

Roundtable on Sustainable Palm Oil Certification R S P O

☐ Stage-1 ☐ Stage-2 ☒ Surveillance ☐ Re-Certification

Name of Management Organisation : **Daya Labuhan Indah 2 Palm Oil Mill – PT Daya Labuhan Indah subsidiary of Wilmar International Limited**

Plantation Name : **PT Daya Labuhan Indah: Wonosari Estates, Sei Deras**
PT Perkebunan Milano: Cabang Dua Estate

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

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

Date of Certificate Issue : 8 October 2014 Date of License Issue : 8 October 2016
 Date of Certificate Expiry : 7 October 2019 Date of License Expiry : 7 October 2017

| Assessment | Assessment Date | PT. Mutuagung Lestari Auditor | Reviewed by | Approved by |
|------------|---------------------|---|------------------------|----------------|
| ASA-2 | 22 – 25 August 2016 | Marsudi Eko Santoso (Lead Auditor Witnessed), Sandra Purba (Lead Auditor Witnessing), Andi Pratama Pasaribu, Steve Mualim and Brigitta Prita. | Octo H.P.N. Nainggolan | Taufik Margani |

| Assessment | Approved by MUTUAGUNG LESTARI on: |
|------------|-----------------------------------|
| ASA-2 | 3 November 2016 |

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 on March 12th, 2014 with registration number **RSPO-ACC-007**.

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FIGURE

Figure 1. Location Map of Daya Labuhan Indah 2 and Perkebunan Milano.



Figure 2. Operational Map of Wonosari Estate and Sei Deras Estate (Daya Labuhan Indah).

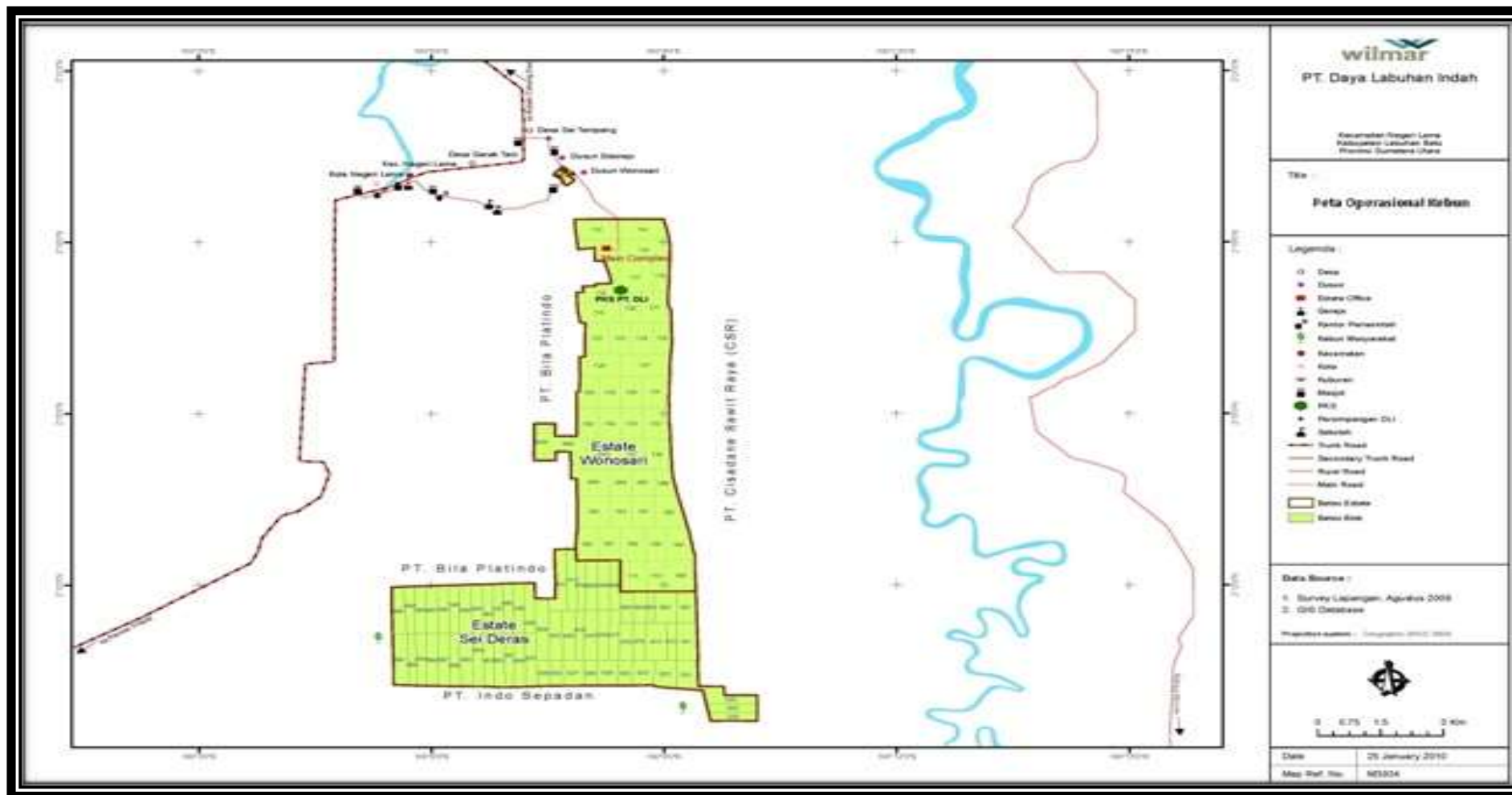
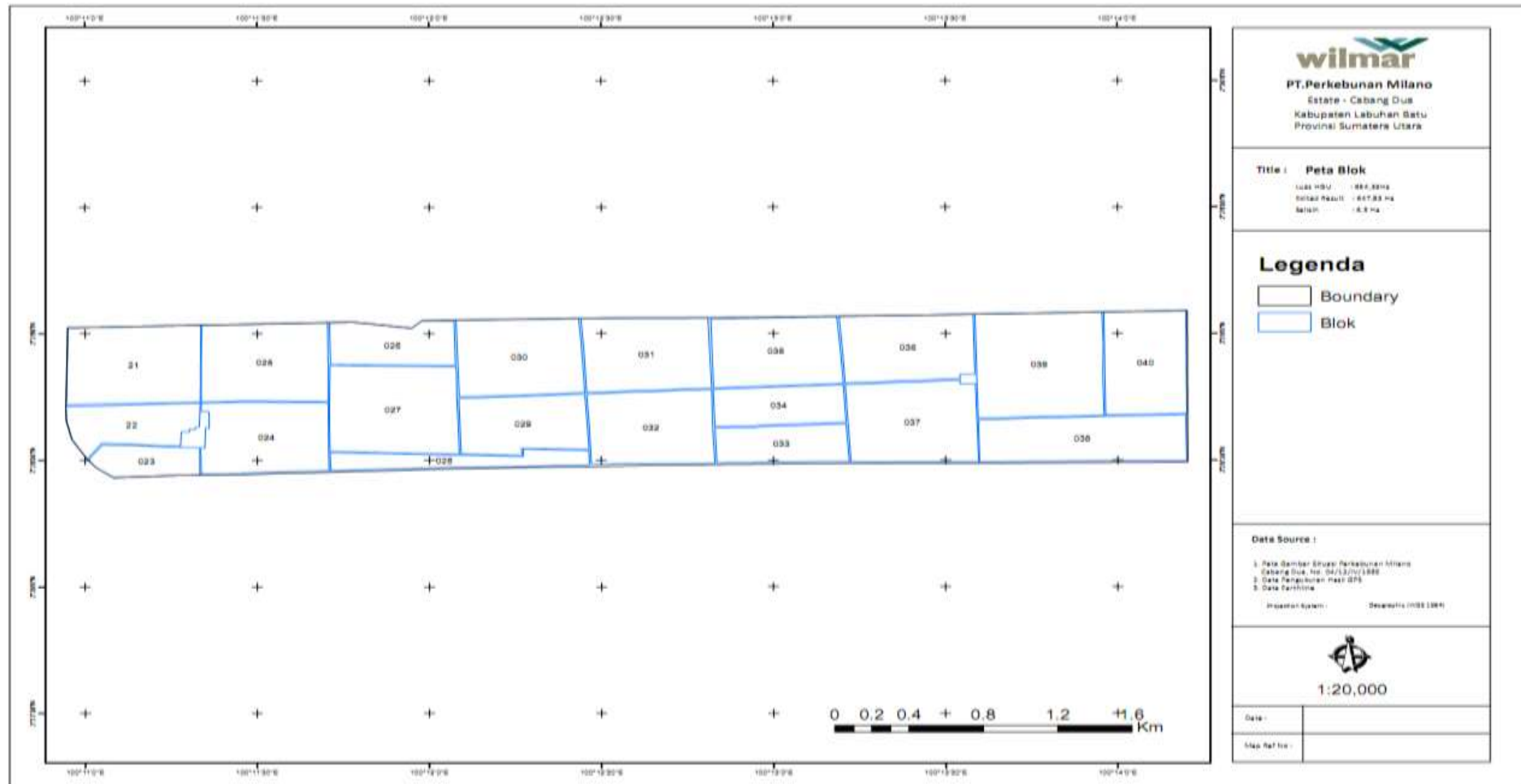


Figure 4. Operational Map of Cabang Dua Estate (PT Perkebunan Milano).



Glossary

| | | |
|---------------------|---|--|
| ASA | : | Annual Surveillance Assessment |
| BMP | : | Best Management Practices |
| BPN | : | <i>Badan Pertanahan Nasional</i> / National Land Agency |
| BOD | : | Biological Oxygen Demand |
| CEO | : | Chief Executive Officer |
| CPO | : | Crude Palm Oil |
| CBD | : | Convention on Biodiversity |
| CDE | : | Cabang Dua Estate |
| DLI | : | Daya Labuhan Indah |
| EFB | : | Empty Fruit Bunch |
| EHS | : | Environment, Health and Safety |
| EIA | : | Environment Impact Assessment |
| FFB | : | Fresh Fruit Bunch |
| HCV | : | High Conservation Value |
| HGU | : | Land use title |
| HIRAC | : | Hazard Identification Risk Assessment Risk and Controlling |
| IUP | : | Plantation Business Permit. |
| KER | : | Kernel Extraction Rate |
| KSD | : | <i>Kebun Sei Deras</i> (Sei Deras Estate) |
| KTU | : | Administration Head |
| KWS | : | <i>Kebun Wonosari</i> (Wonosari Estate) |
| LC | : | Land Clearing |
| MB | : | Mass Balance |
| NC | : | Non Conformance |
| OER | : | Oil Extraction Rate |
| OHS | : | Occupational Health and Safety |
| OHS Committee/ P2K3 | : | OHS Guiding Committee/ <i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> |
| PK | : | Palm Kernel |
| P3K | : | <i>Pertolongan Pertama Pada Kecelakaan</i> (First Aid) |
| PPE | : | Personal Protective Equipment |
| POM | : | Palm Oil Mill |
| POME | : | Palm Oil Mill effluent |
| RKL/RPL | : | <i>Rencana dan Pemantauan Lingkungan</i> / Environmental Management Plan and Environmental Monitoring Plan |
| SOP | : | Standard Operational and Procedure |
| ST 1 | : | Stage 1 |
| ST 2 | : | Stage 2 |
| WTP | : | Water Treatment Plant |
| WWTP | : | Waste Water Treatment Plant |

| | | |
|--|---|---|
| 1.0 SCOPE OF THE CERTIFICATION ASSESSMENT | | |
| | | |
| 1.1 Assessment Standard Used | <ul style="list-style-type: none"> RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013. RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (E for CPO Mill) | |
| | | |
| 1.2 Organisation Information | | |
| 1.2.1 | Organisation name listed in the certificate | Daya Labuhan Indah 2 POM - PT Daya Labuhan Indah WILMAR INTERNATIONAL LIMITED |
| 1.2.2 | Contact person | Khairul Anuar |
| 1.2.3 | Organisation address and site address | RSPO registered company 56.Neil Road Singapore, Singapore 088 030 (65) 6216-0244 Liaison Office Medan: I Putri Hijau Ged JW Marriott Lt 7, 8, 9, Selalas, Medan Barat Kabupaten/Kota: Medan Kode pos: 20114 Fax: 061 4143150 - 061 4575104 Jakarta: Multivison Tower Lt. 15 Jl. Kuningan Mulia Blok B9, Kuningan, Jakarta 12980 – Indonesia |
| 1.2.4 | Telephone | (62-21) 2938- 0777 |
| 1.2.5 | Fax | (62-21) 2938 - 0115 |
| 1.2.6 | E-mail | khairul.hassan@id.wilmar-intl.com |
| 1.2.7 | Web page address | www.wilmar-international.com |
| 1.2.8 | Management Representative who completed the application for certification | Simon Siburat (Sustainability Controller Wilmar Group) |
| 1.2.9 | Registered as RSPO member | 2-0017-05-000-00 (registered since August 16 th 2005) |
| | | |
| 1.3 Type of Assessment | | |
| 1.3.1 | Scope of Assessment and Number of Management Unit | Palm Oil Mill and supply base DLI 2 Mill, Wonosari Estate (PT DLI), Sei Deras Estate (PT DLI), Cabang Dua Estate (PT Perkebunan Milano). |
| 1.3.2 | Type of certificate | Single |
| | | |
| 1.4 Locations of Mill and Plantation | | |
| 1.4.1 | Location of Mill | |
| | Name of Mill | Location |
| | | Coordinate |

| | | | | | |
|-----------------------------------|--|--|-----------------------|------------------------|------------|
| | | | Latitude | Longitude | |
| | DLI 2 POM | Sei Tampang Village, Bilah Hilir Sub-district, Labuhan batu District, North Sumatera Province | N 02° 17' 10" | E 100° 08' 27" | |
| 1.4.2 | Location of Certification Scope of Supply Base | | | | |
| | Name of Supply Base | Location | Coordinate | | |
| | | | Latitude | Longitude | |
| | Wonosari Estate | Sei Tampang Village, Bilah Hilir Sub-district, Labuhan batu District, North Sumatera Province | N 02° 17' 54" | E 100° 08' 16" | |
| | Sei Deras Estate | Bilah Village, Bilah Hilir Sub-district, Labuhan batu District, North Sumatera Province | N 02° 10' 47" | E 100° 08' 08" | |
| | Cabang Dua Estate | Sei Nahodaris Village, Panai Tengah Sub-district, Labuhan batu District, North Sumatera Province | N 02° 08' 36" | E 100° 11' 18" | |
| 1.5 Description of Area Statement | | | | | |
| 1.5.1 | Tenure | | | | |
| | • State | | | | |
| | - PT Daya Labuhan Indah | | 5,572.25 Ha | | |
| | - PTPerkebunan Milano | | 654,33 Ha | | |
| | • Community | | - Ha | | |
| 1.5.2 | Area Statement | | | | |
| | | Wonosari Estate (Ha) | Sei Deras Estate (Ha) | Cabang Dua Estate (Ha) | TOTAL (Ha) |
| | • Total area | 2,944.59 | 2,627.66 | 654.33 | 6,226.58 |
| | • Mature area | 1,486.35 | 613.12 | 270.62 | 2,370.09 |
| | • Immature area | 1,095.30 | 1,870.17 | 340.31 | 3,305.78 |
| | • Mill/emplashment/road | 362.94 | 40.06 | 40.90 | 443.9 |
| | • Nursery | - | - | 2.50 | 2.50 |
| | • Occupation | - | 101.04 | - | 101.04 |
| | • HCV (include infrastructure area) | - | 9.12 | 2.41 | 11.53 |
| 1.6 Planting Year and Cycles | | | | | |
| 1.6.1 | Age profile of planting year | | | | |
| | Planting Year | Hectarage (Ha) | | | |
| | | Wonosari Estate | Sei Deras Estate | Cabang Dua Estate | Total |
| | 1990 | - | - | 67.08 | 67.08 |
| | 1994 | - | - | 16.24 | 16.24 |
| | 2000 | - | - | 114.48 | 114.48 |
| | 2001 | - | - | 34.83 | 34.83 |
| | 2002 | - | - | 19.01 | 19.01 |

| | | | | | | | | | | | | |
|--|--|--|--------------------------------|--|--------------------------|--|-------------------|----------|--------|-------|--------|-----|
| | 2003 | - | - | 18.98 | 18.98 | | | | | | | |
| | 2009 | 582.12 | - | - | 582.12 | | | | | | | |
| | 2010 | 904.23 | - | - | 904.23 | | | | | | | |
| | 2012 | - | 613.12 | - | 613.12 | | | | | | | |
| | 2013 | - | 995.11 | 73.14 | 1,068.25 | | | | | | | |
| | 2014 | 837.11 | 810.17 | 267.17 | 1,914.45 | | | | | | | |
| | 2015 | 258.19 | 64.89 | - | 323.08 | | | | | | | |
| | TOTAL | 2,581.65 | 2,483.29 | 610.93 | 5,675.87 | | | | | | | |
| 1.6.2 | New Planting area after January 2010 | | - Ha | | | | | | | | | |
| 1.6.3 | Planting Cycle | | 2 nd Cycle | | | | | | | | | |
| | | | | | | | | | | | | |
| 1.7 Description of Mill and Supply Base | | | | | | | | | | | | |
| 1.7.1 | Description of Mill | | | | | | | | | | | |
| | Name of Mill | Capacity (tonnes/ hour) | FFB Processed (tonnes/year) | CPO | | Palm Kernel | | | | | | |
| | | | | Out put (ton) | Extraction (%) | Out put (ton) | Extraction (%) | | | | | |
| | DLI 2 POM | 30 | 62,098.53 | 13,406.87 | 21.59 | 2,850.84 | 4.59 | | | | | |
| | Source: Production Data of DLI 2 POM Period August 2015 – July 2016. | | | | | | | | | | | |
| 1.7.2 | Description of Certification Scope of Supply Base | | | | | | | | | | | |
| | Name of Estate | Total Area (Ha) | Planted Area (Ha) | FFB (tonnes/year) | Yield (tonnes/ha/yea) | Supplied to Mill | | | | | | |
| | | | | | | FFB (tonnes/year) | % | | | | | |
| | | | | | | Wonosari Estate | 2,944.59 | 2,581.65 | 30,510 | 11,82 | 30,510 | 100 |
| | | | | | | Sei Deras Estate | 2,627.66 | 2,483.29 | 10,391 | 4,18 | 10,391 | 100 |
| | | | | | | Cabang Dua Estate | 654.33 | 610.93 | 4,336 | 7,10 | 4,336 | 100 |
| | TOTAL | 6,226.58 | 5,675.87 | 45,238 | 7,97 | 45,238 | 100 | | | | | |
| | Source: Production Data of Estate Period July 2015 – June 2016. | | | | | | | | | | | |
| 1.7.3 | FFB description from other source | | | | | | | | | | | |
| | Name of sources | Organisation | Location | Supplied to Mill | | | | | | | | |
| | | | | FFB (tonnes/year) | | | | | | | | |
| | Merbau Estate | PT Perkebunan Milano (Wilmar Group) RSPO Certified No. 824 502 14010 | Labuhan Batu Utara | 21,106 | | | | | | | | |
| | Independent smallholder | - | Labuhan Batu | 2,189 | | | | | | | | |
| | TOTAL | | | 23,295 | | | | | | | | |
| | Source: Production Data of Estate Period August 2015 – July 2016. | | | | | | | | | | | |
| 1.7.4 | Jenis Produk | | | FFB, CPO, PK | | | | | | | | |
| | | | | | | | | | | | | |
| 1.8 Estimate Tonnage of Certified Product | | | | | | | | | | | | |
| 1.8.1 | Past Annual Claim Certified Product | | | Previous Certificate Claim 8 October 2015 to 7 October 2016 (tonnes/year) | | Actual certified product 8 October 2015 s.d 23 Agustus 2016 (tonnes/year) | | | | | | |

| | | | | | | | |
|--------------------------|---|-------------------------|-----------------------------|----------------------------|-------------------|------------------------|----------------|
| | • FFB Production | | | 43,750 | 45,238 | | |
| | • CPO Production | | | 9,494 | 14,854 | | |
| | • Palm Kernel (PK) Production | | | 2,187 | 3,152 | | |
| | The company only sell CSPK and there is no CSPO sales during October 8 th 2016 until ASA-2 assesment (August 25 th 2016). | | | | | | |
| 1.8.2 | Estimate of Certified FFB Claim | | | | | | |
| | Name of Estate(s) | | Total Area (Ha) | Planted Area (Ha) | FFB (tonnes/year) | Yield (tonnes/ha/year) | |
| | Wonosari Estate | | 2,944.59 | 2,581.65 | 44,000 | 17.04 | |
| | Sei Deras Estate | | 2,627.66 | 2,483.29 | 29,200 | 11.76 | |
| | Cabang Dua Estate | | 654.33 | 610.93 | 3,490 | 5.71 | |
| | TOTAL | | 6,226.58 | 5,675.87 | 76,690 | 13.52 | |
| | Source: Production Estimate of Estate Period October 2016 to September 2017. | | | | | | |
| 1.8.3 | Estimate of Certified Palm Product Claim | | | | | | |
| | Name of Mill | Capacity (tonnes/ hour) | FFB Processed (tonnes/year) | CPO | | Palm Kernel | |
| | | | | Out put (ton) | Extraction (%) | Out put (ton) | Extraction (%) |
| | DLI 2 POM | 30 | 76,690 | 17,255 | 22.5 | 3,835 | 5.0 |
| | Source: Production Estimate of Estate Period October 2016 to September 2017. | | | | | | |
| | | | | | | | |
| 1.9 Other Certifications | | | | | | | |
| | RFS (Renewable Fuel Standard) | | | Comply with buyer request | | | |
| | | | | | | | |
| 1.10 Time Bound Plan | | | | | | | |
| 1.10.1 | Time Bound Plan for Other Management Units | | | | | | |
| | Management Unit | | Time Bound Plan | Location | | Status | |
| | Sapi (1 + 2) | | 2008 | Sandakan, Sabah, Malaysia | | Certified | |
| | Sabahmas | | 2008 | LahadDatu, Sabah, Malaysia | | Certified | |
| | RekaHalus | | 2008 | Sandakan, Sabah, Malaysia | | Certified | |
| | Saremas (1 + 2) | | 2008 | MiriSerawak, Malaysia | | Certified | |
| | Kaminsky | | 2008 | MiriSerawak, Malaysia | | Certified | |
| | Suai | | 2008 | MiriSerawak, Malaysia | | Certified | |
| | Segarmas | | 2008 | MiriSerawak, Malaysia | | Certified | |
| | Terusan (1 + 2) | | 2009 | Sandakan, Sabah, Malaysia | | Certified | |
| | Kiabau | | 2009 | Sandakan, Sabah, Malaysia | | Certified | |
| | Ribubonus | | 2009 | Sandakan, Sabah, Malaysia | | Certified | |
| | PT Milano (SDE, BSE & MBE) | | 2009 | North Sumatra | | Certified | |

| | | | | |
|--------|--|------|--------------------|--------------------------------------|
| | PT MustikaSembuluh | 2009 | Central Kalimantan | Certified |
| | PT KencanaSawit Indonesia | 2010 | West Sumatra. | Certified |
| | PT Kerry Sawit Indonesia | 2010 | Central Kalimantan | Certified |
| | PT Tania Selatan (BT & BB) | 2010 | South Sumatra | Certified |
| | Hibumas | 2010 | Sandakan, Sabah | Certified |
| | Sri Kamusan | 2010 | Sandakan, Sabah | Certified |
| | SekarImej | 2010 | Sandakan, Sabah | Certified |
| | AktifKukuh&Koerasi | 2010 | Sandakan, Sabah | Certified |
| | PT AMP Plantation | 2011 | West Sumatra | Certified |
| | PT PrimatamaMuliajaya | 2011 | West Sumatra | Certified |
| | PT ANI (Sambas) | 2012 | West Kalimantan | Certified |
| | PT BuluhCanang Plantations | 2013 | South Sumatra | Certified |
| | PT Tania (Bamboo Kuning) | 2011 | South Sumatra | Certified |
| | PT BumiSawitKencana | 2012 | Central Kalimantan | Certified |
| | PT GersindoMinang Plantations | 2012 | West Sumatra | Certified |
| | PT PermataHijauPasaman | 2012 | West Sumatra | Certified |
| | PT Sarana Titian Permata | 2012 | Central Kalimantan | Certified |
| | PT DayaLabuhan Indah | 2013 | North Sumatra | Certified |
| | PT Milano (CDE) | 2013 | North Sumatra | Certified |
| | PT Agro PalindoSakti 1 | 2014 | South Sumatra | Certified |
| | PT MentayaSawit Mas | 2014 | Central Kalimantan | Certified |
| | PT Murini Sam Sam | 2015 | Riau | Certified |
| | PT Sinarsiak Dian Permai | 2018 | Riau. | Initial Assessment October 2015 |
| | PT. Bumi Pratama Khatulistiwa | 2016 | West Kalimantan | Initial assessment September 2016 |
| | BBPOP (Benso Plantations) | 2015 | Ghana | certified |
| | PT Agro PalindoSakti 2 | 2018 | West Kalimantan | Preparation |
| | PT Karunia Kencana Permaisejati | 2016 | Central Kalimantan | Initial assessment |
| | PT Rimba Harapan Sakti | 2015 | Central Kalimantan | Certified |
| | PT Agronusa Investama (Pahauman) | 2018 | West Kalimantan | Preparation |
| | PT Agro Indah Persada 2 | 2017 | Bangko – Jambi | Preparation |
| | PT Musi Banyuasin Indah | 2018 | South Sumatera | Preparation |
| 1.10.2 | Progress of Associated Smallholders and Outgrowers for Certifiable Standard | | | |
| | DLI 2 POM also receive FFB from third parties (outgrower and independent smallholder). | | | |

| | |
|--------------|--|
| 2.0 | ASSESSMENT PROCESS |
| 2.1 | Assessment Team |
| ASA-2 | <ol style="list-style-type: none"> 1. Marsudi Eko Santoso (Lead Auditor Witnessed). Bachelor of Agriculture, majoring in Agro technology. Followed the Management System Certification (ISO 9001-2008), Awareness HACCP certification, training of RSPO auditor and training of RSPO Lead Auditor training, ISPO Lead auditor training and distribution quality management process - APMEA. He had involved several time in RSPO certification assessment activities as an auditor. Currently he works for Independent Certification Body. During this assessment, he covered aspect land legality, health and safety and long term business plan. 2. Sandra Purba (Lead Auditor Witnessing). Bachelor of Forestry, Department of Forest Products Technology, Faculty of Agriculture, University of North Sumatra. Have experience working in oil palm plantations Company. She had attended such training: Training Expert of OHSAS General, Training ISPO Auditor. During this assessment, she focused to witnessing lead auditor. 3. Andi Pratama Pasaribu (Auditor). Bachelor of the social economy, agribusiness a course of study agricultural university faculty of Jember. He had followed the training of auditor sustainable Indonesian palm oil (ISPO). He has experience of work for five years as an operational staff in several plantation companies in Indonesia private oil palm plantation. Currently working on certification body as independent auditors. During this assessment, he covered aspect of best management practices, integrated pest management and supply chain. 4. Steve Mualim (Auditor). Master in Environmental and natural resources management, Bogor Agricultural University. He has worked as a freelance in several consultants in the Environmental Impact Assessment. He has followed training of Lead Auditor training ISPO, RSPO awareness, Ecological Risk Assessment, Asian Network Update and Carbon, and Climate Change Mitigation and Adaptation for Agricultural Productivity. During this assessment, he covered environmental aspect, green house gasses mitigation and waste management. 5. Brigitta Prita (Auditor). Bachelor of Forestry, Department of Forest Resources Conservation and Ecotourism, Bogor Agricultural University. The training which have been followed ISPO Auditor training and certification of quality management system ISO 9001: 2008, 19011 QMS training, IHT Awareness RSPO, 17021 & 17065 IHT Awareness, Environment Management System 14000: 2004 and HCV Training. During this assessment, she covered social issue, worker welfare and transparency. |
| 2.2 | Assessment Methodology, Assessment Process and Locations of Assessment |
| 2.2.1 | Figure of person days to implement assessment |
| ASA-2 | <p>Number of auditors : 4 auditor</p> <p>Number of days for ASA-2 at site : 3 days</p> <p>Number of working days for ASA-2 at site : 12 Working days</p> |
| 2.2.2 | Assessment Process |
| ASA-2 | <p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Daya Labuhan Indah and PT Perkebunan Milano to the requirements of RSPO Principles and Criteria for Sustainable Palm Oil Production on April 2013 and Supply Chain Requirement for CPO Mill, November 2014.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ASA-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase ASA-3.</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ASA-2 assessment. All</p> |

information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **ASA-2**.

The assessment programs please find Appendix 2.

| | |
|--------------|---|
| 2.2.3 | Location of Assessment |
| ASA-2 | <p>The number of management unit of this activity consists of 3 estates that supply FFBs to one POM. In assessing, auditors used formula $0.8 \sqrt{y}$ to determine the management unit that was the focus of sample location and considered the fundamental and critical issues arising from stakeholders. Based on this formula, auditors determined the sample location was 1 unit of POM and 2 estates (Wonosari Estate and Sei Deras Estate).</p> <p>DLI 2 POM</p> <ol style="list-style-type: none"> 1. Chemical store. Observation for hazardous material handling and EHS. 2. Water treatment plant. Observation for mill water management. 3. Waste water treatment plant. Observation for waste water management. 4. Temporary hazardous waste storage. Observation for hazardous waste management. 5. Workshop, Interviews and field observations regarding activities in the area of traction, training of welders and heavy equipment training certificates, health checks, first aid kit, Socializing code of conduct, the policy of labor unions, trainings of employee, PPE, the status of employees and others. 6. Security Gate. Observation and interview with security officer regarding to FFB receiving procedures, OHS and administration. 7. Weight Bridges. Observation and interview with weight bridge operator regarding to FFB receiving system and procedures. 8. Loading Ramp. Observation and interview regarding to sortation procedures, FFB sortation record and OHS implementation. <p>Wonosari Estate.</p> <ol style="list-style-type: none"> 9. Subsidence pole no 8. Observation for peat soil subsidence. 10. Watergate blok 141. Observation for peat soil water management. 11. Fire monitoring tower. Observation for fire monitoring facilities. 12. Water level monitoring block 154. Observation for peat soil water management. 13. Landfill block 147. Observation for domestic waste management. 14. Housing Division 2 Wonosari Estate, Interviews and field observations regarding facilities and infrastructure in the areas of housing, domestic waste management, emergency response, a source of electricity and water resources. 15. Clinic of Wonosari, Interviews and field observations about the facilities at the clinic, the management of domestic waste, treatment procedures and monitoring medications. 16. Pheromone Trap, Block 138 Division 2. Observation <i>Oryctes rhinoceros</i> trap by using pheromone. 17. Harvesting, Block 126 Division 1. Observation and interview with supervisor and harvesters regarding to harvesting procedures and rules, safety procedure, payments and complain mechanism. 18. Barn owl box, Block 123 Division 1. Observation rat control by using natural predator <i>Tyto alba</i>. 19. Generator set house. Observation and interview with operator regarding to OHS implementation and environmental management. 20. Agrochemical storage. Observation agrochemical management, OHS implementation and emergency response. 21. Temporary Storage of Hazardous and Poisonous Waste. Observation of hazardous and poisonous waste management, environmental management, PPE usage etc. 22. Pest control officer. Interview with pest control officer regarding to pest control training, safety procedures, PPE usage and environmental management. <p>Sei Deras Estate.</p> <ol style="list-style-type: none"> 23. Water level monitoring block 083 div 1. Observation for peat soil and water management. 24. Water level monitoring block 084 div 1. Observation for peat soil and water management. 25. HCV areal block 062. Observation for conservation area management. 26. Subsidence pole block 062. Observation for peat soil subsidence. 27. Landfill block 77 div 1. Observation for domestic waste management. 28. Boundary Markers III Block 114 (coordinate point: N 02° 18.406' E100° 08,992'), which is found in a good condition and maintained well. |

29. Boundary Markers V Block 125 (coordinate point: N 02° 16.523' E100° 09,089'), which is found in a good condition and maintained well.
30. Boundary Markers VIII Block 149 (coordinate point: N 02° 12,821' E100° 09,333'), which is found in a good condition and maintained well.
31. Boundary Markers XVII (coordinate point: N 02° 10,928' E100° 07,354'), which is found in a good condition and well maintained.
32. Boundary Markers XIII (coordinate point: N 02° 10,925' E100° 05,506'), which is found in a good condition and well maintained.
33. Dispute Area (coordinate point N 02° 10,922' E100° 05,504'), the land condition has been planted by the society and has been separated from the area of corporate management with using the trenches as the borders.
34. The area of corporate management which is located at the outside of cultivation rights and the cultivation rights which is still in process (coordinate point: N 02° 190,106' E100° 07,722'); the condition of area has been planted with palm oil and the half for the grave.
35. Clinic. Interview with the paramedic officer at KSD regarding to the occupational accident, record of workers health service and the completion of first aid box.
36. Spray activities, Block 76 Division 1 Sei Deras Estate, Interviews with the foreman and workers about labor, technique of spraying, wages earned, PPE, aspects of OHS, insurance, trainings of worker, health checks, socialization of labor unions, gender committees, complaints of worker and others.
37. Harvest activities, Block 95 & 97 Division 2 Sei Deras, Interviews with the foreman and workers about labor, technique of harvesting, wages earned, PPE, aspects of OHS, insurance, trainings of worker, health checks, socialization of labor unions, gender committees, complaints of worker and others.
38. Housing Division 2 Sei Deras, Interviews and field observations regarding facilities and infrastructure in the areas of housing, domestic waste management, emergency response, a source of electricity and water resources.
39. Clinic of Sei Deras, Interviews and field observations about the facilities at the clinic, the management of domestic waste, treatment procedures and monitoring medications.
40. Harvesting, Block 96/97 Division 3. Observation and interview with supervisor and harvesters regarding to harvesting procedures and rules, safety procedure, payments and complain mechanism.
41. Housing complex Division 2. Observation and interview with employee regarding to housing facilities, domestic waste management and company policy's implementation.
42. Pheromone Trap, Block 97 Division 3. Observation *Oryctes rhinoceros* trap by using pheromone.
43. Agrochemical storage. Observation agrochemical management, OHS implementation and emergency response.

| | |
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| 2.3 Stakeholder Consultation and Stakeholders Contacted | |
| 2.3.1 | Summary of stakeholder consultation process. |
| ASA-2 | <p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for PT Daya Labuhan Indah and PT Perkebunan Milano was held by: Public Notification in MUTU website (www.mutucertification.com) on 5 August 2016.</p> <p>Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples.</p> <p>Numbers of input from stakeholders were clarified by PT Daya Labuhan Indah and PT Perkebunan Milano.</p> |
| 2.3.2 | Stakeholder contacted |
| | Please find appendix 1 |
| 2.4 Determining Next Assessment | |
| | The next visit ASA-3 will be planned on August 2017. |

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

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

During the assessment, there were four (4) Nonconformities were assigned against Major Compliance Indicators two (2) nonconformities were assigned against Minor Compliance Indicators and four (4) nonconformances against supply chain requirement for CPO mill and three (3) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidence(s) e.g. (document record/photographic/etc...).

Those corrective actions taken that consist of four (4) Major non-conformities and 4 Minor non-conformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that DLI 2 POM – PT Daya Labuhan Indah, Wilmar International Limited complied with the requirements of RSPO Principles and Criteria for Sustainable Palm Oil Production on April 2013 and Supply Chain Requirement for CPO Mill, November 2014.

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

| Ref Std. | VERIFICATION RESULT of MUTU-Certification | |
|--|--|--|
| PRINCIPLE #1 COMMITMENT TO TRANSPARENCY | | |
| 1.1 | Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making. | |
| 1.1.1 Major. | <p>The company showed procedures of public services with the document number SOP-BNM-003 passed in February 2015. The procedure is explained that those who need the information request information conveyed orally, in writing and suggestion boxes. In the SOP explained that the deadline for response information for 7 days. All departments / divisions concerned liable to provide and update information required by stakeholders.</p> | |
| 1.1.2 Major. | <p>The Company has submitted regular reports in 2016 to the relevant agencies such as reports of wastewater every 3 months, reports of hazardous waste every 3 months; reports of implementation RKL & RPL every semester; Report of monitoring and patrols every semester and LPUP every semester and Reports of activities P2K3.</p> <p>Based on an external letter in 2016 there were no requests for information from stakeholders. The Interview with stakeholders (Village Chief Wonosari, Village Chief Sidorejo, Environment Agency Labuhan Batu regency; National Land Agency Labuhan Batu regency; and the village head of Kampung bar) that stakeholders already know the mechanism of requests for information and the types of information that can be accessible to stakeholders (public).</p> <p>Based on interview with stakeholders (Head of Wonosari Village, Head of Sidorejo Village and Head of Kampung Bilah</p> | |

Village) that known the informations has been responses timely and appropriate.

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| | Status: Comply | |
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1.2

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

1.2.1 Major.

The company showed a circulars related to the transparency of corporate documents (with the number 061 / DLI / KWS / Ext / VII / 2015) adopted by the Group Estate Manager on July 1, 2015. Here are the types of documents that can be accessed by stakeholders include:

1. Company profile.
2. UKL & UPL (Environmental Impact Assessment)
3. Document identification and evaluation of environmental aspects and impacts K3 hazard risks.
4. Document the assessment and social impact management plan.
5. The system safety management and occupational health.
6. The company's policy.
7. Permit concession and other related permits.
8. The area of the estates and mill operations with maps.
9. Map of rivers contained in plantation areas.
10. The procedure / operating procedures and plant estates.
11. The organizational structure of the company.
12. Document management against HCV.
13. The implementation of CSR & Company CDP.
14. The public summary of the certification assessment report.
15. Complaints, complaints and handling.
16. Procedure negotiations.
17. Plan for continuous improvement.

Based on the public consultation with Wonosari village, Sidorejo village and Bilah Village, it is known that the company has delivered related information that can be accessed by the public.

All monitoring reports has been reported to the government agency which is public accessed.

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| | Status: Comply | |
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1.3

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

1.3.1 Minor.

The Company has a policy related to integrity code and ethical conduct for the entire operation and transaction process. Company presented the code of conduct, which was issued on 13th May 2015 and signed by Chairman and MD (Goh Ing Sing). This document explains that there area 3 code of conducts, such as:

- Prevent conflict of interest.
- Prevent position abuse.
- Ensure the confidentiality of information and prevent information's leakage.

The Company has a policy to socialization a code of conduct for employees of Mill and estates were attend on January 22, March 29 and March 30, 2016, located in estates and Mill office with total 69 participants for Estates and Mill DLI2.

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| | Status: Comply. | |
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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 Major & 2.1.2 Minor.

The Company showed a list of rules and regulations that are listed in the documents list of rules and regulations in 2015-2016 which was approved by a management representative as the addition of Government regulation Number 44 Year 2015 Regarding JKK & JKM program; Government regulations Number 45 Year 2015 regarding the pension insurance program; Company regulations Number 46 Year 2015 regarding JHT program; Company Regulations Number 78 Year 2015 regarding the remuneration and others.

Based on the results of document review that found:

1. The Company has not been able to show documents the fulfillment of obligations plasma for the new addition to the area of Plantation Business License No. 503/327 / BPPTPM-LS / 2014 covering an area of 431.87 hectares and Plantation Business License No. No. 180/102 / HUK / 2014 covering an area of 445.88 hectares. This is not in accordance with the obligations and regulation minister of agriculture number 98 in 2013.
2. The Company has not been able to show documents Plantation Business License for the tomb block area and estate (area XX) covering an area of 13 hectares. This is not in accordance with the regulation minister of agriculture number 98 in 2013.
3. The Company has not been able to show documents the environmental permit for the tomb block area and estate (area XX) covering an area of 13 hectares. This is not in accordance with the government regulations number 27 in 2012. **(NCR No. 2016.01).**

2.1.3 Minor.

The Company has evaluated the regulations example Government Regulation Number 78 Year 2015 regarding the remuneration. The Company has adjusted the salaries of employees of PT DLI according to UMSK Labuhanbatu District 2016 amounted to Rp 2,250,000, - and has been force since January 2016.

The internal audit for legal compliance has been conducted and annually every once year and documented. The internal audit was conducted by EHS officers and Sustainability Manager.

2.1.4 Minor.

Moreover, it has provided SOP access and governance laws and other requirements listed in the document: SOP-GEN-026 effect since in February 2016. The head of each division / section / Community Partnership unit responsible for identifying the requirements of quality, aspects of the impact environment, hazard risk K3 and social aspects of the individual activities under his control.

Fulfillment of regulation.

Company and management unit shown Evidence of compliance with relevant legal requirements for environmental aspects e.g :

PT DLI

- Environmental impact assessment and izin lingkungan/environmental permit covered 4695.5 ha areas and mill capacity 30 tonne FFB/hour based on decree of Labuhan Batu environmental agency No. 503.660/326/BLH-LB/2014.
- UKL/UPL document for sei deras estate covered 445.88 ha area legitimated by Labuhan Batu environmental agency No. 660/21/BLH-LB/AM/2014.
- UKL/UPL document for sei deras estate covered 431.87 ha area legitimated by Labuhan Batu Selatan environmental agency No. 660/334/BLH/1//2014.
- Temporary hazardous waste storage permit based on decree of Labuhan Batu regent No 503.660/103/BLH-LB/WAS/2014 for Wonosari Estate.
- Temporary hazardous waste storage permit based on decree of Labuhan Batu regent No. 503.660/221/BLH-

LB/WAS/2016.

- Waste water disposal permit based on decree of Labuhan batu regent No 503.660/42/BLH/WAS/2013.

PT Milano

Environmental impac assessment covered 654.33 ha for cabang dua legitimated by Labuhan Batu environmental agency No 660/42/BLH-LB/AM/2012.

Based on the results of document review that found:

1. The Company has not been able to show documents the fulfillment of obligations plasma for the new addition to the area of Plantation Business License No. 503/327 / BPPTPM-LS / 2014 covering an area of 431.87 hectares and Plantation Business License No. No. 180/102 / HUK / 2014 covering an area of 445.88 hectares. This is not in accordance with the obligations and regulation minister of agriculture number 98 in 2013.

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| Major 2.1.1 | Status: NC with Major Cotegory (NCR No. 2016.01) |
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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 Major.

Business Permit :

- Letter from the Head of Provincial Estate Agency First Region of North Sumatera, with Referencial Number : 503/426/7, on 5th of March 1990 regarding to the Application Support of Conversion Permit.
- Letter of the Head of the Coordination of Invesment of Indonesian Republic on behalf of the Minister of Agriculture and The Minister of Industry, with Referencial Number : 324/T/PERTANIAN/INDUSTRI/2005 on 27th of April 2005, regarding to the Permanent Business License of PT Daya Labuhan Indah which is engaged in the processing and plantation of palm oil.
- Decision of the Regent of Labuhan Batu, with Referencial Number : 180/100/Huk/2013, on 28th of March 2013, regarding to the license of plantation business to PT Daya Labuhan Indah on the cultivation of palm oil plantation which is located in Sei Tampang Village, Bilah Hilir Sub District (**4,694.5 Ha**) and manufacturing business of palm oil plantations which is located in Pangkatan Village, Pangkatan Sub District, Labuhan Batu District (30 tonnes of FFB/hour).
- License of Plantation for cultivation (IUP B) of PT Daya Labuhan Indah with referencial number : 503/327/BPPTPM-LS/2014 issued by the Head of the unified licensing services and invesment, South Labuhan Batu District on 5th of September 2014, for the areal with **431,87 Ha** which is located in Tanjung Selamat Village, Kampung Rakyat Sub District, South Labuhan Batu District.
- The decision of the Regent of Labuhan Batu with referencial number 180/102/HUK/2014, regarding to the license of plantation for cultivation (IUPB) for PT Daya Labuhan Indah which is located in Kampung Bilah Village, Bilah Hilir Sub District, Labuhan Batu District for the areal with **445,88 Ha**, issued date on 8th of April 2014.
- The decision of the Regent of Labuhan Batu with referencial number 180/121/Huk/2013, on 4th of April 2013, regarding to the license of plantation for cultivation (IUP-B) for PT Perkebunan Milano (Cabang Dua Estate).

Rights of Authorization:

Total area of PT Daya Labuhan Indah (KWS and KSD) and PT Perkebunan Milano which is authorized are **6,226.58 Ha**, based on some documents of the authorization of land which is owned by:

- Decision letter of Cultivation Rights with the referencial number: 19/HGU/BPN/96 of PT Perkebunan Milano (including the Cabang Dua Estate), on 31st of March 1996, 654.33 Ha of total area, with the validity time until 12th of August 2021.
- The certificate of cultivation rights with referencial number 1 in 1992, based on the decision letter of cultivation rights on 24th of December 1992, with total area 4,694.5 Ha, and the validity time until 31st of December 2022.
- Certificate of cultivation rights with referencial numver 2 in 1996, based on the decision letter of cultivation rights with referencial number 19/HGU/BPN/96, on 31st of May 1996, total area 654.33 Ha, and the validity time until 12th of August 2021.
- Certificate of cultivation rights in process for total area 445.88 Ha in the area of Labuhan Batu District (Minutes of the technical consideration of land in the issuance of permits location with the referencial number

01/RTP/VII/2013 on 8th of July 2013 and the issuance of permits with the referential number : 503.592/346/Ptnh/2013, on 1st of August 2013).

- Certificate of cultivation rights in process for total area 431.87Ha in the area of South Labuhan Batu District (Minutes of the technical consideration of land in the issuance of permits location with the referential number : 02/RTP/VIII/2013 on 1st of August 2013).

The process of Cultivation Rights Update at KSD:

1. **Verification on 23rd of October 2015 :** The Company has shown the evidence of improvement such as the application letter of surveying for the purpose to earn the rights for cultivation areal of PT Daya Labuhan Indah with total area ± 431.87 by the letter with the referential number 01/DLI/Ekst/X/2014 and total area ± 445.88 Ha by the letter with the referential number 02/DLI/Ekst/X/2014 on 31st of October 2014, which is received by the National Land Agency on 31st of October 2014. **The non-compliance has been fulfilled and will be observed on the next assessment.**
2. Statement letter of non dispute from the Headman of Tanjung Selamat Village with the referential number 593/478/TS/2013 for the total areal of 432.87 Ha and the testimonial letter with the referential number 593/82/SK/DB/2012 for the 576.5 of total area.
3. Request for the measurement acquisition of the cultivation rights:
 - Letter with the referential number 02/DLI/Ekst/V/2016 on 12th of May 2016 for the land with ± 445.88 of total area and received by the National Land Agency on 17th of May 2016 (National Land Agency of Labuhan Batu).
 - Letter with the referential number 01/DLI/Ekst/V/2016 on 12th of May 2016 for the land with ± 431.88 Ha and received by National Land Agency on 17th of May 2016 (National Land Agency of Labuhan Batu).
4. Based on the record of guest book of KSD, known that on 19th of August 2016, the visiting activity has been done by the National Land Agency (two people from the National Land Agency of Province and one person from the National Land Agency of Labuhan Batu).
5. The documentation of measuring activity on 19th of August 2016.
6. Based on the field trip, there's was found tread and stakes mark for the areal of new cultivation rights at KSD, such as stakes mark of date with the coordinate point N02°06,117' E099°49,534'.

The company could not show documents Basic land title (HGU) for the tomb block area and estate (area XX) of 13 Ha.

Non Compliance No. 2016.02 with category of Major.

2.2.2 Minor.

The treatment for stakes has been done routinely and consistent, based on the standard of operational procedure number 46, the observation of stakes has been done every four months, and The Company can show the report of the treatment of stakes. The treatment programme of stakes has been done during the period of April and August in 2016, based on the field trip and observation to the location of boundary stakes (Stakes of National Land Agency), such as Stakes of National Land Agency Number III, V, VII, XIII, and VII are in good condition and treated well.

2.2.3 Minor& 2.2.4 Major.

Based on the study document to the statement area of corporate, it is known that there's no area in disputed condition at KWS and CDE. Due to the area of KSD with 101.40 Ha of total area which is authorized by the society that have been identified during the assessment of St-2. The Company were striving the agreement with the society, and evidences of completion and agreement have been shown and declared. Based on the consultation result with the Headman of Sidorejo and Sungai Deras Village, it is known that until now, the agreement of occupation area is still running. Based on the field trip, the disputed areal has been separated from The Company which is marked by the trenches separator.

2.2.5 Minor.

In the standard operational of procedure number SOP-IJIN LAHAN & OPS-006, page 3, point 2.1, it is submitted that the system of land release by the inventory step and identification through the location or lay of the land which will be released, by doing the special coordination with the indigenous community leaders/village leaders, nor with the village administrator. The Company has shown the evidence of agreement record with the related society regarding to the

occupational area. The record of evidences are consists of:

- The agreement between PT Daya Labuhan Indah and the society on 28th of February 2014 for the completion with 101.40 of total area at Sei Deras Estate. The consensus of the agreement is to keep the conduces condition of the operational scope for both sides (Participant list of attendance and the documentation are attached).
- The agreement between PT Daya Labuhan Indah and the society on 11th of March 2014 for the completion of 101.40 Ha area at Sei Deras Estate. The consensus of the agreement is to create the both of sides still do the activity as usual (Participant list of attendance and the documentation are attached). This activity has been attended by the land worker, the Headman, Indonesian National Army, and the representative of The Company.

Based on the field trip, it is known that the area has been delineated by the drainage ditch and has not been managed by The Company (coordinate point : N02°10,922' E100°05,504').

2.2.6 Major.

Based on the standard operational of procedure No. SOP-IJIN LAHAN & OPS-007, page six, point X.2, submitted that it's not justified to use the physical abuse to get the solution for disputed.

Position Description Number of Document : POD-BNM-004 (Job Description of Security):

- Maintaining the security and the neatness at the estate.
- Responsible for all the neatness and the security of corporate, including The Company asset.
- Bertanggungjawab terhadap seluruh ketertiban dan keamanan perusahaan termasuk asset perusahaan.
- Recording and reporting the security situation.

The recording of execution of duties in the journal book of patrol field, such as the security on behalf Arianto, on 15th of August 2016, who has been done the patrol in 69 block, in a safe condition.

Legal document over ownership

Interview with management's representative (staff BM) and document's review revealed that there was no progress over land ownership document that covers an area of 877.75 Ha in KSD since ST-2 surveillance.

| | |
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| Major 2.2.1 | Status: NC No. 2016.02 with category of Major. |
|--------------------|---|

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 Major.

In the standard operational of procedure No.SOP-IJIN LAHAN & OPS-006, page 3 point 2.1, it is submitted that the system of land released by the inventory step and the identification due to the location or the lay of land which will be released, by doing the special coordination with the indigenous community leaders or village leaders, nor with Village Administrator.

2.3.2 Minor.

Based on the information from the management party of PT Daya Labuhan Indah and the result study of social impact, it is known that around the estate area of them, there's no custom community. Based on the document of high conservative value area identification result of PT Daya Labuhan Indah in 2013 and PT Perkebunan Milano2013, it is known that the creating of the document has been involved the society into data collecting by doing the integrated group discussions. The consultation with the related institution, mentioned that there's no custom community around the area of estate of PT Daya Labuhan Indah. The Company has been done the land compensation with the land owner, such as The Compensation Letter on behalf Zam-Zam. MS, as the owner of the land in Tanjung Selamat Village which is explained that feel disposed and has been received the compensation for the land with 20.000 m2 of total area and the value of compensation is Rp 20.000.000. The compensation letter has been signed by every parties on May 2000. The parties who have been signed such as: Zam-Zam, MS (the owner of the land), Ir Edi Subowo (representative of management of PT Daya Labuhan Indah), Efendi Siregar (Headman of Tanjung Selamat Village) and the witnesses (Syahrudin and Sahat P). The letter at once has been the evidence that the owner of land has been received the compensation money.

2.3.3.

All of kinds of the infomation documents (map, agreement, recording, impact assessment, the benefit of sharing and the legal arrangements) are using the language which are easily to be understood (Bahasa). Based on the public consultation result, it is submitted that all of the informations are available in Bahasa.

2.3.4 Major.

Based on the recording of dispute completion process, it is known that the conference of dispute completion was attended by land workers, the headman, and Indonesian National Army. The Company has shown the decision letter No. 001/DLI-HRR/SK/V/2016, which is decided and established the Public Speaker Team of PT Daya Labuhan Indah, as below :

1. Jawatan Saragih as the Public Speaker of PT Daya Labuhan Indah.
2. Ali Rasiden as the companion team of public speaker for the enviromental and occupational health and safety scope.
3. Hadian Mufti as the companion team of public speaker for the employment and corporate policy scope.
4. Alfian Harahap and Karningsih as the companion team of public speaker for corporate social responsibility scope.
5. Chairul Abdi as the companion team of public speaker for security scope.
6. Heri Andrianto as the companion team of public speaker for licensing/legal scope.

Status: Comply

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

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

3.1.1 Major.

The company has owned the long term of work document plan for palm oil mill (2015-2020) and estate (2015-2020), which is covered the financial aspect, area statement, crop, FFB processed, cost of production (estate and milling cost), plantation development cost, capital expenditure, building, workers housing requirement, staff requirement, and sustainable implementation costs. There's an available record for the evaluation meeting of achievement process (meeting crop and cost), such as meeting on 16th of June 2016 which was attended by AGM, EM, DM, BM Regional, P&D Officer Mill Head and all KTU. The meeting was discussing regarding to the employment, the achievement of production, cost review, EFB and Decanter Programme, Slow Moving Stock, Vehicle Adequacy and the achievement of OER).

Replanting programme on PT DLI started at 2009, ended at 2015 for wonosari estate and 2014 for sei deras estate. For this replanting programme, company had conducted an assessment for palm oil planting at peat soil 201 (document number 015/GIS/SURVEY/GIS/2012). This document explained peat soil suitability, tophography, elevation, land level, water source and water flow, and flood risk area.

3.1.2 Minor

Replanting program has documented in long-term plan 2016 – 2020 for 1st Region of Sumatera. The plan shows below:

| Operating Unit | Year (Ha) | | | | | Total |
|-------------------|-----------|--------|------|------|------|--------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Wonosari Estate | - | - | - | - | - | |
| Sei Deras Estate | - | - | - | - | - | |
| Cabang Dua Estate | - | 270.62 | - | - | - | 270.62 |

Replanting will started on 2017 with a mechanical system.

Since 2009, PT DLI has conducted replanting in the garden Wonosari and Sei Deras. Seeds were taken from PT Tania Selatan that has been recognized by the Ministry of Agriculture. There are examples of Oil Palm Sprouts Certificate No. 066 / R & D / TS / 21 / XI / 2013 dated November 21, 2013 of PT Tania Selatan as many as 10,000 seeds.

Status: Comply

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

4.1
Operating procedures are appropriately documented and consistently implemented and monitored.
4.1.1 Major

Based on document verification and interview with document controller, there is no SOP that changed since the previous assessment (ASA-1). All SOP has been distributed to all unit both estate and mill. Whole SOP written in Bahasa.

During the audit, auditor has interviewed pesticide applicator team in Sei Deras Estate. All pesticide applicator can described and demonstrated best application of pesticide by using knapsack sprayer and proper PPE equipment. They also described the safety procedur such as prohibited to applied pesticide cross wind and no eat or drink during the application. Beside that, all applicator has been socialized to not apply pesticide in conservation area or riparian belt that signed with red-cross on the trees.

Mill SOP also well implemented. Based on field observation, security and sortation officer also described and demonstrated the procedures. All procedures still relevan with operational activity nowadays.

4.1.2 Minor and 4.1.3 Minor

Master list of all SOP storage in all unit and controlled by document control staff in mill or estate. They has trained regarding to management of document and internal audit process.

The company has conducted several internal audit annually. For example, RSPO internal audit to ensure all RSPO principal and criteria implemented in all unit. In the last internal audit that has conducted in May 11th – 13th 2016, identified several non conformities in office or field. All non conformities have been closed through the corrective action that shows by mill or estate.

All corrective action documents has documented and saved by document control staff. For example, correction progress PICA of mill findings that has been closed on August 23rd 2016.

Daily activities also well reported and documented. For example, daily production report of DLI mill on August 23rd 2016 has informed data of FFB received, production (CPO, PK and shell), extraction ratio (OER & KER), stock (CPO, PK and shell), quality, mill hours, utilities (consumption of diesel fuel, bio diesel, electricity, water and CaCO₃) and pressing throughput.

4.1.4 Major

The company has set the procedures to ensure all supplier deliver his all FFB comes from legal area. It described in selection and evaluation supplier/contractor procedures (SOP – PRC – 0003). FFB received procedures, weighing or sortation implemented for all supplier.

Since March 1st 2016, the company no longer received FFB from supplier outside Wilmar Group. All FFB comes from RSPO certified own estate. During the audit, FFB supplier data on system remaining 4 supplier who comes from own estate (RSPO certified).

| Supplier Name | Estate Code | Information | Certificate number |
|-------------------|---------------|-------------|--------------------|
| Wonosari Estate | ESTATE-WS | Certified | MUTU-RSPO/047 |
| Sei Deras Estate | ESTATE-SD | Certified | MUTU-RSPO/047 |
| Cabang Dua Estate | CABANG DUA | Certified | MUTU-RSPO/047 |
| Merbau Estate | ESTATE MARBAU | Certified | 82450214010 |

All FFB received data and CPO/PK dispatch documented in weight bridge data that always connected to the head office in Jakarta. All transaction well recorded and monitored by document control staff in mill or estate.

Status: Comply

4.2
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

4.2.1 Minor and 4.2.3 Minor

The company has several procedures to maintain soil fertility as follows:

- SOP Planting LCC (SOP-EST-002)
- SOP Manuring (SOP-EST-004)
- SOP Leaf Sampling Unit (SOP-EST-004A)
- SOP Soil Sampling Unit (SOP-EST-004B)

Based on field observation, the company has implemented some treatment to maintain soil fertility. For example, planting LCC in immature area as land cover and help steam root to fixation nitrogen from the air, reducing evaporation and reducing weeding growth.



Figure 1 LCC in immature area

Soil sampling and leaf sampling has been conducted according to the procedures that has set by management. Last soil sampling activity conducted in October 2013. Therefore, leaf sampling conducted annually which is last did on April 1st – 20th 2016. Parameter that observed in soil sampling is N, pH, Ca, Mg, K, P, Mn, Zn, Cu, Fe, KCl etc. Otherwise, parameter observed in leaf sampling is macro element (N, P, K, Mg and Ca) and micro element (B, Cu and Zn). All document result of soil or leaf sampling documented by research staff.

4.2.2 Minor

Manuring record documented in program and realization of manuring report year 2016. For example, manuring record per July 2016 in Sei Deras Estate has been realized 245.70 ton from program 245.71 ton. Manuring realization refer to manuring recommendation that has set by Research Department. All manuring activities recorded in daily, monthly, semester and annual report of estate.

4.2.4 Minor

Based on document verification and field observation, not organic fertilizer to maintain and improving soil fertility for marginal area (except peat).

Status: Comply

4.3
Practices minimize and control erosion and degradation of soils.
4.3.1

Document review and field observation shown the marginal areas that found on company operational areas are peat soil. Company has mapping out all of peat soil areas and shown the peat soil map with 1:50000 scale.

4.3.2

Field observation, Slope map and PARAM agricultural soil surveys shown there is no indications of fragile soils (slope >40%). PT DLI areas dominated by 0-4% slope with flat classification.

4.3.3

Road maintenance budget and programme are available at *rencana dan realisasi pekerjaan perawatan jalan* 2016 document for main road and collection road for example : Wonosari estate div 1, realization until July 2016 are 4740 meters and Sei Deras Estate div 1, realization until July are 5700 meters.

4.3.4 major dan 4.3.6 minor

Company have implementation for Peat management and subsidence based on procedure SOP-EST-022 2015. This procedure covered the all of management for peat soils, water management, and subsidence refer to RSPO BMP for example water table maintained at an average between 60 cm (50-70 below ground surfaced in water collection drain). Based on those procedure company also have set up management plan for peat soil management, e.g water table monitoring, subsidence monitoring, weirs and bund off construction, water collection drain cleaning/cuci parit.

Field observations at block 083&084 div 1 Sei Deras estate shown that water level maintained at 54 cm, and observations at subsidence pole block 125 wonosari estate shown until June 2016 the subsidence level for peat soil are 1.7 cm. Company has also have the cover crops planting implementations, for example at block 084 sei deras estate and blok 154 wonosari estate shown mucuna bracteata has planted covered replanting areas.

4.3.5

Replanting programme on PT DLI started at 2009, ended at 2015 for wonosari estate and 2014 for sei deras estate. For this replanting programme, company had conducted an assessment for palm oil planting at peat soil 201 (document number 015/GIS/SURVEY/GIS/2012). This document explained peat soil suitability, topography, elevation, land level, water source and water flow, and flood risk area (for example at block 119, block 126, and block 136 at wonosari estate and block 109, block 061 at sei deras estate). Flood risk map/peta areal rawan banjir provided on 1:25000 scale for sei deras and wonosari estate.

| |
|-----------------------|
| Status: Comply |
|-----------------------|

4.4
Practices maintain the quality and availability of surface and ground water.
4.4.1

Company shown the practices to maintain the quality and availability of surface and ground water. Water management plan for POM and estate are listed on 2016 water management plan document. These document describe the water source identification, POM water usage efficiency, peat soil management, and conservation/catchment area protections. Based on field visits on block 083 sei deras estate found that companies managed peat land by maintaining water level at 50-70 cm. Field visits on conservations area block 062 sei deras estate shown, companies also have buffer zone marking, perform revegetation with mahogany, and HCV signboard placement.

Over all, particularly for peat land company has implemented management by water table monitoring, subsidence monitoring, weirs and bund off construction, water collection drain cleaning.

4.4.2

Company shown the map for wetlands identifications in 1:45.000 scale. HCV identifications document 2009 shown there is no indications of river flow on companies area and conservations area determined by company are catchment area (danau biru) covered 3.42 ha. For this conservation area management company has procedure listed on conservations area procedure (SOP-GEN-010). Field observations at HCV area block 062 div 1 sei deras estate shown that company managed catchment area by buffer zone marking, perform revegetation with mahogany, and HCV signboard placement.

4.4.3

Waste water produced by DLI 2 mill processed at waste water treatment plant based on procedure SOP-Mill-031, until it complying to standards before it distributed into water stream based on decree of environmental agency Labuhan Batu regent No 503.660/42/BLH/WAS/2013 valid until 2018.

Waste water has been monitored every months and monitoring period April-July 2016 sighted that all of waste water testing parameters is compliant to the standards quality, for example BOD July 2016 48.5 mg/l (< 100 mg/l). Waste water management was reported and submitted regularly per 3 month to environmental agency Labuhan Batu regent.

4.4.4

POM water usage efficiency procedure listed on WTP operations SOP-KIL-027. Standards of water usage for FFB process recorded on 2016 budget projected 1.85 m³/tonne FFB processed. Field observations on DLI 2 POM water treatment plant found that monitoring for raw and process water usage was done by officer periodically, and flowmeters at inlet/outlet serve normally. Water usage monitoring was done periodically and recorded, for example on July 2016 FFB processed 7457 tonne, process water usage 13124 m³, and water usage efficiency was 1.76 m³/tonne FFB processed.

Status: Comply

4.5

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

4.5.1 Major

Pest and disease control plan documented on detection and census schedule document (Document. FRM-EST-018) which is available in each unit. For example, detection and census in Wonosari Estate conducted 4 times a year (every 3 month) in each blocks.

Based on detection and census result concluded that major pest was *Oryctes rhinoceros*. It outbreak due to replanting activities a couple year ago. Through the field observation in block 97 Division 2 Sei Deras Estate, the company has show several activity to reducing *Oryctes rhinoceros* attack by using pheromone trap. Beside that, the company also using natural predator (Owl) to control rat attacks as show in in block 123 Division 1 Sei Deras Estate. The owl (*Tyto alba*) placed on barn owl box in each block.

There is no evidence that the company using pesticides as prophylactic usage so far. All pesticide usage implemented refer to SOP pest and disease control (SOP-EST-018) and SOP Detection and Census of Pest and Disease (SOP-EST-013). According to the SOP, person who is taking responsibility to control pest and disease were:

1. Research and development staff giving complete recommendation regarding to pest management through detection/census result.
2. Agriculture officer to coordinating in field implementation.
3. Field assistant responsibility to implemented pest management.

Based on interview with pest and disease team member known that detection/census has implemented every day. For example, termit census. It reduces by pesticide application a day after census.

4.5.2 Minor

Integrated pest management training has been held on February 22nd 2016, attended by 14 participants which is pest and disease team of Sungai Deras. It held in meeting room of Sungai Deras. The same training also held on April 29th 2016 in Wonosari Estate that attended by 21 employee. It training facilitate by Pest and Disease officer. Training certificate has show to the auditor.

Status: Comply

4.6

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

4.6.1 Major and 4.6.4 Minor

Pesticide usage policy Wilmar Group documented in Wilmar Policy (No Deforestation, No Peat Dan No Exploitation) that released on December 5th 2013. It stated:

"Pesticides that are categorized as World Health Organization Class 1A or 1B listed by the Stockholm or Rotterdam Convention are not used, except in specific and urgent situation. The use of Paraquat is prohibited."

According to the policy above, the company has no longer using Paraquat since 2014.

Pesticide that using by the company in 2016 has been documented in pesticide usage list. There were 18 types of pesticide listed and categorized as active ingredients, WHO type, target, legal registration and LD50.

4.6.2 Major

Pesticide application program documented in annual plan especially on upkeep plan. Pesticide usage recording in pesticide usage in application data (FRM-EST-008-034). It described data of application area, pesticide type, active ingredient, target, dosage, LD50 etc. All data recorded by document controller monthly.

4.6.3 Major

The company has set the integrated pest management plan annually. One of plan is detection and census of pest attack. For example, pheromones trap installation in block 97 Division 3 Sungai Deras Estate. Pheromones trap installation monitored and recorded by pest officer each 10 day. The record sends to the field assistant and estate manager as evaluation.

Based on document verification, there is no pesticide usage as prophylactic.

4.6.5 Major

The company has set procedure regarding to former pesticide jerry handling. It procedures such as:

1. SOP wash and rinse former poisonous jerry (SOP – EST – 020)
2. SOP hazard and poisonous handling (SOP – GEN – 005)

To ensure the employee capability to implemented procedures above, the company has been conducted several training. For example, training and introducing pesticide: risk, preventive, environmental and occupational safety and health guidance. The training has held on November, 20th 2016 in meeting room Wonosari Estate facilitated by EHS staff. It training attended by 25 employee. The trainee presented by using Bahasa. MSDS available in agrochemical storage.

Based on interview with pesticide applicator, all employee taken PPE equipment annually. They shall using PPE every time they work and the field supervisor shall monitored PPE usage every morning.

4.6.6 Major.

Pesticide storage has set on SOP material storage which is described that storage floor must be made of cement with adequate ventilation and stacked on pallet. Hazardous material has equipped with MSDS, first aid kit, emergency response instruction, emergency call instrument and the wall must be fireproof at least 30 minutes. Pesticide storage available in each estate. Based on field observation, storage keeping has well implemented. The Company has implemented Hazardous and toxic material management mechanism, but have not provided a system that regulates the use of material by category Hazardous and toxic material. (example there are indications of trash that comes from the former agrochemical packaging / used oil drum). **NC No. 2016.07 with category Major.**

4.6.7 Major.

The company has a mechanism to manage poisonous and hazardous waste implemented. Therefore, it was no system that managed poisonous and hazardous material usage (for example, former pesticide jerry that sings for trash bin).

Based on interviews with officers PHT is known that there are activities UPDKS and termite pest spraying with a nozzle that is reversed and an extra stick to minimize the risks and negative impacts (taking into account the higher plants). However, based on document of IPM SOP (SOP-EST-018) does not include work instructions and termite pest spraying UPDKS appropriate practice in the field. **Non Compliance No. 2016.03 with category Minor.**

4.6.8.

Based on the verification of documents, interviews with management and employees, to date there has been no activity of the application of pesticides from the air.

4.6.9.

All workers with chemicals have been trained in the handling of chemicals on a regular basis. The Company has conducted training on how the spray is safe, well and truly on May 29, 2015, which is intended for spray operators.

4.6.10

Toxic and Hazardous waste including ex agrochemicals management was done based on SOP-GEN-005 procedure.

Field visit during audit found that, companies showed proper ways for waste disposal for example all ex chemicals containers were kept on temporary hazardous storage at wonosari estate and DLI 2 POM.

Information obtained based on interview are sprayer recognized how to properly disposed waste materials and workers (including staff and managers) have been trained by company about waste and hazardous materials handling such as MSDS.

4.6.11.

The Company has been done the medical check up periodically for all workers with high risk, every year by The Company doctor (Dokter Hiperkes) with the certificate number 29.987/DH-I/12, such as:

1. Wonosari Estate

- There are medical check up periodical report for all 114 (one hundred and fourteen) workers with high risk (spray workers, fertilizer, chemical material mixer, and warehouse officer), which has been done and collaborating with Prodia Clinic and Laboratory on 13th of May 2016). Based on the medical report, there's found that 44 workers with the increasing level of CHE.
- Evaluating which is done by The Company doctor with the certificate of Hiperkes on 13th of July 2016. They were giving the recommendation for 32 workers who must be transferred of duties.
- Letter from the Assistant of Division Manager No 098/DLI/KWS/Ext/VII/2016, regarding to the transfer of duty for 32 workers with the increasing level of CHE.
- The reporting to department of employment Labuhan Batu on 19th of July 2016, regarding to the medical check up periodical report and the follow up.
- Evaluation in GUIDELINES FOR THE IMPLEMENTATION OF OCCUPATIONAL HEALTH AND SAFETY meeting on 27th of June 2016. Based on the evaluation report, it was submitted the cause of workers who have the increasing of kholinestrerase. It was caused by the weak of immune system. Next, the workers will get the transfer of duty which is not related to the chemical material and for the next year, there will be the next test for medical check up.
- Based of the interview result with paramedic, it was explained that the transfer of duty of workers can bring back the health of them.

2. Sei Deras Estate

- The report of medical check up periodically for 76 workers with high risk are available (spray workers, fertilize, chemical material mixer and warehouse officer) which has been done and collaborating with Prodia Clinic and Laboratory on 14th of May 2016. Based on the medical report, there're found 32 workers who have the increasing of CHE level.
- Evaluation by The Company doctor which have been owned the certificate of Hiperkes on 13th of July 2016. The doctor has given the recommendation for 12 workers to get the transfer of duty.
- News announcement of the transfer of duty on 20th of July and 1st of August 2016.
- Reporting to the department of employment Labuhan Batu on 19th of July 2016 regarding to the medical report and the follow up.
- Evaluation in GUIDELINES FOR THE IMPLEMENTATION OF OCCUPATIONAL HEALTH AND SAFETY meeting on 2th of June 2016. Based on the evaluation result, it was submitted the cause of workers who have the increasing of kholinestrerase. It was caused by the immune system of workers who was weak. Next, the worker will be transfer of duty to the job which is not related directly with chemical materail and for the next year, there will be the next test for medical check up.
- Based on the interview result with the paramedics, it was submitted that the transfer of duty for workers, can bring back their health condition as usual.

The mechanism to ensure that there's no female spray workers in pregnant or breast-feed condition when they're working :

- Pregnancy test programme which is held every three months.
- Pregnancy test by the tocologist on 10th of June 2016 for 15 workers in Wonosari Estate, with totally negative result (there's no pregnant woman)
- Pregnancy test by the tocologist on 3rd of August 2106 for 23 maintainance workers in Sungai Deras Estate. Based on the test result, it's known that there's one workers who in pregnant condition. Recommendation for

the transfer of duty from the paramedic No. 055/DLI/KSD/INT/VIII/16 on 5th of August 2016. The news announcement of transfer of duty for workers in Division II (Sidimina Waruhu) on 5th of August 2016.

4.6.12.

Based on the interview with spray workers, it was known there's no female worker who in pregnant or breast-feed condition when they're worked in the activity which was directly related to the chemical material. To ensure it, The Company has been done the periodical test every three months. Based on the interview with CDE and KWS spray workers, it's known that the medical test has been done routinely, and the test result has been informed to each worker. Based on the interview with CDE spray worker, it's known that there's no female worker who in pregnant or breast-feed condition in the activity of work which is directly related with chemical material. To ensure it, The Company has been done the periodical test every three months. The test has been done by The Company paramedic.

4.6.6 Major Status: Non Compliance No. 2016.06 with category Major.

4.6.7 Minor Status: Non Compliance No. 2016.03 with category Minor.

4.7

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

4.7.1

The policy of occupational health and safety is available and has been established on September 2010 by the top management who declared that PT Wilmar International (as the holding company) has been committed for :

- Obey all rules and regulations, requirements of occupational health and safety which are applicables in local, national, and international, and have been ratified.
- Implementing and maintaining the management system of safety.
- Creating and communicating to all workers, contractors, clients, and guests regarding to the way of safety work and the policy of safety which is specific at the location of work and the needs to prevent the accident of work, the health hazard and the damage or the loss of goods.
- Represent and build the awareness by periodically training which is adequate, exemplary and responsible and business partner, including contractor, and smallholders by their neatness in periodically improvement process.

All of the implementation activity of guidelines for the implementation of occupational health and safety programme have been included into daily report of guidelines for the implementation of occupational health and safety quarterly which sent to the related institution. Things which have been reported such as : the identity of corporate, summary of occupational accident, the report of guidelines for the implementation of occupational health and safety, the activities of occupational health and safety (routinely meeting, the monitoring of occupational accident, the socialization activity and the counseling of occupational health and safety, the implementation of occupational disease). Work programme of occupational health and safety for the period of january-december 2016 have been made by the document controller, and known by the chairman of guidelines for the implementation of occupational health and safety and approved by division manager.

4.7.2

The Company has identified every kind of potential hazard and the risk which is may occurred from the operational activity, both mill and estate. The document of risk analysis for the unit of estate and unit of mill which has been established and valid on 1st of February 2015. Inside of the document of risk analysis has been explained the information regarding to the activity, potential or the actual aspect of environment and occupational health and safety hazard, condition, the regulation of environmental policy related to the possibility, density, level of the initial risk, significant aspect, controlling, the level of risk and the category of risk.

4.7.3.

The Company has been done the training routinely in the terms of The Company can show the reports of training, such as :

- Training and the socialization programme of LOTTO and work permit on 5th of May 2015 with 13 participants.
- Training of FIRST AID and occupational health and safety of electricity which has been done on 21st of April 2015 with 15 participants.
- Training of the occupational accident investigation and the using of the local government budget on 27th of March 2015 with 10 participants.
- The welder on behalf of Aswin Hariadi No. S.753/JL/PNK3/IX/15 as the welder of third class which signed by the

director of surveillance of occupational health and safety policy on 29th of September 2015.

- The welder on behalf of Anwar Alamsyah No S.756/JL/PNK3/IX/15 as the welder of third class which signed by the director of surveillance of occupational health and safety on 29th of September 2015.

4.7.4

The Company has owned the organization of GUIDELINES FOR THE IMPLEMENTATION OF OCCUPATIONAL HEALTH AND SAFETY of PT Daya Labuhan Indah regarding to the decision of the Head of Employment and Transmigration of Labuhan Batu District No. Kep.101/GUIDELINES FOR THE IMPLEMENTATION OF OCCUPATIONAL HEALTH AND SAFETY/DSTKT-4/2016 with Mr Sulistiarto as the General Chairman and Mr Ali Rasiden Daullay as the secretary (SKP : No KEP.P.1037/M/DJPPK/IV/2015 for PT Perkebunan Milano (Wilmar) and Chairul Abdi (not available). This matter has been the non compliance No 2016.04.

Meetings for discussing the occupational health and safety problem has been done routinely every month. The Company has shown the evidence of occupational health and safety meeting as below :

- Document of attendance and the minutes of meeting of Guidelines For The Implementation Of Occupational Health And Safety on 20th of May 2016 which was discussing the investigation report of occupational accident and the using of local goverment budget and attended by 11 participants.
- Document of attendance and the minutes of meeting of Guidelines For The Implementation Of Occupational Health And Safety on 27th of June 2016 which was discussing the result of medical test and the neatness of hazardous and toxic waste. The meeting was attended by 8 participants.
- Document of attendance and the minutes of meeting of Guidelines For The Implementation Of Occupational Health And Safety on 29th of July 2016 which was discussing the performance number of occupational accident, fogging of mosquito of dengue fever and the follow up the result tes of Cholinistrase.

Occupational health and safety organizations.

The Company has OHS Organization PT DLI accordance with the Decree of the Head of Department of Labor and Transmigration Labuhan Batu District Number Kep.101 / P2K3 / DSTKT-4/2016 with the chairman and secretary general Ali Rasiden Sulistiarto Daullay (letter of appointment decision: Number: KEP.P 1037 / M / DJPPK / IV / 2015 to PT Perkebunan Milano (Wilmar) and Chairul Abdi (not yet Expert licensed OHS). **Nonconformance NC No.2016.04 with Major cetgory.**

4.7.5

The standard operational of procedure of emergency response is available and regarding to the preventive action and the preventive action of the estate and forest fire; fire at the mill; fire at the housing; oil leak from the storage tank; collision tumble of CPO oil tank; the tractor trailer overtuned of oil distribution. The standard operational of procedure of emergency response No PRO-GEN-013 on 1st of July 2012. Inside of the standard operational of procedure generally outlined the early action—the advanced handling—the final act (adjusted to its emergency condition). First Aid officer has obtained a license as an officer First Aid in the workplace based Permenakertrans No. 15 In 2008, for example: Supriyatni (License No. 560/30 / First Aid / DSTKT-4/2013 in force until January 30, 2018). The company indicated an inventory number First aid box in Wonosari there are 14 boxes; in Mill there are 14 boxes and in KSD there are 12 boxes. Based on the results of field visits have known that workers using PPE, found the box First Aid for example, in the warehouse and the contents of the box B3 First Aid accordance with Permenakaer No. 15 in 2008.

The company has show document the accident investigation work (FRM.KLK.004-015) in point L of suggestions for improvement. But the company has not been able to show evidence of implementation of the measures taken to prevent recurrence of accidents. **Nonconformance NC Minor 2016.5 with category of Minor.**

4.7.6.

Payment of Social and Employment Security

The Company has been engaged all of the workers into the social and employment security programme. The Company can show the evidence of workers payment of social and employment security, as below:

- Total workers in KWS (23 of Staffs; 180 of KHT; 265 of BHL), and the KSD Estate (17 of staffs, 137 of KHT, and 202 of BHT).
- Payment of social security administrator for 31 workers of SKU at Wonosari Estate and Sungai Deras Estate for the period of July 2016, code dues 160729778377, and the payment via Bank Mandiri on 4th of August 2016.

- Payment of social security administrator for 2655 workers of BHL at Wonosari Estate for the period of July 2016, payment number 8991491608101101142100, and the payment via Bank Mandiri on 12th of August 2016.
- Payment of social security administrator for 202 workers of BHL at Sei Deras Estate for the period of July 2016, payment number BB021681, and the payment via Bank Mandiri on 4th of August 2016.
- Payment of social security administrator for 64 permanent workers, BHL, and temporary workers at Wonosari Palm Oil Mill for the period of July 2016, code dues 160714613010, and the payment via Bank Mandiri on 15th of July 2016.

The calculation of lost work hours – Occupational Accident Cases of July 2016

| | KWS | KSD | PKS |
|---|--------|--------|--------|
| Report table of occupational accident | 1 | 1 | 0 |
| Total Workers | 468 | 356 | 84 |
| Working Days Lost | 2 | 2 | 0 |
| Total of Work Hours | 79.775 | 60.854 | 15.238 |
| IR (total accidents x1.000.000/total of work hours) | 12,5 | 16,4 | 0 |
| LTIFR (total accidents x1.000.000/total of work hours) | 12,5 | 16,4 | 0 |
| LTISR (total of working days lost x1.000.000/total of work hours) | 25,07 | 32,84 | 0 |

Major 4.7.4

Status: The Non-compliance No. 2016.04 with Major category

Minor 4.7.5

The Non-compliance No. 2016.05 with Minor category

4.8

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

4.8.1

The Company showed a training program and development of human resources in 2016, among others:

- Training on Environment health and safety and Constitution Number 1970 that will be conducted in September 2016.
- Training on Principle and criteria RSPO & ISPO that will be conducted in March 2016.
- Training on accident investigation work and protective equipment that will be conducted in April 2016.
- Training on Emergency response team that will be conducted in August 2016.
- Training on water treatment that will be conducted in September 2016.
- Training on Sterilizer Proses that will be conducted in September 2016.
- Training waste management hazardous and toxic waste, anorganic and organic that will be conducted in October 2016.
- Training on HCV that will be conducted in November 2016.
- Training on harvesting's method in March 2016.
- Training on FFB census, pest census, soil and leaf analysis in April 2016 and etc.

4.8.2.

In addition, the company shows a Mill Daya Labuhan Indah and estates report employee training for 2016 among others:

- Training on Environment health and safety and Constitution Number 1970 on February 2016.
- Training RSPO & ISPO on the 23 of March 2016.
- Training on accident investigation work, protective equipment, and first aid on the 28 of April 2016
- Training on occupational health and safety electricity and First aid work on the 2nd of May 2016
- Training on hazardous and toxic waste spill response & hazardous and toxic materials on the 23 May 2016.
- Training on manual spray and mechanical on the January 2016.
- Training on manual fertilization and mechanical on January 2016
- Emergency response training on March 2016.

- i. Training on accident investigation work on the April 2016.

Interviews with pesticide operator in block 76 Division 2 Wonosari Estate and Sei Deras Estate, applicator have been trained spray manual and mechanical methods.

Status: Comply

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

5.1

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

5.1.1

The company possess three environment impact assessment document covering different area with the following details :

- Analisa Dampak lingkungan (ANDAL) for an area of 4694.5 ha in 2009 and 30 tonne FFB/hour.
- Upaya pengelolaan lingkungan (UKL/UPL) for sei deras estate covered 445.88 ha in 2014.
- Upaya pengelolaan lingkungan (UKL/UPL) for sei deras estate covered 431.87 ha in 2014.

All of the EIA documents explained all activities for pre construction, construction, operation, and post operation for example (road construction, field drain construction, housing and facilities, waste water treatment plant, IPM, replanting, and etc) covered the palm oil mill, sei deras estate, wonosari estate, and the assessment was done by including stakeholder consultation on 2008 and 2013.

5.1.2

On 2014 companies make changes for EFB waste management from composting to furnace burning. Regarding to this PT DLI possess revision for environmental management plan (RKL/RPL) and shown the environmental permit no 503.660/326/BLH-LB/2014 . Timetable for the implementation of the management and monitoring has been provided within environmental management and monitoring plan (RKL/RPL) and company shown periodically report to related institution.

5.1.3

Company have planned and includes monitoring protocol outlined in periodically environmental monitoring and management plan (RKL/RPL) and implemented to monitor the effectiveness of the management activities to mitigate negative impact and enhance positive impacts, for example in replanting aspects, company included the workforce recruitment monitoring and pest disease increasing on semester 1 RKL/RPL monitoring parameters. Review of the plans has been developed on July 1st 2016 and results of monitoring for semester 1 2016 will be incorporated into semester 2 monitoring plan.

Status: Comply

5.2

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

5.2.1

PT DLI has conducted the identification over HCV in 2013. The *RSPO Approve Assessor* was the one that conducted the identification process. The identification was based on HCV identification in Indonesia guideline, period June 2008 and involved personnel and local communities on the identification process. Based on identification result, there was an HCV area around \pm 9.12 Ha that consists of 3.42 Ha (Danau Biru) in a form of peat area, which covered with natural vegetation and \pm 5.7 Ha in a form of trench with fire boundary.

PT Milano Cabang Dua Estate has conducted the identification over HCV in 2009. The *RSPO Approve Assessor* was the one that conducted the identification process. The identification was based on HCV identification in Indonesia guideline,

period June 2008 and involved personnel and local communities on the identification process. Based on identification result, there was an HCV area around ± 2.41 Ha that consists of 0.01 Ha in a form of sacred place such as cemetery and ± 2.4 Ha in a form of trench with fire boundary.

The results of field visits and interviews with 062 officers blocked HCV instance it is known that the management of HCV areas that do are:

- Conducting patrols every day diareal HCV.
- Monitoring of wildlife every one time a year.
- Create a notice board HCV area.
- Making board ban on hunting for the animals are protected

5.2.2.

Based on the report observations of flora and fauna in PT DLI on August 9, 2016 there are types of fauna and flora, such as *Rhipidura javanica*; *Giant swiftlet*, *Felis begalensis*, *Ophiophagus hannah*, *Naja Sumatrana*, *Liopeltis tricolor*, *Alstonia scholaris*, *Ficus Benjamina*, kayu marak, *Artocarpus champeda*, dan *Livistona rotundifolia*.

PT Milano Cabang dua estate has identified HCV in 2009 conducted by the RSPO Approve assessor. Identification HCV using guidelines Identification of HCV in Indonesia on June 2008 and has involved workers and the nearby village community in the process. Based on the identification results there are HCV area measuring ± 2.41 consist of 0.01 ha a grave form of the sacred area and ± 2.4 ha in the form of a trench (firebreaks).

5.2.3 & 5.2.4.

There are HCV monitoring program for 2016 such as; monitoring the presence of plants and animals in the area of HCV, the potential for fire monitoring, patrolling poaching activities, monitoring of water levels and so forth. Implementation of the management of HCV has been carried out in 2015, among others, socialization of area HCV, patrolled routinely to prevent poaching and control of fires, monitoring / controlling the water level as well as cleaning the firebreaks, mounting boards warnings and signs in the area of HCV, marking the boundary area HCV, making of boundary subsidence, and planting and maintenance of verifier Grass on firebreaks area.

5.2.5.

In addition, the company have a training program HCV was conducted in June 2016. Interviews with Wonosari Village, Sidorejo Village and Bilah Village, there are no areas of community villages in HCV area.

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| Status: Comply |
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5.3

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

5.3.1 major dan 5.3.3 minor

All waste and pollutions sources from Mill and estate are identified and recorded on waste and pollution identification 2016 such as Mill waste water are managed at waste water treatment plant before it distributed to water stream, hazardous waste were kept at temporary hazardous waste storage.

5.3.2

All chemicals and their containers including hazardous waste are disposed responsibly based on procedure SOP-GEN-005 about ex agrochemicals and hazardous waste management. All ex chemicals containers kept on temporary hazardous storage at estate and mill, and the company has a permit for hazardous storage issued by decree environmental agency Labuhan Batu regent No.503.660/103/BLH-LB/WAS/2014 for wonosari estate and No.503.660/221/BLH-LB/WAS/2016 for DLI 2 POM. PT Daya Labuhan Indah sent the hazardous waste to PT Shali Riau Lestari (licensed collector by decree of environment al minister no 237/2011 valid until december 2016).

During ASA-2 audits, document and field observation at temporary hazardous waste storage shown that all of hazardous waste are compliant with the periods in permit (less than 180 days). Records shown hazardous waste were delivered on

July 26th 2016 and all records such as logbook, balance sheet and manifest are documented, for example manifest AAO 0007834, carrier vehicle BM8432JU for 200 litre kg ex used lubricants.

5.3.2

Companies already have mechanism for hazardous waste management, but the procedure for utilization and procurement for material categorized as hazardous waste still not available. (for example ; found that ex agrochemicals containers are utilized as trash bin). **Non conformance NC.2016.04 with major category.**

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| Major 5.3.2 | Status: Non conformance NC.2016.06 with major category. |
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5.4

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

5.4.1

Company have planned and implemented fiber and shell usage for fossil fuel substitution. Realization of renewable energy have been monitored on monthly report for fiber and shell usage. Realization of fossil fuel usage (for transportation, generator set, and etc are 9860 litre) during July 2016 During april-July 2016, the usage of fiber and shell resulting the average energy efficiency for :

- diesel fuel are 7.79 litre/tonne CPO.
- electricity are 18.33 Kwh/tonne CPO.
- shell usage are 0.17 tonne shell/tonne CPO.
- fiber usage are 1.42 tonne fiber/tonn CPO.

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| Status: Comply |
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5.5

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

5.5.1 major dan 5.5.2 minor

Field observation at replanting areal block 084 div 1 Sei Deras estate found there is no ex land burning and replanting activities was done mechanically (chopped and stack). Planting years document showed there are only replanting areal activities at Sei deras and wonosari estate and not found new development / planting areal. The corporate has own the policy commitment and socialization regarding to zero burning. However, the effectivity of implementation and socialization of the policy still not conformance with the condition in the field (such as still found the activity of burning in wonosari estate of Block 154). **Non Compliance No. 2016.06 with Category of Major.**

Companies has zero burning commitment and policy based on RSPO implementation by Group plantation head 2010, stated that company used zero burning practices for land clearing, and procedure Pro-EST-002 stated that replanting activities was done mechanically without burning activities.

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| Major 5.5.1 | Status: Non Compliance No. 2016.07 with category of Major. |
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5.6

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

5.6.1 major dan 5.6.2 major

All waste including emmissions and pollutions sources from Mill and estate are identified and recorded on waste and pollution identification 2016. Company have implemented the use of fiber and shell for fossil fuels substitution. Realization of renewable energy have been monitored on monthly report for fiber and shell usage. Waste water has been monitored every months and monitoring period April-July 2016 sighted that all of waste water testing parameters is compliant to the standards quality, for example BOD July 2016 48.5 mg/l (< 100 mg/l).

5.6.3

Monitoring for emission and pollutants (air emission, ambient, odor, noise, vibration) from estate and mill was done periodically per 6 month, covered on RKL/RPL report and reported to environmental agency labuhan batu regent peridically.

Company also have GHG calculation for 2015 period based on RSPO GHG palm V2.1.1 and this calculation have been

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| reported to RSPO by email on August 12 th 2016. The calculation of GHG emissions resulting 19.70 tCO ₂ e/ton CPO.product. | | |
| | Status: Comply | |
| PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills | | |
| 6.1 Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement. | | |
| 6.1.1. Unit of management has been done the analysis of social impact which is regarding to the positive and negative impact that caused by the operational activity and also the management of recommendation and the monitoring. The analysis of the social impact such as below : <ul style="list-style-type: none"> • Document of the environmental impact assessment of PT Daya Labuhan Indah in 1995. • The revised document of UKL-UPL of PT Perkebunan Milano which was arranged in 2012. • The social impact assessment of estate and the palm oil processing unit of PT Daya Labuhan Indah which was arranged in 2013. In this study, the society and the workers have been involved into the collecting data process by focus group discussion and participation mapping. Beside it, there's done the process of stakeholder consultation with the representative of villagers on 3rd-6th of May 2013. • Study of social impact of PT Perkebunan Milano that was arranged in 2009, (including the estate of cabang dua). In the process of data gathering, there's also done by consultation process with the society on 17th of July 2009. | | |
| 6.1.2 The evidence of social impact assesment which were involving some parties, as below : <ul style="list-style-type: none"> • Participation of the society and workers into the arrangement of social impact assessment document for PT Perkebunan Milano, was done by doing the focus group discussion on 17th of July 2009. The list of attendance for workers and societies were available. • Participation of the society and workers into the arrangement of social impact assessment document for PT Daya Labuhan Indah was done by doing the focus group discussion on 3rd-6th of May 2013. The list of attendance for workers and societies were available. | | |
| 6.1.3. Planning for the management of social impact in 2013-2016, such as : <ul style="list-style-type: none"> • Recruitment of employee (PIC: HRR/PGA). • Appointment of BHL employees (PIC: HRR/PGA). • The improvement for the condition of housing (PIC: EM). • CSR Support. • Community Empowerment. | | |
| 6.1.4. The presentation of review result of social impact assessment on 2nd of May 2016 to the Headman of Wonosari dan Sidorejo. The presentation of the document of review SIP No. 058/DLI/KWS/Ext/IV/2016 for the invitation of discussion for the Headman of Wonosari Village, Sidorejo Village, Daya Labuhan Indah Village and Sei Deras Village. | | |
| | Status: Comply | |
| 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties. | | |

6.2.1

The company has been implemented the open and transparency method for communication and consultation between the estate or mill parties, local community, and other group who have been impacted or have their own consideration, which has been included in the procedure of communication, consultation, and the coordination of external parties No. PRO-BM.BEN-001. List of stakeholders are available, such as the Region of Labuhan Batu, Regional Representative Assembly of Labuhan Batu, The Police Chief Resort of Labuhan Batu, The commander of the military district of Labuhan Batu, District Attorney of Labuhan Batu, District Court of Labuhan Batu, Department of Forestry and Plantation of Labuhan Batu.

6.2.2

The Company can show the letter of decision No. 001/DLI-HRR/SK/V/2016 which is declared and established the team of public speaker of PT Daya Labuhan Indah. Based on the interview result with the headman and the representative of the society, it's known that the communication and consultation with The Company has been done by the staff of public relation or the development partner.

6.2.3.

The Company has the recording of communication in the application form of support or proposed programme from the society and the log book of outgoing letter. Based on the interview result with the headman and the representative of society, it's known that The Company officer has executing the good communication and consultation which is suitable with the standard operational of procedure.

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| Status: Comply |
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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.

The company has owned the open system, which has been received by all parties who have been impacted, for receiving the complaint and solving the conflict effectively, on time, and with the right way, which is included in the procedure of communication, consultation, and the coordination of external parties No. PRO-BM.BEN-001.

Based on the study of document and directly interview, it's known that The Company has owned the record and the follow up action of complaint handling from the society to The Company. There's no found the complaint handling or dispute from the stakeholders. Similarly, based on the public consultation result, there's no dispute with the society. Regarding to the traditional rights of land, The Company has also owned the standard operational of procedure for land releasing No SOP-IJIN LAHAN&OPS-006.

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| Status: Comply |
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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 dan 6.4.2

PT Daya Labuhan Indah has owned the standard operational of procedure for land releasing ((SOP-IJIN LAHAN&OPS-006). The procedure has been established as the standard procedure which is used to ensure that the decision or any kind of action of the land releasing process for industrial consideration of palm oil mill correctly done and suitable with the regulation and the legislation which is valid, especially for the land that regarding to the society consideration and land for consuetude. The Company has been shown the evidence of acceptance for stakeholders due to the transparency of corporate document No 061/DLI/KWS/Ext/VII/2015 on the 1st of July 2015. Based on the document, the negotiational procedure was included in the document which has been submitted and accepted by stakeholders.

6.4.3

The Company has saved every kind of recording of land releasing and parties who have been receiving the compensation. There's a recording of parties who have been receiving the compensation of Bilah Hilir Society in the news announcement of compensation of document transfer of PT Daya Labuhan Indah, such as :

1. Zam-zam Ms
2. Archis
3. Kayado Siahaan
4. Arsad Lubis
5. Roniar
6. Ikhlas R.B
7. Sujia
8. Asrilkoto
9. Hayat D
10. Iswanto
11. Archis
12. Selamat Suryanto
13. Nizmalah Azhari Ritonga
14. Gatot Priono
15. Dudi Iskandar
16. Waripah
17. Prayetno
18. Siddik
19. Syam Hasri SH
20. Syaipulah
21. Mursalin
22. Susanti
23. Zulkipli Lubis
24. M.N Harahap

There's an identification result of compensation such as list of the name of parties who received the compensation of Bilah Hilir Society in the news announcement the transfer of PT Daya Labuhan Indah compensation document as much as 24 persons which has been outlined in the list of name in the Stage-2 audit activity.

Status: Comply

6.5

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

6.5.1.

The company showed a sectoral minimum Labuhan Batu District salary in 2016 according decree governor North Sumatra with number 188.44/89/KPTS/Tahun 2016 amount to Rp 2,250,000,- /month applicable since 1 January 1, 2016. Every employess has a letter of agreement, Letter of employment agreement it explains about salaries, rights and obligation employess signed by both parties. Based on Salary on July 2016 to Compound employess (DLI 2 Mill) and maintenance (Wonosari estate), Salary of employess in accordance with the minimum salary Labuhan Batu District in 2016.

6.5.2

In addition, there is Labour Agreement PT Daya Labuhan Indah period 2015-2017 which has receive approval from Departement of social, Manpower and Transmigration Labuhanbatu District with letter of agreement number 560/166/DSTKT-3/2016 valid for 2 years since December 21, 215 until December 21, 2017. Letter of agreement is explains employess rights and obligation, labor regulations, working time, resting and leave the work to receive salaries, salary, Workers insurance, rules and sanctions work discipline and termination of work relations.

6.5.3.

Based on review of document and field observations in the housing Division 2 Wonosari Estate and Sei Deras Estate, there are adequate facilities and infrastructure example housing, place of worship, school buses, sports field, clininc, educational facilities and day care childrens. In addition, Water depot machine available for provision of clean water that

can be consumed by employees.

6.5.4.

The company provides a accessible and easily obtained of food source. There is evidence by the cooperative employees who sell basic need and the traders who come to area of company to sell various type of food sources. Based on interviews with employees in the housing Division 2 Sei Deras Estate and Wonosari Estate, cooperative employees have been selling of basic materials needs of the employees and is available nearby markets that sell everyday needs.

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| Status: Comply |
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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.

The company showed a policy of freedom of association contained in the internal memo No. 002 / WGP-HR / I / 2007 on January 2, 2007. Points 1, The company guarantee the freedom of all employees to form and join union's accordance with the applicable legislation. In addition, provided the establishment board basis SERBUNDO PT DLI for Employees estates with the term of office on October 22, 2015 until October 22, 2017 and the establishment of Institute of bipartite cooperation with decision number 560/690 / DSTKT-3/2015 to the Department of social labor and transmigration Labuhan Batu District on July 30, 2015 for employees of Mill.

Based on interviews with harvester workers located in Block 126 Division 1 Wonosari estate and in block 96/97 Division 3 Sei Deras Estate and labor unions, known that the company has notified regarding freedom of association.

6.6.2.

In addition, the available internal meeting labor unions and Bipartit agency cooperation conducted on April 18, 2016 and August 10, 2016. The results of interviews with the management of the United Plantation Workers Indonesia, there is socialization of the policy of freedom of association and internal regular meetings every 1 month and meetings with company every 4 months.

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| Status: Comply |
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6.7

Children are not employed or exploited.

6.7.1.

The company showed a policy on child labor has been approved by Goh Ing Sing in September 2010. The SOP explained that the company does not tolerate to use child labor and not exploit children in all areas of operations and facilities.

Based on Database workers on July 2016, Interview with pesticide operator located in block 76 Division 1 Sei Deras Estate & Wonosari Estate and harvester workers located in Block 126 Division 1 Wonosari estate and in block 96/97 Division 3 Sei Deras Estate there are no workers unders 18 years old. The workers have been aware of any policy of employing childrens under 18 years old.

Besides that, based on interview with Human Resources Departement, Social and Labor Agency of District Labuhan Batu, and labor union of PT Daya Labuhan Indah. There are no workers unders 18 years old.

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| Status: Comply |
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6.8

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

6.8.1.

The company showed a policy related to related to work opportunity and equal opportunity which stated in intern memorandum number 002/WGP-HRD/I/2007 regarding to manpower regulation on 02nd January 2007. Point 3 equal opportunity for personnel, which stated that company honors professionalism in order to guarantee no discrimination against race, skin color, ender, religion, political view, nationality and ethnicity that can cause and reduce the equal opportunity in work and treatment.

6.8.2 & 6.8.3.

Interview pesticide operator located in block 76 Division 1 Sei Deras Estate & Wonosari Estate and Harvester workers in Block 126 Division 1 Wonosari estate and in block 96/97 Division 3 Sei Deras Estate is known there is no discrimination among workers. Database of Workers on July 2016 every workers comes from ethnic, religious diverse and does not discriminate between sexes. Generraly workers comes from villagers such as Lama Seberang Village, Sidorejo Village and others village.

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| Status: Comply |
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6.9

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

6.9.1.

The company showed a policy on sexual harassment was approved by Goh Ing Sing in September 2010. The policy stated that Wilmar International limited to create conducive work environment that reflects equality and respect. Employees are encouraged to report any incident of sexual harassment experienced by every individual, regardless of sex and age as a result of his bondage with the company.

6.9.3.

The Company also have been socialization sexual harassment policies on June 3, 2016. Mechanism of report is contained in document PRO-GEN-019 dated June 1, 2016.

Based on interview with pesticide operator in block 76 Division 1 Sei Deras estate and Wonosari estate known that the workers has been understood regarding to sexual harassment policy. In addition it has been confirmed through interview with gender comitte of Daya Labuhan Indah that sexual harassment policy has been socialized to women workers every muster morning activity and during the committe gender meeting.

6.9.2.

In addition, there are policies to protect reproductive rights of all workers, especially women workers listed in PKB Chapter V Article 26 on special leave for women workers. Based on interviews with applicator pesticide (women workers) located in block 76 Division 1 Sei Deras dan Wonosari Estate, if they are pregnant then the workers are obtain maternity leave for a month before giving birth and two months after giving birth with full salary.

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| Status: Comply |
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6.10

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

6.10.1 & 6.10.2.

The company showed a SOP purchase fresh fruit bunches with the document number 001 / TBS-SOP / VIII / 2015 valid from August 10, 2015 approved by Country Head. The results of interviews with the company, TBS supplied to Mill DLI 2 supplied from the nucleus. The Company did not receive TBS from the farmers.

6.10.3 & 6.10.4.

Results of interviews with local contractors and employees, they have understood the Rights and Obligations in the employment contract. In a letter of agreement have included the implementation of occupational health safety and

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| employment obligations. Available agreement of sale and purchase between Daya Labuhan Indah and FFB supplier decree number 004 /DWS-MCC / TBS / 01/2016 from January 2, 2016. The agreement is valid for 12 months from the date of January 2, 2016 until December 31, 2016. FFB payment has been made in accordance with the employment contract in the form of evidence of Bank Mandiri account transfer to the supplier TBS on January 19, 2016. | | |
| | Status: Comply | |
| 6.11 | | |
| Growers and millers contribute to local sustainable development wherever appropriate. | | |
| 6.11.1 | | |
| Based on the interview result with the headmand and village chief, it is known that the arrangement of CSR has been done with the directly discussion by the negotiation. The result of study document has found that the evidence of corporate representative has been following the meeting of MUSREMBANG, such as : meeting with Kampong Bilah Village Officer on 24 th of October 2015. | | |
| The realization of recording for CSR, such as : | | |
| <ul style="list-style-type: none"> • Photo and documentation of palm oil seeding as much as 300 plants for the land worker in Labuhan Batu District to the representative of local government on 24th of April 2016. • Photo and documentation of the provision of SMU HAS computer on 31st of January 2015. • Photo and documentation of the provision of heavy equipment for road repair of Simpang Cisadane – Sei Tampang Village on 31st of January 2015. | | |
| 6.11.2. | | |
| There is no plasma workers in PT Daya Labuhan Indah. | | |
| | Status: Comply | |
| 6.12 | | |
| No forms of forced or trafficked labour are used. | | |
| According to interviews with workers (applicator pesticide and harvester) and management is known there are no use trafficked labor or forced in any form. | | |
| | Status: Comply | |
| 6.13 | | |
| Growers and millers respect human rights | | |
| 6.13.1. | | |
| The company showed a Human Right Policy (Policy on respecting human right) that was prepared by Group Plantation Head (Goh Ing Sing) and Group CSR Head (Jeremy Goon) in June 2014, which explains: | | |
| <ul style="list-style-type: none"> ✓ Policy and commitment of Wilmar that supports the protection toward human right, such as: policy that prohibit to recruit children, policy on occupational health and safety, policy that promote equal opportunity, policy on reporting and complain mechanism, policy that prevent sexual harassment, anti-violence and torture, respect toward reproductive rights and company's social responsibilities. ✓ Respect and protection on human right that covers two key aspects. ✓ The policy is written in English and has been translated into bahasa language that could easily understand by personnel. | | |
| In addition, there has been the socialization of human rights policies to employees Mill and estates Daya Labuhan Indah conducted on the 22 of January, 29 of March and 30 of March 2016 are located in Estate and Mill Office Daya Labuhan Indah. | | |
| | Status: Comply | |
| PRINCIPLE #7 Responsible development of new plantings | | |

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| 7.1 | A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations. | |
| 7.1.1 sd 7.1.3 | There is no new planting/development after 1 November 2005. Companies conducted replanting programme since 2009. | |
| | Status: Comply | |
| 7.2 | Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations. | |
| | PT DLI and PT Milano Cabang Dua did not open new plantation area nor expanded the plantation area after 1 st November 2005. The distribution of cultivating year in PT DLI and PT Milano Cabang Dua is from 1990 to 2013, where the replanting has been conducted since 2009 in PT DLI and in 2013 at PT Milano Cabang Dua. | |
| | Status: Comply | |
| 7.3 | New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values. | |
| 7.3.1 sd 7.3.5 | There is no new planting/development after 1 November 2005. Companies conducted replanting programme since 2009. | |
| | Status: Comply | |
| 7.4 | Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided. | |
| | PT DLI and PT Milano Cabang Dua did not open new plantation area nor expanded the plantation area after 1 st November 2005. The distribution of cultivating year in PT DLI and PT Milano Cabang Dua is from 1990 to 2013, where the replanting has been conducted since 2009 in PT DLI and in 2013 at PT Milano Cabang Dua. | |
| | Status: Comply | |
| 7.5 | No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. | |
| | PT Daya Labuhan Indah and PT Milano Cabang dua are not opening the new estate or extension the areal after the 1 st November 2005. In the standarad operational of procedure No SOP-IJIN LAHAN & OPS-006, page 3, point 2.1, it's submitted that the system of land releasing through inventory step and identification of location/land position which to be freed, by doing the special coordination with the Village Society and Village Administrator. | |
| | Status: Comply | |
| 7.6 | Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements. | |
| | Based on information from the management of PT Daya Labuhan Indah and social impact analysis study, it is known that there is no indigenous communitties surround plantation area. Consultation with head of land management and regulation – National Land Agency in Labuhan Batu District, its known that there is no indigenous nor traditional rights within plantation area in Labuhan Batu District except the one that belong to the state. Indigenous and tradirional rights are only available in Tapanuli Selatan, Tapanuli Utara & Simalungun. Based on identification document over HCV area in PT Daya Labuhan Indah 2013 and PT Perkebunan Milano 2013, it is known that document's preparation has been involving local communities and the data collection process has been conducted through focus group discussion. | |

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| | Status: Comply | |
| 7.7 | | |
| Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice. | | |
| <p>Company has a policy on environment protection in a form of zero burning policy. Company implements its operational activities with zero burning approach, both in plantation development and waste disposal, except in a certain condition as stated in ASEAN guideline for zero – burning activities. Goh Ing Sing (Group Plantation Head) and Jeremy Goon (Group CSR Head) signed this policy. Moreover, the policy has been updated in September 2010.</p> <p>Land clearing and replanting were using the zero burning approach. However, the replanting activity was conducted by using mechanical approach with collaboration with contractor. Company showed work agreement over replanting activity No SPK 002/MLN-CDE/SPK/II/2014. Work agreement states that the works include chipping, compacting and new-filed drains activity.</p> <p>Based on field visit in replanting area, it is known that there were no fire signs for the replanting activity.</p> | | |
| | Status: Comply | |
| 7.8 | | |
| New plantation developments are designed to minimise net greenhouse gas emissions. | | |
| 7.8.1 & 7.8.2 | | |
| There is no new development after January 1 st , 2015 for all plantation areas at PT DLI and PT Milano. | | |
| | Status: Comply | |
| PRINCIPLE #8 Commitment to continuous improvement in key areas of activity | | |
| 8.1 | | |
| Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations. | | |
| <p>There's the record of performance achievement evaluation meeting (meeting crop and cost), such as meeting on 16th of June 2016 which has been attended by AGM, EM, DM, BM Region, P&D Officer Mill Head and all KTU. The meeting was discussing related to the employment, production achievement, cost review, EFB, and Decanter Programme, Slow Moving Stock, Vehicle Adequacy and the achievement of OER.</p> | | |
| | Status: Comply | |

3.2 Summary of Assessment Report of Supply Chain Requirements

| Clause | (Module E) CPO Mills - Mass Balance Requirements | |
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| E.1 | Definition | |
| E.1.1 | | |
| Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB. | | |
| The company has set several supply chain procedure as follows: <div><div>1.</div><div>SOP of FFB Receiving (SOP-MIL-001) approved since August 15th 2016</div></div> <div><div>2.</div><div>SOP of weighing FFB, CPO and PK (SOP-MIL-002) approved since August 5th 2016.</div></div> <div><div>3.</div><div>SOP of Traceability (SOP-MIL-034) approved since August 15th 2016</div></div> <div><div>4.</div><div>SOP of lformation of Increasing Production (SOP-MIL-044) August 15th 2016</div></div> During the audit, based on interview and document verification known that mill has receiving FFB from his own certified estate and uncertified smallholder. | | |
| | Status: Comply | |
| E.2 | Explanation | |
| E.2.1 | | |
| The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report. | | |
| The company has estimated CPO and PK product during certified period (October 8 th 2015 – October 7 th 2016) for CPO 9,494 ton and PK 2,187 ton in SCCS modul D (Mass Balance). | | |
| | Status: Comply | |
| E.2.2 | | |
| The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim). | | |
| <div><div>•</div><div>RSPO IT Platform member registration number: RSPO_PO1000002132.</div></div> <div><div>•</div><div>Certified CPO sold to each buyer period of 8 Oktober 2015 to 23 Agustus 2016: no certified CPO selling.</div></div> <div><div>•</div><div>Certified Palm Kernel sold to each buyer period of 8 Oktober 2015 to 23 Agustus 2016: 2.659 (ton) PK</div></div> | | |
| Date | Buyer | Volume |

| | | |
|---------------------|--------|-----------------|
| 8 – 31 October 2015 | PT MNA | 229.48 |
| November 2015 | PT MNA | 237.01 |
| December 2015 | PT MNA | 223.48 |
| January 2016 | PT MNA | 346.64 |
| February 2016 | PT MNA | 322.46 |
| March 2016 | PT MNA | 217.9 |
| April 2016 | PT MNA | 186.41 |
| May 2016 | PT MNA | 201.53 |
| June 2016 | PT MNA | 253.87 |
| July 2016 | PT MNA | 260.45 |
| 1 – 23 August 2016 | PT MNA | 259.78 |
| Total | | 2,739.01 |

Noted:

PT. MNA: PT Multimas Nabati Asahan

| | |
|------------|------------------------------|
| | Status: Comply |
| E.3 | Documented Procedures |

E.3.1

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

- Complete and up to date procedures covering the implementation of all the elements in these requirements;
- 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.

Company has work procedure and direction to ensure the implementation of supply chain requirements. Moreover, company can present the SOP for traceability for CPO/PK product with document number SOP-MILL-042 that valid since 1st December 2013. The document explains the traceability of CPO/PK product, FFB's acceptance by recording and listing in security unit, acceptance and weighing process by weighing operator by recording and monitoring the source of fruit through fruit delivery receipt and DO.

Based on interview with security and weight bridge operator as FFB receiving officer known that mill has received FFB from own certified estate and uncertified smallholder.

Personnel in charge to implement the implementation of SCCS, such as:

- Security officers are in charge to record the entire FFB's deliverance and CPO/PK's dispatch.
- Weighing officers are in charge to weighing the entire sustainable and non-sustainable FFB, CPO and PK.
- Logistic officers are in charge to calculate the production, dispatch, delivery order document and serial number, develop and report the production result, prepare product delivery and traceability report.
- Sortation officers are in charge to grade FFB, ensure grading report and the place to store accepted-FFB.
- Administration officers are in charge to control the acceptance of FFB and CPO/PK, FFB's acceptance report, CPO/PK dispatch and traceability report.
- Mill Head is responsible to ensure the entire FFB's processing into final product is inline with related-procedure, ISCC requirement, SCCS, RFS in order to ensure the traceability.

FFB Supplier Data of DLI POM/ RSPO Certified that has been entry into computerized system:

| Supplier Name | Estate Code | Note | Certified number |
|------------------|-------------|-----------|------------------|
| Wonosari Estate | ESTATE-WS | Certified | MUTU-RSPO/047 |
| Sei Deras Estate | ESTATE-SD | Certified | MUTU-RSPO/047 |

| | | | |
|-------------------|---------------|-----------|---------------|
| Cabang Dua Estate | CABANG DUA | Certified | MUTU-RSPO/047 |
| Merbau Estate | ESTATE MARBAU | Certified | 82450214010 |

Status: Comply

E.3.2

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

Perusahaan telah memiliki prosedur dan petunjuk kerja untuk memastikan penerapan persyaratan rantai pasok, perusahaan dapat Company has work procedure and direction to ensure the implementation of supply chain requirements. Moreover, company can present the SOP for traceability for CPO/PK product with document number SOP-MILL-042 that valid since August 15th 2016. The process starts from FFB'S acceptance, processing, product's dispatch and report, FFB's traceability.

Moreover, the SOP explains the daily separation mechanism between certified and non-certified CPO/PK as a stock balance control over CPO/PK (sustainable and non-sustainable).

Status: Comply

E.4 Purchasing and goods in

E.4.1

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

Company sets the mass balance supply chain model in order to ensure the suitability and balance of certified and non-certified CPO/PK stock. Company presents the FFB's acceptance documents:

- Fruit delivery letter that informs the name of estate, number of fruit delivery letter, date, police number, seal number, division, phase, block number, number of bunches, estate's weight.
- The number of vehicle control that informs date, police number, driver's name, incoming hour, outgoing hour, bruto weight, tarra weight and netto weight
- Weighing ticket that informs the DO number, contract, date, FFB's source, cultivated year, division, block, netto weight, incoming weight, outgoing weight, police number and driver's name.

• Certified and non-certified FFB received period of 8 Oktober 2015 to 23 Agustus 2016

| Month | FFB (ton) | | |
|---------------------|------------------|-----------------|------------------|
| | RSPO Certified | Non Certified | Total |
| 8 – 31 October 2015 | 4,249.36 | - | 4,249.36 |
| November 2015 | 4,787.97 | - | 4,787.97 |
| December 2015 | 5,309.85 | 84.06 | 5,393.91 |
| January 2016 | 4,977.46 | 884.75 | 5,862.21 |
| February 2016 | 5,350.64 | 1,220.80 | 6,571.44 |
| March 2016 | 4,853.73 | - | 4,853.73 |
| April 2016 | 4,119.42 | - | 4,119.42 |
| May 2016 | 4,958.21 | - | 4,958.21 |
| June 2016 | 6,380.94 | - | 6,380.94 |
| July 2016 | 7,484.36 | - | 7,484.36 |
| 1 – 23 August 2016 | 5,156.22 | - | 5,156.22 |
| Total | 57,628.16 | 2,189.61 | 59,817.77 |

All document stored properly.

Status: Comply

E.4.2

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

Based on estimated production data written on certificate, amount of estimated CPO production is 9,494 ton and PK 2,187 ton. Based on PK selling data, mill has selling 2,627 ton. Therefore, mill has delivered excess of 440 ton certified PK that not yet reported to the CB's. **Non Compliance No. 2016.7.**

Observation, 24 October 2016.

The company has showed a reporting evidence of excess product certified by Mill DLI to Manager Operational PT Mutuagung Lestari dated on 28 September 2016. **Non Compliance No. 2016.7 is closed.**

Status: Non Compliance No. 2016.7 is closed.

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.)

DLI POM has recorded and balanced FFB receiving data and CPO/PK delivery data on a three-monthly basis. The data as follows:

| Period | CPO Selling (ton) | | | PK Selling (ton) | | |
|---------------------|-------------------|--------------|-------------|------------------|----------|----------|
| | RSPO | Non Cert | RFS | RSPO | Non Cert | RFS |
| 8 – 31 October 2015 | 1,041 | - | 229 | - | - | - |
| November 2015 | 1,114 | - | 237 | - | - | - |
| December 2015 | 1,185 | - | 223 | - | - | - |
| January 2016 | 1,350 | - | 305 | 42 | - | - |
| February 2016 | 1,503 | - | 267 | 56 | - | - |
| March 2016 | 114 | 914 | 218 | - | - | - |
| April 2016 | - | 988 | 173 | 13 | - | - |
| May 2016 | - | 913 | 202 | - | - | - |
| June 2016 | - | 1,596 | 254 | - | - | - |
| July 2016 | - | 1,618 | 260 | - | - | - |
| 1 – 23 August 2016 | - | 1,089 | 260 | - | - | - |
| Total | 6,307 | 7,119 | ,629 | 110 | - | - |

Status: Comply

E.5.2

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

DLI POM did not using any independent kernel crusher, they just did selling.

Status: Comply

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

| | | |
|--------------|--|--------------|
| 1. | Evidence of permission or approval certificate and logo from Certification Body which submitted by Client | X or√ |
| ASA-2 | The Company does not use the logo both on-product and off-product within the scope of PT. Daya Labuhan Indah | √ |
| | Status: Full Compliance | |
| 2. | Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use | X or√ |
| ASA-2 | The Company does not use the logo both on-product and off-product within the scope of PT. Daya Labuhan Indah | √ |
| | Status: Full Compliance | |
| 3. | Implementation of Certificate and Logo is not used on product | X or√ |
| ASA-2 | The Company does not use the logo both on-product and off-product within the scope of PT. Daya Labuhan Indah | √ |
| | Status: Full Compliance | |
| 4. | Controlling of Certificate and Logo, including withdrawing inappropriate logo. | X or√ |
| ASA-2 | The Company does not use the logo both on-product and off-product within the scope of PT. Daya Labuhan Indah | √ |
| | Status: Full Compliance | |

3.4 Summary of RSPO Partial Certification

| | | |
|---|---|---|
| Total companies observed (0.5 √Y) Where Y is the total of uncertified RSPO registered company The Management Unit name : <ul style="list-style-type: none"> PT Bumi Pratama Khatulistiwa PT Karunia Kencana Permaisejati Date of Observation: April 10th - 12th 2014 and April 06th - 10th 2015 | | |
| 2.1 | There is compliance with all applicable local, national and ratified international laws and regulations. | |
| | Based on results of verification in 2 units as an examples of the assessment, company has complied with the regulation. | ✓ |
| | Status: Complied | |
| 2.2 | The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights. | |
| | Based on documents verification there is available legal documents of land use right and there is no land conflict in each sample units. | ✓ |
| | Status: Complied | |
| 6.3 | There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties. | |
| | There is available several procedure : <ul style="list-style-type: none"> Standard Operational Procedure of Communication, Consultation and Coordination (No. PRO-BM.BEN-001) Standard Operational Procedure of Land Acquisition (No. SOP-IJIN LAHAN&OPS-006) Standard Operational Procedure of Conflict Resolution Mechanism (No. PRO-BNM-004) These procedures was implemented and already socialization to stakeholder. | ✓ |
| | 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. | |
| | Based on verification is available evident of land acquisition and compensation in each management unit. These process was documented and the document is signed by all parties related on compensation process. | ✓ |
| | Status: Complied | |
| 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. | |
| | Based on verification there is not primary forest replaced and the management unit is still on process to identification the High Conservation Value Area. | ✓ |
| | Status: Complied | |
| 7.5 | No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. | |
| | There is no new plantings | ✓ |
| | Status: Complied | |
| 7.6 | Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements. | |
| | There is no new plantings | ✓ |
| | Status: Complied | |

3.3 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components
3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-1 Assessment.

| CAR No | Ref Std | Finding | Area | Grade | Time Limits | Corrective Action | Observation | Status | Closing Date |
|--------|---------|--|-------|-------|-------------------------------|--|---|------------------------|-----------------|
| 2015.1 | 2.1.1 | Compliance over regulation Field visit in temporary hazardous waste landfill in Wonosari showed that there was no water fountain to wash personnel's body and eyes after work, as stated in company's license. | Major | KWS | 26 th October 2015 | Certificate holders should present compliance evidence over its license (temporary hazardous waste landfill) | Root Cause: There are still a lack of understanding of the overall content of any licenses that require specific needs for fulfillment. Corrective Action: Creating completeness of emergency response in form of shower at the warehouse in accordance with the LB3 licence. Preventive Action: Thoroughly read the contents of any licenses issue in order to understand the requirements needed and provide it along with PIC-related. Verification on 12 October 2015. The company has shown evidence of improvement facilities of shower and eye fountain in the waste schedule of Wonosari Estate as required in the company permit. improvements delivered in the form of photographic documentation after the construction of the shower facilities. Based on the verification of such evidence, the nonconformity number 2015.1 fulfilled and will be observed at the next visit | Close with observation | 12 October 2015 |

| | | | | | | | | | |
|--------|-------|--|-------|--------|-------------------------------|---|---|------------------------|-----------------|
| 2015.2 | 2.2.1 | Legal document over ownership Interview with management's representative (staff BM) and document's review revealed that there was no progress over land ownership document that covers an area of 877.75 Ha in KSD since ST-2 surveillance. | Major | PT DLI | 26 th October 2015 | Certificate holders should present the process how to gain ownership over the land for KSD that covers and area of 877.75 Ha | <p>Root Cause: Less responsive to the fulfillment of the requirements of land rights</p> <p>Problem solving: Immediately take action of the land rights documents in needs.</p> <p>Preventive action: Conduct regular monitoring the needs of legal documents.</p> <p>Verification on 23 October 2015. The company has shown evidence of corrective action in the form of a letter of application for the purposes of measuring HGU of PT DLI for 431.87 hectares by letter No. 01 / DLI / Ext / X / 2014 and an area of 445.88 hectares by letter no. : 02 / DLI / Ext / X / 2014 dated October 31, 2014 received by BPN on 31 October 2014. The nonconformity is fulfilled and will be observed at the next visit</p> | Close with observation | 23 October 2015 |
| 2015.3 | 4.7.2 | Life threatening actions Certificate holder has a system that regulates the implementation of occupational health and safety that has been applied and socialized to the entire operational level. However, based on field observation, there were personnel who did not care about he work risk and other unsafe actions (such as personnel stand in connection | Major | KWS | 26 th October 2015 | Certificate holders should present the evidence that risk analysis has been effectively implemented on the entire operational activities. | <p>Root Cause: Less socialization of K3 especially in the transport and the lack of signs on certain areas that could pose a hazard to workers.</p> <p>Problem solving: To disseminate K3 to FFB loader and tractor operators. Put in signs prohibiting standing on the tractor if there is no place for passengers.</p> | Closed | 13 October 2015 |

| | | | | | | | | | |
|--------|-------|--|-------|-------------|-------------------------------|---|---|--------|-----------------|
| | | wire between operated-tractor and trailer). | | | | | <p>Preventive action: To disseminate K3 for all vehicle operators and employees / contractors about the dangers on the vehicle / heavy equipment. Re-identifying the needs on the ground for signs prohibiting the transportation section</p> <p>Verification on 12 October 2015. The company has shown the evidence of corrective action such as documentation of OHS socialization for loader operator and FFB transport operator, and documentation of warning sign installation.</p> <p>Verification on 13 October 2015. The company has shown the evidence of corrective action in form of minute of OHS socialization for loading/unloading operator, has been carried out on 3 September 2015, the number of participants as much as 8 operator and loader. Based on the evidences, nonconformity is fulfilled.</p> | | |
| 2015.4 | 4.7.3 | <p>Certificate and PPE for the entire personnel</p> <ul style="list-style-type: none"> - Based on interview and document's review, its known that welder in CDE did not have competency certificate. - Interview result with PHL in KWS (daily worker) revealed that personnel did not receive PPE and working tools based on type of their work and there was no evidence of PPE's handover to | Major | CDE and KWS | 26 th October 2015 | <ul style="list-style-type: none"> - Certificate holders should present the evidence that welder has had the competency certificate. - Certificate holders should present the evidence that PPE has been provided for the entire personnel. | <p>Root Cause: Lack of identification and update of the competence and training needs and PPE needs.</p> <p>Problem solving: Provide training to employees who need the competence and provide adequate PPE.</p> <p>Preventive action: Perform periodic analysis of the training needs for employees and PPE</p> | Closed | 13 October 2015 |

| | | | | | | | | | |
|--------|-------|---|-------|-----|-------|---|---|--------|--------------|
| | | PHL personnel (apart from spraying and fertilization personnel) by company. This finding is not inline with the work agreement letter between company and PHL (article 3) and work mutual work agreement. | | | | | requirements. Verification on 8 September 2015. The company has shown the evidence of corrective action in form of welder certificate no.: 563/1138.A/Naker-2/2006, issued by labour agency District of Labuhan Batu on 18 September 2006. Verification on 12 October 2015. The company has shown the evidence of corrective action in form of : - Documentation of first aid equipment installation in waste schedule store and chemical store - Document of Purchase Request (PR) of PPE No.: 149/PR/MDN/DLI-KWS/IX/2015 dated 4 September 2015 and minute of PPE handover for daily worker. Verification on 13 October 2015. The company has shown the evidence of corrective action in form of document acceptance form of PPE (safety shoes) on 10 October 2015 for 24 employee. The conformity is fulfilled. | | |
| 2015.5 | 4.7.5 | First aid kits in work place Based on field visit in chemical warehouse and temporary hazardous waste landfill, its known that: - There was no monitoring over first aid kits' proficiency - The completeness of first aid kits in work place has not been inline with the applicable | Minor | KWS | ASA-2 | Certificate holders should present the evidence that the monitoring and the availability of first aid kits as well as the presence of well-trained personnel have been available in work place. | Root cause: P3K officers do not yet know about the completeness of the content according to the rules of first aid kit. Problem solving: The company supplements the contents of first aid kit refers Permenaker No. 15 in | Closed | 24 July 2016 |

| | | | | | | | | | |
|--|--|-------------|--|--|--|--|---|--|--|
| | | regulation. | | | | | <p>2008.</p> <p>Preventie Action: P3K Officers will coordinate with the clinic to complete first aid kit contents in accordance with applicable regulations.</p> <p>Observation, 24 June 2016. Based on the results of field visits, for example in the warehouse contents B3 is found in accordance with the first aid kit Permenaker No. 15 in 2008. There is also recording the use of the contents of first aid kit and examination of the contents of first aid kit every month.</p> <p>In interviews with the nurses informed that the company has completed the first aid kit contents in accordance with the regulations and inspection of first aid box every month.</p> | | |
|--|--|-------------|--|--|--|--|---|--|--|

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|---|------------------|-------|-----------------|--|---|-------------------------|-----------------|
| 2016.01 | 2.1.1. | <p>Fulfillment of regulation. Based on the results of document review that found:</p> <ol style="list-style-type: none"> 1. The Company has not been able to show documents the fulfillment of obligations plasma for the new addition to the area of Plantation Business License No. 503/327 / BPPTPM-LS / 2014 covering an area of 431.87 hectares and Plantation Business License No. No. 180/102 / HUK / 2014 covering an area of 445.88 hectares. This is not in accordance with the obligations and regulation minister of agriculture number 98 in 2013. 2. The Company has not been able to show documents Plantation Business License for the tomb block area and estate (area XX) covering an area of 13 hectares. This is not in accordance with the regulation minister of agriculture number 98 in 2013. 3. The Company has not been able to show documents the environmental permit for the tomb block area and estate (area XX) covering an area of 13 hectares. | Sei Deras Estate | Major | 24 October 2016 | The Company must be able to show evidence of fulfillment with all regulations and related. | <ul style="list-style-type: none"> • Root cause: The formation of smallholders is still in process. When applying for plantation business permit has been questioned about the plasma, and the approval process, management considers the effects and management finally agreed. • Corrective action (+evidence) Observation, 12 Oktober 2016. <ol style="list-style-type: none"> 1. The company has show a minutes of the meeting related management decision for the formation of smallholder in PT DLI on 20 May 2016 signed by Plantaation Head Indonesia, GM Group Sustainability and General Manager. 2. The Company has show a map scale 1:60.000 for plasma plan area is 239.1 ha. 3. Based on a guest book recording KSD known that on 19 August 2016 has been visits from National Land Agency (2 people of Provincial National Land Agency and 1 of District Labuhan Batu | Closed With Observation | 24 October 2016 |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|--|----------|-------|------------|-------------------|--|--------|--------------|
| | | This is not in accordance with the government regulations number 27 in 2012. | | | | | <p>National Land Agency).</p> <p>4. Photo documentation of measurement activities dated on 19 August 2016.</p> <p>5. To get to the identification process of farmers and the forming of new plasma can be done after the meeting of Committee B for land 431.87 ha and 445.88 ha completed.</p> <p>Related to the block area XX (outside the scope of certification) under the direction of General Manager and Legal Party dated on 24 October 2014 (communication via email) that the area would no longer be managed by the PT DLI. It will be verified for the next surveillance.</p> <ul style="list-style-type: none"> Preventive action: Coordinate with legal parties to comply all regulations in accordance with the applicable procedures. Auditor conclusion: Based on correction evidence, auditor conclusion to nonconformity is closed. | | |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|---|----------|-------|-----------------|---|---|-------------------------|-------------------|
| 2016.02 | 2.2.1 | Basic Land title (HGU) The company could not show documents Basic land title (HGU) for the tomb block area and estate (area XX) of 13 Ha. | Estate | Major | 24 October 2016 | The company must be able to show evidence basic land title for the whole area of corporate governance. | Related to the block area XX (outside the scope of certification) under the direction of General Manager and Legal Party dated on 24 October 2014 (communication via email) that the area would no longer be managed by the PT DLI. It will be verified for the next surveillance. | Closed With Observation | 24 October 2016 |
| 2016.03 | 4.6.7 | Application of pesticides. Based on interviews with officers PHT is known that there are activities UPDKS and termite pest spraying with a nozzle that is reversed and an extra stick to minimize the risks and negative impacts (taking into account the higher plants). However, based on document of IPM SOP (SOP-EST-018) does not include work instructions and termite pest spraying UPDKS appropriate practice in the field. | Estate | Minor | ASA-3 | The company must be able to show a the application of pesticides work instruction can minimize the risks and negative impact. | <ul style="list-style-type: none"> Root cause: <ol style="list-style-type: none"> Some palm oil in field is not affordable using a stick standard or normal so do stick modification without changing the procedure (SOP). Incomprehension of PIC related system administration making activities in the field was been conducted before reviewing procedure. Corrective action (+evidence): <ol style="list-style-type: none"> The Company show has show a revision IPM SOP (SOP-KST-018 Revision 3 dated on 1 September 2016) with adding spraying method, potential hazards and risk occurred. Socialization of recording (the minutes, photo and list of attendees) for SOP-EST-018 | Closed | 27 September 2016 |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|--|----------|-------|-----------------|--|--|--------|-----------------|
| | | | | | | | <p>revision 3 for workers dated on 7 September 2016.</p> <ul style="list-style-type: none"> Preventive action: Conduct a field audit to monitor the compliance of Procedure with applications in the field. Auditor conclusion: Based on correction evidence, auditor conclusion to nonconformity is closed. | | |
| 2016.04 | 4.7.4. | Occupational health and safety organizations. The Company has OHS Organization PT DLI accordance with the Decree of the Head of Department of Labor and Transmigration Labuhan Batu District Number Kep.101 / P2K3 / DSTKT-4/2016 with the chairman and secretary general Ali Rasiden Sulistiarto Daullay (letter of appointment decision: Number: KEP.P 1037 / M / DJPPK / IV / 2015 to PT Perkebunan Milano (Wilmar) and Chairul Abdi (not yet Expert licensed OHS). | PT DLI | Major | 24 October 2016 | The Company must be able to show evidence that the Secretary OHS Organization already have a Certificate of expert license OHS for PT DLI. | <ul style="list-style-type: none"> Root cause: Previous OSH Expert has been resign, because decision Management for Vacant of OHS Expert, the company appointed <i>Ali Rasiden Daullay</i> (SKP: Nomor: KEP.P 1037/M/DJPPK/IV/2015 from PT Perkebunan Milano under Wilmar group). Corrective action. The company showed evidence such as: <ol style="list-style-type: none"> Decision letter of appointment Health and Safety Officer Expert No. KEP.13126/DJPPK/V/2015 on behalf Yudo Martita. Certificate Holder showed | Closed | 24 October 2016 |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|--|----------|-------|------------|--|---|--------|--------------|
| | | | | | | | <p>legalization of Guidance Committee of OSH from a Head of Social, Manpower and Transmigration Agency decree, Labuhanbatu District no. KEP.2400 / P2K3 / DSTKT-4/2016 dated 4 October 2016 with the Secretary P2K3 (on behalf Yuda Martita).</p> <ul style="list-style-type: none"> Preventive action: <ol style="list-style-type: none"> Ensure OHS Guidance Committee has to be licensed OHS expert. During the revision of the OHS Guidance Committee structure, list of officers which proposed to the Social, Manpower and Transmigration Agency will be check by the Estate Manager or Mill Head accordance to the responsibility. Auditor conclusion: <p>According evidences showed to auditor team, this indicator consider to be closed and will observe during the next surveillance assessment.</p> | | |
| 2016.05 | 4.7.5. | Follow-up on the results of the accident investigation work. | Estate | Minor | ASA-03 | The company must be able to show evidence of | <ul style="list-style-type: none"> Root cause: | Closed | 24 October |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|----------------|------------------------|---|-------------------------|--------------|--------------------------------|---|---|---------------|--------------------------------|
| | | The company has show document the accident investigation work (FRM.KLK.004-015) in point L of suggestions for improvement. But the company has not been able to show evidence of implementation of the measures taken to prevent recurrence of accidents. | | | | implementation of the measures taken to prevent recurrence of accidents. | <p>Inconsistent The document preventive action of work accident recorded in the results of work accident investigation.</p> <ul style="list-style-type: none"> Corrective action (+evidence): The company has showed a record evidence of guidance training form filling Work Accident investigation to personal responsibility in KSD dated on 31 August 2016. Preventive action: <ol style="list-style-type: none"> Documenting every preventive action for every work accidents. EHS together with management of the estate will do a review of the results of investigations of work accidents in every meeting OHS committee. Auditor conclusion: Based on correction evidence, auditor conclusion the nonconformity is closed. | | 2016 |
| 2016.06 | 5.3.2 4.6.6 | Waste management in a way responsible. The Company has implemented Hazardous and toxic material management mechanism, but have not | POM & Estate | Major | 24 October 2016 | The company showed a system and implementation related to the material utilization Waste category Hazardous | <ul style="list-style-type: none"> Root cause: Bins provided is not sufficient so used containers hazardous & toxic waste and there is no mechanism which regulates the used of containers of | Closed | 24 October 2016 |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|--|----------|-------|------------|---------------------|--|--------|--------------|
| | | provided a system that regulates the use of material by category Hazardous and toxic material. (example there are indications of trash that comes from the former agrochemical packaging / used oil drum). | | | | and toxic material. | <p>hazardous & toxic waste.</p> <p>The company has a mechanism related management of hazardous & toxic waste but there is deficiency patrol in field and availability of the appropriate bins.</p> <ul style="list-style-type: none"> • Corrective action (+evidence): <ol style="list-style-type: none"> 1. The Company show a compliance program to permanent bins created by EHS and approved by the Manager. 2. Recording (photo activities) manufacture of permanent bins according to the needs. 3. Minutes of discarded containers of hazardous & toxic waste which still circulate in the field and update monitoring stock in warehouse hazardous & toxic waste. 4. On October 2016, The company show a SOP –gen-005 point 6.2 that prohibits reuse of hazardous & toxic waste for others purposes. • Preventive action: | | |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|---|-----------------|-------|---------------------------------|---|---|--------|-------------------|
| | | | | | | | <ol style="list-style-type: none"> 1. Ensure the recording of containers hazardous & toxic waste into and out in warehouse hazardous & toxic waste. 2. Socialization Management Procedures hazardous & toxic waste revised to all workers in mill and estates. 3. Do inspection related using containers of hazardous & toxic waste in housing. 4. OHSE inspection conducted regularly every month in accordance with EHS Program. <p>• Auditor conclusion: Based on correction evidence, auditor conclusion to nonconformity is closed.</p> | | |
| 2016.07 | 5.5.1 | The implementation of zero burning policy The corporate has own the policy commitment and socialization regarding to zero burning. However, the effectivity of implementation and socialization of the policy still not conformance with the condition in the field (such as still found the activity of burning in wonosari estate of Block 154) | Wonosari Estate | Major | 24 th of August 2016 | The corporate is measuring the implementation of zero burning for all estate activities which are suitable with the commitment of Wilmar Group.5. | <p>• Root cause: The burning of used wood was done by the security to chase away the mosquitos, source of light, and body warmer in the night.</p> <p>• Corrective action (+evidence): The corporate has been supplying the additional facility for security/officer such as mosquito</p> | Closed | 12 September 2016 |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|----------|----------|-------|------------|-------------------|---|--------|--------------|
| | | | | | | | <p>repellent, flashlight, and giving the tent.</p> <p>Observation on 12 September 2016 The corporate has been shown the corrective evidence regarding to the used burning in the field, such as:</p> <ul style="list-style-type: none"> • News event and the receipt evidence of night duty equipment such as flashlight, tent, and mosquito repellent on 29th of August 2016 to the security officer of Wonosari Estate. • Socialization on 26th and 29th of August 2016 in the front office of PT DLI with the topic that was consist of the forbidden burning activity for all staffs and employees. • Giving a punishment in the form of first warning letter for the employee who did the burning on 26th of August 2016. • Preventive action: The corporate will improve the socialization policy regarding to zero burning policy, do the routine control from the security officer, and giving a punishment for all | | |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|--|-----------|-------|-----------------|---|--|--------|-----------------|
| | | | | | | | <p>parties who do the burning.</p> <ul style="list-style-type: none"> Auditor conclusion: Based on the corrective evidence which has been shown by the corporate, so the non conformance of 2016.05 has been declared as CLOSED. | | |
| 2016.08 | E.4.2 | <p>Excessive production information to CB.</p> <p>Based on the results of the audit found an excess PK certified (441 tonnes per August, 23 2016) but not yet reported to the CB.</p> | DLI 2 POM | NC | 24 October 2016 | The Company must be able to report excess certified products and the justification to CB. | <ul style="list-style-type: none"> Root cause: FFB delivery from Marbau Estate (PT Miano). Others company of the Wilmar Group that has been certified RSPO to DLI Palm Oil. Miscommunication that occurred between Supply chain PIC Head Office Jakarta with logistic mill department. Corrective action (+evidence) The company has showed a reporting evidence of excess product certified by Mill DLI to Manager Operational PT Mutuagung Lestari dated on 28 September 2016. Preventive action: <ol style="list-style-type: none"> Comparative analysis budget-CPO-PK production to be generated with the quota certified products tol | Closed | 24 October 2016 |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|----------|----------|-------|------------|-------------------|---|--------|--------------|
| | | | | | | | <p>be claim.</p> <p>2. Report to CB every excess certified products (CPO and PK) resulting from DLI Mill according to the budget that has been assigned.</p> <p>3. The company has a procedures Mass Balance to ensure product that claimed in accordance with cetificate and PIC Supply Chain in Head Office Jakarta.</p> <p>4. The company has show memorandum from Sustainability Coordinator dated on 21 October 2016 to Mill Manager; PIC Logistics and Purchasing FFB/ Trading Medan related obligation to check the conformity of production and product claims RSPO certified in conformity amount of production in the RSPO certificate. When exceed it shall be submitted to the certification body through the Sustainability Team at HO Jakarta (Mrs. Mutia).</p> | | |

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

| CAR No. | Ref. Std. | Findings | Location | Grade | Time Limit | Corrective Action | Observation | Status | Closing date |
|---------|-----------|----------|----------|-------|------------|-------------------|---|--------|--------------|
| | | | | | | | <ul style="list-style-type: none"> Auditor conclusion: Based on correction evidence, auditor conclusion to nonconformity is closed. | | |

3.5.3 Opportunity for Improvement

| No | Ref Std | Descriptions |
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| 1. | 4.3.4 Major | <ul style="list-style-type: none"> The company uniform procedures for installation and technical measuring instrument readings of water level in the each of the estates. The company is expected to have <i>piezometer</i> for each of the estates. The company improve the management and maintain the water level in the peat. |
| 2. | 5.1.3 Minor | For example supporting data related to social impact management (questionnaires, focus group discussions, interviews, etc.) attached to the report on RKL / RPL routine every semester. |
| 3. | 4.6.9 Minor | The company can improve some MSDS language with the language known by the officer (Indonesian). |

3.5.4 Noteworthy Positive Components

| No | Ref Std | Descriptions |
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| 1. | - | The company is commitment to implementing the principles of sustainable management of oil palm. |
| 2. | - | Human Resources has the ability and a good understanding of sustainability standards. |

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

| Issues From Public (Institution/NGO/Society) | Management Response | Auditor Response |
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| Tuesday, 23rd of August 2016 | | |
| Chief Section of Environmental Impact Analysis. <ul style="list-style-type: none"> All of operational areas of PT DLI and PT Milano Cabang Dua have owned the document study of environmental impact. PT DLI and PT Milano Cabang Dua have owned the temporary storage of hazardous waste. Unit of management has been reporting the daily report regarding the obligation of environmental, such as report of the Environmental Management Plan and the Environmental Monitoring Plan per 6 months, report of hazardous waste per 3 months and the management of liquid waste per 3 months. Report of environmental test result has been reported in the daily report which has been sent. The institution has been gotten the information regarding the list of document which can be accessed by public. There's no issue of environmental pollution which has been done by PT DLI and PT Milano Cabang Dua. | <ul style="list-style-type: none"> Management of PT DLI and Milano Cabang Dua have been committed to be consistent for doing the study of environmental impact. The collecting of hazardous waste was saved periodically and routinely in the temporary storage of hazardous waste. Management of PT DLI and Milano Cabang Dua have been committed to be consistent for reporting of RKL-RPL periodically to the related institute. Management of PT DLI and Milano Cabang Dua have been committed to be consistent for doing and reporting the result of environmental test and also list of document which can be accessed in accordance with consideration. Management has been committed to keep the sustainability of environment. | <p>This matter has been matched with the indicator of 5.1.1.</p> <p>This matter has been matched with the indicator of 5.3.2.</p> <p>This matter has been matched with the indicator of 1.1.1 regarding to distribution of information for stakeholders.</p> <p>This matter has been matched with the indicator of 1.2.1; 4.43.5.12 & 5.1.3.</p> <p>This matter should be maintained in order to create the sustainability of environment.</p> |
| National Land Agency of Labuhan Batu District (Chief Section of Land Registration). <ul style="list-style-type: none"> There is no registration of land dispute in the operational area of PT DLI and PT Milano. At Labuhan Batu District, there's no custom rights | <ul style="list-style-type: none"> There's no found of land dispute which is happened in PT DLI and Milano Cabang Dua. There's none of customs rights, except the state land in | <p>This matter has been matched with the indicator of 2.2.4.</p> |

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| <p>which is available in the land, except the state land.</p> <ul style="list-style-type: none"> • Rights of land which has been owned by the corporate in the form of land use title. • The corporate has been expected to keep the land which is owned in accordance with the requirement of land use title. | <p>PT DLI and Milano Cabang Dua.</p> <ul style="list-style-type: none"> • PT DLI and Milano Cabang Dua have been owned the land use title. • Management of PT DLI and Milano (Cabang Dua Estate) has been committed to keep the land in accordance with the requirement of land use title. | <p>It should be maintained in accordance with the requirement of land use title.</p> |
| <p>Department of Forestry and Plantation of Labuhan Batu District.</p> <ol style="list-style-type: none"> 1. The corporate has a good relationship with the governmental institution in Labuhan Batu District, especially Department of Forestry and Plantation. 2. The corporate has been submitted the official reports which is regarding to the Department of Forestry and Plantation, such as: <ul style="list-style-type: none"> • Report of plantation business activity, report of second semester in 2015 on 6th of January 2016 and first semester in 2016 (PT DLI and PT Perkebunan Milano) which has been reported on 19th of July 2016. • Report of monitoring and fire patrol in the first semester of 2016 on 19th of July 2016 (the receipt is enclosed). 3. So far, there's not found the new permit application from the corporate regarding to the additional capacity of mill and the expansion of planting area. 4. In the last two years, there's not found the registration of fire in the estate operational area of PT DLI. The corporate also has an infrastructure of firefighters which is adequate. 5. The corporate has been giving the corporate social responsibility assistance for the society. | <ul style="list-style-type: none"> • The management always keep well the relationship by coordinating with the related institution. • The management is consistent to reporting of all reports by periodically and routinely which has been established in the regulation for the governmental institution. • If there's any additional capacity and the expansion of area, the corporate will be reporting this matter to the related institution in accordance with the regulations which has been required. • Aside from having the structure of TPKD for anticipating of fire, the corporate also has an infrastructure of firefighters. • The corporate has the annual program for corporate | <p>In order to always keep a good cooperation with the department of forestry and plantation of Labuhan Batu District.</p> <p>This matter has been matched with the indicator of 1.1.1</p> <p>This matter has been matched in accordance with the indicator of 5.5.1</p> <p>This matter has been matched in accordance with the</p> |

| | social responsibility. | indicator of 6.11 |
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| Department of Labor, Transmigration, and Social of Labuhan Batu District. 1. The corporate has been tied a good relationship with department of labor and transmigration. So far, the corporate has been cooperative enough with department of labor and transmigration. 2. Required reports has been delivered routinely, such as: <ul style="list-style-type: none"> • Mandatory of labor report in 2016 on 15th of March 2016. • Report of the implementation program of occupational health and safety on second quarterly of 2015, first quarterly of 2016 and second quarterly of 2016. • The registration evidence of temporary workers agreement (560/586/DSTKT-3/2016, on April 2016). The registration evidence is enclosed. • Report of occupational accident in Wonosari Estate for the period of March until June 2016 on 3rd of July 2016 (the receipt is enclosed). 3. Work union has been published in the environmental of corporate and has been agreed and the agreement has been registered. 4. So far, all kind of labor problems (industrial relationship), both are reports or complaints of the employee have been finished well. 5. The corporate has been fulfilled their obligation for paying the minimum wage in accordance with the | <ul style="list-style-type: none"> • The management always keep a good relationship with each related institute. • The management is consistent to reporting periodically and routinely of all reports whereas have been established in the regulation to the governmental institute. • Aside from the union worker has been published, the corporate and union workers have been also a routine agenda to do a meeting. • If there's a problem which is regarding to the labor, the corporate has to do deliberation and do the procedure in accordance with the regulation. • Every year, the corporate refers to the newest minimum regional wage. | <p>This matter should be continue to be improved to keep a good team work with department of labor, transmigration, and social of Labuhan Batu District.</p> <p>This matter has been matched with the indicator of 1.1.1.</p> <p>This matter has been matched with the indicator of 6.61 & 6.6.2.</p> <p>This matter has been matched with the indicator of 2.1.1</p> |

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| <p>minimum wage of district sector in 2016.</p> <p>6. In 2015, there's found a note that there's a temporary worker who still not yet included in the program of labor insurance. Until the public consultation activity with the department, there's no confirmation from the corporate.</p> | <ul style="list-style-type: none"> The corporate has been registered temporary workers into the labor insurance program and the payment evidence of labor insurance. | <p>This matter has been matched with the indicator of 4.7.6</p> |
| Tuesday, 23rd of August 2016 | | |
| <p>Head of Wonosari Village.</p> <p>1. The corporate was giving the corporate social responsibilities to Wonosari Village, such as:</p> <ul style="list-style-type: none"> Washing water channel along 3 km. Support of embankment road in Wonosari Village. Support of Parcel for Eid. Awarding one cow for Eid. Supporting for the mosque building and etc. <p>2. The society was involved to identify of CSR program.</p> <p>3. There's no conflict of land dispute. Each area of the society which was used by the corporate has been done GRTT.</p> <p>4. There's no area of society which was created as the area of HCV.</p> <p>5. Has been socialized regarding to the procedure of information request. (Reporting to the head of village and delivered to the public relation of PT DLI).</p> <p>6. Every kind of information request has been responded by the corporate.</p> <p>7. The socialization of HCV area and kinds of protected animals has been available.</p> | <ul style="list-style-type: none"> The corporate has a corporate social responsibilities program every year and the program was based on the needs of village and involving society within. Until right now, there's no conflict regarding to land dispute in PT DLI and Milano, Cabang Dua Estate. The area of HCV is in the area of estate The socialization procedure has been done to the society and employee. The corporate will give a respond for the information which has been given in directly or based on procedure. The socialization which is regarding to HCV for the society was done during the praying activity in the house of society. | <p>This matter has been matched with the criteria of 6.11</p> <p>This matter has been matched with the indicator of 2.2.4</p> <p>This matter has been matched with the indicator of 1.1.2</p> <p>This matter has been matched with the criteria of 5.2</p> |

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| <p>8. Team work and communication with the corporate are good due to Mr. Khaerul (Public Relation of PT DLI) who is socialized.</p> <p>Aspiration:</p> <ul style="list-style-type: none"> ✓ The recruitment for the society of Wonosari Village should be improved. | <ul style="list-style-type: none"> The corporate has a parameter regarding to the recruitment and will give a priority for the labor around corporate if there's a recruitment. | <p>It should be more improved so the society of Wonosari Village will get the same employment opportunity and matched with the competency that they have and needed by the corporate.</p> |
| <p>Head of Sidorejo Village</p> <ol style="list-style-type: none"> The corporate has been giving the corporate social responsibilities to Sidorejo Village, such as: <ul style="list-style-type: none"> Awarding one cow for Eid. Rehabilitation for the construction of the mosque. Construction of kindergarten Watering road for handling the dust which is caused by the vehicle that has been passed in the area of Sidorejo Village. Etc. There's no land dispute. There's no overlap area of society with the area of corporate. The socialization regarding to the area of HCV and protected animals has been available. There's no area of society which has been created as the area of HCV. | <ul style="list-style-type: none"> The corporate has a CSR program every year and the program was based on the needs of village and involving the society. Until right now, there's no conflict which is related to the land dispute in PT DLI and Milano, Cabang Dua Estate. The area of HCV is in the area of estate and has been socialized to the society. | |

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| <p>6. The procedure of information request has been socialized (reporting to the head of village and delivered to Bina Mitra of PT DLI).</p> <p>7. Every kind of information request has been responded by the corporate.</p> <p>8. The socialization regarding to the area of HDV and protected animals has been available.</p> <p>9. Team work and communication with the corporate which is very good.</p> <p>Aspiration:</p> <ul style="list-style-type: none"> ✓ Recruitment for the society of Sidorejo Village should be improved. ✓ Block of 13 (palm area) which is as much as 13 Ha of total area should be created as the infrastructure of education. | <ul style="list-style-type: none"> • The socialization procedure has been done for the society and employee. • The corporate will give a respond for the information which has been given in directly or based on procedure. • The socialization regarding to HCV for the society has been done when the praying activity in the house of society. <ul style="list-style-type: none"> • The corporate has a parameter regarding to the employee recruitment and will give a priority for the employee around corporate if there's any kind of recruitment activity. • For this time, there's no discussion which is regarding to the infrastructure of education in the area of block 13, due to the early childhood education program and elementary school have been available in the area of corporate and according to the aspiration which has been delivered, it's said that block of 13 has been created as the infrastructure of education will be discussed internally to the manager. | |
| <p>Head of Kampung Bilah Village</p> <p>1. Team work and communication with the corporate are very good. The communication was tied by the staff of Bina Mitra and Manager.</p> <p>2. There's no land dispute.</p> | <ul style="list-style-type: none"> • The corporate has tied a good communication with the stakeholders. • Until this time, there's no conflict was found related to the land dispute in PT DLI. | |

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| <ol style="list-style-type: none"> 3. There's no overlap area between the society area with the corporate area. 4. The socialization regarding to the area of HCV and protected area has been available. 5. There's no society area which has been created as the area of HCV. 6. The procedure of information request has been socialized (reporting to the head of village and delivered to Bina Mitra of PT DLI) 7. Every kind of information request has been responded by the corporate. 8. The socialization regarding to the area of HCV and protected animals has been socialized. 9. The discussion has been done regarding to the work program of village and corporate through conference. 10. Have been involved in the election of local contractor, but still not yet elected. 11. All the villagers of Village 1 and 2 of Deras River are the employee of PT DLI. 12. Corporate support for the society and employee regarding to education, such as program of elementary school construction in the estate. 13. There's none obstacles to the society for passing the access way of corporate. 14. Job vacancy was delivered to the head of village. 15. In 2015, it has ever been given the support of community empowerment in the form of oil | <ul style="list-style-type: none"> • The area of HCV is in the area of estate and has been socialized to the society. • The socialization procedure has been done to the society and employee. • The corporate will give a respond for the information which has been given in directly and based on procedure. • The socialization regarding to HCV for society has been done during the praying activity in the house of society. • The corporate has been attended the conference based on the invitation that was given by. • The election of contraction was done with open and transparency. • PT DLI (Sei Deras Estate) was included in the area of governmental of Kampung Bilah Village. • Scholarship program has been given to the villagers of Kampung Bilah (Village 1 and 2 of Sei Deras), and for the future, will be giving for the outside of Village 1 and 2 of Sei Deras. • There's always an available communication with the governmental parties of village regarding to the access way of job vacancy. | |
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| <p>palm seedlings.</p> <p>Aspiration:</p> <ul style="list-style-type: none"> ✓ It should be developed of scholarship support for the employee's children who were getting the achievement. ✓ Support of permit of using the ambulance for the society if they're in an emergency condition. | <ul style="list-style-type: none"> • The scholarship has been given for the employee's children who were getting the achievement. • In the emergency condition, the ambulance has to be ready in use. Support of ambulance will be given after the governmental of village parties has been doing the communication with the corporate parties, through mail, telephone, or directly. | |
| <p>Local Contractor of Titi Panen</p> <ol style="list-style-type: none"> 1. The employee has been understood of work contract. 2. Letter of work agreement has been mentioned the obligation of occupational health and safety implementation and labor. 3. The obligation of labor insurance was certified by the first party (supervisor). 4. Wage was given as wholesale and has been matched with minimum wage of Labuhan Batu District. 5. If there's any kind of PPE that was damage, it can be changed with the new one. This matter was mentioned in the work agreement. 6. The contractor is coming from Wonosari Village. 7. Rights and obligation have been known by the local contractor. | <ul style="list-style-type: none"> • All of rights and obligation of all parties, contractor and corporate, have been understood and written in the work agreement, especially corporate policy, environmental, occupational health and safety, integrity and human rights. | <p>This matter has been matched with the indicator of 6.5.2</p> |

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| <p>Chairman of Gender Committee of PT DLI</p> <ol style="list-style-type: none"> 1. The organizational structure of gender committee is available, in accordance with the letter of decision No: 001/Reg.I/Int/V/2016. Since 1st of June 2016, it has been established by the representative management of PT DLI. 2. The annual program regarding the activity of gender committee is available. 3. The socialization policy of gender committee and the minutes of meeting activity are available. 4. During the period of 2015-2016, there's no reporting of sexual harassment. 5. The procedure of employee's complaint is available with the flow such as reported to the supervisor, then the assistant and the gender of committee (section of consultation). 6. Female employee has been getting the reproductive rights such as maternity leave (H2) for three months with the detail as 1,5 months before give births and 1.5 months after give birth. <p>Aspiration:</p> <ul style="list-style-type: none"> ✓ The female employees do not hesitate for reporting if there's any kind of sexual harassment that was happened. | <ul style="list-style-type: none"> • PT DLI has the structure of gender committee, aside from annual meeting and also socialization which is mentioned in the work program of gender committee. • All of regulations which are related with gender have been fulfilled in accordance with the regulations. • Do the socialization for employee who are in the scope of corporate continuously, and reporting if there's any kind of harassment. | <p>This matter has been matched with the criteria of 6.9</p> |
| <p>Chairman and Deputy Chairman of Indonesian Plantation Worker Union</p> <ol style="list-style-type: none"> 1. The socialization of union freedom policy for the employee of PT DLI is available. 2. The registration of Indonesian Plantation Worker Union of PT DLI for Department of Social, Labor, and Transmigration of Labuhan | <ul style="list-style-type: none"> • The delivery of union freedom always delivered directly of in the morning ceremony. • The legality of labor union has been delivered and accepted by corporate. | <p>This matter has been matched with the indicator of 6.6.1.</p> |

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| <p>Batu District with the reference number SK 560/12.20/DSTKT-3/2015 and 17/PB-SERBUNDO/XI/2015 on 16th of November 2015.</p> <p>3. Internal meeting of SERBUNDO was held once in a month.</p> <p>4. Meeting with the corporate every four months (the last was on August 2016)</p> <p>5. Fee of member which is 1% from the basic salary as much Rp 21.000,-</p> <p>6. Work agreement has been known and agreed by Serbundo and valid for the period of 2015-2017.</p> <p>7. Work agreement has been established by department of social and labor of Labuhan Batu District.</p> <p>8. The socialization regarding to work agreement is available.</p> <p>9. The mechanism of employee's complaint is available.</p> <p>10. The socialization of minimum wage of Labuhan Batu District is available and valid since January 2016 as much Rp. 2.250.000,-</p> <p>11. The socialization of minimum wage has been delivered during the morning ceremony.</p> <p>12. PPE and work equipment have been supplied by the corporate.</p> <p>13. If there's found of PPE which is damage, it can be changed with the new one. This matter was mentioned in the work agreement.</p> | <ul style="list-style-type: none"> • Internal meeting of Serbundo was also reported to the corporate. • Routine meeting program every 4 months has been available in the work program of Serbundo and Corporate. • Serbundo Party was cooperating with corporate for the quotation fee. • Arrangement and establishment of collective work agreement of PT DLI was involving the party of union labor and socializing with the corporate and union labor for employee. • Delivering of complaint has been delivered and socialized which has been mentioned in the collective work agreement during the morning ceremony. • The corporate always followed the newest regulation of minimum wage from the government of region and also socializing it to the employee. • PPE and work equipment were given by the corporate to the employee in accordance with needs. • The corporate was continuously improving the | <p>This matter has been matched with the indicator of 6.6.2</p> <p>This matter has been matched with the indicator of 6.5.2</p> <p>This matter has been matched with the criteria of 6.3</p> <p>This matter has been matched with the indicator of 6.5.1</p> <p>This matter has been matched with the indicator of 4.6.5</p> <p>This matter has been matched with the indicator of 6.5.3</p> |
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| Aspiration: ✓ Constructing of the infrastructure facility for housing, such as clean water, etc. | <ul style="list-style-type: none">• infrastructure which are needed by all employees such as constructing of housing, facility for pray, facility of education, facility of sport, facility for water source, poly tank supply in the housing, tank mobilization of clean water. | |
|---|--|--|

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

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

Signed on behalf of:

PT Daya Labuhan Indah
Management Representative
(Sustaibility Coordinaror Indonesia)



Kahirul Anuar
Thursday, 25/August/2016

Mutuagung Lestari
Lead Auditor



Marsudi Eko Santoso
Thursday, 25/August/2016

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

| No | Institution/NGO/Community | Address | Phone/Email | Form of Communication | Date of Contact | Response | |
|-----|--|--------------------------|-------------|-----------------------|-----------------|----------|----|
| | | | | | | Yes | No |
| 1. | Social Service, Labour and Transmigration of Labuhan Batu District | District Of Labuhan Batu | - | Interview | 23 August 2016 | √ | - |
| 2. | Forestry and Plantation Service of Labuhan batu District | District Of Labuhan Batu | - | Interview | 23 August 2016 | √ | - |
| 3. | Environment Agency of Labuhan Batu District | District Of Labuhan Batu | - | Interview | 23 August 2016 | √ | - |
| 4. | National Land Agency of Labuhan Batu District | District Of Labuhan Batu | - | Interview | 23 August 2016 | √ | - |
| 5. | Head of Wonosari Village | Wonosari Village | - | Interview | 23 August 2016 | √ | - |
| 6. | Head of Kampung Bilah Village | Kampung Bilah Village | - | Interview | 23 August 2016 | √ | - |
| 7. | Head of Sidorejo Village | Sidorejo Village | - | Interview | 23 August 2016 | √ | - |
| 8. | Gender Committee PT Daya Labuhan Indah | PT Daya Labuhan Indah | - | Interview | 23 August 2016 | √ | - |
| 9. | Local Contractor | Kampung Bilah Village | - | Interview | 12 August 2016 | √ | - |
| 10. | Head of Serikat Buruh Perkebunan Indonesia (Labour Union) | PT Daya Labuhan Indah | - | Interview | 12 August 2016 | √ | - |
| 11. | NGO - WWF | Jakarta | - | email | 12 August 2016 | - | √ |
| 12. | NGO – Sawit Watch | Jakarta | - | email | 12 August 2016 | - | √ |
| 13. | NGO - Walhi | Jakarta | - | email | 12 August 2016 | - | √ |
| 14. | NGO - AMAN | Jakarta | - | email | 12 August 2016 | - | √ |

Appendix 2. Assessment Program

| DATE | 22 – 26 August 2016 | |
|----------------------------------|--|---|
| TIME | PROCESSES / CLAUSES TO BE AUDITED | AUDITOR |
| Monday, 22 August 2016 | | |
| 05.35 - | JAKARTA → KUALANAMO → MEDAN → RANTAU PRAPAT → PT DLI | MES, AP, SM, BP |
| Tuesday, 23 August 2016 | | |
| 08.00 – 08.30 | Opening Meeting | MES, AP, SM, BP |
| 08.30 – 12.00 | Stakeholders consultation to Related Government Institution to Labuhan Batu District Government (Rantau Prapat) and local NGO. | SM & AP |
| 08.00 – 12.00 | Stakeholders consultation to Nearest Village, community leader, contactor, union labor and gender committee. | MES & BP |
| 12.00 – 14.00 | BREAK | |
| 14.00 – 17.00 | <ul style="list-style-type: none"> RSPO Document Review and Review of Previous Visit Non-conformance (ASA-1) Clarification of Public Consultation Document verification | MES, AP, SM, BP |
| Wednesday, 24 August 2016 | | |
| 08.00 – 12.00 | Field Observation to Sei Deras Estate <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, best agricultural practices Worker Welfare (payments, complaint mechanism) Hazardous Waste Material (B3) management Legal operational and Conservation Area Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect. | AP & MES AP & MES SM & BP AP & MES SM & BP SM & BP |
| 12.00 – 14.00 | BREAK | |
| 14.00 – 16.00 | <ul style="list-style-type: none"> Field Observation to DLI 2 POM SCCS, FFB receiving, grading, FFB Processing WWTP, hazardous waste management, chemical management, workshop, etc. | MES & AP |
| 16.00 – 17.00 | <ul style="list-style-type: none"> Document review and verification of previous visit non-conformance Field observation clarification | SM & BP MES, AP, SM, BP |
| Thursday, 25 August 2016 | | |
| 08.00 – 12.00 | Field Observation to Wonosari Estate <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, IPM, best agricultural practices Worker Welfare (payments, complaint mechanism) Hazardous Waste Material (B3) management Legal operational and Conservation Area Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect. | AP & SM MES & BP AP & SM AP & SM MES & BP MES & BP |
| 12.00 – 14.00 | BREAK | |

| DATE | 22 – 26 August 2016 | |
|------------------------|---|-----------------|
| TIME | PROCESSES / CLAUSES TO BE AUDITED | AUDITOR |
| 14.00 – 16.00 | <ul style="list-style-type: none">• RSPO Document review and review of previous visit non-conformance• Closing meeting preparation• Closing meeting• Site – Medan | MES, AP, SM, BP |
| 15.00 – 16.00 | | |
| 16.00 – 17.00 | | |
| 18.00 – | | |
| Friday, 26 August 2016 | | |
| 09.00 – 12.00 | Medan→ Jakarta | MES, AP, SM, BP |