

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

**[ ] Stage-1 [ ] Stage-2 [V] Surveillance [ ] Re-Certification**

Name of Management Organisation : Betung Factory – PT Laguna Mandiri, Sime Darby Plantation Sdn Bhd  
 Plantation Name : Sekayu Estate and Betung Estate  
 Location : Village of Betung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia  
 Certificate Code : **MUTU-RSPO/035**  
 Date of Certificate Issue : 01 April 2014 Date of License Issue : 01 April 2017  
 Date of Certificate Expiry : 31 March 2019 Date of License Expiry : 31 March 2018

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
<b>ASA-3</b>	30 January – 3 February 2017	Ardiansyah (Lead Auditor), Rudi Ramdani, Mohamad Amarullah, Afiffuddin	Octo H.P.N. Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
<b>ASA-3</b>	<b>13 April 2017</b>

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 on March 12<sup>th</sup>, 2014 with registration number **RSPO-ACC-007**

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### FIGURE

Figure 1. Location Map of PT Laguna Mandiri

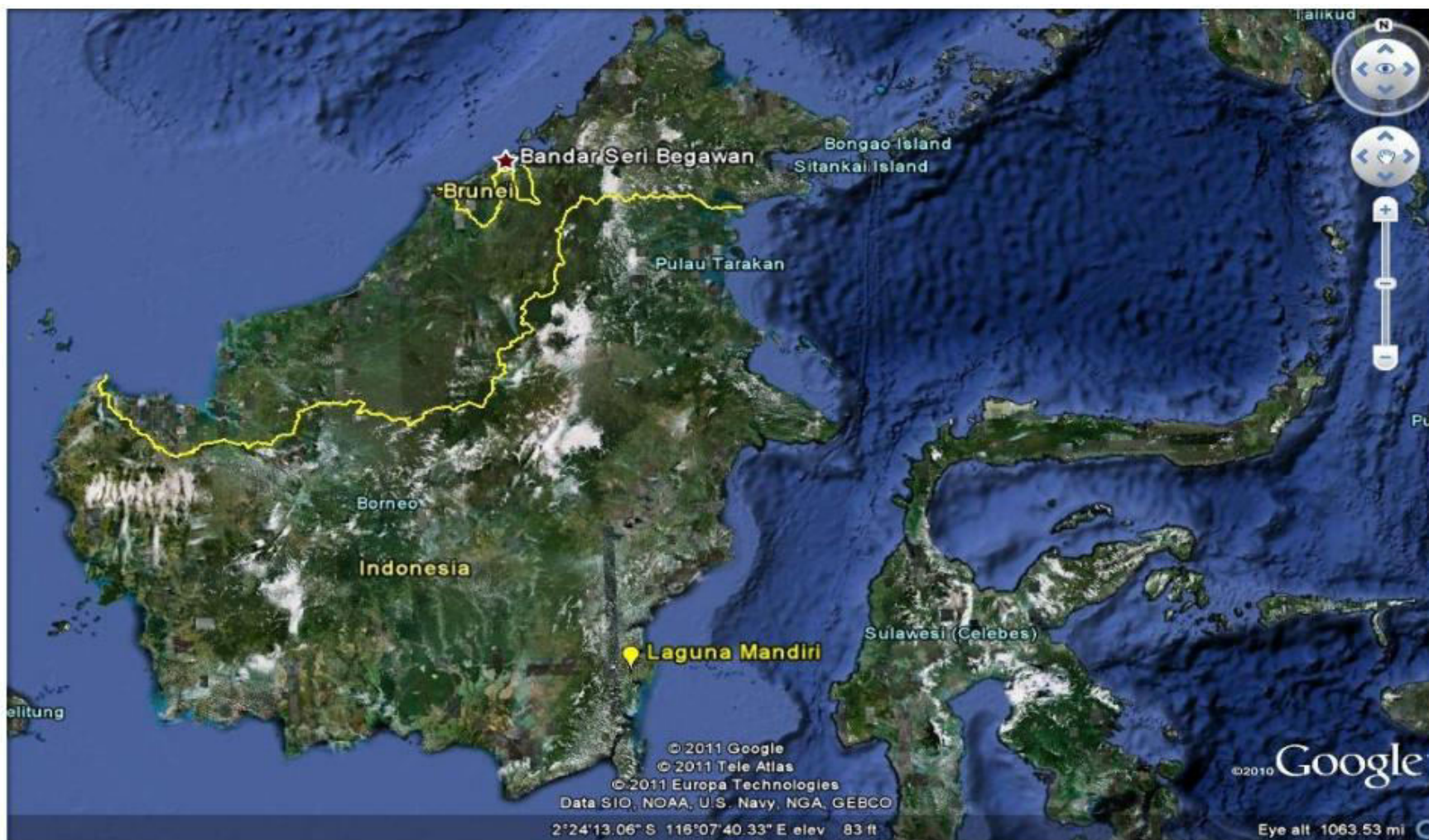
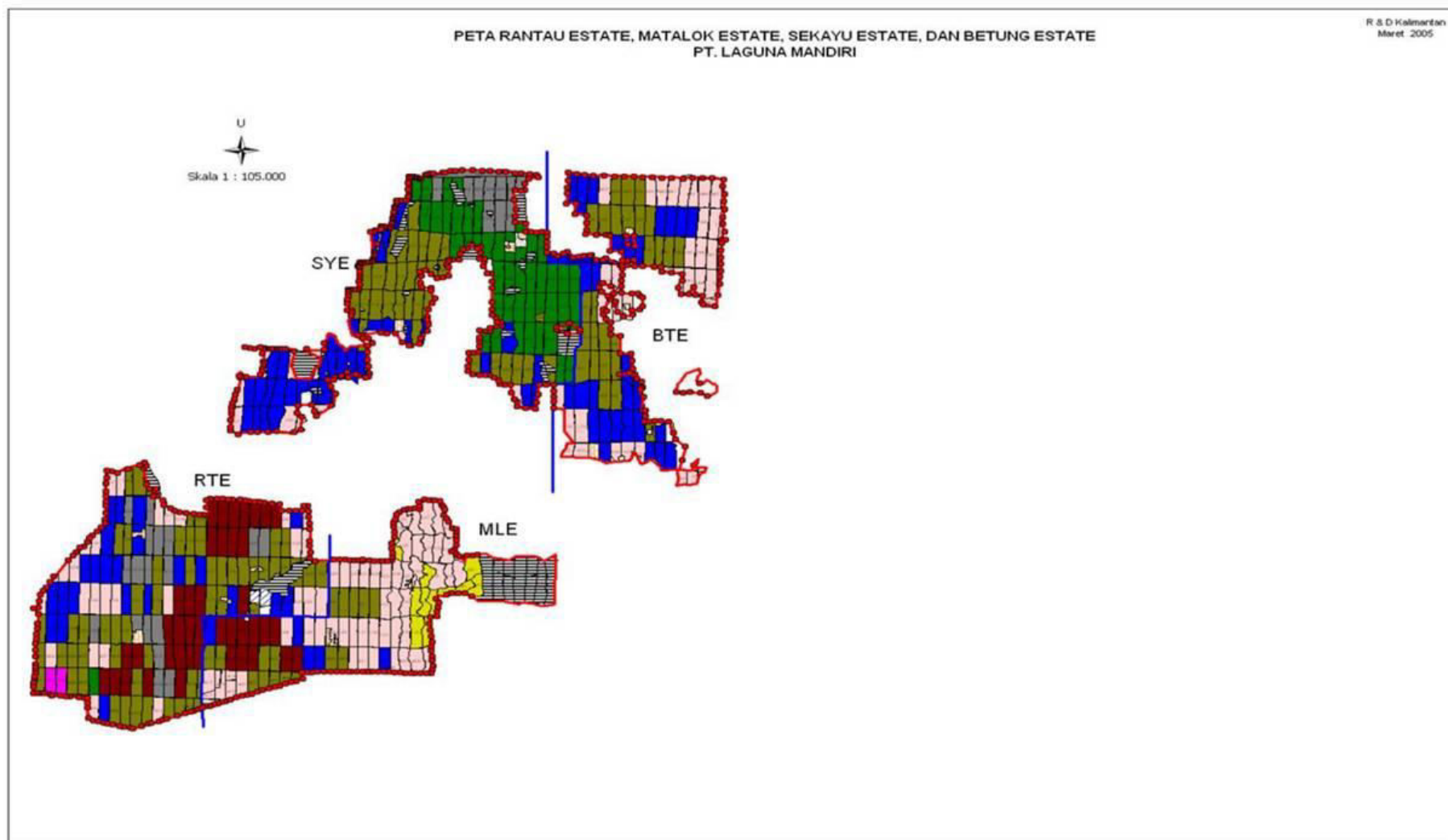


Figure 2. Operational Map of Sekayu Estate and Betung Estate PT Laguna Mandiri





**Glossary**

AKAD	: <i>Antar Kota Antar Daerah</i> (inter-area worker)
AMDAL	: <i>Analisis Mengenai Dampak Lingkungan</i> (Social and Environmental Impact Assessment)
ASA	: Annual Surveillance Assessment
BPJS	: <i>Badan Penyelenggara Jaminan Sosial</i> (Social Assurance of Labor)
BPN	: <i>Badan Pertanahan Nasional</i> (National Land Agency)
BOD	: Biological Oxygen Demand
CBD	: Convention Biodiversity on Diversity
CH	: Certificate Holder
CPO	: Crude Palm Oil
CSR	: Corporate Social Responsibility
EFB	: Empty Fruit Bunch
FIFO	: First in First Out
FFB	: Fresh Fruit Bunch
FPIC	: Free Prior Informed and Consent
GHG	: Greenhouse Gas
HCV	: High Conservation Value
HGB	: <i>Hak Guna Bangunan</i> (Land Use Building)
HGU	: <i>Hak Guna Usaha</i> (Land Use Title)
HIRAC	: Hazard Identification, Risk Assessment and Control
HRM	: Human Resources Management
IPM	: Integrated Pest Management
ISCC	: International Sustainability & Carbon Certification
ISO	: International Standarization Organization
ISPO	: Indonesian Sustainable Palm Oil
KER	: Kernel Extraction Rate
LMI	: Laguna Mandiri (PT)
LUCA	: Land Use Change Analysis
MS	: Management System
MSDS	: Material Safety Data Sheets
NGO	: Non Government Organization
OER	: Oil Extraction Rate
OHSAS	: Occupational Health and Safety Assessment Series
P2K3	: <i>Panitia Pelaksana Kesehatan dan Keselamatan Kerja</i> (OHS Guiding Committee)
P&D	: Pest and Disease
PIC	: Person In Charge
PK	: Palm Kernel
POM	: Palm Oil Mill
POME	: Palm Oil Mill Effluent
PPE	: Personal protective equipment
R&D	: Research & Development
RaCP	: Remediation and Compensation Procedure
RKL/RPL	: <i>Rencana Pengelolaan Lingkungan / Rencana Pemantauan Lingkungan</i> (Environment Management and Monitoring Plan)
RSPO	: Roundtable Sustainable Palm Oil
RTE	: Rare, Threatened or Endangered
SCCS	: Supply Chain Certification Standard
SIA	: Social Impact Assessment
SHE	: Safety Health and Environment
SOP	: Standart Operating System
SOU	: Strategic Operational Unit
WTP	: Water Treatment Plant

WWTP	:	Waste Water Treatment Plant
YASBI	:	Yayasan Kelapa Sawit Berkelanjutan Indonesia

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>				
<b>1.1 Assessment Standard Used</b>		<ul style="list-style-type: none"> <li><i>Indonesian National Interpretation of RSPO Principles and Criteria 2013, September 2016</i></li> <li><i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</i></li> </ul>		
<b>1.2 Organisation Information</b>				
1.2.1	Organisation name listed in the certificate	PT Laguna Mandiri, subsidiary of Sime Darby Plantation Sdn Bhd		
1.2.2	Contact person	Mohamad Pirabaharan		
1.2.3	Organisation address and site address	RSPO Registered Company : No 2, Plantation Tower Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301  Liaison Office : The Plaza Office Tower, 36 <sup>th</sup> Floor. Jl. MH Thamrin kav. 28 – 30, Jakarta – 10350		
1.2.4	Telephone	+62-21-29926000		
1.2.5	Fax	+62-21-29922686		
1.2.6	E-mail	<a href="mailto:mohamad.pirabaharan@simedarby.com">mohamad.pirabaharan@simedarby.com</a>		
1.2.7	Web page address	<a href="http://www.simedarby.com">www.simedarby.com</a>		
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Plantation Minamas Indonesia)		
1.2.9	Registered as RSPO member	1-0008-04-000-00 – 8 September 2004		
<b>1.3 Type of Assessment</b>				
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base: Betung Factory, Sekayu Estate and Betung Estate		
1.3.2	Type of certificate	Single		
<b>1.4 Locations of Mill and Plantation</b>				
1.4.1	Location of Mill			
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>	
			<b>Latitude</b>	<b>Longitude</b>
	Betung	Village of Betung, Sub-District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan	S 2° 23' 15"	E 116° 13' 02"
1.4.2	Location of Certification Scope of Supply Base			

	Name of Supply Base	Location	Coordinate	
			Latitude	Longitude
	Sekayu Estate	Village of Sekayu Baru, Sub-District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan	S 2°23'19" – 2°18'23"	E 116°06'31" – 116°11'55"
	Betung Estate	Village of Betung, Sub-District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan	S 2°24'16" – 2°18'25"	E 116°10'51" – 116°14'10"
<b>1.5 Description of Area Statement</b>				
1.5.1	<b>Tenure</b>			
	• State		15,300.00	Ha
	• Community		-	Ha
	The area of Betung Factory and supply base for an area of 7,580 Ha is a part of HGU (15,300 Ha)			
1.5.2	<b>Area Statement</b>			
	• Total area		7,580.00	Ha
	• Mature area		4,701.51	Ha
	• Immature area		731.55	Ha
	• LC for replanting		488.04	Ha
	• Mill		18.07	Ha
	• Building and Emplishment		104.54	Ha
	• Infrastructure (road and bridge)		331.20	Ha
	• Unplanted area (Slope area, water body)		22.21	Ha
	• Conservation area (HCV)		89.10	Ha
	• Occupation		1,076.60	Ha
	• Others		17.18	Ha
<b>1.6 Planting Year and Cycles</b>				
1.6.1	Age profile of planting year			
	Planting Year	Hectarage (Ha)		
		Sekayu Estate	Betung Estate	Total
	1995	1,194.99	-	1,194.99
	1996	722.72	485.03	1,207.75
	1997	467.46	838.32	1,305.78
	1998	49.38	756.21	805.59
	2007	-	133.20	133.20
	2009	-	54.20	54.20
	2016	404.74	326.81	731.55
	<b>TOTAL</b>	<b>2,839.29</b>	<b>2,593.77</b>	<b>5,433.06</b>
1.6.2	New Planting area after January 2010		- Ha	



1.6.3	Planting Cycle			2 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 (%)
	Betung	45	64,809.106	14,348.694	22.07	2,737.693	3.99
* Source: Production Data of POM period Janury 2016toDecember2016							
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)	%
	Sekayu	4,266.00	2,839.29	38,623.998	15.86	35,473.690	92
	Betung	3,314.00	2,593.77	28,849.280	12.73	27,053.330	94
	TOTAL	7,580.00	5,433.06	67,473.278	14.35	62,527.020	93
* Source: Production Data of Estate period Janury 2016 toDecember 2016							
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location	Supplied to Mill			
				FFB (tonnes/year)			
	Sesulung Estate(RSPO Certified)	PT Paripurna Swakarsa	District of Kotabaru, Province of Kalimantan Selatan	22.350			
	Binturung Estate(RSPO Certified)	PT Paripurna Swakarsa		34.950			
	Rampa Estate(RSPO Certified)	PT Paripurna Swakarsa		335.790			
	Pondok Labu Estate(RSPO Certified)	PT Paripurna Swakarsa		105.390			
	Selabak Estate(RSPO Certified)	PT Swadaya Andika		4.930			
	KKPA Sungai Cengal(RSPO Certified)	PT Langgeng Muara Makmur		60.040			
	Bakau Estate(RSPO Certified)	PT Langgeng Muara Makmur		884.220			
	Sungai Cengal Estate(RSPO Certified)	PT Langgeng Muara Makmur		452.420			
	Bebunga(RSPO Certified)	PT Langgeng Muara Makmur	District of Paser, Province of Kalimantan Timur	381.996			
TOTAL			2,282.086				
* Source: Production Data of POM period Janury 2016 toDecember 2016							
1.7.4	Product categories			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim 1April 2016 to 31 March 2017 (tonnes/year)		Actual certified product 1 April 2016 to 30 January 2017 (tonnes/year)	
	• FFB Production			89,297		54,997.626	
	• CPO Production			20,360		11,638.640	
	• Palm Kernel (PK) Production			4,465		2,445.514	

1.8.2	Estimate of Certified FFB Claim						
	<b>Name of Estate(s)</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>		
	Sekayu	4,266.00	2,839.29	31,649	13		
	Betung	3,314.00	2,593.77	24,937	11		
	<b>TOTAL</b>	<b>7,580.00</b>	<b>5,433.06</b>	<b>56,586</b>	<b>12</b>		
<i>*Projected FFB production from 1 April 2017 – 31 March 2018</i>							
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (ton)</b>	<b>Extraction (%)</b>	<b>Out put (ton)</b>	<b>Extraction (%)</b>
	Betung	45	<b>56,586</b>	12,449	22.0	2,263	4.0
<i>*Projected CSPO and CSPK production from 1April 2017 – 31 March 2018</i>							
<b>1.9 Other Certifications</b>							
	ISPO from Mutuagung Lestari period 2014 – 20109						
	Proper Biru from Kalimantan Selatan Province for 2015 – 2016						
<b>1.10 Time Bound Plan</b>							
<b>1.10.1 Time Bound Plan for Other Management Units</b>							
	<b>Management Unit</b>		<b>Supply Base</b>	<b>Time Bound Plan</b>	<b>Location</b>	<b>Status</b>	
	<b>Mill</b>	<b>Time Bound Plan</b>					
	<b>INDONESIA</b>						
	Sekunzir. PT. Indotruba Tengah	2010	Sekunzir	2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified	
			Seruyan	2010		Certified	
	Manggala. PT. Tunggal Mitra Plantations	2010	Manggala 1	2010	Rokan Hilir District – Riau	Certified	
			Manggala 2	2010		Certified	
			Manggala 3	2010		Certified	
	Bukit Ajong PT. Sime Indo Agro	2010	West	2010	Sanggau District – West Kalimantan	Certified	
			East	2010		Certified	
			Sei Mawang	2018		-	
			East Plasma	2010		Certified	
			West Plasma	2010		Certified	
	Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	2011	Pekanbaru, Siak District – Riau	Certified	
			Pinang Sebatang	2011		Certified	
			Aneka Persada	2011		Certified	
	Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified	
			Bukit Pinang	2012		Certified	
	Pemantang.	2011	Pemantang	2011	Seruyan and East	Certified	

PT. Teguh Sempurna		Kawan Batu	2011	Kotawaringin District – Central Kalimantan	Certified
		Hatan Tiring	2011		Certified
		Batang Garing	2011		Certified
Alur Dumai. PT Lahan Tani Sakti	2011	Alur Dumai	2011	Rokan Hilir District – Riau	Certified
Teluk Bakau. PT. Bhumireksa Nusa Sejati	2011	Teluk Bakau	2011	Indragiri Hilir District – Riau	Certified
		Nusa Perkasa	2011		Certified
		Nusa Lestari	2011		Certified
Mandah. PT. Bhumireksa Nusa Sejati	2014	Mandah	2011	Indragiri Hilir District – Riau	Certified
		Rotan Semelur	2011		Certified
Angsana Mini. PT Sajang Heulang	2011	KKPA-1 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		Pantai Bonati	2011		Certified
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	2011	Tanah Bumbu District – South Kalimantan	Certified
		Gunung Sari	2011		Certified
		KKPA-4 PT.SHE	2013		Certified
Mustika. PT Sajang Heulang	2013	Mustika		Tanah Bumbu District – South Kalimantan	Certified
		KKPA-2 PT.SHE	2013		Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
		SAP 1	2020		ST-2
Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemas	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
		KKPA BSS	2020		-
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2014		Certified
Sukamandang PT Kridatama Lancar	2011	Sukamandang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Sapiri	2011		Certified
		Barasdanum	2011		Certified
		Kuala Kuayan	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified
Selabak. PT Swadaya Andhika	2012	Selabak	2012	Kotabaru District – South Kalimantan	Certified
		Randi	2012		Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified

Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2020		-
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		Sungai Jernih Estate and GPI KKPA	2017		-
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified
		Batang Ara (PT PSK)	2013		Certified
		Blang Simpo-01	2013		Certified
		Blang Simpo-02	2013		Certified
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2018	Sanggau District – West Kalimantan	-
		MAS 1	2018		-
		MAS 1	2018		-
		Plasma MAS	2020		-
Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
		Awatan	2014		Certified
		Karya Palma	2018		-
		KKPA SNP	2020		-
		Pelanjau (PT BAL)	2018		-
		Sungai Putih (PT BAL)	2018		-
		Baturus (PT BAL)	2018		-
		KKPA BAL	2020		-
MALAYSIA					
Sg Dingin SOU 1	2010	Bukit Hijau	2010	Kerangan, Kedah	Certified
		Padang Buluh	2010		Certified
		Bukit Selangor	2010		Certified
		Sg Dingin	2010		Certified
		Jentayu	2010		Certified
		Anak Kuli	2010		Certified
		Somme	2010		Certified
Chersonese SOU 2	2011	Chersonese	2011	Kuala Kurau, Perak	Certified
		Holyrood	2011		Certified
		Kalumpong	2011		Certified

		Tali Ayer	2011		Certified
Elphil SOU 3	2011	Kinta Kellas	2011	Sg Siput, Perak	Certified
		Elphil	2011		Certified
		Kamuning	2011		Certified
Flemington SOU 4	2011	Flemington	2011	Teluk Intan, Perak	Certified
		Bagan Datoh	2011		Certified
		Sabak Bernam	2011		Certified
		Sg Samak	2011		Certified
Seri Intan SOU 5	2011	Seri Intan (Main Division)	2011	Teluk Intan, Perak	Certified
		Sabrang	2011		Certified
		Sg Wangi	2011		Certified
		Sogomana (Main Division)	2011		Certified
Selaba SOU 5	2011	Seri Intan (Selaba Division)	2011	Teluk Intan, Perak	Certified
		Sogomana (Cashwood & Sg Beruas Division)	2011		Certified
		Bikam	2011		Certified
		Clumy	2011		Certified
Tennamaram SOU 6	2011	Tennamaram	2011	Bestari Jaya, Selangor	Certified
		Sungei Buloh	2011		Certified
		Bkt Talang	2011		Certified
Bkt Kerayong SOU 7	2011	Bkt Kerayong	2011	Kapar, Selangor	Certified
		Bkt Cherakah	2011		Certified
		Bkt Rajah	2011		Certified
		Bkt Lagong	2011		Certified
		Elmina	2011		Certified
East SOU 8	2010	East	2010	Carey Island, Selangor	Certified
		Dusun Durian	2010		Certified
		Sepang	2010		Certified
West - SOU 9	2010	West	2010	Carey Island, Selangor	Certified
Bukit Putri - SOU 10	2011	Bukit Putri	2011	Raub, Pahang	Certified
Kerdau SOU 11	2011	Kerdau	2011	Temerloh, Pahang	Certified
		Jentar	2011		Certified
		Mentakab	2011		Certified
		Sg Mai	2011		Certified
		Chenor	2011		Certified
Jabor - SOU 12	2011	Jabor	2011	Kuantan, Pahang	Certified
Labu SOU 13	2011	Labu	2011	Nilai, Negeri Sembilan	Certified
		New Labu	2011		Certified
		Bradwall	2011		Certified
Tanah Merah SOU 14	2010	Tanah Merah	2010	Port Dickson, Negeri Sembilan	Certified
		Sua Betong	2010		Certified
		Bukit Pelandok	2010		Certified
Sua Betong	2014	Salak	2014	Port Dickson,	Certified

	SOU 15		Sengkang	2014	Negeri Sembilan	Certified
			Siliau	2014		Certified
			PD Lukut	2014		Certified
			Sungai Baru	2014		Certified
			Tampin Linggi	2014		Certified
	Kok Foh SOU 16	2011	Bukit Pilah	2011	Bahau, Negeri Sembilan	Certified
			Kok Foh	2011		Certified
			Muar River	2011		Certified
			St. Helier	2011		Certified
			Pertang	2011		Certified
			Sg Gemas	2011		Certified
			Sg Sebalang	2011		Certified
			Sg Senarut	2011		Certified
	Kempas SOU 17	2010	Kempas	2010	Jasin, Melaka	Certified
			Kemuning	2010		Certified
			Tangkah	2010		Certified
	Diamond Jubilee SOU 18	2011	Bukit Asahan	2011	Jasin, Melaka	Certified
			Diamond Jubilee	2011		Certified
			Serkam	2011		Certified
	Pagoh SOU 19	2014	Pagoh	2014	Muar, Johor	Certified
			Lanadron	2014		Certified
			Pengkalan Bukit	2014		Certified
			Welch	2014		Certified
	Chaah SOU 20	2010	North Labis	2010	Chaah, Johor	Certified
			Cha'ah	2010		Certified
			Sg Simpang Kiri	2010		Certified
	Gunung Mas SOU 21	2010	Gunung Mas	2010	Kluang, Johor	Certified
			Kempas Klebang	2010		Certified
			Bukit Paloh	2010		Certified
			Yong Peng	2010		Certified
	Bukit Benut SOU 22	2011	Bukit Benut	2011	Kluang, Johor	Certified
			CEP Niyor	2011		Certified
			Lambak / Elaeis	2011		Certified
	Ulu Remis SOU 23	2011	Pekan	2011	Layang-layang, Johor	Certified
			Sembrong	2011		Certified
			Tun Dr. Ismail	2011		Certified
			Ulu Remis	2011		Certified
			Bukit Badak	2011		Certified
			Cenas	2011		Certified
	Hadapan SOU 24	2011	CEP Rengam	2011	Layang-layang, Johor	Certified
			Kulai	2011		Certified
			Layang	2011		Certified
			Seri Pulai	2011		Certified
	Sandakan Bay SOU 26	2008	Tun Tan Siew Sin	2008	Sandakan, Sabah	Certified
			Tunku	2008		Certified
			Tigowis	2008		Certified



		Sentosa	2008		Certified
		Saguliud	2008		Certified
Melalap SOU 27	2011	Melalap	2011	Tenom, Sabah	Certified
		Sapong	2011		Certified
Binuang SOU 28	2009	Tingkayu	2009	Kunak, Sabah	Certified
		Sungang	2009		Certified
		Jelata Bumi	2009		Certified
		Binuang	2009		Certified
Giram SOU 29	2009	Mostyn	2009	Kunak, Sabah	Certified
		Giram	2009		Certified
Merotai SOU 30	2009	Imam	2009	Tawau, Sabah	Certified
		Merotai	2009		Certified
		Table	2009		Certified
		Tiger	2009		Certified
Lavang SOU 31	2011	Belian	2011	Bintulu, Serawak	Certified
		Kelida	2011		Certified
		Lavang	2011		Certified
		Lavang (SE)	2011		Certified
		Rasan	2011		Certified
Rajawali SOU 32	2011	Rajawali	2011	Bintulu, Serawak	Certified
		Samudera	2011		Certified
		Semarak	2011		Certified
		Bayu	2011		Certified
Derawan SOU 33	2011	Takau	2011	Bintulu, Serawak	Certified
		Damai	2011		Certified
		Derawan	2011		Certified
		Sahua	2011		Certified
Pekaka SOU 34	2011	Chartquest	2011	Bintulu, Serawak	Certified
		Dulang	2011		Certified
		Peroh	2011		Certified
		Pekaka	2011		Certified
		Ruai	2011		Certified

Sime Darby has achieved 34 management units in Malaysia and 24 Management Units in Indonesia that RSPO certified. Total management unit in Sime Darby Plantation Sdn Bhd are 34 in Malaysia, 25 in Indonesia and 1 in Liberia.

A new mill will be set up in Liberia and planned for commissioning in February 2016. Preparation to undergo the RSPO Certification process is in progress and Sime Darby Plantation Sdn Bhd targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011. Internal assessment against the draft Liberia NI has been completed and closing of gaps is in progress.

There was change of the Time Bound Plan under Sime Darby on 15 April 2016 cause the Sime Darby postpone the others certification process. Change of the Time Bound Plan explanation: PT Mitra Austral Sejahtera. There are social issue still unresolved from the Serikat Petani Kelapa Sawit (SPKS) Sanggau, however the improvement are in progress. Sime Darby has informed the Time Bound Plan progress, MUTU has consider that Sime Darby still comply with the RSPO requirement for partial certification.

Betung Factory of PT LMI does not receive FFB from associated smallholder or outgrower, however also received FFB from other RSPO certified scope (Sesulung Estate, Binturung Estate, Rampa Estate, Pondok Labu Estate, Selabak Estate, KKPA Sungai Cengal, Bakau Estate, Sungai Cengal Estate and Bebunga Estate).
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<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-3</b>	<ol style="list-style-type: none"> <li><b>Ardiansyah (Lead Auditor).</b> Bachelor of Forest Resources Conservation from Department of Forestry, Bogor Agricultural University. Had followed several activities for identified environmental impact such as preparing EIA document for plantation and plantation forest. Had followed several trainings namely: Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), Training Lead Auditor ISO 9001:2008, Training ISO 14001:2004, OHS based on OHSAS, RSPO Lead Auditors (endorsed by Proforest and Daemeter(, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and mapping for land cover analysis. During this audit, has verify of Legality, SCCSand Land Dispute aspect.</li> <li><b>Rudi Ramdani (Auditor).</b> Bachelor of Agriculture Majoring in Agronomy from Faculty of Agriculture, Bogor Agricultural University. Had experienced for more than two years as an operational staff in a private oil palm plantation company in Indonesia. Had followed several training i.e.: Indonesian Sustainable Palm Oil auditor, RSPOLead Auditor (endorsed by Proforest and Diameter), Management System Certification (ISO 9001-2008) training and awareness OHSAS. Currently works for Independent Certification Body as Auditor for RSPO and ISPO certification system scheme. During this audit, has verify forWorker Welfare, Transparency and Social Aspect.</li> <li><b>Mohamad Amarullah (Auditor).</b> Master of Wood science and technology from University of Putra Malaysia and Bachelor of Forestry form Bogor Agricultural University. Had six year experience as an Agronomist and Researcher in Indonesia and Malaysia. Had contributed to soil correlation and yield improvement project on peat soil in Riau. Had followed training such as ISO 17021, ISO 17065, HCV, ISO 9001:2008, Auditor ISPO, RSPOLead Auditors (endorsed by Daemeter and Proforest) and ISO 14001:2004. During the assessment, hasverify forHCV and Environment aspect.</li> <li><b>Afiffuddin(Auditor Trainee).</b> Diploma III of Oil Palm Plantation Program form Bogor Agricultural University. Had five years' experience working as a plantation operational staff at private oil palm Plantation Company in Indonesia. Had attended several training such asISO 17021, ISO 17065, ISPO Auditor, Auditor Management System Certification (ISO 9001-2015), Awareness RSPO and OHS Management System Auditor. Currently worked as an auditor onPrivate Certification Body. During this audit, has verify forlong-term management plan, BMP andoccupational health and safety aspects.</li> </ol>
<b>2.2 Assessment Methodology, Assessment Process and Locations of Assessment</b>	
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-3</b>	<p>Number of auditors : 3 auditor and 1 trainee auditor</p> <p>Number of days for ASA-3 at site : 3 days</p> <p>Number of working days for ASA-3 at site : 9 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-3</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT LMI to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, September 2016and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) 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-3delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-4).</p> <p>Improvement of findings from survailance assesment findings were observed by auditors at this ASA-3 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-3.</p> <p><b>The assessment program please find Appendix 2</b></p>

<b>2.2.3</b>	<b>Location of Assessment</b>
<b>ASA-3</b>	<p>The number of management units of this activity consists of two estates that supply material FFB to the Betung Factory. In conducting the assessment, auditor team using formula <math>0.8 \sqrt{y}</math> to determine the sample of and consider the issue of problems arising from the stakeholders (stakeholders) as fundamental and critical. Based on this formula, the team of auditors determine the location of sample is 1 unit mill and 2 estates (SekayuEstate and BetungEstate).</p> <p><b>Betung Factory</b></p> <ol style="list-style-type: none"> <li><b>Security pos.</b> Observation and interview related to emergency procedures, inspection of vehicles in and out.</li> <li><b>Loading Ramp.</b> Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness and rawness criteria.</li> <li><b>Process Station.</b> Observation and interview with personnel related to FFB's processing into CPO, capacity each station, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, liquid waste management, first aid kits, the implementation of occupational health and safety, company's facilities, trainings from company and worker welfare.</li> <li><b>WTP.</b> Observation and interview with operator about OHS implementation and PPE use.</li> <li><b>Weighbridge Station.</b> Observation of supply chain procedure, manpower and wages</li> <li><b>Loading Ramp.</b> Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness criteria.</li> <li><b>Engine room.</b> Observation and interview with the worker related to implementation of OHS, understanding of safe working, administration of fossil fuels use.</li> <li><b>Hazardous waste warehouse.</b> Observations related the process of temporary storage before being sent to the third party, building condition, emergency response equipment, symbol and label of hazardous waste.</li> <li><b>EFB Stacking Place.</b> Observation on OHS condition and it management.</li> <li><b>WWTP.</b> Observation of the condition of wastewater management.</li> </ol> <p><b>Betung Estate</b></p> <ol style="list-style-type: none"> <li><b>Central Housing Complex.</b> Observation the availability of infrastructure such as housing, water and electricity facilities, fire extinguisher, education facilities, religious facilities, health facilities, domestic wastemanagement, childcare and sports facilities.</li> <li><b>Landfill in Block J36.</b> Observsation on landfill condition.</li> <li><b>Agrochemical Warehouse.</b> Field observations related to condition in the chemical warehouses and management of hazardous and toxic materials.</li> <li><b>Fertilizer Warehouse.</b> Observation the storage of fertilizers and OHS implementation.</li> <li><b>Workshop.</b> Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities.</li> <li><b>Block E41/42 and E44 Div. 2.</b> Observation and interview with harvester (monthly worker and contract worker/PKWT) discussing about worker receiving, worker status, worker rights and implementation on company policy.</li> <li><b>Blok C36, Division 1.</b> Observation and interview with worker applied rat baiting, discussing about OHSAS implementation, worker status, basic salary, women worker rights, etc. based on field interview known that boots is not available for the maintaining palm worker (except spraying and fertilizer worker).</li> <li><b>Blok C34, Division 1.</b> Observation and interview with worker applied pesticide spraying, discussing about OHSAS implementation, worker status, basic salary, women worker rights, etc.</li> <li><b>Block H35, Division 2.</b> Observation and interview with fertilizer applicator about worker recruitment, promotion, mutation, worker status, salary, OHSAS implementation, and socialization of company policy.</li> <li><b>Block H35, Division 2.</b> Observation and interview with land application officer about OHSAS implementation, worker status, salary, overtime and socialization of company policy.</li> <li><b>Block H 37, Division II.</b> Observation the conditions and position of legal boundary No. LMI 25.</li> <li><b>Block H 36/37, Division II.</b> Observation the conditions and position of legal boundary No. LMI 24.</li> <li><b>Block G 35/36, Division II.</b> Observation the conditions and position of legal boundary No. LMI 23.</li> <li><b>Block E/D 35.</b> Observation the implementation of management in HCV area in form of Sekayu Riparian.</li> <li><b>Block C36/37 Div 1.</b> Overview replanting activities.</li> </ol> <p><b>Sekayu Estate</b></p> <ol style="list-style-type: none"> <li><b>Block C/D 15, Division I.</b> Observation the conditions and position of legal boundary No. BPN 3.</li> </ol>

	<p>27. <b>Block D 27, Division I.</b> Observation the implementation of management in HCV area in form of Sekayu Riparian.</p> <p>28. <b>Block C 15/16, Division I.</b> Observation the condition of occupation area/ area that owned by communities.</p> <p>29. <b>Block Spraying System.</b> Observation on OHS implementation.</p> <p>30. <b>Housing Complex Div. II.</b> Observation the availability of infrastructure such as housing, water and electricity facilities, fire extinguisher, education facilities, religious facilities, health facilities, domestic waste management, childcare and sports facilities.</p> <p>31. <b>Clinic Div. I.</b> observation on health facility, medical waste handling, general health condition of workers and record of accidents.</p> <p>32. <b>Landfill in Block 28/29 Div. II.</b>Observation on landfill condition.</p> <p>33. <b>Agrochemical Warehouse.</b> Field observations related to condition in the chemical warehouses and management of hazardous and toxic materials.</p> <p>34. <b>Fertilizer Warehouse.</b> Observation the storage of fertilizers and OHS implementation.</p> <p>35. <b>Workshop.</b> Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities.</p> <p>36. <b>Fire fighter warehouse.</b> Observation on fire fighter equipments and facility.</p> <p>37. <b>Block D25/26 Div.1.</b> Observation and interview with harvester (monthly worker and contract worker/PKWT) discussing about worker receiving, worker status, worker rights and implementation on company policy.</p> <p>38. <b>Block G32 Div. 2.</b> Observation and interview with harvester (monthly worker and contract worker/PKWT) discussing about worker receiving, worker status, worker rights and implementation on company policy.</p> <p>39. <b>Block D25 Div 1.</b> Observation the Barn Owl Box is in active conditions.</p> <p>40. <b>Block B20 Div 1.</b> Observation on replanting.</p> <p>41. <b>Blok B26/27 Div 1.</b>Observation of activities of road maintenance manual, discussing about worker receiving, worker status, worker rights and implementation on company policy.</p>
<b>2.3 Stakeholder Consultation and Stakeholders Contacted</b>	
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-3</b>	<p>Consultation of stakeholders for PT Laguna Mandiri held by:</p> <ol style="list-style-type: none"> <li>1. Public announcement at web <a href="http://www.mutucertification.com">www.mutucertification.com</a> on 16 January 2017.</li> <li>2. Consultation via email with government agencies in Kotabaru District (Plantation agency and Manpower agency) on 26 January 2017.</li> <li>3. Consultation meeting and interview with locals of the nearby village (Betung and Sekayu Baru) on 31 January 2017 and contractor on 1 February 2017.</li> <li>4. Consultation meeting and interview with Internal Stakeholder labour union on 31 January 2017 and gender committee on 1 February 2017.</li> <li>5. Consultation with NGO (AMAN and WWF) via email on 23 January 2017.</li> </ol> <p>Numbers of input from stakeholders were clarified by PT Laguna Mandiri.</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4 Determining Next Assessment</b>	
	The next visit ( <b>ASA-4</b> ) will be determined at least 12 months after this <b>ASA-3 (Jan 2018)</b> .

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Betung Factory – PT LMI operation consisting of one (1) mill and two(2) oil palm estates.

During the assessment, there are Ten (10) Nonconformities were assigned against Major Compliance Indicators, Four (4) Nonconformities were assigned against Minor Compliance Indicators and four (4) 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 evidences e.g. (document record/photographic) and field visit. Those corrective actions taken that consist of Ten (10) Major Nonconformities and two (2) minor Nonconformity had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Betung Factory – PT LMI complied with the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, September 2016 And Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>	
<b>1.1.1</b>	<p>The certificate holder kept stakeholder list. The list is updated once in a year. It consist of government stakeholder, nongovernment organization, public figure, land ownership, along with its address and contact number. Record of communication from external stakeholder is also available at Estate Office.</p> <p>Public accessible document has been stated in information request procedure. Based on the procedure, request of information can be addressed to operation manager, then will be delivered to its personal in charge not more than 14 days from the receiving date of document.</p> <p>Based on public interview with village head of Sekayu Baru and Betung known that request for information can be addresses to section head or operation manager.</p> <p>There is book of incoming letter from external stakeholder, where for 2016. All of the letter was a request of funding and heavy equipment assisting. None of them request for information.</p> <p>The certificate holder has also gave annual reporting to government agency at Kutai Timur District, as of:</p> <ul style="list-style-type: none"> <li>• Report of environment management (RKL-RPL) semester 1 of 2016 which was reported on 20 October 2016.</li> <li>• Annual report of worker 2016 which was reported on 30 January 2017.</li> </ul>	



- Plantation report semester 1 2016 which was reported on 1 July 2016.

Based on interview with surrounding stakeholder obtained information that the stakeholder already understood the mechanism of request for information and the PIC of the company.

### 1.1.2

The certificate holder has procedure of information request (SOP No.015/LMI-PIF/10 dated 1 July 2010) which explain the mechanism of communication and handling of complaint. The PIC in site is operation manager, in coordination with other department head. The time limit for responding request for information is 14 days prior to the receiving of incoming letter. There is also communication procedure par 6.2.1 (no policy 704/TQEM-ESH/10) which stated that object to be communicated are: OHSAS policy and program, social and gender, RSPO, work improvement, and its related information.

Record of communication from external stakeholder is also available in record book of stakeholder aspiration at Estate. For example of letter from Pamukan sub district which request for cleaning assistance for national independent celebration, dated July 21 2016 and has been responded in August 9 2016. Based on the book, none of the incoming letter was request for information.

**Status: Comply**

## 1.2

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

### 1.2.1

The certificate holder has procedure of information request (SOP No.015/LMI-PIF/10 dated 1 July 2010) which explain the mechanism of communication and handling of complaint which explain about document that could be accessed by stakeholder and its mechanism. Then there is communication procedure par 6.2.1 (policy number 704/TQEM-ESH/10) which explain document that object of communication are OHSAS policy and program, social and gender, RSPO, work improvement, and its related information. It's all document can be accessed at estate office.

Based on interview with surrounding village obtained information that the procedure of information request and communication has been communicated with surrounding village stakeholder.

**Status: Comply**

## 1.3

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

### 1.3.1

There is no change or updating of etic code policy. It is still same with the previous surveillance. It was stated in code of conduct (policy number 440/HRM-COC/07) which explain of integrity and ethical code in all company operation and transaction. The certificate holder has socialization of the etic code through morning meeting. Based on interview with worker in Sekayu and Betung Estate obtained information that they knew of prohibition to bring any fertilizer or pesticide back home. Based on interview with local contractor and replanting contractor informed that certificate holder has communicated its policy and ethical code. Contract agreement has been clear explaining of fairly business relation.

**Status: Comply**

## **PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

## 2.1

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

### 2.1.1

The CH has a list of Indonesian laws and regulations which adopted as reference for oil palm plantation activities in Minamas Group, presented in document of Evaluation of Laws and Regulations Pursuance of PT Laguna Mandiri (PT LMI), Strategic Operation Unit (SOU) 9 Betung, Period 2016/2017 (Revision 4). The document was issued by Plantation Sustainable Quality Management (PSQM), Environment Safety and Health (ESH) Department and Chairman of SOU 9 on July 1<sup>st</sup> 2016.

The document has covers land and works legality, manpower, occupational health and safety (OHS), environment and best management practices (BMP) aspects. Compilation and monitoring of laws and regulations mentioned above were under responsibility of PSQM-ESH Department Area Sungai Durian. and the master document Compilation and master copy(hard and soft) of laws and regulations from all Department was stored in Plantation Service Department, where located in Banjarmasin, Province of Kalimantan Selatan.

The company has shown compliance with legal requirements, for example as follows:

- Sent compulsory periodic report to the respective Government Agencies such as LKUP (Plantation Business Activity Report), P2K3 (OHS Committee report), work accident, waste water, RKL/RPL (Environment Management and Monitoring Report), etc.
- Valid licences for heavy machinaries operators.
- Has had land use title and business permit.
- The company has comply with minimum wage.

The certificate holder has shown the decree related to minimum wage of 2017 through inter office mail number 007/RSP-12/ from Human Resource General manager dated January 13 2017 which stated wages for daily worker as much as Rp.2.381.500 and monthly worker based on their strata, with the lowest as much as Rp.2.408.070. I t refers to Governor of Kalimantan Selatan decree on minimum wage for 2017. Based on interview and field observation in harvesting block E42 Division 2 BTE found women worker (picker) who works without any agreement. **Nonconformity No.2017.01.**

### 2.1.2 and 2.1.4

Procedure of laws and regulations pursuance was presented in document procedure No. 724/TQEM-SPMS/09 about guideline of sustainable plantation management and No. 701/TQEM-ESH/10 dated March 6<sup>th</sup> 2012 about legal requirements of PT LMI. The former procedure in Chapter 12 has mentioned that pursuance of government laws and regulations shall be monitored while the latter has mentioned that laws and regulations pursuance should be identified by Department of PSQM-ESH. Moreover, procedure No. 031/LMI-2011.PUUP-021/2011 dated March 2012 mentioned that all laws and regulations should be evaluate and update quarterly by Legal team, in coordination with PSD and PSQM Department. Furthermore, procedure of regulations requirements No. 043/LMI-PH/2010dated December 16<sup>th</sup> 2020 mentioned that to identify the updated laws and regulations related to occupational health, safety and protection of environment (K3LL), PSD, legal team and ESH Manager has appointed to monitor by actively check the respective website and make coordination with the respective government institution or agencies. Annual update and evaluation of laws and regulations pursuance was distributed by Department of PEQM-ESH to the Chairman of SOU Sungai Durian Area and the Chairman on SOU-9. All documents mentioned above were available to all levels of management. According to Laws and Regulations Pursuance of PT LMI SOU 9 Betung for Period 2016/2017 (Revision 4) dated January 1<sup>st</sup> 2016, it was informed 20 new laws and regulations had been updated during 2016, for example Law (UU) No. 39 year 2014 about Plantation as an alteration from UU No. 18 year 2004) and Minister of Environment Regulation (PermenLH) No. 14 year 2013 about Symbols and Labels of Hazardous Materials as an alteration of Bapedal No. 05 year 1995).

### 2.1.3

The company has conducting evaluation on laws and regulations pursuance for SOU 9, which conducted annually by Plantation PSQM team for quality production for mill related aspect. ESH team for OHS aspect for mill and estates related aspect and PSD team for legal related aspect. According to Evaluation of Laws and Regulations Pursuance of PT LMI SOU 9 Betung for Period 2016/2017 (Revision 4) dated January 1<sup>st</sup> 2016, it could be concluded that from 124 laws and regulations listed, the pursuance (compliance) has reach 99.59 %. The province minimum wages for 2017 was not implemented yet due to waiting approval from GM human resources management (HRM).

<b>2.1.1</b>	<b>Status: Nonconformity No. 2017.01 with Major category.</b>
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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

The company has had the land rights in the form of Land Use Title (HGU) for an area of 15,300 hectares which consist of 10 certificate. Based in document review and field visit known that management unit has manage a area of 7,580 Ha

consist of 5,433.06 Ha planted area; 488.04 Ha land clearing area for replanting, 1,076.60 Ha occupation area (not controlled and managed by company), 582.30.7 Ha supporting facilities. Interview with communities is known that the CH did not conduct expansion the operation area.

### 2.2.2

Management unit has had list and map of HGU poles from National Land Agency of Kalimantan Selatan Province. Based on the data, there are 328 poles (34 main poles and 294 subsidiary poles) in Sekayu Estate and 175 poles (39 main poles and 136 subsidiary poles) in Betung Estate.

Management unit have conducted monitoring of boundaries pole every 6 months in Sekayu Estate and once a year in Betung Estate. Based on procedure of HGU poles maintenance, the monitoring and maintenance of HGU poles was conducted every six month. The monitoring results for August 2016 in Sekayu Estate showed that 161 poles (27 main poles and 134 subsidiary poles) are in good condition. The monitoring in Betung Estate on April 2016 showed that 98 (7 main poles and 91 subsidiary poles) are in good condition and 77 poles are damage condition.

Field visit in PT LMI showed that Boundary Pole No. LMI 23 are in a well-maintained condition and poles No. LMI 24 and 20 are overgrown by shrubs. Besides that, the poles identity are not accordance with the map of HGU from National Land Agency of Kalimantan Selatan Province.

Based on the objective evidence, there are **nonconformity No. 2017.02 with minor category** which consist of:

- Maintenance of HGU poles not accordance with procedure. Field visits in Betung Estate showed that 2 of 4 HGU poles which visited are overgrown by shrubs. Based on the explanation of management known that it was due to the rotation of the maintenance is not in accordance with the plan.
- The management unit has not shown evidence of follow-up of the monitoring results. Results of monitoring on April 2016 in Betung Estate indicates that there are several poles in a damaged condition or paint fade or disappear.
- The monitoring result for entire HGU poles are not accordance with National Land Agency data. Based on monitoring result in Sekayu Estate showed that there are 161 poles, but based on National Land Agency data there are 328 poles.

### 2.2.3; 2.2.4 and 2.2.5

The consultation results with communities (Sekayu Baru Village and Betung Village) known that there was no dispute / conflict of land between the companies and communities. Field visit and document review also shows that there was no dispute / land conflict in operation area of CH, but there are an area in HGU of PT LMI which not owned and manage by the company because the land owners are not willing to be compensated. The company has had procedure for conflict resolution which stated that the resolution involve the stakeholder.

### 2.2.6

CH has had policy of the prohibition to hire mercenary on the company operational which was legalized on 1 September 2015. Consultation with the stakeholders (Sekayu Baru Village and Betung Village), there is no indicate that the company use the mercenary/paramilitary in operation area.

<b>2.2.2</b>	<b>Status: Nonconformity No. 2017.02 with Minor category.</b>
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### 2.3

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

#### 2.3.1; 2.3.2; 2.3.3 and 2.3.4

Document's verification and field visit show that land utilization by CH does not destruct local communities' traditional and legal right. Land ownership is entirely belong to individual or belong to state. The evidence of communities' land release have been well documented and well stored by company's legal department (PSD).

Company can present a complete document over land compensation in a form of: minutes of land compensation with previous occupant, which is known by head of village and head of sub-district, land release letter, acknowledgement letter and invoice. The latest land compensation has been conducted in 1999.

Document review, field visit and interview shows that since the ASA-2 until ASA-3, the company does not perform land expansion.

**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**

Unit certification shows the projected production in 2017 until 2021 which explains the projected needs of seeds, FFB production, OER projections, the estimated cost of production, CPO price forecasts, expected profits, replanting program and CPO production projections for the next 5 years.

Certification unit also conducts financial audits performed every year by a public accountant to determine the financial position of the company independently. In addition, the company also regularly conducts internal audits of the execution procedures to ensure the quality of CPO produced.

**3.1.2**

Unit certification has made a long-term plan of replanting is in Betung Estate and Sekayu Estate year period 2015/2016 respectively replanting plan 424.76 ha and 404.74 ha and have been made in the period. In the period 2016/2017 respectively replanting plan 242.32 ha and 390.52 ha and 17.36 ha of achieved in Betung Estate. Based on the results of field observations in Block B20 (Sekayu Estate) and Block C36-C37 (Betung Estate) has done mechanically chipping without combustion.

**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**

Certification unit has a Plantation SOP starting from Land Clearing activities up to Harvesting activities in the Reference Manual Agronomy Planting Palm Oil No. 110 / EST-ARM / 13 dated September 1, 2013, signed by Head, Plantation Upstream Indonesia Minamas. SOP document has been distributed dated 16 September 2013 to all unit leaders estate and mill. Certification unit also has a reception process procedure Fresh Fruit Bunch up to dispatch CPO and kernel, in a palm oil mill engineering guidelines Parts I and II, Minamas Plantation on 30 April 2007.

Associated with the operational procedures in general have been disseminated to all employees in accordance with their respective fields of work. From the results of field visits in Sekayu Estate and Betung Estate on the harvesting and spraying activity found that the employee can demonstrate how to work in accordance with existing procedures. Employees of the mill during the field visit as security / reception tbs, weightbridge operator, grading officer, also could explain the duties and responsibilities in accordance with the existing working procedures.

**4.1.2**

Unit certification has SOP Document Creation (023 / LMI-PDS / 10) was enacted on July 1, 2010. In the SOP include mechanisms in the preparation of SOPs and personnel responsible as well as a list of available SOP list. Associated with monitoring the implementation of SOP described in the Guidelines for Sustainable Plantation Management (724 / TQEM-SPMS / 09) was passed on 27 August 2010. In Chapter VII of the SOP Implementation and Monitoring describes the implementation of internal audits, external audits, management evaluation, the level of evaluation, feedback evaluation and revision procedures. Officers who conduct audits and evaluations required competence expected by the company.

**4.1.3**

Operational activities are documented on a daily, monthly and annual reports as examples Sekayu Estate and Betung Estate in December 2016 which contained planting areas, the realization of replanting, production and maintenance which are then evaluated with respect to achieving work each month. For example, based on monthly reports document December 2016 in Sekayu Estate and Betung Estate describes the achievement of crop rotation, realization of weeding program and realization of fertilization.

Based on field observations in betung Estate and Sekayu Estate in harvesting and spraying activity is known that the foreman of the field shall record the results of the work every day then recap it at the estate office. Something similar is done at the factory, the officers noted the results weightbridge scales every transport unit every day as well as the grading officer noted the results of grading each day.

### 4.1.4

According to the result of filed visit, document review and interview with the management, there is no FFB sourced from external party. The mill only receive FFB from own estate or the other plantation but still in the same group and has been RSPO Certified such as PT Langgeng Muara Makmur (Sungai Cengal Estate, Bebung Estate, KKPA Sungai Cengal), PT Swadaya Andika (Sangoh Estate, Selabak Estate) and PT Paripurna Swakarsa (Sesulung Estate, Binturung Estate, Rampa Estate, Pondok Labu 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

Certification unit has procedures related to fertilization activities contained in the document Agricultural Reference Manual (ARM) (No. Doc. 110 / EST-ARM / 13) Section 8 on oil Palm Plant Fertilization which include : technical fertilization, empty bunch of applications and application of compost on immature plant and mature plant, placement of fertilizer and manure applications on a 'focal feeding' on marginal land.

Implementation of SOP is monitored regularly by the operational audit or Plantation Advisory. In addition, the implementation of fertilization are supervised by a foreman, assistant and in the re-evaluation by the manager. From the results of field visits Betung Estate, block H35, found a job by using a mechanical fertilization and dosage refers to fertilizer recommendations. Foreman records the results of such work in accordance with the results of the actual work on those days.

### 4.2.2

Unit certification has documented the use of fertilizer in each estate, like ZA, RP, HGFB and Kieserit. For example, based on the document of recommendations and realization of fertilizing the period July 2016 - June 2017 Betung Estate and Sekayu Estate, explained that the total realization of fertilization in Betung Estate is 1663.53 tons from 2402.87 tons budget and in Sekayu Estate is 881.76 tons of budget 1903.80 tons.

### 4.2.3

Unit certification conducted soil analysis through semi-detailed soil survey issued by the Ministry of Research Minamas Plantation. Semi-detailed soil survey was conducted in 2005 (Sekayu Estate and Betung Estate 2005), includes information on soil type and soil suitability classes based on the level of fertility and topography. In addition, detailed soil survey has been done on the Sekayu Estate in February - June 2010 known topography is dominated by choppy areas, hilly and no areas with slopes above 40%. Survey details for Betung Estate conducted in July - November 2010 data obtained dominated by choppy areas (55.2%) to hilly (39.2%) and no area with slope more than 40%.

Unit certification of sampling leaves annually for fertilizer recommendation for the next period. Leaf sampling results were analyzed by MRC (Minamas Research Centre) of Riau Province. Measurement of the elements nitrogen content, Phosphore, Potassium, Magnesium and Boron. The research team analyzed the content of plant nutrients (Nitrogen, Phosphate, Potassium, Magnesium, Boron and Carbon) for fertilizer recommendation for next year. Examples of leaf analysis results are presented as follows :

- Sekayu Estate : Test Report No. P52 / 2016 dated May 14, 2016, the date issued June 29, 2016



- Betung Estate: Test Report No. P51 / 2016 dated May 18, 2016, the date issued June 27, 2016

#### 4.2.4

The unit of certification do the recycling of nutrients by applying a palm oil mill effluent, empty bunch and the residue replanting. Based on the results of field visits in replanting activities in Block B20, Division 1 Sekayu Estate, known the results chipping oil palm trunk left to rot which is also useful as an enhancer of soil nutrients. Based on the results of the visit on the application of palm oil mill effluent in block H35, Division 2 Betung Estate, it is known that the application of palm oil mill effluent into the field with a volume of 4.2 m<sup>3</sup> / bed with a total of 54 beds each lane and leaving 2 bed last as a placeholder in case of rain. Based on the verification of documents, empty fruit bunch application program conducted at the immature plant for example in Sekayu Estate for program year 2016/2017 as much as 10,119 tons on an area of 404.74 ha. Realization of this time to Sekayu Estate is 239.96 tons (0.59 tonnes / ha).

<b>Status: Comply</b>
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#### 4.3

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

#### 4.3.1

Based on the results of detailed soil survey in 2010 by Minamas Research Center (MRC)-Kalimantan, the certification unit has a marginal soil maps with a scale of 1: 50,000. From the map known Sekayu Estate land divided into five series and Betung Estate consists of seven soil series. The certification unit also shows a map of land class with a scale of 1: 50,000 in which areas certification unit is divided into four classes, namely dry and erosion S2 class, dry and erosion S3 class, dry solum shallow and erosion S3 class, dry S2 class and flooding.

#### 4.3.2 & 4.3.6

Certification unit has a protection policy on the slope and buffer zones of the river (no. Doc. SOP 724 / TQEM-SPMS / 09) dated August 27, 2010 were approved by the CEO. Procedure describes the criteria slope, policy area slopes and erosion prevention. Procedures explain, for regions with a slope of > 40%, designated as land reserves that are cultivated or uncultivated, if in the area there are plants and vegetation that must be maintained and recommended for planting vegetation types of forest. for flat terrain until slope < 40% at an early stage to prevent erosion and runoff is to plant peas. management of sloping areas for example be done by creating a terrace or silt pit. Based on field observations in replanted areas Sekayu Estate block B20 Division 1, it is known that the company has implemented management procedures slopes with terraced areas.

#### 4.3.3

Certification unit has a plan of road maintenance and street paving the period July 2016 - June 2017, for example, in Betung Estate as follows :

Road maintenance

Access road : 20,410 meters

Main road : 23,400 meters

Collection road : 144,330 meters

Street paving

Main road: 318 meters

Collection road: 1,590 meters

Based on the results of field observations, all the sample locations in the Sekayu Estate block D25, B20, B26, G32 and Betung Estate block H35, C34, C37,, E41, discovered some point in disrepair / there is a puddle. Based on the results of field visits in block B26-27 Sekayu Estate, roads in poor condition and was in the maintenance manual.

#### 4.3.4 & 4.3.5

Based on a detailed land survey documents did not reveal any kind of peat soil in the immediate work area.

#### 4.3.6



The unit certification has a program to address the problems in the area of the slope with measures that minimize erosion and run-off, soil fertility improvement and fertilization management. The unit certification has a program for the terracing of replanted areas including for Sekayu Estate is planned in 2016 covering an area of 404.74 hectares. Realization of terracing in Sekayu Estate for wide terrace from 4.3 to 5 meters has been reached 68,50%. In addition, the certification unit working on creating the silt pit. For example, the actual manufacture Betung Estate silt pit in the period July 2016 - June 2017 has been realized 19,792 units. Based on the results of field observations in replanted areas Sekayu Estate block B20 Division 1, it is known that the company has implemented management procedures by making slope areas.

<b>Status: Comply</b>
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#### 4.4

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

##### 4.4.1

Management plan on surface and ground water management was presented in document of Environment Management and Monitoring Plan (RKL/RPL) which conducted every semester. The company has shows water source map (scale 1:50,000) which used as basic of surface and ground water management. Several plan which takes into account are monitoring water quality in the upstream (Pinang River), downstream (Gimbal River), Betung Factory Basin and Monitoring Well where 2 unit located in land application areas and 1 unit in housing complex. The monitoring has carried out visually and to check its chemical and biological properties quarterly.

The laboratory results of monitoring in the upstream and the downstream shows that the company activity has not affect the value of BOD since the figure in the upstream is already above the standard required. Moreover, laboratory results of monitoring in well, BTF basin and sand filter shows that all parameters tested are less than the detection limit (threshold) indicated by respective Indonesia Regulations.

##### 4.4.2

According to soil survey semi detail in 2010, it was informed that 39.50 % and 38.60 % in BTE and SYE were classified as hilly, respectively. In order to overcome limitation factor in hilly areas, several strategy has been implemented by the company such as minimizing soil erosion and surface run-off by, to conduct water management for water conservation purposes and soil fertility management. Furthermore, to maintain water quality, several strategy has been implemented such as water quality monitoring as mentioned in Indicator 4.4.1, selective weeding on riparian areas, marking on riparian bufferzone at 50 m or 100 m on radius water body, to adopt integrated pest management, especially on biological pest control and trees planting on HCV area (riparian zone)

Based on field observation to riparian zone of Sekayu River in Block ED35 Div. II BTE and riparian zone of Sekayu River in Block D27 Div. I SYE, it was found signboard of HCV, bufferzone area and yellow or red marking on palm trunk. Moreover, based on observation to replanting area in Block E17/18 Div. III SYE it was found signboard which informed buffer zone area, which informed HCV area, list of protected flora and fauna, prohibition of wildlife hunting and prohibition of agrochemicals application. Marking of riparian zone has also identified by yellow paint marks on the palm trunks at radius 50 m from water body.

##### 4.4.3

Monitoring of BOD has carried out every month regularly and reported to Environment Agency every three month. Evaluation and water sampling in WWTP inlet and outlet was carried out by Accredited Laboratory. Based on laboratory test result of water sampling in the inlet and outlet, it could be concluded that testing results on October to December 2016 were less than the detection limit indicated (pH 5-9 and BOD <5,000 mg/l) by Ministry of Environment Regulation (PermenLH) No. 28 and 29 year 2003.

##### 4.4.4

The company has records the use of water for FFB processing. According to the records, it was informed that average water used ratio for oil palm processing was about 1.11 m<sup>3</sup>/ton FFB. The figure was still below company budget which projected about 1.50 m<sup>3</sup>/ton FFB. The company is currently on the process to get permit of groundwater used as required in Minister of Public Service Work Regulation (PermenPU) No. 1 year 2016. The company is encourage to monitor and follow up the status of permit to the respective Agency. **OFI.**

<b>Status: Comply</b>	
<b>4.5</b> <b>Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</b>	
<b>4.5.1</b> Certification unit detection by receiving reports from workers then carried out a census to determine the actual level of attack through the sampling results. If the census showed the attack was above the threshold then control will be applied by a certification unit. For example, in April 2016, based on the results of the census in Sekayu Estate found nettle caterpillars attacks that exceed the threshold in Division I and II. Control performed by the certification unit is chemical applications by using a mist system/ fogging and trunk injection.	
<b>4.5.2</b> Unit certification demonstrates records of training provided to workers involved in the process of integrated pest management, eg training injecting trunk to control nettle caterpillars attacks on April 8, 2016 Sekayu Estate which was attended by 9 participants and on June 21, 2016 in Betung Estate.  Based on interviews with workers, it is known that the workers understand about integrated pest management, for example, the type of integrated pest management, including the planting of useful plants, the use of natural enemies and the use of chemicals as well as the process of pest control starts from the census and if the census results exceed the threshold then will be controlled.	
<b>Status: Comply</b>	
<b>4.6</b> <b>Pesticides are used in ways that do not endanger health or the environment</b>	
<b>4.6.1</b> The Company has a procedure activities related to chemicals such as spray job and pest and disease control. The procedure stipulated in the Agricultural Reference Manual (ARM) (110/EST-ARM/13) on the protection of plants from pests and disease and weed control in general, including in the circle spray width is 2 meters. Companies use pesticides registered pesticide commissions in accordance with the target and the actual target in the field. Based on the results of field visits in Block C34 spraying activities, Division 1, Betung Estate, known spraying herbicide active ingredient Ammonium Glifosinat to control broadleaf weeds in the circle immature plants (TBM).	
<b>4.6.2</b> Certification unit documenting the use of pesticides. Total use of all pesticide active ingredient per hectare for the 2016/2017 period is 0.45 liters / ha (0.05 liters per ton FFB) in Sekayu Estate and 0.04 liters / ha (0.01 liters per ton FFB) in Betung Estate.	
<b>4.6.3</b> Unit of certification applying integrated pest management to collaborate on biological and chemical control. Use of chemical engineering was not done in a preventive, but based on the results of early warning systems that detect and census. Biological pest control is done by applying the development of natural enemies owls to control the rat population. The development of useful plants like Turnera subulata and Antigonon leptopus also be used as a biological control techniques as a caterpillar predators live fire. Based on the results of field visits in block D25, Division 1, Sekayu Estate, found an owl cage installation with active condition. Based on the field in Betung Estate, block H35, C34, E41 and Sekayu Estate in Block D25, B26 and G32, found the development of useful plants Turnera subulata and Antigonon leptopus location along the visit.	
<b>4.6.4</b> Certification unit has a complete list of pesticides that are designated WHO (World Health Organisation) Class 1A or 1B, or listed in the Stockholm Convention or Rotterdam. The list contained in appendix 2 SOP Sustainable Plantation Management Guideline No. Policy 724 / TQEM-SPMS / 09 published August 27, 2010. The unit of certification does not use pesticides paraquat and pesticides belonging to the class 1A or 1B. This is confirmed by a policy of not using Paraquat	

is outlined in the memorandum of the Head Plantations Operation (number: POD-UM-127 / X / 2008, dated November 4, 2008) the Recommendation Replacement Application Active Ingredients Paraquat-Gramoxone at Minamas Environment. Certification unit also has a ban on the use of Ratgone / brodifacoum of Plantation Advisory dated 16 to 18 July 2013. This was also acknowledged by the foreman and employees spray during a field visit in the garden Betung, division 1 block C34, that the unit does not use pesticides made from paraquat.

#### 4.6.5

Certification unit made efforts to minimize the impact of the implementation of the work that the use of pesticides, including the certification unit provides spray training including how to work safely in a spraying to the employees of which dated March 21, 2016 was attended by 13 employees in the Betung Estate, while the Sekayu Estate dated January 4, 2017 was attended by 12 people employees. Certification unit also has the SOP of use PPE Spray (no. doc. SOP LAIN-LAIN) was passed December 16, 2010. All employees of users pesticide are required to use PPE that have been determined and provided by certification unit and indicated in the acceptance of the PPE spray them Apron, gloves rubber, boots and masks on June 9, 2016 and October 28, 2016 in the form of an apron and rubber gloves are received directly by the employees concerned.

Based on the results of field observations in Betung Estate has found employees sprayers use PPE in accordance with established procedures and foremen always ensure the completeness and the condition of PPE before doing the work. PPE has been completed is used then washed and stored in storage has been provided by the company. Employees spray also admitted to having followed the technical training and can demonstrate technical spraying spray is safe as there downwind.

#### 4.6.6

Procedure of agrochemicals (pesticide) storage was presented in document procedure No. 122/LMI-Adm-GDG/2012. The procedure mentioned that the pesticide should be placed properly by store it into limited access room, arranged separately (ex. herbicide and insecticide) by first in first out (FIFO) method. Based on field observation to Agrochemicals warehouse in BTE and SYE, it was found that pesticide storage has in accordance with the procedure. However, it was noted that Hazardous symbols were not available in BTE Agrochemicals (Fertilizer) warehouse. This is not in accordance with PermenLH No. 3 year 2008 and Permenaker No. 3 year 1986. **NC No. 2017.03 with major category.**

Procedure of ex pesticide containers handling was presented in document procedure No. 009/LMI-LB3/2010.TQEM-ESH.701.IK/2010 and work instruction No. 014/LMI-IKPKBP/2012 dated March 1<sup>st</sup> 2012. Hazardous waste warehouse has only available in Betung Factory, with permit 188.45/883/KUM/2014 dated December 5<sup>th</sup> 2014 (valid for 5 years) and time of storage was maximum for 180 days. Based on field observation to hazardous waste warehouse it was found that hazardous waste (ex pesticide containers) handling and monitoring were in accordance with the procedures mentioned in the former. However, based on field observation to central housing complex, it was found that ex pesticide containers were used for garbage bin and flower vase/pot. This is not comply with procedure No. 014/LMI-IKPKBP/2012. **NC No. 2017.03 with major category.**

#### 4.6.7

The company has had a MSDS (Material Safety Data Sheet) for each type of material agrochemicals (pesticides) which describes the manual storage and materials handling, handling in the event of an accident (First Aid effort), Hazard identification, action against spills and leaks, personal protective equipment, properties physical and chemical reactivity and stability, toxicology information, information ecology, waste disposal and transportation.

Dose-related, the use of pesticides, the company refers to the recommended dosage recommendation contained in each label type of pesticide. The result of documents verification found that the use of pesticides in accordance with dose recommendation. For ensure the use of pesticides in accordance with the target company to identify the type of weeds and adjust to the type of control will be done. The results of verification of documents and field visits also note that this type of herbicide being used is appropriate for the target or type (according allotment).

Based on observations in the field Betung Estate, Division 1 block C34, was found spray employees have been using PPE in accordance with established procedures and foremen always ensure the completeness and the PPE condition before

doing the work. PPE has been completed is used then washed and stored in storage has been provided by the company. Employees spray also admitted to having followed the technical training and can demonstrate technical spraying spray is safe as there downwind.

### 4.6.8

Based on the results of verification of documents and interviews with employees of the spray as well as representatives of the local community, not obtained information that the certification unit apply pesticides from the air.

### 4.6.9

Certification unit provides training to employees on a regular basis related to the use and handling of pesticides in accordance with the technical guidelines and how to work safely. Examples of training provided to employees, including training of spraying and pest control, in Division 4 Sekayu Estate and attended by nine employees sprayer. Based on the results of field observations in Betung Estate Block C34 in weed control with chemicals, the results of interviews with sprayers is known that they have been trained spraying, training in safe work and training introduction hazardous and toxic materials. Sprayers and foreman also states that the certification unit does not use the active ingredient paraquat.

### 4.6.10

Based on interview with workers in central housing complex, it was stated that ex pesticide containers could be used for domestic purposes such as garbage bin and flower/plant pot. This is indicate that company procedure related to ex pesticide containers handling was not fully understood by workers and staff. **NC No. 2017.04 with minor category.**

### 4.6.11

The Certification unit has conducted medical examinations peridically such as examination of physical health, cholinesterase and spirometry against employees who use pesticides. Based on results of health examinations there are some employees who are exposed that has been evaluated such as transferring to the job which is not at risk, provide PPE and conduct further examination to a specialist. Based on interviews with sprayers of Betung Estate also mentioned that the health examination has been done regularly, health examination result has been socialized to employees.

### 4.6.12

The unit of certification policy that pregnant and lactating women are not allowed to do the mixing, spraying chemicals and other activities related to chemicals. Based on field observations and interviews with workers in Betung Estate block C34, it is known that no personnel sprayers women who are pregnant and breast-feeding and it is known that policies related to the ban on pregnant women and lactating women have understood for sprayers.

**4.6.6 Status: Nonconformity No. 2017.03 with Major category.**

**4.6.10 Status: Nonconformity No. 2017.04 with Minor category.**

## 4.7

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

### 4.7.1

The Company has a Health and Safety Policy, signed by Head Plantation Upstream Indonesia. The company also showed the procedures relating to occupational safety and health, including guidelines K3, identification and assessment of hazards and risks, how to work safe and provision of PPE. Policies and procedures related to the management plan K3 has been trained to the employees, for example, on January 5, 2016 with the number of participants 98 people. Based on interviews, it is known that the policy has been understood by the workers.

The company also shows the Occupational Safety and Health Program in 2016 which was an attempt to minimize the Lost Time Accident (LTA). Realization of the plan, for example, fire simulation was held on February 11, 2016 and urine testing, audiometry, cholinesterase and physically on September 10, 2016.

### 4.7.2

The Company has HIRAC document (Hazard Identification, Risk Assessment and Control) for estate and factory operations period of 2016. The document was prepared by a team of companies to identify potential hazards and risks, then proceed to assess the level of risk and risk control until the risk can be tolerated. If an accident occurs in the field, it will be considered

in the risk control to prevent accidents in the future. However, based on the results of verification of documents HIRAC Plantation Activities in the period 2016/2017, known certification unit has not done a risk assessment for all activities, such as applications rat poison. In addition, based on the results of field visits in the empty bunch station, found a pile of empty bunch regarding electric installation and nearly covered the electrical panel is potentially dangerous. However, there was no sign board or warnings around the panel. Based on the results of the study document HIRAC Betung Factory, certification unit has not identified the risk of such hazards. This becomes **Nonconformity No. 2017.05 with Major category.**

#### 4.7.3

The unit has a document certification procedures Personal Protective Equipment (PPE), which clarify some points, including certification unit to provide PPE for employees, PPE only loaned the company to employees and PPE are damaged or depleted of its useful life can be replaced or exchanged regulated reimbursement mechanisms. The results of field observations in plants and gardens as well as interviews with workers, it is known that the certification unit has provided PPE and have been given training in safe work practices. Unit certification demonstrates proof handover PPE, for example, on August 20, 2016, handed over to the employee PPE shoes harvest.

However, based on interviews and field visits in the application activity of rat poison blocks C36 Betung Estate Division 1, has not provided sufficient evidence that the company has been providing PPE to all workers rat poison applications, such as boots. This becomes **Nonconformity No. 2017.06 with Major category.**

#### 4.7.4

Certification Unit has established a Guiding Committee of Occupational Health & Safety which prepares and is responsible for the implementation of occupational health and safety (OHS) programs and evaluate the implementation of OHS programs in the field. The Committee also conducts regular monthly meetings that discuss related to the implementation of OHS program, for example, disciplining the use of PPE and health screening plan. Unit certification has been regularly report quarterly report related OHS activities in the company to the relevant agencies.

#### 4.7.5

Unit certification has procedures in case of accidents and emergencies along with instructions, such as procedures regarding Occupational Health and Safety (711/TQEMS-P2K3/07), the procedures of the first aid (P3K-01) and procedures for fire prevention land (SOP -PK / 08-LMI). Based on interviews with workers, workers known to have been given the socialization and training related to such procedures. The unit also has been paired MSDS (Material Safety Data Sheet) of chemical material and hazardous materials in areas at risk of an accident, for example in the agrochemical warehouses, hazardous waste temporary warehouse and when the spraying work in progress, layout evacuation, evacuation directions and a rallying point. Based on interviews with workers and foremen and verification of documents, known to the company has organized First Aid training, such as on 5 September 2016 was attended by 55 participants. Equipment for first aid has been provided in the workplace. However, based on the results of field visits in facilities and infrastructure in Betung Estate, for example in the warehouse traction, found first aid box that has not been in accordance with the table of contents that have been set. In addition, based on the study of documents, unknown company could not show the results of monitoring first aid box in the building (infrastructure) and first aid bag on the ground. This becomes **Nonconformity No. 2017.07 with Minor category.**

#### 4.7.6

Unit certification provides accident insurance in accordance with the provisions set by the government, namely Workers Social Security Agency Employment. The health of the workers and their families are also covered in Workers Social Security Agency Health. Unit certification pay insurance contributions on a regular basis every month.

#### 4.7.7

Unit certification monitoring of workplace accidents in 2016 until December and analyze the time lost due to accidents. Unit certification is also investigating the accident. Monitoring work accidents every month and reported to the relevant agencies, is also reported periodically by Guiding Committee of Occupational Safety & Health.

4.7.2	Status: Nonconformity No. 2017.05 with Major category.
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4.7.3	<b>Status: Nonconformity No. 2017.06 with Major category.</b>	
4.7.5	<b>Status: Nonconformity No. 2017.07 with Minor category.</b>	
<b>4.8</b>		
<b>All staff, workers, smallholders and contractors are appropriately trained.</b>		
<b>4.8.1</b>		
The certificate holder has list of worker status. There is no smallholder scheme of certificate holder. The certificate holder has also list of training program for 2017 which include : best management practices (spraying, harvesting, fertilizer, pest and disease, first aid kit, land fire management, and environment emergency respond. The program was based on identification needs.		
<b>4.8.2</b>		
The certificate holder has a list of training for worker in estate and factory, as example:		
<ul style="list-style-type: none"> <li>• Training of principal and criteria of RSPO in Betung Estate dated September 30 2016.</li> <li>• Fogging training in Sekayu Estate dated Janaury 3 2016.</li> <li>• Training of process and safety in Betung factory dated March 21 2016.</li> <li>• Socialization the use of oil and management of waste for contractor</li> </ul>		
	<b>Status: Comply</b>	
<b>PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity</b>		
<b>5.1</b>		
<b>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.</b>		
<b>5.1.1</b>		
At the time of ASA-3, the company has no new planting area. Hence, there is change or revision on AMDAL/EIA document. The CH has the environment impact analysis document which covers the environment impact analysis (AMDAL) document, environment management plan document and environment monitoring plan document for study scope such as:		
<ul style="list-style-type: none"> <li>• Estate areas: company has environment impact assessment document which approved by the Agribusiness Board of Department of Agriculture through approval letter No. 008/ANDAL/BA/II/1995 dated February 27<sup>th</sup> 1995. The EIA has carried out by PT Anima Rekayasa Perkasa. Maximum capacity of mill is 60 ton FFB/hours.</li> <li>• Betung Factory: Betung Factory is a second mill in PT LMI and has the environment impact assessment document (AMDAL, RKL &amp; RPL) that had approved by the peer review committee and technical team of environment impact assessment/environment management plan and environment monitoring plan in Kotabaru District No. 660/22/BLHD-AMDAL on August 20<sup>th</sup> 2010. The document has carried out by Faculty of Forestry, Lambung Mangkurat University in Kalimantan Selatan. Scope of assessment was 20 ha area with capacity of 60 ton FFB/hours. Approval of the assessment is presented in approval letter of Kotabaru Regent No. 188.45/293/KUM/2010.</li> </ul>		
The CH has involve local community participation on replanting activities in 2016 which presented in Social Environment Impact Assessment (SEIA) that conducted by Aksenta on September 9 <sup>th</sup> -11 <sup>th</sup> 2016.		
<b>5.1.2 and 5.1.3</b>		
Management plan of environment was under Chairman of SOU9. The activities carried out by PT LMI Betung which presented in RKL/RPL Semester I and Semester II 2016 were in accordance with document AMDAL. RKL/RPL Report Semester I had delivered to Environment Agency of Kotabaru District, Province of Kalimantan Selatan and Ministry of Environment at July 12 <sup>th</sup> 2016, while for Semester II was still waiting for approval from Director PT LMI.		
Monitoring plan on environment management has carried out to prevent potential environment damage which might be happen in the near future if not well managed. The plan and its actual implementation for second semester 2016 was presented in RKL/RPL document which has follows EIA/AMDAL assessment in 1995. Among the implementation for example are presented as follows:		
<ul style="list-style-type: none"> <li>• Soil nutrient analysis by annual leaf and soil sampling had conducted regularly and has used as parameter of soil fertility level towards agronomy input.</li> </ul>		



- In term of wastes management, the company has makes a matrix of of wastes management which describes objective, reference of laws and/or regulations, action plan, resources (human and capital/cost) and target achievement in the first and second semester. Furthermore, matrix of waste and sources on pollution identification, as well as its handling management were also available.
- Monthly monitoring records period 2016 of hazardous and hazardous waste materials from traction, agrochemicals warehouse to hazardous waste warehouse (temporary and permitted) were available.

<b>Status: Comply</b>
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## 5.2

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

### 5.2.1

The CH has conduct HCV assessment which carried out by “Yayasan Kelapa Sawit Berkelanjutan Indonesia (YASBI)” or Indonesian Sustainable Oil Palm Foundation in December 6<sup>th</sup> 2009. Team of accessor was RSPO approved. Scope of assessment were covers PT LMI Rantau Estate, Matalok Estate, Sekayu Estate and Betung Estate. Peer review towards HCV identification assessment is presented in document No. 028/SK-YASBI/X/2012dated October 12<sup>th</sup> 2012.

HCV study has identified wildlife in PT LMI with its status according to IUCN, CITES and Government Regulation (PP) No. 7 year 1999. There was identified totaling 23 species of mamals, 48 species of aves and 9 species of reptiles. From those wildldife mentioned, 17 mamals, 10 aves and 3 reptiles were listed in IUCN, CITES and PP No. 7 year 1999. There is no wildlife categorized as critically endangered which mentioned in IUCN redlist data book 2009. Furthermore, it was identified 224 flora species in Sekayu Estate, which 188 and 83 species were distributed in non oil palm planted and planted areas, respectively. Whole flora identified were not listed in CITES. However, according to IUCN, 8 species and 1 species were categorized as low risk and vulnerable (identified as Ulin or *Eusideroxylon zwageri*), respectively. Moreover, it was identified 273 flora species identified in Betung Estate, which 213 and 117 species were distributed in non oil palm planted and planted areas, respectively. Whole flora identified were not listed in CITES. However, according to IUCN, 5 species were categorized as low risk.

A proper HCV map which in line with cartography principle is encouraged to be provided. **OFI.**

### 5.2.2

Socialization of HCV has conducted annually. Socialization of HCV in Betung Estate has conducted on February 18<sup>th</sup> 2016 in Block D35 Div. II, attended by 25 participant from Betung Local communities. Meanwhile, socialization in Sekayu Estate has conducted on January 11<sup>th</sup> 2016, July 19<sup>th</sup> 2016 and August 9<sup>th</sup> 2016 in Village of Sekayu Baru, Bepara and Sekayu, respectively. Socialization through signboard has also adopted.

Based on field observation to riparian zone of Sekayu River in Block ED35 Div. II BTE and riparian zone of Sekayu River in Block D27 Div. I SYE, it was found signboard of HCV, bufferzone area and yellow or red marking on palm trunk. Moreover, based on observation to replanting area in Block E17/18 Div. III SYE it was found signboard which informed buffer zone area, which informed HCV area, list of protected flora and fauna, prohibition of wildlife hunting and prohibition of agrochemicals application. Marking of riparian zone has also identified by yellow paint marks on the palm trunks at radius 50 m from water body.

According to HCV identification report which presented in Indicator 5.2.1 above, the company was able to shows HCV area stated and its status of land control. However, the company was not be able to shows a measurable HCV management program, especially on HCV areas where overlapped with local community rights. **NC No. 2017.08 with Major category.**

### 5.2.3

Company policy on RTE protection was presented in procedure No. 068/LMI-NKT/2012 which issued by Chairman of SOU-9 in March 2012. The procedure has covers preventive actions by socialization, monitoring to the workers and contractor on PT LMI areas and punishment if they broke the policy. The policy of species protection has also presented in Memorandum of Estate Manager dated August 1<sup>st</sup> 2016.

Based on field observation to riparian zone of Sekayu River in Block ED35 Div. II BTE and riparian zone of Sekayu River in Block D27 Div. I SYE, there is no animal trap founded. Moreover, there were no animals and/or protected plants on estate offices and employees housing areas in both BTE and SYE.

#### 5.2.4

The CH has monitor the RTE species as mentioned in HCV report. For example, in December 2016, it was identified 10 aves, 2 mamals and 1 reptile in Pinang River. Furthermore, based on observation to Betung River in September 2016, it was noted a presence of Punai, Monitor Lizard (Biawak), squirrel, frogs, snakehead fish and Putih fish in Block C36 and presence of Centipede (Kelabang), Crocok, Truwok, Lizards, Keting fish, Snakehead fish, Putih fish, Sepat fish and frog. Estate management stated that several wild life which sometimes found were Kuntul (*Egretta garzetta*), areo padi (*Amauroris phoenicurus*) and cekakak udang (*Alcedinidaesp.*). Endangered fauna like Bekantan (*Nasalis larvatus*) was very seldom to be found, especially on riparian areas. Apart from wildlifes monitoring, it was reported that there is no conflict between human and wildlifes.

#### 5.2.5

The CH had identified and delineate overlapped HCV areas with local community rights. Some agreement has made to overcome this situation, for example, the company has able to shows agreement with local community on HCV occupation area in Block G25 SYE which covers about 2.50 ha and in Block D34 BTE. The agreement were signed by both parties on March 30<sup>th</sup> 2016. Another agreement with identified parties has reported still on going. Based on explanation **NC No. 2016.01 with minor category is closed.**

**5.2.2 Status: Nonconformity No. 2017.08 with Major category.**

**5.2.5 Status: Nonconformity No. 2016.01 with minor category.**

### 5.3

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

#### 5.3.1

The CH has list of waste being produced regularly by estates and mill, as well as its sources. For example, from EFB process activities, waste being produced are waste water, fibre, kernel shell, decanter cake, empty fruit bunch and boiler ash. All has categorized as non-hazardous materials. Furthermore, from estate warehouse, waste being produced which categorized as hazardous materials are agrochemicals container and contaminate fabric.

Sources of pollutuion has been identified, such as land cover change activities, land used (ex. fertilizer application, replanting activities), transportation (fuel consumption), oil palm processing and waste water treatment plant.

#### 5.3.2

The CHhas permitted hazardous waste warehouse where located on Betung Factory. The permit was issued by the Regent of Kotabaru District which presented in letter No. 188.45/883/KUM/2014 dated December 5<sup>th</sup> 2014, valid for five years. Time of storage permitted was maximum for 180 days. The company has an agreement with permitted hazardous waste collector, namely PT Sinar Bintang Albar (PT SBA) which presented in agreement No. 003/Limbah/LMI/VII/2015 dated July 23<sup>rd</sup> 2015. The agreement is valid for two years. For medical waste handling, the company has an agreement with Puskesmas Perawatan (Clinic) Sengayam which presented in document No. 001/PLK-S/LimbahM/VIII/2016 and No. 445/939/VII/TU-PUSK dated August 9<sup>th</sup> 2016. The clinic is located on Sub-District of Pamukan Barat. The agreement is valid for two years.

Based on observation and interview with hazardous waste warehouse-keeper, it was found that the hazardous waste has storage properly. According to the balance sheet, time of stogare were not more than 180 days. Based on field observation to Central Housing Complex (CHC) area, it was found that ex lubricant containers were used for water storage tank. Management unit stated that those containers were bought by the workers itself. Records of ex lubricant containers delivery from estate to hazardous waste storage was available. However, records of ex lubricant containers being produced for balance purpose checking were not available. **NC No. 2017.09 with Major category.**

#### 5.3.3

The CH has shows management plan on waste management for 2016 which presented in document of waste management program. For example, to ensure all wastes has managed properly and in accordance with laws and regulations, action

plan listed are socialization on hazardous materials handling, recording and monitoring, as well as field crosscheck.

The CH was able to show document related to waste management handling, such as official letter of hazardous waste materials delivery, monitoring record balance of hazardous waste materials, official report of hazardous waste delivery from Betung Factory to PT Sinar Bintang Albar, Manifest and official letter of medical waste delivery to the clinic.

Based on observation to hazardous waste material warehouse in Betung Factory and review on hazardous waste balance, it could be concluded that time of storage were in accordance with the permit which is not over than 180 days. Furthermore, the wastes has stored properly based on its type.

Based on interview with workers in central housing complex BTE and Div. II housing complex SYE, it was informed that domestic waste has collected every Friday for later on to be digged up on the landfill where located on J36 Div. III BTE, which quite far from housing areas. There also no sign of burning activity for domestic waste handling in housing and landfill areas.

<b>5.3.2</b>	<b>Status: Nonconformity No. 2017.09 with Major category.</b>
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#### **5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.**

##### **5.4.1**

The CH has used by-products such as fibre and kernel shell as strategy on fuel consumption for CPO production. The by product mentioned in the former were used as energy source on the boiler plant to produce electricity which distributed to precessing station.

According to the efficiency of energy used for oil palm processing records, it could be concluded that during 2016, efficiency of by-products used for electricity were reach the maximum in December for about 33 % and minimum in May for only 2 %. The used of by-products for energy source will be continued. However, using methane capture through biogas reactor installation on the WWTP was not implemented in the near future.

	<b>Status: Comply</b>
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#### **5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.**

##### **5.5.1 and 5.5.2**

Company policy on zero burning during land clearing were presented in document of procedure No. 2xx/PTK-LPG/2004 Index No. II/04 dated December 1<sup>st</sup> 2004 and Head Plantation Memorandum letter No. POD-UM-015/IV/2013 dated April 12<sup>th</sup> 2013. Based on field observation to central housing complex area in BTE and in Divisi II SYE, it was found that there were no evidence of burning activities for domestic waste handling. The waste was later on to be stored on the landfill and digged up. Furthermore, based on document letter of agreement for replanting activity with land clearing Contractor in both estates, it was mentioned that land clearing should be carried out mechanically with no burning method. This is confirmed during field visit to replanting areas in Block C36/37 Div. I BTE and Block B 20 Div. I SYE.

Burning activity is not allowed for pest control during land preparation on replanting.

	<b>Status: Comply</b>
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#### **5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.**

##### **5.6.1**

The CH was able to show several analysis data related to pollutions which conducted by Hiperkes and Safety Health Board from Manpower and Transmigration Agency of Kalimantan Selatan Province in Banjarmasin. Report of testing analysis was presented in letter No. 566.1/LHU.6/Disnakertrans/BHP-KK/2017 dated January 17<sup>th</sup> 2017. According to the laboratory test analysis with exception for noise monitoring, it could be concluded that working environment quality, air ambient quality, odor monitoring quality, static emission and mechanic vibration results were below the threshold limit

indicated by the respective Indonesian Regulations. For noise analysis results, the company has recommend to always used earplug or earmuff on the respective areas as PPE for operators/workers.

### 5.6.2

The CH has several mitigation program which presented in document procedure No. 700/PSQM-GRK-01/12. Procedure describes procedure of GHG invetarisasi from estate and mills. The company has identified emission sources and its management. Mitigation program is consist of zero burning for land clearing activities, reduction the used of urea and to apply by-products (EFB) for nutrient supply, fuel efficiency, periodic machinaries and vehicles maintenance, periodic emission monitoring and biogas or methane capture installation.

The CH has program of trees planting in HCV area which aims to reduce GHG emission. Up to 2016, is about 240 and 914 trees had been planted in BTE and SYE, respectively. Species of trees planted are Ulin (*Eusideroxylon zwagei*), Mahogany (*Swietenia* spp.), Jengkol (*Archidendron* sp.), Rambutan (*Nephelium* sp.), Jambuan (*Syzygium* spp.), Meranti (*Shorea* spp.) and Trembesi (*Samanea saman*).

The company has waste water treatment plant (WWTP) for pollution reduction of palm oil mill effluent (POME) purposes before transferred to the flatbed on the selected field. Permit of land application (LA) is presented in Regent of Kotabaru District No. 188.45/884/KUM/2014 dated December 5<sup>th</sup> 2014 and valid for five years. Total LA area was about 180.30 ha, with total volume capacity of 115,200 m<sup>3</sup>, water debit 192 m<sup>3</sup>/day and retention time 150 days. POME monitoring on WWTP has monitored, recorded and reported to the Environment Agency on Kotabaru District. Monitoring of BOD has carried out every month regularly and reported to Environment Agency every three month. Based on field observation and interview with WWTP staff, it was informed that monitoring and recording of land application by POME has conducted by WWTP staff and make coordination with estate staff.

### 5.6.3

Annual GHG calculation was conducted by Sustainability Quality Management (SQM) of Sime Darby Head Quarter in Kuala Lumpur, Malaysia. The GHG calculation for 2015 has been calculated and reported to RSPO. **NC No. 2016.2 with minor category is closed.**

At the time of audit, GHG calculation of PT LMI-Betung through RSPO PalmGHG Calculator for period 2016 and evidence of its submission were not available. **NC No. 2017.10 with minor category.**

<b>5.6.3</b>	<b>Status: Nonconformity No. 2016.02 with Minor category is closed.</b> <b>Status: Nonconformity No. 2017.10 with Minor category.</b>
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## **PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills**

### 6.1

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

#### 6.1.1; 6.1.2

Social impact assessment for PT LMI has been done in 2010 by YASBI. The assessment consist aspect of: transportation, economy and health condition, employment, social culture and education. Social impact assessment of 2010 has been involved surrounding village. It can be showed through record of focus group discussion in Sungai Durian sub district dated February 15<sup>th</sup> 2011.

#### 6.1.3

The certificate holder has make CSR program for 2017 which include education, infrastructure, social, culture and religion for surrounding village. Example program of toilet building in Sekayu Baru Junior High School. The program has also considering input from social impact assessment.

#### 6.1.4

Plan of social management has been reviewed by management every year based on document implementation of RKL-RPL report. The last was reviewed at December 27 2016. It was reviewed for 8 aspect consist of : air quality, noise

and others, river water quality, well, liquid waste, solid waste, land fire potential, replanting, land and water conservation, HCV, flora fauna, public unrest. For example: the certificate holder made questioner every 2 years, the result is used as information in proposing management plan for the next period.

The certificate holder has no scheme of smallholder.

There was example of village discussion dated December 15 2015 in order to make village program for 2017.

### 6.1.5

The certificate holder has no scheme of smallholder.

**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 certificate holder has list of stakeholder which is updated every once in a year. The list include stakeholder from government, non-government organization (NGO), public figure, contractor, gender committee, contractor, land ownership, etc.

The certificate holder has procedure of communication (SOP No. 704-TQEM-ESH/10, dated July 1 2010) which explain about mechanism of request for information. There is socialization documentation of the procedure, as example in Sekayu Estate Division 2 dated August 12 2016. Communication through direct supervisor or using aspiration box in estate. Based on public consultation with head of Sekayu Baru village and Betung informed that they already know of how and to whom to communicate with the company.

The certificate holder also provide book to record stakeholder aspiration. The book is available in estate office.

#### 6.2.2

The PIC for communication and consultation on site is Administration Head which is under the operation manager. It was based on letter number 001/SOU IXBT/VII/2014 dated July 1 2014 from Chairman of SOU IX. Based on field interview with surrounding stakeholder obtained information on how and who to communicate with the company.

#### 6.2.3

The certificate holder kept stakeholder list. The list is managed in estate an factory and updated once in a year. The list include stakeholder from government, nongovernment organization, public figure, contractor, gender committee, contractor, land ownership, etc.

Record of communication from external stakeholder is also available at estate and factory, which is recorded in public aspiration book. All of the letter was a request of funding and heavy equipment assisting. None of them request for information. The Certification Unit can reevaluate the documentation of incoming letter and responding to incoming letter.

Based on the procedure of information, all of request of information will be answered in maximum 14 days after the receiving date of the letter.

**Status: Comply**

### 6.3

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

#### 6.3.1

The certificate holder has procedure of handling complaint mechanism for all stakeholder (Number 077/LMI-Stkhldr.ADM/2012, Rev.01, dated October 8 2015) which explain the mechanism of communication and handling of complaint. In section V par 5.5 stated that : the company guarantee security and secrecy the reporter. There is also mechanism scheme of handling complaint from stakeholder.



The PIC in site is Administration Head under operation manager and along coordination with other Division. The time limit for responding request for information is 14 days prior to the incoming letter.

There is sample socialization document of handling complaint mechanism at Sekayu Estate Division III dated January 11 2017 and in Sekayu Baru village in August 9 2016.

Based on public consultation with head of Sekayu Baru village and Betung village informed that they already knew to who and how to request for help or to communicating complaint.

Based on consultation with worker union representation informed that the union can also receive complaint from worker to be handled to the management. For 2016, there is no industrial conflict between worker and the company.

### 6.3.2

Based on stakeholder communication with surrounding village known that there are no conflict of land or other thing. The certificate holder has also monitored request for information and complaint from stakeholder in form of book of stakeholder aspiration. There is also book of internal complaint in estate and factory. It was managed through estate.

	<b>Status: Comply</b>	
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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

CH has had SOP for land compensation which describes identification, calculation and compensation for land release mechanism. In this procedure was explained that the process of land identification is involved the community and the village government.

#### 6.4.2 and 6.4.3

The results of document review, field visit and interviews show that the CH does not perform new expansion since ASA-2 until ASA-3. The latest land compensation has been conducted in 1999.

	<b>Status: Comply</b>	
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### 6.5

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

#### 6.5.1

The certificate holder has a document from Governor of Kalimantan Selatan number 188.44/0479/KUM/2015 dated December 10 2015 concerning about minimum wage of 2016, as much as Rp.2.200.000. It was followed by letter from General Manager of Human Resource of the company dated February 23 2016 number 015/RSP-I2/III/2016 concerning about minimum wage per 2016.

The certificate holder can not shows evidence of premium system for a nominal payment of overtime wages has been accordance with collective labor agreement and decision of the minister of labor number 102 year of 2004 for a nominal payment of overtime wages and for multiple factor of overtime wages calculation, as of:

- Premium system of the company for Sungai Durian area in 2012 which stated for babysitter if she parenting till more than office hours, then calculated as fixed premium per hour as much of Rp.8,000. Based on review of salary list December 2016 for babysitter in Division 2 Betung Estate known that the worker receive premium as much as Rp.216,000 (calculated from 27 days @Rp.8,000).
- Review of salary document of December 2016 for land application officer in Betung Estate Division 2 known to have premium non harvest as much as Rp.1,348,921 for 99.5 overtime hours (premium of no harvest per hour is Rp.13,557).



- 1 hour overtime value based on the calculation of the minimum wage 2016 of Kotabaru district is Rp.12,716.763 and shall be following the multiplier factor based on collective labour agreement and decision of the minister of labor number 102 year of 2004.

**Nonconformity No.2017.11 with major category.**

#### 6.5.2

The certificate holder has company regulation for period of 2016-2018. It has been agreed by the representative of worker union, company and known by manpower agency in July 26 2016. The certificate holder can also demonstrated that all of worker agreement has been fairly communicated and excepted by workers. Evaluation of worker run every year as a basis for their annual performance and promotion.

There is sample of worker agreement of Betung Estate dated December 1 2016 till November 30 2017 for harvesting worker in Division III. The contract has clearly stated of obligation and right of worker and the company. The Certification Unit need to ensuring the provision of time extension worker of harvesting and maintenance in the field in accordance with the provisions of existing law (OFI).

#### 6.5.3

Facility for worker is still same with previous surveillance. Based on field interview with worker in Betung factory, Betung Estate and Sekayu Estate informed that the facility for worker is available in managed condition.

#### 6.5.4

Based on field observation known that there is public store in surrounding estate and factory. In other hand, the company also facilitate market day. In other hand, it is near enough to the surrounding village.

<b>6.5.1</b>	<b>Status: Nonconformity No. 2017.11 with Major category.</b>
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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

There is no change in company union policy. There is also no change in worker union structure yet. The structure has also been registered to Manpower Agency of Kotabaru District at December and February 2013. Based on interview with workers and member of union informed that it's a free will to become member of the union. For union membership, there is monthly payment of Rp.2.000. The payment is used as operation fund for the union and other union needs.

##### 6.6.2

Based on interview with caretaker union of PT LMI obtained information that meeting can be initiated according to the situation. The certificate holder could show minutes meeting of union as example : the minutes meeting in Estate office of Sekayu Estate dated August 12 2016 discussing of independence day preparation.

	<b>Status: Comply</b>
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#### 6.7

**Children are not employed or exploited.**

##### 6.7.1

Based on document review of manpower period December 2016 for PT LMI (Betung Factory, Sekayu Estate and Betung Estate) known that there is no worker under 18 year old. The youngest worker is worker in Betung Factory who was born in May 25 1994. Field observation in estate and factory shows that there is no worker under 18 year old. The certificate holder has implement its social policy point 6 on minimum worker age.

	<b>Status: Comply</b>
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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 policy of non discrimination is written in point 1 of 6 of social policy (number 724/TQEM-SPMS/09, dated April 1 2010). It said that all staff/employee should be treated well and fairly in the process of recruitment, improvement, condition and work situation, without depending on race, tribes, gender, skin color, disability, sexual orientation, organization membership, political view, religion and age. The policy has been socialized to workers through morning master and socialization to contractor. Based on manpower statistic of PT LMI period of December 2016 obtained information that workers came from many of areas, tribes, different religions. Based on observation and filed interview with workers in Betung factory and Betung Estate, it is known that they are coming from Java, Flores, Sumbawa, Sulawesi, Sumatera and local area as of Sungai Durian and its surroundings.

**6.8.2**

Based on observation and filed interview with workers in Betung factory, Betung Estate and Sekayu Estate, it is known that they are coming from Java, Flores, Sumbawa, Sulawesi, Sumatera and local area as of Sungai Durian sub district and its surroundings. Female workers have already known of female committee, its caretaker and its function. They informed that there are no cases or complaints against this condition. Female workers have given a right to take a monthly menstruation leave and maternity leave. Local community has also given opportunity to work in the plantation and factory according to its skill and company needs.

Based on field interview with workers and union representation informed that there are no discriminations to workers. For the period of 2016, there are no industrial problems between the company and workers.

**6.8.3**

The certificate holder could show work agreement which covers rights and obligations of both parties. Based on field interview with workers in Betung factory and estate, they already understand and accept the agreement. Based on interview with human resource staff obtained information that evaluation of worker performance is done once in a year.

There is a sample letter of work opportunity from Betung factory dated December 7 2015 which is announced to Betung village.

<b>Status: Comply</b>
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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 certificate holder has social policy number 724/TQEM-SPMS/09 dated April 1 2010 point 4 stated that improving an implement policy to protect women workers from sexual harassment and their reproduction rights. Company rules of certificate holder has flowchart of sexual harassment handling (FM-STD5-52-Rxx).

Based on filed interview with women workers in Betung Estate and Sekayu Estate known that the female workers have already known of female committee, its caretaker and its function, reproduction rights (menstruation and birth leave), and a daycare for children.

Based on interview with gender committee head informed that there was no case of sexual harassment or discrimination to women workers. Mechanism of complaint was arranged in SOP of handling complaint mechanism for all stakeholders (No. 077/LMI-Stkhldr.ADM/2012, Rev.1, dated October 8 2015), where in point 5.5 stated that the company guarantees security and security of reporter.

**6.9.2**

The certificate holder commitment on reproduction rights is written in social policy number 724/TQEM-SPMS/09 dated April 1 2010 point 4 stated that improving an implement policy to protect women workers from sexual harassment and their reproduction rights. Based on interview with female workers in Betung and Sekayu Estate informed that they already knew of women workers' rights of reproduction like monthly menstrual leave and maternity leave. They also knew about prohibition for maternal workers to work with chemicals.

Gender committee has been known by female workers. There is sample socialization of gender committee in SOU 9, Betung

Estate Division 2, dated November 12 2016. There is also sample of maternity leave of women worker of Sekayu Estate Division 2 started from April 12 2016 – July 12 2016.

### 6.9.3

The certificate holder has procedure of handling complaint mechanism for all stakeholder (Number 077/LMI-Stkhldr.ADM/2012, Revision 1, dated October 8 2015. The protection to reporter is stated in section V point 5.5 of its procedure. There is also flowchart mechanism of handling complaint from stakeholder.

The certificate holder has also provide aspiration box in estate and factory.

Based on interview with worker in Betung and Sekayu Estate informed that there is no industrial matter for 2016. The worker union can also be used to assist handling of worker complaint to management.

<b>Status: Comply</b>
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### 6.10

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

#### 6.10.1 and 6.10.2

Betung Factory did not receive FFB from scheme smallholder and outgrower, but receive FFB from other company which is in the same group and has been RSPO certified.

#### 6.10.3 and 6.10.4

CH conduct cooperation with third parties for certain activities such as the FFB transport, replanting activities and procurement of crushed stone. Based on interview with contractor (replanting and procurement of crushed stone) is known that the contractor is given time to learn the contract. It is also stated that up to now there are no problems between the contractor and company. The company is also make payments timely manner, such as payment for procurement of crushed stone in 23 August – 25 September 2016, which paid on 20 October 2016.

<b>Status: Comply</b>
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### 6.11

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

#### 6.11.1

The certificate holder showed record of meeting with government and village stakeholder in Sekayu Baru village dated December 15 2015. The meeting was also attended by representation of the company and talks about work program of surrounding village and how the company will participate.

From that meeting, the company will use its information as input factor in compiling program of CSR in 2016. There is record of CSR realization in 2016 as of :

- Assisting on sport and scout of Pamukan Utara Junior High School.
- Funding for Betung village head election.
- Maintaining of road and silt pit in Pamukan Utara sub district.
- Heavy equipment assistance in road maintenance of surrounding village.
- Operational funding of Bepara village.
- Operational and salary for Junior high school teacher.
- Clean water supply to surrounding village.

Based on interview with surrounding village stakeholder gathered information that they have given opportunity to participate in plantation activity, as showed by job opportunity from Betung factory to Betung village dated December 7 2015.

#### 6.11.2

The certificate holder does not have smallholder scheme.

<b>Status: Comply</b>
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**6.12**
**No forms of forced or trafficked labour are used.**
**6.12.1**

The certificate holder has the policy of non discrimination in point 1 of 6 of social policy (number 724/TQEM-SPMS/09, dated April 1 2010). It said that all staff/employee should be treated well and fairly in the process of recruitment, improvement, condition and work situation, without depending on race, tribes, gender, skin color, disability, sexual orientation, organization membership, political view, religion and age.

Based on field interview and stakeholder consultation with union worker representative and surrounding village head informed that there is no forced labor. There is procedure of receiving permanent worker (No. SOP/RSPO PT LMI-IX.C.A.1, dated January 28 2012) and procedure of contract worker (SOP/SPO-PKWT/2016, dated September 2 2016).

It is written in the procedure that all of recruitment have to be approved by the operation manager.

Based on field interview known that the certificate holder did not use outsourcing agent in recruitment. The responsible person in recruitment process is the human resource staff. There is also no foreign worker in field, so there is no holding of identity card.

The certificate holder has also implemented rules of minimum salary from Governor of Kalimantan Selatan in 2016. It is confirmed through salary payroll of December 2016.

The arrangement of working hour is clearly stated in worker agreement.

All of work agreement has been clearly explaining of obligation and right of both parties.

**6.12.2**

Based on review of work agreement number SPK No.007/BTE-EM/SPK/IX/2016, it is known that the agreement has explained clearly about job desk for workers. Both parties have signed on the contract. There is no contract substitution.

**6.12.3**

The certificate holder did not use foreign worker in field activity.

<b>Status: Comply</b>
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**6.13**
**Growers and millers respect human rights**
**6.13.1**

The company policy on human right is still same with the previous surveillance. It was stated by the chairman of SOU IX in July 1 2015 which consist of 10 basic right. There is sample socialization document of human right policy in Sekayu Estate Division 2 in August 12 2016. The policy has been socialized to by the assistant manager worker in the daily morning master.

Based on interview with union caretaker and female committee caretaker informed that the company has implemented human right policy, where all of worker have been given same opportunity. The local contractor and replanting contractor has also informed same condition. There is no human right case happened in the company for period of 2016.

<b>Status: Comply</b>
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**PRINCIPLE #7 Responsible development of new plantings**
**7.1**
**A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**
**7.1.1; 7.1.2 and 7.1.3**

According to hectare statement 2016/2017 data and information from estate management unit, it could be concluded that there were no new planting from January 1<sup>st</sup> 2010 forward. It was only replanting activities in Div. III (Block G005) and Div. IV

(Block H003, H004, I001 and I002) at SYE for totaling about 404.74 ha and in BTE for totaling about 326.81 ha. Hence, SEIA document for new planting area, management plan and operational procedures for new planting areas and that outgrower or smallholder scheme and its impact scheme implication assessment are not applicable.		
	<b>Status: Comply</b>	
<b>7.2</b> <b>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.</b>		
<b>7.2.1 and 7.2.2</b> Unit certification is not doing land clearing in new areas, simply engaged in replanting.		
	<b>Status: Comply</b>	
<b>7.3</b> <b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>		
<b>7.3.1 and 7.3.2</b> The document review showed that the company is performed land clearing after November 1, 2005 without preceded by the identification of HCV. HCV identification in PT LMI was conducted on 2009. Sime Darby Plantation Sdn Bhd, as the parent of PT LMI has conducted disclosure of liability and LUCA on 4 September 2015 by email. Based on an email from RSPO Compensation on 7 September 2015 is known that the LUCA has been received. But PT LMI has not shown approval from Compensation Panel for LUCA and compensation plan. <b>Nonconformity No. 2017.12 with major category.</b>		
<b>7.3.3;</b> Certification Unit has shown the records of land preparation and clearing dates. Based on the record, the dates of land preparation since Nov 2005 in Sekayu Estate is 14 April 2009 and 27 August 2007 in Betung Estate. <b>Nonconformity No. 2016.04 with minor category.</b>		
<b>7.3.4 and 7.3.5</b> The results of document review, field visits and interviews found that CH did not expand or conduct new planting since ASA-2.		
7.3.1	<b>Status: Nonconformity No. 2017.12 with Major category.</b>	
7.3.3	<b>Status: Nonconformity No. 2016.04 with minor category.</b>	
<b>7.4</b> <b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>		
<b>7.4.1 and 7.4.2</b> Unit certification is not doing land clearing in new areas, simply engaged in replanting.		
	<b>Status: Comply</b>	
<b>7.5</b> <b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>		
<b>7.5.1</b> Based on documents review, interview and field visits at CH, it is known that CH did not expand of the operational area and there is no more land clearing activity.		
	<b>Status: Comply</b>	
<b>7.6</b> <b>Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for</b>		

<b>any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>		
7.6.1; 7.6.2; 7.6.3; 7.6.4; 7.6.5 and 7.6.6 Based on documents review, interview and field visits at CH, it is known that CH did not expand of the operational area and there is no more land clearing activity.		
	<b>Status: Comply</b>	
<b>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.</b>		
7.7.1 and 7.7.2 According to hectare statement 2016/2017 data and information from estate management unit, it could be concluded that there were no new planting from January 1 <sup>st</sup> 2010 forward. However, based on field observation to central housing complex BTE and Divisi II SYE, it was found that there were no evidence of burning activities for domestic waste handling. Furthermore, based on document letter of agreement for replanting activity with land clearing Contractor in both estates which mentioned in Indicator 3.1.2, it was mentioned that land clearing should be carried out with no burning method. This is confirmed during field visit to replanting areas in C36/37 Div. I BTE and B 20 Div. I SYE.		
	<b>Status: Comply</b>	
<b>7.8 New plantation developments are designed to minimise net greenhouse gas emissions.</b>		
7.8.1 and 7.8.2 According to hectare statement 2016/2017 data and information from estate management unit, it could be concluded that there were no new planting from January 1 <sup>st</sup> 2010 forward. Hence, there is no study of major potential sources of emission identification and estimation for new planting areas, as well as no plan to minimize net GHG emission.		
	<b>Status: Comply</b>	
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>		
<b>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.</b>		
8.1.1 Based on the results of field visits in Betung Estate and interviews with management, it is known certification unit are conducting experiments with mechanized application of fertilizer to be performed on a flat area in Sekayu Estate and Betung Estate. Based on information from management, there is a reduction in fertilizer application manually replaced with a mechanical limited in Betung Estate of 180 ha and in Sekayu Estate area of 475.75 ha.  Unit certification audit internal documents show RSPO PT LMI SOU Betung, on 14-15 December 2016, with the findings of a number of 14 indicators. Companies take corrective actions to meet the non-conformity findings on December 30, 2016 and February 2, 2017.  From the results of non-conformities identified during the ASA-3, auditors team assessed that there is systematic failures associated with the recurrence of nonconformity on the results of previous audits (ASA-2) which is GHG Calculation (5.6.3). <b>Nonconformity No. 201.13 with major category.</b>		
8.1.1	<b>Status: Nonconformity No. 2017.13 with Major category.</b>	





**3.2 Summary of Assessment Report of Supply Chain Requirements**

Clause	(Module D) CPO Mills – Identity Preserved Requirements																														
D1	Definition																														
D.1.1																															
A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.																															
Betung Factory is used RSPO supply chain of Identity Preserved module because only received FFB from the estate which has been certified with RSPO.																															
	Status: Comply																														
D.2	Explanation																														
D.2.1																															
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.																															
Estimates of CPO and PK produced by Betung Factory obtained from the data of 12 months before the audit activities and have been described in this ASA-3 report. The estimation of CPO and PK is 12,449 ton CPO and 2,263 Ton PK.																															
	Status: Comply																														
D.2.2																															
The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).																															
<ul style="list-style-type: none"><li>RSPO IT Platform member registration number: RSPO_PO1000001380</li><li>Certified CPO sold to each buyer period of 1 April 2016 to 30 January 2017</li></ul>																															
<table><tr><th>Date</th><th>Buyer</th><th>Volume</th></tr><tr><td>01/06/2016</td><td>PT Golden Hope Nusantara</td><td>713.34</td></tr><tr><td>01/06/2016</td><td>PT Golden Hope Nusantara</td><td>288.69</td></tr><tr><td>01/06/2016</td><td>PT Golden Hope Nusantara</td><td>1,221.29</td></tr><tr><td>01/06/2016</td><td>PT Golden Hope Nusantara</td><td>728.03</td></tr><tr><td>13/07/2016</td><td>PT Golden Hope Nusantara</td><td>504.93</td></tr><tr><td>August 2016</td><td>PT Golden Hope Nusantara</td><td>757.65</td></tr><tr><td>August 2016</td><td>PT Golden Hope Nusantara</td><td>804.99</td></tr><tr><td>August 2016</td><td>PT Golden Hope Nusantara</td><td>1,002.36</td></tr><tr><td colspan="2">Total</td><td>6,021.28</td></tr></table>		Date	Buyer	Volume	01/06/2016	PT Golden Hope Nusantara	713.34	01/06/2016	PT Golden Hope Nusantara	288.69	01/06/2016	PT Golden Hope Nusantara	1,221.29	01/06/2016	PT Golden Hope Nusantara	728.03	13/07/2016	PT Golden Hope Nusantara	504.93	August 2016	PT Golden Hope Nusantara	757.65	August 2016	PT Golden Hope Nusantara	804.99	August 2016	PT Golden Hope Nusantara	1,002.36	Total		6,021.28
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<table><tr><th>Date</th><th>Buyer</th><th>Volume</th></tr><tr><td>01/06/2016</td><td>PT LMI – Rantau KCP</td><td>194.46</td></tr><tr><td>15/07/2016</td><td>PT LMI – Rantau KCP</td><td>92.19</td></tr><tr><td>31/07/2016</td><td>PT LMI – Rantau KCP</td><td>62.92</td></tr></table>		Date	Buyer	Volume	01/06/2016	PT LMI – Rantau KCP	194.46	15/07/2016	PT LMI – Rantau KCP	92.19	31/07/2016	PT LMI – Rantau KCP	62.92																		
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	30/09/2016	PT LMI – Rantau KCP	193.83																																																		
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	30/11/2016	PT LMI – Rantau KCP	504.52																																																		
	31/12/2016	PT LMI – Rantau KCP	635.23																																																		
	Total		2,054.88																																																		
	Status: Comply																																																				
D.3	Documented procedures																																																				
D.3.1																																																					
The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:																																																					
a. Complete and up to date procedures covering the implementation of all the elements in these requirements;																																																					
b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.																																																					
Betung Factory has had procedure for SCCS with IP model in SOP number: RSPO/65/SCPP/LMI on 1st July 2015 which described the duties and responsibilities of each part; the identification of raw materials and products; and performs supply chain system. The results of interviews with head administration and weighbridge operators in Betung Factory and production clerk in Sungai Durian Bulking showed that they understand about granting stamp (RSPO) for delivery document.																																																					
	Status: Comply																																																				
D.3.2																																																					
The site shall have documented procedures for receiving and processing certified and non-certified FFBs.																																																					
Betung Factory has the acceptance and processing procedure for certified and non-certified FFB as stated in procedure for SCCS with IP module in SOP number: RSPO/65/SCPP/LMI on 1st July 2015. Based on field visit and interview in Betung Factory showed that weighbridge ticket and FFB delivery note have stamped “RSPO CERTIFIED” as a unique code.																																																					
	Status: Comply																																																				
D.4	Purchasing and goods in																																																				
D.4.1																																																					
The site shall verify and document the volumes of certified and non-certified FFBs received.																																																					
• Certified and non-certified FFB received period of 1 April 2016 to 30 January 2017																																																					
	<table><tr><th rowspan="2">Month</th><th colspan="2">FFB (Ton)</th><th rowspan="2">Total</th></tr><tr><th>RSPO Certified</th><th>Non Certified</th></tr><tr><td>Apr 16</td><td>1,080,986</td><td>-</td><td>1,080,986</td></tr><tr><td>May 16</td><td>1,548,890</td><td>-</td><td>1,548,890</td></tr><tr><td>June 16</td><td>1,631,770</td><td>-</td><td>1,631,770</td></tr><tr><td>July 16</td><td>1,814,400</td><td>-</td><td>1,814,400</td></tr><tr><td>August 16</td><td>2,006,470</td><td>-</td><td>2,006,470</td></tr><tr><td>September 16</td><td>4,427,020</td><td>-</td><td>4,427,020</td></tr><tr><td>Oct 16</td><td>9,218,710</td><td>-</td><td>9,218,710</td></tr><tr><td>November 16</td><td>12,298,100</td><td>-</td><td>12,298,100</td></tr><tr><td>December 16</td><td>12,082,600</td><td>-</td><td>12,082,600</td></tr><tr><td>1 – 30 Jan 17</td><td>8,888,680</td><td>-</td><td>8,888,680</td></tr><tr><td>Total</td><td>54,997.626</td><td>-</td><td>54,997.626</td></tr></table>			Month	FFB (Ton)		Total	RSPO Certified	Non Certified	Apr 16	1,080,986	-	1,080,986	May 16	1,548,890	-	1,548,890	June 16	1,631,770	-	1,631,770	July 16	1,814,400	-	1,814,400	August 16	2,006,470	-	2,006,470	September 16	4,427,020	-	4,427,020	Oct 16	9,218,710	-	9,218,710	November 16	12,298,100	-	12,298,100	December 16	12,082,600	-	12,082,600	1 – 30 Jan 17	8,888,680	-	8,888,680	Total	54,997.626	-	54,997.626
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Total	54,997.626	-	54,997.626																																																		
	Status: Comply																																																				
D.4.2																																																					
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.																																																					

Betung Factory has had procedure for SCCS that describes the provision of information to CB if there is excess production of RSPO-certified products. Based on the attachment of RSPO ASA-2 certificate, its known that the projected production of CSPO was 20,360 Ton and CSPK was 4,465 Ton. Meanwhile CSPO and CSPK production from 1 April 2016 to 30 January 2017 was 11,638.640 Ton CSPO and 2,445.514 Ton CSPK.

**Status: Comply**

#### **D.5 Record keeping**

##### **D.5.1**

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

Betung Factory has recorded the entire RSPO certified FFB which enter the mill and deliveries of RSPO certified product (CSPO and CSPK). Here the record deliveries of RSPO certified product with monthly basis.

No	Period	Produksi CPO (Ton)			despatch CPO (Ton)		
		Cert	Non-Cert	Total	RSPO	Non-Certified	ISCC
1	Apr 16	285.349	-	285.349	377.490	-	-
2	May 16	285.332	-	285.332	425.170	-	-
3	June 16	366.099	-	366.099	355.910	-	-
4	July 16	403.693	-	403.693	311.000	-	-
5	August 16	458.394	-	458.394	353.860	-	-
6	Sept 16	783.886	-	783.886	720.930	-	-
7	Oct 16	1,858.404	-	1,858.404	1,422.570	-	-
8	Nov 16	2,693.151	-	2,693.151	1,987.900	-	-
9	Dec 16	2,577.291	-	2,577.291	3,771.150	-	-
10	1 – 30 Jan 17	1,927.041	-	1,927.041	899.970	-	-
	<b>Total</b>	<b>11,638.640</b>	<b>-</b>	<b>11,638.640</b>	<b>10,625.950</b>	<b>-</b>	<b>-</b>

No	Period	Produksi PK (Ton)			despatch PK (Ton)		
		Cert	Non-Cert	Total	ISCC	RSPO	Non-Certified
1	Apr 16	45.474	-	45.474	-	63.04	-
2	May 16	50.390	-	50.390	-	40.51	-
3	June 16	66.106	-	66.106	-	92.03	-
4	July 16	72.537	-	72.537	-	62.38	-
5	August 16	88.239	-	88.239	-	74.67	-
6	Sept 16	179.256	-	179.256	-	192.52	-
7	Oct 16	391.238	-	391.238	-	352.31	-
8	Nov 16	579.375	-	579.375	-	500.63	-
9	Dec 16	541.013	-	541.013	-	631.77	-
10	1 – 30 Jan 17	431.886	-	431.886	-	456.80	-
	<b>TOTAL</b>	<b>2,445.514</b>	<b>-</b>	<b>2,445.514</b>	<b>-</b>	<b>2,466.66</b>	<b>-</b>

**Status: Comply**

#### **D.6 Processing**

##### **D.6.1**

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

Betung Factory, PT LMI only processes FFB from RSPO certified estate, subsequently, the entire product is CSPO and CSPK.

**Status: Comply**

##### **D.6.2**

**The objective is for 100 % segregated material to be reached**

Betung Factory only processes FFB from RSPO certified estate.
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<b>Status: Comply</b>
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**3.3 Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-3</b>	The company does not use RSPO logo.	√
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-3</b>	The company does not use RSPO logo.	√
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-3</b>	The company does not use RSPO logo.	√
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-3</b>	The company does not use RSPO logo.	√



### 3.4 Summary of RSPO Partial Certification

Compliance of the uncertified management units of Sime Darby Plantation Sdn Bhd against the rules for partial certification was determined through Self-Assessment in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below

Sime Darby Plantation Sdn Bhd Time Bound Plan is explained in table section 1.10. Sime Darby has achieved 34 management units in Malaysia and 24 Management Units in Indonesia that RSPO certified. Total management unit in Sime Darby Plantation Sdn Bhd are 34 in Malaysia, 25 in Indonesia and 1 in Liberia. Sime Darby Plantation Sdn Bhd has informed the Time Bound Plan progress through representative's office in Indonesia. MUTU has considered that Sime Darby Plantation Sdn Bhd is comply with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by the Sime Darby Plantation Sdn Bhd Indonesian representative on June 16th, 2016 by the Head of PSQM.

MUTU has verified partial certification for un-certified unit's subsidiary of Sime Darby Plantation Sdn Bhd based on their Time Bound Plan. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

- There are significant land conflicts in PT Mitra Austral Sejahtera, there is still an issue that remain unresolved social i.e. from Serikat Petani Kelapa Sawit (SPKS), but improvements are ongoing.
- PT Budidaya Agro Lestari waiting for land title process.
- The company has follow RSPO requirement related to New Planting Procedure and Remediation and Compensation Procedure.
- There is no labour disputes that are not being resolved through an agreed process
- All plantations established since 2005 have been done so in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above

<b>2.1 Un-Certified Units or Holdings</b>		
<b>Section</b>	<b>Requirement</b>	<b>Concerns to Discuss, if any</b>
2.2.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p><b>Company Group/Holding Statement:</b> Companies are already doing internal audits. There are internal audit reports for each company.</p> <p><b>Auditor Verification:</b> Internal Audit report available for uncertified management unit for example PT Sandika Natapalma – Karya Palma Estate on 10 February 2017.</p>
i.	<p>No replacement after dates defined in NIs Criterion 7.3 of:</p> <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p><b>Company Group/Holding Statement:</b> HCV assessment has been conducted for uncertified units i.e. PT Mitra Austral Sejahtera (by Aksenta in March 2009) and Sime Darby Plantation Liberia operations (by RSPO approved assessors – Dr SK Yap in 2011).</p> <p><b>Auditor Verification:</b> Sime Darby Plantation Sdn Bhd sent disclosure of liability including LUCA analysis to RSPO Secretariat on 2 December 2014 and 2<sup>nd</sup> revision on 24 June 2016. The companies ensuring reporting of disclosure of liability progress to</p>

		RSPO and according to the CB's correspondence with RSPO Remediation and Compensation.
i.	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<p><b>Company Group/Holding Statement:</b> A new mill will be set up in Liberia and planned for commissioning in February 2016. Preparation to undergo the RSPO Certification process is in progress and SDP targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011. Internal assessment against the draft Liberia NI has been completed and closing of gaps is in progress. *Note: RSPO NPP Announcements for SDP can be found at <a href="http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14">http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14</a></p> <p><b>Auditor Verification:</b></p> <ul style="list-style-type: none"> <li>Karya Palma Estate (PT Sandika Natapalma) and Baturus Estate (PT Budidaya Agro Lestari) any new planting after January 1<sup>st</sup> 2010 and due to not conduct NPP.</li> <li>RSPO NPP process has been completed in 2011 for a new mill in Liberia.</li> </ul>
ii.	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p><b>Company Group/Holding Statement:</b> Sime Darby (Liberia) Plantation Inc. Status: Box G - Close for Monitoring Further details please refer to: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/46">http://www.rspo.org/members/complaints/status-of-complaints/view/46</a> PT Mitra Austral Sejahtera (Sime Darby Sdn Bhd) Further details please refer to: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/29">http://www.rspo.org/members/complaints/status-of-complaints/view/29</a></p> <p><b>Auditor Verification:</b> Auditor has verified the supporting evidence of above the company statement. There are land conflict in :</p> <ul style="list-style-type: none"> <li>PT Mitra Austral Sejahtera, this issue are remain being resolved with RSPO dispute settlement facilities</li> <li>PT Bina Sains Cemerlang, this issue was raise on 22 April 2017 and still being process to resolve.</li> </ul>
iii.	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p><b>Company Group/Holding Statement:</b> No stakeholder comments or complaints received.</p> <p><b>Auditor Verification:</b></p>

		Auditor has verified the supporting evidence of above the company statement. There are no labour dispute in company unit.
iv.	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p><b>Company Group/Holding Statement:</b> None noted. No stakeholder comments or complaints received.</p> <p><b>Auditor Verification:</b> Auditor has verified the supporting evidence of above the company statement. There is any legal non-compliance for PT Budidaya Agro Lestari waiting for land title process.</p>

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

#### 3.5.1 Identification of Findings, Corrective Actions and Observations at **ASA-2** Assessment

<b>NCR No.</b>	<b>: 2016.01</b>	<b>Issued by</b>	<b>: -</b>
<b>Date Issued</b>	<b>: -</b>	<b>Time Limit</b>	<b>: ASA-3</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 2 February 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>5.2.5</b> <b>Where HCV areas overlapped with an identified local community's land, there shall be evidence of a negotiated agreement that optimally safeguard their HCVs and the local community's rights</b>		
<b>Non-Conformance Description&amp; Evidence observed:</b> Based on field observation and interview with HCV officer at Block G25 Sekayu Estate and Block D34 Betung Estate, there is local communities right on HCV area, however company could not present the agreement or negotiation process to maintain the HCV area.			
<b>Root Cause Analysis:</b> The Company had only delivered one-sided to the public and has not implemented the agreement of both parties in maintaining the HCV area			
<b>Corrective Action:</b> <b>1 February 2017</b> Conducting socialization and make agreement with communities to maintaining HCV area in Sekayu Estate and Betung Estate.			
<b>Preventive Action:</b> Conduct routine monitoring HCV area.			
<b>Assessor Evaluation and Conclusion:</b> <b>Verification 2 February 2017</b> The company has able to shows agreement with local community on occupation area in Block G25 SYE which covers about 2.50 ha and in Block D34 BTE which overlaps with HCV area. The agreement were signed by both parties on March 30 <sup>th</sup> 2016. Based on the evidence shown, NCR No. 2016.01 is considered <b>Closed</b> .			
<b>Verified by</b>	<b>: Moh Amarullah</b>		

<b>NCR No.</b>	<b>: 2016.02</b>	<b>Issued by</b>	<b>: -</b>
<b>Date Issued</b>	<b>: -</b>	<b>Time Limit</b>	<b>: ASA-3</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 2 February 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>5.6.3</b> <b>A monitoring plan and results of regular reporting on emission and pollutants from estate and mill operations using appropriate methods, shall be available.</b>		
<b>Non-Conformance Description &amp; Evidence observed:</b>			

Company could not present the evidence of Green house glass emission's calculation and reporting in 2015 to RSPO secretariat.	
<b>Root Cause Analysis:</b> Calculation of GHG is conduct by Simedarby PSQM so unit only waiting the result of calculation and reporting to RSPO secretariat	
<b>Corrective Action:</b> <b>1 February 2017</b> Coordination with HQ PSQM to calculate and report to RSPO secretariat, on 1 February 2017 has been reported to RSPO.	
<b>Preventive Action:</b> Conducting routine coodination annually to calculate and reporting GHG to RSPO	
<b>Assessor Evaluation and Conclusion:</b> <b>Verification 2 February 2017</b> The CH has carried out GHG emission calculation for period 2015 through PalmGHG calculator version V.2.1.1 and already sent to RSPO Secretariate via email on January 2 <sup>nd</sup> 2017. Based on evidence shown, NCR No. 2016.02 is considered <b>Closed</b> .	
<b>Verified by</b>	<b>: Moh Amarullah</b>

NCR No.	: 2016.03	Issued by	: -
Date Issued	:	Time Limit	: 2 April 2016
NC Grade	: Major	Date of Closing	: 23 March 2016
Standard Ref. & Requirement	6.5.2 Collective Labor Agreement/Company Regulation, in accordance with the manpower regulations, shall be available in understandable language; and explained by the management or Labor Union to the		
<b>Non-Conformance Description &amp; Evidence observed:</b> Company could not present the evidence of personnel with certain duration working contract extention has been inline with Ministry of Manpower Decree No. 100 in 2004. The example agreement on each unit with number: <b>BTE:</b> SPK PKWT No. 036/BTE-EM/SPK/I/2016/PKWT <b>SKE:</b> PK PKWT No. 46/SYE-PKWT/XI/ <b>BTF:</b> SPK PKWT No. 02/BTF-TK/08/2015			
<b>Root Cause Analysis:</b> There is no evidence a contracts extention the personnel with certain duration working has been inline with Ministry of Manpower Decree No. 100 in 2004.			
<b>Corrective Action:</b> Made the works aggrement the personnel with certain duration working related with Ministry of Manpower Decree No. 100 in 2004.			

<b>Preventive Action:</b> Ensuring the work agreement with certain duration working related with Kepmenaker No 100 of 2004 .	
<b>Assessor Evaluation and Conclusion:</b> <b>Verification 23 March 2016</b> The Company can show the the work agreement with certain duration working related in Sekayu Estate, Betung Estate and Betung Factory with time periode one year. On that's agreement are inline with Manpower Decree No. 100 in 2004.  Based on that's evidence team auditors declared the non conformances has been closed with observation	
<b>Verified by</b>	: -

<b>NCR No.</b>	: 2016.04	<b>Issued by</b>	: -
<b>Date Issued</b>	: -	<b>Time Limit</b>	: ASA-3
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: 2 February 2017
<b>Standard Ref. &amp; Requirement</b>	: 7.3.3 Records of land preparation and clearing dates shall be available		
<b>Non-Conformance Description &amp; Evidence observed:</b> Betung Estate and Sekayu Estate were conducting new cultivation from 2005 to 2009; however, company could not present the record of when the land clearing was started.			
<b>Root Cause Analysis:</b> Due to the file in 2005 it is no longer in the unit for the document storage period is 5 years, and have changes in program administration and change the block into the field so it is difficulty in finding supporting documentation unit			
<b>Corrective Action:</b> <b>1 February 2017</b> Search for supporting documents in the GM office and still traceable agreement of land clearing in Sekayu Estate in 2009 and agreement fo land clearing in Betung Estate.			
<b>Preventive Action:</b> Repair the filing system both hardcopy and softcopy to facilitate the search for documents that have been long.			
<b>Assessor Evaluation and Conclusion:</b> <b>2 February 2017</b> CH has demonstrated record of land preparation and clearing in the form of agreement letter of heavy equipment rental and a recapitulation of the use of heavy equipment. Based on these documents it is known that the date of planting land in the period 2005 - 2009 in Sekayu Estate is dated 14 April 2009 and in Betung Estate is dated 27 August 2007. The Nonconformity No. 2016.04 is closed			
<b>Verified by</b>	: Ardiansyah		



**3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-3 Assessment**

NCRNo.	: 2017.01	Issued by	: Rudi Ramdani
Date Issued	: 2 February 2017	Time Limit	: 1 April 2017
NC Grade	: Major	Date of Closing	: 19 March 2017
Standard Ref. & Requirement	2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
<b>Non-Conformance Description&amp; Evidence observed:</b> Based on interview and field observation in harvesting block E42 Division 2 BTE found women worker (picker) who works without any agreement. It is not accordance with Act No. 13 of 2003.			
<b>Root Cause Analysis:</b> The company has socialized verbally when morning briefing but still found harvester wife who helped her husband's work for picking the loose fruit, arguing that they help to improve the economic income of the family.			
<b>Corrective Action:</b> Socializing in writing to the employee about the ban of employing or bring wife / brother / family to help work in the field apart from that have a contract with the company. If they found their field workers without working ties it will be strictly sanctioned in the form of a warning letter to employees, Foreman, Assistant / Sr Assistant or administration head.			
<b>Preventive Action:</b> Perform routine inspection by the Supervision and Staff to ensure that no one working in the field other than employees who have employment ties, which is onducted when morning briefing before going into the field.			
<b>Assessor Evaluation and Conclusion:</b> <b>19 March 2017</b> CH shows of the improvements include: <ol style="list-style-type: none"><li>1. Internal office mail memorandum of Betung Estate manager to Sr. Division Assistant / Assistant Division / Section Head, cc GM Estate Area Sungai Durian and Chairman SOU 09 Betung, number BTE / IOM / 001 / III / 2017 dated March 7, 2017, concerning affirmation of the prohibition employing workers without work ties in a corporate environment.</li><li>2. Documentation socialization of workers, dated 8 March 2017 at the Office of the Division which participants 64 workers.</li></ol>			
NC No. 2017.01 is Closed with Observation. Consistency of implementation will be verified at the next assessment.			
Verified by	: Rudi Ramdani		

<b>NCRNo.</b>	<b>: 2017.02</b>	<b>Issued by</b>	<b>: Ardiansyah</b>
<b>Date Issued</b>	<b>: 2 February 2017</b>	<b>Time Limit</b>	<b>: ASA-4</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>:</b>
<b>Standard Ref. &amp;</b>	<b>: 2.2.2</b>		

<b>Requirement</b>	<b>Legal boundaries are demonstrated clearly and maintained.</b>
<b>Non-Conformance Description&amp; Evidence observed :</b> <ul style="list-style-type: none"> <li>Maintenance of HGU poles not accordance with procedure. Field visits in Betung Estate showed that 2 of 4 HGU poles which visited are overgrown by shrubs. Based on the explanation of management known that it was due to the rotation of the maintenance is not in accordance with the plan.</li> <li>The management unit has not shown evidence of follow-up of the monitoring results. Results of monitoring on April 2016 in Betung Estate indicates that there are several poles in a damaged condition or paint fade or disappear.</li> <li>The monitoring result for entire HGU poles are not accordance with National Land Agency data. Based on monitoring result in Sekayu Estate showed that there are 161 poles, but based on National Land Agency data there are 328 poles.</li> </ul>	
<b>Root Cause Analysis:</b>	
<b>Corrective Action:</b>	
<b>Preventive Action:</b>	
<b>Assessor Evaluation and Conclusion:</b>	
<b>Verified by</b>	:

<b>NCRNo.</b>	<b>:</b>	<b>2017.03</b>	<b>Issued by</b>	<b>:</b>	<b>Mohamad Amarullah</b>
<b>Date Issued</b>	<b>:</b>	<b>2 February 2017</b>	<b>Time Limit</b>	<b>:</b>	<b>1 April 2017</b>
<b>NC Grade</b>	<b>:</b>	<b>Major</b>	<b>Date of Closing</b>	<b>:</b>	<b>30 March 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>:</b>	<b>4.6.6</b> <b>Storage of all pesticides shall be according to recognized best practices. All pesticides containers shall be properly disposed of and not used for other purposes.</b>			
<b>Non-Conformance Description&amp; Evidence observed :</b> <ul style="list-style-type: none"><li>Based on field observation to fertilizer warehouse in BTE were hazardous waste risk symbols, instead of hazardous risk symbols, such as harmful, toxic, corrosiveand irritant. It is not compliance with Minister of Environment Regulation (PermenLH) No. 3, year 2008 and Minister of Manpower Regulation (Permenaker) No. 3, year 1986.</li><li>Based on field observation to the central housing complex, it was found ex pesticide containers were used for domestic purposes, such as garbage bin and plants (flowers) pot. This is not in accordance with company procedure No. 014/LMI-IKPKBP/2012.</li></ul>					
<b>Root Cause Analysis:</b> <ol style="list-style-type: none"><li>Lack of understanding of warehouse clerk because semblance of symbols.</li><li>No implementation of a monthly routine inspection system by Safety Officer related to symbol</li><li>The Company has not conducted a socialization to the residents of CHC regarding the use of former pesticide containers. Workers get the packaging of pesticides by buying themselves in the common market</li></ol>					
<b>Corrective Action:</b> <ol style="list-style-type: none"><li>Socializing and install the correct hazardous symbol by warehouse personnel, so as to understand the difference hazardous symbol with hazardous waste symbol.</li></ol>					

2. Socializing on the prohibition of the use of former pesticide containers for household and confiscated the pesticide containers that are used, so no more use for other uses.

**Preventive Action:**

Implement the routine inspection by P2K3 officers of the facility and OHS sign board in estate and CHC every month, which implementation is held in conjunction with the environmental hygiene condition inspection.

**Assessor Evaluation and Conclusion:**
**9 March 2017**

Companies shows some evidence of improvement, that is:

- Company documents show an official report dated 25 February 2017 regarding the implementation of the change of hazardous symbol on fertilizer warehouse door. Giving The understanding to employees in relation to the hazardous symbol used held on the same day.
- Memorandum from Manager Betung Estate No. BTE / IOM / 001 / III / 2017 dated 7 March 2017 to all employees about the affirmation of the ban on the hazardous waste, such as ex pesticides containers into flower pots or any other use. Hazardous waste management refers to procedures No. No. 014 / LMI-IKPKBP / 2012. Strict sanctions will be imposed for violating the rule.
- The company shows evidence of socialization activities related to the prohibition of the use of hazardous waste packaging which was held on 11 February 2017 in the Office of the Division 1 to 17 foreman and 74 employees. Then, on 8 March 2017 conducted socialization in Division Office during the morning breafing which was attended by 20 workers. On the same day the management unit also conducted socialization to the residents of CHC, which was attended by 64 residents. Along with socialization in CHC, conducted also confiscated the pesticide containers that aused for domestic household purposes.

Management unit has not shown the form routine inspection carried out every month. **NC No. 2017.3 is not closed.**

**30 March 2017**

The Management unit showed evidence of routine checks contained in the document of Facility inspection and signboard of OHS at central warehouses Betung Estate dated 29 March 2017 signed by the Safety Officer and Estate Manager. Based on the evidence, **NC No. 2017.03 is Closed.**

**Verified by : Mohamad Amarullah**

NCRNo.	: 2017.04	Issued by	: Mohamad Amarullah
Date Issued	: 2 February 2017	Time Limit	: ASA-4
NC Grade	: minor	Date of Closing	: 9 March 2017
Standard Ref. & Requirement	4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated.		
Non-Conformance Description& Evidence observed :			
Based on interview with two workers and its two family members in central housing complex, it was stated that the workers were not fully understood that ex pesticide containers shall be properly disposed and could not be used for domestic purposes (for ex. garbage bin and plants pot).They also stated that they never been informed about ex pesticide containers whichprohibited to be used for domestic purposes, such as garbage bin, plants pot and water storage.			

<b>Root Cause Analysis:</b> The Company has not conducted a socialization to the residents of CHC regarding the use of former pesticide containers. Workers get the packaging of pesticides by buying themselves in the common market
<b>Corrective Action:</b> Socializing on the prohibition of the use of former pesticide containers for household and confiscated the pesticide containers that are used, so no more use for other uses.
<b>Preventive Action:</b> Implement the routine inspection by P2K3 officers of the facility and OHS sign board in estate and CHC every month, which implementation is held in conjunction with the environmental hygiene condition inspection.
<b>Assessor Evaluation and Conclusion:</b> <b>9 March 2017</b> Companies shows some evidence of improvement, that is: <ul style="list-style-type: none"> <li>Memorandum from Manager Betung Estate No. BTE / IOM / 001 / III / 2017 dated 7 March 2017 to all employees about the affirmation of the ban on the hazardous waste, such as ex pesticides containers into flower pots or any other use. Hazardous waste management refers to procedures No. No. 014 / LMI-IKPKBP / 2012. Strict sanctions will be imposed for violating the rule.</li> <li>The company shows evidence of socialization activities related to the prohibition of the use of hazardous waste packaging which was held on 11 February 2017 in the Office of the Division 1 to 17 foreman and 74 employees. Then, on 8 March 2017 conducted socialization in Division Office during the morning breafing which was attended by 20 workers. On the same day the management unit also conducted socialization to the residents of CHC, which was attended by 64 residents. Along with socialization in CHC, conducted also confiscated the pesticide containers that used for domestic household purposes.</li> </ul> <p>Based on the evidence, <b>NC No. 2017.04 is Closed.</b></p>
<b>Verified by</b> : <b>Mohamad Amarullah</b>

NCR No.	: 2017.05	Issued by	: Afiffuddin
Date Issued	: 02 February 2017	Time Limit	: 01 April 2017
NC Grade	: Major	Date of Closing	: 13 March 2017
Standard Ref. & Requirement	: 4.7.2 A documented risk assessment shall be available and its implementation shall be recorded.		
<b>Non-Conformance Description&amp; Evidence observed:</b> <ul style="list-style-type: none"><li>Based on the results of verification of documents HIRAC Plantation Activities in the period 2016/2017, known certification unit has not done a risk assessment for all activities, such as applications rat poison</li><li>based on the results of field visits in the empty bunch station, found a pile of empty bunch regarding electric installation and nearly covered the electrical panel is potentially dangerous. However, there was no sign board or warnings around the panel. Based on the results of the study document HIRAC Betung Factory, certification unit has not identified the risk of such hazards.</li></ul>			

<b>Root Cause Analysis:</b> <ul style="list-style-type: none"> <li>Management unit has developed HIRAC plantations but not detailed such as HIRAC for Rat Poison application has not been done because they made globally in HIRAC Pest and Disease.</li> <li>HIRAC not accommodated all activities such as HIRAC in EFB area when EFB piled up because of the transportation late for EFB application.</li> </ul>
<b>Corrective Action:</b> Estate and the factory has made an evaluation of HIRAC on 11 February 2017 to HIRAC for Applications of Rat Poison and HIRAC for EFB Station.
<b>Preventive Action:</b> Periodically evaluate HIRAC based implementation in the field
<b>Assessor Evaluation and Conclusion:</b> <b>13 March 2017</b> Unit certification shows evidence of improvements in the form of: <ul style="list-style-type: none"> <li>Evaluation HIRAC on 11 February 2017 for applications of Rat Poison</li> <li>Evaluation HIRAC on 11 February 2017 for EFB station</li> </ul> Based on the evidence, <b>NC No. 2017.05 is Closed.</b>
<b>Verified by</b> : <b>Afiffuddin</b>

<b>NCRNo.</b>	: 2017.06	<b>Issued by</b>	: Afiffuddin
<b>Date Issued</b>	: 02 Februari 2017	<b>Time Limit</b>	: 01 April 2017
<b>NC Grade</b>	: Major	<b>Closing Date</b>	: 14 March 2017
<b>Standard Ref. &amp; Requirement</b>	4.7.3 Records of Occupational Health and Safety (OHS) program (see 4.8) and Personal Protective Equipment (PPE) training in accordance with the result of hazard identification and risk analysis shall be available to all workers		
<b>Non-Conformance Description&amp; Evidence observed :</b> based on interviews and field visits in the application activity of rat poison blocks C36 Betung Estate Division 1, has not provided sufficient evidence that the company has been providing PPE to all workers rat poison applications, such as boots.			
<b>Root Cause Analysis:</b> procurement of boots is in the delivery process from representative offices.			
<b>Corrective Action:</b> provide the boots to upkeep employees on 02 February 2017 by the Assistant Division			
<b>Preventive Action:</b> The unit will provide boots for employees once a year in accordance with the PPE procedure and the budget passed by the Management of Minamas.			



<b>Assessor Evaluation and Conclusion:</b>	
<b>14 March 2017</b>	
certification shows evidence of improvements in the form of the evidence of PPE (boots) handover to workers such as on 2 February 2017 to the upkeep workers in replanting areas. Based on the evidence, <b>NC No. 2017.06 is Closed.</b>	
<b>Verified by</b>	<b>: Afiffuddin</b>

NCRNo.	: 2017.07	Issued by	: Afiffuddin
Date Issued	: 02 February 2017	Time Limit	: ASA-4
NC Grade	: Minor	Closing Date	:
Standard Ref. & Requirement	4.7.5 A procedure for emergency and work accident shall be available in Indonesian Language; and the workers, who have attended First Aids training, are available in the working areas.		
Non-Conformance Description& Evidence observed :			
<ul style="list-style-type: none"><li>Based on the results of field visits in facilities and infrastructure in Betung Estate, for example in the warehouse traction, found first aid box that has not been in accordance with the table of contents that have been set such as glass eye wash, fabric mitella / bandages, rubber gloves and masks.</li><li>Based on the study of documents, unknown company could not show the results of monitoring first aid box in the building (infrastructure) and first aid bag on the ground</li></ul>			
Root Cause Analysis:			
Corrective Action:			
Preventive Action:			
AssessorEvaluation and Conclusion:			
Verified by	:		

NCRNo.	: 2017.08	Issued by	: Mohamad Amarullah
Date Issued	: 2 February 2017	Time Limit	: 1 April 2017
NC Grade	: Major	Date of Closing	: 30 March 2017
Ref. Standar&Persyaratan	5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or area affected by plantation or mill operations, appropriate measures that area expected to maintain and/or enhance them shall be implemented through management plan.		
Non-Conformance Description& Evidence observed :			
The company has conduct several HCV program, such as installation and maintenance of HCV signboard, flora fauna inventarization, socialization to the locals communities, etc. However, the company is not able to shows a measurable HCV management program, especially on HCV areas where overlapped with local community rights.			

**Root Cause Analysis:**

The Company has not had HCV management program relating to the completion of HCV areas that overlap with community lands.

**Corrective Action:**

Socialization HCV to the community who have land rights in the concession area to jointly maintain HCV.

**Preventive Action:**

conduct regular communication with the local community to jointly maintain the area HCV once a year and carry out the installation of the signboard in the HCV area.

**Assessor Evaluation and Conclusion:**
**9 March 2017**

The company shows Minutes of Agreement related to the management of HCV in Betung Estate and Sekayu Estate between representatives of companies and surrounding community that have rights in the HCV area of Company on 8 March 2017 at the Sekayu Estate Office, with the agreement as follows:

- Local communities do not agree to the collective management of HCV areas that overlap with the rights of the community because the area has become a land of income for the community.
- The company will submit HCV area that overlapping to the public to fully managed by community.
- With the agreement, then Betung Estate and Sekayu Estate will release it from the HCV area that managed by company.

The management unit can not shows the data of HCV area which release to community. **NC No. 2017.08 is not closed.**

**30 March 2017**

The management unit has given an explanation regarding HCV areas that have been identified is:

Location (Blocks)	Area (ha)	Remarks	Land Control (ha)	
			Company	Community
Betung Estate				
K38-K40	46.68	Wetland	46.68	
E29/30, J27-J31, D36-38, C36-38, E35-36 and F36-36	193.88*	Natural vegetation		193.88
D32-D33, E7, H38, I38, J38 and J41	74.31	Riparian zone of Sekayu River	74.31	
J26-J30	28.09	Riparian zone of Pinang River	28.09	
B36, C36, D36 and D37	38.50	Riparian zone of Walen River	38.50	
I29 and I30	12.42	Riparian zone of Enten River	12.42	
C37, J40 and K33	3.72	Buffer zone of Betung Basin	3.72	
F36	2.00*	Basin	2.00	
Sub Total HCV Betung Estate			205.72	193.88
Sekayu Estate				
D27, D28, E29 and E30	30.50	Riparian zone of Sekayu River	30.50	
G13	0.25	Riparian zone of Tamerung River	0.25	
D26-D27, E26-E28, F27-F29, G29 and H29	63.10	Riparian zone of Enten River	42.52	20.58
C15-C17, D14-D17, E17-E18 and F19	50.42	Riparian zone of Kulum River	10.05	40.37
F26, D28, G15, G32 and I08	5.78	Buffer zone of Sekayu Basin	5.78	
G17	0.50	Gua Batu Spring.		0.50
B21, C/D16, E26/27, H29/30 and G25/26	80.38*	Secondary forest		80.38

G14-G16	45.00	Buffer zone of Gua Batu Spring area		<b>45.00</b>
<b>Sub Total HCV Sekayu Estate</b>			<b>89.10</b>	<b>186.88</b>
<b>Grand Total</b>			<b>89.10</b>	<b>586.48</b>

Based on the evidence, **NC No. 2017.08 is Closed.**

<b>Verified by</b>	<b>: Mohamad Amarullah</b>
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NCRNo.	: 2017.09	Issued by	: Mohamad Amarullah
Date Issued	: 2 February 2017	Time Limit	: 1 April 2017
NC Grade	: Major	Date of Closing	: 16 Maret 2017
Standard Ref. & Requirement	5.3.2 All chemicals and their containers shall be disposed of responsibly.		
<b>Non-Conformance Description&amp; Evidence observed :</b> Based on field observation to Central Housing Complex (CHC) area, it was found that ex lubricant containers were used for water storage tank. Management unit stated that those containers were bought by the workers itself. Records of ex lubricant containers delivery from estate to hazardous waste storage was available. However, records of ex lubricant containers being produced are not available.			
<b>Analisa Akar Masalah</b> ( <i>dilengkapi oleh organisasi yang diaudit</i> ): Currently, records on ex lubricant containers has only refers to ex lubricant containers sent to hazardous waste warehouse.			
<b>Tindakan Perbaikan</b> ( <i>dilengkapi oleh organisasi yang diaudit</i> ): Management unit has records and balanced the quantity of ex lubricant containers from hazardous materials warehouse through hazardous waste warehouse.			
<b>Tindakan Pencegahan</b> ( <i>dilengkapi oleh organisasi yang diaudit</i> ): Continuously to records all hazardous wastes containers being produced and its management into the balance record.			
<b>Evaluasi Penilai dan Kesimpulan</b> ( <i>dilengkapi oleh auditor</i> ): <b>9 March 2017</b> The company has shown monitoring of hazardous waste document which informed the quantity of hazardous waste being stored on the temporary hazardous waste warehouse during 2016 and logbook hazardous material for Betung POM. However, numbers of hazardous materials being sent from central warehouse to units were not treaceable. Hence, <b>the NCR. No. 2017.09 is remain un-closed.</b>			
<b>16 March 2017</b> The company shows records of hazardous materials sent from main/central warehouse to the units and records of hazardous materials accepted from unit (estate and mill) management, which noted on the logbook. As per review towards documents showed, it could be concluded that the record of hazardous materials and hazardous waste materials (ex lubricant containers) on the period were balance. Hence, the ex lubricant containers used in the housing complex were not derived from company inventory. Based on the evidence, <b>NC No. 2017.09 is Closed.</b>			
Verified by	: Mohamad Amarullah		

<b>NCRNo.</b>	<b>: 2017.10</b>	<b>Issued by</b>	<b>: Mohamad Amarullah</b>
<b>Date Issued</b>	<b>: 2 February 2017</b>	<b>Time Limit</b>	<b>: ASA-4</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 16 March 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 5.6.3</b> <b>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</b>		
<b>Non-Conformance Description &amp; Evidence observed :</b> The company is not able to shows GHG emission calculation for period 2016.			
<b>Root Cause Analysis:</b> Implementation of the calculation is still awaiting the results of the Central Office, resulting in the delayed submission of the results of GHG calculation of each period.			
<b>Corrective Action:</b> Coordinate with PSQM in Head Office to provide GHG calculation modules and materials, so that as of 15 March 2017 the unit has been able to calculate GHG emissions for BTF and the supply base.			
<b>Preventive Action:</b> Calculating GHG emissions routinely every period January-December by unit			
<b>Assessor Evaluation and Conclusion:</b> <b>16 March 2017</b> The management unit has completed the identification of nonconformities (the root cause, corrective action and preventive action). In addition the management unit also shows GHG calculation module version 3.1 and demonstrate the results of GHG calculation to Betung Factory and supply base. Based on this, <b>NC No. 2017.10 is closed.</b>			
<b>Verified by</b>	<b>: Mohamad Amarullah</b>		

<b>NCRNo.</b>	<b>: 2017.11</b>	<b>Issued by</b>	<b>: Rudi Ramdani</b>
<b>Date Issued</b>	<b>: 2 February 2017</b>	<b>Time Limit</b>	<b>: 19 April 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 30 March 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>6.5.1</b> <b>Documentation of pay and conditions for employees based on the existing manpower regulations shall be available.</b>		
<b>Non-Conformance Description&amp; Evidence observed :</b> The certificate holder can not shows evidence of premium system payment has been accordance with collective labour agreement and decision of the minister of labor number 102 year of 2004, for a nominal payment of overtime wages and for multiple factor of overtime wages calculation, as of: <ul style="list-style-type: none"><li>Premium system of the company for Sungai Durian area in 2012 which stated for babysitter if she parenting till more than office hours, then calculated as fixed premium per hour as much of Rp 8,000. Based on review of salary list December 2016 for babysitter in Division 2 Betung Estate known that the worker receive premium as much as Rp 216.000 (calculated from 27 days @Rp 8,000).</li></ul>			

- Review of salary document of December 2016 for land application officer in Betung Estate Division 2 known to have premium non harvest as much as Rp 1,348,921 for 99.5 overtime hours (premium of no harvest per hour is Rp 13,557).
- 1 hour overtime value based on the calculation of the minimum wage 2016 of Kotabaru district is Rp.12,716.763 and shall be following the multiplier factor based on collective labour agreement and decision of the minister of labor number 102 year of 2004.

**Root Cause Analysis:**

Administration (clerk, Head of Section and Assistant) has not conducted an evaluation for premium in accordance with the applicable of overtime wage and still refers to the premium wage of 2012 which should evaluated the amount of rupiah per hour every year according to changes of minimum wage.

**Corrective Action:**
**14 March 2017**

SOU chairman made a proposal review and reevaluate the premium for Non HRV systems to GM Estate on 22 February 2017.

On the date March 6, 2017, has submitted a letter from GM Estate number GM-est / 142 / SD / III / 2017 concerning the evaluation of the determination of the premium overtime pay per hour following the calculation of the minimum wage that applicable at that time for all the work set out in setting premiums Area Sungai Durian that is for 2017 amounting to Rp. 14 598 per hour applies to all jobs.

**29 March 2017**

Management unit has given overtime pay in accordance with the regulations, for example calculation of wages for babysitter and land application officer for the month of January 2017 with the following results:

1. Babysitter  
Overtime: 27 hours in January 2017  
Calculation:  $27 \times 150\% = 40.5$  overtime hours  $\times 14,607 = \text{IDR } 591,593$   
overtime that has been paid: IDR 216,000  
Underpayment:  $\text{IDR } 591,593 - \text{IDR } 216,000 = \text{IDR } 375,581$
2. land application officer  
Overtime: 86 hours in January 2017  
Calculation:  $86 \times 150\% = 129$  overtime hours  $\times 14,607 = \text{IDR } 1,874,302$   
overtime that has been paid: IDR 1,256,202  
Underpayment:  $\text{IDR } 1,874,302 - \text{IDR } 1,256,202 = \text{IDR } 618,100$

**Preventive Action:**

Regularly evaluate the premium system refers to the minimum wage and regulations

**Assessor Evaluation and Conclusion:**
**14 March 2017**

Internal office mail from the Chairman SOU 9 Betung (number 012 / SOU Betung-GM / II / 2017 dated February 22, 2017) to GM Estate Sungai Durian, regarding proposed changes to premiums, that the relevant provisions of premium Areas Sungai Durian in 2012 need to be adjusted between provision of premium per hour in 2012 with a premium hourly wage in 2017 according to provisions originally in the form of premiums per hour IDR 8,000, is proposed to be IDR14,500

Proposed premium system are not clearly regulate the application of the wage beyond normal working hours in

accordance with regulation (Kepmenaker No. 102 of 2004). **NC No. 2017.11 is not closed.**

### 19 March 2017

CH shows the corrective actions include: Internal mails from GM's office Estate Sungai Durian number of GM-est / 142 / SD / III / 2017 dated 6 March 2017, concerning the affirmation of premium system in Sungai Durian area with the details as follows:

1. The premium per month as IDR 100,000.
2. Work on holidays during normal working hours (07.00 – 14.00) as IDR 40,000.
3. premium per hour changed from IDR 8,000 into IDR 14,598

The premium system are not clearly regulate the application of the wage beyond normal working hours in accordance with regulation (Kepmenaker No. 102 of 2004) and collective labour agreement Of 2016 – 2018. **NC No. 2017.11 is not closed.**

### 20 March 2017

CH showed evidence of socialization the change of premium system on 17 March 2017 on the Betung Daycare, which was attended by 13 participants (2 staff, 3 foremen, 5 wastes workers, 3 Babysitter). Socialization is explained that the premiums for non harvest worker has been changed in accordance with the minimum wage in 2017.

The premium system are not clearly regulate the application of the wage beyond normal working hours in accordance with regulation (Kepmenaker No. 102 of 2004) and collective labour agreement Of 2016 – 2018. **NC No. 2017.11 is not closed.**

### 30 March 2017

CH shows evidence of improved compliance with the calculation of overtime pay in the form of:

1. Payroll in January 2017 for land application officers and Babysitter, which includes informing the amount of premiums paid.
2. Data of overtime hours on January 2017 for land application officer (151 hours of overtime) and the babysitter (27 hours overtime) in accordance with regulation (Kepmenaker No. 102 of 2004) and collective labour agreement Of 2016 – 2018, with the total nominal payment calculation of overtime hours for the workers.
3. Overtime payment receipt for workers

**NC No. 2017.11 is closed**

**Verified by :** Rudi Ramdani

<b>NCRNo.</b>	<b>: 2017.12</b>	<b>Issued by</b>	<b>: Ardiansyah</b>
<b>Date Issued</b>	<b>: 2 February 2017</b>	<b>Time Limit</b>	<b>: 19 April 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 16 March 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>7.3.1</b> <b>There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).</b>		



**Non-Conformance Description & Evidence observed :**

The document review showed that the company is performed land clearing after November 1, 2005 without preceded by the identification of HCV. HCV identification in PT LMI was conducted on 2009. Sime Darby Plantation Sdn Bhd, as the parent of PT LMI has conducted disclosure of liability and LUCA on 4 September 2015 by email. Based on an email from RSPO Compensation on 7 September 2015 is known that the LUCA has been received. But PT LMI has not shown approval from Compensation Panel for LUCA and compensation plan.

**Root Cause Analysis:**

Communication with the RSPO has been done directly by Sime Darby, so that the unit is always waiting for the results from Sime Darby

**Corrective Action:**

Chairman of SOU 9 sending a letter to Head PSQM on 10 February 2017 to ask the continuation and development of LUCA Approval from RSPO, as Head PSQM as a communication bridge between Minamas with Sime Darby. On 10 March 2017 has been a communication from the RSPO to Sime Darby about LUCA review.

**Preventive Action:**

Unit coordinated with PSQM to monitor the progress of LUCA. Developments related to the coordination of communication between Sime Darby with RSPO will do at least once a month.

**Assessor Evaluation and Conclusion:**
**8 March 2017**

The company has shown evidence of coordination with Head PSQM by letter dated 10 February 2017 related to the development process of LUCA approval for Minamas. But has not provided evidence of the approval from RSPO Compensation Panel related to LUCA approval or compensation plan approval. **NC No. 2017.12 is not closed.**

**16 March 2017**

The management unit has shown evidence of communication with the RSPO related to review process of LUCA or compensation plan. Based on the email is known that the management unit can continue the certification process. **NC No. 2017.12 is closed with observation.**

**Verified by : Ardiansyah**

<b>NCR No.</b>	<b>: 2017.13</b>	<b>Issued by</b>	<b>: Ardiansyah</b>
<b>Date Issued</b>	<b>: 2 February 2017</b>	<b>Time Limit</b>	<b>: 1 April 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 16 Maret 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>8.1.1</b> <b>The action plan for monitoring shall be available, based on a consideration of the social and environmental impacts and routine evaluation of the plantation and mill operations. As a minimum, these shall include, but are not necessarily be limited to:</b> <ul style="list-style-type: none"> <li>• Reduction in use of certain chemicals (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> </ul>		

	<ul style="list-style-type: none"> <li>Optimising the yield of FFB production (Criterion 4.2)</li> </ul>
<b>Non-Conformance Description&amp; Evidence observed :</b> From the results of non-conformities identified during the ASA-3, auditors team assessed that there is systematic failures associated with the recurrence of nonconformity on the results of previous audits (ASA-2) which is GHG Calculation (5.6.3).	
<b>Root Cause Analysis:</b> Implementation of the calculation is still awaiting the results of the Central Office, resulting in the delayed submission of the results of GHG calculation of each period.	
<b>Corrective Action:</b> Coordinate with PSQM in Head Office to provide GHG calculation modules and materials, so that as of 15 March 2017 the unit has been able to calculate GHG emissions for BTF and the supply base.	
<b>Preventive Action:</b> Calculating GHG emissions routinely every period January-December by unit	
<b>Assessor Evaluation and Conclusion:</b> <b>16 March 2017</b> The management unit has completed the identification of nonconformities (the root cause, corrective action and preventive action). In addition the management unit also shows GHG calculation module version 3.1 and demonstrate the results of GHG calculation to Betung Factory and supply base. Based on this, <b>NC No. 2017.10 is closed.</b>	
<b>Verified by</b>	<b>: Ardiansyah</b>

NCRNo.	: 2017.14	Issued by	: Ardiansyah
Date Issued	: 2 February 2017	Time Limit	: 1 April 2017
NC Grade	: Major	Date of Closing	: 16 March 2017
Standard Ref. & Requirement	: System Certification 4.2.4 Requirements for uncertified management units and/or holdings		
Non-Conformance Description& Evidence observed : Based on data from TBP is known that there are 7 units that have not been certified RSPO consists of PT SIA (outside HGU), plasma PT BGR, KKPA PT GPI, KKPA PT BSS, PT SNP (Karya Palma Estate and KKPA). CH has shown partial results of certification to PT BAL and PT MAS, but for the other units yet to be shown.			
Root Cause Analysis: Internal Audit Team did not understand that the certification system of internal audit should be done Partial Certification for RSPO uncertified units.			
Corrective Action: PSQM internal audit team coordinated with PSQM in other units that have not received RSPO certification to conduct an audit Internal Partial Certification. Management unit has shows the internal audit for uncertified unit consist of PT BGR plasma, KKPA of PT GPI, KKPA of PT BSS, PT SNP (Karya Palma Estate) and PT SIA.			
Preventive Action:			

Ensuring Internal Audit has conducted for partial certification of the management units that have not received RSPO certification and monitoring the development of the certification process. Internal audit process will be conducted annually to units that have not been certified by the RSPO.

**Assessor Evaluation and Conclusion:**

**16 March 2017**

The management unit has demonstrated results of an internal audit of the units that have not received RSPO certification. **NC No. 2017.14 is closed.**

**Verified by : Ardiansyah**

**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	4.4.4	Follow up and monitoring on ground and surface water used permit.
2	5.2.1	To produce an HCV map which suits to cartography principles.
3	6.2.3	Evaluating the documentation of incoming letter and responding to incoming letter
4	6.5.2	Ensuring the provision of time extension worker of harvesting and maintenance in the field in accordance with the provisions of existing law.

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions
1	8.1.1	Experimental use of mechanization for fertilization
4	-	

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

Date of Stakeholders Consultation: 31 January and 1 February 2017		
	Issue from Public	Auditor Response
1.	<b>Village of Sekayu Baru</b>	
	<ul style="list-style-type: none"> <li>In general, relation and communication between village and company is in good condition. There is local people who work in the field.</li> <li>There is no complaint from villagers against company operation, concerning of pollution or land conflict.</li> <li>Composition of Sekayu Baru villagers is 70% local &amp; 30% non local.</li> <li>Village has receiving a lot of help from the company, such as road maintenance, clean water supply, etc. There is no request from village that has not been respond by the company.</li> <li>There was a company representative who attend in village discussion.</li> <li>For now on, there is no complaint against replanting that formally headed to village head.</li> <li>The company has presented plan for replanting.</li> <li>There is low interest from youngest to work in the company, even though the company has announced job opportunity.</li> <li>For 2016, there was no land fire around and in the company.</li> <li>The company has communicate their communication procedure. Village Head usually communicate with Estate Manager or Administration Head.</li> <li>There is a plan from village head to make some kind of village company and hoping that company could help in the implementation, such as : training of entrepreneurship, oil palm cultivation, village plan in finishing masjid, etc.</li> </ul>	<p>The certificate holder has shown relationship with village stakeholder as described in the indicator. CH has shown the evidence of compliance to RSPO standard criteria 1.1; 2.2; 5.1; 5.5; 6.1; 6.2 and 6.11</p>
2.	<b>Village of Betung</b>	

	<ul style="list-style-type: none"> <li>In general, relation and communication between village and company is in good condition. There is local people who work in the field.</li> <li>There is no complaint from villagers again company operation, concerning of pollution or land conflict.</li> <li>Village has receiving a lot of help from the company, such as road maintenance, clean water supply, etc. There is request from village that is still in responding process by the company.</li> <li>There was a company representative who attend in village discussion.</li> <li>For now on, there is no complaint against replanting that formally headed to village head.</li> <li>The company has presented plan for replanting.</li> <li>There is local people who work in the company. The company has announced job opportunity.</li> <li>For 2016, there was no land fire around and in the company.</li> <li>The company has communicate their communication procedure. Village Head usually communicate with Estate Manager or Administration Head.</li> <li>The company has ever helping village in building small dam (water reservoir) in the village.</li> <li>The New Village Head expecting that the company can improve more CSR to the village. Village is planning to build new church.</li> </ul>	<p>The certificate holder has shown relationship with village stakeholder as described in the indicator. CH has shown the evidence of compliance to RSPO standard criteria 1.1; 2.2; 5.1; 5.5; 6.1; 6.2 and 6.11</p>
<b>3.</b>	<b>Workers Union of PT LMI</b>	
	<ul style="list-style-type: none"> <li>Generally, communication between 2 parties is in good condition. Membership for worker union is voluntary.</li> <li>There is no significant industrial issue that could harm work condition.</li> <li>The company has facilitate for worker union agenda.</li> <li>There is still no change in worker union structure.</li> <li>There is monthly cash for member as much as IDR 2,000.</li> <li>Basic salary has followed the minimum wage of Kalimantan Selatan province for 2016. Soon, it will be adapted to minimum wage of 2017.</li> <li>Worker agreement is still apply for 2016-2018.</li> <li>There is no worker or gender discrimination. Evaluation for worker has run every year.</li> </ul>	<p>The certificate holder has showed cooperation with worker union. There is no significant industrial issue for 2016. CH has shown the evidence of compliance to RSPO standard criteria 1.1; 6.2; 6.3; 6.6; 6.8 and 6.9.</p>



	<ul style="list-style-type: none"> <li>Promotion or mutation has been clearly stated in worker agreement.</li> <li>The company has implement right for women worker, such as: menstruation and maternity leave.</li> <li>There is no worker contractor or inter area worker.</li> <li>Based on work agreement for 3 month probation, the cost of the returns of the workers is covered by the company, according to their point of hire.</li> </ul>	
<b>4.</b>	<b>Gender Committee of PT LMI</b>	
	<ul style="list-style-type: none"> <li>There is work program of gender committee such as: monthly toddler health checks &amp; immunization, pregnancy consultation, extra food for breastfeeding mother, counseling. There is monthly cash as much as IDR 10,000.</li> <li>Meeting of gender committee usually talks about the program runs and plan.</li> <li>In 2016, there is no case of sexual harassment or discrimination to women worker.</li> <li>Women worker has received their right such as maternity leave (compulsory), menstruation leave (with a description of polyclinics).</li> <li>If the birth date calculation is missed, then the maternity leave is still for 90 day.</li> <li>Pregnant or breastfeeding mother is prohibited to work in conditions exposed to chemicals.</li> <li>For 2016, there is 2 women worker in Division 2 who took maternity leave.</li> <li>The gender committee has socialized to women worker about prohibition on bringing children under the age to work area. The minimum work age is 18 year old.</li> <li>Yearly evaluation for permanent women worker is run clearly. There is no discrimination on it.</li> <li>For babysitter, normally work for 8 hour. They can take overtime about 1 – 3 hour each day, depending on fruit condition.</li> </ul>	The company can show their policy on women worker. Nondiscrimination has been implemented. Nevertheless, there is nonconformity regarding overtime payment for babysitter. CH has shown the evidence of compliance to RSPO standard criteria 6.7; 6.8 and 6.9.
<b>5.</b>	<b>Replanting contractor, PT Duta Nusantara Mandiri.</b>	
	<ul style="list-style-type: none"> <li>The replanting contract for 3 year is for Sekayu, Randi and Betung Estate. The contract is established by the head office of PT Duta Nusantara Mandiri and Sime Darby Jakarta.</li> <li>Heavy equipment used for replanting is bulldozer and excavator.</li> </ul>	The certificate holder has implement fairly cooperation with the contractor. There is no significant industrial issue between both parties. CH has shown the evidence of compliance to RSPO standard criteria 1.3; 4.3; 4.7; 6.10 and 6.12

	<ul style="list-style-type: none"> <li>• The contract is stated clearly about specification of job and payment method.</li> <li>• The company also use local people as helper. Operator and mechanic is contractor worker.</li> <li>• The minimum age of contractor worker is 18 year old.</li> <li>• The certificate holder has socialized their policy, such as: human right, ethic code, OHSAS, worker insurance.</li> <li>• The payment method is based on investigation report result.</li> <li>• The PPE for contractor worker is obligation to provide by the contractor company.</li> <li>• There is no work accident during period of 2016.</li> <li>• The contractor hopes that the cooperation between both sides is keep improved.</li> </ul>	
<b>6.</b>	<b>Local Contractor of road Maintenance</b>	
	<ul style="list-style-type: none"> <li>• The contract for road hardening is in one package, that is material (stone) and its drafting.</li> <li>• The payment process is clear.</li> <li>• The company has socialized their policy such as : human right, ethic code, OHSAS, worker insurance.</li> <li>• The PPE for contractor worker is obligation to provide by the contractor company.</li> <li>• There is no work accident during period of 2016.</li> <li>• The contractor hopes that the cooperation between both side is keep improved.</li> </ul>	The certificate holder has implement fairly cooperation with the contractor. There is no significant industrial issue between both party. CH has shown the evidence of compliance to RSPO standard criteria 1.3; 4.7; 6.10 and 6.12.

**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. Laguna Mandiri  
Management Representative



**Mohamad Pirabaharan**

30 March 2017

Mutuagung Lestari  
Lead Auditor



**Ardiansyah**

30 March 2017

**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	Manpower Agency	District of Kota Baru, Province of Kalimantan Selatan.	<a href="mailto:washinaker@yahoo.co.id">washinaker@yahoo.co.id</a> <a href="mailto:washi_naker@yahoo.co.id">washi_naker@yahoo.co.id</a>	Email	26 January 2017		✓
2	Plantation Agency	District of Kota Baru, Province of Kalimantan Selatan.	<a href="mailto:disbun_ktb@yahoo.co.id">disbun_ktb@yahoo.co.id</a>	Email	26 January 2017		✓
3	Sekayu Baru Village	Sekayu Baru Village, District of Kota Baru, Province of Kalimantan Selatan.	-	Interview	31 January 2017	✓	
4	Betung Village	Betung Village, District of Kota Baru, Province of Kalimantan Selatan.	-	Interview	31 January 2017	✓	
5	Workers Union of PT LMI	District of Kota Baru, Province of Kalimantan Selatan.	-	Interview	31 January 2017	✓	
6	Gender Committee of PT LMI	District of Kota Baru, Province of Kalimantan Selatan.	-	Interview	1 February 2017	✓	
7	Replanting contractor, PT Duta Nusantara Mandiri	Indonesia	-	Interview	1 February 2017	✓	
8	Local Contractor of Road Maintenance	Dili Village, Kalimantan Timur Province	-	Interview	1 February 2017	✓	
10	AMAN	Jakarta, Indonesia	<a href="mailto:rumahaman@cbn.net.id">rumahaman@cbn.net.id</a>	Email	23 January 2017		✓
11	WWF	Jakarta, Indonesia	<a href="mailto:wwf-indonesia@wwf.or.id">wwf-indonesia@wwf.or.id</a>	Email	23 January 2017		✓

**Appendix 2. Assessment Program**

DATE	30 January – 3 February 2017	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Monday, 30 January 2017</b>		
06.00 – 17.00	Jakarta → Balikpapan → PT Laguna Mandiri	ARD / RRI / MAH / AFN
<b>Tuesday, 31 January 2017</b>		
07.30 – 08.00	Opening Meeting	RRI
08.00 – 12.00	Public consultation to Communities (if any local contractor)	ARD / MAH / AFN
12.00 – 14.00	Review of Previous Visit Non-conformance (Stage-2 – ASA-2), partial certification and time bound plan BREAK	ARD / RRI / MAH / AFN
14.00 – 17.00	<ul style="list-style-type: none"> <li>Contractor, internal stakeholder (labor union, gender committee and cooperative employees)</li> </ul> <b>Field Observation at Betung Factory</b> <ul style="list-style-type: none"> <li>POM (security, weighbridge, loading ramp, process, engine room, workshop, boiler)</li> <li>WTP, WWTP, Hazardous Waste Warehouse/TPS limbah B3, drainage, collecting place of solid waste (EFB, fiber, shell), methane capture (if any), composting (if any)</li> <li>Supply chain</li> </ul>	RRI ARD / AFN / MAH AFN MAH ARD
<b>Wednesday, 1 February 2017</b>		
08.00 – 12.00	<b>Field Observation at HCV and Boundary of PT Laguna Mandiri</b> <b>Field Observation at Betung Estate</b> <ul style="list-style-type: none"> <li>Harvesting, Manuring, Sparying, IPM, application of waste (if any EFB or composting), Land application (if any) and replanting/new area (if any)</li> <li>Housing, chemical warehouse, hazardous waste warehouse, cleaning and storage of PPE for spraying team, workshop, Landfill and firefighters equipment</li> </ul>	ARD RRI / MAH / AFN AFN / RRI MAH
12.00 – 14.00	BREAK	ARD / RRI / MAH / AFN
14.00 – 17.00	RSPO Document Review and clarification of field visit	MRD/ MA
<b>Thursday, 2 February 2017</b>		
08.00 – 12.00	<b>Field Observation at HCV and Boundary of PT Laguna Mandiri</b> <b>Field Observation at Sekayu Estate</b> <ul style="list-style-type: none"> <li>Harvesting, Manuring, Sparying, IPM, application of waste (if any EFB or composting), Land application (if any) and replanting/new area (if any)</li> <li>Housing, chemical warehouse, hazardous waste warehouse, cleaning and storage of PPE for spraying team, workshop, Landfill and firefighters equipment</li> </ul>	ARD RRI / MAH / AFN AFN MAH / RRI
12.00 – 14.00	BREAK	ARD / RRI / MAH / AFN
14.00 – 15.00	Interim Meeting/ preparation for closing meeting	ARD / RRI / MAH / AFN
15.00 – 17.00	Closing Meeting	ARD / RRI / MAH / AFN
<b>Friday, 3 February 2017</b>		
08.00 – 17.00	PT Laguna Mandiri → Balikpapan	ARD / RRI / MAH / AFN

DATE	30 January – 3 February 2017	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
17.55 – 20.00	Balikpapan → Jakarta	ARD / RRI / MAH / AFN

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

*Please inform Mutu Certification if you object to the appointment of the auditor or team members stated in this audit plan prior to the audit date*