



# TÜVRheinland®

## Genau. Richtig.

**Roundtable on Sustainable Palm Oil**  
2nd Surveillance Audit  
Report No. : ASA2\_14026

Certification assessment against the Generic RSPO Principles & Criteria 2013  
and RSPO Supply Chain Certification System November 2014

**PT Gawi Makmur Kalimantan**  
Satui Palm Oil Mill

**Head Office :**  
Gawi Building 4<sup>th</sup> floor, Kuningan Office Park, Jl. Setiabudi Selatan Kav.16-17, South Jakarta,  
Indonesia 12920

**Branch Office :**  
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South Kalimantan Province, Indonesia

**Date of assessment: September 22 – 23, 2016**

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Certification decision by :  
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**(Managing Director TUV Rheinland Indonesia)**

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## 1.0 Scope of 2nd Surveillance Audit

### 1.1 Generic RSPO Principle and Criteria 2013

The operations of the palm oil mill and its supply base of FFB were assessed against the Generic RSPO Principle and Criteria 2013 & RSPO SCCS November 2014.

### 1.2 Type of Assessment

The surveillance assessment was carried out on 1 (one) mill i.e.: Satui Palm Oil Mill (POM) and 2 (two) estates i.e.: Timur Estate & Satui estate under PT Gawi Makmur Kalimantan – Satui Unit, South Kalimantan, Indonesia.

### 1.3 Certification Details

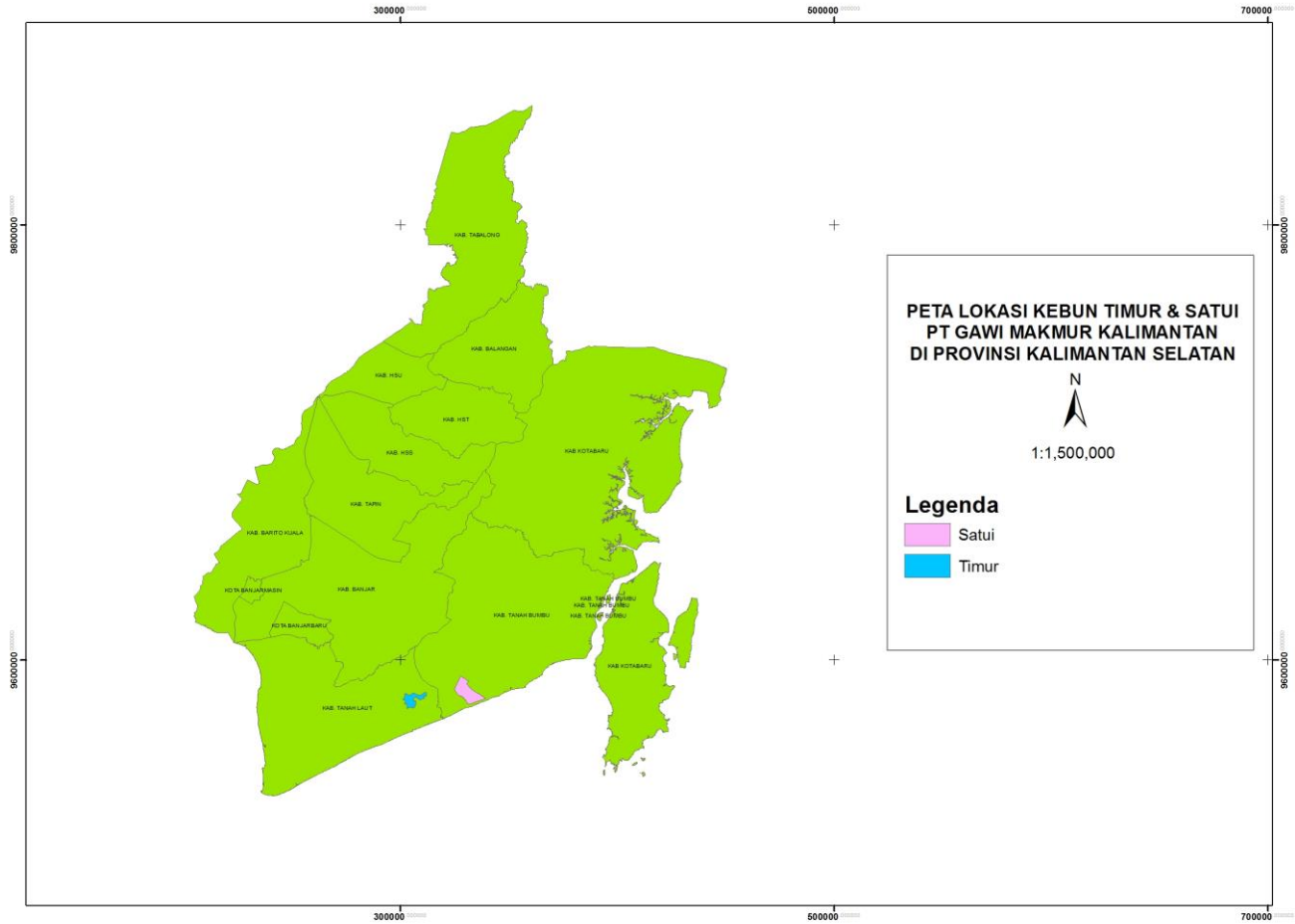
The details of RSPO certification of PT Gawi Makmur Kalimantan – Satui Unit area as per the table below:

**Table 1.** RSPO Certification details of PT Gawi Makmur Kalimantan – Satui Unit

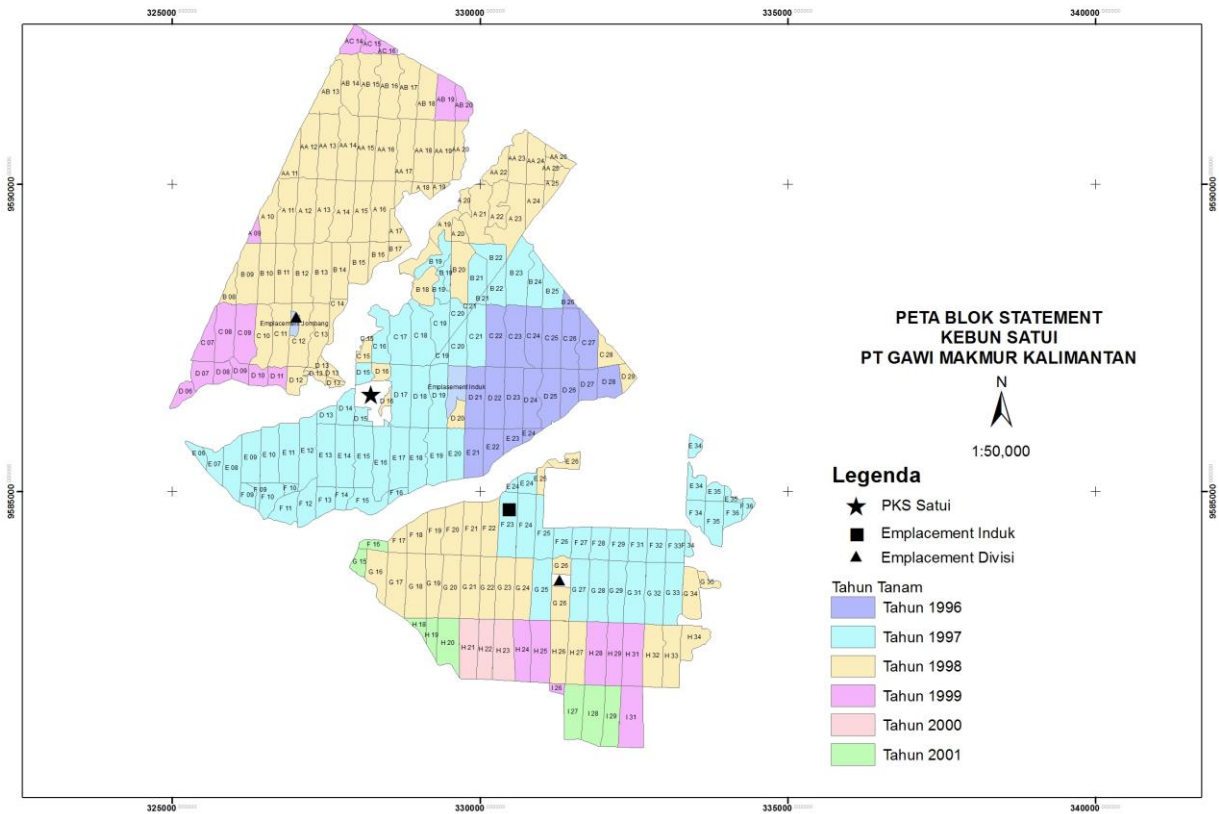
<b>RSPO Membership no.</b>	:	1-0216-12-000-00
<b>RSPO Certificate no.</b>	:	824 502 14026
<b>RSPO e-Trace no.</b>	:	RSPO_PO1000002103
<b>Date of first RSPO certificate &amp; validity</b>	:	12-01-2015 until 11-01-2020
<b>Date of 1st surveillance audit</b>	:	August 6 – 8, 2015
<b>Date of revised RSPO certificate &amp; validity (if applicable)</b>	:	Not applicable
<b>CPO tonnages claimed (mt)</b>	:	<b>33,616.20</b>
<b>PK tonnages claimed (mt)</b>	:	<b>7,108.27</b>
<b>PKO tonnages claimed*</b>	:	-

**Note:** PKO was managed under Kernel Crushing Plant, and was applied for RSPO SCCS.

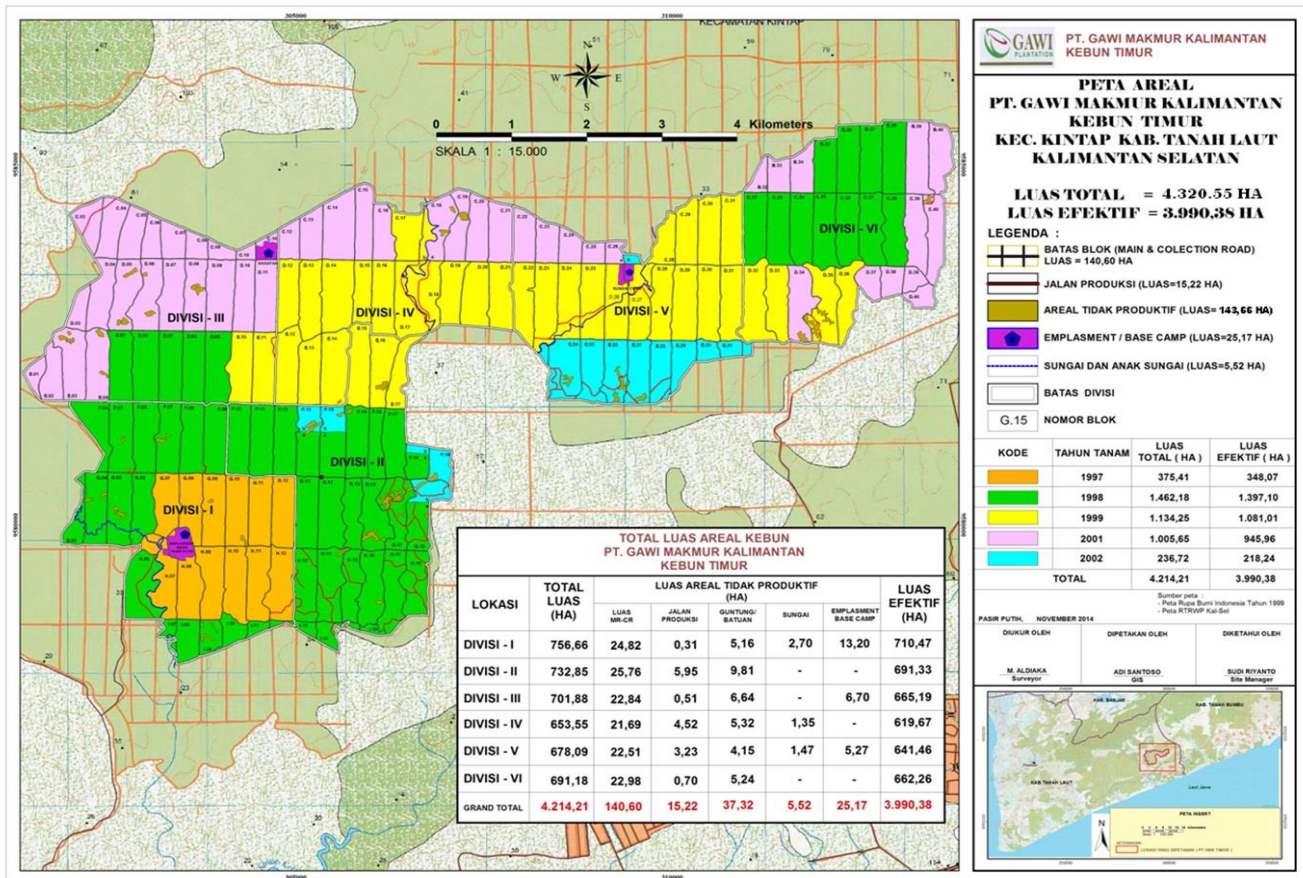
**1.4 Location and Maps**



**Figure 1.** Location map of PT Gawi Makmur Kalimantan – Satui Estate in Tanah Bumbu district, and Timur Estate in Tanah Laut District, South Kalimantan, Indonesia



**Figure 2.** Map of Satui Estate PT Gawi Makmur Kalimantan



**Figure 2.** Map of Timur Estate PT Gawi Makmur Kalimantan

**Table 2.** GPS locations for all estates and mills included in 2nd surveillance assessment

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Satui Palm Oil Mill	Satui Barat village, Satui Sub District, Tanah Bumbu District, South Kalimantan Province	03° 44'16,7" S	115° 27' 18,7" E
Timur Estate	Pasri Putih village and Sungai Cuka village, Kintap Sub District, Tanah Laut District, South Kalimantan Province	03° 48' 1,0" S	115° 13' 47,9" E
Satui Estate	Satui Barat village, Jombang village, Al-Kautsar village, Setarap village, Sekapuk village, Wonorejo village, Pendamaran Jaya village, Satui Sub district, Tanah Bumbu District, South Kalimantan Province	03° 45' 24,2" S	115° 28' 23,18" E

**1.5 Organisational Information / Contact Person**

Contacts details of the company are as follows :

<b>Company Name :</b>	<b>PT Gawi Makmur Kalimantan</b>
<b>Address :</b>	<b>Head office:</b> Gawi Building 4th floor, Kuningan Office Park, Jl. Setiabudi Selatan Kav.16-17, South Jakarta District, DKI Jakarta Province, Indonesia 12920 <b>Mill:</b> Damit Hulu village, Batu Ampar Sub District, Tanah Laut District, South Kalimantan Province
<b>Contact Person :</b>	Mr. Farid Makruf
<b>Telephone :</b>	+62-21-579 01 085
<b>Email :</b>	<a href="mailto:farid.makruf@wingsagro.com">farid.makruf@wingsagro.com</a>

**1.6 Description of Supply Base**

**Table 3.** FFB Supply Information for PT Gawi Makmur Kalimantan – Satui Mill for 2015 and 2016

FFB Supplied	FFB supplied Year 2015		FFB supplied Year 2016*	
	Tonnes	%	Tonnes	%
<b>Certified source:</b>				
Satui Estate	67,002.72	-	24,935.94	-
Timur Estate	94,209.90	-	32,424.08	-
<b>Sub Total</b>	<b>161,212.62</b>	<b>64.75</b>	<b>57,360.02</b>	<b>71.45</b>
<b>Non certified source:</b>				
Smallholder:				
Plasma Sei Cuka	5,331.87	-	1,658.92	-
Plasma Subur Mandiri	-	-	104.540	-
<b>Sub Total</b>	<b>5,331.87</b>	<b>-</b>	<b>1,763.46</b>	<b>-</b>
Outgrower:	82,432.69		21,159.40	
<b>Sub Total</b>	<b>82,432.69</b>	<b>35.25</b>	<b>21,159.40</b>	<b>28.55</b>
<b>Total</b>	<b>248,977.18</b>	<b>100</b>	<b>80,282.88</b>	<b>100</b>

Note: \*) until August 2016

**1.7 Actual production volumes, tonnages and projected outputs.**

**Table 4.** Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from PT Gawi Makmur Kalimantan – Satui Mill

Remarks	Amount	
	CPO (mt)	PK (mt)
Certified tonnage claimed *)	33,616.20	7,108.27
Total product tonnage sold claimed under RSPO e-Trace	-	-
Certified tonnage sold claimed under Green palm	-	-
Certified tonnage purchased	-	-
<b>Actual Production for 2015</b>		
Actual OER and KER for 2015	21.70	4.53
Total production for 2015 (certified and non certified)	54,028.05	11,278.67
Total Certified production for 2015	34,983.13	7,302.93
<b>Projection Production for 2016 (mt)</b>		
OER and KER projection for 2016	22.70	4.80
Total FFB process (certified and non certified)		196,089.00
Total FFB certified		148,089.00

Total FFB non certified	48,000
CPO certified	33,616.20
PK certified	7,108.27
CPO total (certified and non certified)	44,512.20
PK total (certified and non certified)	9,412.27

**Note:** \*) based on on Satui Palm Oil Mill Budget for 2016.

### 1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 25-30 years. Information on the dates of plantings is as per the table below.

**Table 5.** Age and year of plantings of company estate supplying to PT Gawi Makmur Kalimantan – Satui Unit

Year of Plantings	Oil palm planted area at each estate (ha)			Remarks
	Timur Estate	Satui Estate*)	Total	
<b>Period of January – December 2015</b>				
1996	-	323.61	323.61	
1997	343.57	614.98	958.55	
1998	1,416.46	1,506.80	2,923.26	
1999	1,088.03	362.09	1,450.12	
2000	-	81.11	81.11	
2001	966.22	140.16	1,106.38	
2002	227.27	-	227.27	
<b>Total</b>	<b>4,041.55</b>	<b>3,028.75</b>	<b>7,070.30</b>	
<b>Period of January – August 2016</b>				
1996	-	323.91	323.91	
1997	348.07	543.91	891.98	
1998	1,398.10	1,506.80	2,904.90	
1999	1,081.01	362.09	1,443.10	
2000	-	81.11	81.11	
2001	945.96	140.16	1,086.12	
2002	218.24	-	218.24	
2015	-	44.11	4.11	Total area from mining reclamation about 71.28 Ha, but only 44.11 Ha could be planted
<b>Total</b>	<b>4,000.38</b>	<b>3,002.09</b>	<b>7,002.47</b>	-

**Note:** there are found decreased on planted area from 2015 into August 2016 (during 2nd surveillance) about 29.67 ha in Satui Estate for coal mining. This continues from previous surveillance audit (explained in previously 1st surveillance audit report).

### 1.9 Area of Plantation (Total, Planted and Mature)

**Table 6.** Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT Gawi Makmur Kalimantan – Satui Unit

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production (tonnes)	Average yield/ ha (tonnes/ha)
<b>January – December 2015</b>						
Timur Estate	4,320.55	3,002.75	3,028.75	-	102,159.00	23.60
Satui Estate	7,199.52	4,041.55	4,041.55	-	79,461.00	21.78
<b>Total</b>	<b>11,520.07</b>	<b>7,070.30</b>	<b>7,070.30</b>	-	<b>181,620.00</b>	<b>22.69</b>
<b>January – August 2016</b>						
Timur Estate	4,320.55	4,000.38	4,000.38	-	32,424.08	8,12



Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production (tonnes)	Average yield/ ha (tonnes/ha)
Satui Estate	7,199.52	3,002.09	2,957.98	44.11	24,935.94	8.28
<b>Total</b>	<b>11,520.07</b>	<b>7,002.47</b>	<b>6,958.36</b>	<b>44.11</b>	<b>57,360.02</b>	<b>8.20</b>

**Table 7.** Land use data information of PT Gawi Makmur Kalimantan – Satui Palm Oil Mill Supply Based

Estate Name	Total area (ha)	Oil Palm Planted Area (ha)	HCV* (ha)	Land used for other purposes (ha)			
				Housing, Road, Drainage, Nursery	Not plantable area	Mill	Other**
<b>January – December 2015</b>							
Satui Estate	7,199.52	3,028.75	1,429.86	199.93	833.79	31.00	1,605.4
Timur Estate	4,320.55	4,041.55	214.15	180.99	149.18	0	0
<b>Total</b>	<b>11,520.07</b>	<b>7,070.30</b>	<b>1,644.01</b>	<b>380.92</b>	<b>982.97</b>	<b>31.00</b>	<b>1,605.4</b>
<b>January – August 2016</b>							
Satui Estate	7,199.52	4,000.38	1,429.86	199.93	833.79	31.00	1,679.18
Timur Estate	4,320.55	3,002.09	214.15	180.99	149.18	0	0
<b>Total</b>	<b>11,520.07</b>	<b>7,002.47</b>	<b>1,644.01</b>	<b>380.92</b>	<b>982.97</b>	<b>31.00</b>	<b>1,679.18</b>

**Note:** \*) found HCV revision area, whereas the total HCV area stated in HCV assessment by External Consultant-Aksenta was 1,632.31 Ha, and decrease into 1,429.86 Ha, this is because area about 202.45 was include in Batu Laki river bufferzone, and located outside the land use right (HGU) of Satui. And all HCV area include in oil palm planted area.

\*\*) others land used, consist of:  
 - Legal mining about 1,165.50 Ha  
 - Illegal mining about 61.63 Ha  
 - Community land/enclave about 79.49 Ha  
 - Riparian bufferzone about 298.78 Ha

### 1.10 Progress Againsts Time Bound Plan

**Table 8.** Time Bound Plan of the Other Management Units

Name of Holding	Location	Time bound plan for certification	Remarks*
PT Gawi Makmur Kalimantan – Kebun Barat & Kebun Tengah	Tanah Bumbu Regency – South Kalimantan	2015	2nd surveillance
PT Gawi Makmur Kalimantan – Penajam Estate	Penajam Paser Utara Regency – East Kalimantan	2017	
PT Gawi Makmur Kalimantan – Paser Estate	Paser Regency – East Kalimantan	2017	

Note: \*) the time bond plan delayed because both of estate above still under NPP process, and waiting from RSPO Board response against to the NPP report.

### 1.11 Compliance to Rules for Partial Certification

Compliance of the non certified management units of PT Gawi Makmur Kalimantan against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by submission self assessment report. A summary of findings is as stated below:

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its ma-	PT Gawi Makmur Kalimantan is RSPO member since Sep-

Partial Certification Requirements	Audit Findings
<p>majority owned and / or managed subsidiaries is a member of RSPO.</p>	<p>September 14, 2012 with RSPO membership number <b>1-0126-12-000-00</b>.</p>
<p>(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills.                      Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. For whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified</p>	<p>Company made timebound plan and reported to RSPO as determined on the table</p>
<p>(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure</p>	<p>There is no evidence that company replace primary forest for they all plantation area. According to Indonesia Government regulation plantation area have to established not in primary forest but could be in logged over area forest (LOA) or production forest for conversion to other forestry uses (hutan produksi yang dapat dikonversi) or non forest area/land for other uses as well as non productive area, land bank and other category area decided by government .                      In Penajam estate, there are HCV areas amount of 756.60 ha (HCV 1, 3 &amp; 4). There is no evidence that company replace HCV areas.</p>
<p>(f) Land conflicts, if any, 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>	<p>There are land conflicts due to overlapping land between the company with the villagers where the conflict is usually resolved by deliberation. The company has procedures/mechanism for handling of conflict and identification, calculation and compensation the loss of legal of land with the involvement of local community representative and relevant agencies.                      The company has provided evidence such as minute of meeting (include of agreement) a handling of conflict, result of inventories regarding owner of land, record of compensation that was signed by both the parties, head of village and head of sub district, etc</p>
<p>(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</p>	<p>No labor dispute in PT Gawi Makmur Kalimantan</p>
<p>(h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.</p>	<p>Some legal non compliance has been identified as stated on the NCR of this report. While Paser and Penajam Paser Utara estates has identified laws/regulations compliance and the company are processing it with non-compliance status.</p>

**1.12 Progress of associated smallholders or outgrowers towards RSPO compliance**

As seen from data in Table 3, in year 2015 (January – December) is about 2.54% FFB received from smallholders, this FFB received increased from last year, and for year 2016 January until August was about 1.0%. This is increased from last year (1st surveillance). The company manage community's land for oil palm plantation and all FFB from smallholder will send to the mill.

During the 2nd surveillance audit company (Mill and estate) Mill could showed the smallholder RSPO certification program and implementation as a mention in RSPO requirement system, whereas, the latest condition, that all

smallholder was done training about the RSPO certification system, and the company still on progress to get agreement together about funding mechanism.

### **1.13 Approximate Tonnages Certified**

During the 2nd surveillance audit, there is no production over capacity form the Satui Mill. The approximate tonnage certified, based on projection of production year 2016 from company owned estates only are as follows:

Crude Palm Oil (CPO)	: <b>33,616.20 tonnes</b>
Palm Kernel (PK)	: <b>7,108.27 tonnes</b>

### **1.14 Recommendation for certification**

PT Gawi Makmur Kalimantan – Satui mill has established and maintains an effective system to ensure compliance with the RSPO principles and criteria. The audit team has confirmed through the audit process that the company's practices complies with, adequately maintains and implements the requirements of Generic RSPO principle and criteria 2013 and RSPO Supply Chain Certification System November 2014.

TUV Rheinland Indonesia recommends that PT Gawi Makmur Kalimantan – Satui mill worthy maintain as a producer of RSPO Certified Sustainable Palm Oil.

### **1.15 Date of certification issued and scope of certificate**

The scope of the 2nd surveillance covers production of palm oil from PT Gawi Makmur Kalimantan – Satui mill and its supply base which include Timur Estate (Kebun Timur) and Satui Estate (Kebun Satui). The date of certificate issued was 12-01-2015. Further details of the certificate are as per Appendix 1.

**2.0 ASSESSMENT PROCESS**

**2.1 Certification Body**

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 490 locations in 62 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, RSPO, ISPO, SNI, Sustainable Forest Management, Timber Legality Verification, etc. PT TUV Rheinland Indonesia's office is located in Jakarta, Indonesia.

**2.2 Qualifications of Lead Assessor and Assessment Team**

The main certification assessment team members of certification audit are as per the table below :

Name	Position	Qualifications/Experience
Mhd Fundy C Kurniawan	Lead Auditor	<p><b>Education:</b> Master Degree in Natural Reseource and Environmental Management, Bogor Agriculture University</p> <p><b>Trainings attended:</b> Environmental Impact Assessment (EIA), Ecological Risk Assessment (ERA), Internal Quality Audit Training for Quality Management System, IRQA-QMS ISO 9001:2000, IRQA-EMS 14001, High Conservation Value (HCV), RSPO Lead Auditor Course, ISPO Auditor Course, SCCS Auditor and ISCC plantation audit.</p> <p><b>Working experience:</b> Experienced in Environmental Impact Assessment, Environmental Health Safety Senior Officer (EHS-Officer) in Wilmar International Plantation, Internal Auditor for Wilmar International Plantation, Auditor for Rountable on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO), Certification for Timber Legality Verification (SVLK) in PT TUV Rheinland Indonesia since June 2012 – present.</p>
Naik Monang Parlindungan Lingga	Auditor	<p><b>Education:</b> Bachelor of Forestry, Gadjah Mada University.</p> <p><b>Training attended:</b> ISPO Auditor, SCCS Lead Auditor, Quality Management System (QMS) Auditor/Lead Auditor (ISO 9001:2008) by IRCA, Environmental Management Systems Auditor/Lead Auditor Conversion Training by IRCA (ISO 14001-2004), Lead Auditor RSPO Training, and HCVA Training</p> <p><b>Working experience:</b> Field Assistant PT Sapta Karya Damai (2008-2013), Auditor in PT Sucofindo (2013-2015), and Auditor in PT TUV Rheinland Indonesia (2015-present).</p>
Wahyu	Auditor	<p><b>Education:</b></p> <ul style="list-style-type: none"> <li>• Master Degree of Management of Manufacturing Engi-neering, Faculty of Engineering, University of Pancasila</li> <li>• Degree of Mechanical Engineering, University of Indonesia</li> </ul> <p><b>Training attended:</b>                      RSPO Lead Auditor Course, Pro-Forest &amp; Daemeter, Calculation of Green House Gas at Palm Oil Plantation, Komisi ISPO, ISPO Lead Auditor Course, Komisi ISPO, Verified Legal Compliance &amp; Reduced Impact Logging Auditor Training, by Tropical Forest Foundation, SVLK Auditor Training, Ministry of Forestry, CoC Auditor – LEI, ISO 9001:2008, IRCA Approved Course, ISO 14001:2004, IRCA Approved Course</p> <p><b>Working experience :</b>                      PT Carsurin, as QHSE Coordinator (2006 -2009), PT Mutu Hijau Indonesia, Jakarta as Technical Manager (2010-May 2014) and Auditor PT TUV Rheinland Indonesia (May 2014-present)</p>

Name	Position	Qualifications/Experience
Mochamad Anwar	Auditor	<p><b>Education:</b> Bachelor of Agriculture, Bogor Agricultural Institute</p> <p><b>Trainings attended:</b> Indonesian Sustainable Palm Oil (ISPO) Auditor Training, Sustainable Forest Management (Bogor, 2013).</p> <p><b>Working Experience:</b> Trainer for community development and entrepreneurship projects and motivator for micro business entrepreneurship program since 1999, experience as expert of micro business development (1995-2006), team leader of community development program (2006-2012), program manager of corporate social responsibility in PT Aneka Tambang (2012) and PT Timah (2013), ISPO Auditor since 2014, SFM Auditor since 2013, Agriculture Expert for ANDAL and AMDAL since 2008.</p>
Meidia Pratama	Auditor	<p><b>Education:</b> Bachelor of Social Sciences in Social Anthropology, Faculty of Social and Political Sciences, Padjajaran University.</p> <p><b>Training attended:</b> Community Development, Public Relation, Decision Making and Problem Solving, Project Management, Leadership, ISO 14001, ISO 26000, ISO 50001, FPIC, ISO 19011</p> <p><b>Working experience:</b> Research Coordinator and Land Conflict Specialist at People Center Advocacy Institute (PERGERAKAN) Indonesia (2004-2006), Project Officer at Studio Drya Media (2006-2008), CSR and Media Relation Assistant Manager at PT Agro Harapan Lestari (2008-2010), Sustainability Specialist at PT SDS Consulting (2011-2012), CSR Coordinator and Sustainability Statagic at PT Jawa Power (2012-2013), Social Specialist at The Forest Trust (2013-2014), Head of Department CSR and External Relation at PT Mitrabara Adiperdana (2015), Associate Freelance Consultant at ICWS (2016), and RSPO Auditor at PT TUV Rheinland Indonesia (June 2016-present).</p>

### 2.3 Assessment Methodology & Agenda

The 2nd surveillance audit was conducted from September 22 – 23, 2016 as per the assessment program below. The assessment was carried out in accordance with PT TUV Rheinland Indonesia’s RSPO audit procedure as well as the RSPO Certification Systems document. During the assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

Due to the location and proximity of the estates, combined with common management systems, it was possible to carry out both field and document assessments of all estates and the mill within the time frame without compromising the integrity of the assessment in anyway.

All 2 estates and 1 mill were visited and the assessment team carried out field and document assessments of compliance to all the RSPO principles and criteria Generic 2013 and RSPO SCCS year November 2013. Common systems were identified and specific evidence was recorded for individual estates. Interviews were conducted at all estates and the mill.

The company proposed the correction and corrective action for all identified non conformities raised to the certification body 30 days after the closing meeting. Verification of closure of major non-conformances was conducted 2 months after the closing meeting of the main assessment and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The certification assessment agenda is as explained below:

#### Certification Assessment Agenda.

Date	Location/ Main sites	Main activities
September 22, 2016	Satui Palm Oil Mill and KCP - Satui	Document Reviews: verification of previously audit result, update legal requirements and compliance, OSH, environmental issues, hazardous waste management, HCV management plan, efficiency energy, water used record, training, production record, transparency, code

		of ethical conduct, workers welfare, water plan management, GHG calculation, emission, pollution prevention and reduction plan, RSPO-SCCS for mill and kernel crushing plant. On-site Visit: loading ramp, weighbridge activity, production plant Interviews: Head of mill, staff operational, foreman, mill workers, OSH officer, production clerk, kernel crushing plant unit.
September 23, 2016	Timur Estate	Document Reviews: verification of previously audit result, update legal requirements and compliance, OSH, environmental issues, hazardous waste management, HCV management plan and implementation, spraying activity, production record, ethical conduct, transparency, workers welfare, emission, pollution prevention plan, harvesting, riparian bufferzone conservation, chemical and fertilizer stores, OSH Committee, accident records, GHG calculation. On-site Visit: harvesting and spraying activity, chemical and fertilizer stores, housing, hazardous waste, EFB application and others. Interviews: Head of Timur Estate, agronomist personal, Estate manager, chemical and fertilizer stores officer, harvesters, sprayers, OSH staff, workers.

**2.4 Stakeholder Consultation and Stakeholders Contacted**

PT Gawi Makmur Kalimantan bought the mill and its supply based plantation from the former owner i.e. PT Damit Mitra Sekawan in year 2007, it was noted on notariat deed no.184 dated on November 20, 2007 by notary of Dr Irawan Soerodjo, SH, M.Si). In year 2012 the company become RSPO member and has commitment to comply with all RSPO principles and criteria in all the company operations activities. The initial audit was conducted on February 10 to 13, 2014 and the company has worked hard to address all identified non conformities raised during initial audit.

The stakeholder consultation involved both external and internal stakeholders. External stakeholders were notified to make comments on the certification assessment by placing an invitation to comment on the RSPO website. Stakeholders included those immediately linked with the operation of the company such employees, outgrowers, the local government, NGO's, trade and labour unions and local communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with stakeholders were held at meeting room in Satui's POM to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO Principles & Criteria, and to comment on aspects where improvements could be made. Meetings with local communities were held at their respective premises within and near the company's area. A stakeholder consultation meeting was also held on mill's meeting room on June 02, 2014. Emails and sms invitations inviting individual stakeholders to the stakeholder consultation meeting were prepared and sent to the individual stakeholders.

In all the interviews and meeting, the objectives of the RSPO and the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholders and the company before discussion proceeded to obtain the stakeholders feedback on the company's compliance to different aspects of the RSPO Principles & Criteria. Although several stakeholders were not familiar with RSPO but they agreed with its objective and expressed their willingness to collaborate in the promotion of sustainable palm oil in North Sumatera province. In all interviews and meeting, the assessment team did not restrict discussion of both the positive and negative aspects of operations conducted by the estates and mill.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive, with an attendance of 18 attendees as listed on the appendix 5 below. This was followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. All stakeholder issues raised were recorded and forwarded to the management for their written reponse, and this is summarized in Section 3.7. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as **Appendix 5**.

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of Findings

During the 2nd surveillance audit there were found 31 non-conformities against RSPO P&C requirement (17 major non-conformities and 14 minor non-conformities) and 2 non-conformities against RSPO SCCS, 3 observations or opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.2. The observations & opportunities for improvement are listed in Appendix 4.

The following is a summary of findings made for the criteria listed in the Generic RSPO Principles 2013 and RSPO SCCS November 2013.

#### Principle 1: Commitment to transparency

**Criteria assessed: CR1.1, CR1.2, CR1.3**

**Criteria not assessed:**

##### Findings:

##### CR 1.1

During the 2nd surveillance, company still hold a documented procedure of communication no. SOP/GMK-AGRO/01/08, rev. 04, regarding "Procedure of Internal and External Communication", published in April 1<sup>st</sup> 2015. This document has clearly stated procedural steps for communications with external parties, such as:

- Management personnel taking responsibility to determine the kind of data and information that publicly available, accept and response information request;
- Detail publicly available documents
- Strategic stakeholders that must be responded regarding information request.

But, this procedure did not show the time table to respons every information request from related stakeholder. Also, Satui Palm Oil Mill and Estate did not maximal yet to communicate/brief the all policy such as negotiation and compensation procedure; complaint procedure; human rights procedure; social impact assessment management plan and environmental plan and also HCV document to related stakeholders. This condition **raised as nonconformity under RSPO00721**.

GMK Satui has identified and documented list of stakeholders. The list has make information such as address and social status up to date. Responsible officer (public relation and legal officer) conduct regular meeting with strategic stakeholder to maintain communication. There was pictures documentation showed during audit regarding regular visit activity to stakeholders.

All information requested already complete documented by company into logbook. This logbook kept well and accessible also update. Based on interviewed with person in charge to handle the information request, he is understood well how the machanism to answer every information request. But during surveillance, there is no any information request related legal, environmental management, emision and pollution management plan. Only charity information request recorded by company and coming from community.

When stakeholder list verification and interviewed, found:

- That list of stakeholders from Satui Palm Oil Mill and Satui Estate still not categorized based on level of interest.
- Satui Palm Oil Mill and Estate stil did not have clearly timing process to carry out the stakeholder update.
- Satui Palm Oil Mill and Estate did not yet carried out the information dissemination to related stakeholders.
- Found some stakeholders did not understand well about policy and procedure of the company. This case found in Satui Barat village, Pendamaran Jaya village, Jombang, Al-Kutsar and Setarap village.

This condition **raised as nonconformity under RSPO00720**.

##### CR 1.2

Company still hold a documented procedure of communication no. SOP/GMK-AGRO/01/08, rev. 04, regarding "Procedure of Internal and External Communication", published in April 1<sup>st</sup> 2015. Since the last audit, revisions has been conducted to this procedure but not including the main contain. The revisions that has been made were:

- June 9<sup>th</sup> 2014, change the numbering system.
- March 12<sup>th</sup> 2015, changes in pages 1 – 5 regarding verification page.

Regarding to this procedure, documents that can be made publicly available, such as follows :

1. Vision and mission of the company
2. Company policy
3. EIA (AMDAL/UKL-UPL, RKL-RPL) Documents
4. Location permit
5. Land use right
6. Legal permits
7. Continuous improvement
8. CSR activity report
9. Social conflict resolution
10. Work health and safety program.
11. Report and Plan of Environment and Social Impact Management.
12. HCV
13. Negotiation Procedures
14. Public Summary of certification assessment
15. Human Rights policy
16. Code of Ethical Conduct policy

### **CR1.3**

During 2nd surveillance, company has a policy and documented as Director Decree number 005/DIR/GMK/JKT/VII/15, December 1<sup>st</sup> 2014, regarding "Working And Business Ethic of Gawi Plantation Group". This document consist of information related:

1. Workers should avoid any activities of personal interest in performing tasks.
2. Workers is prohibited from making decisions related to business interest because of personal interest, siblings, family, and their group without considerations of QCD (quality, cost and delivery) the best.
3. Workers are prohibited exchange information/data with competititrs.
4. Workers are prohibites from accepting from accepting gifts from other parties related to the company.
5. Workers are prohibited from accepting a bribe in any form of corruption

Work and Business Ethics policy in Gawi Plantation Group already covers

- respect the natural behavior of the business, which is listed at number 13, 14, 15, 16 and 17
- The prohibition of all forms of corruption, bribery and misappropriation of funds and resources, listed in numbers 10, 11 and 19
- The disclosure of appropriate information in accordance with applicable regulations and prevailing industry practice numbers 7 and 8

Business ethics policy has been documented and communicated to employees in socialization forums. Socialization and business ethics PT Gawi conducted on February 23, 2016 for the staff and employees. Here is a table socialize corporate policies in 2016.

### **Compliance status: Non Compliance**

#### **NCR RSPO00720**

When stakeholder list verification and interviewed, found:

1. That list of stakeholders from Satui Palm Oil Mill and Satui Estate still not categorized based on level of interest.
2. Satui Palm Oil Mill and Estate stil did not have clearly timing process to carry out the stakeholder update.
3. Satui Palm Oil Mill and Estate did not yet carried out the information dissemination to related stakeholders.
4. Found some stakeholders did not understand well about policy and procedure of the company. This case found in Satui Barat village, Pendamaran Jaya village, Jombang, Al-Kutsar and Setarap village.

#### **NCR RSPO00721**

Procedure No. SOP/GMK-AGRO/01/08, rev. 04, regarding "Procedure of Internal and External Communication", published in April 1<sup>st</sup> 2015 did not show the time table to respons every information request from related stakeholder. Also, Satui Palm Oil Mill and Estate did not maximal yet to communicate/brief the all policy such as negotiation and compensation procedure; complaint procedure; human rights procedure; social impact assessment management plan and environmental plan and also HCV document to related stakeholders.



**Principle 2: Compliance with applicable laws and regulations**

**Criteria assessed: CR2.1, CR2.2, CR2.3**

**Criteria not assessed: -**

**Findings:**

**CR2.1**

Satui Palm Oil Mill already record the law and regulation compliance, such as:

- a. Plantation business permit (IUP) No. 188.45/368/DISHUTBUN/2013 issued on June 24, 2013 by Head of Tanah Bumbu district decree. This license explained about palm oil development for Satui with total area about 7,199.5 Ha accordance to the legal land use rights (HGU) No. 01 dated on February 22, 1997, with capacity process per hours about 60 tonnes FFB/hours.
- b. Land application permit No. 660.4/59/BLHD/2014 issued on June 12, 2014 by Environmental Official Government. This license explained the land application location in field number D17, D18, D19 Div I and C10, C11, D11 Div II.
- c. Hazardous waste temporary store, No. 660.4/239/BLHD/2015 issued on September 17, 2015 by Environmental Official Government. This license explained about hazardous waste will allowed to keep in Satui mill store such as oil, accu, oil filter, grease, mercury lamp, contaminated material, scrap, hazardous contaminated container, and others hazardous contamination from Satui mill and estate activity.
- d. Medical surveillance for workers in high risk area, for audiometry and spirometry test in 2016 by Surya Medica Satui Clinic. Based on medical surveillance in 2016, all person in charge in high risk work station was in good condition.

The company has list of legal requirements. The company also has copies of the legal compliance. Some of the compliance regulations have not been implemented by the company such as:

- Based on field visit to Satui Office found the contents of the first aid box does not accordance with the Labor Regulation (Permenaker No. 15 year 2008)
- Operator in Satui Estate i.e dump truck operator, compactors and tractor do not have a safety license (SIO) in accordance with Permenakertrans No. 9 year 2010 about operators and aircraft Officer of lift and transport
- Officers who operating the welding in the workshop area does not have the qualifications of welders in accordance with Permenaker No. 2 year 1982 about the qualification of welders at working area (Satui POM and Kebun Tengah).
- Workers who was work in high risk work station didn't conduct medical surveillance (Permenaker No 2/1980)

The condition above was **raised as nonconformity under RSPO00725.**

The Company has a documentation system for the identification and evaluation of the regulation. The officer who responsible for manages is Head Sustainability. The company has the entire legal documents listed in the list of laws and regulations such as local regulations, provincial, national and international. The Company has also identified the relevant regulations to the company's activities. The legal documents have been distributed to all departments within the company.

The Company has a mechanism through internal audits to assess compliance with regulations once a year. Based on internal audit schedule for Kebun Barat was conducted in May 2016. Some of the regulation does not compliance, such as:

- Permenakertrans No. 9 year 2010 about operators and aircraft Officer of lift and transport
- Permenaker No.15 year 2008 about contents of first aid box
- Permenaker No.2 year 1982 about the qualification of welder in the work place

The condition above was **raised as nonconformity under RSPO00726.**

The company has procedure for identification and evaluation of the regulation (SOP/GMK-Agro/01/22 revision 00 effective date August 31, 2015). The procedure stated that Head of Sustainability responsible to identify and obtain regulation or other provisions in accordance with aspects of the activity by phone, fax, email, website or visits to relevant institutions. The company has been conduct update the entire of regulation once a year.

**CR2.2**

During the 2snd surveillance audit, there is no changed and/or revision related legal land permit (land use rights)

for all estate and mill. The permit still same with main assessment audit. The legal land permit for Satui and Timur Estate will presented below:

**Timur Estate:**

- **Primary:** the company has land used right permit (HGU) base on head of National Land Agency Decree Letter **No. 74/HGU/BPN/99** dated August 19, 1999 with total area **4,026 ha** according to Land Used Map No.04/1996 dated February 15, 1996 (it has informed that there was exclude areas from east estate areas amountof 954 Ha) with valid for 35 years and land used permit (HGU) certificate **No. 15** dated October 5, 1999 (NIB : 00002/SC,00001/PP) with total area **4,026 ha** according to measurement letter no. 01 & 02/1999 dated on October 2, 1999 (refere from Land Used Map No. 04/1996) located in Sungai Cuka village and Pasir Putih village, Kintap Sub District, Tanah Laut District. In head of National Land Agency Decree Letter **No. 74/HGU/BPN/99** and HGU certificate **No. 15** on behalf PT Damit Mitra Sekawan but on the page of registration of transfer right and other recording informed the change of ownership certificate name to PT Gawi Makmur Kalimantan accordance with deed of incorporation no.34 dated of November 20, 2007 by notary of Dr Irawan Soerodjo, SH, M.Si (DP No.2811/1009 and 208/653/2009). The company (East Estate) has location permit (decision letter from head of National Land Agency South Kalimantan Province **no. 460.3/01/KPT-08/1997** dated January 4, 1997) on behalf PT Damit Mitra Sekawan amount of **15,000 Ha** in S.Bakar village, Pamalongan village, Damit village, Pantai Linuh village, Sabuhur village, Pelaihari Sub District, Batu Ampar Sub District, Jorong Sub District, Tanah Laut Regency, South Kalimantan Province. It location permit same as west estate and central estate cause east estate include scope. In Minutes of land examination committee (committee B) **no.09/RISHGU/02/1999** dated February 27, 1999 that east estate is zoned for non-forest uses (Kawasan Budidaya Tanaman Tahunan/Perkebunan) based on province & regency spatial map (appendix local government regulation No.3 year 1993 and No.13 year 1993) but based on decision letter of Head of Ministry of Forestry No. 435/Menhut/2009 dated July 23, 2009 that part of estate is conversion production forest (Hutan Produksi yang dapat dikonversi) amount of **73.80 Ha** so the release of forest areas in still ongoing processing status. Current condition for process it are the auditee has submitted request of the release forest areas (letter No. 010/Dir/JKT/XII/2012 dated on December 24, 2012) to Ministry of Forestry and The Ministry of Forestry has replied to the letter it (no. S.378/BRPUK-1/2013 dated on June 17, 2013) where there is shortage of requirement i.e.: recommendation of approval for the release of the region into non-forest from Governor of South Kalimantan. Land use map no. 04/1996 has remeasurement be No.094-17.08-2013 dated of November 28, 2013 with total areas are 3,822.69 Ha (4,025.48 Ha (result of remeasurement for East estate) – 91.86 Ha (operational of east estate outside legal land) – 110.93 Ha (operational of east estate on other company areas)).
- **Additional I:** for this area that the company is processing land used right (HGU) permit where current condition, National Land Agency of South Kalimantan Province has submitted letter (no.540.2/135/652/BPN-43) to National Land Agency of Republic of Indonesia regarding request of land used permit on behalf PT Gawi Makmur Kalimantan amount of **350 Ha** (land used map no. 18/PT-TL/2005). During audit, there are not response from National Land Agency of Republic of Indonesia regarding request letter from company and there is no evidence that the company has carry out the process/step of conversion production forest (Hutan Produksi yang dapat dikonversi) because the result of overlay between plantation map with map of forest areas in South Kalimantan Province (attachment decision letter of Head of Ministry of Forestry no. 435/Menhut/2009 dated July 23, 2009) that it areas are conversion production forest (Hutan Produksi yang dapat dikonversi).

**Satui Estate:**

**Primary :** the company has land used right permit (HGU) base on head of National Land Agency Decree Letter **No. 3/HGU/BPN/97** dated January 21, 1997 with total area **7,199.5 ha** according to Land Used Map No. 6/PT-KB/1996 (amount of 1,010 Ha) and No.7/PT-KB/1996 (amount of 6,189.5 Ha) dated March 27, 1996 with valid for 35 years (until February 21, 2032) and land use permit (HGU) certificate **No. 01** dated February 22, 1997 with total area **7,199.52 ha** located in Sekapuk village, Setarap village, Satui Barat village, Jombang village and Sungai Danau village. Satui estate is zoned for non-forest uses (Kawasan Budidaya Tanaman Tahunan/Perkebunan) based on province & regency spatial map (appendix local government regulation no.3 year 1993 and no.13 year 1993) but based on decision letter of Head of Ministry of Forestry no. 435/Menhut/2009 dated July 23, 2009 that part of estate is production forest (Hutan Produksi) amount of **1,757.55 Ha** so the exchange of forest areas in still ongoing processing status. Current condition for process it are the auditee has submitted request of the release forest areas (letter no. 011/Dir/JKT/XII/2012 dated on December 24, 2012) to Ministry of Forestry and The Ministry of Forestry has replied to the letter it (no. S.378/BRPUK-1/2013 dated on June 17, 2013) where there is shortage of requirement i.e recommendation of approval for the release of the region into non-forest from Governor of

South Kalimantan.

During the 2nd surveillance, there are specific activities in Satui estate concession area. On this area was in under mining activity concession area. As presented on Table 5 and 7 above, mining exploration and exploitation area increase every year, for 2015 (in the 1st surveillance) mining concession area opened was 1,165.50 Ha, the in 2016 until August (during the 2nd surveillance) mining concession area opened was 1,239.28 Ha. In once year mining concession area opened was 73.78 Ha.

Then, for HCV area in Satui estate, there are revised by the company. In the first data based on HCV assessment by Aksenta Consultant, HCV area in Satui estate was about 1,632.31 Ha. But, after the company carried out re-measurement the HCV area decrease in to 1,429.86 Ha. Total area decrease about 202.45 Ha, because this area was Batu Laki river riparian bufferzone and not include in the company (Satui) land use rights (HGU). Based on map verification (land use rights map with HCV area map overlay) showed the Batu Laki river riparian was not include in Satui legal land use rights. Also based on minutes of meeting on October 1996 about request process of land use rights of PT Gawi Makmur Kalimantan, explained:

- a. Total area requested by the company based on “Peta Situasi” situation map dated on March 26, 1996 No. 6 and 7/PT-KB/1996 about 8,011.5000 Ha.
- b. Enclave about 811.533 Ha, this is consist of:
  - Setarap village: River about 84.400 Ha; paddy land about 102.100 Ha
  - Sekapuk village: Sekapuk Transmigration area about 151.500 Ha
  - Satui Barat village: River about 117.530 Ha; public facilities about 15.580 Ha
  - Province road about 340.423 Ha.

So, the total land netto in land use rights was 7,199.522 Ha.

Based on explanation above, after all the river was exclude from land use rights about (201.93 Ha), then compare with total HCV area has been decrease accordance to the HCV assessment, and compare againts re-measurement HCV area by company, the total area almost same, i.e.: 201.93 Ha, and there are some discrepancy about 0.52 Ha, this is because the tools used for measurement in 1996 still used “theodolite tools” so there discrapancy happened.

Satui estate has been established the boundary pillars monitoring plan for 2016, with the activity such as maintenance and re-panting for broken boundary pillars if any and found. Satui estate also already boundary pillars map location, found 52 boundary pillars. Based on boundary pillars monitoring record on June 2016, found some boundary pillars was not in place, because some boundary pillars was include in mining concession area, example boundary pillars No. GMK90, GMK118, GMK199 and others. Field visit to ensure the boundary pillars condition could not carry out because season condition (during the 2nd surveillance).

Potential land conflict in Satui estate has identified. And the company has established the mechanism to solve this conflict through the FPIC process procedure, but the implementation not documented properly. This condition **raised under nonconformity RSPO00722**. Estate also has land conflict map, whereas the map showed the location land dispute/enclave area between local communitie, but there is no evidence that this map developed under participatory mapping. This condition **raised under nonconformity RSPO00723**.

### CR2.3

There were no new land disputes found during surveillance since main audit in 2014. The last land disputes has been covered in main audit (2014), such as cases described in Conflict Resolution Report Progress as follow:

1. By letter on 19 March 2012 villagers of Sekapuk village claimed 110 Ha and 282 Ha area of PT GMK Satui estate as their farmer’s organization cultivation area used by PT GMK. Since 2013, there was no further interaction with claimers.
2. Conflict with Ex Head of Alkautsar village for the land at Block E26 area. Last interaction was On 1 May 2013; the head of Alkautsar village sent a letter no. 002/Uzum/Pem.AK/IV/13 asked the company to stop any activities inside conflict area until solution was achieved. On 1 May 2013 the company issued official report regarding to activities stop based on the Head of Alkautsar village head. Based on interview report by District level of Police Office on 5 Agustus 2013 it was known that some community member from Alkautsar village has stollen FFB from block E26. This action was initiated by one of them. For this action, each person was punished by 3 years and 1 year in jail.
3. Land claimed by Sungai Danau villagers. Until this surveillance, there is no disruption to company’s activities at this claimed area.

Company has provided evidences regarding negotiations and compensation records during surveillance. There was a list of land compensation of GMKS showed during audit. These list consist information regarding agreements since 2005 to 2015, provides detail information of the name of compensated parties, number of agreement record, compensation date and the land wide area that has been compensated. Each documents consist records and data regarding the negotiation/compensation process and administrative legal compliment, such as:

- a. ID card and/or certificate of domicile of compensated party
- b. Payment Slips
- c. Agreement that has titled as “Minutes of Compensation Payment for the Release of the Rights towards the Land and Planted Vegetation above”. Each document has unique number, and signed by the related party and witnesses (local community leader).
- d. The Release of Land Declaration letter, signed by compensated party and local community head.
- e. A Map of compensated land, signed by compensated party and local community head.
- f. Power of Attorney letter (Appointment as community representative) describes a person who acts as compensated parties’ representative in conducting negotiations and agreement process.
- g. Declaration Letter of Land Rights (Sporadic) of each represented parties, issued by compensated party and signed by witnesses and local Head of Village.

All of these records and data that have been showed during surveillance indicated that the land acquisition process has complied with FPIC principles. GMKS Estate Management stated that company still open for negotiation to compensation for local community who wants to release their land. They could only follow the procedures that they have already known, by him/her or with their representatives.

During audit, the auditee asked to show some records that chosen randomly of each year. All of documents and records that has been asked has been provided completely by the auditee. This finding indicates that management has maintained the documents and records as determined by the procedure. Since the main audit, there was no new agreement that has been made by GMKS.

During 2nd surveillance, there is no new potential land conflict has been identified and recorded, but, there are some potential land conflict, because there is claimed activity done by local community, but the community also not very clear which part area of the land use rights they will claime. To handle this, company has established the procedure of FPIC, but this procedure not completed yet adopt of FPIC procedure issued by RSPO. Then, land dispute map also available in place, but there is no enough evidence that the map developed under participatory mapping process. This condition **raised under nonconformity RSPO00724**.

**Compliance status: Non Compliance**

**NCR RSPO00722**

Potential land conflict in Satui estate has identified. And the company has established the mechanism to solve this conflict through the FPIC process procedure, but the implementation not documented properly.

**NCR RSPO00723**

Estate has potential land conflict map, whereas the map showed the location land dispute/enclave area between local communitie, but there is no evidence that this map developed under participatory mapping.

**NCR RSPO00724**

The company has established the procedure of FPIC, but this procedure not completed yet adopt of FPIC procedure issued by RSPO. Then, land dispute map also available in place, but there is no enough evidence that the map developed under participatory mapping process.

**NCR RSPO00725**

The company has list of legal requirements. The company also has copies of the legal compliance. Some of the compliance regulations have not been implemented by the company such as:

- Based on field visit to Satui Office found the contents of the first aid box does not accordance with the Labor Regulation (Permenaker No. 15 year 2008).
- Operator in Satui Estate i.e dump truck operator, compactors and tractor do not have a safety license (SIO) in accordance with Permenakertrans No. 9 year 2010 about operators and aircraft Officer of lift and transport.
- Officers who operating the welding in the workshop area does not have the qualifications of welders in accordance with Permenaker No. 2 year 1982 about the qualification of welders at working area (Satui POM and Kebun Tengah).
- Workers who was work in high risk work station didn’t conduct medical surveillance (Permenaker No 2/1980)

**NCR RSPO00726**

The Company has a mechanism through internal audits to assess compliance with regulations once a year.

Based on internal audit schedule for Kebun Barat was conducted in May 2016. Some of the regulation does not compliance, such as:

- Permenakertrans No. 9 year 2010 about operators and aircraft Officer of lift and transport
- Permenaker No.15 year 2008 about contents of first aid box
- Permenaker No.2 year 1982 about the qualification of welder in the work place

### Principle 3: Commitment to long-term economic and financial viability

**Criteria assessed: CR3.1**

**Criteria not assessed: -**

#### Findings:

Mill and Estate has a record of budget summary for 3 years from 2016 - 2018. In the budget summary record showed the information about plan for incoming FFB (own estate, smallholder and out grower), CPO and PK production plan, OER and KER for CPO and kernel, oil losses, production cost, fertilizing and spraying plan, production plan every years, planting years, road maintenance, replanting plan, and others.

For estate (Satui and Timur) there is no plan for re-planting within in five years a head. Because the YoP of palm oil still productive range.

**Compliance status: Full Compliance**

### Principle 4: Use of appropriate best practices by growers and millers

**Criteria assessed: CR4.1, CR4.2, CR4.3, CR4.4, CR4.5, CR4.6, CR4.7, CR4.8**

**Criteria not assessed: -**

#### Findings:

##### CR4.1

During 2nd surveillance, the company has procedure for agronomy and mill, Laboratory and maintenance of PT Gawi Makmur Kalimantan year 2013. The procedure has been cover key process such as harvesting, transportation, fertilizing, IPM, Good Agriculture Practice, Supply Chain. Each unit has a copy of the procedure and it is documented in an appropriate language. Based on interview to worker on some activity such as fertilizing (Block G-43 Division 5), harvesting (Block C-49 Division 2), spraying (Block C-47 Division 2), empty bunch application (Block E-49 Division 4) that the worker has been understood about the content and implementation the procedure. The procedure has been available in each unit.

The company has list of all procedure. In the list of procedure has been stated the revision for each procedure. The procedure has been available in the Indonesian language. The company has been conduct internal audit to monitor implementation the procedure. The mill has been conduct internal audit on 20-23 July 2016 and estate has been conduct internal audit on 17-27 January 2016. The company assigns Internal Audit Department to conduct audit to assess compliance the procedure. The company conduct internal audit once a year. The company has procedure of corrective action (SOP/GMK-Agro/01/04 revision 01 effective date June 7, 2013) and procedure of preventive action (SOP/GMK-Agro/01/05 revision 01 effective date June 7, 2013). The company has recording of internal audit result and record of corrective action for nonconformity that has been raised.

The company has procedure SOP/GMK-Agro/01/20 revision 0 issued date August 31, 2015 about the source of third party FFB. The procedures are not clearly mention about the ensuring of selecting the third party FFB source in accordance with laws and regulations. This condition was raised as Non Conformity (RSPO00727).

The company has a list of third party FFB suppliers such as CV Alam Raya, CV Berkat Tani, CV Ridho Pendarman, CV Satria Bagus, CV Tanah Laut Sejahtera, CV Titipan Ilahi, Gapoktan Gratia, KT Pemuda Makmur KS, KT Sawit Sejahtera, Plasma GMK Sei Cuka, Plasma GMK Suka Sukma. The company has daily and summary records of volume of third party FFB received.

The company also has procedure No.SOP/GMK-AGRO/01/20 Rev0 issued date on August 31, 2015 about FFB third party source. But, this procedure not explained much about how to ensure that FFB third party already meet with national regulation. This condition **raised under nonconformity RSPO00727.**

**CR4.2**

The company has procedure of an-organic manuring for Mature and Immature (SOP/GMK-Agro/02/08 revision 01 effective date June 7, 2013) and application of empty bunch and solid (SOP/GMK-Agro/02/10 revision 03 effective date January 10, 2016). The company has been conduct manuring activity in accordance with related procedure. The company has the records of fertilizer application both organic and an organic fertilizer until December 2015 and until August 2016. Records showed that the realization of fertilization activities conducted based on recommended fertilization work program and doses. Following the realization of fertilization in 2015 and 2016 with the following details:

Satui Estate for Year 2015

No	Type of fertilizer	Realization (kg)	FFB Produced (ton)	Use of fertilizers (kg/ton FFB)
1	Kieserite	10,750.70	67,002.72	0.16
2	KCl	186,250	67,002.72	2.77
3	HGFB	9,640	67,002.72	0.14
4	Hikay/NPK 13	2,124,750	67,002.72	31.70

Satui Estate Year 2016 (until August 2016)

No	Type of fertilizer	Realization (kg)	FFB Produced (ton)	Use of fertilizers (kg/ton FFB)
1	HGFB	48,542	24,935.94	1.94
2	Hikay/NPK 13	895,750	24,935.94	35.92
3	NPK 15.15.6.4	1,174,200	24,935.94	47.08

The company has procedure related trees census and trees sampling (SOP/GMK-Agro/02/11 revision 01 effective date June 7, 2013). The procedure does not state the time schedule for leaf and soil analyze. This condition **raised under nonconformity RSPO00728**.

The company (Satui estate) has evidence of fertilizing implementation and EFB application. Satui estate has record of leaf analyze that has been conduct on May 2015 and analyze by Bah Lias Research Station to get the recommendation of fertilizer for year 2016. Soil analyze has been conduct on August until September 2012 and analyze by Research Soil and Agriculture Development Laoratory, Agriculture Department.

The company (Satui Estate) has record of EFB application. The company has records of the use EFB to maintain soil fertility i.e year 2015 EFB application as much as 21,807.337 ton with cover area as large as 662.67 ha and year 2016 (until August), EFB application as much as 11,674.950 ton with cover area as large as 306.96 ha. The company also (Satui estate) has records of solid application year 2015 as much as 4,695.352 ton with cover area as large as 93.76 ha and year 2016 (until August) solid application as much as 3,308 ton with cover area as large as 66.16 ha

**CR4.3**

There is no revised of fragile map soil in Timur and Satui estate during the 2nd surveillance. The company has map of fragile soil on the Kebun Satui Estate and East Estate. The fragile soil can be identified through the slope map. Based map, the slope condition on both estate is :

- a. Satui Estate :
  - 0 – 3% is 4,685.529 Ha
  - 3 – 8% is 1,236.166 Ha
  - 8 – 15% is 646.206 Ha
  - 15 – 25% is 244.804 Ha
  - 25 – 40% is 66.755 Ha
  - 40% is 39.641 Ha
- b. Timur Estate :
  - 0 – 3% is 3,987.313 Ha
  - 3 – 8% is 184.935 Ha

- 8 – 15% is 32.066 Ha
- 15 – 25% is 10.986 Ha
- 25 – 40% is 6.087 Ha
- >40% is 14.843 Ha

because the Satui estate located in flat condition, there is no management plan to control and minimize soil erosion, the estate only implemented the cover crop application to control the runoff when rainy condition. Some area in 25 – 40% slope condition during the 2nd surveillance was under coal mining concession.

Satui estate showed the road maintenance program and realization record for 2016. Example in division 02, in field number D23 with total area about 29.40 Ha, road maintenance plan about 1,150 meters. This plan already implemented by the estate on April 2016 was implemented about 250 meter, and continue in June 2016 about 900 meters. Also in division 05, field number B13, with total area about 28.25 Ha, road maintenance plan about 1,800 meters. This plan also already implemented by the estate on March 2016 about 500 meters and May about 300 meters.

Based on soil type information in EIA, HCV and map soil identification scale 1:70,000, soil type in Satui estate consist of Kanhapludults, Hapludox, Hapludults, Endoaquents, Endoaquepts, Plinthudults, Dystrudepts, Kandiodox. There is no found peat land on the Satui estate.

While in Timur estate, soil type consist of Plithudults, Kanhapludults, Dystrudepts, Kandiodox, Hapludox. Also there is no found peat soil in Timur estate.

#### **CR4.4**

During 2nd surveillance, Satui estate has water source management plan. The water management plan include in Satui Palm oil mill, because water used in Satui estate in all division came from Satui mill water treatment plan. In water management showed the kind of activity to maintain the water quality and quantity, such as piping maintaining, signboard installment, fencing the water source, and others activity related. The evidenced showed by the mill through the photograph activity.

To maintain the water quality, Satui estate and mill carried out the water analysis accordance to the Ministry Decree No. 419/1990 for water consumption, when the water sampling from water treatment plan, evidenced by certification water analysis result No. 05976/LHP/VII/2016 dated on June 22, 2016. Based on water analysis result the parameters still under the standard.

The company has been conducting waste quality testing and the result still in accordance with the threshold of government regulation. The company has license for used of palm oil liquid waste based on Head Decree of Environmental Agency of Tanah Bumbu District with number 660.4/59/BLHD/2014 dated June 12, 2014. The license expired until June 10, 2017. Based on the license stated the application location such as Division I Block D-17, D-18, D-19 and Division II Block C-10, C-11, D-11 with total land application as large as 120.48 Ha.

Satui palm oil mill also has license for water surface use based on license number 503/01/SIPA/KP2T/2013 issued by Head of Integrated License Service Official Government. This license valid for three years since the date of issued on November 6, 2013. For 2016 the company couldn't showed the result of water quality for surface water. This is **raised under nonconformity RSPO00729**.

Satui Palm Oil Mill has record of water used/tonne FFB process for 2016 in (m<sup>3</sup>), i.e.:

Month	Water use	FFB process	Water used/ton FFB
January	23,289	17,574	1.33
February	17,693	12,968	1.36
March	12,500	10,103	1.24
April	11,160	8,040	1.39
May	10,952	9,411	1.16
June	11,164	8,912	1.25
July	7,165	5,732	1.25
August	9,243	7,054	1.31

**CR4.5**

Satui estate has record for IPM management plan for 2016. The IPM program covered about EWS activity for pest and disease in Satui estate. Recapitulation of EWS census for caterpillar and rat available in place. Based in EWS census record in August 2016, found the rat attack was in high level in division 6, with 589 palm tree attacked by rat from total 4,972 palm tree include in census sampling. For this condition the estate follow immediately chemical handling activity through the chemical (warfarin) purchased. During the 2nd surveillance, the estate still waiting for. But, the biological treatment with *Tyto alba* (biological control) still used by the estate to control the level attack. Estate commit only medium until high level attack will treat by chemical handling.

Based on bagworm EWS record census on June 2016, there is no medium – high level attacked in all division in Satui estate. Example in division 3, the level attacked was low.

Satui estate already carried out training for person in charge who responsible for IPM implementation in place, evidence by the attendant list, example for division 3, dated on April 4, 2016 attendant by 11 person. While for IPM coordinator also has been trained by the Palm Oil Research Institute dated on August 23 – 26, 2016, attendant by 38 person from Satui, Timur, Barat and Jorong estate under PT Gawi Makmur Kalimantan, complete with training photograph.

Satui estate has record of biological control for IPM implementation, with *Turnera subulata* and *Tyto alba*. Record of *Turnera subulata* planted (map planted) and *Tyto alba* (owl box) installment map already available in place. Satui estate also carried out owl census, until August 2016, found 45 individual of *Tyto alba*, and 82 for owl box installed.

**CR 4.6**

Satui estate has a policy to control and commitment of pesticide use in work place. This policy signed by vice president director on March 3, 2014. The policy contained about commitment to protect the community, workers, environmental from the pesticide contamination, increase the effectivity and efficiency of pesticide use, implementation of IPM program, minimize the limited pesticide type, brief and communicate and also training provided for all workers in chemical work use. The company also has target to minimize the paraquat use about 22% in 2017.

Satui estate also has procedure for chemical/pesticides handling, with document number SOP/GMK-AGRO/02/16 Rev01 dated on 7/06/2013. This procedure already explained about chemical handling, from chemical incoming, storage process in store, timing for chemical use, first aid for chemical contamination and others related.

Satui estate also has license for chemical use in work place, accordance to the recommendation letter for chemical use in work place No. 700/1094/Pstd/Was.Naker/2015 issued by Labour and Transmigration Official Government, with chemical type was Glifosat, Paraquat dichloride, Metyl Methsulfuron, Flokumafen. This license valid for 1 years since the date issued on November 16, 2015.

Satui estate has record of chemical used per active ingredients applied per ha, for 2015 and 2016 until August, i.e.:

No.	Active ingredients	Used total per Year			
		2015	Average used/Ha	2016*	Average used/Ha
1.	Isopropil amina glyphosate (liter)	1,900	0.61	1,624.85	0.55
2.	Paraquat dichloride (liter)	440	0.14	372.51	0.13
3.	Methyl metsulfuron (kg)	102	0.03	98,88	0.03

Note: \*) 2016 until August.

Chemical used record above, came from spraying (Circle Path Spraying) and weeding activity. The chemical workers training record also available in place, the training carried out on January 12, 2014 by Pesticides and Fertilizer Commission of South Kalimantan Province, evidenced by the training certificate, example certificate number 14349/KP3/KS/I/2014. This certificate valid for 5 years.

Satui estate already has IPM program as explained in principle and criteria 4.5 above. Based on IPM implementation through the EWS census, found some medium – high level attack by rat in division 6. For this condition, Satui estate carried treatment immediately by chemical application (warfarin), but during the 2nd surveillance the chemical application not application yet, because the chemical still in purchase order.

Satui estate has a list record of pesticide based on WHO class 1A and 1B and Stockholm or Rotterdam convention pesticides. This document already distributed to all division.

During the 2nd surveillance audit, there is no spraying activity in the Satui estate, because the season condition (rainy). But based on field observation in field number B12 division 5 for CPT activity (last spraying) carried out by the company showed that the riparian bufferzone and area along of natural water stream maintained properly, there is no found any indication that chemical already applied in this area. Satui estate also ensure that chemical spraying complete with PPE as required in work place, through the PPE distributions example in division 5 dated on April 27, 2016, the PPE distributed to all sprayer workers, with PPE type such as apron, boot shoes, glove and helmet with google.

Satui estate has record of chemical used per activity in period January – August 2016, i.e.:



- Wiping activity with Glyphosate used was about 6.62 liter.
- Circle spraying activity with Glyphosate + Methyl metsulfuron used was about 1,248.80 consist of 1,195.89 liter glyphosate and 52.91 kg methyl metsulfuron.
- Path sparying activity with Paraquat used about 372.51 liter and Methyl metsulfuron about 98.33 kg

The company already carried medical surveillance for cholinesterase test for chemical workers by evidence medical surveillance result by Medrin laboratory clinic on May 16, 2016, followed by 104 person chemical workers, and based on the medical surveillance result test, all workers in good condition. Then, the company also carry out internal medical surveillance every years for all workers in Satui estate to ensure the workers condition evidenced by medical record surveillance on 2016 for all division.

#### **CR4.7**

The Company has a safety and health policy signed by vice president (Hadi Setiadarma) on January 2, 2014. Safety and health policy has covered the risk of accidents and mitigation of risk. Satui mill has been socialized of safety and health on August 26, 2016. The company has HSE program year 2016. The program has covered safety and health aspect and has been equipped with target of implementation. The safety and health program such as:

- Monitoring of fire extinguisher from January until September 2016 (Satui Mill)
- Socialization of safety and health has been conduct on August 26, 2016 at Satui Mill and May 23, 2016 at division 3 and division 4 of Satui Estate
- Socialization of safety and health has been conduct to supplier on February 26, 2016 at Satui Mill
- First aid training has been conduct on February 13, 2016 at Satui Mill and June 25, 2016 at Satui Estate
- Socialization of emergency response procedure has been conduct on June 25, 2016 at Satui Mill
- Safety and health inspection has been conduct from January until August 2016 for Satui Mill and Satui Estate

The safety and health program has been distributed to each unit. The company has due date to implemented HSE programme and there is evaluation if any programme does not implemented.

The company has aspect of hazard identification, assessment and risk control for safety, health and environmental (FR/GMK-SMK3/HRC/01/01, issued date January 2, 2016). The company has HIRAC and has been cover for all activity. The company has form for data of work accident (FM/GMK-SMK3/DKK/01/01). Based on work accident report from January until August 2016, there is no accident at Satui Mill and there is 6 (six) accident from January until August 2016 for Satui estate. From January until August 2016, Satui estate has 6 days for lost time accident. The Company has a control plan to prevent accidents recurring basis by socializing PPE and safety aspects. Based on observation at estate anf mill, the worker has been wearing properly PPE.

The company has socialization records of safe working practices by used PPE such as:

- Socialization of procedure, safety and health policy, work instruction has been conduct on August 30, 2016
- Socialization of press procedure, safety and health procedure, safety and health policy, work instruction at press station has been conduct on August 15, 2016.

The company has training plan for year 2016 related safety and health such as lift aircraft and transportation, welding and steam engines. The company has policy for replaced the PPE that has been regulated on procedure of request and PPE replaced (SOP/GMK-Agro/01/16 revision 2, issued date February 24, 2014) and provide in accordance with type of activity. The procedure stated if any PPE damaged and replaced with showing the PPE that has been damaged and the company give the new PPE. Based on mill and field visit, the workers has been wearing the properly PPE in accordance with HIRAC.

The company has person in charge to implement of safety and health that has been stated on Committee of Occupational Health and Safety. The company does not make the re-endorsement related composition of occupational health and safety committee where the name on behalf Nazar Fahrizal has resigned. This condition was **raised as nonconformity RSPO00730.**

The committee of occupational health and safety has been conduct monthly regularly meeting. The company has been reported related committee of occupational health and safety report to related agency i.e committee of occupational health and safety report period I (January until March 2016) and period II (April until June 2016) on June 2, 2016. The company has records of committee of occupational health and safety meeting every month from January until August 2016. The committee of occupational health and safety has been discussing all of safety aspect.

The company has emergency procedure (SOP/GMK-Agro/01/08 revision 02, issued date February 24, 2014) cover work accident, fire, explosion, flood, earthquake, commotion, electrical disturbances and spills or leaks chemi-

cal. Based on interview with workers, they have understood clearly for the emergency procedure. The company has been conduct first aid training on February 2016 (Satui Mill) and March 12, 2016 (Satui Estate). The company has records of first aid training such as training material, training documentation such as photograph and attendant list. Based on field visit, the foreman has been equipped with first aid kit. The first aid kit has been in accordance with government regulation. The company has records for each work accident and has been discussing on committee of occupational health and safety meeting and has been followed to prevent occupational accidents occur again. The company provided medical care for workers i.e clinic. In addition, the company also includes employees in the worker social assurance, among others BPJS Health and BPJS Employment. However, not all employees involved in the BHL BPJS. The company has program to engage the workers in the worker social assurance. The company has records of accident and the company has been calculating of lost time accident. Based on data of LTA from January until August 2016, the company has lost 6 days cause of work accident.

#### **CR4.8**

The company does not have list of the training that has been owned by each personnel both for the staff, workers, smallholders and contract workers. This condition was **raised under nonconformity RSPO00731**. The company has training program for year 2016. The training program covers all aspect of the RSPO Principles and Criteria. Some of internal training that has been conducted such as training of harvesting (February 2016), training of empty fruit bunch implementation (March 2016), training of spraying (May 2016) and training of rat census (April 2016). The company has records of training such as attendant list and photograph of training.

**Compliance status: Non Compliance**

#### **NCR RSPO00727**

The company also has procedure No.SOP/GMK-AGRO/01/20 Rev0 issued date on August 31, 2015 about FFB third party source. But, this procedure not explained much about how to ensure that FFB third party already meet with national regulation.

#### **NCR RSPO00728**

The company has established procedure related trees census and trees sampling (SOP/GMK-Agro/02/11 revision 01 effective date June 7, 2013). The procedure does not state the time schedule for leaf and soil analyze.

#### **NCR RSPO00729**

The company has carried out the water surface analysis but, the result not covered all water surface accordance to the environmental monitoring and management plan matrix (RKL-RPL).

#### **NCR RSPO00730**

The company has person in charge to implement of safety and health that has been stated on Committee of Occupational Health and Safety. The company does not make the re-endorsement related composition of occupational health and safety committee where the name on behalf Nazar Fahrizal has resigned

#### **NCR RSPO00731**

The company does not have list of the training that has been owned by each personnel both for the staff, workers, smallholders and contract workers.

### **Principle 5: Environmental responsibility and conservation of natural resources and biodiversity**

**Criteria assessed: CR5.1, CR5.2, CR5.3, CR5.4, CR5.5, CR5.6**

**Criteria not assessed: -**

#### **Findings:**

#### **CR5.1**

The organization (Satui Palm Oil Mill and Estate) has conducted an EIA and documented in accordance local and national regulations, that is Environmental evaluation document (Dokumen Evaluasi Lingkungan Hidup/DELH), The EIA was cover plantation and FFB processing at Mill with processing capacity 60 tonne FFB per hour. Total area was cover in the assessment is 7.199,522 ha that located at Satui Barat, Sekapuk, Jombang, Setarap and

Wonorejo Villages, Satui Sub-district, Tanah Bumbu District and Kalimantan Selatan Province. The DELH document has approved based on Decree of Head of District Environmental Management Agency, No. 660/82/Bapedalda/2011, September 30, 2011, regarding Dokumen Evaluasi Lingkungan Hidup (DELH) for scope Plantation and FFB Processing at Mill PT Gawi Makmur Kalimantan wic located at Satu Barat, Sekapuk, Jombang, Setarap and Wonorejo Villages, Satui District and Kalimantan Selatan Province. The EIA covered areal 7,119.50 ha and 6.929,50 has projected to be planted and 31 ha for Mill activities.

The organization also has been performed environmental aspect identification and impact assessment for year 2016. The identification and assessment wascover HRD, Administration (KTU) and Audit; Emplacement, Process, Kernel Crushing Processes; Laboratory, and Workshop.

Timur Estate has conducted EIA in accordance with the scope of operational activities as documented in documents ANDAL and RKL-RPL". The EIA was documented according to local and national requirements. The EIA document has approved by competent authority agency, according to Decree of Head of Environmetal District of Tanah Laut, Kalimantan Selatan Province No. 660/06/BLH/2011, dated February 24, 2011, Regarding approval of environmental management plan (Rencana Pengelolaan Lingkungan Hidup – RKL) and environmental monitoring plan (*Rencana Pemantauan Lingkungan Hidup - RPL*), PT Gawi Makmur Kalimantan at Desa Damit Hulu, Batu Ampar Sub District, Desa Pamalongan, Bajuin Sub District, Desa Pasir Putih and Sungai Cuka, Kintap Sub District, Desa Jorong, Batalang Asam-asam, Jorong Sub District, Tanah Laut District, Kalimantan Selatan province. The scope of EIA Documents was covering for areal 13.290 ha and Mill processing with capacity 60 tonne FFB per hour. The documents includes details on the estate activities, usage of natural resources, climate, air and water quality, geography and other environmental aspects, social aspects, potential environmental impacts, and monitoring.

The environmental impact assessment was done using a matrix of severity and probability of occurrence to determine the status of the significance of an environmental impact by considering its relevance to the relevant regulations.

The organization's environmental management plan was documented on RKL, include identification of responsible person(s); potential impacts from current practices; measures to mitigate negative impacts; timetable for change (where changes in current practices)

The environmental management plan is available and well documented as presented in the RKL and RPL documents. The environmental management plan documented and include the following items:

- Identification of responsible person(s);
- Potential impacts from current practices;
- Measures to mitigate negative impacts;
- Timetable for change (where changes in current practices are required).

There is evidence that the organization has implemented their environmental management on regular basis per 3 (three) month and reported to competent government agencies.

## **CR5.2**

During the 2nd surveillance audit, there is no revision of HCV document and HCV assessment. PT Gawi Makmur Kalimantan (East and Satui estate) has conducted an assessment and identification of protected, rare and endangered species and HCV habitats within their area. An identification of flora and fauna has been carried out by a consultant, Re-mark asia in year 2012 (July to August 2012). The results of these assessments are documented in HCV assessment report.

In the HCV assessment report it was stated that 5 types of HCVs were identified in the satui estate i.e. HCV 1, HCV 2, HCV 3, HCV 4 and HCV 5 whereas in east estate was stated 3 types i.e HCV 1, HCV 2, and HCV 4. Identified HCV's area in each estate consist of :

- HCV 1 areas are riparian (satui estate: Setarap river and Batulaki river. East estate : Kasayan river and Cuka river), riparian of water source (east estate : Kasayan river, Cuka river and nucleas spring), and reservoir areas (satui estate : mangrove areas) where HCV 1 in satui estate include HCV 1.2 and 1.3 areas due to identification of many wildlife species of protected and endangered status as explained above spread throughtout satui estate;
- HCV 2 & 3 areas is mangrove ecosystem or areas (satui estate);
- HCV 4 area are riparian (satui estate : Setarap river, Batulaki river and mangrove areas, whereas east estate: Kasayan river, Cuka river, Kasayan spring and nucleas spring) and buffer zone in forest and land fire (satui estate : Setarap river, Batulaki river and mangrove areas, whereas east estate : Kasayan river and Cuka river);
- HCV5 area is basic need of local communities in mangrove/swamp areas (satui estate)

Total overlaid HCV area in PT GMK unit satui is 1,846.46 ha (satui estate: 1,632.31 Ha and east estate: 214.15 Ha. Several protected species have been found in PT GMK area (Timur and Satui estate) such as *alcedo meninting*, *nasalis larvatus*, *macaca nemestrina*, *hystrix brachyurum*, *tomistoma schlegelii*, *trachypithecus au ratus*, *pter-*

*osperrum javanicum*, etc.

A HCV management and monitoring plan and recommendation on year 2014 for all identified HCV areas in PT GMK (east and satui estate) have been established by PT GMK unit of satui. The document describes the activities planned for each identified HCV (such as installation of signboard in HCV area, socialization about HCV to worker and around community, marking with paint as limited access chemical activities in riparian, patrol, monitoring of quality water, restoration of riparian with enrichment planting, etc), and timeline for each identified HCV. Several signboard has been installed in front of all HCV area amount of 33 unit and socialization of HCV to communities and to worker. The company have to appoint and trained officer to monitor any plans and activities it.

Based on HCV assessment report, found some RTE species identified, but there is no found evidence that the RTE species monitored to enhance and maintain the RTE species. This is condition **raised as nonconformity under RSPO00732**.

Estate also has conduct the HCV monitoring for 2015 and 2016, but this monitoring not fully based on HCV management plan as stated in the HCV document assessment. This is condition **raised as nonconformity under RSPO00733**.

The organization has had a policy of Environmental and Bioersity that was signed by Vice President Director, dated March 03, 2014. The contents of policy, at point no. 5, said “eliminate any impact to environmental and biodiversity that may arise as a result of operational activities”.

The organization also has defined SOP of High Conservation Value (HCV), document no. SOP/GMK-AGRO/01/17, Revision 01, dated June 11, 2014. The procedure was explained processes if any important wildlife found including coordination and reporting to the competent authority. The organization has defined a program to educate workers regarding status of RTE species. Some records were reviewed at Satui Mill and Timur estate as follow:

- Activity plan of HCV’s management and monitoring of Satui Mill – 2016
- Tally sheet of Wildlife Observation (FR/GMK-AGRO/HCV/01/02) dated 27-06-2016
- Report of HCV Signpost Monitoring, on March 2016
- Minute of HCV Signpost Monitoring, on March 2016
- Minute of Prohibition Signpost, on June 2016
- Minute of Result of HCV 3 & 5 Monitoring at Satui Estate, on May 2016
- Minute of Installation of Prohibition Sign on Land Burning and Monitoring Signpost Level of Vulnerability to Fire Satui Estate, on March 2016
- Minute of HCV socialization to Satui estate workers, on March 2016
- Tally Sheet of Protected Fauna Monitoring – Species Beruk at Satui Estate, on March 2016
- Tally Sheet of Wildlife Observation at Division IV Satui estate, dated March 28, 2016
- Minute of Handover of Flora and Fauna Posters from HSE to Division Head of Satui estate
- Attendance list of Socialization of HCV 3 & 5 and Prohibition of Fire Use to Satui Mill and Estate on January 2016

Also based on field assessment found some HCV area was site-a sides with community land, but there is no found written commitment together between company and community to maintain and protect the HCV area together. This is condition **raised as nonconformity under RSPO00734**.

### **CR5.3**

Satui Palm Oil Mill and Estate, has maintain list of waste product produced and pollutant sources from their Mill and Estate activities. The list of sources of pollutant and waste product produced available at documents Identification of Pollution Source and Emission at Satui Mill. Based on this document, sources of pollution and emission were identified are from activities loading ramp, sterilizer, threshing, press, nut plant, kernel bagging, clarification, boiler, engine room, water treatment plant, effluent ponds, domestic waste, workshop, oil storage, and operational vehicle.

Satui Mill has valid permit of temporary storage of hazardous waste based on Decree of District Head Environmental Agency of Tanah Bumbu District No: 660.4/239/BLHD/2015, dated September 17, 2015, regarding Licensing of Temporary Storage of Hazardous Waste to PT GawiMakmur Kalimantan which located Satui Barat Village, Satui Sub-district, Tanah Bumbu District.

The types of hazardous waste that is allowed to storage consist of used oil, used accu, used filter, used grease, hazardous contaminated rag, used tube lamp, metal’s scrap metal, container ex chemical and others materials that contaminated by hazardous waste originating from estates and palm oil mill activities. Hazardous waste storage is allowed for 90 days. The hazardous waste stored mandatory attempt to directly transported or carried by the company which is has license/permit from Ministry of Environmental to collecting and/or have processing facilities.

The organization has obligation to make effort 3R (reduce, reuse and recycle) for its own and in accordance with type and characteristic of waste while complying with the applicable law and regulations. The hazardous waste also can be use by other parties of certain industry that already has permit/license from Ministry of Environmental as raw and supporting materials.

In case of hazardous waste produced less than 50 kg per day, the waste can be stored more than 90 days and mandatory for ensure:

- Do not exceed storage capacity and compliance to technical, healthy, and environmental protection requirements.
- Do not become serious threat to environmental and full responsible if any pollution.

Timur estate has valid permit of temporary storage of hazardous waste based on Decree of Tanah Laut Regent No. 188.45/550-KUM/2013, dated November 08, 2013, about Extention of Licensing Temporary Storage of Hazardous Waste of PT Gawi Makmur Kalimantan, Tbk, located at PT GMK Timur Pasir Putih Village, Sub District Kintap, Tanah Laut District, South Kalimantan Province. The types of hazardous waste that is allowed to storage are used oil, used filter, used contaminated raged, used accu, used Tube Lamp, contaminated gloves, used Jerry Can, used container ex chemical/pesticides, used tyre, used iron/metal, used metal can. The hazardous waste Limbah B3 is allowed to storage for 90 days. The hazardous waste stored mandatory attempt to directly transported or carried by the company which is has license/permit from Ministry of Environmental to collecting and/or have processing facilities.

There is evidence documented waste management and disposal plan to avoid or reduce pollution, such as:

1. Hazardous waste manifest, available for each type of hazardous waste, i.e: used accu, used filter, used lamp, contaminated rag, used tank ex sprayer, used Jerry can ex herbicides, and container ex Methyl, and used oli. The document contained daily and monthly data of input and output of hazardous waste.
2. Minute of Handover of Used Goods from user to Store Officer, such as spare part, pesticides, herbicides, and etc.
3. Internal handover hazardous waste documents. The document was contained information of hazardous waste handover to Hazardous Waste Storage Officer (Petugas TPS LB3) from waste producers). The documents are recapitulation of data from point 2.
4. External handover hazardous waste. The documents used for record of handover hazardous waste to third party (PT Nazar).
5. Documents of Hazardous Waste Manifest. The document was issued by Third Party (PT Nazar).
6. Checklist of Hazardous Waste Container or Packaging Checking. The checking done once a month.

Some records were reviewed, i.e.:

1. Handover Letter of Hazardous Waste, dated July 28, 2016, was recorded used oil amount 485 litre, used accu amount 8 pcs, used filter amount 99 pcs, used jerry can ex herbicides amount 9 pcs, container ex Methy amount 127 pcs and etc. The letter was signed by Head of Store of the organization and third party (transporter) and acknowledge by Estate Manager.
2. Hazardous Waste Manifest No. 0009388, dated July 28, 2016, transported by truck with police no. DA 9739 AQ, amount 485 litres of used oil.
3. Hazardous Waste Manifest No. 0009389, dated July 28, 2016, transported by truck with police no. DA 9739 AQ, amount 8 pcs of used accu.
4. Hazardous Waste Manifest No. 0009390, dated July 28, 2016, transported by truck with police no. DA 9739 AQ, amount 99 pcs of used filter.
5. Hazardous Waste Manifest No. 0009392, dated July 28, 2016, transported by truck with police no. DA 9739 AQ, amount 379 sheets of contaminated rag.
6. Hazardous Waste Manifest No. 0009393 tanggal 28 Juli 2016, transported by truck with police no. DA 9739 AQ, amount 9 pcs of used jerry can ex herbicides.
7. Hazardous Waste Manifest No. 0009394, dated July 28, 2016, transported by truck with police no. DA 9739 AQ, amount 127 pcs of used container ex Metil.

#### **CR5.4**

The company has a plan for efficiency of the use of fossil fuels and to optimize renewable energy. Currently, the company is doing the construction of biogas. The company has been conduct monitoring for implementation of efficiency use of fossil fuels. Monitoring the efficiency of fossil fuel use is estimated of efficiency the cost / ton of CPO. Based on data efficiency energy from January until August at the Satui mill obtained the estimated of efficiency savings cost/ ton CPO as much as IDR. 2,267,751,204. Efficiency calculations conduct for FFB processing. The company has been conduct feasibility study for biogas construction on 6-7 September 2012 by Win-

rock International.

#### **CR5.5**

The organization has defined documented Procedure No.SOP/GMK-AGRO/02/02, revision 02, dated Nopember 03, 2014, Namely SOP Persiapan Lahan (Land Preparation). The SOP, at point 1.4 said "commitment of the organization to applied "Zero burning" method that is land clearing /preparation without fire.

The company has zero burning policy as stated on Letter number 02.2001 by General Manager PT Gawi Makmur Kalimantan and has procedure of emergency response (SOP/GMK-AGRO/01/08) where include emergency response to land burning.

There is regular patrol program, to monitor activities that might cause of fire in company's area. Company conduct fire drill simulation and socialization to all workers and community surrounding plantation area. And, there is no evidence that the organization has used fire for their activities.

#### **CR5.6**

Company has identified the emission source and pollution from mill and estate. The emission and pollution source is:

- FFB transport
- CPO transport
- Heavy equipment operational
- Generator operational
- Water pump operational
- Waste water treatment plant (IPAL)
- Land clearing
- Fertilizing and spraying activity
- IPM activity

The company has a plan to reduce or minimise the identified pollutants and GHG emissions but the plan does not include targets and time frames to reduce emissions and pollution. This condition was **raised as nonconformity under RSPO00735**. The Company has been conducting some of activity that has been set such as planting of Trembesi as much as 20 trees on July 2016 and regularly maintenance for truck engine.

The company has been conducting POME quality measurements every month performed by the Laboratory Unit BLHD Tanah Bumbu regency. The company has a system to monitor emission of pollutants including greenhouse gases from estate (plantation) and mill operations. The Company has not made reporting of the results of GHG calculations that has been performed to RSPO. This condition was **raised as nonconformity under RSPO00736**. The company has been conduct GHG calculation in accordance with GHG calculator version 2.1.1.

#### **Compliance status: Non Compliance**

#### **NCR RSPO00732**

Based on HCV assessment report, found some RTE species identified, but there is no found evidence that the RTE species monitored to enhance and maintain the RTE species.

#### **NCR RSPO00733**

Estate also has conduct the HCV monitoring for 2015 and 2016, but this monitoring not fully based on HCV management plan as stated in the HCV document assessment.

#### **NCR RSPO00734**

There is no found written commitment together between company and community to maintain and protect the HCV area together.

#### **NCR RSPO00735**

The company has a plan to reduce or minimise the identified pollutants and GHG emissions but the plan does not include targets and time frames to reduce emissions and pollution.

#### **NCR RSPO00736**

The Company has not made reporting of the results of GHG calculations that has been performed to RSPO.

**Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills**

**Criteria assessed: CR6.1, CR6.2, CR6.3, CR6.4, CR6.5, CR6.6, CR6.7, CR6.8, CR6.9, CR6.10, CR6.11, CR6.12, CR6.13**

**Criteria not assessed: -**

**Findings:**

**CR6.1**

PT Gawi Makmur Kalimantan has conducted and published a report regarding Social Impact Assessment (SIA) covering all activities under company's operation in Tanah Laut Regency, Tanah Bumbu Regency, Satui Palm Oil mill in South Kalimantan Province and estates in Paser Penajam Regency, East Kalimantan Province. In line with this SIA report there was evidence of attendance list of surroundings community such as from Benua Lama village, Damit hulu, Batalang, Pamalongan, Batu Mulya, Sabuhur, Sukaramah, Setarap, Alkautsar, Pasir Puith, Sungai Cuka, Bebulu Darat, Lebanga and Satui Barat villages. There were pictures during assessment activities also.

Potential impacts that has been identified are:

- a. Key Issues regarding social problem: workforce and working opportunity; local economic development; tenure and legal compliments; environmental Management; coordination and communication.
- b. Internal Issues: Workforce and remuneration; worker facility and Occupation Health and Safety; Personal Protection Equipment
- c. Positive and sustainable impacts:
  - Company's Internal and External interaction
  - Social Risks
  - Company's activities
  - Challenges of Estate Internal Management

The SIA report contain information about history of the company, positive and negative impacts, action plan to manage identified impact and monitoring the action plan. The identified positive impact such as, improve and increase diversity of community's income. While the negative impact was destruction or damage of community's road because of FFB transportation activities and pollution. The social impact management plan still found relevant with current conditions.

Company showed their record regarding social impact monitoring and review activities from January to July 2015. There are 14 activities that planned and monitored, divide into 3 categories:

- a. Internal:
  - Policy regarding Social management Activities (January to July)
  - Updating stakeholder information (name and phone number) ((January to July)
  - Social Impact Management Plan Development (July)
  - Archived and responded incoming letters (January and June)
  - Regular monthly Stakeholder engagements (January to July)
  - Meeting and Discussion with stakeholder (January and June)
- b. External:
  - Documentation and responding stakeholder grievances/complaints (June)
  - Water Supply for emplacement residents (March to July)
- c. Smallholder Scheme:
  - Security Patrol (March to July).

But, this SIA document not specific explain about impact for each village around the estate, then this SIA document also did not covered about explanation for food source for community, land access, cultural and religion value, public facilities such as education, healt facility, and others. This condition was **raised as nonconformity under RSPO00737**.

When carried out SIA document veriifcation, found that SIA document could not show evidence that SIA document was developd with stakeholder consultation process. This condition **raised as nonconformity under RSPO00738**.

SIA management plan available in place, but the SIA management plan not showed time table to each program, and also there is no montoring mechnism to ensure the impact mitigation already effective or not. This condition **raised under nonconformity RSPO00739**.

Record of stakeholders consultation also not found in place (Satui estate), so this condition **raised as noncon-**

**formity under RSPO00740.**

**CR6.2**

During 2nd surveillance, the company still held Internal and External communication Standard Operating Procedure i.e. no: SOP/GMK-AGRO/01/20, rev.02, valid since 24/02/2014. The method of communication can be made vertically and horizontally in form of meetings, sign board, letter, email, sms and socialization. While for external communication, CSR manager or community relation was responsible to accept, make archive, disposition and prepare sufficient responses to stakeholder.

External communication could be in form of letter, email, facsimile, telephone, direct communication, newspaper and other.

But, Satui estate did not have list of affected parties. This is **raised as nonconformity under RSPO00741**. Satui estate also does not have documented communication with related stakeholders (input response from affected parties), **raised as nonconformity under RSPO00742**.

**CR6.3**

During 2nd surveillance, GMK Satui still hold a system for complaint handling or conflict resolution i.e. SOP no. SOP/GMK-AGRO/01/15 valid since February 24<sup>th</sup> 2014, states that :

1. Branch controller/Plantation controller/Estate Head/Mill Head/Community relation and CSR head is responsible for conflict handling.
2. Plantation controller/ Estate head/Mill head submit reports to the Department Head of CSR/community relation/Legal related to existing issues, grievance, claim, and conflict recorded in verbal or written.
3. Department Head of CSR/community relation/Legal collects related data and information.
4. When the report was assumed as priority the next step was to identify option available for decision making.
5. Assign third party as mediator if no result or no agreement among both parties. Based on branch controller, the direction board will consider and prepare policy to resolve the conflict.

**GMK Satui** has a logbook of complaint/grievances with external and internal stakeholder and archived all incoming letters. There was no letters regarding grievances and/or complaints from stakeholders and affected parties since last audit until this Surveillance. GMKS has also developed log book from internal stakeholder (worker). Check into this log book found that there are 9 grievances/complaints that have been recorded into this logbook. Issues that recorded are: base camp or housing facilities; reward and recognition for worker; personal protection equipment; box of suggestions; and housing safety regarding theft. GMK Satui has identified and documented list of stakeholders. The list has make information such as address and social status up to date. Responsible officer (public relation and legal officer) conduct regular meeting with strategic stakeholder to maintain communication. There was pictures documentation showed during audit regarding regular visit activity to stakeholders. There is some communication records have showed during surveillance, such as list of communication record 2014/2015. There are 8 meetings between company and stakeholders. Stakeholders could express their aspirations, attentions, grievances and complaints n this meetings.

**CR6.4**

During 2nd surveillance, GMK Satui still hold a system for complaint handling or conflict resolution i.e. SOP no. SOP/GMK-AGRO/01/15 valid since February 24<sup>th</sup>, 2014. This SOP covers identification, calculation and compensation procedures to communities and other stakeholder; which is a state that third party (local government) will get involved if there was no agreement made between the company and complainers. Company has provided evidences regarding negotiations and compensation records during surveillance. The only compensations records were regarding land acquisition and growth planted vegetation above (tanam-tumbuh). There was a list of land compensation showed; consist information regarding agreements since 2005 to 2015.

Each document consist records and data regarding the negotiation/compensation process and administrative legal compliment, such as: Copy of ID card; Payment Slips; Agreement; and declaration letters. The agreements has titled as “Minutes of Compensation Payment for the Release of the Rights towards the Land and Planted Vegetation above”.

**CR6.5**

Based on Company Regulation 2015 – 2017, article 8 regarding worker levelling, worker categories has divide into: staff; non-staff; permanent worker (SKU); and un-permanent worker (BHL). Documents regarding wages available for every types of worker, such as:

- a. List of permanent Worker (SKU) wage payments of each estate’s divisions and mill for first and second payment in May 2015 (SKU worker salary paid twice in a month or every 2 weeks).
- b. List of un-permanent worker (BHL) wage payment of each estate’s divisions and mill for first and second payment in May 2015 (SKU worker salary paid twice in a month or every 2 weeks).



The list consist information such as the workdays, wage, deduction (insurance and contribution), nett total payments and the workers signatures.

The definition of minimum wage has refer to Governor of South Kalimantan Decree No. 188.44/0632/KUM/2014 regarding Provision of Sectoral Minimum Wage, South Kalimantan Province, 2015. This wage consist information regarding minimum wage for agriculture sector that is IDR 1,875,000.00. This number is always adjusted every years. Company has also adjusted the minimum worker payment and issued a documents of “Standard and Policy of Non-Staff Wage improvement/Adjustment for South Kalimantan Area 2015”. This records consist information regarding wage standard for Tanah Bumbu and other area (including Satui). Checked to the payment record and wage standard documents found that company workers salary has comply with minimum wage payment regulation.

The company also issued a document regarding Norms of Piece Rate and worker premium 2015. This documents contain information regarding wage standard that has been adjusted with regulations regarding minimum wage payment. The piece rate norms on this documents consist of:

- a. Harvesting job area
- b. FFB Loading
- c. Pruning
- d. EFB application
- e. Security
- f. Transportation (FFB, EFB and shell)

GMK Satui Has developed Company Regulation 2015-2017 that appointed on June 30<sup>th</sup> 2014 by South Kalimantan Province Office of Workforce and Transmigration. As stated on this appointment letter, this company regulation took affect since July 1<sup>st</sup> 2014 and expired in June 30<sup>th</sup> 2016. The company regulation has consists 17 Chapter and 72 articles that has been deeply checked by the government and found comply with regulation.

But, found in Satui and Timur estate, they did not provide casual workers contract and payment slip. This condition **raised under nonconformity RSPO00743**.

The implementation of workers right regarding overtime has complies to regulations. Company has stated their commitment regarding overtime in Company Regulation 2014 – 2016 (Chapter VII, article 27), Overtime divide into 3 categories: regular day, weekly rest day, and official feast and religious day. Some form has been prepared and implemented as part of management system. The Overtime payment has complied with Decree Letter of Workforce Minister No. KEP.102/MEN/VI/2004 article 11 regarding overtime payment calculation.

Company has provided workers with housing, educations, and toddler and health facilities. Evidences showed during audit such as Facilities Fix Active 2015, worker complaint handling and summary of facilities maintenance plan.

Then, based on in workers interviewed, contract workers in Satui and Timur estate also did not provide workers insurance (BPJS Kesehatan/Ketenagakerjaan) and periodically medical check also did not carry out every year for both of estate. This condition **raised under nonconformity RSPO00744**.

In order to improve worker access to adequate, sufficient and affordable food, GMK Satui has facilitated Worker Cooperative to open some business regarding food supplies. Management has showed Cooperative Finance Statement per June 2015 regarding the business. Cooperative shop point for food access is located in main office area. There is no worker emplacement that located in remote area. Small food stores owned by worker also available in all emplacements with competitive affordable prices. Interview result with workers found that sometimes Cooperative management conducted “Cheap Food Program” that supported by holding company (wings-food). The food distribute to workers and sale with the basic prices.

#### **CR6.6**

Company still maintain their commitment to their policy according to respects the right to all personnel to form and join trade unions of their choice and to bargain collectively. This commitment has updated in the new Company Regulation 2014/2016, issued in June 30<sup>th</sup> 2014. Chapter XV, article 68 of these regulations stated that Company giving opportunity to all workers to form and join labour union as long as comply with all National Law and Regulations and will not disturb company operational. The same as main audit result, there’s no labour union has established in the company, or local labour union that has official relation with GMKS workers. In order to facilitate worker’s rights to bargain collectively with the management, GMKS and workers has formed Bipartite Cooperation Institution (LKS Bipartite). Based on interview to workers, they think that LKS Bipartite still could accommodate their interest regarding workforce issues. There were evidence showed regarding LKS Bipartite activities, as follows:

- a. Minutes of Meeting, July 27<sup>th</sup> 2015, attended by 23 LKS Bipartite members. The main agendas were:
  - Review of last LKS meetings
  - Preparation of Independence Day Celebration
  - BPJS Clinic

- b. Minutes of Meeting, June 20<sup>th</sup> 2015, attended by 23 LKS Bipartite members. The main agendas were:
- Collective leave-day and regulation regarding Holiday
  - Task Management during Holiday
  - Holiday Allowance
  - Worker Payment and Closing Book
  - Break Fast events planning
  - Follow-up actions regarding auditing result.

**CR6.7**

Company's regarding minimum age requirement as the commitment of not employed or exploited children is stated in some documents such as:

- a. Management Policy and Commitment, June 1<sup>st</sup> 2012, stated that Company would always open equal working and career opportunity to every citizen that comply with basic requirement, honest, above 18 years old, and meet the organization need of worker.
- b. Company regulation 2014 – 2016, article 5 regarding worker requirements, stated that one of the general requirement for worker minimum age is 18 years old, in health conditions and comply with qualifications.

Checking to worker list of BHL and SKU, May 2015 of estates and Mill found that all workers were above 18 years old. Field check in working areas such as mill, emplacement and estates conducted during surveillance. There's no child worker found employed in the fields.

**CR6.8**

Company still maintain their policy about equal opportunities for all manpower of PT GMK signed on March 3rd, 2014 that states:

1. The company gives an equal opportunity for manpower to gain the worth occupation and income.
2. The companies will places any manpower based on skill, competency and other position requirement and operational activity needs.

This policy has properly communicated to all level workers. As sighted on company's list of workers and employee there are approximately 657 workers of West Estate come from South Kalimantan Province and other province in Java island such as East Java, West Java Provinces.

During surveillance, GMKS also showed Job Vacancy announcements as evidence regarding worker recruitment. This announcements mentions general requirements such as education background, age, working experiences and personal competencies. No statements that consist of discrimination issues stated in the announcements.

Workers of all ethnicities and religions, including Muslims, Catholics and other Christian denominations are provided with their respective places of worship such as mosques and churches in each estate. No workers interviewed on-site complained about any form of discrimination from the management of the estates or mill. If any discriminative issued rise among workers and/or among workers and supervisors, workers know how to response by submitting their complaints to higher supervisor or LKS Bipartite.

**CR6.9**

PT Gawi Makmur Kalimantan management has documented a written policy to prevent sexual harassment and all other forms of violence against women, as well protection of their reproductive rights. This policy issued on March 3<sup>rd</sup> 2014 by Vice president director. This policy stated three key statements as follows:

- a. GMK aware of sexual harassment definition that covered all actions, verbal and/or non-verbal that lead to sexual and law violations.
- b. GMK against all actions that lead to sexual harassment and commit to create a better working environment that free from sexual harassment actions.
- c. GMK will give punishment/sanctions to all workers (as determined by regulations) if any sexual harassment happen.

Reproductive rights has clearly stated in Company Regulation 2014 – 2016, such as: article 36 regarding giving birth allowances and Article 42 regarding Maternity and menstruation leave. Two samples of maternity and menstruation leave records (form H1) showed during surveillance indicate that this policy has implemented.

The company already established special grievance mechanism related to the issue and handling by the gender committee. The company established a Gender Committee 2015, established in January 9<sup>th</sup> 2015, with representatives committee from each estate division (29 people in total). An appointment letter regarding official head of Gender Committee has issued by estate manager on January 05<sup>th</sup> 2015. There was a minute meeting of gender committee activity in May 5<sup>th</sup> 2015 that has 5 main agendas as follows:

- a. Gender awareness
- b. Conflict regarding Women and gender

- c. Procedure of Conflict cases handling
- d. Double function of Woman.
- e. Tips for Breastfeeding mother regarding Ramadhan

There are no sexual harassment cases, complaint and/or grievances recorded in gender committee complaint logbook. It indicates that there is no case reported so far. Interview with women workers has conducted during surveillance, they exclaim that know what sexual harassment is and what is gender based violence. They also convinced that all workers and supervisor has treated them well in working area and in emplacement. They know where and to whom they complaint and/or submit reports if any cases happened to them. But, briefing for sexual harassment for man workers in 2016 not yet carry out by company in both of two estate, also gender commity also did not have enough knowledge/training to handling sexual harassment. This condition **raised under nonconformity RSPO00746**. Also, company not established the policy and mechanism to handling workers complaint and whistle blower mechanism. This condition **raised under nonconformity RSPO00747**. The company (Satui and Timur estate) also did not have workers complaint mechanism. This condition **raised under nonconformity RSPO00745**.

#### **CR6.10**

The same result with main audit, FFB price was defined by meeting between related parties such as growers, smallholders and National Estate Agency. All interested parties can obtain this price decision from the agency by print out or sms service. There was FFB purchasing agreement with third parties as follow :

1. No. 115/PJB-TBS/GMK/X/12 on October 29th, 2012 with Usaha Sejati Mandiri Coopeartive, placed at Harapan Maji village, Batu Licin, Tanah Bumbu Regency.
2. No. 111/PJB-TBS/GMK/X/12 with Pemuda Makmur Kelapa Sawit Cooperative.
3. No. 175/PJB-TBS/GMK/III/14 with Farmer association Karyan Tani.
4. No. 136/PJB-TBS/GMK/V/2013 with Rukun Tani Farmer Group.
5. No. 105/PJB-TBS/GMK/V/12 with Cipta Prima Sejahtera Cooperative.

These all agreement has the same template that consists of terms and conditions such as: FFB requirements (minimum weight, no dura seed, not being claimed by other party), delivering procedure, location and time delivery, pricing and payment conditions. One of local FFB supplier has been met and interviewed during surveillance. He exclaims that company has conducted fairly trade with him. He also explained and showed how FFB prices information communicated to Him. A short cellular message text from GMK Marketing showed during interview session regarding FFB prices information.

On this surveillance commitment regarding fairly deal and transparently with local business also checked to other local business partner such as FFB transporter and contractors. GMKS showed list of active local business partner, consist of 4 contractors of construction services (2 from Banjarmasin, and 2 from Sei Cuka Village), and 3 FFB transporters (from Sei Cuka, Sungai Danau and Kintap Village). All of contractors has comply with regulation according to outsource requirements, and the company has conducted fairly trade with them.

#### **CR6.11**

For example, CSR implementation on 2016 : Rehabilitation of office of Pasir Putih Village, rehabilitation of mosque in Pasir Putih Village, donations for local religion teacher, July 6<sup>th</sup> 201, IDR 1,000,000, donations for local religion school operational cost, June 11<sup>th</sup> 2016, IDR 1,500,000.

Company already has CSR program on 2016, which was drafted based on result of communication and consultation with some stakeholders. Documentation and record regarding consultation process has showed during surveillance. Some records samples such as payment and minutes has been checked during surveillance and found complied.

The results of interviews with the local people who are in Pasir Putih village which are known that the existence of the company will help to improve the community in the field of economy, employment and the opening of new business opportunities.

#### **CR6.12**

Based on Company Regulations, article 7, letter (e) stated that Special/Foreign Employee is foreign employee that bonded by working relations with the company that has been permitted as Foreign Worker from National Government (cq. Ministry of Workforce and Transmigration). This statement is documented policies regarding company's policy for not employ trafficked workers. Checking in to the list of worker 2016 for permanent and un-permanent workers found foregin workers in company, but the company did not have any mechanism for this foreign workers. This condition **raised under nonconformity RSPO00748**.

#### **CR6.13**

Gawi Makmur Kalimantan has published their commitment regarding respecting human rights that documented as

Company policy in July 1<sup>st</sup> 2015, signed by Vice President Director. This policy stated that GMK as a company respects Human Rights of worker and business associates, that detail as follows:

- a. Commitment to comply all Law and regulations, national and verified international laws of Human Rights.
- b. Respects every workers right to join organization as long as not conflicted with government regulations.
- c. Respects every workers right to conduct their private rights as long as along with culture, customs and regulations.
- d. Open working opportunities to every citizen that comply with company's requirement and qualification process.
- e. Giving guarantee to all workers from disturbances, harassment and physical threats and/or verbal to personal and family members.
- f. Prohibit discriminative attitude and threats based on gender, race, ethnic and religion, to all workers.
- g. Will for not conducting working agreement with other organisations that has been recognised and/or indicatively suspected conducting practices that not complied with Human Rights Principles.

During this surveillance, GMKS has showed evidences regarding socialization of Human rights policy, such as:

- a. Meeting attendant list and photo documentation, June 09<sup>th</sup> 2015, Division I, attended by 13 workers.
- b. Meeting attendant list and photo documentation, June 09<sup>th</sup> 2015, Division III, attended by 13 workers.
- c. Meeting attendant list and photo documentation, June 30<sup>th</sup> 2015, Division II, attended by 9 workers.
- d. Meeting attendant list and photo documentation, June 30<sup>th</sup> 2015, Division IV, attended by 12 workers.

But found some article in company regulation in Article No.42 mentioned "workers can get Hajj leave if he/she was worker in one (1) year minimum. This is not compliance with human rights policy. This condition was **raised under nonconformity RSPO00749**.

**Compliance status: Non Compliance**

**NCR RSPO00737**

The SIA document not specific explain about impact for each village around the estate, then this SIA document also did not covered about explanation for food source for community, land access, cultural and religion value, public facilities such as education, health facility, and others.

**NCR RSPO00738**

When carried out SIA document verification, found that SIA document could not show evidence that SIA document was developed with stakeholder consultation process.

**NCR RSPO00739**

SIA management plan available in place, but the SIA management plan not showed time table to each program, and also there is no monitoring mechanism to ensure the impact mitigation already effective or not.

**NCR RSPO00740**

Record of stakeholders consultation also not found in place (Satui estate).

**NCR RSPO00741**

Satui estate did not have list of affected parties.

**NCR RSPO00742**

Satui estate also does not have documented communication with related stakeholders (input response from affected parties).

**NCR RSPO00743**

It was found in Satui and Timur estate, both of estate did not provide casual workers contract and payment slip.

**NCR RSPO00744**

Based on in workers interviewed, contract workers in Satui and Timur estate also did not provide workers insurance (BPJS Kesehatan/Ketenagakerjaan) and periodically medical check also did not carry out every year for both of estate.

**NCR RSPO00745**

The company (Satui and Timur estate) did not have workers complaint mechanism.

**NCR RSPO00746**

Briefing for sexual harassment for man workers in 2016 not yet carry out by company in both of two estate, also gender commity also did not have enough knowledge/training to handling sexual harassment.

**NCR RSPO00747**

Company not established the policy and mechanism to handling workers complaint and whistle blower mechanism.

**NCR RSPO00748**

Checking in to the list of worker 2016 for permanent and un-permanent workers found foregin workers in company, but the company did not have any mechanism for this foreign workers.

**NCR RSPO00749**

Found some article in company regulation in Article No.42 mentioned "workers can get Hajj leave if he/she was worker in one (1) year minimum.

**Principle 7: Responsible development of new plantings**

**Criteria assessed: CR7.1; CR7.2; CR7.3; CR7.4; CR7.5; CR7.6; CR7.7; CR7.8**

**Criteria not assessed: -**

**Findings:**

There is no planted area was carried out start from November 2015, because the youth planted based on field visit and planted record was in 2002. But based on EIA document explanation in 1997, the previous condition before palm oil plantation developed, was consist of 80% shrub (majority) and 20% secondary forest, with vegetetion has found little vegetation was Shore sp, Dipterocarpus sp, Palaquium sumatranus, Eusideroxylon zwageri. This EIA document has approval number 624/BA.5/XII/1997. So this principle and criteria not applicable for this time.

**Compliance status: Not Applicable**

**Principle 8: Commitment to continuous improvement in key areas of activity**

**Criteria assessed: CR8.1**

**Criteria not assessed: -**

**Findings:**

Based on 2nd surveillance audit, Satui Palm oil Mill and supply based (Satui and Timur estate) has strong commitment to implement the continuous improvement related RSPO principle and criteria implementation. Even, found several nonconformity as explained above, but the company could showed the commitment. The company commitment, such as:

1. In 2016, in Satui Palm Oil Mill they in process for methane trap project to catch the methen for potential energy source to minimize the GHG emission. Based on field assessment, contractor on process to build the bioreactor.
2. Chemical use per hectare application, showed that company has commitment to minimize the chemical use year per year.
3. For IPM, based on census monitoring the level attack was low, because estate implemented the biological control through the *Turnera subuluta* and *Tyto alba*.
4. Water source, riparian bufferzone also maintained well by company, HCV area also protected well, whereas especially for RTE species, estate not completed carried out monitoring, but HCV area was in good condition.

**Compliance status: Full Compliance**

### 3.2 Status of Previously Identified Non-conformities

During the 1st surveillance assessment certification, non-conformities against the RSPO Principle and Criteria for 2013 found. This non-conformities consist of 7 major and 10 minor classified, with total nonconformity was 17 non-conformances.

The company is given a timeframe to close all major non-conformities within 60 days and at time of first submission of this report to the RSPO.

For the minor non-conformances, the company has provided their planned corrective action against these and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as:

**Criteria 1.2.1** Publicly available documents shall include, but are not necessarily limited to: Land titles/user rights, Occupational health and safety plans, Plans and impact assessments relating to environmental and social impacts, HCV documentation, Pollution prevention and reduction plans, Details of complaints and grievances, Negotiation procedures, Continual improvement plans, Public summary of certification assessment report, Human Rights Policy.

#### **NCR 2015 – 01 of 17 (Major Non Conformity)**

The publicly available document lists not yet explicitly mentioned documents required by RSPO P&C such as: Environment and Social Impact Management Plan and report; HCV; Negotiation Procedures; Public Summary of certification assessment; Human Rights policy and Code of Ethical Conduct policy.

#### **Correction:**

Revised the procedure number SOP/GMK-AGRO/01/08 about External and Internal Communication, with complete by RSPO publically available document, such as plan and report of environmental and social impact; HCV report, negotiation procedure and others.

#### **Corrective Action:**

Ensure the revised procedure was complet by RSPO publically document accordance to RSPO requirements, such as Environment and Social Impact Management Plan and report; HCV; Negotiation Procedures; Public Summary of certification assessment; Human Rights policy and Code of Ethical Conduct policy.

#### **Auditor Conclusions : Closed**

**Date of closure : September 30, 2015**

#### **Verification results :**

Company has revised their documented procedure according to publicly available document No. SOP/GMK/AGRO/01/08, on August 10<sup>th</sup> 2015, regarding additional publicly available documents. On page 4, sub chapter "External Communication", points 3 has mentions additional documents as required by RSPO P&C as Follow:

- a. Environment and Social Impact Management Plan and report;
- b. HCV;
- c. Negotiation Procedures;
- d. Public Summary of certification assessment;
- e. Human Rights policy and Code of Ethical Conduct policy.

This revised procedure has been communicate and socialized to relevant stakeholders such as local formal and un formal community leaders. Evidences showed regarding the socialization process such as:

- a. Attendant List of SOP External and Internal Communication Socialization, August 24th 2015, attended by 10 people of local community leader surroun Kebun Barat and Kebun Tengah Estates.
- b. Minute Meeting: SOP External and Internal Communication Socialization, August 25th 2015, prepared by Community Relations and acknowledged by Site Manager.
- c. Pictures: Photos regarding SOP socializations.

**Criteria 2.1.1** Evidence of compliance with relevant legal requirements shall be available.

**NCR 2015 - 02 of 17 (Major)**

- a. Check into contract documents regarding harvesting workers found that they were not part of SKU (PKWT) or BHL worker. GMKS develop collective agreement letter with groups of harvester. This contract has complied with minimum wage requirement but not comply with regulation regarding worker status. According to national regulations, harvesting as a main flow production process must not be outsourced.
- b. The norm of Piece Rate payment for Sunday and national holiday has not yet synchronized with Ministry of Workforce and Transmigration regulation no. 102 year 2004 regarding overtime. In this regulation, working in Sunday (and national holiday) defined as overtime, so the payments must comply with overtime payments regulation (the different between regular day and Sunday/holiday piece rate still too small).
- c. Checking for payroll statements for last 6 months of BHL worker of Mill and Estate has showed during surveillance found that some of BHL workers have been working for 21 days more than three months in a row. The Company has not yet convert/upgrade their status from BHL worker to PKWT/PKWTT worker. This finding has not comply with national regulation (Workforce and Transmigration Minister Decree No. 100/2004).

**Correction :**

- a. Management would develop contract for all worker (harvesting/maintenance) gradually.
- b. Management would develop formulation regarding overtime in Sunday and national holiday.
- c. Calculate minimum harvesting Worker and convert their status from daily un-permanent worker into daily permanent worker gradually.

**Corrective Action :**

- a. Ensure that the contract for all worker (harvesting/maintenance) has develop gradually.
- b. Ensure that Management develop formulation regarding overtime in Sunday and national holiday.
- c. Ensure Worker conversion status from daily un-permanent worker into daily permanent worker gradually.

**Auditor Conclusions : Closed**

**Date of closure : December 4, 2015**

**Verification Result :**

- a. Direct Contract
  - List of worker contract issued in October 1st 2015, prepared by HRD Staff and recognized by HRD Manager. There are 11 workers has direct contract with GMK.
  - Contract Sample: GMK with Jamhari signed in October 1th 2015 by both parties. This contract has clearly stated worker rights such as working hour; salary; insurance and code of conduct.
- b. Overtime. Management has issued new Norm of Piece Rate 2015 for South Kalimantan. This norm has clearly stated piece rate of regular day and Sunday/holiday for all piece rate working order.
- c. Worker Status Conversion
  - Worker Status Conversion Program from BHL to PHT, October 1st 2015, prepared by HRD Staff and recognized by HRD Manager. This document show management program for worker conversion from 2015 to 2022 based on minimum worker need assessment.
  - Worker Assessment Test result, October 1st 2015, prepared by HRD Staff and recognized by HRD Manager.
  - Recommendation letter (email) from Mill to GMK regarding workers who recommended to be converted into daily permanent worker.

**Criteria 2.1.2** A documented system, which includes written information on legal requirements, shall be maintained.

**NCR 2015 - 03 of 17 (Minor)**

The company has not input 2 related regulations regarding workforce, such as Minister of Workforce and Transmigration Decree No. 100/2004 regarding working agreement and 102/2004 regarding overtime.

**Correction :**

Input the regulations issued by Ministry of workforce and transmigration regarding worker status (100/2004) and overtime (102/2004) into Law Registers.

**Corrective Action :**

Make sure that all relevant regulation issued by Ministry of workforce and transmigration, especially regarding worker status (100/2004) and overtime (102/2004) would be input into the Law Register documents.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: Date of closure: July 4, 2016**

**Verification Result:**

During the 2 surveillance audit, it was confirm and verification the law and regulation list book, all regulation has put into company law and regulation book, include regulation No. 100/2004 and 102/2004. And copy of law and regulation already inform to estate (Satui and Timur estate).

**Criteria 2.1.3** A mechanism for ensuring compliance shall be implemented.

**NCR 2015 - 04 of 17 (Minor)**

- a. The company was stated on the CAR's report that the company will not carried out the manuring, harvesting activity and will excluded the planted area was planted outside the land use rights (HGU), but based on field visite and hectarage statement, the company not consistent and still carried out the activity.
- b. East estate also Satui Palm Oil Mill OSH committee still not authorised by related government agency as it was required by Ministry of manpower regulation no.Per-04/Men/1987 releted OSH committee, including their regular quarterly reporting to the government since quarter II, III and IV 2014 periods and for quarter I and II 2015 periods.
- c. Annual Routine medical laboratory examination still not perform yet as required by Permenakertrans No.2/MEN/1980.
- d. Report of RKL and RPL monitoring result for period IV year 2014 for soil analysis result still not conducted and still not submitted to Governor of South Kalimantan, Ministry of Environmental and Environmental Official Agency of Tanah Bumbu Regency.

**Correction :**

- a. Complete the list regulation by added the regulation number 100/2004.
- b. Develop communication to the Man Power Official Agency about OSH Committee Approval, and reported periodically to related official agency.
- c. Develop the annual routine medical laboratory for all palm oil mill workers accordance to related regulation.
- d. Develop the soil analysis program in 2015/2016 and reported to the related official agency.

**Corrective Action :**

- a. Ensure the all related regulation will complete and available on regulation company list.
- b. Ensure the OSH committee approval progress will follow up and ensure the periodically report every 3 months will reported.
- c. Ensure the annual medical routine for all palm oil mill workers will implemented
- d. Ensure the soil analysis program in 2015/2016 will carry out and reported to the related official government.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: July 4, 2016**



**Verification Result:**

During 2 surveillance audit, the company already closed previously nonconformity, such as:

- a. Based on field assessment, manuring and harvesting records for 2016, planted area outside the land use rights (HGU) already exclude by the company in the hectarage statement and this area was include in cooperation/KUD. Legal entity of the "KUD" already available in place.
- b. OSH committee already carried out periodically meeting in time, and complete by minutes of meeting as evidenced. The complete information about minutes of meeting of OSH committee already explained in Principle and Criteria 4.7.
- c. Company has done carried out periodically medical surveillance for chemical workers and other workers who work in high risk location. Completed explanation already in principle and criteria 4.7
- d. Based on environmental report for 2016, soil analysis result has put in the report an reported to the related official government.

**Criteria 2.2.1** Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available.

**NCR 2015 – 05 of 17 (Major)**

- a. The Timur Estate still carried out the manuring, harvesting activity and put in the areal was planted outside the HGU in to the hectarage statement, so this is non-compliance with corrective and correction action submitted for closed the previous audit. This is last major non-conformity. (NCR 2014-05 of16)
- b. The company can no showed the progress of land use rights process of some area was categorized as a forest production cenversion area, last correspondence was in 2014.
- c. There is discrepancy between hectarage statement with planted area controlled by company.

**Correction :**

- a. The company will develop application to cooperatives development for area outside the land use rights. Because this area will excluded from land use rights and will develop to cooperatives. And all maintenance activity sill stopped until cooperatives progress finish.
- b. Make latter to the Head of Land Agency of South Kalimantan Regency related to land use rights process approval towards to area was managed by company (Barat, Tengah and Timur).
- c. Total area based on hectarage statement was 4,214.21 Ha and it is no 4,124.12 Ha, and land use rights area was 4,026 Ha added with cadastral process was 330 Ha. So the permit license total was 4,356 Ha. So there is no dicrapancy, it was mistaken information.

**Corrective Action :**

- a. Ensure the application letter about cooperatives development for area outside the land use rights will process by official agency related.
- b. Ensure the application letter will response by related official agency for (Barat, Tengah and Timur) was managed by company
- c. Ensure the all related document for land use rights will complete and there is no mistake again.

**Auditor Conclusions : Closed**

**Date of closure: September 30, 2015**

**Verification result :**

The company was submit the evidenced, i.e.:

- a. Application letter for cooperatives development number 518/494/Indagkop & UKM/VIII/2015, dated on August 31, 2015. The letter was mentioned about the application letter for cooperatives development complete by attachment letter such as deed of incorporation, minutes of meeting, cooperatives organization and others.
- b. Application letter number 007/Dir/GMK/JKT/VIII/15 dated on August 19, 2015. This letter addressed to the Head of Land Agency of South Kalimantan.
- c. Hectarage statement will complete by new and correct information and total amount area compliance with land use rights document and plantation permit.

**Criteria 4.1.2** A mechanism to check consistent implementation of procedures shall be in place.

**NCR 2015 - 06 of 17 (Minor)**

- a. Mechanism of effectiveness monitoring procedure implementation still no available.
- b. There is found some procedure inconsistency such as procedure number SOP/GMK-AGRO/02/08; SOP/GMK-SMK3/01/14; SOP/GMK-AGRO/03/03; SOP/GMK-AGRO/10/01; SOP/GML-AGRO/03/04.

**Correction :**

- a. Creating a program or mechanism to monitor the effectiveness of the entire SOP implementation.
- b. Effectiveness evaluation procedure program was complete by for all procedure in GMK-Satui

**Corrective Action :**

- a. Ensure the monitoring program will implemented for all procedure in GMK-Satui
- b. Ensure the procedure effectiveness will implemented for all procedure in GMK-Satui.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Verification result:**

Based on 2nd surveillance, company has established the mechanism to ensure procedure implementation, whereas ensuring will carry out every once year through the internal audit. Based on field assessment and document check, all procedure already implemented well, and company also carried out internal audit to check that company procedure has implemented and records of internal audit for 2016 also available in place.

**Date of closure: Date of closure: July 4, 2016**

**Criteria 4.1.3** Records of monitoring and any actions taken shall be maintained and available, as appropriate.

**NCR 2015 - 07 of 17 (Minor)**

Records of monitoring the implementation of SOPs are not available, then the organization cannot perform an evaluation to measure the effectiveness of SOPS.

**Correction :**

Creating a program to monitoring the SOP implementation and record the result as an effectiveness evaluation

**Corrective Action :**

Ensuring program to monitoring the SOP implementation conducted and record of monitoring results delivered well and documented

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Date of closure: July 4, 2016**

**Verification result:**

Based on 2nd surveillance, company has established the mechanism to ensure procedure implementation, whereas ensuring will carry out every once year through the internal audit. Based on field assessment and document check, all procedure already implemented well, and company also carried out internal audit to check that company procedure has implemented and records of internal audit for 2016 also available in place.

**Criteria 4.2.1** There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible.

**NCR 2015 - 08 of 17 (Minor)**

- a. There is no solid application procedure available.
- b. Found the marginal soil in field number F14, F15 Div II, but there is no evidence record to increase the soil fertility.

**Correction :**

- a. Develop the related procedure for solid application for organic fertilizer of palm oil.
- b. Develop the program for maintenance and increase the soil fertility in marginal soil.

**Corrective Action :**

- a. Ensure the procedure develop very well accordance to GMK-Satui condition related to solid application.
- b. Ensure the program for soil fertility maintenance will implemented for all marginal soil in GMK-Satui.

**Auditor Conclusions: Closed**

**Date of closure: July 4, 2016**

**Verification result :** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Verification result:**

Company has procedure for solid waste application. This procedure has explained how to handle solid application in filed to minimize potential environmental pollutant. During field assessment and work records, there is no any solid application during the surveillance.

**Criteria 4.2.2** Records of fertiliser inputs shall be maintained.

**NCR 2015 – 09 of 17 (Minor)**

Record of fertilizing input output recording was no record very well. Because found the discrepancy of expenditure slip with warehouse recording book.

**Correction :**

Operational system and recording in system management for all activity carried out based on worker flowchart system and systematic.

**Corrective Action :**

Ensure the work mechanism and recording process for all activity will implemented and carry out by person in-charge.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Date of closure: July 4, 2016**

**Verification result:**

Based on fertilizer records and fertilizing implementation and also expenditure records from the fertilizer storage, between input and output fertilizer are met and also application dosage meet with the recommendation from foliar sampling.

**Criteria 4.5.1** Implementation of Integrated Pest Management (IPM) plans shall be monitored.

**NCR 2015 – 10 of 17 (Major)**

There is no EWS record carry out in every months accordance to procedure number SOP/GMK-AGRO/02/03, mentioned that EWS should be carry out in every mounth.

**Correction :**

Carry out the EWS recording activity accordance to company procedure.

**Corrective Action :**

Ensure the EWS recording will implement and also for all activity in GMK-Satui will recorded very well accordance to company procedure.

**Auditor Conclusions: Closed**

**Date of closure: September 30, 2015**

**Verification result :**

The company has submitted the EWS monitoring form for 2015 in December for caterpillar and bagworm, for division I and II. Based on EWS recording there is no high level attack, the level attack was low.

**Criteria 4.7.5** Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.

**NCR 2015 – 11 of 17 (Minor)**

It was found a Hydrant in the Satui Palm Oil Mill which is using not only for firefighting purpose, it has been used for another cleaning activities in the palm oil mill area.

**Correction :**

Maked the brief program about hydrant usage and function.

**Corrective Action :**

Ensure the all workers in Satui Mill will understand well about hydrant.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Date of closure: July 4, 2016**

**Verification result:**

Company already carried out briefing to increase the workers knowledge about the hydrant function, in 2016, and based on field assessment in the Satui Palm Oil Mill there is no found any hydrant used again for others function.

**Criteria 5.2.2** Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan.

**NCR 2015 – 12 of 17 (Major)**

Found that the river rehabilitation and timeline was not plan well in Timur Estate.

**Correction :**

Develop the river rehabilitation with timeline, objective and PIC related for all riparian in Timur Estate.

**Corrective Action :**

Ensure the rehabilitation river program will implement well and will evaluate.

**Auditor Conclusions: Closed**

**Date of closure: September 30, 2015**

**Verification result :**

The company was submitted the river rehabilitation program for all river in Timur estate complete by timeline, objective and PIC related for 2016.

**Criteria 5.2.4** Where a management plan has been created there shall be ongoing monitoring: The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the management plan.

**NCR 2015 – 13 of 17 (Minor)**

Found there are no monitoring record for HCV RTE species in Timur estate, and record of wildlife animal monitoring.

**Correction :**

Develop the HCV monitoring plan for all RTE species and reported periodically

**Corrective Action :**

Ensure the HCV monitoring plan for RTE species will implement well and will evaluate the effectiveness.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: July 4, 2016**

**Verification result:**

During 2nd surveillance, company already carried out RTE species monitoring, and the monitoring result available in place, and during field assessment there is no found any disturbance in the HCV area.

**Criteria 5.3.2** All chemicals and their containers shall be disposed of responsibly.

**NCR 2015 – 14 of 17 (Major )**

Based on PT Nazar's license from Environmental and Forestry Ministry No. 06.8.05 year 2015 dated May 13<sup>th</sup>, 2105, PT Nazar as a partner PT GMK to collect and transport hazardous and toxic waste is not allowed to handle agrochemical container, but in fact this company collect and transport that kind of waste. PT Wastec Internasional, PT Muhtomas and PT Job colouring as a partner of PT Nazar and PT GM process and utilize hazardous waste does not have valid license to handle the waste. PT GMK cannot show a valid license of those companies in the contracts. This condition causing uncertainty of safety waste handling and waste disposed of responsibly.

**Correction :**

Request copies of licenses/permits from PT NAZAR for collecting, transporting and utilizing chemical containers waste, request of PT Waste license, PT Muhtomas license and related document.

**Corrective Action :**

Ensuring document control and monitoring system for recording run properly.

**Auditor Conclusions: Closed**

**Date of closure: September 30, 2015**

**Verification result :**

The company has delivered a license/permit of PT Nazar which includes the handling of chemical container. License issued by Transportation Ministry on December 15<sup>th</sup>, 2104 No. KL.204/2/4/DN-14 for transportation of hazardous waste as well as license for solid and liquid waste include chemical container collection issued by Environment Agency of South Kalimantan Province on May 20<sup>th</sup>, 2014 No 1 year 2014. In addition, PT Nazar also include progress of permit extension of PT Wastec International which has been responded by the Environmental Ministry on January 20<sup>th</sup>, 2015, and license of PT Muhtomas No. 07.88.12 year 2014 issued by the Environmental Minister on December 4<sup>th</sup>, 2014 valid for three years, meanwhile PT Job Colouring is no longer involved in hazardous and toxic waste disposed.

**Criteria 5.5.1** There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.

**NCR 2015 – 15 of 17 (Major)**

Found the rubbish burned in front of Satui workshop.

**Correction :**

Carried out the waste management, how to handling to domestic wate from all activity in Satui.

**Corrective Action :**

Ensure the waste management handling for domestic waste implemented well.

**Auditor Conclusions: Closed**

**Date of closure: September 30, 2015**

**Verification result :**

The company has submitted the record of waste management for domestic waste handling for all workers from housing and office, carried out in August 2015, was attendand by 25 people from harvesters, sparyers, foreman, and others.

**Criteria 5.6.2** Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.

**NCR 2015 – 16 of 17 (Major)**

There is no work program for minimize and reduce the emission source, pollution and significant GHG in Satui Mill.

**Correction :**

Develop the work program to minimize and reduce the emission source, pollution and significant GHG from all activity in Satui estate and mill

**Corrective Action :**

Ensure the work program will implement properly.

**Auditor Conclusions: Closed**

**Date of closure: September 30, 2015**

**Verification result :**

The company has submitted the work program for reduce and minimize the emission source, pollution and significant GHG for 2016 accordance to all activity was identified by company.

**Criteria 5.6.3** A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.

**NCR 2015 – 17 of 17 (Minor)**

Mill and both of estate still no has work program to reduce and minimize the significant emission and pollution and there is no record for that implementation.

**Correction :**

Conduct the GHG calculation based on GHG RSPO tools.

**Corrective Action :**

Ensure the GHG calculation was correct and complie with RSPO GHG Tools version.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Date of closure: July 4, 2016**

**Verification result:**

During 2nd surveillance, company already has commitment to minimize the highest significant pollutant based on GHG calculation, and the highest was POME. Satui Palm Oil mill has show the work progress of methane trap to catch the methane and tranfrom the methane gas into potential energy source.

### 3.3 Identified non-conformances, corrective actions taken and auditors conclusions

A total of 31 nonconformances were identified during the 2nd surveillance audit. These consisted of 17 nonconformity categorized as major non-conformities and 14 nonconformity categorized as minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances, and this was verified by the audit team through documented evidence submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

**Criteria 1.1.1** There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.

**NCR RSPO00720 (Minor)**

When stakeholder list verification and interviewed, found:

1. That list of stakeholders from Satui Palm Oil Mill and Satui Estate still not categorized based on level of interest.
2. Satui Palm Oil Mill and Estate stil did not have clearly timing process to carry out the stakeholder update.
3. Satui Palm Oil Mill and Estate did not yet carried out the information dissemination to related stakeholders.
4. Found some stakeholders did not understand well about policy and procedure of the company. This case found in Satui Barat village, Pendamaran Jaya village, Jombang, Al-Kutsar and Setarap village.

**Correction:**

1. Create list stakeholder list based on community categorize
2. Create procedure will set about time to update the stakeholder list
3. Create program to communicate all company policy to all affected parties/related stakeholders.
4. Create plan to communicate/briefing all company policy and procedure to all village located near to the company.

**Corrective action:**

Ensure the company procedure will set about time table to update stakeholder list periodically, and ensure all affected parties will register in stakeholder list, and ensure that program to dissemination/briefing all company procedure and policy to the related stakeholder will implemented properly.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 1.1.2** Records of requests for information and responses shall be maintained.

**NCR RSPO00721 (Major)**

Procedure No. SOP/GMK-AGRO/01/08, rev. 04, regarding "Procedure of Internal and External Communication", published in April 1<sup>st</sup> 2015 did not show the time table to respons every information request from related stakeholder. Also, Satui Palm Oil Mill and Estate did not maximal yet to communicate/brief the all policy such as negotiation and compensation procedure; complaint procedure; human rights procedure; social impact assessment management plan and environmental plan and also HCV document to related stakeholders.

**Correction:**

Set in time table to response all information request inside the procedure, and create program to communicate all company policy and procedure to all affected parties, espcecilly related to information request.

**Corrective action:**

Ensure that company procedure already set time table related information request response, and ensure all information request will response accordance to the company procedure.

**Verification result:**

1. Company submitted the new procedure document No.SOP/GMK-AGRO/01/08 Rev06, dated on November 1, 2016 about internal and external communication. This procedure mentioned that every internal and external communication will response minimum within 30 days.
2. Record of procedure briefing to the stakeholders related on on December 25, 2016, attendant by 10 person from all related parties.
3. List of affected parties in Satui estate, there are 16 person who came from Jombang, Satui Barat, Pendamaran Jaya, Al-Kuatsar, Setarap village

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 2.2.3** Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC).

**NCR RSPO00722 (Minor)**

Potential land conflict in Satui estate has identified. And the company has established the mechanism to solve this conflict through the FPIC process procedure, but the implementation not documented properly.

**Correction:**

Create the systematic conflict mechanism to solve the conflict if any, especially for land conflict.

**Corrective action:**

Ensure the conflict mechanism will implemented well, and all records related that will kept.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit



**Date of closure: September 24, 2017**

**Criteria 2.2.5** For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable).

**NCR RSPO00723 (Minor)**

Estate has potential land conflict map, whereas the map showed the location land dispute/enclave area between local community, but there is no evidence that this map developed under participatory mapping.

**Correction:**

Create the participatory mapping procedure.

**Corrective action:**

Ensure the participatory mapping procedure available in place, and implemented well, and also every land conflict solve process will through the participatory mapping process.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 2.3.1** Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).

**NCR RSPO00724 (Major)**

The company has established the procedure of FPIC, but this procedure not completed yet adopt of FPIC procedure issued by RSPO. Then, land dispute map also available in place, but there is no enough evidence that the map developed under participatory mapping process.

**Correction:**

Revised the FPIC procedure, with added new FPIC mechanism inside, and also create land use map (land conflict map) with participatory mapping process.

**Corrective action:**

Ensure the FPIC procedure already complete with new FPIC mechanism issued by RSPO, and all land conflict map will create under participatory mapping process.

**Verification result:**

1. Company submitted the new revision procedure No.SOP/GMK-AGRO/05/02. This procedure already add new information related FPIC process.
2. Participatory result mapping with Pendamaran Jaya village and Setarap village, whereas this map has signed by all affected parties.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 2.1.1** Evidence of compliance with relevant legal requirements shall be available.

**NCR RSPO00725 (Major)**

The company has list of legal requirements. The company also has copies of the legal compliance. Some of the compliance regulations have not been implemented by the company such as:

- Based on field visit to Satui Office found the contents of the first aid box does not accordance with the

Labor Regulation (Permenaker No. 15 year 2008).

- Operator in Satui Estate i.e dump truck operator, compactors and tractor do not have a safety license (SIO) in accordance with Permenakertrans No. 9 year 2010 about operators and aircraft Officer of lift and transport.
- Officers who operating the welding in the workshop area does not have the qualifications of welders in accordance with Permenaker No. 2 year 1982 about the qualification of welders at working area (Satui POM and Kebun Tengah).
- Workers who was work in high risk work station didn't conduct medical surveillance (Permenaker No 2/1980)

**Correction:**

1. Create the first aid box list, and fillup the first aid box as mentioned in regulation No.Permenaker 15/2008.
2. Registered all operators and training all operators to get their license.
3. Make training program for welder periodically.
4. Make medical surveillance program for all workers who was work in high risk work station.

**Corrective action:**

1. Ensure the first aid box will fillup accordance to the regulation and available in work place.
2. Ensure all operator required by regulation should registered and training to get operator license.
3. Ensure all welder will training to increase the competency.
4. Ensure all workers who works in high risk work station will get periodically medical surveillance.

**Verification result:**

1. Company submitted the memorandum letter No.003/HSE-BJM-1/GMK/IX/2016 dated on October 01, 2016 about first aid box content should accordance to the regulation.
2. Purchased record date on October 13, 2016 for first aid box content purchased.
3. Operator license training program for 2016, whereas the training will carry out periodically based on company budget (September – December). This training program signed on September 26, 2016.
4. Welder training program, will carry out on December 2016. This is same document with number "3" above.
5. Result of audiometry test for all workers who works in high risk work station, whereas the test done on September 20, 2016. There are 9 person has done to checked, and they are in normal and good condition to continue they work.
6. Invitation letter for heavy equipment operator training, whereas the company will send they heavy equipment operator to get training.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**2.1.3 A mechanism for ensuring compliance shall be implemented.**

**NCR RSPO00726 (Minor)**

The Company has a mechanism through internal audits to assess compliance with regulations once a year. Based on internal audit schedule for Kebun Barat was conducted in May 2016. Some of the regulation does not compliance, such as:

- Permenakertrans No. 9 year 2010 about operators and aircraft Officer of lift and transport
- Permenaker No.15 year 2008 about contents of first aid box
- Permenaker No.2 year 1982 about the qualification of welder in the work place
- Permenaker No 2/1980

**Correction:**

Make some program to ensure the law and regulation evaluation compliance.

**Corrective action:**

Ensure the program will be implemented and ensure all law and regulation related against to the company activity

will fulfill and all records related that will kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**4.1.4** The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB).

**NCR RSPO00727 (Major)**

The company has procedure No.SOP/GMK-AGRO/01/20 Rev0 issued date on August 31, 2015 about FFB third party source. But, this procedure not explained much about how to ensure that FFB third party already meet with national regulation.

**Correction:**

Give the correct procedure to the auditor i.e.: procedure No.SOP/GMK-AGRO/01/23 about FFB traceability procedure.

**Corrective action:**

Ensure the procedure above implemented well, and all FFB third parties could be trace and all third parties FFB also could from responsible source.

**Verification result:**

The company submitted procedure No.SOP/GMK-AGRO/01/23 about FFB traceability procedure. this procedure already set about how to ensure they FFB third parties are legal accordance to the regulation, such as in point 4.1.3 inside the procedure already clearly mentioned that all third parties FFB source should have: company license, tax registre number, identity card of company holder, land map, land license, information related planted year, seed origin and others.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**4.2.3** There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status.

**NCR RSPO00728**

The company has established procedure related trees census and trees sampling (SOP/GMK-Agro/02/11 revision 01 effective date June 7, 2013). The procedure does not state the time schedule for leaf and soil analyze.

**Correction:**

Complete the procedure No.SOP/GMK-AGRO/02/11 with time schedule for leaf and soil analysis sampling.

**Corrective action:**

Ensure that leaf and soil analysis sampling will carry out accordance to the company procedure, and all records related that will kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**4.4.1** An implemented water management plan shall be in place.

**NCR RSPO00729 (Minor)**

The company has carried out the water surface analysis but, the result not covered all water surface accordance to the environmental monitoring and management plan matrix (RKL-RPL).

**Correction:**

Create the water surface quality analysis accordance to the RKL-RPL document requirements.

**Corrective action:**

Ensure all river and natural stream as required in RKL-RPL document will analysed to ensure the water surface quality accordance to the regulation, and all analysis result will kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**4.7.4** The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.

**NCR RSPO00730 (Major)**

The company has person in charge to implement of safety and health that has been stated on Committee of Occupational Health and Safety. The company does not make the re-endorsement related composition of occupational health and safety committee where the name on behalf Nazar Fahrizal has resigned.

**Correction:**

Create the request letter related revision of person incharge in OSH committee and submitted the letter to Official Government.

**Corrective action:**

Ensure every changed person, the OSH committee also should be revision and reported to the Official Government.

**Verification result:**

Company has submitted the letter No.094/GMK-HRD/2016 dated on October 21, 2016. This letter explained that company request and inform to Official Government that they OSH Committee has been changed. The letter also complete with OSH organizational structure. And this structure has been approved by Official Government indicated by Stamp and Signed from related official government.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 4.8.1** A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.

**NCR RSPO00731 (Major)**

The company does not have list of the training that has been owned by each personnel both for the staff, workers, smallholders and contract workers.

**Correction:**

Create the training information list for all training has done and will coming accordance to training program.

**Corrective action:**

Ensure all training program will implemented accordance to the budget and all training records will input into the list and all records will kept well.

**Verification result:**

Company submitted record of training information list. On this document clearly explained about training records every workers, and also educational background.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 5.2.2** Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan.

**NCR RSPO00732 (Major)**

Based on HCV assessment report, found some RTE species identified, but there is no found evidence that the RTE species monitored to enhance and maintain the RTE species.

**Correction:**

Make it program to monitor all RTE species has been identified by HCV assessment.

**Corrective action:**

Ensure all RTE species will monitoring and the result will records for management plan feedback.

**Verification result:**

The company submitted the result species monitoring. This document covered monitoring for RTE species and non RTE species. Based on monitoring record, there are still found RTE species located in company concession area. this is indicated that the species still exist.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 5.2.4** Where a management plan has been created there shall be ongoing monitoring: The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the management plan.

**NCR RSPO00733 (Minor)**

Estate also has conduct the HCV monitoring for 2015 and 2016, but this monitoring not fully based on HCV management plan as stated in the HCV document assessment.

**Correction:**

1. Create the specific monitoring plan accordance to the HCV management plan document.
2. Create the monitoring list for all species, especially for RTE species

**Corrective action:**

Ensure the HCV management plan will implemented, and all species as mentioned in the HCV report will monitoring and the result will records and kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 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.

**NCR RSPO00734 (Minor)**

There is no found written commitment together between company and community to maintain and protect the HCV area together.

**Correction:**

Create the agreement letter to all community who they land site-aside with HCV area to make together commitment to protect and conserve the HCV area.

**Corrective action:**

Ensure the agreement letter will communicate to all related community, and implemented, also the records will kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 5.6.2** Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.

**NCR RSPO00735 (Major)**

The company has a plan to reduce or minimise the identified pollutants and GHG emissions but the plan does not include targets and time frames to reduce emissions and pollution.

**Correction:**

Create the GHG identification source and target to mitigate the significant emission and pollutant based on GHG calculation include targets and time frames.

**Coorrective action:**

Ensure the GHG calculation based on RSPO GHG Calculation for new version, then all GHG potential source will input into GHG calculation, and all significant pollutant will mitigate based on GHG calculation and meet the targets and time frames.

**Verification result:**

Company submitted the result of Methane capture result, because based on GHG calculation the POME is the highest GHG emission. Whereas from the total POME in 2016 about 98,044,500 mt, was produced methane gas about 635,328.36 m<sup>3</sup>. This is potential renewable energy source to company. Company also submitted the mitigation program complete with time frame, whereas for methane capture is company priority to reduce the emission from POME.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 5.6.3** A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.

**NCR RSPO00736 (Minor)**

The Company has not made reporting of the results of GHG calculations that has been performed to RSPO.

**Correction:**

Report the GHG calculation to the RSPO board.

**Corrective action:**

Ensure the GHG calculation will carry out every year, and will reported after GHG calculation finished.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 6.1.1** A social impact assessment (SIA) including records of meetings shall be documented.

**NCR RSPO00737 (Major)**

The SIA document not specific explain about impact for each village around the estate, then this SIA document also did not covered about explanation for food source for community, land access, cultural and religion value, public facilities such as education, health facility, and others.

**Correction:**

1. Make it more observation to more explanation for each impact from every village.
2. Make it more observation to reserch/to know the community food source, land access, socio-cultural value, public facilities access such as health facility, educaton facility and others.

**Corrective action:**

1. Ensure the specifict impact from company will identified for each village/community.
2. Ensure the community accessible to food, land access, soci-cultural and public facilities are good, and the community will not have any problem when they do access to all activity above.

**Verification result:**

1. The company submit the result of observation report, whereas the report explained about community dependency against food source, land access, socio-cultural and others. Whereas the result showed that community dependency against to traditional food collection (food and gathering) are low (only 5.3%), and majority community was work as government employees.
2. Based on observation result above, showed that community access to basic needs, socio-cultural was available, and the the company supported this.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.1.2** There shall be evidence that the assessment has been done with the participation of affected parties.

**NCR RSPO00738 (Major)**

When carried out SIA document verification, found that SIA document could not show evidence that SIA document was developed with stakeholder consultation process.

**Correction:**

Complete the SIA document with stakeholder cosultation attendant list.

**Corrective action:**

Ensure the stakeholder consulation complete in SIA docment, and stakeholder consultation will implement periodically to evaluate the performace.

**Verification result:**

Company submitted the stakeholder consultation list dated on July 27, 2012, during the SIA and HCV assessment conducted, there are 40 person from all stakeholders has records in attendant list.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.1.3** Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.

**NCR RSPO00739 (Major)**

SIA management plan available in place, but the SIA management plan not showed time table to each program, and also there is no monitoring mechanism to ensure the impact mitigation already effective or not.

**Correction:**

1. Complete the SIA management plan with time line implementation.
2. Create the monitoring mechanism to ensure the impact mitigation are implemented and monitored as feedback against to the company.

**Corrective action:**

1. Ensure the SIA management plan already complete with time line information.
2. Ensure the SIA management plan implemented well to reduce the negative impact and increase the positive impact.

**Verification result:**

The company submitted the SIA management plan complete with information of time line for each impact, and person/department will responsible for each impact will be managed. Whereas the monitoring mechanism will carry out with double check and community visit/observation to ensure that SIA management mitigation plan are effective.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.1.4** The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties.

**NCR RSPO00740 (Minor)**

Record of stakeholders consultation also not found in place (Satui estate).

**Correction:**

Complete the SIA assessment document with consultation stakeholder result.

**Corrective action:**

Ensure the stakeholder consultation complete in SIA document, and stakeholder consultation will be implemented periodically to evaluate the performance.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to be verified at next audit

**Date of closure: September 24, 2017**

**Criteria 6.2.1** Consultation and communication procedures shall be documented.

**NCR RSPO00741 (Major)**

Satui estate did not have list of affected parties.



**Correction:**

Create the list of affected parties.  
Complete the internal and external communication procedure with FPIC process.

**Corrective action:**

Ensure the list of affected parties available in place, and all communication such as internal and external will through FPIC process.

**Verification result:**

1. Company submitted the list of affected parties from Jombang, Satui Barat, Al-Kautsar, Pendamaran and Setarap village.
2. Company submitted the new procedure document No.SOP/GMK-AGRO/01/08 Rev06, dated on November 1, 2016 about internal and external communication

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.2.3** A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.

**NCR RSPO00742 (Minor)**

Satui estate also does not have documented communication with related stakeholders (input response from affected parties).

**Correction:**

Carry out identification against to affected parties.  
Record and documented all response input from stakeholders coming up.

**Corrective action:**

Ensure all affected parties already identified, and all responses from all stakeholders will record and response accordance to the company procedure.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 6.5.2** Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.

**NCR RSPO00743 (Major)**

It was found in Satui and Timur estate, both of estate did not provide casual workers contract and payment slip.

**Correction:**

Create the contract for all BHL/daily workers/casual workers.  
Created the payment slip for each workers.

**Corrective action:**

Ensure every workers permanent and nonpermanent complete with contract work, and they get payment slip.

**Verification result:**

1. Contract work No.002/SM/PKWT-TH/X/2016 between company and workers dated on October 10, 2016 for satui estate and contract No.242/HRD/PKWT-TH/16/2017 dated on March 01, 2016 for Timur Estate.

2. Payment slip dated on September 2016 for workers No.00493.BHL.1209 and No.002674.BHL.0804.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.5.3** Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.

**NCR RSPO00744 (Minor)**

Based on in workers interviewed, contract workers in Satui and Timur estate also did not provide workers insurance (BPJS Kesehatan/Ketenagakerjaan) and periodically medical check also did not carry out every year for both of estate.

**Correction:**

Create program to register all BHL workers to get BPJS (work insurance) step by step based on company budget, especially for workers was fulfill the BPJS requirement (electronic ID card).  
Create program to carry out medical surveillance every once year.

**Corrective action:**

Ensure all workers will get workers insurance (BPJS), and ensure the cholinestrerase test will carry out accordance to the program.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 6.9.1** A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.

**NCR RSPO00746 (Major)**

Briefing for sexual harassment for man workers in 2016 not yet carry out by company in both of two estate, also gender committee also did not have enough knowledge/training to handling sexual harassment.

**Correction:**

Create briefing program for sexual harassment against men workers for 2016.  
Create counselling work program to women workers.

**Corrective action:**

Ensure the gender committee will provide their work program, and the work program also cover man workers, program to increase women workers and others related.

**Verification result:**

1. Attendant list of training counselling program for women workers dated on October 28, 2016, attendant by 16 person.
2. Training and socialization program 2016 from gender committee.
3. Briefing attendant list of sexual harassment for man workers dated on September 15, 2016 for each division.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.9.3** A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.

**NCR RSPO00745 (Minor) (Considered under 6.9.3)**

The company (Satui and Timur estate) did not have workers complaint mechanism.

**Correction:**

Create written complaint mechanism systematically.

**Corrective action:**

Ensure all complaint coming up will handle accordance to the complaint mechanism, and the records will kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**NCR RSPO00747 (Minor)**

Company did not established the policy and mechanism to handling workers complaint and whistle blower mechanism.

**Correction:**

Create policy and mechanism related workers complaint and also for whistle blower mechanism.

**Corrective action:**

Ensure all workers know and understood about complaint mechanism and whistle blower, and all records related that will kept well.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit

**Date of closure: September 24, 2017**

**Criteria 6.12.3** Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.

**NCR RSPO00748 (Major)**

Checking in to the list of worker 2016 for permanent and un-permanent workers found foreign workers in company, but the company did not have any mechanism for this foreign workers.

**Correction:**

Create procedure for foreign workers.

**Corrective action:**

Ensure that procedure available in place, and all foreign workers should comply with the procedure.

**Verification result:**

Company submitted procedure No.SOP/GMK-AGRO/04/04 Rev00 dated on November 01, 2016 about foreign workers. This procedure already explained about foreign workers requirements and others.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**Criteria 6.13.1** A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1).

**NCR RSPO00749 (Major)**

Found some article in company regulation in Article No.42 mentioned “workers can get Hajj leave if he/she was worker in one (1) year minimum.

**Correction:**

Revised the company regulation and issued new internal memo related “Hajj” should removed that from the company regulation and inform that company regulation article No.42 was not valid again.

**Corrective action:**

Ensure this new company regulation will understood and communicate to all workers level, and ensure there is no complaint from workers related this issue.

**Verification result:**

Company submitted new company regulation in article 42 already revised. This company regulation already approved by Official Government by decree letter No.561.3/013/PP/VII/DISNAKERTRANS, dated on July 22, 2016.

**Date of closure: November 23, 2016**

**Auditor conclusion: Closed**

**3.5 Description of Supply Chain Management System**

**E.1 Definition**

**Findings:**

During the 2nd surveillance, there is no revision the RSPO SCCS implementation for Satui Palm Oil Mill. Satui Palm Oil Mill (PKS Satui) located in South Kalimantan – Indonesia. Satui Mill has production capacity of 60 tonne/hours based on Decree letter Head of Tanah Bumbu District number 188.45/368/DISHUTBUN/2013 issued date on June 24, 2013. Satui Palm Oil Mill processed Fresh Fruit Bunches (FFB) from company owned estate (Timur and Satui estate), Sei Cuka and Subur Mandiri smallholder, and outgrower.

Satui Palm Oil Mill implemented the RSPO SCCS Module E (MB) for their facility. This module will allowed the Satui Palm Oil Mill to mixing certified and non certified raw material and palm oil product, but should be control by mass balance system, to ensure the certified raw material and product production, stock and dispatch/selling activity, and to ensure there is no non certified raw material and product will claimed as a certified by the facility.

Based on mass balance record, for 2015, Satui mill has received certified FFB from owned estate (Satui and Timur estate) was about 161,212.62 mt, and non certified FFB came from smallholder and out growers received about 87,763.56 mt. While CPO certified production in 2015 about 34,983.13 mt and PK certified production about 7,302.93 mt, the CPO non certified production about 19,044.69 mt and PK non certified production about 3,975.68 mt.

Next, until August 2016, FFB certified supplied to Satui mill was about 57.360,02 and for non certified about 22,922.86 mt. The complete explanation between certified and non certified projection for 2016 will presented in Table 4.

**Compliance status : Full Compliance**

**E.2 Explanation**

**Findings:**

Estimated of tonnage CPO and PK products has been recorded in to the public summary of the P&C certification report.

Satui Palm Oil Mill registered in RSPO IT Platform (e-Trace) with the RSPO e-Trace member ID RSPO\_PO1000002103.

**Compliance status: Full Compliance**

### E.3 Documented procedures

**Findings:**

During the 2nd surveillance, several procedure was revised by the facility. Satui Palm Oil Mill has established the procedure related to RSPO SCCS MB implementation. That procedure such as:

1. SOP/GMK-AGRO/01/10 Rev03 valid from 11-06-2014 about traceable sustainable mass balance report, this procedure revised in to SOP/GMK-AGRO/01/10 Rev04 valid from 10/08/2015. This procedure added new information about kernel crushing plant mechanism activity.
2. SOP/GMK-AGRO/03/06 Rev03 valid from 02-03-2015 about product delivery from palm oil mill. This procedure revised in to SOP/GMK-AGRO/03/06 Rev04 valid from 10/08/2015. This procedure added new information about how to handling delivery certified RSPO product hand handling document non-conformity.
3. SOP/GMK-AGRO/06/01 Rev01 valid from 07-06-2013 about purchasing
4. SOP/GMK-AGRO/03/05 Rev02 valid from 11-06-2014 about product receiving in palm oil mill
5. SOP/GMK-AGRO/01/03 Rev01 valid from 07-06-2013 about handling non-conforming product
6. SOP/GMK-AGRO/01/05 Rev01 valid from 07-06-2013 about corrective action
7. SOP/GMK-AGRO/01/06 Rev01 valid from 07-06-2013 about calibration
8. SOP/GMK-AGRO/01/09 Rev02 valid from 24-02-2014 about incoming material receiving
9. SOP/GMK-AGRO/01/11 Rev02 valid from 24-02-2014 about sounding tank

Person in charge who responsible for RSPO SCCS MB implementation in Satui Palm Oil mill already trained by the company, by the evidence training record attendant list dated on September 15, 2015 and on June 13, 2016. This training attendant by 15 person from weighbridge officer, human resource, compound, production clerk, laboratory, security, KTU. But, the mill manager of Satui Palm Oil Mill as a person who responsible for and authority over the implementation didn't trained by the company. Also based on selling record on August 2016, recorded certified product (CPO) has been sold by trading department, but the trading department didn't training by the company. This raised as nonconformity under RSPO00750.

**Compliance Status : Non Compliance**

**NCRRSPO00750**

The mill manager of Satui Palm Oil Mill as a person who responsible for and authority over the implementation didn't trained by the company. Also based on selling record on August 2016, recorded certified product (CPO) has been sold by trading department, but the trading department didn't training by the company.

### E.4. Purchasing and good in

**Findings:**

Satui Palm Oil Mill has separate between certified FFB and non-certified FFB, also include the certified and un-certified palm oil product (CPO and PK) through the mass balance record control. Especially for FFB certified and un-certified will marked use stamp of SCCS in form slip FFB in weighbridge. Only FFB from Satui and Timur estate marked use that stamp. And for FFB from outside that estate not marked this is mean the FFB is not certified. Amount of FFB and palm oil product certified and un-certified was explained above.

Until 2nd surveillance audit, there is no overproduction of certified palm product or FFB, but if the overproduction will happen, the mill has mechanism to inform to the certification body through the mill procedure. The procedure number SOP/GMK-AGRO/03/06 Rev04 valid from 10/08/2015, section number 5.5.1 page of 12, explained "Mill manager should inform the over production (FFB/CPO/PK/PKO) to the certification body through email and by phone. This estimation over production will inform to the certification body submit 2 months before closing budget or the December.

**Compliance status: Full Compliance**

### E.5. Record keeping

**Findings:**

During the 2nd surveillance, in 2016 August in mass balance record, found the CPO certified sold/dispatch to the PT Karya Indah Alam Sejahtera about 1,392.790 kg with contract number 001/GMK/PENJ-LKL/VIII/2016. In delivery/dispatch minutes of meeting Number 026/GMK-PKSS/BAP.CPO.LKL/VIII/2016 dated on August 27, 2016. The minutes of meeting contained information about port of discharge, port of loading, information certificate number, RSPO member number and supply chain model applied to the Satui palm oil mill. While port of loading in Gresik - East Java, and port of loading in storage tank No. 4, transportation by BG. PUTERA DESA/TB. MITRA PULAU. Then, the selling document complete with information CPO quality before loading for FFA, moisture and dirt for certified product. Also complete with shipping instruction number 005/GMK-INFO/VIII/16 dated on August 22, 2016. But, this certified sold not recorded in RSPO e-Trace IT platform. This is **raised as nonconformity under RSPO00751**.

**Compliance status: Non Compliance**

**NCR RSPO00751**

Found certified product has been sold by mill to the PT Kias (as buyer) without recording in e-trace system.

### 3.6 Status of Previously Identified Non-conformities

During the 1st surveillance audit found one (1) non-conformities against the RSPO SCCS MB. The company is given a time frame to close those non-conformities within 60 days and at time of first submission of this report to the RSPO.

### E.3 Documented procedures

**NCR SCCS 2015-01 of 01**

Satui Palm Oil Mill did not yet provide the new standard of RSPO SCCS Nov 2013 to all person incharge who responsible to RSPO SCCS implementation in Satui Mill.

**Correction Action :**

Develop the RSPO SCCS schedule training version Nov 2013

**Corrective Action :**

Ensure the update of RSPO SCCS new standard was brief to all person incharge and ensure the implementation.

**Date of closure : September 30, 2015**

**Verification result :**

Satui Palm Oil mill has brief all person in charge who responsible fro RSPO SCCS implementation through the attendant list evidence conducted on September 15, 2015, attendant by 15.

**Auditor Conclusions : Closed**

### 3.5 Identified Non-conformance against RSPO SCCS Requirements, Corrective Actions Taken and Auditors Conclusions.

### E.3 Documented procedures

**NCRRSPO00750**

The mill manager of Satui Palm Oil Mill as a person who responsible for and authority over the implementation didn't trained by the company. Also based on selling record on August 2016, recorded certified product (CPO) has been sold by trading department, but the trading department didn't training by the company.

**Correction:**

Create training program for RSPO SCCS to increase knowledge person incharge for RSPO SCCS implementation.

**Corrective action:**

Ensure all person incharge have knowledge about RSPO SCCS MB and will training/refreshment every once year.

**Verification result:**

Records of RSPO SCCS training conducted on October 20, 2016 in Satui Palm Oil Mill, attendant by 17 person from HR, Prodction clerk, kerncel crusher, security, grading, mill manager, weighing officer, and others department related.

**Date of closure: November 23, 2016**

**Auditor Conclusions : Closed**

**E.5. Record keeping**

**NCR RSPO00751**

Found certified product has been sold by mill to the PT Kias (as buyer) without recording in e-trace system.

**Correction:**

Mill already registered the transaction into e-trace system, with transaction ID TR-578d9caf-472e, with Shipping/BL date No.003/STI-GSK/VIII/2016.27/08/2016.

**Corrective action:**

Ensure all RSPO certified product transaction will registered in e-trace system, and all the records will kept well.

**Verification result:**

Mill has registered the RSPO certified transaction into e-trace system with transaction ID TR-578d9caf-472e, wehreas the certified product was CPO in MB SCC program, and with Shipping/BL date 003/STI-GSK/VIII/2016, 27/08/2016.

**Date of closure: November 23, 2016**

**Auditor Conclusions : Closed**

**3.7 Noteworthy Positive Component**

**Criteria**

OSH implementation in Satui Palm Oil Mill and Timur Estate implemented very well, especially in werehouse, hazardous waste and others. emergency plan also very good simmlation in Timur Estate.

**3.8 Issued raised during stakeholder interviews on-site**

No.	Institution – Address	Issue raised
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**RSPO 2nd Surveillance Report  
PT Gawi Makmur Kalimantan – Satui Palm Oil Mill  
South Kalimantan**



No.	Institution – Address	Issue raised
1.	CHSE Satui POM	OHS committee, investigation of accident, hazardous and toxic waste, Implementation of environmental impact assessment and UKL/UPL report
2.	HSE Kalimantan Area	OHS committee, investigation of accident, hazardous and toxic waste, Implementation of environmental impact assessment
3.	HSE Kalimantan Area	PPE, risk assement, pollution & emission
4.	EFB operator	Implemented of EFB with 1 layer
5.	Sprayers	Implementation of spraying, women's worker no work with pesticides for pregnant and breastfeeding, agrochemical
6.	Warehouse	PPE, hazardous & toxic waste, used oil
7.	Harvester	<ul style="list-style-type: none"> <li>• Impelementation of harvesting, maintenance and IPM</li> </ul>
8.	Estate manager	<ul style="list-style-type: none"> <li>• Stock of fertilizer &amp; agrochemical available,</li> <li>• There are manifest of hazardous &amp; toxic waste</li> </ul>
9.	Boiler operator	<ul style="list-style-type: none"> <li>• All operator has gived PPE</li> <li>• It is mill has implementation of efficiency energy such was used fi-ber and shell</li> </ul>
10.	Estate manager	<ul style="list-style-type: none"> <li>• The company has maintenance boundary</li> <li>• There are coal mining activity by other company and traditional of gold mining by communities</li> </ul>
11.	Head of Batalang village	<ul style="list-style-type: none"> <li>• CSR program, company policy brief</li> <li>• Local community development</li> <li>• Land dispute, social conflict</li> <li>• Working and bussines opportunity</li> <li>• Contributions to local development</li> </ul>
12.	Head of Pernalongan village	
13.	FFB transporter (contractor)	



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

##### **4.1 Date of Next Surveillance Visit**

The 3rd surveillance visit is planned for October 2017.

##### **4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client**

It is acknowledged that the assessment visit was carried out as described in this report and we accept the assessment findings and report content.

Signed on behalf of PT Gawi Makmur Kalimantan



.....  
Farid Makruf  
Management Representative  
December 2016

Signed on behalf of TÜV Rheinland Malaysia



.....  
Mhd Fundy C Kurniawan  
Lead Auditor  
December 2016

APPENDICES

Appendix 1 : Details of certificate

**Certificate**

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No. : 824 502 14026

Certificate Holder : **PT TUV Rheinland Indonesia certifies :**   
**PT Gawi Makmur Kalimantan - Satui Palm Oil Mill**  
Satui Barat Village, Satui District,  
Tanah Bumbu Regency, South Kalimantan Province, Indonesia  
and its company owned estates according to the annex

RSPO number : -  
Scope : **Palm Oil Production and Plantation Management System**  
An audit was performed, Report No. ASA2\_14026. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 are fulfilled.

Validity: The due date for all future surveillance audits is 12.11 (dd.mm).  
The certificate is valid from 12-01-2015 until 11-01-2020.  
The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland

RSPO registered parents PT Gawi Makmur Kalimantan company\* : (RSPO Member No. : 1-0216-12-000-00)  
\* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

Date of first certificate : January 12, 2015

Indonesia, 31-03-2017   
PT TUV Rheinland Indonesia  
Director

The certificate remains property of PT TUV Rheinland Indonesia and can be withdrawn in case of terminations as mentioned in the contract or in case of changes or deviations of the above-mentioned data. The licensee is obliged to inform PT TUV Rheinland Indonesia immediately of any changes in the above-mentioned data. Only an original and signed certificate is valid.

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# Annex to certificate

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No.: 824 502 14026

Location: **PT Gawi Makmur Kalimantan -**  
 Address : **Satui Palm Oil Mill**  
 Satui Barat Village, Satui District,  
 Tanah Bumbu Regency, South Kalimantan Province, Indonesia



The palm oil mill and supply base covered in certification scope are :

Name of groups	Location	GPS locations	
		Latitude	Longitude
Satui POM	Satui Barat Village, Satui Sub District, Tanah Bumbu District, South Kalimantan Province, Indonesia	03° 44' 16.7" S	115° 27' 18.7" E
East Estate	Pasir Putih Village and Sungai Cuka Village, Kintap Sub District, Tanah Laut District, South Kalimantan Province, Indonesia	03° 48' 1,0" S	115° 13' 47,9" E
Satui Estate	Satui Barat Village, Jombang Village, Ai Kautsar Village, Setarap Village, Sekapuk Village, Wonorejo Village, Pendamaran Jaya Village, Satui Sub District Tanah Bumbu District, South Kalimantan Province, Indonesia	03° 45' 24,2" S	115° 28' 23,18" E

CPO Tonnage Total Production: 44,512.20 tonnes  
 PK Tonnage Total Production: 9,412.27 tonnes  
 Company Estates FFB Tonnages: 148,089.00 tonnes  
 FFB Tonnages from other sources: 48,000.00 tonnes  
 CPO Tonnage claimed for certification: 33,616.20 tonnes  
 PK Tonnage claimed for certification: 7,108.27 tonnes

\*For projection year 2016

Scope of SCCS & supply chain model assessed : FFB receipt, produce and delivery of CPO & PK with implementation of the following SCCS :  
 Identity Preserved  
 Mass Balance

PT TÜV Rheinland Indonesia  
 Director

Indonesia, 31-03-2017

Issued by PT TÜV Rheinland Indonesia

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RSPO-ACC-013



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 Precisely Right.

**Appendix 2 : Certification Audit Plan**

<b>Date/Time (1)</b>	<b>Organizational Unit and Processes</b>	<b>Auditor/ Abbrev.</b>	<b>Interviewee</b>	<b>Procedure – RSPO P&amp;C and RSPO SCCS Requirement</b>
<b>19.00</b>	<b>Continue travelling to Satui site</b>			
<b>Thursday September 22, 2016</b>				
07.30 – 08.00 Satui Mill	- Opening meeting in PKS Satui by MK - Previous audit result presentation	Auditor team and Management	Mill and Timur Estate Management representative and related PIC	Plant tour in Satui mill will conducted in the end of document verification time before break time.
08.00 – 12.00 Satui Mill	Last audit verification and document check verification, related: - Mill legality - Law and regulation compliance - Budget and projection production - RSPO SCCS Module E - Continuous improvement	MK	Satui mill management and related PIC	<b>RSPO:</b> Principle 2 Criteria 2.1; 2.2 Principle 3 Criteria 3 RSPO SCCS Module E Principle 8
08.00 – 12.00 Satui Mill	Last audit verification and document check verification, related: - Legal compliance - Procedure implementation and evaluation - Water management plan - Fuel efficiency and renewable energy used - Emission, pollution identification and plans to reduce and mitigate - Continuous improvement	NM	Satui mill management and related PIC	<b>RSPO:</b> Principle 2 Criteria 2.1 Principle 4 Criteria 4.1; 4.4; 4.7 Principle 5 Criteria 5.4; 5.6 Principle 8
08.00 – 12.00 Satui Mill	Last audit verification and document check verification, related: - Training - Environmental management - Waste management - Use of fire - Continuous improvement	WHY	Satui mill management and related PIC	<b>RSPO:</b> Principle 4 Criteria 4.8 Principle 5 Criteria 5.1; 5.3; 5.5 Principle 8
08.00 – 12.00 Satui Mill	Last audit verification and document check verification, related: - Code of ethical conduct - Workers welfare (wages, discrimination, human rights, workers exploitation and others) - Continuous improvement	MA	Satui mill management and related PIC	<b>RSPO:</b> Principle 1 Criteria 1.3 Principle 6 Criteria 6.5; 6.6; 6.7; 6.8; 6.9; 6.12; 6.13 Principle 8
	Last audit verification and document check verification, related: - Transperancy - Land dispute - SIA assessment, management plan and implementation - Compliance and grievance - Negotiation and compensation - Continuous improvement	MP	Satui mill management and related PIC	<b>RSPO:</b> Principle 1 Criteria 1.1; 1.2 Principle 2 Criteria 2.3 Principle 6 Criteria 6.1; 6.2; 6.3; 6.4; 6.10; 6.11
12.00 – 13.30	Break for lunch and pray			

**RSPO 2nd Surveillance Report**  
**PT Gawi Makmur Kalimantan – Satui Palm Oil Mill**  
**South Kalimantan**



Date/Time (1)	Organizational Unit and Processes	Auditor/ Abbrev.	Interviewee	Procedure – RSPO P&C and RSPO SCCS Requirement
08.10 – 12.00 Satui Estate	Last audit verification and document check related: - Law and re regulation compliance - Procedure implementation and evaluation - Soil fertility - OHS implementation - Training - Emission, pollution and greenhouse gased identification, plan and mitigation - New planting if any - Continuous improvement	NM	Satui Estate Management and related PIC	<b>RSPO:</b> Principle 2 Criteria 2.1 Principle 4 Criteria 4.1; 4.2; 4.7; 4.8 Principle 5 Criteria 5.6 Principle 7 Criteria 7.2; 7.8 Principle 8
08.10 – 12.00 Satui Estate	Last audit verification and document check related: - Legal land - Budget and projection production - Soil erosion management - Water management - Integrated pest management - Pesticide use record - New planting if any - Continuous improvement	MK	Satui Estate Management and related PIC	<b>RSPO:</b> Principle 2 Criteria 2.2 Principle 3 Criteria 3 Principle 4 Criteria 4.3; 4.4; 4.5; 4.6 Principle 7 Criteria 7.3; 7.4 Principle 8
08.10 – 12.00 Satui Estate	Last audit verification and document check related: - Environmental management - High conservation value - Waste management - Fossil fuel efficiency and renewable energy used - Use of fire - New planting if any - Continuous improvement	WHY	Satui Estate Management and related PIC	<b>RSPO:</b> Principle 5 Criteria 5.1; 5.2; 5.3; 5.4; 5.5 Principle 7 Criteria 7.5 Principle 8
08.10 – 12.00 Satui Estate	Last audit verification and document check verification, related: - Code of ethical conduct - Workers welfare (wages, discrimination, human rights, workers exploitation and others) - Continuous improvement	MA	Satui Estate Management and related PIC	<b>RSPO:</b> Principle 1 Criteria 1.3 Principle 6 Criteria 6.5; 6.6; 6.7; 6.8; 6.9; 6.12; 6.13 Principle 8
08.10 – 12.00 Satui Estate	Last audit verification and document check verification, related: - Transperancy - Land dispute - SIA assessment, management plan and implementation - Compliance and grievance - Negotiation and compensation - Continuous improvement	MP	Satui Estate Management and related PIC	<b>RSPO:</b> Principle 1 Criteria 1.1; 1.2 Principle 2 Criteria 2.3 Principle 6 Criteria 6.1; 6.2; 6.3; 6.4; 6.10; 6.11
13.30 – 17.30	Continue audit agenda	Auditor team		
17.30	End of 1st audit day			

**RSPO 2nd Surveillance Report**  
**PT Gawi Makmur Kalimantan – Satui Palm Oil Mill**  
**South Kalimantan**



Date/Time (1)	Organizational Unit and Processes	Auditor/ Abbrev.	Interviewee	Procedure – RSPO P&C and RSPO SCCS Requirement
<b>Friday September 23, 2016</b>				
08.10 – 12.00 Satui Estate	On-site viste: - Boundary pillars verification - Riparian bufferzone - Sparying and fertilizing activity - Environmental management implementation - OHS implementation - Land application - Integrated pest management - Harvesting activity - Workers welfare (workers, minimum wages, housing, others facility) - Hazardous waste management - Erosion control - High conservation value - Chemical handling - Contribution to local community - Corporate Social Responsibility - Continuous improvement	NM, MK, WHY, MA, MP	Timur and Satui Estate Management and related PIC	<b>Accordance to the responsible principle and criteria for each auditor for RSPO</b>
11.00 – 13.30	Break, lunch and pray	Auditor team		
13.30 – 16.00	Continue audit agenda/Plant tour	Auditor team		
16.10 – 16.30	Preapring closing meeting	Auditor team		<b>Internal meeting auditor</b>
16.40 – 17.30	Closing meeting for Satui Mill and supply based	Auditor team	Satui Mill and Timur Estate Management and related PIC	
17.35 -	Travelling to Banjarmasin	Auditor team		
19.30 -	Overnight in Banjarmasin	Auditor team		
<b>Saturday September 24, 2016</b>				
06.20 – 07.00	Flight Banjarmasin - Jakarta	Auditor team		<b>GA 531 (06.20 – 07.00)</b>

**Appendix 3 : List of Abbreviations**

AMDAL	Analisis Dampak Lingkungan & Sosial (Social & Environmental Impacts Assessment)
CPO	Crude Palm Oil
EIA	Environmental Impact Assessment
ERTs	Endangered, Rare & Threatened species
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land Use Right)
IPM	Integrated Pest Management
OSH	Occupational Safety & Health
PPE	Personal Protective Equipment
P2K3L	Panitia Pembina Kesehatan dan Keselamatan Kerja dan Lingkungan (OHS Committee)
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UPL	Upaya Pemantauan Lingkungan (Environmental Monitoring Efforts)

**Appendix 4 : Observations and Opportunities for Improvement**

No.	Observations / Opportunities for Improvement	Criteria
1.	Recommendation for company procedure No.SOP/GMK-SMK3/01/14 Rev00 please complete with regulation reference.	5.3.2
2.	Recommendation for workers housing to carry out renovation located in A1 Timur estate; glove for harvesting please completely, toilet room for security please to renovation, uniform for harvesters, maintenance, spraying.	6.5.3