

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

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

Name of Management Organisation : **Sungai Bengkal Mill, PT Satya Kisma Usaha subsidiary of SMART Tbk**  
 Plantation Name : **Sungai Bengkal Estate, Muara Kilis Estate and Sungai Bengkal KKPA**  
 Location : **Village of Betung Bedarah, Sub District of Tebo Ilir, District of Tebo, Province of Jambi, Indonesia**  
 Certificate Code : **MUTU-RSPO/052**  
 Date of Certificate Issue : 28 February 2015      Date of License Issue : 28 February 2017  
 Date of Certificate Expiry : 27 February 2020      Date of License Expiry : 27 February 2018

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
<b>ASA-2</b>	9 – 14 January 2017	Trismadi Nurbayuto (Lead Auditor), Andi Pratama Pasaribu, Rizliani Aprianita Hsb, Joko Alam, Steve Mualim	Octo H.P.N Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
<b>ASA-2</b>	<b>8 March 2017</b>

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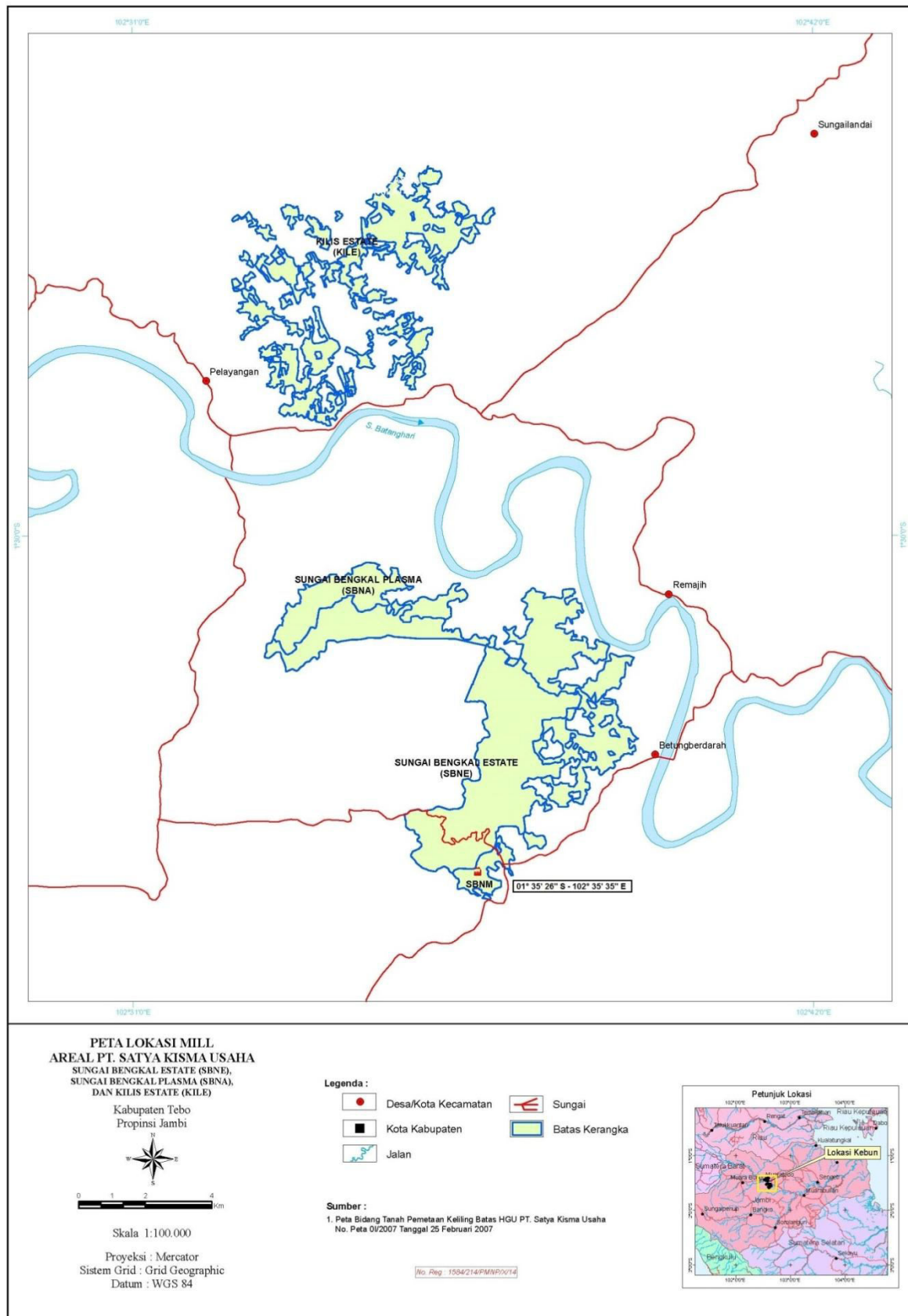
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**FIGURE**

**Figure 1. Location Map of PT Satya Kisma Usaha**



Figure 2. Operational Map of PT Satya Kisma Usaha



### Glossary

ASA	:	Annual Surveillance Assessment
ANSX	:	<i>Sianipar Group</i> (FFB Supplier)
BOD	:	Biological Oxygen Demand
BPN	:	Badan Pertanahan Nasional (National Land Agency)
BKS-PPS	:	<i>Badan Kerjasama-Perusahaan Perkebunan Sumatera</i> (Cooperation Agency of Sumatera Plantations Company)
BSAX	:	<i>Bintang Selatan Agro</i> (FFB Supplier)
CMMX	:	<i>Citramulia Manunggal</i> (FFB Supplier)
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
EIA	:	Environment Impact Assessment
FFB	:	Fresh fruit Bunch
FPIC	:	Free Prior Informed and Consent
FR	:	Frequency Rate
GAR	:	Golden Agro Resources
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha (Land Use Title)
HGFB	:	High Grade Fertilizer Borate
ISPO	:	Indonesian Sustainable Palm Oil
ISCC	:	International Sustainability of Carbon Certification
IPM	:	Integrated Pest Management
IUCN	:	International Union for Conservation of Nature
IUP	:	<i>Ijin Usaha Perkebunan</i> (Plantation Business Permit)
KILE	:	Muara Kilis Estate
KKPA	:	<i>Kredit Kepada Koperasi Primer untuk Anggotanya</i> (Cooperative Credit Scheme)
LCC	:	Leguminosae Cover Crop
LUC	:	Land Use Change
LSC	:	Land Suitability Class
MCAR	:	Management Committee Agronomy and Research
MSDS	:	Material Safety Data Sheet
MOP	:	Muriate of Potash
NGO	:	Non Government Organization
NHKX	:	Nur Hikmah (FFB Supplier)
OER	:	Oil Extraction Rate
OFI	:	Oppurtunity for Improvement
OHS	:	Occupational Health and Safety
OIA	:	Operational Internal Audit
OSMX	:	Osman Malau (FFB Supplier)
PIC	:	Personnal in Charge
PK	:	Palm Kernel (Inti Sawit)
POM	:	Palm Oil Mill
PPE	:	Personal Protective Equipment
PSM	:	<i>Perkebunan Sinarmas</i> (Sinarmas Plantation)
RACP	:	Remediation and Compensation Procedure



RKL/RPL	:	<i>Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan</i> (Environment Management Plan and Environment Monitoring Plan)
RP	:	Rock Phosphate
RSPO	:	Roundtable Sustainable Palm Oil
RTE	:	Rare, Threatened, Endangered
RZBX	:	Rezeki Bersama (FFB Supplier)
SBNA	:	Sungai Bengkal KKPA
SBNE	:	Sungai Bengkal Estate
SBNM	:	Sungai Bengkal Mill
SCCS	:	Supply Chain Certifications System
SCEP	:	Social and Community Engagement Policy
SKLX	:	Satu Kosong Lima (FFB Supplier)
SMARTRI	:	Sinarmas Agribusiness Research and Technology Research Institute
SIA	:	Social Impact Assessment
SKU	:	Satya Kisma Usaha
SOP	:	Standard Operational Procedure
SPO	:	Sustainable Palm Oil
SR	:	Severity Rate
TEIX	:	PT Tebo Indah (FFB Supplier)
WHO	:	World Health
WTP	:	Water Treatment Plant
WWTP	:	Waste Water Treatment Plant

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1 Assessment Standard Used</b>		<ul style="list-style-type: none"> <li>• Indonesian National Interpretation of RSPO Principle and Criteria 2013, Endorsed by RSPO Board of Governors meeting on 30<sup>th</sup> September 2016</li> <li>• RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</li> </ul>	
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	PT Satya Kisma Usaha subsidiary of PT SMART Tbk	
1.2.2	Contact person	Ismu Zulfikar	
1.2.3	Organisation address and site address	Head Office : Sinarmas Land Tower 2, 30th Floor JL. MH Thamrin No 51 Kav 22 Jakarta 10350 Indonesia  Liaison Office: Sinarmas Land Tower 2, 30th Floor JL. MH Thamrin No 51 Kav 22 Jakarta 10350 Indonesia	
1.2.4	Telephone	+6221 50338899 ext 1184	
1.2.5	Fax	+6221 50389999	
1.2.6	E-mail	<a href="mailto:ismu-zulfikar@smart-tbk.com">ismu-zulfikar@smart-tbk.com</a>	
1.2.7	Web page address	<a href="http://www.smart-tbk.com">www.smart-tbk.com</a>	
1.2.8	Management Representative who completed the application for certification	Ismu Zulfikar (Head of Environmental Departement)	
1.2.9	Registered as RSPO member	Registration No. 1- 0019 - 05 - 000 - 00 Date 30 January 2005	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base <ul style="list-style-type: none"> <li>• Sungai Bengkal Mill, Sungai Bengkal Estate, Muara Kilis Estate and Sungai Bengkal KKPA</li> </ul>	
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>
	Sungai Bengkal Mill	Village of Betung Bedarah Barat, Sub District of Tebo Ilir, District of Tebo, Provice of Jambi	S 1° 35' 26"
			E 102° 36' 36"

1.4.2	Location of Certification Scope of Supply Base				
	Name of Supply Base	Location	Coordinate		
			Latitude	Longitude	
	Sungai Bengkal Estate	Village of Betung Bedarah Barat, Sub District of Tebo Ilir; Village of Rantau Api and Penapalan, Sub District of Tengah Ilir; Village of Sungai Keruh, Sub District of Tebo Tengah; District of Tebo, Province of Jambi	S 1° 34' 16"	E 102° 36' 36"	
	Muara Kilis Estate	Village of Muara Kilis, Sub District of Tebo Ilir; Villages of Kandang, Pelayangan and Sungai Keruh, Sub District of Tebo Tengah; District of Tebo, Province of Jambi	S 1° 25' 06"	E 102° 34' 07"	
Muara Kilis KKPA	Villages of Rantau Api and Penapalan, Sub District of Tebo Tengah; Village of Muara Kilis, Sub District of Tebo Ilir; District of Tebo, Province of Jambi	S 1° 34' 16"	E 102° 36' 36"		
1.5	Description of Area Statement				
1.5.1	Tenure				
	• State		3,825.03 Ha		
	• Community		1,062.58 Ha		
1.5.2	Area Statement				
	• Total area		4,887.61 Ha		
	• Mature area		4,361.06 Ha		
	• Mill		6.25 Ha		
	• Building		31.68 Ha		
	• Infrastructure		267.77 Ha		
	• Air Strip,		4.83 Ha		
	• Reserve area, Effluent ponds		51.28 Ha		
	• River		97.60 Ha		
	• Enclave		67.14 Ha		
	• HCV*		505.78 Ha		
	*HCV area are include within planted area				
1.6	Planting Year and Cycles				
1.6.1	Age profile of planting year				
	Planting Year	Hectarage (Ha)			
		Sungai Bengkal Estate	Muara Kilis Estate	Sungai Bengkal KKPA	Total
	1996	108.95	-	-	108.95
	1997	565.26	-	-	565.26
	1998	618.94	-	-	618.94
	1999	299.55	-	-	299.55
	2006	502.42	-	977.15	1,479.57
	2007	14.05	-	-	14.05



	2008	-	140.33	-	140.33
	2009	-	977.24	-	977.24
	2010	-	157.17	-	157.17
	<b>TOTAL</b>	<b>2,109.17</b>	<b>1,274.74</b>	<b>977.15</b>	<b>4,361.06</b>
1.6.2	New Planting area after January 2010		- Ha		
1.6.3	Planting Cycle		1 <sup>st</sup> Cycle		
<b>1.7 Description of Mill and Supply Base</b>					
1.7.1	Description of Mill				
	<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>
	Sungai Bengkal	30	136,369.26	29,904.77	21,93
				6,857.21	5,03
	<i>*Production data source from Period January – Desember 2016</i>				
1.7.2	Description of Certification Scope of Supply Base				
	<b>Name of Estate</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/ year)</b>	<b>Yield (tonnes/ha/ year)</b>
					<b>Supplied to Mill</b>
					<b>FFB (tonnes/year)</b>
					<b>%</b>
	Sungai Bengkal	2,364.49	2,109.17	56,043.04	26.57
	Muara Kilis	1,460.54	1,274.74	28,461.40	22.33
	Sungai Bengkal KKPA (Usaha Bersama Cooperation – 334 Smallholders)	1,062.58	977.15	24,121.00	24.69
	<b>TOTAL</b>	<b>4,887.61</b>	<b>4,361.06</b>	<b>84,528.561</b>	<b>19.38</b>
				<b>79,895.29</b>	<b>-</b>
	<i>*Production data source from Periode January – Desember 2016</i>				
1.7.3	FFB description from other source				
	<b>Name of sources</b>	<b>Organisation</b>	<b>Location</b>	<b>Supplied to Mill</b>	
				<b>FFB (tonnes/year)</b>	
	Muara Kilis Plasma (Sukma Bersatu Cooperation – 418 members/ planted area: 930.85 Ha)	PT SKU	District of Tebo, Jambi	12,787.79	
	ANSX (Sianipar Group)	Independent Supplier	District of Tebo, Jambi	1,118.70	
	OSMX (Osman Malau)	Independent Supplier	District of Tebo, Jambi	1,584.39	
	RZBX ( Rezeki Bersama)	Independent Supplier	District of Tebo, Jambi	6,336.03	
	SKLX (Satu Kosong Lima)	Independent Supplier	District of Tebo, Jambi	535.65	
	BSNX ( Benture Sinurat )	Independent Supplier	District of Tebo, Jambi	5,803.57	
	TEIX ( PT.Tebo Indah Mandiri )	Independent Outgrower	District of Tebo, Jambi	1,199.61	
	VATX ( PT Velindo Aneka Tani )	Independent Outgrower	District of Tebo, Jambi	876.00	
	NHKX ( Nur hikmah )	Independent Supplier	District of Tebo, Jambi	7,726.82	
	BSAX ( Bintang Selatan	Independent Supplier	District of Tebo, Jambi	50.81	

	Agro )						
	CMMX (Citramulia Manunggal P)	Independent Outgrower	District of Tebo, Jambi	18,454.60			
	TOTAL			56,473.95			
	*Production data source from Periode January – Desember 2016						
1.7.4	Product Type	FFB, CPO, PK					
1.8 Estimate Tonnage of Certified Product							
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim 28 February 2015 to 27 February 2016 (tonnes/year)	Actual certified product February 2015 s.d. 11 January 2016 (tonnes/year)				
	• FFB Production	95,667	83,673				
	• CPO Production	22,003	18,538				
	• Palm Kernel (PK) Production	5,262	4,266				
1.8.2	Estimate of Certified FFB Claim						
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Sungai Bengkal Estate	2,364.49	2,109.17	59,966	28.43		
	Muara Kilis Estate	1,460.54	1,274.74	30,453	23.89		
	Sungai Bengkal KKPA (Usaha Bersama Cooperation – 334 Smallholders)	1,062.58	977.15	25,809	26.13		
	TOTAL	4,887.61	4,361.06	116,228	26.65		
	*Projected FFB production for January to December 2017						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO Out put (ton)	Extraction (%)	Palm Kernel Out put (ton)	Extraction (%)
	Sungai Bengkal	30	116,228	26,732	23.00	6,102	5,25
	*Projected CSPO and CSPK production for January to December 2017						
1.9 Other Certifications							
	ISCC		ISCC EU assestment by GutCert No. EU-ISCC-Cert-DE101-15502013				
	ISPO		PT SKU has certified ISPO on 2016 No MUTU-ISPO/053				
1.10 Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units (updated 31 January 2016)						
Management Unit		Estate (Supply Base)	Time Bound	Location	Status		
Mill	Time Bound						

Padang Halaban (PT SMART Tbk)	2011	Padang Halaban	2011	North Sumatera	Certified
		Penantian	2011	North Sumatera	Certified
		Adipati	2011	North Sumatera	Certified
		Kanopan Ulu	2011	North Sumatera	Certified
Batu Ampar (PT SMART Tbk)	2012	Batu Ampar	2012	South Kalimantan	Certified
		Batu Mulia	2012	South Kalimantan	Certified
		Sungai Panci	2012	South Kalimantan	Certified
		Sungai Panci KKPA	2012	South Kalimantan	Certified
Tanah Laut (PT SMART Tbk)	2012	Tanah Laut	2012	South Kalimantan	Certified
		Kinta Pura	2012	South Kalimantan	Certified
Langga Payung (PT TN)	2012	Langga Payung	2012	North Sumatera	Certified
		Paya Baung	2012	North Sumatera	Certified
		Normark	2012	North Sumatera	Certified
Hanau (PT TN)	2012	Hanau	2012	Central Kalimantan	Certified
		Tasik Mas	2012	Central Kalimantan	Certified
		Tanjung Paring	2012	Central Kalimantan	Certified
		Langadang	2012	Central Kalimantan	Certified
		Medang Sari (PT SKU)	2018	Central Kalimantan	-
Semilar (PT TN)	2013	Semilar	2013	Central Kalimantan	Certified
		Sei Rindu	2013	Central Kalimantan	Certified
		Mandang	2013	Central Kalimantan	Certified
		Puri	2013	Central Kalimantan	Certified
Jak Luay (PT TN)	2015	Pantun Mas	2015	East Kalimantan	Certified
		Pantun Mas KKPA	2019	East Kalimantan	-
		Jak Luay	2015	East Kalimantan	Certified
		Jak Luay KKPA	2019	East Kalimantan	-
		Long Buluh	2015	East Kalimantan	Certified
		Bukit Subur	2015	East Kalimantan	Certified
		Bukit Subur KKPA	2019	East Kalimantan	-
Leidong West (PT MP Leidong West Indonesia)	2014	Leidong West Utara	2014	Bangka Belitung	Certified
		Leidong West Selatan	2014	Bangka Belitung	Certified
Muara Wahau(PT KDA)	2014	Muara Wahau	2014	East Kalimantan	Certified
		Gunung Kombeng	2014	East Kalimantan	Certified

Gunung Kombeng (PT KDA)	2019	Gunung Kombeng KKPA	2019	East Kalimantan	-
Rantau Panjang (PT KDA)	2017	Rantau Panjang	2017	East Kalimantan	-
		Rantau Panjang KKPA	2019	East Kalimantan	-
Jelatang (PT KDA)	2014	Bangko	2014	Jambi	Certified
		Bangko Plasma	2017	Jambi	-
		Bukit Bungkul KKPA	2017	Jambi	-
		Kubang Ujo Plasma	2017	Jambi	-
		Pamenang Plasma	2017	Jambi	-
		Batang Gading	2017	Jambi	-
		Batang Gading Plasma	2017	Jambi	-
Pelakar (PT KDA)	2017	Pelakar	2017	Jambi	ST-1
		Batang Merangin Estate	2017	Jambi	ST-1
		Batang Tembesi	2017	Jambi	ST-1
		Tiga Serumpun KKPA	2019	Jambi	-
Langling (PT KDA)	2014	Bangko	2014	Jambi	Certified
		Bangko Plasma	2017	Jambi	-
		Bukit Bungkul KKPA	2017	Jambi	-
		Batang Gading	2017	Jambi	-
		Batang Gading KKPA (PT SKU)	2017	Jambi	-
		Pamenang Plasma	2017	Jambi	-
		Tiga Serumpun Plasma	2017	Jambi	-
Sungai Bengkal (PT SKU)	2015	Sungai Bengkal	2015	Jambi	Certified
		Sungai Bengkal KKPA	2015	Jambi	Certified
		Muara Kilis	2015	Jambi	Certified
		Muara Kilis KKPA	2019	Jambi	-
Bukit Kapur (PT SMART Tbk)	2020	Bukit Kapur	2020	South Kalimantan	ST-1
		Sungai Cantung	2020	South Kalimantan	ST-1

There are revision of time bound plan for SMART, the justification from top management is:

1. Pelakar Mill and Rantau Panjang Mill is still process on disclosure & liability by RSPO, while Bukit Kapur Mill doesn't have land use title (HGU), the HGU is still on process.
2. Several associate smallholders (plasma) which refuses to follow the RSPO certification, but the management unit is still communicating with the plasma for the implementation of RSPO certification.

#### 1.10.2 Progress of Associated Smallholders and Outgrowers for Certifiable Standard

Sungai Bengkal KKPA (SBNA) has been certified since mill certified. Therefore according to RSPO Certification System, Muara Kilis KKPA (KILA) shall be certifiable RSPO standard 3 year after mill certified (ASA-3).

The mill also received FFB from other sources which is divided by 3 independent outgrowers and 6 independent suppliers. According to interview with mill staff, one of outgrower has been RSPO certified. Remain outgrower will verified in the next assessment.

<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-2</b>	<p>1. <b>Trismadi Nurbayuto (Lead Auditor).</b> Associate Degree from the Forestry Faculty IPB and Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, IPB. Specialists in the Environmental Social Impact Assessment (SEIA) and the High Conservation Value (HCV). He participated in HCV Management Training, ISPO Lead Auditor's training, RSPO Lead Auditor's training, RSPO Next Auditor training, OHS System Management from Manpower Ministry, ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Previously worked in the private oil palm plantations, and became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO). He has been involved in the activities of SEIA and Identification of HCV in Palm Plantation. During this audit, he assigned to verify Occupational Health and Safety, Time Bound Plan &amp; Partial Certification</p> <p>2. <b>Andi Pratama Pasaribu.</b> Bachelor of the social economy Agriculture Faculty of Jember University. He had followed the training of lead auditor Indonesian Sustainable Palm Oil (ISPO) and training of lead auditor Roundtable on Sustainable Palm Oil (RSPO). He has attending several training such as High Conservation Value (HCV) Training, Lead Auditor ISO 9001:2008, Lead Auditor ISO 14001:2005, Awareness ISO 22000 etc. Former, He has experience of work for five years as an operational staff in several plantation companies in Indonesia private oil palm plantation. Currently working on certification body as independent auditors. During this audit, he verified land legality, long-term planning, SCCS and social aspect.</p> <p>3. <b>Rizliani Aprianita.</b> Bachelor and Master of Agribusiness. She had followed training such as training Lead / Auditor ISO 9001: 2008, ISO 14001, In House Training NPP, IHT Palm Oil Processing, IHT Peat Management, IHT Integrated Pest Management, IHT SIA, Awareness RSPO and ISPO Auditor/Lead Auditor training. During this audit, she assigned to verify social aspect, and worker welfare. Under supervision of Lead Auditor.</p> <p>4. <b>Steve Mualim.</b> Master in Environmental and natural resources management, Bogor Agricultural University. He has worked as a freelance in several consultant in the Environmental Impact Assessment. He has followed training of Lead Auditor training ISPO, RSPO awareness, Ecological Risk Assessment, Asian Network Update and Carbon, and Climate Change Mitigation and Adaptation for Agricultural Productivity and Auditor/Lead auditor Management System Certification (ISO 9001-2008). During this audit, he assigned to verify environment and HCV.</p> <p>5. <b>Joko Alam.</b> SST Saint Applied Bachelor of Agricultural Sciences Department of Agricultural Extension, College of Agricultural Extension Bogor ( STPP ) under the auspices of the Department of Agriculture. Has over six years of experience as an Agronomist palm Oil Plantation . Attended training ArcGIS for mapping , 5S training for the management of the Company and Factory , a training laboratory for palm oil mills , Auditor training ISPO and Awareness RSPO, training on ISO 14001 Environmental Management System ( EMS ) and audit techniques, training on ISO 9001:2015 Management Quality Sistem and Certification System ISO 17021. During this audit, he assigned to verify Transparancy and Best Management Practise. Under supervision of Lead Auditor.</p>
<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-2</b>	<p>Number of auditors : 4 auditors and 1 auditor under trainee.</p> <p>Number of days for ASA 2 at site : 5 days.</p> <p>Number of working days for ASA 2 at site : 20 Working days.</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-2</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Satya Kisma Usaha to the requirements of Indonesian National Interpretation of RSPO Principe and Criteria 2013, Endorsed by RSPO Board of Governors meeting on 30<sup>th</sup> September 2016 and RSPO Supply Chain Certification Standard for Organizations Seeking or Holding Certification Adopted by The RSPO Board or Governors on November 21<sup>st</sup> 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</p>

	<p>information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Opportunity for improvement of the results ASA-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment. Improvement of findings from ASA -1 findings were observed by auditors at this assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-2.</p>
<b>2.2.3</b>	<b>Location of Assessment</b>
<b>ASA-2</b>	<p>The sampling location determined by using formula <math>0.8\sqrt{y}</math> of the total estate suppliers and consider the issue arose from the review documents and stakeholders consultation that are fundamental and crucial. On this assessment, sample locations are <b>Sungai Bengkal Mill, Sungai Bengkal Estate, Sungai Bengkal KKPA.</b></p> <p><b>SUNGAI BENGKAL ESTATE</b></p> <ol style="list-style-type: none"> <li><b>Boundary pole No. 15 Block E9 Division I.</b> Observation of availability and maintainability of legal boundary.</li> <li><b>Boundary pole No. 08 Block E01 Division II.</b> Observation of availability and maintainability of legal boundary.</li> <li><b>Boundary pole No. 11 Block EF7 Division III.</b> Observation of availability and maintainability of legal boundary.</li> <li><b>Boundary pole No. 14 Block H4 Division III.</b> Observation of availability and maintainability of legal boundary.</li> <li><b>Boundary pole No. 25 Block H4 Division III.</b> Observation of availability and maintainability of legal boundary.</li> <li><b>Sundry Shop.</b> Based on interview that known all product can get by cash and credit term allowed for workers.</li> <li><b>Langli river riparian block A01.</b> Observation for conservation areas management</li> <li><b>Langli river riparian block A06.</b> Observation for conservation areas management</li> <li><b>HCV 6 block B05.</b> Observation for public cemetery (HCV 6) covered 0.25 ha areas.</li> <li><b>Monitoring pond No 3.</b> Observation for waste water management and monitoring</li> <li><b>Land application block C4.</b> Observation for waste management.</li> <li><b>Landfill block C06.</b> Observation for waste management</li> <li><b>Housing complex 1.</b> Observations and interviews related to the facilities provided to workers such as employee housing, daycares, sports facility, place of worship, wellbore, clinics, elementary schools, junior high schools. Based on field observation that known, ex-oil container was used by workers as water container.</li> <li><b>Housing complex 2.</b> Observations and interviews related to the facilities provided to workers such as employee housing, daycares, sports facility, place of worship, wellbore, clinics, elementary schools, junior high schools. Based on field observation that known, ex-oil container was used by workers as water container and also there were some fertilizer containers in the trash can.</li> <li><b>Genset room in Housing Complex 1.</b> Based on interview with operator that known: genset operation since 18.00 pm till 23.00 pm. Therefore it will be operated back on 03.30 am till 05.30 am, the company was provide all PPE's as: helmet, earmuff, and safety shoes. There are no issues related to minimum wage, work accident and human right during last year.</li> <li><b>Policlinic.</b> Auditor was interview with paramedic that known there are no fatality accident during last year. And also was observe about medical waste management, drugs existence and others.</li> <li><b>Wash House of spraying tools.</b> Auditor was observe related to safety aspect in this place, all water faucet and emergency shower on good conditions.</li> <li><b>Fertilizer Warehouse 01&amp;02.</b> Observations and interview related to management of hazardous material, there are Material Safety Data Sheet (MSDS) according to each type of fertilizer.</li> <li><b>Warehouse Central.</b> According to field observation there are ventilation, exhaust fan and good lighting in chemical warehouse. There are 7 types of chemical with MSDS, furthermore there are PPE's stocks, there are mask, helmet, earplug/earmuff, apron, rubber gloves, and spare parts in separate room.</li> <li><b>Fuel tank.</b> According to field observation there are fire extinguisher and first aid kit, there are secondary containment to prevent fuel spillage.</li> <li><b>Workshop.</b> Observations and interviews related to the waste management activities, OHS implementations and health inspections (general medical check up and spirometry test's).</li> <li><b>Hazardous waste warehouse.</b> Observations and interviews related to the management of hazardous waste.</li> <li><b>Firefighter Secretariat.</b> Observations and interviews related to fire patrols, security, training of firefighters, emergency response and fire fighting simulation.</li> </ol>



24. **Landfill in Block C10, Division 2.** Observations and interviews related to domestic waste management, according to interview with field assistant and some workers that known: the domestic waste discharged to the landfill every 3 times a week.
25. **Chemical weeding Division I Block C3** Observations and interview related to weeding control by using herbicide
26. **Harvesting Division I Block A7** observation and interviews with harvester and harvesting supervisor related to harvesting procedure, PPE usage, payments, complain procedure, understanding of HCV and conservation.
27. **Loose fruit Picker block A12 Division I:** Observation and interview with loose fruit picker regarding to picking procedure, payment, worker welfare, complain procedure.
28. **Chemical weeding applicator.** During this audit there is no chemical weeding application due to chemical weeding plan will conducted on February. Auditor has been interviewed chemical applicator regarding to PPE usage, payments, complain procedure, understanding of HCV and conservation, non chemical areas.
29. **Barn Owl Box Block A7 Division I.** Observation of rat control by using natural predators (Owl)
30. **Terrace Conture Block K14 Division 4.** Observation of culture technic in slope area and its management
31. **Erosion Pole Block C3 division I:** Observation of erosion monitoring by using erosion pole, which is observed regularly and reported to the SMARTRI for analyzed

#### **SUNGAI BENGKAL MILL**

32. **Security gate.** Observation and interview with security officer regarding to FFB receiving, CPO/PK dispatch and SCCS procedures and it implementation, documentation and record keeping.
33. **Weight bridge.** Observation and interview with weigh tbridge operator regarding to procedures FFB receiving, CPO/PK dispatch and SCCS procedures and it implementation.
34. **Loading ramp.** Observation and interview with sortation officer regarding to sortation procedures, record keeping and documentation.
35. **FFB Processing Stations.** Observation and interview related to OHS, SOP, minimum wage, complaint mechanism, PPE usage, Overtime payment and worker union. Based on field observation that known all workers has using PPE's. there are first aid boxes and fire extinguisher on processing office, water treatment plant and workshop.
36. **Boiler Station.** Observation and interview related to OHS, health inspection and operator license. The company was provide all PPE's such as: helmet, mask, safety shoes, and glove.
37. **Hydrant 03&05.** Auditor was observe emergency response, all pipe and nozzle on good conditions.
38. **Mill office.** Observation and interview with mill manager and staff regarding to SCCS implementation and demonstration.
39. **EFB incenerator.** Observation for industrial waste management (EFB).
40. **Hazardous & toxic waste storage.** Observed the hazardous waste storage licensed and completeness of the building such as waste balance sheets, symbols and labels, the availability of fire extinguisher and emergency wash.
41. **Material store.** Observtion related to EHS and emergency response
42. **Workshop.** Observation and interviews related to the competence of workers, medical check up, implementation OHS and waste management.
43. **Lubricants store.** Observation for EHS, and hazardous/toxic materials management
44. **Chemical store.** Observation for EHS, and hazardous/toxic materials management
45. **Water treatment plant (WTP).** Observation of water treatment activities and the use of chemicals
46. **Waste water treatment plant.** Observations and interviews related to the management of the WWTP effluent ponds and wastewater pond conditions.

#### **SUNGAI BENGKAL KKPA**

47. **Boundary pole No. 50, 53 and 54 Block I2 Division II.** Observation of availability and maintainability of legal boundary.
48. **Boundary pole No. 49 Block I3 Division III.** Observation of availability and maintainability of legal boundary.
49. **Boundary pole No. 10 Block J06 Division I.** Observation of availability and maintainability of legal boundary.
50. **Boundary pole No. 22 Block J09 Division I.** Observation of availability and maintainability of legal boundary.
51. **Boundary pole No. 20 Block J12 Division I.** Observation of availability and maintainability of legal boundary.

	<p>52. <b>Boundary pole No. 15 Block J25 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>53. <b>Harvesting Block I3 Division I</b> observation and interviews with harvester and harvesting supervisor related to harvesting procedure, PPE usage, payments, complain procedure, understanding of HCV and conservation.</p> <p>54. <b>Chemical weeding applicator Block J11 Division 1.</b> During this audit there is no chemical weeding application due to chemical weeding plan will conducted on February. Auditor has been interviewed chemical applicator regarding to PPE usage, payments, complain procedure, understanding of HCV and conservation, non chemical areas.</p> <p>55. <b>Terrace Conture Block I4.</b> Observation of culture technic in slope area and its management</p> <p>56. <b>Block J2:</b> Captive owl nests, and beneficial Plant</p> <p>57. <b>Block J1:</b> Collection Road Roadworks carried out using heavy equipment, and hardening of the use of crushed stone or latrite</p> <p>58. <b>Sungai Api riparian block J9.</b> Observation for conservation areas management</p> <p>59. <b>Sungai Api riparian block J4.</b> Observation for conservation areas management</p> <p>60. <b>Penapalan river riparian blok I4.</b> Observation for conservation areas management</p> <p>61. <b>Boundary pole KUB 22 block J09 Div 1.</b> Observation for maintenance and border area marking</p> <p>62. <b>Boundary pole KUB 20 block J12 Div 1.</b> Observation for maintenance and border area marking</p> <p>63. <b>Boundary pole KUB 15 block J25 Div 1.</b> Observation for maintenance and border area marking</p> <p>64. <b>Boundary pole KUB 10 block J06 Div 1.</b> Observation for maintenance and border area marking</p> <p>65. <b>Boundary pole BPN 54 block I2 Div 6.</b> Observation for maintenance and border area marking</p> <p>66. <b>Boundary pole BPN 53 block I2 Div 2.</b> Observation for maintenance and border area marking</p> <p>67. <b>Boundary pole BPN 49 block I3 Div 3.</b> Observation for maintenance and border area marking</p> <p>68. <b>Boundary pole BPN 50 block I3 Div 2.</b> Observation for maintenance and border area marking</p> <p><b>MUARA KILIS ESTATE</b></p> <p>69. <b>Boundary pole No. 27 Block C14 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>70. <b>Boundary pole No. 35 Block A07 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>71. <b>Boundary pole No. 37 Block A06 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>72. <b>Boundary pole No. 40 Block A02 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>73. <b>Boundary pole No. 41 Block A04 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>74. <b>Boundary pole No. 42 Block A01 Division I.</b> Observation of availability and maintainability of legal boundary.</p> <p>75. <b>Selinggur river riparian block A19.</b> Observation for conservation areas management</p> <p>76. <b>Kilis besar river riparian block C09.</b> Observation for conservation areas management</p> <p>77. <b>Landfill block C15.</b> Observation for domestic waste management</p> <p>78. <b>Harvesting Block A20 Division I.</b> Observation and interviews with harvester and harvesting supervisor related to harvesting procedure, PPE usage, payments, complain procedure, understanding of HCV and conservation.</p> <p>79. <b>Loose fruit Picker block A21 Division I:</b> Observation and interview with loose fruit picker regarding to picking procedure, payment, worker welfare, complain procedure.</p> <p>80. <b>Roads Maintenance Block A12 and B14 Division 2.</b> All Main road and collection road on good Conditions and has been hardened. It maintain by using heavy weight equipment and manually.</p> <p>81. <b>Barn Owl Box block A20 Division 1A.</b> Observation of rat control by using natural predators (Owl)</p> <p>82. <b>Terrace Conture Block C19:</b> Observation of culture technic in slope area and its management</p> <p>83. <b>Division 4.</b> Observation of culture technic in slope area and its management</p> <p>84. <b>Chemical weeding applicator.</b> During this audit there is no chemical weeding application due to chemical weeding plan will conducted on February. Auditor has been interviewed chemical applicator regarding to PPE usage, payments, complain procedure, understanding of HCV and conservation, non chemical areas.</p> <p>85. <b>Block A12 Division I:</b> Collection Road Roadworks carried out using heavy equipment, and hardening of the use of crushed stone or latrite</p>
<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-2</b>	<p>The public consultation with stakeholders to PT Satya Kisma Usaha – Sungai Bengkal Palm Oil Mill is done through:</p> <ul style="list-style-type: none"> <li>Public announcementat web website MUTU (<a href="http://www.mutucertification.com">www.mutucertification.com</a>) on 26 December 2016.</li> </ul>

	<ul style="list-style-type: none"> <li>Public consultation meeting with local stakeholder conducted by visits to (Betung Bedarah Barat, Betung Bedarah Timur Village, Muara Kilis Village, Rantau Api Village and Sungai Keruh Village) on 11-12 January 2017.</li> <li>Public consultation meeting with gender committee, labour union and employee cooperative on 10-12 January 2017.</li> <li>Public consultation with government agency of Tebo District (Environment Agency, Plantation Agency, Land Agency, Forestry Agency and Labour Agency) by interview on 10 January 2017.</li> <li>Public consultation by email with NGO (Sawit Watch, Walhi, WWF) by email on 4 January 2017.</li> </ul> <p>Numbers of input from stakeholders were clarified by PT Satya Kisma Usaha</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit (ASA-3) will be determined nine month until one year after this assessment.

### 3.0 ASSESSMENT FINDINGS

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

Mutuagung Lestari has conducted an assessment of Sungai Bengkal Mill – PT Satya Kisma Usaha, PT SMART Tbk operation consisting of one mill and three estates.

During the assessment, there were Six (6) nonconformities were assigned against Major Compliance, Four (4) nonconformities were assigned against Minor Compliance and two (2) 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 action that had been reviewed and accepted by Auditor in form of documentation evidence e.g. (document record). Those corrective action taken that consist of six (6) Major non-conformity, four (1) minor non conformity had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Sungai Bengkal Mill – PT Satya Kisma Usaha, PT SMART complied with the requirements of Indonesian National Interpretation of RSPO Principle and Criteria 2013, Endorsed by RSPO Board of Governors meeting on 30<sup>th</sup> September 2016 and Supply Chain Requirement for CPO Mill, 21<sup>st</sup> November 2014.

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>Minor 1.1.1 &amp; Major 1.1.2</b>	<p>The company keeps a list of stakeholders / list of stakeholders including local communities affected. The list of stakeholders is contained in the folder list of stakeholders that includes a description of stakeholders, contact name, address, phone number and description. The list of stakeholders for the unit Sungai Bengkal Estate / KKPA include: government consists of 20 agencies, the village consists of four agencies, cooperative joint venture consists of 5 people, worker union consists of two people, the cooperative management, community / cultural / religious consists of 6 people, gender committee and one contractor.</p> <p>The company could not show evidence of utilization Land Use Title and Building Use Title reporting to the agency issuing the license in accordance with Regulation No. 40 in 1996 about Hak Guna Usaha, Hak Guna Bangunan dan Hak Pakai atas tanah . <b>It was raised as Non conformity No. 2017.01.</b></p> <p>List of stakeholder Muara Kilis: the agencies (16 agencies), NGOs (1 institution, The Forest Trust), village chiefs (6 villages), Cooperative Sukma Bersatu (5 cooperatives), three public figures, 1 worker union and 1 gender committee.</p>	
<b>minor 1.1.1</b>	<b>Status: Non Conformity with minor category No. NCR 2017.01</b>	
<b>1.2</b>	<b>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.</b>	
<b>Major 1.2.1.</b>	<p>Companies have to respond to stakeholder SOP No: Form F / SMART / GENERAL / SADV / 004/003. Sop contains about</p> <ul style="list-style-type: none"> <li>• Reception and response information based on incoming mail</li> <li>• Acceptance and periodical information feedback</li> <li>• Internal communication mechanisms</li> <li>• External Communication Mechanism</li> </ul> <p>The Company has a waste management procedures as outlined in the SOP/SMART/LEMS-EHSD/SADV/II/02 dated July</p>	

1<sup>st</sup>, 2014. This was explain related to waste inventory, hazardous waste management permit handling, waste management program formulation, implementation and evaluation of waste management program. All of document related to management and waste handling can be accessed by the public.

Any information entered in the logbook record requests for information. Based on studies in the document for 2015/2016, there are no requests for information from stakeholders, there is only demand for funding and services that have been addressed by the company and stored properly

**Status: Comply**

### 1.3

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

##### **minor 1.3.1**

The company has had a written document "Policy Code of Integrity and Ethical Conduct" which was created on November 1, 2015 and signed by the Regional Controller. The Code of Integrity and Ethical Conduct consists of four items, namely:

- The values that guide our actions in everyday business is integrity, a positive attitude, commitment, continuous improvement, innovation, and loyalty.
- Committed to the highest standards of conduct in managing the company in the way we behave with each other, with stakeholders, the natural environment and broader society.
- Committed to achieve high standards for good practices, promote corporate transparency.
- The Company had no tolerance for cases of bribery and corruption in any form. Any employee found to be involved in cases of bribery or corruption will be sanctioned and punished firmly by the company in accordance with prevailing regulations.

**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.**

##### **Major 2.1.1 and Minor 2.1.2**

The company has a mechanism to identify, implement and evaluate compliance with the law described in SOP Regulation and Other Requirements. This procedure has been explained about the PIC which is responsible for identifying the regulation and the PIC which is responsible for evaluating the rules. Based on this mechanism, the company identifies the type of legislation that must be fulfilled and classifying them in a group of HCV, Employment, Environment, Health and Safety.

Evidence of compliance undertaken by the company, for example for legality and employment:

1. Land Use Title, Certificate No. 37 dated April 25<sup>th</sup> 2014 for palm oil estate.
2. Land Use Building, Certificate No. 1 and No. 2 dated December 30<sup>th</sup> 2005 for mill.
3. Plantation business permit, based on Head of District Decree No. 437 dated August 22<sup>nd</sup> 2013 for mill and estate.
4. Jambi Governor Decree No. 460 / KEP / DISSONAKERTRANS dated October 30, 2015 concerning the establishment of Jambi province minimum wage in 2016.

Best Practices.

1. PT SKU has had a whole type of pesticide that has been registered in the Pesticides Agriculture and Forestry 2016, Fertilizers and Pestsida Directorate of the Ministry of Agriculture of the Republic of Indonesia.
2. All employees who use a pesticide spray in the PT SKU has a certificate that has been issued by the Fertilizer and Pesticide supervision Jambi regency.
3. Employees have been trained pesticide applicators and using PPE when doing his job
4. Periodic health Checking of 1 year 2 times.

The Company has all up date and applicable laws and regulations list in period 2016 full with copied document. That documents available in estate and mill offices including copied of new regulations, such as environmental impact assessment for SBNE/A/SBNM and KILE, land application permit, and hazardous & toxic waste storage permit

##### **Minor 2.1.3 and Minor 2.1.4**

To ensure regulatory compliance, management conducted internal audits RSPO and ISPO on 19 – 23 September 2016



and management has review to answering all of finding from internal auditor (Sustainability Policy and Compliance Division).

Based on document verification of regulations and other requirements and document list of rules and regulations, the company has a system that records every change in the law. However, the change in the law has not completely been refurbished. For example. Regulation no. 78 2015 on Equal Remuneration, Jambi Governor Regulation No. 6 of 2011 related to local taxes for surface water. **Nonconformity No.2016.02 with Minor category.**

**Minor 2.1.4** Status: **Nonconformity No.2016.02 with Minor category.**

## 2.2

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

### Major 2.2.1

Until the second annual surveillance assessment, the company has no new land expansion. Based on the hectare statement that showed during the audit, total area that managed by the company has 4,887.61 Ha which is 1,397 Ha in SBNE has had Land Use Title and 15.5 Ha in SBNM has had Building Use Title. The rest of area, are still on progress to get Land Use Title certificate.

Based on public consultation with National Land Agency staff in Tebo District, the company has had a progress to get land use title. During September to November 2016, National Land Agency staff has conducted land re-measurement as a part of assessment. The company through legal staff has showed the evidence such as minutes of meeting, letter of assignment of each staff and photos.

### Minor 2.2.2; Minor 2.2.3; Major 2.2.4; minor 2.2.5; Major 2.2.6

The company has had a procedure to monitoring all legal boundaries poles (SOP/SMART/CERS-EHSD/SADV/I/004, dated 1 July 2014). Implementation of the procedure has shown in evidence of "Conditions of Boundaries Pole Checklist" document.

Auditor has observed some boundary poles in each unit randomly. The result of field observation shows:

1. SBNE: field observation to Boundary Poles No. BPN 15, BPN 08, BPN 11, BPN 25 and BPN 14.



Figure 1 Boundary Pole No. 8

2. SBNA: field observation to Boundary Poles No. KUB 54, KUB 53, KUB 49, KUB 50, KUB 22, KUB 20, KUB 15 and KUB 10.





Figure 2 Boundary Pole KUB 10

3. KILE: field observation to Boundary Poles No. SKU 27, SKU 37, SKU 40, SKU 42, SKU 35 and SKU 41.



Figure 3 Boundary Pole No. SKU 41

All boundary poles were well maintained.

Based on public consultation with National Land Agency staff in District of Tebo and village representative from Betung Bedarah Barat, Betung Bedarah Timur, Rantau Api, Sungai Keruh and Muara Kilis note that there was never any dispute / land conflicts between communities with significant company. According to interviews with management representatives known that there is a claim at main road on 2015 and company has had conduct completion to those claim. Management representative also shows completion document which has been conducted by land owner, head of village and witness from villagers. Beside that, the map of land claim can showed by the company.

Status: Comply

## 2.3

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

**Major 2.3.1; minor 2.3.2; minor 2.3.3 & Major 2.3.4.**

The company has had procedure of FPIC Implementation (SOP/SMART/SENS-CSR/SADV/II/003 dated on 1 July 2014). It set several procedures as a guidance for the new land acquisition and mill building. Land tenure for the management unit within the scope of the audit was State lands and community lands that have been made for compensation from 1995

to 2003. Evidence of community land acquisition complete documented and stored by the Legal department of the company. Land acquisition has been done through a system of FPIC and recognized by the various parties involved (stakeholders).

Until ASA-2 company does not expand the area, where the implementation of land compensation performed the last time in 2003.

**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.**

##### **Major 3.1.1 & minor 3.1.2.**

The company has had a long-term plan documents in the period of 2017 – 2020 which includes estimates of production, costs of production, projection mill production, and other financial parameters such as profitability, revenue and FFB price.

Planting material that planted on the ground were certified seed named Marihat and Damimas.

Replanting program has not been planned up to five (5) years in the future as the oldest planting year is 1996. Based on procedures of replanting performance indicators is Yield / ha (<14 tons FFB / hectare), plant age (> 25 years), plant height (> 13 meters) and the density of plants per hectare (<100 oil palm tree / Hectare). The results of document review and field visit in Sungai Bengkal Estate, Sungai Bengkal KKPA and Muara Kilis Estate shows that the oldest planting year is 1996 (21 year).

The company has had several operating and supporting department to ensuring all business process running well. For example, SMARTRI conducted several research in each unit to maximize crop and maintain pest and disease management. Therefore, PCDV ensuring all sustainability plan are well implemented.

The company also conducted internal audit to ensuring all procedure complied. Agronomy and mill were auditing by OIA Department each semester, while sustainability implementation auditing by PCDV Department annually.

**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.**

##### **Major 4.1.1; minor 4.1.2;& minor 4.1.3**

The company has the SOP document-IK Technical Oil Palm Cultivation ranging from land preparation up to harvesting compiled by a team of MCAR (Management Committee Agronomy and Research) in 2012. Sungai Bengkal Mill has had in the document Processing SOP SOP / SMART / MCMD / I / TM-MCC issued on December 6, 2013, authorized by MCMD Chairman and Head of Upstream. SOP includes Standard Operating Procedures in POM include: FFB Reception station, Station Sterilization (Stew), Station claybath (Threshing), Station Pressing, Station Clarification (purification), Station Nut and Kernel, Boiler and Machine Room, Station Water Treatment, Sewage Treatment Fresh, FINAL Effluent Oil Mill and Storage tanks.

SOP consistency checks carried out in accordance with aspects of implementation such as in the Estate and Factory:

- Operational Internal Audit for laboratory has conducted every semester, and Internal Audit regularly conducted every semester. Examination of quality control tests carried out every day by the Laboratory.
- OIA on Plantation conducted by internal staff every day, and for internal audit is performed once every year.

Documents available at the time the audit takes place and can be shown by the audit team at the time to visiting the office of each estate can be well demonstrated by the certification unit. Notes are in the each estates office and the factory

office.

#### Major 4.1.4

The company has had FFB Purchasing Procedures (PT. SKU-SBNM/RSPO-SOP/08) last revised dated on 1 July 2010). The procedures explain that objectives, scope, PIC, job description, work step, FFB payment and documentation.

The company has shown all FFB supplier as follows:

##### No. Supplier Name and Code

1. Sianipar Grup (ANSX)
2. Osman Malau (OSMX)
3. Rezeki Bersama (RZBX)
4. Satu Kosong Lima (SKLX)
5. Nur Hikmah (NHKX)
6. Velindo Aneka Tani (VATX)
7. PT. Tebo Indah (TEIX)
8. Bintang Selatan Agro (BSAX)
9. Citramulia Manunggal (CMMX)

All supplier has declared on FFB Purchasing Agreement that the FFB does not come from illegal sources, primary forest and all area has had legal certificate. All FFB that received in mill well recorded.

**Status: Comply**

#### 4.2

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

##### Major 4.2.1

The Company has SOP No. SOP / SMART / MCAR / IX / TA-KDP describes fertilization. Based on field observation to block I3 that known some scattered fertilizers on Collection Road and uneven application of fertilizers, according to document verification, the MOP fertilizer has applied on 10 January 2017. However, it is still not in accordance with Work Instruction No: Document LAMP / IX / TA-PPK / 08 - (manual anorganic Fertilization in Mature Area (1year)) described that the proper fertilizer is spread evenly and Sparse. **it was Non Conformity No. 2017.03.**

##### Minor 4.2.2

The company has had a year 2016. fertilizer sampel recommendation for fertilizer recommendations Semester 1st and 2nd Semester 2016.

###### a. Sungai Bengkal Estate (SBNE)

Time	Location (Division 1)	Type of fertilizer	Dose	Unit	Total	Unit
<b>Semester-1</b>	Blok A-04 (26)	Urea	0,875	Kg/plant	1,350	Ton
		RP	1,25	Kg/plant	1,950	Ton
		MOP	1,75	Kg/plant	2,700	Ton
		S Dolomite	0,75	Kg/plant	1,150	Ton
		HGFB	0,05	Kg/plant	77,800	Kg
<b>Semester-2</b>	Blok A-04 (26)	Urea	0,875	Kg/plant	1,350	Ton
		RP	1,25	Kg/plant	1,950	Ton
		Bunch Ash	3,50	Kg/plant	5,446	Ton

###### b. Sungai Bengkal KKPA I Plasma dan Muara Kilis Estate

Time	Location (Division 1)	Type fertilizer	Dose	Unit	Total	Unit
<b>Semester-1</b>	Blok A-04 (26)	Urea	0,875	Kg/plant	1,350	Ton
		RP	1,25	Kg/plant	1,950	Ton

<b>Semester-2</b>	Blok A-04 (26)	MOP	1,75	Kg/plant	2,700	Ton
		S Dolomite	0,75	Kg/plant	1,150	Ton
		HGFB	0,05	Kg/plant	77,800	Kg
		Urea	0,875	Kg/plant	1,350	Ton
		RP	1,25	Kg/plant	1,950	Ton
		Bunch Ash	3,50	Kg/plant	5,446	Ton

**Minor 4.2.3**

The Company has a procedure for the analysis of leaves: SOP No. 101 / Leaf / LAB-Smartri / III / 2016 dated 28 March 2016 and SOP No: 072 / Land / LAB-SMARTRI / XI / 2015 dated November 18, 2016 conducted by SMART Research Institute - Analytical Laboratory.

**Minor 4.2.4**

The Company does not undertake fertilization using empty fruit bunches application, however it was used as fuel for the boiler. Therefore the company has the SOP for fertilization empty bunch ash SOP / SMART / MCAR / TA-KDP. And Work Instructions (IK) IK / SMART / MCAR / IX / TA-PPK / 13- Fertilization Abu bunch empty on mature area. The fertilization is according to the recommendations / SOP is at 11% moisture content recommended is 2 times the weight of the recommended dose of fertilizer MOP. Applications made one half times a year in turns 1 and 2 semesters with MOP fertilizers and boiler ash.

**Major 4.2.1** Status: Non Conformity No.2017.03 with major category

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

The Company has a semidetil land map (land Class (LSC) Sungai Bengkal Estate PT SKU with a scale of 1: 50,000 Projection: Geographic, Datum: WGS 84. With reg No: 1036/214 / PMNP / VIII / 14. The slope in company soil survey results Semidetil and suitability of land for oil palm plants was published in March 2012. According to the semi-detailed soil survey verification that known land suitability classes in Sungai Bengkal Estate is a class S2 (corresponding medium) by a factor limiting natural fertility and classes covering 366.91 ha. And the class S3 (marginally suitable) with the limiting factor is the topography / relief area of 2,052.73 ha.

Based on SOP Nomor SOP / SMART / MCAR / I / TA-PPA on Investment Planning New Area dated June 12, 2012. In the SOP was explained that the class of land with a slope classification and terrace necessary (slope > 40% are not recommended to be planted) and if the class of the slope is less than < 40%, then the terracing contours, hooves or stairs harvest contour terraces.

**Minor 4.3.2**

The entire Contur Terraces in Kilis estate does not exceed a height of 25<sup>0</sup>, if more then this the management does not undertake oil palm cultivation in the area. In addition, in monitoring the erosion in areas with a certain slope, the company already has stakes erosion and monitored each month. Here's a brief monthly report monitoring peg erosion in 2016: Observations peg erosion carried out in block C03 Division 1 Sungai Bengkal Estate the position of the slopes Over an average of 300 mm, the pin erosion of the middle average of 300 mm, the pin erosion below the average of 300 mm. This means that in the last one year there was no significant reduction of soil erosion Contur.

**Minor 4.3.3**

The Company has a program of work for maintenance and road hardening in 2016. It is available in the program Road Maintenance the period from June to October 2016. In all Estate planed road maintenance 3x (budding street collection, manual maintenance, Maintenance with heavy equipment / Grader) , And in a period of one year do road Harder er using heavy equipment. While the material used is crushed stone, gravel or latrit with fees paid is / m3.

Based on interviews with management and field observations, that the whole area of PT SKU has entered the maintenance program for the period 2016. The result of field observations blok A5 in Division 1 and Division 2 A7 and block D6, it is known that road maintenance has been carried out in accordance with the work program



2016.

#### **Major 4.3.4 & minor 4.3.5**

The company has had a map identifying vulnerable and marginal land including excessive slopes and peat. Based on the document can be seen that there are fragile and marginal lands, peat lands and lands with excessive slope in the area of operations. The Company has a commitment not to commercialize / plant oil palm trees on peat land. Therefore, according to the staff SPO Officer of SBNE, today the company does not have SOP / work instructions for planting oil palm on peatlands.

#### **Minor 4.3.6**

Based SOP Nomor SOP / SMART / MCAR / I / TA-PPA on Investment Planning New Area, came into force on June 12, 2012. In the SOP explained that the class of land with a slope classification and terrace necessary (slope > 40% are not recommended to be planted) and if the class of the slope is less than <40%, then the terracing contours, hooves or stairs harvest contour terraces. Besides planting cover crop (*Mucuna bracteata*), and installation of stakes erosion in some places.

**Status: Comply**

### **4.4**

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

##### **Minor 4.4.1**

All of water sources identification and management plan are listed on 2016 water management document. These document describe the water source identification, Mill water usage monitoring & efficiency, and catchment area protections. Field visits on block A01 at SBNE for examples, found that companies managed Langli river riparian by marked the buffer zone (throughout 50 m bothsides on riparian), perform revegetation with bamboo, and signboard placement. Company also conducted regularly water quality testing every semester for Kilis besar river (KILE) and Betung Bedarah river (SBNE/A). Based on workers interview on estate housing shown that drinking water for them originated from refill water and SBNM also provides clean water access for all workers.

##### **Major 4.4.2**

Company has identified and shown the maps for catchment areas (including riparian) with 1:50,000 scale. HCV identification document shown there is some river flow on estate such as Langli river (SBNE), Selinggur river (KILE), and Penalapan river (SBNA). Company provided procedures for these catchment areas protection/conservations listed on SOP/SPO/SMART/LH-06 document. Field visit during ASA-2 audit, for examples on Api river riparian blok J9 (SBNA) acquired information that company shown proper ways to maintain and protect the catchment area for example manual weeding and marking the chemical boundary border.

##### **Minor 4.4.3**

Mill effluent produced by SBNM processed at waste water treatment plant (WWTP) based on procedure SOP/SPO/SMART/LH-09, until it complying to standards before it distributed to SBNE as land applications based on decree of Tebo regent No 699/2014 valid until 2019. Waste water quality testing document review shown for july-december 2016 all of waste water testing parameters is compliant to the standards quality and of waste water management and monitoring has been reported to related institutions per 3 month regularly

##### **Minor 4.4.4**

Procedure for SBNM water usage and monitoring are provided and has been listed on procedure IK/SMART/MCMD/I/TM-PKS/19-Water Treatment. Standards of water usage for FFB process recorded on 2016 budget projected 1.40 m<sup>3</sup>/tonne FFB processed. Water usage monitoring was done periodically and recorded, for example on December 2016 FFB processed 14.037 tonne, process water usage 14238 m<sup>3</sup>, and water usage efficiency was 1.01 m<sup>3</sup>/tonne FFB processed. Observations on SBNM water treatment plant found monitoring for raw and process water usage was done by officer periodically, and flowmeters at inlet/outlet serves normally.

**Status: Comply**

**4.5**
**Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.**
**Major 4.5.1**

The company has had a program of integrated pest management listed in the annual budget. The Budget in accordance with the procedures set forth in the integrated pest management SOP census of leaf eating caterpillar every month, horn beetle census every 2 week, the rat was performed 1 month and monitoring nest owl 1 month. Census conducted regularly by the field asisstant and reported to the estate manager.

The results of the identification of potential pest has done well with the foreman Pest and Disease Division : Report to the Estate Office document report Disease Monitoring and Control every month Reported to SMARTRI (Sinarmas Agribussines research And technology research Institute).

- Leaf eat caterpillar period of October, November, December 2016 in increments of 0.05 ha or 0.15% is still below the threshold of 4%, and no special treatment.
- Rat Attack Controlled in October, November, December 2016 by 0.2% to 0.8 attacks a broad level ha in one block area of 30 ha. Census conducted 1x every month by special officers, and the estate party in cooperation with the loading ram to check the attack level of at the time to fruit on the sorting is done.
- Bagworm attack census result is 0%.

**Minor 4.5.2**

Integrated Pest Management (IPM) Training has conducted in accordance with the letter of SPO Officer Region Jambi, Ref. No. 056 / SPO / JMB / II / 2016 dated February 7, 2015, Subject Training is IPM and fertilizing. The training was held on February 10, 2015 held at the Office Division SBNE with trainer from the Crop Protection Department - SMART Research Institute (SMARTRI). IPM Training dated February 10, 2016 at the office of SBNE. Participants attended a total of 18 people. Discusses how the integrated pest management, IPM definitions, basic properties of IPM, IPM development steps, handling and prevention.

**Status: Comply**

**4.6**
**Pesticides are used in ways that do not endanger health or the environment**
**Major 4.6.1**

The Company has a policy regarding the use of pesticides as an example:

a. 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, Hazard identification, action against spills and leaks, personal protective equipment, physical properties and chemical reactivity and stability, toxicological information, ecological information, disposal and transportation.

b. The Company also has a MSDS for each type of fertilizer used. The MSDS describes the identification of production, the composition of the fertilizer, fire and explosion hazards, stability and reactivity, a health hazard, special attention and leaks, spills and disposal.

the entire list and pesticides in the PT SKU has been licensed and registered by the Department of supervision of the use of fertilizers and pesticides as well as the justification of the target species that are in accordance with the marketing authorization. Here is a list of licensing pesticides used in Sungai Bengkal Estate / KKPA and Muara Kilis Estate year of 2016-2017:

No.	Type	Active Ingredients	Target Weeds	No. Lisence	Expiated Date
1	Erkafuron 20WG	Metil metsulfuron	Broadleaf weeds	RI. 01030120062405	23 Juni 2016
2	Garlon 670EC	Triklofir	Woody weeds	RI. 0101011984695	25 September 2018



3	Roll up 480	Glifosat	Narrow leaf weeds, broadleaf weeds	RI. 01030120042133	31 Desember 2018
4	Starane 290EC	Flouoksifir	Broadleaf weeds	RI. 2133/4-2009/T	10 Agustus 2014
5	Rollifos SL	150 Amonium Glufosinat	Broadleaf weeds	RI 01030120103683	5 Mei 2020

#### Major 4.6.2

The company has documented the related records of pesticide usage records provide information about the active ingredients used, area treated, amount applied per hectare, rotation pesticide use and toxicity data in documents monitoring of pesticide toxicity. Based on observations document, toxicity data recapitulated every month Here are the data of Pesticide Toxicity in SBNE on September 2016:

Type	LD50	% active Ingredients	Application	Total	FFB Production	Pesticide Unit/Ton	Ha Aplication	Pesticide Unit/Ha
Garlon	2000	0,67	14,30	9,58	4,908.34	0,000975	76,83	0,0000623
Rillifosat	2000	0,15	-	-	-	-	-	-
Roll Up	5000	0,41	54,50	22,35	4,908.34	0,000910	184,98	0,000241
Starane	2000	0,26	12,85	3,34	4,908.34	0,000340	173,6	0,000962
Erkafuron	2000	0,41	-	-	-	-	-	-

#### Major 4.6.3

Integrated pest management plan in the form of applicability of pesticides in integrated pest management program conducted with the biological approach (utilizing natural enemies), the approach of mechanical / manual with hand picking or isolation and the chemical approach as a last resort.

All of integrated control has been conducted regularly every 3 months according to the target and the species and then recommended to SMARTRI. Interviews with the management, that if there is an attack, it will conduct a census garden party field is intense. Then report the entire census to SMARTRI for in-depth evaluation.

#### Minor 4.6.4

The company has a document Recommended WHO Classification of pesticides by hazard by IPS (International Programme on Chemical safety) and guidelines to clasification of 2004, and a complete list of pesticides that enter into IA or IB. Based on the results of such identification documents, the company does not have any kind of pesticides that enter into the list of WHO class 1A and 1B.

There memorandum on reducing the use of chemicals, especially Paraquate active material. Memorandum No: 032 / PD / VIII / 2016 dated August 13, 2016 by President Director, prohibit the paraquate using. Which is the core of the letter is that since the beginning of 2016, no longer allowed to use herbicides made aktive paraquate (trademark Rolixone) to eradicate weeds.

#### Major 4.6.5

##### SBNE

Records of implementation Training Restricted Use Pesticide (herbicide active ingredient paraquat) organized by the Fertilizer and Pesticide Supervisory Commission in cooperation with the province of Jambi and PT. Satya Kisma Usaha on 10 to 14 October 2011 at the Meeting Room ex TSRA Jelatang, Merangin District, Jambi

Based on field visits to Chemical weeding activity in SBNE/A, and interviews with KILE Spraying workers. There are still found PPE (APRON) usage which is not in accordance to work instruction (IK) No SMART / MCAR / XII / TA-PTM / 01. The long-side Apron was used in front side.

**SBNA**

Training implementation Use of Pesticides Limited with active ingredient paraquat organized by the Fertilizer and Pesticide Supervisory Commission in cooperation with the province of Jambi and PT. Kisma Satya Usaha on 22 - May 23, 2014 held at the elementary school (SD) and Junior School SBNE BGDE Tebo Ilir subdistrict, Tebo regency, Jambi

**Muara Kilis Estate**

There are training records of pesticide use for Mura Kilis Estate on August 26, 2014. That was held by the Fertilizer and Pesticide Supervisory Commission Jambi Province.

the results of field visits to employees SBNE spray in Division 1, SBNA KKPA and Muara Kilis Estate. Still found the use of personal protective equipment (Apron) which is incompatible with the (IK) No SMART / MCAR / XII / TA-PTM / 01- (maintenance of harvesting path, path control and harvesting collection) regarding the use of the correct PPE spray officers. **(NCR No.2017.04)**

**Major 4.6.6, minor 4.6.7, Major 4.6.8**

Based on the study documents, the company already has a document related to the handling of waste pesticides in the document SOP / SPO / SMART / LH-18 on the hazardous waste management, approved by the Division Head Environmental & Sustainability July 1, 2010. In the document described the work step of hazardous waste handling , emergency response handling temporary B3 waste storage, handling and control documentation related documents B3. Companies no use pesticide applications over the air. This is consistent with the results of interviews and documents verification.

**Minor 4.6.9**

1. SBNE conducted limited pesticide applicator training on 10 -14 October 2014, organized by the Fertilizer and Pesticide Supervisory Commission Province of Jambi.
2. SBNA / KKPA conducted limited pesticide applicator training on 22 - May 23, 2014, organized by the Fertilizer and Pesticide Supervisory Commission Province of Jambi.
3. Muara Kilis Estata conducted limited pesticide applicator training on August 26, 2014 followed the combined employee of PT SKU 110 people, organized by the Fertilizer and Pesticide Supervisory Commission Province of Jambi.

**Minor 4.6.10**

Company possess procedure for Toxic and Hazardous waste including ex agrochemicals management listed on SOP/SPO/SMART/LH-18. These procedure stated that all ex chemicals containers were kept on temporary hazardous storage at SBNE, SBNA, and SBNM. Training for workers and staff regarding hazardous & toxic material handling conducted on October 2016. Based on interview with sprayer found that workers recognized how to properly disposed waste materials and workers have been trained by company about waste and hazardous materials handling. Management interview and field visit during ASA-2 audits founds monitoring evidence for ex agrochemicals containers on each division storehouse are not available, therefore ex agrochemicals containers usage for other use potentially not tracked properly. It was raised as **Non Conformity No. 2017.05**

**Major 4.6.11**

The latest list of name pesticide operators was available on each estate: SBNE/A: 50 operators and KILE: 63 operators. All of pesticide operators that has been listed undergone the annual general medical checkup and also specific medical checkup (cholinesterase) every semester. The latest specific medical checkup has conducted on KILE at 1 December 2016 and SBNE/A at 2 December 2016. Base on document of specific medical checkup result verification that known all pesticide operators on health conditions and fit to work.

Base on interview with spraying workers in Sungai Bengkal Estate, Sungai Bengkal Plasma and Muara Kilis Estate. That known, there are no indications of skin disease and itches. Therefore they has known related to medical checkup result, a doctor has socializing the medical checkup result to all of spraying workers.

#### **Major 4.6.12**

Environment and Social Policy signed by Head of upstream Golden Agro Resources (GAR) on November 2015; it also was explain related to prevention of breast feeding and pregnancy workers on chemical handling operation. This policy has socialized to all workers and it have understood by pesticide operators. Based on interview with pesticide operators in SBNE, there are system to identify pregnancy spraying workers through monthly general medical checkup. Based on document verification and interview with several women pesticide applicators, pregnancy test was conducted every month. However there no evidence pregnancy test result by paramedic in KILE unit, **it was raised as Non Conformity No. 2017.06.**

Major 4.6.5. Minor 4.6.10 Major 4.6.12	<b>Status: Non conformity with major category NCR No.2017.04</b> <b>Non conformity with minor category NCR No.2017.05</b> <b>Non conformity with Major category NCR No. 2017.06.</b>	
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#### **4.7**

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

#### **Major 4.7.1.**

Until the audit ASA- 2 there is no OHS policy changed in PT SKU. The results of field visits in the mill and estate shows the OHS policies have been implemented by the company include the provision of PPE to all workers, regular health examinations, installing signs / OHS warning, and conduct training activities related to OHS aspects. All policy was available in each unit estate and mill on Bahasa Indonesia. According to interview result with some workers in mill and each estate that known they can explain this policy. OHS Committee program year of 2016 was observed in mill and estate. Relevant programme implemented on periodically basis, such as: OHS Committee meeting every monthly, work place and PPE's use inspection every, fire drill half yearly and first aid training annually.

#### **Major 4.7.2.**

The company has performed the latest document (2 January 2017) of identification and assessment of risks to each operational activities described in "form of Source Hazard Identification, Assessment and Risk Control ". The document informs about the type of activity, type of work (routine, non-routine and emergency), source/event, impact, existing controls, the level of probability, severity and risk level. The results of risk assessment have been informed to the employees in accordance with the job. Based on interviews with estate and mill workers obtained information that the employee has known the potential of dangers that arise on the job. The results of the field visit at the mill, it is known that in each station has been installed document of the risk analysis.

#### **Major 4.7.3.**

Sufficient and suitable PPE had been distributed to workers. Relevant PPE training has been provided to estate's & Mill staff and also estates and mill workers. Safety & Health Committee established for mill and estates. The establishment of Safety & Health Committee observed and in line with legal requirement. Safety & Health meeting conducted at least on quarter yearly basis and comply with legal requirement. Safety and health related issue discussed during the meeting and proper action plan observed for outstanding issue. Based on field observation that known all workers in mill and estate was use PPE's. The management unit also was conduct inspection and monitor PPE's usage. **However there are some non conformities (NCR No. 2017.07), such as:**

- Base on field observation in SBNE, Division I, Block C3 that known pesticide applicators was using mask are not accordance to SOP/SMART/HESS-EHSD/SADV//I/010 about PPE's management which requires that pesticide application shall be use cloth mask with carbon or respirator with chemical cartridge.

- b. There are some contractor workers (unloading workers) in grading station, they were use rubber boot. It doesn't accordance to SOP/SMART/HESS-EHSD/SADV/II/010, all people shall be use safety shoes in grading station.
- c. According to field observation in weight bridge station (SBNM) and workshop KILE that known some FFB transport drivers was no use helmet and safety shoes.

**Major 4.7.4.**

The company has OHS committee in each unit estates and mill which responsible to make work program and evaluates the implementation of OHS Program in the field. All secretary of OHS Committee has certified as Safety expert by Man Power Ministr, such as: SBNM (No. Reg.3516/PK3/AG/15/2015/P2); SBNE/A (No. Reg. 5482/PK3/AJ/31/2014/P1) and KILE: (No. 3405/PK3/AJ/15/2015/P1). OHS Committee meeting has conducted every monthly. For example minutes of monthly meeting OHS Committee of SBNE dated 3 December 2016 was explained related to FR/SR, safety patrol, OHS norm and others.

**Minor 4.7.5.**

The company has SOP/SMART/UMUM/SADV/II/005 about Emergency Preparedness. According to field observation in Mill show that the company has set an evacuation route marks. They have too form no. F/SMART/HESS-EHSD/SADV/005/003 about accident investigations. Accident monitoring has reported to the Man Power Agency District of Tebo every three month. During last year, there are no fatal accident on mill and estate. All SOP was available on Bahasa Indonesia. The company also has firefighter team and fire extinguisher. Based on fire drill simulation in mill and land fire simulation in estate show that all tools on good condition. And also all operators have good skill. All unit estate and mill has certified first aid officer, for example: Certificate No. 098/P3K/V/200. They were socializing first aid method to all workers (SBNE/A was conducting on 23 November 2016 and first aid training was conducting on 31 March 2016 at SBNM). According to field observation and interview with foremans in each estate, all of foreman was took first aid kit. Furthermore based on field observation to the mill there are some first aid kit in workshop, WTP, processing office, and Mill Office. According to field observations to generator room in housing complex 2 KILE, KILE Office, and Water Treatment Plant SBNM showed that all fire extinguisher were under pressure indication. **It was raised as non conformity No. 2017.08.**

**Minor 4.7.6**

The company has been providing accident insurance for their employees in accordance to conditions set by the government in the form of regular social Insurance Agency for labor paid every month. Based on interviews with several employees in estates and mill obtained information that the employee has been registered as a participant of Social Insurance Agency for Labor. Results of interviews with contractors which working with the company obtained information that the contractors were included in the program of Social Insurance Agency for labor. The result of document verification, interview with medical officer known that there isn't occupational case which cover by Social Insurance Agency, but if there is occupational with major grade will be covered by Social Insurance Agency. The company also shown payment slips of Social Insurance Agency for Labor from October- December 2016 trough Bank.

**Minor 4.7.7.**

The company has work accident monitoring and data of Frequency Rate (FR) and Severity Rate (SR). According to document verification show that SBNE (FR: 1.20 and SR: 7.21); while work accident monitoring in SBNA, SBNM and KILE show that (FR: 0 and SR: 0).

<b>Major 4.7.3</b>	<b>Status: Nonconformity with Major category NCR No. 2016.07</b>
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<b>Minor 4.7.5</b>	<b>Nonconformity with Minor category NCR No.2016.08</b>
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**4.8**

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

**Major 4.8.1**

The company has had a training program for workers in the period of 2017 which consists of In House Training RSPO, In House Training ISPO, In House Training ISCC, Hazardous material management, Hazardous waste management, welder training, First aid training, emergency response training, OHS Management System, risk management, HCV, pest and disease control and SIA. The training program was created based on training needs analysis which drafted by SPO officer.

**Minor 4.8.2**

The company has had a worker training records during 2016 for each unit stored in personal files; for example: RSPO training dated 27 October 2016 by 12 members in Mill, fertilizing and leaf sampling training dated 28 January 2016 in

SBNE and IPM training dated 23 February 2016 in KILE. Based on interviews with some workers in estates and mill that's known all workers have been trained in accordance with the work being performed.		
	<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>Major 5.1.1&amp;minor 5.1.2</b>		
<p>Until ASA-2 there is no scope changes related to mill capacity, new plantings, and replanting on PT SKU areas. All company operation activities are covered on these old document.</p> <p>The company has a document of Environmental Impact Assessment (EIA) for the scope of Sungai Bengkal Estate, Sungai Bengkal KKPA and Sungai Bengkal Mill approved by Jambi Environmental Agency on 2007. Additionally, the company also has Environmental Management Document for the scope of Muara Kilis Estate which approved by the Tebo Environmental agency on 2011.</p> <p>Both of these documents explained the impact that might caused by the company's operations such as land acquisition, construction of roads, creation of infrastructure, creation of processing mills, land preparation, crop management, oil palm planting, development of conservation areas, etc. Both documents also discuss the management plan and monitoring plan that should be done by the company.</p>		
<b>Minor 5.1.3</b>		
<p>The Company has consistently doing the environmental management and monitoring as outlined in the Report of the Environmental Management and Monitoring. This report is made every six months and reported to the Environment agency of Tebo Regency and the Environment Bodies of Jambi Province. The report described realization of monitoring and management of the environment in accordance with environmental parameters in the Environmental Management Plan - Environmental Monitoring Plan and ordered by regulations. Results of a public consultation with the Environment agency of Tebo Regency indicate that the company has made environmental management and there is no issue of pollution caused by the company's operational activities.</p> <p>Review for the monitoring/management plans has been developed on December 2016 and company will added the erosion parameters as the results of RKL/RPL management plan review for next semester monitoring report on SBNE/A.</p>		
	<b>Status: Comply</b>	
<b>5.2</b>		
<b>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</b>		
<b>Major 5.2.1</b>		
<p>The Company has been conducted HCV assessment for the entire area of operations which done by the RSPO Approve Assessor on 2010 (KILE) and 2011 (SBNA/SBNE). The process of HCV identification conducted by using HCV identification guides in Indonesia on June 2008. These identifications indicates there is HCV 1.1, 1.2, 1.3, 4.1, and 6 presence on SBNE/SBNA, and KILE. Each HCV areas have been mapped covered areas with following details : SBNE 156.60 ha, SBNA 89.04 ha, and KILE 260.14 ha.</p> <p>HCV identification results also explain the presence of Rare, Threatened, or Endangered (RTE) species according IUCN-Redlist such as <i>Elephas maximus sumatranus</i> (gajah sumatera) and <i>Panthera tigris sumatrae</i> (harimau sumatera). All of indicates HCV areas was mapped by 1:30,000 scale and this HCV identifications covered all estates/mill operational areas including surrounding landscape.</p>		
<b>Major 5.2.2; minor 5.2.3</b>		
<p>HCV identification results also explain there is an endangered species according IUCN-Redlist. To provide protection against such species, management unit has made the hunting ban signboard, patrolling, doing rehabilitation of riparian as habitat and report to relevant agencies (Nature Conservation Agency) if there is a protected animal. The results of the visit at the Sungai Bengkal Plasma (KKPA) Block J9 shows that there have been HCV areas information boards and protected species, signboard for hunting ban and designation of riparian area that will be rehabilitated.</p>		



Company also conducted a periodically monitoring every month for HCV areas, species monitoring, and wild hunting by HCV officer. Field visit on block J04 Api river riparian SBNA shown that condition of catchment areas has been covered by natural vegetation. Interview with spraying team found that them knowing HCV area as a protected area and the they also recognized no chemical applications on conservation areas. Workers also have known about the protected species, a ban on hunting of protected species. Related to RTE species, company had RTE species protections policy established on 2015. Evidence for workforce educations related to RTE species are available.

**Minor 5.2.4**

Company have established HCV management plan, and implemented it well. Regularly patrols record shown company has been monitored illegal fishing, hunting, and other illegal activities. All of records for daily patrols on each estate are available and verified by auditors. For example patrols results on December 2016 on Block J9 SBNA found cekakak belukar (*Halcyon smymensis*), meanwhile wild species trap is not presence. The result of monitoring also reported to government institution every six month.

As the results of monitoring output, company has plan feed back into the management plan 2017 for examples enhance monitoring frequency for riparian chemical boundaries from 6 months to 3 months.

**Minor 5.2.5**

Results of the verification documents, field visits and interviews with villagers obtained information there is no areas of HCV-related and affect the local community.

<b>Status: Comply</b>
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**5.3**

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

**Major 5.3.1**

Registry for waste (included toxic and hazardous waste) products produced fom mill and estates are identified and listed on 2016 identification and evaluation of pollution source document for example mill waste water are managed at waste water treatment plant before it distributed as land applications, hazardous waste were kept at temporary hazardous waste storage.

**Major 5.3.2**

All chemicals and their containers including hazardous waste are disposed responsibly based on procedure SOP/SPO/SMART/LH-18. Inventory for all chemicals usage and it containers are available on chemicals storehouse / temporary hazardous storage. All ex chemicals containers kept on temporary hazardous storage at SBNM, SBNE, and KILE, and the company has a permit for hazardous na dtoxic storage issued by decree of Tebo Hulu regent No 541/2013 for SBNM, No 542/2013 for SBNE, and No 543/2013 for KILE , all these permits valid until 2018. Document review shown that company has sent all toxic and hazardous waste to PT Primanru Jaya (licensed collector by decree of national environmental minister) on september 27<sup>th</sup> 2016 (manifest are available and checked by auditors). Observation during audits at temporary hazardous&toxic waste storage shown that all of hazardous waste are compliant with the periods in permit (< 180 days)

Field observation during ASA-2 still found that :

- Ex lubricants containers are used as water storage on Division III housing (SBNE)
- Ex fertilizer sack are disposed at housing landfill Division III (SBNE)
- Diesel fuel scattered on generators set house on Division III (SBNE), **It was raised as Non Conformity No. 2017.09.**

**Minor 5.3.3**

Human settlements waste reduction plan to avoid pollution has been established by company and listed on identification and evaluation of pollution source document. Field observation on block C06 SBNE for example, found that companies managed settlements/housing domestic waste by provide landfill on each division and sort the organic/an-organic waste. Observations also found these landfill are located far away (more than 1 km) from housing and situated on flood free areas.

Besides that auditor teams also found ex domestic waste burning on security guard office backyard division I SBNE, which



is not accordance with procedures SOP/SMART/LEMS-EHSD/SADV/I /2012. Therefore, it was raised as Non Conformity No. 2017.10 with minor category		
Major 5.3.2.	Status: Non conformity No. 2016.09 with Major category	
Minor 5.3.3.	Status: Non conformity No. 2016.10 with minor category	
<b>5.4</b>		
<b>Efficiency of fossil fuel use and the use of renewable energy is optimised.</b>		
<b>Minor 5.4.1</b>		
Company already have commitment to reducing fossil fuel by renewable energy usage. Shell and fiber usage have been monitored per month and realization of fossil fuel usage during December 2016 are 11987 litre. During July-December 2016, fiber and shell usage for boiler resulting average energy efficiency for diesel fuel are 5.98 litre/tonne CPO, for electricity are 91.80 kWh/tonne CPO, for shell usage are 0.27 tonne shell/tonne CPO, and 0.60 tonne fiber/tonne CPO for fiber usage		
	Status: Comply	
<b>5.5</b>		
<b>Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>		
<b>Major 5.5.1; minor 5.5.2</b>		
The Company has had policies and procedures for land preparation without burning outlined in procedure of land clearing / preparation of new land which outlined the land clearing process without burning.  Based on public consultation with National Land Agency staff in District of Tebo and village representative from Betung Bedarah Barat, Betung Bedarah Timur, Rantau Api, Sungai Keruh and Muara Kilis noted that the company does not use fire for land preparing/clearing or replanting.		
	Status: Comply	
<b>5.6</b>		
<b>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</b>		
<b>Major 5.6.1, Major 5.6.2</b>		
To reduce pollution and emission, the company has identified the pollution sources and emissions and the management steps which are described in SOP of Waste Management. In addition, company also identified GHG sources included management plan for it. All waste including emissions and pollutions sources from Mill and estate are identified and recorded on waste and pollution identification risk 2016 document. Fossil fuel reducing have been implemented by fiber and shell usage. Realization of renewable energy have been monitored on monthly report for fiber and shell usage. Waste water has been monitored every months and monitoring periods July-december 2016 sighted that all of waste water testing parameters is compliant to the standards quality, for example BOD december 2016 are 1047 mg/l (< 5000 mg/l).		
<b>Minor 5.6.3</b>		
Monitoring for emission and pollutants (air emission, ambient, odor, noise, vibration) from estate and mill was done periodically every 6 month, covered on RKL/RPL implementation report and reported to environmental agency periodically. Company also conducted GHG calculation for July 2016-June 2016 period based on RSPO GHG palm V 3.1 and this calculation have been reported to RSPO by email on January 12 <sup>th</sup> 2017. The calculation of GHG emissions resulting 0.95 tCO <sub>2</sub> e/ton CPO product.		
	Status: Comply	
<b>PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills</b>		
<b>6.1</b>		
<b>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.</b>		

**Major 6.1.1**

The management of PT Satya Kisma Usaha has document of Social Impact Assessment that also include partnership of Sungai Bengkal KKPA. The assessment process has been done in 2013 and the scope of study are impact of plantation and mill operation to workers and community neighboring of operation area. The assessment and reported was carry out by internal assessment team. These document was explained of negative and positive impact of plantation and mill operation to social aspect. The document has been disseminated on 19 December 2012 and was attended by 48 participants

**Major 6.1.2**

The preparation of Document SIA is done by involving the affected parties by a questionnaire that completed with photo when data retrieval and the document has been disseminated to the public on December 19, 2012.

Company consider to complete of SIA assessment records in plantation unit (OFI)

**Major 6.1.3**

The company has plans to reduce the negative impact as a result of the company's operations. In the plans and activities of management and social monitoring also includes time management and monitoring implementation. In addition, the plans to increase the positive impact is also included in the program and the realization of CSR such as improved roads, and help educational facilities.

**Minor 6.1.4 and Minor 6.1.5**

The company showed evaluation of management and monitoring social plan which contained in Social Impact Monitoring Report of plantations and palm oil mills in the period 2015-2016 were carried out in April 2016.. The Company showed evidence that the evaluation was conducted involving the affected parties such as photos, the results of the interview document and attendance list.

One of the impact of the partnership is development of economic potential of communities, improving the quality of economic and public revenue with local contractors and plasma program.

**Major 6.1.2 | Status: Opportunity for Improvement (No. 1)**
**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.**

**Major 6.2.1**

Management has procedure of communication and consultation that contained in SOP Communication and Consultation, document no. SOP/SMART/UMUM/SADVI/004 that be valid since 1 July 2014. Communication and consultation procedures explain to the user about handling communication and consultation related principles and requirements sustainability Palm Oil (SPO) in each operational area palm oil company PT SMART Tbk. This procedure includes guidance in planning, implementing, regarding communication and consultation among stakeholders. The procedure is also equipped with technical procedures, communications response, and delivery of information to stakeholders, as well as the flow chart that explains in detail the steps the implementation of activities, along with related documents.

**Minor 6.2.2**

Management of PT SKU has PIC which is appointed to communicate with stakeholders. The position of that PIC is made officially to communicate with stakeholders called Social Officer, namely:

1. Syukri (PIC of SBNM) according to the letter no. 110/PC Jambi/XI/2016.
2. Elvauza Mughni (PIC of SBNE/A) according to the letter no. 002/RC-SKU/IV/2016.
3. Rianto Alfadillah (PIC of KILE) according to the letter no. ---/RC-JAMBI-02/01/13

Based on interview with local community of betung Bedarah Barat Village, Muara Kilis Village, Rantau Api Village, and Sungai keruh Village, they have known the personnel which is appointed to communicate with them.

**Minor 6.2.3**

Management has list of stakeholders that consist of goverment agency, village, local communities, worker organization, etc. Records of all communication is contained in the form of communication and consultation no. F/SMART/UMUM/SADV/004/001. Based on the results of the document review, all communications have been

responded. All communications in the form of requests for funds. For example: communication dated June 18, 2016 an. Arahman and has responded on June 23, 2016.

**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.**

#### Major 6.3.1

The company has the SOP Handling Complaints and Dissatisfaction no. SOP/SMART/SIGS-CSR/SADV/II/003 that explain the process of delivering and handling complaints and grievances internally and externally. In the SOP also mentioned that the company guarantees the anonymity of the reporting and the revealer of the case (whistleblower). Head of Administration is responsible for hearing and record all complaints and grievances that exist both orally and in writing from the external. Responses to the complaint and dissatisfaction is given as soon as possible and no later than one month after the issue received. SOP Handling Complaints and Dissatisfaction only up to the enterprise level. Based on interviews with management, if there is no solution in the complaint mechanism, can be brought to the RSPO Complaint System.

#### Major 6.3.2

The whole recording and handling of related complaints recorded in the Monitoring Form Handling Complaints and dissatisfaction. Based on the form is known that during the period of 2016 there were no complaints presented. According to interviews with workers and communities there are no complaints or dissatisfaction of employees and external (community).

**Status: Comply**

### 6.4

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

#### Major 6.4.1 and Minor 6.4.2

PT SKU has had the procedure SOP Compensation for Land No. SOP/NP/SMART/III/D&L001 that identifies the mechanisms to identify and calculate land compensation. In this procedure was explained that the process of identifying the company's land involves the community, the village administration and the government sub district. Since the activities of ST-2 till ASA-2 company does not expand the area. The results of interviews with Plantation Agency, National land Agency note that the company does not undertake new expansion.

#### Major 6.4.3

Company keeps documentation of the agreement or compensation with affected parties such as letter revelation of physical mastery, the minutes of the measurement, a statement of ownership, waiver of land, receipts etc. The documents are kept on the Document & Legal (D&L) department.

**Status: Comply**

### 6.5

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

#### Major 6.5.1

Company determines minimum wages based on the Government regulation every year, the minimum wages in 2016 as regulated in "SK Gubernur Jambi No: 460/KEP/DISSONAKERTRANS dated 30 October 2015, related Minimum Wage in Jambi Province Year of 2016. Rated minimum wage set by the government is Rp 1,906,650 whereas the value of wages established by the decision of CEO is Rp 1,937,000 in force since January 1, 2016 for all permanent workers below of one year work period. While for free labor using Rp. 77,840/manday. Based on document verification and interview with estates and mill workers that known, the company has paid all wage according to regulation. There also example of overtime payment in Mill:

1. Overtime for Loading Ramp operator (251.66 hours) on December 2016 was paid Rp. 3,018,466.
2. Overtime for Upkeep foreman (32.90 hours) on May 2016.

Worker agreement between company and workers defined in 3 types:

- Contract worker using Worker Agreement with Timeline Condition in mill. i.e. 01/SBNM/PKWT-A2/V/2016 dated 3 May 2016 till 3 May 2017.
- Daily Labor Contract with quantity result payment in SBNA. i.e. No. 01/SBNA/SPPP/XII/2016 dated 16 December 2016 till 15 March 2017.
- Permanent Workers using Corrective Labor Agreement BKS PPS No Kep 88/PHIJSK-PKKAD/PKB/VI/2016.

#### **Major 6.5.2.**

Labor laws contained in the Collective Labor Agreement BKS PPS (Cooperation Agency of Sumatera Plantations Company) in the period 2015-2017 which was approved by the General Director of Industrial Relations and Social Security of Work on June 18, 2015. In the Collective Labor Agreement discussed the rules on leave, working defaulters, payment of meal allowance, overtime and overtime wages, provisions on premiums, and others. Each unit has socialized collective agreement to the workers, for example, carried out in Sungai Bengkal Mill on January 14, 2016 and in Sungai Bengkal Estate on 13 January 2016. The results of interviews with estate and mill workers showed that the workers have known about their rights and obligations explained in the collective labor agreement.

Worker agreement between company and workers defined in 3 types:

- Contract worker using Worker Agreement with Timeline Condition in mill. i.e. 01/SBNM/PKWT-A2/V/2016 dated 3 May 2016 till 3 May 2017.
- Daily Labor Contract with quantity result payment in SBNA. i.e. No. 01/SBNA/SPPP/XII/2016 dated 16 December 2016 till 15 March 2017.
- Permanent Workers using Corrective Labor Agreement BKS PPS No Kep 88/PHIJSK-PKKAD/PKB/VI/2016.

#### **Minor 6.5.3.**

Company can show a list of facilities and infrastructure for workers consisting of housing, lighting, water, daycare, cooperatives, the employees halls, places of worship, school buses, clinics and educational facilities. The results of interviews with workers at the cottage, it is known that the workers have felt fulfilled with the infrastructure and facilities that have been provided by the company. Based on interview with workers in housing complex that known: generator set (electricity) will operation every night from 18.00 – 24.00 p.m. therefor it will operation against on 03.30 – 05.30 a.m. While the clean water were provided by the company through artesian well on each housing complex.

#### **Minor 6.5.4.**

According to field visits and interview with workers on each housing complex SBNE and KILE showed that the company has been providing employee cooperatives that sell daily necessities to meet the needs of workers. Management through cooperative management always monitoring the prices of sold goods in the cooperative in order to remain affordable for the employees.

**Status: Comply**

### **6.6**

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

#### **Major 6.6.1**

Management has Circular Letter No.: 218/CEO1-SE/11/2010 dated 15 November 2010 explained that the company respect the rules and regulations prevailing in Law No. 21/2000 on Labor union. Based on interview with Labor Union, management provides freedom to all workers to establish labor unions. The result of an agreement between the labor unions and the company in the form of Collective Labor Agreement which is available in bahasa and has been implemented by the company.

#### **6.6.2**

There are meeting record of Labor Union, such as:

- Minutes of meeting Labor union on August, 6 2016 attended by 42 participants.
- Records of monthly meeting on Augusti, 4 2014 attended by 20 participants.
- Minutes of meeting on 25 September 2015 attended by 13 participants.

	<b>Status: Comply</b>	
<b>6.7</b>		
<b>Children are not employed or exploited.</b>		
<b>Major 6.7.1.</b>		
<p>There are Social and Environment Policy signed by Head of Upstream, CEO-Downstream&amp;Comercial, Excecutive Director&amp;CFO, Managing Director of Sustainability&amp;Strategic Stakeholder Engagement November 2015. That was explain about Prohibits the employment of children and make a prevention the use of child labor in our operations. Take a corrective action, if founded the child labor and ensuring that the appropriate follow up and provide safety to them. According to interviews with worker union and Man Power Agency District of Tebo and field observations in each estate, it's known there are no issues related to child labor.</p>		
	<b>Status: Comply</b>	
<b>6.8</b>		
<b>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</b>		
<b>Major 6.8.1&amp;Major 6.8.2</b>		
<p>There are Social and Environment Policy signed by Head of Upstream, CEO-Downstream&amp;Comercial, Excecutive Director&amp;CFO, Managing Director of Sustainability&amp;Strategic Stakeholder Engagement November 2015. That was explain about the company will give equal opportunities to all workers and embrace diversity, regardless of ethnicity, religion, disability, gender, political affiliation, sexual orientation and or worker union. Based on interview with some workers on estates and mill that known, there are no issues related to discrimination by company or other workers.</p>		
<b>Minor 6.8.3.</b>		
<p>Based on interview with estate manager and mill manager, it's known that there are no new appointment of permanent workers during last year. The latest appointment permanent workers has conducted on 2013. The company was show historical of appointment from time limit workers to permanent workers in SBNE, Division I according to work performance appraisal. This information was confirmed by estates workers and mill workers during field observation.</p>		
	<b>Status: Comply</b>	
<b>6.9</b>		
<b>There is no harassment or abuse in the work place, and reproductive rights are protected.</b>		
<b>Major 6.9.1 and Major 6.9.2</b>		
<p>The Company has a policy on the prevention of sexual harassment and violence as outlined in circular letter CEO PSM 1 on 2 September 2013. In addition, the company also has a policy to protect the reproductive rights as outlined in the circular Letter dated 4 April 2009. The policies has been disseminated to all workers, such as socialization on 15 November 2015 attended by 40 participants and socialization on 25 November 2016 attended by 17 participants.</p>		
<b>Minor 6.9.3</b>		
<p>The company has established a gender committee in each unit as an organization to manage the complaints of women workers in the event of sexual harassment and violations of reproductive rights. Interviews with the management committee of gender shows that they already know the duties and responsibilities as the socialization of the complaints mechanism, the socialization of sexual harassment, etc. The company guarantees the anonymity of the reporting and the revealer of the case. Based on interviews with Labor unions and Gender Committee, there is no cases related to abuse or violence.</p>		
	<b>Status: Comply</b>	
<b>6.10</b>		
<b>Growers and mills deal fairly and transparently with smallholders and other local businesses.</b>		
<b>Minor 6.10.1</b>		
<p>Sungai Bengkal Mill receives FFB from nucleus estate (KKPA estates) with fully managed by the company and third parties. The prices were set for FFB of KKPA estates is the price from government, while the FFB prices from third parties referring to the agreement made by both of parties. Based on field observation to weight bridge station (SBNM) showed</p>		



that prices of FFB from third parties informed in the board that is located at front of weight bridge station. According to interview with FFB suppliers (third parties) that known, there are no issues related to FFB prices.

**Major 6.10.2**

The company have record of FFB transaction between SBNM and nucleus estate; and also from FFB supplier through Bank transfer. According to interview with head of cooperation Sukma Bersatu and Karya Bersama, that known there are no problem related to monthly payment from the company.

**Minor 6.10.3 & Minor 6.10.4.**

The company have agreement with Karya Usaha Bersama Cooperation (No. 003/Kop-SKU/VI/2004) and also agreement with other local contractor (No. SPK/SBNM/07/2016/019). All contract was writed on Bahasa Indonesia and clear about rights and obligation both of parties. According to transfer document verification and interview with head of nucleus cooperation, there are no delayed of payments.

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

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

**Minor 6.11.1**

The form of the company's contribution to local development is done through realization of CSR to communities around the plantations, uses local contractors for jobs such as FFB transport, buildings etc and has a partnership with the community but management made in full by the company and the community just as the land owner. Some forms of CSR contributions realized during 2016 include assistance aspects of education, road improvements, the social aspects of religion, etc.

**Minor 6.11.2**

The results of document review, interviews and field visits that there is no smallholder schemes within the scope of this certification. There is a community plantation in the PT SKU namely Sungai Bengkal KKPA, but management made in full by the company and the community just as the land owner.

	<b>Status: Comply</b>	
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**6.12**

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

**Major 6.12.1; Minor 6.12.2; Major 6.12.3**

Based on interviews with unit management and workers in the field, up to the audit conducted no foreign workers who worked as an operational unit.

Based on documents verification list of employees of PT SKU noted that there are no illegal workers, it is supported by interviews with management unit and local contractors, there are no employees was hired illegally. Every worker has work agreement or letters of appointment. Based on observation at block A7 and A6, did not found any use of illegal worker. All workers have employment agreement or appointment letter.

	<b>Status: Comply</b>	
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**6.13**

**Growers and millers respect human rights**

**Major 6.13.1.**

Policy of Environment and Social GAR were including the human rights for all workers. The company has socializing this policy to all workers and contractor on each unit. For example: KILE unit has socializing this policy dated 29 November 2016 to all workers and local contractor.

	<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,**

<b>management and operations.</b>		
<b>Major 7.1.1; minor 7.1.2; minor 7.1.3</b>		
The company performed land clearance after November 2005 in an area of 2,768.36 hectares which is the operating areas of Sungai Bengal Estate Division IV, Sungai Bengal KKPA and Muara Kilis Estate. Environmental and social impact analysis for the entire area has been covered in the EIA document that has been owned by the company as described in Criterion 5.1 and 6.1.		
	<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>Major 7.2.1&amp; minor 7.2.2</b>		
The Company has Semidetil Soil Map of Land Suitability Class (LSC) Sungai Bengal Estate (SBNE) Scale 1: 50,000, Poyeksi system (Transverse Mercator, coordinates (Geographic) and Datum (WGS 84) with Registration No.: 1036/214 / PMNP / VIII / 14. the maps are equipped with Table Characteristics of soil and land Suitability Assessment oil palm Plant Sungai Bengal Estate (SBNE) covering an area of 2364.49 ha with soil classification		
	<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>Major 7.3.1; Major 7.3.2</b>		
The document review showed that the company performed land clearing after November 2005 without preceded by the identification of HCV. PT Satya Kisma Usaha has conducted disclosure of liability and LUC analysis in accordance with RSPO template on December 14 <sup>th</sup> 2015. Related to the progress of disclosure and LUC analysis, On October 24 <sup>th</sup> 2016 company has contacted RSPO, but there is no responses until ASA-2 on going. There are several non conformities as (NCR No. 2017.11):		
<ol style="list-style-type: none"> <li>1. The SMART Group has been reported Liability and Disclosure to the RSPO on December 14, 2015. The company can't showing that this report has received by the RSPO.</li> <li>2. If the liability ad disclosure report has been reviewed by the RSPO, and there are indentified HCV area and or primary forest was opened. The company shall be showing that the compensation plan has been accepted by the RSPO.</li> </ol>		
<b>Minor 7.3.3; Major 7.3.4; minor 7.3.5</b>		
The results of document review, field visits and interviews found that PT SKU did not expand or conduct new planting till the activities of ASA-2.		
	<b>Status: Comply</b>	
<b>7.4</b>		
<b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>		
<b>Minor 7.4.1&amp;Major 7.4.2</b>		
The company has a map identifying marginal land slope with a scale of 1: 35,000 projection UTM, Zone: 48 S, Datum: WGS 84. Results SOIL MAP document review and interviews with management, no peatlands in the region of PT SKU		
	<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>Major 7.5.1</b>		
Based on Document review, field visit and interview with the management, PT SKU did not conduct new planting or expand the area after the last assessment (ASA-1).		
	<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 any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>
<b>Major 7.6.1; Major 7.6.2; Major 7.6.3; Minor 7.6.4, Minor 7.6.5, Minor 7.6.6</b> Based on Document review, field visit and interview with the management, PT SKU did not conduct new planting or expand the area after the last assessment (ASA-1).
<div> <div></div> <div>Status: Comply</div> <div></div> </div>
<b>7.7</b> <b>Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>
<b>Major 7.7.1; minor 7.7.2</b> The management unit does not perform the expansion and development of the plantation after ST-2 activity. Planting last done in 2010 using principles without fuel, this is evidenced by the existence of a cooperation agreement between the company and contractors which explained that land clearing was done mechanically.  Besides that, the Company has had policies and procedures for land preparation without burning outlined in procedure of land clearing / preparation of new land which outlined the land clearing process without burning.  Based on public consultation with National Land Agency staff in District of Tebo and village representative from Betung Bedarah Barat, Betung Bedarah Timur, Rantau Api, Sungai Keruh and Muara Kilis noted that the company does not use fire for land preparing/clearing or replanting.
<div> <div></div> <div>Status: Comply</div> <div></div> </div>
<b>7.8</b> <b>New plantation developments are designed to minimise net greenhouse gas emissions.</b>
<b>Major 7.8.1; minor 7.8.2</b> The management unit does not perform the expansion and development of the plantation after January 1, 2015. The results of the study documents and field visits showed that the distribution of planting year in operation areas consist of 1996-2010.
<div> <div></div> <div>Status: Comply</div> <div></div> </div>
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>
<b>8.1</b> <b>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b>
<b>Major 8.1.</b> The company has internal audit document and the corrective action, for example: internal audit RSPO, ISPO, OHS System, OIA, and others. The management review has conducted to answering all of finding from internal auditor.  Company have performed the used of renewable energy and waste reduction such shell and fiber to reduce fossil fuel usage on Sungai Bengkal Mill. Company also conducted GHG calculations and maintained the HCV areas as a part of emission reducing plan.  <b>Best Management Practices:</b> The company has had an annual innovation program in 2016 that has been realized. For instance: <b>SBNE and SBNA</b> - Moving dead slow Control Program Stock realization 100% in September - Three-in-one tool to control crop clerk TBS june realization 25% - Shadow Gupon realization 100%

- Applications Liquid waste pipe system with inter-bed
- Tools wiping ply with models flops

**Muara Kilis and KILA Estate**

- FFB Checker tool (three in one) as FFB control
- Lose fruit presentation standards
- Temporary Gupon
- Innovation knife to weeding the LCC and vine weeds.

**Factory / Mill**

- Mal for efficient use of packing in POM
- Dual function the Main hole of Oil Storage Tank
- Refractory stroller
- Hose winder tool
- Comparison of ball valve and butterfly valve for condensate sterilizer

**Status: Comply**

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

Clause	(Module E) CPO Mills - Mass Balance Requirements													
E.1	Definition													
E.1.1														
Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.														
SCSS module used in Sungai Bengkal Mill is Mass Ballance (MB), because the mill receives FFB from the estate that has been certified by RSPO and non-certified RSPO. Source or supplier of FFB received by the mill can be classified into three categories: own estates, KKPA which are managed by the company, and suppliers / third parties.														
	Status: Comply													
E.2	Explanation													
E.2.1														
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.														
Estimates of CPO and PK generated by Sungai Bengkal Mill have been noted in the report ASA-1 RSPO.														
	<table><tr><th>Product</th><th>Estimated in certificate (Ton)</th><th>Realization until January 9<sup>th</sup> 2016 (Ton)</th></tr><tr><td>FFB</td><td>95,667</td><td>83,673</td></tr><tr><td>CPO</td><td>22,003</td><td>18,538</td></tr><tr><td>PK</td><td>5,262</td><td>4,266</td></tr></table>		Product	Estimated in certificate (Ton)	Realization until January 9 <sup>th</sup> 2016 (Ton)	FFB	95,667	83,673	CPO	22,003	18,538	PK	5,262	4,266
Product	Estimated in certificate (Ton)	Realization until January 9 <sup>th</sup> 2016 (Ton)												
FFB	95,667	83,673												
CPO	22,003	18,538												
PK	5,262	4,266												
	Status: Comply													
E.2.2														
The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).														
<ul style="list-style-type: none"><li>• RSPO IT Platform member registration number: RSPO_PO 1000001722</li><li>• Certified CPO sold to each buyer period of 28 February 2016 to 9 January 2017: no certified product sold.</li><li>• Certified PK sold to each buyer period of 28 February 2016 to 9 January 2017: no certified product sold.</li></ul>														
	Status: Comply													
E.3	Documented procedures													
E.3.1														
The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:														
<ul style="list-style-type: none"><li>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</li><li>b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</li></ul>														
Sungai Bengkal Mill has had SOP of RSPO Products Supply Chain Mass Ballance Module. This procedure describes the parties involved in the process of SCCS, duties and responsibilities of each party, FFB admissions process, weighing the weight / volume, checking the quality of raw material, processing, monitoring the processed products and the products														



shipment.

Results of interviews with security and the scales workers showed that workers have already known the duties and responsibilities of each in the implementation of SCCS. Sungai Bengkal Mill can also show the refreshing records of SCCS training conducted on November 10<sup>th</sup> 2016.

**Status: Comply**

### E.3.2

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

Sungai Bengkal Mill has had SOP of RSPO Products Supply Chain that describes the process of FFB admissions from supplier estates. The results of field visits and verification of documents showing that the FFB received by Sungai Bengkal Mill comes from estates that have certified by RSPO and estates outside parties that have not been certified by RSPO. The entire estate that has been certified by RSPO has being recorded with computerized systems and given a special code.

No.	Supplier Name	Supplier Code
Own Estate		
1.	Sungai Bengkal Estate	SBNE
2.	Sungai Bengkal Plasma	SBNA
3.	Muara Kilis Estate	KILE
Third Parties		
1.	Sianipar Grup	ANSX
2.	Osman Malau	OSMX
3.	Rezeki Bersama	RZBX
4.	Satu Kosong Lima	SKLX
5.	Nur Hikmah	NHKX
6.	Velindo Aneka Tani	VATX
7.	PT. Tebo Indah	TEIX
8.	Bintang Selatan Agro	BSAX
9.	Citramulia Manunggal	CMMX

Weight bridge operator says that all supplier has been registered in system. It means outsider supplier or unregistered supplier cannot accept in mill.

**Status: Comply**

### E.4 Purchasing and goods in

#### E.4.1

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

Estimates of CPO and PK generated by Sungai Bengkal Mill have been noted in the report ASA-1 RSPO.

Product	Estimated in certificate (Ton)	Production until January 9 <sup>th</sup> 2016 (Ton)
TBS	95,667	83,673
CPO	22,003	18,538
PK	5,262	4,266

FFB certified has been verified in delivery note and recapitulated every day. For example, the mill staff shows FFB delivery note and weight bridge ticket as follows:

**Certified Raw Material**

- FFB Delivery Note Serial No: 53852; unit ID BG 8003 GL; Division 4 SBNE; Complex B-21; Block K-22 bunches; 480 kg; dated on 9 January 2017. Stamped with certified ID.
- Weight bridge ticket: SBNM C09744; Sungai Bengkal Estate; Division 4; 07B21 dated on 9 January 2017; net weight 5,380 Kg.

**Certified Raw Material**

- FFB Delivery Note Serial No: 1050; Supplier: Nur Hikmah (NHKX); unit ID BH 8444 HY; 170 bunches; dated on 9 January 2017. Not stamped with certified ID.
- Weight bridge ticket: SBNM L 09737; dated on 2 December 2017; net weight 7,680 Kg.

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

Sungai Bengkal Mill has had SOP of RSPO Products Supply Chain Mass Balance Model which describes about If licensed production projections are bigger than the certified product that has been claimed, the things to do are: to inform the related RSPO certification body and the party of RSPO IT system / e-trace.

Sungai Bengkal Mill has recorded every acceptance of FFB, CPO production and PK production. The document verification results in the period of 28 February 2016 – 9 January 2017 showed that the production of RSPO certified products does not exceed the projected, that is:

Product	Estimated in certificate (Ton)	Production until January 9 <sup>th</sup> 2016 (Ton)
TBS	95,667	83,673
CPO	22,003	18,538
PK	5,262	4,266

Companies should ensure the production of certified products do not exceed the estimated certified product. **OFI.**

**E.4.2 Status: Opportunity for Improvement**
**E.5 Record keeping**
**E.5.1**

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

Sungai Bengkal Mill has had a monthly report which describes about FFB Acceptance, CPO Production, PK Production, CPO Shipping, PK Shipping and product stocks. During the period of 28 February 2016 – 9 January 2017 there are no shipping of CSPO and CSPK. The following is a product shipment data from Sungai Bengkal Mill:

Period	CPO Delivery (ton)			PK Delivery (ton)		
	RSPO	Uncertified	ISCC	RSPO	Uncertified	ISCC
28 – 29 February 2016	-			-	48,980	-
March 2016	-	123,550	888,570	-	266,900	-
April 2016	-	198,180	1,330,900	-	416,640	-
May 2016	-	49,200	1,582,610	-	306,780	-
June 2016	-	445,000	1,436,610	-	354,580	-
July 2016	-	435,910	1,203,350	-	272,070	-

August 2016	-	817,720	767,660	-	494,970	-
September 2016	-	968,640	2,477,830	-	628,020	-
October 2016	-	521,710	3,324,830	-	954,980	-
December 2016	-	443,350	1,825,010	-	632,380	-
1 – 9 January 2017	-	616,100	2,661,020	-	847,710	-
<b>TOTAL</b>	<b>-</b>	<b>4,719,530</b>	<b>18,484,510</b>	<b>-</b>	<b>5,449,060</b>	<b>-</b>

Note: SBNM and its supply bases also ISCC certified. Scope of certification ISCC wider than RSPO.

The company has showed certified CPO/PK delivery document as follows:

- **CPO**
  1. Delivery note No. 1350/CPO/TT/17/01/2350; dated on 10 January 2017; Contract No: 1152/CPO/1350/17/T001; Net weight: 24,510 kg; Vehicle No: BH 8949 SL; Transporter PT. Satrindo Jaya Agropalma.
  2. Weightbridge card: SBNM C 09843; Transporter PT. Satrindo Jaya Agropalma; dated on 10 January 2017; net weight 24,510 Kg.
- **PK**
  1. Delivery note No. 1350/KER/LK/17/01/2342; dated on 9 January 2017; Contract No: 1350/KER/1350/16/I011; Net weight: 8,990 kg; Vehicle No: BH 8230WI; Transporter Jumawarzi.
  2. Weightbridge card: SBNM C 09747; Transporter Jumawarzi.; dated on 9 January 2017; net weight 8,990 Kg.

Both of delivery document attributed with ISCC.

**Status: Comply**

#### **E.5.2**

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

Sungai Bengkal Mill is not conducting the destruction of palm kernel oil activities to the independent palm kernel crushers.

**Status: Comply**

**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-2</b>	The company has certified no certificate: MUTU-RSPO/052.	√
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-2</b>	The company does not use RSPO logo.	√
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-2</b>	The company does not use RSPO logo.	√
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-2</b>	The company does not use RSPO logo.	√

### 3.4 Summary of RSPO Partial Certification.

Compliance of the uncertified management units of SMART, Tbk 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

SMART, Tbk Time Bound Plan is explained in table 1.10. SMART run sixteen (16) mills and fifty nine (59) estates (own and smallholders) in Indonesia and has achieved RSPO certified for twelve (12) mills and supply base in Indonesia. SMART, Tbk has informed the Time Bound Plan progress, MUTU has considered that SMART, Tbk is comply with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by SMART, Tbk on January 31, 2016 approved by President Director and MD Sustainability Strategic & Stakeholders Engagement.

MUTU has verified partial certification for un-certified unit's subsidiary of SMART, Tbk based on their Time Bound Plan. There are four (4) uncertified management unit of SMART, Tbk. 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 is no significant land conflicts which have not been declared above
- 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

2.1 Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
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> Based on the document review, there is a company internal audit that was conducted and the positive assurance is at this table that is also been verified.</p> <ul style="list-style-type: none"> <li>- Internal audit PT Kresna Duta Agroindo (Pelakar Mill and supply base) 24 – 29 October 2016</li> <li>- Internal audit PT SMART (Bukit Kapur Mill and supply base) 15 – 19 Februari 2016</li> <li>- Internal audit PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base) 19 – 23 Desember 2016</li> <li>- Internal audit PT Kresna Duta Agroindo (Gunung Kombeng Mill and supply base 06 – 10 Februari 2017</li> </ul>
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> </ul>	<p><b>Company Group/Holding Statement:</b> SMART, Tbk and its subsidiaries have been reporting disclosure and zero liability to RSPO by email dated August 29, 2014 and the company has been sent data evidence of LUCA to RSPO</p>



	<ul style="list-style-type: none"> <li>Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p>by email dated April 11, 2016. Progress result of review LUCA at follow-up via email RSPO dated October 24, 2016 to answer RSPO is still in the review process.</p> <p><b>Auditor Verification:</b> RaCP Process for</p> <ul style="list-style-type: none"> <li>PT Kresna Duta Agroindo (Pelakar Mill and supply base)</li> <li>PT SMART (Bukit Kapur Mill and supply base)</li> <li>PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base)</li> </ul>
2.2.3	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> There is no new planting.</p> <p><b>Auditor Verification:</b> Based on auditor verification PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base) any new planting since January 1<sup>st</sup> 2010 and NPP has been applied these.</p>
2.2.4	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> There are no land conflicts. The Company has a land conflict resolution mechanism in accordance with the RSPO criteria 6.4; 7.5; and 7.6. This procedure is outlined in the SOP Social Conflict Management (SOP/SMART/SENS-CSR/SADV/II/02). This procedure regulates social conflict settlement agreed. Conflict resolution can be done in a participatory manner and can also be done by a third party (mediator). The company also has procedures to deal with complaints before they become conflicts. The procedure is SOP/SMART/SIGS-CSR/SADV/II/003. The company handling complaints appropriately and quickly. SMART has been initiated to become a member of RSPO DSF as a category "out growers".</p> <p><b>Auditor Verification:</b> Auditor has verified the supporting evidence of above the company statement. There are no land conflicts for</p> <ul style="list-style-type: none"> <li>PT Kresna Duta Agroindo (Pelakar Mill and supply base)</li> <li>PT SMART (Bukit Kapur Mill and supply base)</li> </ul> <p>There are any land conflicts but was in the process of completion for</p> <ul style="list-style-type: none"> <li>PT Kresna Duta Agroindo (Rantau Panjang Mill and supply base)</li> <li>PT Kresna Duta Agroindo (Gunung Kombeng Mill and supply base)</li> </ul>

2.2.5	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> There is no issue of labour disputes in uncertified unit. The company also has procedures to deal with complaints workers before they become conflicts. The procedure is SOP/SMART/SIGS-CSR/SADV/II/003. Procedures related employee issues arranged in the form of internal grooves for employees included in the category of internal stakeholders. Media used complaint is a formal letter submitted by unions or incorporated into a suggestion box which is provided in a convenient location.</p> <p><b>Auditor Verification:</b> There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries.</p>
2.2.6	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> Companies comply with the regulations in accordance with the requirements of the RSPO 2.1 and 2.2 where there is no violation of the rules that are relevant to the plantation. The company has a mechanism to evaluate compliance with regulations, namely SOP/SMART/UMUM/SADV/II/002. In SOP describes procedures for compliance, completeness and groove sections which explain in detail to evaluate compliance with the legislation.</p> <p><b>Auditor Verification:</b> Land legal process is still going on and there is a detail update progress documented by the company for each year.</p> <ul style="list-style-type: none"> <li>- PT Kresna Duta Agroindo (Pelakar Mill and supply base), there is a difference the concession area between Land Use Title (HGU) and Plantation Business Permit (IUP) and Permits Location.</li> <li>- PT SMART (Bukit Kapur Mill and supply base, doesn't have land use title (HGU), the HGU is still on process.</li> </ul>

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

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

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
-	-	<i>During ASA – 1 assessment there is no non conformance identified.</i>	-	-	-	-	-	-	-

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

NCR No.	: 2017.01	Issued by	: Joko Alam
Date Issued	: 13 January 2017	Time Limit	: ASA 3
NC Grade	: Minor	Date of Closing	: 20 Ferbruary 2017
Standard Ref. & Requirement	1.1.1 There shall be evidence that growers and millers provide adequate information on (environmental, social and / or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> The company could not show evidence of utilization Land Use Title and Building Use Title reporting to the agency issuing the license in accordance with Government regulation No. 40 in 1996 about Land Use Tittle, Building Use Tittle, and Land Permitt			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> In Government regulation no. 40 1996 article 12 clause 1 point f or explanation In Government regulation no. 40 1996 article 12 clause 1 is explained that the company "submit in writing about Land use tittle each year end ", at this time the Company has made the reporting of land use each semester to the plantation agency, which is including land use tittle and building use tittle which is used by companies.			
<b>Corrective Action</b> <i>(filled by organization audited):</i> Conducting report of land use to National Land Agency			
<b>Preventive Action</b> <i>(filled by organization audited):</i> Reporting the development of the plantation to the Plantation Agency and National Land Agency routinely			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>Verification on February 20, 2017</b> Company showed evidence of Land Use Tittle and Building Use Tittle report to National Land Agency of Tebo Regency on January, 30 2017 which is completed with the receipt.  Based on the evidence of corrective action, this noncompliance has been fulfilled.			
Verified by	: Rizliani A. Hasibuan		

NCR No.	: 2017.02	Issued by	: Rizliani Aprianita Hasibuan
Date Issued	: 13 Januari 2017	Time Limit	: ASA 3
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	2.1.4 A system for tracking any changes in the law shall be implemented		
Non-Conformance Description & Evidence observed (filled by auditor):: Based on document verification of regulations and other requirements and document list of rules and regulations, the company has a system that records every change in the law. However, the change in the law has not completely been refurbished. For example. Regulation no. 78 2015 on Equal Remuneration, Jambi Governor Regulation No. 6 of 2011 related to local taxes for surface water.			

<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> The company is committed to comply with all regulation, however there are several regulation which no include to the document of regulation evaluation book.	
<b>Corrective Action</b> <i>(filled by organization audited):</i> Updated of regulation evaluation document.	
<b>Preventive Action</b> <i>(filled by organization audited):</i> Regularly updating of regulation evaluation. SPO officer and secretary of P2K3 was monitor and evaluate this document according to regulation compliant procedure (SOP/SMART/UMUM/SADV/II/002). This monitoring will be conducted every year or every updated new regulation. Management unit will be coordination with SPO Region and PCDV (Sustainability Policy and Compliance Division) related to regulation updated.	
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>Verification on 20 February 2017</b> The company was show evaluation of regulation result on the worker welfare, plantation permit, and environment aspects. Based on evaluation results, there are Government Regulation No. 78 year of 2015 about payment and also Jambi Governor Regulation No. 6 year of 2011 about local taxes for surface water.  <b>Auditor Conclusions:</b> The company can't show Indonesian National Standard (SNI) has been evaluated for compliance, it according to annex I INA-NI RSPO P&C 2013. (this NC is still open)	
<b>Verified by</b>	<b>: Trismadi N</b>

NCR No.	: 2017.03	Issued by	: Joko Alam
Date Issued	: 13 January 2017	Time Limit	: ASA 3
NC Grade	: Major	Date of Closing	: 8 March 2017
Standard Ref. & Requirement	4.2.1 There shall be evidence that good agriculture practise, as contained in standard operating procedure (SOPs), are followed to manage soil fertility to e level that ensures optimal and sustained yield, whre possible.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> A field visits in block I3 SBNA found scattered on the road Collection Road manure and fertilizer application is uneven, while the results of the study document is known that the realization of the fertilization was conducted on January 10, 2017 to MOP fertilizer types. However, this is not in accordance with IK (Work Instruction) No: Document LAMP / IX / TA-PPK / 08 - (manual Inorganic Fertilization in TM / 01).			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> Company has a SOP and work instruction related fertilization, but due to the low quality of the labor so in the practice, there is still a mistake in its application.			
<b>Corrective Action</b> <i>(filled by organization audited):</i> Collecting the fertilizer spills and applying to the palm oil tree in accordance with SOP.			
<b>Preventive Action</b> <i>(filled by organization audited):</i> To increase knowledge and awareness of employee of fertilizer, will be disseminated back of vital points on Work Instruction No: Document LAMP / IX / TA-PPK / 08 ( Fertilization of manual inorganic TM / 01) during a morning assembly in the period of fertilization. Furthermore, to ensure that does not happen spilled fertilizer is to do an inspection by maintenance foreman and reported to the assistant division. Activities will be recorded on a foreman daily activity			



book.

**Assessor Evaluation and Conclusion (filled by auditor):**
**Verification on February 20, 2017**

The company showed records of collecting the fertilizer spills on the road and applying to the circle. It is also shown socialization records of fertilization procedures and work instruction to the workers in division 2 SBNA on January 12 2017.

**Verification on March 8 2017**

The company has shown the example of book of foreman activity in division 2 SBNA on January 12 2017. Inside, there have been data of evaluation work on fertilization. For example socialization of fertilization procedures and work instruction and also the results of field inspection of the fertilizer spilled on the road.

**Verified by** : **Andi P Pasaribu**

NCR No.	: 2017.04	Issued by	: Joko Alam
Date Issued	: 13 January 2017	Time Limit	: ASA 3
NC Grade	: Major	Date of Closing	: 8 March 2017
Standard Ref. & Requirement	4.6.5 Peticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and aplication equipment shall be provided and used. All precautions attached to the product shall be properly observed, applied, and understood by worker (see creterian 4.7).		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> Based on field visits to Chemical weeding activity in SBNE/A, and interviews with KILE Spraying workers. There are still found PPE (APRON) usage which is not in accordance to work instruction (IK) No SMART / MCAR / XII / TA-PTM / 01. The long-side Apron was used in front side.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> For SBNE spray team and SBNA workers, not all socialized the correct use of apron (IK) No SMART / MCAR / XII / TA-PTM / 01 which is the long side is used behind and the short side is used in front. At KILE, Apron which is received does not match with the demand so that the spray team just wear an apron on the front only.			
<b>Corrective Action</b> <i>(filled by organization audited):</i> <ol style="list-style-type: none"><li>1. Giving complete apron which has a front and rear side to the sprayers team</li><li>2. Socialization the correct use of apron in accordance with (IK) No SMART / MCAR / XII / TA-PTM / 01 which is the long side is used behind and the short side is used in front.</li><li>3. Inspection of indiscipline use of PPE to the sprayer on February 20, 2017.</li><li>4. Documentation spraying activities on February 20, 2017.</li></ol>			
<b>Preventive Action</b> <i>(filled by organization audited):</i> Manager made a confirmation letter to the head of administration and safety officer so in the procurement of PPE should be adjusted the kind in accordance the SOP / SMART / HESS-EHSD / SADV / I / 010 and especially for the spray apron to be adjusted specification apron which listed in (IK) No SMART / MCAR / XII / TA-PTM / 01. Inspection of indiscipline use of PPE to the sprayers, if there is sprayers which is not wear apron accordance with PPE that have been given and disseminated, then spraying will be given a warning in accordance with SOP / SMART / HESS-EHSD / SADV / I / 010.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i>			

**Verification on February 20 2017.**

- Company showed a record of PPE usage socialization to sprayers in KILE/A on January 16, 2017 which is equipped with photos and attendance list. Furthermore, it is shown Estate Manager Letter No. 008 / EM-KILA / E / I / 2017 on January 10, 2017 about specification of PPE procurement which is addressed to head administration and safety officer of KILE/A. The letter explains if there is a purchase by the Purchasing Representative of Jambi which is not accordance with the demand, it should be made a replacement of goods in accordance with SOP. It is also explained, that the use of long side is used behind.
- Record of PPE usage socialization to sprayers team KILE on January 16 2017, and also showed sprayer team documentation that have used the long side of apron is used behind, respirator mask, face shield, rubber gloves, and boots.

**Verification on march 8 2017**

Company showed record of PPE usage socialization to sprayers in SBNA on January 14, 2017 that was attended by 14 sprayers and also record of PPE usage socialization to sprayers in SBNE on February 1, 2017 that was attended by 27 sprayers from SBNE division.

**Conclusion:**

Based on the analysis of the root cause, Corrective action, and preventive action that have been shown, this noncompliance has been fulfilled.

**Verified by** : **Andi P Pasaribu**

NCR No.	: 2017.05	Issued by	: Steve Mualim
Date Issued	: 13 Januari 2017	Time Limit	: ASA 3
NC Grade	: Minor	Date of Closing	:
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 (filled by auditor): Has not provided evidence of monitoring for the use of agrochemical packaging in the warehouse division of each of unit that could potentially lead to the use of used agrochemical packaging is not traceable.			
Root Cause Analysis (filled by organization audited): The company is committed not to use ex-chemical containers for others activity, however there are employees which using ex-chemical containers.			
Corrective Action (filled by organization audited): The company was disposed ex-chemical containers to the schedule waste.			
Preventive Action (filled by organization audited): Estate Manager made a confirmation letter to all division assistant to ensure that all chemical container usage shall be recorded to the log book of chemical containers, on this letter also has inform related to prohibition of chemical contianers uses as water tank and other activity.			
Assessor Evaluation and Conclusion (filled by auditor): Verification on 20 February 2017 The company was shows minutes of checmial containers dispose in Division I KILE dated 10 January 2017, there are also socialization of chemical containers waste management dated 11 January 2017 to all of workers in SBNE.			

**Auditor conclusions:**

There are no monitoring records of ex-chemical containers usage for spraying activity in warehouse (each of division/estates).

There are no information, an officer to monitor ex-chemical containers usage for spraying activity. (this NC is still open)

**Verified by** : Trismadi Nurbayuto

<b>NCR No.</b>	<b>: 2017.06</b>	<b>Issued by</b>	<b>: Trismadi Nurbayuto</b>
<b>Date Issued</b>	<b>: 13 January 2017</b>	<b>Time Limit</b>	<b>: 13 March 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 20 February 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>4.6.12</b> <b>No Work with pesticides shall be undertaken by pregnant or breast-feeding women.</b>		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> Based on document verification and interview with several women pesticide applicators, pregnancy test was conducted every month. However there no evidance pregnancy test result by paramedic in KILE unit.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> The company committed not to employ pregnant and breast-feeding women in chemical application. However, KILE not yet showed pregnant and breast-feeding monitoring document.			
<b>Corrective Action</b> <i>(filled by organization audited):</i> Set the pregnant and breast-feeding monitoring document.			
<b>Preventive Action</b> <i>(filled by organization audited):</i> The company provides monthly monitoring document of menstruation leave (H1) and give birth leave (H2) in KILE/A since January 2017.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>Verification on February 20<sup>th</sup> 2017</b> The company has showed the monthly monitoring document of menstruation leave (H1) and give birth leave (H2) in KILE/A since January 2017 that attended by 28 women workers (pesticide applicator) during January – December 2016. Through the document known there were no pregnant or breast-feeding women.			
<b>Auditor conclusion:</b> Based on root cause, corrective action and preventive action that showed, non-conformity has been met.			
<b>Verified by</b>	<b>: Trismadi Nurbayuto</b>		

<b>NCR No.</b>	<b>: 2017.07</b>	<b>Issued by</b>	<b>: Trismadi Nurbayuto</b>
<b>Date Issued</b>	<b>: 13 January 2017</b>	<b>Time Limit</b>	<b>: 13 March 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 20 February 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>4.7.3.</b> <b>All workers involved in the operation shall be adequately trained in safe working</b>		

	<p>practices (see criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p>
<p><b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i></p> <ol style="list-style-type: none"> <li>Base on field observation in SBNE, Division I, Block C3 that known pesticide applicators was using mask are not accordance to SOP/SMART/HESS-EHSD/SADV/II/010 about PPE's management which requires that pesticide application shall be use cloth mask with carbon or respirator with chemical cartridge.</li> <li>There are some contractor workers (unloading workers) in grading station, they were use rubber boot. It doesn't accordance to SOP/SMART/HESS-EHSD/SADV/II/010, all people shall be use safety shoes in grading station.</li> <li>According to field observation in weight bridge station (SBNM) and workshop KILE that known some FFB transport drivers was no use helmet and safety shoes.</li> </ol>	
<p><b>Root Cause Analysis</b> <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> <li>Masks were purchased by purchasing department and distributed to all pesticide applicator has not met with Management of PPE's Procedures (SOP/SMART/HESS-EHSD/SADV/II/010).</li> <li>Some FFB unloading contractor in loading ramps did not using safety shoes according to Management of PPE's Procedures (SOP/SMART/HESS-EHSD/SADV/II/010).</li> <li>Socialization of PPE's usage obedience to all KILE's FFB transport driver and socialization regarding to PPE's usage checking mechanism for all mill's security not yet conducted.</li> </ol>	
<p><b>Corrective Action</b> <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> <li>Replacing all pesticide applicator masks with carbon mask.</li> <li>Providing safety shoes for unloading contractor in loading ramp.</li> <li>Providing safety helmet and safety shoes to all FFB driver who entering the mill's gate and socialization of PPE's usage at once.</li> </ol>	
<p><b>Preventive Action</b> <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> <li>Estate manager providing confirmation letter to the head of administration and safety officer in PPE's purchased shall comply with Management of PPE's Procedures (SOP/SMART/HESS-EHSD/SADV/II/010).</li> <li>Safety officer conducting PPE's usage obedience to whole FFB unloading contractors.</li> <li>SBNM security ensuring all FFB driver using safety helmet and shoes.</li> </ol>	
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i></p> <p><b>Verification on February 20<sup>th</sup> 2017</b></p> <ol style="list-style-type: none"> <li>The company showed the evidence as follows: <ul style="list-style-type: none"> <li>Indiscipline inspection of PPE's usage form according to (SOP/SMART/HESS-EHSD/SADV/010/005)</li> <li>Minutes of socialization regarding to PPE's usage for whole FFB driver (SBNT) on January 16<sup>th</sup> 2017 from estate manager and safety officer. Attendance list and photos attached.</li> <li>Photos of PPE borrowing by FFB driver on February 22<sup>nd</sup> 2017</li> </ul> </li> <li>The company showed the evidence as follows: <ul style="list-style-type: none"> <li>Indiscipline inspection of PPE's usage form according to (SOP/SMART/HESS-EHSD/SADV/010/005)</li> <li>Minutes of socialization regarding to PPE's usage for whole FFB unloading contractor on February 24<sup>th</sup> 2017 from estate manager and safety officer. Attendance list and photos attached.</li> <li>Photos of PPE borrowing by FFB unloading contractor on February 9<sup>th</sup> 2017</li> </ul> </li> <li>The company shows the indiscipline inspection of PPE's usage form according to (SOP/SMART/HESS-EHSD/SADV/010/005) dated February 20<sup>th</sup> 2017.</li> <li>The company showed the document of PPE's usage monitoring in SBNM dated on January 2017. Through the document showed that whole employee has using PPE according to PPE procedures.</li> </ol>	

5. The company has showed estate manager's confirmation letter No. 005/EM SBNE/E/I/2017 on January 10<sup>th</sup> 2017 regarding to PPE specification to head of administration and safety officer SBNE/A. It described that PPE purchased shall comply with Management of PPE's Procedures (SOP/SMART/HESS-EHSD/SADV/I/010).
6. Minutes of PPE distribution (carbon masks) to all pesticide applicator in Division I SBNE dated o January 11<sup>th</sup> 2017
7. Minutes of PPE discipline socialization to whole FFB driver (SBNT) dated on January 16<sup>th</sup> 2017.

**Auditor conclusion:**

Based on root cause, corrective action and preventive action that showed, non-conformity has been met.

**Verified by** : Trismadi N

NCR No.	: 2017.08	Issued by	: Trismadi Nurbayuto
Date Issued	: 13 January 2017	Time Limit	: ASA-3
NC Grade	: minor	Date of Closing	:
Standard Ref. & Requirement	4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Record of all accidents shall be kept and periodically reviewed.		
Non-Conformance Description & Evidence observed (filled by auditor):: According to field observations to generator room in housing complex 2 KILE, KILE Office, and Water Treatment Plant SBNM showed that all fire extinguisher were under pressure indication.			
Root Cause Analysis (filled by organization audited): There are mechanism to ensure that all of fire extinguisher on stand by condition according to SOPSMARTHESS-EHSDSADVI013 – about fire extinguisher plan and use procedure, however the officer who checking was slipshod in monitoring activity.			
Corrective Action (filled by organization audited): The company has been changed the fire extinguisher in the warehouse of KILE and SBNM.			
Preventive Action (filled by organization audited): Confirmation letter from Estate Manager to all officers which monitor the fire extinguisher conditions.			
Assessor Evaluation and Conclusion (filled by auditor): Verification 20 February 2017 1. The company was show minutes of fire extinguisher changed dated 11 January 2017 in estate office and genset room in housing complex of KILE/A 2. 2. The company was show minutes of fire extinguisher changed in Water Treatment Plant (Mill) dated 16 January 2017.			
Auditor Conclusions: There are no informations, the conditions of fire extinguisher pressure on each unit after confirmation letter from estate manager. (this NC is still open)			
Verified by	: Trismadi N		



<b>NCR No.</b>	<b>: 2017.09</b>	<b>Issued by</b>	<b>: Steve Mualim</b>
<b>Date Issued</b>	<b>: 13 Januari 2017</b>	<b>Time Limit</b>	<b>: 13 Maret 2017</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 20 February 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 5.3.2</b> All chemicals and their containers shall be disposed of responsibly.		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b> The results of field observations during the audit activities of ASA-2 found that: <ul style="list-style-type: none"> <li>• There is former oil drum used as water reservoirs in the housing complex I SBNE</li> <li>• There were sacks of fertilizer thrown in the trash the housing complex II SBNE</li> <li>• There are diesel spills at home generators in the housing complex II SBNE</li> </ul>			
<b>Root Cause Analysis (filled by organization audited):</b> The company is committed to the environment preserving and the cleanliness of the housing complex, Including to water tank provide, domestic waste management, schedule waste and clean water. The company also has been socializing to all employees related to environment hygiene. However, there are employee who are not yet aware of environment hygiene.			
<b>Corrective Action (filled by organization audited):</b> <ol style="list-style-type: none"> <li>1. The company has been disposed the ex lubricants drum which used as a water place in housing complex to the schedule waste.</li> <li>2. Minutes of ex lubricants drum and fertilizer sacks disposed to the sechedule waste.</li> <li>3. Minutes of oil spills cleaning.</li> </ol>			
<b>Preventive Action (filled by organization audited):</b> Socializing to the employee thorough sign board about: <ul style="list-style-type: none"> <li>- Prohibition of ex lubricants and ex agrochemicals as clean water tank.</li> <li>- Prohibition of fertilizer pack dispose in the trash.</li> <li>- Maintain the genset room cleanliness from oil spills or droplets of diesel fuel.</li> </ul> <p>Estate Manager made a confirmation letter to all division assistant to ensure that all chemical container usage shall be recorded to the log book of chemical containers, on this letter also has inform related to prohibition of chemical contianers uses as water tank.</p>			
<b>Assessor Evaluation and Conclusion (filled by auditor):</b> <b>Verification on 20 February 2017</b> The company was shows several evidences as: <ol style="list-style-type: none"> <li>1. Minutes of ex lubricant drums usage as water tank to the schedule waste in KILE/A housing complex on 11 January 2017.</li> <li>2. Minutes of ex fertilizer packs and diesel fuel drums to the schedule waste in SBNE/A housing complex on 12 January 2017.</li> <li>3. Minutes of cleaning diesel fuel spills in genset room of SBNE/A housing complex dated 12 January 2017.</li> </ol> <p><b>Auditor conclusion:</b>          According to root cause analysis, corrective action and preventive action. This non conformity has been closed.</p>			
<b>Verified by</b>	<b>:</b>		

NCR No.	: 2017.10	Issued by	: Steve Mualim
Date Issued	: 13 Januari 2017	Time Limit	: ASA-3
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.		
Non-Conformance Description & Evidence observed (filled by auditor):: The field visits found there were indications of a former domestic waste burning behind the security post Division I SBNE, housing complex 1 and 2 Kile. It is not in accordance with waste management procedures SOP / SMART / LEMS-EHSD / SADV / I / 2012.			
Root Cause Analysis (filled by organization audited): Lack of knowledges of employee related to environment hygiene and prohibiton of waste burnings.			
Corrective Action (filled by organization audited): Socializing to all security team and all of employees in housing complex 1 and 2 of KILE.			
Preventive Action (filled by organization audited): There are program Friday cleans, to separating organic waste and an-organic waste to prevent waste burning by employees.			
Assessor Evaluation and Conclusion (filled by auditor): Verification on 20 February 2017 The company was showing evidences: <div><div>1.</div><div>Minutes of cleaning residual waste burning on surrounding of security post dated 11 January 2017, and also mintues of socialization to all security related to prohibiton of waste burning.</div></div> <div><div>2.</div><div>Minutes of socialization to all employees in KILE/A housing complexes dated 13 January 2017 related to prohibition of waste burning and agrochemical waste handling.</div></div>			
Auditor conclusions: There are no information and evidence of domestic waste condition after socialization to SBNE security dated 11 January 2017 and to KILE/A employees dated 13 January 2017. (this NC is still open)			
Verified by	: Steve Mualim		

NCR No.	: 2017.11	Issued by	: Steve Mualim
Date Issued	: 13 Januari 2017	Time Limit	: 13 Maret 2017
NC Grade	: Major	Date of Closing	: 20 February 2017
Standard Ref. & Requirement	7.3.1 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 manged to best ensure the HCVs identified are maintained and/or enhanced (see criterion 5.2).		
Non-Conformance Description & Evidence observed (filled by auditor):: 1. The SMART Group has been reported Liability and Disclosure to the RSPO on December 14, 2015. The company can't showing that this report has received by the RSPO.			

2. If the liability ad disclosure report has been reviewed by the RSPO, and there are indentified HCV area and or primary forest was opened. The company shall be showing that the compensation plan has been accepted by the RSPO.	
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> Reporting communication has been submitted to the RSPO, however there are no information related to progress update for liability and disclosure report.	
<b>Corrective Action</b> <i>(filled by organization audited):</i> The company was re confirmation to the RSPO through email dated 26 January 2017.	
<b>Preventive Action</b> <i>(filled by organization audited):</i> There are answers from RSPO related to liability and disclosure on 13 February 2017.	
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>Verification on 20 February 2017</b> The company was showing communication with RSPO Compensation Executive through email dated 26 January 2017 and it has answered by RSPO on 13 February 2017. There are statement from RSPO that ASA-2 RSPO can be conducted with them there no non conformity in this indicator on next surveillance year 2018.	
<b>Auditor Conclucions:</b> According to root cause analysis, corrective action and preventive action. This non conformity has been closed.	
<b>Verified by</b>	: Trismadi N

### 3.5.3 Opportunities for Improvement.

No	Ref Std	Descriptions
1	6.1.2	P Company consider to complete of SIA assessment records in plantation unit
2	SCCS E.4.2.	Companies should ensure the production of certified products do not exceed the estimated certified product.

### 3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1	-	The company's commitment to implementing the principles of sustainable palm oil management .
2	-	Personal competence (Staff) in their respective fields
3	-	Has been certified ISCC, ISPO and Gold Flag OHS Management System in accordance with Government Regulations No. 50 year 2012

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

Public Issues (Institution/ NGO/Community)	Auditor Responses
<b>Environmental Agency</b> <ul style="list-style-type: none"> <li>The company has permission of hazardous waste storage and land applications permit which are still valid.</li> <li>The Company regularly reports mandatory reporting such as hazardous waste report and report of Environmental Management Plan – Environmental Monitoring Plan. Report of Environmental Management Plan – Environmental Monitoring Plan first semester is usually reported in March because test results have not come out.</li> <li>Company often conduct consultations with environmental agency related environmental management</li> <li>There is no negative issues related to environmental management.</li> <li>There are no issues regarding a fire or environmental pollution related to the operational management of the company.</li> <li>The company has not yet reported the results of monitoring of the implementation report for the operational activities of the airstrip.</li> </ul>	<ul style="list-style-type: none"> <li>Its according to document verification by auditor team.</li> <li>It has verify by auditor team, the company has reporting RKL/RPL report every semester.</li> <li>According to field observation, there are no environment pollution from estate and mill operational.</li> <li>According to interview with management, the airstrip will operation when manuring activity conducted.</li> </ul>
<b>Plantation, Livestock and Fisheries Agency</b> <ul style="list-style-type: none"> <li>The Company regularly reports regular reporting Plantation such as Business Progress Report.</li> <li>The company has a recommendation permit from the regent for the maintenance of the concession due to the location permit in 2009 (revised) has expired. Recommendation permit can be used for the maintenance of the concession.</li> <li>The company does not have new location permits or additional new concession area.</li> <li>The Company has no obligation to build facilities for the community plantations by 20 percent of the area cultivated in accordance with Permentan no. 98 in 2013 because there are no IUP above February 2007.</li> <li>There are no negative issues such as fires, conflicts / disputes with local communities and other business interruptions.</li> <li>There is no indigenous forests and indigenous lands in the area of operations.</li> <li>Disputes between Suku Anak Dalam Jambi with the company about three years ago, but has been settled amicably by involving company, NGOs, traditional leaders of Suku anak Dalam Jambi, community leaders surrounding villages, the police, and local agencies.</li> </ul>	<ul style="list-style-type: none"> <li>The company has had all plantation permit and has been complied all obligation reports. It refer to indicator 1.1.1.</li> <li>There is no indigenous people near the operational area as written in criterion 2.3.</li> <li>Based on interview with surrounding villlage representative that known there was no land dispute or environmental issues as written criterion 2.3; 5.1 and 6.4.</li> <li>The company has had CSR program and implementation. It refer to criterion 6.11.</li> </ul>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> <li>Plantation Agency ever make a visit to see the readiness of fire safety facilities PT SKU 2015. Based on the visit, fire safety facilities PT SKU quite complete.</li> <li>The company has a CSR program with the local government as well as the surrounding village.</li> </ul>	
<b>Forestry Agency</b> <ul style="list-style-type: none"> <li>No information overlaps with the mining business.</li> <li>Industrial area and plantation of PT SKU is not included in forest area but included in other land use (APL)</li> <li>There is no forest and indigenous rights and around the area of operations of PT SKU.</li> <li>There is no negative issues related operations such as fires and land disputes.</li> </ul>	<ul style="list-style-type: none"> <li>The company has had a plantation permit and there was no land dispute with other parties such as mining company etc.</li> <li>Based on interview with village representative and field observation, there was no land fire/land dispute issues as written in criteria 2.3 and indicator 4.7.5.</li> </ul>
<b>Manpower and Transmigration Agency</b> <ul style="list-style-type: none"> <li>The company regularly communicates with the manpower agency and are involved in labor activities, such as socializing BPJS.</li> <li>The company has had P2K3 structure which was approved by the Manpower and Transmigration Agency.</li> <li>The Company has regularly reported mandatory reporting such as P2K3 report. In addition, companies regularly report non-regular workers such as daily workers and contract workers.</li> <li>The company has set wages and overtime in accordance with applicable regulations.</li> <li>All employees have been included in the program BPJS.</li> <li>The Company has regularly reported accidents. There were no fatal occupational accidents in the past year.</li> <li>There are no negative issues related employment such as discrimination or the use of underage labor.</li> <li>All heavy equipment operator in the PT SKU has had Operator's license. Likewise machines such as boilers, electrical installations have had permission.</li> <li>The company has registered the Labor Union. Status of labor union structure year 2016 is still active awaiting the new structures.</li> </ul>	<ul style="list-style-type: none"> <li>The company has paid labour social insurance and labour health insurance for all workers as written in indicator 4.7.6.</li> <li>The company has had P2K3 structure and its safety expert, and also regularly reported to the related government agency as written in indicator 1.1.1 and 4.7.4.</li> <li>The company has implemented minimum wage and overtime refer to the latest regulation as written in 6.5.1.</li> <li>Based on field observation and interview with labour union, there was no violation of labour laws. For example, minimum age, discrimination, minimum wage, overtime etc. It refer to criterion 6.5.</li> </ul>
<b>National Land Agency</b> <ul style="list-style-type: none"> <li>There is no overlap with the forest area.</li> <li>There is no new location permit up to surveillance 2.</li> <li>The company has a recommendation permit from from the regent for the maintenance of the concession due to the location permit in 2009 (revised) has expired. Recommendation permit can be used for the maintenance of the concession.</li> <li>Progress HGU have come to the committee B.</li> <li>No information about land disputes in PT SKU.</li> </ul>	<ul style="list-style-type: none"> <li>The company has had Land Use Permit and Build Use Permit as required.</li> <li>All concession area placed in other areas (Area Penggunaan Lain/APL).</li> <li>There was no land dispute issues since 2014 as written in criterion 2.2 and 2.3.</li> </ul>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<ul style="list-style-type: none"> <li>Based on the survey in 2015, there is no information about wastelands.</li> <li>No information plantings outside the concession.</li> </ul>	
<p><b>Group discussion with the chief, community leaders and residents of Betung Bedarah Barat Village, Betung Bedarah Timur village, Muara Kilis Village , and Rantau Api Village.</b></p> <ul style="list-style-type: none"> <li>Until the surveillance 2 assessment, there is no dispute or conflict with communities.</li> <li>The company has a good relationship with the surrounding community. Approach with the surrounding community done well by the company.</li> <li>The Company has realized CSR such as social service school children, roads repair, assistance of national and religious holidays.</li> <li>The Company has ever participated in facilitating of suku anak dalam Jambi.</li> <li>There are no issues of fires in the PT SKU.</li> <li>Villagers are already aware of the plank-plank and a ban on hunting of protected animals.</li> </ul> <p>Aspiration Improving coordination with village leaders or public figures related to recruitment information.</p>	<ul style="list-style-type: none"> <li>Based on interview with surrounding village representative that known there was no land dispute or environmental issues as written criterion 2.3; 5.1 and 6.4.</li> <li>The company has had CSR program and implementation. It refer to criterion 6.11.</li> </ul>
<p><b>Customary Leaders Sungai Keruh Village</b></p> <ul style="list-style-type: none"> <li>The Company has realized some assistance such as assistance to mosques, schools, religious events, and road repairs.</li> <li>The majority of the original inhabitants of the village is Melayu</li> <li>The company also has realized the assistance of local wisdom such as the maintenance of the tomb, arts tambourine and religious events.</li> <li>The Company has been included in the assessment of social impact, and the socialization of HCV.</li> <li>There is no conflict or dispute with the surrounding communities.</li> <li>There is no negative issues related operations such as fire and environmental pollution.</li> <li>The company plays a role in improving the economy of local communities by partnering with farmers.</li> <li>Companies have done counseling of partnerships such as oil palm management.</li> <li>The company has always inform if there is a job vacancy information.</li> </ul>	<ul style="list-style-type: none"> <li>Based on interview with surrounding village representative that known there was no land dispute or environmental issues as written criterion 2.3; 5.1 and 6.4.</li> <li>The company has had CSR program and implementation. It refer to criterion 6.11.</li> <li>There is no indigenous people near the operational area as written in criterion 2.3.</li> </ul>
<p><b>Labor Unions of Muara Kilis Estate</b></p> <ul style="list-style-type: none"> <li>There is no negative issues such as discrimination, the use of labor under 18 years or sexual abuse issues.</li> <li>Providing wages and overtime in compliance with applicable</li> </ul>	<ul style="list-style-type: none"> <li>Based on field observation and interview with labour union, there was no violation of labour laws. For example, minimum age, discrimination,</li> </ul>




Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>regulations.</p> <ul style="list-style-type: none"> <li>• Until the audit takes place, there has been no complaints from workers.</li> <li>• There were no fatal work accidents in the last 1 year.</li> <li>• All employees have been included in the program BPJS employment and health.</li> <li>• The Company has conducted periodic health checks to workers with high risk. The Company has also provided PPE which is provided for free.</li> </ul>	<p>minimum wage, overtime etc. It refer to criterion 6.5.</p> <ul style="list-style-type: none"> <li>• The company has implemented minimum wage and overtime refer to the latest regulation as written in 6.5.1.</li> <li>• The company has paid labour social insurance and labour health insurance for all workers as written in indicator 4.7.6.</li> </ul>
<p><b>Gender Committee of Muara Kilis Estate</b></p> <ul style="list-style-type: none"> <li>• There is no negative issues such as discrimination and sexual abuse or child labor.</li> <li>• Management of the gender committee has the program associated with sexual harassment policies, protection of reproductive rights. Socialization also includes a ban on pregnant and lactating women to spray. Socialization is delivered through meetings like recitation etc.</li> </ul>	<ul style="list-style-type: none"> <li>• According o document verification and interview with workers, there was n issues related to violation of the rights of woman.</li> <li>• From the results of interviews with workers, the company has implemented of Company Policies such as reproductive rights and prohibition of pregnant woman to spray. It refer to criterion 6.9</li> </ul>
<p><b>Local Contractors</b></p> <ul style="list-style-type: none"> <li>• The contractor has been working for 3 years.</li> <li>• The Company has socialize policies such as corporate codes and the use of labor over 18 years.</li> <li>• Contractor's workers has given APD by the contractor.</li> <li>• The contractor have known and understand the contents of work agreement and have a copy.</li> <li>• The entire execution of the work and payment in accordance with the applicable agreement.</li> <li>• Contractors's workers have participated in the program BPJS health.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on document verification, show that the rights and obligation of each party has been set in the contract, including the use of PPE, payment, labour social insurance and labour health insurance.</li> </ul>
<p><b>Workers Cooperative</b></p> <ul style="list-style-type: none"> <li>• The company has facilitated workers in the establishment and activities of cooperatives such as administration building for cooperatives, transport and room for the activities of cooperatives.</li> <li>• The cooperative has a real activity in the form of store and savings and loans.</li> <li>• Cooperative management has also conducted the Annual Member Meeting for the year 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• According to field visit at housing complex SBNE and KILE, showed that company has been providing employees cooperatives to sell daily necessities. It explain in indicator 6.5.4</li> </ul>

**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 Satya Kisma Usaha  
Management Representative



Yahya Mustakim

Wednesday, 8 March 2017

Mutuagung Lestari  
Lead Auditor



Trismadi Nurbayuto

Wednesday, 8 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	Environment Agency	District of Tebo	-	Interview	10 January 2017	√	-
2	Land Agency	District of Tebo	-	Interview	10 January 2017	√	-
3	Plantation Agency	District of Tebo	-	Interview	10 January 2017	√	-
4	Labour Agency	District of Tebo	-	Interview	10 January 2017	√	-
5	Forestry Agency	District of Tebo	-	Interview	10 January 2017	√	-
5	Labour Union (Serikat Pekerja Seluruh Indonesia)	District of Tebo	-	Interview	10 and 12 January 2017	√	-
6	Gender Committee	District of Tebo	-	Interview	10 and 12 January 2017	√	-
7	Workers Cooperative	District of Tebo	-	Interview	10 and 12 January 2017	√	-
8	Village of Sungai Keruh	District of Tebo	-	Interview	12 January 2017	√	-
9	Village of Betung Bedarah Barat	District of Tebo	-	Interview	10 and 11 January 2017	√	-
10	Village of Betung Bedarah Timur	District of Tebo	-	Interview	11 January 2017	√	-
11	Village of Rantau Api	District of Tebo	-	Interview	11 January 2017	√	-
12	Village of Muara Kilis	District of Tebo	-	Interview	11 January 2017	√	-
13	Local Contractor	District of Tebo	-	Interview	12 January 2017	√	-
14	WWF	-	wwf-indonesia@wwf.or.id	Email	4 January 2017	-	√
15	Sawit Watch	-	info@sawitwatch.or.id	Email	4 January 2017	-	√
16	Walhi	-	informasi@walhi.or.id	Email	4 January 2017	-	√

**Appendix 2. Assessment Program**

DATE	January 9 <sup>th</sup> – 14 <sup>th</sup> , 2017	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Mon, 9 Jan 2017</b>		
06 – 08am	Flight from Jakarta to Jambi	ALL TEAM
08 – 12am	Traveling from Jambi to Location	
14 – 15pm	Opening Meeting	
15 – 17pm	Verification of previous assessment (ASA-1) findings and completing checklist Verification of Time Bound Plan and Partial Certification	ALL TEAM TNB
<b>Tue, 10 Jan 2017</b>		
08 – 12am	<b>Stakeholder consultation to relevant agencies at Tebo Regency</b>	RZA
08 – 12am	<b>Field Observations at Sungai Bengkal Estate:</b> <ul style="list-style-type: none"><li>- Legal boundary, HCV management area, land fire facilities</li><li>- Manuring, Spraying, Harvesting, IPM, Workers safety</li><li>- Workers facilities (housing, worship, health care, school, union, etc.) and Waste management (landfill, sanitary)</li></ul>	SMM JKA/APP TNB
12 – 14pm	Lunch break	
14 – 17pm	<b>Field Observations at Sungai Bengkal POM:</b> <ul style="list-style-type: none"><li>- SCCS, Mill Processing and OHS Implementation</li><li>- POM waste management (hazardous, emission, pollution, POME, etc.) and Water management</li><li>- Stakeholder consultation to local contractor (Transporter FFB, CPO and PK) and others</li><li>- Stakeholder consultation to labour union, gender committee, and FFB Supplier</li></ul> Verification of field visit and completing checklist	TNB/APP SMM JKA RZA ALL TEAM
<b>Wed, 11 Jan 2017</b>		
08 – 12 am	<b>Stakeholder consultation to Communities</b> <b>Field Observations at Sungai Bengkal Plasma (smallholder scheme)</b> <ul style="list-style-type: none"><li>- Legal boundary, HCV management area, land fire facilities</li><li>- Manuring, Spraying, Harvesting, IPM, Workers safety</li></ul>	TNB/RZA SMM JKA/APP
12 – 14pm	Lunch break	
14 – 17pm	Verification of field visit and completing checklist	
<b>Thu, 12 Jan 2017</b>		
08 – 12 am	<b>Field Observations at Muara Kilis Estate:</b> <ul style="list-style-type: none"><li>- Legal boundary, HCV management area, land fire facilities</li><li>- Manuring, Spraying, Harvesting, IPM, Workers safety</li></ul>	SMM JKA/APP

	- Workers facilities (housing, worship, health care, school, union, etc.) and Waste management (landfill, sanitary)	<b>TNB/RZA</b>
12 – 14pm	Lunch break	
14 – 17pm	Verification of field visit and completing checklist	<b>ALL TEAM</b>
<b><u>Fri, 13 Jan 2017</u></b>		
08 – 12am	Verification of field visit and completing checklist	
14 – 16pm	Closing Meeting	<b>ALL TEAM</b>
16 – 18pm	Traveling from Location to Jambi	
<b><u>Sat, 14 Jan 2017</u></b>		
08 – 09.30am	Flight from Jambi to Jakarta	<b>ALL TEAM</b>