

**Roundtable on Sustainable Palm Oil Certification
RSPO**

Stage-1 Stage-2 Surveillance-3 Re-Certification

Name of Management Organisation : Bebunga Factory, PT. Langgeng Muaramakmur Subsidiary Of Sime Darby Plantation Sdn Bhd.
Plantation Name : PT Langgeng Muaramakmur - Bebunga Estate, Bakau Estate and Sungai Cengal Estate
Location : Village of Binturung, Sub District of Pamukan Utara, District of Kotabaru, Province of Kalimantan Selatan, Indonesia
Certificate Code : **MUTU-RSPO/014**
Date of Certificate Issue : 4 August 2017 **Date of License Issue** : 4 August 2017
Date of Certificate Expiry : 3 August 2022 **Date of License Expiry** : 3 August 2018

| Assessment | Assessment Date | PT. Mutuagung Lestari Auditor | Reviewed by | Approved by |
|------------------|-----------------|---|--------------------|--------------------|
| Re-Certification | 2 – 5 May 2017 | Leonada (Lead Auditor Witnessed), Sandra Purba (Lead Auditor Witnesser), Nanang Mualib , Rizliani Aprianita Hsb | Ganapathy Ramasamy | Tony Arifiarachman |

| Assessment | Approved by MUTUAGUNG LESTARI on: |
|------------------|-----------------------------------|
| Re-Certification | 4 August 2017 |

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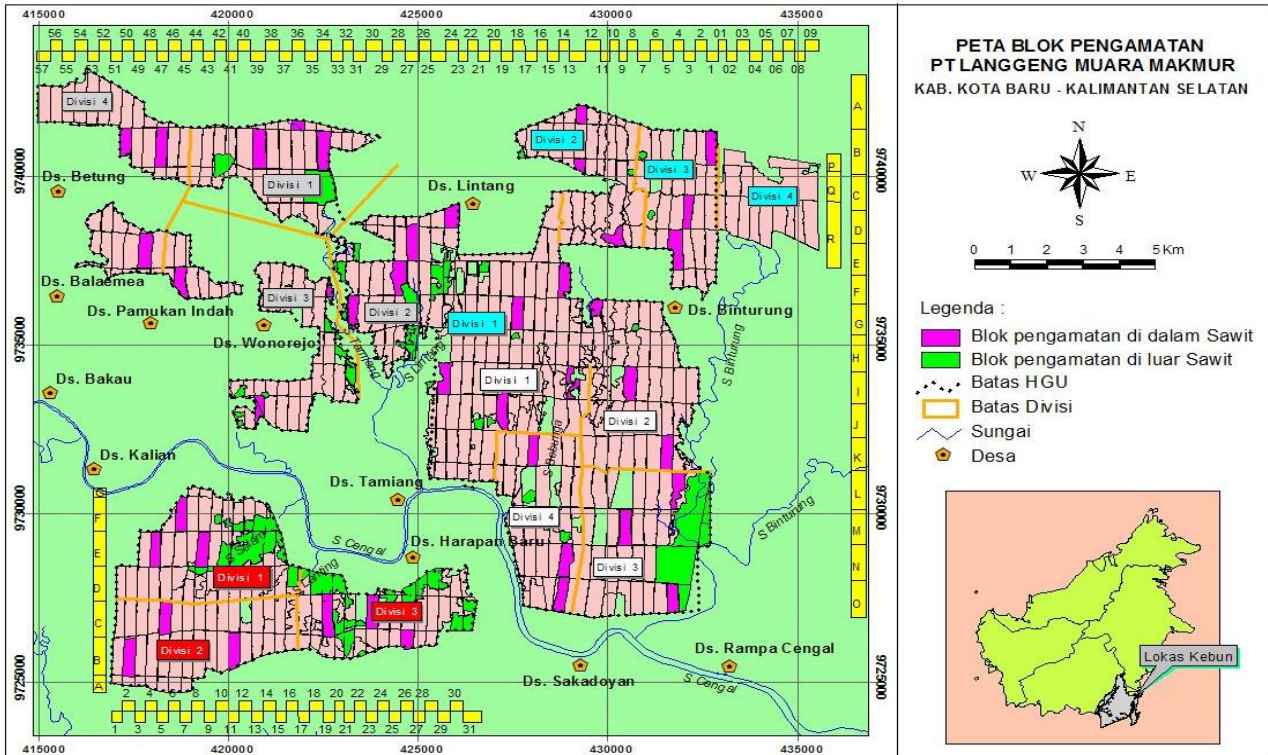
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FIGURE

Figure 1. Location Map of PT Langgeng Muaramakmur



Figure 2. Operational Map of PT Langgeng Muaramakmur



Glossary

| | | |
|--------|---|--|
| BBE | : | Bebunga Estate |
| BBF | : | Bebunga Factory |
| BSS | : | Block Spraying System |
| BKE | : | Bakau Estate |
| CPO | : | Crude Palm Oil |
| CSR | : | Corporate Social Responsibility |
| EFB | : | Empty Fruit Bunch |
| FFB | : | Fresh Fruit Bunch |
| GHG | : | Green House Gases |
| HCV | : | High Conservation Value |
| HGU | : | Hak Guna Usaha/ Land Use Permit |
| IPM | : | Integrated Pest Management |
| ISO | : | International Organization for Standarization |
| ISPO | : | Indonesian Sustainable Palm Oil |
| KKPA | : | Koperasi Kredit Primer Anggota (Cooperative Credit Scheme) |
| NGO | : | Non Government Organization |
| OFI | : | Opportunity For Improvement |
| OHS | : | Occupational Health & Safety |
| PK | : | Palm Kernel |
| PKO | : | Palm Kernel Oil |
| POM | : | Palm Oil Mill |
| POME | : | Palm Oil Mill Effluent |
| PPE | : | personal protective equipment |
| PT LMR | : | PT. Langgeng Muara Makmur |
| SCE | : | Sungai Cengal Estate |
| SOP | : | Standar Operational Procedure |
| SOU | : | Strategic Operation Unit |
| WTP | : | Water treatment Plant |
| WWTP | : | Waste Water Treatment Plan |

| | | | |
|------------|---|--|-----------------------------------|
| 1.0 | SCOPE of the CERTIFICATION ASSESSMENT | | |
| 1.1 | Assessment Standard Used | | |
| | <ul style="list-style-type: none"> • RSPO Principles and Criteria (P&C) INANI-TF for the Production of Sustainable Palm Oil 2013, endorsed 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) | | |
| 1.2 | Organisation Information | | |
| 1.2.1 | Organisation name listed in the certificate | PT LANGGENG MUARAMAKMUR | |
| 1.2.2 | Contact person | Tan Men Kong | |
| 1.2.3 | Organisation address and site address | <p><u>Head Office:</u> Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia</p> <p><u>Indonesia Office:</u> The Plaza Lt. 36 Jl. M.H Thamrin Kav 28-30 Jakarta Pusat 10350.</p> <p><u>Mill & Estate:</u> Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan</p> | |
| 1.2.4 | Telephone | +6221 - 29926000 | |
| 1.2.5 | Fax | +6221 – 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) | |
| 1.2.9 | Registered as RSPO member | 1-0008-04-000-00 tanggal 07 Desember 2004 | |
| 1.3 | Type of Assessment | | |
| 1.3.1 | Scope of Assessment and Number of Management Unit | One (1) Palm Oil Mill and three (3) supply bases : Bebunga POM, Bebunga Estate, Bakau Estate, Sungai Cengal Estate | |
| 1.3.2 | Type of certificate | Single | |
| 1.4 | Locations of Mill and Plantation | | |
| 1.4.1 | Location of Mill | | |
| | Name of Mill | Location | Coordinate |
| | | | Latitude Longitude |
| | Bebunga POM | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | S 02° 22' 25" E 116° 19' 47" |
| 1.4.2 | Location of Certification Scope of Supply Base | | |
| | Name of Supply Base | Location | Coordinate |
| | | | Latitude Longitude |
| | Bebunga Estate | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | S 2° 24' 14" E 116° 23' 47" |

| | | | | |
|------------|--|---|------------------|----------------------|
| | Bakau Estate | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | S 2° 25' 14" | E 116° 19' 42" |
| | Sungai Cengal Estate | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | S 2° 28' 14" | E 116° 23' 30" |
| 1.5 | Description of Area Statement | | | |
| 1.5.1 | Tenure | | | |
| | • State | Total area 17,523.99, consist of : - HGU : 16,361.77 Ha (3,249.22 Ha is excluded from this scope-Lanting Estate) - HGU on process : 1,162.22 Ha Total scope of this certificate is 14,274.77 Ha | | |
| | • Community | Ha | | |
| 1.5.2 | Area Statement | | | |
| | Total area of certificate scope | | 14,274.77 | Ha |
| | Mature area | | 7,543.87 | Ha |
| | Immature area + LC for Replanting | | 3,087.40 | Ha |
| | Emplacement | | 155.97 | Ha |
| | Mill | | 32.42 | Ha |
| | Road, bridges, trhences | | 356.97 | Ha |
| | HCV | | 1,017.12 | Ha |
| | Swamp, hilly area, river | | 794.53 | Ha |
| | Nursery | | 21.49 | Ha |
| | **Non-permanent inclave (reserve area) | | 354.73 | Ha |
| | Other (Bulking, Air strip) | | 227.88 | Ha |
| | Enclave (Permanent) | | 682.39 | Ha |
| | *Additions to the riparian area after replanting amount to 57.9 Ha | | | |
| | **community area inside HGU which not willing to compensate | | | |
| 1.6 | Planting Year and Cycles | | | |
| 1.6.1 | Age profile of planting year | | | |
| | Planting Year | Hectarage (Ha) | | |
| | | Bebunga | Bakau | Sungai Cengal |
| | | Total | | |
| | 1993 | 118.41 | | 118.41 |
| | 1994 | 252.23 | | 252.23 |
| | 1995 | 557.96 | | 557.96 |
| | 1996 | 771.16 | 676.67 | 817.07 |
| | 1997 | 77.20 | 1,205.37 | 682.76 |
| | 1998 | - | 69.33 | 147.59 |
| | 1999 | - | - | 238.80 |
| | 2000 | - | - | 348.14 |
| | 2005 | 17.73 | - | 375.33 |
| | 2006 | - | - | 180.52 |
| | 2007 | 234.32 | - | 425.78 |
| | 2008 | 57.50 | - | 180.10 |
| | 2013 | - | 109.91 | - |
| | 2014 | 200.56 | 305.86 | 149.13 |
| | 2015 | 217.59 | 276.68 | 165.91 |

| | | | | | | | |
|------------|---|------------------------------------|--|------------------------------|-----------------------------------|------------------------------|---------------------------|
| | 2016 | 413.43 | 369.06 | 332.24 | 1,114.73 | | |
| | 2017 | 208.23 | 214.35 | 234.36 | 656.94 | | |
| | TOTAL | 3,126.32 | 3,227.23 | 4,277.73 | 10,631.28 | | |
| 1.6.2 | New Planting area after January 2010 | | - | | | | |
| 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 (%) |
| | Bebunga POM | 60 | 137,447.44 | 28,131.53 | 20.47 | 6,536.26 | 4.42 |
| | <i>*Production data source from 12 months before assessment (May 2016 – April 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) | % |
| | Bebunga Estate | 3,958.43 | 3,126.32 | 22,892.40 | 10.972 | 22,503.35 | 98 |
| | Bakau Estate | 5,342.14 | 3,227.23 | 24,279.91 | 11.779 | 23,425.03 | 96 |
| | Sungai Cengal Estate | 4,974.20 | 4,277.73 | 30,536.48 | 8.992 | 30,184.57 | 99 |
| | TOTAL | 14,274.77 | 10,631.28 | 77,708.79 | 10.301 | 76,112.95 | 98 |
| | <i>*Production data source from 12 months before assessment (May 2016 – April 2017)</i> | | | | | | |
| | <i>** The difference between total production and total supply to BBF is due to the delivery to other POM under SDP</i> | | | | | | |
| 1.7.3 | FFB description from other source | | | | | | |
| | Name of sources | Organisation | Location | Supplied to Mill | | | |
| | | | | FFB (tonnes/year) | | | |
| | KKPA Sungai Cengal 386 Ha and 260 farmers (under management of PT LMI, PT PSA and PT LMR) - Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 2,342.68 | | | |
| | Binturung Estate- Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 21,399.12 | | | |
| | Rampa Estat - Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 10,988.16 | | | |
| | Sesulung Estate - Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 15,026.61 | | | |
| | Pondok Labu Estate - Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 10,752.85 | | | |
| | Sekayu Estate - Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 464.26 | | | |
| | Betung Estate - Certified | Sime Darby Plantation Sdn Bhd | Binturung Village, Sub District of Pamukan Utara, Kotabaru Regency, South Kalimantan | 286.51 | | | |

| TOTAL | | 61,260.19 | | | | | |
|--|---|--|---|--|---|-----------------------------|---------------------------|
| *Source Production Data on 12 months before assessment (May 2016 – April 2017) | | | | | | | |
| 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 16 May 2016 – 15 June 2017 (tonnes/year) | Actual certified product 16 May 2016 to 30 April 2017 (tonnes/year) | | | | |
| | • FFB Production | 124,187.93 | 137,053.378 | | | | |
| | • CPO Production | 27,667 | 28,048.389 | | | | |
| | • Palm Kernel (PK) Production | 6,015 | 6,521.967 | | | | |
| 1.8.2 | Estimate of Certified FFB Claim | | | | | | |
| | Name of Estate(s) | Total Area (Ha) | Planted Area (Ha) | FFB (tonnes/year) | Yield (tonnes/ha/year) | | |
| | Bebunga Estate | 3,958.43 | 3,126.32 | 24,037 | 11.5 | | |
| | Bakau Estate | 5,342.14 | 3,227.23 | 25,494 | 12.4 | | |
| | Sungai Cengal Estate | 4,974.20 | 4,277.73 | 32,063 | 9.4 | | |
| | TOTAL | 14,274.77 | 10,631.28 | 81,594 | 10.8 | | |
| *Projected FFB production for 12 months of certificate | | | | | | | |
| 1.8.3 | Estimate of Certified Palm Product Claim | | | | | | |
| | Name of Mill | Capacity (tonnes/ hour) | FFB Processed (tonnes/year) | CPO | | Palm Kernel | |
| | | | | Out put (tonnes) | Extraction (%) | Out put (tonnes) | Extraction (%) |
| | Bebunga POM | 60 | 81,594 | 17,135 | 21 | 3,672 | 4.5 |
| *Projected CSPO and CSPK production for 12 months of certificate | | | | | | | |
| 1.9 | Other Certifications | | | | | | |
| | Environment award (Environment ministry award) 2016 | | | Predicate blue | | | |
| | Others - ISPO | | | ISPO (Indonesian Sustainable Palm Oil) – 30 April 2015 | | | |
| 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 | | | | | | | |
| | Sekunzir. PT. Indotruba Tengah | 2010 | Sekunzir | 2010 | Seruyan and West Kotawaringin District – Central Kalimantan | Certified | |
| | | | Seruyan | 2010 | | Certified | |
| | Manggala. PT. Tunggal Mitra Plantations | 2010 | Manggala 1 | 2010 | Rokan Hilir District – Riau | Certified | |
| | | | Manggala 2 | 2010 | | Certified | |
| | | | Manggala 3 | 2010 | | Certified | |
| | Bukit Ajong | 2010 | West | 2010 | Sanggau District – | Certified | |

| | | | | | |
|---|------|-----------------------|------|---|-----------|
| PT. Sime Indo Agro | | East | 2010 | West Kalimantan | 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 |
| Pemantang. PT. Teguh Sempurna | 2011 | Pemantang | 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 | | RE-CERT |
| 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 |
| Kerdau SOU 11 | 2011 | Kerdau | 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 SOU 22 | 2011 | Bukit Benut | 2011 | Kluang, Johor | Certified |
| | | 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 |

| | | | | | |
|------------------------|------|------------------|------|----------------------|-----------|
| Hadapan SOU 24 | 2011 | Cenas | 2011 | Layang-layang, Johor | Certified |
| | | CEP Rengam | 2011 | | Certified |
| | | Kulai | 2011 | | Certified |
| | | Layang | 2011 | | Certified |
| Sandakan Bay SOU 26 | 2008 | Seri Pulai | 2011 | Sandakan, Sabah | Certified |
| | | Tun Tan Siew Sin | 2008 | | Certified |
| | | Tunku | 2008 | | Certified |
| | | Tigowis | 2008 | | Certified |
| Melalap SOU 27 | 2011 | Sentosa | 2008 | Tenom, Sabah | Certified |
| | | Saguliud | 2008 | | Certified |
| | | Melalap | 2011 | | Certified |
| | | Sapong | 2011 | | Certified |
| Binuang SOU 28 | 2009 | Tingkayu | 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.

2.0 ASSESSMENT PROCESS

2.1 Assessment Team

Re-Cert

- **Leonada (Lead Auditor Witnessed).** Bachelor of Agricultural Cultivation Department of Agriculture, Faculty of Agriculture, Department of Plant Breeding and Seed Technology, Bogor Agricultural University. Having experience of more than five years working as a plantation operations staff and Sustainability in the company private Indonesian oil palm plantations and is currently working on independent certification bodies as auditor. Training have been followed are: Auditor Training Indonesian Sustainable Palm Oil (ISPO), Training of RSPO lead auditor, ISO 17021; 2011, ISO 17065; 2012, ISO 19011; 2011, Lead Auditor ISO 9001; 2008, ISO 14001; 2005, Training Management Depelovment Program Agronomy, training analysis base solution for operation, training integrated Pest Management (IPM), training Use of limited Pesticides, Training Management of Waste Pesticides and Fertilizers, training mediation and conflict resolution, general safety specialist training General specialist and Health and safety management system (SMK3) Auditor. In this audit He was assessing on legal, SCCS, BMP, health and safety aspect.
- **Sandra Purba (Lead Auditor Wittnessing).** Graduated from Forestry Faculty Bachelor Degree, majored in Forest Product Technology. Have experience working in industrial forest company, mining and oil palm plantations company for 6 (six) years as EHS and Sustainability Assistant. Has been certified as General OHS Expert, attend and passed the several trainings of management system (OHS, environment and quality management), has been attend the training of waste management, GHG vericator and validator training, and conflict resolution and mapping training. Have been successfully passed the Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, RSPO lead auditor training course and auditor of RSPO Next. Involve in many audit activities of similar scheme (ISPO) since April 2013 covering the Legal Aspect, Environmental aspect, Social Aspect, Health and Safety Aspect, conservation and Worker Welfare. During this audit, she assigned to Social aspect
- **Nanang Mualib.** Bachelor of Forestry Science, Forest Technology Department in Bogor Agriculture Institute. He had followed training such as Performance Evaluation in Sustainable Management of Natural Production Forest on Unit Management.Sustainable Natural Production Forest Management Assessor Training Course, Training Lead Assessor ISO 9001:2001/SNI 19-9001:2008. He worked in Forest Company in 2000 – 2004 as a technical assistant of Sustainable Forest Management Implementation, Joint program with Forest Faculty Bogor Agriculture Institute and WWF Indonesia in 2006 – 2010. As a professional, he was involved in HCV social study of Sustainable Forest Management, HCV Identification in 3 palm oil plantation in Indonesia. Currently, he works as professional HCV assessor. In this assessment he conducted an assessment on HCV and the environmental aspects.
- **Rizliani Aprianita Hsb.** Indonesian Citizen. Bachelor and Magister of Agribusiness, Faculty of Agriculture. She had followed training such as lead Auditor ISO 9001;2008, ISO 14001;2004, OHSAS 18001, ISPO Auditor training and followed several IHT related to environment, BMP etc. She has been involved in several audit activities related to sustainable palm oil certification since 2015 covering social aspect, health and safety aspect, worker welfare and waste management aspect. During this audit, she assigned to verify transparency and worker welfare.
- **Haikal Ramadhan Kharismansyah (Observer).** Indonesian citizen, Bachelor of Agriculture department of plant and pest disease (Agrotechnology). He has 3 years experience as an Agronomy Staff in private oil palm plantation in Indonesia. Training which had attended including Basic Management Development Program Agronomy, Integrated Urban Pest Management, Integrated Pest Management, ISO 9001 : 2015, Auditor ISPO, RSPO awareness, ISO 22000 awareness. Did some audit ISPO scheme with aspects Best management

| | |
|---|---|
| | practices. During this audit, he assigned as observer |
| 2.2 Assessment Methodology, Assessment Process and Locations of Assessment | |
| 2.2.1 | Figure of person days to implement assessment |
| Re-Cert | Number of auditors : 4 auditors Number of days for Recertification at site :4 days Number of working days for Recertification at site 16 Working days |
| 2.2.2 Assessment Process | |
| Re-Cert | <p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Langgeng Muara Makmur against RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013 dan RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).</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. Some opportunities for improvement of the results Re-certification 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). Improvement of findings from main assesment findings were observed by auditors at this Re-certification assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of Re-certification.</p> <p>The assessment program please find Appendix 2</p> |
| 2.2.3 Location of Assessment | |
| Re-Cert | <p>Number of units in this certification activity is two (2) estates, which supply the raw material (FFB) to one (1) 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 are one (1) palm oil mill (Bebunga Mill) and two (2) estates (Bebunga Estate and Sungai Cengal Estate).</p> <p>Bebunga POM</p> <ol style="list-style-type: none"> 1. Security Pos. Observation of FFB receive procedures and employment interviews 2. Weighbridge. Observation of FFB weighing and employment interviews 3. Grading Station. Observation of FFB sorting procedures, OSH aspects and employment interviews 4. Boiler Station. Observation of safety and health aspects and employment interviews 5. Engine Room. Observation of safety and health aspects and employment interviews 6. Workshop. Observation of safety and health aspects 7. Stasiun WTP. Observe the use of water for the process. 8. Firefighter simulation <p>Bebunga Estate:</p> <ol style="list-style-type: none"> 1. Fertilizer storage. Observations relating to the implementation of storage hazardous material, Health safety and labor management. 2. Chemical storage. Field observations related to the fulfillment of health safety as well as interviews with a warehouse clerk of safety health related to OHS and medical examination, wages and complaint mechanism. 3. Workshop. Observations and interviews related to wages and overtime, waste management activities, OHS implementations and health inspections 4. Hazardous waste warehouse. Field observations related to the fulfillment of the attributes health and safety, recording, and the implementation of compliance requirements hazardous waste temporary warehouse, wages and complaint mechanism. |

5. Clinic. Observation First aid rooms reasonably clean condition, medical waste recording, labormedical check up and work accident.
6. Daycare. Observations and interviews related to the facilities provided to workers such as employee housing, clean water, daycares, school, and interview related complaint mechanism.
7. Housing complex 1. Field observations and interviews related to workers facility, electricity, domestic waste, sources offresh water, socialization of company policy and complaint mechanism.
8. Landfill block H24 division 1. Observations related to the implementation procedures of domestic waste bins and disposal site.
9. Harvesting. Block G 16. Observation related harvesting procedure, OHS, and interview relataed worker welfare
10. Spraying. Blok G 22. Observation related spraying procedure, OHS, and interview relataed worker welfare
11. Manuring. Blok B14. Observation related manuring procedure, OHS, and interview relataed worker welfare
12. Replanting. Block B005. Obserction related replanting procedure and application of EFB

Sungai Cengal Estate

1. Block C006 Divisi 1. Observation and interview with manual upkeep worker (which also pesticide and ferlitizer applicators) towards towards technical, manpower, OHS, environment and conservation aspect, as well as special medical check up.
2. Block L45 Divisi 1. Observation and interview with harvester towards technical, manpower, OHS, environment and conservation aspect.
3. Nursery. Observation of seedling procedures and interview related employment .
4. Fire Facilities. Observation of fire extinguishers and K3 aspects
5. Fertilizer Storage. Observation of chemical storage procedures, environmental aspects and OSH
6. Pesticides sstorage. Observation of chemical storage procedures, environmental aspects and OSH
7. Oil Storage. Observation of chemical storage procedures, environmental aspects and OSH
8. Workshop. Observation of safety and health aspects
9. BSS Housing (Block Spraying System). Observation of washing and storage of PPE and spray equipment
10. Hazardous Waste Storage. Observation of hazardous waste storage, environmental aspects and OSH
11. Workers Housing (Pondok 1). Observation of employee welfare facilities and environmental aspects
12. Daycare Facilities. Observation of employee welfare facilities and environmental aspects
13. Harvesting. Block C 36. Observation related harvesting procedure, OHS, and interview relataed worker welfare
14. Spraying. Blok C 06. Observation related spraying procedure, OHS, and interview relataed worker welfare
15. Manuring. Blok VC05. Observation related manuring procedure, OHS, and interview relataed worker welfare
16. Replanting. Block C25. Obserction related replanting procedure and application of EFB

Field observation and interview in surrounding communities:

1. Head of Segendang Village.
2. Head of Wonorejo Village.
3. kernel transport contractor.

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| 2.3 Stakeholder Consultation and Stakeholders Contacted | |
| 2.3.1 | Summary of stakeholder consultation process. |
| Re-Cert | <p>Consultation of stakeholders for PT Langgeng Muara Makmur was held by:</p> <ol style="list-style-type: none"> (1) Public notification at website MUTU (www.mutucertification.com) and RSPO (www.rspo.org) on March 30, 2017 (2) Public consultation meeting with Villages Nearby Company Area on May 3, 2017. (3) Public consultation meeting with internal stakeholder on May 3, 2017. (4) Public consultation (NGO) and email has been sent on April 26, 2017. <p>Numbers of input from stakeholders were clarified by PT LMR</p> |
| 2.3.2 | Stakeholder contacted |
| | Please find appendix 1 |

2.4 Determining Next Assessment

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| Re-Cert | The next visit (ASA-1) will be determined one year after this Re-Certification |
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3.0 ASSESSMENT FINDINGS

3.2 Summary of Assessment Report of the RSPO Certification

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

During the assessment, six (6) nonconformities were assigned against Major Compliance Indicators, four (4) nonconformities were assigned against Minor Compliance Indicators, two (2) nonconformities against supply chain requirement for CPO mill, and eight (8) opportunities for improvement were identified.

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

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

| 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. |
| Minor 1.1.1 | <p>Management of PT LMR has list of stakeholders and also has Personnel in Charge which is appointed to reform the list of stakeholders. PIC which is appointed to update information is section head of each estate and mill. There are type of information that can be given to the parties such as:</p> <ol style="list-style-type: none"> 1. Document of High Concervation Value 2. Document of Social Impact Assessment 3. Documentation of occupational health and safety. 4. Documentation of sustainable improvement program. 5. Documentation of Human Rights Policy. 6. Certification assessment report 7. Documentation of complaints and grievances. 8. Documentation of negotiation procedures. 9. etc <p>The information can be accessed by first submitting to unit manager about information required and he will follow up to related department. Based on interview with local community, management has socialized mechanism of information request type of information. Based on document verification, it was known that:the company has not be able to show Recording of Work Time Agreement to the Department of Manpower and Transmigration, District of Kotabaru in</p> |

accordance with the Ministerial Decree No. 100 of 2004. **Nonconformity number 2017.1 with Minor category.**

Major 1.1.2

Management has procedure to respond the stakeholders that contained in SOP request for information, document no. 050/ILMR-INF/C11 revision 01 dated 19 February 2016. The section head which is appointed to response the stakeholders will keep the document of request for information in mail folder. Each incoming mail will be responded no longer than 1 month. For example, there is a letter of request for information on December 20, 2016. The letter has been responded on December 29, 2016.

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| 1.1.1 | Status: Nonconformity no. 2017.1 with minor category | Open |
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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.

Major 1.2.1

Management has consistently provides data and information that can be accessed by public. List of information that can be obtained by stakeholder, such as :

1. Document of High Concervation Value
2. Document of Social Impact Assessment
3. Documentation of occupational health and safety.
4. Documentation of sustainable improvement program.
5. Documentation of Human Rights Policy.
6. Certification assessment report
7. Documentation of complaints and grievances.
8. Documentation of negotiation procedures.
9. Etc

All above document is available for public, based on document verification and interview with management that known: all of document was kept on each department.

The confidential documents, which cannot be accessed by public, such as: financial data related to costumers and or vendors as well as individual/ private data.

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

Minor 1.3.1.

Management has business ethic policy which is contained in code of conduct no Policy 440/HRM-COC/07 that has been approved by GM, Senior General Manager and Head of Plantation Operation on 24th May 2007. This policy was available on Bahasa.

The policy has been socialized to the entire level of personnel, such as on December 7 2015, on December 8 2015 and on December 22, 2015. Based on interviews with workers and contractor, they can explaining about the business ethic policy which has been communicated to all workers and contractor.

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| | Status: Comply | |
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PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

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

Major 2.1.1, Minor 2.1.2, Minor 2.1.3 & Minor 2.1.4

The Management Unit already has a list and a copy of the applicable laws and regulations. The legal requirements documentation system contained in the Legal Requirements Procedure (No. Policy 301/PSQM-ESH/11) was established on February 1, 2016. Responsible for identification, inventory and evaluation of regulatory compliance are ESH Manager. Internal audits are conducted once a year to ensure the implementation of compliance with the law.

There is compliance to the Plantation Act 39/2014 such as plantation business permit No. HK.350/795/Dj.Bun.5/XI/2001

for 828,77 ha and No. 461/Menhutbun-VII/2000 for 15,533 ha and Bebunga POM with capacity 60 ton FFB/hours. The Company has also complied with Law no. 5 of 1960 on Main Agrarian Regulations in the form of land use rights (HGU) with a total area of 16,361.77 ie HGU No. 12 tabun 1997 and HGU No 04 in 1998 with an area of 828.774 ha.

The compliance to Article 3 of the Safety Act such as provision of appropriate PPE to all employees, regular safety training, provision of first aid kit in work place and work accident monitoring. In addition, regarding to safety requirements there boiler man, electricians and welder are authorised by the relevant authorities to perform their jobs with also required by Occupational Health and Safety Management System by Ministry of Labor of Republic Indonesia). Related to implementation of workers wages, referring to Kalimantan Selatan Governor Decree 188.44/0610/KUM/2016 regarding to minimum wage of regency 2017 is IDR 2,381,500 per month.

Based on document verification, it is known that:

1. Based on the document review of *BPJS* (Social insurances) payment receipt and interview with labor union, it is known that the company has included contract worker in the *BPJS* program (employment insurance and health insurance). However, based on the verification of Wage List document (Payment of Contract workers) of Bebunga POM, it is known that:
 - Percentage of employment insurance covered by contract workers is 6.7% of wages. It is not in accordance with the Government Regulation no. 45 year 2016 stating that *Jaminan pensiun* (pension insurance as part of employment insurance) is 1% covered by workers and Government Regulation no. 46 year 2015 stating that *Jaminan Hari Tua* (old age insurance as part of employment insurance) is 2% covered by workers.
 - Percentage of health insurance covered by workers is 5% of wages. It is not in accordance with the President regulation no. 111 year 2013 which states that 1% health insurance covered by workers.
2. Based on document verification of contract worker agreement, there is workers whose contract renewal is more than once, such as:
 - 1st contract agreement : no. 001/BBE-PKWT/XI/2015 valid from 1 November 2015 till 1 February 2016
 - 2nd contract agreement : no. 002/BBE-PKWT/II/2016 valid from 2 February 2016 till 2 May 2016
 - 3rd contract agreement : no. 003/BBE-PKWT/III/2016 valid from 3 May 2016 till 3 June 2016
 - 4th contract agreement : no. 004/BBE-PKWT/IV/2016 valid from 4 June 2016 till 4 September 2016
 - 5th contract agreement : no. 005/BBE-PKWT/V/2016 valid from 5 September 2016 till 5 December 2016
 - 6th contract agreement : no. 006/BBE-PKWT/VI/2016 valid from 6 December 2016 till 6 March 2017
 - 7th contract agreement : no. 007/BBE-PKWT/VII/2016 valid from 7 March 2017 till 7 June 2017

That is not accordance with regulation no. 13 year 2003 article 59
3. Based on verification list of contract workers document and attendance list of contract workers in March 2017, there are contract workers which working on days off (Servant). Workers only get premi of Rp.25.000 / day off and company can not show proof of overtime payment on that day off according to Manpower Minister decree no. 102 year 2004.

Nonconformity no. 2017.02 with Major category

| | | |
|--------------|--|-------------|
| 2.1.1 | Status: Nonconformity no. 2017.02 with Major category | Open |
|--------------|--|-------------|

2.2
The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.

Major 2.2.1

The management unit has land rights of **16,361.77 hectares** based on SK No.133/HGU/BPN/97 dated October 28, 1997 consisting of HGU No. 12 in 1997 with an area of 15,533 ha and HGU No 04 in 1998 with an area of 828.774 ha. The management area of ±1.162.22 ha is still in the process of handling shown in letter No.059/LMR/UM/PSD/VI/08 in 2008 to Land Agency of East Kalimantan Province. Cadastral measurement and Committee B minutes were conducted in 2011, but ceased due to conflict with Segendang Village community. Conflict resolution is planned by the development of plasma plantations based on an agreement between the company and the community of Segendang Village for the construction of a plasma plantation of 300 ha and funding to the villagers on 30 April 2014.

On July 1, 2015 has been specified a list of plasma members by the chairman of the cooperative, the village head of

Segendang and head of Batu Engau sub district. Response from Land Agency of East Kalimantan Province in letter no. 931/9-64/VIII/2016 dated August 12, 2016 for the completion of the HGU filing and currently the process of HGU management is still awaiting to the completion of the MoU with the cooperative which is hampered due to the internal problems of the community related to the number of participants to be submitted. This is justified based on interviews with Segendang Village. The process of completion of HGU is an opportunity for improvement **(OFI)**

Minor 2.2.2

Legal boundaries of company area are shown based on HGU maps from land agency. The maintenance procedures of HGU stakes are described in SOP No.057/LMR-PPBC/C13. Related to monitoring and maintenance of HGU stakes there are discrepancies, namely:

- Based on the result of field visit at Bebunga Estate on HGU stakes no. 01, 08, 15 and 16 it is known that the identity of the stakes number is not clearly visible.
- Based on the results of field visits in the Sungai Cengal Estate found wrong numbering stakes on stakes no. 29 (written No. 23) and there also can not be indicated by stakes no. 1, 2 and 3.
- Based on monitoring documents of Sungai Cengal Estate's HGU monitoring on January 10, 2017 identified 38 stakes missing, 43 good, 3 damaged, 6 blurred identity. The condition has not changed since the previous HGU stipulation on January 4, 2016, April 6, 2016, July 6, 2016, and October 5, 2016. Related to this matter, the company has not been able to show the effort to repair the identified HGU stamps in lost / damaged condition.

This is a **Nonconformity no. 2017.03 with Minor Category**

Minor 2.2.3, Major 2.2.4, Minor 2.2.5

There is no land dispute, the company's area statement shown that there is the permanent enclave (villages) and non-permanent enclave (communities agricultural land that had a potential to compensate) within the HGU, however no found any interference.

Land conflict has been completed in 2014, for example conflict with Segendang Villager has been settled through agreement on 30 April 2014 (traditional leaders and village head appointed as communitie representative). The settlement was agreed by giving compensation fund to the Segendang Communities and developing a smallholder scheme in the area of 300 Ha, thus both parties have agreed not to interfere each other. The area referred to in the above explanation has been mapped on a scale of 1:15000. The settlement process has been in accordance with the company's SOP no . 056 / LMR-PK / C12 passed on May 11, 2011 on conflict resolution

Major 2.2.6

In conflict resolution SOP has been explained that any problems and conflicts will be settled by mediation and deliberation, and if no agreement is reached it will be resolved by legal means (court or police). The company does not use mercenaries in maintaining peace and order, and based on interviews with the villages mentioned there has been no act of confrontation and intimidation by the company.

| | | |
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| 2.2.1 | Status: OFI | |
| 2.2.2 | Status: Non Conformity with Minor Category | Open |

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

Major 2.3.1, Minor 2.3.2, Minor 2.3.3, Major 2.3.4

Based on SIA and HCV documents it is found that there are no other customary rights and traditional rights within HGU of PT LMR. The entire compensation process has been settled by the company and evidence of compensation has been verified during the ST-2 (1st cycle certificate).

Based on interviews with stakeholders such as community leaders and traditional leaders in Segendang and Wonorejo villages, it was stated that PT LMR area is free from the rights of the community.

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| | Status: Comply | |
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PRINCIPLE #3 Commitment to long-term economic and financial viability

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

Major 3.1.1 & Minor 3.1.2

The company has showed long-term planning covering projection of production, capital expenditure, replanting plan,

high quality seed, extraction rate, CPO/PK production, throughput production cost and financial indicator. From hat long-term planning known that the company has a positive balance.

The company also showed replanting plan as follows :

| Estate | | Budget Year (Ha) | | | | |
|----------------------|--------------------|------------------|--------|--------|--------|--------|
| | | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
| Sungai Cengal | Plan (ha) | 234.96 | 306.03 | 397.24 | 361.43 | 246.52 |
| | Realization | 234.96 | - | - | - | - |
| Bebunga | Plan (ha) | 208.23 | 208.02 | 243.61 | 173.97 | 255.15 |
| | Reaization | 208.23 | - | - | - | - |

This long term replanting plan always evaluated annually to ensuring the achievement according to the plan.

Status: Comply

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Major 4.1.1

The company has procedures of Estate operational start from Land Clearing until Harvesting in Agricultural Reference Manual of Oil Palm Planting No. 110/EST-ARM/13 dated September 1, 2013 signed by Head, Plantation Upstream of Indonesia Minamas. SOP document has been distributed on September 16, 2013 to all unit head of estates and mills. The company also has a reception process procedure of FFB until to the *dispatch* of CPO and kernel, in a palm oil mill engineering guidelines Parts I and II, Minamas Plantation on April 30, 2007. Block Spraying System Procedure dated March 4, 2009 described how to apply pesticide in the field, how to mixed pesticide, how to handle spraying equipment, and PPE. Pictorial OHS procedure in mill (723/PSQM-PSS/12) and estate (722/PSQM-PSS/10) described safety working with the use of PPE, sign board, safety working, and handling emergency response

The company has had the procedure of product identification and traceability at POM number RSPO/66/SCCS/15-SNP dated April 26th 2015. The procedure has adjusted from the SCCS standard on November 2014. The person in charge of the POM operational are the Factory Manager, Assistant of PSQM, Laboratory Foreman/Assistant and Assistant /Sr. Assistant /Manager of Bulking.

Based on the interview with the spraying worker in block C06 division 1 SCE, workers can explain the need to use PPE and poisoning handling by pesticide

Minor 4.1.2 & Minor 4.1.3

Internal supervision related to the implementation of SOP do directly by the foreman, Assistant, Senior Assistant and Estate Manager. The operational monitoring can be seen on the report of Monthly Meeting Committee Management (MMCM) 2016/2017. In addition to routine supervision by Assistant and Manager, there is also monitoring of operational activities through internal audit activities. Based on information received from PIC RSPO PT LMR internal audit activities carried out at least once a year.

4.1.4

Base on past one year period FFB received record, management received FFB from Bebunga Estate, Bakau Estate and Sungai Cengal Estate. The others source of FFB are from PT. PSA and KKPA Sungai Cengal supply base of Rantau POM subsidiary of Sime Darby. Agreement with KKPA Sungai Cengal namely Memorandum of Understanding February 25, 2013 between KUD Bina Swadaya Karya and PT Laguna Mandiri subsidiary of Sime Darby.

Status: Comply

4.2

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

Major 4.2.1

The Company shows the procedures for managing soil fertility in the Minamas Plantation Agricultural Reference Manual document in the manuring section. The company also conducted soil and leaf analysis as one way to monitor soil fertility and as a basis for preparing manuring recommendations. Records of the implementation of soil fertility management include empty bunch application on block J1D Awatan Estate, POME Application in Lembiru Estate, and application of anorganic fertilizer. Implementations of SOP are verified by BMS foreman, Assistants, to Senior Assistants and PSQM staff to monitor the quality of employment results.

Minor 4.2.2 & Minor 4.2.3

The Company has a recording of fertilization listed in the monthly report manager (MMCM) of the realization of fertilization. Recording fertilization period July 2016 s / d April 2017 of them is :

- Application of 1,423.07 ton of NK Blend in Sungai Cengal Estate of all division
- Application of Rock Phospate in Bebunga Estate for the all aof division in amount number 269.479 ton

MRC team prepared fertilizer recommendations based on leaf analysis and soil analysis. In accordance with Policy No. I-04 / MRC-SOP / 10 dated 1 April 2010 concerning the Formulation of Fertilization Recommendation is known that soil sampling is done every five years while leaf sampling is done every one year. Leaf analysis examined the dry weight of ASH, P, K, Mg, N and PPM dry weight B. Based on the survey known PT Langgeng Muaramakmur has a dominant S3f soil type.

Minor 4.2.4

The recycling nutritions strategies adopted by the company included the use of empty bunch and Palm Oil Mill Effluent. Field observation to the Bebunga Estate replanting block (B005) and Sungai Cengal Estate (C25 and C26) known that the remaining replanted plants become nutrients for new plants. The remaining stems and frond that have been chipping are left in the replanting block in the hope of becoming a natural nutrient for new plants.

Status : Comply

4.3

Practices minimize and control erosion and degradation of soils.

Major 4.3.1 & Minor 4.3.2

Critical land management strategies and other soil issues are contained in the SOP on land preparation and manuring in the Minamas Agricultural References. Company has documents of Soil Survey Semi Detailed and Land Suitability for Oil Palm Plantation PT Langgeng Muaramakmur period 2016 - 2021. Documents mapped the distribution of soil type in scale of 1 : 50.000. The geographichal reference is the map of Kalimantan Island as well as the map of West Kalimantan Province.

Management policies for planting on the slopes are indicated by Soil and river protection policy MINAMAS issued by the Executive Vice President declaring that land with a slope of > 200 on new planting or replanting activities should not be planted. Planting on sloped land that only has a slope of 0 – 200 while the land slope of more than 200 (40%) is not planted and allowed to maintain biodiversity. For flat and slope areas <20 0 pretreatment using LCC to reduce the impact of erosion and run-off.

Minor 4.3.3

The company has a road maintenance program supported by budget and resources. Based on information from Estate Manager Awatan and Estate Manager Lembiru, for road maintenance PT Langgeng Muaramakmur in cover by 1 unit Road grader and 1 unit Vibro compactor. Manual road maintenance is also done among others by hoarding the road with holes with stone and water rope making so there is no water pooled in the street.

At the time of the audit activities carried out the rain conditions are often encountered so that road maintenance is more done manually with spots such as stacking of rocks, rorak making and making water ropes.

Major 4.3.4 and Minor 4.3.5

Based on information obtained from Estate Manager Bebunga and Sungai Cengal it is known that there is no peat area in PT Langgeng Muaramakmur. Its reinforced by the result of semi-detailed soil survey and land suitability period 2016 - 2021 issued by Minamas Research Center team.

Minor 4.3.6

The land management strategy owned by the company is contained in the Land Survey Semi Detail and Land Suitability documents of PT Sandika Natapalma of land management group. In that section, the type of land and its management methods are identified into 5 groups :

- Soil class group A: Clay sandy, management with fertilization; Making of terraces, cover crops, utilization of residual palm stem.
- Soil class group B: Clay sandy until clay, management of erosion monitoring and mitigation on land with slope > 60; Plant cover crops, and utilization of palm oil residues.
- Soil class group C: Type Endoaquept and Aquic Peleudut. Management by ensuring proper drainage and fertilization.
- Soil class group G : Type Laterite Management by application of EFB as a cover crop and water conservation with proper fertilization
- Soil class group H : Sulfate acidic soil. Puddles and sulphide content. Management by performing drainage control

Status: Comply

4.4

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

Minor 4.4.1

The Company has undertaken the source of water poured in the AMDAL document of 1995 which is then clarified in the 2009 HCV / HCV Assessment Report.

Water Management Plan is poured in several documents namely:

- a. Environmental Management Plan - An Environmental Monitoring Plan which includes environmental management and monitoring matrices including management of hydrological impacts and water quality. The management plan includes the management of erosion and runoff, water management in low-lying areas and monitoring of surface water quality.
- b. The Management Plan of HCV areas 2016-2017 which includes the management of Swamp area in Block C028, C032, C036, C040, C 043 and C046, Management of Seven Wells in Block C 019, Buffer Zone Management and Reservoir Border Management. The Management Activities consist of a ban on chemical applications in predefined HCV areas, installation of HCV signboards, planting and maintenance of tree species in HCV areas as well as socialization of HCV area management to employees and surrounding communities.

The company has implemented a water management plan for example:

- a. Based on document verification as well as field visits at the Border of the Lintang River (Bebunga Estate), the Bebunga River and Bebunga Estate river border points indicate that there is no indication of chemical applications in the area, not replanting activities in the HCV area Which has been established, Conducting the type of Mahogany planting (*Swietenia macrophylla*) in the border of the River Bebunga and Sempadan Sungai Lintang.
- b. Based on field verification in Block B036, B039 (Bebunga Estate) indicates that the company has developed a ground cover crop (LCC) and manufacture of contour terraces to reduce the impact of erosion
- c. Based on the document review, the company has consistently monitored the quality of surface water, wastewater, erosion rates at locations specified in AMDAL documents and Land Application Permits. For example monitoring the water quality of the Tamiang River, Lintang River, Bebunga River and water quality in the Observer Eye. Water quality monitoring is also carried out regularly in the Land Application area as well as on water sources employed by employees.
- d. Based on the results of interviews with workers stated that the Company gives full access to the utilization of water from the observer spring water especially during the dry season.
- e. The Company has conducted daily monitoring of water use by MCC and employee housing using Flow meter and determining water use target of 1.5 m³ / ton FFB.
- f. Field verification shows that the company has made water management efforts in the form of trenches and water gates in lowland areas (Sungai Cengal Estate).

Major 4.4.2

As the implementation of water source protection, the company already has several water management procedures namely:

- a. Buffer Zone Management SOP (034 / LMR-PBZ / C7 dated December 1, 2010) covering the River Sempadan,

Borders Reservoir, Fountain Eyes and Left-Right Area of the main moat.

- b. SOP for Watershed Protection (DAS) No. Document 031 / LMR-DAS / C7 dated 1 December 2010 which describes the Protected Area Protected Area (Buffer Zone)

Water Resources Protection Efforts undertaken by the company include:

- a. The Company has also consistently conducted surface water quality monitoring once every 1 year through the Lab test in collaboration with an accredited Lab. Based on the results of laboratory tests indicate that the quality of river water in general is still below the threshold of Standard Quality only the meters of COD and BOD which is slightly above the Quality Standard Threshold (NAB).
- b. The Company consistently conducts Waste water quality monitoring in the IPAL pond every day internally and every month in collaboration with an accredited laboratory. While testing the quality of waste water in the Land Land application is done every 6 months on 1 point of control well in Block F021, 2 monitoring well points in block (G021 and G020) and 1 community well.
- c. Based on document verification as well as field visits at the Border of the Lintang River (Bebunga Estate), the Bebunga River and Bebunga Estate river border points indicate that there is no indication of chemical applications in the area, not replanting activities in the HCV area Which has been established, Conducting the type of Mahogany planting (*Swietenia macrophylla*) in the border of the River Bebunga and Sempadan River Lintang.
- d. All water quality monitoring results are reported to the relevant agencies in the RKL-RPL Implementation Report (semester) and Environmental Management Report (Every Quarter).

Minor 4.4.3

Based on document verification result and interview result with officer shows that consistently company has conducted monitoring of POM wastewater quality consist of;

- a. Monitoring The quality of daily wastewater performed internally by the Bebunga VFD Lab section includes Waste volume, temperature, fat content and alkalinity
- b. Monitoring The quality of monthly waste in collaboration with an accredited Lab based on LH Decree No. 28/2003
- c. Monitoring The quality of groundwater in the Land Land Applications are done every 6 months at 4 points of taking Test,

Minor 4.4.4

PT LMR (Bebunga POM) has well documented the water usage recordings for production and domestic produced from the Water Threathment Unit (WTP) in the form of daily usage records which are then recorded in the monthly Water Usage Report. Records of water use for FFB processing, domestic and factory-cleaning processes for the period July 2016 - April 2017. The average monthly usage is 13,362 m3 and average water usage / TBS though is 1.04 m3 / ton. PT LMR has determined a water use budget of 1.5 m³ / Ton FFB.

Status: Comply

4.5

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

Major 4.5.1 & Minor 4.5.2

The Company has an Integrated Pest Management plan contained in the Annual Working Plan and Agricultural Reference Manual. Identification of potential pests in PT Langgeng Muaramakmur are from *Oryctes* and Leaf-Eating Caterpillar. Control method is a combination of biological control, mechanical, chemical, and physical. The original species used in biological control were *Thyto Alba* (Barn Owl) as a natural predator of rat and beneficial plant application (*Turnera*, *Antigonon*, *Cassia*, etc.) as hosts for natural predators and parasitoids from Leaf-eating caterpillar

Record of pest management as :

- Leaf-eating caterpillar control in Bebunga Estate on April 2017 with affected area 288.85 Ha. Pest control with trunk injection used asefat chemichal amount 264.50 Kg for 18,350 tree palm.
- *Oryctes* control in division 1 Sungai Cengal Estate field C11 used chemichal capture and 4 ferotrap (Number of imago trapped is 660)

Training has been given to the worker as Socialization Of safety procedure on Pesticide handling and Integrated Pest

Management training on January 2017 and December 2016.

The company has reduced the use of pesticides, based on data recapitulation of use of deltamethrin insecticide period 2014, 2015 and 2016 known there is reduction of usage in every year. Year 2014 recorded the use of 7 l, 2015 by 4.5 l and in 2016 the use of 0.50 l.

Status: Comply

4.6

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

Major 4.6.1

In control of pests the application of pesticides should be selective (on target) and based on the given recommendations. The identification of pests and pesticides used for its control program is contained in the Minamas Plantation Agricultural References Manual. In sections 15 and 16 on crop protection and weed control, there are explanations such as recommendations on the use of chemicals to control pests, application dosage, and application methods so that the treatment can be appropriately targeted.

The steps included to avoid the development of resistance include:

1. Using census and monitoring methods to determine the type of control to be performed. The use of pesticides is the last alternative if the results of the study proved that the intensity of pest attack has exceeded the threshold and the threshold control
2. Pesticides are applied on target, right dose, and on time
3. Combine physical, chemical, biological, and mechanical control methods (IPM)

Interviews with BSS team in Bebunga Estate and Sungai CEngal Estate show workers have understood to good spraying techniques and can explain that sprayed weeds must be precise. For example, if the target is wooden weed used triklopir, whereas if it works using glyphosate and methyl metsulfuron target weeds are on the circle and not woody.

Major 4.6.2

Records of the use of pesticides are listed in the document The use of pesticides in July 2016 to March 2017 is as follows:

| Estate | Active Ingredients | UoM | Application (Ha) | Amount of Usage | Active Ingredient/ Ha | LD 50 |
|---------------|--------------------|-------|------------------|-----------------|-----------------------|-----------------------|
| Sungai Cengal | Glyphosate | Liter | 2,312 | 1,665 | 0.72 | 0.01 mg/kg weight/day |
| | Metil Metsulfuron | Kg | - | - | - | 0.01 mg/kg weight/day |
| | Triklopir | Liter | 1,725 | 1,020 | 0.59 | 1480 mg/kg weight/day |
| Bebunga | Glufosinate | Liter | 2,701 | 1,737.30 | 0.64 | 1400 mg/Kg weight |
| | Metil Metsulfuron | Kg | 2,174 | 262.72 | 0.12 | 0.01 mg/kg weight/day |
| | Glyphosate | Liter | 2,453 | 2,716.27 | 0.64 | 0.01 mg/weight/day |

Major 4.6.3

Integrated Pest Management Plan is contained in the Minamas Plantation Agricultural References Manual. Implementation of the SOP as :

- The integrated rat control program is conducted by conducting census and monitoring every 3 months. If the census results indicate an attack rate exceeding 5% is controlled by rodenticide. Besides conducting census and monitoring, the company also implements biological control by using natural rat predators that are barn owl.
- The integrated control of Leaf-Eating Caterpillar is done by a combination of biological and chemical controls. The census results determine what control measures will be taken. The Company also undertakes the planting of beneficial plants as part of biological control.
- The IPM of Oryctes Rhinoceros is done by combination of manually, Physic, chenichal, and mechanic.

One of the company efforts for decrease the use of pesticide is by Integrated Pest Management Program. From monitoring document of tyto alba existence known Barn Owl Box occupancy rate at PT LMR area reach > 50%. PT LMR's research staff said high occupancy rate of thyto alba could suppress rat attack rate so as to minimize the use of

pesticide (rodenticide). The used of Deltametrin for Leaf-Eating Caterpillar each year has been decreased. For example in 2014 use 7Kg, 2015 use 4,5 Kg, and in 2016 use 0,5 Kg. Decrease in the number of applications indicates IPM has been implemented which is the application of pesticide done if the pest attack rate above economic threshold.

Minor 4.6.4

The Company has a complete list of WHO 1A and 1B pesticides as indicated by the OHS expert of PT Langgeng Muaramakmur. List contained in annex 2 Procedure of Management Sustainability No. Policy 724/TQEM-SPMS/09.

The Sime Darby Responsible Agriculture Charter (September 2016) document outlines that it will implement an integrated pest management program by not using paraquat or chemicals belonging to WHO 1A group. Group 1B WHO will be gradually reduced in accordance with the conventions of Rotterdam and Stockholm. Based on field observations there is no stocks of 1A and 1B listed pesticide classification by the WHO in Sungai Cengal Estate chemical warehouse however In Bebunga Estate found that the estate have stock of warfarin whom listed on 1B but from the period of January to April 2017 known the company isn't use pesticide whom include in group 1A and 1B WHO.

Major 4.6.5

The Company has SOP on Management of Hazardous Waste which describes the chemical classification, responsible person, person in charge, supply of MSDS through suppliers, chemical storage, chemical handling, action against leaks and spills, first aid to training programs.

Training to handle pesticides was conducted on January 17, 2017 and December 3, 2016. Subject of training include technical application of pesticides, K3, PPE, and first aid in case of poisoning. Based on interviews with BSS team in Bebunga and Sungai Cengal Estate known BSS officers is a special team that has received training related to safety use of pesticide, application technique, and Personal Protective Equipment (PPE) that must be worn. Workers understand the dangers and risks associated with the chemicals used. In addition, the facility for cleaning after work has been provide in each estate, including the space to keep PPE.

Field observations in chemical storage warehouses Bebunga and Sungai Cengal known chemicals have been equipped with the corresponding MSDS

Major 4.6.6

The Company has procedures for handling pesticide waste contained in SOP Management of Hazardous Waste (Hazardous waste and non hazardous waste Management) under No.Dokumen. SPO-01-17-PLB3&NonB3-LMR April 02, 2011. The procedure describes:

1. Hazardous Waste Warehouse
2. Ways to reduce Hazardous Waste
 - Use 3 principle (Reduce, Reuse, and Recycle)
3. Administrative means : monitoring Hazardous Waste Packaging

In the procedure, pesticide waste management is in part on ways to reduce Hazardous Waste and Materials on chemical packaging. The principle used is only Reduce and Recycle while Reuse is not implemented. Management in operating units include:

1. Wash and rinse three packs of chemicals.
2. Make hole on the bottom of chemicals packing.
3. Collect at specified storage location.
4. Coordinator with the collector to be recycled.

The field observations to the Bebunga and Sungai Cengal chemicals warehouses show that pesticides are well preserved and not mixed with other chemicals. Pesticides Warehouse according to the type and equipped with MSDS. In accordance with the remaining SOP of pesticide packaging should be stored at hazardous waste warehouse. In the residential area of PT Sandika Natapalma not found any packaging of pesticide used for other purposes.

Minor 4.6.7 ; Minor 4.6.8 dan Minor 4.6.9

The Company has a SOP Block Spraying System on explaining how to apply mixing pesticides in the field, spraying the

field, washing and storage equipment as well PPE. In addition, the Company has SOP on Management of Hazardous Waste Training of Pesticide handling has been conducted on January 17, 2017 and December 3, 2016. Subject of training concerning on pesticide application technique, OHS, PPE, and first aid in poisoning. Speakers are research staff, PSQM staff, and Estate doctors accompanied by their respective division assistants. The training is attended by 25 and 18 workers.

Based on interviews with management and document review the company has never made the planning and apply pesticides by air. Interviews with BSS workers in both Awatan Estate and Lembiru Estate workers have been familiar with application techniques such as knowing to spray a wooden weedchild) using triklopir and to spray the circle using glyphosate. The use of pesticides should be in accordance with the type of weeds to be sprayed. Workers also said to minimize contamination with chemicals, must use PPE. PPE is stored in BSS house. The work tool is washed in the BSS house then kept in a clean state.

Minor 4.6.10

PT LMR already has Hazardous Waste management mechanism including Pesticide Packed Used in:

- a. SOP storage of pesticide packaging (Document RA 012) at point 5.7 Packaging empty of pesticide used to be returned to the Estate warehouse for safekeeping.
- b. Working Instruction Handling of pesticide packaging (Number: 701 / IK-TSA-ESH / 10) explaining that empty packing is sent to the rinsing site and then cleaning the packaging (minimum 3x rinse) and rinsing water is stored in reservoir for reuse at spraying . After the condition of the packaging is completely clean then sent to storage warehouse while Hazardous waste

PT LMR has owned Temporary Storage of hazardous waste consisting of:

- a. Located at Bebunga POM is a Central Warehouse of Temporary Storage generated from the estate and Factory in accordance with Permit issued by Regent Kotabaru through Decree No. Bupati. 188.45 / 255 / KUM / 2016 on Temporary hazardous waste Storage Permit to PT Langgeng Muara Makmur Bebunga POM Subdistrict Pamukan Utara, Kotabaru Regency dated March 29, 2016.
- b. Located in each estate which is the transit of hazardous waste from the field before it is submitted to Temporary Storage of hazardous waste in Bebunga POM in accordance with the letter of the Head of Environment Agency of Kotabaru Regency. 660/416 / BLHD dated November 19, 2012 with a maximum storage period of 15 days.

PT LMR has cooperated with hazardous waste transporters and processors as follows:

- a. Non Medical waste: Work agreement with collector and hazardous waste licensed exterminator namely PT. Balikpapan Environmental Service (PT BES) in Letter of Intent number 049 / MKT / VII / 2016 dated July 2, 2016 signed Factory Manager and representative of PT. BES. Collecting Permit for PT Balikpapan Environmental Services is obtained through Decree of the Minister of Environment and Forestry No. SK.427 / Menlhk-Setjen / 2015 dated 07 October 2016, with a validity period of 5 years from July 13, 2015.
- b. Medical Waste: Waste from activity in Medical (Bebunga Estate and Bakau Estate) collected at Bebunga Estate Sentra Clinic, recording in hazardous Waste Balance Sheet is done through hazardous waste storage in Bebunga POM. Medical Waste Management is done in cooperation with Puskesmas Sengayam Care for the process of destruction of Medical Waste. Available documents cooperation Letter of Work Agreement No. BBE / SPK-LKL / 1617/01/089 dated 31 January 2016 valid for 1 year up to December 31, 2017.

Based on document verification, staff information and field visit results at hazardous waste storage indicate that hazardous waste has been managed in accordance with its own procedures. It has also been shown the documentation of hazardous waste shipments including the former packaging of pesticides from Estate storage to licensed storage in Bebunga POM, to delivery to 3rd parties.

Based on the results of field visits at hazardous waste storage as well as document verification results indicate that no hazardous waste included pesticides waste is stored beyond the time limit specified in the hazardous waste Storage License. The result of field interview with hazardous waste officer is known to have understood of handling waste procedure. Field visits to the residential area of Cengal Estate and Bebunga Estate were not found in the use of pesticide packaging by workers

Major 4.6.11

The management unit has performed routine health checks including general health examination, cholinestrase, audiometry and spirometry for all workers working with high risk including pesticide operators on January 12 to January 14, 2017. From the results of medical examination there is a doctor recommendation of 7 employees for consultation to Specialists and for spirometry examination results also there are 27 employees have mild obstruction/restriction. However the company has not been able to show any follow-up evidence of the results of the medical recommendations.

Non conformity no. 2017.04 with Major Category

Based on the results of field visits on spraying activities in Bebunga Estate and Sungai Cengal Estate, it is known that employees have received regular medical check ups. Health examination results are submitted to workers in case of health problems. From the results of field visits also found no indication of skin diseases and itching or other poisoning symptoms due to spraying.

4.6.12

In BSS SOP & Use of BSS Station no. 018/LMR-BSS/C3 dated 1 December 2010 there is a work ban mechanism for female workers who are breastfeeding or pregnant. Female workers who are pregnant or breastfeeding deliver a written report to the assistant manager who is then recommended for examination by the nurse, if proven to be pregnant it will be transferred to a non-chemical-related section. From field visits on spraying activities at Bebunga Estate and Sungai Cengal Estate there is no indication of pregnant or lactating female workers. The company also shows a pregnancy checkup document every month, but the recording has not been thoroughly recaptured so that this becomes an opportunity for improvement for the company. **OFI**

| | | |
|---------------|---|-------------|
| 4.6.11 | Status: Non Conformity with Major category | Open |
| 4.6.12 | Status: OFI | |

4.7
An occupational health and safety plan is documented, effectively communicated and implemented.

Major 4.7.1

The management unit has had the OSH policy established in December 2011 endorsed by Plantation Upstream Indonesia. The policy covers the prevention of occupational health and safety risks. Based on the results of field visits in factory and estates it is known that employees in general have gained an understanding related to safety and health. Safety and health briefing is delivered through signboard etc. But also given briefing at morning check roll before work. There is also a work program of safety and health for 2016/2017 including targets to improve occupational health and safety. OSH implementation is monitored and discussed in safety and health meetings to take actions if OHS goals/plans are not met.

Major 4.7.2, Minor 4.7.7

The management unit has a risk identification document for all operational activities in the field. Based on the results of field visits in plantations and factories it is known that the results of risk assessment have been applied in the field. Like PPE use, safety signs etc. The company also monitors work accident with loss time accident analysis, which is then investigated in case of accident as a consideration in performing risk assessment and prevention of accident again. In addition, all precautions attached to the product are also taken into consideration in the risk assessment to be applied in the field.

Major 4.7.3

Workers have been given training such as, boiler operators, welders, electricians, first aid officers, heavy equipment operators and safe workplace such as harvesters, fertilizers and sprayers. The management unit provides PPE for its employees but based on the results of field visits it is found that the use of PPE has not been in accordance with HIRAC and SOP of OSH K3. 722/PSQM-PSS/10, as follows:

- Field visits at Bebunga Estate found spray employees using PPE shoes and masks purchased alone by employees (8 out of 8 sprayers encountered), harvest employees also used self-purchased PPE boots (3 out of 3 harvests found). The PPE is not yet compatible with HIRAC and the procedures specified.
- Field visits at Sungai Cengal Estate found harvesting employees using self-purchased PPE boots (2 out of 3 interviewed harvests) and sprayers using apron in damaged condition (3 of 12 sprayers). The PPE is not yet compatible with HIRAC and the procedures specified.

This is a **Nonconformity no. 2017.05 with major Category**

Major 4.7.4

The Management unit already has personnel responsible for the implementation of OSH is authorized by the Head of Manpower and Transmigration Office of Kotabaru Regency, with Dzulkarnaen Cahyo Pranoto as chairman and secretary on behalf of Suprpto (General safety and health Expert). In addition, OSH organizations are supported by personnel who support the implementation of safety and health including Doctor and paramedic who have received hyperkes certificate and first aid officer. The meeting between the workers and the person in charge in the OSH is conducted on a regular basis every month to discuss safety and health issues. From the results of interviews with workers in the harvesting area, spraying area, fertilization area and process stations in mill it is known that there are personnel who support the safety and health including doctors and first aid officers in the workplace etc.

Minor 4.7.5

The management unit has emergency procedures and occupational injuries, such as SOP Number 062/LMR-TPD/E9 on Emergency Response and SOP Number 7302/PSQM-ESH/14 on Fire Prevention Guidelines. The company has emergency response facilities such as fire extinguishers, first aid equipment etc. From the field visit, it was also found that the foreman carried a first aid kit which had received first aid training and the employees could explain the emergency procedures such as evacuation route etc.

Minor 4.7.6.

PT LMR provides work accident and health insurance for its personnel, which is registered in employment insurance (*BPJS Ketenagakerjaan*) and health insurance (*BPJS Kesehatan*). Based on observation over the monthly membership cost and number of membership, its known that the entire workers of PT LMR has been registered in employment insurance (*BPJS Ketenagakerjaan*) and health insurance (*BPJS Kesehatan*). Company has periodically pay the membership cost every month based on the applicable regulation, For examples: proof of health insurance payments for workers on March 2017 has been paid on April, 7 2017.

4.7.3

Status: Non Conformity no. 2017.05 with Major category

Open

4.8

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

Major 4.8.1

Management presented the training schedule for period 2016 /2017 the target of development is general competency and type of training program, such as:

- Simulation of emergency response
- Domestic waste disposal
- Monitoring the quality of waste water
- Analysis of hazard sources and their control
- Hazardous waste management
- Control of hazard sources
- Safety briefing
- Chemical handling training
- Training related to RSPO standard fulfillment

Minor 4.8.2

The company has had a worker training records during 2016 for all and each individual worker; for example:

- Socialization of domestic waste handling on October, 25 2016 attended by 32 participants.
- Socialization of gender committees on October 25, 2016 attended by 34 participants and on September 14, 2016 attended by 20 participants
- Training of BSS and handling of chemicals on September 23,2016 attended by 25 participants.
- Safety clinic training of workers on November 30, 2016 attended by 11 participants

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.

Major 5.1.1

The Company already has the following environmental documents:

1. Environmental Impact Assessment (AMDAL) of Oil Palm Plantation and Collective Plant on behalf of PT. Laguna Mandiri, PT. Langgeng Muara Makmur, PT. Plenary Swakarsa and PT. Swadaya Andika approved by the Head of Planning Bureau, Secretary of Central Commission, Ministry of Agriculture no. 008 / ANDAL / BA / II / 1995 dated February 27, 1995. The document covers a 21,840 hectare forestry area located in South Kalimantan Province or an area of 12,000 Ha for PT LMR with factory installed capacity of 60 tonnes of FFB / hr.
2. Environmental impact analysis of PT. LMR in the form of Environmental Management Document (DPLH) of 2011 approved by the Environment Agency (BLH) Paser, Paser Regency no. : 660.1 / 210 / DPLH / BLH2011, dated May 24, 2011 on Recommendation on DPLH Oil Palm Plantation Activities covering an area of 1,213 ha located Batu Engau and Tanjung Harapan Subdistricts, Paser Regency, East Kalimantan Province. Environmental management and monitoring plans within the DPLH are as follows: 1) Impacts on Space and Land, 2) Impacts on soil, 3) Impact on Hydrology, 4) Impact on Water Quality, 5) Impact on Transportation, 6) Impact on Flora Land, 7) Impacts on Land Fauna, 8) Impact on Water Biota, 9) Impact on Socio-Economic, 10) Impact on Community Attitudes and Perception, 11) Impact on Public Health.

Minor 5.1.2

In 1995, the company has prepared environmental impact analysis (AMDAL) documents for PT. LMR with an extensive coverage of 21,840 hectares of AMDAL studies. With the development of 1,162 hectares of acreage, the company compiled a new / additional environmental document in 2011 in the form of Environmental Management Document (DPLH).

The AMDAL and DPLH documents have included environmental management and monitoring plans as follows: 1) Impacts on Space and Land, 2) Impact on soil, 3) Impact on Hydrology, 4) Impact on Water Quality, 5) Impact on Transportation, 6) Impact Land Impacts, 7) Impacts on Land Fauna, 8) Impact on Water Biota, 9) Impact on Socio-Economic, 10) Impact on Community Attitudes and Perception, 11) Impact on Public Health.

The implementation of Environmental Management and Monitoring is set forth in the Environmental Management and Monitoring Implementation Report (RKL-RPL) which is consistently arranged every six months with environmental parameters as set out in the Environmental Management and Monitoring Matrix. The report has been submitted to the authorized agencies namely BLH Kotabaru, BLH Paser, South Kalimantan BLH, East Kalimantan BLH, and the Ministry of Environment.

The RKL-RPL implementation report for the 2nd semester of 2016 contains the following description of environmental management and monitoring: Air and noise quality, Decreased soil fertility and erosion, flood, water quality of canal and wastewater and solid waste, fire potential, flora and fauna disturbances Fauna, social unrest and social problems, public health, water biota, transport impact, increased employment, community / employee income.

In the report PT. LMR has completed with evaluation of each monitored environmental parameters including Evaluation of Cender, critical level evaluation as well as evaluation of compliance including evaluation of replanting and monitoring of village community health around plantation based on disease data in surrounding Puskesmas.

Minor 5.1.3

The environmental monitoring protocols are listed inside:

- AMDAL and DPLH documents containing environmental monitoring plan as follows: 1) Impact on Space and Land, 2) Impact on soil, 3) Impact on Hydrology, 4) Impact on Water Quality, 5) Impact on Transport, 6) Impact on Land Flow, 7) Impacts on Land Fauna, 8) Impact on Water Biota, 9) Impact on Socio-Economic, 10) Impact on Community Attitudes and Perception, 11) Impact on Public Health.
- Document of permit for utilization of waste water for land application in 2011 from the Regional Government of Kotabaru Regency which contains Land Application impact monitoring plan on ground water quality every six

months and soil quality every year.

The Company has prepared a review of the environmental monitoring plan every two years for AMDAL and DPLH documents. The latest review is available for 2016 which shows that all environmental management and monitoring plans in AMDAL and DPLH documents are still relevant to be implemented. In accordance with Decree of the Minister of Environment no. 45 year 2005 then PT LMR also evaluates the implementation of Management and monitoring on every environmental parameters that are managed / monitored every 6 month period covering Evaluation of Trend, Evaluation of Critical level and Evaluation of observance

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

Major 5.2.1

PT LMR has identified HCV in 2009 in collaboration with YASBI (Indonesia Sustainable Palm Oil Foundation) which results are outlined in the Final Report on HCV Assessment / HCV PT Langgeng Muaramakmur. Identification of protected, rare, rare or endangered species and habitats with conservation values in PT. Langgeng Muaramakmur. The identification activities were carried out by YASBI (Indonesian Sustainable Palm oil Foundation).

The implementation of HCV Assessment is guided by the Guidelines for Identification of High Conservation Value Areas in Indonesia published by the Consortium for the Revision of HCV Toolkit Indonesia dated 12 July 2008. At the time of preparation of the 2009 HCV Document there was no ALS Scheme but the Team Leader and its members have been registered as Approved RSPO HCV Assessor .

Based on the results of HCVA study, in the area of PT. LMR is an area of high conservation habitat (HCV):

HCV 1: Mangrove (26.84 ha), Bebunga (54.20 ha) and Cengal River (236.76 ha)

HCV 2: Cengal River (222.66 ha)

HCV 3: Mangrove (26.84 ha), Bebunga (29.00) and Cengal River (233.27 ha)

HCV 4: Bebunga (51.17 ha) and Cengal River (225.76 ha)

HCV 5: Bebunga (25.20 ha) and Sungai Cengal (3.10)

HCV 6: Cengal River (3.40 ha)

In the document has been described about the landscape situation around PT LMR and not identified the existence of protected forest / conservation area set by the government. However, there is still a secondary forest vegetation cover to the north of Bakau Estate and Sempada river in the area of PT LMR as well as functioning as a corridor connecting PT LMR working area with the secondary forest ecosystem

Identified flora and fauna among others:

- Flora; 406 plants identified from herbaceae, shrubs, lianas and trees. Of the 406 identified species, no plant species are protected in accordance with PP. 7 of 1999 and UU No 32/2009.
- Fauna; Identified 26 Mammalian species and there are 9 protected species according to Government Regulation No. 7 of 1999 for example Kubung malaya (*Cynocephalus variegatus*), Trenggiling (*Manis javanica*), Bekantan (*Nasalis larvatus*), Hedgehog (*Hystrix brachyura*), Sigung (*Mydaus javanensis*) Sero threshold (*Aonyx cinerea*), Tiger root (*Felis bengalensis*), Trish (*Tragulus javanensis*) and Kijang (*Muntiacus muntjak*); 76 species of birds and there are 5 species protected by the Government Regulation No. 7 of 1999 such as gold pekaka (*Pelargopsis capensis*), white belly Kangkareng (*Anthracoceros albirostris*), Kipasan stripes (*Rhipidura javanica*), Raja honey (*Aethopyga siparaja*) and Pijantung kecil (*Arachnothera longirostra*); 10 types of reptiles and 1 of which are protected by PP. 7 Year 1999 namely monitor lizard (*Varanus boorneensis*).

Major 5.2.2

The management of PT. Langgeng Muara Makmur has made several efforts to protect endangered or threatened species and their habitats, including:

- a. Preparation of SOP for the Handling of Wildlife (No. 033 / LMR-4-PSL / C7, dated 01 December 2010) was

approved by SOU Chair 2) Watershed Protection (No. 031 / LMR-DAS / C7, dated 1 December 2010) Chairman of SOU.

- b. Periodical monitoring of PT NKT / HCV. LMR at Bebunga Estate Area, Cengal Estate and Mangrove Estate. The document describes the types of activities related to the management of HCVs equipped with time targets.
- c. Activities to protect species and HCVs have been carried out, such as the determination of the area and the installation of signboards in accordance with the existing HCV types.
- d. There are also reports of follow-up programs for the enrichment of rare species of flora species and protected for example Ulin, Eaglewood and some other types of woody plants in riparian areas and other places.

Minor 5.2.3

The company has a program to educate employees and the public on the protection of protected flora and fauna in the company's scope. Some socialization and training conducted:

1. On December 6, 2009 at the public consultation at Bebunga Estate was attended by 53 participants consisting of the management of PT LMR, local community leaders, the surrounding village chiefs, Durian River Chief, South Pamukan and West Pamukan.
2. Socialization to employees dated September 8, 2012 with the method of explanation directly to the community and collected in cottage I Sungai Cengal.
3. Socialization of protected flora and fauna to employees of Mandor level, Assistant and Senior Assistant for 3 Estate (Bebunga, Sungai Cengal and Bakau) on 28 September 2012 at Bebunga Estate and attended by 22 participants with HCV supervisory training materials, How to identify Flora / fauna and field practice, Socialization of Flora / Fauna and HCV.
4. Additional socialization on Tuesday, February 2nd, 2016 at GOR Bebunga Estate, attended by the community and Muspika as many as 47 people and including employees of PT. LMR.
5. HCV training conducted on March 11, 2017 for HCV officers at Bebunga Estate

The Company already has a prohibition policy on all employees to hunt, maintain animals protected by the law set forth in SOPs for Wildlife Handling and Protected Flora Preservation (Document No. 033 / LMR4-PSL / C7, Rev 1, dated 01 December 2010) Includes including sanctions provided by the company to the offending employee

During the audit period as well as the results of interviews with workers indicate that they have been well-informed about the protection of flora and fauna and HCV areas and there is no hunting, arrest or maintenance of fauna species protected by workers.

Minor 5.2.4

The Company has conducted continuous monitoring of HCV and flora fauna conditions within the HCV area of PT. LMR. Monitoring is done by HCV officers in each estate conducted once every month and the results are poured in:

1. HCV / HCV Monitoring Report periodically every month in each estate. It contains information on the types of activities related to HCV management.
2. Reports on monitoring of species of rare flora and protected species such as Ulin, Eaglewood and some other types of timber plantations on riparian areas and other places
3. Annual reports on HCV management prepared based on monthly reports. The annual report contains an evaluation of the success of HCV management and review of HCV management plans

The Company has also reported the presence of rare flora and fauna to the South Kalimantan Natural Resource Conservation Agency (BKSDA) as indicated by the report to the BKSDA of South Kalimantan Province containing a list of flora and fauna in identification plantations, protected area maps and socialization data of protected areas local communities.

Minor 5.2.5

Based on Visits on HCV 6 (Crescent) Block J15, Cengal Estate River shows that the location of HCV Area is within HGU but still in the local community (one of Binturung villagers). The Company has not been able to demonstrate the negotiation process or agreement between PT LMR and the Land Owner related to the management of HCV 6 set by the company. Based on the Visitation Result in the HCV 6 (Graveyard) Block area J15 Block, Cengal Estate River indicates that the location of HCV Area is within HGU But still in the local community (one of Binturung villagers). The Company

has not been able to demonstrate the negotiation process or agreement between PT LMR and the Land Owner related to the management of HCV 6 set by the company. **Non Conformity NC 2017.06**

5.2.5 | **Status: Non Conformity with minor category**

5.3

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

Major 5.3.1

In generally, management of Domestic Waste is regulated in SOP Waste Management No. RA 012 dated 01 December 2010 concerning hazardous waste and Non-hazardous Waste Management which explains that the management of Domestic Waste is carried out by Land Fill method with pre-determined location requirements of employee housing including domestic waste volume reduction plan with Reduce, Reuse and Recycle activities.

Efforts to manage Domestic Waste carried out by the Company, among others;

- Identify the source of Waste including Domestic Waste as outlined in the Sources of Waste Identification Matrix and its Management.
- Based on the results of the field visit shows that PT LMR has been managing domestic waste with "Land Fill" system with separation between organic and inorganic waste.
- Provide officers who transport domestic waste at least 2-3 times a week and dispose of waste disposal at the block H24.
- Socialization of domestic waste management on 25 October 2016 at Bebunga Estate which was attended by 32 employees.

All waste products and pollution sources have been identified by the company, as indicated by the Sources of Waste Identification document at PT. LMR. Matrix Identification of Sources of Waste and its Management which informs Source of waste, Name of Waste; Type of Waste; Classification, Frequency; Unit; Amount / month; Reuse / Recycle / Disposal; A temporary storage area; Aim ; Notes and documented

Based on the results of field visits in the MCC shows solid waste management has been done well through the reuse of solid waste for plantations and factories. Hazardous waste has been well managed through storage at polling stations and destruction by licensed third parties. Liquid waste is applied well in the Bebunga Estate field. Based on the results of visits in housing Bebunga Estate and Cengan River Estate shows domestic waste households have been managed properly.

Maor 5.3.2

In general, waste water container management which is included in hazardous waste has been managed and disposed responsibly in accordance with the prevailing regulations. The following SOPs are available:

- SOP storage of pesticide packaging (Document RA 012) at point 5.7 Packaging of empty pesticide used to be returned to the Estate warehouse for safekeeping.
- Work Instruction Handling of pesticide packaging (No: 701 / IK-TSA-ESH / 10) explaining that empty packing is sent to the rinsing site and then cleaning the packaging (minimum 3x rinse) and rinse water is stored in reservoir for reuse at spraying. After the condition of the packaging is completely clean then sent to storage warehouse while hazardous waste.
- SOP of Hazardous or non hazardous Waste Management (Doc .: 040 / LMR-PL3 / C9; dated December 1, 2010) which regulates the identification of the type of waste generated from the operations of the plantation and the plant and its management. Reference: no. Kep-01 / BAPEDAL / 09/1995; Kep-05 / BAPEDAL / 09/1995; Kep-255 / BAPEDAL / 08/1996

PT. LMR has one licensed hazardous waste temporary storage unit in Bebunga POM. The wastes from the estate is sent regularly every 2 weeks to the storage before being transported by a licensed third party

PT LMR has owned hazardous waste temporary storage consisting of:

- a. Located at Bebunga POM is a Central Warehouse of Temporary Storage generated from the Estate and Factory in accordance with Permit issued by Regent Kotabaru through Decree No.188.45 / 255 / KUM / 2016 on Temporary

Storage Permit to PT Langgeng Muara Makmur Bebunga POM Subdistrict Pamukan Utara, Kotabaru Regency dated March 29, 2016.

- b. Located in each Estate which is the transit of hazardous waste from the field before it is submitted to hazardous waste storage at Bebunga POM in accordance with the letter of the Head of Environment Agency of Kotabaru Regency. 660/416 / BLHD dated November 19, 2012 with a maximum storage period of 15 days.

PT LMR has cooperated with hazardous waste transporters and processors as follows:

- a. Non Medical waste: Work agreement with collector and hazardous waste licensed exterminator namely PT. Balikpapan Environmental Service (PT BES) in Letter of Intent number 049 / MKT / VII / 2016 dated July 2, 2016 signed Factory Manager and representative of PT. BES. Collecting Permit for PT Balikpapan Environmental Services is obtained through Decree of the Minister of Environment and Forestry No. SK.427 / Menlhk-Setjen / 2015 dated 07 October 2016, with a validity period of 5 years from July 13, 2015.
- b. Medical Waste: Waste from activity in Medical (Bebunga Estate and Bakau Estate) collected at Bebunga Estate Sentra Clinic, recording in hazardous Waste Balance Sheet is done through hazardous waste storage in Bebunga POM. Medical Waste Management is done in cooperation with Puskesmas Sengayam Care for the process of destruction of Medical Waste. Available documents cooperation Letter of Work Agreement No. BBE / SPK-LKL / 1617/01/089 dated 31 January 2016 valid for 1 year up to December 31, 2017.

Based on field visit, it was found that hazardous waste management practices that do not comply with SOP of hazardous Waste Management for example:

1. Used oil did not stored in Hazardous waste storage like Bebunga estate traction.
2. Used agrochemical packaging did not stored in hazardous waste storage like in front of Chemical storage of Bebunga Estate, in front / outside hazardous waste storage at Bebunga Estate and behind BSS Bebunga Estate
3. Medical Waste Stored at hazardous waste storage which not has medical waste storage permit.

Non Conformity NC 2017.07

Minor 5.3.3

The Company has undertaken waste management as outlined in some waste management procedures such as:

SOP Utilization of empty bunch waste. Agronomic Reference Manual (No. Policy: 110 / EST-ARM / 08), Coastal Soil Dose (25 tons JJK / year), Inland Soil (30 tons JJK / year). The second app is done after 12 months of the first app. JJK applied one layer with 2-3 circles around the subject 0.3 meters distance from the base

SOP of Shell Utilization. Basics of Palm Oil Processing (No. Policy 110 / POD-FA / 07, chapter 1.8. Kernel Station, page No.: 1.8 / 76) mentioned: Second stage separation result on the kernel station, after the shell dried water on the tromol Drying is then sent to the shell silo for use as a boiler fuel or other necessities. Based on Flow Chart Material Balance, in 100% FFB yield 5% of shell

SOP Utilization of fiber. Basics of Palm Oil Processing (No. Policy 110 / POD-FA / 07, chapter 1.7) Separation of Seed and Sabut, No. page: 1.7 / 60) mentioned: b. Pneumatic Separation: The separation fibers are used as boiler fuel. Based on Flow Chart Material Balance, in 100% FFB produces 14% fibers.

SOP for Utilization of liquid waste (effluent). Agronomy Reference Manual (No. Policy: 110 / EST-ARM / 08) section 8.3 Fertilization of Oil Palm Plants, Liquid Waste Application (POME). Dose of application: Land Coastal: 360 liters / tree / year (2x application), Inland Soil: 550 liters / tree / year (2x application), Irrigation System: 750 ton / ha / year (3-4x application)

SOP for Waste Management No. RA 012 dated 01 December 2010 on the Management of hazardous or no hazardous waste.

PT LMR makes the following waste utilization:

1. Utilization of Liquid Waste to the Land in accordance with the License for the utilization of liquid waste for application in the land plantation (Land application) of the relevant agencies.
2. Perform monitoring of waste water discharges produced by Bebunga POM and Liquid Waste in the application on

the land

3. Monitoring the volume of shells and fibers for boiler fuels conducted at Bebunga POM while Empty bunch and Solid are used for organic fertilizer to oil palm crops.
4. The Company has consistently monitored the quality of waste water as well as groundwater quality in the application field as described in indicator 4.4.3 and performs the management of hazardous waste as described in indicator 4.4.6.

Based on the results of field visits indicated that PT LMR has conducted domestic waste management with "Land Fill" system with separation between organic and inorganic waste. Based on the results of the field visit shows that efforts to reduce the impact of pollution are also done through efforts:

- A. No total spraying in weed control
- B. No chemical applications (Fertilizers and sprays) for riparian and protected areas.
- C. Use of fertilizers and pesticides in accordance with the recommended dose of time.
- D. Planting tree species in protected areas, river borders and employee and factory housing

5.3.2 Status : Non Conformity with Major Category

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

Minor 5.4.1

The Company has utilized Solid Waste of Shells and Fiber as boiler fuel for turbines with KWh units per Kg Shell and Fiber used as fuel boilers monitored and analyzed for efficiency each month. Efforts to improve the efficiency of fossil fuels are put in SOP document of non-hazardous solid waste utilization in the form of shell and fiber as fuel of boiler to replace diesel fuel. As proof of implementation, available document monitoring the use of renewable energy sunber in the form of shell and fiber in PT. LMR along with fuel usage data in Bebunga POM and Estate.

Status: Comply

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

Major 5.5.1 dan Minor 5.5.2

PT LMR has a Zero Burning policy as outlined in the Head Plantation Operation NO POD-UM-044 / III / 2010 dated March 9, 2010 on the replanting program 2010-2030 based on the new block, which describes the replanting program 2010-2030 for minamas plantation . Nor Manual Reference Agronomy No. 110 / EST-ARM / 08, where section 4 of Land Preparation clause 3.1 point (b) states that land clearing shall be guided by the Director General of Plantation Decree No. KB.110 / SK / DJ BUN / 05.95 dated May 30, 1995

Based on the results of field visits in the 2015/2016 replanting area (Block B002, Division I and Block B007), indicated that there is no indication of the practice of burning land in preparing the land. Method of preparing the land by mechanical means palm trees that are cut in cuttings and placed / stacked in length between the planting path. Land clearing activities are in accordance with applicable SOPs (Manual Reference Agronomy No. 110 / EST-ARM / 08).

The management of domestic waste is done by making a final waste disposal site in the form of landfills. At that location the waste is placed at the site of the prepared hole and then dumped with soil. The management unit does not extinguish waste by burning.

Status: Comply

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

Major 5.6.1; Major 5.6.2

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

Emission sources from estate operational:

- Land cover change: the difference between the time average C stocks on land between the vegetation before it was opened with oil palm.
- Current land use: Use of Fertilizer (N₂O), Change C_{ORG} Soil (CO₂), Soil Management (CH₄), and Planting in Peat lands (CO₂ & CH₄).
- The use of diesel fuel for generator operations and heavy equipment operations (CO₂).
- Transport of FFB from the estate to the POM (CO₂).

Inventory of emission sources from palm oil mill operations (POM).

- The use of diesel fuel for generator operations (CO₂)
- The use of shell / fiber for boiler and generator operations (CO₂)
- The use of electricity for mill operations
- Kernel separation
- POME waste disposal (CH₄ & CO₂)
- Transportation of CPO and PKO to refinery or port (CO₂).

Based on the results of document verification and field observation, the company already has plans and implemented activities to reduce and minimize GHG emissions, among others:

- Application of EFB as utilization of solid waste for organic fertilizer
- Utilization of liquid waste applied for fertilization.
- Utilization of shell and fiber for boiler fuel as efficiency of diesel fuel consumption.
- Planting trees in factory area,
- Conduct air quality monitoring through routine emission testing contained in the RKL-RPL Report
- Monitoring of POME including monitoring of waste discharge into pond, flow meter condition, waste discharge applied.

Minor 5.6.3.

The company has calculated its GHG emission using Palm GHG Calculator Version 3.1 has been sent to devaladevi@rspo.org at 16 February 2017 with the result:

Summary of Net GHG Emissions

| Emission per product | tCO ₂ e/t product |
|----------------------|------------------------------|
| CPO | 3.67 |
| PK | 3.67 |

| Extraction | % |
|------------|-------|
| OER | 23.44 |
| KER | 4.8 |

| Land Use | Value |
|----------------------|-----------|
| Planted area | 34449.36 |
| Conservation Area | 683.26 |
| Planted area on Peat | 2056.6742 |

Summary of plantation / field emissions and sinks

| Emission source | tCO ₂ e | tCO ₂ e/ha | tCO ₂ e/FFB |
|--|--------------------|-----------------------|------------------------|
| Land coversion | 173406.86 | 13.48 | 1.53 |
| CO ₂ emission from fertilizer | 3338.17 | 1.32 | 0.15 |
| N ₂ O Emision | 4033.55 | 0.68 | 0.08 |
| Fuel consumption | 5726.95 | 0.4 | 0.05 |
| Peat oxidation | 12269.44 | 3.56 | 0.4 |
| Crop Sequestration | -125588.2 | -9.36 | -1.06 |
| Sequestration Area | -3908.67 | -0.19 | -0.02 |

| | | | |
|---|---|-------------|-------------|
| Total | 69278.1 | 9.88 | 1.12 |
| Summary mill emission and kredit | | | |
| Emission source | tCO2 | tCO2e/t FFB | |
| POME | 18491.66 | 0.2 | |
| Fuel consumption | 980.56 | 0.01 | |
| Grid eleticity | 0 | 0 | |
| Credit | | | |
| Export exess electricity to housing & grid | 0 | 0 | |
| Sale of POM | 0 | 0 | |
| Sale of EFB | 0 | 0 | |
| Total | 19472.22 | 0.21 | |
| 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. | | | |
| Major 6.1.1, Major 6.1.3, Minor 6.1.4 | | | |
| A Social impact assessment was conducted on Jan 2010 by Yayasan Kelapa Sawit Berkelanjutan, carry out through methode of directl and open interview, quetionaire, focus group discussion and observation. In the section 9.1 conclusion explained the positive and negative issues in every aspect assessed and there are recommedation for negative issues considered crucial by assessor namely in terms of transparency, smallholder scheme management, land dispute settlement. | | | |
| However, the company can not yet to shown the social impact management and monitoring plan drafted based on the result of social impact assessment, documented, scheduled and include appointing the responsible person for the implementation, this is raised as a nonconformity no. 2017.08. with Major Category . And, the company also can not provide the evidence of a biennial review of a social impacts management and monitoring plan that involves the participation of all affected parties, this becomes a nonconformity no. 2017.09 with Minor Category . | | | |
| Major 6.1.2 | | | |
| Avaliable the evidence of community involvement in the process of SIA assessment, in the form of absenteeism on December 6, 2009 the number of 50 participants, including Binturung Village, Sei Durian Subdistrict, Pamukan Barat sub-district and South Pamukan, Sesulung Village, Selabak Village, Tanjung sari Village, Bakau Village, Tamiang Village, Mulya Jati Village, Lintang Jaya Village, Sekayu Village and Harapan Maju Village. | | | |
| Minor 6.1.5 | | | |
| The SIA study has included and considered the impact of smallholder schemes. The main impacts are considered to affect was knowledge of KUD boards and the transfer or sale of farmers membership rights. | | | |
| 6.1.3 | Status : Nonconformity no. 2017.08 with Major Category | | Open |
| 6.1.4 | Status : Nonconformity no. 2017.09 with Minor Category | | |
| 6.2 | | | |
| There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties. | | | |
| Major 6.2.1, Minor 6.2.3 | | | |
| Has been identified the list of local communitis affected by the mill and estates operational activities, consist of 10 villages, including the other interested parties such as government institution, contractor/suplier, and NGO. Communication mechanism between the company and communities describes in SOP No.: 007/LMR-PK/VII/10 dated 2 August 2010. Explained that the PSD staff has a responsible to communicate with the communities, accompanied by EM | | | |

and each estate / mill assistant. The entire result of communication reported to Manager or Head Department for verification and completion. the whole process recorded by head administration and/or PSD. Company consider to update list of stakeholders. OFI no. 5

Minor 6.2.2

SOU11 Chairman has been appointed the PSD Staff namely Mr. Sriyanto as in charge in communication with stakeholder, through appointment letter no.: SK/LMR/I/X/2014 dated 5 Oktober 2014, including related to grievance and complaint from stakeholders of PT LMR.

Interview with the communities representative of Segendang Village and Wonorejo Village, mentioned that currently the relationship and communication with the company was goes well, the entire grievance/complaint and aspiration has been addressed/responded well by the company.

6.2.3 Status: OFI no. 5

6.3

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

Major 6.3.1

Complaint management mechanism from the stakeholders explained in the SOP o 053/LMR-PKM/C11 dated 1 Januari 2011. SOP for handling of workers complaint describes in SOP PKK “Penanganan Keluhan Karyawan”, revision 1, dated 1 Jan 2016, approved by Estate Managers. All complaint submitted to assistant division and written in the register book, the SOP has been explain related on the secrecy of whistleblower.

In the procedure was not explained explicitly about the way in submitted the complaint through the RSPO Complaints System, however based on interview with labor union it was mentioned that the complaint submission through RSPO was understood.

Major 6.3.2

Complaints from external and internal recorded in the register book of complaints, inform the description of complaints, objectives, responses and settlement processes undertaken.

Based on interview with the labor union mentioned that currently there is no employment issues, the employer obligation has been carry out in accordance with applicable regulation. Its consistent with result of interview with communities of Segendang and Wonorejo Village.

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

Available SOP of identification and land compensation standard no.: 001/PSD-L&AS dated 3 June 2011 covering information of stages of land compensation and land compensation calculation according to the standard issued by Kotabaru Regent. Based on interview with communities figure and traditional leader of Segendang and Wonorejo, mentioned that HGU of PT LMR are free of traditional and communities rights.

Status: Comply

6.5

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

Major 6.5.1

Minimum wage based on the Decree of Kalimantan Selatan Governor Number 188.44/0610/KUM/2016 dated November 30, 2016 in term of Minimum Wage of Kotabaru district for period of 2017 as much as IDR 2.381.500. Wages in 2017 have been adjusted since January 1, 2017. There also example of wages payment of harvester, there is receipt of basic wage that was paid as much as Rp. 2.381.500.

Company consider to keep documentation of contract worker agreement **OFI. 6**

Major 6.5.2.

Collective Labor Agreement between company and Head Committee - Federation of Labor Unions Minamas Plantation period of 2016-2018 has been approved by Head of manpower Agency No. 568/KEP-1012 HPK/PDF-PKB/XI/Naker-2/2016 dated 2 November 2016 and available in Bahasa.

Worker agreement between company and workers defined in 2 types:

- a) Contract worker using Worker Agreement with Timeline Condition in mill and estates i.e. work agreement no. 004/BBE-PKWT/IV/2017 valid from 4 April 2017 till 4 July 2017.
- b) Collective Labor Agreement between company and Head Committee - Federation of Labor Unions Minamas Plantation period of 2016-2018 has been approved by Head of manpower Agency No. 568/KEP-1012 HPK/PDF-PKB/XI/Naker-2/2016 dated 2 November 2016.

Based on the document verification of contract worker agreement in Bebunga factory, for example No. 011 / BBF-TK / I / 2017 there are things that are not in accordance with the prevailing provisions, namely the determination of wages Rp. 79.383 / working day is not in accordance with Decree of Kalimantan Selatan Governor Number 188.44/0610/KUM/2016 dated November 30, 2016 in term of Minimum Wage of Kotabaru district for period of 2017. **Nonconformity no. 2017.10 with Major category.**

Minor 6.5.3 ; Minor 6.5.4

PT. LMR already provides workers with adequate housing, either a permanent or semi-permanent buildings. There are some facilities that provides by company, such as ; daycare, School (kindergarten, elementary, junior and senior high school), houses of worship (mosque and church), celan water, electricity, clinic, school bus, etc.

Based on visits to the employee housing in BBE and SCE, known facilities given by the company in the form of housing, places of worship and daycare are in good condition and well maintained and there are stalls which selling groceries. Based on interviews with workers and Gender Committee, access from market to the estate can be reached easily with a distance of ± 5-7 km. Company gives permission to open a shop selling daily necessities in the housing and there is a market seasonal of payment time of salaries. Every day there is a peddler who came from the surrounding villages who sell their daily consumption needs. It became the company's efforts to monitor and improve workers access to food was decent, fairly and with reasonable price.

| | | |
|--------------|---|-------------|
| 6.5.1 | Status: OFI | |
| 6.5.2 | Status : Nonconformity no. 2017.10 with Major Category | Open |

6.6
The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Major 6.6.1

Management of PT LMR has a policy that respects the rights of all employees to form and join a community of Labor Union which is contained in the Collective Labor Agreement. The result of the policy is formation of Labor Unions in PT LMR which is recorded in manpower agency since 2011 and still active until the assessment of re-certification. The policy is available in bahasa.

Minor 6.6.2

There are meeting record between Labor Union and Management unit and also meeting record between Labour union and its member, such as:

- Minutes of meeting on October 28, 2015, which was attended by 18 participants.
- Minutes of meeting on October 24, 2015, which was attended by 15 participants.
- Minutes of meeting on January, 2016, which was attended by 26 participants.
- Minutes of meeting on April 23, 2017

Based on document verification and interview with internal stakeholders, auditor conclude that the company has implemented policy that respects the rights of all employees to form and join a community of Labor Unions.

Status: Comply

6.7

Children are not employed or exploited.

Major 6.7.1.

There is a policy related to personnel's age requirement. The minimum age requirement contained in policy no. Policy 724/TQEM-SPMS/09 which is approved by CEO on April 1 2010.

Based on interview with worker union and gender committee, there is no personnel under 18 years old during the hiring. Based on interview, personnel should attached their national identity card in order to ensure that candidate was more than 18 years old. Furthermore, company will verify candidate's national identity card. Based on document verification and field visit in block L 45 division 1, block C 006 Sungai cengal estate, blok B14 division 2 Bebunga Estate, there is no indication the use of child labor.

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.

Major 6.8.1; Major 6.8.2

Company has a policy on equal opportunity that is contained in policy no. 724/TQEM-SPMS/09 that state : the entire personel should be treated equally related to recruitment, promotion, limitation and work condition with no discrimination againts race, social position, ethnicity, gender, skin colour, disability, organization's membership, political view, religion and/or age.

Based on interview with internal and external stakeholders, there is no discrimination againts gender, ethnicity or certain groups. The result of document verification and interview with labor union it is known that workers come from various ethnics, such as local communities, flores, Java, sulawesi, and others.

Minor 6.8.3.

The company has the recruitment and promotion mechanisms described in the SOP recruitment no. 431/HRM-RCT/07, Collective Labor Agreement 2016-2018. Recruitment and promotion based on ability, attendance, medical examination, evaluation etc.

The company can showed the examples of recruitment with the completeness of the data such as identity card, medical examination results, job evaluation, worker agreement atc.

Status: Comply

6.9

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

Major 6.9.1 ; Major 6.9.2

Policies for the protection of female workers are listed in the Gender Policy approved by the Head Plantation Upstream of Indonesia in April 2011. The Company has demonstrated the socialization policy to prevent all forms of abuse and sexual harassment and protecting the rights related to reproduction.on October, 25 2016, which was attended by 34 participants, and on September 14, 2016 which was attended by 20 participants. Based on interview with workers, gender committe and labor union, it is known that policy to prevent all forms of abuse and sexual harassment have been disseminated by company troughout gender committee

Based on the interviews with female workers in daycare, spraying workers and interviews with gender committee, explained that all of the female workers are obtained leave entitlement to give birth for three months and the right to rest for female workers who experienced menstruation for 2 days.

Minor 6.9.3

The company has mechanism to handle complaint which is contained in SOP Complaint handling of worker dated 1 January 2016. In the SOP described that the secrecy of the complainant will be guaranteed.

Results of interview with management, labor unions and gender committees, are known that company has special complaint mechanisms through gender committees. If there are complaints related to women's issues submitted through the board of the gender committee. Interviews with female workers are known they understand the specific complaint mechanism through the gender committee. Based on the interviews with the Gender Committee, during 2016 there were no events / complaints related to the sexual harassment or violence to all employees.

Status: Comply

6.10

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

Minor 6.10.1, Major 6.10.2, Minor 6.10.3 & Minor 6.10.4

The Management unit has a cooperation agreement with Bina Swadaya Karya (BSK) cooperative dated August 11, 2008 (Number 001/PK-LMR/X/2008) and is valid until the age is not worth 25 years or for 30 years. The prevailing FFB price is determined by the Plantation agency of South Kalimantan Province, based on the agreement in the meeting between plantation companies, cooperatives/farmers and related agencies. FFB payments made in a timely manner are shown in the document of payment transactions of FFB in the form of receipts and cash vouchers such as samples dated March 8, 2017 for FFB payment in February 2017.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Minor 6.11.1, Minor 6.11.2

The company has been established the CSR program in annually, the program establishment has been involve the the surrounded communities, through community social economy survey, the latest survey conducted in 2016 for Mulyoharjo, Binturung, Balimea, Lintang Jaya, Bakau dan Lomu Village. In addition, the company also has been involve in the village/sub district development program meeting (MUSRENBANG), for example result of meeting on 16 Jan 2016. Evidence of CSR realization can be shown, such as minute of activity and photograph.

The smallholder scheme are full managed by PT LMR, the company has been set the in charge (field assisstant) related to smallholder management under the supervision of Estate Manager of BBE.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

Major 6.12.1; Minor 6.12.2 & Major 6.12.3

Based on review on the list of personnel's document of PT LMR, its known that there was no illegal personnel. The entire personnel have their position based on the signed work contract. Interview with labor union revealed that there is no force or illegal labor who work in company. The entire personnel had read their work agreement and they have signed their work agreement. Moreover, company does not hire illegal or force labor. Based on interview with several workers on each estates and factory, that known: there are no contract substitution.

Based on field visit in factory, block L 45 division 1, block C 006 Sungai cengal estate, block B14 division 2, there is no indication the use of illegal or forced labor.

Status: Comply

6.13

Growers and millers respect human rights

Major 6.13.1

Company has Human Rights Policy that created in June 2015 ratified by the Chairman of SOU. In the human rights policy is explained that PT. LMR incorporated in Minamas Plantation Group is committed to protecting the human rights of all staff and employees as well as female workers including: The right to life, right to have a family and continue the descent, the right to develop themselves, the right to justice, the right to personal liberty, the right to safe, the right on welfare, the right to participate in government, women's rights, children's rights.

The company has been socialized human rights policy to all employees of PT.LMR held on December 7, 2015 conducted in BBE, December 8, 2015 conducted in BKE, December 22, 2015 conducted in BBF and December 30, 2015 conducted in SCE. Based on the interviews with workers and worker unions, explained that the company has been providing socialization related to the company's human rights policies. According to labor union, it is known that there is no information or reporting on human rights violations.

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.

Major 7.1.1

The Company already has the following environmental documents:

1. Environmental Impact Assessment (AMDAL) of Oil Palm Plantation and Collective Plant on behalf of PT. Laguna Mandiri, PT. Langgeng Muara Makmur, PT. Plenary Swakarsa and PT. Swadaya Andika approved by the Head of Planning Bureau, Secretary of Central Commission, Ministry of Agriculture no. 008 / ANDAL / BA / II / 1995 dated February 27, 1995. The document covers a 21,840 hectare forestry area located in South Kalimantan Province or an area of 12,000 Ha for PT LMR with factory installed capacity of 60 tonnes of FFB / hr.
2. Environmental impact analysis of PT. LMR in the form of Environmental Management Document (DPLH) of 2011 approved by the Environment Agency (BLH) Paser, Paser Regency no. : 660.1 / 210 / DPLH / BLH2011, dated May 24, 2011 on Recommendation on DPLH Oil Palm Plantation Activities covering an area of 1,213 ha located Batu Engau and Tanjung Harapan Subdistricts, Paser Regency, East Kalimantan Province. Environmental management and monitoring plans within the DPLH are as follows: 1) Impacts on Space and Land, 2) Impacts on soil, 3) Impact on Hydrology, 4) Impact on Water Quality, 5) Impact on Transportation, 6) Impact on Flora Land, 7) Impacts on Land Fauna, 8) Impact on Water Biota, 9) Impact on Socio-Economic, 10) Impact on Community Attitudes and Perception, 11) Impact on Public Health.

In 2010 PT LMR specifically conducted a Social Study in collaboration with the Indonesian Sustainable Coconut Palm Foundation / YASBI which results are outlined in the Social Impact Assessment Review Report. The document describes the positive and negative impacts that arise during the opening of oil palm plantations by PT. Langgeng Muara Makmur.

Minor 7.1.2

The AMDAL and DPLH documents have included environmental management and monitoring plans as follows: 1) Impacts on Space and Land, 2) Impact on soil, 3) Impact on Hydrology, 4) Impact on Water Quality, 5) Impact on Transportation, 6) Impact Land Impacts, 7) Impacts on Land Fauna, 8) Impact on Water Biota, 9) Impact on Socio-Economic, 10) Impact on Community Attitudes and Perception, 11) Impact on Public Health.

In an effort to mitigate the negative impacts of oil palm plantation operations, PT LMR manages and monitors the implementation of RKL-RPL, which results are outlined in the Environmental Management and Monitoring Implementation Report (RKL-RPL) consistently organized every six months with environmental parameters as governed In the Environmental Management and Monitoring Matrix. The report has been submitted to the authorized agencies of BLH Kotabaru, BLH Paser, South Kalimantan BLH, East Kalimantan BLH, and Ministry of Environment.

The RKL-RPL implementation report for the 2nd semester of 2016 contains the following description of environmental management and monitoring: Air and noise quality, Decreased soil fertility and erosion, flood, water quality of canal and wastewater and solid waste, fire potential, flora and faults Fauna, social unrest and social problems, public health, water biota, transport impacts, increased employment, community / employee income including replanting and monitoring the health of villagers around the plantation.

Minor 7.1.3

Legally, PT LMR basically has no obligation to undertake the development of plasma plantation. However, since 2006, a plasma plantation was established with KKPA (Primary Members Cooperative Credit) Cengal River Area (ASC) PT.

Langgeng Muara Makmur based on letters of recommendation from Bupati Kota Baru No: 188.45 / 448 / KUM / 2008 concerning the determination of prospective participants of the revitalization program of coconut plantation development estate covering 5,734.9 ha, cultivated by PT.Langgeng Muara Makmur (LMR).

In 2012, PT. LMR has conducted HCV analysis and Social Impact Assessment (SIA) analysis throughout KKPA area of Cengal River in collaboration with IPB to identify aspects of the environment and identify all social aspects of KKPA Sungai Cengal.

There are reports of data on the realization of plasma plantation development in KKPA - ASC (Sungai Cengal) with the progress of plasma development until June 2016 are as follows:

- Plasma Binturung Village area of 383.56 hectares that has been built in 2006 - 2008.
- Plasma Pondok Labu area of 402.74 Ha
- Plasma Desa Sesulung covering 448.88 Ha
- Plasma Sakadoyan Village area of 81.74 Ha
- Plasma Bakau Village and Balemea area of 227.56 Ha
- Plasma Desa Bepara area of 251.13 Ha
- Plasma Desa Rantau Buda covering an area of 1,137.22 Ha
- Plasma Segendang Village is in the stage of legality of the government.

Monitoring of social impact of plasma estate development is done consistently and included in RKL-RPL Implementation Report every semestr consisting of social parameter; Public perception on KKPA program, Community opinion on KKPA implementation in village, Change of livelihood before and after KKPA program, Changes of community income before and after participated KKPA program, Public perception towards continuation of KKPA program, Increased employment and employment opportunities from community, KKPA to other economic improvement

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.

Major 7.2.1 & Minor 7.2.2

The company has documents of Soil Survey Semi Detailed and Land Suitability for Oil Palm Plantation PT Langgeng Muaramakmur period 2017 – 2022 compiled by GNSS team, GIS, and Soil Survey Minamas Research Center. The maps included in the document including a land grade slope map, soil type map, topographic map, Annual planting map, replanting plan map and land suitability distribution map.

In the time of audit PT Langgneg Muaramakmur does not extend of new plantation area. There are only a replanting activities that have been conducted since period 2016/2017 both in Sngai Cengal and Bebunga

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.

Major 7.3.1

The Company has carried out Land Use Change Analysis in 2014 as set forth in the "RSPO Remediation and Compensation Liabilities for Land Conversion without Prior HCV Assessment - Land Use Change Analysis" report dated December 2, 2014 and submitted to the RSPO secretariat through Letter dated December 2, 2014 On Progressive Submission of Land Use Change Analysis Result in Accordance to the RSPO Remediation and Compensation Procedures. Based on the document indicates that a new opening after 2005 is done;

- All opening after November 2005 at Cengal Estate River is done on agricultural land and vacant land with coefficient "0"
- All opening after November 2005 at Cengal Estate River is done on land and vacant land with coefficient "0"

The data used include Image Landsat-5 TM Image consisting of 7 spectral bands with spatial Resolution of 30 Meters. And Landsat-7 ETM+ consisting of 7 spectral band with spatial resolution of 30 meters and 1 Spectral Band with a

resolution of 15 meters.

Landsat imagery used is coverage in 2005, 2009 and 2010. Planting area after November 2005 the PT LMR;

- Cengal Estate area of 30.90 Ha
- Bebunga Estate area of 395.11 ha
- No new land clearing after November 2005 at Bakau Estate

Based on document verification indicates that the LUCA Documents submitted to the RSPO Secretariat have been approved by the RSPO Secretariat and the Remediation and Compensation Plan Document has been submitted and approved by the RSPO Secretariat, however, based on the RSPO Secretariat's email as of March 29, 2017 states that PT LMR is allowed to conduct Re-Certification but needs to be reevaluated at the time of Surveillance 1.

Major 7.3.2

PT LMR has identified HCV in 2009 in collaboration with YASBI (Indonesia Sustainable Palm Oil Foundation) which results are outlined in the Final Report on HCV Assessment / HCV PT Langgeng Muaramakmur.

Identification of protected, rare, rare or endangered species and habitats with conservation values in PT. Langgeng Muaramakmur. The identification activities were carried out by YASBI (Indonesian Sustainable Coconut Palm Foundation). The implementation of HCV Assessment is guided by the Guidelines for Identification of High Conservation Value Areas in Indonesia published by the Consortium for the Revision of HCV Toolkit Indonesia dated 12 July 2008. At the time of preparation of the 2009 HCV Document there was no ALS Scheme but the Team Leader and its members have been registered as Approved RSPO HCV Assessor .

Based on the results of HCVA study, in the area of PT. LMR is an area of high conservation habitat (HCV):

HCV 1: Mangrove (26.84 ha), Bebunga (54.20 ha) and Cengal River (236.76 ha)

HCV 2: Cengal River (222.66 ha)

HCV 3: Mangrove (26.84 ha), Bebunga (29.00) and Cengal River (233.27 ha)

HCV 4: Bebunga (51.17 ha) and Cengal River (225.76 ha)

HCV 5: Bebunga (25.20 ha) and Sungai Cengal (3.10)

HCV 6: Cengal River (3.40 ha)

In the document has been described about the landscape situation around PT LMR and not identified the existence of protected forest / conservation area set by the government. However, there is still a secondary forest vegetation cover to the north of Bakau Estate and Sempada river in the area of PT LMR as well as functioning as a corridor connecting PT LMR working area with the secondary forest ecosystem

Identified flora and fauna among others:

- Flora; 406 plants identified from herbaceae, shrubs, lianas and trees. Of the 406 identified species, no plant species are protected in accordance with PP. 7 of 1999.
- Fauna; Identified 26 Mammalian species and there are 9 protected species according to Government Regulation No. 7 of 1999 for example Kubung malaya (*Cynocephallus variegatus*), Trenggiling (*Manis javanica*), Bekantan (*Nasalis larvatus*), Hedgehog (*Hystrix brachyura*), Sigung (*Mydaus javanensis*) Sero threshold (*Aonyx cinerea*), Tiger root (*Felis bengalensis*), Trish (*Tragulus javanensis*) and Kijang (*Muntiacus muntjak*); 76 species of birds and there are 5 species protected by the Government Regulation No. 7 of 1999 such as gold pekaka (*Pelargopsis capensis*), white belly Kangkareng (*Anthracoceros albirostris*), Kipasan stripes (*Rhipidura javanica*), Raja honey (*Aethopyga siparaja*) and Pijantung kecil (*Arachnothera longirostra*); 10 types of reptiles and 1 of which are protected by PP. 7 Year 1999 namely monitor lizard (*Varanus boorneensis*).

In the HCV document has shown evidence of the implementation of the analysis by involving the surrounding community as a resource. In addition, there is evidence of public consultation and socialization of the results of HCV identification on December 6, 2009 when public consultation at Bebunga Estate was attended by local community leaders, the surrounding village chiefs, Durian River Chief, South Pamukan and West Pamukan.

Some other socializations conducted after the preparation of HCV are:

- Socialization to employees and communities around May 21, 2011 for villagers of Segendang, Lintang Jaya, Mulyoharjo.
- Socialization to the community of Binturung Village (Jeruju Dusun) on 26 September 2012 located at Binturung Village which was attended by 8 people with protected area material.
- Socialization to the community of Binturung Village and employees on September 8, 2012 with the method of direct explanation to the community and collected in the cottage I Sungai Cengal.
- Socialization of HCV in Lintang Jaya Village on 13 February 2015
- Socialization of HCV for Binturung Village on 20 August 2014

Minor 7.3.3

The beginning of land clearing for planting over 2005 has been well documented by each estate as outlined in land clearing completion reports and monthly progress reports on crops. New planting after 2005 was done in April 2005 in Cengal River Estate. Currently PT LMR has conducted Replanting activities, based on document verification indicating that the company has done a good record of replanting process, for example Replanting activities in 2016/2017 in Feel C024 covering 68.73 Ha and C025 area of 63.92 Ha (Cengal River Estate).

Major 7.3.4

The management of PT. Langgeng Muara Makmur has made several efforts to protect endangered or threatened species and their habitats, including:

- a. Preparation of SOP for the Handling of Wildlife (No. 033 / LMR-4-PSL / C7, dated 01 December 2010) was approved by SOU Chair 2) Watershed Protection (No. 031 / LMR-DAS / C7, dated 1 December 2010) Chairman of SOU.
- b. Periodical monitoring of PT NKT / HCV. LMR at Bebunga Estate Area, Cengal Estate and Mangrove Estate. The document describes the types of activities related to the management of HCVs equipped with time targets.
- c. Activities to protect species and HCVs have been carried out, such as the determination of the area and the installation of signboards in accordance with the existing HCV types.
- d. There are also reports of follow-up programs for the enrichment of rare species of flora species and protected for example Ulin, Eaglewood and some other types of woody plants in riparian areas and other places.
- e. Reporting the presence of protected animals to the BKSDA (Natural Resources Conservation Center) of South Kalimantan Province.

Minor 7.3.5

In accordance with the explanation of the previous 7.3.2 indicator, the HCV document has included evidence of HCV analysis by involving surrounding communities as resource persons. In addition, there is evidence of public consultation and dissemination of HCV identification results on December 6, 2009 when public consultation at Bebunga Estate was attended by local community leaders, village chiefs around, Durian River Chief, Pamukan Selatan and West Pamukan.

In accordance with the HCV document, the area of PT. LMRs belonging to high conservation habitats (HCVs), including areas of importance to communities identified and protected are:

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

Including areas that are important to the community are the source of the springs, and the swamps that provide an alternative source of protein for the surrounding community. The entire area, including what is important to the community, has been incorporated into the HCV management plan.

Status: Comply

7.4

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

Minor 7.4.1 & Major 7.4.2

Maps identifying marginal soils, fragile, including slopes are included in semi-detailed soil survey documents and land suitability period 2016 - 2021 PT Langgeng Muaramakmur.

Based on the identification done by GIS team, GNSS, and Soil Survey MRC in semi-detailed soil survey document the

marginal area located in PT LMR area is rocky and lowland sulfate soil area. Management of rocky areas is used EFB for cover crop and for the lowland used the water management system with waer gate and drainage.

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.

Major 7.5.1

The company has been conducted the analysis of positive and negative impact of plantation activity that involved the community around on 1995, and has been performed a social impact assessment on 2010. Its confirmed during the interview with stakeholder such as villagers of Segendang and Wonorejo as well as PT LMR's employees. In addition, regularly conducted survey and quetionaire related to community social economic.

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.

Major 7.6.1, Major 7.6.2, Major 7.6.3, Minor 7.6.4, Minor 7.6.5, Minor 7.6.6

Based on interview with communities figure and traditional leader of Segendang and Wonorejo, mentioned that HGU of PT LMR are free of traditional and communities rights.

Availiable SOP of identification and land compensation standard no.: 001/PSD-L&AS dated 3 June 2011 covering information of stages of land compensation and land compensation calculation according to the standard issued by Kotabaru Regent.

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.

Major 7.7.1 & Minor 7.7.2

PT LMR has a Zero Burning policy as outlined in the Head Plantation Operation NO POD-UM-044 / III / 2010 dated March 9, 2010 on the replanting program 2010-2030 based on the new block, which describes the replanting program 2010-2030 for minamas plantation . Nor Manual Reference Agronomy No. 110 / EST-ARM / 08, where section 4 of Land Preparation clause 3.1 point (b) states that land clearing shall be guided by the Director General of Plantation Decree No. KB.110 / SK / DJ BUN / 05.95 dated May 30, 1995.

Based on the results of field visits in the 2015/2016 replanting area (Block B002, Division I and Block B007), indicated that there is no indication of the practice of burning land in preparing the land. Method of preparing the land by mechanical means palm trees that are cut in cuttings and placed / stacked in length between the planting path. Land clearing activities are in accordance with applicable SOPs (Manual Reference Agronomy No. 110 / EST-ARM / 08).

Based on verification of land preparation map in replanting plan for fiscal year 2016-2017 Fiel C-024 with area of 68.73 Ha and Field C025 (Cengal Estate River) shows Time Schedule Replanting through falling, chopped and palm oil stages and activity of dismantling or excavation of bonggol. None of the documents indicate burning practices for land preparation activities.

The management of domestic waste is done by making a final waste disposal site in the form of landfills. At that location the waste is placed at the site of the prepared hole and then dumped with soil. The management unit does not extinguish waste by burning.

Status: Comply

7.8

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

| | | |
|---|-----------------------|--|
| Major 7.8.1.& Minor7.8.2. | | |
| The company does not conducted new planting after 1 January 2015. Based on the areal statement, the youngest plant in the concession area of PT LMR is the plant in 1993. | | |
| | Status: Comply | |
| PRINCIPLE #8 Commitment to continuous improvement in key areas of activity | | |
| Major 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. | | |
| Major 8.1.1 | | |
| Management unit has regularly monitor implementation actions plan for continuous improvement, such as: Reduction of pesticide use, applying IPM and early warning system, monitoring and environmental management, GHG calculation, hazardous or non hazardous waste management, CSR program for community etc. | | |
| The Company also conducts periodic RSPO audits annually to ensure on-the-ground implementation of the plan. In addition, a management review is also undertaken to establish the corrective measures of the audit findings. | | |
| | Status: Comply | |

3.3 Summary of Assessment Report of Supply Chain Requirements

| 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>Bebunga POM has previously obtained the RSPO Certification (MUTU-RSPO/014) on March 16, 2012 by applying the SCCS Identity Preserved (IP) scheme and at the time of re-certification, Bebunga POM is still projecting itself to implement SCCS Identity Preserved (IP) scheme. This can be seen from all the supply of FFB received during the period of 16 May 2016 - 30 April 2017 comes from the FFB certified Bebunga Estate, Bakau Estate, Sungai Cengal Estate, KKPA Sungai Cengal and from PT. PSA is Binturung Estate, Rampa Estate, Sesulung Estate and Pulo Labu Estate.</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>Estimated tonnages of CPO and PK products that can be produced by certified factories have been recorded by the certification body in summary of ASA certification report 4. For the license certificate period commencing May 16, 2016 - June 15, 2017 with production estimate:</p> <ul style="list-style-type: none"> - CPO 27,667 tons - PK 6,015 tons - FFB 124,187.93 tons. <p>Actual tonnage period May 16, 2007 to 30 April 2017:</p> <ul style="list-style-type: none"> - CPO 28,048.389 tons - PK 6,521.967 tons - FFB 137,053.378 tons <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> <ul style="list-style-type: none"> • RSPO IT Platform member registration number: RSPO_P0100000324 • Certified CPO sold to each buyer period of 16 Mei 2016 to April 2017 <table border="1"> <thead> <tr> <th>Date</th> <th>Buyer</th> <th>Volume</th> </tr> </thead> <tbody> <tr> <td>001,01/03/2017, TK FORTUNA ANDRE 01</td> <td>PT Golden Hope Nusantara</td> <td>974.43</td> </tr> <tr> <td>001,01/03/2017, TK FORTUNA ANDRE 01</td> <td>PT Golden Hope Nusantara</td> <td>32.01</td> </tr> <tr> <td>001,01/03/2017, TK PACIFIC STAR</td> <td>PT Golden Hope Nusantara</td> <td>1,642.85</td> </tr> <tr> <td>01/03/2017, 028/PT LMR-PT GHN/XII/2016, TK KJ 273</td> <td>PT Golden Hope Nusantara</td> <td>755.05</td> </tr> <tr> <td>001,25/01/2017, TK KJ 273</td> <td>PT Golden Hope Nusantara</td> <td>1,006.71</td> </tr> <tr> <td>001,21/01/2017, TK KJ 271</td> <td>PT Golden Hope Nusantara</td> <td>466.27</td> </tr> </tbody> </table> | Date | Buyer | Volume | 001,01/03/2017, TK FORTUNA ANDRE 01 | PT Golden Hope Nusantara | 974.43 | 001,01/03/2017, TK FORTUNA ANDRE 01 | PT Golden Hope Nusantara | 32.01 | 001,01/03/2017, TK PACIFIC STAR | PT Golden Hope Nusantara | 1,642.85 | 01/03/2017, 028/PT LMR-PT GHN/XII/2016, TK KJ 273 | PT Golden Hope Nusantara | 755.05 | 001,25/01/2017, TK KJ 273 | PT Golden Hope Nusantara | 1,006.71 | 001,21/01/2017, TK KJ 271 | PT Golden Hope Nusantara | 466.27 |
| Date | Buyer | Volume | | | | | | | | | | | | | | | | | | | | |
| 001,01/03/2017, TK FORTUNA ANDRE 01 | PT Golden Hope Nusantara | 974.43 | | | | | | | | | | | | | | | | | | | | |
| 001,01/03/2017, TK FORTUNA ANDRE 01 | PT Golden Hope Nusantara | 32.01 | | | | | | | | | | | | | | | | | | | | |
| 001,01/03/2017, TK PACIFIC STAR | PT Golden Hope Nusantara | 1,642.85 | | | | | | | | | | | | | | | | | | | | |
| 01/03/2017, 028/PT LMR-PT GHN/XII/2016, TK KJ 273 | PT Golden Hope Nusantara | 755.05 | | | | | | | | | | | | | | | | | | | | |
| 001,25/01/2017, TK KJ 273 | PT Golden Hope Nusantara | 1,006.71 | | | | | | | | | | | | | | | | | | | | |
| 001,21/01/2017, TK KJ 271 | PT Golden Hope Nusantara | 466.27 | | | | | | | | | | | | | | | | | | | | |

| | | |
|--|--------------------------|-----------------|
| 035/PT.LMR-PT.GHN/XII/2016,31/12/2016,PACIFIC STAR II | PT Golden Hope Nusantara | 605.26 |
| 032/PT.LMR-PT.GHN/XII/2016,29/12/2016,BG MARINE JAYA 1 | PT Golden Hope Nusantara | 757.28 |
| 017/PT.LMR-PT.GHN/XI/2016,02/11/2016,Teratai Merah II | PT Golden Hope Nusantara | 1,764.60 |
| 001,09/11/2016,Royal 26 | PT Golden Hope Nusantara | 204 |
| 014/PT.LMR-PT.GHN/X/2016,09/11/2016,ROYAL 3 | PT Golden Hope Nusantara | 1,998.49 |
| 013-012/PT.LMR-PT.GHN/X/2016,09/11/2016,ROYAL 3 | PT Golden Hope Nusantara | 512.48 |
| 012/PT.LMR-PT.GHN/X/2016,09/11/2016,ROYAL 3 | PT Golden Hope Nusantara | 494.65 |
| 007/PT.LMR-PT.GHN/IX/2016,09/11/2016,Teratai Merah I | PT Golden Hope Nusantara | 611.01 |
| 005/PT.LMR-PT.GHN/VIII/2016,09/11/2016,Royal 26 | PT Golden Hope Nusantara | 204 |
| 002/BAP/CPO.BBF/VIII/2016,14/08/2016,TERATAI MERAH I | PT Golden Hope Nusantara | 305.09 |
| 001/PT.LMR-PT.GHN/VII/2016,07/08/2016,TK AS GLORY 5 | PT Golden Hope Nusantara | 101.18 |
| 001/PT.LMR-PT.GHN/VII/2016,07/08/2016,TK AS GLORY 5 | PT Golden Hope Nusantara | 248.7 |
| 052/PT.LMR - PT. GHN/VI/2016,13/07/2016,AS GLORY 3 | PT Golden Hope Nusantara | 272.22 |
| Total | | 12956.28 |

• **Certified Palm Kernel sold to each buyer period of 16 Mei 2016 to April 2017**

| Date | Buyer | Volume |
|----------------------------------|---|-----------------|
| 00,28/02/2017,By Trucking | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 1,212.51 |
| 00,31/01/2017,By Trucking | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 885.55 |
| 00,31/12/2016,By Trucking | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 784.81 |
| 30/11/2016,By Trucking,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 718.79 |
| 31/10/2016,By Trucking,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 642.94 |
| 30/09/2016,By Trucking,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 764.17 |
| 31/07/2016,By Trucking,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 44.35 |
| 15/07/2016,By Trucking,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 73.78 |
| 31/05/2016,By Trucking May16,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 56.18 |
| 31/05/2016,By Trucking Apr16,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 64.95 |
| 31/05/2016,By Trucking Mar16,N/A | PT. Laguna Mandiri - Rantau Kernel Crushing Plant | 142.41 |
| Total | | 5,390.44 |

Example of shipping documents dispatch

- CPO to Bulking sekumbang: ticket 039371 dated 27 April 2017: 11,400 Kg
- PK to PT. LMI: ticket 039372 dated 29 April 2017: 7,819 Kg

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.**

There is Available SCCS implementation procedure with IP model in SOP number: RSPO/65/SCPP/LMR dated June 1, 2015 on Product Identification and Product Search Capability in Factory Minamas Plantation. The SOP contains complete and up-to-date procedures that include the application of all elements in the SCCS IP requirements that describe the scope, definitions, general information, person in charge (Factory Manager, PSQM assistants, labor assistants/assistants and bulking assistants/managers), procedures, special conditions And administrative means.

There is evidence that these officers have attended SCCS training as indicated by SCCS Training recordings including some personnel from estate to bulking. Minutes of the implementation of training activities and attendance list of participants dated March 2, 2015. Participants consist of 42 persons from Personal Estate Suppliers, Personal Factory Bebunga and Staff Bulking.

Based on the result of field visit in Bulking Pamukan, it is known that the document of RSPO certified product shipments (CPO and PK) to the buyer is not equipped with the Identity Preserved supply chain model. As an example of Delivery of Goods Shipment and MKS (handover of CPO) delivery on April 29, 2017 DO 00458/00412/04/17/L-LMR-MKS. This is not in accordance with product identification procedures and product search capabilities. This is a **nonconformity no. 2017.11**

Status: NonConformity no. 2017.11

D.3.2

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

There is Available SCCS implementation procedure with IP model in SOP number: RSPO/65/SCPP/LMR dated June 1, 2015 on Product Identification and Product Search Capability in Minamas Plantation mill. The SOP contains complete and up-to-date procedures that include certified and non-certified acceptance and processing procedures for FFB.

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.

- Certified and non-certified FFB received period of 16 Mei 2016 to April 2017

| Month | FFB | | |
|----------------|----------------|---------------|-------------|
| | RSPO Certified | Non Certified | Total |
| 16 - 31 Mei 16 | 1,661.630 | - | 1,661.630 |
| Juni 16 | 1,769.750 | - | 1,769.750 |
| Juli 16 | 2,067.080 | - | 2,067.080 |
| Agust 16 | 2,907.480 | - | 2,907.480 |
| Sept 16 | 17,419.690 | - | 17,419.690 |
| Okt 16 | 15,475.610 | - | 15,475.610 |
| Nov 16 | 16,455.830 | - | 16,455.830 |
| Des 16 | 15,810.180 | - | 15,810.180 |
| Jan 17 | 23,608.750 | - | 23,608.750 |
| Feb 17 | 23,723.270 | - | 23,723.270 |
| Mar 17 | 12,792.690 | - | 12,792.690 |
| Apr 17 | 3361.418 | - | 3361.418 |
| | 137,053.378 | - | 137,053.378 |

All certified received. Example of weighbridge tickets:

- Bebunga estate: ticket 238145 dated 29 April 2017: 3,830 Kg
- Sungai Cengal Estate: tickets 238161 dated 29 April 2017: 6,630 Kg

Status: Comply

D.4.2

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

For the certificate period May 16, 2016 - June 15, 2017, production estimates:

- CPO 27,667 tons
- PK 6,015 tons

Actual tonnage period May 16, 2007 s.d 30 April 2017:

- CPO 28,048.389 tons
- PK 6,521.967 tons

From the above data is known there are excess production of CPO 381.39 ton and PK 506.97 ton. However, the management unit has not been able to show evidence of reporting to CB if there is more production being projected. This is a **Nonconformity no. 2017.12**

Status: Nonconformity no. 2017.12

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 management unit has recorded all receipts of FFB certified and CPO, PK certified ship as follows:

| Period | FFB | CPO | PK | Shipping | |
|----------------|------------|-----------|-----------|----------|----------|
| | | | | CPO RSPO | PK RSPO |
| 16 - 31 Mei 16 | 1,661.630 | 340.587 | 61.164 | | |
| Juni 16 | 1,769.750 | 362.900 | 60.317 | 416.44 | 73.57 |
| Juli 16 | 2,067.080 | 420.137 | 77.528 | 346.36 | 44.54 |
| Agust 16 | 2,907.480 | 581.460 | 103.686 | 507.25 | 97.75 |
| Sept 16 | 17,419.690 | 3,370.993 | 749.647 | 1,589.51 | 765.21 |
| Okt 16 | 15,475.610 | 3,078.862 | 706.307 | 2,898.50 | 643.49 |
| Nov 16 | 16,455.830 | 3,372.271 | 780.925 | 4,116.06 | 718.83 |
| Des 16 | 15,810.180 | 3,325.504 | 737.766 | 4,630.39 | 786.09 |
| Jan 17 | 23,608.750 | 4,758.312 | 1,176.649 | 2,473.59 | 888.17 |
| Feb 17 | 23,723.270 | 5,046.590 | 1,217.020 | 6,750.21 | 1,225.94 |
| Mar 17 | 12,792.690 | 2,683.742 | 684.467 | 2,499.82 | 994.96 |
| Apr 17 | 3361.418 | 707.032 | 166.491 | 1622.582 | 222.870 |

Status: Comply

D.6 Processing

D.6.1

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

The facility has only one line of palm oil processing and storage facilities used to process and store oil only from certified sources. Fasilistas has verified the certified CPO and PK sent via weighbridge ticket containing the information: Ticket number, time, nett weight, and transporter, stamp "RSPO Certified", Mill, Product Code, Quality, authorization from factory officer.

Status: Comply

D.6.2

The objective is for 100 % segregated material to be reached

The facility has only one line of palm oil processing and storage facilities used to process and store oil only from 100% certified sources.

Status: Comply

3.4 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√ |
| Re-Cert | PT LMR does not use RSPO logo/trademark. | √ |
| 2. | Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use | X or√ |
| Re-Cert | PT LMR does not use RSPO logo/trademark. | √ |
| 3. | Implementation of Certificate and Logo is not used on product | X or√ |
| Re-Cert | PT LMR does not use RSPO logo/trademark. | √ |
| 4. | Controlling of Certificate and Logo, including withdrawing inappropriate logo. | X or√ |
| Re-Cert | PT LMR does not use RSPO logo/trademark. | √ |

3.5 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

3.7

3.6

3.8

| 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 progress to RSPO and according to the CB's correspondency with RSPO Remediation and Compensation.</p> |
| 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 above the company statement. There are no labour dispute in company unit.</p> |
| 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> |

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

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

| | | | |
|--|---|------------------------|---------------------------|
| NCR No. | : 2016.01 | Issued by | : Tim ASA 4 |
| Date Issued | : 19 February 2016 | Time Limit | : Re-certification |
| NC Grade | : Minor | Date of Closing | : 4 May 2017 |
| Standard Ref. & Requirement | : 1.1.1 There should be a list of information relating to criterion 1.2 that can be accessed by relevant stakeholders. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company could not show the Socialization proof on the SOP information request to relevant stakeholders. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> The company has not disseminated the SOP information request because it is difficult to find the right meeting time with stakeholders. | | | |
| Corrective Action <i>(filled by organization audited):</i> The Company has shown the recording of the socialization the SOP information requests to stakeholders. | | | |
| Preventive Action <i>(filled by organization audited):</i> Communicate regularly with stakeholders by appointed officers through direct or telephone meetings to improve information disclosure. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> The company showed socialization of SOP information request to stakeholders on November,1 2016 which was attended by 35 participants consisting of representatives of Binturung village, lintang village, Wonorejo village and others. Based on interview with representatives of Wonorejo and Segendang Village, it is known that company has socialized the SOP information request. Based on the explanation, nonconformity no. 2016.01 is closed. | | | |
| Verified by | : Rizliani Aprianita | | |

| | | | |
|---|---|------------------------|---------------------------|
| NCR No. | : 2016. 03 | Issued by | : Tim ASA 4 |
| Date Issued | : 19 February 2016 | Time Limit | : Re-certification |
| NC Grade | : Minor | Date of Closing | : 4 May 2017 |
| Standard Ref. & Requirement | : 5.6.3 Monitoring and Reporting GHG | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company could not show the Socialization proof on the SOP of requests for information to relevant stakeholders. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> There is no coordination with PSQM Jakarta caused in delay in reporting GHG to RSPO secretariat. | | | |
| Corrective Action <i>(filled by organization audited):</i> It has been shown reporting GHG to RSPO using version 3.1 on February 16, 2017 (email: devaladevi@rspo.org). | | | |
| Preventive Action <i>(filled by organization audited):</i> Coordination with PSQM HO Jakarta regarding the delivery of GHG reporting to RSPO secretariat before assessment. | | | |

| | |
|--|----------------------|
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| The Company has demonstrated GHG inventory and reporting to RSPO using version 3.1 on February 16, 2017 (email: devaladevi@rspo.org). Based on the explanation, nonconformity no. 2016.03 is closed. | |
| Verified by | : Rizliani Aprianita |

3.5.2 Identification of Findings, Corrective Actions and Observations at Re-Certification

| | | | |
|--|---|------------------------|--------------------------|
| NCR No. | : 2017.01 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 5 May 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | : 1.1.1 There should be a list of information relating to criterion 1.2 that can be accessed by relevant stakeholders. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| Based on document verification and interview with management, it was known that there are contract workers who work in PT LMR. However, the company has not be able to show Recording of Work Time Agreement to the Department of Manpower and Transmigration, District of Kotabaru in accordance with the Ministerial Decree No. 100 of 2004. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| Preventive Action <i>(filled by organization audited):</i> | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | |
| Verified by | : | | |

| | | | |
|---|---|------------------------|--------------------------|
| NCR No. | : 2017.02 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 7 July 2017 |
| Standard Ref. & Requirement | : 2.1.1 There shall be evidence of compliance with the relevant laws and regulations | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| 1. Based on the document review of <i>BPJS</i> (Social insurances) payment receipt and interview with labor union, it is known that the company has included contract worker in the <i>BPJS</i> program (employment insurance and health insurance). However, based on the verification of Wage List document (Payment of Contract workers) of <i>Bebunga POM</i> , it is known that: | | | |
| <ul style="list-style-type: none"> - Percentage of employment insurance covered by contract workers is 6.7% of wages. It is not in accordance with the Government Regulation no. 45 year 2016 stating that <i>Jaminan pensiun</i> (pension insurance as part of employment insurance) is 1% covered by workers and Government Regulation no. 46 year 2015 stating that <i>Jaminan Hari Tua</i> (old age insurance as part of employment insurance) is 2% covered by workers. | | | |

- Percentage of health insurance covered by workers is 5% of wages. It is not in accordance with the President regulation no. 111 year 2013 which states that 1% health insurance covered by workers.

2. Based on document verification of contract worker agreement, there is workers whose contract renewal is more than once, such as:

- 1st contract agreement : no. 001/BBE-PKWT/XI/2015 valid from 1 November 2015 till 1 February 2016
- 2nd contract agreement : no. 002/BBE-PKWT/II/2016 valid from 2 February 2016 till 2 May 2016
- 3rd contract agreement : no. 003/BBE-PKWT/V/2016 valid from 3 May 2016 till 3 June 2016
- 4th contract agreement : no. 004/BBE-PKWT/VI/2016 valid from 4 June 2016 till 4 September 2016
- 5th contract agreement : no. 005/BBE-PKWT/IX/2016 valid from 5 September 2016 till 5 December 2016
- 6th contract agreement : no. 006/BBE-PKWT/XII/2016 valid from 6 December 2016 till 6 March 2017
- 7th contract agreement : no. 007/BBE-PKWT/III/2016 valid from 7 March 2017 till 7 June 2017

That is not accordance with regulation no. 13 year 2003 article 59

3. Based on verification list of contract workers document and attendance list of contract workers in March 2017, there are contract workers which working on days off (Servant). Workers only get premi of Rp.25.000 / day off and company can not show proof of overtime payment on that day off according to Manpower Minister decree no. 102 year 2004.

Root Cause Analysis (filled by organization audited):

Servant worker at BBF initially wholesale labor, which is a worker from local community, then accommodated by the company into contract labor. Company in determining wages, based on the occurrence of both parties between the employer (company) and the recipient (contract workers) included in the payment of insurance which is covered to be dependent contract workers.

However, at this time, the company revised that the payment of insurance be borne by the company following the prevailing laws.

Implementation of contract workers there is a difference of each unit that is 3 monthly / 1 year at a time and this matter done with consideration and see condition of FFB / work there so that done during 3 months contract and besides also at request of work from local people to be employed at the company.

Based on the agreement of both parties between the employer (the company) and the recipient of the work (contract workers staff) it was agreed that the daily wage of contract workers staff is Rp 79,383 / work day according to the agreement signed together

Determination of servant salary wages on Sunday based on the company's agreement with the servant's kindergarten. The company does not require servant entry on holiday / day of the week. But from the Kindergarten (Special contract servant) input they want an additional premium on holidays. To accommodate this, the company adds work on holidays / days of the week with the provisions of working hours should not be seven hours. Job system in the form of wholesale with provisions if the work in housing is finished they are allowed to go home.

Corrective Action (filled by organization audited):

- Immediately amend the terms of payment of Employment and health insurance in accordance with the applicable regulations included on the SPK signed together.
- Immediately revise the contract period to a maximum of one year.
- Immediately amend the terms of basic monthly wage according to the MSE in 2017 and the overtime / premium for all contract workers in BBF in accordance with the applicable regulations that are attached to the agreement signed together.

Preventive Action (filled by organization audited):

- Making a letter of application of wages contract workers, premiums, and payment Employment and Health insurance.
- Adjusting and uniforming the term of employment contract according to Memorandum from HRM Minamas No. 085 /

RSP-i2 / XI / 2016. The Company also undertakes the totalization of contracts workers and evaluates them to ensure that the contracts are in accordance with prevailing laws and regulations.

- Make a letter of contract workers wages, premiums, and payments Employment and Health insurance.

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

Verify June 11, 2017

- The Company has shown improvement to the work agreement which contains the payment terms of insurance on employment and health in accordance with the prevailing regulations.
- The Company has shown the revision of the work contract with a maximum working period of 1 year.

Verify June 16, 2017

Point 1: the company has shown a list of wages (payment of contract workers) of May 2017 for Servant staff of 5 persons together with proof of employment and health insurance in accordance with applicable regulations.

Point 2: The company has shown 23 contract workers data document at Bebunga Estate. In the document, it is mentioned that:

- There are 4 workers whose contract will be extended for 1 year and will be proposed to permanent workers after the extension period of 1 year.
- 10 workers will be proposed after approval by management
- 9 workers will be evaluated in accordance with labor administration procedures, which meet the requirements will be extended for 1 year and will be proposed to permanent workers after through extension for 1 year.

Point 3: The Company has also indicated the provisions on the application of premiums for servants contained in Intern Office-Mail no. 246 / BBF-Int / 05/2017.

Verify 7 July 2017

Point 1. the company has shown a list of wages (payment of contract workers) in May 2017 for 8 workers along with proof of employment and health insurance in accordance with applicable regulations. The Company also shows details of contributions and proof of insurance paid in June for 8 workers. (Closed)

Point 2: The company also showed inter-office mail on the proposed appointment of 2 midwives and 4 teachers. In the document, also explained about the form of evaluation and management of contract workers. (Closed)

Point 3: The company has shown the identification of the payment of holiday overtime on BBF. Based on the identification, explained about the effective working hours of servant, overtime conversion and premium payment. In addition, there are also servant attendances that work on holidays. (Closed with observation).

Based on evidence, NC is closed

Verified by : Rizliani

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| NCR No. | : 2017.03 | Issued by | : Leonada |
| Date Issued | : 5 May 2017 | Time Limit | : ASA 1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | : 2.2.2 Evidence that legal boundaries are shown with a clear boundary and maintained. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| Related to monitoring and maintenance of HGU stakes there are discrepancies, namely: | | | |
| - Based on the result of field visit at Bebunga Estate on HGU stakes no. 01, 08, 15 and 16 it is known that the identity of the stakes number is not clearly visible. | | | |

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| <ul style="list-style-type: none"> - Based on the results of field visits in the Sungai Cengal Estate found wrong numbering stakes on stakes no. 29 (written No. 23) and there also can not be indicated by stakes no. 1, 2 and 3. - Based on monitoring documents of Sungai Cengal Estate's HGU monitoring on January 10, 2017 identified 38 stakes missing, 43 good, 3 damaged, 6 blurred identity. The condition has not changed since the previous HGU stipulation on January 4, 2016, April 6, 2016, July 6, 2016, and October 5, 2016. Related to this matter, the company has not been able to show the effort to repair the identified HGU stamps in lost / damaged condition. | |
| Root Cause Analysis <i>(filled by organization audited):</i> | |
| Corrective Action <i>(filled by organization audited):</i> | |
| Preventive Action <i>(filled by organization audited):</i> | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| Verified by | : |

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|--|--|------------------------|----------------|
| NCR No. | : 2017.04 | Issued by | : Leonada |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 19 Juni 2017 |
| Standard Ref. & Requirement | 4.6.11 There shall be evidence of annual medical check up results for operator and action to treat related health condition. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The management unit has performed routine health checks including general health examination, cholinestrase, audiometry and spirometry for all workers working with high risk including pesticide operators on January 12 to January 14, 2017. From the results of medical examination there is a doctor recommendation of 7 employees for consultation to Specialists and for spirometry examination results also there are 27 employees have mild obstruction/restriction. However the company has not been able to show any follow-up evidence of the results of the medical recommendations. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> The results of the medical examination were sent by a third party in April 2017, so that at the time of the audit the follow-up of the inspection evaluation had not been conducted. MCU examination conducted by third party Lab Prodia Balikpapan, so that need process in sending report and document result of inspection to PT LMR. Follow-up has not been done because of the review and evaluation by doctors on the results of MCU issued test laboratory. | | | |
| Corrective Action <i>(filled by organization audited):</i> Follow-up by providing milk and supplement for restrictive and light obstructive employees | | | |
| Preventive Action <i>(filled by organization audited):</i> Coordinate with the Test Laboratory, in order to speed up the delivery of MCU documents so that evaluation and follow-up can be done immediately. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify May 23, 2017 The company showed referrals to specialists for 13 employees, such as the example of a letter of reference 17 May | | | |

2017. For employees who have mild and mild obstruction have been shown evaluation results and recommendations from doctors who said companies can still work as usual but by improving healthy lifestyles with a lot of consume vitamin and milk foods.

Verify June 19, 2017

The company shows evidence of inspection at Panglima Sebaya General Hospital in Tanah Grogot June 2017 and News of milk handover and supplement No. 152 / BBE / VI / 2017 dated June 7, 2017 for employees who have mild and moderate obstruction according to recommendation from doctor.

Based on this, NC is closed

Verified by : **Leonada**

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| NCR No. | : 2017.05 | Issued by | : Leonada |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 11 Juni 2017 |
| Standard Ref. & Requirement | : 4.7.3 Records of training Occupational Health and Safety program (see 4.8) and Personal Protective Equipment (PPE) in accordance with the results of hazard identification and risk analysis should be available to all workers. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the results of field visits it is found that the use of PPE has not been in accordance with HIRAC and SOP of OSH K3. 722/PSQM-PSS/10, as follows: <ul style="list-style-type: none"> - Field visits at Bebunga Estate found spray employees using PPE shoes and masks purchased by employees (8 out of 8 sprayers encountered), harvest employees also used self-purchased PPE boots (3 out of 3 harvests found). The PPE is not yet compatible with HIRAC and the procedures specified. - Field visits at Sungai Cengal Estate found harvesting employees using self-purchased PPE boots (2 out of 3 interviewed harvests) and sprayers using apron in damaged condition (3 of 12 sprayers). The PPE is not yet compatible with HIRAC and the procedures specified. - | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> <ul style="list-style-type: none"> - Provision of PPE which is in the form of helmets and work tools provided by the company. However shoes are not a consideration of unit management. Having understood OSH SOP unit is committed to providing PPE shoes to harvesters and spray workers both at SCE and at BBE. - Associated PPE apron spray SCE team in damaged condition. This has been the concern of the SCE unit, but at the time of the audit, SCE management has not been able to prove a follow-up to the improvement effort in the form of PPE spray procurement plan. - The realization of the Purchase Request takes time so that at the time of the audit, the availability of the goods has not been met | | | |
| Corrective Action <i>(filled by organization audited):</i> <ul style="list-style-type: none"> - BBE Management procures shoe for harvest team and spray team in accordance with Local Purchase Request PPL / Est / BBE / 2017/05/136 Number. - SCE Management procures shoes for harvest team and spray team in accordance with Purchase Requirement (PP) Est / SCE / 05/17/0086 Number. - Management SCE has been doing procurement of apron for spray team in accordance with Purchase Requests (PP) No. Est / SCE / 17 / IV / 0082. - Management SCE has been doing procurement of apron for spray team in accordance with Purchase Requests | | | |

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| (PP) No. Est / SCE / 17 / IV / 0082. - Provide PPE mask and rubber gloves to spray workers, evidence in the Official Delivery of Goods No. 154 / BBE / VI / 2017 | |
| Preventive Action <i>(filled by organization audited):</i> The unit will provide PPE for employees once a year in accordance with PPE Procedures and budget approved by Management Minamas. To monitor the availability of PPE performed by Division Assistant and Procurement done by administration cation in BBE and SCE units. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify May 23, 2017 The company shows evidence of PPE shoes booking: - Bebunga Estate (36 pcs spray team, 13 pcs fertilizer team and 148 pcs harvester) - Cengal River Estate (164 pcs harvester, spray teams 55 pcs, 22 pcs fertilizer team) & PPE Masks, apron, rubber gloves @ 52 pcs. Verify June 11, 2017 - Company show proof of handover PPE shoes Bebunga Estate on June 5, 2017 12 pcs for employee fertilizer, 29 pcs for spray employees, 28 + 51 + 68 + 29 pcs harvest employees. - Company show handover PPE mask and 30 pcs rubber gloves for Bebunga Estate spray employees Based on root problem analysis, the prevention and correction action shown then this NC be stated closed with observation. | |
| Verified by | : Leonada |

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|--|--|------------------------|-----------------|
| NCR No. | : 2017.06 | Issued by | : Nanang Mualib |
| Date Issued | : 5 May 2017 | Time Limit | : ASA 1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | 5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on Visits on HCV 6 (the sacred tomb) Block J15, Sungai Cengal estate showed that the location of HCV Area is within HGU, but still in the local community (one of Binturung villagers). The Company has not been able to demonstrate the negotiation process or agreement between PT LMR and the Land Owner related to the management of HCV 6 set by the company. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| Preventive Action <i>(filled by organization audited):</i> | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | |

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| NCR No. : | 2017.07 | Issued by : | Nanang Mualib |
| Date Issued : | 5 May 2017 | Time Limit : | 4 May 2018 |
| NC Grade : | Major | Date of Closing : | 29 May 2017 |
| Standard Ref. & Requirement : | 5.3.2. There shall be evidence that all the chemicals and their containers waste disposed of responsibly. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on field visit, it was found that hazardous waste management practices that do not comply with SOP of hazardous Waste Management for example: <ol style="list-style-type: none"> Used oil did not stored in Hazardous waste storage like Bebunga estate traction. Used agrochemical packaging did not stored in hazardous waste storage like in front of Chemical storage of Bebunga Estate, in front / outside hazardous waste storage at Bebunga Estate and behind BSS Bebunga Estate Medical Waste Stored at hazardos waste storage which not has medical waste storage permit. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> <ul style="list-style-type: none"> Used oil that ditrak actually will be stored in hazardous waste storage but to facilitate the work of oil is collected first before it is stored. The former agrochemical packaging found when the audit took place was a packing that had just been put on the day by the spray foreman after a spray job. However, the lack of coordination with the Warehouse so that the packaging is not directly placed in the hazardous waste storage. Medical waste management that we are currently doing is just doing the destruction in collaboration with Puskesmas sengayam which has incinerator. There is already a hazardous waste storage License in BBF, but does not include a license for the storage of medical waste. | | | |
| Corrective Action <i>(filled by organization audited):</i> <ul style="list-style-type: none"> Immediately transfer the used oil to the hazardous waste storage. Re-socialize the spray foreman and its members to handle agrochemical packaging. In addition, immediately move the packaging to hazardous waste storage. To revise the permit of hazardous waste storage to environment agency. | | | |
| Preventive Action <i>(filled by organization audited):</i> <ul style="list-style-type: none"> Conducting socialization to the foreman and spray members to be consistent in handling the right agrochemical packaging. Reaffirm with Memo to traction party for existing used oil directly stored in hazardous waste storage. Evaluate and revise the current Permit. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification May 29, 2017 PT LMR has identified the root of the problem of nonconformity well and corrective action in the form of: <ul style="list-style-type: none"> Moving hazardous waste in the form of the existing Oil that is ditraksi to hazardous waste licensed Warehouse located at Bebunga Estate on May 4, 2017. Publishing Inter-Office Mail no. 287 / Mgr-ac / V / 2017 dated May 9, 2017 addressed to all Assistant Bebunga Estate related to the management of hazardous waste traction and Ex-Pesticide Packaging Waste which in the letter restates the management of hazardous waste in accordance with the SOP owned. The Company also conducted socialization to the spray foreman and its members of 12 personnel with the aim of improving the | | | |

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| <p>understanding of handling of agrochemical packaging on May 17, 2019 in accordance with the Minutes and attendance list.</p> <ul style="list-style-type: none"> - The Company has sent a letter of revision of hazardous waste storage License to the Head of Environment Department of Kotabaru Regency through its letter No. 008 / LMR / UM PSD / V / 2017 dated May 10, 2017 and has been received by the relevant agencies on May 10, 2017 in accordance with the evidence of acceptance. <p>PT LMR has set up Corrective Action with good aims so that the above nonconformity does not happen again.</p> <p>Conclusion: NCR No. 2017.07 is declared Closed</p> |
| <p>Verified by : Nanang Mualib</p> |

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|--|--|------------------------|----------------|
| NCR No. | : 2017.08 | Issued by | : Sandra Purba |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 5 Juli 2017 |
| Standard Ref. & Requirement | <p>6.1.3 There shall be a management plan and social impact monitoring to avoid or reduce negative impacts and enhance positive impacts were based on the analysis of social impact through the consultation process with the parties affected, documented and unscheduled including the responsibilities of implementation.</p> | | |
| <p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>A Social impact assessment was conducted on Jan 2010 by Yayasan Kelapa Sawit Berkelanjutan. However, the company can not yet to shown the social impact management and monitoring plan drafted based on the result of social impact assessment, documented, scheduled and include appointing the responsible person for the implementation</p> | | | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i></p> <p>The social impacts management and monitoring plan has been prepared by the ESH Staff but can not be addressed when the audit takes place because the document is not filed in the RSPO secretariat, while is accompanying the RSPO Auditor at PT PSA so that it can not be fulfilled until closing meeting.</p> | | | |
| <p>Corrective Action <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> - Create a social impact monitoring and monitoring plan and its evaluation. - Implement PIC monitoring SIA ie Sdr Suprpto (Assistant ESH Pamukan) to conduct SIA review on a priodic basis every two years. - Submit proof of participatory reporting that is a meeting document in the preparation of SIA (Attendance Dated December 6, 2009). - Archiving of SIA evaluation documents at RSPO Secretariat PT LMR. (Minutes of Receipt of Documents Attached) - Completing the social impact monitoring and monitoring plan and its evaluation with the schedule and the PIC | | | |
| <p>Preventive Action <i>(filled by organization audited):</i></p> <p>To archive documents of SEIA Management Program of PT LMR in RSPO Secretariat so that the future of the document can be directly submitted to the auditor. Archiving is done at RSPO secretariat PT LMR with PIC document control Mr Hamid Isrohaedi (Safety Officer BBE) / Letter of Appointment PIC preparation Attached.</p> | | | |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verify dated May 24, 2017,</p> <p>The Company shows evidence of socialization of replanting activities but has not been able to show evidence of improvement in accordance with the demand for non-conformities.</p> | | | |

Verify June 15, 2017

It has been shown the matrix of SEIA PT LMR management plan, informing the activity stages, the effect of the activity and management options.

Verify June 20, 2017,

It has been shown a decree of appointment no SK / LMR / I / V / 2017/325 a.n Hamid I as document control PT LMR and matrix of SEIA PT LMR management plan including social aspect, but the matrix has not explained the implementation schedule and responsible PIC.

Verify July 4, 2017,

The Company has sent evidence of improvements in the form of matrices with schedule and PIC implementation, but only general (no measurable schedule of monitoring of each defined management action), but the actions of social impact management are still for replanting activities only (not including Impacts of all operations of the plantation and plant), so that nonconformities have not been met.

Verify July 5, 2017,

It has been shown a social impact management matrix that describes the actions, schedules and PICs responsible for all impacts during replanting activities and the social impacts of plant and plant operation activities as a whole. Non-compliance has been declared fulfilled.

Verified by : **Sandra Purba**

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| NCR No. | : 2017.09 | Issued by | : Sandra Purba |
| Date Issued | : 5 May 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 4 July 2017 |
| Standard Ref. & Requirement | 6.1.4 The management plan and monitoring social impacts have been documented, to be reviewed at least every 2 years. If needed, the plan should be corrected. There shall be evidence that the review process involves the participation of all affected parties.pengelolaan dan pemantauan dampak sosial yang sudah didokumentasikan tersebut, ditinjau ulang paling tidak 2 tahun sekali. Jika diperlukan, rencana tersebut sebaiknya diperbaiki. Harus tersedia bukti bahwa proses peninjauan melibatkan partisipasi dari seluruh pihak yang terdampak. | | |
| Non-Conformance Description & Evidence observed (filled by auditor): Social impact assessment was conducted on Jan 2010 by Yayasan Kelapa Sawit Berkelanjutan. the company also can not provide the evidence of a biennial review of a social impacts management and monitoring plan that involves the participation of all affected parties. | | | |
| Root Cause Analysis (filled by organization audited): The biennial review of the SIA has been prepared by ESH Staff but can not be addressed when the audit takes place because the document is not filed in the RSPO sekretariat, while Ysb is accompanying the RSPO Auditor at PT PSA so that it can not be met until the closing meeting. | | | |
| Corrective Action (filled by organization audited): <ul style="list-style-type: none"> - Make a review of the management plan and social monitoring - Archiving is done at RSPO sekretariat PT LMR with PIC document control Mr Hamid Isrohaedi (Safety Officer BBE) / Appointment of PIC preparation Attached.Do filing an SIA evaluation document at RSPO sekretariat PT LMR. - Minutes of handover of documents Attached. | | | |

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| Preventive Action <i>(filled by organization audited):</i> | |
| <ul style="list-style-type: none"> - Conduct internal audits, and in the internal Fulfillment audit is targeted to reach 100% so that all indicators are met and documents are available. - Create monitoring schedule of SIA review in bi-annual, this will be done by ESH Pamukan Assistant. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| Verify dated May 24, 2017, | |
| The Company shows evidence of socialization of replanting activities but has not been able to show evidence of improvement in accordance with the demand for non-conformities. | |
| Verify June 20, 2017, | |
| The letter of decision of the appointment of Decree No. LHR / LMR / I / V / 2017/325 as Hamid I as PT LMR document control and monitoring schedule of SIA review of PT LMR 2017/2021 (planned 2017, 2019 and 2021) 2 years for the period 2017. | |
| Verify July 4, 2017, | |
| The Company has shown improvement in the form of a 2nd annual review report for a social impact management program conducted on 20 April 2017. NC are closed. | |
| Verified by | : Sandra Purba |

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|--|---|------------------------|---------------------------------|
| NCR No. | : 2017.10 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 16 Juni 2017 |
| Standard Ref. & Requirement | : 6.5.2 There shall be evidence of wages documentation and working requirements in accordance with provision of employment conditions. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| Based on the document verification of contract worker agreement in Bebunga factory (specific to house maid, isolated case), for example No. 011 / BBF-TK / I / 2017 there are things that are not in accordance with the prevailing provisions, namely the determination of wages Rp. 79.383 / working day is not in accordance with Decree of Kalimantan Selatan Governor Number 188.44/0610/KUM/2016 dated November 30, 2016 in term of Minimum Wage of Kotabaru district for period of 2017 (Rp. 95,260,-). | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| Based on the agreement of both parties between the employer (company) and the recipient (workers) agreed that the daily wage of contract worker staff is Rp 79.383 / day according to the agreement signed together. There is a misunderstanding of the divisor of the working day on wage determination. | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| Changes the terms of basic monthly wage according to the MSE in 2017 and the overtime / premium for all contract workers in BBF in accordance with the prevailing regulations specified in the agreement signed. Sending proof of implementation of wage payment according to minimum wage in 2017. | | | |
| Preventive Action <i>(filled by organization audited):</i> | | | |
| Make a letter of application of wages, premiums, and payments Employment and Health insurance. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | |

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| Verification May 29, 2017 | |
| The Company has shown the revised of agreement in accordance with the provisions of wages and minimum wage in 2017. | |
| Verify June 16, 2017 | |
| The company shows a list of contract workers (contract paymen) contract for May 2017 for the servant of 5 people. Based on the documents, it is known that the daily wage value is in accordance with the prevailing regulations, namely the basic wage (Rp 2,381,500) divided by 25 (Rp 95,260). For full-time workers in May 2017 that is as much as 24 days then get a full wage of Rp. 2,381,500. Based on this, NC are closed. | |
| Verified by | : Rizliani |

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|---|--|------------------------|----------------|
| NCR No. | : 2017.11 | Issued by | : Leonada |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 11 juni 2017 |
| Standard Ref. & Requirement | SCCS 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. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| Based on the result of field visit in Bulking Pamukan, it is known that the document of RSPO certified product shipments (CPO and PK) to the buyer is not equipped with the Identity Preserved supply chain model. As an example of Delivery of Goods Shipment and MKS (handover of CPO) delivery on April 29, 2017 DO 00458/00412/04/17/L-LMR-MKS. This is not in accordance with product identification procedures and product search capabilities. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| Bulking Pamukan Unit has not done SCCS training, not knowing SCCS mechanism of PT LMR and PT PSA | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| Conduct SCCS training May 24, 2017 | | | |
| Preventive Action <i>(filled by organization audited):</i> | | | |
| Implement SCCS mechanism of PT LMR and PT PSA according to applicable SOP SCCS. PIC Pjs SA Bulking Pamukan (R Warno) | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | |
| Verify May 24, 2017 | | | |
| The company shows the SCCS training for officers in bulking on May 24, 2017. | | | |
| Verify June 11, 2017 | | | |
| The Company shows samples of goods delivery and delivery of MKS No.031 / BAP / CPO.BBF / IV / 2017 dated April 29, 2017. DO 00458/00412/04/17 / L-LMR-MKS. | | | |

Based on root problem analysis, the prevention and corrective actions indicated then this Non-conformity is stated closed

Verified by : Leonada

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| NCR No. | : 2017.12 | Issued by | : Leonada |
| Date Issued | : 5 May 2017 | Time Limit | : 4 May 2018 |
| NC Grade | : Major | Date of Closing | : 3 Juli 2017 |
| Standard Ref. & Requirement | SCCS D.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> For the certificate period May 16, 2016 - June 15, 2017, production estimates: - CPO 27,667 tons - PK 6,015 tons Actual tonnage period May 16, 2007 s.d 30 April 2017: - CPO 28,048,389 tons - PK 6,521,967 tons From the above data is known there are excess production of CPO 381.39 ton and PK 506.97 ton. However, the management unit has not been able to show evidence of reporting to CB if there is more production being projected. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> The occurrence of production increase in PKS Bebunga, caused by break down (stop) in PKS Pondoklabu, so that TBS entered from PT PSA causing production in PKS Bebunga excess of projection. When this happens, between the business unit, the Marketing Department and the PSQM Department do not coordinate with respect to the amount of production already projected in the certification. In response to this current department of PSQM has made a letter to CB (PT MAL) for the addition of t trace tonnage. | | | |
| Corrective Action <i>(filled by organization audited):</i> Make a request letter for the addition of t trace tonnage to PT MAL | | | |
| Preventive Action <i>(filled by organization audited):</i> Monitoring on e trace transaction by PSQM Ho Jakarta staff who have connection to Department of Marketing related to e trace information in system. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify June 19, 2017 The company showed no letter. 004 / MP / V / 2017 from Head of PSQM to PT. MAL is associated with additional license estimates. - CPO: 28.592 - PK: 6,554 Verification 3 July 2017 The root of the problem and the precautionary measures are acceptable, so based on the above matters the nonconformities are met. | | | |

| | | |
|--------------------|---|----------------|
| Verified by | : | Leonada |
|--------------------|---|----------------|

3.5.3 Opportunity for Improvement

| No | Std. Ref. | Penjelasan |
|----|-----------|--|
| 1. | 2.2.1 | The process of completion of HGU is an opportunity for improvement |
| 2. | 4.3.2 | The addition of erosion poles in the replanting area |
| 3 | 4.6.12 | Monitoring of pregnant or breastfeeding of female sprayer. |
| 4 | 5.2.2 | Improvement of HCV Signboard, Type of protected Flora and Fauna and realization of enrichment of forest plant species in HCV area. |
| 5 | 6.2.3 | Company consider to update list of stakeholders |
| 6 | 6.5.1 | Company consider to keep documentation of contract worker agreement |
| 7 | 7.3.1 | Implementation of RaCP <i>concept note</i> |
| 8 | | Company can improve performance in hazardous management |

3.5.4 Noteworthy Positive Components

| No | Penjelasan |
|----|--|
| 1 | The company's commitment to implement sustainable palm oil management principles |
| 2 | Proper 2015-2016 from the Ministry of Environment and Forestry with Blue Rating results. |

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

| Public Issues (Institution/ NGO/Community) | Auditor Responses |
|--|--|
| <p>Labor Unions</p> <ul style="list-style-type: none"> • There is no negative issues such as discrimination, the use of labor under 18 years, sexual abuse issues and others. • Providing wages and overtime in compliance with applicable regulations. • There were no work accidents in 2016. • All employees have been included in the program BPJS employment and health. • The Company has conducted periodic health checks to workers with high risk. • The Company has also provided PPE which is provided for free. | <ul style="list-style-type: none"> • Has been described in criterion 6.5. • Has been described in indicator 6.5.1 • Has been described in indicator 4.7.5. • The company has paid labour social insurance and labour health insurance for all workers as written in indicator 4.7.6. • Has been described in indicator 4.6.11. • Has been described in indicator 4.7.3 |
| <p>Gender Committee</p> <ul style="list-style-type: none"> • There is no negative issues such as discrimination and sexual abuse or child labor. • Management of the gender committee has the program associated with sexual harassment policies, protection of reproductive rights. Socialization also includes a ban on pregnant and lactating women to spray. Socialization is delivered through meetings like recitation etc. | <ul style="list-style-type: none"> • According o document verification and interview with workers, there was n issues related to violation of the rights of woman. • From the results of interviews with workers, the company has implemented of Company Policies such as reproductive rights and prohibition of pregnant woman to spray. It refer to criterion 6.9 |
| <p>Local Contractor (Kernel Transport)</p> <ul style="list-style-type: none"> • Company had socialized policies such as corporate codes and the use of labor over 18 years. • Contractor’s workers has given PPE by the contractors and company. • The entire execution of the work and payment in accordance with the applicable agreement. • Workers has been registered in health insurance (BPJS) • There is no complaint from contractor. | <p>Based on document verification, show that the rights and obligation of each party has been set in the contract.</p> |
| <p>Contractor supervisor (Replanting)</p> <ul style="list-style-type: none"> • Company had socialized policies such as corporate codes and the use of labor over 18 years. • Contractor’s workers has given PPE by the contractors. • The entire execution of the work and payment in accordance with the applicable agreement. • Registration of labor social insurance and labor health insurance for contractors workers still in progress. • There is no complaint from contractor. | <p>Based on document verification, show that the rights and obligation of each party has been set in the contract.</p> |
| <p>Segendang Village and Wonorejo Village</p> <ul style="list-style-type: none"> • Good relationship, good communication. Mechanism to address grievances and complaints have been understood. Communication and consultation can be perform through PSD Staff and/or Estate Manager/Assisstant and Senior Assisstant. • There is no land dispute in both of Wonorejo and | <ul style="list-style-type: none"> • Verified based on document review, communication to the community around done clearly and responded well by company (C6.2) • The evidence of land dispute settlement has been verified by auditor and there were no on going |

| Public Issues (Institution/ NGO/Community) | Auditor Responses |
|---|---|
| <p>Segendang Village, the conflict related to the area in Bebunga Estate (with Segendang Villager) has been completed through agreement and both parties has been agreed not to intervere each other. The company agreed to compensate as much as Rp 785.400.000 (which has been completed) and also developing the smallholders in the area of 300 Ha (currently in process of revision decree of farmers candidate and prospective land).</p> <ul style="list-style-type: none"> • Most villagers realized the positive impacts, such as improved access roads and increased income through become an employee in the company • Assistances has been perceived by the community, the company has always responding to any proposal requests for assistance submitted by the villager. • There is an aspiration from the Wonorejo Head Village related to response to the urgent proposal (for example in regard of road maintenance), its expected that there is a estate manager policy to realize in advance without waiting approval from the top management / superiors. | <p>conflict. The full explanation in the C.2.2</p> <ul style="list-style-type: none"> • Preparation of CSR programme has been based on communication with the community through adjusment with the submitted proposal and MUSRENBANG • The company has a policy stated that the entire activity and cost must be through top management approval. |

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

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

Signed on behalf of:

PT Langgeng Muara Makmur
Head of PSQM Minamas Plantation,
Sime Darby Plantation Sdn Bhd



Mohamad Pirabaharan
7 Juli 2017

PT Mutuagung Lestari
Lead Auditor



Leonada
7 Juli 2017

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. | Manpower Agency | Kotabaru District | washi_naker@yahoo.co.id | Email | April 26, 2017 | | √ |
| 2. | Plantation Agency | Kotabaru District | disbun_ktb@yahoo.co.id | Email | April 26, 2017 | | √ |
| 3. | Union Labor of PT LMR | Kotabaru District | - | Direct interview | May 3, 2017 | √ | |
| 4. | Gender Committee of PT LMR | Kotabaru District | - | Direct interview | May 3, 2017 | √ | |
| 5. | Village of Segendang | Kotabaru District | | Direct interview | May 3, 2017 | √ | |
| 6. | Village of Wonorejo | Kotabaru District | | Direct interview | May 3, 2017 | √ | |
| 7. | Local Contractor (Kernel Transport) | Kotabaru District | | Direct interview | May 3, 2017 | √ | |
| 8. | Contractor Replanting | Kotabaru District | | Direct interview | May 3, 2017 | √ | |
| 9. | WALHI | - | informasi@walhi.or.id | Email | April 26, 2017 | | √ |
| 10. | Sawit Watch | - | info@sawitwatch.or.id | Email | April 26, 2017 | | √ |
| 11. | AMAN | - | rumahaman@cbn.net.id | Email | April 26, 2017 | | √ |
| 12. | WWF | - | wwf-indonesia@wwf.or.id | Email | April 26, 2017 | | √ |
| 13. | Workers: - SCE: 9 sprayer, 8 fertilizer workers and a harvester - BBE: 8 sprayer, 4 fertilizer sprayer and a harvester - Mill: 5 grading workers, 2 security, 2 operator boiler, and a workers in each station such as workshop, engine room, WTP, press station and bulking station. | Kotabaru District | - | Direct interview | 2-4 May 2017 | √ | |

| Appendix 2. Assessment Program | | | |
|---------------------------------------|------------------------|--|--|
| DATE | | 1 – 6 May 2017 | |
| PLANNED TIME | ACTUAL DURATION | PROCESSES / CLAUSES TO BE AUDITED | AUDITOR |
| Monday, 1 May 2017 | | | |
| 06.00 – 08.00 | 06.00 – 08.00 | JAKARTA → BALIKPAPAN | All team |
| 08.00 – ... | 08.00 – 17.00 | Balikpapan → PT LMR | |
| Tuesday, 2 May 2017 | | | |
| 08.00 – 08.30 | 08.00 – 08.30 | Opening Meeting | All Team |
| 08.30 - 12.00 | 08.30 - 12.00 | Field Observation Bebunga Estate: <ul style="list-style-type: none"> Harvesting, Manuring, Sparying, IPM, application of waste (EFB or composting), Road Maintenance. Housing complex, chemical warehouse, hazardous waste warehouse, workshop, Landfill and firefighters equipment HCV and boundaries | HAR/LEO SDP/RAH NMB |
| 12.00 – 14.00 | 12.00 – 14.00 | Break | |
| 14.00 – 17.00 | 14.00 – 17.00 | Continue Field Observation (if needed) Document verification, basic info and finding of ASA-2 | All Team |
| Wednesday, 3 May 2017 | | | |
| 08.00 – 12.00 | 08.00 – 12.00 | Field Observation Sungai Cengal Estate: <ul style="list-style-type: none"> Harvesting, Manuring, Sparying, IPM, application of waste (EFB or composting), Road Maintenance. Housing complex, chemical warehouse, hazardous waste warehouse, workshop, Landfill and firefighters equipment HCV and boundaries | HAR/RAH SDP/LEO NMB |
| 12.00 – 14.00 | 12.00 – 14.00 | Break | |
| 14.00 – 17.00 | 14.00 – 17.00 | Continue Field Observation (if needed) Document Verification | All Team |
| Thursday, 4 May 2017 | | | |
| 08.00 – 12.00 | 08.00 – 12.00 | Field Observation Bebunga POM <ul style="list-style-type: none"> Implementation of Supply Chain Requirements, OHS aspects and employment (FFB acceptance, FFB weighing, Despatch CPO, FFB sorting, processing) Field observations Environmental and OHS aspects (chemical storage Management, hazardous waste storage, Workshop, Simulation of Fire Control Facility, LA, WWTP) Public consultation to contractor, internal stakeholder (labor union, gender committee). | HAR/LEO SDP RAH |
| 12.00 – 14.00 | 12.00 – 14.00 | Continue Public consultation to Communities Break | NMB |
| 14.00 – 17.00 | 14.00 – 17.00 | Continue Field Observation (if needed) Document Verification | All Team |

| DATE | | 1 – 6 May 2017 | |
|-----------------------------|-----------------|--|----------|
| PLANNED TIME | ACTUAL DURATION | PROCESSES / CLAUSES TO BE AUDITED | AUDITOR |
| Friday, 5 May 2017 | | | |
| 08.00 – 10.00 | 08.00 – 10.00 | Internal Meeting/ preparation for closing meeting. | All Team |
| 10.00 – 12.00 | 10.00 – 12.00 | Closing Meeting | |
| 12.00 - ... | 12.00 – 21.00 | PT LMR. → BALIKPAPAN | |
| Saturday, 6 May 2017 | | | |
| 11.00 - ... | 11.00 – 13.00 | Banjarmasin → Jakarta | All Team |
| | | | |