

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

**[✓] Initial Certification**

Name of Management : Subur Arum Makmur POM, PT Subur Arum Makmur subsidiary of First Organisation Resources Ltd  
Plantation Name : PT Subur Arum Makmur: Subur Arum Makmur Estate  
Location : Danau Lancang Viilage, Tapung Hulu Sub District, Kampar District, Riau Province, Indonesia  
Certificate Code : **MUTU-RSPO/134**  
Date of Certificate Issue : 26 February 2020      Date of License Issue : 26 February 2020  
Date of Certificate Expiry : 25 February 2025      Date of License Expiry : 25 February 2021

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
IC	21 to 24 January 2019	Leonada (Lead Auditor), Asystasya Aishah Silalahi, Hasiholan Sihombing, Bayu Yogatama	Ganapathy Ramasamy	Ardiansyah

Assessment	Approved by MUTUAGUNG LESTARI on:
IC	26 February 2020

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on March 12<sup>th</sup>, 2014 with registration number **ASI-ACC-055**

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Figure 1. Location Map of PT Subur Arum Makmur, Kampar Regency, Riau Province

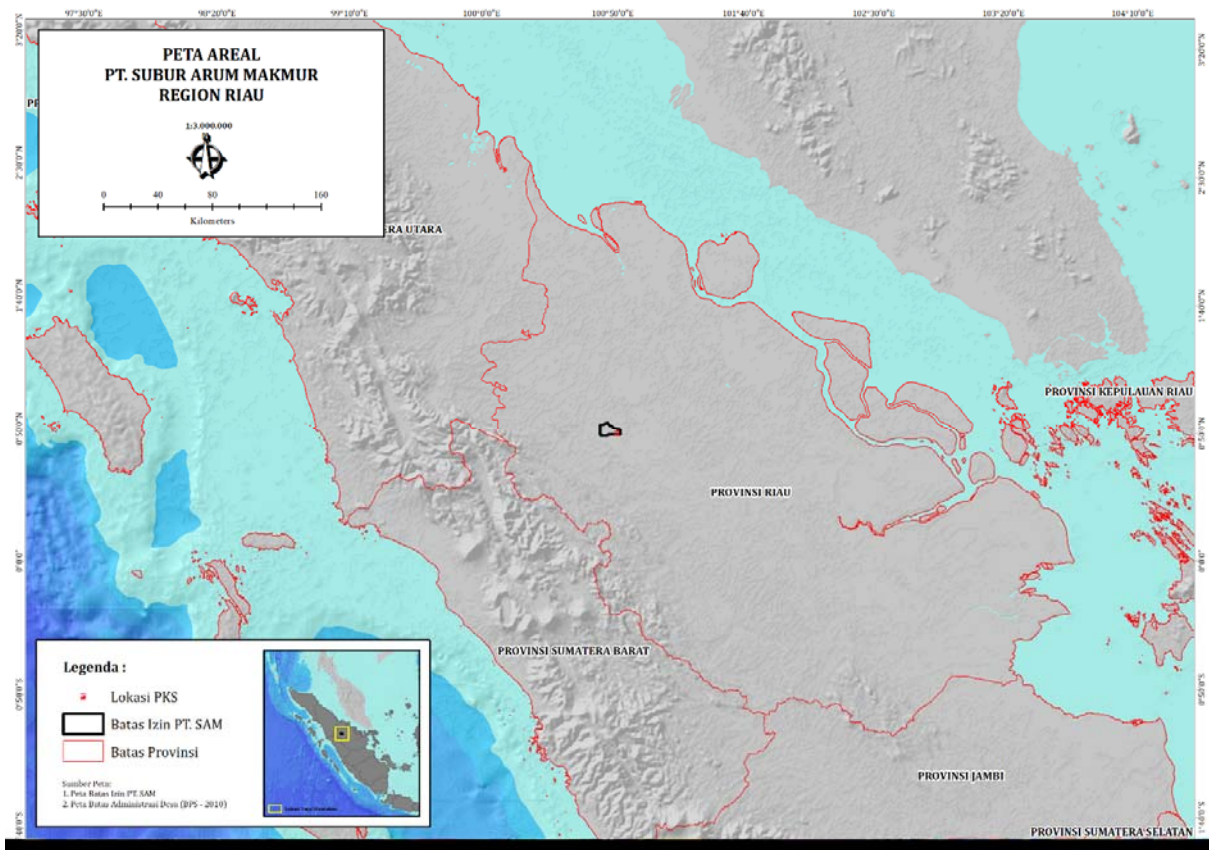
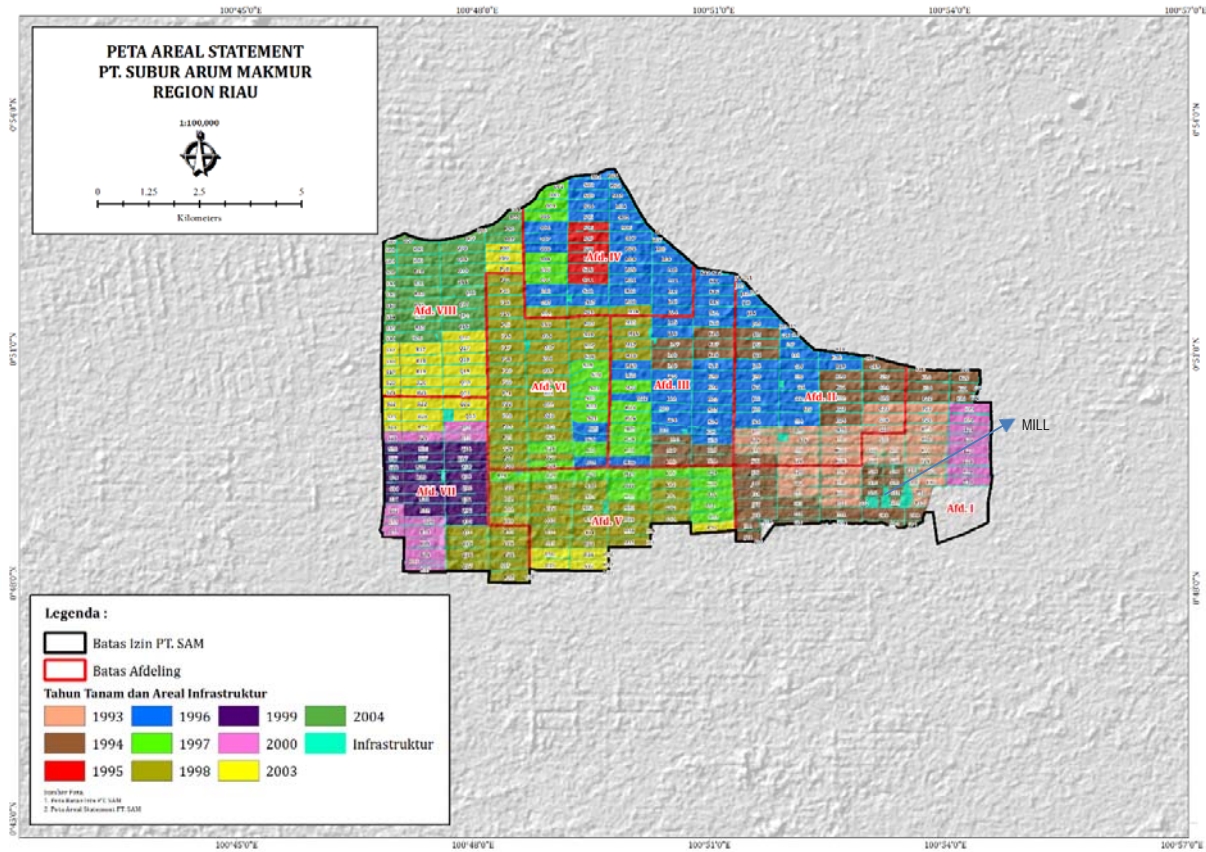


Figure 2. Operational Map of PT Subur Arum Makmur



**Abbreviations Used**

ASA	:	Annual Surveillance Assessment
BPJS	:	<i>Badan Penyelenggara Jaminan Sosial</i> / Social Security Agency
CB	:	Certification Body
CEO	:	Chief Executive Officer
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
EFB	:	Empty Fruit Bunch
EIA	:	Environment Impact Assessment
FFB	:	Fresh Fruit Bunch
FPIC	:	Free, Prior, Informed, Consent
FR	:	First Resources
GHG	:	Green house gases
HCS	:	High Carbon Stock
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> (Land Use Right)
IA	:	Initial Assessment
IPM	:	Integrated Pest Management
ISPO	:	Indonesian Sustainable Palm Oil
KER	:	Kernel Extraction Rate
LUC	:	Land Use Change
LUCA	:	Land Use Change Analysis
MSDS	:	Material Safety Data Sheet
OER	:	Oil Extraction Rate
OHS	:	Occupation Health and Safety
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> / OHS Committee
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
R&D	:	Research and Development
RePPPProt	:	Regional Physical Planning Programme for Transmigration
RKL	:	<i>Rencana Kelola Lingkungan</i>
RPL	:	<i>Rencana Pemantauan Lingkungan</i>
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rare, Threatened, Endangered
SAM	:	Subur Arum Makmur
SAME	:	Subur Arum Makmur Estate
SAMM	:	Subur Arum Makmur Mill
SIA	:	Social Impact Assessment
SCCS	:	Supply Chain Certification Standard
SOP	:	Standard Operating Procedure
SPSI	:	<i>Serikat Pekerja Seluruh Indonesia</i> (Worker Union)
WWTP	:	Waste Water Treatment Plant
WTP	:	Water Treatment Plant

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used	<ul style="list-style-type: none"><li>Indonesian National Interpretation of RSPO P&amp;C 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO BoG 30<sup>th</sup> September 2016.</li><li>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 revised on 14 June 2017 (Module D / E for CPO Mill)</li><li>RSPO Certification System for Principles and Criteria, 14 June 2017</li></ul>	
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT Subur Arum Makmur, subsidiary of First Resources Ltd.	
1.2.2	Contact person	Eko Darmawanto	
1.2.3	Organisation address and site address	<ul style="list-style-type: none"><li><b>RSPO registered company:</b> 8 Temasek Boulevard #36-02 Suntec Tower Three. Singapore 038988.</li><li><b>Liaison Office:</b> APL Tower - Central Park, 28th Floor. Podomoro City, Jl. Letjend S.Parman Kav. 28 Grogol-Petamburan, Jakarta Barat 11470, Indonesia</li></ul>	
1.2.4	Telephone	(021) 2929 8888	
1.2.5	Fax	(021) 2929 8878	
1.2.6	E-mail	<a href="mailto:eko.darmawanto@first-resources.com">eko.darmawanto@first-resources.com</a>	
1.2.7	Web page address	<a href="http://www.first-resources.com">http://www.first-resources.com</a>	
1.2.8	Management Representative who completed the application for certification	Eko Darmawanto	
1.2.9	Registered as RSPO member	1-0047-08-000-00 (10 March 2008)	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base: Subur Arum Makmur Mill, Subur Arum Makmur 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
			LatitudeLongitude
	Subur Arum Makmur Mill	Danau Lancang Village, Tapung Hulu Sub District, Kampar District, Riau Province, Indonesia	N 00° 49' 01" E 100° 53' 18"



1.4.2	Location of Certification Scope of Supply Base			
	Name of Supply Base	Location	Coordinate	
			Latitude	Longitude
	Subur Arum Makmur Estate	Danau Lancang Viilage, Tapung Hulu Sub District, Kampar District, Riau Province, Indonesia	N 00° 49' 01"	E 100° 53' 18"
1.5	Description of Area Statement			
1.5.1	Tenure			
	• State		9,271.00 Ha	
	• Community		- Ha	
1.5.2	Area Statement			
	• Total area		9,271.00 Ha	
	• Mature area		8,589.58 Ha	
	• Immature area		- Ha	
	• Mill		11.66 Ha	
	• Infrastructure		39.57 Ha	
	• Road		133.05 Ha	
	• Drain, Swamp, River		304.14 Ha	
	• Enclave		193.00 Ha	
	• HCV (inside enclave area)		70.45 Ha	
1.6	Planting Year and Cycles			
1.6.1	Age profile of planting year			
	Planting Year	Hectarage (Ha)		
		Subur Arum Makmur Estate	Total	
	1993	764.69	764.69	
	1994	1,097.04	1,097.04	
	1995	140.59	140.59	
	1996	1,805.40	1,805.40	
	1997	814.27	814.27	
	1998	1,809.06	1,809.06	
	1999	418.87	418.87	
	2000	446.75	446.75	
	2003	692.02	692.02	
	2004	600.89	600.89	
	TOTAL	8,589.58	8,589.58	
1.6.2	New Planting area after January 2010		- Ha	
1.6.3	Planting Cycle		1 <sup>st</sup> 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 (%)
	Subur Arum Makmur Mill	90	321,122.87	71,063.18	22.13	18,266.68	5.69
<i>*Production data source from January to December 2018</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)	%
		Subur Arum Makmur Estate	9,271.00	8,589.58	242,054.78	28.18	242,054.78
	TOTAL	9,271.00	8,589.58	242,054.78	28.18	242,054.78	100
<i>*Production data source from January to December 2018</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)		
	PT Bumi Sawit Perkasa (RSPO Non-Certified)	Subsidiary of First Resources Ltd.	-	-	33,499.25		
	KKPA Bumi Sawit Perkasa (RSPO Non-Certified)	associated smallholder of PT Bumi Sawit Perkasa	-	-	45,168.27		
	PT Arindo Trisejahtera 2 (RSPO Non-Certified)	Subsidiary of First Resources Ltd.	-	-	400.57		
TOTAL					79,068.09		
<i>*Source Production Data on January to December 2018</i>							
1.7.4	Product categories			FFB, CPO, PK			
1.8	Tonnage of Product						
1.8.1	Past Annual Claim Certified Product			Last Year Projected Certified Volume (MT)		Last Year Actual Certified Volume (MT)	
	FFB Processed			-		-	
	CPO Production			-		-	
	Palm Kernel (PK) Production			-		-	
	<i>*Will be verified during 1<sup>st</sup> Surveillance Assessment</i>						
1.8.2	Product selling						
	Type of selling product			Actual selling product for for last year (MT)			
	CSPO sold as RSPO certified product			-			
	CSPK sold as RSPO certified product			-			
	CSPO sold under other scheme			-			
	CSPK sold under other scheme			-			
	CSPO sold as conventional			-			
	CSPK sold as conventional			-			
<i>*Will be verified during 1<sup>st</sup> Surveillance Assessment</i>							
1.8.3	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		



	Subur Arum Makmur Estate	9,271.00	8,589.58	245,000	28.00			
	<b>TOTAL</b>	9,271.00	8,589.58	245,000	28.00			
	<i>*Projected FFB production for 26 February 2020 to 25 February 2021</i>							
1.8.4	Estimate of Certified Palm Product Claim							
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Palm Kernel Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Supply Chain Module</b>
	Subur Arum Makmur Mill	90	245,000	55,125	22.50	14,700	6.00	MB
	<i>*Projected CSPO and CSPK production for 26 February 2020 to 25 February 2021</i>							
<b>1.9</b>	<b>Other Certifications</b>							
	ISCC			EU-ISCC-Cert-ID218-2018007				
	Others			0003/MHI-ISPO				
<b>1.10</b>	<b>Time Bound Plan</b>							
1.10.1	<b>Time Bound Plan for Other Management Units</b>							
	<b>Management Unit</b>		<b>Estate (Supply Base)</b>	<b>Time Bound Plan</b>	<b>Location</b>			<b>Status</b>
	<b>Mill</b>	<b>Time Bound Plan</b>						
	PT. Arindo Trisejahtera	2018	PT. Arindo Trisejahtera	2018	Riau			Audited
	PT Meridan Sejatisurya Plantation	2018	PT Meridan Sejatisurya Plantation	2018	Riau			Audited
	PT Surya Intisari Raya	2018	PT Surya Intisari Raya	2018	Riau			Planned
	PT Swadaya Mukti Prakarsa	2021	PT Swadaya Mukti Prakarsa	2021	Kalimantan Barat			Planned
	PT Perdana Intisawit Perkasa	2018	PT Perdana Intisawit Perkasa	2018	Riau			Planned
	PT Pancasurya Agroindo	2018	PT Pancasurya Agroindo	2018	Riau			Planned
	PT Subur Arum Makmur	2019	PT Subur Arum Makmur	2019	Riau			Certified
	PT Limpah Sejahtera	2021	PT Limpah Sejahtera	2021	Kalimantan Barat			Planned
	PT Muriniwood Indah Industry	2020	PT Muriniwood Indah Industry	2020	Riau			Planned
	PT Ciliandra Perkasa	2022	PT Ciliandra Perkasa	2022	Riau			Planned
	PT Umekah Sari Pratama	2023	PT Umekah Sari Pratama	2023	Kalimantan Barat			Planned
	PT Pulau Tiga Lestari Jaya	2023	PT Pulau Tiga Lestari Jaya	2023	Kalimantan Barat			Planned
	PT Borneo Surya Mining Jaya	2022	PT Borneo Surya Mining Jaya	2024	Kalimantan Barat			Planned
	PT Ketapang Agro Lestari	2021	PT Ketapang Agro Lestari	2024	Kalimantan Barat			Planned
	PT Borneo Persada Energy Jaya	2023	PT Borneo Persada Energy Jaya	2024	Kalimantan Barat			Planned

PT Mitra Karya Sentosa	2023	PT Mitra Karya Sentosa	2025	Kalimantan Barat	Planned
PT Citra Agro Kencana	2023	PT Citra Agro Kencana	2025	Kalimantan Timur	Planned
PT Maha Karya Bersama	2023	PT Maha Karya Bersama	2025	Kalimantan Timur	Planned
PT Bumi Sawit Perkasa	2023	PT Bumi Sawit Perkasa	2026	Riau	Planned
PT Priatama Riau	2023	PT Priatama Riau	2026	Riau	Planned
PT Surya Dumai Agroindo	2023	PT Surya Dumai Agroindo	2026	Riau	Planned
PT Gerbang Sawit Indah	2022	PT Gerbang Sawit Indah	2027	Riau	Planned
PT Borneo Ketapang Permai	2023	PT Borneo Ketapang Permai	2027	Kalimantan Barat	Planned
PT Karya Tama Bakti Mulia	2023	PT Karya Tama Bakti Mulia	2027	Riau	Planned
PT Falcon Agri Persada	2023	PT Falcon Agri Persada	2027	Kalimantan Barat	Planned

*The change of time bound plan are due to the complaint on RSPO Complaints Panel from Mei 2015 until April 2018.*

The company shows a timebound plan update 27 April 2018. There is a certifications plan that exceeds 5 years since the implementation of the 2017 certification system, namely since June 2018, as follows:

- PT. Borneo Surya Mining Jaya 2024
- PT. Ketapang Agro Lestari 2024
- PT. Borneo Persada Energy Jaya 2024
- PT. Mitra Karya Sentosa 2025
- PT. Citra Agro Kencana 2025
- PT. Maha Karya Bersama 2025
- PT. Bumi Sawit Perkasa 2026
- PT. Priatama Riau 2026
- PT. Surya Dumai Agrindo 2026
- PT. Gerbang Sawit Indah 2027
- PT. Borneo Ketapang Permai 2027
- PT. Karya Tama Bakti Mulia 2027
- PT. Falcon Agri Persada 2027

The timebound plan that exceeds five years has not received approval from the RSPO secretariat. This matter raised as non conformity **(NC 2019.05)**.

The change of time bound plan are due to the complaint on RSPO Complaints Panel from Mei 2015 until April 2018. Based on justification known that:

- The company with TBP on 2023 to 2024 is on going to develop a mill
- The company with TBP on 2025 to 2027 is estate without mill

1.10.2

**Progress of Associated Smallholders and Outgrowers for Certifiable Standard**

PT. Subur Arum Makmur does not have an associated smallholder scheme and no out growers, the FFB sources are from PT Bumi Sawit Perkasa and PT Arindo Trisejahtera which are subsidiary of First Resource Ltd and has been included in timebound plan. PT. Bumi Sawit Perkasa which is part of the First Resources Group has a partnership with plasma plantations and its FFB sent to PT. Subur Arum Makmur POM. The cooperation between PT. Bumi Sawit Perkasa with a cooperative of Tani Tamahluku Intan covering an area of 600 Ha located in Danau Lancang Village, sub region of Tapung Hulu, Kampar region based on a joint agreement letter No. 001/SKB/SAM/BSP/DALIN/KOPTI/V/2004 dated 28 May 2004. Currently plasma PT. Bumi Sawit Perkasa is still in the preparation stage towards certification.

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Assessment Team</b>
<b>IC</b>	<p><b>1. Leonada (Lead Auditor).</b> Bachelor of agriculture for plant breeding and seed technology programme study, department of agronomy, faculty of agriculture in Bogor Agricultural University. Having experience of more than five years working as a plantation operations staff and sustainability in private company of Indonesian oil palm plantations and is currently working on independent certification bodies as auditor. Training have been followed are: training of Indonesian sustainable palm oil (ISPO) lead auditor, training of RSPO lead auditor, RSPO SCCS training, SA 8000, ISO 17021; 2011, ISO 17065; 2012, ISO 19011; 2011, lead auditor ISO 9001; 2008, ISO 14001; 2005, training of management development program agronomy, training of analysis base solution for operation, training of integrated pest management (IPM), use of limited pesticides training, training management of waste pesticides and fertilizers, training mediation and conflict resolution, RSPO social and worker welfare training, general safety specialist training, health and safety management system (SMK3) auditor. In this audit He conducted an assessment on Legal, land dispute and SCCS.</p> <p><b>2. Asystasya Aishah Silalahi (Auditor).</b> Indonesia Citizen, Bachelor of Economy, Major of Agribusiness, Faculty of Economic and Management. She has one year experience in consultancy. She has followed training such as ISPO Auditor Training, Lead Auditor ISO 9001:2015, OHS General Expert, RSPO lead auditor training course, SCCS, and several in house training related to environmental, BMP, SA 8000, etc. Has been involved in several audit activities since 2016 related to sustainable palm oil certification covering waste management aspect, Social Aspect, Health and Safety Aspect, and Worker Welfare. During this audit, she verify Social, transparency, and Worker Welfare aspects.</p> <p><b>3. Hasiholan Sihombing (Auditor).</b> Indonesian citizen. Bachelor of Agriculture Majoring in Agronomy, Agriculture Faculty. He has working experienced for 7 (seven) years since 2009 as an Operational Staff in an Oil Palm Plantation Company in Indonesia. The training he has followed namely: Lead Auditor ISPO, RSPO P&amp;C Lead Auditor Course by Checkmark, SA 8000 Awareness, Quality Management Systems (ISO 9001:2015), Environmental Management Systems (ISO 14001:2015), OHS General Expert, OHSAS 18001:2007, and ISO 17021 &amp; 17065. He has experienced in various audit activities related to the certification system of sustainable palm oil plantation since 2016. During this audit, he assigned to verify best management practices, long term plan, and OHS aspects.</p> <p><b>4. Bayu Yogatama (Auditor).</b> Bachelor of Forestry, Department of Forest Resources Conservation and Ecotourism, Bogor Agricultural University. Has attended the ISO 9001: 2015 Quality Auditor / Lead Auditor Course Quality Management System (QMS) course and ISO 19011: 2011 Guidelines for Auditing Management System, ISPO Lead Training, SA 8000, RSPO Lead Training, IHT RSPO NPP, IHT RSPO RaCP, IHT ISO 17021, and IHT ISO 17065. Having experience working in plywood field as Inspector in foreign private company. Currently working for an independent certification body. During this audit, he verify Environmental Aspect, HCV, and Green House Gases.</p>
<b>2.2</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>IC</b>	<p>Number of auditors: 4 auditor</p> <p>Number of days for <b>IC</b> at site : 4 days</p> <p>Number of working days for <b>IC</b> at site : 16 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>IC</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Subur Arum Makmur to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th September 2016 and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on June 2017 (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 information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>IC</b> delivered by the MUTU auditor to the management unit and the</p>

results are the subject will be verified at the next assessment phase (**ASA-1**).

Improvement of findings from main assesment findings were observed by auditors at this **IC** assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **IC**.

The assessment program please find Appendix 2

#### Additional Information

Audit Initial Certification for PT Subur Arum Makmur (PT SAM) was conducted on 21 to 25 January 2019 with all NC major has been closed on 26 August 2019 and the report had gone through an internal and external review process and the panel committee's decision stated that certificates could be issued as of 16 September 2019. However, the FR management by email dated 24 September 2019 asks to hold issued the certificate of PT SAM because it was still awaiting RSPO approval in other matters for one of the companies in the Group First Resources Ltd. And on 01 November 2019 there was also an email from the RSPO regarding this matter, so MUTU did not issued RSPO certificate for PT SAM.

Referring to RSPO Certification System clause 4.9.1 *Certification submissions to the RSPO IT platform, cannot be based on audits performed more than twelve months*, its mean no later than 24 January 2020 the report and another must be submitted to Palmtrace. FR management through Decision Later on 17 February 2020 stated that FR had been allowed to continue the certification process, which has already passed that date.

We sent an email to RSPO on 24 February 2020 for confirm to the lifting suspension and ask for recommendations from the RSPO regarding the certification status of PT SAM. As for responses from RSPO on 26 February 2020 by email stated RSPO agreed to allow the submission in palmtrace license despite the audit is more than 12 months from the submission. Based on an email and panel committee certification MUTU, the decision to issued RSPO certificate for PT SAM as of 26 February 2020.

2.2.3	<b>Locations of Assessment</b>
IC	<p><b>Subur Arum Makmur POM</b></p> <ul style="list-style-type: none"> <li>- <b>WWTP.</b> Observation and interview related management of liquid waste.</li> <li>- <b>Chemical Warehouse</b> Observation environmental aspect, OHS implementation, and management of chemical material.</li> <li>- <b>Central warehouse.</b> Observation related management of hazardous waste and safety aspect.</li> <li>- <b>Workshop.</b> Observations and interviews with workers related to the management and implementation of health safety, and social worker and hazardous waste management.</li> <li>- <b>Oil warehouse</b> Observation related management of hazardous waste.</li> <li>- <b>WTP.</b> Observation and interview related management of WTP.</li> <li>- <b>Hazardous waste warehouse.</b> Observation and interview related management of hazardous waste</li> <li>- <b>Solar Tank</b> Observation for safety aspec and Hazardous waste maintenance.</li> <li>- <b>Housing complex.</b> Observation related facilities &amp; infrastructure, domestic waste, and others.</li> <li>- <b>Weighbridge Station.</b> Observations and interviews related to SCCS, they are understanding the work procedures and unions.</li> <li>- <b>Security Post.</b> Observation and interview with security related personnel understanding over the applicable SOP, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare.</li> <li>- <b>Loading Ramp.</b> Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness and rawness criteria.</li> <li>- <b>Sterilizer Station.</b> Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare.</li> <li>- <b>Press Station.</b> Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare.</li> </ul>

- **Boiler Station.** Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare.
- **Engine Room Station.** Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare.
- **Nut and Kernel Station.** Observation and interview with operator related personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare.
- **Hydrant.** Simulate the facility of emergency.

#### Subur Arum Makmur Estate

- **Clinic.** Observation and interview with paramedic regarding to work accident and medical service for the employee and his family, scheduled waste (infectious waste) management and workers security agency implementation.
- **Fertilizer storage.** Observation and interview on environmental aspect, OHS implementation, management of fertilizer and understanding of working procedure.
- **Pesticide Storage.** Observation and interview on environmental aspect, OHS implementation, management of chemical and understanding of working procedure
- **Equipment Storage.** Observation and interview on environmental aspect, OHS implementation, management of chemical and understanding of working procedure
- **Workshop.** Observations and interviews with workers related to the management and implementation of health safety, and social worker and hazardous waste management.
- **Daycare.** Observation and interview related facilities daycare and others.
- **Generator Afdeling 7.** Observation and checking the equipment of fire extinguishers, safety aspect and hazardous waste management.
- **Fire Extinguisher facility** Observation and checking the equipment of fire extinguishers.
- **Housing Afdeling 7** Observation and interview with family of worker regarding to housing facility, electricity and water access, complaint mechanism, worship place etc.
- **Landfill Block Q 28** Observation related management of domestic waste.
- **Land Application Block H2.** Observation related management of liquid waste
- **Water Sources Housing** Observation related facility for water sources
- **Rinse house Afdeling 7.** Observation and interview related management of pesticide used and safety aspect.
- **Elementary school Afdeling 5.** Observation of education facility for employee's children or surrounding community.
- **Reservoir Division 1** Observation and checking the buffer zone area and safety aspect
- **HCV 70,45 Ha in Danau Lancang Village** Observation for management of HCV area.
- **HGU Pole No. 2 (block I5).** Observation the conditions and position of legal boundary
- **HGU Pole No. 6 (block I18).** Observation the conditions and position of legal boundary
- **HGU Pole No. 58 (block S7).** Observation the conditions and position of legal boundary
- **Block P22 Division 6.** Observation on safe working practices and interview with the spraying workers related type of pesticides use according to the procedure and also worker welfare.
- **Block Q25 Division 7.** Observation on safe working practices and interview with the fertilizer workers related type of fertilizer use according to the procedure and also worker welfare.
- **Block O21 Division 6.** Observation of procedure application related fruit ripeness, safe working practices and interview about worker welfare.
- **Block O23 Division 6 (Barn Owl Nest Observation).** To check nest condition.
- **Block G29 Division 1 (EFB Application).** Field observations on application of empty fruit bunch

#### Surrounding communities & Previous Land Owner

- **Senamanenek Village.** Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities.
- **Danau Lancang Village.** Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities

	<b>Stakeholder consultation</b> <ul style="list-style-type: none"> <li>- <b>Environmental Agency.</b> Interviews related to the environment legal compliance, issue of environmental pollution etc.</li> <li>- <b>Manpower Agency.</b> Interviews related to the manpower legal compliance, issue of worker welfare etc.</li> <li>- <b>Plantation Agency.</b> Interviews related to the plantation legal compliance, issue of plantation operational etc.</li> </ul>
<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>IC</b>	Consultation of stakeholders for PT Subur Arum Makmur was held by: <ul style="list-style-type: none"> <li>- Public Notification at web <a href="http://www.mutucertification.com">www.mutucertification.com</a> and RSPO website on December 21<sup>st</sup> 2018.</li> <li>- Consultation meeting and interview with locals of the nearby village and ex land owner (Senamanenek and Danau Lancang Village) on January 22<sup>nd</sup>, 2019.</li> <li>- Consultation meeting and interview with Internal Stakeholder (Worker Union, gender committee and local contractor) on January 22<sup>nd</sup> 2019.</li> <li>- Public consultation meeting with government of Kampar Regency conducted by visits and interview on January 23<sup>rd</sup>, 2019.</li> <li>- Consultation with NGO (Sawit Watch, WWF, Walhi and Jikalahari) on January 7<sup>th</sup>, 2019.</li> </ul>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<b>Please find appendix 1</b>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit ( <b>ASA-1</b> ) will be determined twelve months after date of certificate (September - 2020).



### 3.0 ASSESSMENT FINDINGS

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

MUTUAGUNG LESTARI has conducted an assessment of Subur Arum Makmur POM – PT Subur Arum Makmur, subsidiary of First Resources Ltd operation consisting of one (1) mill and one (1) oil palm estate.

During the assessment, there were three (3) Nonconformities were assigned against Major Compliance Indicators; two (2) nonconformities were assigned against Minor Compliance Indicators; and eight (8) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditors in form of documentation evidences e.g. (*document record/photographic/etc...*). Those corrective actions taken that consist of 3 Major and 2 minor non-conformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Subur Arum Makmur POM – PT Subur Arum Makmur, subsidiary of First Resources Ltd complied with the requirements of *RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia – RSPO, April 2013 and Supply Chain Requirement for CPO Mill, November 2014, revised June 2017*

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is issued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>	
<b>1.1.1</b>	<p>Company has the latest list of stakeholder listed on circular letter No FR/SE/01//2018, January 1<sup>st</sup> 2018. The stakeholder list is updated once a year of if any changes from the stakeholder contact. Based on the letter, information that can be access by public, among others legality (location permission, land use title, plantation permission), environment documents, social documents, sustainable improvement, and RSPO and ISPO external audit report.</p> <p>Mechanism for consultation is listed in SOP of Communication (FR.EMS.CIE) dated November, 22<sup>nd</sup> 2018. Based on interview with statutory bodies in Kampar Regency, it is known that they don't have difficulties to communicate with the company for information request and they've already know the mechanism and person in charge for communication with stakeholder. Also, based on interview with representative of Danau Lancang, Senamanenek Village, and <i>Pucuk Suku</i> Piliang it is known that they know and understand the mechanism to communicate with PT Subur Arum Makmur. They also can access public information such as environment or social aspect</p> <p>However, The company has not been able to show evidence of delivery of mandatory report, such as:</p> <ul style="list-style-type: none"> <li>- Employment Report period 2018</li> <li>- Land use report period 2018.</li> </ul> <p>It becomes <b>Non Conformity No 2019. 01</b></p>	
<b>1.1.2</b>	<p>Mechanism for consultation is listed in SOP of Communication (FR.EMS.CIE) dated November, 22<sup>nd</sup> 2018. Based on the</p>	

document, company will response to stakeholders not more than 1 month after the information request is received, and provide further responses no later than 6 months after the information request was received. The information request is recorded in Logbook PT Subur Arum Makmur. Based on document review of logbook, information request from stakeholders is about assistance proposal and mandatory reporting information. For example: funding assistance from Danau Lancang Village on July, 7<sup>th</sup> 2018 and the company has responded to the letter on July 9<sup>th</sup>, 2018 by providing financial assistance. There is the evidence of receipt and handover of funds.

Based on interview with statutory bodies in Kampar Regency, they can ask company verbally by phone if they want to access some documents. For example, Industrial and Labor Agency (Industrial Relation Department) ask about employee report and PT SAM will respond it and send the report to them.

<b>1.1.1</b>	<b>Status: Non conformity No. 2019.01 with minor category</b>
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<b>1.2</b> <b>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>
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**1.2.1**  
Company has the latest list of stakeholder listed on circular letter No FR/SE/01/II/2018, January 1<sup>st</sup> 2018. Based on the letter, information that can be access by public, among others legality (location permission, land use title, plantation permission), environment documents, social documents, sustainable improvement, and RSPO and ISPO external audit report. These documents are available in estate and mill office.

Company give stakeholder access information by sending the mandatory report to stakeholder (example: statutory bodies) routinely, for example OHS implementation report, report of environmental management and monitoring plan, and plantation activities report. These documents also can be accessed by public through the mechanism which has determined by the company. The company give stakeholder access information by sending the mandatory report to stakeholder (example: statutory bodies) routinely.

	<b>Status: Comply</b>
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<b>1.3</b> <b>Growers and millers commit to ethical conduct in all business operations and transactions.</b>
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**1.3.1**  
Company has code of conduct document for all operational activities that listed on Circular Letter No PH/SE/II/2018, ratified by Estate Group Manager on February 2018. The letter sets 15 code of conduct, such as do not give or receive gifts in any form from customers, suppliers or business partners related to their position within the company, worker must maintain company's confidentiality, etc.

This policy has been socialized to the workers in each unit, such as March 14<sup>th</sup>, 2018 to mill worker, March 13<sup>th</sup> 2018 to afdeling V & VI worker. This policy is available in Indonesian Language. Based on interview with worker in estate and mill, it is known that they understand about the code of conduct. And also, contractor knew and understand about ethical conduct.

	<b>Status: Comply</b>
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<b>PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS</b>
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<b>2.1</b> <b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>
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**2.1.1**  
The Company has list of regulations of 2018 that includes local regulations and national regulation updated annually. List of laws/regulations listed has covers several aspects such as land permit and legality, manpower, occupational health and safety, best management practices and environment. Some examples of regulations compliance that have been done such as plantation business permit and land use right. The other compliances of regulations are regarding to environment aspects are EIA management and monitoring in routinely, hazardous waste storage license approved by local government. Compliances of workers and OHS regulations are provided the minimum wage, company safety & occupational health, transporting and forklift operator etc. Based on interview with stakeholders such as government agencies it is known that the company has comply the related regulations for example: has plantation business permit, land use right, no workers

under age of 18, land application permit, hazardous waste storage permit etc.

### 2.1.2, 2.1.3 & 2.1.4

Procedure of legal requirement which presented in document SOP code FR.EMS.LRR dated 1 September 2011 mentioned that corporate sustainability department has responsibility to arranged and monitored legal related laws and/or regulation. Internal audit of regulations compliance are conducted annually as example on 31 October 2018. The procedure mentioned that in order to monitor and update of laws and/or regulations, the corporate sustainability department required to actively check and make coordination with Government Agencies or Institutions.

Based on the interviews with outsourcing workers (security), it is known that the wages received by workers are around Rp. 1,300,000 / month (below the minimum wage). The company has shown evidence of payment to the labor service provider for 26 outsourcing workers in December 2018 of Rp. 118,092,490. Thus, it can be assumed that the average wage received by each worker is IDR 4,542,018 (above the minimum wage of IDR 2,617,500).

In this case, the company has not shown evaluation of regulations compliance related to labor wages outsourcing and follow-up to be carried out if there are identified violations of compliance with applicable regulations. It becomes **Non Conformity No 2019. 02.**

**2.1.3**

**Status: Non Conformity No. 2019.02 with minor category**

## 2.2

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

### 2.2.1

The Company has land rights in the form of Land Use Title for 9,271.03 Ha of total area in sub district of Tapung Hulu, district of Kampar, province of Riau. That areas are covered in two decree of Head of Indonesia National Land Agency:

1. HGU No. 60/HGU/BPN/20015 dated 2 June 2005 for 7,767 Ha in sub district of Tapung Hulu, district of Kampar, province of Riau
2. HGU No. 76/HGU/BPN RI/2009 dated 5 June 2009 for 1,504.03 Ha

The Area of PT Subur Arum Makmur's are forest area that has been released through decree of forestry ministry No. 1137/Kpts-II/92, on 29 December 1992 for an area of 10,025 Ha. The compensation process of other rights in the HGU has been conducted since 1993 to 2000.

### 2.2.2

Management unit has list and map of boundary pole from National Land Agency in scale 1:75,000. Management unit has conducted monitoring and maintenance of boundary pole annually as example on May 2018. The monitoring results are available 28 boundaries poles, the documents also inform the coordinates of each poles. The CH also has a guidance for monitoring and maintaining the boundary poles in procedure code WI.PPH.01 valid since 6 August 2018. Based on field observation in Poles No. 2, 6 and 58 found that the poles are available and maintained well, but the physical foundation of the poles is less solid, so this becomes an opportunity for improvement **(OFI)**.

### 2.2.3, 2.2.4, 2.2.5 & 2.2.6

The Company has established the mechanism for conflict resolution and land dispute in the procedure code FR.CSOP.PSL dated 1 September 2016. There is no significant land dispute/conflict according to documents verification and field observation. However, there is an enclave area of 193 Ha in HGU, which are fields and residentials of 35 families from Danau Lancang Village. The company didn't conduct land clearing in that area and there was no conflict for that areas. The company also committed to prevent any violence, do not use paramilitaries and do not intimidate in maintaining security and orderliness within its operational area. Based on interview with communities and field observations, it is known there is no indication of contractually army using in plantation area of PT. Subur Arum Makmur.

**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

The Company has FPIC procedure code FR.EAC.FPC dated 17 June 2013. Procedures explaining the land compensation process through FPIC begin from identification of landowners, negotiating compensation, payment of compensation, etc. The results of public consultations is known that there are no indigenous rights or customary rights, the entire area is forest area which has been released through decree of Indonesian Forestry Ministry. The company has carried out the process of land acquisition since 1993 - 2000 so that the land acquisition process documents cannot be traced, while the procedures for land acquisition or the provisions of the FPIC process from the RSPO itself have not been issued. Based of interview with previous land owners and communities (Senamanenek village and Danau Lancang village) is known that compensation process are done directed to the land owner and not diminish the legal/customary rights, the landowners are given the freedom to release their land without coercion.

**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**

The company has documents on the long-term plan contained in the PT Subur Arum Makmur Financial Projection period 2018 - 2022 that explain about business plan and operational management which includes: area statement, FFB Production, Oil Extraction Rate (OER) and Kernel Extraction Rate (KER) trends, plantation and factory budget plan, budget revenue plan (FFB sales, CPO sales, kernel sales), net balance (total income, total expenses), cost allocation for social and environmental (sustainability cost), and others.

Annual planning also evaluated at the end of year and compared with realization. It annual planning can be adjusted based on field condition, financial condition or another reason.

**3.1.2**

PT SAM replanting program is planned to commence in 2022 with consideration of FFB production which has begun to decline, the difficulty of harvesters and out put of harvesters who tend to decline. The company has a plan for replanting from 2019 to 2026, which can be described as follows:

Year	Ha
2019	-
2020	-
2021	-
2022	592.57
2023	1,272.15
2025	1,945.99
2026	814.27

**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**

PT Subur Arum Makmur has documents of SOP Operational Best Practices Oil Palm Agronomy starting from land clearing up to harvesting, approved by CEO on 1 July 2012. The SOP documents among others about planning of new area planting, replanting plans, nurseries, land clearing, planting, replanting, pest and disease control, weed control, fertilization, maintenance of immature plant, preparation ahead of harvest, harvesting, loading and transportation of FFB. The Palm Oil Mill has SOPs covering all mill operations such as FFB Grading, Sterilization Station, Press Station, Threshing Station, Oil Room, Kernel Plant, Laboratory, CPO and PK Despatch, Engine Room, Boiler Room, Electrical, Workshop as well as Raw and Boiler Water Treatment Plant. The SOPs are available on audit site (Estate and Mill office) and are written in a language (Bahasa) that is easily understandable for workers.

Interviews were conducted to harvester, pesticides applicator, and manuring worker in SAM Estate. Based on the results

of interviews can be concluded that the workers understand the duties and responsibilities of their work in accordance with the applicable SOP.

The entire procedure both of plantation and mill has been included of safe working instruction, other than those described in the HIRAC document.

#### 4.1.2 and 4.1.3

To ensure consistency of procedures implementation, the company has a monitoring inspection mechanism that was carried out regularly through the internal audit activities. Internal audit conducted once a year or if needed which the scope of the inspection includes estate and mill operational activities. The company shows the Estate and Mill operational audit results report conducted by the company's internal audit, for example, which was held on 27-31 August 2018. The report lists the auditor's findings starting from plantation operations, administration systems until infrastructure factory. All non-compliance records of internal audit have corrected and verified by the company.

Each unit has documented the operations of the estate and mill production such as daily reports, supervisor workbooks, etc. The field visit at the mill shows that the unit has been documenting the daily activities in a daily production report that documented by using computerized systems.

#### 4.1.4

The company does not receive FFB from independent suppliers. The company only receives FFB from its own estate and receives FFB from the estates and plasma of PT. Bumi Sawit Perkasa which is still a unit of the First Resources group.

**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

The company has procedure to manage soil fertility, which is contained in anorganic and organic fertilization procedures. It was explained in the procedure that the dosage of fertilizer recommendation was issued by the Research Department who would formulate it based on several factors such as actual FFB production, FFB production projections, plant age, plant nutrition status, leaf analysis, field observation, fertilization history, soil analysis results, rainfall data, results of fertilizer experiments, etc.

SAM Estate can show documents on the realization of anorganic fertilization and EFB applications for 2018. The auditor conducted an interview with the fertilizer loading workers at Division 7 SAM Estate. Fertilization is done mechanically using a spreader machine. Workers can also explain the fertilization procedure well, which is in accordance with the dosage determined based on the recommendations.

#### 4.2.2

SAM Estate shown the plan and the realization of fertilization for period January to December 2018. Based on document review and interview with the staff, the realization of fertilization in SAM Estate reach 100% completed according to the program.

#### 4.2.3

To find out the soil fertility, the company conducting of soil and leaf analysis periodically that conducted by First Resources Research Department as follows:

- Soil Analysis Activities - Laboratory analysis about the condition and soil nutrient content in the soil samples to determine the fertilizer recommendation in maintaining and improving the balance of nutrients in the soil. Parameters measured among others: Texture, acidity (pH), content of C, N, P, K, Mg, Ca, Na, BS, and CEC.
- Leaf Analysis Activities - The results of leaf analysis annually published the recommendations of fertilizer dosage to produce the optimal palm fruit. The principle of fertilization is the provision of treatment on the soil to produce the nutrients required by the palm oil with optimum results. Indicator Major elements namely N, P, K, Mg and Ca and Indicator Minor elements namely B.

- Visual Analysis Activities - Visual observations performed every year at the time of leaf analysis activities. Visual observation is a consideration in determining the fertilizer recommendations, deficiency of nutrients and analyze the potential of disease which is likely to become endemic of a particular disease.

Result of soil and leaf analysis results published recommendation on fertilizer doses to produce an optimal production of palm fruit. Principles of fertilization are giving treatment on the ground to produce the nutrients required by palm and generating optimal results.

#### 4.2.4

The company has a strategy of recycling nutrients, such as the use of the frond (pruning), application of effluent and EFB Mulching. It shows a recording of the EFB applications realization in 2018 on SAM Estate. Overall, the company has made efforts to maintain and improve soil fertility. Visually, there is no symptom of nutrient deficiency at the blocks that have been visited. Until the main assessment, the company has not carried out replanting activities, so there was no use of the palm residue after replanting.

Status: Comply

#### 4.3

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

#### 4.3.1 and 4.3.6

PT SAM shows a map of soil types that explain the types of soil in the operational area of PT SAM such as Aquic Dystrudepts, Typic Dystrudepts, Typic Endoaquepts, and Typic Hapluduts. The map is available on a 1: 30,000 scale and sourced from the PT SAM concession area and PT SAM's detailed land survey. This type has a texture of clay, dusty clay and sandy clay with land suitability values in the S2 and S3 classes. From this, it can be concluded that the SAM plantation area does not have soil fertility problems such as critical soils and fragile soils. However, based on the procedure about soil and water conservation (No: MN.FR.COP.OPA.KTA, 1 July 2012), it was explained that the strategy for critical soil management and other land problems was the fronds, cover crops, EFB, drainage ditches, continuous terraces, conservation terraces, conservation trenches, discontinuous trenches and vertiver plant.

#### 4.3.2

Based on the semi-detailed PT SAM land survey report prepared by the soil survey and land evaluation team of the R&D FR Group in August 2018, it was explained that the slope of the land in PT SAM's operational area was 0-8% with a flat classification, so it was concluded that PT SAM was not has steep slopes and does not perform specific management strategy in areas with a certain slope.

#### 4.3.3

The company shows a road maintenance program for the 2018 period. SAM Estate have classified roads based on their conditions (good, medium and heavy). From these data the company made priority programs in road improvement. For example, SAM Estate has 862,780 meter road repair program in 2018. Until December 2018, the realization of road improvements has reached 773,000 meters.

Based on field observations throughout the audit activities, it was concluded that the road conditions on SAM Estate were in good condition and could be passed.

#### 4.3.4 and 4.3.5

Based on the map of PT SAM soil types sourced from the PT SAM permit boundary map and the Riau Province map (RePPPProt-1987) with a scale of 1: 100,000, and based on PT SAM's Environmental Document on 13 June 2011, it was explained that there were no peat soil types in the operational area of PT SAM. This is confirmed during auditor field observation to SAM Estate. Hence, water management and peat subsidence monitoring activity and drainability study for replanting activity are not applicable.

Status: Comply

#### 4.4

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

#### 4.4.1

Company has identified the water source and conducted the efficiency of water use by monitoring the water use in SAM



Mill every day, from the document review it is known that the average water use in 2018 is 0.64 M<sup>3</sup>/tonFFB. Field visits on Kepanasan river buffer zone (HCV Area), found that companies managed Kepanasan river buffer zone by marked the buffer zone, perform revegetation with vetivergrass, and signboard placement.

Company also conducted regularly water quality testing every semester for kepanasan river Upstream area and Downstream area, based on laboratory test results its known that water quality is still in accordance with the quality standard. Based on workers interview on estate and mill housing shown that drinking water for them originated from refill water, while for bathing and washing needs the company provides wells.

Water sources identification and management plan are listed on environmental management and monitoring plans and company HCV documents. These document describe the water source identification, Mill water usage monitoring & efficiency, and catchment area protections.

#### 4.4.2

Company provided procedures for these catchment areas protection/conservations in accordance with the Decree of the Directors of PT Subur Arum Makmur No.001/SUSTAINABILITY\_SAM1/P/XII /2012 in December 2012. beside that company have procedure FR.CSM.OP.2 dated January 2015 about water source management. Field visit during audit, such as to Kepanasan river bufeer zone in Danau Lancang Village acquired information that company shown proper ways for maintain and protect the catchment area for example manual weeding and marking the chemical boundary border.

Company has identified and shown the maps for catchment areas (icluding riparian) with 1:50000 scale. HCV identification document shown there is one river flow on PT SAM that is kepanasan river.

#### 4.4.3

Mill effluent produced by SAMM processed at waste water treatment plant (WWTP) based on procedure FR.CSM.OP.1 dated 1 September 2011 about waste managment, until it complying to standards before it discharged to SAME as land applications based on decree of kampar regent No No. 503/DPM-PTSP.PEL/LA/2018/01 valid until 2023.

POME quality testing document review shown for Janaury - December 2018 all of POME testing parameters are compliant to the standards quality, and all of POME management and monitoring has been reported to related institutions every 3 month regularly. Field visit on WWTP during audit found there is no leakage indications and these area are managed well.

#### 4.4.4

Observations on SAMM water ttreatment plant found monitoring for raw and process water usage was done by officer periodically, and flowmeters at inlet/outlet serves normally. Procedure for Mill water usage and monitoring are provided and has been listed on Water Treatment Procedure with No. MN.FR.COP.OPM.POA dated 31 December 2015. Standards of water usage for FFB process recorded on 2018 budget projected 0.70 m3/tonne FFB processed. Water usage monitoring was done periodically and recorded, the results of monitoring water used during 2018 were 0.64 M3 / tonne FFB processed

<b>Status: Comply</b>
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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 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 IPM activity records for January to December 2018 such as program and realization of rat census, leaf eating caterpillar census, and termite census, it could be concluded that all the census results were still under its economic threshold. There is no invasive species attack. This may lead to zero use of pesticides for pests and diseases control. It could be concluded that IPM techniques implemented by biological methods is effective to control pests and diseases, and also to minimize the use of chemicals. Furthermore, according to pesticides used record in 2018, agrochemical uses was only implemented for weeds control purposes.

The company has a good commitment to improve the use of pest natural predator as part of integrated pest control. One of natural predator development is the reproduction and the construction of barn owl box as a mechanism to control rat. It monitoring barn owl box occupation at least once a month. The monitored parameter are the existing of barn owl in the boxes, left food, and sign of reproduction such as egg or owl. Currently, there are total 314 barn owl boxes in SAM Estate and inhabited 243 barn owl boxes.

#### 4.5.2

The company has records of the training implementation for workers who are involved in the implementation of integrated pest management, for example, Integrated Pest Management training on 17 September 2018 with the number of participants are 12 employees consisting of census operators, supervisors, and field assistants. Based on interview with the worker revealed that the worker understand the method of plant pest and diseases census or detection.

**Status: Comply**

#### 4.6

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

##### 4.6.1

The company has a pesticide safety guideline procedure (No: PR.FR.COP.OPA.PLP, 1 July 2012) which explains things related to pesticides such as the selection of pesticides, the use of pesticides, safe storage of pesticides for preventive measures and others. Based on field visits and interviews with 8 pesticide applicator in Division 6 SAM Estate, it was concluded that workers knew about the function of the chemical used and selective when doing the spraying activity, as for example for glyphosate material used to spray the circle and harvesting path only while the weeds in inter row not sprayed. The company used *Isopropil amina glyphosate* and *Metil metsulfuron* which have received permission from the government. Based on document verification and observation to pesticide storage, there is no prohibited chemicals use.

##### 4.6.2

The company has documented records of pesticide toxicity in the document of Monthly Pesticide Toxicity Data. The document is recorded product name, active ingredients, LD<sub>50</sub>, area treated, amount of active ingredients applied per Ha, and total application. This document is constantly recorded and updated by Estate Sustainability Officer each month.

##### 4.6.3

PT SAM has program to reduce the pesticide usage by replacing pesticides with biological controls such as using natural predators to control rat and planting the beneficial plant. Based on document review and field observation, several IPM program with biological approach that has been implemented such as rat control by *Tyto alba*, and leaf eater caterpillar by planting beneficial plant such as *Turnera subulata* and *Casia coganensis*. Moreover, it has also conducted early detection routinely listed in the monthly report of early warning system. There is no prophylactic use. In 2018, the company does not use pesticide for pest control at all.

##### 4.6.4

The company has an internal circular letter on 12 May 2018 issued by PT SAM's Estate Group Manager stating that the plantation is no longer allowed to use paraquat chemicals for weed eradication in the field. Based on document verification and field visit to pesticide storage, there is no paraquat or WHO Class 1A or 1B application in January 2018 until December 2018.

##### 4.6.5; 4.6.7 and 4.6.9

The results of field observation in warehouse and interview with pesticide applicator in Division 6 SAM Estate, it is known that the employees have been given regular training in safe work practices. This was evidenced by the employee can demonstrate the correct way to work in accordance with the procedures including how use and handling the risks in accordance with material safety sheets. There have been sheets of safety work (MSDS) and the symbols of hazardous and toxic materials are properly installed on the walls and doors of warehouse. The pesticide applicator also using personal protective equipment in accordance with specified hazard identification and material safety data sheet such as respirator mask, gloves, safety shoes, apron and googles. In addition, employees are also informed about the steps of secure work in each roll call in the morning before work. Meanwhile, the spraying workers interviewed also claimed that after spraying they will be washing up and drying up the PPE and spraying tools (sprayer tank, jerry, etc), and taking shower/changing clothes in special place near pesticide store of the division office. Therefore, based on field observation to mixing area in

Division 7 SAM Estate, that known there are storage for keeping all PPE's and spraying tools after use.

#### **4.6.6**

The Company has documents relating to pesticide storage in procedure No: PR.FR.COP.OPA.PLP dated 1 July 2012. The Company shows evidence that any gallon of ex-pesticide has been stored and not used for other purposes such as monitoring pesticide used in 2018. In the document described the number of gallons of pesticides coming out of the central warehouse and the entry (after application of the spaciousness) to the schedule waste.

The result of field observation in SAME and SAMM employee housing, there is no indication of the use of agrochemical ex-packing for other purposes

#### **4.6.8**

Based on a review of documents and interviews with management staff, the company did not perform the application of pesticides from the air.

#### **4.6.10**

Company possess procedure for Toxic and Hazardous waste including ex agrochemicals management listed on FR.CSM.OP.1 dated 1 September 2011. These procedure stated that all ex chemicals containers were kept on temporary hazardous storage at mill/estates. Training for workers and staff regarding hazardous & toxic material handling has been conducted on 12-13 March 2018 and 29 November 2018.

Based on observations to the hazardous waste warehouse, hazardous waste management has been done in accordance with the procedure owned, carried out logging and entering the waste by the officer.

Based on interview with sprayer team found that workers recognized how to properly disposed waste materials and workers have been trained by company about waste and hazardous materials handling. Field visit during audit on toxic & hazardous waste storage on SAME and SAMM found company showed proper ways for ex agrochemical disposal.

#### **4.6.11**

PT SAM has list of pesticide operator based on latest data of January 2019 as many as 23 workers. Medical examination (cholinesterase) has been conducted on 2 January 2019 to all pesticides workers in SAM Estate. The result of medical examination is informed to the workers and all pesticide operators are in a healthy condition (normal result). And also, based on interview with the workers, it is known that they are never get experience of occupational injury which caused by chemical such as irritation.

#### **4.6.12**

The company has an operational practices document using safe pesticides (FR.CSM.OP.2, 1 September 2011, which is validated by the Corporate Sustainability Head and CEO), which in point 3.3 regarding mixing (solution making and spraying / application), point 3.3.1: estate is strictly prohibited from employing pregnant women and breast-feeding women for work related to pesticides such as pesticide warehouse officers, mixing and spraying of pesticides. Based on interview with female spraying personnel, it is known that there was neither pregnant nor breast-feeding female personnel who work with pesticide. Audit team also got information that the personnel have understood that female personnel cannot work with chemical material if they are pregnant or breast-feeding.

<b>Status: Comply</b>
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#### **4.7**

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

#### **4.7.1**

The company has a policy of occupational safety and health were written in Bahasa. Policy related to OHS namely OHS Policy issued by Director on 20 September 2011. Based on interview with workers known that they have been known about the OHS policy, for example workers are required use PPE while working and safe working practices. They also said that Field Officer perform morning briefing every day before starting work and ensure the completeness of the PPE of all workers. Management have work program of occupational health safety every year. Realization of the program of work will be monitored through regular meetings Guiding Committee of Occupational Safety & Health every month. This work program applies generally to all workers in the workplace. If the plans have been made yet on target then will be

evaluated in the management review to assess effectiveness.

Interviews were conducted to estate workers (harvesters, manuring workers, and pesticides applicators) and mill workers (boiler operator, engine room operator, kernel operator, etc). Based on the results of interviews can be concluded that workers understand the OHS policy and it's recognized that every morning meeting is always affirmed about the importance of safety and the use of PPE in work.

#### **4.7.2**

The company shown the document of hazard identification, risk assessment and risk control which issued on January 2019. It will be reviewed if any occupational accident happen. The document describes the description/activity, potential hazards, risk assessment and risk control. However, auditor encourages the company to carry out more detailed Identification of Hazard Sources and Risk Control for example in the hazard source identification section on several machines and a more detailed and comprehensive explanation of risk control. **OFI**

Based on site observation at workshop in SAM Mill and agrochemical warehouse in SAM Estate, it was clearly confirmed that workers had been aware related potential risk and hazards in the work place. Following up on this, the company has been reduce the potential risk by routine socialization about OHS, providing PPE, and OHS signboard are available in workplace.

#### **4.7.3**

Based on documents verification and interviews, it is known that all operators at SAM Mill and SAM Estate already have licence in training such as boiler operators, lift carrier operators, welders and electrical technician.

The company has an Internal Memo No: 018 / Int.Memo / FR / II / 2013 from the Managing Director of First Resources Group regarding the Complete Use of PPE for Employees. Based on field observations and interviews with workers, found the facts of the field as follows:

- Daily workers in the sorting section use personal boots because the boots have not been provided by the company.
- The press, kernel, and boiler operators use personal boots because the safety shoes provided by the company have been damaged before the new replacement period.
- Press and kernels operators do not use ear protectors while working.
- The kernel operator does not use gloves when mixing  $\text{CaCO}_3$  chemicals.

Based on the evidence, the company has not been able to demonstrate the implementation of the Complete Use of PPE for employees according to the internal memo they have. This becomes a **Non-conformity No. 2019.03** with **MAJOR category**.

#### **4.7.4**

PT SAM already has persons that responsible for the OHS program within the organizational structure of Committee of Occupational Health and Safety (*P2K3*) established in management unit. The organization routinely conducts monthly meetings on OHS issues in the workplace. The documentation of the meeting were recorded and stored well. Based on interviews to workers who are members of the *P2K3* organization it is known that monthly meetings are always routinely conducted to discuss about OHS such as consistency of PPE usage, work accident report, fire simulation, checking of emergency response equipment, OHS sign board, cleanliness of work area, etc.

#### **4.7.5**

The company has made efforts to prevent emergencies and accidents. The company has procedures related to the handling of emergencies and accident investigation. It has emergency facilities and infrastructure such as fire extinguisher, first aid kit, hydrant, water tank, and other supporting equipment.

SAM Mill and SAM Estate has already licensed first aid officers and there was first aid internal training conducted on 13 May 2018 which was attended by 17 participants. Based on field visits and interviews, it was found that all the supervisor in each of activities were equipped with first aid kit and had been trained on the use of first aid boxes and the supervisor explained the usefulness of each first aid kit.

**4.7.6**

Based on the Collective Labour Agreement (CLA) that workers have the right to receive medical care and be protected by the accident insurance. The management unit show proof of payment of Health and Employment Workers Social Security Agency (BPJS). Payments are made every month by percentage according to the regulation.

Based on interviews with SAM Mill and SAM Estate employees, concluded that all employees were aware of the medical service procedures in the event of an accident or illness. All employees interviewed also claimed to have a health BPJS card, if they went to a company clinic there was no fee at all.

**4.7.7**

The company has calculated the Lost Time Accident every month for monitoring the recording of occupational accidents. It shown the Lost Time Accident calculation per December 2018. This document informs the number of worker, number of working days, the number of non effective working days, overtime, hours of work in total, the number of accidents, the number of working days lost, hours of work a year, the number of accidents a year, lost days a year. Calculation of SR and FR is reviewed regularly and will be evaluated at monthly meeting of OHS Committee.

**4.7.3 Status: Nonconformity No. 2019. 03 with a Major category**

**4.8**

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

**4.8.1 & 4.8.2**

The company has training programs for worker period 2019 that are equipped with training schedules and document the realization of training in the form of attendance lists and evaluation of the results of training of employees.

Some of training program, namely:

- Harvesting training scheduled in January 2019
- Training of pesticides usage in April 2019
- First aid training in February 2019
- Training for kernel station worker in January 2019
- Engine room operational training in June 2019
- Et Cetera

Implementation of the program has documented in form of list of attendees and training evaluation, such as:

- FFB loading training on December 11<sup>th</sup>, 2018 attended by 7 participants in Afdeling VII
- Pest and disease census training on December 17<sup>th</sup>, 2018 attended by 3 participants
- Et Cetera

The training evaluation is cover some aspects, such as ability to use work tools, understand the term of work and work system.

Based on interview with worker in estate and mill, they have received some training related to their work, such as work procedure training, emergency response, and first aid training. Training for contractor worker, for example about implementation of occupational safety and health. Based on interview with Stone supply and FFB transport contractor, it is known that they understand about occupational safety and health.

**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**

PT SAM already has environmental documents, such as:

- Document of Environmental Impact Analysis (ANDAL) for operational activities of oil palm plantations and mills (changes in factory production capacity from 45 tons / hour to 90 tons / hour) The document has been approved by

the Head of the Kampar Regency Environmental Agency with Decree No. Kpts / BLH-DAL / KLH / 2011/46 on June 13, 2011

- Environmental Management and Monitoring Plan (RKL-RPL) has been approved by head of the Kampar Regency Environmental Agency with Decree No. Kpts / BLH-DAL / KLH / 2011/46 on June 13, 2011.

Environmental documents that are owned by the company cover the entire operational activities of the plantation and factories including, making drainage, roads, factories and other infrastructure, replanting / expansion of planting area, waste management, and the others

Based on the results of environmental document verification, it's known that the scope studied is 9,269.48 ha while the company's HGU is 9,271.03 Ha. there is a difference of 1.55 Ha, the company can coordinate with the agency, related to differences in the scope of the ANDAL with the HGU. (OFI)

### 5.1.2 and 5.1.3

The company has a management plan and monitoring plan contained in the RKL / RPL document. while the impacts managed and monitored by the company are, air quality, surface water quality, groundwater quality, noise, aquatic biota, and public perception.

The company has carried out environmental management and monitoring in accordance with the plans it has, the results of management and monitoring can be seen in the RKL / RPL management report. based on the document review, all impacts have been monitored and managed properly, not found any environmental indicators that exceed the quality standard.

Based on interviews with representatives of the community (*Pucuk Suku* Piliang, Head of Village Danau Lancang and Senamanenek), until now the company has carried out environmental management properly, there are no indications of environmental pollution.

The reports has referred to KepmenLH No. 45 of 2005. All laboratory test attachments have been attached. Besides that the company has conducted compliance evaluations, trend evaluations and critical level evaluations. The company has reported the implementation report rkl / rpl to the relevant agencies, for example the semester 2 report 2018 reported on the 11th of January 2019.

**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

Referring to the RSPO P & C regulations of 2018 regarding HCV-HCS Certificate Body communicating with RSPO regarding company-owned HCV and HCS documents on the 14th of January 2019. On 15th January 2019 RSPO gave a response "After discussing internally, we have agreed that the HCV assessment of the company that has been used as a certification for INANI 2016"

The Company has been conducted HCV assessment done by RSPO Approve Assessor on 2010. The process of HCV identification conducted by HCV identification guides in Indonesia on June 2008. These identifications indicate there is HCV 1.2 & 4.1 presence on Kepanasan River Buffer zone covered for 70.45 ha areas. All of the HCV indications area was mapped by 1: 100,000 scale and this HCV identifications covered all estates / mill operational areas including surrounding landscape and RTE species. HCV Assessment was carried out in consultation with relevant stakeholders from surrounding villages such as Senamanenek Village and Danau Lancang Village in 2010. Based on the results of interviews with the community of Senanamek Village and Danau Lancang Village, it was discovered that when making HCV documents the company had consulted with relevant stakeholders.

In addition, the company conducted a HCS assessment carried out on 14-25 November 2016 conducted by team leader Registered HCS assessment Approach with the scope of the study area of PT SAM permit covering 9271, 03 Ha. From



the results of the HCS study, it was not found HCS area in PT SAM.

#### 5.2.2 and 5.2.3

HCV identification results also explain there is RTE species in company area, such as *Macaca nemestrina* and *Crocodylus porosus*. To provide protection against such species, management unit has made the hunting ban signboard, patrolling, rehabilitation of riparian as habitat and report to relevant agencies.

The company already has an HCV management plan including the protection of RTE species contained in the PT SAM HCV management plan document for 2018-2021, while the HCV management program that was created is HCV socialization to the community. Make a boundary of spray limit, etc.

The company has a joint management agreement document for the HCV area dated January 8, 2019 between PT SAM and the Village Head of Danau Lancang (in this case representatives from the Danau Lancang Village community). Field visit on HCV areas Kepanasan river in Danau Lancang Village shown that company provides HCV areas information signboards and protected species, signboard for hunting ban and marking riparian area that will be rehabilitated for species corridor. Company also conducted a periodically monitoring every tree month for HCV areas, species monitoring, and wild hunting by HCV officer. Based on interview with landowners in the HCV area, it is known that landowners recognized HCV area as a protected area and they also recognized no chemical applications on conservation areas. landowners also have deep understanding related to protected species and a ban on hunting of protected species.

companies have the opportunity to ensure that HCV management plans that have been made and agreed with the community are carried out and monitored as planned (OFI)

Related to RTE species, company had RTE species protections policy established on 2018. Evidence for workforce educations related to RTE species are available and verified by auditors team. Housing visit on Afdeling 7 and 1 SAME found there is no RTE/wild species reared by workers. Sociliacization related to HCV Management carried out in Danau Lancang village dated January 15, 2019 attended by 30 participants, including owners of cultivated areas in the HCV area and November 28, 2018 attended by 38 employees at PT SAM.

#### 5.2.4

The company has established an HCV management plan, and implemented it properly. Patrol records that are regularly displayed show that the company has been monitoring illegal fishing, hunting and other illegal activities. All records for daily patrols on each plantation are available as annual reports. For example, the results of patrols in November 2018 found Beruk (*Macaca nemestrina*), ong-tailed monkeys (*Macaca fascicularis*), Burung Raja udang (*Alcedo Meninting*), *Crocodylus porosus* and others. while the trap of wild species does not exist.

#### 5.2.5

The HCV area determined by the company is within the company's HGU, but the area is controlled by the community. therefore the company made an agreement with the landowner to jointly manage the HCV area.

the company showed a joint management agreement document for the HCV area dated January 8, 2019 between PT SAM and the Head Village of Danau Lancang (in this case representatives from the Sancang Lake Village community)

Based on interview with landowners in the HCV area, it is known that landowners recognized HCV area as a protected area and they also recognized no chemical applications on conservation areas. landowners also have deep understanding related to protected species and a ban on hunting of protected species.

Companies have the opportunity to ensure progress in the agreement on HCV management agreed by all land owners and mapping according to land ownership in the HCV area (OFI).

Status: Comply

#### 5.3

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

### 5.3.1

Registry for waste (included toxic and hazardous waste) products produced from mill and estates are identified and listed on Procedure Waste Management No. FR.CSM.OP-1 dated 1 September 2011, for example mill waste water are managed at waste water treatment plant before it distributed as land applications, hazardous waste were kept at temporary hazardous waste storage.

### 5.3.2

All chemicals and their containers including hazardous waste are disposed responsibly based on procedure FR.CSM.OP-1 dated 1 September 2011. Inventory for all chemicals usage and its containers are available on chemicals storehouse / temporary hazardous storage. All ex chemicals containers kept on temporary hazardous storage at SAMM, and the company has a permit for hazardous and hazardous waste storage issued by decree of Kampar regent No 660/BLH-WAS/ILB3/2015/09 these permits valid until 2020.

Based on document review shown that company has sent all toxic and hazardous waste to PT Shali Riau Lestari (licensed collector by decree of national environmental minister) on November 09<sup>th</sup> 2016 (manifest are available and checked by auditors). Observation during audits at temporary hazardous & toxic waste storage shown that all of hazardous waste are compliant with the periods in permit (< 180 days).

Based on document review of the company's Procedure FR.CSM.OP-1 dated September 1, 2011 explained:

- Point 3.1.3 B explained the example of Hazardous Waste, such as, *Dirty Oil (Used Oil), Used Oil Filter, (used packaging or container, can or plastic container for oil, paint, grease, thinner, gasoline, kerosene, diesel oil brake fluid, drugs, chemicals) used batteries and batteries, bulbs, fluorescent lights, ink, markers, pens, paintbrushes, photocopies etc.)*
- Point 3.1.3 C iii explained that hazardous waste is collected, recorded, entered separately in packaging and stored in hazardous waste temporary warehouse

However, based on the results of field visits to several areas in PT SAM, found the use of Pertamina's used oil drums, as follows:

- As a waste collection point in the Mill area
- As a water reservoir in the area behind the PT SAM office
- As a trash can in the Mill Housing area

Based on the results of the Hazardous Waste logbook document review, the company has not included used drums as one of waste Hazard.

Based on this, the company has not shown evidence of hazardous waste management being carried out in accordance with the procedure. **Nonconformity 2019.04**

### 5.3.3

Company has a waste management plan to avoid and reduce pollution. for toxic waste sent to licensed managers, last sent on 10 September 2018. waste from Mill activities such as shells, fiber, waste and POME are used for operational activities.

Shells and fiber are used as boiler fuel. During 2018 the shell was used 13,178 tons, fiber 41,749 tons. and EFB was applied to the estate as much as 54,925 tons. while liquid waste is applied to the Estate in accordance with the permit for liquid waste application owned. Domestic waste is managed by collecting at the front of the house and separated according to the type of organic / inorganic. Once a week taken by officers and sent to landfills in the estate area.

5.3.2	Status: Nonconformity No. 2019. 04 with Major Category
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## 5.4

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

### 5.4.1

Company already have commitment to reducing fossil fuel by renewable energy usage. Shell and fiber usage have been monitored per month and realization of fossil fuel usage. During January - December 2018, fiber and shell usage for boiler resulting average energy efficiency 0,12 Kwh/tonCPO and average usage for fuel consumption is 0,04 kwh/tonCPO.

Based on the data presented, it is known that the company has conducted monitoring and efficiency of the use of fuel with renewable energy as supporting fuel to reduce fossil fuel use in processing and operating activities of the company and recording fossil fuel use.

**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

PT Subur Arum Makmur has a no-burn policy stated in the Directors Decree No. 009/Sustainability.FR/P/II/2012 concerning the Application of Environmental Aspects and Conservation in Land Preparation, in the deciding part of point 4 it was stated that Land clearing of non-burnt areas must be carried out throughout the First Resources area and all its subsidiaries. In addition, the company also has document No. Procedure for Land Preparation. FR.COP.OPA.PLH dated July 1, 2012 which states that the company has committed to zero land burning.

Based on the document study, it is known that the first planting year was 1993 and the last was in 2004. Until the initial assessments were carried out there were no replanting activities conducted by the company.

**Status: Comply**

## 5.6

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

### 5.6.1 and 5.6.2

To reduce pollution and emission, the company has identified the pollution sources and emissions and the management steps which are described in Procedure of Waste Management. In addition, company also identified GHG sources included management plan for reducing it.

All waste including emissions and pollutions sources from Mill and estate are identified and recorded on Procedure waste Management and GHG Mitigation Procedure. Fossil fuel reducing have been implemented by fiber and shell usage. Realization of renewable energy have been monitored on monthly report for fiber and shell usage. Waste water has been monitored every months and monitoring periods January - December 2018 sighted that all of waste water testing parameters is compliant to the standards quality, for example BOD on December '18 are 490 mg/l (< 5000 mg/l).

Company already has a sound inspection mechanism that regulates audiometric tests for employees with high noise exposure, audiometric examination is conducted once a year. For example audiometric inspection on January 02, 2019 for operator (operator engine room, boiler man, kernel station, mechanic on estate and Mill) with total 43 Operator. To prevent hearing loss of mill workers with high noise exposure Company checks the worker's PPE every day before the activity begins. And place a warning sign in each area with a noisy sound.

### 5.6.3

Monitoring for emission and pollutants (air emission, ambient, odor, noise, vibration) from estate and mill was done periodically every 6 month, covered on RKL/RPL implementation report and reported to environmental agency periodically. Company also conducted GHG calculation for 2018 period based on RSPO GHG palm V 3.1. The calculation of GHG emissions resulting as below:

Emmission per product	tCO <sub>2</sub> e/tProduct
CPO	0.56
PK	0.56
Production	t/yr
FFB processed	321,122.87
CPO produced	71,063.18
PK produced	18,266.68

Extraction	%
OER	22.13
KER	5.69

Land use	Ha
Planted area	85,89.58
Planted on peat	-
Conservation Area	-

#### Summary of field emission and Sinks

Descripton	Own crop		Group		3 <sup>rd</sup> party	
Emissions Sources	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB
Land conversion	777,283.53	0.32	0	0	0	0
CO <sub>2</sub> emmisions from fertilizer	6,546.93	0.03	0	0	0	0
N <sub>2</sub> O emissions	8,370.45	0.03	0	0	0	0
Fuel comsumption	1,448.42	0.01	0	0	0	0
Peat oxidation	0	0	0	0	0	0
Sinks						
Crop sequestration	-73,254.53	-0.3	0	0	0	0
Sequestration in Conservation area	0	0	0	0	0	0
Total	20,394.8	0.08	0	0	6325.45	0

#### Summary Oil Mill Emissions and Credits

Remarks	tCO <sub>2</sub> e	tCO <sub>2</sub> e/t FFB
Emissions sources		
POME	22412.	0.07
Fuel consumption	475.69	0
Grid electricity	0	0
Credits		
Export of grid electricity	0	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	228,877.69	0.07

#### Palm Oil Mill Effluent (POME) Treatment

Divert to compost (%)	0
Divert to anaerobic digestion (%)	100

#### POME Divert to Anaerobic Digestion

Divert to anaerobic pond (%)	100
Divert to methane capture (flaring) (%)	0
Divert to methane capture (electricity generation) (%)	0

Company has conducted GHG emission calculations period 2018 Using Calculator Palm GHG version 3.0.1. Accurate data has been put into the RSPO PalmGHG Calculator (Palm GHG version 3.0.1) and has been verified. Summary of net GHG emissions from PalmGHG calculator of the audit report which calculation option is applied Apply November 2005 Cut of for LUC.

	<b>Status: Comply</b>	
<b>PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills</b>		
<b>6.1</b> <b>Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.</b>		
<b>6.1.1 and 6.1.2</b> <p>Social impact assessment was conducted in 2 – 15 September 2013 involving local communities. Assessment aspects include population demographics (location administrative, road access, area and population density, ethnic composition, religion, livelihood, education, and health), economic aspects of the population (the economy around PT SAM), contributions to society (employment opportunities, CSR, improvement of the local economy), socio-cultural aspects of society. Following the first assessment, company held stakeholder meeting on January 15<sup>th</sup>, 2019 attended by 30 participants from Danau Lancang and Senamanenek Village.</p> <b>6.1.3, 6.1.4, and 6.1.5</b> <p>Company has arrange social management and monitoring plan developed from SIA report. Social management and monitoring plan is arrange based on stakeholder meeting on January 15<sup>th</sup>, 2019. Some of the plan, such as</p> <ul style="list-style-type: none"> <li>• Conduct regular meetings with stakeholders and coordinate with village officials, traditional leaders and other figures.</li> <li>• Scholarship giveaway to outstanding student</li> <li>• Analyzing the economic potential around PT SAM</li> <li>• Et Cetera</li> </ul> <p>This plan will be monitored every year. The person in charge for implementation of social management and monitoring plan is regional manager sustainability. Implementation of this plan, such as meeting stakeholders, scholarships to outstanding students, local employment, waste water testing.</p> <p>The arrangement of management and monitoring plan is conducted simultaneously with plan review. The latest review is conducted in 2019 with involving the stakeholder on January 15<sup>th</sup>, 2019. The stakeholder meeting provides questionnaire to participants and open a discussion to convey their opinion. Management and monitoring plan will be reviewed every 2 years.</p> <p>Based on interview with representative of Senamanenek and Danau Lancang Village, it is known that company has conduct the stakeholder meeting, and there is no aspect which is not identified. Also, there is no negative impact from company's operational activity. However, according to the interview company has not conduct stakeholder meeting with Senamanenek Village.</p> <p>Responding this matter, company has conduct stakeholder meeting with representative of Danau Lancang and Senamanenek Village on January 15<sup>th</sup>, 2019. Based on interview with management representative, company does not have association with smallholder scheme.</p>		
	<b>Status: Comply</b>	
<b>6.2</b> <b>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</b>		
<b>6.2.1</b> <p>Company has SOP of Communication (FR.EMS.CIE) which describes the flow of information, requests for information from stakeholders, complaints / dissatisfaction, conflicts, suggestions, and consultations with companies. The procedure is available in Bahasa Indonesia.</p> <p>Based on interview with Statutory Bodies in Kampar Regency and representative of Senamanenek and Danau Lancang Village, it is known that they understand how to communicate and consult with PT Subur Arum Makmur.</p>		

**6.2.2, 6.2.3**

Based on SOP of Communication, person in charge for communication with stakeholder is public relation coordinator. The identified stakeholder is listed in Stakeholder List period of 2019, such as related statutory bodies, police, community leader, bank, contractor, and so on. Communication with stakeholder is documented in Logbook PT SAM. The communication mostly about request of assistance. Such as funding assistance from Danau Lancang Village on July, 7<sup>th</sup> 2018 and the company has responded to the letter on July 9<sup>th</sup>, 2018 by providing financial assistance. There is the evidence of receipt and handover of funds.

<b>Status: Comply</b>
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**6.3**

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

**6.3.1**

Company has a SOP of Communication (FR.EMS.CIE) which describes that any complaints received from external and internal will be responded. The company also has a mechanism to protect the anonymity of reporters (whistle blowing). However, company has a chance to make an advanced mechanism if handling complaints cannot be resolved refers to RSPO Complaints system. **(OFI)** The responsible person for receiving complaints and complaints is the Public Relations / Public Relations Manager Coordinator.

Based on interview with worker in mill and estate, it is known that workers understand how to deliver their complaint if any. Also, based on interview with representative of Senamanenek and Danau Lancang Village, it is known that they understand the mechanism to deliver their complaint if any. They're accept the complaint mechanism of PT SAM.

**6.3.2**

The company has documented complaints from worker and external stakeholders. Worker complaints are recorded in the "Worker Complaint Book" and external stakeholder complaints are recorded in "Log Book of PT SAM". Based on the worker complaints book, complaints that were recorded were related to the repair of housing facilities. The company has followed up with improvements to the housing section. Based on Log Book of PT SAM, there were no complaints that submitted to PT SAM. The incoming letters are requests for assistance / proposals.

<b>Status: Comply</b>
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**6.4**

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

**6.4.1, 6.4.2 & 6.4.3**

The process of land acquisition of PT. Subur Arum Makmur has been completed since 1993 - 2000 or before 2005 so that documentation of the land acquisition process cannot be traced. The company issues land acquisition procedures (code FR.CSOP.PL.008) in 2 August 2016 and land acquisition will be process through FPIC and documented if there is new land acquisition. The results of interview with communities and previous land owners is known that compensation process are done directed to the land owner, landowners are given the freedom to release their land without coercion.

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

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

**6.5.1**

Company has copy of Riau Governor Decree No Kpts.373/V/2018 about Sectoral Minimum Wage of Riau Province period 2018. The minimum wage is Rp 2,617,500/month. Company issued Circular Letter from Managing Director No 02.0/SE/007/III/18, which explain that:

- Wage for permanent daily worker is Rp 2,479,400/month of Rp 82,650/day
- Permanent daily worker get fixed allowance in form of rice 15 kg/month worth Rp 9,200/kg.

Company showed wage documentation for each unit. Based on document verification, the basic wage is in accordance with applicable regulation. For example: security payslip December 2018. The basic wage is Rp 2,622,500 and overtime payment is paid in accordance with applicable regulation.



Based on interview with the harvester and committee of worker union, there were no complaint about working hours and wages payment too. Based on interview with worker in Mill and Estate, there is no complaint about wages. It is in accordance with Governor Decree applicable.

#### 6.5.2

Company has Collective Labor Bargaining ratified by Industry and Labor Agency of Kampar Regency on February 23, 2018 with decree no 560/PERINAKER-PHI/PKB/2018/07. This document is regulated about company and worker responsibilities, recruitment process, promotion and demotion, work time management, payment system, social insurance, contract termination, and so on. Based on interview with the worker, it is known that they understand about worker's rights and obligation as written in collective labor bargaining.

Company also showed the work agreement of temporary daily worker. The document has included the company name, employee name, work placement, wages earned, and signed by both parties. The salary earned is Rp. 104,700 per day. The agreement has been signed by both parties.

#### 6.5.3 & 6.5.4

Based on field observation in housing complex in afdeling 1 and 7, it is known that company has been providing housing facilities, lighting and clean water, places of worship, school buses, clinics and educational facilities (kindergarten, elementary). Based on interview with the residents, it is known that there is no complaint related to housing facilities. The facilities provided by the company is adequate. And also it is known that one house is occupied by one family and the condition of housing is still in good shape. Adequate food supply can be accessed by the worker from from worker cooperative. Moreover, there are some kiosk in housing complex. Personnel can get the staple food with reasonable price.

**Status: Comply**

#### 6.6

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

##### 6.6.1

Based on the collective labor bargaining, it is known that the company recognizes SPSI as a legitimate organization representing employees and acting on behalf of all its members who have a working relationship with the company. The policy is written in Bahasa Indonesia. Based on interview with representative of worker union, it is informed that company is giving freedom for worker to express their opinion. And also, PT Subur Arum Makmur did not give any intervention related to worker union activity. Worker union has registered to Labor and Transmigration Agency of Kampar Regency.

##### 6.6.2

The company documents union meetings in the form of reports on the results of company management meetings with trade unions, for example:

- Minutes of meetings between worker union and company on January 12<sup>th</sup>, 2018 which was attended by 20 participants
- Minutes of meetings between worker union and company on October 17<sup>th</sup>, 2018 which was attended by 9 participants with the focus of discussion: determination of union membership fees and socialization of company policies

The documentation is available in office unit and available for member if they were asking.

**Status: Comply**

#### 6.7

**Children are not employed or exploited.**

##### 6.7.1

Company has child protection policy No. 011.B/SUSTAINABILITY-FR/P/VI/2012 signed by CEO in June 15<sup>th</sup>, 2012. The policy states that FR Group and its subsidiaries are committed not to employ children under the age of 18. And will make sure by checking the employee's identity card at the time of receipt of work. Based on public consultation with Labor and Transmigration Agency of Kampar Regency and field observation in estate and mill, there is no issue regarding child labor. Based on interview with worker in estate and POM, they know the minimum age to work in the company. Based on field

observation in estate, auditors did not sighted any harvester accompanied by their wife or children.

**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

Company has Directors Decree No 011.A / Sustainability\_FR / P / VI / 2012 dated June 15<sup>th</sup>, 2012 was approved by the CEO regarding the Equal Employment Opportunity policy which decided that the FR Group would not discriminate against anyone in terms of employment or business activities, the selection and promotion process was assessed based on qualifications and experience. Based on field observation and interview with worker in estate and mill, it is known that there is no issue or complain from worker regarding discrimination. Also, information from representative of worker union stated that there is no issue related discrimination. The workers that has been interviewed is came from various social origin, race, and religion.

##### 6.8.3

Company kept the personal file of each worker in estate office. Based on interview with management, the recruitment is conducted through the company requirement. The new recruitment is conducted in accordance with the procedure. It is based on skill, capabilities, and health condition for all workers. Worker promotion, mutation or demotion is done through the employee performance assessment. Company showed documentation of worker recruitment, such as application letter, certificate of Senior High School, curriculum vitae, and result of medical check up.

**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, 6.9.3

Policies to prevent all forms of sexual harassment and violence is listed in Directors Decree No 011.C.SUSTAINABILITY\_FR/P/VI/2012 on June 15<sup>th</sup>, 2012. The policy explains that FR Group and all of its subsidiaries prohibit all forms of sexual harassment in physical form, comments, jokes and / or exhibits and other behaviors that apply to men and women. Based on interview with board of gender committee, it is known that the policy has been socialized to worker and it is known that there is no issue or complaint related to sexual harassment on the workplace. Based on interview with worker, it is known that they understand the mechanism to submit complaint.

Company has formed gender committee for handling the harassment issue around female workers. Complaint can be submitted to board of worker union, gender committee, or their foreman. Based on interview with the board of gender committee, the company provides the female worker with menstrual leave for 2 days and maternity leave for about 3 months. Pregnant worker is prohibited to work related to chemical. And also, company give special breast feeding time for female worker, but prohibit the worker from working with chemical material.

**Status: Comply**

#### 6.10

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

##### 6.10.1, 6.10.2, 6.10.3, and 6.10.4

Based on the results of the document study, it is known that PT SAM did not receive FFB other than from the own estate (SAM Estate) and FFB from companies that are still in the same group, namely PT Bumi Sawit Perkasa (Group First Resources) and Cooperative (Cooperative Tamahluku Intan and Lancang Indah Lake Cooperatives). In carrying out FFB receipts, the company follows the established procedure, which is in accordance with the company's receipt procedure with document No. MN.FR.COP.OPM.PNB which was ratified on March 28, 2014 states that the company does not accept illegal FFB originating from forest areas, from theft and other illegal criteria.

The company can also show proof of cooperation for processing FFB with PT Bumi Sawit Perkasa (Group First Resources) with agreement No. 001 / BSP-FR / AF / TO.TBS / I / 2018 on February 2, 2018. The agreement explained that PT Subur Arum Makmur was willing to accept FFB from PT Bumi Sawit Perkasa in accordance with the applicable requirements.

In addition, there was also an agreement for cooperation in processing FFB between Plasma Cooperatives and PT Subur

Arum Makmur in accordance with Agreement No. 001 / SKB / SAM / BSP / DALIN / KOPTI / V / 2004 dated May 28, 2004 to manage and process FFB produced by plasma plantations owned by PT Bumi Sawit Perkasa in Subur Arum Makmur Mill.

The determination of FFB prices is based on the results of the determination of the price set by the government every month and the records/documents are owned by PT Bumi Sawit Perkasa as a company that has a FFB sale and purchase agreement with the Cooperative (Intan Tamahluku Cooperative and Lancang Indah Lake Cooperative).

The company can also show proof of payment made by PT Bumi Sawit Perkasa for the purchase of Cooperative FFB in September paid on October 18, 2018 through Bank HSBC Indonesia.

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

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

##### 6.11.1 & 6.11.2

Company has CSR program based on inputs received from community around. The stakeholder meeting is held on December 2018 with representative of Danau Lancang Village. There will be further meeting in January 2019.

CSR program for 2019 among other:

- Safari Ramadhan in June 2019
- Teacher salary every month in 2019
- Basic food package in October 2019
- And others

Based on interview with representative with Senamanenek Village, PT Subur Arum Makmur has not conducted the stakeholder meeting in Senamanenek Village. However, company showed the documentation of assistance proposal from the village in December 2018 and scheduled to meet with the village representative and company representative in February 2019. Company need to ensure the implementation of the planned meeting of CSR discussions with the village side Senamanenek (**OFI**). Furthermore, the stakeholder meeting on January 25<sup>th</sup>, 2019 also attended by representative from Senamanenek Village.

Company has documented the implementation of CSR year 2018, such as:

- Safary Ramadhan funding in Senamanenek and Danau Lancang Village on May 2018
- Funding assistance for Balimau Kasai cultural activities in June 8<sup>th</sup>, 2018.

Based on interview with management representative, it is known that company does not have association with smallholder scheme.

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

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

##### 6.12.1; 6.12.2; 6.12.3

Based on document review, field observation, and interviews with worker, representative of worker union, and stakeholders, it is known that there is no migrant labor, including forced labor and illegal labor. The recruitment is done according to the company's procedure. All daily workers have work agreement that explain about the position on site. They work based on the contract and work order. Based on field observation and interviews with the workers in Estate and Mill, it is known that there is no discrimination among them. They came from local and nonlocal worker. Based on field observation in estate, auditors did not sighted any harvester accompanied by their wife or children. Based on interview bipartite cooperation member, there is no issue related to force labor.

Based on interview with the harvester and committee of worker union, there were no complaint about working hours. The payment is based on tonnage. If they did not get the tonnage after working hours is out, they will be paid by daily payment.

<b>Status: Comply</b>
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<b>6.13</b>		
<b>Growers and millers respect human rights</b>		
<b>6.13.1</b>		
<p>Company has policy on human rights No 018/Sustainability_FR/P/03/2015 issued on March 5<sup>th</sup> 2015. The policy explains some points in human rights for worker, such as</p> <ul style="list-style-type: none"> <li>- The company recognizes everyone's right to recognition, guarantee, protection and fair legal treatment</li> <li>- Every worker has the right to live, maintain life and improve living standards</li> <li>- Every worker entitled to gather and union</li> <li>- Et Cetera</li> </ul> <p>The policy has been socialized to the workers, for example on March 8<sup>th</sup>, 2018 attended by 24 participants and on March 14<sup>th</sup>, 2018 attended by 29 participants. Based on interview with worker in estate and mill, they know and understand about workers' rights. And also, from consultation with internal stakeholder (worker union), it is known that there is no complaint related to human rights violation. If there was a complaint, the complaint can still be resolved by amicable way between employees.</p>		
	<b>Status: Comply</b>	
<b>PRINCIPLE #7 Responsible development of new plantings</b>		
<b>7.1</b>		
<b>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.</b>		
<b>7.1.1 and 7.1.2</b>		
<p>Based on document studies, it is known that the company's first planting year was 1993 and the last was 2004. Until the initial assessment activity took place there were no replanting activities conducted by the company.</p>		
	<b>Status: Comply</b>	
<b>7.2</b>		
<b>Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</b>		
<b>7.2.1 and 7.2.2</b>		
<p>Based on the PT SAM area statement, it is known that the youngest planting year was in 2004. There was no new land clearing since 2005.</p>		
	<b>Status: Comply</b>	
<b>7.3</b>		
<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>		
<b>7.3.1, 7.3.2, 7.3.3, 7.3.4 and 7.3.5</b>		
<p>Based on document studies, it is known that the company's first planting year was 1993 and the last was 2004. Until the initial assessment activity took place there were no replanting activities conducted by the company.</p> <p>PT Subur Arum Makmur has reported the Disclosure of Area Cleared Without Prior HCV Assessment since November 2005 to the RSPO secretariat on 31 July 2014 and has received a response from the RSPO secretariat on 12 August 2014. The company can show LUCA studies along with land cover maps dated August 2005 and July 2009, based on the results of LUCA document studies, it known that there was no new opening after August 2005.</p>		
	<b>Status: Comply</b>	
<b>7.4</b>		
<b>Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</b>		
<b>7.4.1 and 7.4.2</b>		
<p>Based on the PT SAM area statement, it is known that the youngest planting year was in 2004. There was no new land clearing since 2005.</p>		
	<b>Status: Comply</b>	

**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**

Based on documents review, interview and field visits, it is known that the Company did not expand the operational area and there is no more land clearing activity after 2005.

**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**

Based on documents review, interview and field visits, it is known that the Company did not expand the operational area and there is no more land clearing activity after 2005.

**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**

PT Subur Arum Makmur has a no-burn policy stated in the Directors Decree No. 009/Sustainability.FR/P/II/2012 concerning the Application of Environmental Aspects and Conservation in Land Preparation, in the deciding part of point 4 it was stated that Land clearing of non-burnt areas must be carried out throughout the First Resources area and all its subsidiaries. In addition, the company also has document No. Procedure for Land Preparation. FR.COP.OPA.PLH dated July 1, 2012 which states that the company has committed to zero land burning.

Based on document studies, it is known that the company's first planting year was 1993 and the last was 2004. Until the initial assessment activity took place there were no replanting activities conducted by the company.

**Status: Comply**

**7.8**

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

**7.8.1 and 7.8.2**

Based on document studies, it is known that the company's first planting year was 1993 and the last was 2004. Until the initial assessment activity took place there were no replanting activities conducted by the company. The company has calculated GHG emissions using the PalmGHG 3.01 calculator, refer to indicator 5.6.3.

**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**

**Aspects of Best Management Practices:**

The company has implemented a commitment to continuous improvement, including:

- Control of rat pests using owl predators (*Tyto Alba*).
- Biological leaf caterpillar pests control by planting and maintaining (conservation) beneficial plants, such as *Antigonon leptopus*, *Cassia cobanensis*, and *Turnera subulata*.
- Since 2018, PT SAM was no longer using Paraquat.

**Social aspect**

- Stakeholder meeting to discuss social impact of PT Subur Arum Makmur
- CSR Program

**Environmental aspect**

- The company has carried out management and monitoring of plant operational activities and estate in accordance with the RKL-RPL maktrik document. In addition, the company also has efforts to reduce waste, pollution and use of fossil fuels such as conducting land applications, the use of renewable energy to burn boiler fuel, liquid waste management and others.
- The company is studying the use of POME with the Biogas Plant system.

The all aspect regularly reviewing and evaluation to ensure effectiveness for improvements such in best management practices aspect which in pest monitoring and evaluation known that biological control can managed the pest population. In social aspect known that CSR program and participatory SIA can effectively manage the social impacts etc.

<b>Status: Comply</b>
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### 3.2 Summary of Assessment Report of Supply Chain Requirement

#### 3.2.1. General chain of custody requirements for the supply chain

Clause	Requirement
<b>5.1</b>	<b>Applicability of the general chain of custody requirements for the supply chain</b>
5.1.1	<p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification.</p> <p>The company implements the RSPO supply chain standard for the certification unit that manages CPO &amp; PK namely Subur Arum Makmur POM. CPO/PK transactions are carried out based on the agreement and product delivery/sale from Subur Arum Makmur POM. CPO/PK product sales will be delivered through a subsidiary bulking storage at PT Meridan Sejatisurya Plantation (First Resources Ltd) which has also been certified of supply chain schemes by the BM Trada certification body on 5 October 2018. Currently Subur Arum Makmur POM has not received a certificate RSPO yet, so there are no certified CPO/PK products. This will be verified again after the company has obtained the certificate</p>
	<b>Status: Comply</b>
5.1.2	<p>Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.</p> <p>Subur Arum Makmur POM conducts the RSPO certification process to obtain certified CPO/PK products. In this case Subur Arum is prosperous POM does not act as a trader and there are no plans to buy certified products from RSPO licensed traders. This will be verified again after the company has obtained the certificate.</p>
	<b>Status: Comply</b>
5.1.3	<p>Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p> <p>The parent company are member of RSPO (First Resources Ltd):</p> <ul style="list-style-type: none"> <li>- Number of RSPO membership: 1-0047-08-000-00 (10 March 2008)</li> <li>- RSPO IT Platform for Subur Arum Makmur POM: RSPO_PO1000004231</li> </ul>
	<b>Status: Comply</b>
5.1.4	<p>Processing aids do not need to be included within an organization's scope of certification.</p> <p>Parent company or site has no processing aids. This will be verified again after the company has obtained the certificate.</p>
	<b>Status: Comply</b>
<b>5.2</b>	<b>Supply chain model</b>
5.2.1	<p>The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -&gt; Segregated -&gt; Mass Balance.</p> <p>Subur Arum Makmur POM received FFB from its own estate and also from the estates and plasma of PT. Perkasa Bumi Sawit. The certification process is currently carried out only for PT. Subur Arum Makmur so that there will be uncertified FFB from PT. Perkasa Bumi Sawit. Based on this, the company plans to implement a mass balance module.</p>

	<b>Status: Comply</b>
<b>5.2.2</b>	<b>The site can use one (1) or a combination of supply chain models as audited and certified by the CB.</b>
	The Company plans to implement a mass balance module only.
	<b>Status: Comply</b>
<b>5.3</b>	<b>Documented procedures</b>
<b>5.3.1</b>	<b>The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified.</b>
	To ensure the implementation of all the elements that apply in supply chain, the company has a Supply Chain Mechanism for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. The procedure explains the supply chain elements from certified or non-certified sources and records related to the implementation of the Supply Chain Certification Standard. In the procedure also explained the officers responsible for the implementation of Supply Chain Certification Standard. From the results of interviews with the scales officer at Subur Arum Makmur POM, it is known that officers have understood the supply chain procedures that will be carried out.
	<b>Status: Comply</b>
<b>5.3.2</b>	<b>The site shall have a written procedure to conduct annual internal audit</b>
	The company has procedures related to Supply Chain Certification Standard internal audits contained in the Supply Chain Mechanism for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. The audit internal activities are conducted once a year by the sustainability department. The internal audit refers to the latest RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. The company has conducted an internal Supply Chain Certification Standard audit on 17 – 18 January 2019 and there is no finding in the internal audit regarding to the compliance of RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.
	<b>Status: Comply</b>
<b>5.4</b>	<b>Purchasing and goods in</b>
<b>5.4.1</b>	<b>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier</b>
	Subur Arum Makmur POM does not plan to buy certified RSPO products from units or RSPO licensed traders. This will be verified again after the company has obtained the certificate.
	<b>Status: Comply</b>
<b>5.4.2</b>	<b>The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents</b>
	The company has SOP of handling non-conforming oil palm products and/or documents describe in SOP Supply Chain Mechanism for RSPO Products issued 20 December 2018 code FR.CSM.MRPR which regulates handling nonconformities between sustainability palm oil status and deliveries documents and declaration of certification on sustainability palm oil product expenditure notes.
	<b>Status: Comply</b>
<b>5.5</b>	<b>Outsourcing activities</b>
<b>5.5.1</b>	<b>In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall</b>

ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.

The company has an agreement with a third party in terms of transporting CPO and PK. Examples of these contracts are as follows:

- CPO Transportation agreement with PT. Berkas Karimar Mandiri No.6212/SAM/XII/2018 dated 5 December 2018.
- PK Transportation agreement with CV Teman Setia No. 6227/SAM/XII/2018 dated 6 December 2018.

At present the company has not yet obtained an RSPO certificate so that the CPO/PK transportation contract has not yet been entered into a clause regarding the fulfillment of RSPO SCCS, but the company has prepared a new draft contract if the company gets a certificate. In the draft contract, a clause that requires third parties to comply with the RSPO SCCS has been added and is willing to be verified by the company or CB. This will be verified again after the company has obtained the certificate.

**Status: Comply**

#### 5.5.2

Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:

- a. The site has legal ownership of all input material to be included in outsourced processes;
- b. The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.
- c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.
- d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance

The company has legal ownership of CPO and PK products which in the transport of CPO and PK are given to third parties under the following agreement:

- CPO Transportation agreement with PT. Berkas Karimar Mandiri No.6212/SAM/XII/2018 dated 5 December 2018.
- PK Transportation agreement with CV Teman Setia No. 6227/SAM/XII/2018 dated 6 December 2018.

Procedures related to the use of this contractor are regulated in the Supply Chain mechanism for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. At present the company has not yet obtained an RSPO certificate so that the CPO/PK transportation contract has not yet been entered into a clause regarding the fulfillment of RSPO SCCS, but the company has prepared a new draft contract if the company gets a certificate. In the draft contract, a clause that requires third parties to comply with the RSPO SCCS has been added and is willing to be verified by the company or CB. This will be verified again after the company has obtained the certificate and for now the contract is an opportunity for improvement (OFI).

**Status: Comply**

#### 5.5.3

The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.

At present the company has not received an RSPO certificate so there is no use of a contractor that transports certified CPO/PK products. Transportation of CPO and PK has been carried out by third parties and the company has detailed records of the contractors used, as follows:

- CPO Transportation agreement with PT. Berkas Karimar Mandiri address North Jakarta
- PK Transportation agreement with CV Teman Setia address Asahan

**Status: Comply**

#### 5.5.4

The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products

At present the company has not received RSPO certification so there is no use of contractors that carry certified CPO/PK products. Meanwhile, the contractor carrying out CPO transportation is PT Berkas Karimar Mandiri and PK is transported by CV. Teman Setia. This will be verified again after the company has obtained the certificate.

**Status: Comply**

#### **5.6 Sales and goods out**

##### **5.6.1**

The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer

At present the company has not yet obtained an RSPO certificate so that the minimum information on RSPO certified products is not yet available in transaction documents. However to ensure this, the company has developed a Supply Chain mechanism for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. In the procedure, the minimum information related to RSPO certified products is explained, including:

- The name and address of the seller;
- The loading or shipment / delivery date;
- The date on which the documents were issued;
- A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);
- The quantity of the products delivered;
- Any related transport documentation;
- Supply chain certificate number of the seller;
- A unique identification number.
- etc

**Status: Comply**

#### **5.7 Registration of transactions**

##### **5.7.1**

Supply chain actors who:

- are mills, traders, crushers and refineries; and
- take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable

Currently PKS Subur Arum Makmur has not yet obtained an RSPO certificate so there are no transactions registered at the RSPO IT platform, but the company has registered at the RSPO IT Platform for Subur Arum Makmur Senamanenek POM: RSPO\_PO1000004231. This will be verified again after the company has obtained the certificate

**Status: Comply**

##### **5.7.2**

The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:

- Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures.
- Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually.
- Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed.
- Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements.

Transactions on the palm trace will be verified after the company has obtained the certificate	
	<b>Status: Comply</b>
<b>5.8</b>	<b>Training</b>
<b>5.8.1</b> The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff	
The company has prepared a SCCS training plan which will be held in February and August 2019.	
	<b>Status: Comply</b>
<b>5.8.2</b> Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed	
The company has planned SCCS training in February and August 2019 to personnel related to the supply chain. The personnel include mill managers, assistant managers, scales and production clerks. The SCCS training was held on 17 January 2019. From the results of interviews with officers of the scales at Subur Arum Makmur POM, it was found that officers had understood the supply chain procedures that would be carried out.	
	<b>Status: Comply</b>
<b>5.9</b>	<b>Record keeping</b>
<b>5.9.1</b> The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements	
This will be verified after the company has obtained the certificate	
	<b>Status: Comply</b>
<b>5.9.2</b> Retention times for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock	
This will be verified after the company has obtained the certificate	
	<b>Status: Comply</b>
<b>5.9.3</b> The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	
Production estimates are presented in basic info 1.8.4, then related to recording the input volume and claims for certified products will be verified after the company has obtained the certificate.	
	<b>Status: Comply</b>
<b>5.10</b>	<b>Conversion factors</b>
<b>5.10.1</b> Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website ( <a href="http://www.rspo.org">www.rspo.org</a> ); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries	

Companies do not use conversion rates. This will be verified again after the company has obtained the certificate.	
	<b>Status: Comply</b>
5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	
Companies do not use conversion rates. This will be verified again after the company has obtained the certificate.	
	<b>Status: Comply</b>
<b>5.11</b>	<b>Claims</b>
5.11.1 The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.	
At present the company has not claimed RSPO certified products. This will be verified after the company has obtained the certificate	
	<b>Status: Comply</b>
<b>5.12</b>	<b>Complaints</b>
5.12.1 The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	
Procedures for handling complaints from stakeholders are explained in the Supply Chain Mechanisms for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. At present the company has not received an RSPO certificate, so there are no complaints related to the application of the RSPO SCCS. This will be verified again after the company has obtained the certificate.	
	<b>Status: Comply</b>
<b>5.13</b>	<b>Management review</b>
5.13.1 The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	
The company has implemented a management review related to SCCS on 7 February 2018.	
	<b>Status: Comply</b>
5.13.2 The input to management review shall include information on: <ul style="list-style-type: none"> <li>• Results of internal audits covering RSPO Supply Chain Certification Standard.</li> <li>• Customer feedback.</li> <li>• Status of preventive and corrective actions.</li> <li>• Follow-up actions from management reviews.</li> <li>• Changes that could affect the management system.</li> <li>• Recommendations for improvement.</li> </ul>	
The company has implemented a management review related to SCCS on 7 February 2018. Currently the company has not received a certificate, so the management review carried out only discusses the preparation of RSPO certification especially the implementing the RSPO SCCS procedure.	
	<b>Status: Comply</b>
5.13.3 The output from the management review shall include any decisions and actions related to:	



- Improvement of the effectiveness of the management system and its processes.
- Resource needs.

At present the company has not received a certificate, so the management review carried out only addresses the preparation of RSPO certification especially in plans for implementing the RSPO SCCS procedure including preparation of the required resources.

**Status: Comply**

**3.2.2. Module E – CPO Mills: Mass Balance Requirements**

Clause	Requirement
<b>E.1</b>	<b>Definition</b>
<b>E.1.1</b>	<p><b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and sales volume of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>Subur Arum Makmur POM receives FFB from his own estate and also from the estates and plasma of PT. Perkasa Bumi Sawit. The certification process is currently carried out only for PT. Subur Arum Makmur so that there will be uncertified FFB namely from PT. Perkasa Bumi Sawit. Based on this, the company plans to implement a mass balance module.</p>
	<b>Status: Comply</b>
<b>E.2</b>	<b>Explanation</b>
<b>E.2.1</b>	<p><b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. For an independent mill, the estimated tonnage of CPO and PK products must be recorded in the RSPO IT platform, supply chain certificate and public summary audit report. This figure represents the total volume of certified oil palm product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</b></p> <p>Production estimates are presented in basic info 1.8.4, then related to recording the input volume and claims for certified products will be verified after the company has obtained the certificate.</p>
	<b>Status: Comply</b>
<b>E.2.2</b>	<p><b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform).</b></p> <ul style="list-style-type: none"> <li><b>RSPO IT Platform member registration number: RSPO_PO1000004231</b></li> <li><b>Certified CPO sold to each buyer</b> This will be verified after the company has obtained the certificate</li> <li><b>Certified Palm Kernel sold to each buyer</b> This will be verified after the company has obtained the certificate</li> </ul>
	<b>Status: Comply</b>
<b>E.3</b>	<b>Documented procedures</b>
<b>E.3.1</b>	<p><b>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</b></p> <ol style="list-style-type: none"> <li><b>Complete and up to date procedures covering the implementation of all the elements in these requirements;</b></li> <li><b>The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</b></li> </ol>

To ensure the implementation of all the elements that apply in supply chain, the company has a supply chain mechanism for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. The procedure explains the supply chain elements from certified or non-certified sources and records related to the implementation of the Supply Chain Certification Standard. In the procedure also explained the officers responsible for the implementation of Supply Chain Certification Standard. From the results of interviews with the scales officer at Subur Arum Makmur POM, it is known that officers have understood the supply chain procedures that will be carried out.

**Status: Comply**

**E.3.2**
**The site shall have documented procedures for receiving and processing certified and non-certified FFBs**

Procedures related to the receipt and processing of certified and non-certified FFBs are explained in the Supply Chain Mechanisms for RSPO Products issued 20 December 2018 code FR.CSM.MRPR. In the procedure, it explains the supply chain elements from certified or non-certified sources and records related to the implementation of the SCCS. From the results of interviews with the scales officer at PKS Subur Arum Makmur, it is known that officers have understood the supply chain procedures that will be carried out.

**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.**

This will be verified after the company has obtained the certificate

**Status: Comply**

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

This will be verified after the company has obtained the certificate

**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 real-time basis and / or 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 (3) months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)

This will be verified after the company has obtained the certificate

**Status: Comply**

**3.3 Conformity Checklist of Certificate and Trademark Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and trademark from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>IC</b>	PT Subur Arum Makmur do not use RSPO trademark and CB Logo.	NA
<b>2.</b>	<b>Implementation of certificate and trademark used by Client comply with size and type (shape) against Guideline of trademark Use</b>	<b>X or√</b>
<b>IC</b>	PT Subur Arum Makmur do not use RSPO trademark and CB Logo.	NA
<b>3.</b>	<b>Implementation of Certificate and Trademark is not used on product</b>	<b>X or√</b>
<b>IC</b>	PT Subur Arum Makmur do not use RSPO trademark and CB Logo.	NA
<b>4.</b>	<b>Controlling of Certificate and Trademark, including withdrawing inappropriate trademark.</b>	<b>X or√</b>
<b>IC</b>	PT Subur Arum Makmur do not use RSPO trademark and CB Logo.	NA

### 3.4 Summary of RSPO Partial Certification.

Compliance of the uncertified management units of First Resources Limited 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.

First Resources Limited Time Bound Plan (TBP) is explained in point 1.10. First Resources Limited has informed the TBP progress, MUTU has considered that First Resources Ltd is complied with the RSPO requirement for TBP. The Time Bound Plan was revised and declared by First Resources Limited on April 2018.

MUTU has verified partial certification for un-certified unit's subsidiary of First Resources Limited based on their Time Bound Plan. There are 25 subsidiaries of First Resources Limited. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

- There are no significant land conflicts which have not been declared above.
- The company has follow RSPO requirement related to New Planting Procedure and Remediation and Compensation Procedure.
- There are no labour disputes that are not being resolved through an agreed process.
- All plantations established since 2005 have been done so in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above.

<b>2.1 Un-Certified Units or Holdings</b>		
<b>Section</b>	<b>Requirement</b>	<b>Concerns to Discuss, if any</b>
2.1.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Yes and positive assurance is produced for these units.</p> <p><b>Auditor verification</b></p> <p>There is internal audit produced for</p> <ul style="list-style-type: none"> <li>- PT Persada Instisawit Perkasa</li> <li>- PT Meridan Sejatisurya Plantation</li> <li>- PT Panca Surya Agrindo</li> <li>- PT Surya Intisari Raya</li> <li>- PT Swadaya Mukti Perkasa</li> </ul> <p>And positive assurance is produced for these units.</p>
2.1.2	<p>No replacement after dates defined in Nis Criterion 7.3 of:</p> <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<ul style="list-style-type: none"> <li>• PT Panca Surya Agrindo has identified the HCV area with total areal of 105.15 Ha</li> <li>• PT Meridan Sejatisurya Plantation has identified the HCV area with total areal of 167.13 Ha</li> <li>• PT Persada Instisawit Perkasa has identified the HCV area with total areal of 33.15 Ha</li> </ul> <p>The company has shown proof of delivery of disclosure to RSPO secretariat on August 12, 2014 and there has been a response on 23 June 2015 which explains that in PT SMP there is conservation liability with total area 27.3 Ha and PT GSI with total area 8 Ha.</p>

		<b>Auditor verification</b> Auditor has verified the supporting evidence of above the company statement. The above statement in accordance with the supporting evidence provided.
2.1.3	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<ul style="list-style-type: none"> <li>PT Panca Surya Agrindo was built in 1990-2006 and there is no development after January 1, 2010</li> <li>PT Meridan Sejatisurya Plantation was built in 1994-2005 and there is no development after January 1, 2010</li> <li>PT Persada Intisawit Perkasa was built in 1993-2004 and there is no development after January 1, 2010</li> </ul> <b>Auditor verification</b> Auditor has verified the supporting evidence (Area Statement) of above the company statement. The above statement in accordance with the supporting evidence provided.
2.1.4	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.	There is no land conflicts.  <b>Auditor verification</b> There is no information from public source and RSPO website on any land conflict for uncertified unit of the group subsidiaries.
2.1.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	There is no labor disputes.  <b>Auditor verification</b> There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries.  There is no list of employee and stakeholder complaint and grievance.
2.1.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	The subsidiaries of First Resources Limited has have land use right,  <b>Auditor verification</b> <ul style="list-style-type: none"> <li>PT Perdana Intisawit Perkasa has have land use right in the document of HGU number 60/HGU/BPN/1995 on 1995 with total area is 2,467 Ha</li> <li>PT Meridan Sejatisurya Plantation has have land use right in the document of HGU Certificate number 01 on 1995, Number 02 on 1995, Number 2 on 1996 and number 6 on 1999 with total area is 10,826.05 Ha</li> <li>PT Panca Surya Agrindo has have land use right in the document of HGU number 42-</li> </ul>



		VIII-1995 on 1995 and number 09/HGU/BPN.RI/2010 on 2010 with total area is 11,078.52 Ha
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### 3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

#### 3.5.1. Identification of Findings, Corrective Actions and Observations at Initial Certification Assessment

<b>NCR No.</b>	<b>: 2019.01</b>	<b>Issued by</b>	<b>: Asystasya Aishah Silalahi</b>			
<b>Date Issued</b>	<b>: 24 January 2019</b>	<b>Time Limit</b>	<b>: ASA 1</b>			
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 19 August 2019</b>			
<b>Standard Ref. &amp; Requirement</b>	<b>: 1.1.1</b> <b>There should be a list of information related to criteria 1.2 that can be accessed by relevant stakeholders</b>					
<b>Evidence observed &amp; Non-Conformance Description</b> (filled by auditor):  The company has not been able to show evidence of delivery of mandatory report, such as: - Employment Report period 2018 - Land use report period 2018.						
<b>Root Cause Analysis</b> (filled by organization audited): There are no mandatory reports that have been updated until Dec 2018 that are reported to stakeholders						
<b>Correction</b> (filled by organization audited): Report information in the form of a mandatory report to the Manpower Office on employment and a report on the development of Plantation Business Activities in 2018						
<b>Corrective Action</b> (filled by organization audited): Reporting mandatory reporting for employment and reporting on the development of Plantation Business Activities to the relevant offices within the required time						
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):  <b>Verification March 14, 2019</b> The company has filled out root cause analysis, corrective actions, and corrective actions. Corrections provided include: - Mandatory report of Employment PT SAM's POM that has been registered with the Riau Province Manpower and Transmigration Office on April 18, 2018. Obligation to re-register on March 1, 2019. - Mandatory report of Employment PT SAM's Estate of Manpower which was registered with the Riau Province Manpower and Transmigration Office on 18 April 2018. Obligation to re-register on 1 March 2019. - Report on the progress of plantation business activities in semester 1 of 2018 to the Department of Plantation, Animal Husbandry and Animal Health of Kampar Regency on October 26, 2018.  However, the company has not yet presented the 2018 HGU land use report (area statement report) for BPN. Based on the explanation above, the non-conformity No 2019.01 cannot be closed.  <b>Verification August 19, 2019</b> The company shows evidence of reporting the use of HGU land in 2018 to the Kampar District Land Office. The report was submitted on 2 April 2019.						

Based on the evidence of improvements that have been submitted, the non-conformity No. 2019. 01 has been closed.

**Verified by** : **Asystasya Aishah Silalahi**

<b>NCR No.</b>	<b>: 2019.02</b>	<b>Issued by</b>	<b>: Asystasya Aishah Silalahi</b>
<b>Date Issued</b>	<b>: 24 January 2019</b>	<b>Time Limit</b>	<b>: ASA 1</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 19 August 2019</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 2.1.3 Mechanisms to ensure compliance must be implemented</b>		
<b>Evidence observed &amp; Non-Conformance Description</b> (filled by auditor):  <p>Based on the interviews with outsourcing workers (security), it is known that the wages received by workers are around Rp. 1,300,000 / month (below the minimum wage). The company has shown evidence of payment to the labor service provider for 26 outsourcing workers in December 2018 of Rp. 118,092,490. Thus, it can be assumed that the average wage received by each worker is IDR 4,542,018 (above the minimum wage of IDR 2,617,500).</p> <p>In this case, the company has not shown evaluation of regulations compliance related to labor wages outsourcing and follow-up to be carried out if there are identified violations of compliance with applicable regulations</p>			
<b>Root Cause Analysis</b> (filled by organization audited):  <p>Not yet aware of the work system and payment of salaries from outsourcing companies to their employees (for example certain deductions as rights or obligations of employees - debt deductions etc.)</p>			
<b>Correction</b> (filled by organization audited): <ol style="list-style-type: none"> <li>1. Ensure that outsourcing employee acceptance data is minimal in accordance with regional minimum wage through PT SAM's proof of payment to outsourcing</li> <li>2. Request proof of employee salary slip outsourcing to PT Satria Langit Nusantara to ensure salaries are obtained from outsourcing employees</li> <li>3. If there is a violation regarding the wages of outsourcing labor, PT SAM will give a reprimand to terminate the contract with the outsourcing company.</li> </ol>			
<b>Corrective Action</b> (filled by organization audited): <ul style="list-style-type: none"> <li>• Evaluate compliance with relevant regulations to all stakeholders (vendors / third parties) who work with PT SAM</li> <li>• The company (Corporate Sustainability Staff) will evaluate compliance with all relevant stakeholder regulations in accordance with the SOP Legal Requirements (FR.EMS.LRR) which was ratified on September 1, 2011</li> <li>• In the Legal Requirements SOP (FR.EMS.LRR) page 8 it is written that the Dept of Corporate Sustainability (Staff) is responsible for inventorying / recording and evaluating compliance with other rules and regulations in the list of regulations.</li> </ul>			
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):  <p><b>Verification March 14, 2019.</b>  The company has provided root cause analysis, corrections, and corrective actions for existing nonconformities. Corrections provided include:</p> <ul style="list-style-type: none"> <li>• Proof of payment of security service workers for 26 people in December to PT Satria Langit Nusantara on January 18, 2019.</li> </ul>			

- Example of salary slips for 3 security people from PT Satria Langit Nusantara. The salary slip describes the components of salary calculation and deductions for workers. Based on the salary slip, it is known that the basic salary received by security is Rp 2,617,500 or equivalent to the provincial sectoral minimum wage in 2019.

However, corrective actions have yet to be accepted, so based on this explanation, non-conformity No. 2019. 02 has not been closed.

**Verification August 19, 2019**

Based on the explanation given by the company in the corrective action section, the non-conformity No. 2019.02 was declared closed.

**Verified by** : **Asystasya Aishah Silalahi**

NCR No.	: 2019.03	Issued by	: Hasiholan Sihombing
Date Issued	: 24 January 2019	Time Limit	: 12 Month (23 January 2020)
NC Grade	: Major	Date of Closing	: 16 August 2019
Standard Ref. & Requirement	: 4.7.3 Records of training in Occupational Safety and Health (OHS) programs (see 4.8) and Personal Protective Equipment (PPE) in accordance with the results of hazard identification and risk analysis must be available to all workers.		
Evidence observed & Non-Conformance Description (filled by auditor):  The company has an Internal Memo No: 018 / Int.Memo / FR / II / 2013 from the Managing Director of First Resources Group regarding the Complete Use of PPE for Employees. Based on field observations and interviews with workers, found the facts of the field as follows: <ul style="list-style-type: none"><li>• Daily workers in the sorting section use personal boots because the boots have not been provided by the company.</li><li>• The press, kernel, and boiler operators use personal boots because the safety shoes provided by the company have been damaged before the new replacement period.</li><li>• Press and kernels operators do not use ear protectors while working.</li><li>• The kernel operator does not use gloves when mixing CaCO<sub>3</sub> chemicals.</li></ul> Based on the evidence, the company has not been able to demonstrate the implementation of the Complete Use of PPE for employees according to the internal memo they have.			
Root Cause Analysis (filled by organization audited): <ul style="list-style-type: none"><li>• Purchase and replacement of PPE in Mill has not been realized for 2019.</li><li>• Delays in the purchasing process of logistics in the selection of vendor PPE providers</li></ul>			
Correction (filled by organization audited): Equipping sorting operators, press operators, kernels, boilers with PPE that is in accordance with standards in each work area			
Corrective Action (filled by organization audited): <ol style="list-style-type: none"><li>1. Ensure internal memo implementation that PT SAM provides PPE once a year and replaces PPE if damaged</li><li>2. Purchase and replacement of PPE in Mill is submitted every December in the previous year, so that the beginning of</li></ol>			

the PPE can be given to operators in accordance with the standards of each work area.

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

**Auditor Verification, March 8, 2019**

The company sends evidence of improvement in the form of a Minutes of the mandatory dissemination of PPE conducted on January 31, 2019 and the handover of PPE according to its place of work at Subur Arum Makmur POM.

However, root cause analysis and corrective actions explained by the company cannot yet be accepted. Therefore, this non-conformity is still stated as not yet closed.

**Auditor verification, August 18, 2019**

The company has explained again about the analysis of the root of the problem and corrective actions against the non-conformity that arise. The company also sent evidence of additional improvements in the form of evidence of submission of PPE purchases in December 2018, Circular Letter No: PH / SE / 01 / I / 2019 concerning the use of PPE in Estate and Mill as well as procedures (LGT-BEL-1, 1 November 2007) regarding Purchasing. Based on the explanation and evidence of corrections that have been sent, the non-conformity can be declared closed and will be verified again in the next audit activity.

**Verified by** : **Hasiholan Sihombing**

NCR No.	: 2019.04	Issued by	: Bayu Yogatama
Date Issued	: 24 January 2019	Time Limit	: 12 Month (23 January 2020)
NC Grade	: Major	Date of Closing	: 26 August 2019
Standard Ref. & Requirement	: 5.3.2 There must be evidence that all chemical waste and its containers are disposed of responsibly.		
Evidence observed & Non-Conformance Description (filled by auditor):			
Based on documnet review of the company's Procedure FR.CSM.OP-1 dated September 1, 2011 explained:			
<ul style="list-style-type: none"><li>Point 3.1.3 B explained the example of Hazardouse Waste, such as, <i>Dirty Oil (Used Oil), Used Oil Filter, (used packaging or container, can or plastic container for oil, paint, grease, thinner, gasoline, kerosene, diesel oil brake fluid, drugs, chemicals) used batteries and batteries, bulbs, fluorescent lights, ink, markers, pens, paintrides, photocopies etc.)</i></li><li>Point 3.1.3 C iii explained that hazardouse waste is collected, recorded, entered separately in packaging and stored in hazardouse waste temporary warehouse</li></ul>			
However, based on the results of field visits to several areas in PT SAM, found the use of Pertamina's used oil drums, as follows:			
<ul style="list-style-type: none"><li>As a waste collection point in the Mill area</li><li>As a water reservoir in the area behind the PT SAM office</li><li>As a trash can in the Mill Housing area</li></ul>			
Based on the results of the Hazardouse Waste logbook document review, the company has not included used drums as one of waste Hazard.			

Based on this, the company has not shown evidence of hazardous waste management being carried out in accordance with the procedure.

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

Lack of understanding related to hazardous waste management by employees

**Correction** (filled by organization audited):

- Refreshing and socializing Waste Management SOP (FR.CSM.OP) and consuming hazardous waste types and how to manage them to employees in January 2019
- Replacement of trash bins using trash bins that are not hazardous waste in all mill areas and PT SAM housing.

**Corrective Action** (filled by organization audited):

- Create a refreshment training program related to waste management for all Estate and mill employees scheduled annually.
- Afdeling assistant ensures that hazardous waste packages (drums, jerry cans) are not reused and put into the hazardous waste warehouse with evidence of recording hazardous waste Logbook.
- Afdeling's assistant conducts routine inspections of employee housing every month related to waste management including hazardous waste which must be sent to mill.

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

**Auditor Verification, 5 March 2019**

The company shows improvements in the form of:

- Minutes of the socialization of waste management in the work area and housing of PT Subur Arum Makmur employees dated 31 January 2019. Along with the socialization, the replacement of used oil drums was carried out using plastic trash bins, used oil drums were collected to hazardous waste warehouse.
- Manifest hazardous waste with number AAO0012469 for 284.8 kg of contaminated packaging which was transported by PT Shali Riau Lestari dated February 14, 2019 with numbered vehicles BM 9764 JU.

**Auditor Verification, 26 August 2019**

The company shows improvements in the form of:

- 2019 training plan document for estate and mill employees, from the training plan document shown that training related to waste management is planned for February 2019.
- Minutes of the socialization of waste management SOP conducted at the mill and estate held on 30-31 January 2019 attended by 49 mill employees and 190 Estate employees including the employees' Wives.
- Document of evaluation results and effectiveness of hazardous waste management socialization activities for mill and estate employees which carried out on 30-31 January 2019. Based on the evaluation results it is known that all employees (including the employees' wives) have understood the material related to waste management.
- Monthly routine inspection documents (January-April 2019) conducted in housing and afdeling areas, starting from afdeling I-VIII, based on the results of routine inspections known, there is no hazardous waste usage by employees.

Based on the analysis of the root causes, corrections, preventive actions and the evidence presented, Nonconformity has been closed and will be verified again in the next audit activity.

**Verified by** : **Bayu Yogatama**



<b>NCR No.</b>	<b>: 2019.05</b>	<b>Issued by</b>	<b>: Leonada</b>			
<b>Date Issued</b>	<b>: 24 January 2019</b>	<b>Time Limit</b>	<b>: 12 Month (23 January 2020)</b>			
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 23 August 2019</b>			
<b>Standard Ref. &amp; Requirement</b>	<b>: Certification System Clause 4.5.3 Timebound plan</b>					
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b>  <p>The company shows a timebound plan update 27 April 2018. There is a certifications plan that exceeds 5 years since the implementation of the 2017 certification system, namely since June 2018, as follows:</p> <ul style="list-style-type: none"> <li>- PT. Borneo Surya Mining Jaya 2024</li> <li>- PT. Ketapang Agro Lestari 2024</li> <li>- PT. Borneo Persada Energy Jaya 2024</li> <li>- PT. Mitra Karya Sentosa 2025</li> <li>- PT. Citra Agro Kencana 2025</li> <li>- PT. Maha Karya Bersama 2025</li> <li>- PT. Bumi Sawit Perkasa 2026</li> <li>- PT. Priatama Riau 2026</li> <li>- PT. Surya Dumai Agrindo 2026</li> <li>- PT. Gerbang Sawit Indah 2027</li> <li>- PT. Borneo Ketapang Permai 2027</li> <li>- PT. Karya Tama Bakti Mulia 2027</li> <li>- PT. Falcon Agri Persada 2027</li> </ul> <p>The timebound plan that exceeds five years has not received approval from the RSPO secretariat.</p>						
<b>Root Cause Analysis (filled by organization audited):</b> <p>In TBP on April 27, 2018, they did not consider Estate that did not yet have Mill</p>						
<b>Correction (filled by organization audited):</b> <p>Make TBP in accordance with Mill location and its supply base</p>						
<b>Corrective Action (filled by organization audited):</b> <ul style="list-style-type: none"> <li>• Correct TBP if there is a new Mill for a Estate that is not yet included in TBP</li> <li>• The Senior Manager Certification is responsible for the timebound plan that has been approved by management</li> </ul>						
<b>Assessor Evaluation and Conclusion (filled by auditor):</b>  <b>Verification August 23, 2019</b> <p>The company revised the timebound plan that had been sent to RSPO via email on 15 August 2019. In the revision all units will be certified by not exceeding 5 years after the 2017 certification system came into force. The time frame for the revision is as follows:</p> <ul style="list-style-type: none"> <li>- PT. Borneo Surya Mining Jaya 2022</li> <li>- PT. Ketapang Agro Lestari 2021</li> <li>- PT. Borneo Persada Energy Jaya 2023</li> <li>- PT. Mitra Karya Sentosa 2023</li> <li>- PT. Citra Agro Kencana 2023</li> <li>- PT. Maha Karya Bersama 2023</li> <li>- PT. Bumi Sawit Perkasa 2023</li> </ul>						

- PT. Priatama Riau 2023
- PT. Surya Dumai Agrindo 2023
- PT. Gerbang Sawit Indah 2022
- PT. Borneo Ketapang Permai 2023
- PT. Karya Tama Bakti Mulia 2023
- PT. Falcon Agri Persada 2023

Based on this, the non-conformity can be declared closed.

<b>Verified by</b>	<b>:</b>	<b>Leonada</b>
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**3.5.2. Opportunity for Improvement**

No	Ref. Std.	Description
1	2.2.2	Consider to provide the HGU poles footing to be stronger physically
2	4.7.2	Detailed Identification of Hazard Sources and Risk Control
3	5.1.1	Coordination with the agency, related to differences in the scope of the ANDAL with the HGU
4	5.2.2	Ensure that HCV management plans that have been made and agreed with the community are carried out and monitored as planned
5	5.2.5	Ensure progress in the agreement on HCV management agreed by all land owners and mapping according to land ownership in the HCV area
6	6.3.1	Advanced mechanism if handling complaints cannot be resolved refers to RSPO Complaints system
7	6.11.1	Ensure the implementation of the planned meeting of CSR discussions with the village side Senamanenek
8	General COC 5.5.2	Ensure draft contracts with CPO / PK transport contractors in meeting RSPO SCCS standards and access verification by CB

**3.5.3. Noteworthy Positive Components**

No	Ref. Std.	Description
1	-	The company has obtained ISPO Certificate period 2014 – 2019 (0003/MHI-ISPO)
2	-	The company has obtained ISCC certificate period 2018 – 2019 (EU-ISCC-Cert-ID218-20180072)

**3.6 Summary of Arising Issues from Public and Auditor Verification**

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p><b>Employees Cooperative of Usaha Baru</b> Date: 21 January 2019 Interviewee: Chief of Usaha Baru Cooperative PT SAM.</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>• Employees Cooperative of Usaha Baru in PT SAM has established since 2005</li> <li>• All employee of PT SAM were automatically become a member of cooperative. Total member until now is 571 person.</li> <li>• Compulsory saving were about IDR 10,000</li> <li>• The cooperative business has only focused on basic necessities.</li> <li>• The company has support cooperative operational through providing secretariat room, facilitate trainings and legal registration. Operational were fully arranged by committee.</li> </ul>	<p>The workers of PT. SAM have the employees cooperative to provided basic necessities. Auditor has verified the compliance towards indicator 6.5.4</p>
<p><b>Local Contractor (Stone Supply and FFB transport)</b></p> <ul style="list-style-type: none"> <li>• Has been a contractor for stone supply of PT SAM since 2009.</li> <li>• The contractor is selected to be a contractor through a tender process in accordance with company procedures.</li> <li>• Contractors are required by companies to comply with OHS and PPE procurement by contractors.</li> <li>• Payments to contractors are made on time in accordance with the contract.</li> <li>• Communication between the contractor and the company is well established.</li> </ul>	<p>The company has agreement with contractor such as stone supply. Auditor has verified the compliance towards criteria 6.10.1; 6.10.2; 6.10.3</p>
<p><b>Worker Union of PT SAM</b></p> <ul style="list-style-type: none"> <li>- Basic wage in PT Subur Arum Makmur is in accordance with Governor Decree of Riau Province period of 2018. The latest decree is not issued yet. The amount of basic wage is Rp 2,617,000.</li> <li>- All worker is provided with social and work accident insurance and PPE.</li> <li>- There is no complaint that not settle yet.</li> <li>- The selection of Head of worker union is done by discussion among the member, no intervention from company.</li> <li>- Company already has collective labor bargaining valid from 23 February 2018 – 23 February 2020.</li> <li>- There is no complaint about wage and overtime payment. Overtime payment is in accordance with applicable regulation.</li> <li>- Facilities for worker that provided by company such as housing, education facility, health facility, place for worship, clean water, electricity, etc.</li> </ul>	<p>Company has internal memo which stated that family member are not allowed worker to finish their work on site. Moreover, there was no family member that help worker on site.</p> <p>Auditor has verified the compliance towards criteria 6.5, 6.6, 6.8, and indicator 4.7.6.</p>

<b>Public Issues (Institution/ NGO/Community)</b>	<b>Auditor Verification</b>
<ul style="list-style-type: none"> <li>- Family could help worker to finish their work on site.</li> </ul>	
<b>Gender committee of PT SAM</b> <ul style="list-style-type: none"> <li>- Female workers in PT Subur Arum Makmur mostly work as clerk.</li> <li>- Company provided reproductive rights for female worker, such as menstrual leave (3 days) and maternity leave (1,5 months before and after maternity).</li> <li>- Company give special break time for breastfeeding for 30 minutes.</li> <li>- Until now, there is no complain about sexual harassment.</li> <li>- Gender committee has socialized its existence to female worker in PT Subur Arum Makmur.</li> </ul>	<p>The company has provided reproductive rights for female worker and there is no issues regarding sexual harassment. Auditor has verify the compliance towards indicator 6.9.1, 6.9.2, an 6.9.3</p>
<b>Industrial and Labor Agency (Industrial Relation Department)</b> <ul style="list-style-type: none"> <li>- Minimum wage for Riau Province or Kampar Regency for 2019 is not issued yet. Company still use the 2018 Sectoral Minimum Wage for Riau Province.</li> <li>- There is no issue or complaint related to worker welfare, such as discrimination, child labor, salary payment.</li> <li>- There is no work accident in 2018</li> <li>- Collective labor bargaining is still valid, until 2020.</li> <li>- Collective labor bargaining has been ratified by Labor Agency and still valid.</li> <li>- If company use outsource worker, the obligation for ensure their minimum wage is the responsibility of the labor provider company.</li> </ul>	<p>Company also use outsource worker, but cannot show the evidence that outsource worker has received a minimum wage. It became non conformity No 2019. 02</p> <p>Auditor has verify the compliance towards indicator 6.5.1, 6.7.1, 6.8.3, 6.9.3.</p>
<b>Agriculture Agency</b> <ul style="list-style-type: none"> <li>- Company has plantation permit, such as SPUP as much as 10,025 Ha and mill capacity is 45 tonnes FFB/hour. There is additional mill capacity to 90 tonnes FFB/hour in 2015.</li> <li>- Company has reported its report on plantation business development for 1<sup>st</sup> semester of 2018.</li> <li>- Company has Permit of Forest Area Release</li> <li>- There is no issue related to land conflict</li> <li>- Company has provide CSR to surrounded village.</li> </ul>	<p>The company has complied the regulation related to plantation permit. Auditor has verified the compliance towards indicator 2.2.1, 1.1.1 and criteria 2.3, 6.4, 6.11.</p>
<b>Environment Agency (Environment Pollution Department)</b> <ul style="list-style-type: none"> <li>- Company has Land Application and Hazardous Waste Storage permit. The permit is still valid. Company also has report the management to Environment Agency.</li> <li>- Used waste packaging cannot be used again for another purpose.</li> <li>- Communication with company is done verbally</li> </ul>	<p>The company has compliance to the regulations related to environment regulations such as land application permit, hazardous waste storage permit etc.</p> <p>Auditor has verify the compliance towards indicator 4.4.3; 5.3.2; 5.3.3</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p><b>Head Village of Danau Lancang, Senamanenek and previous land owner</b></p> <ul style="list-style-type: none"> <li>• Until now good relations have been established between the Company and Danau Lancang Village.</li> <li>• Companies always respond to requests for information.</li> <li>• Information requests are submitted to the General Manager or to the Director in accordance with the requirements and coverage.</li> <li>• So far, the CSR carried out by the company as a result of deliberations with the Village is adjusted to the needs of the village</li> <li>• CSR that has been given by the company is assistance in making fish sprouts, housing business assistance, and dependents on education costs for teachers</li> <li>• The company's HCV area is located in Danau Lancang Village, in the area of the company's <i>HGU</i> which until now controlled by the community.</li> <li>• there has been an agreement for HCV management between the company and the community</li> <li>• The company has conducted HCV socialization, the last was carried out in 2018 at Danau Lancang village hall.</li> <li>• Until now there has been no negative impact from the company's operations on the environment.</li> <li>• There is no land conflict</li> <li>• There is no negative issues regarding land acquisition and compensation.</li> </ul>	<p>Compensation process are done directed to the land owner and not diminish the legal/customary rights, the landowners are given the freedom to release their land without coercion. The company has HCV management with the community and also has socialized the HCV and RTE to the communities. This matter were verified in 2.2.3, 2.3.1, 5.2.2, 5.2.3, and 5.2.5</p>
<p><b>Pucuk Suku Piliang</b></p> <ul style="list-style-type: none"> <li>• Relationships between company and head of tribal is well established.</li> <li>• Until now, CSR from companies has been received to tribal representatives, including assistance with religious activities (<i>Separuh Ramadhan</i>).</li> <li>• There are people who are accepted as employees of PT SAM.</li> <li>• The Piliang tribe does not have communal land within the company's <i>HGU</i> area.</li> <li>• Corporate socialization related to environmental management, protection of animals and prohibitions on burning have been carried out.</li> <li>• If there are complaints submitted directly by talking to the head of the company.</li> <li>• Until now there has been no environmental impact arising from the establishment of plantations.</li> </ul>	<p>The company has implemented regarding criterion RSPO 6.11 (contribution for local communities)</p> <p>Based on field visit and interview there is no problem with environmental pollution (Liquid waste &amp; air pollution) and land conflict</p>
<p><b>Land Owner in HCV area.</b></p> <ul style="list-style-type: none"> <li>• The owner of the cultivated land in the PT SAM area</li> </ul>	<p>There is no conflict regarding the cultivated land by</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>already knew of the HCV area, which was the border over the river</p> <ul style="list-style-type: none"> <li>• Know what are prohibited in the river border area from the results of socialization conducted by companies in 2018 and 2019.</li> <li>• Already agreed on HCV management programs and plans made by the company</li> <li>• Cultivators support activities that will be carried out by the company to protect HCV</li> <li>• There is no prohibition if the company will conduct monitoring or enrichment of habitat in the river border area.</li> </ul>	<p>communities in HCV area (companies HGU). HCV management with the community and HCV and RTE socialization were verified in 5.2.2, 5.2.3, and 5.2.5</p>



4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	<p><b>Formal Sign-off of Assessment Findings</b></p> <p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>PT. Subur Arum Makmur Management Representative</p>  <p><b>Eko Darmawanto</b> Monday, 26 August 2019</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><b>Leonada</b> Monday, 26 August 2019</p> </div> </div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Environmental Agency	Bangkinang, Kampar Regency, Riau Province	-	Interview	January 23 <sup>rd</sup> , 2019	✓	
2	Manpower Agency	Bangkinang, Kampar Regency, Riau Province	-	Interview	January 23 <sup>rd</sup> , 2019	✓	
3	Plantation Agency	Bangkinang, Kampar Regency, Riau Province	-	Interview	January 23 <sup>rd</sup> , 2019	✓	
4	National Land Agency	Bangkinang, Kampar Regency, Riau Province	-	-	January 23 <sup>rd</sup> , 2019		✓
5	Danau Lancang Village Interview with Head of Village, Pucuk Suku Piliang, and land owner HCV	Danau Lancang Village, Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	
6	Senamanenek Village Interview with Head of Village	Senamanenek Village, Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	
8	Workers Union of PT SAM	PT Subur Arum Makmur, Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	
9	Gender Committee of PT SAM	PT Subur Arum Makmur, Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	
10	Employee Cooperative of PT SAM	PT Subur Arum Makmur, Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	
11	Local Contractor (stone supply and FFB transport)	Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	
12	Sawit watch	Jakarta, Indonesia	<a href="mailto:info@sawitwatch.or.id">info@sawitwatch.or.id</a>	Email	January 7 <sup>th</sup> 2019		✓
13	WWF	Jakarta, Indonesia	<a href="mailto:suhandri@WWF.F.or.id">suhandri@WWF.F.or.id</a>	Email	January 7 <sup>th</sup> 2019		✓
14	Walhi	Jakarta, Indonesia	<a href="mailto:informasi@walhi.or.id">informasi@walhi.or.id</a>	Email	January 7 <sup>th</sup> 2019		
15	Jikalahari	Riau, Indonesia	<a href="mailto:jikalahari@indo.net.id">jikalahari@indo.net.id</a>	Email	January 7 <sup>th</sup> 2019		
16	Subur Arum Makmur POM - WWTP (1 Operator) - Central warehouse (1 worker) - Workshop Mill (2 worker) - WTP (1 operator) - Hazardous warehouse (1 worker) - Security Post (4 security) - Loading Ramp (3	PT Subur Arum Makmur, Kampar Regency, Riau Province	-	Interview	January 22 <sup>nd</sup> , 2019	✓	

	workers). - Sterilizer Station (1 worker) - Press Station (1 worker). - Boiler Station (1 workers) - Engine Room Station (1 worker). - Nut and Kernel Station (1 worker).						
17	Subur Arum Makmur Estate - Clinic (2 Doctor) - Fertilizer storage (1 worker) - Pesticide Storage (1 worker) - Equipment Storage (1 Worker) - Workshop Estate (2 worker) - Housing Afdeling 7 (2 residents) - Land Application (2 Operators) - Rinse house Afdeling 7 (1 worker) - 8 pesticide applicator - 2 fertilizer applicator - 3 harvester	PT Subur Arum Makmur, Kampar Regency, Riau Province	-	Interview	January 23 <sup>rd</sup> , 2019	✓	

Appendix 2. Assessment Program		
DATE	21 – 25 January 2019	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 21 January 2019		
06.00 – 08.00	Jakarta – Pekanbaru	All Auditor
08.00 – 12.00	Pekanbaru – SITE (PT. Subur Arum Makmur)	
12.00 – 14.00	Break	
14.00 – 15.00	Opening meeting <ul style="list-style-type: none"><li>Auditee Speech (Introduction of PIC, Profile of Certified Management Unit)</li><li>Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Transparency and Confidentiality Clarification)</li></ul>	
15.00 – 17.00	Documents Review <ul style="list-style-type: none"><li>Review of previous (Initial assessment) findings</li><li>Verification of Basic Information Mill and Estate</li><li>Confirmation of Time Bound Plan</li><li>Review of Partial Certification</li><li>Verification of P n C documents</li></ul>	
Tuesday, 22 January 2019		
08.00 – 12.00	<ul style="list-style-type: none"><li>Stakeholder consultation to affected communities surrounding the plantations, indigenous peoples, local communities, smallholders and previous land owners.</li><li>Interview with Gender Committee, Worker's Union, , Worker's Cooperative (if any), Local Contractor (for Mill and Estate), Third Party Supplier (if any), local NGO (if any)</li></ul>	LEO/BYG
12.00 – 14.00	Break	AAS/HSS
14.00 – 17.00	Field observation to SAM POM : <ul style="list-style-type: none"><li>Supply Chain verification (FFB Receiving, Weighbridge),</li><li>Implementation of Occupational Health &amp; Safety Aspect, Implementation of Employment Procedure and Mechanism Aspect, security post, FFB Sorting, Processing Activity, Despatch CPO)</li><li>Implementation of Environmental aspect, Inspection to Chemical Storage, Hazardous Waste Storage, Fire Control Simulation, POME Pond &amp; land application</li></ul>	LEO AAS/HSS BYG
Wednesday, 23 January 2019		

DATE	21 – 25 January 2019	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
08.00 – 12.00	Stakeholders consultation to related agencies in Kampar Regency  <b>Field Observation to Subur Arum Makmur Estate</b> Aspect to be verified : <ul style="list-style-type: none"><li>• Implementation of Legal Aspect (Land Ownership, Legal Boundaries), HCV;</li><li>• Implementation of Agronomy Aspect (Harvesting &amp; Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application), Implementation of Occupational Health &amp; Safety Aspect, Implementation of Employment Procedure and Mechanism Aspect</li><li>• Implementation of Environmental, and Waste Management Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management), Observation of Workers Facilities (Housing, School, Worship Place).</li></ul>	<b>AAS</b>  <b>LEO</b> <b>HSS</b>  <b>BYG</b>
12.00 – 14.00	<b>Break</b>	
14.00 – 17.00	<ul style="list-style-type: none"><li>• Continue Field Observation and field observation clarification</li><li>• Verification of documents and completing checklist</li></ul>	<b>All Auditor</b>
<b>Thursday, 24 January 2019</b>		
08.00 – 12.00	<ul style="list-style-type: none"><li>• Continue Field Observation and field observation clarification</li><li>• Verification of documents and completing checklist</li></ul>	<b>All Auditor</b>
12.00 – 14.00	<b>Break</b>	
14.00 – 16.00	Interim Meeting (closing meeting preparation)	
16.00 – 17.00	<b>Closing Meeting</b>	
<b>Friday, 25 January 2019</b>		
07.00 – 11.00	<b>SITE – Pekanbaru</b>	<b>All Auditor</b>
11.05 – ....	<b>Pekanbaru - Jakarta</b>	