



Rountable on Sustainable Palm Oil

Annual Surveillance II

Assessment Report

PT. Sumber Indah Perkasa – Sungai Merah Mill, Lampung, Indonesia

This annual surveillance assessment report has been prepared in accordance with RSPO requirements and the information included is the result of a full RSPO assessment of the Mills and supply base as included in the scope of the certificate.

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Certification decision made by: Triyan Aidilfitri

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A. Scope of the Certification Assessment

A. 1. National Interpretation Used

The management of the Palm Oil Mill(s) and associated suppliers of Fresh Fruit Bunches (FFB) were assessed for compliance against the RSPO Principle and Criteria 2013 Generic, RSPO Certification Systems, and RSPO Suply Chain Certification Systems 2014.

A. 2. Assessment Type (Estate and Mill)

Certification Unit : PT. Sumber Indah Perkasa – Sungai Merah Mill located at Gedung Aji Baru, Tulang Bawang Regency – Lampung, INDONESIA.

A.3. Location map

Please see Appendix 1 : the details of estate maps of
 1. Overlay Map of Sungai Merah Estate (SMRE), Sungai Buaya Estate (SBYE) and KKPA Gedung Aji Baru (GABA) Estate, Gedung Aji Lama (GALA) estate,
 2.Map of Rivers, 3. HCV, 4.Topography, 5. Planting Year





A. 3. 1. Data of the Mill, certified tonnages (CPO, PK, FFB), and Certified Area

Name Of Mill	Sungai Merah Mill PT. Sumber Indah Perkasa
Location Address	Desa Sidomukti, Kecamatan Gedung Aji Baru, Kabupaten Tulang Bawang - Lampung
GPS Reference	Latitude: 4° 13' 06.40" S Longitude: 105° 35' 19.57" E
Capacity	60 mt/hr
Actual Production (2015)	CPO : 48,218.46 mt ; PK : 12,527.79 mt FFB : 237,975.63 mt
Certified tonnages claimed (2016)	CPO : 53.724,00 mt ; PK : 12.493,95 mt FFB : 249.879,07 mt
Certified Area	18,613.83 ha (Total for all supply bases)
Planted Area	18,237.99 ha
Certified tonnages sold	CPO : 14,596.28 mt, PK : 11,504.29mt.
Certified tonnages purchased	CPO : - ; PK : -

A.4. Description of Supply Base**A. 4. 1. General description**

PT. Sumber Indah Perkasa operates 2 palm oil mills under PT Sumber Indah Perkasa, named PT Sumber Indah Perkasa - Sungai Buaya Mill (SBYM) and PT Sumber Indah Perkasa – Sungai Merah mill (SMRM).

The raw material/ FFB for PT. Sumber Indah Perkasa - Sungai Merah Mill is supplied from :

1. Sungai Merah Estate (SMRE) - own estate,
2. KKPA Gedung Aji Baru (GABA) estate - smallholder
3. KKPA Gedung Aji Lama (GALA) estate – smallholder
4. Sungai Buaya Estate (SBYE) – own estate

Total supplied FFB from these four (4) estates for year 2015 was 237,975.63 MT.

All estates are operated under one management of PT. Sumber Indah Perkasa. All estates located in Lampung, INDONESIA. PT. Sumber Indah Perkasa is a member of RSPO and they are implementing a program to achieve RSPO Certified Palm Oil for all its production.

A. 4. 2. Location of the supply base

No.	Estate Name	Location	GPS	
			Latitude	Longitude
1.	Sungai Merah Estate	Desa Sidang Gunung Tiga, Kecamatan Rawa Jitu Utara, Kabupaten Mesuji – Lampung	4° 12'00.73" S	105°38'05.14" E
2.	Gedung Aji Baru KKPA	Desa Sidoharjo, Kecamatan Penawartama, Kabupaten Tulang Bawang – Lampung	4° 09'44.86" S	105°26'09.23" E
3.	Gedung Aji Lama KKPA	Desa Sidoharjo, Kecamatan Penawartama, Kabupaten Tulang Bawang – Lampung	4°09'44.86" S	105°26'09.23" E
4.	Sungai Buaya Estate	Desa Talang Batu, Kecamatan Mesuji	4°09'44.86" S	105°26'09.23" E

		Timur, Kabupaten Mesuji – Lampung		
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Statistic of supply base – year 2015							
No.	Estate Name	Planting Year	Age/ Planting Year	Planted Area (ha)	FFB/Year (ton)	CPO/ Year (ton)	PKO/ Year (ton)
1.	Sungai Merah Estate	1991	25	503.03	9,458.250	1,922.138	495.022
		1992	24	513.19	8,529.046	1,733.302	446.390
		1993	23	1,230.45	19,975.931	4,059.578	1,045.493
		1994	22	834.23	14,145.153	2,874.627	740.324
		1996	20	452.91	9,697.478	1,970.755	507.543
		2000	16	266.41	4,960.206	1,008.030	259.605
		2001	15	19.95	483.127	98.183	25.286
		2004	12	124.55	2,964.539	602.464	155.157
SUB TOTAL				3,944.72	70,213.73	14,269.08	3,674.82
2.	Gedung Aji Baru KKPA	1995	21	3,115.25	73,701.097	14,938.226	3,854.237
		1996	20	605.00	15,598.942	3,161.697	815.755
		1997	19	377.00	9,878.932	2,002.327	516.624
		1998	18	71.00	2,010.472	407.496	105.139
		1999	17	337.50	8,364.077	1,695.287	437.404
SUB TOTAL				4,505.75	109,553.52	22,205.03	5,729.16
3.	Gedung Aji Lama KKPA	1995	21	250.00	900.050	181.655	48.206
		1996	20	2,833.00	41,640.980	8,404.296	2,230.251
		1997	19	1,313.00	8,290.490	1,673.249	444.031
		1998	18	606.00	5,937.280	1,198.306	317.995
SUB TOTAL				5,002.00	56,768.80	11,457.506	3,040.483
4.	Sungai	1991	25	513.14	126.922	25.290	7.347

Buaya Estate	1992	24	2,720.94	714.530	142.375	41.361
	1993	23	1,118.24	411.720	82.038	23.833
	1994	22	402.54	186.408	37.143	10.790
	2000	16	30.66	-	-	-
SUB TOTAL			4,785.52	1,439.580	286.846	83.331
TOTAL			18,237.99	237,975.630	48,218.462	12,527.794

Projected 2016

Supply Bases	Hectare	FFB	CPO	PK
Own Supply base	18,237.99	249.879,07	53.724,00	12.493,95
Out grower		14.007,36	3.011,58	700,37
Total		263.886,43	56.735,58	13.194,32

A. 5. Organizational Information and Contact Person

1	Company Name	PT. SUMBER INDAH PERKASA – Sungai Merah Mill (SMRM)
2	Personal Contact	Ismu Zulfikar
3	Vice Management	Humala Sinaga
4	Company Address	Sinarmas Land Plaza Menara 2 Lantai 30, Jalan M. H. Thamrin No. 51, Jakarta, Indonesia
5	Company Status	PMDN
7	Phone/ Fax	021 50338899
8	E-mail	ismu-zulfikar@sinarmas-agri.com
9	Website	www.smart-tbk.com
10	RSPO membership number	1-0096-11-000-00

A. 5. 1. Audit Against the Rules for Partial Certification**1. Assessment agenda**

Date	Location	Agenda
12 April 2016	PT. Sumber Indah Perkasa - Sunga Merah Mill Kec. Gedung Aji Baru, Kabupaten Tulang Bawang - Lampung Indonesia	During ASA II to verify legal documents, HCV, Labor Union and land conflict within the GAR group

2. Audit Team Findings in Correlation to the Rules Partial Certifications*a. The Organization is a member of RSPO*

PT. Sumber Indah Perkasa has confirmed membership of the RSPO with no. 1-0096-11-000-00.

*b. A Time Bound Plan for achieving certification within relevant entities***Time bound**

The progress of time bound below was based on the explanation from Head of Sustainability Policy and Compliance GAR no. 036/EL/GAR-CB/II/2016 on 24 February 2016.

No	Name of Mill	Supply Base	Company	Location	Estimate time of Certification
1	Sungai Buaya Mill	Sungai Buaya Estate	PT. Sumber Indah Perkasa	Lampung	2013 Certified
		Gedung Aji Lama KKPA			
		Mesuji KKPA			
2	Sungai Merah Mill	Sungai Merah Estate	PT. Sumber Indah Perkasa	Lampung	2013 Certified
		Gedung Aji Baru KKPA			
		Gedung Aji Lama KKPA			
3	Pangkalan Panji Mill	Sawit Mas Estate	PT. Sawit Mas Sejahtera	South Sumatra	2015 Certified
4	Bumi Sawit Mill	Bumi Sawit Estate	PT. Bumi Sawit Permai	South Sumatra	2015 Certified
5	Muara Kandis Mill	Muara Kandis	PT. Djuanda Sawit Lestari	South Sumatra	2015 Certified
		Muara Tawas			

		Pandawa KKPA			
		Pandawa Plasma			
6	Sungai Rungau Mill	Sungai Rungau Estate	PT. Sumber Indah Perkasa	Central Kalimantan	2013 Certified
		Sungai Seruyan Estate			
		Terawan Estate			
		Tangar Estate			
		Bukit Tiga Estate			
7	Bukit Perak Mill	Bukit Perak	PT. Bumi Permai Lestari	Bangka Belitung	2015 Certified
		Bukit Permata			
8	Tanjung Kembiri Mill	Tanjung Kembiri Estate	PT. Foresta Lestari Dwikarya	Bangka Belitung	2013 Certified
		Tanjung Rusa			
9	Sungai Kupang Mill	Sungai Kupang Estate	PT. Sinar Kencana Inti Perkasa	South Kalimantan	2015 Stage 2 audit
		Sungai Kupang			
10	Kasuari Mill	Cendrawasih	PT. Sinar Kencana Inti Perkasa	Papua	2015 Stage 1 audit
		Nuri Estate			
		Rajawali Estate			
		Mambruk Estate			
11	Senakin Mill	Senakin Estate	PT. Purimas Sasmita	South Kalimantan	Stop operating in March 2015
12	Pekawai Mill	Kayung Estate	PT. Agrolestari Mandiri	West Kalimantan	2014 Stage 1 audit
		Pekawai Estate			
		Sungai Kelik			
		Nanga Tayap			
		Kayung Kemitraan			
13	Kenanga Mill	Kencana Estate	PT. Kencana Graha Permai	West Kalimantan	2015 Certified
		Cendana Estate			
		Kenanga Estate			
		Cempaka Estate			
		Kencana			
		Kenanga			
14	Tanggar Mill	Manuhing Estate	PT. Tapan Nadenggan	Central Kalimantan	2015 Stage 1 audit
		Kajuji Estate			
		Sulin Estate			
		Nahiyang Estate			
		Katayang Estate			
		Sungai Nusa			
		Sako Estate			
		Sungai Ayawan Estate			
15	Perdana Mill	Perdana Estate	PT. Binasawit Abadi Pratama	Central Kalimantan	2015 Stage 1 audit
		Lenggana Estate			
		Semandau Estate			
		Muara Dua Estate			

16	Kuayan Mill	Mentaya Estate	PT. Agrokarya Prima Lestari	Central Kalimantan	2015 Stage 1 audit
		Kuayan Estate			
		Bukit Santuhai Estate			
		Tajur Beras			
		Seranau Estate			
		Sapiri Estate			
17	Belian Mill	Gaharu Estate	PT. Paramitra Internusa Pratama	West Kalimantan	2015 Stage 1 audit
		Muara Tawang Estate			
		Belian Estate			
		Tengkawang			
		Kapuas Hulu			

The company has made the self declaration for partial certification rule and signed by management. The self declaration stated as follows (a-d) :

a. Significant Conflicts

The company has the SOP for Conflict Land Resolution refers to RSPO criteria 6.4, 7.5 and 7.6. All the conflicts so far has been resolved with mutual agreement. GAR also registered as member of RSPO Dispute Settlement Facility Advisory Group as a representative of grower. Supporting document is DSF RSPO member as a grower dated 22 April 2013. During the ASA II based on information and document forwarded by auditee there was no conflict regarding land in 2015-2016.

b. No replacement of primary forest and or area with HCV's since November 2005 or year 2007 (National Interpretation)

PT. SMART Tbk, has been appointed to manage all company under GAR Group. PT SMART Tbk has conducted Historical HCV Assessment (HHA) in collaboration with Faculty of Forestry, Institut Pertanian Bogor (IPB) April 2011. Historical HCV Assessment (HHA) Report has been submitted to RSPO on May 2011. As a follow up of the HHA report, GAR has filed HCV Remediation Plan to RSPO. Revisions to HCV Remediation Plan was submitted in June 2012. The company has reported data and Zero Liability Disclosure for GAR to RSPO by email dated August 29, 2014 and has reported the data LUCA (Land Use Change Analysis) to RSPO on April 11, 2016.


c. No labor disputes that are not being resolved through an agreed

The company has the SOP and mechanism to resolve dispute with union labor with mutually agreement. During the ASA I based on information and document forwarded by auditee there was no labor dispute in 2015.

d. No evidence of non-compliance with law in any of the non-certified holdings

The company has comply with the applicable law and regulation refers to RSPO criteria 2.1.which stated no evidence of non-compliance with the applicable regulation. Supporting documents are copies of SK AMDAL, SK HGU, IUP, IMB.

A.6. Date Certificate Issued and Scope of Certificate

Name of Client	PT. SUMBER INDAH PERKASA
Client Number	RSPO 00004
Certificate Number	RSPO 00004
Certification Decision Date	August 18, 2016
Issued by	PT SUCOFINDO, SBU SICS
Address	Graha Sucofindo, SBU SICS. Jl Raya Pasar Minggu Kav 34 Jakarta 12780
Telephone /Fax	Tel.: +62-21-7983666 / Fax.: +62-21-7987015
Email	tuti@sucofindo.co.id
Website	www.sucofindo.co.id
Scope :	
Mill	PT. Sumber Indah Perkasa - Sungai Merah Mill (SMRM)
Estate	1. Sungai Merah Estate (SMRE) 2. Gedung Aji Baru Estate (GABA) 3. Sungai Buaya Estate (SBYE) 4. Gedung Aji Lama Estate (GALA)
Projected mass balance CPO & PK	CPO : 53,724.00 MT ; PK : 12,493.95 MT
Certification Registration Code	SICS-00004
Type of Certification	Single site
Certifier	Triyan Aidilfitri
Signed	

B. Assessment Process**B. 1. Certification Body**

SUCOFINDO SUCOFINDO ICS INTERNATIONAL CERTIFICATION SERVICES (SUCOFINDO ICS), which was formed in 1994, is one of the strategic business unit that provides certification services for leading company. Sucofindo Certification by International Certification Services is recognized nationally and international. Quality Management System Certification by SUCOFINDO ICS has obtained accreditation from National Accreditation Committee (KAN-Indonesia).

Lead Auditors and Auditors of SUCOFINDO ICS are trained professionals in the field of international standards, auditing and management systems and are registered in the IRCA (International Register of Certified Auditors) and IEMA (Institute of Environmental Management & Assessment), UK. SUCOFINDO ICS certification process is supported by experts at PT. SUCOFINDO who understand the industry sectors and services in Indonesia.

SUCOFINDO ICS Operational is supported by a network of branch and representative offices of PT. SUCOFINDO spread in 45 cities across Indonesia.

The services provided by International Certification Services Sucofindo are:

- Quality Management System Certification
- Environmental Management System
- ISO 22000 :2005
- OHSAS 18000 Certification
- Hazard Analytical Critical and Control Point (HACCP) Certification
- Good Manufacturing Practice (GMP) Audit
- Product Certification
- Sustainable Forest Management Certification
- Products Organic Food Certification
- RSPO certification
- ISPO Certification
- Certification of Integrated Management System Certification (SMT)
- Training

B. 2. Qualifications of the Assessment Team**B. 2. 1. Qualifications of the Lead Assessor and Assessment Team****Nuzwardy Sjahwil (Lead Auditor)**

He graduated from Institute Agriculture of Bogor (IPB).

He has more than 5 years audit experiences in OSHAS and SMK3. He has successfully completion from Lead auditor for SMK3, Lead Auditor for OHSAS and Lead Auditor for

ISO 9001. He has successfully completion training Lead Auditor RSPO by Proforest, Lead Auditor Training by Komisi ISPO, Jakarta, and Supply Chain Certification System Training in Kuala Lumpur.

Warsid Sumarlin (Auditor)

He graduated from Institute Agriculture of Bogor (IPB) majoring Economic and Social. He has more than 5 years audit experiences in OSHAS and SMK3. He has successfully completion from Lead auditor for SMK3, Lead Auditor for OHSAS and Lead Auditor for ISO 9001 training. He has successfully completion training RSPO by Komisi RSPO, Jakarta, ISPO Lead Auditor Training by Komisi ISPO, Jakarta.

Ronald E Butar-Butar (Auditor)

S1 graduated from Catholic University Faculty of Agriculture. Work Experience (Best Practice Estates) in oil palm estates for 6 years. He has successfully completion Lead Auditor Training ISPO by Komisi ISPO, Lead Auditor ISO 9001:2008, and Lead Auditor ISO 14001:2004. He has completion In House Training RSPO for 4 days.

Amelia Rizky R (Auditor):

She graduated from Airlangga University, Surabaya. She has successfully completion Lead Auditor Training ISPO by Komisi ISPO, Jakarta, Awareness Hazard Analysis Critical Control Point (HACCP) by PT. Sucofindo, Lead Auditor IRCA Training of ISO 9001:2008 by PT. Sucofindo, and Lead Auditor Training IRCA ISO 14001: 2004 by PT. Sucofindo.

Noor Rakhmat (Technical expert):

He graduated from Universitas Nusa Bangsa, majoring in Forestry/Forest Management. He has successfully completion training from Wildlife Conservation and Management, *Dasar-Dasar AMDAL*, *Penangkaran Satwa (Penyu)/Wildlife Breeding (Turtle)*, *Pengelolaan Hidupan Liar/Wildlife Management*, CITES, *Manajemen Konservasi SDA/Management of Natural Resources Conservation*, and ISPO Training. He has had work experiences in Ministry of Forestry on Natural Resources Conservation, HCV Consultant, SIA Consultant, and ISPO Consultant & Auditor.

B.3. Assessment Methodology

B. 3. 1. General Overview

The assessment was carrying out in conformity with the SBU SICS RSPO manual and procedures for auditor and certifier. The assessment was conducted by qualified auditors and referred to RSPO standard as endorsed for the Indonesia National interpretation. Partial certification audit conducted during ASA II to check compliance

with Final RSPO Certification System for partial certification.

The opening and closing meeting was conducted at the office of Sungai Buaya Estate and then continue in Mill's and estate's offices. Stakeholders meeting was conducted once, during ASA.

Date/Time	Functions / areas / Department / activities to be audited (include related requirements)
11 April 2016	Day 1st Audit
09:00	Departure from Jakarta – Lampung
10:00	Road trip to site
17:00	Arrived at site
17:00	End of the day 1
12 April 2016	Day 2nd Audit
08:00	Opening Meeting
	Document audit <ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation • Partial Certification • Environmental impact assessment regarding EIA
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation • Land dispute and conflict • Compensation to legal and customary right • FPIC
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation • Anti discrimination • Child labor • Complaint handling
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation • Legality regarding land and land title • Best practices agriculture • Business plan
12:00	Break
	<ul style="list-style-type: none"> • NPP • Worker welfare • Water for worker • GHG mitigation
	<ul style="list-style-type: none"> • Protection of water courses and wetlands • HCV
	<ul style="list-style-type: none"> • Erosion control and peat • Pest management • Pesticide • Practices maintain soil fertility • Water management at estate • Schemed smallholder • FFB reception from smallholder and local business

	<ul style="list-style-type: none"> • POME for land application • Waste management
	<ul style="list-style-type: none"> • OHSAS • Safety in pesticide
17:00	End of the day 2
13 April 2016	Day 3rd Audit
07:30	Visit Sungai Buaya
	<ul style="list-style-type: none"> • Visit to harvesting, spraying, and manuring (Divisi VI Blok F51) • Visit to HCV location (Div VI E 33) • Visit to housing facility, warehouses, bathing facility, and daycare (Div VI) • Visit to BPN pole • Visit to land application
12:00	Break
13:00	Visit Sungai Buaya mill
	<ul style="list-style-type: none"> • SCCS RSPO
	<ul style="list-style-type: none"> • Best practices mill
	<ul style="list-style-type: none"> • FFB reception from smallholder and local business • Worker welfare
	<ul style="list-style-type: none"> • OHSAS
	<ul style="list-style-type: none"> • Renewable energy • Water management at mill • Water efficiency at mill
18:00	End of audit day 3
14 April 2016	Day 4th Audit
08:00	<ul style="list-style-type: none"> • Social responsibility • Development of local business
	<ul style="list-style-type: none"> • Information provision • Consultation and communication
	<ul style="list-style-type: none"> • Trade union
	<ul style="list-style-type: none"> • Continuous improvement • Compliance to regulation
12:00	Break
14:00	Reporting
16:00	Closing meeting
16:00	End of audit day 4
15 April 2016	Day 5th
07:00	Road trip to Bandar Lampung
14:25	Flight to Jakarta
18 Apr 2016	Day 5th (Monday)
05.40	Departure from Jakarta to Lampung

06:30	Arrive at Lampung
07:00	Road trip to site
12.00	Lunch
14:00	Arrived at site
14:00	Opening meeting
14:30	Document audit
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation in partial certification
	<ul style="list-style-type: none"> • Partial Certification
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Land dispute and conflict (2.2.3, 2.2.4, 2.2.5, 2.2.6) • Compensation to legal and customary right (6.4) • FPIC (2.3) • NPP (7)
	Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Anti discrimination (6.8) • Child labour (6.7) • Complaint handling 6.3
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Legality regarding land (2.2.1, 2.2.2) & 1.2.1 regarding land title
	Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Protection of water courses and wetlands (4.4.2)
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Environmental impact assessment (5.1) and 1.2.1 regarding EIA
17:30	<ul style="list-style-type: none"> • End of audit day I
19 Apr 2016	<ul style="list-style-type: none"> • Day 6th (Tuesday)
08:00	<ul style="list-style-type: none"> • Continue on pending agenda of previous audit

09:30	Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Worker welfare (6.5) • Water for worker (4.4.1)
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Best practice at estate (4.1) • Erosion control and peat (4.3) • Pest management (4.5) • Pesticide (4.6.1 – 4.6.4)
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • NKT/HCV (5.2) and 1.2.1 regarding HCV
	Protection of water courses and wetlands (4.4.2)
	<ul style="list-style-type: none"> • Check completeness of previous NCR minor and observation
	<ul style="list-style-type: none"> • Environmental impact assessment (5.1) and 1.2.1 regarding EIA
	<ul style="list-style-type: none"> • POME for land application (4.4.3)
	<ul style="list-style-type: none"> • Waste management (5.3)
	<ul style="list-style-type: none"> • Occupational health and safety and legal requirement regarding health and safety (4.7)
	<ul style="list-style-type: none"> • Safety in pesticide (4.6.5 – 4.6.12)
12.00-14.00	Break
14:00-17.00	
	Business plan (3.1)
	Social responsibility (6.1.1 – 6.1.4)
	Development of local businesses (6.11)
	GHG mitigation (5.6)
	<ul style="list-style-type: none"> • Schemed Smallholder (6.1.5)

	FFB reception from small holder and local business (6.10)
	<ul style="list-style-type: none"> Practices maintain soil fertility (4.2) Water management at estate (4.4.1)
	Use of fire for preparing land or replanting (5.5)
17.00	End of audit day 2
20 April 2016	Day 7th (Wednesday)
07:30	Visit estate
	Visit to harvesting, spraying and manuring
	Visit to HCV location
	Visit to housing facility, warehouses, bathing facility, day care
	Visit to BPN Pole
	Visit to land application
09:30	<ul style="list-style-type: none"> Training 4.8 Sexual harassment (6.9)
	<ul style="list-style-type: none"> Ethical conduct (1.3) Forced labour (6.12) Human right (6.13)
	POME (4.4.3)
12:00-14.00	Break
14:00	Visit Mill
	<ul style="list-style-type: none"> SCCS RSPO
	<ul style="list-style-type: none"> Best practice mill (4.1)
	<ul style="list-style-type: none"> FFB reception from small holder and local business (6.10) Worker welfare (6.5)
	<ul style="list-style-type: none"> Occupational health and safety and legal requirement regarding health and safety (4.7)
	Renewable energy (5.4)
	<ul style="list-style-type: none"> Water management at mill (4.4.1)

	<ul style="list-style-type: none"> • Water efficiency at mill (4.4.4)
	<p>At Estate Continue audit on pending agenda</p>
21 April 2016	Day 8th (Thursday)
08:00	<ul style="list-style-type: none"> • Visit Plasma
	<ul style="list-style-type: none"> • Trade Union (6.6)
	<ul style="list-style-type: none"> • Continuous improvement (8.1)
10:00	<ul style="list-style-type: none"> • Compliance to regulation (2.1)
	<ul style="list-style-type: none"> • Information provision (1.1, 1.2) • Consultation and communication 6.2,
12:00-14.00	Break
13:00	Report consolidation
14:00	Closing meeting
17:00	End of audit day 4
22 April 2016	Day 5 (Friday)
07:00	Road trip to Bandar Lampung
14:00	Flight to Jakarta
	End of audit

Scope : 2 mills and 4 estates

Number of assessor participating: 4 auditors + 1 Tech. Expert

Number of days spent for the assessment on site : 10 days

Total number of mandays used for the assessment on site : 50 days

B.4 Stakeholder Consultation

B.4.1 Summary of How Stakeholder Consultation was Organized

Issue	Company Response	Assessor comment
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<p>KUD Krida Sejahtera (partner full managed small holder)</p> <ul style="list-style-type: none"> • KUD (Cooperative) has made an agreement with company regarding penalties for FFB supplied to the company mills which did not meet the criteria set by company • KUD and company held coordination meeting around date of 15 every months 		<p>Conform</p>
<p>Union</p> <ul style="list-style-type: none"> • Collective labour for period of 2015 - 2017 agreement has been issued • According to the information from chairman of Union, there were still unsettled issue between Union and Company e.g decision from management regarding the rise of harvesting base which has not been acknowledged by Union 	<p>The company presented the document that showed that the issue has been resolved,</p>	<p>The evidence could not be considered adequate since the evidence was given in the closing meeting this finding was still raised as minor non conformity</p>

B. 5. Date of Next Surveillance Visit

One (1) year after date of 2016 surveillance audit

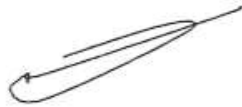
C. Assessment Findings

C. 1. Lead Assessor's Summary and Recommendation for Certification

The management (Mill and estate) showed the commitment to the implementation of the principles and criteria of the RSPO NI-INA. The Surveillance audit has been carried out through field visit to head office, mill and estate.

Audit Team has published the nonconformities, comprising 1 major, 7 minors and 7 observations. The company has made the corrective actions referred to nonconformities as graded to majors, minors and observations issued. The company has been followed up so that all of the major findings have been downgraded to a minor or observation or closed. The final conclusion regarding all of these findings are 3 minors, 7 observations and 5 closed. The team will see the evidence of implementation on the next surveillance audit.

There is commitment of management to make corrective action and for continuous improvement. The audit team found that PT Sumber Indah Perkasa – Sungai Merah Mill and its estates is complying against RSPO P & C approved for Indonesia. Therefore, certification can proceed to SIP – Sungai Merah Mill (Mill and supply bases).



Signed :

Nuzwardy Sjahwil

July 2016

C.2	Summary of the Findings by Criteria
1	COMMITMENT TO TRANSPARENCY
1.1	Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.
1.1.1 (m)	The Company has the SOP Communication and Consultation (SOP/SMART/UMUM/SADV/I/004). The procedure described responses given by the company

no later than 1 month.

Estate Manager is responsible for providing information to stakeholder related social aspects.

The company has a list of stakeholders from Aji Lama Estate, Aji Baru Estate, Sungai Buaya Estate, Sungai Merah Estate and Mesuji Estate. Stakeholders consist of public figures, government officials, labour unions, and suppliers / contractors.

1.1.2 (M)

Request information recorded on the books of communication and consultation. Request of information recorded on form information requests and responses. Request of information to the agency such as Safety committee report, the employment report, the report BPJS dues, and environmental document (RKL-RPL).

SBYM

Requests for information in 2015 was dominated funding of schools, towns, districts and local governments Tulang Bawang. The majority of requests approved.

SMRM

Request for information in 2015 was dominated for funding and heavy equipment to the village and the army (Koramil and Makodim). All requests approved.

Status: Conform

1.2	Management documents are publicly available except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes
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1.2.1 (M)

As described in SOP Communication and Consultation that the Estate Manager is responsible for providing information to shareholders mainly related to the social aspect.

In general, information can be accessed or requested by the relevant institutions. But the company has to identify and classify public information and confidential information.

Confidential documents such as the trade data and data conflicts. General information can be given only to relevant agencies such as the production data provided to the district Agriculture department.

Document of Public information are as follow

- Land legality which detailed further at 2.2
- Enviromental document as described at 5.1.
- HCV document as described at 5.2
- Labour document which detailed further at 6.5
- Occupational safety and health document as described further at 4.7

The records of information requests and responses are kept with retention time of 10 years.

The company has shown the results of HCV studies. HCV identification activities conducted by the internal assessor company. Identification activities hold on 12 to 22 June 2010. Internal

assessor Lead by Norman FM. The team members are Nugroho Wahyu W, Agus Bambang Budianto and Setyaji. The HCV report is reviewed by Resit Sozer in December 2010.

Status: Conform

1.3	Grower and millers commit to ethical conduct in all business operation and transaction
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1.3.1 (m)

The Company has conducted socialization handling complaint of labour in division 1 to 5 on February 22-27, 2016.

The Company already has a Business Ethics Policy. This policy was signed by the Regional Controller, Mr. Humala Sinaga. Socializing has been done to the employee level staff, assistant and manager on February 4, 2015. Socialization of Business Ethics Policy is evidenced by the attendance list of participants.

In the sampling of Agreement Letter No. SIP-SMRE/SPKL-L/Jan-2016/002-Angkut TBS dated January 2, 2016 between the Estate Manager SME with Mr Suhar and Agreement Letter No. SIP-SMRE/SPK-L/Jan-2016/003-Angkut TBS dated 01/02/2016 with Mr. Suwirman, agreement has not set a prohibition of corruption, bribery, and fraud (Minor nonconformity). The Company conducted a follow up this non-conformity with:

- On every agreement letter issued will be set on the prohibition of corruption, bribery, and fraud.
- On the agreement letter already issued will be made addendum

The corrective actions taken have been inadequate. There is no SOP which set the related clauses of making agreement letter. In SOP must be ensured each letter agreement contained clauses for the prohibition concerning corruption, bribery, and fraud.

Status: Minor, NCR no. 3

2	COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS
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2.1	There is compliance with all applicable local, national and ratified international laws and regulations.
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2.1.1 (M)

The company has performed periodic evaluations every six months to ensure compliance with laws and relevant regulations. The evaluations are recapitulated in Regulatory Compliance Evaluation Form and Other Requirements.

Evidence of compliance with statutory requirements including:

- Government Decision No. C202 / DATA / HK / 1989 on Land / Permit Area and use of land area of 9000 HA on behalf of PT Sumber Indah Permai.
- Government Decision no. C / 309 / BPH / HK / 1990 regarding the change of location permit are covering 9522.11 ha.
- Letter from State Minister for Investments / Head of BKPM No. 46 / II / domestic / 1998 dated July 1, 1998 on the approval of the expansion of domestic investment which states

that the production capacity to 120 tons FFB / hour.

- Letters from BPN no. 1 / HGU / BPN / 93 covering an area of 9.522.11 HA dated January 30, 1993 which stipulates area to PT SUMBER INDAH PERKASA.
- Decree of the Head of Lampung province board No. 16 / Komda / II.04 / IV / 2008 on Environmental Feasibility palm plantation activities PT.SIP.
- Permit of temporary storage for hazardous waste PT. SIP no. B / 464 / I.02 / HK / MSJ / 2012 for unit SBYM, SMRE, and MSJA. Type of hazardous waste stored meet with the terms of the license including used good, i.e: oil, batteries, oil filters, fluorescent lamp, and rags.
- Permit of temporary storage for hazardous waste PT. SIP no. B / 163 / III.06 / HK / TB / 2012 for unit SMRM, GABA, SBYE Penawar Tama, and GALA Meraksa Aji. Type of hazardous waste stored meet with the terms of the license including used good, i.e: oil, batteries, oil filters, fluorescent lamp, and rags.

The numbers of fire officials in POM do not meet with the requirement in Permenaker No. 186 / MEN / 1999. Which is only has 14 person incharge for Class D. According to Appendix 1 and 3 of the Decree; with the number of workers as much as 158 people, it still need: 5 persons in class C, 1 person in class B, and 1 person in Class A. With this evidence, the audit team raised it as observation non-conformity. The Company has responds by scheduling a training program for firefighters in 2017 to meet the Decree no. 186 / MEN / 1999.

2.1.2 (m)

The company has set a periodic evaluation to meet regulatory and written in the SOP / SPO / SMART / LH / 03 (Legal and Other Requirements rev 01). SPO Officer recapitulate compliance regulations in each unit, which includes in the area of legality, agronomy, best practices mill, employment, SMK3, and the environment.

2.1.3 (m)

The company has performed internal audits at least 1 times a year as one of the media to ensure to meet with the requirements in the regulations.

2.1.4 (m)

The Company has established SOP/SMART/UMUM/SADV/II/002 about Other Regulatory Compliance Requirements of updating the latest regulations relating to the Company's activities. Media to provide the latest regulatory updates through:

- Information from Head Office
- Information from relevant agencies
- Web

Status: Observation, NCR no. 4

2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights
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2.2.1 (M)

Location Permit

The company has the Governor's Decree No. C / 202 / DA / HK / 1989 on Land / Permit Area and

use of land area of 9000 HA on behalf of PT Sumber Indah Permai. There is a change of location permit no. C / 309 / BPH / HK / 1990 to an area of 9522.11 ha.

Plantation Business Permit (IUP)

The Company has had no IUP. 956 / Menhutbun-VII / 2000 dated August 8, 2000 for 1 unit POM with a capacity of 30 ton TBS / hour for an area of 9046.63 ha. The company currently has two units POM, each with a capacity of 60 tons. Company own changed of IUP so that the capacity of 30 ton TBS / hour to two units with capacity of each unit of 60 Tons FFB / hour. Company already have a SPUP which valid as IUP. The State Minister for Investments / Head of BKPM has approve the request for expansion of the production capacity to 120 tons FFB / hour with letter No. 46 / II / domestic / 1998 dated July 1, 1998. This is confirmed by letter of Head of Investment and Services, Lampung Province No. 800/200 / BID.V / II.06 / 2013 dated July 1, 2013 that the business license of PT. SIP issued by BKPM / agency is can be used as Plantation Business Permit (IUP).

HGU Decree on behalf PT SIP

The Company has a BPN letter no. 1 / HGU / BPN / 93 covering an area of 9.522.11 HA dated 30 January 1993. In the letter BPN define that PT SUMBER INDAH PERKASA domiciled in Bandar Lampung and located in the village of Sungai Sidang, Sungai Cambai, Talang Gunung, sub-district and Gedung Aji village. Village Gedung Meneng, District Mangala, North Lampung Regency of Lampung Province.

PUP

Appraisal for PT SIP plantation business already conducted on October 2, 2015. This is proved by the official report No. 525 // III.15 / E.2 / 2015 for a review of PT Sumber Indah Perkasa estate and palm oil mill location. Companies own the appraisal result for plantation business signed by the estate, but still waiting for Decree from Lampung Governor.

2.2.2 (m)

The Company has been maintaining the conditions of the concession peg, e.g: the area around the pegs was cleans once every 3 Months. The company has ensured the coordinates of the concession pegs set by BPN. Companies monitored the condition of the peg in March in June, September and December. Monitoring report says that the need for care for the entire area around the pegs. The company also has been doing maintenance around the pegs in accordance to the recommendations from HGU pegs monitoring.

2.2.3 (m)

Based on information from the company there is no land conflicts.

2.2.4 (M)

The company has had a social conflict handling SOP (SOP / SMART / SENS-CSR / SADV / I / 002) and the procedure of compensation of land / soil: SOP / NP / SMART / VII / D & L002. This procedure including the compensation for customary rights (customary right) in item 6.2

2.2.5 (m)

Join mapping with the affected parties have been arranged on the SOP handling of social

conflicts (SOP / SMART / SENSENS-CSR / SADV / I / 002)																					
2.2.6 (M)																					
There were no written contracts to kind of paramilitary and military for the security force for the estate, and during the visit there were no paramilitary and military seen.																					
Status: Conform																					
2.3	Use of land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.																				
2.3.1 (M)																					
There is FPIC SOP: SOP Implementation Agreement on Informed without coercion (SOP / SMART / SENS-CSR / SADV / I / 003) and Participatory Mapping Guide																					
2.3.2 (m)																					
There was no record of land conflicts																					
2.3.3 (m)																					
There was no record of land conflicts																					
2.3.4 (M)																					
There was no record of land conflicts																					
Status: Conform																					
3	COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY																				
3.1	There is an implemented management plan that aims to achieve long-term economic and financial viability																				
3.1.1 (M)																					
The Company already has a long-term plan for five (5) years that include financial and also plans production forecast up to 2020. The plan outlined in the economic feasibility analysis 5 Year ahead to Region Lampung and has approved on October 29, 2015. In the company's 5th Annual plan has included smallholdings to forecast the next five years.																					
3.1.2 (m)																					
The Company already has a long-term plan related to replanting will begin in year 2017 with a total area of 1,495.85 Ha (SBYE 853.24 Ha dan SMRE 642.61 Ha). The following plan of replanting PT SIP:																					
<table border="1"> <thead> <tr> <th>Estate</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>SBYE</td> <td>853.24</td> <td>1,069.35</td> <td>884.93</td> <td>1,243.11</td> </tr> <tr> <td>SMRE</td> <td>642.61</td> <td>717.84</td> <td>864.52</td> <td>855.93</td> </tr> <tr> <td></td> <td>1,495.85</td> <td>1,787.19</td> <td>1,749.45</td> <td>2,099.04</td> </tr> </tbody> </table>		Estate	2017	2018	2019	2020	SBYE	853.24	1,069.35	884.93	1,243.11	SMRE	642.61	717.84	864.52	855.93		1,495.85	1,787.19	1,749.45	2,099.04
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Status: Conform																					

4	USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS
4.1	Operating procedures are appropriately documented and consistently implemented and monitored
<p>4.1.1 (M)</p> <p>Land clearing refers to the Technical Guidance for Land Preparation (Palm Oil Plant). This SOP is a set of SOPs and IK relation to the preparation of new land (new planting) published in 01/07/2010.</p> <p>The company has the SOP processing (SOP-PROCESSING / Review MCMD / 1/2013). Documents in form of SOPs from FFB Reception, Sterilization, Dings Station, Press Station, Clarification Station, Nut Kernel Station, boiler and engine rooms, Water treatment, Final effluent to SOP Tank leaching. In the laboratory was provided IK analysis of palm oil.</p> <p>4.1.2 (m)</p> <p>Company conducted harvesting up to 6 days. In the SBYE there were 204 harvesters, but based on the areal of harvesting it only needs 155 harvesters so that there were of harvester as many as 43 people. This a labor surplus was to anticipate if there are employees who are absent from work and to ensure that crop rotation is not too long.</p> <p>The Company has a monitoring mechanism for each activity, such as in the implementation of rotation harvesting that has been defined in the SOP that is 6 days. The company has had a crop rotation monitoring.</p> <p>In the processing of FFB, key parameters have been controlled, such as in the sterilization process. Sterilization used three peaks. Parameters of pressure observed and recorded. In the process of digesting temperature was maintained at 90-100 C.</p> <p>4.1.3 (m)</p> <p>Company already has the documentation for each activity which was summarized for each activity every month.</p> <p>The monitoring of the quality of CPO, was conducted every hour and recorded in logsheet of oil analysis. The specification of the CPO are FFA, moisture content, impurity and DOBI</p> <p>List of measuring instruments used in the laboratory are already available, such as analytical scales. Calibration of scales was done internally using Analitical Balance. Regularly there was inspection by research office to validate the tools, testing methods and competence of personnel.</p> <p>4.1.4 (M)</p> <p>Company already has the data of the origin of third parties FFB which was supplied to the POM.</p> <p>SOP of FFB receiving from third party was arranged in the procedure RSPO Supply chain product mass balance models SIP-Smrm / SOP / 17 clause 6.1.1.</p> <p>Status: Conform</p>	

4.2	Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield
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4.2.1 (m)

Company already has a SOP for soil sampling (PPG / GMO / ASD / 08 / SOP) and leaves sampling (PPG / GMO / ASD / 07 / SOP). The frequency of the soil sampling conducted once every five years, while for leaves sampling that is used for fertilizer recommendations do each once a year.

Company has conducted leaves sampling for analysis related to the crop needs of nutrient elements. Evidences of leaves sampling analysis with reference number 347 / LEAF / LAB-SMARTRI / VI / 2015 for the analysis of N, P, K, Mg, Ca., B and Cl.

4.2.2 (m)

Company already has SOP for manual fertilization No. PPG / GMO / ASD / 45 / SOP to support optimal production by improving soil nutrients.

Company already have a realization of fertilization from January until December 2015:

Type of Fertilizer	Realization (Kg) Jan-Des 2015
Urea	740.623
DAP	48.000
RP	826.362
TSP	182.300
MOP	1.282.310,25
S.Dolomite	82.800
Kies. Powder	50.500
Kies.Granular	188.500
Kaptan	324.200
Borate	47.529
CuSO4	22.431
ZnSO4	16.215

4.2.3 (m)

Company already doing leaf sampling for analysis related to the crop needs of nutrient elements. Evidences of leaf sample analysis with reference number 347 / LEAF / LAB-SMARTRI / VI / 2015 for the analysis of N, P, K, Mg, Ca, B, and Cl on April 23, 2015 as many as 65 samples.

4.2.4 (m)

To improve soil fertility company also apply Empty Fruit Bunch at a dosage of 60 ton / ha / 2 years in accordance with SOP No. Document LAMP / IX / TA-PPK / 11-Fertilization TKS in TM / 01. Realization fertilization using the EFB SMRM Estate as much as 54,730.57 Ton.

Status: Conform

4.3	Practices minimize and control erosion and degradation of soils.
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4.3.1 (M)

The Company already has a map to reflect the conditions of land suitability to oil palm with a scale of 1: 45,000.

1. Mineral = 86.61 Ha
2. Mineral Sand = 2687.14 Ha
3. Peat = 1272.26 Ha

4.3.2 (m)

The Company does not have SOP of making terraces and terraces contour since in the estate is only a flat and wavy land.

4.3.3 (m)

The company has the SOP for road maintenance documented in IK / SMART / MCAR / I / TA-PPA / 03-Terrace. Company has conducted road maintenance in 2015 to make the road is in dry condition, manual road maintenance, hardening the road with stone, installing culverts to channel the water which crossing the roads, and manufacture Box Culvert. Company also has the budget for road maintenance for year 2016.

4.3.4 (M)

The company already has a mechanism to monitor land subsidence in the peatland. The tool was installed in Block H21 Division II. The measurement has been conducting since 2009 up to 2020. The Company has a strategy to address the fragile soils such as peat areas by adjusting the height of water level between 50-80 cm below the soil surface. To overcome the acidity in peat areas, the company already has a SOP for the installation of piezometers, which were installed by 2 pieces for each area of 30 hectares to maintain the water level. In the data of piezometer measurement report in Division I in March Week IV, the average water level in the range of 20 cm.

4.3.5 (m)

Based on the long-term plan of PT Sumber Indah Perkasa will conduct the replanting in the Year of 2017.

4.3.6 (m)

The Company has a strategy to address the fragile soils such as peat areas of high water by regulating the water level of 50-80 cm below the ground surface. To overcome the acidity in peat areas, the company already has a SOP for the installation of piezometers were installed by 2 pieces for each area of 30 hectares to maintain the water level.

Status: Conform

4.4**Practices maintain the quality and availability of surface and groundwater.****4.4.1 (m)**

Sources of water for processing activities of FFB in the POM comes from Tala river. The water was then processed in the WTP. Water for domestic needs for the workers around POM was taken from WTP and from drilled wells and digging wells. Tests on water quality in the water source is conducted once a year. The test of water quality in 2015 conducted by the laboratory PT. Mutu Agung Lestari showed that the quality of water was met with the water quality standard

specified in Permenkes 416 1990. There are 6 wells in the estate area of SME, GABA, and Mesuji tested in 2015, while the total wells were utilized in a residential area in the estate are 11 wells

4.4.2 (M)

The Company has the SOP of HCV Management and Monitoring No. SOP SMART / BCOS-EHSD / SADV / I / 002 issued on July 1, 2014

Based on the results of field observation, the Company has marked the fifth line of stem/palm oil staple that already planted along the river banks. It was conducted in an effort to implement a recovery program riparian naturally, by not conducting maintenance and fertilization.

4.4.3 (m)

The liquid waste generated from the processing of FFB in POM does not dispose into water bodies, but rather used as land application. The monitoring of the effluent water quality conducted by test of wastewater every month. Wastewater quality testing performed by external laboratory i.e the laboratory Poltekes Tanjung Karang. The sample was taken in outlet WWTP pond. The test results of wastewater on July 2015 - March 2016 for the parameters pH and BOD is met with the standards as set out in Kepmen LH 29, 2003. Daily measurements also conducted by the internal laboratory, including pH, alkalinity, and VFA. Utility of wastewater has been equipped with a permit issued by the Head of the Regional Environmental Management Tulang Bawang District no. 660/455/III.7/TB/XI/2014 dated November 18, 2014.

4.4.4 (m)

Use of water for processing activities of FFB in POM Sungai Merah during 2015 was 262.418,16 m³ with a total of FFB processing 263.611,95 tonnes or 0,995 m³/tonne of FFB.

Water for domestic needs around POM comes from WTP and for workers comes from artesian and digging wells. Tests on the water quality of water sources have been done once a year. The test results of water in 2015 conducted by the laboratory PT. Mutu Agung Lestari, showed the quality of water complied with clean water quality standard specified in Permenkes 416 1990.

Status: Observation, NCR no. 9

4.5	Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated
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4.5.1 (M)

Company already has procedures for controlling pests and plant diseases which refers to the SOP - IK Technical Oil Palm Cultivation, Smart Agribusiness and Food.

Some important pests and diseases on crops, ie :

1. The horn beetle pest
2. Tirathaba ruvivena and Tirathaba mundela (Borer fruit bunches)
3. UPDKS Control (Palm leaf-eating caterpillars controls)
4. Pest Caterpillars
5. Rat
6. Control of Ganoderma
7. Control of wild boar

The Company has conducted fire caterpillar monitoring every month. From the sampling

conducted in March 2016 showed that the attacks of pest were in the range of mild in Division I through V with an average strike rate of 6%.

The company also handled pests biologically by breeding the owl. From the owl population data at Sungai Buaya dan Sungai Merah in the period of 01-15 March, 2016, the number of population was 325 pairs and as much as 54 eggs.

4.5.2 (m)

The company has a census team for each Division, which was coordinated by the foreman of each division. The Company also has census workers who were already assigned as EWS team. The company also has planted useful plants such as Turnera subulata and Antigonon leptopus and for year 2016 has been planted as much as 2,430.92 ha.

Status: Conform

4.6	Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented
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4.6.1 (M)

There was a list of pesticides used in 2016 to refer the book from Pesticide Commission among others were Roll Up 480 SL (isopropyl amine glyphosate) broadleaf weeds, narrow and reeds, Rolifos 150 SL (Ammonium glufosinate) for broad and narrow leaf weeds, Erkaforon 20 WG (metal metsulfuron) for broadleaf weeds, starane 290 EC (fluoroksipir metal heptyl ester) of broadleaf weeds, GARLON 670 EC triclopir butoxy ethyl ester for broadleaf weeds.

4.6.2 (M)

Based on recapitulation data of the use of pesticides in 2015, the chemical used was Roll Up (Glyphosate) of 2147.34 liters, Starane (Methyl Metsifuron / MMS) 472.95 liters, Ekafuron (MMS) of 102.72 kg and Rolixone (paraquat) as much as 650.70 liters. In 2016 and March of use Roll Up (Glyphosate) of 1078.26 liters, Starane (Methyl Metsifuron / MMS) 249.69 liters.

4.6.3 (M)

The company already has an integrated pest management as set in SOP weed control / SMART / MCAR / VIII / TA-PGM. Controlling pests and weeds is done manually, biological, mechanical and chemical. For example, planting trees palm pest predators such as Antigonon, and maintenance of owl.

There UPDKS census during 2016. In February there was a mild attack as much as 33.11 ha, in March as much as 50.44 ha . There was a manual control activities through pupa picking and traps

4.6.4 (m)

There was a memorandum President Director No. 044 / PD / IX / 2014 dated 21 November 2014 concerning the use of paraquat, which limit the use of paraquat only to control ferns (noxious fern), and also a commitment to reduce the use of paraquat by 30% which began in 2015. It has been conducted training for the reduction of paraquat and census weeds on 02 February 2015.

Based on data from recapitulation of the use of pesticides in 2015 total use of paraquat (brand rolixone) was as much 650.70 liters. In 2016 until month of March there was no the use of paraquat.

There was a declining trend in the use of paraquat from 2014 - 2016. In 2014 the use of paraquat was as much as 937.72 liters, in 2015 liters was as much as 650.70, and in 2016 there was no record of the use of paraquat.

4.6.5 (M)

The company has conducted training for the reduction of paraquat and census weeds on 02 February 2015.

4.6.6 and 4.6.10 (M)

The pesticides and herbicides were stored in central warehouses. There were no chemical pesticides stored because the company was optimizing pest management using IPM methods.

Procedures of the management of pesticide packaging was documented in the SOP of Waste Management (SOP-SMART/LEMS-EHSD/SADV/II/002). Pesticides/herbicides stored in the warehouse of chemical and has been equipped with the symbol/label and MSDS.

Pesticide packaging to be reused for spraying will be rinsed thoroughly and stored in a special storage of pesticide packaging. Flushed water will reused a mixing for pesticide mixing. Used pesticide packaging that are not used again are stored in the B3 landfills.

PPE washing and spray tools performed in washhouse PPE spray. The effluent from the used washing accommodated in secondary containment for reusing to mix pesticides.

Processing packaging pesticide / herbicide that is not reused, carried out by two methods:

- a. Transported by the carrier PT.Primanru Jaya as B3 waste based on recommendation of the Ministry of Environment. Transportation last performed on March 2, 2016 for the package in starane and erkafuron.
- b. Returned to the PT. Rolimex Kimia Nusantara as the supplier, based on the letter no. B-5381 / Dep.IV / LH / PDALs / 05/2012, dated May 25, 2012 issued by the Ministry of Environment. The response letter contains an optimal usage of pesticides by PT. SMART Tbk and effort extended producer responsibility (EPR) by PT. Rolimex to refill. Packaging former toxic contamination latter handed over to PT. Rolimex archipelago on June 7, 2014 for rolixone packaging, roll up, and erkafuron.

APD washing and spray tools work done in the washing place for APD and Spray. The effluent from the used washing accommodated in secondary containment for reuse for mixing pesticides.

4.6.9 (m)

Socialization of handling packaging pesticide / herbicide, the introduction of Materials, MSDS, and emergency preparedness for the year 2016 has been done to employees SMRE the range in January-February, 2016.

4.6.11 (M)

Cholinesterase and spirometry examination to chemist handlers and sprayers was carried out periodically every 6 months. Cholinesterase examination and spirometry in semester 2 of 2015

was conducted on November 24, 2015 and December 8, 2015 to 34 employees of Sungai Merah. There were 24 employees who experienced mild decrease of cholinesterase enzyme levels in the blood.

Cholinesterase and spirometry examination for employees GABA has been done on November 27, 2015 and December 7, 2015. There were two employees in a state of mild and moderate decrease of cholinesterase enzyme levels in the blood.

Special examination for the head, officer and clerk of the warehouse and foremen of spraying as many as 20 people was conducted on 26 November 2015 in the form of cholinesterase examination. Cholinesterase examination done by a doctor of internal company using its own tools ie PEST-100 measuring instrument with Tintometer method. The result is in the range between: 50 to 87.5 with details: 'moderate' (2), 'light' (10) and the 'normal' (8).

Special examination for chief officer Laboratories, Warehouses, WTP, boiler as many as 10 people on May 1, 2015, in the form of cholinesterase examination. Examination done by a doctor of internal company using its own tools ie PEST-100 measuring instrument with Tintometer method. The result is in the range between: between 6412-11698 (normal standards: 3930-11500). One person, Triyanto, has to undergo follow-up examination.

Company has already taken corrective action on the results of the medical examination. There was a cholinesterase examination results dated 4/3 // 2015 on behalf Triyanto (Analyst Laboratory) conducted by Manpower K3 UPTD Hall Prov. Lampung. Results expressed enzyme levels amounting to 11 698 (normal between 3930-11500). Then the doctor recommends: "avoid from chemical exposure during the first month, and do a re-examination of cholinesterase in the span of one year to the next". Company are already taking corrective action sebabagai the following: (1). Mutations Publishes Letter to Br. Triyanto, became clerk Compound Factory, No .. Letter 001 / FM-SBYM / MTS / 05/2015 dated May 1, 2015. (2). Re-examination of cholinesterase on 01/25/2016, and the results were otherwise normal.

4.6.12 (M)

To ensure female sprayers are not pregnant when performing activities related to chemicals, company conducted prenatal care. The examination to female sprayers of SMRE estates have been conducted on 22 January 2016. The results showed no employee who was pregnant.

Status: Conform

4.7	An occupational health and safety plan is documented, effectively communicated and implemented
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4.7.1. (M)

The Company has established Occupational Health and Safety Policy, signed by Daud Dharsono as President Director of PT. SMART Tbk, on November 1st, 2013. The OHS policy already contains a commitment to improve the performance of OHS, communicate policy and procedures to all employees and stakeholders, obey laws, ensure the application of SMK3, identify, assess and control all risk and conduct continuous improvement in order to get zero accidents and occupational diseases, manage and monitor indicators of SMK3 and continuous improvement and enhance the performance of OHS.

The communication of OHS Policy was conducted through various ways, such as checkroll, P2K3 meeting, management meeting, or display it in the workplace.

The Company shall:

- a. Ensuring dissemination through displaying OHS policies in workplaces. During a visit to the office of the Division of 4/6, there is no display of K3 Policy.
- b. Ensuring choose OHS policy which one is used, because there are version of 2011 and 2013. In the SMRM office, version 2011 is displayed. (observation)

The Company has followed up by displaying OHS policy poster in all over the division office / other appropriate work. This follow up has been considered adequately, so that this observation could be closed.

4.7.2 (M)

The Company has established procedures to conduct assessment of operational risks that could threaten the safety and health, i.e. Identification Hazards, Assessment and Risk Control (ISBPPR) procedure, No. Doc: SOP / SMART / HESS-EHSD / SADV / I / 003). ISBPPR SMRE and SMRM have been recorded in the form F / SMART / HESS-EHSD / SADV / 002/002, period of January-December 2016 issued on 4/01/2016. ISBPPR was prepared by P2K3 Secretary approved by the Chairman. Furthermore, to the risks that require control, the control is defined in the form of ISBPPR follow-up and review (F / SMART / HESS-EHSD / SADV / 002/003).

The company has made procedures (SOP) and work instructions (WI) about the work that is risked to health and safety, i.e. SOP of Material Management and its Move, WI of Management, Handle, Storage, and Expenditure of hazardous waste, WI of Pest Spraying, fertilizing, Harvesting, and others.

4.7.3 (M)

The Company (SMRE) has developed training program every year. Training program in 2015, i.e. training for first aid officer, MSDS training, and fire extinguisher use and maintenance training. Socialization in 2015, i.e. procedures and work instructions, PPE, risk analysis, MSDS, OHS for new employment. Emergency response simulation program has also been established.

In SMRM has developed training program every year. There were 14 training materials in 2015, i.e. MSDS training, socialization of PPE use, socialization of procedures and work instructions. There were some evidence of training implementation i.e. training of fire extinguisher use and maintenance, dated 10/08/2015, socialization of emergency response and preparedness, use and management of fire hydrant, dated 06/24/2015, socialization of OHS policy, management of PPE, KTD flow charts, MSDS, hazardous symbol, SOP / WI dated 10, 17 and 21 March, 2016. Training of SOP / WI, OHS requirement, PPE and first aid, dated 12/12/2015.

The Company has met the training requirements for dispatchers machinery and equipment that require a license. The following licenses owned by the OHS, as follows:

(a). Mill

Related to the job that requires special training, unit SMRM own workers who have a license or operator permit as listed in Operator Permit and Certificate SMRM 2016. Licenses that are owned include: first aid license, Fire Officer Class D, Hiperkes operator-Lift Transports, Steam Aircraft operator, operator Electrical and Welder Savior. Specifically conducted sampling for 2 boiler operators who working at Boiler Station, i.e: Suwoto and Agus Edi Hartono. It can be proved they both have license card valid until 11/28/2016 and 04/28/2010.

Equipment that requires periodic certification has been recorded in the Register of License-Permit

SMRM 2016.

Sampling were conducted on 2 unit of boiler, 1 unit of diesel engine, and 1 unit of turbine. It Can be reported as follows:

- Boiler No.1, No. Permit: 08 / A.0086.A, certified last date of 03.30.2015, and otherwise good condition. Certification is valid until 3/30/2017 (2 years)
- Boiler No.2, No. Permit: 08 / A.0130.A, certified last date of 05.24.2015, and otherwise good condition. Certification is valid until 5/25/2017 (2 years)
- Genset No. 4, No. Permission: 560/02 / HIPK3 / II.13 / IV / 2011, final certified dated 06/04/2015, and declared fit and well. Certification is valid until 6/4/2017 (2 years).
- Turbine 2, No. Permission: 560/02 / HIPK3 / II.13 / IV / 2011, final certified dated 06/04/2015, and declared fit and well. Certificate is valid until 6/4/2017 (2 years).

The four units of machinery / certification were conducted by the Department of Labor Kab. Tulang Bawang.

(b). Unit SMRE

Related job that requires special training, unit SMRE has owned workers who have a license or permit to the operator (SIO) as listed in SIO SMRE Year 2016, i.e: P3K license, Excavator Operator, Crane Operator, Backhoe Operator loader, Road Grader operator, Electrical Technician, and Savior Las. Everything is still valid until 10/25/2016 and 02/27/2018.

As for the equipment that needs periodic certification, has been recorded in the Register of Licensing - SMRE Year 2016. There are 20 pieces of licensing, namely: generators, distributors lightning, electrical installations, compressors, pumps, backhoe loaders, cranes, excavators, tractors 4WD, and motor grader. Sampling is done on the tool cranes, generators, and penylur lightning, can be reported as follows:

- Genset GST2, No. Permission: 560/117 / III.05 / MD / MSJ / IZ / 2013, dated 11.20.2015 last checked, otherwise decent and good. Certification is valid until 20/11/2017 (2 years).
- Crane Grappl, No. Permission: 560/64 / HIPK.II / II.3 / XII / 2011, dated 05.14.2014 last certified, and otherwise good condition. Certification is valid until 5/14/2016 (2 years)
- Installation of Lightning Distributors No. Permission: 560/107 / III.05 / IPPK / MSJ / IX / 2013, the last certified date of 20/11/2015, and declared fit and well. Certification is valid until 20/11/2017 (2 years).

Those 3 (three) units of the machine / tool certification were conducted by the Department of Labor Kab. Tulang Bawang

- PPE

The Company, both in SMRE and SMRM have been trying to meet the requirements of personal protective equipment (PPE) for workers. There were some evidence the provision of PPE to employees, official report of Handover PPE, including

1). In SMRE Division 6, on 9 and 16.02.2016, regarding the replacement of damaged PPE: foreman, operator genset / MPA, and wipping sprayers, fertilizing, fruit picker, and the harvest, i.e.: 62 pairs of boots AP, 39 pieces of helmet safety , 33 pieces of glasses, masks spray 14 pieces, 32 pieces of cloth masks, 14 pieces pair of rubber gloves, 14 pairs of cloth gloves, 28 pairs of plastic shoes / gambier, and 13 pieces of gloves harvest knife (egrek).

Sampling at Division 3 Block F51, it was found that the harvest workers already wearing boots,

helmet and goggles.

Meanwhile, during a visit to the area POM SMRM, to the Workshop, Boiler Station and Engineering Station, there were no workers who were not using PPE. They used: helmet, boots, face shield, earplugs and ear muff. At each station has also been provided PPE for their designated purpose, such as: face shield, apron and glove.

4.7.4 (M)

Company, both in SMRM and in SMRE already issued a decree related to appointment of safety officer) No. 01 / K3 / EM-SMRE / I / 2016 for Indra Kurniawan dated 01/1/2016, signed by the Estate Manager, and for the mill there was decree No. 005 / FM-SMRM / III / 2016 for the appointment of Doni Saputro dated 03/03/2016 signed by FM Manager.

In addition, in each SOP and IK have been issued, also assigned duties and responsibilities of each corresponding process flow of activities. Meanwhile, in order to meet the provisions of national legislation, in this case Permenaker No. 04 / MEN / 1987, both the Company and SBYE SBYM already formed a team P2K3 all of which have been ratified by the Social Service Manpower and Transmigration District. The endorsement is as follows:

(a). Unit Estate

Safety committee has been established and approved by Decree No. 560/159 / III.05 / P2K3 / MSJ / I / 2016 t 14/01/2016 by Local Manpower Authority. Chairman was the Estate Manager, Mr. Eddy Huberta. While the Secretary on behalf of Indra Kurniawan, No. Reg. General AK3 Cards: 2492 / PK3 / AJ / 31/2015 / P1 apply sd. 28/12/2018. While SK Appointment No. KEP. P.4118 / M / DJPPK & K3 / XII / 2015 dated 12.28.2015, for PT. SMART Tbk..

Safety Committee also regularly report their activities quarterly. In the sampling of evidence reporting First Quarter / 2016 Quarter III / 2015 and Quarter IV / 2015, all reporting evidence can be shown to be the Minutes, and is equipped with a rubber stamp of the Department of Labor Tulang Bawang. As an example for Quarter IV / 2015 received by Mr. Disnakertrans officer. Ibn Alwan dated 19.01.2016.

(b). Mill

Safety committee, already approved by the Office of Manpower District. , by Decree No. Kep. 560/03 / HIPK / II.12 / P2K3 / II / 2016 02.17.2016. Chairman is Mill Manager, Rudi Prawoto. While the Secretary of the name of Doni Saputra already certified General K3 expert with SK designation No. KEP. 3606 / M / DJPPK / X / 2013 dated 10.24.2013 for PT. SMART Tbk .. Card Public AK3 license is valid until 24.10.2016. Safety Committee has been doing regular monthly meetings. In the sampling of the minutes of the meeting of April s / d in December 2015, and January-April 2016 all meeting minutes can be demonstrated and is equipped with the attendance list..

In the sampling of evidence reporting First Quarter / 2016 Quarter III / 2015 and Quarter IV / 2015, all reporting evidence can be shown to be the Minutes, and is equipped with a rubber stamp of the Department of Labor Tulang Bawang. As an example for Quarter IV / 2015 received by Mr. Disnakertrans officer. Somadi dated 11.01.2016.

4.7.5 (m)

The Company has established some procedures and work instructions related to the incident face work accidents and emergencies. Procedures and work instructions applies to all units under PT.

SMART. There were several procedures (SOPs) and work instructions (WI) that have been made:

- Handling Occupational Diseases and Accidents (SOP / SMART / HESS-EHSD / SADV / I / 005).
- SOP First Aid (SOP / SMART / HESS-EHSD / SADV / I / 011).
- Emergency Response Preparedness SOP (SOP / SMART / GENERAL / SADV / 005)
- SOP Planning and Use of Equipment Fire Extinguisher (SOP / SMART / HESS-EHSD / SADV / I / 013).
- SOP Design and Use of Hydrant ((SOP / SMART / HESS-EHSD / SADV / I / 014).
- Flowchart facing emergency situations fires, chemical spills, and earthquakes.

Emergency preparedness demonstrated also by the formation of structure Preparedness and Emergency Response (F / SMART / GENERAL / SADV / 005/001). For in SMRE formed as at 01.03.2016 approved by the Chairman P2K3 (once Estate Manager). The structure consists of: Chairman, Chairman of the board, and teams: Fire, Security, remover, Evacuation, Health. The Fire fighter team Fire, was divided into sections: fire extinguisher, hydrant / Tank Fire, Galah Latches, Parang / axe, hammer Fire, and Spraying kep. In search of training footage, apparently of the Section 8 and Tank Fire extinguisher, there are 3 people who are not registered as a trainee per date 19/112/2015.

In SMRE Unit, in the last year, company has conducted several drill of landfire i.e on 12.19.2015 in Division 3 blocks G-47. (2). A simulation was based on a scenario drawn up the date 12.15.2015. The results of activities were evaluated and recorded on the form Evaluation of Emergency Response Procedures Training (F / SMART / GENERAL / SADV / 005/005). There is evidence in the form of photographs and list of attendees.

SMRE has 2 person as first aiders who have been licensed in accordance with Ministerial Regulation No. P3K 15 / MEN / VIII / 2008, on behalf of Agus Toni (No. certificate: 560/04 / II.2 / TB / X / 2014), and Chandra Buana (Certificate No.: 560/05 / II.12 / TB / X / 2014). Likewise in SMRM, already has two licensed officers P3K, on behalf of Didik Sugianto (Certificate No.: 560/13 / II.12 / TB / X / 2014) and Tupani (No. certificate: 560/14 / II. 12 / TB / X / 2014).

On implementation, the time of the visit to the harvesting area in Block F51 Division 6, it was found that the foreman of the harvester brought first aid kit to the field. However, the personnel have never undergone first aid training by competent authorities or company doctor or a licensed first aid agency (minor nonconformity). The corrective action taken by the Company was by providing training to all first aider responsible P3K box / bag P3K (especially for new supervision) to be performed by the company doctor. The corrective actions submitted were sufficient so that this discrepancy can be closed.

The Company has recorded every workplace accidents in the form Recap Accidents, both in SMRE and in SMRM. Accidents that occur are reported by Ast. Division to the Chairman P2K3 within 1x24 hours. In the sampling of records two cases of accidents in September 2015 on employee NIK. 12303 and 12330 NIK, occurred on the same day the date of 09.15.2015, both proved already reported and carried out investigations using the form Investigation Report Accident / Incident and Emergency (F / SMART / HESS-EHSD / SADV / 005/002). There once an accidents caused by falling TBS. This accident resulted in the victim suffering a sprained knee and bruised and blistered chest. Corrective action taken were e.g : socializing the Harvest Work Instruction which was scheduled on 09.16.2015. There was evidence of the implementation of the above recommendation in the form of socialization WI of Harvesting on 16 September 2015 for the 5th Division. This event was attended by 55 harvesters and fruit picker.

4.7.6 (m)

The Company has established a policy related to social security as contained in Article XIV of the Agreement on Social Security and Social assistance.

The premium of health insurance (BPJS kesehatan) for March 2016 was paid on April 8, 2016. The payment was limited to contract labour and permanent daily labour, not included volume based daily labor, casual worker and not included their family members.

Based on the proof of premium payment of BPJS employment in March 2016, it was known that not all workers had been included in social security programs as required in government regulations no 84/ 2013. Casual and non permanent workers only get the protection of accident insurance and life insurance, not included pensions plan. This evidence was raised by auditor as minor non conformity. However the auditee objected this minor non conformity based on the reason that regardless the government regulation no. 84 year 2013, the manpower decree no. 150 year 1999 is still valid, it has never been officially declared as obsolete by the government.

The Company, in the event of workplace accidents, will undertake the appropriate insurance provisions. There is an accident in the name of Masito in Work Accident Report (1x24 hours) dated 03.25.2015.

The Company has conducted an investigation and follow up on recommended corrective action. The corrective action i.e socialization work instructions of harvesting and the use of PPE on 03/26/2015. This nonconformity has been closed.

The company has already helped handling insurance claims of the victim. The victim was a participant of Labor Social Security No. KPJ: 080080232046. The company is already taking care of insurance claims through Work Accident Claim delivery report (completeness and attachments), No. 227 / SIP-SMRE / O / VIII / 2015 dated 08.27.2015, of the Estate Manager to Leader BPJS branch of Lampung II.

4.7.7. (m)

The company has carried out the calculation of frequency rate (FR) and the severity rate (SR) each month from the incident happened. Calculations refer to the provisions in Ministerial Regulation No. 03 / MEN / 1998, the calculation of working days lost (Lost Time Accident). Calculation results are recorded in Form SR / FR Monthly (F / SMART / HESS-EHSD / SADV / 005/004).

Estate and Mill of Sungai Merah have conducted calculation FR and SR which was recorded in the form Annual Summary of FR & SR Monthly report at 2 and 4 April 2016. The data of calculations have been published from January 2015 to March 2016. In the month of March 2016 in the estate the FR & SR was 41.15 and 86.86 respectively, while in mill was 0.0 and 0.0 respectively.

Status: Minor, NCR no. 12

4.8	All staff, workers, smallholders and contractors are appropriately trained.
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4.8.1 (M)

The Company has arranged an annual training program. There were Training Program and Realization of PT. SIP Sungai Merah Mill in 2015 and 2016. Training Program includes 13 items of matters (for 2015), and 17 items of matters (for 2016) which included awareness for: ISCC,

ISPO and RSPO, sexual harassment, and other matter relating OHS. This training program is made based on the results of Training Needs Identification which made earlier in the beginning of the year.

Sungai Merah Mill:

Has taken sample of record for training and socialization for ISCC, ISPO and RSPO in February, March and May 2015. There is evidence for the socialization of the RSPO, ISPO and ISCC dated 01-31-2015 and dated 04-24-2015 about ISCC. Official Report of Training comes with the attendance list, photos of activities and impressions matter.

Sungai Merah Estate:

There are OHS training programs for 2015 and 2016, approved by the Estate Manager on 05-01-2015 and 02-01-2016. Training program for 2016 includes 12 items of material, including: ISCC, ISPO-RSPO, environment, IPM, first aid, MSDS, ho to use and maintenance of portable fire extinguisher, hazardous waste management, and the use of pesticides The company can show the sampling record of awareness training program for ISPO, RSPO and IPM in January 2016. Official Report of Training comes with the attendance list, photos of activities and impressions matter.

Status: Conform

5	ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY
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5.1	Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate
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5.1.1 (M)

The Company has had an environmental permit, i.e Decree of BLHD Head of Lampung province, no. 16 / KOMDAL / II.04 / IV / 2008 on Environmental Feasibility of Palm Oil Activity and Palm Oil Processing into CPO (Crude Palm Oil) PT. Sumber Indah Perkasa in Kampung Sidomukti, District Penawartama and Kampung Sukoharjo, District Building New Aji, Tulang Bawang, Lampung Province.

The environmental feasibility decision is based on Revised EIA document of Palm Oil and Palm Oil Processing into CPO for Sungai Buaya and Sungai Merah, Tulang Bawang regency, Lampung province with total area 9254 Ha and two (2) palm oil mill with capacity 60 tons TBS / hour.

5.1.2 (m)

Records of regular report on environmental management is available on Implementation Report Management and Monitoring RKL RPL PT. SIP (Sungai Merah Mill), Mesuji regency, Lampung province for forth quarter 2015 (October – December 2015) and first quarter 2016 (January - March). Report of RKL/RPL first quarter 2016 (January – March) has been submitted to Department of Agriculture, Plantation, and Forestry, Tulang Bawang regency, environmental agency of Tulang Bawang on April, 2016.

This report refers to the matrix of RKL RPL EIA document. Environmental monitoring were

contained in the first quarterly report 2016 can be detailed as follows:

- The analysis of waste water in the WWTP outlet was conducted on January - March 2016 by Laboratory of Poltekes Tanjung Karang.
- Soil analysis was conducted by IPB Laboratory.
- The analysis of ambient air and noise were conducted by PT. Mutu Agung Lestari laboratory on November, 2nd 2015. Sample was taken in front of housing and office. The result were meet quality standard on PP RI 41 1999 and Kep Men LH 48 1996.
- Genset mill analysis in POM was conducted by PT. Mutu Agung Lestari laboratory. The result was meet the quality standard in Per-21/MENLH/2008
- Water analysis of H. Mesir and Pidada river were conducted by PT. Mutu Agung Lestari on November, 2nd 2015. The result were below quality standard on PP RI 82 2001, water class II.
- Soil air analysis of monitoring and resident well were conducted on December, 28th 2015 by PT.Mutu Agung Lestari laboratory.

5.1.3 (m)

In order to measure the effectiveness of environmental management, the Company conducts environmental monitoring periodically as required in RKL / RPL EIA document. Besides referring to the matrix of RKL / RPL, the Company also manage and monitor hazardous waste water quality.

Status: Conform

5.2	The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations
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5.2.1 (M)

Based on HCV identification, HCV types contained the concession area of PT. SIP, as follows:

- 1) HCV 1.1, areas with biodiversity support function to protected areas or conservation
- 2) HCV 4.1, areas or ecosystem that is important as a provider of water and flood control for downstream communities, i.e riparian and Tapak river with total area of 47,30 ha.
- 3) HCV 1.2, spesies of wild animals and endangered plants

There are some spesies of protected wildlife, i.e elang hitam (*Ictinaetus mayensis*), cangak abu (*Ardea sumatrana*), cangak merah (*Ardea purpurea*), Macan akar (*Felis bengalensis*), Buaya muara (*Crocodylus porosus*), several bird spesies from *Alcenidinidae* (cekakak, raja udang)

- Identified wildlife spesies including 26 spesies of aves, 10 spesies of them included in the category of protected wildlife, 5 spesies of mammals, one of them included in the category of protected wildlife, 3 spesies of reptilian, one of the included in the category of protected wildlife.
- Wild plant spesies that were found in the estates as much as 9 types, one kind of them are included in the LR / Ic ver 2.3.

5.2.2 (M)

The Company has policy to protect endangered and rare species. The policy includes a commitment to prohibit hunting, socializing and training for employees about wildlife protection, imposing sanctions to employees who are poaching of wildlife, engaging cooperation with relevant parties in the handling of wildlife case, and commitment to evaluate the company's policy.

5.2.3 (m)

There was evidence of the implementation of HCV training on February 17, 2016 to 16 (sixteen) staff and supervisor who become HCV PIC in the PT. SIP plantation. Training material was presented by Bobi Riharno as USDV Jakarta office.

5.2.4 (m)

There was HCV management program based on HCV assessor team's recommendation for the periode 2015. The program was made by HCV officer and known by estate manager.

5.2.5 (m)

Based on identification result, there was HCV 4.1 in smallholder estate i.e lake riparian of Dasiem lake, covering an area of 5.42 ha. In order to protect HCV areas, the company has made an agreement with the village community of Tanjung Sari and Mekar Sari village. The agreement was represented by the head of their village and noted in official report of cooperation of Dasiem lake management with local community and official report of cooperation of Old Graveyard management with local community, dated January 10th , 2015.

Status: Minor NCR No.15

5.3	Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner
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5.3.1 (M)

The company has identified the type of waste in the estate and mill as recorded in waste management procedure (SOP/SMART/LEMS-EHSD/SAV/I/002).

5.3.2 (M)

Hazardous waste was stored in *TPS Limbah B3* (temporary hazardous waste storage). The Company has 2 (two) permit to storage hazardous waste, i.e:

- a. Permit of temporary hazardous waste storage PT SIP with no. B/464/I.02/HK/MSJ/2012 for SBYM, SMRE dan MSJ. Type of hazardous waste stored is used goods, i.e. oil, used accu, used oil filters, used fluorescent lamp, and used rags.
- b. Permit of temporary hazardous waste storage PT SIP with number B/163/III.06/HK/TB/2012 for SMRM, GABA, SBYE Penawar Tama and GALA Meraksa Aji units. Type of hazardous waste stored is used goods, i.e. oil, accu, oil filters, fluorescent lamp, and rag.

Records of hazardous waste were recorded in log book that was available in each TPS Limbah B3/hazardous waste temporary storage. The Company cooperates with PT. Primanru Jaya to transport and collect the hazardous waste stored. PT. Primanru Jaya has obtained permission

from the Minister of Environment no. 234 th 2011 to collect hazardous waste. Based on the hazardous waste balance sheet in 2015 until March 2016, the hazardous waste storage period not exceed 180 days, as regulated in the permit. Transportation last performed on March 2nd, 2016 by PT. Primanru Jaya B3 submitted to PT. Primanru Jaya, including used goods, i.e. oil, batteries, filters, rag, and chemical container.

The Company cooperated with PT. Rolimex Nusantara as the supplier to take over management of used packaging of herbicides / pesticides. More detailed explanations can be seen on the criterion of 4.6. However, today the company has been awarded the Certificate of BLHD Mesuji district that the storage of toxic contamination of used packaging and / or chemicals can be stored at the temporary storage during the process of Hazardous Waste permit.

5.3.3 (m)

To minimize the environmental pollution caused by waste generated from the mill, the Company utilizes solid waste and liquid waste generated. Solid wastes such as shells and fiber used as fuel for the boiler. As for the empty bunch mulch used as fertilizer for oil palm plantations. Liquid waste is not discharged into the river, but rather used as land application.

Hazardous waste stored in TPS LB3 to be transported and collected by PT. Primanru Jaya. In the central warehouse of SMRE and mill laboratory, used pesticide and chemical container were still stored at the site. This is not in accordance with PP 101 of 2014, Certificate of BLHD Mesuji district and Certificate of BLHD Tulang Bawang no. 094/154 / III. & / TB / IV / 2016 that the hazardous waste shall be stored in *TPS LB3*/hazardous waste storage which is already authorized. This has been issued as minor nonconformity. The Company has made the corrective action, i.e.:

- a. Transfer the used pesticide/herbicide container into *TPS LB3*/hazardous waste storage, as required in temporary storage permit.
- b. Updating logbook whenever there is hazardous waste that incoming or outgoing.

The corrective actions that have been submitted so that this nonconformity can be closed.

Hazardous waste such as packaging of used chemicals produced in the laboratory POM in the period January-April 2016 have not been adequately recorded so it can not be ascertained period of time the hazardous waste storage (observation).

Waste generated from domestic activities collected in waste disposal, which has been provided by the Company. As for domestic wastewater from residential activities are managed by draining waste water to the artificial sewage to be absorbed naturally into the ground.

There is a cooperation agreement with the Penawat Tama Hospital for medical waste management, dated January 10, 2014. Domestic waste has been collected in waste disposal owned enterprises.

Status: Observation, NCR no. 11

5.4	Efficiency of energy use and use of renewable energy is maximized
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5.4.1 (m)

The company utilize shells and fiber as POM operational fuel to replace fossil fuels. Based on the monitoring of fossil fuels and renewable fuels used, the energy expended for POM operations in 2015 amounted to 1.404,975 kcal/tonne CPO. Diesel fuel saved approximately is 18,96 liter/ton CPO assuming no renewable fuel used.

Status: Conform

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

"Zero Burning" policy included in the Environmental and Social Policy GAR of the President director dated September 8, 2015 item 1.4

5.5.2 (m)

No new land clearing and replanting during 2015

Status: Conform

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

Control of emissions which resulting from the POM operational refers to matrix of environmental document and waste management program. Monitoring of air emissions include boiler emissions, generator emissions, and emissions of moving vehicles. Certificate of test results of emissions and ambient air quality is already available. Tests performed by the laboratory PT. Mutu Agung Lestari in November 2015, including:

- Testing emissions come from stationary sources generator no.1, generator no. 3, and generator no. 4. The test results below the quality standard specified in minister regulation no. Per-21 / MENLH / 2008.
- Testing emissions boiler no. 1 and boiler no. 2. The test results met the quality standard specified in minister regulation no. Per-07 / MENLH / 2007.
- Ambient air testing locations were conducted in front of office and housing. The test results below the quality standard specified in PP RI 41 1999.

5.6.2 (M)

Reduction plan of greenhouse gas emissions include

- Greenhouse gas emission calculations are performed every year
- Utilization of waste water palm oil mill by land application method
- Emissions monitoring periodically to ensure value for particulate emissions still meet the standard
- Utilization of solid waste such as shells and fiber as fuel, empty buncy as fertilizer

mulch.

5.6.3 (m)

The company has calculated of greenhouse gases by using RSPO palm GHG calculator version 2.1.1. This calculation has been submitted to the RSPO on February 25, 2016. Total greenhouse gas emissions in 2015 for SMR Estate is 0.63 tonnes of CO₂ / tonne of CPO and SMR mill was 0.63 ton CO₂ / ton PK. Greenhouse gas emissions in 2015 for Sungai Merah Estate was 0.68 tonnes CO₂ / tonne of CPO and SMR Mill is 0.68 ton CO₂ / ton PK. Total emissions for SMR Estate of 14000.66 tonnes of CO₂, for SMR Mill of 18535.60 tonnes of CO₂.

Liquid waste from the processing of fresh fruit bunches in Palm Oil Mill is not discharge into waterways but used as land application. The monitoring of the effluent water quality conducted a test regularly every month. Tests on effluent water quality carried out by external laboratories, namely laboratory Poltekes Tanjung Karang. Sampling of wastewater in the pond outlet WWTP. The test results of wastewater period July 2015 - March 2016 for the parameters pH and BOD met the standards set in ministerial decree number 29/2003. Wastewater measurement results have been reported on March 19, 2016 to the relevant agencies in the Report Implementation and Monitoring of the environment PT. Sumber Indah Perkasa (Unit Sungai Merah) Tulang Bawang, Lampung Province for The First Quarter (January to March 2016).

Status: Conform

6 RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS

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

6.1.1 (M)

The Company has showed Reports of Identification of Social Impacts of Oil Palm Plantations PT SIP, which was prepared in May 2012 by a team and led by Nazlya Syahputri SP. as Researcher Environment Department. The study covered 14 villages (7 districts) located around the estate where most locals are smallholder farmers of PT SIP.

6.1.2 (M)

There was evidence that the assessment was conducted in participatory way through public consultation which was held on November 10, 2011. The public consultation involved community leaders, cooperative management of plasma, village officials, village heads, farmers, caregivers boarding school and the mill workers of PT SIP.

6.1.3 (M)

There was document of Realization and Plan regarding management and monitoring of social aspect for the period 2015-2016. This document included the impact of emerging, stages of labor, PIC, location and schedule.

Realization report of CSR program 2015 includes educational, social, descriptions of activities, time of execution, location of activities, a number of beneficiaries, PIC and budgetary resources.

Report of the activities until April 2016, equipped with evidence of the presence of the shareholders, photo, official report of the signboard and leaflets warnings appeal to all motorists to reduce speed when crossing the residents.

6.1.4 (m)

There was review document of Management Plan and Social Impact Monitoring period May 2012 - May 2014 based on the evaluation of activities in 2011. In the process of preparation involving local people in the villages including Village of Gedung Aji e.g Traditional leader *Marga Aji*, Village leader of Gedung aji, Dental nurse of local goverment clinic Gedung Aji, Head of UPT PKM Gedung Aji and Headmaster of Aji Jaya elementary school.

Status: Conform

6.2	There are open and transparent methods for communication and consultation between growers and/or mills, local communities and other affected or interested parties
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6.2.1 (M)

Company has established SOP of Comunication and Consultation (SOP/SMART/UMUM/SADV/1/004). List of information is accessible to relevant stakeholders, which is different between mill, main estate and smallholder estate. Estate Manager is responsible for providing stakeholders with relevant information particularly for information relating to social aspect.

The company has conducted regular meeting to socialize related SOPs to the village of Talang Batu, community leaders, trirejomulyo village, sidohardjo regarding SOP PADIATAPA, communication and consultation, assessment of social impact, management and monitoring of the impact of social, responsibility social enterprise, complaints and grievances, conflicts and restitution of land. The meeting was held on November - December 2015.

Socialization regarding SOP of PADIATAPA, communication and consultation, assessment of social impact, management and monitoring of social impact, social responsibility of companies, complaints and dissatisfaction, conflict and land compensation was conducted to the villagers around GALA i.e Village Wonoredjo, Karya Bhakti, Karya Makmur. It was conducted on November-December 2015

6.2.2 (m)

Estate Manager was responsible for consultation and communication to the relevant stakeholders, especially social aspects.

6.2.3 (m)

The Company already has a list of stakeholders for estate of Gedung Aji Lama, Gedung Aji Baru, Sungai Buaya, Sungai Merah and Mesuji. The stakeholders consist of public figures, government officials, trade unions, and suppliers / contractors.

The results of communication was recorded in the book of communication and consultation in each estate. Provision of regular information to the relevant agencies have been identified, among others, the Department of Labor, Department of Forestry and Plantation, BPLHD and BKSDA

Status: Conform	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties
<p>6.3.1 (M)</p> <p>The Company has conducted socialization grievance procedure to the labour of division 1 to 5 on February 22-27, 2016.</p> <p>Status: Conform</p>	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stake holders to express their views through their own representative institutions
<p>6.4.1 (M)</p> <p>Identification of customary land (ulayat) and legal was regulated in clause 7.7 about Participatory Mapping Guide</p> <p>6.4.2 (m)</p> <p>Procedure of land compensation "SOP / NP / SMART / VII / D & L 002 has included the compensation for customary rights item 6.2</p> <p>6.4.3 (M)</p> <p>There was no land compensation since 2010</p> <p>Status: Conform</p>	
6.5	Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages
<p>6.5.1 (M)</p> <p>There was a minimum wage of Tulang Bawang in 2016 by Decree of the Governor of Lampung no. G / 617 / III.05 / HK / 2015 dated December 29, 2015. The minimum wage amounted to 1.7712 million rupiahs. There was a decision letter from the company adjusting the daily wage according to respective regulation to become Rp. 70 848 / day</p> <p>Harvesters who were categorized as daily piece rate workers (BHB) did not received a fixed salary but it based on the amount of harvesting. There was low crop premium, set at Agro dep PSM II / SE / 016 / II / 2016 concerning the provision of minimum payment to accomodate the low crop, when the crop yield does not achieved the minimum daily wage. If the harvest is low, although the quantity of crops does not meet the base, then the fruit pickers were entitled to minimum daily wage. The BHB provided that if the area of the harvest achieved 6 hectares. Low harvest premium payments are paid on the next payroll period (a period is 14 days).</p> <p>6.5.2 (M)</p> <p>The company has had employment agreement with daily piece rate worker, but this agreement should also include regulations concerning wages.</p> <p>Socialization about low crop premium was not effective because from the results of interviews</p>	

with three interviewees in Sungai Merah Estate, the fruit pickers were unaware of the low crop premium. In the notebook of fruit picking in Division 5 also was not recorded the coverage of hectares per fruit picker. This evidence was raised as major nonconformity of 6.5.2. As corrective action Company has conducted socialization of low crop premium to the entire harvester and fruit pickers. This finding therefore is degraded as observation pending. The evidence of the implementation will be checked in the next ASA.

Last year non conformance regarding the reporting of daily piece rate worker to local Manpower authority has been corrected, as seen in employment agreement signed by the supervisory officer of Manpower.

6.5.3 (m)

The company has had public facilities such as clinics, employee hall, clean water wells, houses of worship such as mosques, sports facilities such as volleyball court, soccer field, badminton courts and tennis courts.

6.5.4 (m)

The Estate located near to the village so that the access to food is quite easy e.g. to E market, which is can be accessed from the furthest workers residential area about 10-15 minutes by motorbike.

Status: Observation NCR No.14

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

The Company currently has Union. Policies to establish unions contained in Circular Letter/ Surat Edaran from CEO-2 concerning Freedom of Association for Labour Union.

Union have not socialized about freedom of association in casual workers (BHL) and daily piece rate worker (BHB). Currently the new union members consist of permanent worker / contract worker (observation). The Company conducted remedial action to disseminate corporate policies regarding freedom of association, especially to casual workers (BHL) and daily piece rate worker (BHB). The corrective actions submitted was sufficient so that this observation can be closed.

The Company has only one union to covers all the units both Estate and Mill. Union are already registered to Disnakertrans District of Mesuji with No. registration 560/258 / III.05 / MSJ / XI / 2013 as Decree of Brach Executive Federation of Union of Agricultural and Plantation SPSI Tulang Bawang District No. 15 / PD.F.SPSI / LPG / X / 2013, date. October 27, 2013 about Legalization of the Unit of Work Management of SP.PP SPSI PT. SIP Period 2013-2016 and has had a book Collective Labour Agreement (CLA) with registration number appropriate to Decree of the Head of Provincial Manpower Office Lampung No. 79 / PKB / HI / III / 2015 and valid until November 2015. New CLA has published in 2015-2017 which was approved by the Department of Manpower District.

6.6.2 (m)

Union meet regularly every three months. One of the regular meeting held on April 01. The union discussed about circular letter of the increase base harvest 2016, which until now has not been approved by the union. It is set on a mutual agreement between the company and the management on March 20, 2014 (Minor nonconformity). To follow up on this discrepancy, the Company submitted corrective action in the form of official report of the meeting and the result meeting between the company and the union or any correspondence regarding these issues. It will be re-evaluated in next surveillance and confirmed again through interviews with the unions, so the status of this discrepancy is still open.

Status: Minor NCR no. 2

6.7

Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions

6.7.1 (M)

The company has the documentation related employees data. Both in Mill and Estate had recapitulation of Employees Data. SMRE grouped into: Data of BHL, PKWT, and SKU. Format data recap includes: Employee Name, Sex, Occupation / Position, Date of Birth, Date of Start work, Age when start work, Working Period (years), Wages per day, Address, Ethnicity, and Religion. The Company has set a minimum age limit for admission to employment, which is 18 years in accordance with laws and regulations. Periods of employment data in March 2016, can be reported as follows:

- In SMRE Unit, there are some casual workers (BHL) whose age is less than 18 years of starting work. Worker with the youngest age when starting work is on behalf of Pelita Zaitun, which was born on 27/04/1996 and start working date of 26/03/2012 or 15.92 years. By sampling, also found other BHL workers work at the age less than 18 years old ; 16.41, 17.56, 17.10 and 15.92 years old, respectively. However, now days they are old enough to work. Therefore, the Company should do research when hiring workers to ensure that the worker's age within the age allowed by legislation (observation). The Company has conducted corrective action by strengthening the admissions process related to the minimum age of workers (18 years old).

- In the SMRM unit, there are no worker who are less than 18 years old when admitted into work. Data employees per March 2016, show the youngest age when admitted to work is on behalf of Abd. Malik Zein who was born on 20/01/1993 and the work start date of 21/12/2011, or 18.9 years old.

Letter number : 303 / SIP-SMRE / M / XI / 2015 SMRE, point 1 at the work vacancy of driver, the requirements stated: Male under 35 years old. This is not in accordance with the policy of recruitment at least 18 years old. It supposedly writing "between the ages of 18-35 years old" (observation). The Company has followed up these observations with changes age restriction on the format of a job in accordance with the advice of auditors, from the "under 35 years" became "the age of 18-35 years".

Status: Observation, NCR no. 5

6.8

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

6.8.1 (M)

The Company has issued a number of policies related to equality in getting a chance to work, i.e:

- There was a Circular Letter to the whole Head of Unit, from CEO 2 Mr. Biao Leng, date. 14/12/2010, No. 096 / CeO2-SE / 12/2010, concerning of execution of Industrial Relations Unit. Circular letter contains, "to be implemented in every operational unit of industrial relations embodiment regardless of race, religion, race, and gender in all types of work"
- The Procurement and Policy Employment (SDM A-001-00, effective from January 9, 2005 concerning General Provisions. Item 2 states that the organization is in principle to employ individuals who have the appropriate competence requirements of office, without distinction of race, ethnicity and religion.

6.8.2. (M)

There were some evidences show that the Company did not discriminate, i.e the composition of ethnics, religious, and gender in the company. Although, the female workers were less than male ones, it was due to the more masculine type works at the Unit Mill.

- Unit SMRE

In SMRE per number of workers in March 2016 there were a total of 771 people, consisting of 34.50% SKU (permanent workers), 36.83% casual wokers, and 28.66% PKWT (contract workers). From the total, male workers about 67.18 % and female workers were 32.81%. Looking from the diversity of religion : moslem 96.17%, Protestant 2:28%, and Catholic 1.54%. As seen from the ethnic origin, consisting mostly Javanese 81.71%, Lampung and Sundanese respectively 6 and 5%, Palembang 4%, and other tribes/ethnic (Bataknese, Mesuji, Timor, Lombok, and Bugis) around 3.30 %.

- Unit SMRM

In SMRM per March 2016 there were 158 workers, consisting of 96.84% of men, while women were 3.16%. About 98.10% of workers was Muslim, while the remaining 1.90% are Christians. Javanese about 97.46% of the workers, Lampung 1.90% and Palembang about 0.63%.

6.8.3. (m)

Related to the selection, recruitment and promotion, All Companies of Group PT. SMART Tbk refer to the following policies:

- Employment Procurement Policy (SDM A-001-00, valid since 01/09/2005 about General Provisions. In Clause 2 states that the organization is in principle to employ individuals who have the appropriate competence as requirements of office, without distinction of race, ethnicity and religion.
- The Company also has a policy of General Terms for Monthly Promotion SKU Employees / *Ketentuan Umum Promosi Karyawan SKU Bulanan* (No. HRD D-014-00) valid since 01/09/2000. In this policy clearly stipulated that the promotion of employees is based on several things: the vacant position, the company's needs, skills, work performance, and certification / training.

Implementation of this policy can be seen on the work vacancy in SMRE dated November 28, 2015 with letter No. 303 / SIP-SMRE / M / XI / 2015 about the work vacancy for a driver in SMRE. At the point requirements of 1 until 14 there are no requirements relating to race and religion. There was a recruitment as the driver which mention the age requirement under 35 years. It

supposedly was written "age between 18-35 years."

Status: conform

6.9 A policy to prevent sexual harassment and other forms of violence against women and to protect the reproductive rights is developed and applied

6.9.1 (M)

The Company has conducted socialization about sexual and reproductive rights of women to the workforces in Division 1 to 5 on February 22-27, 2016, and in the smallholdings of Gedung Aji Lama. The Company was conducted on division 1 through 8 in the period 04-16 January 2016.

6.9.3 (m)

The Company has conducted socialization of handling complaints at the division of labor 1 to 5 on February 22-27, 2016.

6.9.1. (M)

The Company has a policy related to the prevention of all forms of abuse and sexual violence, which stated in a circular letter to all Unit Head in PSM1 of CEO1 No. 096 / CEO / 9/2014 dated 02/09/2014. This policy about Sexual Harassment Prohibition. Punishment was ranging from disciplinary sanctions to firing and also punishment according to applicable law. Punishment is applied for the person who retaliates the complainant of sexual harassment.

Evidence of socialization of the sexual harassment policy can be reported as follows:

1. Dissemination in GABA date 16.01.2015 related various materials, ie: the prohibition of child labor, opportunity and equal treatment for workers, the prohibition of sexual harassment, SOP complaints and dissatisfaction, spraying ban for pregnant and lactating women, and licensing period. The number of participants attended 113 includes harvesters, fruit pickers, and sprayers/manurers.

2. Unit SMRE, in Div.6, dated 29.02.2016, there was evidence of attendance list, followed by 79 workers. Performed at 5:45 pm at check roll. The materials delivered include:

- Handling of complaints and dissatisfaction
- Prevention of sexual harassment
- Policy on Human Rights
- A policy against the code of integrity and ethical behavior

6.9.2. (M)

The Company has established a policy to protect the reproductive rights of all workers, especially women, are in the form:

- Circular letter to all unit leaders of CEO-2 No. 055 / CeO2-SE / 12/2010 dated December 14, 2010 regarding Permitting Menstrual Period. Circular letter signed by Mr. Biao Leng, as CEO-2.
- Memorandum to the RC and the whole Estate Manager PSM-2 of the VPA PSM-2 No. 001 / MEMO-VPA PSM2 / 04/2011 date. 8/4/2011 regarding Labor Pregnant and breastfeeding. That, in connection with the adoption of the RSPO, the pregnant and lactating women working as

sprayers is PROHIBITED.

There is evidence that the Company provides policies that protect the reproductive rights of women. It's like vacation requests related notes for pregnant on behalf Yenita (NIK. 09 321) were filed on leave between 16/03/2016 to 14/06/2015. The application is approved by the Mill Unit Head. Rudi Prawoto.

Company in SMRE Unit, already established Organizational Structure of Gender Commission 2016, established by the Estate Manager on dated 4/01/2016. There was Decree No. 001 / EM-SMRE / KG / I / 2016 about appointment of Chairman of Committee on Gender, which assign tasks and responsibilities ranging from the chairman, to the coordinator. There are Gender Program Committee 2016 includes: socializing sexual harassment in each cabin, checking facilities of TPA (daycare), Posyandu activities, and the PKK.

Plasma Estates such as GABA & GALA have also established Gender Committee. GABA gender committee was established at 02.01.2016 and approved by the Estate Manager. Whereas GALA was established at 04.01.2016, was also approved by the Estate Manager.

The company also provides TPA (daycare) for the children whose mother working in the estate or Mill.

6.9.3. (m)

The Company has procedures of governing complaints and grievances of workers, i.e SOP Handling Complaints and dissatisfaction (Grievance) (SOP / SMART / SIGS-CSR / SADV / I / 003, rev.00 Published July 1, 2014). The procedure aims to deal with any complaints and dissatisfaction both internal and external stakeholders. The responsible party in the settlement is gradually from KTU, Unit Head, Dep. Related, RC, Vice President of Agronomy, up to CEO.

In the book there was SMRE complaint, the format contains: date, name, place, contact details, issue, registers, date, action, current status, PIC, and the target finish. Related to these implementations, they found the following shortcomings: The format is not in accordance with Form Listing of complaints and dissatisfaction (Internal) (F / SOP / SMART / SIGS-CSR / SADV / I / 003/001), which comprised: Grievance / suggestion (date, place, name, contact details, issues, registers), in terms of Response (date, action, current status, PIC, the target finish) (observation). The Company has followed up these observations with the replacement book format in accordance with SOP No. F / SOP / SMART / SIGS-CSR / SADV / I / 003/001. The corrective actions have been submitted then this observation can be closed.

Status: conform

6.10	Growers and mills deal fairly and transparently with smallholders and other local businesses.
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6.10.1 (m)

FFB price has been established on a regular basis by the Department of Plantations. It were recorded in the document "Official report of Pricing FFB". KUD Krida Sejahtera has this document.

6.10.2 (M)

Notice of the price of FFB conducted in every coordination meeting on the 15th of each month, as

seen in the example of meeting official report dated March 15, 2016.
 Based on data from the company's cuts in February and March 2016 shows that the company has delivered transparently operating cost management smallholdings

6.10.3 (m)

There is agreement between KUD Activities of Prosperity with the Company in 1994 (Contract No. 001 / SPK / creditor / XI / 94 dated 25 November 1994). From interviews with the management of cooperatives, it appears that the board had understood the contents of the contract.

6.10.4 (m)

The Company has paid the fruit to KUD Krida Sejahtera (scheme small holder) on a regular basis on the 18th of each month. For example, look at the current account in January which included harvests in December 2015 has been transferred by the company on January 18, 2016

Status: conform

6.11	Growers and millers contribute to local sustainable development wherever appropriate
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6.11.1 (m)

PT SIP has participated in the development in the villages around the estate through various activities such as road improvements, material assistance for the construction of mosques, the use of heavy equipment to help repair public facilities, and the provision of incentives for kindergarten teachers.

Status: conform

6.12	No form of forced or trafficked labour are used
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From the data of workers there is no worker from abroad that might have been trafficked.

Status: conform

6.13	Growers and millers respect human rights.
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6.13.1 (M)

The Company has the program on human rights policy on the division of labor in 1 to 5 on February 22-27, 2016.

Status: conform

7	RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS
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7.1	A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.
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7.1.1	An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented.
Major	

<p>There is no new plantings after November 2005</p> <p>Status : Conform</p>	
7.1.2	<p>Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts.</p>
Minor	
<p>There is no new plantings after November 2005</p> <p>Status : Conform</p>	
7.1.3	<p>Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention.</p>
Minor	
<p>There is no new plantings after November 2005</p> <p>Status : Conform</p>	
7.2	<p>Soil surveys and topographic information are used for site planning un the establishment of new planting and result are incorporated into plans and operations.</p>
7.2.1	<p>Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations.</p>
Major	
<p>There is no new plantings after November 2005</p> <p>Status : Conform</p>	
7.2.2	<p>Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations.</p>
Minor	
<p>There is no new plantings after November 2005</p> <p>Status : Conform</p>	
7.3	<p>New planting since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Value</p>
7.3.1	<p>There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).</p>
Major	
<p>There is no new plantings after November 2005</p> <p>Status : Conform</p>	

7.3.2	A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status.
Major	
There is no new plantings after November 2005 Status : Conform	
7.3.3	Dates of land preparation and commencement shall be recorded.
Minor	
There is no new plantings after November 2005 Status : Conform	
7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2).
Major	
There is no new plantings after November 2005 Status : Conform	
7.3.5	Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with the communities and incorporated into HCV assessments and management plans (see Criterion 5.2).
Minor	
There is no new plantings after November 2005 Status : Conform	
7.4	Extensive planting (to be determined by SEIA) in steep terrain, and/or on marginal and fragile soils, including peat, is avoid.
7.4.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided.
Minor	
There is no new plantings after November 2005 Status : Conform	
7.4.2	Where limited planting on fragile and marginal soils, including peat, is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts.
Major	
There is no new plantings after November 2005 Status : Conform	
7.5	No. New Planting are established on local people'land where it can be

	demonstrated that there are equal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.
7.5.1	Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed and ratified by these local peoples.
Major	
There is no new plantings after November 2005 Status : Conform	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreement
7.6.1	Documented identification and assessment of demonstrable legal, customary and user rights shall be available.
Major	
There is no new plantings after November 2005 Status : Conform	
7.6.2	A system for identifying people entitled to compensation shall be in place.
Major	
There is no new plantings after November 2005 Status : Conform	
7.6.3	A system for calculating and distributing fair compensation (monetary or otherwise) shall be in place.
Major	
There is no new plantings after November 2005 Status : Conform	
7.6.4	Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development.
Minor	
There is no new plantings after November 2005 Status : Conform	
7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available
Minor	
There is no new plantings after November 2005	

Status : Conform	
7.6.6	Evidence shall be available that the affected communities and rights holders have access to information and advice, that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands.
Minor	
There is no new plantings after November 2005	
Status : Conform	
7.7	No use of fire the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.
7.7.1	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.
Major	
There is no new plantings after November 2005	
Status : Conform	
7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.
Minor	
There is no new plantings after November 2005	
Status : Conform	
7.8	New Plantation developments are designed to minimize net greenhouse gas emissions.
7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated.
Major	
There is no new plantings after November 2005	
Status : Conform	
7.8.2	There shall be a plan to minimize net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options.
Minor	
There is no new plantings after November 2005	
Status : Conform	
8	COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY
8.1	Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations

8.1.1	<p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p>
Major	<p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); <p>Social impacts (Criterion 6.1);</p> <ul style="list-style-type: none"> • Optimising the yield of the supply base.
<p>To ensure consistency of application of the RSPO certification standards, the Company conducts internal audits with a period of 1 year. Last internal audit was conducted on 11 to 16 January 2016 in which the audit team published 12 findings. Nonconformity findings has been followed up and can be closed by the Audit Team.</p> <p>There are improvement made by the company i.e the reduction of pesticide (paraquat) as detailed in 4.6.4, road maintenance to prevent erosion, and monitoring subsidence of peat land as detailed in 4.3, the reducing gas house gases as detailed in 5.6</p> <p>Status: Conform</p>	

C.2.2 RSPO Supply Chain Checklist – Module E : Mill Identity Preserved

PT. SIP Sungai Merah Mill is producing crude palm oil (CPO) and palm kernel (PK). In the 2015, CPO and PK from this Mill was sold as International Sustainability Carbon Certification (ISCC) and RSPO Scheme. From 48,218.46 mt of CPO and 12,527.79 PK produced during 2015 there were CPO sold as RPSO CSPO amounting to 14,586.44 mt, while PK sold as RSPO CSPK was 12,449.68 mt.

The following is a description of the company’s supply chain management system according to the RSPO SCCS 2014 requirements, including status of compliance of the company and their outsourced third parties to RSPO SCCS requirements.

E.3.1

a) Supply chain product RSPO model mass balance SIP-SMRM/SOP/17

b) The Company has appointed Berlian Telaumbanua KTU SMRM as Traceability Officer on March 28, 2016. This traceability officer has received training on January 21, 2016.

The Company has conducted training SCCS on March 16, 2016, which was attended by factory manager, krani weighing, coding helper as well as lab assistant

E.3.2

The procedure of FFB receiving has been stipulated in the RSPO Supply chain product mass balance models SIP-SMRM / SOP / 17 clause 6.1.1

E.4.1

FFB reception was distinguished between FFB from main estate by code 4 digits and FFB from small holder by 4-letter code. FFB from outside PT. Prima Alumga was coded PALX. Based on data of the daily production in April 25th recorded as revenues of non certified

E.4.2

Projected overproduction documented at 6.6 procedure model mass balance SIP-SMRM/SOP/17

E.5.1

The sustained palm oil scheme that company apply are RSPO SCCS and ISCC. The company has centralized computerized sistem to prevent mix up between these scheme.

Record of the implementation of SCCS are "surat pengantar buah"(delivery letter of FFB), tiket timbang (FFB weigh bridge card), Bukti Timbang CPO (CPO weight brigde), CPO delivery Order, daily mill report, monthly report, 3 monthly report and annual report.

The Mill records tonnages received at the weighbridge and these are reported daily to head office. There are Daily Mill Report, Monthly Mill Report, three monthly report and annual report.

Based on data from January to March, 2016 there were no products that claimed to be CSPO, only for ISCC. There were no PK CSPK. In 2015 based on the quarterly balance of July- September 2015 contained CSPO spending in August and September 2015

E.6.1

The delivery of CPO mass balance was regulated in the procedure of mass balance SIP-SMRM/SOP/17 point 6.7

C.3 Non Conformity Register								
C.3.1 Status of Previously Minor Finding and Observation (Surveillance I RSPO - 2015)								
No	Category	Clause	Std	Auditor	Description	Root Cause Investigation*	Corrective Action & Evidence*	Audit Team Review
1	Observation	2.2	RSPO	RB	The company has established SOP for maintaining HGU poles dan conducted monitoring and maintenance to those poles. It is advised that in the monitoring check list to be inputed the coordinate data of those poles			
2	Observation	4.1	RSPO	RB	Harvesting has been conducted properly and so has with the arrangement of FFB at collecting point. It is advised to repair the FFB collecting point to maintain the quality of FFB at collecting point.			

3	Observation		SCCS	NS	It is advised that the SOP of traceability of certified product (SOP/SMART/CERS-EHSD/SADV/I/001) to be revised to include the IP product since in actual SMR mill only receives FFB from certified estates			Closed, the procedure already stated about IP
4	Minor	6.5	RSPO	NS	In the SMRE the report of daily volume based contracted workers (BHB) has not been submitted to local manpower authority in accordance with Ministerial Decree no. 100 / MEN / 2004 Article 13	Employment Agreements on daily volume based contracted workers (BHB) already registered / reported to the Manpower Tulang Bawang but the registration was submitted with the registration joined by contracted worker	<p>Corrective Action :</p> <p>Agreements of daily volume based contracted workers (BHB) will be registered separately from the other contracted workers.</p> <p>Evidence :</p> <p>Agreement of Employment daily volume based contracted workers (BHB) already</p>	Closed, adequate evidence

							reported to local Manpower Authority of Tulang Bawang.	
5	Minor	4.7	RSPO	NS	At SBYE there were 668 people and at SMRE 399 people until March 2014 which has been registered Social Security and JKM JKK program, but since April 2014 the premium can not be paid due to a letter from the Employment BPJS Lampung II which stated that BPJS could not accept the registration for partial program.			Closed, BPJS already received the premium for partial scheme
6	Observation	6.1	RSPO	NS	At FFB grading process of plasma (managed small holder) should also be signed by representatives from plasma KUD who witnessed the grading process to ensure that the results of the grading by the company actually has been approved by representatives of KUD			Closed, during the 2nd ASA there was signature from representative of KUD

					plasma.			
					Cooperative has learned that to FFB on smallholdings that getting penalty is for unripe FFB, midripe FFB and empty bunch. To be more clear and legally binding, the penalty should be stated in written agreement.			Closed, there was document of agreement regarding penalty
7	Minor	4.7	RSPO	HDY	Periodic health surveillance for Cholinesterase and Spirometry has not been done consistently every 6 months in accordance with the procedures and regulations of Decree no. 03 in 1986.			Closed, during ASA II, it was found that sprayer/chemical handler was conducted every 6 months in 2015
					An environmental assessment work done on the SBYM and SMRM not include Dust and WBGT as Permenaker no. 13 in 2011	An environmental assessment has not been carried out work which includes dust and WBGT.	Corrective Action : Measurement of working environment for dust and WBGT will be held in conjunction with other	Closed, WBGT has been included

							environmental monitoring. Evidence : Dust and WBGT measurement results on SBYM and SMRM Target Date : 11 April 2015	
					Doctor's recommendations on the results of audiometric measurements that have been done in 2013, found several employees experienced problems with hearing. However until the next measurement in March 2015, no action has been taken.			
8	Major	2.1	RSPO	HDY	Permission for the retrieval and utilization of river water of Sungai Buaya and Sungai Merah used for the process in the POM has not been obtained.		Based on letter no. 520/342/ii.07/2015 from Badan Penanaman Modal dan Pelayanan Perizinan terpadu, the permit to use surface water are	Status of finding down graded as minor. In the ASA II there was letter from BPMPPT no. 540/319/II.07/2016 which stated that the permit are still

							still in progress	waiting for technical recommendation from the authority of river
9	Observasi	5.5	3 4	HDY	Facilities and infrastructure of fire prevention and control of land owned by the estate to adapted the fire control guidelines of land issued by Directorate General of Plantation of the Ministry of Agriculture.			Closed
10	NC Minor	4.4	3 4	HDY	The company has already received permission to drill wells 3 points: 1 point SBYE, 1 point for and 1 point for SMRE. But has not done Identification of underground water wells else and analysis of water, discharge water use	From 11 units of drilled (SBYE 4, SMRE 4, GALA 2, MSJA 1), only 3 license has been found that three units (SBYE 1, SMRE, 1 and MSJA1) while remaining license has not	<p>Corrective Action : Documented the result of water quality test</p> <p>Evidence : The result water quality test available in every unit</p> <p>Target Date : 10 April 2015</p>	Closed, the water test to the 8 remaining wells has been conducted by PT. MAL

						been found		
11	Observasi	4.4	3 4	HDY	Monitoring of well water in accordance with water quality standards based Permenkes no. 416 of 1990 has been carried out by the Health Polytechnic Tanjung Karang, has included factors such as Coliform microbiology. Should certainly all parameters are measured in accordance with the regulations mentioned above.			
12	Observasi	5.1	3 4	HDY	RKL RPL reporting has been conducted every six months, however, that the reporting is done every 3 months according to the EIA document of BPLHDs Lampung Province.			

C.3.2 Non Conformities and Observation Surveillance 2 RSPO							
No	Category	Clause	Auditor	Description	Root Cause Investigation*	Corrective Action & Evidence*	Audit Team Review
1	Obs	6.6.1	NS	The union and the company is strongly recommended to disseminate information about freedom of association in particular to daily casual workers (BHL) and daily piece rate worker (BHB).	There is still a casual worker (BHL) and daily piece rate workers (BHB) who did not know about freedom of association.	Corrective Action : Socialization of company policy on freedom of association for workers, especially casual workers (BHL) and day laborers bulk (BHB). Evidence : Document of dissemination of policy of freedom of association to the casual worker BHL and daily piece rate worker (BHB)	Closed
2.	Minor	6.6.2	NS	There are unresolved issues between the company and unions, among others : concerning the increase in the base SE 2016 harvest that has not been approved		Corrective Action : The Company will conduct a follow-up regarding the settlement of the issue with the unions.	OPEN. Will be evaluated next year and will check back in with independ interview with unions

				by the union as stipulated in the collective agreement between the union and management on March 20, 2014		Evidence : Official report of meetings between the company and the union or any correspondence regarding these issues.	
3.	Minor	1.3.1	WS	SPK No. SIP-SMRE / SPKL-L / Jan-2016/002-Transports TBS dated January 2, 2016 between the Estate Manager SMRE with Mr. Suhar Address ybs Tri Mulyo Rejo RT / RW.001 / 001, district. Penawartama, Kab. Tulang Bawang. And 2). SPK No. SIP-SMRE / SPK-L / Jan-2016/003-Transports TBS date. 01/02/2016 with Bp. Suwirman Js, address: Jl. Tanggamus No. 6 Housing RT.3 / 1 LK.5 Kedaton Bandar Lampung, the two have not set about banning corruption, bribery, and fraud.	Work order (SPK) has not set on the prohibition of corruption, bribery and fraud.	Corrective Action : In each SPK issued will be set on the prohibition of corruption, bribery, and fraud. In the SPK already published, will be made an addendum. Evidence : SPK that include the prohibition of corruption, bribery, and fraud or addendum.	Open , There will still be checked whether the SOP of making the work order (SPK) contain any such provision and to reconfirm that the prohibition of corruption, bribery, and fraud or addendum is consistently stated in the SPK.

4.	Obs	2.1.1	WS	POM SMRM, regarding the fulfillment of firemen refers to Decree No. 186 / MEN / 1999, only had 14 people Class D. As per the attachment 1 and 3 of the Decree, with the number of workers 158 people, the MCC SMRM still lacks: 5 class C, class 1 B and 1 Class A.	Training firefighters performed until 2015 was a class D and the numbers are in accordance with applicable regulations.	Coorrective Action : Creating training programs for firefighters Fire in the Year 2017 Evidence : Training Program Year 2017, which includes the training of firefighters	Open, the implementation of program will be checked during the next surveillance audit
5.	Obs	6.7.1	WS	a. In Unit SMRE, there are 4 people BHL workers whose age is less than 18 when he started to go to work, respectively: 16.41 years, 17.56 years, 17.10 years and 15.92 years. However, at the time of audit, they are old enough to work. It is recommended that the company be more careful during the hiring process of the employee to ensure that the worker's age is old enough according to legislation.	There are two workers recruited before year of 2000, so there were still workers <18 years were recruited. Workers who were recruited after the year of 2000 there was inaccuracy of calculating the date of birth (just look at the year and month	Corrective Action : Will be tightened admission process related workers' minimum age (18 years). Evidence : Employment data in which no worker <18 years were employed.	Open, the consistency will be checked during the next surveillance audit

					of birth) so that the input error occurred minimum working age.		
				<p>b. At the announcement of Jobs as a driver's No. Letter: 303 / SIP-SMRE / M / XI / 2015 SMRE, item 1 requirements stated: Male under 35 years old. This is not in accordance with the policy of recruitment of at least 18 years of age. Supposedly writing "between the ages of 18-35 years".</p>	<p>The Company wrote down the terms of age <35 years, assuming that the applicants already know the limits of a minimum working age is 18 years, so in the written job vacancies age <35 years to avoid if there are applicants with ages 35-35 years and over.</p>	<p>Corrective Action : The company will make changes to an age restriction on the format of a job in accordance with the advice of auditors, from the "under 35 years" became "the age of 18-35 years".</p> <p>Evidence : Limitation of minimum age of workers on the job stated "aged 18-35 years".</p>	Closed

SUCOFINDO INTERNATIONAL CERTIFICATION SERVICES

6.	Minor	6.9.3	WS	<p>In the estate of SMRE, already provided Complaints Book, the format includes: date, name, place, contact details, issue, registers, date, action, current status, PIC, and the target finish. This is not in accordance with Form Listing of complaints and dissatisfaction (Internal) (F / SOP / SMART / SIGS-CSR / SADV / I / 003/001), which comprises: Square Grievance / Suggestion (date, place, name, contact details , issues, registers), in terms of Response (date, action, current status, PIC, the target finish).</p>	<p>The format used is the old format, the format has not been updated in accordance with SOP SPO 2014</p>	<p>Corrective Action : Book format replacement will be carried out in accordance with SOP laments Sustainability No. F / SOP / SMART / SIGS-CSR / SADV / I / 003/001.</p> <p>Evidence : Format of complaint books already changed in accordance with SOP Sustainability Of / SOP / SMART / SIGS-CSR / SADV / I / 003/001.</p>	Closed
7.	Minor	4.7.5	WS	<p>Foreman of Harvest in Block F51 Div.6 P3K already carried boxes into the field, but have never been trained as first aider from the company doctor.</p>	<p>The new Foreman of is foreman who was appointed in early 2016 and has not undergone refreshment training first aid</p>	<p>Corrective Action : First aid training will be carried out to the entire charge of the box / bag P3K (especially for new supervisor). This training will be conducted by the</p>	Closed

					2016	company doctor. Evidence : There was a document the implementation and evaluation of training of first aid to the foreman and responsible person of first aid.	
8.	Obs	4.7.1	WS	<p>It is advised that company : (a). ensure dissemination through displaying health and safety policy has been implemented in workplaces. During a visit to the office of the Division of 4/6, there was no display of health and safety Policy.</p> <p>(b). Ensuring which health and safety policy to be used, because there are versions 2011 and 2013. In the office SMRM, displayed 2011</p>	Posters health and safety policy has not been displayed in every workplaces	<p>Corrective Action :</p> <p>Posters of health and safety policy will be displayed across division office location / locations other suitable employment.</p> <p>Evidence :</p> <p>Official report of the installation of health and safety policy, health and safety policies installed at</p>	Closed

				version.		the job site.	
9.	Obs	4.4.1	AMR	Company has tested the water to the 6 of 11 drilled/digging wells / dug wells used by the plantation workers in the unit SMRE, GALA and It has to be ensured that next test may include all sources of water that has not been tested to ensure the water quality in accordance with the categories of clean water.	The test has been conducted only to the the water of some of drilled/ pit wells.	Corrective Action : Testing will be carried out in accordance with the advice of auditors. Evidence : SHU 5 drilled wells that have not been tested.	Open, the realization of test will be checked during the next annual surveillance assement
10.	Minor	5.3.3	AMR	In the central warehouse and laboratory SMRE PKS, was found discarded packaging, discarded packaging herbicides and chemicals were still stored at the site. This is not in accordance with Regulation 101 of 2014 and the Certificate of BLHD district and Certificate BLHD Tulang Bawang no. 094/154 / III. & / TB / IV / 2016 that the	a. Hazardous waste removal has not been done (used pesticide containers) to the hazardous waste temporaty storage according to license of the new	Corrective Action : a. Used herbicides packaging will be moved to a temporary storage area of hazardous waste, in accordance with the provisions of the applicable temporary storage permit. b. Logbook will be	Closed

				hazardous waste shall be stored at the polling station B3 which is already licensed.	temporary storage. b. Logbook B3 has not been filled each time of incoming and outgoing hazardous waste	updated each time of incoming or outgoing hazardous waste Evidence : a. Used herbicides packaging stored in temporary storage of hazardous waste. b. Hazardous waste recorded in log book every time in or out.	
11.	Obs	5.3.3	AMR	Hazardous waste such as used chemical packaging produced in the POM laboratory during January-April 2016 was not adequately recorded so it can not be ascertained the how long of the hazardous waste stored.	Hazardous waste recording since the last submission to Nalco in December 2015, has not been updated. Hazardous waste packaging in the laboratory of POM was still stored in	Corrective Action : Logbook will be updated each time hazardous waste entered or out to and from hazardous waste temporary storage. Evidence : Hazardous waste recorded in the Logbook B3 every time it in and out of the temporary storage	Open, Hazardous waste need to be identified and socialization of related work instruction

					temporary storage in the Laboratory.	of hazardous waste.	
12	Minor	4.7.6	NS	<p>a. BPJS health insurance premiums in March 2016 was paid on April 8, 2016, but only limited to contracted worker and permanent daily labours, not including piece rate daily labours and casual daily worker and just to labor alone, not including family members</p> <p>b. Based on the proof of premium payment BPJS employment in March 2016, it is known that not all workers had been included from social security programs as provided for in Regulation 84 in 2013. For casual workers were only included in the protection of JKK (accident insurance scheme) and JKM (death insurance scheme), but</p>		<p>a. reimbursement of insurance premiums of BPJS kesehatan for the self-employed worker (casual daily workers & piece rate daily workers) there is policy and evidence of payment</p> <p>b. The premium payment BPJS employment has met the regulations Decree 150 of 1999 chapter 9 of which was assumed still valid by the company.</p>	<p>a. Degraded observation</p> <p>b. Open, there were still dispute between auditor and the company Auditor see that government regulation (PP NO. 84 2013) is more update and its status is higher manpower decree (kepmen no. 150 1999)</p>

				not included JHT & JP (pension plan scheme)			
13	Major	6.5.2	NS	Socialization about low crop premium is not effective because from the interview of three interviewee at the estate of SMRE, piece rate paid fruit pickers (BHB) did not aware about low crop premium. In the notebook of "kutib brondol in Division 5 also not listed hectares covered by fruit pickers during harvesting.	Socialization low crop harvest has not communicated thoroughly to harvesters and fruit pickers	Corrective Action: Company will conduct socialization of low crop premium to the entire harvester and fruit pickers. Evidence : Documentation of low Crop Harvest socialization to the entire power harvesting and fruit pickers	Observation, the implementation low crop premium will checked during the next surveillannc assessment
14	Observation	4.4.2	AMR/NR	Results of field survey at the site of HCV 4.1 in the lake Dasiem, encountered construction harvesting road which potentially caused the erosion and contamination to the lake by a chemical derived from the activities of the spraying and fertilizing at	Harvesting path was too clean and there was no obstacle that can block the flow of water from directly headed to the lake	Corective Action : Midrib was arranged in a way that the end of the midrib lead harvesting path to decrease water flow rate of the blocks toward the lake of Dasiem Evidence: Document drafting photo midrib	Open. The implementation will be checked during the next surveillance assesment


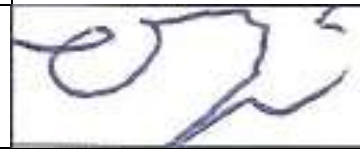
				the the water catchment area Dasiem lake.		ends in harvesting path	
15	Minor	5.2	AMR/NR	In interviews with the Secretary of the Village Building Hope (Mr. Tarmin) and village heads Suka Makmur (Mr. Paridi), obtained information that in the area of smallholdings GALA encountered wildlife species of lemurs (Nicticebus coucang). But in the document list of animals in and around the estate as well as in monitoring reports are not reported discovery of these animals.	Wildlife animal ((Nycticebus coucang) was not found during identification, therefore this animal was not recorded in he document list of animals around the estate.	Corrective Action : Will be disseminated to the public about the wildlife of the lemurs and will be put on monitoring wildlife in the next period. Evidence: Oficial report of socialization and monitoring.	Observation. Will be checked in the next surveillence audit

D. Certified Organization's Acknowledgement of Internal Responsibility	
D.1 Formal Sign-Off of the Assessment Findings	
I the undersigned, being the legal representative of the inspected company, agree with the contents of this report and accept the liability in execution of the instructions given in the report.	
Name	Yahya Mustakim
Position	Certification Department Head
Signature	
Date	24 AUGUST 2016

D.2 Statement by the Certifier Body on Behalf of PT. Sucofindo SBU-SICS

We, the undersigned declare that the information and conclusions included in this report have been prepared in accordance with rule and standard of RSPO, P&C, and that the certification decision has been based upon this information.

Verified and Reviewed by:

Name	Tuti S. Sirait
Position	SLA- / LA / Auditor
Signature	
Date	23 August 2016
Approval:	
Name	Triyan Aidilfitri
Position	HSE Audit and Certification Department Head
Signature	
Date	23 August 2016

APPENDIX 1

List of Abbreviation

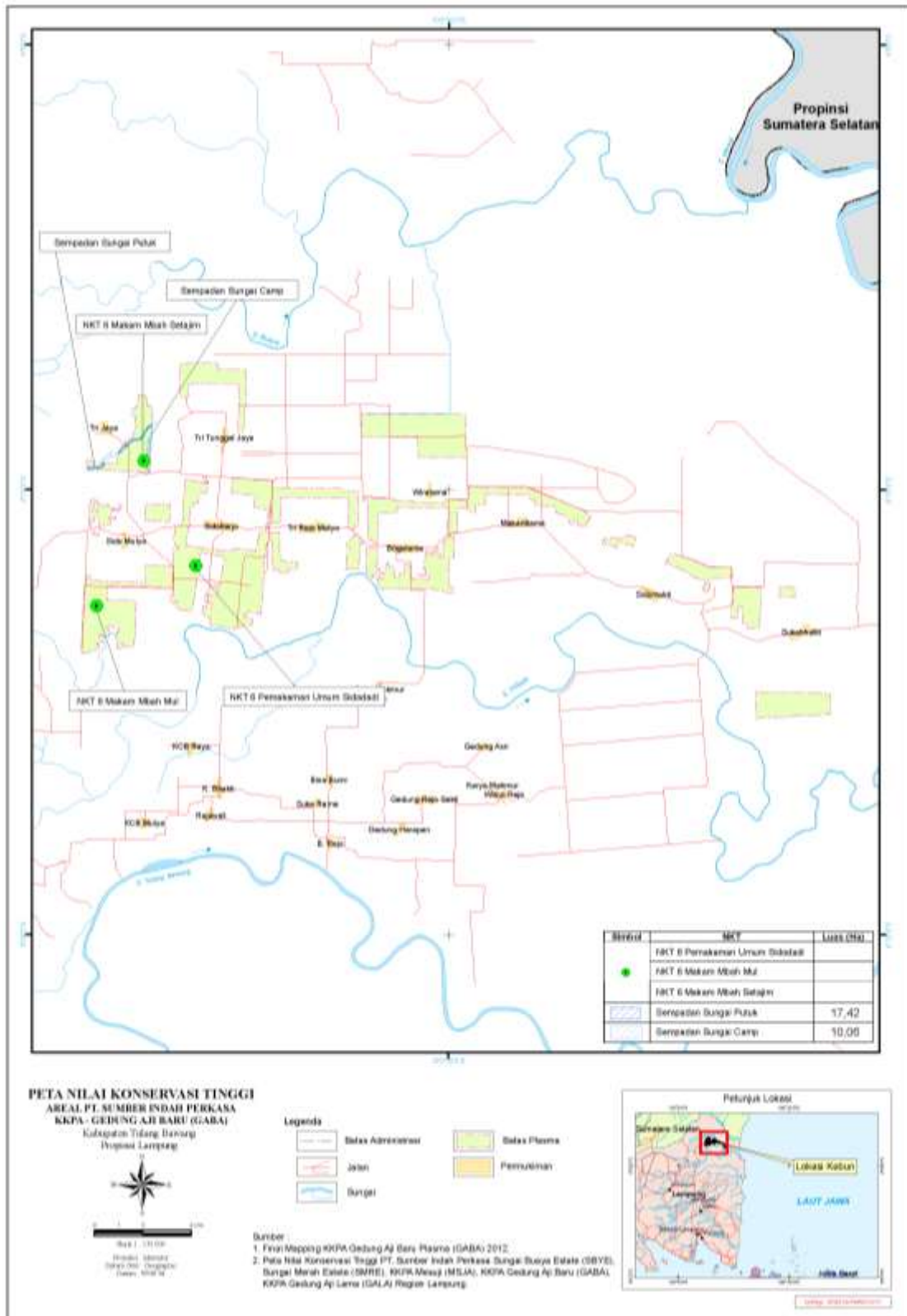
AMDAL	Analisa Mengenai Dampak Lingkungan (Environment Impact Study Report)
ANDAL	Analisa Dampak Lingkungan (Environment Impact Analysis Report)
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Agency)
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
FFA	Free Fatty Acid(s)
FFB	Fresh Fruit Bunch
FSMS	Food Safety Management System
GMP	Good Manufacturing Practice
GABA	Gedung Aji Baru Estate
GALA	Gedung Aji Lama Estate
GPS	Global Positioning System
Ha	Hectare(s)
HACCP	Hazard Analysis and Critical Control Point
HCV	High Conservation Value
HCVF	High Conservation Value Forest
HGU	Hak Guna Usaha (Land Use Title)
HSE	Health Safety Environment
IEMA	Institute of Environmental Management and Assessment
IPB	Institut Pertanian Bogor
IRCA	International Register of Certified Auditor
JAMSOSTEK	Jaminan Sosial Tenaga Kerja (Labor Social Insurance)
K3	Keselamatan dan Kesehatan Kerja (Occupational Safety and Health)
KAN	Komite Akreditasi Nasional (The Indonesian Accreditation Committee)
KKPA	Kredit Kepada Koperasi Primer
KLH	Kementerian Lingkungan Hidup (Ministry of Environment)
KTU	Kepala Tata Usaha (Administration Head)
LCC	Legume Cover Crop
LSM	Lembaga Swadaya Masyarakat (NGO(s))
MOU	Memorandum of Understanding
MSDS	Material Safety Data Sheet
MSJA	Estate
NA	Not Applicable
NC	Non Conformity
NCR	Non Conformity Register
OER	Oil Extraction Rate

OSH	Occupational Safety and Health
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PHT	Pengendalian Hama Terpadu (Integrated Pest Management/IPM)
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
RSPO NI	Roundtable on Sustainable Palm Oil National Interpretation
RKL-RPL	Rencana Kelola Lingkungan dan Rencana Pemantauan Lingkungan (Environment Management Plan – Environment Monitoring Plan)
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SIO	Surat Izin Operator
SOP	Standard Operating Procedure
SIP	Sumber Indah Perkasa
SBYM	Sungai Buaya Mill
SBYE	Sungai Buaya Estate
SMK3	Sistem Manajemen – Keselamatan dan Kesehatan Kerja (Management System of Occupational Safety and Health)
SMRM	Sungai Merah Mill
SMRE	Sungai Merah Estate
TTD	Tim Tanggap Darurat (Emergency Response and Preparedness)
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UPL	Upaya Pemantauan Lingkungan (Environmental Monitoring Efforts)
WWTP	Waste Water Treatment Plant
WHO	World Health Organization

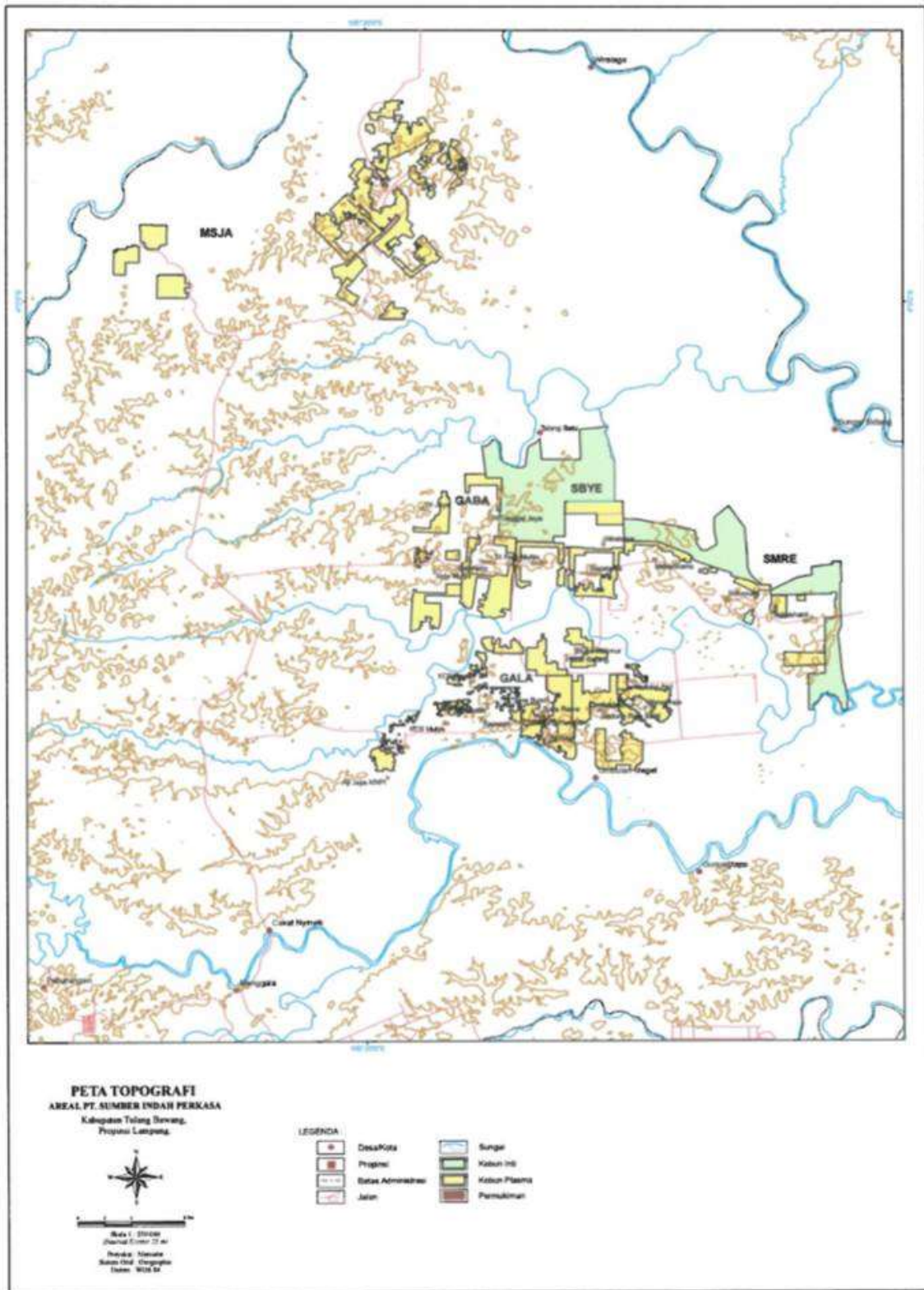
APPENDIX 2

MAP

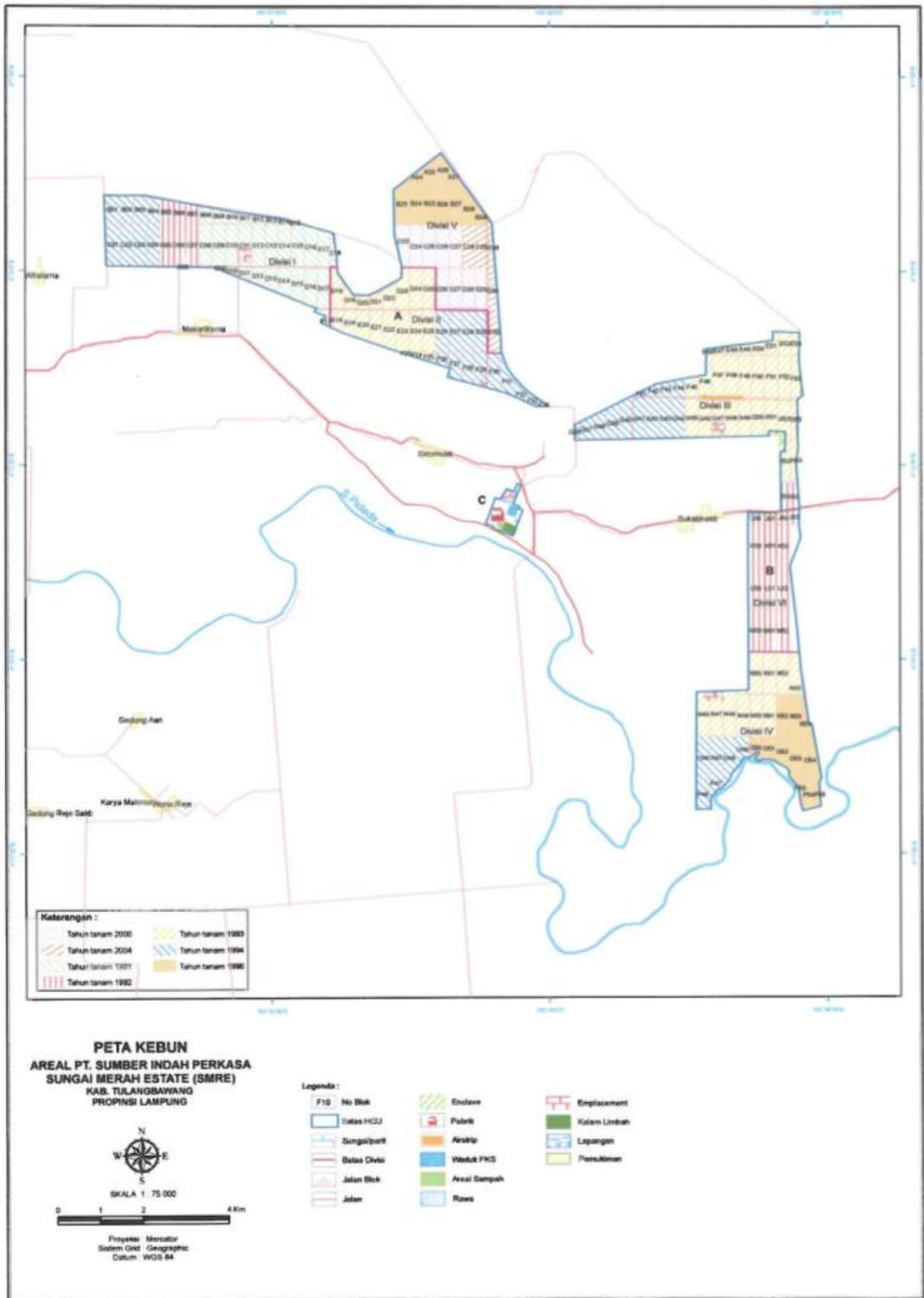
1.3. Map of HCV Gedung Aji Baru Estate



1.4. Map of Topography



1.5. Map of Planting Year Sungai Merah Estate (SMRE)



1.6. Map of Planting Year Gedung Aji Baru (GABA) Estate

