

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

Stage-1     Stage-2     Surveillance     Re-Certification

Name of Management Organisation : Bebunga Factory – PT. Langgeng Muara Makmur Subsidiary Of Sime Darby Plantation Sdn Bhd.  
 Plantation Name : PT Langgeng Muara Makmur - Bebunga Estate, Bakau Estate and Sungai Cengal Estate  
 Location : Village of Binturung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia  
 Certificate Code : **MUTU-RSPO/014**  
 Date of Certificate Issue : 16 March 2012                      Date of License Issue : 16 March 2016  
 Date of Certificate Expiry : 15 March 2017                      Date of License Expiry : 15 March 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-4	16-19 February 2016	Bukti Bagja (Lead Auditor), Rudi Ramdani, Muhammad Rinaldi, Doni	Octo H.P.N Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-4	01 April 2016

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### FIGURE

Figure 1. Location Map of PT. Langgeng Muara Makmur

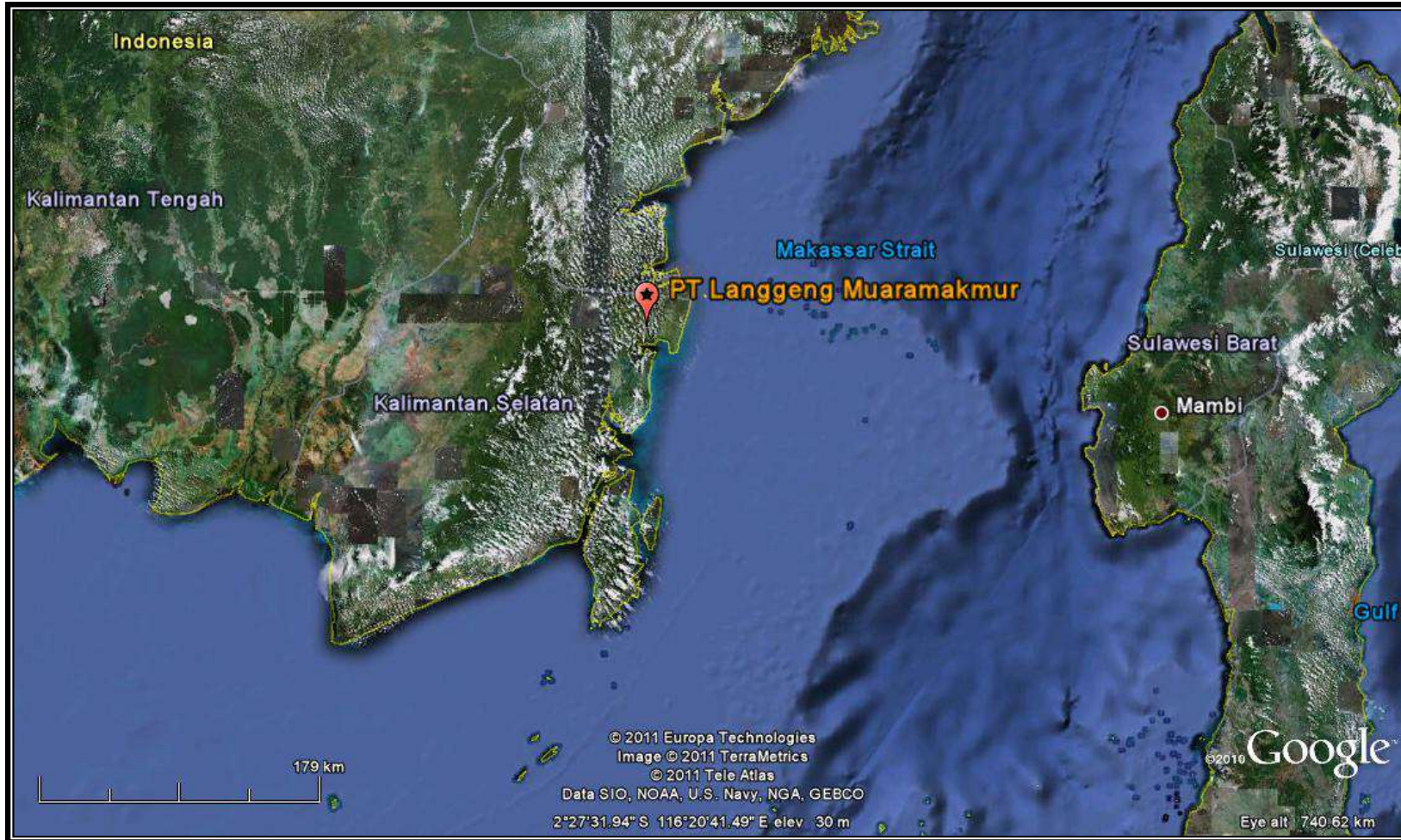
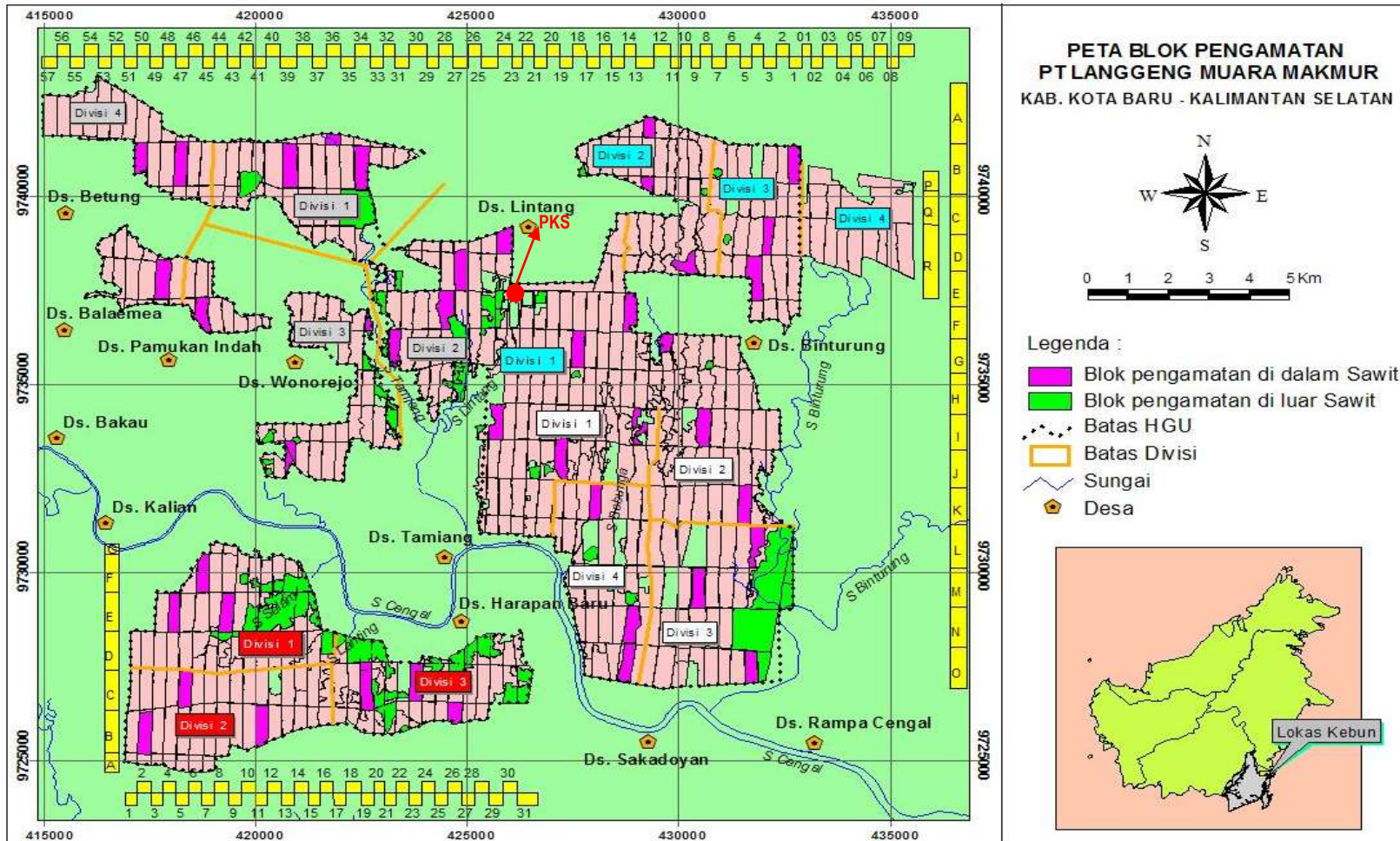


Figure 2. Operational Map of PT. Langgeng Muara Makmur



**Glossary**

APAR	:	Alat pemadam api ringan (Fire Extinguisher)
ASA	:	Annual Surveillance Assessment
BBE	:	Bebunga Estate
BBF	:	Bebunga Factory
BKE	:	Bakau Estate
BOD	:	Biological Oxygen Demand
COD	:	Chemical Oxygen Demand
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
DSN	:	Dharma Satya Nusantara
EFB	:	Empty Fruit Bunch
EIA	:	Environmental Impact Assessment
ESH	:	Environment Health and Safety
FFB	:	Fresh Fruit Bunch
FR	:	Frequency Rate
GHG	:	Green House Gases
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha/ Land Use Permit
ISO	:	International Organization for Standardization
ISPO	:	Indonesian Sustainable Palm Oil
IUP	:	Izin Usaha Perkebunan (Plantation Business Permit)
KKPA	:	Koperasi Kredit Primer Anggota (Cooperative Credit Scheme)
LCC	:	Land Cover Crop
LD50	:	Lethal dosage 50
MSDS	:	Material Safety Data Sheet
NGO	:	Non Government Organization
OFI	:	Opportunity For Improvement
OHS	:	Occupational Health & Safety
PK	:	Palm Kernel
PKO	:	Palm Kernel Oil
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	personal protective equipment
PT LMR	:	PT. Langgeng Muara Makmur
SCE	:	Sungai Cengal Estate
SOP	:	Standar Operational Procedure
SOU	:	Strategic Operation Unit
SR	:	Severity Rate
WHO	:	World Health Organization
WWTP	:	Waste Water Treatment Plan

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1 Assessment Standard Used</b>		<ul style="list-style-type: none"> <li>• <i>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</i></li> </ul>	
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	<b>PT LANGGENG MUARA MAKMUR</b> Subsidiary Of <b>Sime Darby Plantation Sdn Bhd.</b>	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Organisation address and site address	<u>RSPO Registered Company address:</u> The Plaza Lt. 36 Jl. M.H Thamrin Kav 28-30 Jakarta Pusat 10350.  <u>Site Address:</u> Village of Binturung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia	
1.2.4	Telephone	+6221 - 29926000	
1.2.5	Fax	+6221 – 29922686	
1.2.6	E-mail	<a href="mailto:Mohamad.pirabaharan@simedarby.com">Mohamad.pirabaharan@simedarby.com</a>	
1.2.7	Web page address	<a href="http://www.simedarby.com">www.simedarby.com</a>	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Sime Darby Plantation Sdn Bhd)	
1.2.9	Registered as RSPO member	1-0008-04-000-00 dated on 07 December 2004	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base Bebunga Factory, Bebunga Estate, Bakau Estate and Sungai Cengal Estate	
1.3.2	Type of certificate	Single	
<b>1.4 Locations of Mill and Plantation</b>			
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Bebunga Factory	Village of Binturung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia	02° 22' 25" S      116° 19' 47" E
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>

		Latitude	Longitude
Bebunga Estate	Village of Binturung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia	2° 20' 00" - 2° 24' 14" S	116° 19' 42" - 116° 23' 47" E
Bakau Estate	Village of Balaimea, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia	2° 19' 25" - 2° 25' 14" S	116° 14' 47" - 116° 19' 42" E
Sungai Cengal Estate	Village of Binturung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia	2° 24' 12" - 2° 28' 14" S	116° 19' 39" - 116° 23' 30" E

**1.5 Description of Area Statement**

1.5.1	Tenure	
	• State	<b>17,526.44</b> Ha
	• Community	Ha
1.5.2	<b>Area Statement</b>	
	• Total area	<b>14,215.20</b>
	• Mature Area	8,772.13
	• Immature Area	1,633.56
	• Nursery	21
	• Mill	32.42
	• Emplishment	155.83
	• Infrastructure (road, bridge, drainage)	357.92
	• Hill, river, valley, swamp	794.53
	• Reserved area	488.28
	• Occupation	387
	• HCV	959.22
	• Bulking	2.45
	• Air Strip	15.44
	• Enclave	595.42

**1.6 Planting Year and Cycles**

1.6.1	Age profile of planting year	
		<b>Hectarage (Ha)</b>
	<b>Planting Year</b>	<b>Bebunga (Ha)</b>
		<b>Bakau (Ha)</b>
		<b>Sungai Cengal (Ha)</b>
		<b>Total</b>
	1992	192.21
	1993	57.85
	1994	205.13
	1995	343.11
	1996	762.56
	1997	771.16

	1998	77.20	69.33	181.81	<b>328.33</b>		
	1999	-	-	238.80	<b>238.80</b>		
	2000	-	-	348.14	<b>348.14</b>		
	2005	-	-	375.33	<b>375.33</b>		
	2006	17.73	-	180.52	<b>198.25</b>		
	2007	-	-	425.78	<b>425.78</b>		
	2008	15.00	-	-	<b>15.00</b>		
	2013	-	109.91	180.10	<b>290.01</b>		
	2014	200.55	305.85	149.13	<b>655.53</b>		
	2015	217.58	304.50	165.91	<b>688.01</b>		
	<b>TOTAL</b>	<b>2,860.09</b>	<b>3,269.34</b>	<b>4,276.26</b>	<b>10,405.69</b>		
1.6.2	New Planting area after January 2010		-	Ha			
1.6.3	Planting Cycle		2 <sup>nd</sup> Cycle				
<b>1.7</b>	<b>Description of Mill and Supply Base</b>						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Bebunga Factory	60	143,887.47	33,004.66	22.94	6,998.73	4.86
	<i>*Production data source from 12 months before assessment (February 2015- January 2016)</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Mature Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Bebunga	3,890.21	2,441.94	33,236.90	13.61	33,236.90	100
	Bakau	5,349.63	2,549.07	30,792.32	12.05	30,792.32	100
	Sungai Cengal	4,975.36	3,781.12	47,444.44	12.55	47,444.44	100
	<b>TOTAL</b>	<b>14,215.20</b>	<b>8,772.13</b>	<b>111,473.66</b>	<b>12.71</b>	<b>111,473.66</b>	<b>100</b>
	<i>*Production data source from 12 months before assessment (February 2015- January 2016)</i>						
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location	Supplied to Mill			
				FFB (tonnes/year)			
	KKPA Sungai Cengal (RSPO Certified)	PT.LMR	Kotabaru District	4,957.52			
	PT.Paripurna Swakarsa (RSPO Certified)	Minamas Grup	Kotabaru District	27,580.59			
	<b>TOTAL</b>			<b>32,358.11</b>			
	<i>*Production data source from 12 months before assessment (February 2015- January 2016)</i>						
1.7.4	Jenis Produk		FFB, CPO, PK				



1.8 Estimate Tonnage of Certified Product							
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 16 March 2015 s.d. 15 March 2016 (tonnes/year)		Actual certified product 16 March 2015 s.d. 15 February 2016 (tonnes/year)		
	• FFB Production		175,960		136,384.95		
	• CPO Production		42,037		31,253.33		
	• Palm Kernel (PK) Production		8,675		6,682.05		
1.8.2	Estimate of Certified FFB Claim						
	<b>Name of Estate(s)</b>	<b>Total Area (Ha)</b>	<b>Mature Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>		
	Bebunga	3,890.21	2,441.94	35,896	14.70		
	Bakau	5,349.63	2,549.07	33,163	13.01		
	Sungai Cengal	4,975.36	3,781.12	51,234	13.55		
	<b>TOTAL</b>	<b>14,215.20</b>	<b>8,772.13</b>	<b>120,293</b>	<b>13.70</b>		
	<i>*Projected FFB production for 12 months of certificate</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (ton)</b>	<b>Extraction (%)</b>	<b>Out put (ton)</b>	<b>Extraction (%)</b>
	Bebunga Factory	60	120,293	27,667	23	6,015	5
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>						
1.9 Other Certifications							
	ISO 9001:2008		-				
	ISO 14001: 2004		-				
	OHSAS 18001:2007		-				
	ISCC		-				
	Others		ISPO Certificate with number MUTU-ISPO/038 dated on 30 April 2015 – 29 April 2020				
1.10 Time Bound Plan							
1.10.1 Time Bound Plan for Other Management Units							
	<b>Unit Manajemen</b>		<b>Estate (Supply Base)</b>	<b>Rencana Tata Waktu</b>	<b>Lokasi</b>	<b>Status</b>	
	<b>Pabrik</b>	<b>Tata Waktu</b>					
	Sekunyir. PT. Indotruba Tengah	2010	Sekunyir	2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified	
			Seruyan	2010		Certified	
	Manggala. PT. Tunggal Mitra Plantations	2010	Manggala 1	2010	Rokan Hilir District – Riau	Certified	
			Manggala 2	2010		Certified	
			Manggala 3	2010		Certified	
	Bukit Ajong	2010	West	2010		Certified	

PT. Sime Indo Agro		East	2010	Sanggau District – West Kalimantan	Certified
		Sei Mawang	2010		Certified
		East Plasma	2010		Certified
		West Plasma	2010		Certified
Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	2011	Pekanbaru, Siak District – Riau	Certified
		Pinang Sebatang	2011		Certified
		Aneka Persada	2011		Certified
Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified
		Bukit Pinang	2012		Certified
Pematang. PT. Teguh Sempurna	2011	Pematang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Kawan Batu	2011		Certified
		Hatan Tiring	2011		Certified
		Batang Garing	2011		Certified
Alur Dumai. PT Lahan Tani Sakti	2011	Alur Dumai	2011	Rokan Hilir District – Riau	Certified
Teluk Bakau. PT. Bhumireksa Nusa Sejati	2011	Teluk Bakau	2011	Indra Giri Hilir District – Riau	Certified
		Nusa Perkasa	2011		Certified
		Nusa Lestari	2011		Certified
Mandah. PT. Bhumireksa Nusa Sejati	2014	Mandah	2011	Indra Giri Hilir District – Riau	Certified
		Rotan Semelur	2011		Certified
Angsana Mini. PT Sajang Heulang	2011	KKPA-1 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		Pantai Bonati	2011		Certified
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	2011	Tanah Bumbu District – South Kalimantan	Certified
		Gunung Sari	2011		Certified
		KKPA-4 PT.SHE	2013		Certified
Mustika. PT Sajang Heulang	2013	KKPA-2 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemas	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2014		Certified
Sukamandang PT Kridatama Lancar	2011	Sukamandang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Sapiri	2011		Certified
		Barasdanum	2011		Certified
		Kuala Kuayan	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified

Selabak. PT Swadaya Andhika	2012	Selabak	2012	Kotabaru District – South Kalimantan	Certified
		Randi	2012		Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified
Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2015		-
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		Sungai Jernih Estate dan GPI KKPA	2015		-
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified
		Batang Ara (PT PSK)	2013		Certified
		Blang Simpo-01	2013		Certified
		Blang Simpo-02	2013		Certified
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan	-
		MAS 1	2020		-
		MAS 1	2020		-
		Plasma MAS	2020		-
Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
		Awatan	2014		Certified
		Karya Palma	2016		-
		KKPA SNP	2020		-
		Pelanjau (PT BAL)	2018		-
		Sungai Putih (PT BAL)	2018		-
		Baturus (PT BAL)	2018		-

There is change of Time Bound Plan that caused the company to postpone the certification process with the following explanation:

- PT Mitra Austral Sejahtera. There is still social problem (issue) is still unresolved that of Serikat Petani Kelapa Sawit (SPKS) Sanggau still do not approve of the process improvement demands by society and conflict resolution in accordance with principles and criteria of RSPO
- Sime Darby has not informed changes of Time Bound Plan to PT. Mutuagung Lestari example smallholder of PT BGR and KKPA PT GPI which should be audited in 2015 but up to 2016 have not been audited. Sime Darby has not provided an explanation regarding the delay of audit activities appropriate time bound plan that has been set.

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

Bebunga POM-PT Langgeng Muaramakmur gets FFB supply from smallholder scheme which are KKPA Sungai Cengal (full

	<p>managed smallholder scheme. The estate has got RSPO certification and including within the certification scope of PT Laguna Mandiri (Rantau POM) and has been in line with Time Bound Plan (TBP).</p>
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<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-4</b>	<ol style="list-style-type: none"> <li><b>Bukti Bagja (Lead Auditor).</b> Indonesian citizen. Master of Science majoring in Environmental Science, University of Indonesia. More than 10 years experience in various national and international forestry and environmental project. Certified RSPO Lead Auditor, involved in various RSPO assessment in Indonesia and Malaysia as Lead Auditor. He too experienced in numbers of international environmental project in Indonesia. Had attended various relevant training i.e. Auditor/Lead auditor Management System Certification (ISO 9001-2008), EIA (AMDAL), HCV assessment, Indonesian Sustainable Palm Oil Lead auditor. Has competency in digital mapping such as: ArcGIS, MAPInfo, ER MAPPER, ERDAS Imagine. During this ST-2 audit, he assigned to verify of legal and conservation aspect. In this ASA2 audit, he assigned to verify of legal, environment and conservation aspect</li> <li><b>M. Rinaldi (Auditor).</b> Expert associate department of Oil Palm Plantations, Institute Pertanian Bogor. He has 4 years experience working as staff plantation operations in the private oil palm plantation companies in Indonesia. He has been training RSPO Awareness, ISPO auditor training, training Auditor/Lead Auditor ISO 9001-2008, ISO 14000 training, training AK3. In this ASA-4, he assest on aspect of worker welfare, occupational, safet &amp; health.</li> <li><b>Rudi Ramdani (Auditor).</b> Bachelor of Agriculture Majoring in Agronomy, Agriculture Faculty of Bogor Agriculture Institute. He has working experienced more than two years as an operational staff in a private oil palm plantation company in Indonesia. Several training he has followed namely: Indonesian Sustainable Palm Oil auditor, Awareness RSPO, Management System Certification (ISO 9001-2008) training, and implementation of SMK3. In this ASA-4, he assest on aspect of best management practices.</li> <li><b>Doni (Auditor).</b> Masters in rural sociology from IPB completed in 2005. Have follows severall certifications including training auditor ISPO dated November 25 to 30, 2013 inBogor and Medan, certification of Sustainable Forest Management (SFM) Scheme Indonesian Ecolabelling Institute (LEI) and the Ministry of Forestry in 2008, training of technical assistance for the people of rural farmers organized by Sajogyo Institute (Scienc) in Bogor, 2005, journalism training organized by Harian Rakyat Merdeka in Jakarta (2001) and training management of BMT (Baitul Mal Watamwil) held by ICMI (Association of Indonesian Muslim Intellectuals) centers in the district Karanganyar, prov. Central Java in 2005. In ASA-4 activity this time assessing the aspect of transparency of information and social.</li> </ol>
<b>2.2 Assessment Methodology, Assessment Process and Locations of Assessment</b>	
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-4</b>	Number of auditors : 4 auditor Number of days for <b>ASA-4</b> at site : 4 days Number of working days for <b>ASA-4</b> at site : 16 Working days
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-4</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Langgeng Muara Makmur to the requirements of <b>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013 &amp; RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill).</b></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) <i>interview</i>, 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>ASA-4</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>RC</b>).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ASA-4</b> assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ASA-4</b>.</p> <p>The assessment program please find Appendix 2</p>

2.2.3	<b>Location of Assessment</b>
ASA-4	<p>The method of collecting sample sites conducted by the auditor team based on the :</p> <ul style="list-style-type: none"> <li>• The selected location is representing each operational area (using the formula of <math>0,8\sqrt{y}</math>) representing each area of operation is Bakau Estate and Sungai Cengal Estate</li> <li>• Consideration of issues arising from the results of the study document and stakeholder consultation that is both basic and crucial.</li> </ul> <p>The locations visited are presented in the following:</p> <p><b><u>Bakau Estate:</u></b></p> <ul style="list-style-type: none"> <li>• <b>Health Unit of Sungai Cengal.</b> Observations related to the clinical waste management, work accident data, worker disease data, training for paramedic and interviews related to the policy on reproductive rights.</li> <li>• <b>Workshop.</b> Observations and interviews with workers related to the management of Hazardous Waste and Hazardous Material, provision of PPE, trainings, and emergency response facilities.</li> <li>• <b>Fire Extinguisher Storage Warehouse.</b> Observations on the availability and condition of fire extinguishers and the preparedness of fire-fighting team.</li> <li>• <b>Agrochemical Warehouse.</b> Observations related to the management of agrochemical waste and waste of agrochemical former packaging, emergency response facilities and the types of pesticides used.</li> <li>• <b>Houses of Block Spraying System.</b> Observations related to the management of tools and PPE for sprayers, bathing and washing facilities and management of environmental pollution.</li> <li>• <b>Employee Housing in Division 3.</b> Observations related to employee facilities, domestic waste management, and emergency response facilities.</li> <li>• <b>Daycare.</b> Observations related to the facilities given, emergency response facilities and interviews with employees in relation with work hours, wages, and access to meet daily needs, policies, protection of reproductive rights for female workers.</li> <li>• <b>Hazardous Waste Warehouse.</b> Observations related to the management of Hazardous Waste, the condition of buildings and supporting facilities, records of Hazardous Waste.</li> <li>• <b>Block M50, Division 4, Mature Plant.</b> Block observations to control Oil Palm Leaf Eaters Caterpillar with trunk injection method. Supervisor can explained well about the mechanisms of control and the initial census. Observation of erosion pole as a point for monitoring the rate of erosion and silt pit as a barrier for the runoff.</li> <li>• <b>Block E47, Division 3.</b> Observations of Owl's Nest, where can be seen dead rat and rat bones below the nest</li> <li>• <b>Block E46-47, Division 3.</b> Observation on Harvest activity. Harvesters have understood the criteria of the harvest fruits. Workers have been equipped with an adequate PPE (helmet, boots). Supervisor has been equipped with First Aid box and able to explain about its use.</li> <li>• <b>Block E27, Division 2.</b> Observations of Immature Plant, Oil Palm Leaf Eaters Caterpillar control with ferotrap and planting LCC and beneficial plant Antigonon sp and Turnera subulata</li> <li>• <b>Block 37, Division 3.</b> Observations of inter row weeds spraying on Immature Plant by using a systemic pesticide with brands of Audit and metaprima.</li> <li>• <b>Land Use Title Pole No. 4, 5, 6 in Bakau Estate Division 4:</b> Pole is in a state of well-maintained and complete, according to the Land Use Title pole condition map from National Land Agency.</li> <li>• <b>Conservation area of Tamiang Tributary Riparian in Bakau Estate Division I and Secondary Forest in Block F Division III.</b> Conservation area is in preserved condition and still found some primates like monkeys and langurs, available marker in the form of protected areas signboard as well as a ban on hunting, provided buffer zone boundary for riparian, and enrichment activities in some places.</li> </ul> <p><b><u>Sungai Cengal Estate:</u></b></p>

- **Workshop.** Observations and Interviews with workers related to the management of Hazardous Waste and Hazardous Material, Provision of PPE, trainings, and Emergency Response Facilities.
- **Fire Extinguisher Storage Warehouse.** Observations on the availability and condition of fire extinguishers and the preparedness of fire-fighting team.
- **Agrochemical Warehouse.** Observations related to the management of agrochemical waste and waste of agrochemical former packaging, emergency response facilities and the types of pesticides used.
- **Houses of Block Spraying System.** Observations related to the management of tools and PPE for sprayers, bathing and washing facilities and management of environmental pollution.
- **Employee Housing.** Observations related to employee facilities, domestic waste management, and emergency response facilities.
- **Daycare.** Observations related to the facilities given, emergency response facilities and interviews with employees in relation with work hours, wages, and access to meet daily needs, policies, protection of reproductive rights for female workers.
- **Elementary school and kindergarten.** Observations related to the condition of school facilities and maintenances as well as interviews related to the origin of the students and the contributions made from the company.
- **Hazardous Waste Warehouse.** Observations related to the management of Hazardous Waste, conditions of Building and supporting facility, records of Hazardous Waste.
- **Housing Generator Room.** Observations related to the management of hazardous waste and emergency response facilities.
- **Block L12, Division 4.** Observation of erosion pole as a point for monitoring the rate of erosion and silt pit as a barrier for the runoff.
- **Bok C05, Division 1, Immature Plant Fertilization.** Observations of fertilization technical in the immature plant with a compound fertilizer of CCM 25. Workers are using appropriate PPE (apron, gloves, and boots) and fire watchtower. Observations on Technical land clearing without burning, where still can be seen the stacks from palm tree chipping .
- **Block C03, Division 1.** Observations of inter row weeds spraying on Immature Plant by using a systemic pesticide with brands of Audit and metaprima and EFB application as well as control of Apogonia sp.
- **Block I8-I9, Division 1.** Observations of harvest activities. Harvesters have understood the criteria of harvest fruits. Workers have been equipped with appropriate PPE (helmet, boots). Supervisor has been equipped with first aid box and can explain about its use.
- **Land Use Title Pole No. 11, 12, 13, and 14 in Sungai Cengal Estate Division 3:** Pole is in a state of well-maintained and complete, according to the Land Use Title Pole position map from National Land Agency.
- **Conservation area of Bebunga Riparian in Division I of Sungai Cengal Estate:** Conservation area is in maintained condition, available marker in the form of protected areas signboard as well as a ban on hunting, provided buffer zone boundary for riparian, and enrichment activities in some places by using hard plant that is mahogany (mahoni). However, it is suggested that the enrichment activities will be more intensive in all parts of the riparian.

**Bebunga Mill:**

- **Processing.** Observations and Interviews with workers related to the processing of FFB into Palm Oil (CPO), workers understanding related to the SOP, means of fire emergency in the mill, First Aid facilities, implementation of OHS, the facilities provided by the company, trainings which have been given by the company and employment.
- **Machinery / Turbines Room.** Observations and interviews with operators related to the fuel efficiency, workers understanding related to the SOP, means of fire emergency in the mill, First Aid facilities, implementation of OHS, facilities provided by the company, health examinations, trainings that have been given by the company and employment.

- **Boiler Room.** Observations and Interviews with related operators, workers understanding related to the SOP, fire emergency response facilities in the mill, First aid Facilities, implementation of OHS, facilities provided by the company, health examinations, trainings that have been given by the company and employment.
- **Workshop.** Observations and Interviews related to the mill engine maintenance, training for employee, PPE in the workshop, emergency response facilities.
- **POM WWTP.** In well condition, no leak, flow meter of effluent to application block running well, there are two pumps, where 1 is enabled alternately to circulate the effluent into blocks of land application. There are 2 safety ponds.
- **POM Fat pit.** A small leak in the fat pit pipe was immediately repaired. Flow Meter of effluent from POM to WWTP is functioning properly.
- Sedimentation pond for effluent from POM sanitation is functioning properly.
- **Grading Station.** Supervisor can explain well about work mechanism in grading, where the nucleus FFB and KKPA is treated the same. FFB that do not meet the standards is still mixed, but there is a penalty for sender.
- **Hazardous Waste Warehouse.** Hazardous Waste Warehouse is empty, Hazardous Waste expenditure to a third party on February 15, 2016.
- **WTP Station.** WTP station is in well condition, workers can explain well the work mechanism of water purification, and using complete PPE (gloves, masks). There are two clean water towers for processing and domestic water needs. Flow Meter is in good condition.

<b>2.3 Stakeholder Consultation and Stakeholders Contacted</b>	
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-4</b>	<p>The public consultation with stakeholders to PT Paripurna Swakarsa done through :</p> <ul style="list-style-type: none"> <li>• Public announcement on the website Mutuagung Lestari (<a href="http://www.mutucertification.com">www.mutucertification.com</a>) on February 1, 2016.</li> <li>• Conducting visits and direct interviews with stakeholders (Environmental Agency; Department of Labor; Department of Plantation and the National Land Agency of Kotabaru, Kalimantan Selatan) on February 16, 2016.</li> <li>• Conduct consultation via email questionnaire to NGOs (Wahana Lingkungan Hidup Indonesia, WWF, Sawit Watch) on February 10,2016.</li> <li>• Conducting visits and direct interviews with stakeholders in the village (Villages of Bamea, Pamukan Indah and Binturung) on February 17-18, 2016.</li> <li>• Conducting interviews with the committee on gender, labour an contractor on February 17-18, 2016.</li> </ul> <p>Feedback from stakeholders both positively and negatively received by the audit team to be clarified as material consideration in the assesemnet of ASA-4.</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4 Determining Next Assessment</b>	
	The next visit ( <b>RC</b> ) will be determined one year after this <b>ASA-4</b> ( <i>Februari 2017</i> ).



**3.0 ASSESSMENT FINDINGS**

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

MUTUAGUNG LESTARI has conducted an assessment of Bebunga Factory – PT. Langgeng Muara Makmur Subsidiary Of Sime Darby Plantation Sdn Bhd operation consisting of one (1) mill and three (3) oil palm estates.

During the assessment, there were three (3) nonconformities were assigned against Minor Compliance Indicators and two (2) nonconformancies against supply chain requirement for CPO mill and six (6) 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 Auditor(s) in form of documentation evidence. Those corrective actions taken that consist of one (1) non-conformity and two (2) nonconformancies against supply chain requirement for CPO mill had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Bebunga Factory – PT. Langgeng Muara Makmur Subsidiary Of Sime Darby Plantation Sdn Bhd complied with the requirements of **RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013** dan **RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill)**..

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>		
<b>1.1.1</b> The company has the SOP of Requests for information (050 / ILMR-INF / C11 revision 01 dated February 19, 2016) describes about the classification list of documents that can be accessed by the public. In the procedure also explains that the person in charge of the delivery of information to stakeholders is the operational unit manager, the response time to the information requests up to 1 week, but if you need the approval from the Head Department then the maximum response time period is 1 month. But the company has not been able to show the proof of Socialization of SOP for information requests to the relevant stakeholders. <b>Non conformity No. 2016.01 with Minor Category</b>		
<b>1.1.2</b> The entire information services both incoming and outgoing mail including responses to the requests for information conducted by the Staff. Once received by the Personnel Staff, the request for information is given in response after the approval from the leadership. There are logbooks that records manually incoming and outgoing mail that contains information about the serial number, letter date, receipt date, sender, evaluation, feedback, status, description, for example, information request for a job, dated February 5, 2016, the letter was received on February 6, 2016, the sender is Binturung village resident, the company has received and provide contract job for water transportation job.		
<b>1.1.1</b>	<b>Status: Non conformity No 2016.01 with Minor category</b>	
<b>1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>		
<b>1.2.1</b>		

<p>The company has the SOP of Requests for information (050 / ILMR-INF / C11 revision 01 dated February 19, 2016) describes the classification list of documents that can be accessed by the public, among others: The area, payment proof of Social Security, payment proof of Employees treatment, Employees Public Facilities, Data of Pests and Diseases attack, Data of Light Vehicles and Heavy Equipment, Data of supporting machines, Data of CSR has ever done, Bridge Data, Road Length Data, Work Building Data, General Building Data, School Building Data, type of fertilizer used, type of agrochemical used, Payment Unit Employee Data, school students data, OHS plan, plans and social impact assessment, HCV document, reduction and pollution prevention plan, complaint data, negotiation procedure, continuous improvement plan, certification assessment report and human rights policy.</p>	
	<b>Status: Comply</b>
<b>1.3</b>	
<b>Growers and millers commit to ethical conduct in all business operations and transactions.</b>	
<p><b>1.3.1</b>          The Company has a Code of Conduct Policy No. 440 / HRM-COC / 07 Revision No. 00 dated May 24, 2007. In general, the Code of Conduct explains that Minamas Plantations as a subsidiary instructed to engage business activities guided by the principles of good governance in all operational environments of Minamas Plantations.</p> <p>In the Code of Conduct, it is mentioned that the work ethic to be possessed by workers, among others, mutual respect and being open to the opinions, obey the rules of the company and Collective Labor Agreement, behave polite and courteous, and not doing intimidation and humiliation, not misconduct and criminal acts such as embezzlement the company properties.</p> <p>The company has socialized the Code of Conduct to all employees of PT.LMR held on December 7, 2015 conducted in BBE, December 8, 2015 conducted in BKE, December 22, 2015 conducted in BBF and December 30, 2015 conducted in SCE. Based on interviews with workers and worker unions, explained that the company has provided socialization related to the company code of conduct.</p>	
	<b>Status: Comply</b>
<b>PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS</b>	
<b>2.1</b>	
<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	
<p><b>2.1.1 &amp; 2.1.4</b>          The company can show the evidence of the fulfillment of regulations and local laws, among others:</p> <p><b>Legality of Land</b></p> <ul style="list-style-type: none"> <li>• Has had the Land Use Title with a total area of 16,361.77 hectares as a proof of land ownership in accordance with Law No. 5 Year 1969 about the Basic Regulation of Agrarian.</li> <li>• Have a plantation business permit in the form of:             <ul style="list-style-type: none"> <li>➢ Plantation business registration Letter No. 461 / Menhutbun-VII / 2000 for the estate covering an area of 15,533 hectares and Bebunga mill with a capacity of 60 tons of FFB / hour.</li> <li>➢ Approval of the re-registration of plantation business permit (IUP) in accordance with the decree No. 188.45 / 386 / KUM / 2009 for an estate covering an area of 15,533 hectares and processing mill with a capacity of 60 tons / hour.</li> <li>➢ Plantation business registration letter no. HK.350 / 795 / Dj.Bun.5 / XI / 2001 for an estate covering an area of 828.77 hectares in the district of Paser, East Kalimantan (Bebunga Estate).</li> </ul> </li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Have an Environmental Impact Assessment (EIA) of Oil Palm Plantation and Mill (collective) on behalf of PT. Laguna Mandiri, PT. Langgeng Muara Makmur, PT. Paripurna Swakarsa and PT. Swadaya Andika ratified by the Head of Planning, Secretary of the Central Committee, the Ministry of Agriculture No. 008 / EA / BA / II / 1995 dated February 27, 1995. It covers an area of 21,840 hectares located in South Kalimantan Province with a capacity of installed mill is 60 tons FFB / hour.</li> <li>• Environmental Management Plan / Environmental Monitoring Plan reports in Semester II (July to December) 2015 of PT Langgeng Muaramakmur submitted to the Regional Environmental Agency of Kotabaru District in January 18, 2015, To the Agriculture Agency of Kotabaru District in January 18, 2016, To the Environmental Body of Paser District in January 18, 2016, to the Agriculture and Plantation Agency of Paser District in January 18, 2016.</li> <li>• Has had licensed Hazardous Waste Warehouse in accordance with Regulation No. 101 Year 2014.</li> </ul>	

**Employment**

- The Company has adjusted the minimum wage of employees in accordance with the Decree of the Governor of South Kalimantan No. 188.44 / 0479 / KUM / 2015 dated December 10, 2015 about District Minimum Wage Fixing in 2016 amounted to Rp 2,200,000.

**Occupational Health and Safety**

- The company already has a doctor certified by Hygiene Company and Occupational Health in accordance with Regulation of Labor and Cooperation Ministry No. 01 Year 1976 about Hygiene Company and Occupational Health Practice Liability for Doctors in management unit.
- Have had a paramedic certified by Hygiene Company and Occupational Health as many as 5 paramedics in accordance with Regulation of Labor and Transmigration Ministry No. 01 Year 1979 about Hygiene Company and Occupational Health Practice Liability for Paramedics in Management Unit.
- Has had 4 licensed Welders in the estate and 5 licensed welders in the mill, this is in accordance with Regulation of Labor and Transmigration Ministry No. 02 Year 1982 about Qualifications of welders in the workplace
- Has had OHS certificate as many as 3 workers in accordance with the Decree of Binawas Directorate General No. 311 Year 2002 about Certification of Electrical OHS Competency.
- Already have six licensed steam boiler operators in accordance with the Regulation of Labor Ministry No. 01 Year 1988 about Qualifications and Requirements for Steam Boiler Operators.
- Has had Heavy Equipment Operator's license in accordance with the Regulation of Labor and Transmigration Ministry No. 09 Year 2010 about Operators and Officer of Heavy Equipment with a total of 2 operators in BBE, 2 operators in BKE, 4 operators in SCE and 5 operators in BBF. There are 5 SIO in BBF that have been expired and the company showed the Letter of SIO extension Handling to Labor and Transmigration Agency of Kotabaru district on January 28, 2016 stated that BBF is currently maintains the extension of SIO on behalf of Syahrianur, Joko Purnomo, Ujianur, Hayani and Diyan. It will be observed further on the next visit. **OFI**
- Already has an organizational structure of Guiding Committee of Occupational Safety & Health and reporting Guiding Committee of Occupational Safety & Health and work accident report which has been carried out regularly every three months in accordance with the Regulation of Labor Ministry No. 4 Year 1987 and Regulation of Labor Ministry No. 3 Year 1998
- Providing PPE to employees for free. This is in accordance with Law No. 1 Year 1970 and the Regulation of labor Ministry No. 8 Year 2010.
- Already has an organizational structure and firefighters who have been trained every year. This is in accordance with the Minister Decree of Labor and Transmigration No. 186 Year 1999.

**2.1.2**

To ensure information on legal requirements, the company has a Regulatory Compliance Evaluation document that is updated regularly every year. For update conducted on January 15, 2016, there were 9 additional of latest regulations such as rules regarding to the salaries of employees (Decree of Central Kalimantan Governor No. 188.44 / 0479 / KUM / 2015 dated December 10, 2015), the regulations related to the implementation of certification system of Indonesia Sustainable Palm Oil (ISPO) (Regulation of Agriculture Ministry No. 11 Year 2015), regulations related to the Social Security (Act No. 40 Year 2014), regulations related to the Management System of OHS (Regulation of Labor Ministry No. 26 Year 2014). Based on the study of Evaluation document of Regulatory Compliance, the company has ensured the regulatory compliance both old and latest regulations.

**2.1.3**

Mechanisms which ensure the compliance with legal requirements stated in the Law Requirements Procedure (Policy No. 301 / PSQM-ESH / 11) on February 1, 2016. In that procedure has been explained that the update to the latest regulations did at least once a year and for the responsible person for regulatory updates is ESH Manager. The implementation of the regulatory updates is documented in the Evaluation Document of Regulatory Compliance that describes the type of regulation, things monitored, compliance status and proof of compliance documents.

**Status: Comply**

**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 been able to show land rights with the details as follows:

- Land Use Title No. 12 Year 1997 with an area of 15,533 hectares in Pamukan Utara District, Kotabaru Regency, South Kalimantan Province, in accordance with the Decree of National Land Agency Head No. 133/HGU/BPN/97 dated October 28, 1997. The Land Use Title is valid for 35 years until November 22, 2032.
- Land Use Title No. 04 Year 1998 with an area of 828,774 hectares in Tanjung Aru District, Pasir Regency, East Kalimantan Province, which is valid for 35 years until January 5, 2033.

Based on the verification of documents and field visits, mostly from the cultivated plantations are covering an area of ±1,162.22 hectares is still in the Land Use Title process with the following chronology:

- Land Use Title request letter to National Land Agency of East Kalimantan through letter No. 059 / LMR / UM / PSD / VI / 08 in 2008 in the village of Segandang, district of Batu Engau and Tanjung Harapan covering an area of 1,213 hectares.
- Responses from National Land Agency of East Kalimantan in the form of recommendations to the National Land Agency Central Office in Jakarta through Letter No. 017 / P-64 / II / 2011.
- Cadastral measurements and treatises of committee B in 2011
- The process stalled because of a conflict with the community. National Land Agency requires the existence of conflict resolution first before publishing the Land Use Title. Ongoing conflict resolution process through the allocation of part of the plantations for smallholdings. For the purposes of the smallholdings construction, has been published a document:
  - Location Permit covering an area of 1,162 hectares from Regents of Paser through decree No. 503/05 / PEM-SILP / IV / 2015 dated April 22, 2015 about the Granting of Area Permit Extension for the purposes of PT. Langgeng Muara Makmur Oil Palm Plantation in the village of Segandang and Keladen, District of Batu Engau and Tanjung Harapan, East Kalimantan.
  - Plantation Business Permit – for Cultivation (IUP-B) of PT. Langgeng Muara Makmur from Regent of Paser District through decree No. 525/02 / Ek.Adm.SDA / 2015 dated June 30, 2015 for an area of 1,162.22 hectares (according to the Location Permit No. 503/05 / PEM-SILP / IV / 2015 dated April 22, 2015) in the village of Segandang and Keladen, District of Batu Engau and Tanjung Harapan, East Kalimantan.
- For smallholdings development, the company is taking care of a list of smallholder and Land candidates (CPCL), which are being drafted by village officials which are related.

**2.2.2**

The legal limit of PT. LMR estate has been well-defined based on the mapping of the Land Use Title by National Land Agency, as noted in the document of Monument Books that contains maps of Land Use Title Pole and limit settlement activities (mounting pole / limit Pal) all over the estate of PT Langgeng Muaramakmur. Maintenance is performed by SOP of National Land Agency Pole Maintenance (057 / LMR-PPBC / C13). The monitoring results of National Land Agency Pole and the plan for follow-up of National Land Agency Pole maintenance. Maintenance has been done includes cleaning the area around the pole and painting the pole.

As evidence of implementation in the field, Available another documents in the form of:

- Schedule for Land Use Title Pole Maintenance in the Period of 2015/2016
- Form for examination of boundaries Pole
- Reports of Boundary Pole Maintenance Result by personnel of Boundary Pole Maintenance.

Based on the field visits in Bakau Estate Division 4 (National Land Agency Pole numbers 4,5,6) and Sungai Cengal Estate Division 3 (Land Use Title Pole numbers 11, 12, 13, 14), in general, the condition of the pole in a state of well-maintained and complete, according to the map of Land Use Title Pole position from National Land Agency.

Based on the interview with the Village Chief of Balaima, Community Leaders of Pamupakan Indah Village, Village Chief of Binturung known that the company acquiring land through FPIC approach, no violence and intimidation. Compensation for land and crops are calculated fairly.

**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.**

<b>2.3.1, 2.3.2, 2.3.3 &amp; 2.3.4</b>	
<p>The interview results with the Village Chief of Balemea, Community Leaders of Pamupakan Indah Village, Village Chief of Binturung known that in the area of the company there is no land derived from customary rights. The villages around the estate does not have customary land, the land ownership patterns based on the proprietary of Land Own Title, Land Ownership Letter, Deed of purchase and inheritance. So that there is no handing over land from the customary rights.</p>	
	<b>Status: Comply</b>
<b>PRINCIPLE #3 Commitment to long-term economic and financial viability</b>	
<b>3.1</b>	
<b>There is an implemented management plan that aims to achieve long term economic and financial viability.</b>	
<b>3.1.1</b>	
<p>The company has drafted document of Estate Cost Analysis Budget in 2014 to 2015 &amp; Projection up to 2019 which includes the information about: planted hectare, mature hectare, FFB production (tons), yield (ton / hectare), direct cost (oil palm harvesting &amp; collection checkroll, oil palm harvesting &amp; collection contract, oil palm scout harvesting; oil palm external transport, oil palm internal field transport croll, oil palm internal transport contract, oil palm transport ramp hooper; oil palm water management, soil conservation, weeding, census, boundaries, path, P and D, supplying, analysis, sanitation; manuring manual application, EFB application, mechanical application, compost application), fixed cost (admin, statutory payment, security, general building, general expense, training, ICT, ESH, implements, stock write off, inter estate/mill clearing expense, amenities, health, buildings, social, transport/travel, foreign worker, recovery, LVA depreciation, up keep road). The company also has compiled a document of Mill Cost Analysis in 2016 to 2017 and projection in 2018 to 2021, as follows: Budget &amp; projection of processing FFB, the yield of CPO and PK, and others. Every achievement of production at the end of the year in the book, and then be evaluated by comparing the budget to see the variants of its accomplishments.</p> <p>The company also has long-term work plan for KKPA as outlined in the document of Estate Cost Analysis Budget in 2015 to 2016 and projection in 2016 to 2020.</p>	
<b>3.1.2</b>	
<p>While for the work plan of replanting and nurseries have been compiled in the document of Long Range replanting program until 2021. The realization of nurseries follow or adjust with the area of replanting plan for the year with sources of seed is coming from certified manufacturers, among others: Marihat, Lonsum and Socfindo.</p> <p>Based on the document study of soil survey results known that there are no peat soil in the working area of PT LMR.</p>	
	<b>Status: Comply</b>
<b>PRINCIPLE #4 Use of appropriate best practices by growers and millers</b>	
<b>4.1</b>	
<b>Operating procedures are appropriately documented and consistently implemented and monitored.</b>	
<b>4.1.1</b>	
<p>There is no change in the cultivation and processing procedures. The Company has owned procedures which are documented appropriately, implemented and monitored regularly. The estate operational activities procedure ranging from land clearing, replanting until the harvest is Agriculture Manual Reference of Agronomy document No. 110 / EST-ARM / 13, ratified on September 16, 2013. While the admission process procedures of FFB to dispatch of CPO and kernels, arranged in the engineering guidelines of palm oil mill Parts I and II, Minamas Plantation on April 30, 2007.</p> <p>Based on field observations and interviews can be seen that procedures of cultivation and processing have been applied in the field, such as interviews and observations as follows:</p> <ul style="list-style-type: none"> <li>• Field observations and interviews with factory employees began from grading activities and other processes, it is known that employees has understood scope of procedure on his job.</li> <li>• Observation of harvesting on Sungai Cengal Estate Division 1 Blocks I8-I9 and Bakau Estate Division 3 blocks E46-47, harvesting activity has been done according to SOP applicable. Harvesters have known about FFB Standar, the harvest basis, safety procedures were in force, as well as the prevailing wage system.</li> <li>• Observations and interviews with the foreman of plant pest in block M50 Division 4 Bakau Estate regarding pest control of leaf-eating caterpillars with palm trunk injection method.</li> </ul>	

**4.1.2**

Mechanisms to ensure the procedure is done through periodic checks by the internal audit team through PSQM department. The Company shows a sample document work paper sheets of BBE inspection conclusion in first semester in year of 2015/2016 (9 to 15 September 2015) and BBF dated 16 to 22 September 2015 along with a follow-up response from the auditor, for example, regarding: copy of Taxes Deposit Proof from contractor PT Mitra Karya Jaya Perdana were not requested, has followed up on September 26, 2015 by requesting a copy of the relevant tax deposit proof; arrangement of former lorry irregularly caused by the decision has not been made by the winning bidder (CV. REZA), where the transport is planned in October 2015.

**4.1.3**

The Company determines the registration of various maintenance activities, production, and Processing, for example:

- The monthly report of PT LMR Bebunga POM in December 2015 which includes the information about: production stock, daily FFB reception data, statistical production and extraction, daily production data, etc, as well as the daily production report of Bebunga POM dated January 31, 2016.
- Monthly reports of Bakau Estate and Sungai Cengal Estate for the month of February 2016 in which to describe and discuss about the achievement of various maintenance activities, production and others.

**4.1.4**

The factory has recorded the origin of the entire FFB, including from third parties. In the period of ASA-03 audit, the company's policy is to not accept fruit from sources that are not certified. The realization of the fruit supplies during the period of March 16, 2015 until the audit of ASA-04 (February 2016) are as follows:

- Bebunga Estate (certified) : 28,744.94 tons (21 %)
- Sungai Cengal Estate (certified): 44,649.75 tons (32 %)
- Bakau Estate (certified): 30,981.13 tons (22.72 %)
- KKPA Sungai Cengal (certified until January 11, 2016) : 4,532.05 tons (3.32 %)
- Binturung Estate (certified): 11,467.67 tons (8.41 %)
- Rampa Estate (certified): 5,886.12 tons (4.32 %)
- Pondok Labu Estate (certified): 4,214 tons (3.09 %)
- Sesulung Estate (certified): 5,909.25 tons (4.33%)

**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 shown records of the effort to maintain and improve soil fertility, among others:

- Analysis of leaves once a year.
- Analysis of soil per 5 years, which last conducted in February 2015.
- Arrange the fertilizer recommendations annually.
- Records of fertilization achievement realization of each semester in the current period.
- EFB fertilization application program in certain areas.
- Realization of the application of effluent to the land block application according to the permit, that is in Bebunga Estate.

**4.2.2**

Records of fertilization program and realization in first semester in 2015 to 2016 are recorded and evaluated in the report document of management committee meeting, for example, in December 2015 Actual to date as follows:

- Bakau Estate: the achievement of 45% for NK Blend fertilizer application and 47% for Kiserite Fertilizer application.
- Sungai Cengal Estate: the achievement of 94% boron fertilizer application, 58% for NK Blend, 50% for kieserite, 14% for Rock Phosphate.

**4.2.3**

The company showed the document sample of the soil and texture as follows:

- Leaf analysis results for Bakau Estate on April 14, 2015 for the elements: N, P, K, Ca, Mg, B, and Ash.
- Leaf analysis results for Cengal River Estate on April 17, 2015 for the elements: N, P, K, Ca, Mg, B, and Ash.
- Soil analysis results of Bakau Estate and Sungai Cengal Estate on December 4, 2015.

The results of the analysis used by the research center of MINAMAS in determining the crops fertilizer program.

**4.2.4**

Based on the field visits in Block C05 Division 1, Sungai Cengal Estate known that chopped from the fallen midrib in replanting activities arranged in the inter row into piles.



Figure of immature plant acreage in Block C05, Division 1 Bakau Estate

In addition the company also conduct the application of effluent into the application block in accordance with the permit, for example:

- EFB application data in January 2016 in Division 1, Bakau Estate as many as 332,670 kg.
- Planting legumes in replanting areas, manufacture of silt pit, stop bund and drainage trench in the replanting area.

**Status: Comply**

**4.3**

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

**4.3.1**

The management unit showed Soil Map Unit (SPT) of Bebunga Estate and Soil Map Unit (SPT) of Bakau Estate results of Semi Detailed Soil Survey in 2008.

Based on the field visits in Block L12, Division 4, Sungai Cengal Estate known for undulating area, the company conducted management through the arrangement of U-shape midrib frond stacking, manufacturing silt pit and monitoring of erosion, as well as the omission of soft weeds in the inter row as ground cover plants.

**4.3.2**

Based on field observations to the replanting area in block E27, Division 2, Bakau Estate known that have been carried out terracing activities in the block area of replanting, in addition, it also has been planted legumes of *Pueraria javanica*, *Calopogonium mucunoides* and *Mucuna bracteata*.

In addition, the company also has conducted monitoring of erosion through the installation of erosion pole. There are examples of the monitoring results of erosion in Sungai Cengal Estate for the period of July 2015 to December 2015 for 8 blocks (H05, H09, L11, M6, M9, K12, L12, and M12). Based on the field visits to block L12, Division 4 of SCE known that the management action conducted in the sloping area (6°) is soft weed maintenance, drafting midrib to slow the erosion and manufacture of silt pit.

**4.3.4 & 4.3.5**

There is no area of peat lands in PT LMR.

**4.3.6**

Based on the results of field visits known that the management of low-lying areas are by making fin trench with a ratio of 1: 4 at certain points and the installation of in and out doorways from river into estate blocks.

**Status:**

**4.4**

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

**4.4.1**

The company has had a water management plan that contains the information of water needs for the processing of palm oil and employee domestic needs, water supply for processing at the mill, and the water supply from water sources such as rivers and

springs that exist in the company's environment.

In 2015 the water is deficit due to the long dry season from June to December. For 2016, the water shortage is predicted so that the company builds a water storage ponds (embung) in each estate.

**4.4.2**

For the protection of surface water and groundwater, the company has taken action of protection of watersheds and wetlands, as follows:

1. SOP of management and maintenance of water sources and qualities are as follows:
  - Available SOP of Buffer Zone Management (034/LMR-PBZ/C7 dated December 1, 2010) including Riparian, Reservoir Border, Springs Border and Right and Left area of main trench.
  - Available SOP of Watershed Protection (DAS) Document No. 031 / LMR-DAS / C7 dated December 1, 2010 which describes the procedure for Watershed Protection Zone (Buffer Zone)
2. Surface water quality monitoring as follows:
  - Monitoring of water quality on a regular basis (six months) in accordance with the surface water quality monitoring program in the environmental document of Environmental Management Plan / Environmental Monitoring Plan. The test is performed by the laboratory of Sucifindo (accredited) for 33 parameters referring to the standard. Government Regulation No. 82 Year 2001.  
The latest measurements carried out in September 2015 Located in Tamiang river, Bebunga River and Lintang River, and rivers in Blocks B24 and B35. The test is In the fourth quarter report in 2013 has been noted the test results of Tamiang river, Bebunga River and Lintang River and the whole is still below the threshold of quality standards.
  - Reservoir water quality testing at seven locations: 1 reservoir in bebunga factory, 3 reservoirs in Cengal Estate and 3 reservoirs in Bakau Estate.

Water management also includes the protection of water sources and has been set as a protected area with an area of 8 hectares. It has built water storage tanks from the springs, and it has done the planting of trees such as mahogany that have been planted around the spring.

**4.4.3**

Bebunga POM has been testing the quality of effluent used for Land Application regularly every month. The test is conducted by the laboratory of Sucofindo (accredited) referring to the Environmental Minister Decree No. 28/2003.

The latest measurement results for the last three months (October to December 2015) are as follows:

Testing Parameter	Testing Result			BM*
	October	November	December	
pH	8.21	7.39	7.52	6 - 9
BOD (mg/L)	430	900	600	< 5,000
COD (mg/L)	1,906	2,044	1,970	
Total suspended solid (mg/L)	990	2,380	910	
Oils and Fats	0.73	2.08	0.86	
Pb	0.02	<0.01	<0.01	
Cu	0.029	0.221	0.116	
Cd	<0.004	<0.005	<0.005	
Zn	0.009	<0.005	0.094	

Besides the effluent BOD, the company monitoring the quality of groundwater to ensure there is no waste pollution to the groundwater. The latest measurement results for the last three months (October to December 2015) in the monitoring wells showed that all the parameters are in accordance with the quality standards.

In addition to these data, the company has a daily discharge measurement data of effluent which is applied, which is measured by using a flowmeter from the end of WWTP. The average of daily discharge in December was 443.52 m3 per day.



**4.4.4**

The company has monitored the use of water for processing (processing and boilers) as well as for domestic needs (Housing and BBE). The level of the water use efficiency in the processing of FFB is measured based on the actual value compared to the budget of use that has been set. The data of water use is also recorded in the Daily Report of CPO / Kernel Processing.

The use of water in the mill during the period of 2015 are as follows:

	Jan	Feb	Mar	Apr	Mei	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Use	20.551	11.543	11.436	12.354	10.497	13.889	13.492	12.343	11.263	19.663	22.435	33.510
Processing FFB	13.791	7.502	7.552	8.331	8.139	10.795	9.994	8.542	8.085	12.925	15.929	28.442
Ratio	1,49	1,54	1,51	1,48	1,29	1,29	1,35	1,44	1,39	1,52	1,41	1,18
Budget	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5

**Status: Comply**

**4.5**

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

**4.5.1**

The Company shows an example of program documentation and realization of plant pests and diseases control as follows:

- Sungai Cengal Estate: based on the monitoring and control of pests per December 2015 as follows: Cassia cobanensis 37,841 m (9m / hectare), Antigonon leptosus 1,729 m, Turnera subulata 86,775 m, BOB 87 units with the occupation rate of 35 BOB.
- Example of nettle caterpillar census results in January 26, 2016 in BKE block C37, the day after 29.53 hectares, the results of censused attack is 23.08 hectares by caterpillars per midrib of 6.91 (weight), has been controlled through trunk injection in the early of February 2016, so that the census results on February 11, 2016 there have been no attacks.
- Examples of Oryctes sp attack census dated January 11, 2016 in block A044 Immature Plant with an attack rate of 9.8% from 263 palm tree samples. Based on the control program conducted on February 10, 2016 by using a pesticide with active ingredient of Cypermethrin.

**4.5.2**

The company shows an example of integrated pest management training documentation was held on October 19, 2015 in Bebunga Sport Center and attended by two speakers from Pekanbaru MRC staff and 33 participants (assistant, supervisor and workers).

Based on field interviews with pest controllers in the area of SCE Immature Plant in block C03 Division 1, workers have been quite able to explain about the signs of Rhino Beetle and Apogonia attacks as well as the control actions.

**Status: Comply**

**4.6**

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

**4.6.1**

The company shows a document list of pesticide types used until January 2016, namely: Audit, Meta prima, Lancer (acephate 75%), Kencis (Cypermethrin), Glufo (ammonium glufosinate), and Dalopir (trichlopyr). The overall pesticides used have already been registered in the pesticide book of agriculture and forestry in 2014.

Technical and formulations of pesticides refers to the agronomic Reference Manual sub-section 15 about plants protection, where the one of the technical that is: trunk injection to avoid the death of natural enemies and pollinator insects.

**4.6.2**

The company has shown the program and the realization of weed control, for example in Bakau Estate Division 3:

- Chemist Spray Rotation per 2 months, by using audit pesticide (glifosat) with a dose of 0.5 – 1.5 liter / hectare, dejavu (fluoroxipir) 20 - 30 gr / hectare, medally (metil metsulfuron) 10 - 20 gr / hectare. For example, in the field of A043, block I32 covering an area of 13.98 hectares in September 2015. The control is in accordance to the recommendation dosage.
- Chemist Spray Rotation per 2 months by using Glufo (glifosat) with a dose of 0.5 – 0.75 liter / hectare. For examples: field A044, block I.35 covering an area of 26.33 hectares. The control is in accordance to the recommendation dosage.

The company has consistently monitoring the use of pesticides per hectare and per ton of FFB, for example, for the month of

December 2015 in SCE as follows:

Audit: a.i% 70.74, usage 182 liters, Total of Active Ingredients 128.74, total planted 4,291 hectares, total of FFB production 5,711.7 kg so that the active ingredient per ton of FFB is 0.0225 and per hectare is 0.03.

#### **4.6.3**

Based on interviews with management staff and field workers known that there are no preventive use of pesticides to prevent plant diseases. The use of pesticides has followed the suggestion in the document of Agronomic reference Manual and referring to the recommendation of the concerned product.

In addition, based on field interviews with sprayer supervisor and staff known that selective spraying activity has been carried out for woody growth, the use of herbicides micron tool, as well as buffer zone set.

#### **4.6.4**

All of the pesticides use refer to the Agronomy reference manual of oil palm plantations policy No. 110 / EST-ARM / 13, part of plant protection, both for Immature Plant, Mature Plant and the use of pesticides in the nurseries.

As for the use of rat poison with warfarin active ingredient as many as 320 kg has been based on the data from the census results of rat attacks in the Immature Plant and its use has been discontinued when the replacement rate of the feedback has been below 20%.

#### **4.6.5**

The Company has conducted socialization of MSDS and handling of chemicals and HIRARC on December 23, 2015 in Divisions II and III of BBE, which was attended by 56 workers.

Based on interviews with sprayer team in Bakau Estate and Sungai Cengal Estate known that workers have been equipped with PPE of masks, rubber gloves, and apron. Workers can also explain about how to work safely in spraying and first aid, in addition, the sprayer supervisor has also been equipped with adequate First Aid box (21 items) and understood how to give first aid. Block which is being spraying the weeds is given a warning sign in the form of warning board informing that the spraying is ongoing.

#### **4.6.6**

Based on the information from staff that hazardous waste has been managed in accordance with the procedures. It also has been shown hazardous waste shipping documentation including former pesticide containers from estate temporary warehouse to a licensed hazardous waste temporary warehouse in Bebunga POM, until delivery to a third party. Besides, the company also has a recommendation of Temporary Warehouse in the estate for 14 days from local environmental bodies.

Results of field interviews with hazardous waste officers in the POM hazardous waste warehouse known the concerned person has understood about hazardous waste handling procedures. A field visit to the housing area in Sungai Cengal Estate and Bakau Estate not found the use of former pesticide containers by workers.

#### **4.6.7**

Based on the results of interviews with field workers and staff known that have been carried out spray training, socialization of riparian (buffer zone) as well as the use of pesticides in accordance to the recommendation dosage from the research team. Then, based on the field observations known that sprayers have been equipped with an adequate PPE include masks, gloves, apron, and boots.

#### **4.6.8**

Based on interviews with workers, management staff and review of documents known there is no application of pesticides by air. Pest control of oil palm leaf-eating caterpillars do with trunk injection technique, because the palm tree is high and to protect the oil palm insect pollinators.

#### **4.6.9**

Based on field interviews with sprayer teams in the Immature Plant area of SCE and BKE known that workers have been quite able to explain about how to work safely in the spraying and the dangers that may arise from spraying activities.

In addition, the company also had socialized MSDS and handling of chemicals as well as Hazard Identification on December 23, 2015 in Divisions II and III of BBE, which was attended by 56 workers.

#### **4.6.10**

The company showed recommendations of hazardous waste storage for 14 days in the estate temporary warehouse, and then sent to the licensed hazardous waste warehouse in the POM. Based on the field visits to the hazardous waste warehouse in the POM known that have been taken expenditure of Hazardous Waste on February 15, 2016

The Company has conducted health examinations for those who working in high-risk areas including pesticide operators.

Examinations were conducted include physical examination performed by the company's doctor on February 1, 2016 as well as laboratory tests (Cholinestrase) from Prodia clinic held on February 1 to 4, 2016. Based on interviews with sprayers and boiler operators, explained that the health examinations are always carried out every year. Health examinations for 2016 have been carried out in early February.

**4.6.11**

The company also conducts a physical exam to 84 BKE employees, 67 SCE employees and 22 BBF employees, it is known that all workers are still in a healthy condition to work, but for the results of laboratory tests (Cholinestrase) from Prodia clinic can not be shown, It will be observed on the next visit. **OFI**

Based on interviews with sprayers, explained that the health examinations are always carried out every year. Health examinations for 2016 have been carried out in early February and has never happened of workers who suffered illness from impact of pesticide use.

**4.6.12**

The results of field visits and interviews with sprayers in Bakau Estate and Sungai Cengal Estate known that there is no pregnant and breast-feeding women who became sprayer teams. The employees have to know that if she is pregnant and breast-feeding they are not allowed to do the work related with chemicals.

**Status: Comply**

**4.7**

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

**4.7.1**

There are no changes of OHS policy from the previous studies. The company has had OHS policy in December 2011 stating that Plantation Upstream Indonesia is committed to providing and maintaining a safe and healthy working environment by implementing effective management to prevent accidents and unhealthy environment at the Staff / Employees and guests / visitors.

The Company has Guiding Committee of Occupational Safety & Health work program for the period of June 2015 to July 2016 which was ratified by the Chairman of SOU. The work plan will be carried out including monthly meeting (every month), inspection of emergency equipment (every month), inspection of PPE (every month), medical examination (performed once a year), a simulation of an emergency (twice a year) , The evidence of the implementation of the work program is recorded in the report of Guiding Committee of Occupational Safety & Health, for example, Guiding Committee of Occupational Safety & Health reports in fourth quarter (October to December 2015) that includes monthly meetings, the use of PPE inspection, inspection of emergency response tool.

**4.7.2**

Identification of the risks owned by the mill has not changed from the previous year due to the absence of additional mill operational activities while the identifying risks in the estate, there are additional types of activities, namely replanting. But the company can improve the effectiveness of risk identification by describing the types of PPE for each operational activity. **OFI**

Based on the field visits in the workshop, there is risk identification at every working tools that are used, for example, in the area of grinding machines and welding tools.

**4.7.3**

The company can shows some trainings of how to work safely to workers for example, training of Water Treatment operations on January 30, 2016 at BBF, spraying technique training on January 29, 2016 and has provided PPE according to the risk identification to workers. Based on a visit in the estate of SCE estate, BKE estate and BBF mill, all workers have been using PPE according to the risk analysis which have made. For example, for sprayers are using PPE with the type of helmet with face shield, mask, apron, shoes, rubber gloves. Workers also explained that the company has provided training on how to work safely for example, an interview with the harvest workers, explained that the workers have been given training related to the how to crop safely including the use of PPE, safe way when cutting the fruit and midrib until the transport of the fruit to the fruit collecting point.

**4.7.4**

The responsible people for the OHS are in the organizational structure of Guiding Committee of Occupational Safety & Health which was approved by the Labor Agency of Kotabaru district associated with ratification letter No. KEP-566 043 / P2K3 / naker-2 / X / 2015 about the Ratification of Committee of Occupational Safety and Health in the company on October 28, 2015 with Chairman on behalf of Dzulkarnaen Cahyo Pranoto and secretary on behalf of Suprpto, appointment letter of OHS Experts

with No. KEP. 7847 / M / DJPPK / VII / 2014 dated June 26, 2014 with a validity period of 3 years. Based on interviews with Labor Agency of Kotabaru district, explained that the company has had Guiding Committee of Occupational Safety & Health structure and reporting all activity regularly in accordance with the regulations.

Regular meetings in the organizational structure of Guiding Committee of Occupational Safety & Health are conducted every month for discussions related to OHS, as the meeting on November 24, 2015 which attended by all members of Guiding Committee of Occupational Safety & Health discussing the work accident, the target fulfillment of PPE, harvesters OHS socialization. In the minutes explaining about the follow-up to the completion target.

**4.7.5**

To prevent accidents and emergencies, the company has conducted several measures, among others:

- Making SOP namely SOP No. 062 / LMR-TPD / E9 Dated December 1, 2010 About the Emergency Response ratified by the Chairman of SOU and SOP No. 7302 / PSQM-ESH / 14 Dated July 8, 2014 ratified by the Head Plantation Upstream of Indonesia about the Guidelines for Prevention and Handling of Fire
- Emergency response training including training of emergency response, firefighting and First Aid to the fire management team with 29 people for the whole of PT.LMR. The training was conducted on January 16, 2015 to explain about the mechanism in case of fire, how to use fire-fighting equipment up to the introduction of First Aid and handling injuries due to fire.
- The company owns the means of emergency response, among others: BBF: 35 units of fire extinguisher; 6 units of first aid box, SCE: 35 units of fire extinguisher; 11 units of first aid box and BKE: 65 units of fire extinguisher; 13 units of first aid box. The entire fire extinguisher and first aid is monitored every month. Based on the field visits on agrochemical warehouse, workshop at BBF, SCE and BKE, fire extinguisher and first aid box contained a checklist of last monitoring was held on February 2, 2016. During the visit, the equipments are in good condition.

**4.7.6**

Registering all workers to work insurance. Based on interviews with engine room operators and harvest workers, it is known that all workers have been registered in Social Insurance Security and have a membership card of Social Insurance Security.

Based on workplace accidents report on 2015, accidents that occur are minor accident / light and can deal with medical kit on the company's health unit and there are no claims to the workplace accident insurance.

**4.7.7**

The company is recorded the workplace accidents in the Report of Guiding Committee of Occupational Safety & Health which is reported to the Labor Agency which explained about the incident date, name, employee status, accident site, type of accident, the number of days lost, accident categories up to the chronological of the accident. For example, in the report of Guiding Committee of Occupational Safety & Health in the period of October to December 2015, there were 22 accidents with 29 days lost. In addition, the company has Internal Investigation Report for any accidents that describes about the general data of the events (time of the incident, location, the witness), victims data, event description, the type of accident up to the corrective action.

**Status: Comply**

**4.8**

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

**4.8.1**

The company has the training matrix for the period of 2015/2016 that is, harvest training, maintenance training, training related to the FFB processing, training of pests and diseases, OHS training, emergency response, firefighters training, SCCS, MSDS and handling of chemicals, certification system and First Aid.

**4.8.2**

The company can show the training documents for each worker either from monthly employees to daily employees which are recorded in the Register of Employee Training, for example:

**Bakau Estate:**

- Employee on behalf of Jumri, Position: harvest supervisors, has been given training related to OHS, Harvest, training of fire management and emergency response, socialization of ethic codes and human rights.

**Bebunga Factory**

- Employee on behalf of Jasmain, Position: ram bottom operator, has been given training related to OHS, Harvest, training of fire management and emergency response, socialization of ethic codes and human rights.

**Sungai Cengal Estate**

- Employee on behalf of Salinah, Position: sprayers, has been given training related to OHS, Harvest, training of fire management and emergency response, socialization of ethic codes and human rights.

Based on interviews with sprayer and boiler operator explained that the workers had been given some training including spraying technique training, and emergency response training.

**Status: Comply**

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

**5.1**

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

**5.1.1**

The company has had environmental documents as follows:

- Environmental Impact Assessment (EIA) of Oil Palm Plantation and collective mill on behalf of PT. Laguna Mandiri, PT. Langgeng Muara Makmur, PT. Paripurna Swakarsa and PT. Swadaya Andika ratified by the Head of Planning, Secretary of the Central Committee, the Ministry of Agriculture No. 008 / ANDAL / BA / II / 1995 dated February 27, 1995. It covers an area of 21,840 hectares in the provinces of South Kalimantan with installed mill capacity of 60 tons of FFB / hour.
- Environmental Impact Assessment of PT. LMR in the form of Environmental Management Document (DPLH) in 2011 ratified by the Environmental Body (BLH) of Paser District No: 660.1 / 210 / DPLH / BLH2011, dated May 24, 2011 about the Recommendation on Environmental Management Document Activity of Oil Palm Plantation which covers an area of 1,213 hectares located in Batu Engau and Tanjung Harapan, Paser Regency, East Kalimantan Province.

**5.1.2**

EIA Document and Environmental Management Document have been made the management plan and environmental monitoring as follows: 1) Impact on the Space and Land, 2) Impact on Soil, 3) Impacts on Hydrology, 4) Impact on the Water Quality, 5) Impact on the Transportaion, 6) Impact on Flora, 7) Impact on Fauna, 8) Impact on Water Biota, 9) Impact on Social Economy, 10) Impact on Attitudes and Public Perception, 11) Impact on Public Health.

As evidence of the implementation of the EIA and Environmental Management Document, the company has compiled the Report of Environmental Management and Monitoring (RKL-RPL) periodically every six months in accordance with the document request of environment (EIA and Environmental Management Document). The report has been submitted to the relevant agencies namely Environmental Body of Kotabaru, Environmental Body of Paser, Environmental Body of South Kalimantan, Environmental Body of East Kalimantan, and the Ministry of Environment.

Environmental Management Plan / Environmental Monitoring Plan in secnd semester of 2015 already contained the description of the management and monitoring of the environment as follows: Air quality and noise, decline in soil fertility and erosion, flooding, channels water quality and effluent river and solid waste, potential of fire, disturbance of flora and fauna, community restlessness and social issues, community health, water biota, transportation impact, increasing in employment, income of community / employee.

However, there are shortcomings in the management report and the environmental monitoring is that the community health monitoring efforts do not include monitoring of communities around the plantations. Health monitoring is limited to employees who work in the scope of PT. LMR. **Non conformity No. 2016.02 with Minor category**

**Observations March 17, 2016**

PT. LMR has completed RKL-RPL with health information of villagers around the company based on data about disease at the health center. Based on the explanation, **Non conformity No. 2016.02 with Minor category is closed.**

**5.1.3**

The Company has established an environmental monitoring plan review every two years for EIA document and Environmental Management Document. The latest review available for 2016 which showed that the entire environmental management and monitoring plan in the EIA document and Environmental Management Document is still relevant to be implemented.

For monitoring the impact of the use of effluent for land application, the company refers to the standards for monitoring in accordance with the Land Application Permit in 2011 from the Local Government of Kotabaru district, which includes a monitoring plan of Land Application impact on the quality of groundwater every six months and the quality of the soil every year.

**5.1.2 | Status: Non-conformity No. 2016.02 with Minor category is closed**

**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**

Has provided the identification report of protected species, rare, threatened or rare species and habitat with high conservation value in the area of PT. Langgeng Muaramakmur. The identification activities are conducted by YASBI (Foundation of Sustainable Palm Oil of Indonesia). Based on these results, have been set HCV area in PT. LMR, that is:

- HCV 1 : Bakau (26.84 hectares), Bebunga (54.20 hectares) and Sungai Cengal (236.76 hectares)
- HCV 2 : Sungai Cengal (222.66 hectares)
- HCV3 : Bakau (26.84 hectares), Bebunga (29.00) and Sungai Cengal (233.27 hectares)
- HCV 4 : Bebunga (51.17 hectares) and Sungai Cengal (225.76 hectares)
- HCV 5 : Bebunga (25.20 hectares) and Sungai Cengal (3.10)
- HCV 6 : Sungai Cengal (3.40 hectares)

**5.2.2**

The management of PT. Langgeng Muara Makmur has set measures and efforts to protect endangered or threatened species and their habitats, among others:

1. Making SOP of Wildlife Management (No. 033 / LMR-4-PSL / C7, dated December 1, 2010) has been ratified by the Chairman of SOU 2) Watershed Protection (No. 031 / LMR-DAS / C7, dated December 1, 2010 has been ratified by the Chairman of SOU.
2. Periodic monitoring of PT. LMR HCV in the Area of Bebunga Estate, Sungai Cengal Estate and Bakau Estate. In the document described about the types of activities related to the management of HCV that is equipped with a target time.
3. Activities to protect the species and HCV have been done, including the establishment of areas and the installation of nameplate in accordance with the existing types of HCV.
4. Also available reports of follow-up program for the enrichment of rare and protected flora for example Ulin, Eaglewood (Gaharu) and some other wood plant species in riparian areas and other places.

**5.2.3**

The company can show documentation of efforts to educate employees and the surrounding communities about the protection of protected flora and fauna in the scope of the company as well as the HCV area. Some socialization and training activities for the communities and employees that have been made:

- a. On December 6, 2009 during the public consultation on Bebunga Estate was attended by 53 participants consisting of the management of PT LMR, community leader around, village chief around, Sub District Head of Sungai Durian, South Pamukan and West Pamukan.
- b. Socialization to employees on September 8, 2012 with the direct method of explanation to the community as well as gathered in the lodge I of Sungai Cengal.
- c. Socialization of protected flora and fauna to the Supervisor, assistant and senior assistant for 3 Estates (Bebunga, Sungai Cengal and Bakau) on September 28, 2012 located in Bebunga Estate and attended by 22 participants with materials of HCV supervisor training, Identification method of Flora / fauna and field practice, socialization of Flora / fauna and HCV.
- d. Additional socialization on Tuesday, February 2, 2016 in Sport Center of Bebunga Estate, which was attended by community and Discussion of Sub District Head as many as 47 people and includes the employees of PT. LMR.

**5.2.4**

Monitoring of HCV conditions conducted by HCV officers in each estate, as shown by the following documentation:

1. Monitoring Report of HCV area once a month in each estate. It contains information about the types of activities associated with the management of HCV.

2. Monitoring reports of rare and protected flora for example Ulin, Eaglewood (Gaharu) and some other wood plant species in riparian areas and other places.
3. The annual report of HCV management drafted based on the monthly report. The annual report contains the evaluation of the successful management of HCV and HCV management plan review.

The Company has also reported the presence of rare plants and animals to the Natural Resource Conservation Agency (BKSDA) South Kalimantan as shown by the evidence report to Natural Resource Conservation Agency of South Kalimantan Province on January 4, 2016. The report contains information: a list of flora and fauna in the plantation of identification results, maps of the protected area, and socialization of protected areas data to the communities around.

**5.2.5**

Based on the Land Use Title map overlay, conflicts map and HCV location, it can be seen that the whole HCV area is located above the Land Use Title No. 12 Year 1997 and Land Use Title No. 04 Year 1998 as described in the previous criteria 2.1. Above the land use title has been conducted land acquisition if there is a claim for the rights of local communities, as described in the previous criteria 2.3.

Based on public consultations with village communities around the company (for example, Balemea village, Binturung, and Pamukan Indah) and Kotabaru district Government, there are no indications of conflicts use and rights of local communities for HCV areas.

**Status: Comply**

**5.3**

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

**5.3.1**

The entire waste products and sources of pollution have been identified by the company, as shown by the document of waste sources identification in PT. LMR. Matrix of Waste Sources Identification and its management which informing about the waste sources, Waste Name; Waste types; Classification (Hazardous / Non hazardous); Frequency; Unit; Number / month; Reuse / Recycle / Disposal; A temporary storage area; Aim ; Notes and documented

For guidance on waste management, has been provided SOP of waste management as follows:

1. SOP of Waste Management No. RA 012 Dated December 1, 2010 about management of hazardous waste and Non Hazardous.
2. SOP No. 700/IK-TQEMESH/10 about Standardization of hazardous waste and Non hazardous,
3. Technical Guidelines for palm oil mill (Policy No: 110 / POD-FAC / 07) Part III. Effluent Control. In the sub-section 3.1.2 about Potential of effluent sourced from three places:
  - Condensate effluent from the sterilizer station (Sterilizer)
  - Effluent from Clarification station (Clarification)
  - Hydrocyclone/Clay Bath effluent from Kernel station
4. SOP of interruption handling of stationary sources (dated January 1, 2012), Part V. Procedure: Monitoring of emission air quality is done continuously and reported every 6 months to the Governor / Local Government copied to Environment Impact Control Agency.  
 Handling of Air Pollution:
  - Installation and operation of Dust Collector continuously
  - Cleaning the work area outside and inside the instrument regularly
  - Tree planting programs around the engine unit area
  - The use of masks to the employees / station operators
  - Health examinations for employees regularly

Field observations in the POM showed that solid waste management has done well through the reuse of solid waste for estates and mills. Hazardous waste has been managed properly through the storage in Temporary warehouse and extermination by licensed third parties. The effluent is applied properly in the land of Bebunga Estate. Observations in the housing showed that domestic household waste has been managed well.

**5.3.2**

The entire chemical containers belonging to the hazardous waste are managed and disposed in a responsible manner in accordance with the applicable regulations. For the management of hazardous waste, provided SOP as follows:

- SOP of pesticide containers storage (Document of RA 012) in the point 5.7 empty Packaging pesticide should be

handed back to the estate warehouse for safekeeping.

- Work Instructions of used pesticide containers handling (No: 701 / IK-TSA-ESH / 10), which explains that the empty packaging is sent to the flushing then do the cleaning on the packaging (at least three times of rinse) and wash water is stored in the tank for reuse in spraying. After the condition of the packaging is really clean and then sent to the temporary storage warehouse of hazardous waste.
- SOP of Hazardous Waste Management and non Hazardous (Document No: 040 / LMR-PL3 / C9; dated December 1, 2010), which regulates the identification of the waste type generated from operational of estate and mills and how to manage it. Reference No: Kep-01 / BAPEDAL / 09/1995; Kep-05 / BAPEDAL / 09/1995; Kep-255 / BAPEDAL / 08/1996.

PT. LMR has a licensed hazardous waste temporary warehouse (TPS) in Bebunga POM. The temporary warehouse served the storage of hazardous waste in the estate and in the mill of PT. LMR. Hazardous waste from the estate is sent periodically every 2 weeks to the hazardous waste temporary warehouse before being transported by a licensed third party.

Hazardous Waste Warehouse has been fulfilled the requirements in accordance to the legislation that is:

- Has had permission of storage from local government (see indicator 4.3.2)
- The location and building specifications is adequate for hazardous waste temporary warehouse
- Hazardous Waste Warehouse is used to temporarily store before being sent and destroyed by a third party. There is an evidence of handover news event of Hazardous waste from the estate unit in PT. LMR to the warehouse management

For extermination of hazardous waste, the company has an agreement with licensed third parties as follows:

1. Work agreement with the licensed collector and exterminator of Hazardous waste namely PT. Balikpapan Environmental Service in the Letter of Intent No. 019 / MKT / VII / 2015 dated January 2, 2015 signed by the Mill Manager and representative of PT. BES.  
Collector permit is obtained from the Environmental Minister Decree No. 163 Year 2010, dated July 12, 2010. The validity period is 5 years. Transportation permit obtained through Letters of recommendation from Directorate General of Civil for special freight transport operating license No. B / 22 / Dep.IV / LH / 01/2011, dated January 3, 2011.
2. Waste from activities in the central clinic in the form of a syringe, needle, gauze, ampoule and handscoon. Waste clinics are destroyed in the health center of Sengayam. Available work agreement for hazardous waste management from clinics with Sengayam health center of West Pamukan (002 / BBE-Pusk / limbah-VII / 2012).

### 5.3.3

The Company has documented the plan of disposal and management of waste in the Waste Source Identification document and in the applicable SOP that is:

1. SOP of EFB solid waste Utilization:
  - Agronomy Reference Manual (Policy No: 110/EST-ARM/08), Coastal Soil dose (25 tons of EFB/year); Inland Soil (30 tons of EFB/Year). The second application is done after 12 months from the first application. EFB is applied in one layer with 2 to 3 circles around the palm tree within 0.3 meters from the base of the palm tree.
  - SOP of EFB application (No: 008/LMR-JJK/C2, Dated December 1, 2010): The Scope: provide nutrients for plants; maintain soil moisture; growing of cover crops; 1 ton of EFB is equivalent with 8 kg of Urea, 2.9 RP, 18.3 MOP, 5 kg Kieserite; the distance is not too far from the POM; preferably sandy areas; not near the river / trench. Based on the Flow Chart of Material Balance, 100% FFB produces 23% EFB.
2. SOP of Shell Utilization:  
Fundamentals of Oil Palm Processing (Policy No. 110 / POD-FA / 07, chapter 1.8. Kernel Station, page No: 1.8 / 76) stated: The results of the second stage separation in the kernel station, after the shell dried from the water on a drum drying and then sent to the shell silo for use as the boiler fuel or other purposes. Based on the Flow Chart of Material Balance, in 100% of FFB, produces 5% of shells.
3. SOP of Fiber Utilization:  
Fundamentals of Oil Palm Processing (Policy No. 110 / POD-FA / 07, chapter 1.7. Separation of seeds and fiber, page No: 1.7 / 60) stated: b. Pneumatic separation: the separation of fibers used as the boiler fuel. Based on the Flow Chart of Material Balance, in 100% of FFB, produces 14% of fiber.
4. SOP of Effluent Utilization (effluent):
  - Technical Guidelines for palm oil mill (Policy No: 110 / POD-FAC / 07) Part III. Effluent Control
  - Agronomy Reference Manual (Policy No: 110 / EST-ARM / 08) part 8.3 Fertilization of Palm Oil, Effluent Applications (POME). application dose: Coastal Soil: 360 liters / tree / year (two times application), Inland Soil:



550 liters / tree / year (Two times application), Irrigation System: 750 tons / hectare / year (three to four times application)

5. SOP of Waste Management No. RA 012 Dated December 1, 2010 about the Management of hazardous Waste and Non Hazardous

Bebunga POM owned WWTP with specifications:

- Number of pond is 10 ponds among others: 2 Cooling Pond with a capacity of 2,400 m3 / pond and 8 sedimentation ponds, each of them have a capacity of 7,200 m3 / pond.
- The process of decomposition through retention with anaerobic system.
- There is one pump machine to drain the waste application.
- The circulation pump from the pond 3 to the next pond with a pump capacity of 60 to 90 tons / hour provided two units.
- Circulation pumps from pond 6 to pond 3 (aid for the process of dilution) with a pump capacity of 60 to 90 tons / hour, provided 1 unit.
- Application pump from pond 10 to land application with a capacity of 60 to 90 tons / hour (2 units).

Available documents for the waste utilization as follows:

1. Permit for the use of effluent for applications in the Estate (Land application)
2. Monitoring records of effluent debit for land application:
  - In October 2015 applied 4,806 m3 in block G19 and G20 of Bebunga Estate
  - In November 2015 applied 4,759 m3 in block G18 and G21 of Bebunga Estate
  - In December 2015 applied 9,314 m3 in block G18, G19 and G21 of Bebunga Estate
3. Monitoring records shells and fiber volume for the boiler fuel which is conducted in Bebunga POM
4. Records of EFB application in the plantation in the form of:
  - Weigh ticket of EFB delivery to Bebunga Estate
  - Recapitulation of EFB utilization, for example, data for the last three months:

Month	Result (ton)		
	EFB	Solid	Boiler Ash
October	2,691.2	22.4	77.3
November	327.2	31.62	76.4
December	6,336.3	4.9	108.8

**Status: Comply**

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

**5.4.1**

The plan to increase the efficiency of fossil fuel use are available in the SOP document of the utilization of non hazardous solid waste in the form of shell and fiber as replacing the boiler fuel from using diesel fuel. As evidence of the implementation, available monitoring documents of the use of renewable energy in the form of shells and fiber in PT. LMR along with the data of the fuel usage in Bebunga POM and Estate.

Recapitulation of EFB utilization and fuel usage in the last three months in Bebunga POM:

Month	Result (ton)			Fuel Usage (Liter)
	Shell	Fiber	The energy generated (Kwh)	
October	646	1,938	285,936	13,828
November	796	2,389	333,740	11,203
December	1,422	4,266	516,984	4,046

**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**

The management unit has a memorandum of Head Plantation Operation NO POD-UM-044 / III / 2010 dated March 9, 2010 about replanting program from 2010 to 2030 based on the new block, which describes the replanting program from 2010 to 2030

for MINAMAS Plantation.

The Company has Agronomy Reference Manual No. 110 / EST-ARM / 08, where in the part 4 of Land Clearing clause 3.1 item (b) stated that the land clearing should be guided by the Decree of the Plantation General Director No. KB.110 / SK / DJ BUN / 05.95 dated May 30, 1995.

Waste handling especially for domestic waste is performed by creating landfill.

**5.5.2**

The company showed an example document of Collective Labor Agreement No.020 / replanting / LMR-BBE / XI / 2015 between PT LMR with PT Mitra Karya Jaya Perdana, on November 2, 2015, for an area of 424 hectares of replanting activities, where the replanting technique is described therein (the fallen, stack, chopped / minced, dig and close again the former hump with land, making new roads, making new trenches, terracing with the embankment every 20 m, ground processing, manufacturing of mechanical planting hole, making the mounds / chambering in low-lying areas, silt pit).

There is a sample document of working payment in PT Mitra Karya Jaya Perdana in BBE-BAPP 5, No. 152 / HR-PO / BJB / I / 2016 dated January 25, 2016, for Collective Labor Agreement No. 010 / replanting / LMR-BBE / XII / 2014, worth of Rp 1,047,858,500.



Figure of replanting area block in Block E27, Division 2, Bakau Estate

**Status: Comply**

**5.6**

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

**5.6.1**

The Company has identified sources of waste and pollution in the mills and plantations, as shown in the previous indicator 5.3.1. The documentation of pollution assessment are as follows:

1. Identify the sources of waste in PT. LMR. Matrix of Identification of Waste Sources and its Management is informing about the waste sources, Waste Name; Waste types; Classification (Hazardous / Non Hazardous); Frequency; Unit; Number / month; Reuse / Recycle / Disposal; A temporary Warehouse; Aim ; Notes and documented
2. SOP of interruption handling of stationary sources (dated January 1, 2012), Part V. Procedure: Monitoring of emission air quality is done continuously and reported every 6 months to the Governor / Local Government copied to Environment Impact Control Agency.

Handling of Air Pollution:

- Installation and operation of Dust Collector continuously
- Cleaning the work area outside and inside the instrument regularly
- Tree planting programs around the engine unit area
- The use of masks to the employees / station operators
- Health examinations for employees regularly

**5.6.2**

Especially for greenhouse gas emissions, the company has had a SOP of GHG emission sources inventory inside the SOP No: 700 / PSQM-GHG-01/12, concerning to the GHG Source Inventory. As for the implementation from SOP of GHG inventory, has been identified the sources of GHG as follows:

1. Emission sources from estate operational:
  - Land cover change: the difference between the time average C stocks on land between the vegetation before it was opened with oil palm.

- Current land use: Use of Fertilizer (N<sub>2</sub>O), Change C<sub>ORG</sub> Soil (CO<sub>2</sub>), Soil Management (CH<sub>4</sub>), and Planting in Peat lands (CO<sub>2</sub> & CH<sub>4</sub>).
  - The use of diesel fuel for generator operations and heavy equipment operations (CO<sub>2</sub>).
  - Transport of FFB from the estate to the POM (CO<sub>2</sub>).
2. Inventory of emission sources from palm oil mill operations (POM).
- The use of diesel fuel for generator operations (CO<sub>2</sub>)
  - The use of shell / fiber for boiler and generator operations (CO<sub>2</sub>)
  - The use of electricity for mill operations
  - Kernel separation
  - POME waste disposal (CH<sub>4</sub> & CO<sub>2</sub>)
  - Transportation of CPO and PKO to refinery or port (CO<sub>2</sub>).

**5.6.3**

The Company has identified the sources of greenhouse gas emissions on a plantation and mill operations as described in the previous indicators 5.6.2, however, have not provided evidence of an inventory of greenhouse gases quantitatively using a measuring instrument and the right methods and reporting it regularly to the RSPO GHG working group. **Non conformity No. 2016.03 with Minor category**

<b>5.6.3</b>	<b>Status: Non conformity No. 2016.03 with Minor category</b>
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**PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills**

**6.1**

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

**6.1.1**

Available Reports Social Impact Assessment Study conducted by the company in collaboration with a third party in 2010. In both of these documents, there are evidences of the implementation of social impact assessment in a participatory manner by involving the community around the estate and other interested parties. SIA document preparation method include: directional interviews, focus group discussions, and observations.

**6.1.2**

Based on field visits and interviews with villagers of Balemea, community leaders of Pamukan Indah Village and Binturung Village known that the management unit of PT LMR has been communicated properly and regularly in accordance with the community with the purpose of listening to the community aspirations. For example; Response to the CSR program and the realization of the smallholdings development of KKPA Sungai Cengal.

**6.1.3 & 6.1.4**

The Company has conducted socialization about replanting on February 2, 2016 in Bebunga Estate Sport Center attended by the village chief and community leaders at a regional scope PT Langgeng Muaramakmur including Village of Mulyoharjo, Wonorejo, Binturung, Lintang Jaya, Pamukan Indah, Balemea, Sub District Head of North Pamukan, North Pamukan police chief. The company explained the efforts of pest control due to the replanting among others: conducting the census, planting legumes, mounting trap for catching Oryctes.

	<b>Status: Comply</b>
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**6.2**

**There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.**

**6.2.1**

Available SOP of Communication and Consultation with the community. The SOP describes about the process flow of communication and consultation with the community and provided evidence records of communication and consultation with the community.

**6.2.2**

Chairman of SOU 11 pointed Personnel In charge of responses and requests for information with outside parties by letter No. SK / LMR / I / X / 2014 dated October 5, 2014.

<p><b>6.2.3</b></p> <p>PT LMR showed a list of stakeholders on the fourth Surveillance in January 2016 where the list of stakeholders poured in the matrix which containing information about agency name, address, stakeholders name, telephone number for the level of village, sub-district, district, and provincial.</p>	<p align="center"><b>Status: Comply</b></p>
<p><b>6.3</b></p> <p><b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</b></p>	
<p><b>6.3.1 &amp; 6.3.2</b></p> <p>Available SOP of Employee Complaints Handling Family Welfare Guidance document No. Revision 01, dated January 1, 2016. In the SOP has been explained that the confidentiality of the complainant will be secured. The procedure has been communicated and consulted with the communities around the estate. Examples of employee complaints: On January 20, 2016 employee in Division II submit a complaint about the loose of home board, the complaint had been repaired by the company on February 10, 2016.</p>	
<p align="center"><b>Status: Comply</b></p>	
<p><b>6.4</b></p> <p><b>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.</b></p>	
<p><b>6.4.1 &amp; 6.4.2</b></p> <p>Available SOP of Identification and Standard Compensation for Land (<b>001/PSD-L&amp;AS</b>) dated June 3, 2011 which includes information about the stages of compensation and calculation of compensation in accordance with standar issued by the Government of Kotabaru district. The interview with the Village Chief of Balemea, Community leader of Pamupakan Indah, Village Chief of Binturung known that in the area of the company there is no land derived from customary rights. The villages around the estate does not have customary land, land ownership patterns based on the proprietary of Land Own Title, Land Certificate, Deed of purchase and inheritance. So that there is no handing over land from the customary rights.</p>	
<p><b>6.4.3</b></p> <p>The company has shown records of identification document with the parties who receive compensation in land acquisition process for Plantation Land Use Title.</p>	
<p align="center"><b>Status: Comply</b></p>	
<p><b>6.5</b></p> <p><b>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.</b></p>	
<p><b>6.5.1</b></p> <p>Determination of wages / salaries in PT LMR refers:</p> <ul style="list-style-type: none"> <li>• South Kalimantan Governor Decree No. 188.44 / 0632 / KUM / 2014 dated December 16, 2014 Sectoral Minimum Wage Fixing of South Kalimantan Province in 2015 amounted to Rp 1,875,000.</li> <li>• Memorandum No. 014/HRM-13/II/2015 Dated January 12, 2015 about the wages for daily unit payment and Structure of unit payment monthly wages in 2015 South Kalimantan Area from Rp 1,675,000 / month become Rp 1,913,000 / month.</li> <li>• South Kalimantan Governor Decree No. 188.44 / 0479 / KUM / 2015 dated December 10, 2015 about District Minimum Wage Fixing in 2016 amounted to Rp 2,200,000.</li> <li>• Memorandum No. 004/HRM-i3/II/2016 Dated February 1, 2016 from GM of HRM about the wages for daily unit payment and structure of unit payment monthly wages in 2015 Kotabaru area from Rp 1,913,000 / month become Rp 2,200,000 / month.</li> </ul> <p>The company can show Employee Payroll in the period of January 2016, the payment of employee salaries still refers to the minimum wage in 2015 due to the application of the minimum wage implemented starting in February 2016 in accordance with memorandum of GM HRM, for the underpayment of wages in January 2016 will be added / sum in February 2016 . Based on the payroll in January 2016, the basic salary for the employees who were present during the first full month of work, have been appropriated with the minimum wage that is at least Rp 1,913,000.</p> <p>Based on interviews with the worker unions, the company has given employees' wages according to the minimum wage set by the government.</p>	

**6.5.2**

Labor laws related to payments and conditions of employment contained in the Collective Labor Agreement. Collective Labor Agreement owned by the company is not changes from the previous assessment (period of 2013 to 2015). Based on interviews with worker union, Collective Labor Agreement in the period of 2016 is still being built, but it was agreed that the Collective Labor Agreement in 2013 to 2015 was extended for one year or until a new Collective Labor Agreement is published. It will be observed on the next visit. **OFI**

In addition, employment law are also listed in the Collective Labor Agreement therein describe the scope of work, employment status, duration of labor agreements, working time and overtime, provisions of wages, Occupational Safety Assurance, rights and obligations until layoffs.

**6.5.3 & 6.5.4**

Infrastructure for employees in SCE, BKE and BBF there is no change from previous years, but there is a redevelopment for employee houses from semi-permanent buildings into permanent buildings and in BKE there is an addition of Water Treatment building with a capacity of 30,000 Liters to supply clean water to the employee's home.

Based on visits to the employee housing in BKE and SCE, known facilities given by the company in the form of housing, places of worship and daycare are in good condition and well maintained and there are stalls which selling groceries. Based on interviews with workers and Gender Committee, access from market to the estate can be reached easily with a distance of ± 5 km.

**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**

Policies and structures of Worker Unions there is no change from previous research.

The company can show documents of worker unions establishment in each management unit, among others:

- Bebunga Factory showed records of worker unions from Labor and Transmigration Agency of Kotabaru District No. 560 568/32 / Disnakertrans dated July 25, 2011 with the board formation: Chairman (Rinto Sianipar), vice chairman (Hormansyarah), Secretary (Slamat Widodo), Vice Secretary (Donald S Tuaty, and Treasurer (Iswasyudi).
- Sungai Cengal Estate; Worker Unions of Sungai Cengal Estate recorded in Labor and Transmigration Agency No. 568/52/Disnakertrans with a final management structure in accordance with the Letter of Labor and Transmigration Agency Head of Kotabaru District No. 568/357 / Disosnakertrans dated April 2, 2012 about the Change of Worker Unions Management.
- Bakau Estate showed records of worker unions from Labor and Transmigration Agency of Kotabaru District No. 560/37 / naker - 2/2014 dated December 11, 2014 with the board formation: Chairman (Muhammad Zainuri), vice chairman (Nurdin Yaman), Secretary (Iwan Hidayat), and Treasurer (Eka Suci Utami).

**6.6.2**

Meeting conducted by Worker Unions and Company, among others:

- Meeting on October 28, 2015 regarding to discuss and agree the validity period extension of Collective Labor Agreement from 2013 to 2015 for one year with a total of 18 participants consists of company representatives and worker unions
- Meeting on October 24, 2015 in BBF unit regarding to the memorandum of GM. MO related to the achievement of production, production cost efficiencies and work hours setting with a total of 15 participants consists of company representatives, Worker unions representatives and supervisor.
- Meeting on January 6th 2016 in BKE Unit about the system and the achievement of the harvest basis attended by 26 participants consists of companies, worker unions until workers.

Based on interviews with the worker union, the communication between the company and worker unions are good and not complicated.

**Status: Comply**

**6.7**

**Children are not employed or exploited.**

<p><b>6.7.1</b> The company's policy related to the minimum age requirement, there is no change from the previous assessments.</p> <p>The company can show Employee Demographics Data which explained about the workers birth date. Based on the employee list there are no workers under 18 years old. For BBF, the youngest worker on behalf of Sugeng Setiawan (April 11, 1994), in SCE the youngest worker on behalf of Jamardi (October 25, 1997), In BKE the youngest worker on behalf of Eko Saputra (May 22, 1996).</p> <p>At the time of the audit team is conducted field visits, there were no underage workers and explained by the worker unions that one of the requirements for work is already over 18 years old.</p>	<p><b>Status: Comply</b></p>	
<p><b>6.8</b> <b>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</b></p>		
<p><b>6.8.1</b> Policy related to the similarity of opportunity / non-discrimination is still the same as the previous assessment.</p> <p><b>6.8.2</b> Available Employee Demographics Data of PT. LMR in January 2016, showed that the background of employees from diverse ethnic, religious and regional origin. For example, in BBF: on behalf of Siti Aminah; gender: female; position: Cashier; education: high school; start to work on March 10, 2002; place of birth: Bakau; Date of Birth: January 21, 1983; Religion: Islam; Tribe: Banjar; Local residents. Based on visits and interviews with workers, it is known that workers are come from various tribes, among others: Javanese Tribe, Banjar Tribe, Batak Tribe, and Bugis Tribe.</p> <p><b>6.8.3</b> The company has the recruitment and promotion mechanisms described in the SOP of employees recruitment (SOP Recruitment 431 / HRM-RCT / 07), Collective Labor Agreement article No. 21 about promotions, and Memorandum of Head Plantation Upstream of Indonesia, No. 287-HRM-i1-V-11 which explains that the recruitment and promotion is based on the assessments, health checks, interviews and employee abilities.</p> <p>The company can showed the examples of recruitment with the completeness of the data include an identity card, medical examination by the company doctor, job evaluation at the time of the experiments conducted in 3 months as well as a job application letter.</p> <p>The company can also showed the examples of promotion based on the assessment that consider the effectiveness of work, loyalty and discipline, teamwork and job responsibilities. Based on the explanation from worker unions, the company is not discriminatory start from the reception until work in all types of work.</p>	<p><b>Status: Comply</b></p>	
<p><b>6.9</b> <b>There is no harassment or abuse in the work place, and reproductive rights are protected.</b></p>		
<p><b>6.9.1 &amp; 6.9.2</b> Policy related to labor protection of female workers and policies related to the protection of reproductive rights, there are no changes from the previous assessment. Policies for the protection of female workers are listed in the Gender Policy approved by the Head Plantation Upstream of Indonesia in April 2011, whereas, the policy related to the protection of reproductive rights are listed in the Collective Labor Agreement.</p> <p>Based on the interviews with female workers in daycare and interviews with gender committee, explained that all of the female workers are obtained leave entitlement to give birth for three months and the right to rest for female workers who experienced menstruation for 2 days.</p> <p><b>6.9.3</b> Mechanisms of specific complaints, there is no change from the previous assessment. The company also owns SOP of Employee Complaints in Family Welfare Guidance documents, Revision No. 01, dated January 1, 2016 which stated that every complaint will be kept confidential. Based on the interviews with the Gender Committee, during 2015 there were no events / complaints related to the sexual harassment or violence to all employees.</p>	<p><b>Status: Comply</b></p>	

<b>6.10</b>	
<b>Growers and mills deal fairly and transparently with smallholders and other local businesses.</b>	
<b>6.10.1, 6.10.2, 6.10.3 &amp; 6.10.4</b>	
Available FFB price in January 2016 issued by Plantation Agency of South Kalimantan Government which published through letter No. 525/100 / PUPPH-2 dated January 20, 2016. The board of KKPA Smallholdings managed by the nucleus can show an agreed price that is determined from Plantation Agency of Provincial Government of South Kalimantan, with the mechanism of the deal and known by various parties and available Minutes of FFB pricing set between KKPA farmers, Governmental farmers and other parties including local estate agency. For example, for the price of FFB in February 2016 amounted to Rp 931 (Planting year is 3 years) and Rp 1,315 (Planting year > 14 years). Bebunga POM does not buy FFB from outside.	
	<b>Status: Comply</b>
<b>6.11</b>	
<b>Growers and millers contribute to local sustainable development wherever appropriate.</b>	
<b>6.11.1 &amp; 6.11.2</b>	
Available annual report on the implementation of CSR in 2015 and has been reported to the Local Government of Kotabaru District, South Kalimantan Province. The Implementation of CSR in 2015: CSR implementation in education, social, religious, infrastructure development, sport, partnership of business and health. KKPA Smallholdings of PT LMR located in 5 villages that is Village of Sekadoyan, Bakau, Balema, Segandung, Keladen. Commitments associated with the increased of sharecropper productivity, PT LMR has had training programs for farmers of KKPA Smallholdings and in 2015 already provides training for smallholdings farmers.	
	<b>Status: Comply</b>
<b>6.12</b>	
<b>No forms of forced or trafficked labour are used.</b>	
<b>6.12.1, 6.12.2 &amp; 6.12.3</b>	
Based on the study of employee list documents, all employees in PT.LMR are permanent employees and Workers in Certain Time, which can be proven that all workers have gained employment appointment letters and also work agreement.	
Based on the interviews with worker unions, explained that all employees are permanent employees and Work Agreement of Specific Time workers. To become a new employee, the workers are required to include an application letter, as well as for Work Agreement of Specific Time workers there are work agreement signed by the worker and the company representatives.	
	<b>Status: Comply</b>
<b>6.13</b>	
<b>Growers and millers respect human rights</b>	
<b>6.13.1</b>	
Available Human Rights Policy was created in June 2015 ratified by the Chairman of SOU. In the human rights policy is explained that PT. LMR incorporated in Minamas Plantation Group is committed to protecting the human rights of all staff and employees as well as female workers including: The right to life, right to have a family and continue the descent, the right to develop themselves, the right to justice, the right to personal liberty, the right to safe, the right on welfare, the right to participate in government, women's rights, children's rights.	
The company has been socialized human rights policy to all employees of PT.LMR held on December 7, 2015 conducted in BBE, December 8, 2015 conducted in BKE, December 22, 2015 conducted in BBF and December 30, 2015 conducted in SCE. Based on the interviews with workers and worker unions, explained that the company has been providing socialization related to the company's human rights policies.	
	<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</b>	
Environmental and social impacts from plantation activities in PT. LMR, including the planting area after 2005 has been included in the document of environmental and social impact analysis as follows:	
1. Environmental Impact Assessment (EIA) of Oil Palm Plantation and collective mill on behalf of PT. Laguna Mandiri, PT. Langgeng Muara Makmur, PT. Paripurna Swakarsa and PT. Swadaya Andika ratified by the Head of Planning,	

Secretary of the Central Committee, the Ministry of Agriculture No. 008 / ANDAL / BA / II / 1995 dated February 27, 1995. It covers an area of 21,840 hectares in the provinces of South Kalimantan with installed mill capacity of 60 tons of FFB / hour.

2. Environmental Impact Assessment of PT. LMR in the form of Environmental Management Document (DPLH) in 2011 ratified by the Environmental Body (BLH) of Paser District No: 660.1 / 210 / DPLH / BLH2011, dated May 24, 2011 about the Recommendation on Environmental Management Document Activity of Oil Palm Plantation which covers an area of 1,213 hectares located in Batu Engau and Tanjung Harapan, Paser Regency, East Kalimantan Province.
3. Social Impact Assessment study report conducted by the company in collaboration with a third party in 2010. The document contains about the positive effects that arise during the land clearing of oil palm plantation by PT. Langgeng Muara Makmur.

**7.1.2**

To avoid or mitigate potential negative impacts that may arise from plantation activities especially in the area of new planting after 2005, has prepared the Management Plan and Environmental monitoring (RKL-RPL) as follows: 1) Impact on the Space and Land, 2) Impact on Soil, 3) Impacts on Hydrology, 4) Impact on the Water Quality, 5) Impact on the Transportaion, 6) Impact on Flora, 7) Impact on Fauna, 8) Impact on Water Biota, 9) Impact on Social Economy, 10) Impact on Attitudes and Public Perception, 11) Impact on Public Health.

As evidence of the implementation of the EIA and Environmental Management Document, the company has compiled the Report of Environmental Management and Monitoring periodically every six months in accordance with the document request of environment (EIA and Environmental Management Document). The report has been submitted to the relevant agencies namely Environmental Body of Kotabaru, Environmental Body of Paser, Environmental Body of South Kalimantan, Environmental Body of East Kalimantan, and the Ministry of Environment.

Environmental Management Plan / Environmental Monitoring Plan in secnd semester of 2015 already contained the description of the management and monitoring of the environment as follows: Air quality and noise, decline in soil fertility and erosion, flooding, channels water quality and effluent river and solid waste, potential of fire, disturbance of flora and fauna, community restlessness and social issues, community health, water biota, transportation impact, increasing in employment, income of community / employee.

**7.1.3**

In general, there are no indications of any negative impact on the development of new areas after 2005 on the sustainability of scheme smallholders that have been owned by the company. This is supported by the results of the pubic consultation stating that in general there are no special effects from the new plant on smallholdings, both are doing well because the smallholdings are managed by full managed.

In 2012, PT. LMR has conducted an analysis of HCV and Social Impact Assessment (SIA) over the entire area of KKPA Sungai Cengal through cooperation with Bogor Agricultural Institute to identify the environmental aspects and identify the entire of social aspects of KKPA Sungai Cengal.

The overall number of smallholders involved around PT. LMR is: Binturung village amounted to 260 households, Segendang Village amounted to 160 households and Sakadoyan village amounted to 120 households. Available reports of Smallholdings plantation development data, namely in KKPA - ASC (Sungai Cengal) with the construction progress of smallholdings until February 25, 2014 Based on the:

- ✓ Binturung Village Smallholdings covering an area of 383.56 hectares which has been built in 2006 to 2008.
- ✓ Segendang Village Smallholdings not yet built and in the preparation stage of development.
- ✓ Sakadoyan Village Smallholdings covering an area of + 150 hectares.

**Status: Comply**

**7.2**

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

**7.2.1 & 7.2.2**

The management unit has Reference of Semi Detailed Soil Survey of PT LMR for every estate, published by the Research Department of Minamas in 2008. The Company does not perform land clearing, but rather perform replanting activities in the old area.



**Status: Comply**

**7.3**

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

**7.3.1**

Available evidence that there is no new planting after 2005 was made on HCV area or primary forest, in the document:

1. Analysis of Changes in land cover and land cover coefficient calculation in PT. LMR compiled in 2015. Analysis of changes in land cover by using Landsat 7 TM image data in 2005, 2009 and 2014, with the results of the entire of new planting area after 2005 carried over the shrub with a coefficient of "0"
2. HCV analysis documents that show the overlay between HCV location in 2010 with estate location map. There is no indications of any new plantings in the HCV area or primary forest.

**7.3.2**

Has provided the identification report of protected species, rare, threatened or rare species and habitat with high conservation value in the area of PT. Langgeng Muaramakmur. The identification activities are conducted by YASBI (Foundation of Sustainable Palm Oil of Indonesia). Based on these results, have been set HCV area in PT. LMR, that is:

- HCV 1 : Bakau (26.84 hectares), Bebunga (54.20 hectares) and Sungai Cengal (236.76 hectares)
- HCV 2 : Sungai Cengal (222.66 hectares)
- HCV3 : Bakau (26.84 hectares), Bebunga (29.00) and Sungai Cengal (233.27 hectares)
- HCV 4 : Bebunga (51.17 hectares) and Sungai Cengal (225.76 hectares)
- HCV 5 : Bebunga (25.20 hectares) and Sungai Cengal (3.10)
- HCV 6 : Sungai Cengal (3.40 hectares)

HCV document including evidence of analysis implementation by involving local community as a resource. In addition, available evidence of public consultation implementation and socialization of HCV identification on December 6, 2009 during a public consultation in Bebunga Estate attended by community leaders around, village chief around, Sub District Head of Sungai Durian, South Pamukan and West Pamukan.

Some other socialization conducted after the preparation of HCV is:

- Socialization to employees and the public on May 21, 2011 to Villagers of Segendang, Lintang Jaya, and Mulyoharjo.
- Socialization to the Villager of Binturung village (Jeruju Village) on September 26, 2012 in the village of Binturung attended by 8 people with the materials of protected areas.
- Socialization to employees on September 8, 2012 with the direct method of explanation to the community as well as gathered in the lodge I of Sungai Cengal.
- Socialization of HCV in Lintang Jaya Village on February 13, 2015
- Socialization of HCV to Binturung Village on August 20, 2014

**7.3.3**

The beginning of land clearing for planting over 2005 has been recorded properly by each estate as stated in the minutes of the completion of land clearing and crop progress monthly reports. New plantings after 2005 was conducted in April 2005 in Sungai Cengal Estate.

**7.3.4**

In accordance with the explanation on indicator 5.2, the company has drafted an action plan for the maintenance of HCV area in PT. LMR. Several eefforts to protect endangered or threatened species and their habitats, among others:

1. Making SOP of Wildlife Management (No. 033 / LMR-4-PSL / C7, dated December 1, 2010) has been ratified by the Chairman of SOU 2) Watershed Protection (No. 031 / LMR-DAS / C7, dated December 1, 2010 has been ratified by the Chairman of SOU.
2. Periodic monitoring of PT. LMR HCV in the Area of Bebunga Estate, Sungai Cengal Estate and Bakau Estate. In the document described about the types of activities related to the management of HCV that is equipped with a target time.
3. Activities to protect the species and HCV have been done, including the establishment of areas and the installation of nameplate in accordance with the existing types of HCV.
4. Also available reports of follow-up program for the enrichment of rare and protected flora for example Ulin, Eaglewood (Gaharu) and some other wood plant species in riparian areas and other places.
5. Reporting the presence of protected species to Natural Resources Conservation Agency of South Kalimantan

Province.

**7.3.5**

In accordance with the previous indicator explanation 7.3.2, HCV document including evidence of analysis implementation by involving local community as a resource. In addition, available evidence of public consultation implementation and socialization of HCV identification on December 6, 2009 during a public consultation in Bebunga Estate attended by community leaders around, village chief around, Sub District Head of Sungai Durian, South Pamukan and West Pamukan.

In accordance with the HCV documents, the area of PT. LMR belonging to the habitats with high conservation (HCV), including area which is important for communities have been identified and protected:

- HCV 4 : Bebunga (51.17 hectares) and Sungai Cengal (225.76 hectares)
- HCV 5 : Bebunga (25.20 hectares) and Sungai Cengal (3.10 hectares)
- HCV 6 : Sungai Cengal (3.40 hectares)

Including important area for the people is the springs, and marshes that provide an alternative source of protein for local communities. The entire area, including the important area for people has been incorporated into the management plan of HCV.

**Status: Comply**

**7.4**

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

**7.4.1 & 7.4.2**

Based on the study document of soil map units and field visits known there is no peat lands in PT Langgeng Muaramakmur operational area.

References of Semi Detailed Soil Survey of PT LMR for each estate issued by Research Department of Minamas in 2008 explained that for land with a slope above 15% or hilly to mountainous are recommended to perform land management by creating terraces, U shape frond stacking and silt pit.

As for the sloping area management is done by making terraces in the block of replanting area, manufacture silt pit, erosion pole, the arrangement of the U-shaped frond stacking and manufacturing trench and drainage system in the lowly area.

**Status: Comply**

**7.5**

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

**7.5.1**

The interview results with the Village Chief of Balemea, Community Leaders of Pamupakan Indah Village, Village Chief of Binturung known that in the area of the company there is no land derived from customary rights. The villages around the estate does not have customary land, the land ownership patterns based on the proprietary of Land Own Title, Land Ownership Letter, Deed of purchase and inheritance. So that there is no handing over land from the customary rights.

**Status: Comply**

**7.6**

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

**7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5 & 7.6.6**

The interview results with the Village Chief of Balemea, Community Leaders of Pamupakan Indah Village, Village Chief of Binturung known that in the area of the company there is no land derived from customary rights. The villages around the estate does not have customary land, the land ownership patterns based on the proprietary of Land Own Title, Land Ownership Letter, Deed of purchase and inheritance. So that there is no handing over land from the customary rights.

**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**

The management unit has a memorandum of Head Plantation Operation NO POD-UM-044 / III / 2010 dated March 9, 2010 about replanting program from 2010 to 2030 based on the new block, which describes the replanting program from 2010 to 2030 for MINAMAS Plantation.

The Company has Agronomy Reference Manual No. 110 / EST-ARM / 08, where in the part 4 of Land Clearing clause 3.1 item (b) stated that the land clearing should be guided by the Decree of the Plantation General Director No. KB.110 / SK / DJ BUN / 05.95 dated May 30, 1995.

Waste handling especially for domestic waste is performed by creating landfill.

**7.7.2**

The company showed an example document of Collective Labor Agreement No.020 / replanting / LMR-BBE / XI / 2015 between PT LMR with PT Mitra Karya Jaya Perdana, on November 2, 2015, for an area of 424 hectares of replanting activities, where the replanting technique is described therein (the fallen, stack, chopped / minced, dig and close again the former hump with land, making new roads, making new trenches, terracing with the embankment every 20 m, ground processing, manufacturing of mechanical planting hole, making the mounds / chambering in low-lying areas, silt pit).

There is a sample document of working payment in PT Mitra Karya Jaya Perdana in BBE-BAPP 5, No. 152 / HR-PO / BJB / I / 2016 dated January 25, 2016, for Collective Labor Agreement No. 010 / replanting / LMR-BBE / XII / 2014, worth of Rp 1,047,858,500.



Figure of replanting area block in Block E27, Division 2 of Bakau Estate.

**Status: Comply**

**7.8**

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

**7.8.1**

As explained in the indicator 5.6.2, The company already has a SOP of GHG emission source inventory inside SOP No: 700 / PSQM-GRK-01/12, about GHG Source Inventory. As the implementation from SOP of GHG inventory, has been identified the sources of GHG as follows:

1. Emission Sources from Estate Operations:
  - Land cover change: The difference between C stocks time average on land between the vegetation before it was opened by oil palm.
  - Current land use: Use of Fertilizer (N<sub>2</sub>O), Change C<sub>ORG</sub> Soil (CO<sub>2</sub>), Soil Management (CH<sub>4</sub>), Planting in the Peat Areas (CO<sub>2</sub> & CH<sub>4</sub>).
  - The use of diesel for generator and heavy equipment operational (CO<sub>2</sub>).
  - Transport of FFB from Estate to POM (CO<sub>2</sub>).
2. Inventory of emission sources from Palm Oil Mill operations (POM).
  - The use of diesel fuel for the operational of Generator (CO<sub>2</sub>)
  - Use of shell / fiber for boilers and generators operational (CO<sub>2</sub>)
  - The use of electricity for mill operational.
  - Kernel Separations.
  - POME waste disposal (CH<sub>4</sub> & CO<sub>2</sub>)
  - Transport of CPO and PKO to a refinery or port (CO<sub>2</sub>).

Identification of carbon stocks is not done because there is no planting after 2013. All of the new planting carried out only until 2007. To support the identification of emissions, the company has performed an analysis of liability through the analysis of changes in land cover from 2004, 2005, 2009, and 2014. The results of the analysis by using satellite imagery shows that there is no indication of a secondary forest area with a high carbon stock made from plantation.

**7.8.2**

The company can show evidence of GHG emission mitigation actions, including:

No.	Emission sources	Emission Types	Management and Mitigation	Information
1	Land clearing	CO <sub>2</sub>	Zero Burning	Document of land clearing process
2	Fertilization	CO <sub>2</sub> & NO <sub>2</sub>	1. Reduction in the use of Urea 2. Utilization of POM solid waste for fertilization (EFB Applications)	1. Document of Organic Fertilization 2. Monitoring of EFB application 3. Fertilizer Recommendations 4. Leaf Sampling Unit (LSU)
3	Diesel Fuel Usage	CO <sub>2</sub>	Reduction in the use of Diesel Fuel	Monitoring of Diesel Fuel usage (See 2.2.7.3)
4	Transportation	CO <sub>2</sub>	Periodic emissions testing	Motor vehicle emissions testing regularly
5	FFB Processing in POM	CO <sub>2</sub>	1. Periodic emissions testing 2. Reduction in the use of Diesel Fuel	1. Implementation of periodic emission test (See 2.2.6.2) 2. Monitoring the use of shell and fiber for boiler fuel (See 2.2.7.3)
6	POME	CH <sub>2</sub>	Methane trapping/biogas	Not done

From the total (6 source of carbon emissions) that have been implemented its management, 2 mitigation activities are unrealized (transportation emissions testing and methane trap). Based on the obtained data, the management unit has made an effort for the efficiency use of renewable energy by performing regular monitoring of the use of shell and fiber for boiler fuel. Here is a summary of diesel fuel saving by replacing with fiber and shell.

**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**

**Technical of Cultivation**

The company is trying out the system of C1R2 Harvest (1 cutter, 1 lose fruits taker and midrib compiler and 1 loader FFB to Fruit Collecting Point) the system was adopted from the harvest system of Sime Darby Estate of Malaysia.

**Employees Welfare**

The company adding Water Treatment building with a capacity of 30,000 Liters to supply clean water to the employee's home.

**Conducting internal audits RSPO**

PT ITH has conducted RSPO Internal Audit conducted on 9 to 10 July 2015 and there were 11 non conformities. All of the nonconformities have been fulfilled on February 2, 2016

**Status: Comply**

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

Clause	(Module D) CPO Mills – Identity Preserved Requirements
D1	<b>Definition</b>
	<p><b>D.1.1</b>  <b>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</b></p> <p>In the audit ASA-03 the company is projected to implement IP scheme because only accept fruit from sources that are not certified from their own estates. Documents which showed the application of the scheme including the declaration of SCCS Identity Preserved (IP) in Bebunga POM, PT. LMR on June 1, 2015.</p> <p>Realization of fruit supply during the period of March 16, 2015 until the audit ASA-04 (February 2016) are as follows:</p> <ul style="list-style-type: none"> <li>- Bebunga Estate (certified) : 28,744.94 tons (21 %)</li> <li>- Sungai Cengal Estate (certified): 44,649.75 tons (32 %)</li> <li>- Bakau Estate (certified): 30,981.13 tons (22.72 %)</li> <li>- KKPA Sungai Cengal (certified until January 11, 2016) : 4,532.05 tons (3.32 %)</li> <li>- Binturung Estate (certified): 11,467.67 tons (8.41 %)</li> <li>- Rampa Estate (certified): 5,886.12 tons (4.32 %)</li> <li>- Pondok Labu Estate (certified): 4,214 tons (3.09 %)</li> <li>- Sesulung Estate (certified): 5,909.25 ton (4.33%)</li> </ul>
	<b>Status: Comply</b>
D.2	<b>Explanation</b>
	<p><b>D.2.1</b>  <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. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</b></p> <p>Estimated tonnage of CPO and PK products that can be produced by the certified mill had been noted by certification body in the summary report of the certification. For the period of certificate March 16, 2015 to March 15, 2016, CPO production is estimated at 42,037 tons and the estimated production of PK is 8,675 tons and 175,960 tons of Processed FFB.</p> <p>Actual tonnage of produced CPO and PK were recorded in the annual monitoring report by the Certification Body. For example, the actual production of CPO for the period of ASA - 02 (2014 to 2015) was 40,282.84 tons and PK amounted to 8,169.67 tons.</p>
	<b>Status: Comply</b>
	<p><b>D.2.2</b>  <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 or book and claim).</b></p> <p>Bebunga POM facility has met the requirements for registration and reporting for supply chain through organization that manages e-trace RSPO CB24652 which is valid until March 15, 2016.</p>
	<b>Status: Comply</b>
D.3	<b>Documented procedures</b>
	<p><b>D.3.1</b>  <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>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</li> <li>b. The name of the person having overall responsibility for and authority over the implementation of these</li> </ol>

**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.**

Available procedures for application of SSCS with IP models in the SOP No: RSPO / 65 / SCPP / LMR dated June 1, 2015 about the Product Identification and Product Traceability at Minamas Plantation POM. SOP contains a complete and cutting-edge procedure that includes the implementation of all elements in the requirements of IP SSCS as follows:

1. The scope of IP procedures
2. Definition
3. General information of IP
4. Person in Charge for the implementation of IP

**Factory Manager:**

- Store and maintain all documents, records and notes related to the use of raw materials in the production process.
- Verify the status of the products delivered to buyers in accordance with the documents (invoices, DO, Sales Contract, the Minutes of Products Shipping).
- Provide training about the requirements of supply chain certification to all staff involved.

**PSQM Assistant:**

- FFB Quality inspection (Grading) in the POM and make the daily recapitulation
- Supervise the delivery and loading / unloading of Palm Product

**Supervisor/Laboratory Assistant:**

- Conduct analysis and quality testing of raw materials and products in all stages of POM production process
- Store, maintain and distribute the results of the analysis and quality testing of raw materials and products

**Assistant/ Assistant Supervisor/ Bulking Manager:**

- Transportation of CPO and Palm Kernel Products from POM to the Bulking Station
- Handling and storage of CPO and Palm Kernel in the area of Bulking Station

5. Procedure
6. Special Condition
7. administrative means

Available evidence that the officers have been following SSCS training as indicated by the records of SSCS training including some employees from the Estate until bulking. News event of the implementation of training activities and the attendance list of participants, dated March 2, 2015. Participants are consisted of 42 people from Estate Personal Suppliers, Bebunga Personal Mill and Bulking Staff.

**Status: Comply**

**D.3.2**

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

Available procedures for application of SSCS with IP models in the SOP No: RSPO / 65 / SCPP / LMR dated June 1, 2015 about the Product Identification and Product Trace ability in Minamas Plantation POM. The SOP is contained a complete and cutting-edge procedures that include the documented procedures of certified and non-certified FFB acceptance and processing.

**Status: Comply**

**D.4**

**Purchasing and goods in**

**D.4.1**

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

The facilities have been verified and documented, the volume of certified and non certified FFB is adopted in accordance with the applicable procedures that is verifying the status of FFB that go through the examination of fruit documents as follows:

- Delivery Order Letter (SPB) that contains information about the origin of the fruit as follows: Seal / Delivery Order Letter Number, Vehicle registration number, shipping date, harvest date, Round, planting year, Block, Total bunches, FFB Average rate, estimated tonnage.
- Weigh Ticket of Rantau POM containing information: ticket number, stamp of "RSPO Certified", tonnage (Nett).

However: **(Non conformity No. 2016.04)**

1. Not available list of the certification status from all fruit suppliers to Bebunga POM. As its explanation of indicators D.1 before. During audits of ASA-04, all units that supply the fruit has been certified except KKPA Sungai Cengal with the certification status is suspended until January 11, 2016.
2. Delivery Order Letter and Weigh Ticket for fruit from sources that are not certified (KKPA Sungai Cengal) from the date of

January 11, 2016 is still using the stamp of "RSPO Certified", as an example, weigh ticket on 13 and 5 February 2016.

**Observation on 17 March 2016:**

- Bebunga POM has prepared update of list of FFB suppliers to Bebunga POM including its and certification status as a guide to verification officer. Update for May 2016 available which shows the complete information of certification status and expiry date. .
- Management unit has issued memo for assignment of SCCS PIC to actively monitor and ensure certification status of all FFB sources received at Bebunga POM.
- Memo issued by the Chairman SOU to officer on behalf of Rene Ugroseno (PSQM) to be PIC.
- PIC responsibilities are: ensuring status of all incoming sources through coordination and active communication, as well as to immediately change the status of SCCS in accordance with the status of received materials.
- Begin the process of actively monitoring the certification status of each supplier on a regular basis.

Based on the explanation, **Non-Conformity No. 2016.04 is closed.**

**Status: Non-Conformity No. 2016.04 is closed**

**D.4.2**

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

There is no excess production during the period of the certificate on March 16, 2015 to March 15, 2015. For the period of the certificate on March 16, 2015 to 15 Msret 2016, the estimated production are as follows:

- Estimated production of CPO amounted to 42,037 tons with the actual production of CPO is 31,253.33 tons
- Estimated production of PK amounted to 8,675 tons with the actual production of PK is 6,682.05 tons
- Estimation of processed FFB is 175,960 tons with the actual of processed FFB is 136,384.95 tons

Facility has procedures for reporting to the CB immediately if there is an excessive production which has been projected

**Status: Comply**

**D.5**

**Record keeping**

**D.5.1**

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

The facility has been noted and balancing all the receipts of RSPO-certified FFB, shipment of CPO and PK with three-monthly basis. The storage period of the records / notes or reports from FFB reception in the POM until the delivery of palm oil products to the buyer is fixed at 5 years in accordance with the SOP of record storage.

**Status: Comply**

**D.6**

**Processing**

**D.6.1**

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

The facility has owned one line facility of processing and storage of palm oil that is used to process and store the oil only from the certified sources.

The facilities have verified the certified CPO and PK which sent through weighbridge ticket containing information: ticket number, Time, nett weight, transporter, stamp of "RSPO Certified", Mill, Product Code, Quality, ratification from mill officer.

However, the company has not been able to demonstrate the separation of certified and non-certified CPO processing and storage from the date of January 11, 2016, due to the presence of non-certified fruit (KKPA Sungai Cengal) which came into Facility. **Non conformity No. 2016.05**

**Observation on 17 March 2016:**

Auditors already observe the corrective action of PT. LMR. Such as:

- Has provided a list of suppliers and certification status per month in March 2016 and all suppliers has been certified at February 24, 2016.
- Facility remained apply the policy to not accept fruit from un-certified estate. FFB from KKPA Sungai Cengal has certified again on date February 24, 2016

Based on the explanation, **Non-Conformity No. 2016.05 is closed**

	<b>Status: Non-Conformity No. 2016.05 is closed</b>
<b>D.6.2</b>	
<b>The objective is for 100 % segregated material to be reached</b>	
With the persistence of the receipt of the fruit from certified sources that can not be separated in the processing and storage, the facilities can show the target achievement of 100% separated material between non-certified with certified.	
	<b>Status: Comply</b>



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

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-4</b>	PT LMR has received certificate usage approval with number MUTU-RSPO/034.	√
	<b>Status: Comply</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-4</b>	Not Applicable; Company does not use the logo whether on its product not off its product within PT LMR.	√
	<b>Status: Comply</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-4</b>	Not Applicable; Company does not use the logo whether on its product not off its product within PT LMR.	√
	<b>Status: Comply</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-4</b>	Not Applicable; Company does not use the logo whether on its product not off its product within PT LMR.	√
	<b>Status: Comply</b>	

**3.4 Summary of RSPO Partial Certification**

<b>Management unit(s) observed:</b>		
<ul style="list-style-type: none"> <li>PT Mitra Austral Sejahtera</li> </ul>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera is compliance with applicable laws and regulations.	√
	<b>Status: Comply</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has demonstrated land use and not legitimately contested by local communities. The company's land acquisition process has been in accordance with the prevailing regulations	√
	TuK (facilitator), on behalf of the Kerunang/Entapang community would propose solutions to Sime Darby by March 2015 on the settlement of the land issues especially those pertaining to HGU.	
	<b>Status: Comply</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has documented system for dealing with complaints and grievances, which is implemented and accepted by all parties. There is a Communication Procedure No. Policy 501/MAS-KOM-03/11 dated 8 April 2011 implemented through the Mail Box, Email, Announcements, posters, brochures / pamphlets and meeting / briefing, etc. To resolve complaints / disputes associated with land, the company has prepared a Compensation Negotiation Process Mechanism No Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of (derasa) compensation payment process through a amicable discussion and meetings with Muspika (Task Force).	√
	<b>Status: Comply</b>	
<b>6.4</b>	<b>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.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has a Compensation Negotiation Process Procedure No. Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of compensation payment process (Derasa) through amicable discussion and meeting with Muspika. The pricing of compensation is based on the Minutes of Agreement on Compensation (Derasa) Pricing dated December 8, 2005 as agreed by PT MAS, Community Leaders and KUD managers, acknowledged by Sub-District Chiefs (3 Sub-districts). Socialization was held on December 9, 2005 and attended by 35 representatives of related groups.	√
	<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>X or√</b>
	PT Mitra Austral Sejahtera has not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values. Based on the company's Plantation Concession issued through Decision of Land Agency Head of Sanggau District No. 400-56/IL-1999 dated January 8, 1999 on the Granting of Extension Concession the Purposes of Palm Oil Plantation located at Parindu, Bonti, Hulu and Kembayan Tayan sub-districts in the name of PT Mitra Austral Sejahtera with a total area of 20,000 hectares of 30,000 hectares reserved area, the concession of PT MAS is located within Other Use Area (APL) in accordance with the Spatial Plan of West Kalimantan Province The company management has declared to the community that the company will preserve and will not cultivate palm oil crops in areas that have been identified as HCV (MAS-3 Estate's Statement Letter dated May 1, 2011). Local people / Indigenous Figures joined in Satlak were directly involved in the identification	√

	process of areas where palm oil planting is not allowed in accordance with the agreement.	
	<b>Status: Comply</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	<p>Available EIA documents as approved by the Central EIA Committee letter the Department of Forestry and Plantations, No: 242/Menhutbun-II/2000, on March 23, 2000.</p> <p>The company has conducted studies of social impact, but until the implementation of Stage-1 is still in draft form. SIA mentioned in the draft document;</p> <p>a. Positive Impacts</p> <p>1. Direct Impacts</p> <ul style="list-style-type: none"> <li>- Significant local people are employed by the company.</li> <li>- Emergence of livelihood sources.</li> <li>- Increased revenue sources and incomes of the villagers.</li> <li>- Increased productivity, value and status of land (impact of KKPA plasma development).</li> <li>- Increased accessibility and mobility of people, goods and services.</li> <li>- Public's positive perception to the company.</li> </ul> <p>2. Indirect</p> <ul style="list-style-type: none"> <li>- The increasingly growth of local businesses</li> <li>- Increased cash flow and fund circulation in the surrounding villages.</li> <li>- Increased purchasing power of the local people.</li> </ul> <p>b. Negative Impacts;</p> <p>1. Direct impacts;</p> <ul style="list-style-type: none"> <li>- Reduced size of public lands,</li> <li>- Public's negative perception to the company,</li> <li>- Dispute/conflict</li> </ul> <p>2. Indirect impacts and Accumulation</p> <ul style="list-style-type: none"> <li>- Clean water problem,</li> <li>- Impaired traditional value system of mutual cooperation,</li> </ul> <p>- Change in lifestyles of rural people.</p> <p>Based on the Plantation Development Realization Report of the socialization of new land opening has been conducted in July to September 2010 for Bonti and Kembayan Sub-districts, and unit has done socialization of new land opening in March 2011 (Sedae, Canal, Mua, Kampuh, and Tapa sub-villages).</p> <p>Based on interviews with residents of RT Pinsam the company's new plantation opening process also involved te Satlak Team consisting of Sub-village Chiefs, Indigenous leaders, KUD Sekayam Jaya Manager and Village officials as officers who perform verification of the land to be opened.</p>	√
	<b>Status: Comply</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	<p>There is a Land Compensation Negotiation Process procedure No. 501/MAS-Doc 01/11 dated 8 April 2011 in which contains a flow chart of compensation process involving amicable deliberation and meetings with Muspika (Task Force).</p> <p>Documented process and agreement of land acquisition for new plantation area are maintained in MAS 3 Estate's office and RSPO secretariat office in MAS 1 Estate.</p>	√
	<b>Status: Comply</b>	

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

**3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-4 Assessment**

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2016.01.	1.1.1	<b>Giving Information</b> The company could not show the Socialization proof on the SOP of requests for information to relevant stakeholders.	PT.LMR	Minor	Re-certification	The company must be able to show the socialization proof on SOP of requests for information to relevant stakeholders.	<ul style="list-style-type: none"> <li>• <b>Root cause:</b></li> <li>• <b>Corrective action</b></li> <li>• <b>Preventive action:</b></li> <li>• <b>Auditor conclusion:</b></li> </ul>	Open	
2016.02.	5.1.3	<b>Document of Environmental Management Plan / Environmental Monitoring Plan</b> Reports of Environmental Management Plan / Environmental Monitoring Plan which have been drafted in PT. LMR has not covered health monitoring for community who are not working in the company.	PT. LMR	Minor	Re-certification	The company must be able to show evidence of overall public health monitoring in the document of Environmental Management Plan / Environmental Monitoring Plan	<ul style="list-style-type: none"> <li>• <b>Root cause:</b></li> <li>• <b>Corrective action</b></li> <li>• <b>Preventive action:</b></li> <li>• <b>Auditor conclusion:</b></li> </ul>	Open	
2016.03.	5.6.3	<b>Monitoring and Reporting GHG</b> Not yet available evidence of greenhouse gas inventory and its report to the RSPO GHG working group by using the relevant device	PT. LMR	Minor	Re-certification	The company must show the evidence of evaluation of greenhouse gas inventory and its report to RSPO GHG working group by using the relevant device.	<ul style="list-style-type: none"> <li>• <b>Root cause:</b></li> <li>• <b>Corrective action</b></li> <li>• <b>Preventive action:</b></li> <li>• <b>Auditor conclusion:</b></li> </ul>	Open	

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2016.04.	Item D.41 SCCS	<p><b>Verification of TBS that goes to the POM</b></p> <p>3. Not yet available a list of the certification status from all fruit suppliers to Bebunga POM.</p> <p>Delivery Order Letter and Weigh Ticket for fruits from non-certified sources (KKPA Sungai Cengal) since January 11, 2016 is still using the stamp of "RSPO Certified".</p>	PKS Bebunga	Major	20 Maret 2016 (30 hari)	The company must show the evidence of FFB verification that goes into the POM from certified and non-certified sources	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b> <ul style="list-style-type: none"> <li>- Bebunga POM has already had data of FFB supplier listed in daily production reports. Nevertheless, the table has not yet included information of supplier certification status so that verification officers still put verification stamp "bersertifikat RSPO" on the incoming FFB from KKPA ASC who was suspended.</li> <li>- Bebunga POM did not aware that PT. LMI's RSPO certificate was suspended, where PT KKPA ASC is included as scope of the certification. This happened because Bebunga POM yet to implement monitoring procedures of certification status of each supplier FFB to Bebunga, especially when the validity period of certificate from each supplier is almost expired.</li> <li>- No specific officer who is dedicated to monitor the certification status of each supplier of Bebunga POM.</li> </ul> </li> <li>• <b>Corrective Action:</b> <ul style="list-style-type: none"> <li>- Bebunga POM has prepared update of list of FFB suppliers to Bebunga POM including its and certification status as a guide to verification officer. Update for May 2016 available which shows the complete information of certification status and expiry date.</li> <li>- Management unit has issued memo for</li> </ul> </li> </ul>	Closed	17 March 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>assignment of SCCS PIC to actively monitor and ensure certification status of all FFB sources received at Bebunga POM.</p> <ul style="list-style-type: none"> <li>- Memo issued by the Chairman SOU to officer on behalf of Rene Ugroseno (PSQM) to be PIC.</li> <li>- PIC responsibilities are: ensuring status of all incoming sources through coordination and active communication, as well as to immediately change the status of SCCS in accordance with the status of received materials.</li> <li>- Begin the process of actively monitoring the certification status of each supplier on a regular basis.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Preventive Action:</b> <ul style="list-style-type: none"> <li>- Intensive communication with FFB suppliers if there are plans of FFB delivery to Bebunga POM, to ensure its certification status.</li> <li>- Conduct an internal, so quick respond can be done when the same problem occurs</li> </ul> </li> <li>• <b>Auditor conclusion:</b> <ul style="list-style-type: none"> <li>- Management unit of Bebunga has developed a proper root cause analysis of the problem, and has taken proper corrective actions based on the root of the problems identified.</li> </ul> </li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> <li>- Auditor observed that identification the root causes are considered adequate, which is: the absence of procedures of actively monitoring the certification status of each FFB supplier particularly those from outside of Bebunga, so that the workers do not know recognize the change in certification status of KKPA ASC.</li> <li>- Moreover there is no procedure and special officers to watching the progress of certification each supplier.</li> <li>- To ensure a permanent corrective action, the company has taken corrective steps through assignment of PIC to monitor certification status of each supplier and undertakes a follow-up action when uncertified suppliers are detected.</li> </ul> <p>Based on the explanation, <b>Non-Conformity No. 2016.04 is closed</b></p>		
2016.05.	Item D.6.1 SCCS	<p><b>Separation of certified and non-certified fruit</b></p> <p>Facility has not been able to demonstrate the separation of CPO processing and storage from certified and non-certified sources since January 11, 2016, due to the presence of non-certified fruits (KKPA Sungai Cengal) that went into the facility.</p>	PKS Bebunga	Major	20 Maret 2016 (30 hari)	The company must show the separation evidence of FFB verification that goes into the POM from certified and non-certified sources	<p>• <b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>➤ Verification and separation of fruit did not run well because prior to suspension of RSPO certificate of PT LMI dated January 11, 2016, all FFB suppliers to bebunga POM were RSPO certified.</li> <li>➤ When suspension of RSPO certificate of PT LMI occurred (with KKPA ASC as one of its the scope), Bebunga POM were not informed, so that verification officer kept putting KKPA ASC as RSPO certified</li> </ul>	Closed	17 March 2016

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>supplier. This happened for several reasons, namely:</p> <ul style="list-style-type: none"> <li>- Lack of coordination between PT. LMI with PT. LMR.</li> <li>- There are no monitoring procedure of certification status of each supplier to Bebunga POM, especially when the validity period of certificate of each supplier is near to expiry date.</li> <li>- No dedicated officers who actively monitor the status of certification</li> </ul> <p>• <b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>➤ The SOU of Bebunga has been coordinating with the PT LMI to monitor the suspension status as consideration of action planning by Bebunga POM.</li> <li>➤ Since the date of February 24, 2016, the RSPO certification status of PT LMI has been reactivated.</li> <li>➤ The Chairman of SOU Bebunga has appointed specific officer who is dedicated in ensuring certification status of all FFB sources received at Bebunga POM.</li> </ul>		



CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> <li>➤ Memo was issued by Chairman SOU to officer on behalf of Rene Ugroseno (PSQM) as SCCS PIC.</li> <li>➤ PIC responsibilities are: ensuring status of all incoming sources through coordination and active communication, as well as to immediately change the status of SCCS in accordance with the status of received materials.</li> <li>➤ Begin the process of actively monitoring certification status of each supplier through following steps:               <ul style="list-style-type: none"> <li>- PIC updates list of suppliers and certificate expiration information of each supplier.</li> <li>- PIC started monitoring the certification status of each estate regularly, especially when the period of validity of the certificate is ner to expiry date.</li> </ul> </li> <li>➤ To issue instructions that explains steps necessary to be taken when uncertified FFB from suspended supplier (outside PT. LMR) are detected. PIC will inisiata process of declaration of SCCS status changing.</li> </ul> <p>● <b>Preventive Action:</b></p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> <li>➤ Intensive communication with FFB suppliers if there are plans of FFB delivery to Bebunga POM, to ensure its certification status.</li> <li>➤ Conduct an internal, so quick respond can be done when the same problem occurs</li> </ul> <p>• <b>Auditor conclusion:</b></p> <ul style="list-style-type: none"> <li>- Auditor has observed and concluded that the management unit has conducted analysis of the root cause of the NCR, and has taken adequate corrective actions based on the roots of the problems identified.</li> <li>- The identification of the root causes are considered adequate and relevant which is: the absence of procedures to actively monitoring certification status of each FFB supplier so that verification officers did aware the changing status change KKPA ASC certification.</li> <li>- To ensure a permanent corrective action, the company has taken corrective steps through assignment of PIC to monitor certification status of each supplier and undertakes a follow-up action when uncertified suppliers are detected.</li> </ul> <p>Based on the explanation, <b>Non-Conformity No. 2016.05 is closed</b></p>		

**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	2.1.1	The company needs to ensure the maintenance of SIO extension which is submitted to the relevant agencies. <b>(Observation)</b>
2	4.4.1	The company is encouraged to conduct the water management plan improvement with the information of surface water sources, springs and ground water, as well as the protection of water sources.
3	4.6.11	The company needs to ensure the results of laboratory medical examination (Cholinesterase, audiometric and Respirometri) which was held on 1 to 4 February 2016. <b>(Observation)</b>
4	4.7.2	The company can improve the effectiveness of risk identification and its control by adding the type of PPE that must be used in each activity.
5	6.5.2	The company needs to ensure the management of Collective Labor Agreement. <b>(Observation)</b>
6	6.11.1	The company has a chance to improve the implementation of CSR for villagers who were around the estate. <b>(Observation)</b>

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions
1		The company has built smallholdings with a sufficient area to increase social welfare
2		Competence of the staff involved in the implementation of RSPO audit
3		The company has made Water Treatment with a capacity of 30,000 Liters to supply clean water to the employee housing.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Labor and Transmigration Agency of Kotabaru District</b></p> <ul style="list-style-type: none"> <li>The Company has Guiding Committee of Occupational Safety &amp; Health structure, regularly report the Guiding Committee of Occupational Safety &amp; Health activities every three months, regularly report the Labor compulsory report, the company has implemented the wage in accordance with the applicable regulations. Starting in 2016 the government of Kotabaru District is applied District Minimum Wage. The Company has not had a wage scale structure.</li> <li>Labor and Transmigration Agency is not received any complaints or information related to the employment issues.</li> <li>The Company does not employ children under 18 years old. The rights of female workers also fulfilled by the company.</li> <li>There are worker unions and registered in the Labor and Transmigration Agency of Kotabaru District. The company has not had Bipartite Cooperation Institution.</li> </ul>	<ul style="list-style-type: none"> <li>The Company already has a structure of Guiding Committee of Occupational Safety &amp; Health and has been registered and approved by the Labor Agency of Kotabaru. According to the regulations, the company is reporting every three months. Payment of salaries are in accordance with the applicable District Minimum Wage and in accordance with HRM Memo No. 015 / RSP-i2 / II / 2016 also determined the structure of Monthly Payment Unit employee salaries in 2016 with the classification between Grade G to A with a scale of 1 to 8.</li> <li>The company is committed to implement the best legal practices and runs in accordance with the regulations set by the government</li> <li>In accordance with the company policy, the company does not employ minors and the rights of female workers will be carried out in accordance with the applicable legislation</li> </ul> <p>The Worker Unions are already registered and there is a Collective Labor Agreement and has done a negotiating. Bipartite Cooperation Institution will be done if there are problems between employees and companies.</p>	<p>The company needs to maintain the performance that has been good in the field of employment and Guiding Committee of Occupational Safety &amp; Health, and keep applying the continuous improvement.</p>
<p><b>Local Environmental Body of Kotabaru District</b></p> <ul style="list-style-type: none"> <li>The company is routinely reported Environmental Management Plan / Environmental Monitoring Plan, Hazardous Waste balance, results of tests from stationary sources. Already have environmental permit.</li> </ul>	<ul style="list-style-type: none"> <li>For environmental monitoring, the company already conduct regular monitoring, both for effluent management, Hazardous Waste, and air quality. Reporting is done routinely to District Environmental Body, Provincial and</li> </ul>	<p>The company needs to maintain the performance that has been good in the field of environmental management, and keep to apply the continuous improvement.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>In 2015, occurred fires covering an area of 32 hectares in Minamas company. The Company is not intentionally burned but happened because the fire is spreading from the community estate. Fire report is routinely reported by the company. There is no contamination due to the presence of the company's activities. Environmental Body never received any complaints of environmental pollution from communities around the estate.</li> <li>The company already has the Permit of Hazardous Waste Warehouse, Hazardous Waste Balance Reports are routinely reported. Hazardous Waste Warehouse located in the POM.</li> </ul>	<p>Ministry of Environment.</p> <ul style="list-style-type: none"> <li>The Company has also made standard operating procedures of Environmental Management Plan / Environmental Monitoring Plan Reports Policy No: 730/PSQM.</li> <li>In 2015 fire covering an area of 32 hectares in Minamas area happened in KKPA ASC estate located in Balemea Village, adjacent to PT LMI. The incident is outside the Land Use Title area of PT PSA.</li> <li>For Land fire report, the company is reporting routinely every 6 months to the government, related to the program, facility and infrastructure of fire, water sources map, prone to fire map, simulated of fire and fire monitoring per six months.</li> </ul> <p>For Hazardous Waste Management is in compliance with the applicable regulations. Hazardous Waste management will be performed well and referring to the applicable regulations.</p>	<p>Special attention should be given for the prevention of forest and land fires in order to support the government's program for the prevention of forest and land fires.</p>
<p><b>Plantation Agency of Kotabaru District</b></p> <ul style="list-style-type: none"> <li>The Company routinely handed Plantation Business Activity Report (LKUP). However the Plantation Business Activity Report in Semester II Year 2015 Plantation Agency has not yet received the report.</li> <li>There is no water and air pollution caused by the company's activities. There is no land dispute, there is no customary rights or customary land and no mining activities in the area of the company. Legality of the company is complete, has already implemented OHS.</li> <li>The company workers have been given training in the use of limited pesticides.</li> <li>Plantation Agency already implementing Plantation Business Assessment in September to December 2015,</li> </ul>	<ul style="list-style-type: none"> <li>Plantation Business Activity Report in Semester II Year 2015 has been done in January 6, 2016. Letter No. 028/LMR/UM/PSD/II/2016</li> <li>Periodically conducted training for sprayers or for plant pests and diseases controllers.</li> <li>Periodically conducted training for sprayers or for plant pests and diseases controllers.</li> <li>The company already doing Plantation Business Assessment (PUP). The company is committed to conducting business by prioritizing the regulatory compliance and in accordance with the best practice.</li> </ul> <p>The Company has set the standards of RSPO SCCS that is IP</p>	<p>The company needs to maintain the performance that has been good in the field of the plantation legality and continue to implement the continuous improvement.</p> <p>Observations will be continued to be made on social relations between estates with surrounding communities.</p> <p>The company needs to consider an increase in the contribution to the local economy as compensation to the model of IP supply which preclude the acceptance of the fruits from communities.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>the value is Grade 2.</p> <ul style="list-style-type: none"> <li>Local Government of Kotabaru District providing assistance in the form of certified palm seedlings to the communities every year. There have been complaints from the community that the company does not want to buy the palm fruits from the public with reasons that the company already has a certificate of ISPO and RSPO. The companies that want to receive the palm fruits from the communities.</li> </ul>	<p>so that the received FFB is come from FFB with RSPO certificate. Currently there is no policy to receive FFB from outside the company (Nucleus and KKPA SC)</p>	
<p><b>Worker Unions in the Unit of Sungai Cengal Estate, Bakau Estate and Bebunga Factory</b></p> <ul style="list-style-type: none"> <li>There are no changes to the structure of Worker Unions</li> <li>In 2015 There are some complaints of employees but has been resolved properly, the communication has gone well.</li> <li>In 2015 meetings were held between the company and worker unions to discuss the maintenance of the new Collective Labor Agreement.</li> <li>Collective Labor Agreement in the period of 2013 to 2015 is still valid during the maintenance period of new Collective Labor Agreement.</li> <li>The Company has implemented the wages in accordance with Kotabaru district minimum wage, the payment of appropriate wages will be applied in February / March 2016, the shortage of payment will be applied by totalling.</li> <li>All workers have been registered as participants of Employment Social Insurance Agency.</li> <li>The Company is not treating workers in a discriminatory manner starting from the reception until working in all types of job. Promotion is based on the achievement of workers.</li> <li>All employees with a status of permanent workers or Work</li> </ul>	<ul style="list-style-type: none"> <li>Worker unions structure still valid with the same structure and has been registered at Labour Agency Kotabaru District. Company provides space and facilities for worker to make the Worker Union.</li> <li>For complaints from workers, company has SOP related to the handling of complaints, the complaints has recorded in the register book. But company maintain the confidentiality of the complainant.</li> <li>Collective Labour Agreement is over 2015, but the company and the union have been negotiating to discuss of the new collective Labour Agreement, Meeting has been do in 2016. before the ratification of the new Collective Labour Agreement, it still valid.</li> <li>Minimum wage determination in accordance with South Kalimantan Governor Regulation No. 188.0479 / KUM / 2015 related to minimum wage determination for Kotabaru District amounted Rp.2,200,000. Reinforced with HRM Memo No. 004 / HRM / i3 / II / 2016 about minimum wage determination that begin on January 1, 2016 in</li> </ul>	<p>The company needs to maintain the performance that has been good in the field of employment, and keep to apply the continuous improvement.</p> <p>Attention needs to be given as an effort for monitoring the complaints of employees through the workers union to maintain the worker productivity and to avoid conflicts.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Agreement of Specific Time workers. Every worker has the Work Agreement or Appointment Letter.</p> <ul style="list-style-type: none"> <li>The company has provided adequate infrastructure for workers, if something is broken it will be repaired quickly.</li> </ul> <p>The Company has sought to establish employee cooperatives, but the employees do not want it yet because still constrained with the management candidate, capital up to those who run the cooperative efforts.</p>	<p>accordance with South Kalimantan Governor Regulation No. 188.0479 / KUM / 2015. Also circular letter number 015 / RSP-i2 / II / 2016 will be pay back from January 1 2016. PT LMR will be pay minimum wage accordance South Kalimantan Governor Regulation on March, 2016, deficiency of payment on January and february will be paid on March 2016.</p> <ul style="list-style-type: none"> <li>Workers have already registered to be a participant in health Social Insurance Agency according to the regulations set by the government</li> <li>The company has a code of conduct and does not discriminate against workers. For acceptance and promotion of workers, company do a evaluation and assessment objectively</li> <li>For certain time workers, Company made a Letter of Agreement and it is done according to regulations.</li> <li>Facilities and infrastructure that exist in the company among others is worker housing, schools from kindergarten, elementary school, junior high school and vocational school, place of worship, sports facilities, electricity and water installations and other supporting facilities.</li> </ul>	
<p><b>Replanting Contractor of PT. LMR</b></p> <ul style="list-style-type: none"> <li>The Making of Work Agreement is already transparent, there is a negotiation process and has been signed by both parties. Timely payment was never late.</li> <li>The company has provided socialization related to the OHS</li> <li>The Company prohibits burning in replanting areas, it is also listed in the Work Agreement</li> <li>Workers PPE is provided by contractors, in case of work accidents it is borne by the contractor.</li> </ul>	<ul style="list-style-type: none"> <li>In working with contractors have been done properly and according to the company's SOP. Payments to the contractor are carried out according Working Agreement.</li> <li>To implement the OHS in the company, has socialized OHS to the contractors by conducting safety briefings and in Working Agreement has included OHS clause</li> <li>Contractor shall use appropriate PPE to conduct the works. The Company Advocated the contractors to register the</li> </ul>	<p>Companies need to maintain the good performance in the field of employment and labor relations with third parties.</p> <p>Attention needs to be given as an effort to ensure the obedience of contractors with regulations in the field of employment, safety work, and environment.</p> <p>The company also need to monitor contractor complaints to</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>Communication between the company and the contractor is running smoothly</p>	<p>worker as a participant of Social Security so that if there accident, the worker has been protected and guaranteed.</p> <ul style="list-style-type: none"> <li>• Communication between the company and the contractor will be maintained and Professional</li> </ul>	<p>maintain the productivity of workers and avoid the conflicts.</p>
<p><b>Gender Committee of Sungai Cengal Estate, Bakau Estate and Bebunga Factory</b></p> <ul style="list-style-type: none"> <li>• There is a gender committee management, socialization activities conducted every semester (twice a year). The socialization material is about environmental health, prevention and mechanisms of sexual harassment if it occurs. Until the audit occurred there is no incidence of sexual harassment against female workers.</li> <li>• Access to buy basic needs can be reached easily, in the employee housing there are stalls which selling the basic needs.</li> </ul> <p>Menstruation leave only applies for female workers who work in the field.</p>	<ul style="list-style-type: none"> <li>• Company already formed Gender committee and routinely conducts activities to ensure the protection of woman workers</li> <li>• In the neighborhood near the company, there is weekly market to provide of basic needs for workers.</li> <li>• In accordance with Collective Labour Agreement, menstruation leave for woman worker in accordance with Statue No. 13 in 2003. Company has provide the rights in accordance with the regulations.</li> </ul>	<p>The company needs to maintain the performance that has been good in the field of employment and gender welfare, and keep to apply the continuous improvement.</p> <p>Attention needs to be given as an effort to prevent sexual harassment and to ensure no gender discrimination</p>
<p><b>Balamea Village, North Pamukan District, Kotabaru Regency</b></p> <ul style="list-style-type: none"> <li>• There is no land dispute, there is no customary rights or customary land and no mining activities in the area of company.</li> <li>• The company has helped to empower the local economy through partnerships (empowerment of local contractors) and employ the native people.</li> <li>• Through CSR program, the company has helped local communitites for example, Village road development, religious commemoration day, Anniversary of Republic Indonesia and water supply in the dry season.</li> <li>• Complaints: due to the company's replanting, the communities hybrid coconut plantation in RT 03 was attacked</li> </ul>	<ul style="list-style-type: none"> <li>• In boundary area management, the company did not violation of boundary area, land rights and disputes with mining companies. The company carries out the settlement of land disputes according to SOP and regulation</li> <li>• CSR programs still run well. Company is committed to cooperating with partner village</li> <li>• To reduce impact of replanting, company has done a study of Social and Envrionment in SEIA replanting report. Efforts attempts was made among others in replanting, the oil palm trunks was chopped and stacking for accelerate the decomposition, put up pheromone traps and planting legume cover crop so that the beetle horn does not</li> </ul>	<p>The Company needs to maintain the performance that has been good in the management of social relations with the community.</p> <p>Strongly recommended to evaluate the contribution to the community welfare during this time so that it can be obtained sustained improvement in the social field.</p> <p>Observations will be continued to be associated with the social relationship between the company and the community, especially related to the perception of land ownership after replanting.</p>



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>by horn beetle. Request: To be further enhanced the realization of CSR.</p>	<p>develop.</p>	<p>One major issue that needs serious attention is sustainably support for provision of clean water infrastructure in around communities .</p>
<p><b>Pamukan Indah Village, North Pamukan District, Kotabaru Regency</b></p> <ul style="list-style-type: none"> <li>• The company's relationship with the community is harmonious, there is no friction. The company and community is respected each other.</li> <li>• Some of the villagers become the company's partners (local contractors) for stone procurement job, development of infrastructure and so on. There are villagers who work in the company.</li> <li>• Assistance received by the communities: Drinking water supply in the dry season. In 2015 apply for madrasah teachers' salaries assistance, but until now it has not been realized by the company.</li> <li>• There is no dispute area within the Land Use Title of the company, no environmental pollution.</li> <li>• Request: To be further enhanced the realization of CSR.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship between the company and the community run well</li> <li>• Companies do the empowerment by providing opportunities for the public to get involved in doing the work with company. In addition, company provides opportunities to work in accordance with company requirements..</li> <li>• Companies routinely provide assistance to villagers in donations such as for madrassa teachers.</li> <li>• For the management of area, the company conducted according to regulations</li> <li>• To request a need for increased CSR, the company will perform CSR program and realization accordance of proposal and approval from management.</li> </ul>	<p>One major issue that needs serious attention is sustainably support for provision of clean water infrastructure in around communities .</p>
<p><b>Desa Binturung, Kec. Pamukan Utara, Kab. Kota Baru</b></p> <ul style="list-style-type: none"> <li>• Binturung village did not receive assistance of CSR program from Sungai Cengal Estate, because Binturung Village is scouted by Bunturung Estate. In 2013 will be built reservoirs and will be realized in 2016. The reservoir is built in order to meet the needs of toilet waters and drinking in the dry season.</li> <li>• Sungai Cengal Estate is invited in the Village Development Planning Deliberation held every end of the</li> </ul>	<ul style="list-style-type: none"> <li>• Binturung village is the scouted village of Binturung Estate, but because it is bordered by Sungai Cengal Estate and Bebunga Estate. Unit BBE and SCE are also involved in providing the assistance to the village. In 2016 reservoir development in Binturung Village has been realized by the company carried out by Bebunga Estate.</li> <li>• Participation in the Village Development Planning</li> </ul>	<p>Observations will be continued to be associated with the social relationship between the company and the community, especially related to the perception of land ownership after replanting.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>year.</p> <ul style="list-style-type: none"> <li>Assistance received by the community from Sungai Cengal Estate: Transportation Unit for community activities, sports.</li> </ul> <p>Request: To be further enhanced the realization of CSR.</p>	<p>Deliberation will be performed</p> <p>Assistance provided to the village is still being performed and CSR program will be held on schedule.</p>	

**4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

**4.1 Formal Sign-off of Assessment Findings**

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

Signed on behalf of:

PT LANGGENG MUARAMAKMUR  
Management Representative

PT MUTUAGUNG LESTARI  
Lead Auditor



**Mohammad Pirabaharan**  
Friday, 01 April 2016



**Butki Bagja**  
Friday, 01 April 2016

**APPENDICES**

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

No	Institution/NGO/Community	Address	Telepon/Email	Form of Communication	Date	Response	
						Yes	No
1	Environmental Agency of Kotabaru District	District of Kotabaru	-	Interview	16 February 2016	√	
2	Plantation Agency of Kotabaru District	District of Kotabaru	-	Interview	16 February 2016	√	
3	Labor & Transmigration Agency of Kotabaru District	District of Kotabaru	-	Interview	16 Februari 2016	√	
4	National Land Agency	District of Kotabaru	-	Interview	16 Februari 2016		√
5	Balamea Village	District of Kotabaru	-	Interview	17 February 2016	√	
6	Pamukan Indah Village	District of Kotabaru	-	Interview	17 February 2016	√	
7	Binturung Village	District of Kotabaru	-	Interview	18 February 2016	√	-
8	Worker Union of Sungai Cengal Estate	District of Kotabaru	-	Interview	18 February 2016	√	-
9	Worker Union of Bakau Estate	District of Kotabaru	-	Interview	18 February 2016	√	
10	Worker Union of Bebunga Estate	District of Kotabaru	-	Interview	18 February 2016	√	
11	Local contractor for replanting at PT. LMR	District of Kotabaru	-	Interview	18 February 2016	√	-
12	Gender Committee of Sungai Cengal Estate	District of Kotabaru	-	Interview	18 February 2016	√	
13	Gender Committee of Bakau Estate	District of Kotabaru	-	Interview	18 February 2016	√	
14	Gender Committee of Bebunga Estate	District of Kotabaru	-	Interview	18 February 2016	√	
15	Sawit Watch	Jakarta	info@sawitwatch.or.id	Email	10 February 2016	-	√

16	Wahana Lingkungan Hidup	Jakarta	informasi@walhi. or.id	Email	10 February 2016	-	√
17	WWF	Jakarta	wwf- indonesia@wwf. or.id	Email	10 February 2016	-	√

**Appendix 2. Assessment Program**

DATE		15 – 19 February 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Senin, 15 Februari 2016</b>			
06.00 – 08.00 08.00 – ...	06.00 – 08.00 08.00 – ...	<b>JAKARTA → BALIKPAPAN → PT LMR.</b> <b>Jakarta → Banjarmasin → Kotabaru</b>	<ul style="list-style-type: none"> <li>• BB / RR / MR</li> <li>• DN</li> </ul>
<b>Selasa, 16 Februari 2016</b>			
08.00 – 12.00	08.00 – 12.00	<b>Opening Meeting.</b> <ul style="list-style-type: none"> <li>• <b>Review non-conformity from previous audit</b></li> <li>• <b>Review Dokumen PT LMR :</b> <ul style="list-style-type: none"> <li>✓ Legal requirement.</li> <li>✓ Best management Practice.</li> <li>✓ Environmental monitoring &amp; management.</li> <li>✓ Responsibility to workers</li> <li>✓ Social responsibility &amp; community</li> <li>✓ Continius Improvement</li> <li>✓ SCCS.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• BB / RR / MR / DN</li> <li>• BB / RR / MR / DN</li> </ul>
12.00 – 14.00	12.00 – 14.00	<b>Break</b>	
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> <li>• <b>Field observation PKS BEBUNGA :</b> <ul style="list-style-type: none"> <li>✓ Operationa.</li> <li>✓ WWTP, hazardous material &amp; hazardous waste management</li> <li>✓ OHS Implementation, Facilities for worker</li> <li>✓ Supply Chain.</li> </ul> </li> <li>• <b>Kotabaru → LMR.</b></li> </ul>	<ul style="list-style-type: none"> <li>• BB / RR / MR</li> <li>• DN</li> </ul>
<b>Rabu, 17 Februari 2016</b>			
08.00 – 12.00	08.00 – 12.00	<ul style="list-style-type: none"> <li>• <b>Field observation Bakau Estate :</b> <ul style="list-style-type: none"> <li>✓ Manuring, spraying, implementation of IPM, havesting</li> <li>✓ Housing facility and others facility, management of hazardous material &amp; hazardous waste, workshop and land fire facilities</li> <li>✓ Legal operational and conservation area, monitoring of erotion.</li> </ul> </li> <li>• <b>Public consultation with surrounding village</b></li> </ul>	<ul style="list-style-type: none"> <li>• RR</li> <li>• MR</li> <li>• BB</li> <li>• DN</li> </ul>
12.00 – 14.00	12.00 – 14.00	<b>Break</b>	
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> <li>• Interview with Worker Union, Gender Committee</li> <li>• Continiue of field observation and public consultation</li> <li>• Verification of field observation and public consultation</li> </ul>	• BB / RR / MR / DN
<b>Kamis, 18 Februari 2016</b>			
08.00 – 12.00	08.00 – 12.00	<ul style="list-style-type: none"> <li>• <b>Field observation Bakau Estate :</b> <ul style="list-style-type: none"> <li>✓ Manuring, spraying, implementation of IPM, havesting</li> <li>✓ Housing facility and others facility, management of hazardous material &amp; hazardous waste, workshop and land fire facilities</li> <li>✓ Legal operational and conservation area, monitoring of erotion.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• RR</li> <li>• MR / DN</li> <li>• BB</li> </ul>
12.00 – 14.00	12.00 – 14.00	<b>Break</b>	

DATE		15 – 19 February 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> <li>• Review Document</li> <li>• Verification of field observation and public consultation</li> </ul>	<ul style="list-style-type: none"> <li>• BB / RR / MR / DN</li> </ul>
<b>Jum'at , 19 Februari 2016</b>			
08.00 – 10.00	08.00 – 10.00	<ul style="list-style-type: none"> <li>• Preparation of closing meeting</li> <li>• Closing meeting PT LMR.</li> </ul>	<ul style="list-style-type: none"> <li>• BB / RR / MR / DN</li> </ul>
10.00 – 12.00	10.00 – 12.00		
12.00 – 14.00	12.00 – 14.00	Break	
14.00 – 17.00	14.00 – 17.00	<ul style="list-style-type: none"> <li>• PT LMR to PT PSA.</li> </ul>	<ul style="list-style-type: none"> <li>• BB / RR / MR / DN</li> </ul>