area and no disturbance of its right.</li> <li>Since 2010 upto 2015, there is no social issue or conflict raised against land tenure.</li> </ol> | <ul style="list-style-type: none"> <li>The company as periodically maintained of road acces that connecting between plantation area and Dusun Batu Manang, previously the Dusun Batu Mananag is isolated area from other villages.</li> <li>CSR aid that given to the Dusun Batu Manang (generator machine) is well maintained.</li> <li>Company will continuously informed to the local communities (including Dayak tribes) related hunting of wildlife, whilst this activities as a part of local wisdom and culture.</li> <li>Involvement of local communities within CSR development program always conducted by the company every year in MUSRENBANG (Consultative planning and development meeting), in the villages, subdistrict and or regency level.</li> </ul> | <ul style="list-style-type: none"> <li>All the positive issues against plantation activities between communities of Dusun Batu Manang has been verified by auditor teams.</li> <li>Based on field observation and interview with local communities, hunting of wildlife is a part of local tradition and culture since many years ago.</li> <li>Some of social issues from stakeholder consultation have already risen as NC's.</li> </ul> |



| Public Issues<br>(Institution/ NGO/Community)  | Management Responses   | Auditor Responses   |
|--|--|---|
| <p>Negative:</p> <ol style="list-style-type: none"> <li>Hunting of wildlife are still doing by local communities, the reason is for basic need of protein and traditional culture (Dayak tribes), whilst the company has made socialization of protected species and HCV.</li> <li>Used of fire still commenced by communities during their land preparation, while the company has socialized of prohibition of fire used in land clearance. Land preparation by using of fire is part of community culture and during the process; all the villagers monitor on the land to avoid of fire is spread.</li> <li>There is no involvement with local communities during development of social program or CSR by the company.</li> <li>There is no information about total area developed for Karya Palma Estate as part of Dusun Batu Manang area administratively.</li> </ol> |  |   |
| <p><b>Villagers Representative of Dusun Sedawak (Karya Baru Village), Local Customary Head.</b></p> <p>Positive:</p> <ol style="list-style-type: none"> <li>Working opportunities in the company is transparent.</li> <li>Involvement of providing the FFB transportation with agreement.</li> <li>20% of the villagers is working at the company and most of them is permanent workers.</li> <li>Understanding of communication and grievance mechanism to the company is very good.</li> <li>Road maintenance has been periodically done by the company, including donation of feast day/holy day and worship facilities (church).</li> </ol> <p>Negative:</p> <ol style="list-style-type: none"> <li>There is no involvement with local communities during development of social program or CSR by the company.</li> </ol>  | <ul style="list-style-type: none"> <li>The company has a commitment to absorb the local communities work at PT. SNP.</li> <li>CSR program given in form of road maintenance annually.</li> <li>Involvement of local communities within CSR development program always conducted by the company every year in MUSRENBANG (Consultative planning and development meeting), in the villages, subdistrict and or regency level.</li> </ul> | <ul style="list-style-type: none"> <li>All the positive issues against plantation activities between communities of Dusun Sedawak has verified by auditor team.</li> <li>Several of social issues from stakeholder consultation have already risen as NC's y the auditor team.</li> </ul> |

| Public Issues<br>(Institution/ NGO/Community)   | Management Responses   | Auditor Responses  |
|---|--|--|
| <ol style="list-style-type: none"> <li>2. Public Relationship Officer (HUMAS) is not regularly visit to the local communities.</li> <li>3. Response of aspiration or information request from communities is not consistently implemented by the company. Particularly in the procedure of timeline to respond it.</li> <li>4. Hunting of wildlife are still doing by local communities (inside and outside of estates), the reason is for basic need of protein and traditional culture.</li> <li>5. There is no socialization of HCV made by the company.</li> <li>6. Unwritten statement from previous management (in 1996) that planted area will return to the community after replanting.</li> <li>7. There was identified of demonstrations from local communities in 2008 related unpaid of land compensation.</li> </ol>   | <ul style="list-style-type: none"> <li>• The company will make improvement related to communication with local communities by visit regularly.</li> </ul>  | <p>NCR.2016.2016.01 (1.1.2 &amp; 6.2.3)<br/>NCR.2016.2016.16 (6.1.3)<br/>NCR.2016.2016.19 (6.11.1)</p>   |
| <p><b>Head of Scheme Smallholders Koperasi Sejahtera Palma Sejati and Priest.</b></p> <p>Positive:</p> <ol style="list-style-type: none"> <li>1. Scheme smallholders have been developed since 2009 with the Full Managed system by the company.</li> <li>2. Copies of scheme smallholders agreement is given to the cooperative (koperasi).</li> <li>3. When the cooperative established (2009), smallholders area is located in PT. BAL and has been planted since 2007.</li> <li>4. Mechanism of FFB pricing is referred to local government decree (Plantation Agency) in monthly basis.</li> <li>5. Report of yield, smallholders development progress and cost are given transparently by the company in monthly basis.</li> <li>6. Member of cooperative are very assisted with the loan fund that given by the company every month, during the smallholders production/yield is still low/deficit yield.</li> <li>7. Monthly report is given to the cooperative and distribute to the farmer groups by the chief of cooperative.</li> <li>8. Smallholders' area is till on process as a Land Use Right/HGU in the name</li> </ol> | <ul style="list-style-type: none"> <li>• The company has made MoU with Koperasi Perkebunan SPS in relation to scheme smallholders development which fully managed by PT. SNP. Meanwhile, area of smallholder scheme Koperasi SPS located in PT. BAL concession, so that the land compensation records since 1997 is available in PT. BAL.</li> </ul> | <ul style="list-style-type: none"> <li>• Development of scheme smallholders by the company is a positive improvement to the communities. Agreement between both parties is proven as a highly commitment by the certificate holder.</li> </ul> |

| Public Issues<br>(Institution/ NGO/Community)   | Management Responses   | Auditor Responses   |
|---|--|---|
| <p>of Koperasi SPS legal entity.</p> <p>Negative:</p> <ol style="list-style-type: none"> <li>1. Less information of explanation from the company related to loan fund and bank interest within the monthly report.</li> <li>2. Progress of HGU for smallholder scheme area have not informed to the Koperasi.</li> </ol>  | <ul style="list-style-type: none"> <li>• The company has made transparency to the Koperasi as a partner of smallholder scheme through determine and involved of monitoring team (Tim Pengawas Lapangan) every day to monitor of all field activities.</li> <li>• Progress of HGU for Koperasi SPS has been submitted to National Land Department (BPN) in Province and Headquarter level.</li> </ul> | <ul style="list-style-type: none"> <li>• Transparency information of details item in the smallholder scheme monthly report should be explain by the company, to avoid misinterpretation of the smallholders.</li> </ul> |
| <p><b>Villagers Representative of Dusun Awatan (Sukakarya Village) and Community Leaders.</b></p> <p>Positive:</p> <ol style="list-style-type: none"> <li>1. Existence of investment by PT. SNP is helpfully for the community. PT. SNP and PT. BAL is the first of Oil Palm Plantation Company in Marau District (since 1996). Economic welfare is increasing after the plantation developed.</li> <li>2. Contribution from the company is perceived by the communities, particularly in the road access, providing of medical and education facilities.</li> <li>3. The company has priority concern to develop of scheme smallholders as a part of conflict resolution in 2008.</li> </ol> <p>Negative:</p> <ol style="list-style-type: none"> <li>1. Not identified.</li> </ol> | <ul style="list-style-type: none"> <li>• Company have commitment to maintain of relationship with local communities, particularly in related to handling resolution in any problems raised.</li> </ul>   | <ul style="list-style-type: none"> <li>• All the positive issues against plantation activities between communities of Dusun Awatan has verified by auditor team.</li> </ul>   |

|     |   |
|-----|---|
| 4.0 | <b>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</b>  |
| 4.1 | <b>Formal Sign-off of Assessment Findings</b>   |
|     | <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 style="text-align: center;">Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"> <p>Sime Darby Plantation Sdn Bhd<br/>Management Representative (Head of PSQM)</p>  <p><b><u>Mohamad Pirabaharan</u></b><br/>Monday, 1 August 2016</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari<br/>Lead Auditor</p>  <p><b><u>Octo HPN Nairggolan</u></b><br/>Monday, 1 August 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  | Social, Worker and Transmigration Agency, District of Ketapang                                | Jl. HOS Cokroaminoto No. 1 Ketapang              | Telp. (0534) 33288 Fax. (0534) 32160 | Interviews            | 11 April 2016   | √        |    |
| 2  | Board of Environment, District Ketapang   | Jl. HOS Cokroaminoto Ketapang - Kalimantan Barat | 0534 - 3037605                       | Interviews            | 11 April 2016   | √        |    |
| 3  | Plantation Agency, District of Ketapang   | Jl. MT Haryono No. 41 Ketapang                   | -                                    | Interviews            | 11 April 2016   | √        |    |
| 4  | Forestry Agency, District of Ketapang   | Jl. HOS Cokroaminoto Ketapang - Kalimantan Barat | -                                    | Interviews            | 11 April 2016   | √        |    |
| 5  | National Land Agency  | Jl. HOS Cokroaminoto Ketapang - Kalimantan Barat | -                                    | Interviews            | 11 April 2016   | √        |    |
| 6  | Mill Security officers  | Lembiru POM                                      |                                      | Interview             | 12 April 2016   | √        |    |
| 7  | Mill Weighbridge operator   | Lembiru POM                                      |                                      | Interview             | 12 April 2016   | √        |    |
| 8  | CPO Transport Contractor Worker (CV Trans Pilar III)  | Lembiru POM                                      |                                      | Interview             | 12 April 2016   | √        |    |
| 9  | Kelampai Bulking Station Officer  | Kelampai, Marau                                  |                                      | Interview             | 13 April 2016   | √        |    |
| 10 | WWF Indonesia   | Jakarta  | wwf-indonesia@wwf.or.id              | Questioner via email  | 1 April 2016    |          | √  |
| 11 | Wahana Lingkungan Hidup   | Jakarta  | informasi@walhi.or.id                | Questioner via email  | 1 April 2016    |          | √  |
| 12 | Aliansi Masyarakat Adat Nusantara   | Jakarta  | rumahaman@cbn.net.id                 | Questioner via email  | 1 April 2016    |          | √  |
| 13 | Sawit Watch   | Bogor  | info@sawitwatch.or.id                | Questioner via email  | 1 April 2016    |          | √  |
| 14 | Green Peace Indonesia   | Jakarta  | Info.id@greenpeace.org               | Questioner via email  | 1 April 2016    |          | √  |
| 15 | Pembaharuan Hukum Berbasis Masyarakat dan Ekologis  | Jakarta  | huma@cbn.net.id                      | Questioner via email  | 1 April 2016    |          | √  |
| 16 | Aid Environment   | Bogor  | info@aidenvironment.org              | Questioner via email  | 1 April 2016    |          | √  |
| 17 | Head of regulatory bodies and Secretary Village of Sukakarya; Secretary Sub District of Marau | Sub District of Marau                            | -                                    | Interviews            | 12 April 2016   | √        |    |
| 18 | Dusun Batu Manang, indigenous peoples Kendawangan, Sejahtera Palma Sejati Cooperation         | Sub District of Marau                            | -                                    | Interviews            | 12 April 2016   | √        |    |
| 19 | Dusun Sedawak (Karya Baru Village)  | Sub District of Marau                            | -                                    | Interviews            | 12 April 2016   | √        |    |
| 20 | Local Contractor (FFB Transportation)   | Sub District of Marau                            | -                                    | Interviews            | 12 April 2016   | √        |    |
| 21 | Head of Sejahtera Palma Sejati Cooperation and Monk   | Sub District of Marau                            | -                                    | Interviews            | 12 April 2016   | √        |    |
| 22 | Awatan Estate Gender  | Sub District of Marau                            | -                                    | Interviews            | 12 April        | √        |    |

|    |                                  |                       |   |            |               |   |  |
|----|----------------------------------|-----------------------|---|------------|---------------|---|--|
|    | committee                        |                       |   |            | 2016          |   |  |
| 23 | Worker Union                     | Sub District of Marau | - | Interviews | 12 April 2016 | √ |  |
| 24 | Dusun Awatan (Sukakarya Village) | Sub District of Marau | - | Interviews | 12 April 2016 | √ |  |

Appendix 2. Assessment Program

| DATE  | 11 – 15 April 2016   |  |
|---|--|--|
| ACTUAL DURATION                                 | PROCESSES / CLAUSES TO BE AUDITED<br><i>PROSES / HAL YANG DIAUDIT</i>  | AUDITOR  |
| <b>Monday, 11 April 2016</b>                    |  |  |
| 05.30 - 06.55<br>08.30 – 09.00<br>09.30 - 12.00 | <b>JAKARTA → PONTIANAK</b><br><b>PONTIANAK → KETAPANG</b><br><b>Stakeholders Meeting and Consultation:</b> <ul style="list-style-type: none"> <li>Ketapang District Government and local NGO</li> </ul>  | <ul style="list-style-type: none"> <li>ON / TN / YW / BB</li> <li>ON / TN / YW / BB</li> <li>TN</li> </ul>                   |
| 13.30 – 19.30                                   | <b>KETAPANG → SITE PT. SNP</b>   | <ul style="list-style-type: none"> <li>TN</li> </ul>   |
| 09.30 – 15.30                                   | <b>KETAPANG → SITE PT. SNP</b><br><b>Opening Meeting</b><br>(Brief Introduction, Audit scope confirmation, Standards Use, Audit Objectives and Audit Agenda Explanation)   | <ul style="list-style-type: none"> <li>ON / YW / BB</li> </ul>   |
| 15.00 – 17.30                                   | <b>Document Review:</b> <ul style="list-style-type: none"> <li>Review of Previous Visit Non-conformance (ASA-1)</li> <li>Collect Basic Information (Mill and Estates)</li> <li>Clarification of Time Bound Plan</li> </ul>   | <ul style="list-style-type: none"> <li>ON / YW / BB / TN</li> <li>ON</li> <li>YW</li> </ul>                                  |
| <b>Tuesday, 12 April 2016</b>                   |  |  |
| 08.00 – 12.00                                   | <b>Field Observation LEMBIRU POM</b> <ul style="list-style-type: none"> <li>WWTP (IPAL), Land Application (LA), Hazardous Waste Material (B3) management, Water Treatment Plant (WTP)</li> <li>Supply Chain, Safety and Health</li> </ul>  | <ul style="list-style-type: none"> <li>BB</li> <li>ON</li> </ul>   |
| 08.00 – 12.00<br>08.00 - 10.00<br>10.00 – 12.00 | <b>Stakeholders Meeting and Consultation:</b> <ul style="list-style-type: none"> <li>Nearest village and community leader (Dusun Sedawak) Karya Baru Village, Koperasi Perkebunan SPS, (Dusun Awatan and Dusun Batu Menang) Suka Karya village,</li> <li>Contractors, Labor Union, Gender Committee</li> </ul>   | <ul style="list-style-type: none"> <li>YW</li> <li>TN</li> </ul>   |
| 12.00 – 14.00                                   | <b>LUNCH BREAK</b>   |  |
| 14.00 – 15.00<br>15.00 – 17.30                  | <ul style="list-style-type: none"> <li>Clarification of Public Consultation and Field Observation</li> <li>Document Review and Review of Previous Visit Non-conformance (ASA-1)</li> </ul>   | <ul style="list-style-type: none"> <li>ON / TN / YW / BB</li> <li>ON / TN / YW / BB</li> </ul>                               |
| <b>Wednesday, 13 April 2016</b>                 |  |  |
| 08.00 - 12.00                                   | <b>Field Observation AWATAN ESTATE</b> <ul style="list-style-type: none"> <li>Legal Operational Boundary and Poles Monitoring.</li> <li>Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), Empty Fruit Bunch Application, Health and Safety Implementation</li> <li>Land Fire facilities, Chemical Storage, ect..</li> <li>Conservation (HCV) Area, Soil Erosion, Land Application</li> <li>Hazardous Waste management</li> <li>Worker Facilities (housing, health clinic, clean water, etc)</li> <li>Worker Welfare (payments, complaint mechanism)</li> </ul> | <ul style="list-style-type: none"> <li>ON</li> <li>TN</li> <li>TN</li> <li>BB</li> <li>BB</li> <li>YW</li> <li>YW</li> </ul> |
| 12.00 – 14.00                                   | <b>LUNCH BREAK</b>   |  |
| 14.00 – 15.00<br>15.00 – 17.30                  | <b>Continue Field Observation and outstanding issue</b><br><br><b>Document review:</b> <ul style="list-style-type: none"> <li>Review of Partial Certification and Time Bound Plan</li> </ul>   | <ul style="list-style-type: none"> <li>ON / TN / YW / BB</li> <li>ON / TN / YW / BB</li> </ul>                               |
| <b>Thursday, 14 April 2016</b>                  |  |  |

| DATE                         | 11 – 15 April 2016  |  |
|------------------------------|---|--|
| ACTUAL DURATION              | PROCESSES / CLAUSES TO BE AUDITED<br><i>PROSES / HAL YANG DIAUDIT</i>   | AUDITOR  |
| 08.00 – 12.00                | <b>Field Observation LEMBIRU ESTATE</b> <ul style="list-style-type: none"> <li>• Legal Operational Boundary and Poles Monitoring.</li> <li>• Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), Empty Fruit Bunch Application, Health and Safety Implementation</li> <li>• Land Fire facilities, Chemical Storage, ect..</li> <li>• Conservation (HCV) Area, Soil Erosion, Land Application</li> <li>• Hazardous Waste management</li> <li>• Worker Facilities (housing, health clinic, clean water, etc)</li> <li>• Worker Welfare (payments, complaint mechanism)</li> </ul> | <ul style="list-style-type: none"> <li>• ON</li> <li>• TN</li> <li>• TN</li> <li>• BB</li> <li>• BB</li> <li>• YW</li> <li>• YW</li> </ul>                   |
| 12.00 – 14.00                | <b>BREAK</b>  |  |
| 14.00 – 17.00                | <ul style="list-style-type: none"> <li>• <b>Completion of checklist and clarification/ follow-up on outstanding audit issues</b></li> <li>• <b>Audit finding discussion and preparation</b></li> <li>• <b>Closing Meeting</b></li> </ul> <b>PT SNP (Lembiru) → KETAPANG</b>   | <ul style="list-style-type: none"> <li>• ON / TN / YW / BB</li> <li>• ON / TN / YW / BB</li> <li>• ON / TN / YW / BB</li> <li>• ON / TN / YW / BB</li> </ul> |
| <b>Friday, 15 April 2016</b> |   |  |
| 08.30 – 10.00                | <b>KETAPANG → SEMARANG</b>  | • ON / TN / YW / BB  |
| 10.30 – 13.30                | <b>ASI Closing Meeting with MUTUAGUNG LESTARI auditor team.</b>   | • ASI & MAL  |
| 14..00 – 15.30               | <b>SEMARANG → JAKARTA</b>   | • ON / TN / YW / BB  |

**ON: Octo Nainggolan**  
**TN: Trismadi Nurbayuto**  
**BB: Bkti Bagja**  
**YW: Yudwi Wisnu Rahmanto**

*The audit is based upon a representative sampling method; therefore there may be non-conformances within the system that have not been identified during this audit.*