

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

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management Organisation : Pahu Makmur Mill, PT. PP LONDON SUMATRA INDONESIA, Tbk

Plantation Name : Pahu Makmur Estate and Kedang Makmur Estate

Location : Tanjung Isuy Village, Sub District of Jempang, Kutai Barat District, Kalimantan Timur Province, Indonesia

Certificate Code : **MUTU-RSPO/120**

Date of Certificate Issue : 31 August 2018

Date of License Issue : 31 August 2018

Date of Certificate Expiry : 30 August 2023

Date of License Expiry : 30 August 2019

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ST-2	05 to 08 December 2017	Ardiansyah (Lead Auditor), Yudwi Wisnu Rahmanto, Dwi Haryati, Radytio Puspanjana	Ganapathy Ramasamy	Octo H.P.N. Nainggolan

Assessment	Approved by MUTUAGUNG LESTARI on:
ST-2	31 August 2018

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FIGURE

Figure 1. Location Map of PT PP London Sumatra Indonesia – Pahu Makmur POM

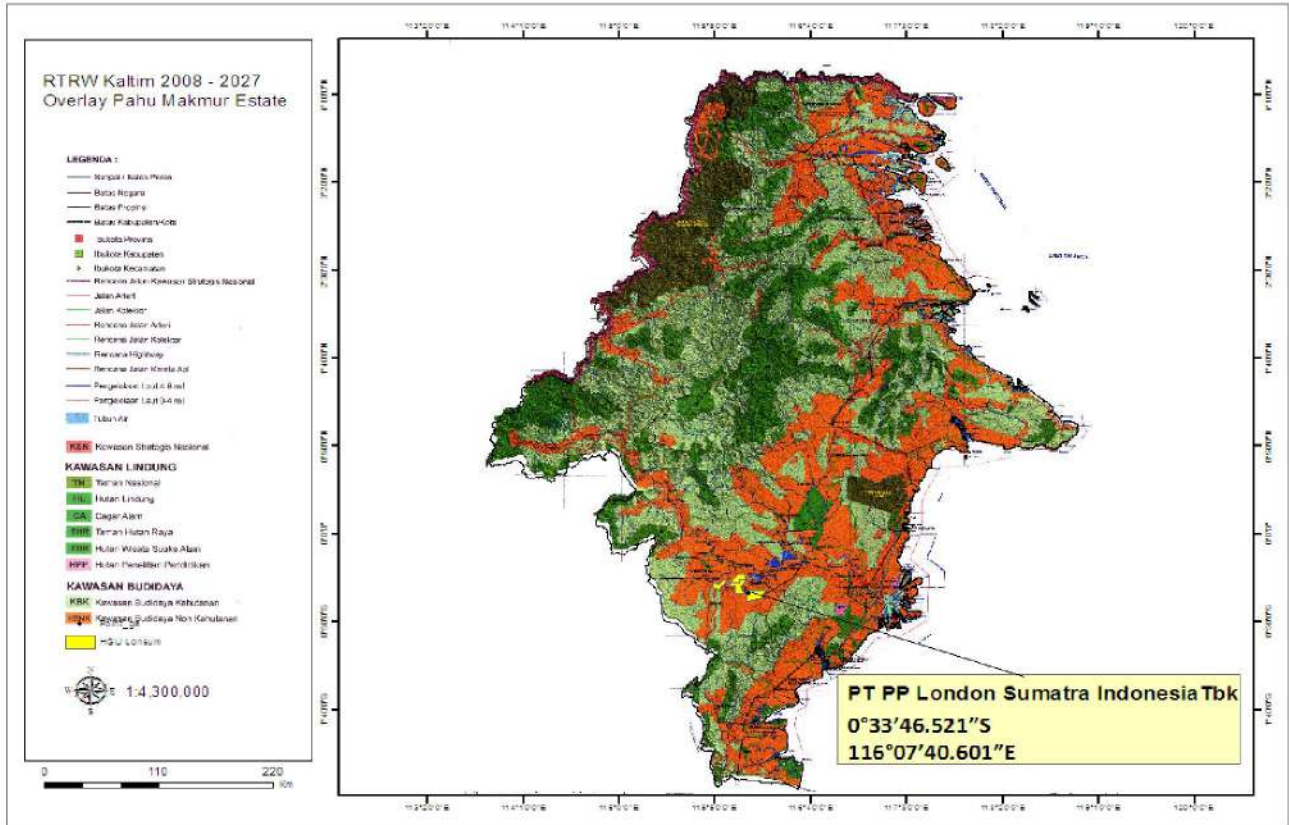
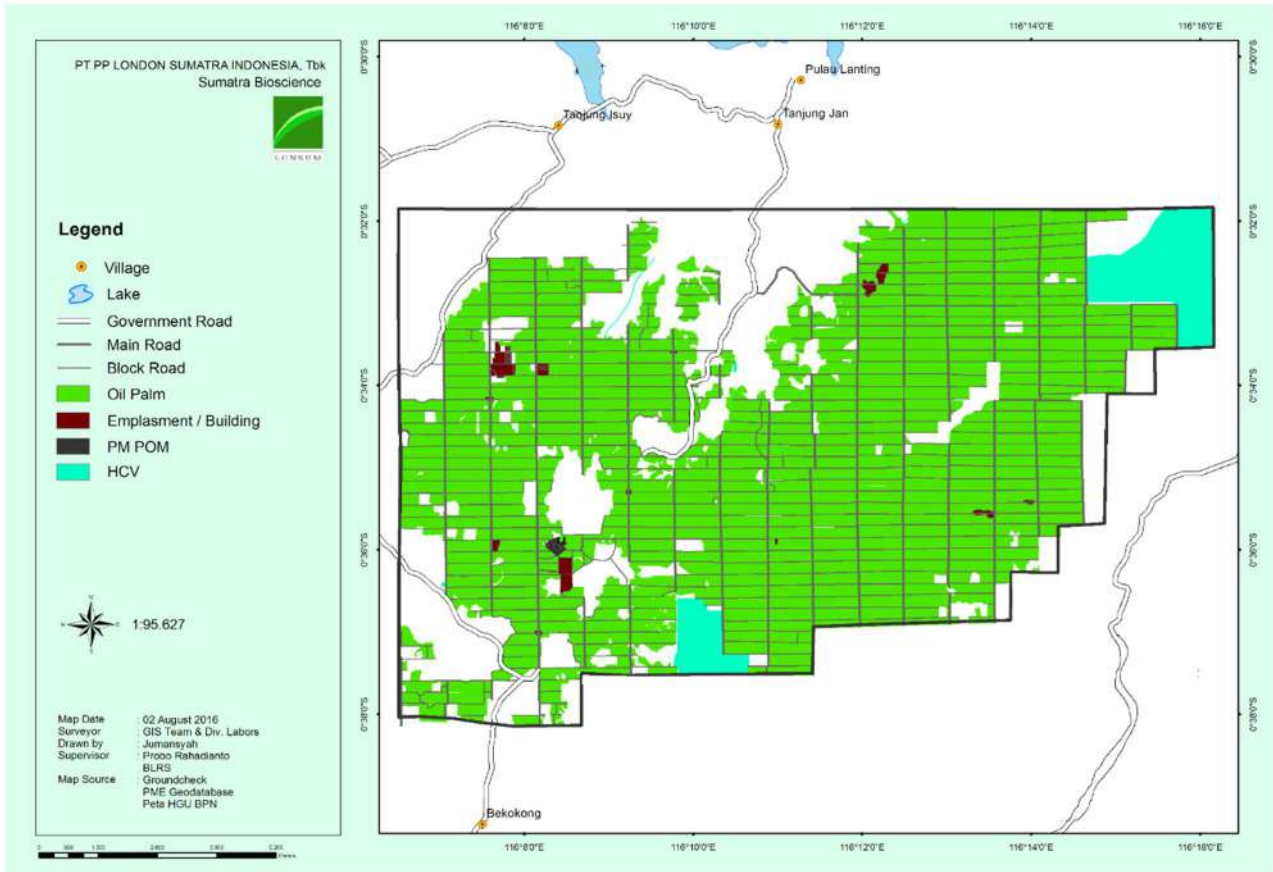


Figure 2. Operational Map of PT. PP. London Sumatra Indonesia – Pahu Makmur Estate & Kedang Makmur Estate



Glossary	
AMDAL	: Analisis Mengenai Dampak Lingkungan
BUMKAMP	: <i>Badan Usaha Milik Kampung</i> (Village Business Entity)
BOD	: Biological Oxygen Demand
BPJS	: Badan Penyelenggara Jaminan Sosial (<i>Social Assurance of Labor</i>)
BLRS	: Bah Lias Research Station
CB	: Certification Body
CDRP	: Contract Daily Rate Personel
CH	: Certificate Holder
CITES	: Convention, International, Threatened, Endangered Species
CPO	: Crude Palm Oil
CSR	: Corporate Social Responsibility
ECSR	: Environment and Company Social Responsibility
EIA	: Environmental Impact Assessment
EFB	: Empty Fruit Bunch
FFB	: Fresh Fruit Bunches
GCOSH	: Guiding Committee Of Occupational Safety & Health
GHG	: Green House Gases
HCV	: High Conservation Value
HGU	: <i>Hak Guna Usaha / Land Use Title</i>
IPM	: Integrated Pest Management
ILO	: International Labour Organization
IUCN	: International Union for Conservation of Nature
KUD	: Koperasi Unit Desa (Smallholder Cooperative)
KER	: Kernel Extraction Rate
KME	: Kedang Makmur Estate
LA	: Land Application
LD	: Lethal Dose
MCU	: Medical Check Up
MSDS	: Material Safety Data Sheet
MOR	: Monthly Operation Report
NGO	: Non-Government Organisation
OHS	: Occupational Health and Safety
OP	: Operational Procedure
OER	: Oil Extraction Rate
P2K3	: <i>Panitia Pelaksana Kesehatan dan Keselamatan Kerja</i> (OHS Guiding Committee)
P&C	: Principle and Criteria
PK	: Palm Kernel
PKWT	: <i>Perjanjian Kerja Waktu Tertentu</i> (temporary worker)

POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
PME	:	Pahu Makmur Estate
RKL- RPL	:	Environmental Management and Monitoring Report
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rare, Threatened or Endangered
SCCS	:	Supply Chain Certification Standard
SEIA	:	Social Environment Impact Assessment
SHM	:	<i>Sertipikat Hak Milik</i>
SIA	:	Social Impact Assessment
SPH	:	Surat Pengakuan Hak/ <i>Recognition Letter</i>
SOP	:	Standard Operating Procedure
SPO	:	Sustainability Palm Oil
WI	:	Work Instruction
WTP	:	Water Treatment Plant
WWTP	:	Waste Water Treatment Plant

1.0 SCOPE of the CERTIFICATION ASSESSMENT			
1.1	Assessment Standard Used	<ul style="list-style-type: none"> • <i>Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF, July 2016 (Endorsed by the RSPO Board of Governors meeting on 30th September 2016)</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill).</i> • <i>RSPO Certification System Approved By RSPO executive Board 26 June 2007 revised August 30, 2011.</i> 	
1.2 Organisation Information			
1.2.1	Organisation name listed in the certificate	PT PP London Sumatra Indonesia, Tbk.	
1.2.2	Contact person	Muhammad Waras	
1.2.3	Organisation address and site address	RSPO Registered Company: Ariobimo Sentral, Floor 12 HR Rasuna Said Block X-2 Kav 5, Jakarta 12950, Indonesia.	
1.2.4	Telephone	(62-21) 5795 7718	
1.2.5	Fax	(62-21) 5795 7719	
1.2.6	E-mail	muhammad.waras@londonsumatra.com	
1.2.7	Web page address	www.londonsumatra.com	
1.2.8	Management Representative who completed the application for certification	Muhammad Waras	
1.2.9	Registered as RSPO member	1-0015-04-000-00; 5 November 2004	
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base: Pahu Makmur POM, Pahu Makmur Estate and Kedang Estate.	
1.3.2	Type of certificate	Single	
1.4 Locations of Mill and Plantation			
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Pahu Makmur POM	Village of Tanjung Isuy, Sub District of Jempang, District of Kutai Barat, Kalimantan Timur Province, Indonesia.	0° 35' 50" S 116° 08' 22" E
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Pahu Makmur Estate	Village of Tanjung Isuy, Tanjung Jan, Bekokong Makmur, Pulau Lanting, Sub District of Jempang, District of Kutai Barat, Kalimantan Timur Province, Indonesia	0° 33' 46" S 116° 08' 14" E

	Kedang Makmur Estate	Village of Muara Kedang, Penawai, Sub District of Bongan, District of Kutai Barat, Kalimantan Timur Province, Indonesia	0° 35' 33" S	116° 13' 29" E
1.5 Description of Area Statement				
1.5.1	Tenure			
	• State			16,341.94 Ha
	• Community			- Ha
1.5.2	Area Statement			
	• Total area			16,341.94 Ha
	• Planted			10,592.91 Ha
	- Mature area			8,563.35 Ha
	- Immature area			2,029.56 Ha
	• Reserves area			4,354.80 Ha
	• Infrastructure			574.84 Ha
	• HCV			819.39 Ha
1.6 Planting Year and Cycles				
1.6.1	Age profile of planting year			
		Hectarage (Ha)		
	Planting Year	Pahu Makmur Estate	Kedang Makmur Estate	Total
	1997	2,530.85	174.48	2,705.33
	2007	276.61	-	276.61
	2008	277.86	43.98	321.84
	2009	399.63	825.84	1,225.47
	2010	43.18	501.91	545.09
	2011	164.43	177.89	342.32
	2012	567.02	1,649.71	2,216.73
	2013	211.11	533.52	744.63
	2014	156.24	29.09	185.33
	Total Mature Area	4,626.93	3,936.42	8,563.35
	2011	25.19	-	25.19
	2012	371.16	-	371.16
	2013	796.23	-	796.23
	2014	120.87	26.70	147.57
	2015	467.69	27.10	494.79
	2016	150.39	8.90	159.29
	2017	35.33	-	35.33
	Total Immature Area	1,966.86	62.70	2,029.56
	TOTAL	6,593.79	3,999.12	10,592.91
1.6.2	New Planting area after January 2010		11,037.14 Ha	
1.6.3	Planting Cycle		1 st Cycle	
1.7 Description of Mill and Supply Base				

1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Pahu Makmur	45	178,486.38	40,662.174	22.72	9,403.577	5.26
	<i>*Production data source from December 2016 – November 2017</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ ha/ year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Pahu Makmur Estate	11,603.49	6,593.79	66,724.95	10.25	66,724.95	100
	Kedang Makmur Estate	4,738.45	3,999.12	35,361.46	8.92	35,361.46	100
	TOTAL	16,341.94	10,592.91	102,086.41	9.71	102,086.41	100
	<i>*Production data source from December 2016 – November 2017</i>						
1.7.3	FFB description from other source						
	Name of sources/Organisation (RSPO certified / non-certified)	Type of Organisation	number of smallholders	Production Area (Ha)	Supplied to Mill		
					FFB (tonnes/year)		
	Issuy Makmur (Non-certified)	PT PP LONSUM	-	-	38,698.62		
	Tanjung Makmur (Non-certified)	PT PP LONSUM	-	-	12,840.69		
	Seniung Makmur (Non-certified)	PT PP LONSUM	-	-	1,282.16		
	Plasma Harapan Jaya (Non-certified)	Scheme Smallholder	362	724	5,354.05		
	Plasma Sawit Mahang Permai (Non-certified)	Scheme Smallholder	400	400	1,041.21		
	Koperasi Ulap Doyo (Non-certified)	Independent Smallholder	-		9,055.01		
	PT Aneka Reksa International (Non-certified)	Outgrower	-		6,060.81		
	BUMKAMP Raya Jaya (Non-certified)	FFB trader	-		2,067.42		
	TOTAL					76,399.97	
	<i>*Production data source from December 2016 – November 2017</i>						
1.7.4	Product categories			FFB, CPO, PK			
1.8	Tonnage of Product						
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim to		Actual certified product to		
			(tonnes/year)		(tonnes/year)		
	• FFB Production		-		-		
	• CPO Production		-		-		
	• Palm Kernel (PK) Production		-		-		
1.8.2	Product selling						

Tonnage of selling product		Actual selling product perioduntil						
• CSPO		-						
• CSPK		-						
• CSPO under other scheme trading (e.g ISCC, RFS)		-						
• CSPO under conventional trading (if any)		-						
• CSPK under other scheme		-						
• CSPK under conventional trading (if any)		-						
1.8.3 Estimate of Certified FFB Claim								
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/ year)			
	Pahu Makmur Estate	11,603.49	6,593.79	79,125	12			
	Kedang Makmur Estate	4,738.45	3,999.12	39,991	10			
	TOTAL	16,341.94	10,592.91	119,116	11			
<i>*Projected FFB production for 31 August 2018 to 30 August 2019</i>								
1.8.4 Estimate of Certified Palm Product Claim								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel		Supply Chain Module
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	
	Pahu Makmur	45	119,116	27,397	23	5,956	5	MB
<i>*Projected CSPO and CSPK production 31 August 2018 to 30 August 2019</i>								
1.9 Other Certifications								
ISPO (Indonesian Sustainable Palm Oil) – Certificate MUTU-ISPO/128 issued by Mutuagung on 27 July 2018 to 26 July 2023								
1.10 Time Bound Plan								
1.10.1 Time Bound Plan for Other Management Units								
	Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status		
	MILL	Time Bound Plan						
	Turangie	2008	Turangie	2008	Langkat, North Sumatera	Certified		
			Bungara	2008	Langkat, North Sumatera	Certified		
			Pulo Rambong	2008	Langkat, North Sumatera	Certified		
	Begerpang	2008	Sungai Merah	2008	Deli Serdang, North Sumatera	Certified		
			Begerpang	2008	Deli Serdang, North Sumatera	Certified		
			Si Bulan	2008	Serdang Bedagai, North Sumatera	Certified		
	Dolok	2008	Rambong Sialang	2008	Serdang Bedagai, North Sumatera	Certified		
			Dolok	2008	Batubara, Asahan, Simalungun, North Sumatera	Certified		
			Bah Lias	2008	Simalungun, North Sumatera	Certified		
			Bah Bulian	2008	Simalungun, North Sumatera	Certified		

Gunung Melayu	2008	Gunung Melayu	2008	Asahan, North Sumatera	Certified
		Sei Rumbiya	2008	Labuhan Batu, North Sumatera	Certified
Gunung Bais	2019	Gunung Bais	2019	Musi Rawas, South Sumatera	-
Arta Kencana	2017	Arta Kencana	2017	Lahat, South Sumatera	ST-2
		Kencana Sari	2017	Lahat, South Sumatera	ST-2
Belani Elok	2014	Belani Elok	2014	Musi Rawas, South Sumatera	Certified
		Bukit Hijau	2014	Musi Rawas, South Sumatera	Certified
		Batu Cemerlang	2014	Musi Rawas, South Sumatera	Certified
		Ketapat Bening	2014	Musi Rawas, South Sumatera	Certified
		Sei Kepayang	2014	Musi Rawas, South Sumatera	Certified
		Process of Non-HGU as 4,468.45 Ha	2018	Musi Rawas, South Sumatera	-
Sei Lakitan	2019	Sei Lakitan	2019	Musi Rawas, South Sumatera	-
		Riam Indah	2019	Musi Rawas, South Sumatera	-
		Sei Gemang	2019	Musi Rawas, South Sumatera	-
		Sei Punjung	2020	Musi Banyuasin, South Sumatera	-
		Bangun Harjo	2020	Musi Banyuasin, South Sumatera	-
		Suka Bangun	2020	Musi Banyuasin, South Sumatera	-
Terawas	2020	Terawas	2020	Musi Rawas, South Sumatera	-
Pahu Makmur	2018	Isuy Makmur	2018	West Kutai, East Kalimantan	ST-1
		Pahu Makmur	2018	West Kutai, East Kalimantan	ST-2
		Kedang Makmur	2018	West Kutai, East Kalimantan	ST-2
<p>Based on time bound plan that approve on 27 July 2017 there is some mill and estate that postpone the certification process because the HGU still in process and the plant is still immature. Herewith the detail management unit that postpone the certification process:</p> <ol style="list-style-type: none"> 1. Gunung Bais POM postpone the certification process from 2016 to 2019 because the unit management is still process the HGU 2. Arta Kencana POM postpone the certification process from 2016 to 2017 because the mill has just operate. 3. Sei Lakitan POM postpone the certification process from 2016 to 2019 because the unit management is still process the HGU. 4. Terawas POM postpone the certification process from 2016 to 2020 because the unit management is still process the HGU the plant is still immature. 5. Pahu Makmur POM postpone the certification process from 2016 to 2018 because the unit management is still process the HGU. 					
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard				
Progress for scheme smallholder of Pahu Makmur POM PT PP LONSUM is still preparation for compliance.					

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ST-2	<p>1. Ardiansyah (Lead Auditor). Indonesian citizen, Bachelor of Forest Resources Conservation, Department of Forestry. Had work experience in Environmental NGO for 6 month (2007) and consultant for making EIA Document and KLHS for 3 years (2009 – 2012). Had attend training such as RSPO Lead Auditor course, Lead Auditor ISPO, OHSAS (SIO 18001 – 2007), land cover crop mapping and Management System Certification (ISO 9001-2008), Environmental Management System Certification (ISO 14001-2004), Social Auditing and Conflict Resolution. Had many times following audit activities related to sustainable palm oil certification system which is ISPO as an auditor since 2012 for legal, environmental aspect, conservation and social. Fluent in bahasa and malay. At the time of audit, has verify aspect of Legality, SCCS and Land Dispute.</p> <p>2. Yudwi Wisnu Rahmanto (Auditor). Indonesian citizen graduated as Bachelor of Forestry with major study on Silviculture background in 2006. Previous working experiences i.a: Agronomy Assisstant in one of plantation company for 8 months and pharmacy business for 6 months afterwards. In 2010 began work as auditor in one of international certification body and became as RSPO Lead Auditor in 2013. Several training and audit activities for other certification schemes that have been involved including Organic Standard scheme (JAS, USDA-NOP, EU); Sustainability Coffee (C.A.F.E Practices - Starbucks); Sustainability of Forest Management (FSC-FM/CoC, CW); Sustainability of Oil Palm Plantations (RSPO, ISPO). A preferred aspects during auditing in sustainable certification schemes i.e: Land Tenure, HCV/Conservation, Social Community and Supply Chain. Having communication ability in local language (Javanese, Sundanese), Bahasa Indonesia, Malay and English (moderate fluent). During this assessment, has verify on Transparency, Social and Worker welfare.</p> <p>3. Dwi Haryati (Auditor). Indonesian citizens. Bachelor of Agriculture Department of Agriculture – Program study : Agronomy. Has experience on Palm Oil Plantation as Sustainability staff. Training have been followed : Training Auditor ISPO, Quality Management ISO 9001-2008, ISO 14001 Environmental Management, ISO 17021 & 17065, HCV, General Health Safety Expert, Health Safety Management System, Workshp GHG by the ISPO Commission, IHT Palm Oil Mill Processing, Awareness RSPO, IHT Best Practice in Peat Management, Mapping Potential and Conflict Resolution in Production Forest. RSPO audit experience since March 2015 and ISPO since May 2014. At the time of audit, has verify aspect of long term plan, OHS and BMP.</p> <p>4. Radytio Puspanjana (Auditor Trainee). Indonesian Citizen. Bachelor of agriculture, majoring in Soil Science. Agriculture Faculty. He was working as honorarium Officer at the Riau Province Plantation Agency in the division of huge estate for 1 year. The participated trainings are Survey and Mapping (GIS) Training which was held by National GMIT, ISPO auditor training, ISO 9001/2008 auditor training, ISO 14001/2004 auditor training, IHT Geospacial Information System, IHT Hight Conservation Value, IHT Environmental Impact Assesment, IHTGreen House Gas and RSPO Awareness In House Training. Since 2015 has been following many audit as auditor base on Best Management Practice and Environment. At the time of audit, has support verify aspect of HCV and Environment.</p>
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ST-2	<p>Number of auditors : 3 auditor and 1 auditor trainee Number of days for ST-2 at site: 4 days Number of working days for ST-2 at site: 12 Working days</p>
2.2.2 Assessment Process	
ST-2	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT PP London Sumatra Indonesia to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, endorsed September 2016 and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) 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. Some opportunities for improvement of the results ST-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-1).</p> <p>Improvement of findings from surveillance assesment findings were observed by auditors at this ST-02 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ST-02 report.</p> <p>The assessment program please find Appendix 2</p>
<p>2.2.3</p>	<p>Location of Assessment</p>
<p>ST-2</p>	<p>The number of management units of this activity consists of two estates that supply material FFB to the Pahu Makmur Mill. In conducting the assessment, auditor team using formula $0.8 \sqrt{y}$ to determine the sample of and consider the issue of problems arising from the stakeholders as fundamentaly and critical. Based on this formula, the team of auditors determine the location of sample is 1 unit mill (Pahu Makmur Mill), 2 estates (Pahu Makmur Estate and Kedang Makmur Estate).</p> <p>Pahu Makmur Mill</p> <ol style="list-style-type: none"> 1. Sortation. (Interview with 3 workers, loader operator and 2 workers grading). Observation and interview related to grading of FFB, employee status, BPJS Employment, work accidents. All officers have been using PPE like safety shoes, cloth gloves, helmets. 2. Loading Ramp. Observation and interview with Public Safety and Health Expert, there are 22 loading ramp doors. 3. Sterilizer. The auditor interviewed the sterilizer operator observes horizontal sterilizer with 2 unit capacity: @ 50 ton; Consisting of 37 units of truck with capacity of @ 10 tons. 4. Clarification station. Interviews with 1 worker related to hours worked, health checks, wages, PPE, BPJS employment and emergency response system. 5. Engine room. Auditor observes 3 turbine units (there 2 units @1600 Kw). Genset there are 2 unit that is 500 KW and 250 KW. Interviews with 1 worker about OSH licenses, complaints mechanism, GCOSH team, LB3 spill management and integrity codes and ethical conduct at work. 6. Boiler Station. Auditor observes 2 units of boilers: installed capacity of 30 tons / hour. Interviews with 2 helper workers related to APAR checks, emergency response systems, freedom of association, safe working practices. 7. Workhsop. Interviews with heads of workshops and welders related to the emergency response system, the contents of First Aid Boxes, PPEs, licensor welders, and spillage management of hazardous waste. 8. Hydrant No.3. Located near the WTP. The simulation was carried out by an emergency response team of 6 people who were all workers from the workshop. During the simulation the emergency response team can demonstrate how to operate the hydrant and the extinguishers can be used and functioning properly. 9. Security Post. Observation and interview related to FFB receive, dispatch product, emergency procedures, PPE, working hour, inspection of vehicles in and out. 10. Weighbrigde. Interview with worker related to administration of FFB reception and delivery product, SCCS and training. 11. First Aid Post. Observation on accident handling and interview with paramedics regarding to the employee's health services. 12. WTP. Observations and interviews related to aspects of OHS, Employment, environmental sanitation around the WTP and safe working methods. 13. Material Store. Observations related to PPE stock for workers 14. Chemical Store. Observation regarding to implementation of OHS aspect, environment aspect and waste management aspect. Interview with store keeper regarding to the medical surveillance, SOP understanding and training. 15. Lubricant Store. Observation regarding to implementation of OHS aspect, environment aspect and waste management aspect. Interview with store keeper regarding to the medical surveillance and SOP understanding. 16. Hazardous waste warehouse. Observation regarding to implementation of OHS, waste management, the emergency facility has been provided in the store according to the license requirement. Interview with store keeper regarding to the SOP understanding and training. 17. Collecting place of Iron scrap. Observation the waste management.

18. **Mill drainage.** Observation the waste water management.
19. **Collecting place of EFB, shell, fiber and boiler ash.** Observation the waste management.
20. **WWTP.** Observation and interview related to POME management from mill.
21. **Water reservoir.** Observation and interview related to management in water supply area for the mill.

Kedang Makmur Estate

1. **Field 09110774 (Harvesting).** Interviews with 1 harvesting worker and 1 foreman harvest related aspects of OSH and employment.
2. **Field 97110131 and 97110132, Division 2.** Observation the implementation of management in HCV area in form of riparian of Solong Barake River.
3. **Housing complex Div. 4 & 5.** Observe the housing complex conditions and facilities.
4. **Medical Facilities.** Observe the medical waste management and medical facilities.
5. **Generator Room at Housing Div. 5.** Observe the fuel and waste management.
6. **Workshop.** Observations and interviews with workers related to the management and implementation of health safety, and social worker.
7. **Agrochemical material warehouse.** Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health.
8. **Water Reservoir Estate.** Observation the condition and management in water reservoir.
9. **Hazardous waste warehouse.** Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse.
10. **Field 11111424 and 13111711.** Observation the implementation of management in HCV area in form of forest.
11. **Field 12111443.** Observation the conditions and position of legal boundary No. 94.
12. **Field 12110713 / 12110714.** Observation the outlet of water management.
13. **Field 12110724.** Observation the equipment to monitoring water level in canal.
14. **Field 12110664.** Observation the equipment to monitoring subsidence level in peat.
15. **Office of Division 5.** Observation the management of pesticide, storage place for spraying equipment including PPE and pesticide containers handling.
16. **Office of Division 3.** Observation the management of pesticide, storage place for spraying equipment including PPE and pesticide containers handling.
17. **Office of Division 1.** Interview with spray team and FFB transporter.

Pahu Makmur Estate

18. **Field 11110164 division 1 (Spraying).** Observation on Circle path spraying and interview with 4 workers namely pesticide mixer, spray foreman, and 2 spray workers. Interviews related to safe aspects of working with chemicals, mixing pesticides, risks of working with chemicals, PPE, medical examinations, areas prohibited for spraying and employee status.
19. **Field 97110203 division 1 (Pest and disease).** Interviews with 4 workers were 2 census officers, foreman and census coordinator related to detection and census procedures, training and employment aspect.
20. **Field 97110211 division 2 (Manuring / fertilizing).** Interview with 1 foreman, 9 fertilizer workers related aspects of OSH and employment.
21. **Field 97110122 division 2 (Pruning).** Interview with 2 workers, interviews related to work procedures and safe working techniques.
22. **Field 97110541 division 4 (Harvesting).** Interview with 4 workers. Interviews related aspects of OSH and employment.
23. **Field 97110131 and 97110132, Division 2.** Observation the implementation of management in HCV area in form of riparian of Solong Barake River.
24. **Boundary stone PME 29.** Observation the conditions and position of legal boundary.
25. **Boundary stone PME 24.** Observation the conditions and position of legal boundary.
26. **Boundary stone PME 01.** Observation the conditions and position of legal boundary.
27. **Housing complex Div. 4.** Observe the housing complex conditions and facilities.
28. **Generator Room at Housing Div. 4.** Observe the fuel and waste management.
29. **Landfill Block 15 Div. 1.** Observe on waste management.
30. **Medical Facilities or Clinic.** Observe the medical waste management and medical facilities.
31. **Hazardous Waste Storage.** Observe the waste management.

	<p>32. Creche. Observe on workers child facilities.</p> <p>33. Agrochemical material warehouse. Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health.</p> <p>34. Generator room. Observation and interview with clerk related to generator system, engine capacity, and possible occurrence of spills to environment, PPE dan Health safety and labor management.</p> <p>35. Workshop. Observations and interviews with workers related to the management and implementation of health safety, and social worker.</p> <p>36. Hazardous waste warehouse. Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse.</p> <p>37. Fuel & lubricant warehouse. Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health.</p> <p>38. Field 97110833 division 4 (Land Application of POME). Field observation and interview related to compliance of occupational safety and health and technical land application implementation.</p> <p>39. Fire Fighting Equipment Storage. Simulation the function of fire extinguishers and team readiness.</p> <p>Stakeholder Consultation</p> <ol style="list-style-type: none"> 1. Surrounding communities (Tanjung Jan Village, Bekokong Makmur Village and Penawai Village). Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities. 2. Government Institutions of Kutai Barat Districts (Environmental Agency, Manpower Agency, National land Agency and Agriculture Agency). Interviews related to regulatory compliance, the issue of environmental pollution, land conflict issue and company contributions to the area.
2.3 Stakeholder Consultation and Stakeholders Contacted	
2.3.1	Summary of stakeholder consultation process.
ST-2	<p>Consultation of stakeholders for PT. PP London Sumatra Indonesia held by:</p> <ol style="list-style-type: none"> 1. Public announcement at web www.mutucertification.com and RSPO website on 27 October 2017. 2. Public consultation with government agencies of Kutai Barat district (Agriculture agency, Manpower Agency, Environmental agency) on 5 December 2017. 3. Public consultation by interview with locals of the nearby village (Tanjung Jan Village, Bekokong Makmur Village and Penawai Village) and local contractor on 5 December 2017. 4. Consultation meeting and interview with Internal Stakeholder (labour union, worker cooperative and gender committee) on 5 December 2017. 5. Consultation with NGO (AMAN, BOS and Walhi) via email on 29 November 2017. <p>Numbers of input from stakeholders were clarified by PT PP London Sumatra Indonesia.</p>
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4 Determining Next Assessment	
	The next visit (ASA-1) will be determined 9 until 12 month after issued certificate

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Pahu Makmur Mill – PT PP London Sumatra operation consisting of one (1) mill, two (2) oil palm estates.

During the assessment, there eighth (8) Non-conformities were assigned against Major Compliance Indicators and four (4) non-conformities were assigned against Minor Compliance Indicators and seven opportunities for improvement were identified.

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

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

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **Issued**

Ref Std.	VERIFICATION RESULT of MUTU-Certification
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY	
1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
<p>1.1.1 The Certification Unit (Estate and Mill) has had list of information that can be accessed by relevant stakeholders. Information consists of OHS (Program and Report), Environment Report, FFB Price, Recruitment, Employees Report, Hazardous Management Report, Mitigation Plan of Emission, Grievance and Complaint Report, CSR Report. Beside that, there are several information that limited access and need permission by the Certification Unit, such as Land Title, Environment License/Permit, HCV Report, EIA, SIA and SEIA Report.</p> <p>1.1.2 Records of requests for information and responses to the information requested is available and recorded. Also, the Certification Unit keep maintain using form SPO-01a, Issue 1, 20092014 with title "Daftar Pemangku Kepentingan. Auditor verifying for this mechanism through direct interview with affected stakeholders. Sample of affected stakeholder are Smallholder Cooperative (KUD Harapan Jaya) which located in Bekokong Makmur village, Tanjung Jan village, Penawai village and several statutory bodies. Overall, the stakeholders are very clearly understand related communication mechanism, how to contact and communicate with the Certification Unit.</p>	
Status: Comply	
1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	
1.2.1	

The types of public documents that can be accessed by stakeholders such as: legal documents (legal permit document), environmental documents (environment policy, implementation report of RKL / RPL, land application permit, plasma document, hazardous waste permit), social documents (CSR document), OHS documents (OHS policy, OHS program) and continual improvement documents (reduce of certain chemicals, reduce and reuse of waste). The document is stored by each department.

Based on interview with representative of KUD known that yield production of smallholders is reported in three monthly bases. This report is delivered transparently to the cooperative, including Yield, Operational Cost, Nett Income, Deduction, Remaining Bank Loan, etc. Therefore, the cooperative will informed to the members during their own meeting.

Status: Comply

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

1.3.1
 Certification Unit has integrity and ethical behavior in document of Good Corporate Governance which is ratified by Director President on 20 January 2005 that available in Indonesian language. The documents explain the way of practical fair business, prohibition of offer and conduct a bribery and corruption and obey all applicable laws and regulations.

Interviews with workers that every worker should work on business ethics values such as responsibility, maintaining company assets, avoiding bribery, and things that undermine the value of integrity. Management unit shows socialization code of conduct (behavior of business) to worker through activity of morning briefing before work. Based on field visits and interviews with workers in Pahu Makmur Estate and Pahu Makmur POM it can be seen that workers are familiar with the principles of Good Corporate Governance such as Human Rights.

Based on the document review it can be shown by the Certification Unit that this Policy has been socialized to third parties such as contractors such as minutes of meeting recording of socialization of business ethics policy implemented on 28 November 2017, followed by contractor. Interview with local contractor stated the same statement.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

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

2.1.1
 Certification Unit has a document listing the legal requirements of EMS (Environmental Management System) No Dok.EMS. F02. Issue No.5. Register of Environmental, Legal and other Requirement. Published on January 13, 2011, where there are 119 Rules adopted.

The regulation's copy is kept in the soft file form at Head of Enviromental and CSR Coordination. Certification Unit has apply the identified regulations, such as:

- Certificate of Hiperkes and and Safety training for GCOSH member on 2015.
- Certificate of Hiperkes for company doctors on 2016.
- Certificate of Hiperkes and and Safety training for company paramedical on 2016.
- Certificate of Electrical Engineering on 2016.
- Certificate of welder on 2017.
- Has land right use in form HGU for all area of Pahu Makmur Estate Kedang Makmur Estate and Pahu Makmur Estate
- Has business permit all area of Pahu Makmur Estate, Kedang Makmur Estate and Pahu Makmur Estate
- Compliance with possession of a document related to EIA (Environmental Impact Analyst) and reporting RKL-RPL periodically to the government agency.
- Progress of hazardous waste warehouse license extention from Kutai Barat Government Number. 503/3012/ DPMTSP-TU/XII/2017 for Kedang Makmur Estate. **This is OFI Number 01.**
- Land preparation without burning and has the infrastructure in fire anticipation
- Training competencies Anticipating Emergency of Fires.

- Compliance with the permit to utilization POME.
- The machineries licenses have available and checked

Nonconformance No. 2017.01, Certification Unit have not shown any evidence of compliance with the law, such as:

- Field visit at hazardous waste warehouse of Pahu Makmur Estate is known that hazardous waste packaging is not equipped with label and hazardous waste warehouse is not equipped with lighting.
- Field visits in Pahu Makmur Estate and Kedang Makmur Estate housing are known that the landfill is not yet in meet with the regulations.
- OHS License for all loader operator of Pahu Makmur POM.
- OHS License for all genset operators of Pahu Makmur POM.
- OHS License for all boiler operators of Pahu Makmur POM.

2.1.2; 2.1.3 & 2.1.4

Certification Unit has SOP of Legal Requirements (EMS-P02 date 10 Agustus 2009) which explains the responsible person for managing legal documents that is Company Secretary/Legal Department. Based on Evaluation of SPO Regulations documents, it is known that all operational units have been evaluated for regulatory compliance.

Certification Unit conducts an internal audit to ensure that regulatory compliance that performed annually. For year 2017, it has been conducted on September 2017 by Enviroment & CSR Departement which is recorded in Evaluation of SPO Regulations documents that explain obedience on 223 regulations with 602 key requirements. SOP no. IMS-P12 about internal audit explains that internal audit mechanism is performed at least every one year by Enviroment & CSR Department.

2.1.1	Status: Non-conformity No. 2017.01 with major category
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2.2

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

2.2.1

Certification Unit has had the land rights in the form of Land Use Title (HGU) for an area of 16,341.943 Ha which consist of 1 certificate HGU. Based on document review and field visit known that Certification Unit has manage a area of 16,341.94 Ha consist of 10,592.91 Ha planted area; 574.84 Ha supporting facilities; 4,354.80 Ha reserves area and 819.39 Ha HCV area.

2.2.2

Certification Unit has had list and map of boundry stone from National Land Agency. Based on the data, there are 112 boundary stone in Pahu Makmur Estate and Kedang Makmur Estate. Certification Unit have conducted monitoring and maintenance of boundary stone every year in accordance with procedure of The HGU – Preparation, Survey and Mapping on May 2014. The monitoring results 2016 – 2017 showed that all boundary stone in Kedang Makmur Estate are available in the field, but for Pahu Makmur Estate there are 27 boundary stone available, 1 boundary stone are missing, 16 boundary stone can not be install and 4 boundary stone are broke. Field visits at Pahu Makmur Estate and Kedang Makmur Estate show that the 5 boundary stones visited are in good condition, i.e PME 29, PME 24, PME 01, KME 94 and KME 76.

2.2.3

The consultation results with communities (Tanjung Jan Villange, Bekokong Village and Penawai Village) is known that there was no dispute / conflict of land between Certification Unit and communities for period 2017. Document review and interview with management known that there are land dispute in company operational area. The company can shows the records that fair compensation has been provided and accepted by involved parties, such as land dispute on behalf of Salahuddin on 2004 in Pahu Makmur Estate Division 2 for an area of 43 Ha. This area has been compensated on 1996, 1997 and 2004 that known by neighboring parties, head of sub-district and head of village. Based on interview with the Chief of Village, he explained that land acquisition to be involved with land owner, village representatives, owner of neighboring land. Land acquisition begins with the identification of land ownership, measured along and clear boundaries.

2.2.4 and 2.2.5

Field visit, document review and interview with management known that there are not significant land conflict in Certification Unit operational area. If there is a conflict, the management unit has had procedure (OP 2.2) of Land Acquisition and Compensation which explain about land conflict resolution. Conflict resolution conducted by management unit based on procedure consist of discussion, mediation with third parties and legal recourse.

2.2.6

PT PP Lonsum has had Community Policy Guidelines which approved by president director on December 2005. This policy explain about if there is a crisis, the company will formed a crisis management team which consist of CSR manager, Cooperate Secretary, Inverstor relation and Head of Dept where the crisis happen. The crisis consist of land conflict, accidents, CPO spills, etc.

Beside that, PT PP Lonsum also has procedure of Land Acquisition and Compensation which explain Conflict resolution conducted by management unit based on procedure consist of discussion, mediation with third parties and legal recourse. Based on interview with the Head of Village, he explained that the company did not security forced to resolve the conflict.

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.

2.3.1; 2.3.2; 2.3.3 & 2.3.4

Certification Unit conducted initial socialization of palm oil plantation and start the process of land acquisition in 1996. Land tenure contained in Pahu Makmur Estate and Kedang Makmur Estate is individualized land that be acknowledged with the acknowledgment letter of the rights from village authorities and subdistrict officials. The results of the public consultation and assessment of HCV and SIA is known that there are no indigenou rights. Interviews with the communities (Tanjung Jan, Bekokong and Penawai) is known that the land acquisition is done voluntarily and people who do not want to releasing the land also did not to be forced.

Certification Unit has shown evidence of land acquisition with the involvement of landowners, the neighbouring parties and the village authorities. There is also a map of land acquired that signed by the landowner, the neighbouring parties and village authorities. Land mapping carried out by a team formed by local village government tasked to inventory the number and area of land cultivated by the community and the process of measurement involves the adjacent parties. All land compensation documents presented in the Indonesian language that can be understood by all parties.

Status: Comply

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

3.1

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

3.1.1

Certification Unit has a long term management business plan which presented on the following documents forward study of Pahu Makmur POM for 2016-2022 which describes estimation of FFB processed, FFB Received, CPO and palm kernel production, OER, KER, cost, price, sale palm product and margin (sale-cost). The management stated that projections and management plans are made based on the analysis of trends and actual conditions of the current year. Recapitulation of monthly report of estate and mill will be evaluated annually for determination of future management plans. Monthly and annual evaluations are contained in a monthly operational report that describes the analysis of monthly parameters and their annual recapitulation.

The smallholder management has been handed over to the community and the management has been done completely by the smallholders. For long term management plan, Certification Unit assists the smallholder mangement in terms of production administration of FFB.

3.1.2

The replanting program is based on SOP OP 5.7.2, date November 2004 which describes the factors that are considered in the implementation of replanting including plant age over 25 years, decreased FFB production and other special reasons, such as plant height, low plant density, high maintenance cost, near infrastructure development and so forth. The results of interviews with the management unit informed that there are currently no plans related to the replanting program. Based on the hectare statement map and information of the planting year it is known that the Certification Unit oldest planting year was 1997. Thus, based on replanting criteria mentioned above, replanting activity should be carried out at 2022.

Status: Comply

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

Agronomy procedures was documented in "SOP of oil palm" which issued by the Managing Director Operation of PT Lonsum Indonesia, Tbk at April 21st 2008. The SOP consist of five parts which covers land preparation, nursery management, upkeep and pest management in nursery, land title process, land compensation, management development, planning, land preparation strategy, legume cover crop planting, planting and replanting procedures, upkeep on immature and mature palms, manuring, supply palm, ablation and harvesting preparation, harvesting management, FFB handling and transportation procedures to the mill, integrated pest management for immature and mature palms, fronds stacking, pruning, by-products applications and riparian zone management.

Oil palm processing procedures was documented in "Work Instruksion Palm Oil Mill (POM-WI)" which issued by the Managing Director Operation of PT Lonsum Indonesia, Tbk at October 1st 2006. Based on Internal Memorandum No.15 / HOP / IM / III / 2016 dated March 10, 2016 regarding the latest revision of WI-POM distribution. The POM-WI has covers procedure on weighbridge, loading ramp, sterilization, threshing, pressing, clarification, depericarping, kernel recovery, boiler, power generator, water treatment, effluent treatment - Land Application, EFB mulching, workshop equipment, electrical system, quality, dispatch, laboratory equipment and reagents, laboratory safety, care and use of the analytical balance and procedure for producing low FFA oil. Both SOP for oil palm agronomy and work instruction for oil palm processing were still relevant with current situation, sufficiently covers all operational estates and mill activities and has available in Bahasa and English.

Based on observation to Pahu Makmur POM, Pahu Makmur Estate (PME) and Kedang Makmur Estate (KME), it could be concluded that the SOP for estates and WI for mill were satisfactory distributed by the Department of Environment and Company Social Responsibility (ECSR). However, based on interview with workers and field observation in security post, weighbridge, loading ramp, processing stations and workshop in POM, harvester in field 97110541 division 4 PME and field 09110774 KME, pesticide applicator in field 11110164 division 1 PME, fertilizer applicator in field 97110211 division 2 PME, it could be concluded that workers has understood some procedures such as PPE used, type of areas where prohibited to be sprayed and manured and also pesticides mixing process on the field has equipped with spill catchment tank/container.

4.1.2; 4.1.3

Department of ECSR has responsibility in SOP/WI documents management and distribution. Certification Unit has able to shows those document in form of hardcopy and softcopy. Procedure on SPO making was presented in document EPR1 dated March 30th 2007, which describes SOP making procedures by the respective departments, format of SOP, languages used, index and numbering, SOP revision, socialization, distribution and annual review. The SOP stated that all procedures must be issued by the respective Directors and Head of Departments.

To ensure that the works are properly carried out based on standards, Certification Unit held trainings regularly. Certification Unit has mechanism of periodic assessment and monitoring, as follows:

- Meeting Monthly Operation Report (MOR). For example, a meeting on 26 October 2017 explains some problems such as road facilities that have not "all weather road" so that during the rainy season FFB transport to PM POM will be obstructed because the slippery road that causes ritase to go down.

- Internal audit of estate and mill conducted twice a year by the Internal Audit Department. Internal audit of the estate includes quality inspection and harvest administration, LA washing trenches, fertilizer costs, destruction of production paths. While the internal audit of the mill includes processing, production quality. Non-conformity found has been improved through Management Action Plans.

Based on the observation of the harvesting activities in Block 97110541 division 4 Pahu Makmur Estate and Block FN 09110774 Kedang Makmur Estate, foreman can show the note book that contains the information of the foreman activities, the date of the harvesting activity, number of loss fruits, the sorting of fruit (raw, normal, through cooking, long bare and long stems). Daily harvesting activities are then recorded in the monthly yield report. Recapitulation of a daily harvest report informing the origin of the FFB's field, the width of the harvested area, FFB average rate, quality, number of FFB delivery form, number of vehicles, FFB restans and others. Achievement of OER and KER record in PM POM during December 2016 to December 2017 explain that the OER value ranged from 21.86% - 23.74% while KER ranged from 4.99% to 5.83%.

4.1.4

Pahu Makmur POM has recorded the origin of FFB source that sent by supplier. On period of 2016 – 2017, mill was receiving the FFB from own estate, sister company, scheme smallholder and third party. The third party consist of Ulap Doyo Cooperative and BUMKAMP Raya Jaya. Mill has recorded every FFB acceptance from each supplier in daily basis.

Mill has mechanism to verify the supplier before the mill receive supplier FFB. The mechanism is by questioner and survey to supplier location. Mill can show the sample of FFB supplier record survey and questioner.

Status: Comply

4.2

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

4.2.1 and 4.2.3

The procedure related with soil fertility were presented in SOP of manuring schedule for immature and supply palms, SOP of manuring management for mature palms and leaf sampling procedure, SOP of research and technology development and of by-products (EFB, POME and decanter cake) application for nutrient cycle strategy. Leaf and soil sampling analysis and manuring recommendation is carried out by Bah Lias Research Station (BLRS) Department. The last soil sampling was conducted in 2016 and leaf sampling in 2017.

4.2.2 and 4.2.4

Certification Unit has able to shows fertilizer program and actual application. Fertilizers recommended in 2017 by BLRS are Urea, Super Dolomite and NPK 15.10.23. For example data shows that the realization of fertilizer in field 97110202 Division I Pahu Makmur Estate is 10,436 kg with a dose of 6.5 kg / palm.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

Certification Unit has a soil map of Scale 1: 210,000. The soil map sourced of Central Soil Research Department agriculture, Soil Classification (USDA). Based on soil map there is *Tropohemists* (peat soil) with limited factors are fertility and drainage.

4.3.2

Certification Unit has procedure of planting management in specific slope. One of strategy to manage area with specific slope explains on SOP of Land Preparation – Strategies and Parameters. Several applied management strategy are constructing terrace contour, conservation terrace, individual terrace with silt pit, peat management, frond stacking and LCC planting. Based on results of analysis area with high erosion potential, there is no high slope area with has high erosion potential or slope more than 40%.

SOP number OP 5.14 Management of Riparian Strips, March 2008 explained the purpose of procedures, categories of water sources and riparian, riparian plant enrichment, and monitoring.

4.3.3

In general, from document review known that the road maintenance in estate has been conducting well. Current road maintenance activity are grading and hardening road by gravel and road grader. Based on field observations, main roads and collection roads are in good conditions. The drainage system is well organized to ensure passable in all weather conditions. The program of main road maintenance for 2017 in Kedang Estate was 219,432 Ha and the actual was 2,008 Ha.

4.3.4; 4.3.5; 4.3.6

Certification Unit has had management strategies for marginal land and fragile soil described in SOP:

- Peat management with mention that in order to minimize peat subsidence and peat over drain, need to maintain the water level between 50 -75 cm with watergate installation. To monitoring the effectiveness of water management there area water table monitoring through piezometer and peat subsidence monitoring.
- Environmental Monitoring explains the erosion monitoring stage in potential erosion areas such as land clearing area and river water test monitoring.
- Management of Riparian area explains purpose of procedures, river categories, plant enrichment guidelines in riparian and monitoring.
- Soil management conservation of replanting is making sediment trap.

Certification Unit shown monitoring data of monthly water level stick recapitulation that scattered in Kedang Makmur Estate. Certification Unit shown results of daily water level monitoring, for example 6 December 2017 at field 12110721, division 5 water level result is 60 cm.

Based on field visit in field 12110724, division 5 known CH has installed water level stick on canal. However, based on field visit peat area at Kedang Makmur Estate, known that peat land subsidence measurement tool (subsidence stick) is not accurate. **This is become Non-conformity No. 2017.02 with major category.**

Based on document Certification Unit area statement known that oil palm planting begins in 1997 until 2017 and there was no replanting activity.

4.3.4	Status: Non-conformity No. 2017.02 with major category
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4.4

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

4.4.1 and 4.4.2

Certification Unit has identified rivers and wetlands inside plantation area. Analysis of HCV (2014) containing maps of river distribution in Certification Unit area. Based on the identification of HCV is known there is 4 (four) rivers in the Pahu Makmur estate and Kedang Estate consist of Bongan Tongkok River, Anak Bongan River, Barake River and Solong Perekoke River.

Procedures for conservation of riparian explainin SOP number OP 5.14 on Management of Riparian Strips that explains procedural objectives, riparian categories, plant enrichment guidelines in riparian and monitoring. All identified riparian has been designated as HCV and protected areas. Based on field visit in field 97110131 and field 97110132 division 2 riparian of Barake known that Certification Unit already done water source management in accordance with procedure, such as:

- Determination of riparian with a distance of 50 meters left-right of small river by install boundary markers.
- No indication of chemicals application (fertilizers and herbicides) in riparian area,
- Signboard of prohibition the chemical application on riparian.
- Signboard of HCV area, prohibition of hunting and poisoning fish.
- Planting a vertiver grass, Guatemala, and Bamboo.

Certification Unit has not shown water management plans for Estate and Mill. **This is Non-conformity No. 2017.03 with**

minor category.

4.4.3

Effluent has processed on the waste water treatment plant (WWTP). Monitoring of effluent quality has carried out every month and reported to Environment Agency every three month. Evaluation and water sampling in WWTP outlet were carried out by Industrial Research and Standards Center, Samarinda. Pahu Makmur POM have 4 ponds to process the effluent to fulfill the standard that required by Minister of Environment Decree (*KepmenLH*) No. 28 year 2003. Based on field visit in Pahu Makmur POM, no indication of effluent over flow in WWTP, effluent flow meter was well functioned and there is no issues from stakeholders related to effluent. Permit of effluent utilities was accordance decree from Kalimantan Timur Governor on June 2014 and valid for five years.

SOPs to measure and monitor factory effluents explained SOP Number EMS - WI - 8 about waste management (June 2011). The company has conducted surface water testing accordance with government regulation Number 82 year 2001 (appendix II clean water), based on test result 23 July, 2017 for lasam river and Tongkok river is known no testing result that exceeds the threshold. There are 35 parameters tested, such as Total Suspended solids (TSS) for Tongkok river is 15. 43 mg/L and 15. 60 mg/L for Lansam river.

4.4.4

Results of interviews and field visits it was obtained information that the water used for mill processing activities comes from rainwater reservoirs. The use of water has been monitored on a daily basis by using flow meter gauges. Based on monitoring result for 2017 it is known that water usage for processing is 0.94 M³/ ton FFB and the budget for water usage is 1.25 M³/ ton FFB. SOP for water use monitoring available in work instruction for water treatment plant. Certification Unit has a water utilization permit from Minister of engineer on February 2017 and valid for five years.

4.4.1	Status: Non-conformity No. 2017.03 with minor category
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4.5

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

4.5.1

The program of IPM was presented in annual budget, while the technical procedures was referred to SOP No. OP 5 about IPM. The activity budgeted on the program were consist of detection, census and monitoring of pests and diseases attack; biological control such as barn owl nest installation and planting of beneficial plants. According to census records for January to September 2017 it could be concluded that there is rat attack and leaf eating caterpillar attack but still under its economic threshold. This may lead to zero use of pesticides for pests and diseases control. Furthermore, according to pesticides used record in 2017, agrochemical uses was only implemented for weeds control purposes.

Based on field observation in field 97110203 division 1 Pahu Makmur Estate, it was found that visually there was no high incidence of pests and diseases attack. The evidence of rat and leaf eating caterpillar attack on the field were relatively very low. It also available the barn owl nest in Pahu Makmur Estate such as field 97110150, 97110192 and 97110493 with good condition. A satisfactory condition of *Turnera subulata* along collection road were noted as well.

4.5.2

Certification Unit can show evidence of IPM training, including:

- Pest and Disease Training and Trees Census conducted on March, 22 2017 with followed by 81 workers from PME, KME and plasma estate representatives.
- Certificate of limited pesticide use from Pesticide commission of Kalimantan Timur Province on 2015 and valid until 2020. Followed by 23 spray workers, warehouses and workers associated with chemicals.

Based on the field visit and interview with spraying team of Pahu Makmur Estate known that workers have understood the proper spraying technique.

	Status: Comply
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4.6

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

Policy of pests and diseases control through agrochemical/pesticides uses was adopted in SOP No. OP 5 about upkeep on mature palms. Justification of pesticides uses must be based on census results and analysis. Certification Unit have a specific selective of pesticides used. However, list of pesticides used was able to be shown. According to list of pesticides record and observation to agrochemical stores, it could be concluded that there were 13 pesticides brands, where all used for weeds control. The active substance on the pesticides list are consist of Methyl metsulfuron 20%, Isoprophyl amine glyphosate 480 g/l, 2,4 D Methylamine 865 g/l and Triclophyr butoksi ethyl ester 665 g/l. All pesticide used are listed in the book of pesticide commission 2016 issued by Department of Agriculture, Republic of Indonesia.

In order to avoid weeds resistance through pesticides application, estate management had substitute dan rotating the use of pesticides for the same target. For example, in term of woodies control, the use of Gramoxone (paraquat dichloride) could be substitute and/or rotate with Starlon (trichlophyr). Based on interview with pesticides applicators in field 11110164 division 1 PME, it could be conclude that the workers are able to explained type of pesticides and its target.

4.6.2

Program of pesticides used was presented in annual budget of estate. Certification Unit are able to shows total pesticides used from 2015 to the update 2017, which presented in monthly monitoring pesticides used report. The report describes type of pesticides used, active substances, unit of pesticides applied and period of use, as well as LD-50 of rats. For example, the spraying area up to November 2017 at Pahu Makmur Estate there is the use of Metsulindo pesticide of 193.98 kg for circle and harvesting path with a total application area 5,300.01 ha. The dose used per hectare is 0.04 g / ha.

4.6.3

Program of pesticides used in 2017 was presented in annual budget while its realization is presented in monthly Manager operational review report. According to IPM activity records for January to April 2017 such as program and realization of rat census, ganoderma census, leaf eating caterpillar census, it could be concluded that all the census results were still under its economic threshold. There is no use of pesticides for pests and diseases control. Planting of *Turnera subulata* as beneficial plant for biological control of leaf eating caterpillar has been implemented properly. According to beneficial plant data, it was informed that 32.72% *Turnera subulata*, 4.76% Cassia, and 3.13% Antigonon had been planted at in PME.

Based on pesticides monitoring data, it was informed that estate management has significantly reduce the use of pesticides. For example, no use paraquat since 2017, Triclophyr butoksi and Fluroksipir Metilheptil in PME for 2015 to 2017 period were reduced for 4.6 % and 15.1 %, respectively.

4.6.4

Based on the list of pesticides used in PME and KME, as mentioned in Indicator 4.6.1, it could be concluded that there were no pesticides with 1A and 1B Appendix III WHO category used by the estate management. Related to this, PT PP Lonsum Indonesia Tbk is committed to reducing the use of paraquat gradually in accordance with the recommendations of research to achieve the target of zero paraquat in 2018. The strategy used is to replace paraquat with active pesticide triklopir butoksi ester. Based on the document review that is monitoring the use of pesticides in 2017 there is no use of paraquat. Based on document verification and field visit to pesticide storage, there is no paraquat and WHO Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions application.

4.6.5, 4.6.7, 4.6.9

Procedur of pesticides handling, uses and application were presented in SOP No. OP 5.2.2 about guideline of safety pesticides uses. SOP describes level of toxicity, pesticides storage and handling, pesticides mixing, first aid, PPE used and pesticides wastes handling, identification of pesticides excess wastes, empty packaging, adhesive excess, expiredity, packaging damaged, contaminant absorbance materials, cleaner materials, contaminated materials, rinse of sprayer, and waste impact reduction procedure. Furthermore, procedure of pesticide wastes and ex-pesticides containers handling were also presented in SOP waste management No. EMS-WI-8. The SOP describes containers three times washing procdures, reuse of waters, ex pesticides container storage, etc.

Currently, in 2017 the company is not using pesticides with paraquat. However, Certification Unit has training the spray workers on pesticides and pesticides wastes handling that has given by BLRS annually. Certification Unit shows the evidence of training which had been carried out on March 27, 2015 and 22nd March 2017. Information related to pesticides and pesticides handling were also provided through installation of MSDS in the pesticides storage/warehouse.

Based on observations and interviews with spray workers in field 11110164 division 1 PME and KME office, it can be concluded that the Certification Unit has conducted monitoring of PPE usage by workers. PPE used by workers is accordance with MSDS which consist of full body clothes, apron, boots, face cover helmet, rubber gloves and mask. Workers have understood their job procedures well, such as the completeness and suitability of the PPE used, the risk of pesticide use, the prohibited area for spraying, and the container at the time of pesticide mixing in the field. Based on field visits in pesticide storage warehouses, Certification Unit may indicate MSDS as a reference for pesticides used, but not yet covered for all stored pesticides, such as:

- Pesticide Warehouse at Pahu Makmur Estate
- Pesticide Warehouse at Kedang Makmur Estate Division Office.

This is become Non-conformity No. 2017.04 with major category.

4.6.6.

Certification Unit has provided special place for storage of agrochemicals materials in estates. There are two chemical storages for estate operations, located in Pahu Makmur and Kedang Makmur Estate. Field visit in chemical warehouse PME and KME known, there are signboards and hazardous symbols maintenance chemical by category, Material Safety Datasheet (MSDS), chemical logbook, emergency response, personal protective equipment and OHS management.

Certification Unit has managed the hazardous material and ex pesticide containers in accordance with SOP which owned, the hazardous material are storage in chemical warehouse and ex-pesticide container are storage at Hazardous waste warehouse. The ex-pesticide containers is periodically transported and disposed to the licensed third party.

Based on field visit in housing complex PME, KME and landfill is known there is no pesticide containers disposed in landfills and the use pesticide containers for other uses that are not similar. Based on interviews with environmental agency, the Certification Unit regularly reports results for management and monitoring of hazardous waste.

4.6.8

According to the field visit on the spraying activity, the Certification Unit has applied pesticide by using *Knapsack*/spraying equipments (not spreaded from the air).

4.6.10

All pesticides used in plantation have been used in a way that do not endanger health or the environment in accordance with SOP concerning Hazardous Waste Management, issued on June 1, 2011, revision on 10 April 2014 which sets the hazardous waste management including waste from used chemicals and pesticides container conducted three times rinsing. Waste management of pesticides container also regulated in SOP Waste management (EMS-WI-8) explained that the former pesticide containers were washed 3 times (according to the MSDS) and used washing water is re-used for spraying. All discarded containers of chemicals generated by estate and mill, placed in hazardous waste storage.

Record of hazardous waste management included in report of hazardous waste management which quarterly sent to environment agency, such as report of on July to September 2017 describe hazardous waste documentation, logbook, balances sheet and manifest. The training and socialization to spraying workers, about ex pesticide container disposal is available.

Based on interviews with storage temporary hazardous officers known officer has understand if hazardous waste produced by unit must be placed on storage temporary hazardous comply with SOP Number EMS-P14 about Management of Hazardous and toxic materials and waste. Knowledge about of used pesticide containers after application, is always informed to the worker every briefing morning.

4.6.11

Certification Unit have a medical examination for pesticide operator. Pahu Makmur Estate has a list of the latest pesticide operator as many as 73 workers, while in Kedang Makmur Estate has 83 workers. All pesticide operator has examined health through inspection types of *cholinesterase* and *spirometri*, to ascertain the condition of pesticide operator in good health. This semester examination was conducted in January 2017 for all units. Examination results stating that all pesticide operator are in a healthy condition (normal result).

Based on interview with pesticide operator and chemical warehouse clerk in Pahu Makmur Estate that the results of medical examinations are known to workers. From field observation are also not identified any complaints of skin disease or itching.

4.6.12

The management unit shows a policy that prevents pregnant and nursing women to do work related to pesticides. This is described in Policy No.094./PME/DIV/VIII/2017, date on August, 16 2017. Based on field visits and interviews with spraying team of PME& KME stated that the pregnant and breastfeeding women were prohibited to work with agrochemicals (include fertilizers). This is also supported by the examination of monthly menstruation for monitoring pregnancy women workers.

4.6.5 Status: Non-conformity No.2017.04 with major category

4.7

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

4.7.1

Certification Unit has a policy related to occupational safety and health in OHS Policy of PT PP London Sumatra Indonesia Tbk, which was passed by the President Director on September 12, 2014. Safety Health commitment to provide protection for workers and others who are in the workplace and working environment so that it can be used safely and efficient. Policies have been written with the appropriate language and includes prevention against health and safety risks in the workplace. This policy has been disseminated for example in Pahu Makmur Estate on February 11, 2017. The unit shows the documentation of field training coordinator Guiding Committee of OHS being briefed and socialization of Safety Health. Certification Unit has plans related to safety health in the workplace. This plan related programs such as the monthly meetings, training on basic, introduction OHS Management System, emergency response training and so forth. This plan is included targets for improving occupational safety and health compiled by the secretary of Guiding Committee Of OHS. Safety Health program reflects the guidance provided in the ILO Convention 184. The guidelines for carrying out risk assessments and adopt preventive and protective measures to ensure health safety in the workplace. Safety Health program has been compiled partly been realized as the socialization on November 15, 2017 and First Aid training on April, 2017. Each program will be monitored its effectiveness in the regular monthly meeting Guiding Committee Of OHS. If there is a target that has not been reached then it will be re-evaluated on effectiveness. Site visits and interviews with workers workshop POM submitted that before doing the work, every morning begins with a safety briefing. In the briefing were always delivered on the importance of occupational safety and health aspects.

4.7.2

Certification Unit already has a hazard identification and risk analysis control document for all activity in mill and estate, the document who prepared by the HSE. In the document has explained about the area / situation / activity; potential hazards, risks, risk assessments, control measures and actions. The document is prepared to identify and to analyze the hazard potentials possibly occur at every work area, and its recommendation to minimize the incidents. Based on the review of documents and interviews with management, if there is an accident, the risk assessment of a plan for further prevention.

Based on the results of interviews with workers obtained information that employees have known the potential dangers that arise in the work. Based on the results of field visits, employees have used PPE in accordance with the identified hazard identification, other than that employees working with chemicals for example chemist employees at Pahu Makmur Estate have used PPE in accordance with the instructions attached to the product, such as apron, eye protection (goggles), gloves and safety shoes.

4.7.3

The PPE provided by Certification Unit has been adjusted to the potential hazards and risks of its work so as to effectively protect the workers as its users. Based on interviews with boilerman and engine room workers at Pahu Makmur POM, it is known that workers already use PPE that has been provided by Certification Unit that is ear muff, safety shoes, gloves, glasses, helmet. In addition, field visit and interviews with workers in the Pahu Makmur Estate field 11110164 division 1 in spraying activities, Certification Unit has provided PPE such as apron, longlength clothes, face cover helmets, boots, masker, gloves. This is in accordance with the PPE matrix and hazard identification and risk analysis control. Periodic health checks for spirometry and audiometry testing were conducted on 26 to 29 January 2017. The results of testing were 3 workers of workshop, genset and heavy equipment operators who have mild and moderate hearing loss. Workers who have decreased hearing have been examined further to a hearing specialist.

4.7.4

Certification Unit has its efforts in providing the person responsible in implementing OHS Committee of that team OHS in every operational unit. Every month conducted regular meetings between Certification Unit and employees to discuss safety, health and welfare of workers. Each meeting has been documented, such as meetings on September 12, 2017 regarding the potential hazard at each station and how to manage a potential risk.

Based on interviews with medical personnel that are member guiding committee, meeting to discuss the activities of the OHS has been programmed by Certification Unit. The safety and health program will be summarized in a report that contains reports monthly meetings, activities of guiding committee, recapitulation of accidents, infrastructure and report fires.

Guiding Committee of OHS has drafted an OHS working program and evaluates the implementation of OHS program in the field. In order to ensure that the OHS program has been implemented effectively, the OHS Guiding Committee performs a meeting with workers routinely.

4.7.5

Certification Unit has procedure of emergency response on SOP no P-12 about work accident handling and SOP No.P-10 about emergency response handling. Interviews with estate and mill workers are known that workers are aware of the OSH procedures. To facilitate evacuation in the event of an emergency, Certification Unit has established an evacuation route. The evacuation route is available in offices and mill and has been equipped with maps and other markers and adequate sign boards. To the visitors who come will be delivered safety induction as a guide health and safety in the visit process.

Interview with workers in Pahu Makmur Estate and Kedang Makmur Estate shows that foreman who responsible to first aid not yet follow first aid training. Beside that, field visit as well as interviews with harvest workers in Pahu Makmur Estate and Kedang Makmur Estate are known that the foreman carries a bag for first aid box where the contents of this do not match the regulation. This is become **Non-conformity No. 2017.05 with minor category**.

4.7.6

Based on the results of interviews with management and workers unions in PME and KME mentioned that the current registration process of BPJS employment are still on process. Certification Unit has demonstrated its efforts in the process of collecting identities to complete the BPJS employment registration requirements. For example in the KME, explained by the worker union chairman that Certification Unit cooperates with civil registration service of district be able to make an ID card as registration requirements of BPJS Employment. The progress of BPJS registered will be observed in next assessment. Based on interviews with local contractor that insurance policy has been paid by the contractor.

4.7.7

The certification unit has kept a record of each employee's medical history at the company clinic, and then it has been consistently conducting the occupational accident monitoring. The monitoring that could provide a comprehensive information on the month the accident occurred, the number of cases, the accident location, the types of accident, the effects, the work hours lost, the causes, the follow-up, and the results. Such monitoring is performed every month. An evaluation of the accident is also conducted every month and the outcome is discussed during the monthly meeting of

Guiding Committee OHS. Based on record of accident period of October 2017 it is known that there are 1 accident cases in Kedang Makmur Estate and no accident case in mill.

4.7.3 Status: Non-conformity No.2017.05 with minor category

4.8

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

4.8.1 (M)

Records of training program related to the aspects of RSPO Principles and Criteria are available in form of "Program Pelatihan PT PPLONSUM Tahun 2017". The training program is based on training need analysis and consists of Training Title, Timeline, Organizer, Location, Estimation Attendant (workers and staff). For example in Kedang Makmur Estate (KME), training for Fire and Emergency Response has been conducted in 24 July 2017 which attended by 12 employees, 4 Store Man, 4 Security and 2 Staff.

4.8.2

Records of training is maintained and recorded in the SAP system. Auditor has verifying through the SAP system with Human Resource staff regarding of the training program. Within the system, there is only appearing the training title, time and participant involved. In example, training of pesticide uses where affected to the healthy aspect. This training was conducted in Pahu Makmur Estate with completed list of participant from all Estates and Mill. Target of the training are for female workers and held on 10 November 2017. List of attendants are includes contract workers (CDRP), but during this assessment, contractor workers/contractor activities are absence in the certification unit.

Status: Comply

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

5.1

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

5.1.1

Certification Unit have prepared environmental documents in the form of AMDAL for 16,341.943 Ha oil palm plantation and mill with capacity is 60 tons/ hour. This document has been approved on 2005. In 2014, Regent of Kutai Barat issued environmental permit for PT PP LONSUM Indonesia Tbk for 43,458,59 Ha oil palm plantation and 3 mills.

5.1.2

Certification Unit has conducted environmental management based on addendum documents of Environmental Management Plan / Environmental Monitoring Plan, 2014, among others:

- Noise. Provide an earplug to workers who are in a place that has high noise and installing emission, chimney generators, and boiler.
- Impaired air quality. Conducted management by installing speed limits, road maintenance, maintenance of generators and boiler machines.
- Potential of Erosion. The company carries out management with terraces, drainage and monitoring and measuring high erosion areas.
- Fresh water and ground water quality. Management is minimizing the generated waste and reviewing all activities that produce waste, especially the utilization of land application and beneficial plan.
- Soil fertility. Managed erosion potential, fertilization and spray management, planting LCC, and beneficial plan.
- Potential Land Fires. Management plan is a prohibition use of fire, make warnings, preparing fire control devices, socializing to workers, forming a fire control team.
- Impaired Surface Water Quality and Water Biota. Management plan is periodic testing to surface water and water biota, managing effluent and making warnings.
- Social component (Perceptions of the community Increase Business Opportunity and Community Income). The company manages and applies the proposed community empowerment program and the implementation of the Community Development program.
- Increase Community Income. The Company manages the management by increasing the recruitment of local worker opportunity of entrepreneurship, employment training.

- Sanitation. Managed hazardous waste according to regulations and providing TPA (landfill) with Landfill system.
- Traffic. The company carries out the management by installing traffic signs, frequency of transportation and tonnage, reducing transport speed and performing road maintenance according the program.
- Public health. Managing in a way MCU and training to employees of special jobs, manage hazardous waste, infectious waste according with regulation.

Records of implementation of Environmental Management describe in RKL-RPL implementation report such as 1st semester 2017 and has been reported to environment agency.

5.1.3

Implementation of environmental monitoring was described in RKL-RPL implementation report. Based on the RKL-RPL implementation report of semester 1 of 2017 known there isn't negative impact caused by Certification Unit. The result of mill effluent quality testing that conducted periodically has been accordance with the standard qualities set by the government. Interview with environmental agency of Kutai Barat district show that Certification Unit has been submit the RKL-RPL implementation report every six month and there isn't negative impact caused by Certification Unit.

Status: Comply

5.2

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

5.2.1

HCV Assessment was conducted by Faculty of forestry of IPB on 2014. Assessor team consist of 5 persons, Lead Assessor has been approved by the RSPO, assessment conducted by using identification guidance of high conservation value in Indonesia issued by Indonesia HCV toolkit consortium, June 2008. The result of HCV identification on 2014 are HCV 1.2, 1.3, 3, 4.1 and 6, which area of 819.39 hectare such as Bongan Tongkok river, Anak Bongan river and Solong Pereoke.

Certification Unit has the list of endanger species based on Government Regulation No. 7 Year 1999, CITES and IUCN in term of preservation for flora and fauna on PT PP London Sumatra Indonesia – Pahu POM. For example, *Klampiyau*, *Kucing batu*, *Trenggiling*, *Kipasan belang*, *Pijantung kecil*, *Tiong emas*, *Elang Bido* and *Buaya Ikan*. Meanwhile, there was endangered flora such as *Belangeran*, *Kempas*, *Angsana*, *Asam Palam*, *Balik angin*, *Kayu Tunjung*, *Kedondong hutan*, *Kelingi*, *Mahang*, *Mali-mali*, *Rukam*, *Sempur*, *Johar* dan *Merkubung*. Sighted HCV distribution map with scale of 1:255,000.

5.2.2

Certification Unit has HCV management plan document period semester 1st of 2017, the program consist of :

- Riparian area management (HCV boundaries marking and maintaining, marking of chemicals application borders, HCV socialization to surrounded community and workers, planting of erosion control plants and HCV area patrols).
- Management of RTE species
- To conduct species identified protection.
- Implementation of company procedure related to HCV management, such as SOP number OP 5.14 on Management of Riparian Strips in March 2008 explains procedural objectives, riparian categories, plant enrichment guidelines in riparian and monitoring.
- HCV monitoring (monitoring of HCV attribute, monitoring of HCV in six monthly basis and monitoring of HCV rehabilitation)

Based on field visit on HCV area of Pahu Makmur Estate field 97110131 and 97110132 is HCV 4.1 riparian Barake , known that Certification Unit has carried out the management and maintenance of HCV area in accordance with management plan, for example signboard HCV installation, marking of chemicals application, and signboard RTE Species and in riparian Berake. During field visit for main assement is encountered RTE species, such as cekakak belukar (*halcon cynalovertris*). There is no threat evidence to the HCV area, company puts a sign-board on the prohibition impired the HCV areas.

Certification Unit was able to show monthly monitoring of Fauna report and monitoring/maintenance of marking poles HCV in Pahu Makmur Estate and Kedang Estate which conducted monthly. It was reported that there were no conflict between human and wildlife.

5.2.3

Certification Unit has socializing HCV and RTE species to workers and communities surrounding villages, for example socialization on May 8, 2017 and September 12, 2017. Based on interviews with workers and communities surrounding villages (Penawai village and Bekokong Makmur village), they already know the HCV and RTE species. Based on monitoring reports HCV / RTE and field observation to HCV area and housing complex, there was no indication of hunting and catching RTE species. Meanwhile, socialization on RTE species to the workers also conducted in time of muster morning including socialization of sanction (national regulation No. 5 year 1990). It also has been verified during interview with the workers in field and emplacement. There is monitoring of important species that exist within Certification Unit operation area that conducted by periodically.

5.2.4 & 5.2.5

Monitoring of RTE species has been conducted routinely (every semester), the monitoring result will be the input in the next monitoring plan. The CH was able to show evidence of receipt note document of flora and fauna identified in to relevant Agency. Monitoring of RTE species has been conducted routinely, the monitoring result will be input in the next monitoring plan.

Based on document verification and field observation, interview with workers, surrounded community and related institution known HCV area was not overlapped with local communities' rights, and that there is no community land and traditional rights defined as HCV area.

Status: Comply

5.3

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

5.3.1

Certification Unit already has document identification sources of waste and pollution generated from operational activity, year 2017. for example of the results of waste and pollution identification resulting from estate and mill namely used lamp come from temporary hazardous storage, oil spill come from generator and emissions / smoke that comes from generator.

Certification Unit has Document identification sources of waste and pollution generated from estate and mill operations but not yet covering all activities operation such as fertilizer sacks from fertilizer activities, domestic waste, POME, chemical water purifier container, leachate water from EFB storage, painted cans and pollution from transport of FFB.

This is Non-conformity No. 2017.06 with major category.

5.3.2

Certification Unit provides chemical storage for Estate and Mill. There are 4 chemical storage containers for the Estate and Mill operations; storage is located on each unit, such as in Pahu Makmur POM, Kedang Estate and Pahu Makmur Estate. Certification Unit shows a list of inventories of agrochemicals come from operational areas of Estate and Mill such as, chemical list in agrochemical storage of Pahu Makmur Estate and Chemical storage in Pahu Makmur POM.

Based on field visits, Certification Unit perform a reuse of hazardous waste for different characteristics, for example use of ex-pesticide container for lamp cover, used oil drum for water storage in Pahu Makmur Estate, chemical water purifier container in mill not yet known the management, this is not accordance with SOP EMS-P14 management of hazardous material and toxic waste. **This is Non-conformity No. 2017.07 with major category.**

5.3.3

Certification Unit manage hazardous wastes are stored on hazardous waste warehouse that has permit from government consist of 3 permits:

- License from Kutai Barat Government Number. 668.4/20/HK-TU/II/2017 for Pahu Makmur Mill.

- License from Kutai Barat Government Number. 668.4/19/HK-TU/II/2017 for Pahu Makmur Estate.
- License from Kutai Barat Government Number. 503/3012/ DPMTSP-TU/XII/2017 for Kedang Makmur Estate.

Hazardous waste stored and then transported by licensed third party complies with government law number 101 years 2014. Record management of hazardous waste, included in reporting management hazardous waste quarter period July to September 2017 addressed to environment agency of district Kutai Barat. Hazardous waste management recorded several documents, consist of:

- Certification Unit has Logbook (Hazardous Waste Warehouse) period Juli to September 2017
- Certification Unit has Balance Hazardous waste warehouse reported period Juli to September 2017
- Certification Unit has Agreement Letter, PT Sinar Bintang Albar for transporter Hazardous waste expired November, 3 2017. **This is OFI Number 03**
- Certification Unit has shipping manifest Hazardous waste warehouse, for shipping period September and October 2017

Implementation of waste management to reduce contamination not comply the management plan, such as:

- Used oil from repair of the wasted workshop (compactor) to the environment at Kedang Estate Division 5.
- Used oil stored in the leaking container at hazardous waste warehouse pf Pahu Makmur Estate.
- Used lamps stored in Kedang Estate fertilizer storage.
- Overflow POME on flatbed field 97110833 of Pahu Makmur Estate.

This is Non-conformity No. 2017.08 with minor category

5.3.1	Status: Non-conformity No. 2017.06 with major category	
5.3.2	Status: Non-conformity No. 2017.07 with major category	
5.3.3	Status: Non-conformity No. 2017.08 with minor category	

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

Certification Unit already maximizing the use of renewable energy (fiber & shell) as boiler fuel, use of shells and fiber period January to September 2017 was 28,788 ton which produces 2,507.60 kWh of electricity from turbine. Renewable energy use per ton of palm product in the mill is 0.06 kWh / ton FFB. Result Direct fossil fuel use per ton of Fresh Fruit Bunches (FFB) is 46,550/ ton FFB.

Status: Comply

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

5.5.1 and 5.5.2

Certification Unit has a SOP 2.8 about Land Preparation -Strategies and Parameters, associated with land clearing without the use of fire and also it has been states that the use of fire for any reason is prohibited, such as land preparation activities in the area of new development and or replanting. Certification Unit also has SOP number OP 5.11.1 Forest and Ground Fire dated March 2008, explains the scope, definition, responsibility, procedures, reporting and post-event handling.

Certification Unit was able shows a letter of agreement (LOA) with land clearing contractor Number.015/OA-SS/Cont/LC/IME/II/2013 dated April 26th 2004. The LOA mentioned that list of land clearing activity carried out manually. Documentation of activity was also provided comply procedures 2.8 about Land Preparation -Strategies and Parameters.

Based on field visit ST-2 at Pahu Makmur Estate and Kedang Estate there is no indication of land burning activities, the structure and equipment of the field fire extinguisher provided by Estate.

Status: Comply

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

monitored.

5.6.1

Certification Unit has identified sources of pollution in estate and mill operations. The identification result has been incorporated document identification sources of waste and pollution year 2017 such as used lamp come from hazardous storage, oil spill come from generator and emissions / smoke that comes from generator.

Monitoring of noise levels done at the PMPOM, every years. For monitoring 2017, has been conducted December 15, 2016. Base on monitoring noise levels in pressing station, boiler station, engine room, kernel station, office and back office still comply with minister manpower number 13 year 2011. Report testing laboratory hyperkes samarinda (certificate Number 081/LHU/BK3-SMR/VII/2017).

5.6.2

Certification Unit periodically per 6 months has been testing the sources of emissions and pollutants, as indicated by the test results semester 1 years 2017 with test results that are below the threshold. Based on field interviews obtained information that Certification Unit have a fertilization work plan based on recommendations from the company, spraying activity schedule and the use of to reduce the use of rat poison. In addition, Certification Unit also has a wash facility for spraying equipment.

Field visit in mill area found there are some signages of PPE usage such as helmet, ear muff, etc. Beside that also found some signages of high noise information such as in engine room and press station.

5.6.3

Available proof of delivery of GHG RSPO performances as follows: Pahu Makmur POM, dated July 20, 2017.

Summary of Net GHG Emissions

Emissions per product	tCO ₂ e/tProduct	Extraction	%	Production	ton/year
CPO	14.81	OER	22.54	FFB Processed	127005.54
PK	14.81	KER	4.88	CPO Produced	38202.27

Land Use	ha
OP planted area	16258.17
OP Planted on peat	8161.80
Conservation area	0

Summary of Field Emissions and Sinks

	Own Crop			Group		3 rd Party		Total	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Emissions									
Land conversion	93442.34	8.27	0.94	-	-	-	-	-	-
*CO ₂ emissions from fertilizer	549.56	0.05	0.01	-	-	-	-	-	-
**N ₂ O emissions	22896.55	2.03	0.23	-	-	-	-	-	-
Fuel consumption	1321.65	0.12	0.01	-	-	-	-	-	-
Peat Oxidation	159475.68	14.11	1.61	-	-	-	-	-	-
Sinks									
Crop sequestration	105837.48	-9.36	-1.07	-	-	-	-	-	-
Conservation Sequestration	0	0	0	-	-	-	-	-	-

Total	17184.3	15.2	1.73						
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Summary of Mill Emissions and Credits		
	tCO₂e	tCO₂e/tFFB
Emissions		
POME	29640.43	0.17
Fuel consumption	409.56	0
Grid Electricity Utilisation	0	0
Credits		
Export of Grid Electricity	-20.24	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	30029.75	0.18

Palm oil Mill Effluent (POME) Treatment	
Divert to compost	0,00 %
Divert to anaerobic digestion	100 %

POME Diverted to Anaerobic Digestion:	
Divert to anaerobic pond	100 %
Divert to methane capture (flaring)	0,00 %
Divert to methane capture (electricity generation)	0,00 %

Status: Comply

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

6.1 Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.
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6.1.1; 6.1.2																												
A social impact assessment (SIA) including records of meetings for certification unit has been documented. SIA for LONSUM Pahu Makmur are in form of Social Environment Impact Assessment (SEIA) where conducted by third party consultant Faculty of Forestry, Bogor Agriculture University on 27 May – 1 June 2014. This assessment is using Identification and Analysis as a methodology with precautionary approach and involving of affected parties. There are 6 nearby villages are involved during the assessment, following:																												
<table border="1"> <thead> <tr> <th>No</th> <th>Location</th> <th>Date</th> <th>Number of Participant</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Kampung Muara Kedang</td> <td>28 May 2014</td> <td>3</td> </tr> <tr> <td>2</td> <td>Kampung Tanjung Isuy</td> <td>28 May 2014</td> <td>2</td> </tr> <tr> <td>3</td> <td>Kampung Tanjung Jan</td> <td>28 May 2014</td> <td>2</td> </tr> <tr> <td>4</td> <td>Kampung Pulau Lanting</td> <td>28 May 2014</td> <td>10</td> </tr> <tr> <td>5</td> <td>Kampung Pentat</td> <td>28 May 2014</td> <td>1</td> </tr> <tr> <td>6</td> <td>Desa Bekokong Makmur</td> <td>28 May 2014</td> <td>2</td> </tr> </tbody> </table>	No	Location	Date	Number of Participant	1	Kampung Muara Kedang	28 May 2014	3	2	Kampung Tanjung Isuy	28 May 2014	2	3	Kampung Tanjung Jan	28 May 2014	2	4	Kampung Pulau Lanting	28 May 2014	10	5	Kampung Pentat	28 May 2014	1	6	Desa Bekokong Makmur	28 May 2014	2
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Auditor has verified to the sample of communities, such as Kampung Tanjung Jan, Kampung Penawai, Bekokong Makmur village and smallholder cooperative Harapan Jaya. As a result of the direct interview by auditor, it was confirmed that they were involved wuring SEIA performed.
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6.1.3
Plans for management and monitoring of social impacts to avoid or reduce negative impacts and promote positive ones, based on SEIA, through consultation with the affected parties, is available, documented and timetabled, including responsibilities for implementation. For example, within "Rencana Pengelolaan Sosial PT PP LONSUM Pahu Makmur dan Kedang Makmur", it is including Program, Activities, Challenges, Opportunities, Strategy, Output and Timeline.

<p>6.1.4, 6.1.5</p>	<p>The documented plan for management and monitoring of social impacts has been reviewed by the certification management unit on two-yearly basis. SEIA review is documented in form of “<i>Hasil Tinjauan Ulang Rencana Pengelolaan dan Pemantauan Sosial 2016</i>”. This document review is dedicated to reviewed social management plan of 2014. In example: Program: Tenurial Activities: Identification and mapping out to land ownership within the permitted area of PT PP LONSUM. Developing of clearly procedure of land compensation. Output: Map of Land Ownership and Land Compensation documents. Objective: To recognize location and position of land ownership within the company permitted area. Result of review: On going progress. This SEIA review has been conducted on 9 June 2016 with involving affected parties including smallholder schemes. Based on documented evidence, there are 20 persons who involved to review this social plan.</p>
	<p>Status: Comply</p>
<p>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.</p>	
<p>6.2.1</p>	<p>Documented procedure for communication and consultation is available in “Prosedur Komunikasi EMS-P05” dated 25 August 2016. The certification management unit has been implement the procedure, for example: Based on communication with Cooperative Harapan Jaya (smallholder scheme) were doing by auditor, it was informed that on 6 March 2017 the cooperative submitted the letter regarding road maintenance program at smallholder area. Auditor verified in the logbook communication, this letter has been responded by the smallholder manager within 12 days. Whether, in the procedure was described that information submitted should be responded within maximum 14 days.</p>
<p>6.2.2</p>	<p>The company have official who is responsible for consultation and communications with parties. It depends on type of communication received. The company has set the responsible persons, Legal and Communities, Smallholder manager.</p>
<p>6.2.3</p>	<p>Certification Unit has a list of stakeholders consisting of local communities, indigenous peoples 'representatives, plasma cooperatives, TBS collectors and workers' organizations. For example: Stakeholder list Pahu Makmur Estate consists of 1 District, 5 Villages, 4 customary organization, 2 security institutions, 1 Plasma cooperative, 1 Independent FFB Collector and 1 Trade Union. Meanwhile, Certification Unit also routinely communicates to the local government and related agencies at the district level. However, Certification Unit has not provided evidence of a list of stakeholders and all affected parties. This is Non-Conformity 2017.09.</p>
<p>6.2.3</p>	<p>Status: Non-conformity No.2017.09 with minor category</p>
<p>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.</p>	
<p>6.3.1; 6.3.2</p>	<p>The mechanism, open to all affected parties to resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers is available in “Prosedur Komunikasi EMS-P05” dated 25 August 2016., where requested, as long as that information is supported with adequate initial evidence. According information gathered from Cooperative Harapan Jaya (smallholder scheme), Kampung Pekawai and Kampung Tanjung Jan, there is no disputes was raised within last 2 years.</p>
	<p>Status: Comply</p>

6.4

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

6.4.1 and 6.4.2

The company has had the SOP of land acquisition and compensation which approve on 1 December 2012. The procedure has been explained that the land acquisition process is conducted with the involvement of local communities and the people entitled to compensation is the people who have *Surat Pengakuan Hak/SPH* which approve by head of village and head of subdistrict. Public consultation with the communities around known that the process of land acquisition has been conducted by involving the communities, the village authorities, landowners, the neighbouring parties and the company.

6.4.3

Document review showed that land compensation process is conduct since 1996 until 2015 for an area of 22,985.23 Ha. This area is cover for Pahu Makmur Estate, Kedang Makmur Estate and Isuy estate, but for now the certification scope is only Pahu Makmur Estate and Kedang Makmur Estate. The management unit also provides some examples of land compensation documents, which in the process of compensation have been involved by several parties consist of landowners, Company representative, Community Leader, the Head of Subdistrict, neighbouring parties and the heirs of the landowners. The process and the agreement of land acquisition has been documented by the company and stored by the legal 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.

6.5.1

Documentation of pay and conditions for employees based on the existing manpower regulations is available in Company Regulation or "*Peraturan Perusahaan*", whether between worker union and the company still on progress to develop working agreement or "*Perjanjian Kerja Bersama*". Type of workers in this Certification Unit consist of Permanent (Monthly and Daily Rate Personnel), Temporary (Contract Daily Rate Personnel) and Piece Worker. Within the Company Regulation, one of condition to pay the workers is refer to working hours (max. 40 hours a week). Certification Unit has used Finger Scan tools to monitor workers presence. Based on interviews with a sample of workers in Pahu Makmur Estate (Div 1, 2 and 4), Pahu Makmur POM and Kedang Makmur Estate (Div 1 and 4) are known to attend a finger scan machine.

According to document verification on finger scan employees list database for November 2017 period, it was found that sample of workers has worked over 40 hours per week (average). On that basis, the company has not shown any evidence that all workers are in compliance with applicable terms of employment and conditions. **This is Non-conformity No 2017.10 with major category.**

6.5.2

The management unit has Company Regulation or "*Peraturan Perusahaan*", whether between worker union and the company still on progress to develop working agreement or "*Perjanjian Kerja Bersama*" is available in understandable language; and explained by the management or Labor Union to the workers. Type of workers in this Certification Unit consist of Permanent (Monthly and Daily Rate Personnel), Temporary (Contract Daily Rate Personnel) and Piece Worker. Results of interviews with a sample of PHL workers in Pahu Makmur Estate (Div 1, 2 and 4) and Kedang Makmur Estate (Div 1 and 4), recognize that they do not have and accept valid employment agreements. Meanwhile, the results of document verification indicate the employment agreement is only available and kept in the Estate office.

Based on that, the Certification Unit has not yet shown proof that the Piece Worker agreement is available and explained to the workers. **This is Non- conformity No. 2017.11 with major category.**

6.5.3; 6.5.4

The management unit both Estates and Mill has provide adequate housing, water supplies, medical, educational and welfare amenities to national standards. Where, the management also able to demonstrate efforts to improve workers' access to adequate, sufficient and affordable food. For example, auditor has visiting the housing complex for workers in Division 4 PME, there are two types of housing model (permanent wall and semi permanent wall) which combined by wooden board. This housing type also available in housing complex Division 4 and 5 KME, but in Div. 4 KME all housing has been permanent. Facilities that include within the complex are electricity and water that supplied by the company. Access to affordable food, there are weekly market in each Estate and also the company provide Mini Market "Kedai Lestari" at Pahu Makmur Estate.

6.5.1 Status: Non-conformity No.2017.10 with major category

6.5.2 Status: Non-conformity No.2017.11 with major category

6.6

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

6.6.1; 6.6.2

A record of the company's policy "Internal Memo No. 006/HRD/CIR/II/2014 dated 7 January 2014" is Bahasa language recognising freedom of association. The management has worker union in form of "Federasi Serikat Buruh Kehutanan, Perikanan dan Pertanian (FSB HUKATAN)" in each Estate and Mill units.

Records of periodically meeting between company and workers union are well documented, for example: workers union KME had a meeting on 27 August 2016, whether workers union PME is on 25 March 2017. Currently, the workers union and the company still ongoing process to discussing and develop of Working Agreement.

The management unit has met the requirements of this Criteria.

Status: Comply

6.7

Children are not employed or exploited.

6.7.1

The documented evidence that minimum age requirements are based on Employer List Report November 2017 through SAP system. Auditor has verified that minimum age in all Certification Unit (Estates and Mill) is 20 years old. For example, Pahu Makmur Estate is employed Finger Scan Clerk as CDRP worker status. This person was born in 17 August 1997, start join to work in 20 June 2016 (20 y.o). This is proving that Certification Unit did not employ the children within their activities. The minimum age requirements are met.

During site visit on sampled activities (harvesting, manuring and spraying), auditor did not found any violation of children exploitation or family members.

Status: Comply

6.8

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

6.8.1; 6.8.2; 6.8.3

A company's policy on equal opportunity and treatment for work is available and documented on Code of Conduct and Indo-Agri Policy's.

Evidence that can be provided that employees and groups including local communities, women, and migrant workers have not been discriminated was sighted in Employer List in November 2017. Also, the company provides the list of applicant "Database Pelamar Kerja Kedang Makmur Estate" where from 40 applicant is from various origin (local and immigrant), gender, races and religion.

Status: Comply

6.9

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

6.9.1; 6.9.2

A policy to prevent sexual and all other forms of harassment and violence has been documented in their own procedure "Prosedur Pencegahan dan Penanganan Kasus Pelecehan Seksual (SOP.CR-OPR-105-KPS.11.11-1)" and Code of Conduct. This policy has been implemented and communicated to all levels of the workforce. It can be proved that the company develops Gender Committee for each management unit and active through their program. Auditor was sighted the "Program Kerja Komite Gender 2017" for 12 months and some program has been implemented.

6.9.3

A specific grievance mechanism which respects anonymity of complainants where requested is managed and responsibilities of Gender Committee. According to interview with Gender Committee and sample of female workers on field, auditor concludes that there is no harassment issues related to gender for the last 3 years. Therefore, the company has met the requirements.

Status: Comply

6.10

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

6.10.1 & 6.10.2

The company has two units of scheme smallholders. Based on that, current and past prices paid for Fresh Fruit Bunches (FFB) is available and maintain by the Pahu Makmur POM. The price of FFB's is determined by the top management and always following the price from Plantation Agency of East Kalimantan province. Auditor sighted the FFB price in period October and November 2017 based on document "Berita Acara Hasil Rapat Tim Penetapan Harga Pembelian TBS Provinsi Kalimantan Timur".

Based on interview with smallholder scheme "Cooperative Harapan Jaya" and third party FFB supplier "Koperasi Ulap Doyo", it was clearly recognized that the company has fair and transparent to giving information related FFB price and payment mechanism. There are no issues during made partnership with smallholders and other FFB's supplier.

6.10.3 & 6.10.4

Pahu Makmur POM also receives FFBs from third party supplier, whether three suppliers has had contractual agreement. Auditor made sample interview one of FFB's supplier "Koperasi Ulap Doyo" which has contract No.: 028/PMPOM/LSI-KUD/III/2017, dated 1 March 2017. The representative of Koperasi Ulap Doyo said that the contract is fair, legal and transparent. They feel satisfy during this partnership, because the company paid in timely manner as a mention in the contract.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

6.11.1; 6.11.2

The company has had CSR program that developed based on the results of consultation with local communities. Based on interview by auditor with representative of Kampung Penawai, Kampung Tanjung Jan and Cooperative Harapan Jaya (as smallholder scheme), the contribution of this company to the local communities are significant useful. Most of them are very helpful with the smallholder's scheme that was developed. Road access to the village is well maintained by the company consistently.

The management unit has CSR planning "Perencanaan Jangka Menengah Program CSR 2016 – 2018" where the main challenge is economic empowerment for the locals. The company has identified the needs and risk for each program, for example: Fisheries Cultivation (2017), Vegetables Small Farming and Rubber Cultivation (2018).

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1, 6.12.2, 6.12.3 (M)

Based on field observation in sample location during this audit, auditor found that there is no evidence for forced or

trafficked labor, and contract substitution is used. This is due to the company has has Policy "Internal Memorandum No. 026/HRD/CIR/XI/2017, tertanggal 30 November 2017". Type of workers in this company consist of Permanent (Monthly and Daily Rate Personnel), Temporary (Contract Daily Rate Personnel) and Piece Worker. All these workers has a contract agreement and they also give freedom to resign.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1 (M)

A policy to respect human rights is documented inn form of Code of Conduct and has been communicated to all levels of the workforce and operations.

Status: Comply

PRINCIPLE #7 Responsible development of new plantings

7.1

A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

7.1.1; 7.1.2 and 7.1.3

Certification Unit have prepared environmental documents in the form of AMDAL for 16,341.943 Ha oil palm plantation and mill with capacity is 60 tons/ hour. This document has been approved on 2005. In 2014, Regent of Kutai Barat issued environmental permit for PT PP LONSUM Indonesia Tbk for 43,458,59 Ha oil palm plantation and 3 mills.

A social impact assessment (SIA) including records of meetings for certification unit has been documented. SIA for LONSUM Pahu Makmur are in form of Social Environment Impact Assessment (SEIA) where conducted by third party consultant Faculty of Forestry, Bogor Agriculture University on 27 May – 1 June 2014.

Base on interview of communities, such as Kampung Tanjung Jan, Kampung Penawai, Bekokong Makmur village and smallholder cooperative Harapan Jaya. Base on result of the direct interview, it was confirmed that they were involved SEIA performed.

Certification Unit already has an environmental impact assessment and social impact assessment for new plantings covering the entire area of operational area.

Status: Comply

7.2

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

7.2.1 & 7.2.2

Company is able to show the record of soil survey and land suitability. The available informations are type of soil, physiography, region form (slope), main substance, soil fertility, and land class suitability. There is no new area development beyond the determined land use title area.

Status: Comply

7.3

New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

7.3.1 and 7.3.2

The first HCV identification is conducted on 2005 by using HCV toolkit 2003. After that, the company conduct again the HCV identification in 2014 by using HCV toolkit 2008. The company has disclouse this condition to RSPO compensation and the RSPO has been inform to CB in 29 September 2017 by email that stated "The company has just disclosed Pahu Makmur as zero non-compliant land clearance".

The company also conduct on going NPP in 2014 for area that has been cleared after 1 Januari 2010. The NPP Notification is announce in RSPO Website on 17 June 2016 for an area of 16,341.94 Ha. There is no complaint in 30 days after NPP notification is announce.

7.3.3

Based on interview with management representative is known that the first land clearing was conducted on 1997. Based on invitation letter from the company to staff of Tanjung Isuy Village authorities on 30 April 1997 stated that the first planting of oil plam is conducted on 3 May 1997.

7.3.4 and 7.3.5

The company has HCV management plan for HCV that has been identified in operation area. Based on the result of HCV identification it is known that there is no area needed by community to fulfill their basic needs. The management plan is explain in Criteria 5.2.

7.4

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

7.4.1; 7.4.2

Based on topography (elevation) map, scale 1:68,000 which derived from soil survey conducted by BLRS it could be concluded that there was no presence of peat soil and land which categorized as steep (>40 %). Hence, there was no such kind fragile category area and its management strategy in Mill and Estates accessed. Based on field observation, there were no area found with slope more than 40 %.

Status: Comply

7.5

No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

7.5.1

The company has conduct on going NPP in 2014 for area that has been cleared after 1 Januari 2010. The NPP Notification is announce in RSPO Website on 17 June 2016 for an area of 16,341.94 Ha. There is no complaint in 30 days after NPP notification is announce.

Based on interviews with village officials of Tanjung Jan, Bekokong and Penawai it is known that they support the presence of palm oil plantation. There is also a letter from Tanjung Jan Village on 2001 about giving support the existence of oil palm plantations in their area.

Status: Comply

7.6

Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

7.6.1; 7.6.2; 7.6.3; 7.6.4; 7.6.5; 7.6.6

The company has conduct on going NPP in 2014 for area that has been cleared after 1 Januari 2010. The NPP Notification is announce in RSPO Website on 17 June 2016 for an area of 16,341.94 Ha. There is no complaint in 30 days after NPP notification is announce.

The company has had the SOP of land acquisition and compensation which approve on 1 December 2012. The procedure has been explained that the land acquisition process is conducted with the involvement of local communities and the people entitled to compensation is the people who have *Surat Pengakuan Hak/SPH* which approve by head of village and head of subdistrict. Public consultation with the communities around known that the process of land acquisition has been conducted by involving the communities, the village authorities, landowners, the neighbouring parties and the

company.

Document review showed that land compensation process is conduct since 1996 until 2015 for an area of 22,985.23 Ha. This area is cover for Pahu Makmur Estate, Kedang Makmur Estate and Isuy estate, but for now the certification scope is only Pahu Makmur Estate and Kedang Makmur Estate. The management unit also provides some examples of land compensation documents, which in the process of compensation have been involved by several parties consist of landowners, Company representative, Community Leader, the Head of Subdistrict, neighbouring parties and the heirs of the landowners. The process and the agreement of land acquisition has been documented by the company and stored by the legal department.

Status: Comply

7.7

Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.

7.7.1 and 7.7.2

Certification Unit has a SOP 2.8 about Land Preparation -Strategies and Parameters, associated with land clearing without the use of fire and also it has been states that the use of fire for any reason is prohibited, such as land preparation activities in the area of new development and or replanting. CH also has SOP number OP 5.11.1 Forest and Ground Fire dated March 2008, explains the scope, definition, responsibility, procedures, reporting and post-event handling.

Based on the document review and interview with social community and government agency, it's known that the company didn't do the new land clearing or expansion during 2015. Result of filed visit showed that there's no signs of burning in the land preparing process but entirely done mechanically by using mechanical

Status: Comply

7.8

New plantation developments are designed to minimise net greenhouse gas emissions.

7.8.1 and 7.8.2

Based on the document review and interview with social community and government agency, it's known that the company didn't do the new land clearing or expansion during 2015, so no HCS assessment is performed. The company also conducts on going NPP in 2014 for area that has been cleared after 1 January 2010. The NPP Notification is announce in RSPO Website on 17 June 2016 for an area of 16,341.94 Ha. There is no complaint in 30 days after NPP notification is announce.

Status: Comply

PRINCIPLE #8 Commitment to continuous improvement in key areas of activity

8.1

Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

8.1.1

To maintain compliance with P & C RSPO, the company conducts internal audits once a year by internal auditor. The last internal audit was conducted on October 2017. All identified of nonconformities in internal audit have been closed.

The company has been implementing commitment to continual improvement, such as:

- The company has significantly reduced the use of Paraquat since 2014 (criteria 4.6).
- The company developed an owl population by making breeding nest as a breeding ground for owls and already has plans to add nest box in the field as a natural enemy of leaf-caterpillar pests. This is in order to eliminate the use of chemicals for the control of pests and diseases of oil palm plants.
- The company has significantly reduced the use of paraquat since 2014 (criteria 4.6).

Certification Unit has implemented commitment to reduce environment impacts on the regular action plan. For example:

- Effluent management and monitoring. WWTP pond management, effluent quality test and report it to Kutai Barat

District Environment Agency.

- Air quality management and monitoring. Road maintenance, air quality test and report it to Kutai Barat District Environment Agency.
- Ground water management and monitoring. Testing ground water quality and report it to Kutai Barat District Environment Agency. Hazardous waste management. Storing hazardous waste at the permitted hazardous waste, managing and monitoring hazardous waste.

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.
	Pahu Makmur Oill Mill is used RSPO supply chain of Mass Balance module because they still received FFB from the estate which has not been certified with RSPO that is Sister Company, Plasma and outgrower.
	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 produced by Pahu Makmur POM obtained from the data of 12 months before the audit activities and have been described in this ST-2 report.
	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).
	Certification Unit not registered in RSPO IT Platform and this is become Non-conformity No. 2017.12 with major category.
E.2.2	Status: Non-conformity No. 2017.12 with major category
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: a. Complete and up to date procedures covering the implementation of all the elements in these requirements; b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.
	Pahu Makmur Oill Mill has had SOP of Supply Chain which described the duties and responsibilities of each part; the identification of raw materials and products; and performs supply chain system. The results of interviews with security and weighbridge operator showed that they has had socialization of RSPO SCCS. Document review show that the socialization was conducted on 2015.
	Status: Comply
E.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.
	Pahu Makmur Oill Mill has had SOP of CSPO Supply Chain, among others, described about the receiving and processing

	of FFB from the supply base. To separate the acceptance of certified and non-certified FFB, the management unit will identify and register the FFB supplier. Sources of raw materials that have not been identified or registered systematically must manually include certification information on FFB delivery note. The certification information is in form of stamp that stated "TBS Bersertifikat RSPO" or "FFB Certified RSPO".
	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.
	The compliance of this indicator will be observed after the company has RSPO certified.
	Status: Comply
E.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.
	Pahu Makmur Oil Mill has had SCCS procedure that describes the provision of information to CB if there is excess production of RSPO-certified products. The actual production of certified product will be observed after the company has RSPO certified.
	Status: Comply
E.5	Record keeping
E.5.1	a. 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.
	b. 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.
	c. 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.)
	The compliance of this indicator will be observed after the company has RSPO certified.
	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.
	Pahu Makmur Oil Mill does not perform activities of palm kernel crushing to the independent palm kernel crushers.
	Status: Comply

3.3 Conformity Checklist of Certificate and Logo Use

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

3.4 Summary of RSPO Partial Certification

Compliance of the uncertified management units of PT PP London Sumatra 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

PT PP London Sumatra Time Bound Plan is explaining in table 1.10. PT PP London Sumatra run ten (10) mills, thirty (30) own estates in Indonesia, and has achieved RSPO certified for five (5) mills and supply base in Indonesia. PT PP Lonsum has informed the Time Bound Plan progress, MUTU has considered that PT PP London Sumatra is comply with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by PT PP London Sumatra on 27 July 2017 approved by Head of ECSR & HS Department.

MUTU has verified partial certification for un-certified unit's subsidiary of PT PP London Sumatra based on their Time Bound Plan. There are five (5) uncertified mill management unit of PT PP London Sumatra. 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 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 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>Company Group/Holding Statement: Yes, there was an internal audit and has positive assurance statement.</p> <p>Auditor Verification: Internal Audit report available for Terawas Indah POM and Sei Lakitan POM.</p>
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	<p>Company Group/Holding Statement: PT PP London Sumatra and its subsidiaries have been reporting disclosure of liability to RSPO and historical of Land Use by email dated 19 September 2014.</p> <p>Auditor Verification: RaCP for operation area of PT PP London Sumatra in South Sumatera and East Kalimantan, but the RaCP process not finish yet until the approval of compensation plan from RSPO compensation panel</p>
2.2.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	<p>Company Group/Holding Statement: There is new planting after 1 Jan 2010 in Pahu Makmur POM and Supply Base.</p> <p>Auditor Verification:</p>

		Auditor has verified the supporting evidence of above the company statement. The above statement in accordance with the supporting evidence provided. The notification is announce on 17 June 2016 in RSPO Website
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>Company Group/Holding Statement: 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 of Land Acquisition and Compensatio (SOP OP 2.2). This procedure regulates that conflict resolution can be done in a participatory manner and can also be done by a third party (mediator).</p> <p>Auditor Verification: Auditor has verified the supporting evidence of above the company statement. There are no land conflicts for uncertified unit of the group subsidiaries.</p>
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>Company Group/Holding Statement: 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 describe in Internal Memo from HR Director No. 28/HRD/CIR/2011. 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>Auditor Verification: There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries. But there is complaint from NGO to certified unit of PT PP London Sumatra.</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>Company Group/Holding Statement: 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 EMS-P02 dated April 10th 2015. In SOP describes procedures for compliance, completeness and groove sections which explain in detail to evaluate compliance with the legislation.</p> <p>Auditor Verification: The area of Pahu Makmur Estate, Isuy Makmur Estate, Sei Lakitan Estate, Riam Indah Estate, Sei Gemang Estate, Sei</p>

		Punjung Estate, Bangun Harjo Estate, Suka Bangun Estate, Terawas Indah Estate and Gunung Bais Estate are still in process for HGU (Committee B meeting)
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3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

3.5.1 Identification of Findings, Corrective Actions and Observations at ST-2 Assessment

NCR No.	: 2017.01	Issued by	: Dwi Haryati & Radytio P
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 3 May 2018
Standard Ref. & Requirement	: 2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
<p>Certification Unit have not shown any evidence of compliance with the law, such as:</p> <ul style="list-style-type: none"> • Field visit at hazardous waste warehouse of Pahu Makmur Estate is known that hazardous waste packaging is not equipped with label and hazardous waste warehouse is not equipped with lighting. • Field visits in Pahu Makmur Estate and Kedang Makmur Estate housing are known that the landfill is not yet in meet with the regulations. • OHS License for all loader operator of Pahu Makmur POM. • OHS License for all genset operators of Pahu Makmur POM. • OHS License for all boiler operators of Pahu Makmur POM. 			
Root Cause Analysis <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> ➤ An incomprehension of the rule that the packaging waste in Hazardous Waste Temporary Warehouse must be equipped with a label. ➤ An incomprehension of the rules regarding the minimum distance of the landfill from the housing. ➤ Still waiting for the training schedule for PMPOM loader operators, namely wheel loader operators, tractor operators and crane operators. ➤ Has not found a vendor to genset operators so that the generator operator (an Rudi Hartono, Asep Edward and Alfian Nur) has not received a license / SIO ➤ Boiler operators (Antoni and Rudiansyah) have been training through PT. Indotrain Consultant but the license / SIO from the Ministry of Manpower has not yet been issued while operators (an Rahmadi and Ibnu Suhada) have not received training. 			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> ➤ Pahu Makmur Estate will complete the label of hazardous waste on the packaging and increase the lighting at hazardous waste warehouse. ➤ Make a landfill according to the rules / standards that is 500 m from the housing as stated in SNI 03-3241-1997 which regulates the Procedure for Determination of Landfill ➤ Coordinate with Sustainability Dept to ensure the schedule of loader operator training. ➤ Coordinate with Procurement Dept to find vendors. ➤ Waiting for SIO from the Ministry of Labor Republic of Indonesia. 			
Preventive Action <i>(filled by organization audited):</i>			

- Pahu Makmur Estate will complete the label of hazardous waste on the packaging and increase the lighting of the warehouse. The handling and management of hazardous waste contained in SOP / EMS Procedure P-14 "Waste Management" which refers to SNI 03-3241-1997 standard. Every management of hazardous waste of unit and unit management should refer to SOP / EMS P-14 Procedure standard and evaluate monthly to hazardous waste.
- Pahu Makmur Estate will make a waste disposal site according to SNI 03-3241-1997 standard which is 500 m from housing. Handling and management of domestic waste has been incorporated in Working Instruction / WI EMS WI-8 / OP 5.8 "Waste Management" which refers to SNI 03-3241-1997 standards. Every time a new landfill is made, the unit management estate and mill must refer to the standards and WI / SOP that have been made.
- The loader operator (Yansrianto Tangke), tractor (a.n Sunardi) and crane operator (Yusuf Tato Tanda) have been trained by PT. Lanto Masa Anugrah on 12-14 December 2017.
- Coordinate with Procurement Dept in order to find vendor for training of generator operator.
- Request a OHS certificate that has attended training to PT. Indotrain Consultant (an Antoni and Rudiansyah) from Labour Ministry of Republic Indonesia.
- Make a list / database of all operators that are required to have a OHS license. From the database, training needs are identified and create work programs for training operators who do not have a compulsory OSH license using form 09-01 and evaluating training needs every month.

Assessor Evaluation and Conclusion *(filled by auditor):***Verification on 12nd February 2018**

The Company has sent evidence of improvement to fulfill this indicator on 31 January 2018. The corrective evidence includes :

- Reference for OHS Service Company PT Lanto Masa Anugrah stated that the heavy equipment operator for Aircraft Lifting was held on 12-15 December 2017 at the Pahu Makmur Estate Training Center. Workers who have participated in the training but have not issued a certificate for example wheel loader operator (SK No.610 / Sket-PAA / LMA-K3 / MDN-XII / 2017), tractor (SK No.609 / Sket-PAA / LMA-K3 / MDN -XII / 2017), and crane operator SK No.613 / Sket-PAA / LMA-K3 / MDN-XII / 2017).
- Training Certificate of RI Ministry of Manpower Class I boiler operator from PT Indotrain Consultant on behalf of two operators from Pahu Makmur POM. Training was held on 23 - 28 October 2017 in Balikpapan.
- List of candidates for Genset Operators from Pahu Makmur POM.

The company has sent evidence of corrective action of hazardous waste label on waste packaging on January 18, 2018, authorized by environment clerk and estate manager, on the minutes explained that:

- Label installation documentation on hazardous material packaging available at hazardous waste warehouse on January 18, 2018.
- Documentation of lamp installation for lighting at hazardous waste warehouse on January 18, 2018.
- The company showed evidence of improvements related to the landfill at Pahu Makmur Estate and Kedang Makmur Estate in the form of a report of the final waste disposal site on December 12, 2017 in division IV that 500 m away from the housing with a size of 2.5 mx 1.5 m. This report has created by environment clerk and known by Estate Manager. For Kedang Makmur Estate the company attributes evidence of improvements related to the making waste bins:
- Documentation making of landfill on January 21, 2018, in division 03 with a distance of 500 m from housing with size 5 m x 3 m.
- Documentation making of landfill on January 24, 2018, in division 04 with a distance of 500 m from housing with size 5 m x 3 m.

The management unit has not explained the corrective action in accordance with the root cause analysis of the problem described. The NCR still OPEN.

Verification on 3rd May 2018

The management unit has provided additional explanations related to corrective actions, based on that the non-conformity is stated to be fulfilled. **The NCR has been fulfilled**

Verified by : Dwi Haryati & Radytio P

NCR No.	: 2017.02	Issued by	: Radytio P
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 2 May 2018
Standard Ref. & Requirement	4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
The result of field visit at peat area at Kedang Makmur Estate is known that peat subsidence measurement instrument is not accurate i.e measurement instrument will go down if it pressed. Based on that, the monitoring is not adequate.			
Root Cause Analysis <i>(filled by organization audited):</i>			
Installation of subsidized peat soil monitor doesnt reach the mineral layer so that the measurement result into peat is not accurate.			
Correction <i>(filled by organization audited):</i>			
Installation of peat subsidence monitoring means that the mineral layer should be accurate			
Corrective Action <i>(filled by organization audited):</i>			
Kedang estate will install measuring devices / subsidized peat to touch the mineral layer, and provide a fence so as not to disrupt the results of monitoring.			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
18 February 2018			
The Company showed the minutes January 24, 2018 sign by Environment Clerk and Estate Manager related to the installation of peat subsidies in several points, i.e:			
<ul style="list-style-type: none"> • December 22, 2017 instalation 5 subsidance stick at divison 5 . • December 27, 2017 instalation 5 subsidance stick, in division 5. • December 28, 2017 instalation 5 subsidance stick, in division 4. • December 28, 2017 instalation 5 subsidance stick, in division 2. • December 22, 2017 instalation 5 subsidance stick, in division 1. 			

The company also shows a subsidence stick map by BLRS-LONSUM team with scale 1: 33.000 that explained the distribution of the subsidence stiks. The Company also provides documentation on sign board prohibiting subsidence stick barrier.

2 May 2018

There are measurement data and PICs responsible for measuring, for example, results of measuring April 2018 as follows:

Divisi	Block	Result
I	12110433	0,4
	09110782	0
	09110772.	0
II	09111430	0
	1011431	0
III	12110951	1
	10110952	2,4
	10110953	0
	12110971	2
	12110981	1
IV	13110632	0,3
	12110750	0
	12110422	0,4
V	12110652	1
	12110643	2
	10110953	0
	12110664	0
	12110394	0
	12110383	1

Based on the evidence verification and conclusion that Non-conformity No.2017.02 is closed with observation.

Verified by : **Radytio Puspanjana**

NCR No.	: 2017.03	Issued by	: Radytio P
Date Issued	: 8 December 2017	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: 25 April 2018
Standard Ref. & Requirement	: 4.4.1 An implemented water management plan shall be in place		
Non-Conformance Description & Evidence observed (filled by auditor):			
The management unit has not shown water management plans for Estate and Mill			
Root Cause Analysis (filled by organization audited):			
<ul style="list-style-type: none"> • Pahu Makmur Estate does not have a water management plan yet. • Pahu Makmur POM hasnt yet established a water management programs. 			

Correction *(filled by organization audited):*

- Pahu Makmur Estate develops a water management plans.
- Pahu Makmur POM created program and water source identification.

Corrective Action *(filled by organization audited):*

- Pahu Makmur Estate will create a water management plan.
- Pahu Makmur POM will make cleaning program of water source (reservoir) and liquid waste control.

Assessor Evaluation and Conclusion *(filled by auditor):*

12 February 2018

The Company shows the water management plan document for the water period 2017 to 2018 by environment clerk and estate manager. The planned program is water source survey, water source map based on identification result, while protection effort is installation of source boundaries, cover crop maintenance, signboard prohibition farming, burning, logging, hunting and monitoring of water source condition. The monitoring PIC is assistant head section.

25 April 2018

- The company shown identification in form of water source map of Kedang Makmur Estate with scale 1: 36.000 based on the map the result of water source identification 6 point of ground water source and 1 point surface water source (river).
- The company shown identification water source map of Pahu Makmur Estate with scale of 1: 46.000 based on the map the result of water source identification is 7 point of ground water source.
- The company shown identification of water source map Pahu Makmur POM with scale of 1: 46.000 which based on the map result of identification water source is 1 point of surface water source.

The company shown document of water management plan period 2017 to 2018 for Pahu Makmur POM, Pahu Makmur Estate and Kedang Makmur Estate by environment clerk and manager. The planned program is water source survey, water source map based on identification result, while protection water source, berrier, cover crop maintenance, signboard prohibition farming, burning, logging, hunting and monitoring of water source condition. The monitoring PIC is assistant head section. Based on the evidence shown concluded NCR. 2017.03 is closed.

Verified by : **Radytio P**

NCR No.	: 2017.04	Issued by	: Dwi Haryati
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 11 June 2018
Standard Ref. & Requirement	: 4.6.5 Evidence of pesticide application by trained person and in accordance with application guidelines in product label and storage guidelines shall be available. Appropriate safety equipment shall be provided and utilized. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7)		

Non-Conformance Description & Evidence observed *(filled by auditor):*

Certification Unit may indicate MSDS as a reference for pesticides used, but not yet covered for all stored pesticides i.e Ratgone, such as in:

- Pesticide Warehouse at Pahu Makmur Estate
- Pesticide Warehouse at Kedang Makmur Estate Division Office.

Root Cause Analysis *(filled by organization audited):*

- MSDS Ratgone is not available in the pesticide warehouse of Pahu Makmur Estate
- MSDS type of pesticides such as Elang, Starane & Ratgone not available in pesticide warehouse Division 5 of Kedang Makmur Estate
- Supplier of pesticide do not provide MSDS for some types of pesticides used.

Corrective Action *(filled by organization audited):*

All pesticides in the pesticide warehouse must have their MSDS available.

Preventive Action *(filled by organization audited):*

- Pahu Makmur Estate will complete MSDS for all types of pesticides.
- Coordinate with Procurement Department to ensure the vendors / producers that every pesticide to be ordered / imported is completed with MSDS.
- Record all types of pesticides stored in warehouses and include MSDS on each type of pesticide stored in the warehouse, referring to PP Regulation no. 74 of 2001 Article 12.
- Create a data matrix containing pesticide type information and MSDS availability (in the form of checklist) and pasted on the information board in the warehouse.
- Monitor weekly availability of MSDS for each type of pesticide in the warehouse

Assessor Evaluation and Conclusion *(filled by auditor):*

Verification on 12nd February 2018:

The company shows evidence of corrective action in the form of :

- Documentation of MSDS in pesticide warehouse of Pahu Makmur Estate on January 18, 2018. Based on the inventory of chemicals in Pahu Makmur Estate warehouse is known that there are 26 chemicals materials (pesticides and fertilizers). The management unit also shows the MSDS installation documentation for each chemical material, such as Ratgone, Lindomin, Eagle, etc.
- Kedang Makmur Estate showed evidence of handover of 3 (three) MSDS (Elang, Starane, and Ratgone) from Environment Clerk to field assistant and supervisor of spraying division 5 on 30 January 2018.

However, the improvement evidence does not indicate that MSDS has been placed in a pesticide warehouse. In addition, the explanations related to the root cause and corrective action are not sufficient. Non-compliance still Open.

Verification on 25 April 2018

The management unit shows the evidence documentation of MSDS installation in pesticide and fertilizer warehouse at KME. The types of pesticide and fertilizer are Top zone, elang, Win 20 WG, Decis, Metsulindo, Lindomin, Starane, Marshal 200G, Klerat, Gramoxone, MOP, Rock Phosphate.

Verification on 11 June 2018 (evidence at May, 31 2018)

The company have shown the evidence of :

- Documentation of MSDS socialization to pesticide-related workers to 8 workers in KME 3 division (May 14, 2018) and 14 workers in KME division 5 (5 May 2018).
- The documentation of MSDS socialization to workers of waste hazardous warehouse and fertilizers.

Based on the evidence of improvement the root analysis and corrective action given then the non-conformity is met by observation (closed with observation). **The NCR has been fulfilled**

Verified by : **Dwi Haryati**

NCR No.	: 2017.05	Issued by	: Dwi Haryati
Date Issued	: 8 December 2017	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: 5 May 2018
Standard Ref. & Requirement	4.7.5 A procedure for emergency and work accident shall be available in Indonesian Language; and the workers, who have attended First Aids training, are available in the working areas		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
Interview with workers in Pahu Makmur Estate and Kedang Makmur Estate shows that foreman who responsible to first aid not yet follow first aid training. Field visit as well as interviews with workers in Pahu Makmur Estate and Kedang Makmur Estate are known that the foreman carries a bag for first aid box where the contents of this do not match the regulation, such as: <ul style="list-style-type: none"> • Manuring activity in Pahu Makmur Estate: the first aid bag is not completed with sterile gauze wrapped, 5 cm bandage, 10 cm bandage, scissors, safety pin, mask, tweezers, flashlight, eye glass, clean plastic bag, aquades, 70% alcohol, P3K handbook, notebook and table of contents box. • Manuring activity in Kedang Makmur Estate: the first aid bag is not completed with 5 cm bandages, 10 cm bandages, 1.25 cm plaster, cotton, mitela cloth, scissors, safety pins, disposable gloves, tweezers, flashlight, eye glasses, clean plastic bags, aquades, , notebook and list of boxes. 			
Root Cause Analysis <i>(filled by organization audited):</i>			
The officer in charge of first aid kit in Pahu Makmur Estate has not received first aid training because training needs have not been identified for officers responsible for first aid kit. The distribution of the contents of the first aid kit to the foreman was incomplete, because some types of this contents had been used up. The foreman / officer in charge of the first aid kit did not report to the head immediately over the end of several types of this.			
Corrective Action <i>(filled by organization audited):</i>			
The first aid officer at Pahu Makmur Estate should receive First aid training. The First Aid kit should contain 21 types according to the rules			
Preventive Action <i>(filled by organization audited):</i>			

Pahu Makmur Estate will soon schedule first aid training for first aid officers.

Appoint special personnel handling first aid from the medical team (training and monitoring of the contents of the First Aid kit). Monitoring the contents of first-aid kit in buildings and foremen each week.

Record the contents of first-aid kit for every morning briefing in the division's office. Report to the medical team related to the needs of the first aid kit. Preparing drug stocks / contents of first aid kit in each estate/mill.

Assessor Evaluation and Conclusion *(filled by auditor):*

Verification on 11 February 2018:

The company has submitted proof of improvement for the fulfillment of this indicator on 31 January 2018. Evidence of such improvements include:

1. First aid training documentation and submission of 21 types of first aid kits. First aid training is held at Kedang Makmur Estate Employee Hall on January 18, 2018. The resource persons of this training materials are corporate doctors and medical team of the company. The material presented is:
 - The practice of handling torn wounds, punctured by oil palm thorns, snake bites, wasps stung, broken legs, exposed to pesticides, fainting, eyes exposed to foreign objects and handling when exposed to stomach ulcers.
 - Things to consider if there are employees who have work accidents.
2. Documentation of the first aid training program for the foremen in the field on December 15, 2017 at PME Employee Hall. Material delivered by company medical personnel. Participants in the training were attended by 37 employees, namely the first aid bag holders and first aid officers in the building. The source of this training material is the company's medical team. The material presented is:
 - Recognition of the contents of first aid kit carried by the foreman or in the office.
 - The practice of handling torn wounds, burns, pierced oil palm thorns, snake bites, broken bones in the legs, hands and fingers, and handling of employees who fainted.
3. Documentation of equipment for first aid kits in buildings and foremen. However, the evidence provided does not explain distribution of first aid kit located in the building and the list of names of first aid receivers of the first aid kit.

In addition, the explanations related to the root cause analysis and corrective action are not sufficient. This NCR still Open.

Verification on 25th April 2018

The management unit showed evidence of improvement :

Pahu Makmur Estate

- Distribution of first aid content for first aid kit and for foremen (date November 27, 2017).
- Photo installation of first aid kit at AMA office, estate office, plasma office, division office 01-08, workshop, pesticide warehouse, hazardous waste warehouse, mess, smart house, security post 01, 03,07,16, security smart house.
- List of first aid kit locations and names of foremen who carrying first aid kit. The list of first aid kit receivers is 35 foremen consisting of foreman 1, foreman harvesting, spraying, upkeep each division (8 divisions). The location of the first aid kit installation is in accordance with the first aid installation documentation above.

Kedang Makmur Estate

- Documentation of handover contents of first aid kit according to regulations (21 types) for 19 foreman (spraying, harvesting, upkeep of each division) and installation of first aid kit in building : 1-6 division offices, estate office, security post, workshop, kindergarten, pesticides and mess.

Based on that evidence, the root cause analysis and corrective actions not yet showed. This NCR still Open.

Verification on 3rd May 2018

The company give the explanation about corrective action, beside that the NCR has been fulfilled	
Verified by	: Dwi Haryati/ Ardiansyah

NCR No.	: 2017.06	Issued by	: Radytio P
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 12 February 2018
Standard Ref. & Requirement	: 5.3.1 A documented identified source of all waste and pollution, shall be available.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
<p>Identification of waste and pollution of sources not yet explained all the waste from estate and mill activities, such as:</p> <ul style="list-style-type: none"> • Sack Used from fertilizer activity • Leachate water from EFB storage • Used cans from workshop • Used chemical container (water purifier) from mill 			
Root Cause Analysis <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Uncertainty in identifying sources of waste and pollution, especially paint cans and sacks of fertilizer so that there is a mistake in classifying the cans of paint and sack as waste • Paint cans and ex container of air purifier chemicals have not been included in the waste identification. • Leachated occurs because of the EFB accumulated outside holding areas. 			
Correction <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Pahu Makmur Estate must classify cans of paint and sack of fertilizer as waste. • Make a list of identification and waste management. • Instantly Apply EFB to estate 			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Pahu Makmur Estate will re-identify the source of waste and pollution from the plantation operations and document. • Collecting ex packaging and save accordance waste category. • Transported EFB to estate 			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
<p>12 February 2018</p> <p>The company shown the matrix identification of source of from Mill operational January 27, 2018, known sign coordinator and mill manager. There are results of the identification of waste from Mill activities, environmental aspects, potential impacts, and the form of management. Such as:</p> <ul style="list-style-type: none"> • The activity of solid waste management station, the sub activity of EFB storage, the potential of environmental 			

aspect is leached, the potential impact is to increase the contamination of soil and water, the management is making concrete floor and equipped with water ditch to the WWTP, EFB evacuation that scattered outside the storage area regularly to estate.

- The main activity of the water supply station potential of environmental aspect is operator activity, the potential impact is solid / liquid waste from the worker's activity, increasing the risk of soil and water contamination, the form of management is to remove solid and liquid waste from worker activity containing hazardous to storage hazardous waste and non hazardous waste to final landfill.

The company shows the results of waste and pollution identification for Pahu Makmur Estate 2018 period January 18, 2018 by environment clerk and estate manager. The result of identification is as follows:

- From the main activities of maintenance of solid waste management, the sub-activity of fertilizer using chemical fertilizers, the potential of environmental aspect is the disposal of the sacks of fertilizer is not in place, the potential impact is to control the contamination of soil and water, carried out the management of evacuation to hazardous waste and domestic waste collection landfill.
- Potential aspects of chemical fertilizer odor, potential environmental impacts increased air pollution risk and management measures are the use of PPE

Based on evidence corection, NCR Number. 2017.06 is closed.

Verified by : **Radytio Puspanjana**

NCR No.	2017.07	Issued by	Radytio P
Date Issued	8 December 2017	Time Limit	7 December 2018
NC Grade	Major	Date of Closing	1 August 2018
Standard Ref. & Requirement	5.3.2 There shall be evidence that all chemicals and their empty containers are disposed of responsibly		
Non-Conformance Description & Evidence observed (filled by auditor): Not yet all chemicals and their empty containers are disposed of responsibly, such as: <ul style="list-style-type: none"> • Utilization of used pesticide container for lamp cover. • Utilization of used oil drums for water containers. • Chemical water purifier container in mill not yet known the management 			
Root Cause Analysis (filled by organization audited): <ul style="list-style-type: none"> • Ignorance that the former packaging / container of chemicals (packaging of pesticides, drum oil) should not be used for anything. • Ex container water purifier chemicals has not been included in the waste source list so it has not been managed responsibly. 			
Correction (filled by organization audited): <ul style="list-style-type: none"> • Former chemical containers / containers (pesticides, used oil drums) should be managed according to the 			

rules by preparing the hazardous waste balance sheet and collecting it at hazardous waste storage and should not be used for anything.

- Put in the waste identification list and management.

Corrective Action *(filled by organization audited):*

- PIC responsible for managing and monitoring hazardous waste in each division. Socialize every meeting and muster morning to all workers related to hazardous waste accordance SOP hazardous waste management.
- Collect ex chemical containers and store them according to category.

Assessor Evaluation and Conclusion *(filled by auditor):*

12 February 2018

The company shows minutes of lamp cover and oil drum to hazardous waste January 15, 2018 for Pahu Makmur Estate / Kedang estate amounted to 7 kg and drum 10 kg. There is documentation of displacement of used pesticide and used oil drums. There is a memorandum from the estate manager January 23, 2018 regarding the prohibition of using hazardous waste. Memorandum described that hazardous waste is used oil, used batteries, used filters, pesticide packaging (gerigen cans, bottles and plastic), used fabrics, used gloves, used oil drums, toners and used cartridge and used light bulbs.

24 April 2018

- The Company shows the balance of schedule waste management for the period January - March 2018, explained record of oil filters used (6 pcs), used container pesticide (3 pcs), medical waste (34 kg), used tonner (1 pcs), used catridge (9 pcs), used pesticide jerry cans (1 pcs), pesticide bottle (7 pcs).
- Hazardous waste balance during period January - March 2018, transported January 5, 2018 by PT Sinar Bintang Albar that is 7 used battery (manifest AGU-0001078), used oil filter 35 pcs (manifest AGU-0001079) , Used Pesticide container 8 pcs (manifest AGU-0001081), Medical waste 10 kg (manifest AGU-0001080), 15 pcs used toner (AGU-0001082 manifest), used catridge 62 pcs (manifest AGF-0001082), used lamp 1 pcs (manifest AGU-0001082).

1 August 2018

- Minutes of socialization hazardous waste management i.e responsible disposal of chemical and container waste, socialization conducted division 01 - 06 employees and workshop workers on May 30, 2018, related memorandum from estate manager published on dated January 23, 2018 regarding the prohibition of the use of hazardous waste container). Attached documentation such as photos and attendance list (wokshop and each division).
- The balance of hazardous waste Non used lubrycan (Form F12 B) for Pahu Makmur Estate period January - May 2018. The balance explained recorded hazardous waste stored is used Battery 0.100 tons, 0.096 tons oil filter, used pesticide container 0.010 tons, 0.034 tons medical waste, 0.003 tons of used tonner, 0.001 tons of used catridge, 0.006 tons of used lamp, 0.002 tons of used pesticides, 0.080 tons of used drums, 0.005 of fertilizer sack and total 0.358 tons. Used oil drums also record waste logbook (form F12 A).
- Minutes of hazardous waste transported May 9, 2018 made by Shift Coordinator and Mill manager. Documentation of collection of used chemical, used oli filters, used oil drums, used lamp, used used battry and used cartridges. Described of minutes that some hazardous waste are collected at tempory hazardous waste Pahu Makmur estate and POM. The collected hazardous waste has recorded in the balance of hazardous waste management for 2018, i.e used oil 1,133 tons, used batteries 0.010 tons, used oil filter 0.140 tons, used lamp

0.0100 tons, used gloves 0.2170 tons, used cartridge 0.0440 ton, contaminated scrap 0.2776 tons and used water purifier container 0.1620 tons.

Based on evidence corection, NCR Number. 2017.07 is closed.

Verified by : **Radytio P**

NCR No.	: 2017.08	Issued by	: Radytio P
Date Issued	: 8 December 2017	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: 11 June 2018
Standard Ref. & Requirement	: 5.3.3 A documented waste management plan to avoid or reduce pollution and its implementation shall be available		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
<p>Certification Unit not yet shown waste management plan to avoid or reduce pollution and its implementation, such as:</p> <ul style="list-style-type: none"> • Used oil from the compactor repairing at Kedang Makmur Estate is dispose to environment. • Used oil stored in a leaky package at hazardous waste storage of Pahu Makmur Estate • Used lamp stored in fertilizer storage Kedang Makmur Estate • Overflow effluent in trenches at Pahu Makmur Estate 			
Root Cause Analysis <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • The vendor doesn't meet the standards in transporting hazardous waste (used oil) still found on the floor. • Sediment trenches due to washing by heavy equipment PC 45 has been delayed. 			
Correction <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • The vendor must carry out standard waste transport. • Ensure bath trenches cleaning shall be done on schedule twice a year. 			
Corrective Action <i>(filled by organization audited):</i>			
<ul style="list-style-type: none"> • Coordinate with vendors to immediately evacuate used oil waste according to standard • Ensure bath towels are laundered on schedule 			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
12 February 2018			
<ul style="list-style-type: none"> • The company shows the replacement minutes of used oil container January 18, 2018 made by the environmental clerk and Estate Manager, documentation of replacement of the leaking oil drum new cointainer. • The company shows the minutes of bath trecnes washing block 97110811 at Pahu Makmur Estate January 22, 2018 made Environmental Clerk and Estate Manager. 			

24 April 2018

- The management unit demonstrates disposal and management plans for waste such as used sacks, leachate water, paint cans, traces of water purifying chemicals described in the matrix identification documents of the source of waste generated by plant operational activities compiled January 27, 2018. The Company shows the implementation of the management plan of the former fertilizer sack in Temporary hazardous waste Pahu Makmur Estate.
- The minutes proof of oil trap repair at engine room division 5 for repair of compactor in Kedang Makmur Estate done at area having oil trap and no scattered to environment also provided sand (*spill kit*) to prevent if happened spilled oil used repair compactor.
- The company shows minutes of bath trenches washing in block 97110811 at Pahu Makmur Estate January 22, 2018 made environmental Clerk and Estate Manager.

11 June 2018

The report of hazardous waste of Kedang Makmur Estate period first quarter (January - March 2018) (No. KME / Ext / IV / 2018) April 2, 2018 to environmental agency, described has been stored at hazardous waste Kedang Makmur Estate 6 pcs (logbook) or 0.00024 ton (hazardous waste balance). Based on evidence corection, NCR Number. 2017.08 is closed.

Verified by : **Radytio P**

NCR No.	2017.09	Issued by	Yudwi Wisnu R
Date Issued	8 December 2017	Time Limit	ASA-1
NC Grade	Minor	Date of Closing	20 April 2018
Standard Ref. & Requirement	6.2.3 The company shall have a list of stakeholders, records of communications, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Certification Unit has a list of stakeholders consisting of local communities, indigenous peoples 'representatives, plasma cooperatives, TBS collectors and workers' organizations. For example: Stakeholder list Pahu Makmur Estate consists of 1 District, 5 Villages, 4 customary organization, 2 security institutions, 1 Plasma cooperative, 1 Independent FFB Collector and 1 Trade Union. Meanwhile, Certification Unit also routinely communicates to the local government and related agencies at the district level. However, Certification Unit has not provided evidence of a list of stakeholders and all affected parties.			
Root Cause Analysis <i>(filled by organization audited):</i> Stakeholders from the government and related agencies at the district level have not been included in the stakeholder List, because lack of knowledge. The certification unit assume the stakeholder only limited to the surrounding community or parties that are in close contact with the company.			
Correction <i>(filled by organization audited):</i>			

The Stakeholder List created should include all affected parties including from the elements of local government and relevant agencies at the district level.

Corrective Action *(filled by organization audited):*

Updating the Stakeholder List. Updates are made at least annually or every time there is a change of stakeholder personnel. Updates were made in coordination with the head of subdistrict, head of district, NGOs, local / local communities, indigenous peoples 'representatives, plasma cooperatives, FFB collectors and workers' organizations.

Assessor Evaluation and Conclusion *(filled by auditor):*

11 February 2018

Auditee has sent evidence of improvements to the fulfillment of this indicator on 31 January 2018. The corrective evidence includes:

1. Update list of stakeholders for the PME (January 18, 2018) and KME (January 29, 2018).
2. The update stakeholders list consist of Institution, Community / Indigenous Peoples around and Workers' Organizations.

As for other organizations such as NGOs (local, national or international) are not yet available, so the NC is open.

20 April 2018

The management unit has list of stakeholders consisting of governments, local communities, cooperatives, trade unions and NGOs. In addition, the management unit has also provided additional explanations related to root causes and corrective actions. Based on the above explanation, the **Non-conformity No.2017.09 is closed.**

Verified by : **Yudwi Wisnu R**

NCR No.	: 2017.10	Issued by	: Yudwi Wisnu R
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 11 February 2018
Standard Ref. & Requirement	: 6.5.1 Documentation of pay and conditions for employees based on the existing manpower regulations shall be available.		

Non-Conformance Description & Evidence observed *(filled by auditor):*

Type of workers in this Certification Unit consist of Permanent (Monthly and Daily Rate Personnel), Temporary (Contract Daily Rate Personnel) and Piece Worker. Within the Company Regulation, one of condition to pay the workers is refer to working hours (max. 40 hours a week). Certification Unit has used Finger Scan tools to monitor workers presence. Based on interviews with a sample of workers in Pahu Makmur Estate (Div 1, 2 and 4), Pahu Makmur POM and Kedang Makmur Estate (Div 1 and 4) are known to attend a finger scan machine.

According to document verification on finger scan employees list database for November 2017 period, it was found that sample of workers has worked over 40 hours per week (average). On that basis, Certification Unit has not shown

any evidence that all workers are in compliance with applicable terms of employment and conditions	
Root Cause Analysis <i>(filled by organization audited):</i>	
<ul style="list-style-type: none"> • Worker worries on the finger print system if it does not meet 7 hours per day, attendance approval (salary deduction) • The distribution of electricity in division, the electricity is on after 18:00, causing total working hours recorded through finger scan exceeds 40 hours per week 	
Correction <i>(filled by organization audited):</i>	
Following the regulation that should be the total working hours of normal worker is 40 hours per week including the duration of finger scan by workers (7 hours per day)	
Corrective Action <i>(filled by organization audited):</i>	
<ul style="list-style-type: none"> • Company will make manual monitoring of worker attendance as supporter of finger scan to know real working hours and attendance of worker. • For overtime workers accompanied by overtime warrant. 	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
<p>11 February 2018</p> <p>Auditee has sent evidence of improvements to the fulfillment of this indicator on 31 January 2018. The corrective evidence includes:</p> <ul style="list-style-type: none"> • Minutes of corrective action for Kedang Makmur Estate dated 29 January 2018, together with proof of attendance manual monitoring of all Workers in Division at KME. • Minutes of corrective action for Pahu Makmur Estate, 19 January 2018. Evidence from the Minutes is: Minutes of Socialization Meeting of PME Work Discipline and attendance manual monitoring of All Division in PME. <p>The Non-Conformity is closed.</p>	
Verified by	: Yudwi Wisnu R

NCR No.	: 2017.11	Issued by	: Yudwi Wisnu R
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 3 May 2018
Standard Ref. & Requirement	6.5.2 Collective Labor Agreement/Company Regulation, in accordance with the manpower regulations, shall be available in understandable language; and explained by the management or Labor Union to the workers.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
Type of workers in this Certification Unit consist of Permanent (Monthly and Daily Rate Personnel), Temporary			

(Contract Daily Rate Personnel) and Piece Worker. Results of interviews with a sample of Piece Worker in Pahu Makmur Estate (Div 1, 2 and 4) and Kedang Makmur Estate (Div 1 and 4), recognize that they do not have and accept valid employment agreements. Meanwhile, the results of document verification indicate the employment agreement is only available and kept in the Estate office.

Based on that, the Certification Unit has not yet shown proof that the Piece Worker agreement is available and explained to the workers.

Root Cause Analysis *(filled by organization audited):*

1. Being verified data relating to worker identity (there are workers whose identity is invalid, identity on family card and ID Card is different).
2. Currently the company is still in the process of socialization of work agreements to the workers in connection with the addition of work rules in the employment letter of daily employees.

Correction *(filled by organization audited):*

The Company provides copies of employment agreement documents to workers

Corrective Action *(filled by organization audited):*

The Company will socialize and provide copies of employment agreements to workers

Assessor Evaluation and Conclusion *(filled by auditor):*

11 February 2018

Auditee has sent evidence of improvements to the fulfillment of this indicator on 31 January 2018. The corrective evidence includes:

1. Minutes of implementation of PME correction (26 January 2018) include: List of PHL Employees (537 persons), Records Socialization of DRP agreement, sample of Employment Letter of DRP.
2. Minutes of Socialization of Work Agreement of KME (24 January 2018) with evidence such as: Recording of Attendance List of Socialization of Work Agreement to DRP, Photo Socialization and Receipt (Receipt) Letter of Employee Work Agreement.

But the company not completed the root cause and corrective action, Non-conformity is Open.

3 May 2018

Management unit has provide root cause and corrective action, so the Non-conformity is Closed.

Verified by : **Yudwi Wisnu Rahmanto/ Ardiansyah**

NCR No.	: 2017.12	Issued by	: Ardiansyah
Date Issued	: 8 December 2017	Time Limit	: 7 December 2018
NC Grade	: Major	Date of Closing	: 21 February 2018

Standard Ref. & Requirement	: E.2.2 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).
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Certification Unit not registered in RSPO IT Platform.	
Root Cause Analysis <i>(filled by organization audited):</i> Lack of knowledge on RSPO IT Platform	
Correction <i>(filled by organization audited):</i> PMPOM register at RSPO IT Platform	
Corrective Action <i>(filled by organization audited):</i> PMPOM register at RSPO IT Platform	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> 21 February 2018 The management unit has shown registration record at IT Platform for Pahu Makmur Mill with registration number RSPO_PO1000004131. So the Non conformity is stated closed.	
Verified by	: Ardiansyah

3.5.2 Opportunity for Improvement

No	Ref. Std.	Deskripsi
1	2.1.1	Follow up on progress lisenca temporary hazardous waste
2	4.7.6	Ensure all workers and family members who have had administrative completeness are registered on BPJS.
3	5.3.3	Follow up on the extension agreement with licensed transporter of hazardous waste that expired
4	6.1.4	Completeness of supporting documents related to participatory involvement of participating parties in social management and monitoring plans
5	6.3.2	Accelerated process of handling employee complaints
6	6.5.3	The availability of clean water
7	6.8.3	Progress of appointment of piece worker related to equal opportunity and job opportunity treatment

3.5.3 Noteworthy Positive Components

No	Description
1	The commitment of Certification Unit to implement the principles of sustainable palm oil management
2	Have earned Gold Flag for OHS Management System
3	Has been certified with ISO 14001
4	Environmental assessment acquire namely PROPER (blue mark)

3.6 Summary of Arising Issues from Public and Auditor Response

Issue for Stakeholders	Auditor Verification
<p>Head of Tanjung Jan Village</p> <ul style="list-style-type: none"> • No negative issue related to environmental pollution. • The company is in progress to develop scheme smallholders for community in Tanjung Jan Village • In land acquisition process, the head of village is involved and there is no coercion in land acquisition process. • there has been a problem of land due to unclear compensation process and the company has resolved the problem by involving community leader. • Contribution to local development such as construction of road, employment and disaster assistance. The CSR program is not maximized. • Good relationship between communities and the company • There is 5.5 Ha customary rights and the other is belong to individual. • The price for land compensation is based on negotiation and mutually agreed by all parties. • If there is land conflict, the company is involving the community leader to resolve. 	<p>There is no negative issue from community. The company has demonstrated compliance to RSPO Standard Criteria 2.2; 2.3; 5.1 and 6.11.</p>
<p>KUD Harapan Jaya (Pahu Makmur smallholder scheme), Bekokong Makmur village (sub-district of Jempang)</p> <ul style="list-style-type: none"> • Formerly, Bekokong Makmur village is one of transmigration village program granted by the Indonesia government in 1990-ies with various tribes and origin from other province in Indonesia. Each household had 2 ha of land to managed. • Cooperative is legally established in 2005 (legal standing) and registered at Ministry of Cooperative. • In 2010, cooperative and the company had a meeting related to issues where there were an overlapping between land use titles (HGU) and certificate of ownership (SHM). Because the certificate of land ownership has been issued (2002) prior to land use title of the company (2004). Therefore, the community of Bekokong Makmur village complaint to the company to resolve this issue. • In the end of 2010, both parties have agreed to develop smallholders scheme as the way of resolve the conflict with acknowledge by local government. Then, the Regent of Kutai Barat announced the list of registered smallholder members (<i>Calon Petani Plasma</i>) for Harapan Jaya Cooperative. • In the beginning of 2011, land preparation and planting activities was started for 554 Ha (277 members/household) and categorized as Step 1 Development. • In 2013, continuing development for Step 2 with 170 Ha (85 members/household). Then, total of smallholder scheme managed for Harapan Jaya cooperative is 724 Ha (362 members/household). • The management strategy for smallholder scheme is managed by the company. Harapan Jaya Cooperative is under management of 	<p>The company has demonstrated compliance to RSPO Standard Criteria 2.2; 6.10 and 6.11.</p> <p>To build clean water installation for the whole village is not responsible of the company, it was responsibility of local government. This information has been submitted during MUSRENBANG where the company also involved the meeting. At this time, the company contribute to provide of clean water for smallholders where located at cooperative office. Providing of clean water is still ongoing progress, depends on the season/condition or request.</p>

Issue for Stakeholders	Auditor Verification
<p>Pahu Makmur smallholder scheme within Division 8 management structure. Funding of smallholders development is through Bank loan, the agreement is between the company and the cooperative.</p> <ul style="list-style-type: none"> • Yield production of smallholders is reported in three monthly bases. This report is delivered transparently to the cooperative, including Yield, Operational Cost, Nett Income, Deduction, Remaining Bank Loan, etc. Therefore, the cooperative will informed to the members during their own meeting. • FFB price for smallholders is following the applicable price determined by government in monthly bases. Because the representative of Harapan Jaya cooperative is always involved for FFB price. • Problems for smallholders is concerning of road access to the Mill. If rainy season, the smallholders FFB's cannot delivered to the Mill punctually. This also has been communicated to the company, where in June 2017 the cooperative has submit the application letter to the company related to road maintenance or access road from smallholders area to the Mill. • The company should make the clean water program for Bekokong Makmur village. 	
<p>Community Representative of Penawai Village (sub-district of Bongan)</p> <ul style="list-style-type: none"> • Total area of Penawai village administratively entering the land use title of PT LONSUM (Kedang Makmur Estate) is approximated 200 Ha. • Land compensation for its area was completed is 2014 with an agreement of land surrender system is 80:20. Where, 80% of surrendered land is owned by the company and 20% of remaining land is allocated for smallholder scheme (will developed by the company). However, the smallholder scheme for Penawai village is failing to develop because of land availability is very limited. Most of Penawai village area has been developed for other oil palm company (PT Farinda). There was no more space to allocate for smallholders scheme of PT LONSUM. • In other side, the company always asking to the Penawai village in accordance to land availability, if there is the land then the company is ready to develop. • Some of Penawai villagers are working at PT Farinda, then the impact is mostly affected by this company and not from PT LONSUM. • There is no significant land conflict was raised for the last 3 years related to PT LONSUM. • Eventhough the main impact is not directly affected from PT LONSUM, but communication with the company was good. • Suggestion: CSR program from PT LONSUM as good as possible is increased, particularly for community based social program (sustainable program), i.e: cattle breeding, vegetable crops farm, freshwater fisheries farm, etc. 	<p>There is no negative issue from community. The company has demonstrated compliance to RSPO Standard Criteria 2.2 and 6.2.</p>

Issue for Stakeholders	Auditor Verification
<p>Committee of Labour Unions of Pahu Makmur Estate</p> <ul style="list-style-type: none"> • The company has granted freedom of association for workers. • Good relationship between worker representatives and management. Every problem can be solved by discussion, direct meeting and familial system. • Currently, a new labour union stucture has been established for the period of 2017-2020, in April 2017. • Membership is voluntary by filling out the form and approval of salary deductions for monthly membership fee of 1% of basic salary. • The types of workers in Pahu Makmur Estate is daily workers, contract workers and permanent workers. • Collective Labor Agreements still use the period 2015-2017. It has been completed for period 2018-2020. The socialization is always carried out through Field Coordinator who is the management representative in every division that convey to the employees. • The minimum wage that is applied by the company in accordance with the Governor's Decree. • For annual salary adjustments will usually be paid in the 4th month (April). There is no problem with this. • In addition to the basic wage, workers also receive basic allowance in the form of payments in the form of money of 15 kg of rice per month with the conversion of rice price per kg is Rp 12,000,- . • The company has applied a minimum working age of 18 years. • The company opens employment opportunities to all workers and local communities without discrimination. • Payment and overtime calculation are in accordance with the CLA which refers to the regulation. • Health worker examinations related to chemicals have been conducted twice a year. • First aid officers who are equipped with first-aid kit in the field. • In the last 12 months there are no fatality accidents. • The company has provided welfare facilities for workers in the form of houses, religious facilities, educational facilities, transportation of school children, electricity, clean water. • Not all permanent or daily workers have been enrolled in the BPJS Manpower membership. The company is currently in the progress of collecting valid employee identities and collection limits on December 1, 2017. • Labour unions hope for all employees can be registered membership BPJS of Employment and BPJS of Health covering the insured workers wife and children. • Clarity on the appointment of permanent employees who have worked for years. 	<p>There is no negative issue from labour union. The company has demonstrated compliance to RSPO Standard Criteria 4.7; 6.3; 6.5; 6.6; 6.7 and 6.8.</p>
<p>Committee of Labour Unions of Kedang Makmur Estate</p> <ul style="list-style-type: none"> • Establishment of labour Unions in Kedang Makmur Estate at November 23, 2016. • Currently still an obstacle to the appointment of employees and 	<p>There is no negative issue from labour union. The company has demonstrated compliance to RSPO Standard Criteria 4.7; 6.3; 6.5; 6.6; 6.7 and 6.8.</p>

Issue for Stakeholders	Auditor Verification
<p>registration of BPJS is the identification card of workers who are still processed by companies that cooperate with civil registry record service.</p> <ul style="list-style-type: none"> • The e-ID card recording took place on November 11 and November 25, 2017. • Approximately 80% of employees do not have valid Identity Card and Family Card. • Labour union in unit has apply to company for e-ID card making. • Currently there is a progress filed draff e-ID card and Family Card has come out and will be submitted to Disdukcapil Kutai Barat about 200 people including workers and villages around the company. • Distribution of CLA for employees as a form of socialization. 	
<p>The Chairman of Committee Labour Unions of Pahu Makmur POM.</p> <ul style="list-style-type: none"> • The relationship between companies is well preserved in terms of communication and dialogue between the two parties. • Currently there are still daily workers and contract workers. • Appointment of contract workers is for 1 year. • There is room specially reserved for labour union meeting activity in factory office. • Membership fee of labour union members is 1% of basic salary. • Number of members of labour union are 53 workers. • Every month there is a meeting of the Board of Commissioners of all Lonsum Pahu Makmur. • Regular meetings are sometimes held at the secretariat office of Pahu Makmur Estate. • Documentation of each meeting has been saved at the Secretariat office. 	<p>There is no negative issue from labour union. The company has demonstrated compliance to RSPO Standard Criteria 4.7; 6.3; 6.5; 6.6; 6.7 and 6.8.</p>
<p>Women's Commission Pahu Makmur</p> <ul style="list-style-type: none"> • Formed in April 2017. • Annual programs have been created such as monitoring and reporting of <i>posyandu</i> activities, clean water, fogging in employee housing, day care monitoring, employee housing cleanliness, reproductive health counseling and prevention of sexual harassment. • The company supports programs from gender committees with facilities such as venues, fees and assistance. • Grievance mechanisms for special cases such as domestic violence or sexual harassment still use employer complaints mechanisms that can report to the nearest superior / Gender Committee board or through a suggestion / complaint box. • Until the audit activity has been conducted, there has been no sexual harassment case. There is reporting related to Domestic Violence but it has been settled in kinship. 	<p>There is no negative issue from women organization. The company has demonstrated compliance to RSPO Standard Criteria 6.9.</p>

Issue for Stakeholders	Auditor Verification
<p>Local contractor (EFB & FFB Transport and construction)</p> <ul style="list-style-type: none"> Workers of the contractor stated that BPJS has been paid by the contractor. PPE has also been provided by the contractor. Salary payments are in accordance with the contract agreement. If there is damage to PPE then it will be provided immediately by the contractor. Workers are not sure about the contents of the Employment Agreement but the rights of workers such as wages, accident insurance and the provision of PPE when work has been fulfilled by the contractor. 	<p>There is no negative issue from contractor. The company has demonstrated compliance to RSPO Standard Criteria 4.7 and 6.5.</p>
<p>Environmental Agency of Kutai Barat District (Hazardous waste management Section)</p> <ul style="list-style-type: none"> PT PP LONSUM INDONESIA Tbk Kaltim Area has made of EIA Document and Environmental Management Efforts-Environmental Monitoring Efforts passed on December 2014. Hazardous waste management activity performed with keep the hazardous waste on registered temporary hazardous waste storage then it submitted to registered transporter and collector from ministry of environment. Hazardous waste management report done every 3 months to related agency (Environmental Agency of Kutai Barat District). Company has reported manifest of hazardous waste to Environmental Agency of Kutai Barat District every 3 months. The Company has submitted a RKL-RPL implementation report to Environmental Agency of Kutai Barat District every six month. Such as, semester 1 year 2017. There is no issues from other parties about negative impact on environment. 	<p>There is no negative issue from Agency. The company has demonstrated compliance to RSPO Standard Criteria 5.1 and 5.3.</p>
<p>Agriculture Agency of Kutai Barat District (Plantation Section)</p> <ul style="list-style-type: none"> The assessment of plantation grade of PT PP LONSUM INDONESIA Tbk Kaltim Area is conducted by district level in 2017 with grade II. PT PP LONSUM INDONESIA Tbk Kaltim Area is not in forest area according to the Spatial Plan of Kutai Barat District. PTPP LONSUM INDONESIA Tbk Kaltim Area has regularly reported its Plantation Business Report (<i>Laporan Perkembangan Usaha Perkebunan/ LPUP</i>). Land use / fire facilities are sufficient, although not fully in accordance with government regulation. The Company has justified the needs of fire infrastructure in accordance with the business and landscape conditions. CSR activities have been conducted for the surrounding villages and need to be improved again. Period of 2016-2017 no fire incident occurred in the company's operational area. The company has responded to information requests quickly and 	<p>There is no negative issue from Agency. The company has demonstrated compliance to RSPO Standard Criteria 1.1; 2.1; 5.5 and 6.11.</p>

Issue for Stakeholders	Auditor Verification
<p>transparently.</p> <ul style="list-style-type: none"> The Company does not consult for replanting activities for the period 2015 - 2016. 	
<p>Manpower Agency of Kutai Barat District (Manpower Monitoring Section)</p> <ul style="list-style-type: none"> Wage is in accordance with minimum wage of Kutai Barat District of 2017, Rp. 2,487,500,- All Workers has permanent status and Fixed Term Contract/PKWT (No piece worker). All workers has been registered to BPJS for employment and BPJS for health include Fixed Term Contract/PKWT. There are work accident report to labor agency that explain no work accident. P2K3 report and labor report has been reported routinely to Manpower Agency of Kalimantan Timur Province. There are no workers under 18 years old. Company has valid collective labor agreement. Company use local workers. Company has worker union. There is no negative issues which reported to labor agency related to labor. There are no foreign workers. 	<p>There is no negative issue from Agency. The company has demonstrated compliance to RSPO Standard Criteria 2.1; 4.7; 6.5; 6.6; 6.7 and 6.12.</p>
<p>National Land Agency, Kutai Barat District</p> <ul style="list-style-type: none"> The Company have Land Use Title clear and clean Riparian area located in 50 meters left and right area of the small river No incoming reports from the locals about land disputes. The company is not located in forest area, mining and other usage areas. 	<p>There is no negative issue from Agency. The company has demonstrated compliance to RSPO Standard Criteria 2.1; 2.2 and 5.2.</p>

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.

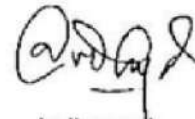
Signed on behalf of:

PT. PP London Sumatra Tbk.
Management Representative



Muhammad Waras
1 August 2018

Mutuagung Lestari
Lead Auditor



Ardiansyah
1 August 2018

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	Environmental Agency, of District Kutai Barat.	Kutai Barat Regency	-	Interview	December 5, 2017	√	
2	Agriculture Agency, Plantation Section of District Kutai Barat.	Kutai Barat Regency	-	Interview	December 5, 2017	√	
3	National Land Agency, of District Kutai Barat.	Kutai Barat Regency	-	Interview	December 5, 2017	√	
4	Manpower Agency, of District Kutai Barat	Kutai Barat Regency	-	Interview	December 5, 2017	√	
5	Tanjung Jan Village Head (previous land owner).	Kutai Barat Regency	-	Interview	December 5, 2017	√	
6	Bekokong Makmur Village Head (previous land owner).	Kutai Barat Regency, sub-district of Jempang	-	Interview	December 5, 2017	√	
7	Penawai Village Head	Indragiri Hulu Regency, sub-district of Bongan	-	Interview	December 5, 2017	√	
9	Labor Union of Pahu Makmur Estate PT. PP London Sumatra Indonesia.	Kutai Barat Regency	-	Interview	December 5, 2017	√	
10	Labour Unions of Kedang Makmur Estate	Kutai Barat Regency		Interview	December 5, 2017	√	
11	Labour Unions of Pahu Makmur POM	Kutai Barat Regency					
11	Gender Committee Pahu Makmur	Kutai Barat Regency	-	Interview	December 5, 2017	√	
12	Employee Cooperative "Usaha Mega Bersama"	Kutai Barat Regency		Interview	December 5, 2017	√	
13	Local contractor (EFB & FFB Transport and construction)	Kutai Barat Regency		Interview	December 5, 2017	√	
14	AMAN (<i>aliansi masyarakat Adat Nusantara</i>)	Jakarta	rumahaman@cbn.net.id	Queisoner by email	December 5, 2017		√
15	BOS (<i>Borneo Orang Utan Survival</i>)	Jakarta	bos_komunikasi@orangutan.co.id	Queisoner by email	December 5, 2017		√
16	Walhi (<i>Wahana Lingkungan Hidup</i>)	Jakarta	informasi@walhi.or.id	Queisoner by email	December 5, 2017		√
16	Pahu Makmur Mill: <ul style="list-style-type: none"> • 1 security • 1 WTP operator • 1 WWTP operator • 1 warehouse officer • 2 workshop officer • 3 security • 1 weighbridge operator • 3 sorter • 1 clarification operator • 2 boilerman • 1 paramedic 	Kutai Barat Regency	-	Interview	December 5, 2017	√	
17	Pahu Makmur Estate:	Kutai Barat Regency	-	Interview	December	√	

	<ul style="list-style-type: none"> • 6 fire fighter • 1 formen and 2 harvester • 1 foreman and 9 manuring workers • 4 spray workers • 1 census workers • 2 paramedic • 1 generator operator • 1 LA operator • 1 store keeper • 1 workshop workers 				5, 2017		
21	<p>Kedang Makmur Estate:</p> <ul style="list-style-type: none"> • 1 fire fighter workers • 1 upkeep foreman • 1 foreman and 1 harvester • 1 foreman and 16 spray workers • 2 transport workers • 1 store keeper in division • 2 workshop workers • 1 hazardous waste operators • 2 paramedic • 1 generator operator 	Kutai Barat Regency	-	Interview	December 5, 2017	√	

Appendix 2. Assessment Program

DATE	4 to 8 December 2017	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 4 December 2017		
06.40 – 09.55	Jakarta – Balikpapan	ARD/ YWR/ DHT/ RPJ
10.00 – 20.00	Balikpapan – Pahu Makmur POM, PT. Lonsum	ARD/ YWR/ DHT/ RPJ
Tuesday, 5 December 2017		
08.00 – 12.00	Stakeholder consultation with Government Institution of Kutai Barat Districts	RPJ
08.00 – 09.00	Opening meeting	ARD/ YWR/ DHT
09.00 – 12.00	Stakeholder consultation with surrounding villages and plasma (if any)	YWR
	Stakeholder consultation with contractor, labor union and gender committee	DHT
	Verification of partial certification and time bound plan	ARD
12.00 – 14.00	Break	ARD/ YWR/ DHT/ RPJ
14.00 – 17.00	Field observation at POM:	ARD/ YWR/ DHT/ RPJ
	Loading ramp, process station, hydrant, engine room, workshop and boiler	YWR/ DHT
	WTP, WWTP, Hazardous Waste Warehouse/TPS limbah B3, drainage, collecting place of solid waste (EFB, fiber, shell), Land Application area, methane capture (if any) and composting (if any)	RPJ
	SCCS verification, security and weighbridge	ARD
Wednesday, 6 December 2017		
08.00 – 12.00	Field observation at Pahu Makmur Estate:	ARD/ YWR/ DHT/ RPJ
	Boundary pole and HCV	ARD
	Manuring, Spraying, Harvesting, IPM, Road Maintenance	DHT
	Housing, water source, generator room, daycare, health facility and landfill area	YWR
	Workshop, Hazardous waste warehouse, Chemical warehouse, PPE warehouse, Fertilizer warehouse, Oil warehouse and Firefighter equipment simulation.	RPJ
12.00 – 14.00	Break	ARD/ YWR/ DHT/ RPJ
14.00 – 17.00	Continue field visit if necessary	ARD/ YWR/ DHT/ RPJ
	RSPO Document Review and clarification of field visit	ARD/ YWR/ DHT/ RPJ
Thursday, 7 December 2017		
08.00 – 12.00	Field observation at Kedang Makmur Estate:	ARD/ YWR/ DHT/ RPJ
	Boundary pole and HCV	ARD
	Manuring, Spraying, Harvesting, IPM, Road Maintenance	DHT
	Housing, water source, generator room, daycare, health facility and landfill area	YWR
	Workshop, Hazardous waste warehouse, Chemical warehouse, PPE warehouse, Fertilizer warehouse, Oil warehouse and Firefighter equipment simulation.	RPJ
12.00 – 14.00	Break	ARD/ YWR/ DHT/ RPJ
14.00 – 17.00	Continue field visit if necessary	ARD/ YWR/ DHT/ RPJ
	RSPO Document Review and clarification of field visit	ARD/ YWR/ DHT/ RPJ
Friday, 8 December 2017		
08.00 – 09.00	Closing meeting	ARD/ YWR/ DHT/ RPJ
09.00 – 19.00	Pahu Makmur POM, PT. Lonsum – Balikpapan	ARD/ YWR/ DHT/ RPJ
20.00 – 21.15	Balikpapan – Jakarta	ARD/ YWR/ DHT/ RPJ