

**Roundtable on Sustainable Palm Oil Certification
RSPO**

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management Organisation : Sukamandang Palm Oil Mill, PT Kridatama Lancar subsidiary of Sime Darby Plantation Sdn Bhd.
 Plantation Name : Sukamandang Estate, Sapiri Estate, Baras Danum Estate, Kuala Kuayan Estate.
 Location : Village of Sukamandang, Sub District of Seruyan Tengah, District of Seruyan, Province of Central Kalimantan, Indonesia.
 Certificate Code : **MUTU-RSPO/003**
 Date of Certificate Issue : 02 September 2016 Date of License Issue : 02 September 2017
 Date of Certificate Expiry : 01 September 2021 Date of License Expiry : 01 September 2018

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-1.1	10-14 July 2017	Muhammad Rinaldi (Lead Auditor), Sahat Simarmata, Brigitta Prita	Octo HPN Nainggolan	Tony Arifarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-1.1	19 September 2017

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Figure 1. Location Map of PT Kridatama Lancar

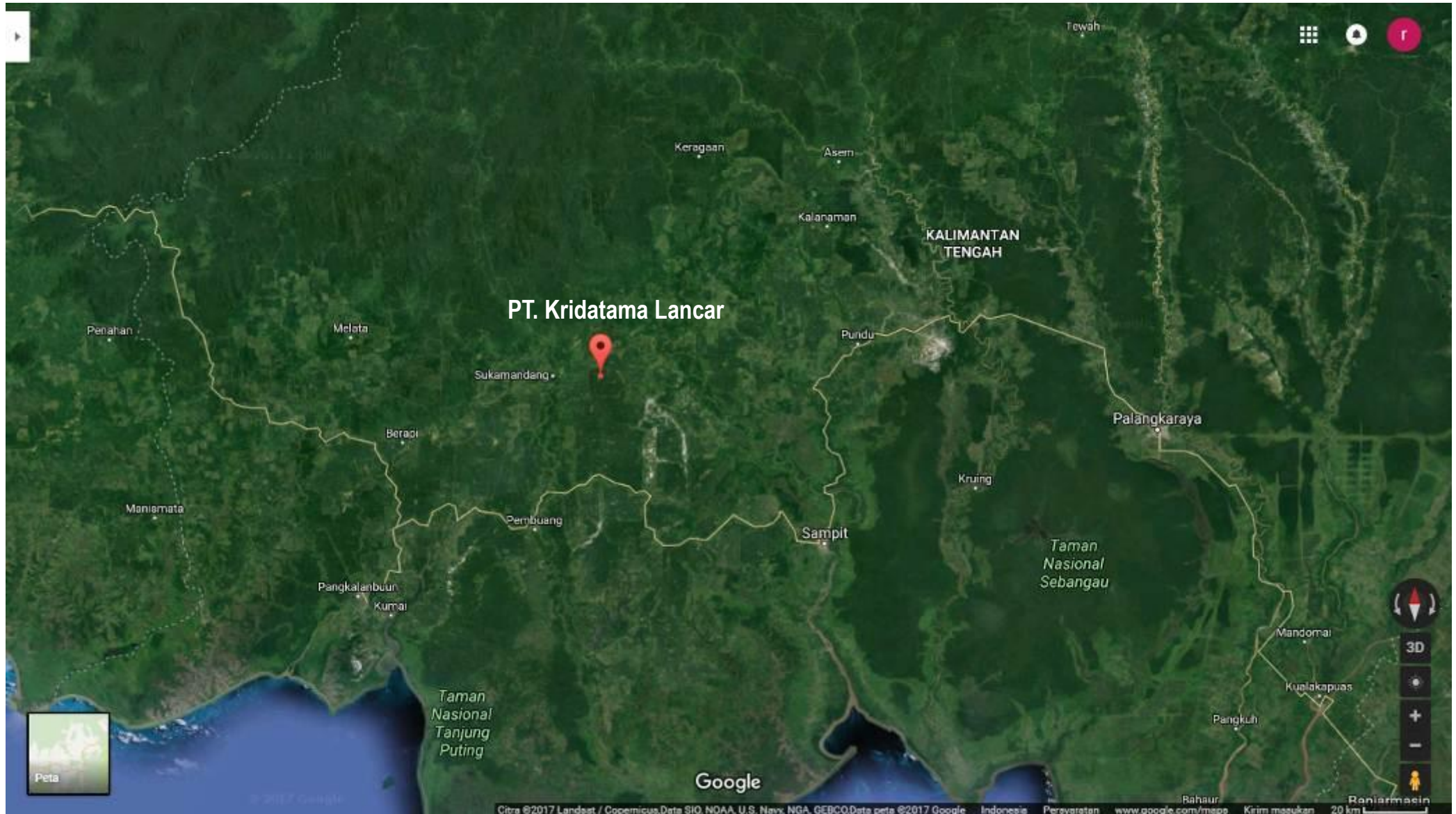
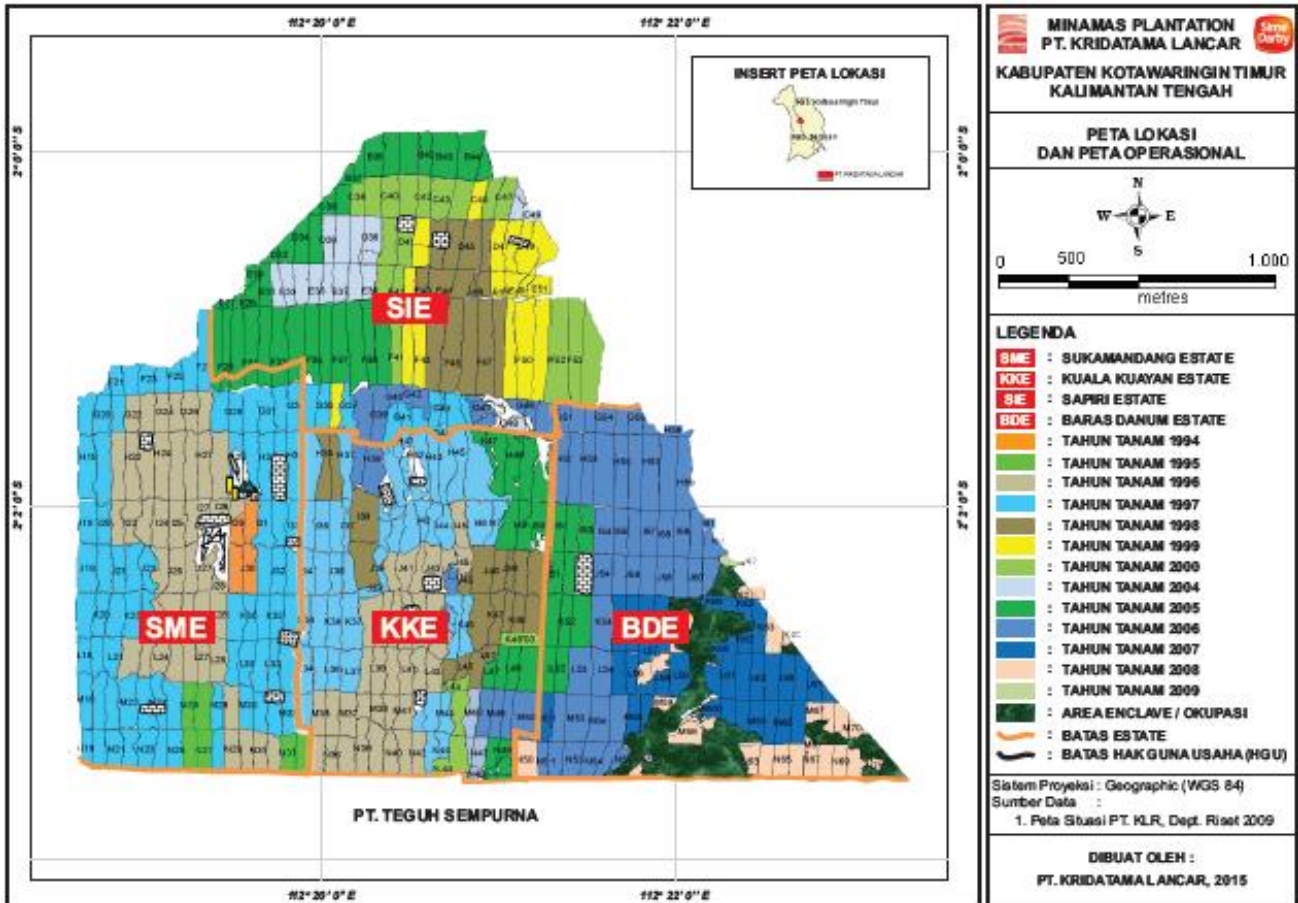


Figure 2. Operational Map of PT Kridatama Lancar



Abbreviations Used

BOD	:	Biological Oxygen Demand
BPC	:	Business Planning and Consolidation
CCM	:	Chemical Company Malaysia
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
EFB	:	Empty Fruit Bunch
EIA	:	Environment Impact Assessment
EWS	:	Early Warning System
FFB	:	Fresh Fruit Bunch
GHG	:	Green House Gase's
GPS	:	Global Positioning System
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> . (Land Use Title)
HIRARC	:	Hazard Identification Risk Assessment and Risk Control
IPM	:	Integrated Pest Management
IUP	:	<i>Izin Usaha Perkebunan</i> . (Plantation Business Permit)
IPAL (WWTP)	:	<i>Instalasi Pengelolaan Air Limbah</i> (Wastewater Treatment Plant)
OHS	:	Occupational Health and safety
KBE	:	Kawan Batu Estate
KER	:	Kernel Extarction Rate
KKE	:	Kuala Kuayan Estate
KLR	:	PT. Kridatama Lancar (Minamas Plantation-Sime Darby group)
LK3P	:	<i>Lembaran Kertas Kerja Kesimpulan Pemeriksaan</i> (Working Paper of Conclusion of Inspection)
MRC	:	Minamas Research Center
MSDS	:	Material Safety Data Sheet
OER	:	Oil Extarction Rate
IPM	:	Integrated Pest Management
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> (Occupational Health and Safety Committee)
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
PSD	:	Plantation Services Departement
PSQM	:	Plantation Sustainability and Quality Management
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rear, Threat, Endangered
SCCS	:	Supply Chain Certification System
SIA	:	Social Impact Assessment
SME	:	Sukamandang Estate
SMF	:	Sukamandang Factory
SOP	:	Standard Operating Procedure
SOU	:	Strategic Operation Unit
WWF	:	World Wide Fund

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used	<ul style="list-style-type: none"> • RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013. • RSPO Certification System (approved by RSPO Executive Board 26 June 2007). • RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill). 	
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT Kridatama Lancar – subsidiary of Sime Darby Plantation Sdn, Bhd	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> • Head Office: Sime Darby Plantation Sdn Bhd, Main Block, Level 10, Plantation Tower No.2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor • Indonesia Office: The Plaza Office Tower Lantai 36 JI MH Thamrin Kav. 28-30 Jakarta 10350 	
1.2.4	Telephone	(+603) 7848 4000 (+62) 21-29926000	
1.2.5	Fax	(+603) 7848 5361 (+62) 21-29922686	
1.2.6	E-mail	mohamad.pirabaharan@simedarby.com	
1.2.7	Web page address	www.simedarby.com	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Minamas Plantation)	
1.2.9	Registered as RSPO member	07 September 2004, 1-0008-04-000-00	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	<i>Palm Oil Mill and supply base</i> <ul style="list-style-type: none"> • Sukamandang Palm Oil Mill Sukmandang Estate (SME), Sapiri Estate (SIE), Baras Danum Estate (BDE) dan Kuala Kuayan Estate (BDE). 	
1.3.2	Type of certificate	Single	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Sukamandang POM	Village of sukamandang, Sub District	S E

	Seruyan Tengah, District Seruyan, Province Central Kalimantan	02°03' 39"	112° 19' 09"			
1.4.2	Location of Certification Scope of Supply Base					
	Name of Supply Base	Location	Coordinate			
			Latitude Longitude			
	Sukamandang	Village of Sukamandang ,Sub District Seruyan Tengah, District Kotawaringin Timur, Province Central Kalimantan	S 02° 03' 56" E 112° 18' 48"			
	Baras Danum	Village of Biring Kapuk, Sub District Mentaya Hulu, District Kotawaringin Timur, Province Central Kalimantan	S 02° 04' 48" E 112° 22' 52"			
	Sapiri	Village of Sapiri, Sub District Mentaya Hulu, District Kotawaringin Timur, Province Central Kalimantan	S 02°01'26" E 112° 20' 52"			
	Kuala Kuayan	Village of Kuala Kuayan, Sub District. Mentaya Hulu, District Kotawaringin Timur, Province Central Kalimantan	S 02° 04' 46" E 112° 21' 10"			
1.5	Description of Area Statement					
1.5.1	Tenure					
	• State		14,779.92 Ha			
	• Community		Ha			
1.5.2	Area Statement					
	• Total area		14,779.92 Ha			
	• Mature area		12,058.37 Ha			
	• Immature area		1,238.92 Ha			
	• Mill		16 Ha			
	• Emplacement		226.19 Ha			
	• Infrastructure (Road & Bridge)		574.80 Ha			
	• Nursery		11.97 Ha			
	• Occupation		48.00 Ha			
	• HCV		590.99 Ha			
	• Reserve area		14.68 Ha			
	Note: In recertification The company has assign latest HCV area is 582.96 ha. In this assessment the HCV area is 590.99 ha because riparian area at replanting activity did not assign into planting area and has been assigned into HCV area.					
1.6	Planting Year and Cycles					
1.6.1	Age profile of planting year					
	Planting Year	Hectarage (Ha)				
		Sukamandang Estate	Kuala Kuayan Estate	Sapiri Estate	Baras Danum Estate	Total
	1995	177.60			-	177.60
	1996	1,022.74	298.00		-	1,320.74
	1997	1,746.71	1,303.00	142.51	-	3,192.22
	1998	-	569.00	536.90	-	1,105.90

1999	-		407.90	-	407.90		
2000	-	124.00	737.00	-	861.00		
2004	-	101.00	485.90	-	586.90		
2005	-	355.50	786.80	349.55	1,491.85		
2006	-	108.00	160.60	1,331.83	1,600.43		
2007	-		-	880.45	880.45		
2008	-		-	433.38	433.38		
2015	672.82	216.74	-	-	889.56		
2016	-	349.36	-	-	349.36		
TOTAL	3,619.87	3,424.60	3,257.61	2,995.21	13,297.29		
1.6.2	New Planting area after January 2010		Ha				
1.6.3	Planting Cycle		2 nd Cycle				
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO	Palm Kernel		
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Sukamandang	60	257,820.88	55,966.55	21.71	11,782.73	4.57
	<i>*Production data source from 12 months before assessment (July 2016 – June 2017)</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/ year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Sukamandang Estate	3,936.56	3,619.87	68,141.37	23.12	67,964.91	99.74
	Kuala Kuayan Estate	3,664.60	3,424.60	54,657.35	19.12	54,487.60	100
	Sapiri Estate	3,530.90	3,257.61	67,513.32	20.72	67,513.32	99.69
	Baras Danum Estate	3,647.86	2,995.21	62,181.94	20.76	62,085.43	99.84
	TOTAL	14,779.92	13,297.29	252,493.98	20.94	252,051.26	99.74
	<i>*Production data source from 12 months before assessment (July 2016 – June 2017)</i>						
1.7.3	FFB description from other source						
	Name of sources/Organisation (RSPO certified / non-certified)	Type of Organisation	number of smallholders	Production Area (Ha)	Supplied to Mill		
					FFB (tonnes/year)		
	Pematang Estate (RSPO Certified)	subsidiary of Sime Darby Plantation Sdn, Bhd	-	3,557.67	1,485.38		
	Hatan Tiring Estate (RSPO Certified)	subsidiary of Sime Darby Plantation Sdn, Bhd	-	3,419	804.46		
	Kawan Batu Estate (RSPO Certified)	subsidiary of Sime Darby Plantation Sdn, Bhd	-	3,755	2,307.10		
	Batang Garing Estate (RSPO Certified)	subsidiary of Sime Darby Plantation Sdn, Bhd	-	3,320	1,340.97		
	TOTAL				5,937.91		
	<i>*Source Production Data on 12 months before assessment (July 2016 – June 2017)</i>						
1.7.4	Product categories		FFB, CPO, PK				

1.8	Estimate Tonnage of Certified Product							
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 02 September 2016 to 01 September 2017 (tonnes/year)		Actual certified product 02 September 2016 to 09 July 2017 (tonnes/year)			
	• FFB Production		260,210		224,386.88			
	• CPO Production		59,848		48,596.31			
	• Palm Kernel (PK) Production		13,011		10,428.66			
1.8.2	Product selling							
	Tonnage of selling product		Actual selling product period 02 September 2016 to 09 July 2017					
	• CSPO		32,374.89 ton					
	• CSPK		9,129.96 ton					
	• CPO under other scheme trading (e.g ISCC, RFS)		-					
	• CPO under conventional trading (if any)		20.917,45 ton					
	• PK under other scheme		-					
	• PK under conventional trading (if any)		1.274,55 ton					
1.8.3	Estimate of Certified FFB Claim							
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)			
	Sukamandang Estate	3,936.56	3,619.87	74,956	25.43			
	Kuala Kuayan Estate	3,664.60	3,424.60	60,123	21.03			
	Sapiri Estate	3,530.90	3,257.61	74,265	22.80			
	Baras Danum Estate	3,647.86	2,995.21	68,400	22.84			
	TOTAL	14,779.92	13,297.29	277,744	23.03			
	<i>*Projected FFB production for 12 months of certificate</i>							
1.8.4	Estimate of Certified Palm Product Claim							
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel		Supply Chain Module
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	
	Sukamandang	60	277,744	61,881	23.0	12,498	4.5	IP
	<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, MUTU-ISPO/051, 5 February 2016 to 4 February 2021					
1.10	Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units							

Management Unit		Supply Base	Time Bound Plan	Location	Status
Mill	Time Bound Plan				
INDONESIA					
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 PT. Sime Indo Agro	2010	West	2010	Sanggau District – West Kalimantan	Certified
		East	2010		Certified
		Sei Mawang	2018		-
		East Plasma	2010		Certified
		West Plasma	2010		Certified
Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	2011	Pekanbaru, Siak District – Riau	Certified
		Pinang Sebatang	2011		Certified
		Aneka Persada	2011		Certified
Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified
		Bukit Pinang	2012		Certified
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	Mustika		Tanah Bumbu District – South Kalimantan	Certified
		KKPA-2 PT.SHE	2013		Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
		SAP 1	2020		ST-2

Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemasan	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
		KKPA BSS	2020		-
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2014		Certified
Sukamandang PT Kridatama Lancar	2011	Sukamandang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Sapiri	2011		Certified
		Barasdanum	2011		Certified
		Kuala Kuayan	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified
Selabak. PT Swadaya Andhika	2012	Selabak	2012	Kotabaru District – South Kalimantan	Certified
		Randi	2012		Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified
Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2020		-
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		Sungai Jernih Estate and GPI KKPA	2017		-
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified
		Batang Ara (PT PSK)	2013		Certified
		Blang Simpo-01	2013		Certified
		Blang Simpo-02	2013		Certified
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2018	Sanggau District – West Kalimantan	-
		MAS 1	2018		-
		MAS 1	2018		-
		Plasma MAS	2020		-

Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
		Awatan	2014		Certified
		Karya Palma	2018		-
		KKPA SNP	2020		-
		Pelanjau (PT BAL)	2018		-
		Sungai Putih (PT BAL)	2018		-
		Baturus (PT BAL)	2018		-
		KKPA BAL	2020		-
MALAYSIA					
Sg Dingin SOU 1	2010	Bukit Hijau	2010	Kerangan, Kedah	Certified
		Padang Buluh	2010		Certified
		Bukit Selangor	2010		Certified
		Sg Dingin	2010		Certified
		Jentayu	2010		Certified
		Anak Kuli	2010		Certified
		Somme	2010		Certified
Chersonese SOU 2	2011	Chersonese	2011	Kuala Kurau, Perak	Certified
		Holyrood	2011		Certified
		Kalumpong	2011		Certified
		Tali Ayer	2011		Certified
Elphil SOU 3	2011	Kinta Kellas	2011	Sg Siput, Perak	Certified
		Elphil	2011		Certified
		Kamuning	2011		Certified
Flemington SOU 4	2011	Flemington	2011	Teluk Intan, Perak	Certified
		Bagan Datoh	2011		Certified
		Sabak Bernam	2011		Certified
		Sg Samak	2011		Certified
Seri Intan SOU 5	2011	Seri Intan (Main Division)	2011	Teluk Intan, Perak	Certified
		Sabrang	2011		Certified
		Sg Wangi	2011		Certified
		Sogomana (Main Division)	2011		Certified
Selaba SOU 5	2011	Seri Intan (Selaba Division)	2011	Teluk Intan, Perak	Certified
		Sogomana (Cashwood & Sg Beruas Division)	2011		Certified
		Bikam	2011		Certified
		Clumy	2011		Certified
Tennamaram SOU 6	2011	Tennamaram	2011	Bestari Jaya, Selangor	Certified
		Sungei Buloh	2011		Certified
		Bkt Talang	2011		Certified
Bkt Kerayong SOU 7	2011	Bkt Kerayong	2011	Kapar, Selangor	Certified
		Bkt Cherakah	2011		Certified
		Bkt Rajah	2011		Certified
		Bkt Lagong	2011		Certified
		Elmina	2011		Certified
East SOU 8	2010	East	2010	Carey Island, Selangor	Certified
		Dusun Durian	2010		Certified

		Sepang	2010		Certified
West - SOU 9	2010	West	2010	Carey Island, Selangor	Certified
Bukit Putri - SOU 10	2011	Bukit Putri	2011	Raub, Pahang	Certified
Kerdu SOU 11	2011	Kerdu	2011	Temerloh, Pahang	Certified
		Jentar	2011		Certified
		Mentakab	2011		Certified
		Sg Mai	2011		Certified
		Chenor	2011		Certified
Jabor - SOU 12	2011	Jabor	2011	Kuantan, Pahang	Certified
Labu SOU 13	2011	Labu	2011	Nilai, Negeri Sembilan	Certified
		New Labu	2011		Certified
		Bradwall	2011		Certified
Tanah Merah SOU 14	2010	Tanah Merah	2010	Port Dickson, Negeri Sembilan	Certified
		Sua Betong	2010		Certified
		Bukit Pelandok	2010		Certified
Sua Betong SOU 15	2014	Salak	2014	Port Dickson, Negeri Sembilan	Certified
		Sengkang	2014		Certified
		Siliau	2014		Certified
		PD Lukut	2014		Certified
		Sungai Baru	2014		Certified
		Tampin Linggi	2014		Certified
Kok Foh SOU 16	2011	Bukit Pilah	2011	Bahau, Negeri Sembilan	Certified
		Kok Foh	2011		Certified
		Muar River	2011		Certified
		St. Helier	2011		Certified
		Pertang	2011		Certified
		Sg Gemas	2011		Certified
		Sg Sebaling	2011		Certified
		Sg Senarut	2011		Certified
Kempas SOU 17	2010	Kempas	2010	Jasin, Melaka	Certified
		Kemuning	2010		Certified
		Tangkah	2010		Certified
Diamond Jubilee SOU 18	2011	Bukit Asahan	2011	Jasin, Melaka	Certified
		Diamond Jubilee	2011		Certified
		Serkam	2011		Certified
Pagoh SOU 19	2014	Pagoh	2014	Muar, Johor	Certified
		Lanadron	2014		Certified
		Pengkalan Bukit	2014		Certified
		Welch	2014		Certified
Chaah SOU 20	2010	North Labis	2010	Chaah, Johor	Certified
		Cha'ah	2010		Certified
		Sg Simpang Kiri	2010		Certified
Gunung Mas SOU 21	2010	Gunung Mas	2010	Kluang, Johor	Certified
		Kempas Klebang	2010		Certified
		Bukit Paloh	2010		Certified
		Yong Peng	2010		Certified
Bukit Benut	2011	Bukit Benut	2011	Kluang, Johor	Certified

SOU 22		CEP Niyor	2011		Certified
		Lambak / Elaeis	2011		Certified
Ulu Remis SOU 23	2011	Pekan	2011	Layang-layang, Johor	Certified
		Sembrong	2011		Certified
		Tun Dr. Ismail	2011		Certified
		Ulu Remis	2011		Certified
		Bukit Badak	2011		Certified
		Cenas	2011		Certified
Hadapan SOU 24	2011	CEP Rengam	2011	Layang-layang, Johor	Certified
		Kulai	2011		Certified
		Layang	2011		Certified
		Seri Pulai	2011		Certified
Sandakan Bay SOU 26	2008	Tun Tan Siew Sin	2008	Sandakan, Sabah	Certified
		Tunku	2008		Certified
		Tigowis	2008		Certified
		Sentosa	2008		Certified
		Saguliud	2008		Certified
Melalap SOU 27	2011	Melalap	2011	Tenom, Sabah	Certified
		Sapong	2011		Certified
Binuang SOU 28	2009	Tingkeyu	2009	Kunak, Sabah	Certified
		Sungang	2009		Certified
		Jelata Bumi	2009		Certified
		Binuang	2009		Certified
Giram SOU 29	2009	Mostyn	2009	Kunak, Sabah	Certified
		Giram	2009		Certified
Merotai SOU 30	2009	Imam	2009	Tawau, Sabah	Certified
		Merotai	2009		Certified
		Table	2009		Certified
		Tiger	2009		Certified
Lavang SOU 31	2011	Belian	2011	Bintulu, Serawak	Certified
		Kelida	2011		Certified
		Lavang	2011		Certified
		Lavang (SE)	2011		Certified
		Rasan	2011		Certified
Rajawali SOU 32	2011	Rajawali	2011	Bintulu, Serawak	Certified
		Samudera	2011		Certified
		Semarak	2011		Certified
		Bayu	2011		Certified
Derawan SOU 33	2011	Takau	2011	Bintulu, Serawak	Certified
		Damai	2011		Certified
		Derawan	2011		Certified
		Sahua	2011		Certified
Pekaka SOU 34	2011	Chartquest	2011	Bintulu, Serawak	Certified
		Dulang	2011		Certified
		Peroh	2011		Certified
		Pekaka	2011		Certified
		Ruai	2011		Certified

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

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

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

1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard
	Sukamandang palm oil mill does not received from other non certified RSPO associates outgrowers.

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ASA-1.1	<p>1. Muhammad Rinaldi (Lead Auditor). Indonesian citizen, Diploma of Oil Palm Plantation. He has experience 4 years working as Assistant Agronomy since 2009. He has attended training RSPO Lead Auditor, training of Auditor ISPO, training of Lead Auditor ISO 9001-2008, training of ISO 14000, training of HCV identification, training of OHS management system, training of potential and conflict resolution. Experienced in auditing in relevant scheme (ISPO) since 2014 with the aspects of land legality, environmental, social, occupational health and safety, Best Management Practices, Conservation and worker welfare. At this activity he assess aspect of Legality, OHS, SCCS, Land Dispute.</p> <p>2. Sahat Simarmata (Auditor). Bachelor of Science in Agriculture (Plant Protection) obtained from the Faculty of Agriculture, Universitas Sumatera Utara - Medan and Master of Science (Environmental Science and Management) obtained from University of the Philippines Los Banos (UPLB), Philippines. Worked at the Directorate General of Estate Crops, Ministry of Agriculture for 32 years and actively involved in undertaking Field Test of RSPO P&C Draft, actively involved in formulating and undertaking Field Test of ISPO P&C Draft, and socialized Regulation of Minister of Agriculture No.19/2011 on ISPO Guidance. Currently he is working on the independent Certification Body. The training attended, are Pelatihan Auditor ISPO, In house Training – Awareness RSPO Certification, and Training of Lead Auditor, ISO 9001 (In House Training). He has been conducting several audit related sustainable palm oil certification system as auditor trainee and auditor. At this activity he assess aspect of Best Practices and Social aspect.</p> <p>3. Brigitta Prita (Auditor). Citizen of Indonesia. Bachelor of Forestry, Department of Forest Resources Conservation and Ecotourism. She had attended Training ISPO by Commission ISPO on June 2013, Training ISO 9001:2008 Quality Management System on January 2014, Training Lead Auditor RSPO by Daemeter & Proforest, In House Training 17021 and 17065 management system and Product Quality, Training High Conservation Value by IPB on September 2015, In House Training HCV on August 2016, In House Training Roundtable Sustainable Palm Oil on January 2014; In House Training ISO 14000:2004 Environmental Management System. She has audit experience ISPO & RSPO since April 2013 in the environmental, conservation, waste management and GHG aspects. At this activity she assess aspect of transparency, environment, waste management, conservation, GHG and worker welfare.</p>
2.2	Assessment Methodology, Assessment Process and Locations of Assessment
2.2.1	Figure of person days to implement assessment
ASA-1.1	<p>Number of auditors: 3 Auditor.</p> <p>Number of days for ASA-1.1 at site: 4 days.</p> <p>Number of working days for ASA-1.1 at site: 12 Working days.</p>
2.2.2	Assessment Process
ASA-1.1	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Kridatama Lancar to the requirements of <i>Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th September 2016, RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill, and RSPO Certification System (approved by RSPO Executive Board 26 June 2007.</i></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 ASA-1.1 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase ASA-1.2 Improvement of findings from main assesment findings were observed by auditors at this ASA-1.1 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA -1.1.</p>

The assessment program please find Appendix 2.

2.2.3

Locations of Assessment

ASA-1.1

Number of units in this certification activity are four estates, which supply the raw material (FFB) to Sukamandang palm oil mill. In conducting the assessment, the team of auditors used the $0.8\sqrt{y}$ formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations one palm oil mill (Sukamandang POM) and two estates (Kuala Kuayan estate and Sapiri estate).

Sukamandang Factory

- **Security post.** Interview with personel about supply chain procedure
- **Weighbridge Station.** Observation and interview with the worker about supply chain procedure.
- **Loading ramp.** Observation Processing procedure and safety aspect.
- **Workshop.** Observation on maintenance activities and interview with foreman related understanding of working procedure.
- **Empty Fruit Bunch area.** Field observation regarding solid waste management.
- **Water Treatment Plant.** Field observations and interviews with WTP operators on management in WTP area.
- **Hazardouse Waste Temporary Storage.** Field observations and interviews with officer regarding hazardous waste management.
- **Chemical Storage.** Field observation and interview with officers regarding management in chemical storage.
- **Waste Water Treatment Plant.** Field observations and interviews with WWTP operators regarding waste water management.
- **Boiler Station.** Interview and observe the implementation oh OHS and SOP including on aspects of noise and audiometry test.
- **Kernel Station.** Observation Processing procedure and safety aspect.
- **Engine room Station .** Interview and observe the implementation oh OHS and SOP including on aspects of noise and audiometry test
- **Presser Station.** Observation Processing procedure and safety aspect.
- **Sterilizer Station.** Observation Processing procedure and safety aspect.
- **Hydrant.** Observation related emergency response.

Kuala Kuayan Estate

- **Block J44/45 & N44/45.** Observation to riparian of Manggis River
- **Block H38, 39 & 40.** Observation to HCV area of "Bukit Batu".
- **Block M46 Division 3.** Observation related Spraying activity.
- **Block K45 and Block K46.** Observation related monitoring of erosion.
- **Block L35 & L36 Division 3.** Observation related Harvested activity.
- **Tranportation of FFB & Loose fruits.**
- **Block M07 & Block M08 Division 3.** Observation related replanting area.
- **Block K43 Division 2.** Observation related monitoring of *Tyto alba*.
- **Block M45 Division 3.** Observation related conservation of beneficial plants.
- **Workshop.** Observation on maintenance activities and interview with foreman related understanding of working procedure.
- **Fire extinguishers.** Observation and interview regarding emergency response.
- **Chemical storage.** Field observation and interview with officers regarding management in chemical storage.
- **Diesel Tank.** Observation on hazardous material management, provided a secondary containment.
- **Fertilizer Storage.** Observation and interview on environmental aspect, OHS implementation, management of fertilizer and understanding of working procedure.
- **Hazardous waste Temporary Storage.** Field observations and interviews with officer regarding hazardous

waste management.

- **Health post.** Observation and interview with officer regarding procedure for medical, management of medical waste, and others.
- **Block 43 Division 2, Landfill area.** Observation related domestic waste.
- **Block Spraying System (BSS).** Observation and interview regarding of hazardous waste (pesticide) and PPE Spray storage.
- **Housing Division 2.** Observation and interview regarding management of domestic waste, quality and feasibility of employee welfare facilities and infrastructure such as water source, electricity, and others.

Sukamandang Estate

- **Block H19.** Observation to legal boundary No. 8 & 10.
- **Block H32 Divison 2/ Land Aplication.** Observation related land application and waste management.

Sapiri Estate

- **Block B43.** Observation to legal boundary No 20.
- **Block B44.** Observation to legal boundary No 22.
- **Block F49/50.** Observation to riparian of Kalali River
- **Block F34.** Observation to HCV area of "Bukit Susu".
- **Block F43.** Observation to erosion pole No.2 for measurement the erosion area.
- **Block G007 Division 1.** Observation related spraying activity.
- **Road maintenance, Division 2.** Observation related road maintenance.
- **Block D16 Division 4.** Observation related Conservation of beneficial plants.
- **Block F43 Division 1.** Obsevation related monitoring of owl.
- **Block E44 Division 44.** Observation related sensus of leaf worm (IPM Implementation).
- **Housing.** Observation and interview regarding management of domestic waste, quality and feasibility of employee welfare facilities and infrastructure such as water source, electricity, and others.
- **Hazardouse Waste Temporary Storage.** Field observations and interviews with officer regarding hazardous waste management.
- **Block Spraying System (BSS) & Block Manuring System (BMS).** Observation and interview regarding of hazardous waste (pesticide) and PPE Spray storage.
- **Landfill area Block F007 Division 3.** Observation related domestic waste.

Stakeholders visit:

1. Plantation Agency Kotawaringin Timur district.
2. Tajur Beras Village. interview the head of village and community representation related to social interaction between company and community surround, another social issues.
3. Local Contractor (FFB transporter).

2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ASA-1.1	<p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for <i>PT Kridatama Lancar</i> was held by :</p> <ol style="list-style-type: none"> 1. Public announcement on the MUTU website (www.mutucertification.com) at June 22th 2017. 2. Stakeholder consultations with NGOs have been conducted by sending questionnaires via email to several NGOs (WWF, Walhi, Sawit Watch, Betang Borneo) on July 6th, 2017. 3. Public consultation meeting with internal stakeholders (worker union, committee gender, local contractor and local communities) by interviews at July 11th, 2017. 4. Stakeholder consultations with government have been conducted by interview to several governments in Kotawaringin Timur District on July 11th, 2017.

	Numbers of input from stakeholders were clarified by <i>PT Mutuagung Lestari</i> .
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit ASA-2 will be determined one year after this ASA-1 (July 2017) .

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Sukamandang POM – PT Kridatama Lancar Sime Darby Plantation Sdn Bhd operation consisting of one (1) mill and four (4) oil palm estates.

During the assessment, there were five (6) Nonconformities were assigned against Major Compliance Indicators and five (5) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidences e.g. (document record/photographic/etc...). Those corrective actions taken that consist of six (06) Major non-conformities and had been closed out.

MUTUAGUNG LESTARI found that Sukamandang POM – PT Kridatama Lancar 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 25th And Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **Issued/Continued/suspended***.

**) deleted as appropriate*

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
1.1.1	<p>Company has been shown list of stakeholder of PT Kridatama Lancar which is as much as 40 stakeholders and consists of national institution, province institution, district institution, sub district institution, group community, and business partner. Other than that, based on the communication procedure with the number of policy 725/PSQM-ESH/2016 on 27 June 2016 which is established by the Estate Manager or Chairman of SOU 2. Types of information which could be accessed, such as :</p> <ul style="list-style-type: none"> • The policy of enviromental occupational health and safety and company's gender • Enviromental occupational health and safety programme and RSPO company • Progress of enviromental occupational health and safety programme and RSPO company • Matters which is related to enviromental occupational health and safety programme and RSPO • The enviromental impact analysis • The documentation of HCV • Reduction and prevention of pollution • Detail of complaint • Negotiation • Sustainable improvement planning • Public summary and certification assessment report • The policy of human rights 	
1.1.2		

System operational procedure of communication with the number of policy 725/PSQM-ESH/2016 mentioned that the information which is coming from the external must be responded by the parties/units maximum 15 (fifteen) days after the information received.

Based on the interview with the Plantation Agency District of Kotawaringin Timur, known that there's the information request due to the monitoring and report of HCV from the Plantation Agency. This matter could be evidenced with the availability of evidence receipt by Minamas Group on 15 June 2017. However, until now (28 days), the company still could not shown the response evidence which is related to the request of information. This matter is not comply with the standard operational procedure of communication (Number of Policy 725/PSQM-ESH/2016) which is mention the information that's coming from the external must be responded by the parties/units maximum 15 (fifteen) days after the information received. Based on the explanation above, **this is Non-conformance No.2017.01 with Major Category.**

Major 1.1.2	Status: Non-Conformance NC.2017.01 with major category	
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1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

1.2.1.
Based on the communication procdere with the number of policy 725/PSQM-ESH/2016 on 27 June 2016 which is established by the Estate Manager or Chairman of SOU 2. Types of information which could be accessed, such as :

- The policy of enviromental occupational health and safety and company's gender
- Enviromental occupational health and safety programme and RSPO company
- Progress of enviromental occupational health and safety programme and RSPO company
- Matters which is related to enviromental occupational health and safety programme and RSPO
- The enviromental impact analysis
- The documentation of HCV
- Reduction and prevention of pollution
- Detail of complaint
- Negotiation
- Sustainable improvement planning
- Public summary and certification assessment report
- The policy of human rights

Based on the explanation above, the company has been owned the type of document's list which is could be accessed for public.

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

1.3.1
The company has owned the policy with reference number 440/HRM-COC/07 on 24 May 2007 which is regarding to the code of conduct, defined that :

- a. The individual in Minamas Plantation must not have conflict of interest which could be influenced to the decision making and impacted the company could not get the best result.
- b. Corporate Governance : the structure and process which is used by the company to increase the triumph of business and the company accountability in order to realize the shareholder's value for the long term by keep concern in the interest of others stakeholders, based on the regulation and the values of ethic.

The company has been socializing the policies code of conduct to employee and contractor such as :

- The code of conduct socialization on 27 to 28 February 2017 which was located at the office of Sukamandang Factory. Attended by 107 participants and consists of staff, supervisor, employee and contractor of SMF. The evidences are consists of photo and list of attendance.
- The code of conduct socialization on 27 February 2017 which was located at the office of Division 1, 2 and 3 of

Kuala Kuayan Estate. Attended by 245 participants and consists of staff, supervisor, and employee.

- The code of conduct socialization on 9 to 10 February 2017 which was located at the central office of Sapiri Estate Division. Attended by 325 participants and consists of staff, supervisor, and employee.

Based on the interview with the officer of water waste treatment plant at Sukamandang POM, the factory worker and traction, it's known that there's a socialization for code of conduct policy which has been delivered during the morning briefing before working hour.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

2.1.1

Legality of Land Tenure and Utilization

- Has have Land Use Title (*Hak Guna Usaha/HGU*) number 11 coverage area 14,779.920 ha based on Indonesian National Land Agency Decree dated 9 August 1999 number 58/HGU/BPN/99. This in accordance with Laws No. 5 on 1960.
- Has have Plantation bussines permit number No. 445/Menhutbun-VII/2000 in accordance with Plantation Ministry Regulation No. 98 on 2013.

OHS

- Has P2K3 structure and P2K3 report in accordance with Minister of Labor Regulation No. 4 year 1987
- Has boiler operators, welders and heavy equipment operators certified in accordance with the regulations. The company need to ensure the implementation of the electrical technician's training plan **OFI**

Based on interviews with Plantation Agency and document review, the company has not been able to show proof of report on the Progress Report of Plantation Business Development 1st Quarter of 2017. This is not in accordance with the Registration License and Plantation Minister Regulation No. 98 of 2013. **Non-conformance No.2017.02 with Major Category**

2.1.2 & 2.1.4

Procedures related to the evaluation of the regulation are unchanged from the previous assessments listed in the Requirement of Regulation Procedure No 701/TQEM-ESH/10 which describe evaluation of Regulation requirements application and related to plantation activities. In the procedure, the person in charge for evaluating the regulation are the Sections of PSD and ESH.

Changes to regulations are recorded in the Compliance Evaluation of Regulation document. In the document explains that there are 5 regulations that have changed, among others:

- District Regulation of East Kotawaringin No. 03 of 2016 on Local Employment Empowerment which was updated on September 24, 2016.
- Regulation of Environment Minister No. 32 of 2016 on Forest and Land Fire Prevention which was updated on September 24, 2016.

2.1.3

Based on the Requirement of Regulation Procedure no. 701/TQEM-ESH/10, it is explained that evaluation of regulatory completeness is done every 6 months. The Company shows the Evaluation of Regulation Conformance conducted on July 1, 2017. The evaluation is based on RSPO principles and criteria and there are 101 regulations evaluated. Based on the report, all of regulation that evaluated by the company has been well implemented.

2.1.1 Status: Non-conformance No.2017.02 with Major Category

2.2

The right to use the land is demonstrated, and is not legitimately contested by local people who can

demonstrate that they have legal, customary or user rights.

2.2.1

Based on document review of area statement, interview with plantation agency and interview with management, there is no additional area so that there is no change related to document of land ownership and utilization.

The operation and control of land by PT Kridatama Lancar is based on licensing of land from the government in accordance with the applicable regulations, among others:

- Certificate of Land Use Title issued by National Land Agency (BPN) in accordance with Decree No. 58/HGU/BPN/99 dated June 22, 1999 for land area of 14,779 Ha
- Registration of Plantation Business Letter (SPUP), based on the Decree of the Minister of Forestry and Plantation. 445/Menhutbun-VII/200, dated April 25, 2000, Plantation Area of 14,779.92 Ha, Factory capacity are 40 Ton/Hour.
- IUP-P in accordance with Kalimantan Tengah Governor's Decree No. 188.44/585/2015, dated September 28, 2015 regarding the addition of plant capacity from 40 tons of FFB / Hour to 60 Tons of FFB / Hour.

2.2.2

Field observation and examination of the coordinates of Land Use Title boundaries pole at Sukamandang Estate (pole 8.9,10) and Baras Danum Estate (28, 29, 30, 31) indicate that the position of Land Use Title pole at the time of the audit was not in accordance with the coordinates of the Land Use Title pole in BPN data. **Non-conformance No. 2016.03 with Minor category**

Verification dated July 13, 2017

Based on field visit to pole No. 08 and 10 at Sukamandang Estate and pole No. 20 and 22 at Sapiri Estate, it is known that the poles are still well maintained. However, based on verification using GPS, it is known that the position of the position of pole does not match with the coordinates of the book of Land Use Title, for example in pole No. 10 in SME with field coordinate S 02° 02' 23.30", E 112° 17' 30.5" while the book is S 02° 02' 22.60", E 112° 17' 33.2". This causes the difference of the installation distance of ± 90 Meters into the Land Use Title area and pole No. 22 in the SIE with field coordinates S 01° 59' 44.5", E 112° 21' 51.1" while in the book is S 01° 58' 48.2", E 112° 21' 55.2". This causes the difference of installation distance ± 1.75 km into Land Use Title area.

Based on the explanation, **the Non-Conformance No. 2016.02 is still not fulfilled so that this non-conformance is upgraded to MAJOR category.**

2.2.3, 2.2.4, 2.2.5 & 2.2.6

Procedures related to land conflict resolution are unchanged from previous assessments listed in the Occupational Land Release Procedure (No. 343/PSD-OKUP/10) as well as the Land Conflict Resolution Procedure (RSPO/B.5.23/KLR). The Procedure explains that the settlement of land dispute was conducted through the negotiation phase between the company and the party claiming the land and witnessed by various parties.

Based on field visits and interviews with plantation agencies and surrounding communities, there is currently no land dispute between the company and other parties. The last land dispute occurred in 2011 and has been resolved by negotiations witnessed by the village head.

2.2.2.	Status: Non-Conformance No.2017.02 with Minor Category upgraded to Major category.
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2.3

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

2.3.1, 2.3.2 & 2.3.3.

There is no changes to SOP related FPIC for land release are listed in the Occupational Land Release Procedure (No. 343/PSD-OKUP/10) as well as the Land Conflict Resolution Procedure (RSPO/B.5.23/KLR). The Procedure explains that the settlement of land dispute was conducted through the negotiation phase between the company and the party claiming the land and witnessed by various parties.

Based on document review of area statement, interview with plantation agency and interview with management, there is no increase of area so there is no land compensation activity. The last land compensation activity was conducted on 2011. Records of land compensation process consist of: document of land identification and inventory, land location maps, statement of release of land rights by owner, Receipt of Payment, Minutes of compensation/Compensation and witnesses. This is stored in their respective estate according to the location of the land.

Status: Comply

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

3.1

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

3.1.1

The Company has had a long-term business plan document for the 5 year period (2017/2018 - 2020/2021) approved by Head Plantation Operation. Plantation includes FFB Production (mTon), Estate Cost (Rp / mT), Estate Cost (Rp), Operational Cost (harvesting, manuring, IPM, road upkeep, weeding, boundaries, soil conservation, sanitation & pruning, labor, wages, non-plant capital, transport field and wage calculation) and Factory includes FFB processed, CPO production (mTon), PK Production (mTon), Oil Extraction Rate (OER), Kernel Extraction Rate (KER), CPO and PK Price Forecast (Rp / mTon), Mill Cost (cost processing, mill fixt cost), Other Cost (Rp) Total Cost Production and Total Net Profit, and B / C Ratio (1.56 - 2.20). The business plan has been monitored and evaluated annually through the Business Planning and Consolidation System.

3.1.2

The company already has a long-term replanting program document reviewed by the Estate Manager and updated on May 26, 2017, covering planted area plans, cost allocation and seedlings. For example, a 13-year replanting program at Kuala Kuayan Estate (2015/2016 - 2027/2028) and a 15-year replanting program at Sapiri Estate (2018/2019 - 2033/2034).

Progress of replanting implementation has been documented. For example, recording of replanting at Kuala Kuayan Estate 2015/2016 (target 234 ha, actual 234 ha) and 2016/2017 (target 355 ha, actual 355 ha).

Status: Comply

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

The Company already has SOP on Plantation and Factory as well as Supply Chain Requirements for the Factory in Indonesian format, well documented and available on-site assessment. The SOP has included processes relevant to activities in the garden and plant, ie:

- Agricultural Reference Manual (Doc.No.110/EST-ARM/13, dated 16th September 2013) covered Preparation of Planting, Nursery, Replanting, Land Preparation, Census of Production, Harvesting, Land Upkeep, Manuring, Manuring in Immature, EFB Application, Mill Effluent Application, Pruning/Canopy Management, Water Monitoring in Peat Land, Ablation, Ripeness, Harvesting, Loose Fruits Collection, Plant Protection, Weeding, Legume Cover Crop, and Monitoring of Rainfall.
- Procedures of Mill Process (Doc.No.110/POD-FAC/07, dated 26th July 2010) concerning FFB Receiving, Sterilization, Striping, Digesting, Pressing, Clarify, Separation of Seed and Coir, Kernel Station, Stockpiling of PKO, Stockpiling of CPO, Laboratory Management, Boilers, Power Generation Machines, Types of Generating Machinery, Safety and Work Safety.

The SOP has been explained to workers through training and morning attendance and has been implemented well. For example, harvester interviewed in Block L36 (Division 3, Kuala Kuayan Estate) informed harvesting mechanisms and techniques as SOPs, such as harvesting criteria (> 5 loose fruits in circle), harvest rotation (12 days).

4.1.2.

The company has a consistency check mechanism for the implementation of procedures, ie, supervision of plantation operations by Plantation Advisory and supervision of Sukamandang Factory by Mill Advisory. Records of corrective action and improvement are documented in the Working Conclusion Sheet (LK3P). Example:

- Internal audit of the first semester activities year 2106/2017 at Kuala Kuayan Estate was held on 13th March 2017 (there are 14 findings and has been followed up) and at Sapiri Estate on 20th March 2017 (there are 10 findings and have been followed upon).
- Internal check of the first semester activities year 2106/2017 at Sukamandang Factory on 1st September 2016 (there are 17 findings and has been followed up).

4.1.3.

The Company has a document of internal audit report of the activity, namely the Working Paper of Conclusion of Inspection (LK3P). Example:

- LK3P in Kuala Kuayan dated 13th March 2017. There are 14 findings and have been followed up, for example maintenance work (field upkeep) is not running in accordance with the program. As of June 2017 spraying has been done and discarded left over.
- LK3P at Sapiri Estate dated 20th March 2017. There are 10 findings and have been followed up, for example MSDS some stock of goods in the warehouse is not informative. On 31st March 2017 has been requested to supplier the MSDS of chemical in Indonesian format.
- LK3P at Sukamandang Factory. There are 17 findings and have been followed up, eg daily sampling of oil production is not appropriate. On 18th September 2016 has been done repair and addition of 2 pieces of sampling pipe.

The Company also has a record of monitoring results of the implementation of each activity and is well documented. For example, Monthly Crop Production Year 2016/2017 at Kuala Kuayan Estate and Sapiri Estate and CPO Production and PKO 12th July 2017 at Sukamandang Factory (FFB received 257,989,170 mt, FFB processed 257,820,883 mt, CPO produced 55,966,552 mt and PK produced 11,782,733 mt).

4.1.4

Based on document verification and interviews with workers at weighbridge, it is known that Sukamandang Factory only receives FFB from its own plantation and PT.Teguh Sampurna which is a subsidiary of Sime Darby Group.

Status: Comply

4.2

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

4.2.1

The Company already has SOPs related to efforts to increase soil fertility including manuring, empty fruit bunch (EFB)

application, liquid waste application, and pruning/canopy management. The SOP has been implemented. Example:

- Application of EFB at replanting area at Kuala Kuayan Estate in 2016/2017 (250 kg/tree), target 18,315,523 kg and actual 8,129,350 kg or 44.38%.
- Pruning (fronds are arranged U-Shape in interrow) in 2016/2017 at Sapiri Estate, target of 4,235.71 Ha and actual 3,258.24 Ha or 76.92%.
- Land Application in Sukamandang Estate, for example in February 2017, FFB processed 19,463,010 kg, POME generated 9,955 m³ and applied 21,681 m³ in 9 blocks.

The Company monitors the implementation of SOPs. For example, the application of EFB at Kuala Kuayan Estate can add nutrients N (0.37%), P (0.04%), K (0.91%), and Mg (0.08%), while in Sapiri Estate in second year productivity up 13% from 23 ton/ha/year to 26 ton/ha/year.

4.2.2

The Company keeps records of the program and the realization of manuring in 2016/2017 based on agronomy reports of estate (Estate Unit Report), covering semester, manuring location, type and amount of fertilizer. Example:

- Kuala Kuayan Estate (Division 1, 2 and 3): First Semester - CCM44 fertilizer (target 715,420 kg, actual 100%) and TGFB (target 15.817 kg, actual 100%). Second Semester - CCM44 fertilizer (target 1,282,496 kg, actual 100%).
- Sapiri Estate: For example, CCM 44 fertilizer on Block C002 (54.48 Ha; 7,197 trees) - Semester II (plan 25,189.50 kg and realized 100%).

4.2.3

The Company already has the RSPO/B.1.2/KLR document, dated 18th June 2009 or Ext.Serv.Kal.I-01/1, November 2005 which describes the Leaf Sampling Unit Mechanism, the first at the age of 3 years and thereafter once a year. SOP of soil sampling has been available, made by Minamas Research Center (MRC), soil analysis is done every six years. Soil and leaf sampling has been in accordance with SOP. Example:

- Leaf Sample at Kuala Kuayan Estate (2nd June 2017 from LSU No. KKE 101 / H34, Division 1) and Sapiri Estate (20th April 2017 from LSU No. SIE 106, Division 1).
- Soil Sample at Kuala Kuayan Estate (2nd June 2017 of SSU Division 1, 2 and 3, depth 0 - 30 cm and 30 - 60 cm) and Sapiri Estate (20th April 2017 from SSU Division 1, 2, 3 and 4, depth of 0 - 30 cm and 30 - 60 cm).
- Leaf and soil analysis results of MRC have been well received and documented:
- Leaf Analysis (7 elements - Ash, P, K, Mg, Ca, N, and B) at Kuala Kuayan Estate (Test Report No. P43 / 2017) and at Sapiri Estate (Test Report No. P36 / 2017).
- Land Analysis (letter No. MRC/Mgr-MRC/Mgr-Est/0026/VI/2017, dated 2nd June 2017) has been known the nutrient status of the soil at a depth of 0 - 30 cm and 30 - 60 cm in Kuala Kuayan Estate (eg In Divisions 1, 2 and 3, Aquic Paleudult soil types, and slope: 0 - 12%) and Sapiri Estate (eg soil type: Typic Plintudult, and slope: 4 - 24%).

Based on Test Report No. P36 / 2017 is known to deficiency N, P, K, Mg, and B in Sapiri Estate, whereas in Kuala Kuayan Estate not yet available.

Manuring recommendations have been available 2017/2018. For example, Kuala Kuayan Estate (Division 1 Block H34): HGFB (0.09 kg/tree), NPK44 – 1st rotation (2.5 kg/tree), 2nd rotation (3.0 kg/tree), 3rd rotation (3.0 kg/tree) and Sapiri Estate (Division 1, Block F41): HGFB (0.09 kg/tree), NPK44 – 1st rotation (3.25 kg/tree), 2nd rotation (3.75 kg/tree), 3rd rotation (3.50 kg/tree).

4.2.4.

The Company has established a nutrition recycling strategy through the use of EFB for mulch, POME for Land Application, and palm oil residue from pruning and replanting as chipping.

Nutrition recycling plan and strategy is complete and includes explanation of objectives, inventory, biomass recycling (Manual Reference Agronomic No.110/EST-ARM/13 dated 16th September 2013 and SOP of Hazardous Waste and Non Hazardous Waste Management No. RA.012, dated 01 April 2010. The extension of the palm oil industry waste permit (SK Regent Kotawaringin Timur No.188.45/581/HUK-BLH/2014 dated 30th May 2014) is valid for 5 years, the total area of 353 ha.

The recycling program runs well and is monitored. Example:

- The application of EFB is monitored by each Estate in the document "Realization Empty Fruit Bunch 2016/2017". For example, Sapiri Estate (on mature area - target 18,942 ton, actual 17,414 ton or 91.93%).

- Land Application (POME) at Sukamandang Estate, for example in February 2017 (21,681 m3) in 9 blocks.
- Pruning at Kuala Kuayan Estate (target 2,859 Ha, actual 1,862 ha or 65.13%).

Utilization of oil palm residue from replanting as mulch (chipping). Example: replanting activities in 2016/2017 covering 355 ha at Kuala Kuayan Estate.

Status: Comply

4.3 Practices minimize and control erosion and degradation of soils.

4.3.1

The Company already has a Land Detail Survey Map of 1: 40,000 in scale, created by Minamas Research Center (MRC) Pekanbaru in 2017. Based on the map it can be seen that there is fragile land, laterite soil (Hapludux) in Baras Danum Estate (246.89 Ha) and Sapiri Estate (83.92 Ha), and 43 Ha of stone hill at Kuala Kuayan Estate.

4.3.2

The Company has Detailed Land Survey map 1: 40,000 in scale, prepared by Minamas Research Center (MRC) Pekanbaru 2017 informing the land slope. For example, Sapiri Estate: 4 - 12% (undulating) 778.78 ha and 12 - 24% (rolling) 2,511.02 ha.

According to SOP of Terrace Making (ARM 110/EST-ARM/13, part 4) all terraces should be tilted up hill (10° - 15° from horizontal), conservation terrace (width 3.3 m; 10° slope), stop bund (20 m interval at height 0.5 m). The management strategies of planting on slopes with a certain slope are the application of EFB, the accumulation of fronds in U-Shape, the conservation of soft ferns *Nephrolepis biserrata*, and planting Legume Cover Crop.

The SOP has been well implemented. Example:

- Kuala Kuayan Estate: Division 3, Block M09 (61 ha), replanting in 2016/2017 on areas with a slope >6° contoured and planted LCC (*Calopogonium mucunoides* and *Pueraria javanica*). (See Figure).
- Sapiri Estate: Division 3, Block F44 - Manture area (sloping ground), there is silt pit, soft fern (*Nephrolepis biserrata*) well preserved and pruning fronds are arranged by U-Shape.

The Company measures the level of soil erosion on certain slopes of land. Based on the RKL and RPL documents in the 2nd Semester of 2016 the average rate of erosion in the company's operational area is 14.86 ton/ha/semester (the lowest 0 ton/ha/semester and the highest 72 ton/ha/semester) with erosion level class II (light).

During the field inspection at Kuala Kuayan Estate Division 2, Block K45 (erosion stake No.03) and Block K46 (erosion stake No.04) officer explained that erosion monitoring is done every 3 months. At time of visit, the ground level is 5 cm below 0 in erosion stake No. 03 and 8 cm below 0 at erosion stake No.04.



Figure: Replanting 2016/2017 in Kuala Kuayan Estate

4.3.3

The Company has a road, bridges, and waterways maintenance program to be implemented throughout the year 2016/2017. For example, manually road maintenance in 2016/2017 at Kuala Kuayan Estate (target 34.308 Ha, actual 20.585 Ha or 60%) and Sapiri Estate (target 543.04 Ha, actual 123.75 ha or 22.78%).

Field observation results at Sapiri Estate road maintenance are being done mechanically using laterite soil in Division 1,

Block F44 along 600 m and Division 2 (Block E43 and Block E44) along 700 m.

4.3.4

The Company has a Detailed Land Survey Map of 1: 45,000 in scale, created by Minamas Research Center (MRC) - Pekanbaru, Year 2017. Based on the map it can be seen that there is no peatland (Ordo Organosol) in the operational area of Kuala Kuayan Estate And Sapiri Estate.

4.3.5

The Company has a Detailed Land Survey Map of 1: 45,000 in scale, created by Minamas Research Center (MRC) - Pekanbaru, Year 2017. Based on the map it can be seen that there is no peatland (Ordo Organosol) in the operational area of Kuala Kuayan Estate And Sapiri Estate.

4.3.6.

The Company has Land Type map 1: 45.000 in scale, made by Minamas Research Center (MRC) Pekanbaru in 2017. Based on the map it is known that there are fragile and problematic soils, namely laterite soil (Hapludox) in Sapiri Estate (83.92 Ha) and at Baras Danum Estate (246.89 Ha), and rocky terraces at Kuala Kuayan Estate (43 Ha).

The fragile soil and other problematic soils are not planted with oil palm, but used as HCV areas. For example, the results of a field inspection, as follows:

- Kuala Kuayan Estate: Block H38 to Block H40 (43 ha) is a hill with rocky soil, made HCV area (secondary forest) and location of hot spot monitor tower.
- Sapiri Estate: Block F34 (83.92 ha) is a hill/sloping area, type of red soil (laterite), made HCV area (planted with woody plants) of 2.96 ha.

Status: Comply

4.4

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

4.4.1 & 4.4.2.

The company has been shown the water management planning which is mentioned at the report of environmental work plan / environmental monitoring plan for the first semester of 2017 and the document of HCV management, such as :

- o The making of water bodies and dam retaining
- o The making of close ended conservation trenches which is aim to control the erosion and surface runoff also increase the availability of groundwater level.
- o The making of drainase trench
- o Do not undermine the palm stem in the area of riparian
- o The making of slit pit and road side pit
- o The testing of surface water and clean water has been done every six months
- o The measurement of water efficiency in the mill which is done by every month
- o The maintenance of signboard
- o The nursing of woody plant
- o The prohibited of spraying in the area of riparian
- o Etc.

Based on the field observation in the riparian area of Manggis River (KKE Block J44/45 & N44/45) and Kalali River, it's known that there has been the pole of spray in the left and right of the river, the signboard for the prohibited of spray, nursing which is done by manually, there're planting of mahogany and angkana, and etc.

4.4.3.

The company has been done the testing of quality of liquid waste including BOD by the institution which has been accredited by KAN, namely PT Mutuagung Lestari and PT Unilab which is done by every month. Based on the data of test result, the parameter of ph, BOD and COD are not exceeding the standard quality which has been established by the Ministry of Environment (No. 29 of 2003). The extension permit of waste water utilization is available for PT Kridatama Lancar, which is comply with the decision letter of Kotawaringin Timur regent with the reference number 188.45/581/HUK-BLH/2014. This decision has been valid during 5 (five) years since 30 May 2014.

The field observation to the area of land application, there's no liquid waste stream which is run off or water run off around flat bed.

4.4.4.

The company has shown the record of water usage with the detail as below :

- The average production of fresh fruit bunch as much 19,579,218 tonne, the water usage as much 17,002 m3. The average of water usage per tonne of fresh fruit bunch as much 0,087 m3/ton.

During the field visit in the area of water treatment plant of Sukamandang POM, there's a flowmeter for the activity process and domestic. The flowmeter was worked well. Furthermore, the company has been done the recap for the monitoring of water debit.

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 has an Integrated Pest Management and Observation Mechanism (Doc.No.110/EST-ARM/13) describing the development of a mechanism to monitor and manage pest and disease. This SOP has been implemented consistently through regular Early Warning System on monthly basis.

In the year 2016/2017 conducted census of fire caterpillar and netting caterpillar, rats, termites, rhino beetles (*Oryctes* sp.), and *Ganoderma* disease. It was identified that the potential pests are still below the threshold level. For example, the percentage of rat attacks in Sapiri Estate is 0.004% (threshold level <5%) and the average of fire caterpillar and netting caterpillar in Sapiri Estate is 0.03 larvae - 0.04 larvae per frond (threshold level 5%).

The IPM is done by a combination of methods of cultivation, biological, mechanical, and manual. Pest control is biologically emphasized. For example, controlling rodents by installing barn owl box of local species (owl/*Tyto alba*).

Manager of Kuala Kuayan Estate explained that during the last 2 years there is no use of rodenticide because the biological control of rats is able to suppress the percentage of rat attacks below the threshold level.

Document examination results and interviews with management and barn owl box observer at Kuala Kuayan Estate and Sapiri Estate are known that the company does not use pesticides prophylactically.

Manager of Kuala Kuayan Estate explained that the attack of rhine beetle (*Oryctes* sp.) is very potential in the replanting area. Attacks are anticipated by manual control (picking up larvae and killing them) and chemically (using insecticides).

The Company has consistently implemented IPM programs. Example:

- Pest and Disease Census: Sapiri Estate (April 2017), percentage of rat attacks in Division 2 (0.004%) and Division 3 (0.004%), caterpillars (Division 3 an average of 0.03 larvae/frond); fire caterpillar (Division 2 average 0.03 larva/frond). There are no attacks of *Oryctes* sp., termites, and *Ganoderma*. Field observation results in Block E44 Division 2 and interviews with pest caterpillar census officer known, that census done once a month.
- Pest Control: Kuala Kuayan Estate, installation of barn owl box (*Tyto alba*) as many as 116 units (14.66% still active). Observations in Block K43, Division 2 show that barn owl box is still active.

Based on the results of pests and diseases census can be known, that the percentage of pest attacks, such as rat, caterpillars and caterpillars are still very low (<1%). Pest control is done biologically, so there is no use of insecticides. There is only the use of herbicides for weed control in a limited area of plany circle and path with a rotation of 3 times per year with different active ingredients in turn.

4.5.2.

The Company has documented records of training implementation for officers involved in the implementation of IPM. For example, IPM Training has been conducted on 27th April 2016 attended by 21 workers with training materials including Early Warning System (EWS) with census of pest and disease, and how to handle the census of pest.

Census officers for fire caterpillar and netting caterpillar at Block E44 Division 2, Sapiri Estate admitted that they have attended pest census training given by Assistant of Division 2. Based on interview, the census officer can explain how to

determine the sampling and pest types in accordance with the SOP.

Status: Comply

4.6

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

4.6.1.

The Company has developed a mechanism for handling agrochemical (Doc.No.398/KLR/LB3-SOP/43/12), wherein agrochemicals are stored in accordance with best practices.

The company has a policy of controlling pests, ie pesticide applications should be selective (on target) and on recommendation, identification of pests, and pesticides used are listed in the Minamas Plantation Agricultural References document (No. Policy 110/EST-ARM/13, 1st October 2015) endorsed by Head Plantation Upstream Indonesia. Sections 15 and 16 describe, among others, recommendations for the use of herbicides for the control of specific weeds, the use of herbicides in mature areas, and the use of pesticides for leaf caterpillar pest control and rhizo beetle.

The company has a strategy to avoid the occurrence of pest resistance, by applying the Early Warning System (pesticides are used if the intensity of pest attack has exceeded the threshold level); Combination or rotation of pesticide active ingredients, and integrate biological, chemical, and physical control methods.

The results of chemical warehouse checks at Kuala Kuayan Estate and Sapiri Estate show that all pesticides are well arranged, equipped with Material Safety Data Sheet (MSDS), proper ventilation, available tubs for leakage, PPE available to visitors, and mixing materials. Officers understand good spray techniques including the use of a calibrated spray device. There are 11 types of pesticides in Kuala Kuayan Estate pesticide warehouse and 7 types in Sapiri Estate. The Company does not use agrochemicals that fall under the category of World Health Organization Class 1A or 1B and paraquat. Paraquat is no longer used since the issuance of HPO Memo. POD-UM-127/X/2008 dated 4th November 2008.

The company has evidence of SOP implementation in the field. For example, the foreman and the spray officer were interviewed at Block M46, Division 3 Kuala Kuayan Estate know the target weed species, namely *Ageratum* sp., *Asystasia* sp., *Borreria* sp. and other types of grasses and herbicides used are Ken up (Isopropyl amine glyphosate) 8 cc/liter of water.

4.6.2

The Company has a program of pesticide use according to Reference Manual of Agronomy of Oil Palm Plantation (No.Policy 110/EST.ARM/13). Chemical pest and disease control is performed if the census results are above the threshold level. Herbicide application is regulated the rotation by activity type and plant age. For example, rotation of spraying of circle and path at the age of 1 year (6 rotations), age 2 - 5 years (4 rotations), and age > 6 years (3 rotations). The Company has a plan and realization of the use of chemicals. For example, the use of pesticides 2016/2017 at Kuala Kuayan Estate: Trendy 20 WG (Methyl metsulphuron): Target 41.44 kg, actual 47.40 kg;

The Company has registered the use of pesticides in 2016/2017. Example:

- Kuala Kuayan Estate: Kenlon (Triclopir 400 g / l): 52.8 kg lt, active ingredient 21.12 kg, acreage area applied 2,274 Ha, amount of active ingredient/ha 0.009288 kg;
- Sapiri Estate: Becano (Indaziflam 500 SC): 121.88 lt, active ingredient 60.94 lt, total area applied 148 Ha, amount of active ingredient/ha 0.41 lt.

4.6.3.

The company has IPM program, namely integrated surveillance and control of pests (Doc.110/EST-ARM/13). IPM programs have been implemented consistently by implementing early warning system. Census of pest has been conducted regularly on monthly basis and has implemented biological control techniques. For example, planting beneficial plants, such as *Casia cobanensis*, *Turnera subulata*, and *Antigonon leptosus* to control leaf caterpillar (*Setora nitens*) and netting worms (*Metisa plana*); installing barn owl box (BOB) as artificial nest for rat predator - owl (*Tyto alba*).

The company claimed that IPM is effective. This can be seen from pest census of 2016/2017 done on monthly basis, where the percentage of pest attacks is on average below the threshold. For example:

- Kuala Kuayan Estate: Percentage of fire caterpillar attack, netting caterpillar, termite, and *Oryctes* sp. Is 0%. There are no trees affected by *Ganoderma* disease.
- Sapiri Estate: Percentage of rat attacks in Division 1 (0%), Division 2 (0.004%), and Division 3 (0.004%).

The company has a record of pesticide use in 2016/2017. There is no use of pesticides for rat pest control, caterpillar and fire worm. This is consistent with IPM programs where control is more emphasized on biological control. Field observations show that the barn owl boxes (*Tyto alba*) have been installed in Block K43, Division 2, Kuala Kuayan Estate and Block E41, Division 2, Sapiri Estate are still active.

The company has a record of the target and actual use of pesticides. For example, the use of pesticides in 2016/2017 at Kuala Kuayan Estate: Ken Up 480 AS (Isopropyl amine glyphosate 480 g / l): Target 3,215.81 lt, actual 545 lt; Based on the explanation of management and the result of observation/interview with foreman and spray workers at Kuala Kuayan Estate and Sapiri Estate it is known that the Company does not use pesticide prophylactively.

4.6.4.

The Company already has a Plantation Management Manual (No. Doc 724/TQEM-SPMS/09) in which there are types of pesticides including WHO categories, namely Class 1A (58 pesticides) and Class 1B (16 pesticides).

Company does not use agrochemicals WHO categorized as Class 1A or 1B and paraquat. Paraquat is no longer used since the issuance of HPO Memo. POD-UM-127/X/2008 dated 4th November 2008.

Spray foreman and spray workers interviewed at Kuala Kuayan Estate (Division 3, Block M46) and Sapiri Estate (Division 1, Block G07) explained that they have not been using Parakuat since 2008/2009.

The results of checking the types of pesticides in agrochemicals warehouse, there are 11 types of pesticides in Kuala Kuayan Estate and 7 types in Sapiri Estate.

4.6.5, 4.6.7 & 4.6.9.

The Company has Pictorial OHS Palm Oil guidance (No.722/PSQM-PSS/10 dated December 13, 2010) that describes the work instructions of pesticide applications governing applicable PPE, warning signs, spray training courses, emergency response, Spray labor facility (BSS house) for equipment storage, PPE and mixing place up to storage of used jerry cans in hazardous waste storage. Training activities related to the handling of pesticides and the use of PPE for spray activities conducted during 'Safety Townhall' activities. For example in KKE activities carried out on 07 February 2017.

Based on interviews with spray workers at Sapiri Estate and Kuala Kuayan Estate, it was explained that the workers had been trained and the workers could explain the safety of spray activities, such as the applicable PPE, the pesticide mixing activity was done in a special place (BSS house) and after Spray activity is finished the PPE and spray equipment must be cleaned and stored in special place (house of BSS).

The company shows evidence of PPE distribution to the workers in the PPE Handover Report. For example, distribution of PPE in KKE on May 6, 2017 to 9 workers with the type of masks, apron and rubber gloves.

Based on visit to spray activity using pesticide type Kenup 486 SL, the worker has been equipped with PPE type of shoes, helmet, google, apron, shirt and trousers, mask and rubber gloves. The type of PPE is in accordance with the recommendation in MSDS Kenup 486 SL. Based on a visit to the agrochemical warehouse; it is known that all chemicals have been equipped with MSDS

4.6.6 & 4.6.10.

The company has owned the standard operational of procedure for the storage of pesticides with the reference number of document Doc. 398/KLR/LB3-SOP/43/12, which is agrochemical stored according to recognised best practices and the work instruction for the handling of pesticide used package with the document number 701/IK-TQEM-ESH/10. The availability report of used hazardous waste carriage to PT Maju Asri Jaya with the reference number of document SMF/BAPBB/LKL/V/2017/002 on 3 May 2017 (number of vehicle DA9426AY), detail as below :

- The agrochemical package with the manifest number KQ 0034439 which is as much 23 drums (BDE, KKE, SIE, SME).

Based on interview with officer and manager estate, they have been known regarding handling hazardous waste. Beside that, there is training regarding handling agrochemical on January 13th, 2017 at Training Centre Sukamandang.

4.6.8.

Management explains that the company does not apply pesticides from the air. The result of field observation on

chemical weed control activities at Kuala Kuayan Estate and Sapiri Estate showed that herbicide application was done using knapsack sprayer. Foreman and spray workers interviewed also claimed to have never seen the application of pesticides from the air in the company's operational areas.

4.6.11

The Company shows the results of annual medical examination by conducting cholinesterase examination conducted in December 2016 to 15 spray workers in Sapiri and 18 workers in KKE, with the result of 5 workers in KKE suffered light poisoning. There are suggestions from company doctors and medical examiners (Mandiri Healthy Care Clinic) i.e. workers who suffered light poisoning should use PPE. Based on field visit, it is known that all spray workers have been equipped with PPE in the form of mask, rubber gloves, full face helmet, and apron to shoes.

Based on work accident data and interview with spray workers, it is known that so far there are no workers who experience the disease due to contamination from pesticide. Spray workers also explain that health examination are conducted every 6 months and the result has been informed to worker.

4.6.12

The Company shows a list of employees in June 2017 in which it describes the number of workers and gender. For Sapiri Estate there are 15 female spray workers and in KKE there are 18 female spray workers.

Based on interviews with female workers in spray activities, it is known that all workers have understood the company's policy regarding banning pregnant and lactating women working in spray activities.

Status: Comply

4.7

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

4.7.1

Policies related to OHS have not changed from the previous assessment contained in the OHS policy legalized by Indonesia Head Plantation Upstream in December 2011. The socialization of OHS policy is carried out during 'Safety Townhall' activities. For example in KKE activities conducted on 07 February 2017, Sapiri Estate was done on February 10, 2017, and Sukamandang Factory was done on February 28, 2017

The company shows the OHS Program of PT.KLR 2017/2018 with the plan in the form of Safety training, OHS internal audit, HIRAC Evaluation, P2K3 meeting, Health Inspection and training related OHS. Evidence of implementation of OHS plan, among others:

- Performing P2K3 meetings every 3 months, there is evidence of minutes of meeting, list of participants and photos of activities.
- The company shows evidence of PHS related training such as First Aid training and Safety socialization.
- Health examination is conducted in December 2016.

Evaluation of the work program is done at the end of the year, for example OHS Program 2016/2017 has been evaluated with the results of the work program should include the health examination schedule and P2K3 meeting.

4.7.2

The Company shows risk identification in the HIRAC document, among others:

- HIRAC for Factory, with activities/work processes such as fruit receiving stations, boiling, thresher, pressing, clarification, nut & kernel, CPO Storage tanks, boilers, engine rooms, empty fruit bunch, waste pools, laboratories, warehouses, workshops.
- HIRARC for Plantation, with activities/work processes such as harvesting, pruning, fertilizing, spraying, heavy equipment operations, transport of FFB and Fertilizer, workshops, warehouse, generator house, nursery, replanting

The last HIRAC evaluation was conducted on July 2016. For the year evaluation plan will be conducted in July 2017 in

accordance with the OHS work program.

Based on visit to spray activity using pesticide type Kenup 486 SL, the worker has been equipped with PPE type of shoes, helmet, google, apron, shirt and trousers, mask and rubber gloves. The type of PPE is in accordance with the recommendation in MSDS Kenup 486 SL.

4.7.3

Training related safe work in operational activities is carried out during 'Safety Townhall' activities to all workers. For example in KKE activities conducted on February 07, 2017, Sapiri Estate was done on February 10, and Sukamandang Factory was done on February 28, 2017.

In addition, the company shows evidence of training related to regulations in the form of certificates from the Ministry of Labor, for example 4 certificates of heavy equipment operators, 7 certificates of boiler operators, and 3 certificates of welders.

Thee company shows evidence of PPE distribution to the workers in the PPE Handover Report.. For example, distribution of PPE in KKE on May 6, 2017 to 9 workers with the type of Masks, Apron and Rubber Gloves. Based on field visits in KKE, SIE and SMF, it is known that workers have used PPE in accordance with their HIRAC, for example in WTP activities workers have used masks, gloves, safety shoes to earplugs. Company needs to re-ensure the quality of PPE for spraying activities. **OFI**

4.7.4

The Company has identified the person in charge for implementing OHS i.e. P2K3 team that has been authorized by the labor service, among others:

- For estate: there is a P2K3 structure with a letter of legalization with no. KEP. 560.566/209/WAS-KK.P2K3/VII/2016 dated July 21, 2016 with a OHS expert, namely
 - Gunawan with certified No. KEP.14113/M/DJPPK/VI/2015 dated 19 June 2015 validity period of 3 years.
 - Dolarman with certified No. Reg. 22794/PK3/AJ/31/2015/PO dated 19 June 2015 validity period of 3 years.
- For Mill: there is a P2K3 structure with a letter of legalization with No.KEP.356/DISNAKERTRANS/VI/2017 dated June 13, 2017 with a OHS expert: Angga Fernando who has attended the OHS expert Training on 17-29 April 2017 but the OHS Expert Certificate is still in process at the Ministry of Labor. Company needs to reassure the management of the SMF HSE Expert Certificate. **OFI**

The Company has also conducted meetings related to K3 regularly every 3 months in P2K3 meeting, among others:

- Mill: Minutes of meeting March 04, 2017 discusses the use of PPE, the discussion of safety equipment.
- Estate: Minutes of meeting on April 5, 2017 with participants are 18 workers discussing the case of accidents, follow-up and socialization related to safe working.

4.7.5 & 4.7.7

Emergency response

There are no changes to SOP related to the mangement of accidents and emergencies listed in the Policy. 712/TQE-MKRKD/10 Alertness and Response Procedures and emergency recovery, Policy No. 716/TQEM-PK/10 fire prevention and Policy No. 717/TQEM-PK/10 related to spill prevention/hazardous material leakage.

The company shows the socialization of emergency response procedures, among others:

- Training on the use of portable water pumps to extinguish fires on 04 April 2017
- Fire extinguisher training conducted during 'Safety Townhall' Meeting such as Sapiri Estate was done on February 10, 2017, and Sukamandang Factory was done on February 28, 2017.
- First Aird training conducted by the company doctor on March 18, 2017 to the Firs Aid Officers and all the PT.KLR supervisors with the number of 50 participants.

Based on field visits and interviews, it was found that all the supervisors in each activity were equipped with first aid boxes and had been trained on the use of first aid boxes and supervisors are able to explain the use of each first aid kit.

In addition, on field visit at offices, warehouses, workshops, there is available first aid kit and Fire extinguisher and there is a monitoring/checking form conducted every month. Company need to improve the quality and quantity of emergency equipments including first aid kit. **OFI**

Work accident

The company shows the record of work accident in the Work Accident Monitoring document. The company can show the record from July 2016-June 2017, with the following data:

- Sukamandang Factory there is 1 work accident with total lost day is 5 days.
- Sapiri Estate has 6 accidents with total 7 lost days.
- Kuala Kuayan Estate has 7 accidents and 7 days of total lost days.

The Company shows follow-up to all accidents occurred in the Work Accident Chronology document detailing the incident, victim's identity, corrective action and prevention. In addition, the company has reported work accidents to the Department of Labor in the P2K3 Report every 3 months, in accordance with Minister of Labor Regulation No. 03 of 1998. Based on interviews with the Labor Agency, it was said that the company has regularly reported P2K3 activities including reports of work accidents in accordance With regulation

4.7.6

There is evidence of BPJS of employment payments for programs of accident insurance, old-age benefits and death guarantees. For example:

- Sukamandang Factory: there is a proof of payment for BPJS in May 2017 on 08 June 2017 with total f 134 employees.
- Kuala Kuayan Estate: there is a proof of payment for BPJS in May 2017 on June 9, 2017 with total 386 employees.
- Sapiri Estate: there is a proof of payment for BPJS in May 2017 on June 9, 2017 with total 377 employees.

Based on interviews with workers, it was explained that the workers already have insurance accident member card in the form of BPJS of employment/Jamsostek.

The Company also shows evidence of work accident insurance claim in the Employment Accident Guarantee from BPJS of Employment document which describes the victim's identity and claimed cost. For example, the guarantee document number JKKR0120177-7557339888 named Agus Siswanto which explains the proof of medical claims due to accident.

Status: Comply

4.8

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

4.8.1.

The Company has a list of staff, employees and contract workers administered by the Head of Administration at respective Estate and Factory Offices.

The Company already has a formal training program and realization on a regular basis covering all aspects of the RSPO P&C. For example, at Kuala Kuayan Estate and Sapiri Estate (19 types of training respectively) and Sukamandang Factory (21 types of training). Most of the trainings have been done and evaluated and well documented. Example:

- Sapiri Estate: Training on FFB Harvest Technique, planned in August 2016 and March 2017 (291 participants), namely Senior Assistant/Assistant, Foreman 1, Harvest Foreman & Harvester. Training was held in November 2016 attended by 239 participants.
- Sukamandang Estate: Safety Townhall 4.0 Training for all employees is planned in February 2017 and implemented on 6th - 7th February 2017 attended by 250 participants.

Interview with grading and welder workers at Sukamandang Factory, spraying team at Block M46 Kuala Kuayan Estate and Block G07 Sapiri Estate, harvest team at Block L35 and Block L36 Kuala Kuayan Estate, and pest and disease census officer at Block E44 Sapiri Estate show, that they have been trained by the company and can explain their respective duties and responsibilities.

4.8.2.

The Company has records of employee training records. For example, Safety Townhall 4.0 Training and Policy

Socialization have been implemented according to Inter-Office Mail 002-PSQM-UM-I-2017 with material among others on Gender Committee, which are:

- Safety Townhall 4.0 Implementation Report and Policy Socialization on 6th - 7th of February 2017 at Division 1, 2 and 3 Offices of Kuala Kuayan Estate, participated by 250 participants ie Estate Manager, Senior Assistant/Assistant, Assistant PSQM and Supervisor/Employee .
- Report on the implementation of Safety Work Monthly Ceremony, Safety Townhall 4.0 and Policy Socialization on 27th - 28th February 2017 at Sukamandang Factory Office Park, attended by 114 participants (Factory Manager, Senior Assistant/ Assistant, PSQM Assistant, and Supervisor/Employee).

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 impact analysis of enviroment and social of plantation and mill activity, there have been some documents which are available, such as :

Analisis dampak lingkungan dan sosial dari kegiatan perkebunan dan pabrik, telah tersedia dokumen:

1. The enviromental impact analysis which has been compiled in 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sempurna (16,000 hectare) and mill with the capacity of mill as much 2 x 40 tonne hour. There's an increasing of capacity which has been 60 tonne of fresh fruit bunch / hour and has been approved by the Enviromental Bodies of Central Kalimantan Province with the reference number of letter 660/614/II/BLH on 10 August 2012 and elucidated regarding to the increasing activity of mill capacity as much 60 tonne of fresh fruit bunch per hour didn't need the amendment or preparation enviromental document.
2. The social impact analysis which is done by in cooperation with the third parties whom competence, namely "Aksenta", implemented on 9 to 13 August 2009.
3. The social impact analysis of replanting activity at PT KLR, Kuala Kuayan Estate and Sukamandang on the period of 2015 to 2018. Arranged by the third parties whom competence (Aksenta) in December of 2015.

5.1.2 & 5.1.3.

The companys has owned the management planning which is mentioned in the implementation report of enviromental management plan / enviromental monitoring plan for the first semester in 2017, such as:

1. The decrease of soil fertility and the emergence of erotion which is located at the plantation area in slope class of 8-15% and 15-25% for twice in a year (representing the rainy and dry season).
2. The decrease of water quality which is located at the upstream and downstream of manggis river for twice in a year and the last of waste water treatment plan for each month.
3. The decrease impact of air quality and noise which is located in the outside of mill, including the area of housing.
4. The interfere diversity kind of natural vegetation which is located in the area of estate and conservation for twice in a year.
5. The change impact of wild wildlife which is protected in the area of estate and conservation.
6. The water biota habitate interfere which is located in the area of upstream and downstream of manggis river.
7. The impact of social economy and culture, enviromental health and community which is located in the environmental of community around the company.
8. The fire potential in the area of plantation and around it.

Based on the review of enviromental and social impact of replanting, the planning of impact management has been compiled which are including such as below :

- The land and water conservation which are land basis, has been implemented by the making of patio, cover crops, terrace design which has been complied with the guidance of land and water conservation.
- The stack management in order to avoid the puddles and blockage of flow. It's been managed well and created the worm hole.
- Manage the activity of disapperance in oder not for causing the disturbance. It's been implemented by giving the direction and supervising the contractor of disapperance.

- The recruitment of local worker. It's been implemented by fellowship the local worker in the process of replanting.
- Manage the negative perception by doing the socialization. It's been implemented by doing the socialization to all societies.

Status: Comply

5.2

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

5.2.1.

The identification for protected species, rare, or endangered, and the habitate with high conservation value had been done in 2009 by in cooperation with the third parties (GAGAS DINAMIKA AKSENTA). The assessment of HCV has been included the identification of protected area, flora and fauna, and also the status of its preservation (indicator 5.2.2), the identification of HCV habitate include the habitate which are endangered. The acreage area of HCV which has been identified as much 783,54 hectare such as : KKE – 88.13 hectrae, BDE – 589.93 hectare; SME – 60.30 hectare, and SIE – 45.05 hectare. The HCV assessment method has been considered adequate and refered to the tool kit of RSPO HCV in 2008. The evidence of public consultation has been done on 12 August 2009.

Based on the interview with the officer of HCV and document review, the company has been done the monitoring of animal at the area of HCV which is done in every month (April, May, and June of 2017). Kinds of animals which were found such as Pampulu, black eagle, rat eagle, lathe and pheasant.

Based on the field visit in the riparian area of Manggis River (KKE Block J44/45 & N44/45) and riparian of Kalali River, it's known that there's a spray pole in the right and left of river, the spray pan prohibition board, manually nurserry, the availability of mahogany and angsana, etc.

5.2.2 & 5.2.4.

The work programme of HCV is available for the period of 2016 – 2017 (KKE & SIE), such as :

- HCV 1.3 (Forest Grove, Block H010)
 - The creation of round fence
 - The framing of prohibition board
 - The creation of pionerring boundaries based on pole (manual)
 - The nursery of conservation area, such as prohibition activity usage of chemical material, the checking principal of conservation area bound (yellow) and the cleansing of dial manually at the pioneer which is signed.
- HCV 4.1
 - The creation and nursery of fence
 - Prohibition board and appeal
 - The maintenance of buffer zone (painting, cleansing of dial/manual, maintenance of buffer zone pole, and socialization and direction to the worker)
- HCV 4.1 (Well Buffer and well spring at the block D42 of SIE)
 - The maintenance of prohibition board / appeal
 - The creation of prohibition board / appeal
 - Do the analysis to the quality of water
- HCV 4.2 (Riparian of river at SIE)
 - The replacement or maintenance of prohibition board or appeal
 - Do the planting or nursing of tree at riparian
 - The symbolization due to the boundary area of buffer zone.

5.2.3.

The company has already owned the policy to protect the species of RTE as noted in the standard operating procedure of animal protection (RSPO/B.5.6/KLR) on 10 May 2009. The standard operating procedure No. RSPO/B.5.4/KLR regarding to the management of conservation forest on 1 June 2009.

The company has been done the socialization of HCV area for the employee and community, such as below :

A. Community

Socialization has been done on 10 September 2016, consist of Head of Village Affair, Head of District Development Bank, and etc.

B. Employee

- Socialization which was done on 27-28 February 2017, located at the office of Sukamandang Factory. The attendees were staff, supervisor, employee and the contractor of SMF as much 107 participants (the evidences are available in the form of photo and list of attendance).
- Socialization which was done on 7 February 2017, located at the KKE Division 1, 2, and 3 office. The attendees were staff, supervisor, employee as much 245 participants.
- Socialization which was done on 9-10 February 2017, located at the Central Division of Sapiri Estate Office. The attendees were staff, supervisor, employee as much 325 participants.

Based on field visit in HCV Block H38; 39 & 40 Kuala Kuayan Estate and Block F34; F49/50 Sapiri Estate and interview with workers there aren't workers who found to capture, harm and collect Wild animal. They have been know there is signboard prohibition of hunting wild animal in plantation area.

5.2.5.

Based on the field visit and interview with villagers, there's no area of community which is overlap with the area of HCV.

Status: Comply

5.3

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

5.3.1

The company has shown the identification sources of waste and pollution at PT KLR for the period of 2016-2017 such as in the activity of fertilization, the usage of pesticides, transportation of fresh fruit bunch and CPO, operation of mill, and so on.

5.3.2

The hazardous waste has been stored at the hazardous waste temporary warehouse which has already gotten the permit of hazardous waste storage based on the decision letter of Seruyan Regent with the reference number 398 in 2003 on 7 October 2013.

The used carriage of hazardous waste report to PT Maju Asri is available with the reference number of document SMF/BAPBB/LKL/V/2017/002 on 3 May 2017 (number of vehicle is DA9426 AY), and the detail as below :

- a. Agrochemical package with the manifest number KQ 0034439 as much 23 (twenty three) drums (BDE, KKE, SIE, and SME).
- b. Pure oil with the manifest number KQ 0034437 as much 14 drums (BDE, KKE, SIE, SME & SMF)
- c. Used oil which is contaminated with water and mud with the manifest number KQ 0034438 as much 2 (two) drums
- d. Used accu with the manifest number KQ 0034440 as much 3 (three) pieces (SIE).

PT Maju Asri Jaya has already owned the license of hazardous waste management for the activity of collecting the hazardous waste by the Ministry of Environment and Forestry Republic of Indonesia with the reference decision letter's number SK.571/Menlhk/Setjen/PLB.3/7/2016. This decision has been made since 27 July 2016 and valid for 5 (five) years. The recommendation for the carriage of hazardous waste from the Ministry of Environment and Forestry Republic of Indonesia with the reference number B3806/Dp-IV/LH/PDAL/04/2014. This decision has been valid on 14 April 2014 and also for 5 (five) years.

Based on the field visit to the housing area of KKE Division II, it's known that there's still an availability of hazardous waste which is used as water container shelter. This matter is not comply with the standard operational procedure of hazardous waste management and non hazardous waste (SOP No. RA 012) on 1 April 2010. Based on the explanation above, **this is Non-Conformance No. 2017.03 with Major Category.**

Medical waste

The work agreement of management and carriage of medical waste is available between PT Kridatama Lancar and PT Sinar Bintang Albar with the reference number 001/LB-3/KLR/V/2017 on 15 May 2017. This agreement is valid for 2 (two) years since 15 May 2017. The manifest of medical waste is available with the reference number AGU 0003513 as much as 0.092 tonne (number of vehicle L9043 UO) on 16 February 2017.

The work agreement between PT Sinar Bintang Albar with PT Artama Sentosa Indonesia is available with the reference number 040/SBA-ASI-TJS/K3L/X/2015 (First Parties) and 83/ARSI/MOU/X/2015 (Second Parties), also PT Tenang Jaya Sejahtera (Third Parties) as the company which is engaged in the field of hazardous waste management based on the decision letter of the minister of environment Republic of Indonesia. The period of this agreement is for 2 (two) years.

5.3.3.

Domestic Waste

The domestic waste is collected in every housing and carried every once in a week to landfill of Block 43 KKE Division 2.

Solid Waste

The management of solid waste such as fiber and shell fiber is done by utilized the waste for the boiler fuel and empty fruit bunch to the estate as slow release fertilizer. This waste works in addition to decrease the negative impact to the outside environment of estate, and also to keep the quality and soil fertility.

Liquid Waste

The liquid waste is managed at the disposal before applied into the block of application.

Medical Waste

The hazardous waste is sent to the hazardous waste disposal then carriage by the hazardous collector parties.

5.3.2	Status: Non-conformance 2017.03 with Major Category
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5.4

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

5.4.1

The company has been done the calculation of renewable energy efficiency and fossil fuel energy with the average usage of renewable energy efficiency for the period of January to June 2017 as much as 19.86 tonne / CPO and the usage efficiency of fossil fuel energy as much as 0.08 tonne / CPO.

	Status: Comply
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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 Company already has a SOP on the Plantation (Doc. No.110/EST-ARM/13 dated 16th September 2013) explaining that land preparation for replanting should be conducted in a zero burning manner.

Based on the document of Final Report of Social Impact Assessment for Replanting Period 2015 - 2018, PT Kridatama Lancar (Kuala Kuayan Estate and Sukamandang Estate) prepared by Aksenta - Jakarta, December 2015, it can be seen that there is no burning activity during the replanting process.

The Company has implemented a land clearing policy without burning. For example, the results of field observations on 2015/2016 replanting areas (Block M07 and Block M08) and replanting of 2016/2017 (Block M09) of Kuala Kuayan Estate show that there is no indication of burning activities in the replanting process.

5.5.2.

The Company already has a SOP on the Plantation (Doc. No.110/EST-ARM/13 dated 16th September 2013) explaining that land preparation for replanting should be conducted in a zero burning manner. Based on the document of Final Report Social Environment Impact Assessment Replanting Activities for 2015 - 2018 Period, PT Kridatama Lancar (Kuala Kuayan Estate and Sukamandang Estate) prepared by Aksenta - Jakarta, December 2015, it can be seen that there is

no burning activity during the replanting process.

The company already has a long-term replanting program. For example, Kuala Kuayan Estate (2015/2016 - 2027/2028) and Sapiri Estate (2018/2019 - 2033/2034). Replanting at Kuala Kuayan Estate has begun in 2015/2016 (234 ha) and 2016/2017 (355 ha), while in Sapiri Estate will begin in 2018/2029 (target 215.08 ha).

The Company has implemented a land clearing policy without burning. For example, field observations on 2015/2016 replanting areas at Block M07 and Block M08 and replanting in 2016/2017 at Block M09, Kuala Kuayan Estate show that there is no indication of burning activities in the replanting process.

Status: Comply

5.6

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

5.6.1 and 5.6.2

The company has shown the sources identification of waste and pollution at PT KLR for the period 2016 to 2017.

Source of waste and pollution	Type of waste and pollution	Effort in order to reduce waste and pollution
Land Clearing (Replanting)	Air of CO ₂	Implemented zero burning technic into the process of replanting and selection of contractor whom competent
Organic and inorganic fertilization	Air pollution of the environment, CO ₂	Do the analyze of nutrient and leaf sampling unit periodically in order to get the accuracy of fertilization dose, utilization of solid waste of Sukamandang POM in the form of fruit bunch.
The usage of pesticides	Air pollution of the environment, air (NO ₂) P	<ul style="list-style-type: none"> The selection of pesticides which is appropriate with the valid regulation and using the agronomy best technic Do the integrated pest management with biological factors such as utilization of BOB and beneficial plant.
The transportation of FFB & CPO	Air CO, CO ₂	<ul style="list-style-type: none"> The decreasing usage of diesel by maximizing the FFB carrying capacity in appropriate with the limit which has been already determined. Do the periodically test for the supporting unit of machine in appropriate with the valid regulation Path or route determination
The operational of mill	Air, CO ₂	<ul style="list-style-type: none"> The testing of boiler emission, genset, and heavy equipment periodically by PT Unilab Perdana The decreasing usage of diesel and replaced with organic fuel (shell fiber and fiber) The utilization of POME for adding the soil fertility (land application)
Organic or domestic waste of housing	Air, Stink (CH ₄ , CO, CO ₂)	<ul style="list-style-type: none"> Periodically carriage (once in a week) for the housing domestic waste to landfill. There's no burning activity of housing domestic waste The tree planting around the housing of employee and staff

5.6.3

The company has been done the calculation of green house gases in 2016 by using the palm GHG version 3.0.1 with the detail as below :

Summary of Net GHG Emissions

Emissions per Product	tCO ₂ e/tProduct
CPO	1.31

PK	1.31
Production	
	t/yr
FFB processed	239503
CPO Produced	55950
Extraction	
	%
OER	23.36
KER	4.78
Land use	
	ha
OP Planted area	12858.40
OP planted on peat	0
Conservation (forested)	328.005
Conservation (Non-forested)	-
Total	13186.405

Summary of field emissions and sinks

Emissions	Own Crop			Group		3 rd Party	
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Land conversion	179094.31	0.21	0.75	0	0	0	
*CO ₂ Emissions fertiliser	2751.01	0.21	0.01	0	0	0	0
**N ₂ O Emissions	4736.48	0.37	0.02	0	0	0	0
Fuel Consumption	3028.89	0.24	0.01	0	0	0	0
Peat Oxidation	0	0	0	0	0	0	0
Sinks				0	0	0	0
Crop sequestration	-	-9.36	-0.5	0	0	0	0
Conservation Sequestration	-3007.82	-0.23	-0.01	0	0	0	0
Total	66225.96	5.15	0.28	0	0	0	0

Summary of Mill Emissions and Credits

	tCO ₂ e	tCO ₂ e/tFFB
Emissions Sources		
POME	21363.29	0.09
Fuel consumption	572.59	0
Grid electricity	0	0
Utilization		
Credits		
Export of grid electricity	0	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	21935.88	0.09

Palm oil Mill Effluent (POME) Treatment

Divert to compost	%
Divert to anaerobic digestion	100

POME Diverted to Anaerobic Digestion

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

Status: Comply

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

6.1

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

6.1.1.

The Company has documented the Social Impact Analysis of Replanting Activities for the Period 2015 - 2018 PT Kridatama Lancar, Kuala Kuayan Estate and Sukamandang Estate, Kotawaringin Timur Regency, Central Kalimantan made by AKSENTA Consultant in 2015 aimed at identifying the environmental and social impacts of the replanting activities.

The impact analysis covers the socio-economic and cultural issues surrounding the company, the employment aspect, the existence of facilities or facilities and infrastructure, as well as recommendations to reduce negative impacts and increase positive impacts.

There have also been records of consultations with the community, such as the community attendance list on the implementation of Focus Group Discussion (FGD) as a stage in the data collection process.

Community member from Kapuk village, Mentaya Hulu sub-district interviewed explained that the company has conducted a social impact assessment (SIA) and participated in the Rapid Participating Social Assessment (RPSA) activity.

The Company already has a document of mitigation of social environmental impact and employment of replanting activities at Kuala Kuayan Estate as well as Plan and Realization of Plantation Social Impact Participatory Mitigation Activity. He also confessed that the Company has engaged CSR activities by involving the community, such as drilling wells, free medical treatment at the Estate clinic, free school fees (SD-SMU), village road improvements, etc.

6.1.2.

Social Impact Assessment has been done by involving the parties, including the surrounding community (community representatives, community leaders, and village government). There has been evidence of recording in the form of attendance list of participants of discussion on 12th to 13th August 2009 in several villages around the company.

Members of the surrounding village community (Kapuk Village, Mentaya Hulu Sub-district) interviewed explained that the Company had conducted a social impact assessment (SIA) by involving the affected parties. He was included in an interview for data collection on Rapid Participating Social Assessment (RPSA) activities.

6.1.3

There has been Plans and Realization of Social Impact Assessment (SIA) Mitigation of 2016/2017 covering activity aspects (employment, public services and community economic development), type of activities (plantation operations in general), impacts happened (direct and derivative), activity plan and realization (recruitment of labor, community education, health, religion, sport, environment, social and culture), budget estimates, and person in charge.

There is evidence that the plan has been developed in consultation with affected parties. Example:

- Employment Aspect: The recruitment of labor force involves the villagers surrounding the company and the recruited workforce is provided with PPE facilities.
- Public Service Aspect: Free school facilities for surrounding villages (elementary and junior high), free medical

treatment,

- Economic Development Aspects of the Surrounding Communities: In cooperation with local contractors for certain plantation activities, such as transport of FFB, CPO transport, and replanting.

Member of the community around the company (Kapuk Village) interviewed confessed that the Company had undertaken a mitigation activity to mitigate the social impact of the plantation by involving the community. For example, offering FFB transportation work and labor recruitment (by Estate Manager); combating fire jointly (by the Fire Rescue Team); free treatment at the estate clinic (by Company Health Team).

6.1.4

Management explains that CSR programs 2016/2017 have been prepared based on the review of CSR activities 2015/2016 by involving the participation of the affected communities, for example by identifying community needs. Plasma Smallholders are not involved because the Company does not have a plasma scheme.

Member of the community around the company from Kapuk Village, Mentaya Hulu Sub-district interviewed explained that the Company has done the activity of handling the social impact of plantation by involving the community. The Company has identified the needs of the community, such as the type of work that people can fulfill, drilling wells, free medical treatment, free schools, village road improvements, etc.

The main impacts that affect stakeholders are the opening of various accesses, such as the road from the Plantation to the villages around the company, roads between villages, employment opportunities, education, health, etc.

6.1.5.

The management of the Company explains that up to the assessment of the certification (ASA-1.1) is conducted the Company does not have a built-in farmer (for example, a plasma scheme). All FFBs processed at Sukamandang Factory are from the Inti Plantations, namely Sukamandang Estate, Sapiri Estate, Baras Danum Estate, and Kuala Kuayan Estate.

Status: Comply

6.2

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

6.2.1

The company has shown the standard operational procedure of communication with the reference number of policy 725/PSQM-ESH/2016, revision number 3 (three) on 27 June 2016 which has been approved by the chairman of SOU 2.

The communication of socialization and public consultation has been available which was done on February 2017, located at the division office in each unit of company. Furthermore, based on the interview result with villagers, the socialization of consultation and communication exposure by PSD parties has already done.

6.2.2

The unit of management has already established the public relation officer (public relation and plantation service department) of PT Kridatama Lancar and PT Teguh Sempurna namely Mr Tonni Manurung, regarding to the letter of SOU II and III Chairman (No. 140/SME-Psd/VI/2016/S) on 13 June 2016.

6.2.3

The company has shown the list of stakeholder of PT Kridatama Lancar as much as 40 (forty) stakeholders which are consists of institution in national, province, district, sub district, figure or community group level and business partner.

The communication record is listed in the record of incoming letter, and as for the example :

- Placement request for vocational high school student to do the industry work practice with the reference number of letter 421.5/295.b/SMKN1-H/IX/2016 on 5 September 2016.

Status: Comply

6.3

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

6.3.1.

The communication standard operational procedure with the reference number of policy 725/PSQM-ESH/2016, number of revision 03 on 27 June 2016 which has been approved by the chairman of SOU 2. In point number seven regarding to the special condition and 7.3 regarding to the protection to the informer due to company (anonymity) which load :

1. Accept and guarantee the information confidential
2. Protect the informer from the applicable lawsuit.
3. Will not take any legal action to the informer.
4. Following up the information in order to do the improvement.

Based on the interview with the worker in the area of estate and mill, the employee was conveying to the supervisor then delivered it to the assisstant. For all this time, every kind of employee's complaint has been responded by the company.

6.3.2.

There's a documentation book of complaint and follow up of the company (list of complaint and its following up).

Example:

- On 28 February 2017, there's a complaint regarding to the request for the making of door fence for the land fill at KKE and has been already made.
- Complaint on 22 May 2017 regarding to the material request for the maintenance of bathroom's floor has been approved by the parties of Sukamandang POM.
- Complaint fromt the employee of traction on 7 June 2017 regarding to the water reservoir for bath at the housing of Sapir Estate which has been leaked and already fixed.

Status: Comply

6.4

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

6.4.1, 6.4.2 & 6.4.3

There is no change in procedures to identify the legality listed in the Occupational Land Release Procedure (No. 343/PSD-OKUP/10) as well as the Land Conflict Resolution Procedure (RSPO/B.5.23/KLR). The Procedure explains that the settlement of land dispute was conducted through the negotiation phase between the company and the party claiming the land and witnessed by various parties.

Based on document review of area statement, interview with plantation agency and interview with management, there is no increase of area so there is no land compensation activity. The last land compensation activity was conducted on 2011. Records of land compensation process consist of: document of land identification and inventory, land location maps, statement of release of land rights by owner, Receipt of Payment, Minutes of compensation/Compensation and witnesses. This is stored in their respective estate according to the location of the land.

Status: Comply

6.5

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

6.5.1

The company has shown minimum waste for the sector of district at Central Kalimantan Province in 2017 in appropriate with the regulation of Central Kalimantan Governor (No. 24 of 2016). The minimum wage of district sector at the area of Kotawaringin Timur Distrcit as much as Rp 2,368,739,- and the area of Seruyan as much as RP 2,477,829. This letter of decision has already been valid since 1 January 2017.

There's the wage payment for the employee with current time agreement status in July 2017, such as :

The estate worker, who has been worked for 202 hours (26 days) with the amount of wages as much as (IDR 14,159,- x 202 hours = IDR 2,860,122.6). Reduction of social security administration bodies for labor as much as 2 (two) percent (IDR 49.556,58) and for health as much as 1 (one) percent (IDR 24.778,29). So the amount which is accepted as much as IDR 2.785.787,7,- Total sum is IDR 14.159,- (IDR 99.113 / 7 work hours).

The harvest worker is not calculated based on working hours but is calculated on a work basis. Based on interview with harvester and payroll list June 2017 it's known that the company has paid the wage of workers in accordance with minimum wage standard.

As an example:

Harvester with registration number 24727 get wages of IDR 2,477,829 with additional wage of IDR 1,628,826.

There's the documentation of salary and list of absence for the period of June 2017 for the employee with current time agreement status of Sukamandang POM. Based on the documentation, it's known that the calculation of work and over time wage of current time agreement employee still not appropriate with the minister of labor's decision with the reference number 102 in 2004 regarding to the hour for over time and its wage. Such as the employee of gardener, the employee of mill compound, and servant. Based on the explanation above, this matter has been **the non conformity No. 2017.04 as major category**.

6.5.2

The company has shown company's regulation of PT KLR for the period 2016 – 2018. The company regulation has been approved by the head of labor and transmigration agency of Central Kalimantan province with the reference number KEP.1468/HI.01/IX/Nakertrans (Valid for the period of 21 September 2016 to 20 September 2018).

Work agreement contract is using Bahasa. For the example, work agreement letter for current time agreement of Sukamandang POM with the reference number 055/SMF-SPKL/V/2017 for the type of work as servant (Ita Haryani). The numbers of payment (chapter 5) as much as IDR 99,113 / day with the validity of period during 20 May to 19 August 2017.

6.5.3

The company has shown the effort in order to provide the facilities and infrastructure which are supporting the worker welfare such as housing, health facility, means of worship, educational and sport facility.

- Housing
- Polyclinic
- Mosque and Church
- Sport facility
- Employee hall
- Daycare
- Educational facility (Kindergarten, elementary school, junior high school)
- School bus
- House of genset

Based on the field observation at KKE and Sapiri estate, it's known that the company has been already provided the facilities and infrastructures such as housing which is completed with fire equipment, educational facility (elementary to junior high school), means of worship, clinic, day care and sport facility.

6.5.4.

Based on the interview result with the employee of estate and mill, there's a cooperative employee which is providing any kinds of food, especially household needs and also the vegetable sellers area allowed to sell in the residential area of estate and mill employee by the permit of unit leader.

6.5.1	Status: Non-Conformance No.2017.04 with Major Category
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6.6
The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

6.6.1.
 The Company has a Social Policy signed by Head Plantation Upstream Indonesia in December 2011. At point 5 it is

mentioned that the company respects the right of every staff to form and join the Workers Union in accordance with their choice and to bargain collectively. The document is presented in an Indonesian format that is easily understood by all workers and is available at the audit site.

The Workers Unions have been formed in each estate, the SKU Workers Unions that are based on the "Workers Unit of PT Kridatama Lancar Working Unit" with evidence of registration by the Regency Office of Social, Manpower, and Transmigration, Regency of Kotawaringin Timur, Central Kalimantan No. 560.567/47/Hi-Kesj/XI/2013, dated 13th November 2013.

6.6.2.

The Company has evidence of meetings with Workers Union (SPSI) relating to the clarification of Mukhtar's warning and mutation letters, employee at Kuala Kuayan Estate, and the issue of the resignation of E. Junaedi, member of Wrkers Union at Sapiri Estate.

The Company shows the minutes of SPSI meetings with members and company management. Example:

- Kuala Kuayan Estate: 15th November 2016 in Central Kalimantan Regional General Manager Office relating mutation letter of Mukhtar (member of Workers Union of Kuala Kuayan Estate) from driver to loosefruits collector.
- Sapiri Estate: 23rd February 2017 at Sapiri Estate Office related clarification of the resignation of E. Junaedi (fertilizer loader). On 5th April 2017 has been awarded compensation a total of IDR 14,822,435.

Status: Comply

6.7

Children are not employed or exploited.

6.7.1

The Company has a policy on the age requirements of workers documented in, ie

- SOP Sustainable Plantation Management Guidelines (No.Policy 724/TQEM-SPMS/09 dated 1st April 2010). In point 6 it is mentioned that company does not employ the worker of underage (children).
- Joint Work Agreement 2016 - 2018 mentions one of the requirements that must be fulfilled in the recruitment of prospective workers, which are at least 18 years of age at the time of admission, or already married.

Based on the explanation of management and inspection result of Employee List of Company as of June 2017 it is known that there are no drop-out employees who are 15 years old and no employee under the age of 18 years.

Interviews with 11 spray workers at Block M46, Division 3, Kuala Kuayan Estate showed that they were 25 - 42 years old and 10 spray workers in Block G07, Division 1, Sapiri Estate aged 24 - 43 years old.

Status: Comply

6.8

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

6.8.1.

The Company has a policy of recognizing equal opportunities and treatment (No. Policy 724/TQEM-SPMS/09 dated 2nd December 2011) stating that all staff/employees should be treated fairly and fairly in matters relating to recruitment, progress, conditions and work descriptions, regardless of race, degree, ethnicity, sex, color, imperfection, sexual orientation, organizational membership, political views, religion, and age.

The Company has socialized the Code of Conduct and Human Rights Policy to its employees. For example, at Kuala Kuayan Estate (6th - 7th of February 2017 attended by 250 participants) and Sapiri Estate (9th - 10th February 2017 followed by 332 participants).

The policy has been implemented by the company. For example, based on interviews with spray workers in Block M46 (Division 3, Kuala Kuayan Estate) and Block G07 (Division 1, Sapiri Estate), and fruit sorting/grading officers at Loading Ramp Station, Sukamandang Factory is known, that there is no discrimination done by fellow employees or by the company.

6.8.2.

Based on the inspection of Employee Register documents for the period of June 2017 it is known that the company does

not discriminate against female workers. For example, employees at Kuala Kuayan Estate and Sapiri Estate come from local communities (Dayak tribes) and migrants (Java, Batak, Timor, Sunda, Betawi, Toraja, Makassar, Lombok, Banjar, and Timor) with different religions (Islam, Christian, Hinduism, and Buddhism). The results of the field visit showed that all spray workers and loader were women, ie 12 persons in Block M46, Division 3, Kuala Kuayan Estate and 12 persons in Block G07, Division 1, Sapiri Estate.

Member of the community around the company interviewed (from Kapuk Village, Mentaya Hulu Sub-district) explained that the company has provided equal opportunities to local communities and migrants in employee recruitment.

Spray workers in Block M46 (Division 3, Kuala Kuayan Estate) and Block G07 (Division 1, Sapiri Estate), and fruit sorting/grading officers at Loading Ramp Station, Sukamandang Factory interviewed, confessed that they received facilities from companies such as housing, medical examination, permission/menstruation leave/childbirth for female employees. They also claimed that there were no complaints against the risks of employment or alleged discrimination in the company.

The results of interviews with harvesters at Block L35 and L36, Division 3, Kuala Kuayan Estate, pest census officers at Block E44, Division 2, Sapiri Estate, and sorting/grading workers and worksop workers at Sukamandang Factory show that they are from local communities and migrants, as well as no complaints over work issues or risks.

6.8.3.

The Company maintains job records and medical history of workers. For example, Suroto was appointed as SKU-H on 1st June 2017 as a harvesting worker in Division 2, Sapiri Estate. In the file stored track record and medical history.

The Company has a policy on equal opportunity and treatment (No.Policy 724/TQEM-SPMS/09 dated 10th April 2009), that all staff/employees should be treated fairly and fairly in matters relating to recruitment, progress, conditions and job description, regardless of race, degree, ethnicity, gender, color, imperfection, sexual orientation, organizational membership, political views, religion, and age.

Senior Assistant PSQM explained that Policy No.724/TQEM-SPMS/09 dated 10th April 2009 has been reviewed on 2nd December 2011 and up to ASA-1.1 assessment has been implemented there has been no change in the policy.

The Company promotes the increase of employee class based on the evaluation of the Assistant and the Estate Manager, including the ability, responsibility, job performance, honesty, discipline, loyalty, hard work, ownership, cooperation, acceptance and initiative. For example, the appointment of Giarto (SKU) as a permanent employee in Division 1 of Harvest Part, Kuala Kuayan Estate (SKU Appointment Letter No.EST/KKE-skp.sku/VI/2017/007, dated 1st June 2017).

	Status: Comply	
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6.9

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

6.9.1.

The Company has a policy of preventing sexual harassment and violence (No.Policy 724/TQEM-SPMS/09 dated 27th August 2010), which develops and enforces policies to protect women workers from crimes and sexual harassment and to protect rights related to reproduction. Documents are presented in an easily understandable Indonesian format and available at the audit site.

These policies are documented, implemented and communicated to all levels of workers. For example, Safety Townhall 4.0 has been implemented and Policy Socialization, among others the Gender Committee at Sukamandang Factory (27th - 28th February 2017, followed by 114 participants).

The Company has clear rules on complaints handling/complaints from workers (PKB 2016 - 2018). Given III and Final Warning Letter if employees commit immoral acts or gambling in the workplace, attacking, abusing, threatening or intimidating co-workers or employers in the workplace.

Gender Committee has been formed with the organizational structure, namely Patron, Chairman, Vice Chairman, Clerk, Treasurer, Secretary, and Section (Sports, Education, Health, Spirituality, and Public Relations).

6.9.2.

The Company has a policy on preventing sexual harassment and violence (No. Policy 724/TQEM-SPMS/09 dated 27/08/2010), developing and implementing policies to protect women workers against crimes and sexual harassment and

protecting rights related to reproduction. In the 2016 - 2018 Joint Working Agreement it is also stated that female workers are entitled to a break with full wages for 1.5 months before and after childbirth; obtaining rest 1.5 months after falling pregnant; and get a reasonable time dispensation to breastfeed her child in the office.

The policy has been well documented and implemented. For example, the transfer of duties of a pregnant woman at Kuala Kuayan Estate (Miswaty, from loose fruits collector in Division 2 to be upkeep worker from 1st May 2017) and at Sapiri Estate (Listiani, from Spray Worker in Division 1 to be Manual Worker in Division 2, Since 1st November 2016).

The policy has been communicated to all levels of workers through the socialization of the Gender Committee. Example: Kuala Kuayan Estate (6th - 7th February 2017, followed by 250 participants) and at Sapiri Estate (9th - 10th February 2017, followed by 332 participants).

6.9.3.

It is available SOP Mechanism of Grievance Handling on Management of PT. KLR (SOP Administration dated 4th March 2009) and Communication Procedures (No.Policy 725/TQM-ESH/10, dated 26th August 2010), ie practical guidance on handling communications in Occupational Safety and Health and Environmental Protection (K3LL). At point 7 of the Special Conditions (item 7.3) the protection of the company's information provider (anonymity), is mentioned to receive and guarantee the confidentiality of the information; protecting the information giver and applicable lawsuits; will not take legal action to the informer; and follow up information for improvement. SOPs are documented and stored in the Office of Estate and Division Offices and are guaranteed confidentiality.

The mechanism is implemented through the socialization of SOP Complaints and Grievance Procedures. Example: Kuala Kuayan Estate (6th – 7th February 2017, followed by 250 employees) and Sapiri Estate (9th – 10th February 2017, followed by 332 employees).

Personnel responsible for receiving and controlling complaints and complaints had been appointed. Example: Windy Astuti - RSPO Clerk at Kuala Kuayan Estate.

The officer responsible for receiving and controlling complaints and explains that in 2016/2017 there are no reports/complaints/abuses whose complainants request their identity to be protected (anonymity).

Status: Comply

6.10

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

6.10.1 & 6.10.2

Until now, PT Kridatama Lancar does not purchase/receive FFB from other parties, all FFB is supplied from its own plantation and plantations from one group (Sime Darby group).

6.10.3

Existing employment contracts include: the transportation of CPO and the transport of FFB. The company shows a joint employment contract such as the Transportation Service Agreement (No.012/Jasa Transportasi/KLR-AJ/VII/2014, dated January 1, 2014 between PT Kridatama Lancar with CV Ayawan Jaya for CPO transportation services. Based on interviews with CV Ayawan Jaya, It is known that the parties have understood the contract of work that they have agreed upon and signed together.

6.10.4

Documentation of contractor's payment transactions is kept in the form of Minutes of Payment Inspection which describes the calculation of payment of the amount of CPO transported, receipt of payment. For example, the payment of CV Ayawan Jaya period 01-30 April 2017 has been paid on May 20, 2017. Based on interviews with CPO transportation contractors, it is explained that the payment is always done on time in accordance with the letter of agreement.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

6.11.1

The Company has a CSR Program of 2016/2017 already known by the Village Head (Board of Village Representative) and has been implemented. For example, Sapiri Estate (2 units of personal computer for Elementary School, youth guidance, operational assistance of the National Dayak Adat Council) and Kuala Kuayan Estate (laterit soil for road

improvement to Tumbang Sapiri Village and KM 115).

Community members from Kapuk Village, Kahayan Hulu Sub-district interviewed, confessed that the community around the company has been pleased with the results of the company's consultations related to CSR. For example, repair of village roads along ± 8 km with greder.

The Company has opened equal opportunity for all parties working in Plantation and Factory based on the parties' skill. From the results of stakeholder consultation, it was learned that some local villagers had been working in Kuala Kuayan Estate.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1; 6.12.2 and 6.12.3.

Based on the document review and interview with the representative of PT KLR, there's no substitution of contract. Based on the data of employee in 2017, there's no foreign worker in the area of company. The workers are coming from around community. Based on the interview with sprayer and harvest, all this time there's no foreign worker in the area of company.

Based on field visit in Block L35 & L36 Division 3 KKE there isn't any harvester accompanied by the wife or children or any indication of force labour. Interview with harvester, they know regarding the prohibition of bringing children and wives.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1.

The human rights policy which has been signed by the chairman of SOU 2 of Sukamandang POM – PT KLR on May 2015, whereas Minamas Plantation Group is committed to protect all kinds of employee rights, such as :

1. Rights of life, as for the example maintaining life, gain inner welfare, gain a good and healthy life.
2. Rights for marry and continue the offspring
3. Rights of self development
4. Rights of justice
5. Rights of personal freedom
6. Rights of secure
7. Rights of prosperity
8. Rights to be participated in goverment
9. Women rights
10. Child rights

The company has already done the socialization of human rights to the employee and contractor, such as :

- Socialiazation of human rights on 27-28 February 2017, located at the office of Sukamandang Factory, the attendees were consists of staff, supervisor, employee and contractor of SMF with 107 of total participants, the evidences are in the form of photo and list of attendance.
- Socialization of human rights on 7 February 2017, located at the office Division 1, 2, and 3 of KKE. The attendees were consists of staff, supervisor, employee with 245 of total participants.
- Socialization of human rights on 9-10 February 2017, located at the sapiri estate central division office. The attendess were consists of staff, supervisor, employee with 325 of total participants.

Status: Comply

PRINCIPLE #7 Responsible development of new plantings

7.1

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

Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in

2015.	
	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.	
Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in 2015.	
	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. Based on the document review, the company still could not shown the evidence that the land use change analysis of PT KLR has been already submitted to RSPO Compensation. Therefore, this matter has been Non-Conformance No.2017.05 with Major Category .	
7.3.2; 7.3.4 & 7.3.5. The HCV assessment had been done in 2010 (after the new replanting in 2005 until 2008). In order to complete the study of HCV, in 2015 the analysis change of land closing of PT KLR from 2005 to 2015 has been done to identify the availability of HCV area or primary forest which are opened for plantation. The analysis change of land closing and the calculation of land cover coefficient have been made by using the historical data of landsat image 7 for the mature plant in 2005, 2009 and 2014. Based on the study result, it's shown that all areas of new planting after 2005 was done above the shrub with coefficient "0". There's no indication that shown the new planting in the area of HCV or primary forest.	
7.3.3. Date of land clearing for the plant in 2005 was recorded in the form of completion work report and the payment of land clearing (stack and bulldozer) in October 2004 and September 2004.	
7.3.1	Status: Non-Conformance No.2017.05 with Major Category
7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.	
Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in 2015.	
	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.	
Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in 2015.	
	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.	
Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in 2015.	

	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.	
Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in 2015.	
	Status: Comply
7.8	
New plantation developments are designed to minimise net greenhouse gas emissions.	
Up to the current audit, PT Kridatama Lancar did not expand the new plantation. There is only replanting activity that began in 2015.	
	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	
<ul style="list-style-type: none"> - The company will conduct IPM extensively by applying Early Warning System through census and pest detection. Pest and disease controls are biological, such as planting/nurturing hostplant of leaf caterpillar (<i>Turnera siubulata</i>, <i>Antigonon leptosus</i>, etc.) and utilizing rat predators through the installation of artificial nests (<i>Tyto alba</i>). Chemical control is performed when the percentage of pest attacks (census results) has reached the threshold level. Effective IPM implementation will reduce the use of pesticides. Pesticides (herbicides) for weed control will be reduced by adjusting spray rotation (2 - 3 times a year), using a good sprayer and calibrated. Reduced herbicide use is also done through selective spray (only on circle and path) and interspersed with manual controls (eg scratching). - The Company will continue efforts to maintain/improve soil fertility in certain areas through the activities of empty blankets, routine pruning of stems at harvest (arranged in the form of U-Shape in dead gawangann), utilization of chipping residues on replanting activities , And liquid waste applications (POME) through land application. - The Company will conduct mitigation activities of the impact of replanting activities on the communities surrounding the company by involving parties participating and identifying community needs in carrying out CSR activities. 	
	Status: Comply

3.2. Summary of Assessment Report of Supply Chain Requirement

Clause	(Module D) CPO Mills – Identity Preserved Requirements																											
D1	Definition																											
<p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> <p>Based on verification document and interview with weighbridge operator, Sukamandang Factory (SMF) only received and processed FFB from certified plantation. The FFB supplied from own estate; consist of Sukamandang Estate, Sapiri Estate, Kuala Kuayan Estate dan Baras Danum Estate. In addition, along with little volume supplied from PT Teguh Sempurna, another certified plantation (under the same Holding Company, Sime Darby Plantation).</p>																												
<p>Status: Comply</p>																												
D.2	Explanation																											
<p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p> <p>Estimates of CPO and PK produced by BPM obtained from the budget data of 12 months (July 2017-June 2018) after the audit activities and have been described in this ASA-1 report, consist of: FFB: 277,743 ton CPO: 61,881 ton (OER: 23%). PK: 12,498 ton (KER: 4.50%).</p>																												
<p>Status: Comply</p>																												
<p>D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p> <p>The Sukamandang Factory - PT Kridatama Lancar (Minamas Plantation) has been registered of certified products of RSPO (CSPO and CSPK) with Member ID: RSPO_PO1000000322. The certified Crude Palm Oil (CPO) and Palm Kernel (PK) sold to each buyer are describe in table below.</p>																												
<ul style="list-style-type: none"> Certified CPO sold to each buyer period of 02 September 2016 to 10 July 2017 																												
<table border="1"> <thead> <tr> <th>Date</th> <th>Buyer</th> <th>Volume</th> </tr> </thead> <tbody> <tr> <td>26/05/2017</td> <td>PT.Wahana Citra Nabati</td> <td>1,000</td> </tr> <tr> <td>05/03/2017</td> <td>PT Golden Hope Nusantara</td> <td>1,295.60</td> </tr> <tr> <td>23/04/2017</td> <td>PT.Wahana Citra Nabati</td> <td>1,000</td> </tr> <tr> <td>,30/03/2017</td> <td>PT.Wahana Citra Nabati</td> <td>1,000</td> </tr> <tr> <td>01/03/2017</td> <td>PT Golden Hope Nusantara</td> <td>995.67</td> </tr> <tr> <td>01/03/2017</td> <td>PT Golden Hope Nusantara</td> <td>1,498.12</td> </tr> <tr> <td>01/03/2017</td> <td>PT Golden Hope Nusantara</td> <td>1,998</td> </tr> <tr> <td>01/03/2017</td> <td>PT Golden Hope Nusantara</td> <td>1,000.24</td> </tr> </tbody> </table>		Date	Buyer	Volume	26/05/2017	PT.Wahana Citra Nabati	1,000	05/03/2017	PT Golden Hope Nusantara	1,295.60	23/04/2017	PT.Wahana Citra Nabati	1,000	,30/03/2017	PT.Wahana Citra Nabati	1,000	01/03/2017	PT Golden Hope Nusantara	995.67	01/03/2017	PT Golden Hope Nusantara	1,498.12	01/03/2017	PT Golden Hope Nusantara	1,998	01/03/2017	PT Golden Hope Nusantara	1,000.24
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28/02/2017	PT.Wahana Citra Nabati	1,001.38
03/02/2017	PT.Wahana Citra Nabati	1,000
19/12/2016	PT Golden Hope Nusantara	2,496.44
06/12/2016	PT Golden Hope Nusantara	1,201.14
30/12/2016	PT.Wahana Citra Nabati	1,002.57
20/12/2016	PT LDC Indonesia	3,198.95
14/12/2016	PT LDC Indonesia	301.12
12/11/2016	PT Golden Hope Nusantara	1,994.86
29/10/2016	PT Golden Hope Nusantara	996.57
23/11/2016	PT.Wahana Citra Nabati	1,000
09/11/2016	PT Golden Hope Nusantara	1,500.52
09/11/2016	PT Golden Hope Nusantara	1,398.62
09/11/2016	PT Golden Hope Nusantara	1,396.59
09/11/2016	PT Golden Hope Nusantara	1,201.85
09/11/2016	PT Golden Hope Nusantara	1,397.56
09/11/2016	PT Golden Hope Nusantara	1,499.09
Total		32,374.89

• **Certified Palm Kernel sold to each buyer period of 02 September 2016 to 10 July 2017**

Date	Buyer	Volume
31/05/2017	PT Teguh Sempurna	719.43
30/04/2017	PT Teguh Sempurna	797.11
31/03/2017	PT Teguh Sempurna	798.8
28/02/2017	PT Teguh Sempurna	1,041.20
31/01/2017	PT Teguh Sempurna	950.43
31/12/2016	PT Teguh Sempurna	1,234.60
30/11/2016	PT Teguh Sempurna	1,298.70
31/10/2016	PT Teguh Sempurna	1,433.11
30/09/2016	PT Teguh Sempurna	856.58
Total		9,129.96

Status: Comply

D.3 Documented procedures

D.3.1

The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:

- a. Complete and up to date procedures covering the implementation of all the elements in these requirements;
- b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.

SOP about SCCS procedure does not change from previous assessment that listed on SOP of Product Identification and product traceability (Number Policy: RSPO/65/SCPP/KLR, Rev. 03 on 5 June 2015).

Based on interview weighbridge personnel and security personnel, the worker explained that the Sukamandang POM just receive FFB from own Estate and PT. Teguh Sempurna. All of FFB Delivery Note form Sukamandang Estate, Baras Danum Estate, Sapiri Estate and Kuala Kuayan Estate & PT. Teguh Sempurna has been stamped with RSPO code. The stamp also given for CPO and Kernel weighbridge ticket that sent from the Sukamandang factory.

Status: Comply

D.3.2

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

The procedure about acceptance and processing FFB certified and non-certified does not change from previous assessment that listed on SOP for weight bridge station (Policy Number: SMF/SOP. PBR dated on 22 June 2010). The procedure was explained that all of FFB truck operators shall show the FFB Delivery Note from estate and must be stamped with RSPO code. FFB delivery note explaining the source of fruit as well as its quantity.

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.

Until Recertification Audit, the entire processed FFB in Sukamandang POM came from own estate of PT Kridatama Lancar (Sukamandang Estate, Sapiri Estate, Baras Danum Estate & Kuala Kuayan Estate) and from PT. Teguh Sempurna. The entire processed FFB is 100% **RSPO certified** and Sukamandang POM does not receive FFB from other non certified unit.

- Certified and non-certified FFB received period of 02 September 2016 to 10 July 2017

Month	FFB (Kg)		
	RSPO Certified	Non Certified	Total
02 September 2016	24,970,510	-	24,970,510
October 2016	29,945,600	-	29,945,600
November 2016	27,457,880	-	27,457,880
December 2016	24,653,390	-	24,653,390
January 2017	21,622,280	-	21,622,280
February 2017	18,678,440	-	18,678,440
March 2017	18,120,220	-	18,120,220
April 2017	17,948,720	-	17,948,720
May 2017	21,807,930	-	21,807,930
June 2017	19,181,910	-	19,181,910
Total	224,386,880	-	224,386,880

Status: Comply

D.4.2

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

In the previous certified (ASA-4) period 5 July 2015 to 4 July 2016, production of FFB, CSPO and CSPK does not exceed the RSPO certificate issued.

- Received FFB: 269,746.48 Ton → Total estimate in certificate is 306,151Ton
- CPO: 61,216.82 Ton → Total estimate in certificate is 71,884Ton
- PK: 12,656.21Ton → Total estimate in certificate is 15,308 Ton

For this period (Re-certification) from September 02, 2016 until 09 July 2017, SMF production of FFB, CSPO and CSPK does not exceed the RSPO certificate issued.

- Received FFB: 224,386.88 Ton → Total estimate in certificate is 260,210 Ton.
- CPO: 48,596.31 Ton → Total estimate in certificate is 59,848 Ton.
- PK: 10,428.66 Ton → Total estimate in certificate is 13,011 Ton.

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 Sukamandang Factory – PT Kridatama Lancar, has a monitoring report for RSPO certified product (CPO & PK). Below was monthly production in three months basis.

Month	CPO		PK	
	Production	Sold	Production	Sold
Sept to Nov. 2016	17,676.39	12,385.66	3,705.75	3,588.39
Dec 2016 to Feb 2017	14,406.95	10,201.60	3,289.01	3,226.23
March to May 2017	12,425.01	9,787.63	2,546.09	2,315.34
June 2017	4,087.95	-	887.80	-
Total	48,596.30	32,374.89	10,428.65	9,129.96

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 entire accepted and processed product in Sukamandang POM comes from RSPO certified own estate. Until now, Sukamandang POM does not accept and process FFB from not certified sources.

Based on interview weighbridge personnel and security personnel, the worker explained that the Sukamandang POM just receive FFB from own Estate and PT. Teguh Sempurna. All of FFB Delivery Note form Sukamandang Estate, Baras Danum Estate, Sapiri Estate and Kuala Kuayan Estate & PT. Teguh Sempurna has been stamped with RSPO code. The stamp also given for CPO and Kernel weighbridge ticket that sent from the Sukamandang factory.

Status: Comply

D.6.2 The objective is for 100 % segregated material to be reached

Based on document's verification and field visit in Sukamandang POM and interview with weigh bridge and grading officers, its known that Sukamandang POM processes FFB into CPO and PK, which is 100 % comes from own estate.

Status: Comply

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or √
ASA-1.1	PT Kridatama Lancar has a logo and a certificate of approval numbers No. MUTU-RSPO/003.	√
	Status: Comply	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or √
ASA-1.1	PT Kridatama Lancar not used RSPO logo on product.	√
	Status: Comply	
3.	Implementation of Certificate and Logo is not used on product	X or √
ASA-1.1	PT Kridatama Lancar not used RSPO logo on product.	√
	Status: Comply	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or √
ASA-1.1	PT Kridatama Lancar not used RSPO logo on product.	√
	Status: Comply	

3.4. Summary of RSPO Partial Certification.

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

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

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

MUTU Auditor has verified company partial certification and concludes that:

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

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

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

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

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

3.5.1 Identification of Findings, Corrective Actions and Observations at Re-certification Assessment

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
2016.1	1.3.1	<p>Policy committing to a code of thical conduct and integrity shall be documented and communicated to al level workforce and operations.</p> <p>There are no evidence SOP No. 440/HRM-COC/07 has socialization to contractor and contractor workers on Baras Danum Estate.</p>	Minor	Estate	Surveillance-1	The company should be shown that code of conduct policy was socialized to all level operation.	<ul style="list-style-type: none"> Root cause: <i>The Code of Conduct not yet socialization to the contractor due to ignorance of Baras Danum Estate Management about the rules of socialization od Code of Conduct to temporary workers.</i> Corrective action (+evidence) <i>Management of Baras Danum Estate (BDE) has been socialization the Code of Conduct to the contractor either FFB or Transport Contractors Building Contractors. BDE Management will also implement socialization regular basis about the Code of Conduct to all levels of management operations under BDE. (Attached to the file BDE - Indicators 1.3.1 – Socialization of Code Of Conduct and human rights to Contractors 1 & 2)</i> Preventive action: <i>Baras Danum Estate (BDE) Management will ensure that all levels of management operations under BDE has been socialized Code Of Conduct at least 1 time a year.</i> <p>Observation at 15 July 2016 Baras Danum Estate (BDE) management unit was showed evidence of socialization Code of Conduct to the FFB transport contractor, supervisor and employees of building contractors, performed on June 27, 2016.</p>	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<ul style="list-style-type: none"> Auditor conclusion: Based on the evidence was shown, the non conformance has been closed out. 		
2016.2	2.1.1	<p>Evidence of Compliance with relevant legal requirements</p> <ul style="list-style-type: none"> There are not available boiler operator licensed No.73/KTG/KK/OB-I/05 and No. 882/PNK3-PUBT/OB-I/VIII/08 is still valid. There were a permanent daily worker and 21 contract workers not registered to Health Insurance. 	Major	Mill	23 June 2017	<ul style="list-style-type: none"> The company should be show all Boiler Operator License are still valid The company shall be show that all workers were registered to health Insurance. 	<p>Boiler Operator License</p> <ul style="list-style-type: none"> Root cause: Lack of coordination between the operator and administrator, and also there are no available monthly monitoring related validity period of license. Corrective action (+evidence) Sukamandang Factory (SMF has made renewal validity of Boiler License on be half Syahbudin and Iberahim dated 25 July 2016. Preventive action: Sukamandang Factory will conduct a periodic monitoring of the all license validity. This monitoring will be conducting by Head of Administration, Foreman, and Safety Officer every month. License validity extending will be conducted every one month before it expired, according to IOM 010/SMF-INT/VIII/2016 dated August 4, 2016. <p>Auditor Observation at 4 August 2016 SMF unit has show Boiler License Class I which extend the validity on be half Syahbudin and Iberahim. This license has approved by Kotawaringin Timur Manpower Agency valid thru 25 June 2019.</p>	Closed	4 August 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<ul style="list-style-type: none"> Auditor conclusion: <u>Health Insurance Registration</u> Root cause: <ol style="list-style-type: none"> There are different data between Personal ID and Family Card Data. Substitution servant workers (High Turnover). So there were some workers late to register on health insurance. A permanent worker has resign. Corrective action (+evidence) Sukamandang Factory has register all permanent workers. Preventive action: Head of administration and his staf will register all new workers who have a complete data. <p>Observation at 27 July 2016 SMF was show evidence of health insurance registration for 12 permanent workers.</p> <ul style="list-style-type: none"> Auditor conclusion: Based on above evidence, this NC has closed. 		
2016.3	2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained Based on field visit for	Minor	PT. KLR	Surveillance-1	The company should be show all legal boundaries was comply with National Land	<p>Verification, 13 July 2017. Based on field visit to pole No. 08 and 10 at Sukamandang Estate and pole No. 20 and 22 at Sapiri Estate, it is known that the poles are still</p>	Closed	18 September 2017

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		boundary pole inspection that showed the pole number 8.9 & 10 in Sukamanadang Estate and pole number 28, 29, 30 & 31 was not in properly position as the coordinate list was issued by the National Land Agency.				Agency. Company should be show detail of land use in accordance to actual conditions	<p>well maintained. However, based on verification using GPS, it is known that the position of the position of pole does not match with the coordinates of the book of Land Use Title, for example in pole No. 10 in SME with field coordinate S 02° 02' 23.30", E 112° 17' 30.5" while the book is S 02° 02' 22.60", E 112° 17' 33.2". This causes the difference of the installation distance of ± 90 Meters into the Land Use Title area and pole No. 22 in the SIE with field coordinates S 01° 59' 44.5", E 112° 21' 51.1" while in the book is S 01° 58' 48.2", E 112° 21' 55.2". This causes the difference of installation distance ± 1.75 km into Land Use Title area.</p> <p>Based on the explanation, the Non-Conformance No. 2016.02 is still not fulfilled so that this non-conformance is upgraded to MAJOR category.</p> <p>Root Cause: The position of the boundary pole number 08, 09, 10, 22, 28, 29, 30, and 31 at the time of the audit is not in accordance with the coordinates of Coordinate Book from BPN. This difference is due to the difference of the tool during initial measurement and during verification. At the first time the coordinates and the boundary pole are determined, the tools is using manual tools (theodolite), whereas verification has used GPS (Global Positioning System). It is possible that</p>		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>the result of location point are different. Until now there is no data update based on the latest coordinate measuring tool.</p> <p>Correction: Sending the letter formally to the Director of Measurement and Mapping, Directorate General of Infrastructure, National Land Agency (BPN) regarding the application of the List of Geographical Coordinates of Land Use Right (HGU) of PT Kridatama Lancar according to HGU Certificate Number 11 in 09 August 1999.</p> <p>Correvtive Action: To prevent Non-Conformity from happening again, as for the preventive measures that will be done PT Kridatama Lancar is as follows:</p> <ol style="list-style-type: none"> 1. To verify the boundary pole coordinates by letter from the National Land Agency (BPN) 2. Perform routine monitoring (per month) on the condition of boundary pole and regular maintenance for cleanliness and condition of boundary pole. 3. Each estate unit designates a special officer conducting periodic monitoring and maintenance of all existing boundary pole in each estate unit. Every change of HGU stewardship officer will be made a handover 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>report by ensuring the new officer knows all the position of boundary pole.</p> <p>Assessor Evaluation and Conclusion: 18 September 2017 Company shows Time Frame related to HGU boundary with plan including:</p> <ul style="list-style-type: none"> • Requesting coordinates to BPN conducted in September 2017. The Company has presented the Application Letter of Boundary Listing with No. Letter 333/KLR/UM/PSD/IX/2017 in 15 September 2017 to the National Land Agency of Indonesia and has been received on 18 September 2017. • Conduct a coordinate's verification according to letter from BPN. This is planned to take place in November 2017 until January 2018 • Perform a routine monitoring (per month) on the condition of boundary pole and regular maintenance for cleanliness and condition of boundary stake. • Each estate unit designates a special officer conducting periodic monitoring and maintenance of all existing boundary pole in each estate unit. Every change of HGU 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>stewardship officer will be made a handover report by ensuring the new officer knows all the position of boundary pole.</p> <p>Based on the above explanation, the Non-Conformity No. 2016.03 is Closed and will be observed further related to the implementation of the field during the next visit.</p>		
2016.4	3.1.1	<p>Business Plan Long term Business plan (Period 2016 – 2020) of Baras Danum Estate, Sukamandang Estate, Sukamandang Mill does not include:</p> <ul style="list-style-type: none"> - Forecast prices - Financial indicators – profitability forecast (income vs cost). 	Major	PT. KLR	23 June 2017	<p>The business or management plan should contain:</p> <ul style="list-style-type: none"> • FFB yield trends; • OER • Cost of Production • Forecast prices; • Financial indicators. • Attention to quality of planting materials; 	<ul style="list-style-type: none"> • Root cause: <i>The management unit has longterm business plan 2016 – 2020, however there are no information of CPO Price projection and income procection. Because this information was confidence, this authority was under control from Business Plan Department (Head Office).</i> • Corrective action (+evidence) <i>The management unit has coordination with Business Plan Department in accordance with CPO Price Projection and Income Projection for 2016 – 2020 period.</i> • Preventive action: <i>The management unit (Head of SOU 2) will ensure to Head Office associated with confidential data via email</i> <p>Observation at 27 July 2016 The company has showing leongterm business plan (year 2016-2020). This document was consideration about:</p> <ul style="list-style-type: none"> - FFB Production Projection 	Closed	27 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<ul style="list-style-type: none"> - Mill Extraction Rates - Production Cost - Forecast Price - Financial Indicator/income vs cost. <ul style="list-style-type: none"> • Auditor conclusion: This NC was closed 		
2016.5	4.2.3	Soil Sampling. There is no SOP for periodic soil sampling to monitor changes in nutrient. Time schedule of soil sampling not available.	Minor	Estate	Surveillance-1	The company able to demonstrated procedure of soil sampling to monitor nutrient change. Soil sample period must be developed clearly.	<ul style="list-style-type: none"> • Root cause: <i>There are no coordination between management unit with Minamas Research Center (MRC).</i> • Corrective action (+evidence) <i>The management unit was re-inventaritaion all of SOP associated with soil sampling information, period of soil sampling unit, and soil detil analysis.lif any SOP was lose, the management unit will coordination with MRC.</i> • Preventive action: <ol style="list-style-type: none"> 1. Re coordination with MRC who have authority to soil sampling unit. 2. Reinventaritation all SOP of soil sampling unit every year. 3. Re ensure all operational has comply with SOP. <p>Observation at 15 Juli 2016 <i>The management unit has show SOP I-04/MRC-SOP/10 dated 1 April 2010 about Fertilizer Recommendation.</i></p> <ul style="list-style-type: none"> • Auditor conclusion: <i>This NC was closed</i> 	Closed	15 July 2016
2016.6	4.3.1	Map. Maps showing presence of	Major	Estate	23 June	Maps showing	<ul style="list-style-type: none"> • Root cause: <i>There are lack of information about the detailed</i> 	Closed	4 August 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
		fragile and problems soil, with an appropriate scale (1:50,000) is not available			2017	presence of fragile and problems soil, with an appropriate scale must be available - Sukamandang Estate and Baras Danum Estate.	<p>soil survey document. Fragile soil map was contained on this document.</p> <ul style="list-style-type: none"> • Corrective action (+evidence) The management unit has coordination with MRC associated with fragile/marginal soil map. Sukamandang Estate has fragile soil with area 15 ha, while Baras Danum Estate has fragile soil with area 597 ha in division 3 Block (M60, M61, M62, M63, M64, M65, M66, M67, M68, M69, M70, M71 N57, N63, N64, N65, N66, N67, N68, N69, N70, N71, N71). • Preventive action: The management unit (estate manager) will recheck all of document inventaritation and will coordination with MRC associated with soil survey result. <p>Observation at 19 July 2016 The company has show land suitable map in Sukamandang Estate (scale 1:50.000), that known N1 (Currently Unsuitable in block I33, K31 and K39) with area 15 ha.</p> <p>Observation at 4 August 2016. The company has show land suitable map in Baras Danum Estate (scale 1:50.000), that known N1 (Currently Unsuitable in block M60, M61, M62, M63, M64, M65, M66, M67, M68, M69, M70, M71 N57, N63, N64, N65, N66, N67, N68, N69, N70, N71, N71) with area 597 ha.</p> <ul style="list-style-type: none"> • Auditor conclusion: 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							This NC was closed.		
2016.7	4.5.1	<p>Monitoring Integrated Pest Management</p> <p>The company developed technique to prevent rat bait byusing Tyto alba. Unit facilitates Barn owl boxes (BOB) as Tyto alba cage. During visit in Baras Danum Estate, the company does not consistently monitor Nest Boxes which is installed.</p> <ul style="list-style-type: none"> Block N50, Nest box not available. Block N35, Nest box not available 	Major	Estate	23 June 2017	The company should monitor the implementation of Pest Management / Terpadu.	<ul style="list-style-type: none"> Root cause: <i>There were errors realization of installation Barn Owl Boxes (BOB), and also there are lack information about BOB location.</i> Corrective action (+evidence) <i>Installation of BOB in Block N50 and M53 in accordance with planning. And re-sensus all BOB to ensure the location.</i> Preventive action: <i>BOB sensus will conduct every month by plant administration to ensure the location.</i> <p>Observasi 19 Juli 2016</p> <p>The management unit has show documentation of BOB Installation in Block N50 and N53 dated 27 June 2016.</p> <ul style="list-style-type: none"> Auditor conclusion: This NC was closed. 	Closed	19 July 2016
2016.8	4.7.2	<p>HIRARC</p> <p>Based on HIRARC 2016 document verification it's not too specific, such as:</p> <ul style="list-style-type: none"> Spraying activity will effect to skin irritation and minor body injured, but not explained about effect to eyes irritation. Risk control for spraying 	Major	Estate	23 June 2017	The company shall be show result of HIRARC evaluation with specific aspect.	<ul style="list-style-type: none"> Root cause: <i>Chemical Application HIRARC (Hazard Identification, Risk Assessment And Risk Control) was not evaluated associated with respiratory disorders, eyes irritation and PPE's type use in accordance to MSDS and recommendation from a doctor.</i> Corrective action (+evidence) <i>The company has evaluate HIRARC including to respiratory disorders, eyes irritation and PPE's</i> 	Closed	18 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		activity is using gloves, mask, and glasses. But not explained about type of mask and glasses must be used. Where are PPE's which used is must be accordance to each of chemical MSDS.					<p><i>type use in accordance to MSDS and recommendation from a doctor.</i></p> <ul style="list-style-type: none"> Preventive action: <i>The Safety Expert will be evaluate HIRARC every year and consideration to MSDS and a doctor recommendation.</i> <p>Observation at 15 July 2016 The management unit has revise HIRARC document with approval by Safety Expert, this document has include about respiratory disorders, eyes irritation and PPE's type use.</p> <p>Observation at 18 July 2016 The management unit has show Policy No. 700/TQEM-ESH/10 and SOP No. 001/IK-KLR-P2K3/16 about HIRARC Evaluation. This document has explain about HIRARC Evaluation must considerate to MSDS and a doctor recommendation.</p> <ul style="list-style-type: none"> Auditor conclusion: This NC was closed. 		
2016.9	4.7.3	<p>PPE's Use Based on field observation there are non conformity such as:</p> <ul style="list-style-type: none"> Nut and Kernel Operator was working without earplug using. Sparying team in Block G25, Division II Sukamandang Estate 	Major	Estate & Mill	23 June 2017	The company should be show that all workers were use PPE accordance to HIRARC and MSDS.	<p><u>NC about Nut & kernel Operator</u></p> <ul style="list-style-type: none"> Root cause: <i>Ear plug was provide every month by company, while ear plug reserve was located in SMF office. So some workers were un willing to take ear plug.</i> Corrective action (+evidence) <i>The management unit has gift ear plug to all operator in SMF.</i> 	Closed	27 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		<p>are using cloth masker and not using goggle glass. There are working without PPE in accordance to MSDS.</p> <ul style="list-style-type: none"> • EFB loading workers in Empty Bunch Station is not using safety shoes. 					<ul style="list-style-type: none"> • Preventive action: <ol style="list-style-type: none"> 1. Safety breafing will conduct every morning and afternoon by processing assistance. 2. PPEs monitoring will conduct by foreman, safety officer, and processing assistance. 3. Earplug stock will places in Processing Office to simplify workers. 4. Complaint book will provide in Processing Office <p>Observation at 15 July 2016 The management unit has show evidence of earplug gifting to all SMF operators dated 27 June 2016.</p> <p>Observasi 27 Juli 2016 The company was show work instruction No. 002/IK-KLR-P2K3/16 about Safety Briefing and PPE using. This instruction was explain: PPE checking will conduct every morning, work hours and afternoon (after work). This monitoring will reported to safety officer and PSQM Department. In addition there are PPEs use monitoring results on harvesting, upkeep (Estate) and CPO processing (Mill) dated 23 July 2016.</p> <ul style="list-style-type: none"> • Auditor conclusion: This NC was closed <p><u>EFB Contractor NC</u></p> <ul style="list-style-type: none"> • Root cause: Lack of socialization about PPE using to all contractor. And also the security was no firmly 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>against to PPE use.</p> <ul style="list-style-type: none"> • Corrective action (+evidence) The management unit was conduct safety briefing to all contractor drivers. And also the company has gift punishment to contractor driver. This punishment as a deterrent effect to other driver. • Preventive action: <ol style="list-style-type: none"> 1. All workers and contractor in SMF shall be using PPE's. The management unit will gift punishment if any workers or contractor not use PPE's. 2. Routinely safety briefing to all workers and contractor every day. 3. SMF will coordinate with each estate if any contractor driver not use PPE's. <p>Observation at 15 July 2016 The management unit has show safety briefing record to all contractors and also there was statement letter from contractor that will not do it again.</p> <p>Observation at 27 July 2016 The company has show PPE's use monitoring result in estate and mill operational dated 23 July 2016.</p> <ul style="list-style-type: none"> • Auditor conclusion: This NC was closed. <p><u>Spraying Team NC</u></p> <ul style="list-style-type: none"> • Root cause: 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p><i>Lack of coordination between management with company doctor related to spraying team PPE's type.</i></p> <ul style="list-style-type: none"> • Corrective action (+evidence) SME management was gift masker with carbon active (Standar EN 149) and face shield to all pesticide applicator dated 28 June 2016. • Preventive action: <ol style="list-style-type: none"> 1. HIRARC Evaluation will conduct by safety expert and PSQM assistant every year. 2. PPEs use monitoring by supervisor and field assistant. 3. Periodically Medical Check Up for all pesticide applicator by company doctor. 4. Coordination with company doctor related to Health and Safety. <p>Observation at 27 July 2016 The company was show PPE's use monitoring for all operational in estate and mill dated 23 July 2016. This monitoring was conduct before and after work to ensure PPE using by all workers.</p> <ul style="list-style-type: none"> • Auditor conclusion: This NC was Closed 		
2016.10	4.7.4	OHS Expert License OHS expert license No. KEP.3273/M/DJPPK/X/2012 was expired on 25 October 2015.	Major	Estate	23 June 2017	The company should be show that all OHS Expert License is still valid.	<ul style="list-style-type: none"> • Root cause: <i>Lack of coordination between safety expert and Human Resources Management (HRM) Department related to extend of license.</i> • Corrective action (+evidence) <i>Sapiri Estate (SIE) has communicate with HRM</i> 	Closed	27 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>Department related to extend of safety expert license.</p> <ul style="list-style-type: none"> Preventive action: The company will monitoring expired date of safety officer license in each estate. And also will socialized to all license holder that extend of license process is three month before expired. <p>Observationa at 27 July 2016 The company has show Decree Letter from head of Social, Manpower and Transmigration Agency Kotawaringin Timur District:</p> <ol style="list-style-type: none"> No. KEP. 560.566/209/WAS-KK.P2K3/VII/2016 dated 21 July 2016 about Safety and Health Guidance Structure. No. KEP. 340/WASKK/AK3/2016 dated 25 July 2016 about appointing of Safety Expert o behalf Yulius Alex Koilam valid for 3year. <ul style="list-style-type: none"> Auditor conclusion: This NC was closed. 		
2016.11	5.1.3	Environment Monitoring and Management Observation on latest monitoring report (second half of year 2015) reveals that the periodic monitoring report has not yet covered evidence of vegetation and habitat	Minor	Estate & Mill	Surveillance-1	The company should be show that all environment aspect was monitor and manage according to EIA matriks.	Root cause: PT. Kridatama Lancar has prepared the environmental management plans and environmental monitoring plans Report Semester II 2015, but in the report there has been no evidence of vegetation monitoring, monitoring of habitat condition, public health, and public perception. This is because the available	Closed	15 December 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		monitoring, community health, and community perception.					<p>documents are incomplete and some monitoring has not been done.</p> <ul style="list-style-type: none"> · Corrective action (+evidence) PT. Kridatama Lancar has prepared the environmental management plans and environmental monitoring plans Report Semester I 2016 in accordance with the AMDAL document, completing the report on vegetation monitoring evidence, habitat condition monitoring, public health, and community perception. (Attached to the KLR File - Indicator 5.1.3 Environmental management plans and Environmental monitoring plans Report Semester 1 2016). · Preventive action: PT. Kridatama Lancar will carry out and ensure the preparation of the environmental management plans and environmental monitoring plans Report in accordance with the AMDAL document, which in its preparation will also ask for advice from the Dept. PSQM, Dept. PSD, and Company Doctors. · Auditor conclusion: Verification December 15, 2016. The Company showed the revised environmental management plans and environmental monitoring plans Update Report Semester 1 of 2016, in which it has explained the results of vegetation management and monitoring, 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<p>protected wildlife habitat conditions, socioeconomic, cultural and environmental health of the community. The result of evaluation is known that the effort to maintain the natural vegetation of the company to do and compile the HCV management plan by monitoring the flora and socializing it to the community. Evaluation of protected wildlife habitat changes is known that there are some wild animals with category protected Appendix II CITES. Evaluation of Public Health and Perceptions: communities have access to company health facilities, besides the negative perception of the community about logging trees.</p> <p>Auditor's Conclusion : Based on evidence of the above improvement, this conformity has been closed. Consistency of monitoring and environmental management of all parameters will be verified in the next assessment.</p>		
2016.12	5.2.4	<p>HCV evaluation and enhancement Observed in Block K59 Sukamandang Estate, large degeraded area that had been determined previously as HCV 1.2, 5, and 6 turned into settlement and agricultural land. Nevertheless, no appropriate evaluation on HCV monitoring</p>	Minor	Estate	Surveillance-1	The company should be show evidence of formulation and evaluation of better management plant to ensure of HCV Area protection and RTE species protection.	<ul style="list-style-type: none"> Root cause: PT. Kridatama Lancar has made efforts to keep the HCV (High Conservation Value) area undamaged, but these efforts have not been documented in an appropriate document. Thus, PT. Kridatama Lancar also has not available adequate management evaluation for changes occurring in HCV area and protected flora fauna. Corrective action (+evidence) PT Kridatama Lancar has evaluated HCV (High Conservation Value) area and has made 	Closed	12 July 2017

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		result, as input for improvement of management plan. As previously mentioned.					<p>Management Plan FY 2016/2017 for HCV (High Conservation Value) area in Baras Danum Estate (BDE). (Attached to BDE file - Indicator 5.2.4 - Evaluation, Management Plan, and HCV Progress).</p> <ul style="list-style-type: none"> Preventive action: PT. Kridatama Lancar will undertake and ensure Evaluation activities of HCV areas every year, as well as prepare a Management Plan document, and HCV Progress. <p>Verification, 12 July 2017. The Company demonstrates evaluations such as monitoring of animal identification conducted every April, May and June 2017 located in the HCV area. Based on these data, they are not found the types of RTE including Orang Utan. Types of wildlife found include black eagle, rat eagle, red lathe, tekukur and punai.</p> <p>In addition, there are revisions to HCV 2015-2016 evaluation include:</p> <ul style="list-style-type: none"> River Border Condition (HCV4) at Baras Danum Estate, along the river the river border condition has been planted with jabon wood, waru, angšana (available field documentation) Socializing the existence of HCV to the community and employees. Maintenance and repair of warning boards. <p>Available HCV management plans for 2017 include:</p>		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>a. Treatment, signboard signboards manufacture and water quality analysis in HCV 4.2 BDE (Block J 53)</p> <p>b. Tree planting in river border and boundary marking in buffer zone zone HCV 4.2 BDE.</p> <p>d. Identification of flora and fauna conducted every month in the HCV area.</p> <p>Based on the above explanation, this indicator is stated Closed.</p>		
2016.13	5.3.3.	<p>Waste Management</p> <p>According to field observations that's known non conformance:</p> <ul style="list-style-type: none"> - There are lights used in SMF Workshop was not placed on the schedule waste. - There are diesel fuel spilled on the soil, and also diesel jerrycans in SME were not placed on the schedule waste. - Domestic waste from housing of Division II, SME was potential to contaminate to water sources. 	Minor	Mill & Estate	Surveillance-1	<p>The company should be show evidence, such as:</p> <ul style="list-style-type: none"> - Hazardous waste management according to regulation - Diesel fuel unspilled to the environment (soil). - Domestic waste from housing of Division II is contaminate to water sources. 	<p><u>Hazardous Waste in SMF NC</u></p> <ul style="list-style-type: none"> • Root cause: <i>Lack of knowledge from workers about hazardous waste management (lamp usage, diesel container and diesel spillate management).</i> • Corrective action (+evidence) <i>The company has remove lamp usage and diesel container from trash to schedule waste. And also company has create secondary trap surrounding diesel tank.</i> • Preventive action: <ol style="list-style-type: none"> 1. <i>Safety briefing to all workshop workers by maintenance assistant about hazardous waste management.</i> 2. <i>Safety officer, safety expert and PSQM assistant will conduct Diesel Tank safety every month.</i> 3. <i>Safety officer will ensure there are no diesel spillate and all hazardous waste shall be place in schedule waste.</i> 	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions	for	Observation and Date	Status	Closing Date
								<p>Observation at 15 July 2016 The management unit has show record and documentation of removing usage lamp and diesel container to schedule waste dated 30 June 2016. And also there was documentation of secondary trap in diesel tank, to prevent of diesel spillate.</p> <ul style="list-style-type: none"> Auditor conclusion: <i>This NC was closed</i> <p>Well in SME</p> <ul style="list-style-type: none"> Root cause: <i>The company was no control new creating well by worker, during long dry season on year 2015.</i> Corrective action (+evidence) <i>The management unit was close wells dated 28 June 2016.</i> Preventive action: <ol style="list-style-type: none"> <i>The management unit will distribute water to housing complex every day.</i> <i>PSQM assistant will monitoring water sources to housing complex every month.</i> <i>PSQM assistant will ensure that distance wells from domestic waste minimum 20 m.</i> <p>Observasi 15 July 2016 The management unit was show documentation of wells close dated 28 June 2016.</p> <ul style="list-style-type: none"> Auditor conclusion: 		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<i>This NC was closed</i>		
2016.14	6.1.3	<p>Plans for avoidance or mitigation of negative impacts and promotion of the positive impacts.</p> <p>There was not sufficient evidence that the SIA management plan was developed by consultancy process with affected parties and time frame for implementation not yet clear</p>	Major	PT. KLR	23 June 2017	The Company should be show evidence that the SIA management plan was developed by consultancy process with affected parties and time frame for implementation not yet clear	<ul style="list-style-type: none"> • Root cause: <i>Communication with stakeholders was done verbally and is not documented.</i> • Corrective action (+evidence) <i>Documenting the results of consultations and agreement on a program plan, realization and evaluation of the implementation of CSR programs with local communities and signed by representatives of the public and company.</i> • Preventive action: <i>PT KLR will documenting all forms of communication with the village authorities and the local community related CSR program. Communication can be done by the Manager, Head of Administration, or Plantation Services Department Staff. The company also give a questionnaire to be filled community related of CSR program proposal.</i> <p>Observation 27 July 2016 <i>The company has shown CSR Program period of 2015/2016 which has been signed by representatives of the company and the village chief who had been fitted with the implementation schedule.</i></p> <ul style="list-style-type: none"> • Auditor conclusion: <i>Based on the evidence was shown, the non conformance has been closed out.</i> 	Closed	27 July 2016
2016.15	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as	Minor	PT. KLR	Surveillance-1	The company should be show evidence that the Social Planning	<ul style="list-style-type: none"> • Root cause: <i>Communication with stakeholders was done verbally and is not documented.</i> 	Closed	27 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
		<p>necessary</p> <p>The company was carry out of CSR Programme and preparing of management Plan of Social Impact Assessment period of 2015/2016. However there is no evidence that the Social Planning was review with participation of affected parties.</p>				was review with participation of affected parties.	<ul style="list-style-type: none"> • Corrective action (+evidence) <i>Documenting the results of consultations and agreement on a program plan, realization and evaluation of the implementation of CSR programs with local communities and signed by representatives of the public and company.</i> • Preventive action: <i>PT KLR will documenting all forms of communication with the village authorities and the local community related CSR program. Communication can be done by the Manager, Head of Administration, or Plantation Services Department Staff. The company also give a questionnaire to be filled community related of CSR program proposal.</i> <p>Observation 27 July 2016 The company was showed evidence:</p> <ul style="list-style-type: none"> - Evaluation of the CSR program 2014/2015 which has been signed by representatives of the company and the village chief. - Sample of Questionnaire for Social , Economy and Culture aspects of the community surrounding. <ul style="list-style-type: none"> • Auditor conclusion: <i>Based on the evidence was shown, the non conformance has been closed out.</i> 		
2016.16	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and	Major	PT. KLR	23 June 2017	The company should be show evidence of mechanism related anonymous and	<ul style="list-style-type: none"> • Root cause: <i>Minamas Plantation, particularly PT Kridatama Lancar has a system of communication procedures (SOP Communications) has been</i> 	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		<p>appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>The procedure was contained of Form of Complaint Data Handling, However there was not yet clear mechanism related anonymous and whistleblower protection.</p>				whistleblower protection.	<p>applied. However, the SOP does not yet explain about the confidentiality of information or information providers. In addition, there has been no explanation as to guarantee the protection of informers. This occurs because during the preparation of SOP yet to consider the principles of anonymity and whistle-blower.</p> <ul style="list-style-type: none"> Corrective action (+evidence) Re-evaluation the Standard Operation Procedure (SOP) communication used by Minamas Plantation, where the points are added to the lies on points 7 of the Special Conditions and 7. 3 on the Protection of the giver Information about Company (anonymity), which contains: <ol style="list-style-type: none"> To accept and ensure the confidentiality of information Protect the informant by the law indictment. It will not take legal action to discloser Follow up information for improvement. Preventive action: To ensure that all procedures was made in accordance with the rules applicable, the SOP will be evaluated annually to determine the suitability to new situations. <p>Observation 15 July 2016 The company was showed a revised SOP 725 / PSQM-ESH / 2016 on Communication, which in point 7 was contained of the protection of anonymity. The company also has socialized to employees: Sukamandang Estate dated June 24, 2016 Sukamandang Factory dated July 4, 2016 Baras Danum Estate dated June 27, 2016</p>		

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<ul style="list-style-type: none"> Auditor conclusion: Based on the evidence was shown, the non conformance has been closed out. 		
2016.17	6.5.1	Payment of wages The company can not to show evidence wages payment for time limited contract workers in SMF is accordance to Manpower Minister Decree No. 100 year of 2004.	Major	Mill	23 June 2017	The company should be show evidence wages payment for time limited contract workers in SMF is accordance to Manpower Minister Decree No. 100 year of 2004.	<ul style="list-style-type: none"> Root cause: Lack of control by management about work agreement system, the daily wage system account by 30 mandays. Corrective action (+evidence) Addendum all work agreement in SMF, the mandays form IDR 77,033 to IDR 92,440 per. Preventive action: Head of administration will ensure that all of regulation related to minimum wages and manpower shall be implemented. <p>Observation at 18 July 2016 The management unit was show the payment of wages rest to 9 workers for March – May 2016. This payment was conduct on 5 July 2016.</p> <ul style="list-style-type: none"> Auditor conclusion: This NC was closed 	Closed	18 July 2016
2016.18	6.5.2	Work agreement Based on time limited work agreement in SMF, that's known daily minimum wage is from monthly wages divided 30 days. This is not accordance to Manpower	Major	Mill	23 June 2017	The company should be show that the time limited work agreement is accordance to Manpower Minister Decree No. 100 year of 2004.	<ul style="list-style-type: none"> Root cause: Lack of control by management about work agreement system, the daily wage system account by 30 mandays. Corrective action (+evidence) Addendum all of work agreement in SMF. 	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
		Minister Decree No. 100 year of 2004.					<ul style="list-style-type: none"> Preventive action: Head of administration will ensure that all of regulation related to minimum wages and manpower shall be implemented. <p>Observation at 15 July 2016 The company has show addendum of work agreement dated 24 June 2016, it was sign by both sides. There are clause about daily wages system and will register to health insurance program.</p> <ul style="list-style-type: none"> Auditor conclusion: This NC was closed. 		
2016.19	6.9.3	<p>A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workers.</p> <p>There are no available evidence this SOP complain/advice/aspiration has socialized to all workers.</p>	Minor	PT. KLR	Surveillance-1	The company should be show evidence that SOP complain/advice/aspiration has socialized to all workers.	<ul style="list-style-type: none"> Root cause: <i>SOP of communication was no revised, so there was no anonymity whistle blower protection.</i> Corrective action (+evidence) <i>The company has revise SOP of communication include to anonymity and whistle blower protection.</i> Preventive action: <i>Evaluation of procedure will conduct every year and will socialized to all workers and contractor</i> <p>Observation at 15 July 2016 The company has show revision of SOP 725/PSQM-ESH/2016 about communication, this SOP was include about <i>anonymity and whistle blower protection.</i> <i>This SOP has socialized to wokres on each unit: SME dated 24 June 2016 SMF dated 4 July 2016 and BDE</i></p>	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							dated 27 June 2016. <ul style="list-style-type: none"> Auditor conclusion: This NC was closed. 		
2016.20	6.11.1	<p>Contributions to local development that are based on the results of consultation with local communities.</p> <p>There was showed document of CSR realization period 2015/2016 and several aid to Kapuk Village (Official Report and Picture was observed). However not yet sufficient of evidences if the program was based on consultation or communication with the affected parties.</p>	Minor	PT. KLR	Surveillance-1	The company should be show evidence that CSR program was based on consultation or communication with the affected parties.	<ul style="list-style-type: none"> Root cause: Communication with stakeholders was done verbally and is not documented. Corrective action (+evidence) Documenting the results of consultations and agreement on a program plan, realization and evaluation of the implementation of CSR programs with local communities and signed by representatives of the public and company. Preventive action: PT KLR will documenting all forms of communication with the village authorities and the local community related CSR program. Communication can be done by the Manager, Head of Administration, or Plantation Services Department Staff. The company also give a questionnaire to be filled community related of CSR program proposal. <p>Observation 27 Juli 2016 Perusahaan telah menunjukan Program CSR periode 2015/2016 yang telah ditandatangani oleh perwakilan perusahaan dan Kepala Desa yang telah dilengkapi dengan jadwal pelaksanaan. The company was showed CSR Program period of 2015/2016 which has been signed by representatives of the company and the village head who had been fitted with the implementation schedule.</p>	Closed	27 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request for corrective actions	Observation and Date	Status	Closing Date
							<ul style="list-style-type: none"> Auditor conclusion: Based on the evidence was shown, the non conformance has been closed out. 		
2016.21	8.1.1	<p>Continous Improvement Based on field observation that known:</p> <ul style="list-style-type: none"> - Pipe leakage in clarification station, it's can be work accident potential and losses oil. - When fire drill simulation at hydrant No. 02 SMF, water pressure can't be attained higher point as boiler station roof. And also conector between nozzle and tube was leakage. 	Major	Mill	23 June 2017	<ul style="list-style-type: none"> - The company should be show that pipe leakage and in clarification station was repaired. - The company should be show that hydrant No. 02 SMF was stand by and good condition. 	<p>Pipe Leakage NC</p> <ul style="list-style-type: none"> Root cause: There are no routine monitoring by operator, and also there are no coordination between processing operator and maintenance worker. Corrective action (+evidence) The management unit has repairing pipe leakage and also cleaning the clarification station area. Preventive action: <ol style="list-style-type: none"> 1. Processing and Maintenance Asisstant shall be monitor all component before start, during processing and after processing. 2. Processing assistant will be monitor all componenet condition every week. 3. Processing assistant and operator shall be coordinate with maintenance division related to component damage. 4. Routinely briefing to discussing about component damage. <p>Observation at 15 July 2016 The management unit has show pipe leakage repairing in clarification station dated 25 June 2016.</p> <ul style="list-style-type: none"> Auditor conclusion: This NC was closed 	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions for	Observation and Date	Status	Closing Date
							<p>Hydrant No. 02 NC</p> <ul style="list-style-type: none"> Root cause: There are no routine monitoring and maintenance to all connector and hydrant nozzle. Corrective action (+evidence) The management unit has repairing all damage of connector and hydrant nozzle. Preventive action: <ol style="list-style-type: none"> Safety officer will conduct hydrant monitoring every month. Safety officer will coordination with workshop, if any damage of hydrant tools. Regularly hydrant simulation will conducted by senior assistant and PSQM assistant. <p>Observation at 15 July 2016 The management unit has show documentation of hydrant simulation No. 2 dated 24 June 2016. The water can be reach to higher point/rooftop.</p> <ul style="list-style-type: none"> Auditor conclusion: This NC was closed 		
2016.22	RSPO Rules Market Communications	RSPO Logo use "RSPO Logo" was installed in BDE, on workshop signboard. This was not complying with RSPO Rules Market Communications Claims.	Major	PT. KLR	23 June 2017	RSPO members can't be used RSPO Logo.	<ul style="list-style-type: none"> Root cause: Lack of information about updated RSPO Rules Market Communications. Corrective action (+evidence) The company has remove all RSPO logo. Preventive action: Re coordination with Head Office PSQM related 	Closed	15 July 2016

No.	Ref Std/ Indicators	Non-compliance	Grade	Area	Deadline	Request corrective actions	for Observation and Date	Status	Closing Date
							<p><i>to update RSPO Regulation. Re check to all location who has RSPO Logo by RSPO clerk.</i></p> <p>Observation at 15 July 2016 The management unit has show documentation of RSPO logo removing from signboard in BDE Workshop.</p> <ul style="list-style-type: none"> Auditor conclusion: <i>This NC was closed</i> 		

3.5.2 Identification of Findings, Corrective Actions and Observations at *ASA 1.1 Certification* Assessment

NCR No.	: 2017.01	Issued by <i>Diterbitkan oleh</i>	: Brigitta Prita
Date Issued	: 13 July 2017	Time Limit <i>Batas Waktu</i>	: 12 September 2017
NC Grade	: Major	Date of Closing <i>Tanggal Terpenuhi</i>	: 15 September 2017
Standard Ref. & Requirement	: 1.1.2 Records of requests for information and responses to the information requested shall be available.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Deskripsi Ketidaksesuaian & Bukti yang diamati <i>(dilengkapi oleh auditor):</i> Based on interviews with the Plantation Office of East Kotawaringin District, there is a request for information regarding monitoring and reporting of HCV from the Plantation Office. This matter could be evidenced with the availability of evidence receipt by Minamas Group on 15 June 2017. But until now (28 days), the company has not been able to show evidence of response related to the request for such information. It is not in accordance with the Communication SOP (Policy Number 725 / PSQM-ESH / 2016) explaining that information from external sources must be responded by the parties / units no later than 15 days after the information is received.			
Root Cause Analysis <i>(filled by organization audited):</i> The root cause analysis for NCR 2017.01 can be explained as follows: <ol style="list-style-type: none"> 1. Letter of request for information from the Agriculture / Plantation Agency of East Kotawaringin Regency received by Sampit Representative Office on June 15, 2017. However, the document is not directly forwarded to the operational unit because the distance between KPW Sampit and Operating Unit takes 4 hours of travel and no access expedition. So for the document up to the Operational Unit, waiting for a vehicle first from the Operational Unit to KPW Sampit. The new document was received by the Operations Unit on 01 July 2017. 2. Preparation of data requested by the Agriculture / Plantation Agency of Kotawaringin Timur District on High Conservation Area Data takes at least > 30 days, given the requested data in large quantities and required updates from the data. 3. The process of approval of documents that must be from Head Office Jakarta takes time. 			
Correction <i>(filled by organization audited):</i> Documents requested by the Agriculture / Plantation Agency of Kotawaringin Timur Regency have been responded and sent on 11/09/2017.			
Corrective Action <i>(filled by organization audited):</i> To anticipate that the nonconformity as above does not happen again, then do: <ol style="list-style-type: none"> 1. Coordinate with KPW Sampit, if there is an incoming letter from Local Government or other parties regarding request information, then KPW Sampit will send Photo of the document via Whatsapp. It is intended that the Operational Unit can immediately know about the request for such information. 2. For documents that require a long preparation time, after the letter of request for information received by the Operations Unit, the Operations Unit will send the first response letter explaining that it takes time to prepare the document. 			

3. The management system of PT. Kridatama Lancar is now concentrated in Sukamandang (CEO, OC, AC, Dept. Support), so that the approval process can be done immediately.

For procedures specifically not available, but the Operating Unit Party issued IOM (Inter Office Mail) addressed to Sampit KPW Employees who explain the procedure when there is an incoming letter from government agencies or other important institutions.

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

Verification, September 14, 2017.

Based on evidence of improvements submitted, the company has shown evidence of HCV data transmission (High Conservation Value) on September 11, 2017 to Agriculture / Plantation Agency of East Kotawaringin. Kindly re-submit any evidence of HCV report / data that has been submitted. Based on the above explanation then this indicator is still stated OPEN.

Verification, September 15, 2017.

The Company has shown evidence of submission of HCV report (Map and management plan) on September 11, 2017 to the Agriculture / Plantation Agency of Kotawaringin Timur Regency. In addition, there is an Inter Office Mail (IOM) from East Kalimantan Controller Area that is addressed to employees of KPW Sampit on August 1st, 2017 which explains the procedures for reporting incoming mail to operational units. Based on the above explanation then NCR No.2017.01 stated compliance.

Verified by : **Brigitta Prita**

NCR No.	: 2017.02	Issued by	: Muhammad Rinaldi
Date Issued	: 13 July 2017	Time Limit	: 12 September 2017
NC Grade	: Major	Date of Closing	: 06 September 2017
Standard Ref. & Requirement	: 2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>			
Based on interviews with Plantation Agency and document review, the company has not been able to show proof of report on the Progress Report of Plantation Business Development 1st Quarter of 2017. This is not in accordance with the Registration License and Plantation Minister Regulation No. 98 of 2013.			
Root Cause Analysis <i>(filled by organization audited):</i>			
PT Kridatama Lancar has been reported Plantation Progress Report (LKUP), but copies of reporting evidence are available in Head Office (HO) Jakarta and are not available in the business unit.			
Correction <i>(filled by organization audited):</i>			
PT Kridatama Lancar has coordinated with Head Office (HO) in Jakarta to get a copy of the reporting evidence.			
Corrective Action <i>(filled by organization audited):</i>			

PT Kridatama Lancar will coordinate with Head Office (HO) in Jakarta regarding confidential documents and available only in Head Office (HO) in Jakarta, if necessary for Certification Audit to be sent to business unit or to the Auditor directly.

- For the future mechanisms, documents that are in the HO may be available during the audit is can be sending an official letter on behalf of SOU/PT to the relevant Department at HO to be able to send the document to the unit up to 14 days after the document is issued by HO or if it is confidential, the document may be sent to the Auditor directly before or during the audit process.
- For PIC regarding the provision of Legal aspect documents is the PSD Staff of Central Kalimantan, in this case is Bpk. Tonni Manurung.

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

02 September 2017

The Company shows reporting evidence of Proceeds of Plantation Business Progress report Quarter I & II 2017 conducted on 30 August 2017. **However, the company needs to re-identify corrective action so that non-conformity will not be repeated in the next assessment.**

Based on the above explanation, the Non-Conformity No. 2017.02 is not fulfilled

06 September 2017

Based on the above explanation, the preventive action will be taken by requesting proof of report delivery on 14 days after the document is submitted and done by the PSD Staff. **Based on this explanation, the Non-Conformity No. 2017.02 is Closed and will be observed during the next surveillance.**

Verified by : **Muhammad Rinaldi**

NCR No.	: 2017.03	Issued by	: Brigitta Prita
Date Issued	: 13 July 2017	Time Limit	: 12 September 2017
NC Grade	: Major	Date of Closing	: 23 August 217
Standard Ref. & Requirement	: 5.3.2 There shall be evidence that all chemicals and their empty containers are disposed of responsibly		

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

Based on the field visit to the housing area of KKE Division II, it's known that there's still an availability of hazardous waste which is used as water container shelter. This matter is not comply with the standard operational procedure of hazardous waste management and non hazardous waste (SOP No. RA 012) on 1 April 2010.

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

The findings of chemical packaging (Pertamina drums) in the housing area of employees Division II KKE, due to weak control and supervision assistant to the housing environment. In addition, there is also no rules and socialization regarding the prohibition of the use of chemical packaging in residential areas. However, we can explain that the drum is not the hazarouse packing drum produced by the KKE unit, but the result of employees buying privately on the

market for additional water storage. Basically, the KKE unit has provided water reservoirs such as permanent water storage buildings and profile caps tanks with capacity 750 liters per house.

Correction (filled by organization audited):

Corrective action was conducted by the KKE unit is to take all chemical packaging (pertamina drums) from the employee housing area. In addition, the management of KKE made a rule regarding the prohibition of the use of chemical packaging and other hazardous packaging. The rules are socialized to all employees (The evidence has been attached).

Corrective Action (filled by organization audited):

The management of KKE will routinely socialize the rules regarding the prohibition of the use of chemical packaging and other hazardous waste. In addition, regular monitoring of employee housing areas will be conducted.

The form of monitoring conducted by the KKE Management is a routine checking of every house conducted by Krani Division every month. Checks include the presence or absence of hazardous waste findings and housing conditions that include housing and environmental hygiene conditions. Evidence of monitoring has been attached.

Assessor Evaluation and Conclusion (filled by auditor):

Verification, August 16, 2017.

The Company showed evidence of improvements in the form of a memo prohibited on the use of hazardous waste in the employee housing area (memo number 001 / EM-Div / KKE / VII / 2017) on July 15, 2017 by Estate Manager. In addition, there is evidence of socialization of a prohibited on the use of hazardous waste packaging in an employee housing environment on 21 July 2017 (Evidence of attendance list).

Verification, August 23, 2017.

Available documentation of taking back the hazardous waste from KKE employee housing on July 22, 2017 (Documentation has been attached) In addition, there is an employee housing check sheet is explanation regarding housing conditions, cleanliness of the environment, and hazardous waste findings made on August 14, 2017. Based on the above explanation, indicator 5.3.2 has been Compliance.

Verified by : **Brigitta Prita**

NCR No. Nomor ketidaksesuaian	: 2017.04	Issued by Diterbitkan oleh	: Brigitta Prita
Date Issued Tanggal diterbitkan	: 13 July 2017	Time Limit Batas Waktu	: 12 September 2017
NC Grade Grade ketidaksesuaian	: Major	Date of Closing Tanggal Terpenuhi	: 23 August 2017
Standard Ref. & Requirement Acuan Standar & Persyaratan	: 6.5.1 Documentation of pay and conditions for employees based on the existing manpower regulations shall be available.		

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

There's the documentation of salary and list of absence for the period of June 2017 for the employee with current time agreement status of Sukamandang POM. Based on the documentation, it's known that the calculation of work and over time wage of current time agreement employee still not appropriate with the minister of labor's decision with the reference number 102 in 2004 regarding to the hour for over time and its wage. Such as the employee of gardener, the employee of mill compound, and servant.

Root Cause Analysis (filled by organization audited):

1. The work agreement system for Contract Workers who applied in Sukamandang Factory (SMF) is currently following the system of work agreement in applicable last year where the amount of overtime calculation using actual hours, so the employee's overtime pay is also in accordance with actual overtime hours. Another thing that causes the problem is the default made by the management of SMF related to the arrangement of overtime hours and wages of employees Contract Workers.
2. Lack of SMF management information regarding regulations governing overtime and wages of employees of Contract Workers.

Verification, August 18, 2017.

Socialization has been conducted on Employee Working Hours and Wages from Labor Agency Kotawaringin Timur. In the socialization is explained by the Agency regarding Employee Hours and wage calculation procedures, both basic wage and overtime pay for Permanent Employees / Permanent or Contractor Workers (Working Agreement of Certain Time). The evidence are attendance list of the meeting and Photograph.

Correction (filled by organization audited):

Overtime system and wages of Contract Workers in Sukamandang Mill have been adjusted with the regulation in decree of the minister of labor Number 102 Year 2004, So in July 2017 for rpayment in June 2017. The underpayment of wages that should have been paid in July 2017 (Evidence has been attached).

In addition, the company has socialized understanding of Working hours & Working hours overtime Employees permanent workers & Contractor workers by the Labor Agency of Kotawaringin Timur to management representatives on 15 August 2017.

Corrective Action (filled by organization audited):

Corerctive action was conducteted by the Management Sukamandang Factory (SMF) are as follows:

1. Ensure that any regulations of the Government concerning Overtime and Wages shall be reviewed and realized in accordance with the provisions of the regulations.
2. Ensure that all rules by the Government and the Company concerning Contractor Workers covering the rights and obligations are conducted properly and appropriate.
3. Coordinate with Dept. HRM and PSD concerning changes in the Contractor workers regulations covering rights and obligations including overtime and payments. Coordination can be done via email or direct meetings.

Assessor Evaluation and Conclusion (filled by auditor):

Verification, August 16, 2017.

The company shows the recapitulation document on the payment of Mill employees (Sukamandang Mill) in June 2017 as many as 26 employees of Contract Workers (Gardener, Mill Compund, and Servant). For example:

- Employee on Name Gimán, number of working days is 24, Total overtime hours 183. Overtime rate per hour IDR 2,621,109, - (Rp 14,323 / hour), working day wage Rp 2,378,773, -, workday wage + overtime Rp 4,999,882; the wages paid on Payments of June 2, 2017 amounted to IDR 3,461,881 and deficit is IDR 1,538,001.

Based on the above explanation, the company has paid the deficit of overtime wage in June 2017 for 26 Mill employees amounted to IDR 27,594,355, -.

Verification, August 23, 2017.

The company showed the documentation of Working Hours & Overtime Wages of Permanenr & Contract employees by the Labor Agency of Kotawaringin Timur Regency attended by 11 participants (Section Head, Assistant, Plantation Service Department / PSD and others) on August 15, 2017. Based on the above explanation, indicator 6.5.1 can be stated Compliance.

Verified by : **Brigitta Prita**

NCR No.	: 2017.05	Issued by	: Brigitta Prita
Date Issued	: 13 Juli 2017	Time Limit	: 12 September 2017
NC Grade ketidaksesuaian	: Major	Date of Closing	:
Standard Ref. & Requirement	: 7.3.1 There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).		

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

Based on the document review, the company still could not shown the evidence that the land use change analysis of PT KLR has been already submitted to RSPO Compensation.

Root Cause Analysis (filled by organization audited):

Based on information from Head Office (HO) Jakarta, LUCA has been sent to the RSPO Secretariat according to the following table:

No	Submission Records	Date
1	Disclosure of Areas Cleared without Prior HCV Assessment since Nov 2005	July 2014
2	Progressive submission of Land Use Change Analysis Results for Areas Cleared without Prior HCV Assessment since Nov 2005	Sept 2014
3	Progressive Submission of Land Use Change Analysis Results in Accordance to the RSPO Remediation and Compensation Procedures	Dec 2014
4	Response by RSPO on our First Batch of Submission	Jan 2015
5	Meeting/Teleconference with WRI and RSPO Office to clarify on the reviewers' comments and submission of documents for review as well as consent by WRI to proceed with next submission	March 2015
6	Submission of LUCA – final batch	Aug 2015
7	Submission of Compensation Concept Note to RSPO office	March 2016
8	SDP received LUCA reviewers' comments and R&D Department is currently working on the items required	April 2016
9	SDP has sent updates on our LUCA report to RSPO office	June 2016
10	SDP received comments on our Compensation Concept Note	June 2016

11	Response to comments on Compensation Concept Note Submission of Social Liability and Revised SOP to RSPO office	Aug 2016
12	Compensation panel final discussion and endorsement on Compensation Concept Note	Dec 2016
13	Revision of LUCA submission progressively based on feedback by LUCA reviewers	On-going

Then the RSPO Secretariat requested Sime Darby Plantations to change the calculation methodology in the LUCA that initially used the percentage to the land area so that Sime Darby Plantations took time to change the entire LUCA Report.

Correction *(filled by organization audited)*:
Change the LUCA report methodology as requested by the RSPO Secretariat (Corrective action attached by email).

Corrective Action *(filled by organization audited)*:

Sime Darby Plantations agreed to change all LUCA reports, but due to changes in the calculation methodology, the SDP takes time to revise the report. The RSPO agrees that as long as Sime Darby Plantations can showed commitment and active participation with RSPO, to the revision and completion of the LUCA report, the certification / surveillance process should not be disrupted. Therefore, the RSPO will inform CB to continue the audit. As for the nonconformity related indicator 7.3.1, the RSPO will issue a formal response to the CB involved, explaining the situation of Sime Darby Plantations. If no other nonconformities are identified, the unit may continue to be certified.

CB is welcome to contact RSPO, Ms. Khing Su Li or Mr. Dillon Sarim to confirm LUCA related to some PT in Minamas.

Assessor Evaluation and Conclusion *(filled by auditor)*:
Verification, September 11, 2017.
The Company has showed the evidence of delivery of LUCA on May 12, 2017 to RSPO Compensation then CB contacted RSPO Compensation related to the development of the LUCA. Then on September 8, 2017 there was a response from the RSPO stating that in accordance with the decision of BHCVWG 7.3.1 nonconformity can be compliance and the certificate can be continued. However the RACP is still incomplete and should be noted in the RACP audit report to be completed at the next audit (ASA 2) if it failed then the certificate can be Suspend.

Based on the above explanation, NCR No.2017.05 can be compliance with observation note at the next surveillance.

Verified by	:	Brigitta Prita
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3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	2.1	The company need to ensure the implementation of electrician technician training plan (Observation).
2	4.7.3	Ensure the quality of PPE for applicator pesticide.
3	4.7.4	The company need to ensure the management of SMF Expertise OHS Certificate (Observation).

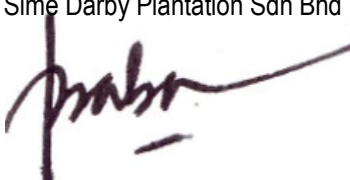

No	Ref Std	Descriptions
4	4.7.5	The company need to improve the quality of emergency equipment including first aid kit.
5	5.3	Recording of hazardous waste logbook.

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

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>Plantation Agency, Kotawaringin Timur district</p> <ul style="list-style-type: none"> • The company has reported the Plantation Business Activity Report quarter 3rd and 4th 2106 but 1st quarter on 2017 not yet reported. • CSR activity reports and fire monitoring and prevention reports are included in the Plantation Business Activity Report. • The company has conduct CSR to the community around company with type of scholarship. • Fire Fighting Facilities and infrastructure have been provided but not yet fulfilled in accordance with Directorate General of Plantation Circular Letter. • Plantation agency has sent a letter to request information about HCV on June 2017 and has been accepted by the company. Until this visit, the company has not reply the letter. • There is no land fire, land conflict and complaint from community in the company. 	<ul style="list-style-type: none"> • The report of Plantation Business Activity Report period 1st quarter on 2017 does not reported to the agency. It has been added to Nonconformance No. 2017.02 indicator 2.1.1 • CSR activity has been comply with criteria 6.11 • The company has have Fire Fighting Facilities and comply with indicators 4.7.5. it has been added to Observation for improvement • The company cannot show the response of the request information about HCV. It has been added to Nonconformance No. 2017.01 indicator 1.1.2 • It has been comply with criteria 2.2, 2.3, 5.5.
<p>Village Community Council of Tajur Beras</p> <ul style="list-style-type: none"> - The operational area/plantation cultivated by CH was originated from the forest area and partly the 	<ul style="list-style-type: none"> - It has been comply with criteria 2.2

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>community land. There was compensation, the time was considered less appropriate by the community because it was too cheap. Communities can accept after an agreement (unwritten) between the community and CH by making compensation value in stages;</p> <ul style="list-style-type: none"> - Villagers have never received any socialization on conservation areas (HCVs); However, CH has conducted the socialization of animals and plants that are protected to the village community. For example, protected animals, namely bird Onggang (Tingang), forest cats, orangutans, wauwau, ironwood, and others; - Access to information: If there is a need for labor such as security, then CH (the estate manager) comes to inform directly to the village; - There is CSR from CH involving the community, just do not know how much fund. For example, drilling wells (2 units), free medical treatment at a plantation clinic where there are sick villagers (ambulance is also provided), free of charge from Basic School up to Senior Hagih School (except school textbooks and school uniforms); - In 2015 there were proposals from villages to CH related to road improvement and have done along \pm 8 km with greder; - There are villagers working in CH, i.e as security officers, loose fruits collectors, manual circle weeding, fertilizers, preaching empty fruits bunches, and administrative personnel at BD Estate; - Villagers have been invited in the drafting of SIA documents - Have never heard of criminal cases and sexual harassment in a village or company; - There are social bhakti activities by giving 5 kg of rice every month to 8 persons who can not afford (the poor and elderly), - River sedimentation occurs due to the planting of riverside with oil palm; - There has been no case of land disputes; 	<ul style="list-style-type: none"> - The socialization about HCV has been done with installed the signboard in the HCV area. It has been comply with criteria 5.2 - It has been comply with criteria 1.1 and 6.8 - It has been comply with criteria 6.11 - It has been comply with criteria 6.11 - It has been comply with criteria 6.8 - It has been comply with criteria 5.1 - It has been comply with criteria 6.9 - It has been comply with criteria 6.11 - Based on document review of the result testing of Manggis River is in accordance with the threshold of Government Regulation No. 82 on 2001 - It has been comply with criteria 2.2
<p>FFB Local Contractor.</p> <ul style="list-style-type: none"> • Contractor has an agreement with the company. • The Contractor has understood the contents of the rights and obligations in the Working Agreement. • FFB pricing is determined by mutual agreement between 	<p>This is in accordance with criterion 6.10.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>the company and the association of contractors.</p> <ul style="list-style-type: none"> • FFB Payment is paid in a timely. • PPE and BPJS are borne by the contractor in accordance with the contents of the working agreement. • Hazardous waste generated by contractor collected in Traction then stored at Hazardous Storage and sent to Hazardouse collectors. 	
<p>Union Labour</p> <ul style="list-style-type: none"> • Union and assembly policies have been submitted during the morning briefing. • There is no coercion to join the union. Approximately 90% of employees join the union. • The routine meeting of members was conducted by the Central Labour Union. • There are no issues related to employment and industrial relations. • Wage determination follows Kotawaringin Timur Regency wage. • Company regulations are still valid from 2016-2018. 	<p>This is ini accordance with criterion 6.6.</p>
<p>Gender Committee</p> <ul style="list-style-type: none"> • There has been socialization of the policy of the gender committee to employees. • The gender committee conducts program activities such as a quarterly meeting on immunization activities, workplace safety, gender equality and others. • There has never been a case of sexual harassment. • There has been socialization of reproductive policies such as maternity leave and H1 leave. 	<p>This is in accordance with criterion 6.9.</p>

<p>4.0</p>	<p>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</p>
<p>4.1</p>	<p>Formal Sign-off of Assessment Findings</p>
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p style="text-align: center;">Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>PT Kridatama Lancar Head of PSQM Minamas Plantation, Sime Darby Plantation Sdn Bhd</p>  <p><u>Mohamad Pirabaharan</u> Tuesday, 19/09/2017</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Muhammad Rinaldi</u> Tuesday, 19/09/2017</p> </div> </div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1.	Plantation Agency Kotawaringin Timur	District Kotawaringin Timur	-	Interview	11 July 2017	√	-
2.	National Land Agency Kotawaringin Timur	District Kotawaringin Timur	-	Interview	11 July 2017	-	√
3.	Labor Agency Kotawaringin Timur	District Kotawaringin Timur	-	Interview	11 July 2017	-	√
4.	Environment Agency Kotawaringin Timur	District Kotawaringin Timur	-	Interview	11 July 2017	-	√
5.	Village Community Council of Tajur Beras	District Kotawaringin Timur	-	Interview	11 July 2017	√	-
6.	FFB Local Contractor	District Kotawaringin Timur	-	Interview	11 July 2017	√	-
7.	Union Labour PT KLR	District Kotawaringin Timur	-	Interview	11 July 2017	√	-
8.	Gender Committee PT KLR	District Kotawaringin Timur	-	Interview	11 July 2017	√	-
9.	Betang Borneo	Palangkaraya	betang@palangkaraya.wasantara.net.id	email	6 July 2017	-	√
10.	WALHI	Jakarta	informasi@walhi.or.id	email	6 July 2017	-	√
11.	Sawit Watch		info@sawitwatch.or.id	email	6 July 2017	-	√
12.	WWF		wwf-indonesia@wwf.or.id	email	6 July 2017	-	√
13.	7 Female Spraying Workers KKE Estate	District Kotawaringin Timur	-	Interview	12 July 2017	√	-
14.	10 Harvester KKE Estate	District Kotawaringin Timur	-	Interview	12 July 2017	√	-
15.	10 Mill Station Workers	District Kotawaringin Timur	-	Interview	11 July 2017	√	-

Appendix 2. Assessment Program

DATE		10-14 July 2017	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 10 July 2016			
06.00 – 08.00 08.30 – 14.00 15.00 – 15.30 15.30 – 17.00		JAKARTA → PANGKALAN BUN PANGKALAN BUN → PT. KLR Opening Meeting PT. KLR Document Review: <ul style="list-style-type: none"> Review of Previous Visit Non-conformance (RC) Collect Basic Information (Mill and Estates) Review of Partial Certification and Time Bound Plan 	<ul style="list-style-type: none"> ALL Team
Tuesday, 11 July 2016			
08.00 – 12.00		<ul style="list-style-type: none"> Public Consultation with Government in Sampit Stakeholders consultation to Nearest village and community leader (Kuala Kuayan & Sapiri Village) Stakeholders consultation to Labour Union, Committee Gender, EFB/CPO transporter, Local Contractor 	<ul style="list-style-type: none"> RNL SSM BGA
12.00 – 14.00		BREAK	<ul style="list-style-type: none"> ALL Team
14.00 – 17.00		Field Observation SUKAMANDANG POM <ul style="list-style-type: none"> Workshop, Chemical Storage, Loading Ramp (Grading), waste management Supply Chain & Operational activities WWTP (IPAL), Land Application (LA), WTP, Hazardous Waste Material (LB3) management Document Review and Clarification of Public Consultation and Field Observation	<ul style="list-style-type: none"> SSM RNL BGA
Wednesday, 12 July 2016			
08.00 – 12.00		Field Observation KUALA KUAYAN ESTATE <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), and Worker Welfare (payments, complaint mechanism) Legal operational High Conservation Value Area, Empty Fruit Bunch Application, Fragile Soil Management Worker facilities (housing, health clinic, clean water, etc) and Hazardous Waste Material (B3) management, Land Fire facilities, Storage, ect. 	<ul style="list-style-type: none"> SSM RNL RNL BGA
12.00 – 14.00		BREAK	<ul style="list-style-type: none"> ALL Team
14.00 – 17.00		<ul style="list-style-type: none"> Document Review and Clarification of Public Consultation and Field Observation 	<ul style="list-style-type: none"> ALL Team
Thursday, 13 July 2016			
08.00 – 12.00		Field Observation SAPIRI ESTATE <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, Integrated Pest Management (IPM), and Worker Welfare (payments, complaint mechanism) Legal operational 	<ul style="list-style-type: none"> SSM

DATE		10-14 July 2017	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
		<ul style="list-style-type: none"> • High Conservation Value Area, Empty Fruit Bunch Application, Fragile Soil Management • Worker facilities (housing, health clinic, clean water, etc) and Hazardous Waste Material (B3) management, Land Fire facilities, Storage, ect. 	<ul style="list-style-type: none"> • RNL • RNL • BGA
12.00 – 14.00		<ul style="list-style-type: none"> • Completion of checklist and clarification/ follow-up on outstanding audit issues Audit finding discussion and preparation	<ul style="list-style-type: none"> • ALL Team
16.00 – 17.00		CLOSING MEETING	<ul style="list-style-type: none"> • ALL Team
Friday, 14 July 2016			
07.00 –		PT. KLR - JAKARTA	<ul style="list-style-type: none"> • ALL Team