

**Roundtable on Sustainable Palm Oil Certification**

**[ ] Stage-1    [ ] Stage-2    [  ] Surveillance    [ ] Re-Assessment**

Plantation Management/Owner : **PT Kridatama Lancar – SIME DARBY  
Plantation Sdn Bhd**

Plantation Name : **Sukamandang POM - Sukamandang Estate,  
Sapiri Estate, Baras Danum Estate, Kuala  
Kuayan Estate**

Location : **Seruyan Tengah and Kotawaringin Timur  
District, Central Kalimantan Province**

Certificate Code : **MUTU-RSPO/003**

Date of certificate issue : **5 July 2011**

Date of expiry of certificate : **4 July 2016**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Review by	Approve by
<b>ST-2</b>	20-25 September 2010	Taufik Margani (LA) Deni A. Novendi Muardi Marwas, Ibnu Prabudi	Reny Rustianingsih	Tony Arifiarachman
<b>S-1</b>	13 – 19 January 2012	Octo H.P.N Nainggolan; Ibnu Satria Prabudi; Muardi marwas	Taufik Margani	Tony Arifiarachman
<b>S-2</b>	10-13 April 2013	Octo H.P.N Nainggolan (Lead Auditor); Marsudi Eko Santoso; Ardiansyah; Steve Mualim	Taufik Margani	Tony Arifiarachman
<b>S-3</b>	19-24 Mei 2014	Nanang Mualib (Lead Auditor), Muardi Marwas, Naila Karima, Steve Mualim	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
S-3	25 July 2014

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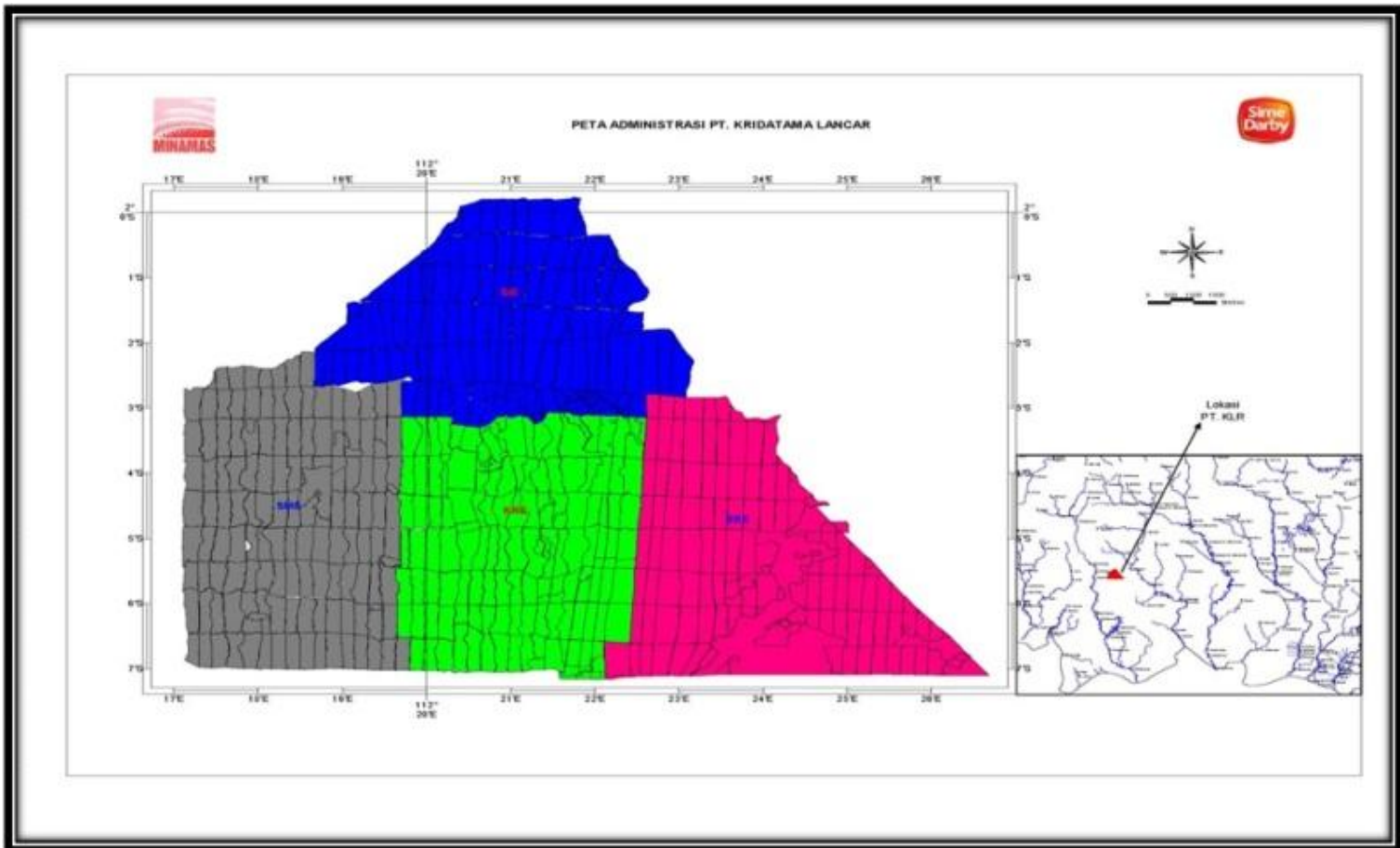
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Figure 1. Operational Map of PT Kridatama Lancar



<b>1.0</b>	<b>SCOPE OF THE CERTIFICATION ASSESSMENT</b>		
<b>1.1</b>	<b>National Interpretation Used</b>	<b>National Interpretation, RSPO Principles and Criteria (P&amp;C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011 for CPO Mill.</b>	
<b>1.2</b>	<b>Organization Information</b>		
1.2.1	Company name	<b>MINAMAS Plantation – SIME DARBY Group</b>	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Company address and site address	<b>RSPO registered company:</b> No 2, Plantation Tower Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301  <b>Liaison Office:</b> The Plaza Office Tower Lantai 36 Jl MH Thamrin Kav. 28-30 Jakarta, Indonesia 10350	
1.2.4	Telephone	+62-21-29926000	
1.2.5	Fax	+62-21-29922686	
1.2.6	E-mail	<a href="mailto:mohamad.pirabaharan@simedarby.com">mohamad.pirabaharan@simedarby.com</a>	
1.2.7	Web page address	<a href="http://www.simedarby.com">www.simedarby.com</a>	
1.2.8	Company status	Penanaman Modal Asing	
1.2.9	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Minamas Plantation)	
1.2.10	Registered as RSPO member	1-0008-04-000-00 - 7 September 2004	
<b>1.3</b>	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment	Palm Oil Mill and supply base	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	PT Kridatama Lancar – Sime Darby Plantation Sdn Bhd	
1.3.4	Number of management unit	1 POM (Sukamandang POM) and 4 estates (Sukamandang Estate, Sapiri Estate, Baras Danum Estate, Kuala Kuayan Estate)	
<b>1.4</b>	<b>Locations of Mill, Plantations and Area Statement</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>GPS</b>
			<b>Latitude</b> <b>Longitude</b>
	Sukamandang	Sukamandang village, Seruyan Tengah sub district, Seruyan District, Central Kalimantan Province	S 1°02'09" - 2°07'03"      E 112°17'07" – 112° 20' 19"
1.4.2	Location of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>GPS</b>
			<b>Latitude</b> <b>Longitude</b>

	Sukamandang	Sukamandang village, Seruyan Tengah sub district, Seruyan District, Central Kalimantan Province	S 1°02'09" - 2°07'03"	E112°17'07" – 112° 20' 19"					
	Baras Danum	Biring Kapuk village, Mentaya Hulu sub district, Kotawaringin Timur district	S 2°02'48" - 2°06'58"	E112°21'47" – 112° 26' 34"					
	Sapiri	Sapiri village, Mentaya Hulu sub district, Kotawaringin Timur district	S 1°59'48" - 2°02'50"	E112°18'40" – 112° 23' 08"					
	Kuala Kuayan	Kuala Kuayan village, Mentaya Hulu sub district, Kotawaringin Timur district	S 2°02'49" - 2°07'02"	E112°17'07" – 112° 26' 34"					
1.4.3	Tenure								
	• State			14,779.75 Ha					
	• Community								
1.4.4	<b>Area Statement</b>								
	• Total area		14,779.75	Ha					
	• Planted area		13,374.55	Ha					
	• Mill and emplacement		218.86	Ha					
	• Infrastructure		579.77	Ha					
	• Nursery		-	Ha					
	• Occupation		416.99	Ha					
	• HCV		189.58	Ha					
1.5	<b>Description of Supply Base</b>								
1.5.1	Description of Mill								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel		PKO	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Sukamandang POM	60	323,000.68	74,141.93	22.95	14,135.37	4.38	-	-
	<i>*Source Production Data on Mei 2013 – Mei 2014</i>								
1.5.2	Description of Certified Estates								
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill			
						FFB (tonnes/year)	%		
	Sukamandang Estate	3,935.89	3,635.89	82,955.54	22.55	82,955.54	100		
	Kuala Kuayan Estate	3,664.61	3,450.00	73,738.93	21.37	73,488.59	99.66		
	Sapiri Estate	3,531.42	3,288.98	81,180.67	24.69	81,180.67	99.98		
	Baras Danum Estate	3,647.83	2,999.68	62,135.14	20.71	62,135.14	100		
	Total	14,779.75	13,374.55	300,030.32	22.43	299,759.94	<b>99.8</b>		
	<i>*Source Production Data on Mei 2013 – April 2014</i>								
1.5.3	Smallholder(s) and other source								
	Name of source(s)	Member(s)	Location	Total Area (Ha)	FFB (tonnes/year)	Supplied to Mill			
						FFB	%		

					(kg/year)	
	Pematang Estate (PT Teguh Sempurna)	PT.TSA certified estate (SIME DARBY)	Kotawaringin Timur sub district, Central Kalimantan Province		5,497,820	-
	Hatan Tiring Estate (PT Teguh Sempurna)				3,901,590	-
	Kawan Batu Estate (PT Teguh Sempurna)				9,043,660	-
	Batang Garing Estate (PT Teguh Sempurna)				4,797,671	-
	<b>TOTAL</b>				<b>23,240,741</b>	<b>-</b>
	<i>*Source Production Data on 12 months before assessment</i>					
1.5.4	Product categories	FFB / CPO				
<b>1.6</b>	<b>Year of Plantings and Cycles</b>					
1.6.1	Age profile of planted palms*					
	<b>Planting Year</b>	<b>Hectarage</b>				<b>Total (Ha)</b>
		Sukamandang Estate	Kuala Kuayan Estate	Sapiri Estate	Baras Danum Estate	
	1994	104.02	-		-	<b>104.2</b>
	1995	177.60	-		-	<b>177.60</b>
	1996	1,223.16	-	887	-	<b>2,110.16</b>
	1997	2,131.10	143	1,303	-	<b>3,577.10</b>
	1998	-	537	569	-	<b>1,106</b>
	1999	-	408	-	-	<b>408</b>
	2000	-	737	124	-	<b>861</b>
	2004	-	486	101	-	<b>587</b>
	2005	-	787	358	349.55	<b>1,494.55</b>
	2006	-	191	108	1,331.83	<b>1,630.83</b>
	2007	-	-	-	880.45	<b>880.45</b>
	2008	-	-	-	437.86	<b>437.86</b>
	<b>TOTAL</b>	<b>3,635.89</b>	<b>3,450.00</b>	<b>3,288.98</b>	<b>2,999.68</b>	<b>13,374.55</b>
1.6.2	New Planting area after January 2010					Ha
1.6.3	Planting Cycle					1 <sup>st</sup> Cycle Years
<b>1.7</b>	<b>Approximate Tonnage Certified</b>					
1.7.1	Past Annual Claim Certified Product			Certificate Claim (tonnes/year)	Actual certified product (tonnes/year)	

	<ul style="list-style-type: none"> <li>FFB Production</li> <li>CPO Production</li> <li>Palm Kernel (PK) Production</li> </ul>	<p>334,532.00</p> <p>76,942.36</p> <p>15,053.94</p>	<p>323,000.68</p> <p>74,141.93</p> <p>14,135.37</p>						
	<p>** Certificate Claim period 5 July 2013 – 4 July 2014</p> <p>** Actual Claim period May 2013 – April 2014</p>								
1.7.2	Claim Certified Tonnage of FFB								
	<b>Name of Estate(s)</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>Yield (tonnes/ha/year)</b>					
	Sukamandang Estate	3,935.89	3,635.89	23.50					
	Kuala Kuayan Estate	3,664.61	3,450.00	22.94					
	Sapiri Estate	3,531.42	3,288.98	25.55					
	Baras Danum Estate	3,647.83	2,999.68	22.58					
	Total	14,779.75	13,374.55	23.65					
1.7.3	Claim Certified Tonnage of Palm Product								
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/ year)</b>	<b>CPO</b>		<b>Palm Kernel</b>		<b>PKO</b>	
				<b>Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Out put (tonnes)</b>	<b>Extraction (%)</b>
	Sukamandang POM	60	316,350.84	73,551.57	23.25	15,026.66	4.75	-	-
<b>1.8</b>	<b>Other Certifications</b>								
1.8.1	ISO 9001:2008/ISO 14001: 2004			-					
1.8.2	OHSAS 18001:2007			-					
1.8.3	HACCP			-					
1.8.4	Others			RSPO Certified No. MUTU-RSPO/003 by PT Mutuagung Lestari for 14 July 2011 s/d 14 July 2016.					
<b>1.9</b>	<b>Time Bound Plan</b>								
1.9.1	<b>Time Bound Plan for Other Management Units</b>								
	<b>UNIT MANAGEMENT UNIT</b>		<b>Estate (Supply Base)</b>	<b>STATUS</b>	<b>LOCATION</b>				
	<b>P OM</b>	<b>Time Bound Plan</b>							
	Sekunzir. PT. Indotruba Tengah	Certified 2010	Sekunzir	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan				
			Seruyan	Certified 2010					
	Manggala. PT. Tunggal Mitra Plantations	Certified 2010	Manggala 1	Certified 2010	Rokan Hilir District – Riau				
			Manggala 2	Certified 2010					
			Manggala 3	Certified 2010					
	PT. Sime Indo Agro	Certified 2010	PT. Sime Indo Agro	Certified 2010	Sanggau District –West Kalimantan				
	Teluk Siak. PT Aneka Inti Persada	Certified 2011	Teluk Siak	Certified 2011	Pekanbaru, Siak District – Riau				
			Pinang Sebatang	Certified 2011					
			Aneka Persada	Certified 2011					
	Sungai Pinang. PT. Bina Sains Cemerlang	Certified 2012	Sungai Pinang	Certified 2012	Musi Rawas District – South Sumatera				
			Bukit Pinang	Certified 2012					



Sukamandang. PT. Kridatama Lancar	Certified 2011	Sukamandang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
		Sapiri	Certified 2011	
		Baras Danum	Certified 2011	
		Kuala Kuayan	Certified 2011	
Pematang. PT. Teguh Sempurna	Certified 2011	Pematang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
		Kawan Batu	Certified 2011	
		Hatan Tiring	Certified 2011	
		Batang Garing	Certified 2011	
Alur Dumai. PT Lahan Tani Sakti	Certified 2011	Alur Dumai	Certified 2011	Rokan Hilir District – Riau
Teluk Bakau. PT. Bhumireksa Nusa Sejati	Certified 2011	Teluk Bakau	Certified 2011	Indra Giri Hilir District – Riau
		Nusa Perkasa	Certified 2011	
		Nusa Lestari	Certified 2011	
Mandah. PT. Bhumireksa Nusa Sejati	Certified 2014	Mandah	Certified 2011	Indra Giri Hilir District – Riau
		Rotan Semelur	Certified 2011	
Angsana Mini. PT Sajang Heulang	Certified 2011	KKPA-1 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		Pantai Bonati	Certified 2011	
Angsana. PT Ladangrumpun Suburabadi	Certified 2011	Angsana	Certified 2011	Tanah Bumbu District – South Kalimantan
		Gunung Sari	Certified 2011	
		KKPA-4 PT.SHE	Certified 2013	
Mustika. PT Sajang Heulang	Certified 2013	KKPA-2 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		KKPA-3 PT.SHE	Certified 2013	
		KKPA-5 PT.SHE	Certified 2013	
Gunung Aru. PT Bersama Sejahtera Sakti	Certified 2011	Gunung Aru	Certified 2011	Kotabaru District – South Kalimantan
		Gunung Kemasan	Certified 2011	
		Laut Timur	Certified 2011	
		Pantai Timur	Certified 2011	
Bebunga. PT. Langgeng Muaramakmur	Certified 2011	Sungai Cengal	Certified 2011	Kotabaru District – South Kalimantan
		Bebunga	Certified 2011	
		KKPA Sungai Cengal	2014	
Pondok Labu. PT Paripurna Swakarsa	Certified 2012	Binturung	Certified 2012	Kotabaru District – South Kalimantan
		Pondok Labu	Certified 2012	
		Rampa	Certified 2012	
		Sesulung	Certified 2012	
Selabak. PT Swadaya Andhika	Certified 2012	Selabak	Certified 2012	Kotabaru District – South Kalimantan
		Randi	Certified 2012	
		Sangkoh	Certified 2012	
		Lanting	Certified 2012	
Rantau. PT Laguna Mandiri	Certified 2012	Rantau	Certified 2012	Kotabaru District – South Kalimantan
		Matalok	Certified 2012	
Betung. PT Laguna Mandiri	Certified 2014	Betung	Certified 2012	Kotabaru District – South Kalimantan
		Sekayu	Certified 2012	
Ungkaya. PT Tamaco Graha Krida	Certified 2012	Ungkaya	Certified 2012	Morowali District – Sulawesi Tengah
		Plasma TGK	2015	
Ladang Panjang. PT Bahari Gembira Ria	Certified 2012	Ladang Panjang	Certified 2012	Muaro Jambi District - Jambi
		Plasma BGR	2015	
Rantau Panjang. PT Guthrie Pecconina Indonesia	Certified 2012	Rantau Panjang	Certified 2012	Musi Banyuasin District – South Sumatera
		Bumi Ayu	Certified 2012	
		Karang Ringin	Certified 2012	
		Napal	Certified 2012	
		Mangun Jaya	Certified 2012	



			KKPA Sungai Pinang	2015	
Blang Simpo. PT Perkasa Subur Sakti	Certified 2013	Tamiang (PT PPP)	Certified 2013	Aceh Tamiang and East Aceh District – Nangroe Aceh Darussalam	
		Batang Ara ((PT PSK))	Certified 2013		
		Blang Simpo-01 (PT PPP)	Certified 2013		
		Blang Simpo-02 (PT PPP)	Certified 2013		
MAS. PT Mitra Austral Sejahtera	2014	MAS 1	2014	Sanggau District – West Kalimantan	
		MAS 1	2014		
		MAS 1	2014		
Lembiru. PT Sandika Nata Palma	Certified 2014	Lembiru	Certified 2014	Ketapang District – West Kalimantan	
		Awatan	Certified 2014		
		Pelanjau (PT BAL)	2014		
		Sungai Putih (PT BAL)	2014		
		Baturus (PT BAL)	2014		
<p>Sime Darby has got certificate on all 39 units in Malaysia and POM management 24 units in Indonesia POM management. There are changes to Time Bound Plan that led the company to delay the certification process with the following explanation; PT Mitra Austral Sejahtera (MAS). There are still unresolved social issues from Seikat Petani Kelapa Sawit (SPKS) Sanggau still not agreed to process of repairing demands by society and conflict resolution in accordance with the principles and criteria RSPO.</p> <p>Sime darby has informed the progress of time bound plan to PT. Mutuagung Lestari, and consider that sime darby still fulfills the requirements of RSPO.</p>					
1.9.2	<b>Progress of Associated Smallholders and Out growers for Certifiable Standard</b>				

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Certification Body</b>
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: <a href="http://www.mutucertification.com">www.mutucertification.com</a> Email : <a href="mailto:agri@mutucertification.com">agri@mutucertification.com</a>
<b>2.2</b>	<b>Assessment Team</b>
<b>2.2.1</b>	<b>Lead Assessor and Assessment Team</b>
<b>ST-2</b>	<ol style="list-style-type: none"> <li>1. <b>Taufik Margani (Lead Auditor)</b></li> <li>2. <b>Deni A. Novendi</b></li> <li>3. <b>Muardi Marwas</b></li> <li>4. <b>Ibnu Prabudi</b></li> </ol>
<b>S-1</b>	<ol style="list-style-type: none"> <li>1. <b>Octo H.P.N Nainggolan (Lead Auditor)</b></li> <li>2. <b>Ibnu Satria Prabudi</b></li> <li>3. <b>Muardi marwas</b></li> </ol>
<b>S-2</b>	<ol style="list-style-type: none"> <li>1. <b>Octo H.P.N Nainggolan (Lead Auditor)</b></li> <li>2. <b>Marsudi Eko Santoso</b></li> <li>3. <b>Ardiansyah</b></li> <li>4. <b>Steve Mualim</b></li> </ol>
<b>S-3</b>	<ol style="list-style-type: none"> <li>1. <b>Bukti Bagja (Lead Auditor)</b>. Indonesian citizen, Master of Science in the field of Environmental Sciences, University of Indonesia. Training he has followed are: awareness of RSPO certification system. He has followed several activities GAP Analysis of the RSPO Principles and Criteria implementation in several oil palm plantations in Indonesia as assessor. Besides that he is also involved in several assessments HCV / HCV as an assessor with the specifications in the field of GIS (mapping). He has expertise in mapping such as ArcGIS, MapInfo, Global Mapper, ER Mapper, Erdas Imagine. In this activity, he has assessed for environment aspect, land conservation, water conservation and management of waste.</li> <li>2. <b>Nanang Mualib (Lead Auditor)</b>. Bachelor of Forestry Science, Forest Technology Department in Bogor Agriculture Institute. He worked in Forest Company in 2000 – 2004 as a technical assistant of Sustainable Forest Management Implementation, Joint program with Forest Faculty Bogor Agriculture Institute and WWF Indonesia in 2006 – 2010. As a professional, he was involved in HCV social study of Sustainable Forest Management, HCV Identification in 3 palm oil plantation in Indonesia. Currently, he works as professional HCV assessor. In Stage-1 activity he assessed legal, social, environment and HCV Identification</li> <li>3. <b>Muardi Marwas (Auditor)</b>. Bachelor of Agriculture Bogor Agriculture Institute. Attended RSPO and ISPO Assessment in Indonesia. He had been trained Lead Auditor RSPO and Witness Distribution Quality Management Process (DQMP) APMEA. Currently he works for Independent Certification Body He had involved activities RSPO and ISPO certification assessment as an auditor.</li> <li>4. <b>Naila Karima (Auditor)</b>. Bachelor of Public Health, Department of Occupational Health and Safety. Faculty of Public Health, University of Indonesia. She had experience working in private oil palm plantation companies in Indonesia. She had followed training such as ISPO Lead Auditor, awareness training the RSPO certification system, awareness training Occupational Health and Safety Management System, and Integrated Management System (OHSAS 18001:2007, ISO 14001:2004, and ISO 9001:2008)</li> <li>5. <b>Steve Mualim (Auditor)</b>. Master in Environmental and natural resources management, Bogor Agricultural University. He has worked as a freelance in several consultant in the Environmental Impact Assessment. He has followed training of Lead Auditor training ISPO, RSPO awareness, Ecological Risk Assessment, Asian Network Update and Carbon, and Climate Change Mitigation and Adaptation for Agricultural Productivity</li> </ol>
<b>2.3</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>

<b>2.3.1</b>	<b>Figure of person days to implement assessment</b>
<b>ST-2</b>	Number of auditors : 4 auditors Number of days at site : 4 days Number of working days at site : 16 Working days
<b>S-1</b>	Number of auditors : 3 auditors Number of days at site : 5 days Number of working days at site : 15 Working days
<b>S-2</b>	Number of auditors : 4 auditors Number of days at site : 4 days Number of working days at site : 16 Working days
<b>S-3</b>	Number of auditors : 5 auditors Number of days at site : 4 days Number of working days at site : 20 Working days
<b>2.3.2</b>	<b>Detail process of assessment</b>
<b>S-3</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. Kridatama Lancar to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008) and Supply Chain Requirement for CPO Mill</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results Surveillance-3 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase Surveillance 4.</p> <p>Improvement of findings from main assesment findings were observed by auditors at this Surveillance-3. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of Surveillance-3</p> <p>The assessment program please find Appendix 2</p>
<b>2.3.3</b>	<b>Locations of Assessment</b>
<b>S-3</b>	<p><b>Sukamandang Estate</b></p> <ol style="list-style-type: none"> <li><b>Block M23/24 Division 3.</b> Observation over spraying activity and interview with 17 female workers and 1 foreman from Block Spraying System Team. Personnel were equipped with PPE, such as helmets, masks, gloves, aprons, safety boots, but aprons were broken and caused skin irritation among workers. Personnel were aware about the prohibition to spray along riparian area. Company gave extra food like milk to personnel before they start to work.</li> <li><b>Damkar Station.</b> Observation on facility and infrastructure for fire extinguisher that were provided by company, such as: pump machine, hose, nozzle, water tank 5.000 liter, fire hitter, bucket, hoe, shovel, chainsaw, fire extinguisher uniform, helmets, spectacles and boots.</li> <li><b>Personnel Housing.</b> Observation on facility and infrastructure for personnel's welfare, such as: housing facility type G2 (permanent and semi-permanent), medical facility like polyclinic with paramedic service (Physician, Nurse and Midwives), worship place like mosque and church, education facility like (TK/kindergarten, SD/elementary school, SMP/junior high school), sport facility like soccer field, volley field, other public facilities like child care, clean water source from mill's reservoir that have had the WTP.</li> <li><b>HGU Boundary Stake Block H19.</b> There was land use title (HGU) stake No 07 as a boundary for HGU area with community's area in Sukamandang Village. Stake's condition was readable and well maintained.</li> <li><b>HGU Boundary Stake Block G19.</b> There was HGU stake No 08 as a boundary between HGU area and community's area in Sukamandang Village. Stake's condition was readable and well maintained.</li> <li><b>HGU Boundary Stake Block G19.</b> There was HGU stake No 09 as a boundary between HGU area wand community's areas in Sukamandang Village. Stake's condition was readable and well maintained.</li> <li><b>Land Application, (Field J05 Division 1).</b> Based on field visit, it's known that company has conducted land application in accordance with the applied regulation and in permitted block; moreover, there was a special</li> </ol>

officer who conducted the monitoring over liquid waste application.

8. **Empty Fruit Bunches Application (Field K02 Division 3).** Based on field visit, its known that company has conducted empty fruit bunches application as company's effort to reduce waste. Empty fruit bunches application doze was 20-30 ton/ha and spread one layer above soil surface.
9. **Final landfill (Field I05 Division 3).** Based on field visit, it's known that company has implemented domestic waste management, domestic waste monthly transportation from housing to final landfill.
10. **Temporary Hazardous Waste Landfill.** Monitored current hazardous waste stock in warehouse. In warehouse, there were used pesticide packages. Latest hazardous waste delivery to licensed collector was on 18<sup>th</sup> January 2014. Hazardous waste delivery to Sukamandang Mill was on 17<sup>th</sup> May 2014.
11. **Agrochemical Warehouse.** Monitoring over agrochemical stock. The stored agrochemical with an active Glyphosate, Methyl metsulfuron and Fluroksipir.
12. **Block J31 and K33, Owl Nest.** Monitoring over *Tyto alba* utilization to control rat's disease. Based on observation, there were 2 owls and owlet.
13. **BSS House.** Monitoring over agrochemical waste management as well as former washing place in BSS house.
14. **Block L001, F001, G001 (Main Road).** Cultivation and maintenance over *beneficial plant type Turnera subulata* and *Casia cobanensis*.

#### Baras Danum Estate

1. **Block M53/54 Division 2.** Observation over disc spraying and harvesting path by using chemical material with an active Glyphosate and methyl Metsulfuron, and interview with 10 female workers and 1 foreman from BSS (Block Spraying System) team. Personnel were equipped with PPE (helmets, spectacles, masks, gloves, uniforms, aprons, safety boots), but PPEs were taken home by personnel instead of being stored in special storage place. Personnel were aware about the prohibition to spray along riparian area. Personnel wage have been in line with minimum wage regulation. Supervisors were not equipped with first aid kit. Personnel not aware about gender committee's existence that has been established by company.
2. **Fire Station.** Observation on facility and infrastructure for fire extinguisher that were provided by company, such as: pump machine, hose, nozzle, water tank 2,000 liter, hoe, fire extinguisher, machete, tent, first aid kit, knapsack, masks, safety boots, flashlight, whistle.
3. **Personnel Housing in Hut 2.** Observation on facility and infrastructure for personnel's welfare, such as: housing facility type G2 (permanent and semi-permanent), medical facility like polyclinic with paramedic service (Nurse and Midwives), worship place like mosque, education facility like TK/kindergarten, sport facility like soccer field, other public facilities like child care, clean water source from reservoir/pond and water from well.
4. **Polyclinic.** Observation and interview with nurse and midwives, medical services like treatment, infectious waste storage with sealed package and completed with hazardous infectious symbol.
5. **Tajur Beras Sub-village, Kapuk Village.** There was a boundary between community's plantation area and company's area in a form of boundary trench along agreed boundary area. Company has a policy to lease community's land from HGU area.
6. **Bukit Tabion Sub-village, Kapuk Village.** There was a boundary between community's plantation area and company's area in a form of boundary trench along agreed boundary area.
7. **Empty Fruit Bunches (Field K19 Division 2).** Based on field visit, its known that company has conducted empty fruit bunches application as company's effort to reduce waste. Empty fruit bunches application doze was 20-30 ton/ha and spread one layer above soil surface
8. **Workshop.** Based on field visit, company has conducted hazardous waste management in workshop properly. Workshop officer was equipped with sufficient PPE.
9. **Temporary Hazardous Waste Landfill.** Company has conducted hazardous waste monitoring by conducting daily monitoring over hazardous waste logbook, information board is available and hazardous waste management has been well implemented.
10. **Final Landfill (Field J16 Division 1).** Based on field visit, it's known that company has implemented domestic waste management, monthly domestic waste transportation from housing to final landfill.
11. **Block J52 & K52 Beneficial Plant.** Monitoring over *Turnera subulata*, *Casia cobanensis* and *Turnera omnifolia* maintenance.
12. **Agrochemical Warehouse.** Monitoring over agrochemical stock. The stored agrochemical with an active Glyphosate, Methyl metsulfuron and Fluroksipir
13. **Block G54.** Auditor monitored empty fruit bunches in sandy plantation area.

**Sukamandang Mill**

1. **Process.** Observation and interview with personnel in mill's activity (Sortation, Sterilizer, Boiler, Engine Room, Workshop), personnel have understood work procedure and instruction for each process. Periodic medical examination for personnel and high-risk personnel has been conducted. Personnel have received training and socialization on safe work practice and personnel have equipped with PPE based on work risk. For instance in noise area, personnel were equipped with earmuff.
2. **Emergency Response Equipment.** Fire extinguisher and hydrant were available and placed in high-risk spot in mill. Evaluation for these equipment was conducted once in a month and their conditions were ready to use. First aid kit were available in office, laboratory, process and workshop.
3. **Water Treatment Plant.** based on field visit, its known that company has conducted periodic monitoring over standard water utilization for mill's operation activity by using flow meter
4. **Temporary Hazardous Waste Landfill** Sukamandang Mill has conducted hazardous waste monitoring by conducting daily monitoring over hazardous waste logbook, information board is available and hazardous waste management has been well implemented.
5. **Mill's IPAL** Based on field observation, it is known that company has implemented liquid waste management properly. Waste Water Treatment Plant (WWTP) condition was well maintained, no leakage indication and company has conducted periodic monitoring over liquid waste quality.
6. **Workshop.** Based on field visit, company has conducted hazardous waste management properly. Workshop officer was equipped with sufficient PPE.

2.4

**Stakeholder Consultation and List of Stakeholders Contacted**

2.4.1

Summary of stakeholder consultation process.

Consultation of stakeholders for PT. Kridatama Lancar was held by:

- Public Notification ([www.rspo.org](http://www.rspo.org)) minimum 30 days before S-3 was held
- Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples on 20 May 2014. Numbers of input from stakeholders were clarified by PT Kridatama Lancar as consideration on S-3 Assessment

2.4.2

List of stakeholder contacted

***Please find appendix 1***

2.5

**Determining Next Visiting**

Surveillance 4 will be determined on May 2015



**3.0. ASSESSMENT RESULT**

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

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

During the assessment, there were 4 Nonconformities were assigned against Major Compliance Indicator; 7 nonconformities were assigned against Minor Compliance Indicators; and 2 nonconformities against supply chain requirement for CPO mill and 2 opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidence. Those corrective actions taken that consist of 4 Major non-conformities and 4 Minor nonconformities had been closed out shall be verified during next assessment.

Mutuagung Lestari found that Sukamandang POM – PT Kridatama Lancar, Sime Darby Plantaion Sdn Bhd complied with the requirements of RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008.

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

Ref Std.	VERIFICATION RESULT of MUTU-Certification
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>	
<b>1.1 Plantation and Palm Oil Factory have to give adequate information for stakeholders in appropriate language and forms, to ensure the effective participation of stakeholders in decision-making.</b>	
<p>Company has consistently recording information request letter from stakeholders in “stakeholder’s communication record document”, where in 2013 there were 32 types of incoming letter from several institutions as well as from community.</p> <p>PT KLR has recorded information request letter from stakeholders in “stakeholder’s communication record document”, where in 2013 there were 32 types of incoming letter from several institutions as well as from community, for instance: Decree from Seruyan Reagent No. 500/867/EKX2013 on 2<sup>nd</sup> October 2013 regarding the temporary turn off for activity that was unclear and clean. In 2014, there were 39 types of incoming letter from several stakeholders. For instance, letter No. 140/28/Pem/2014 on 03<sup>rd</sup> April 2014 that was sent by Head of Sukamandang Village regarding with the proposal to conduct legislative election on 09<sup>th</sup> April 2014 that has been responded by company by setting election date on 09<sup>th</sup> April 2014 as a holiday for personnel. Company also built election venue and delivered socialization about this to its personnel. Manpower and Transmigration Agency Kotim District had sent a letter No 560.566/10/WAS/KK/IV/2014 on 11<sup>th</sup> April 2014 regarding the implementation of Healthcare and Social Security Agency (<i>BPJS Kesehatan</i>) that was asking each company to re-register its personnel in Healthcare and Social Security Agency Program to comply the applied regulation (Law No. 24 in 2011). Company has responded this letter by submitted it to GM and company sent re-registration form for its personnel.</p> <p>Company has set the detail of document threshold in RSPO list document PT Kridatama Lancar. This document explains type of letter from related institution/ community has standard shelf life time for 3 years.</p>	
<b>Status: Complied</b>	
<b>1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>	

Company has set type of accessible documents by public in SOP for document management No. 398/KLR/DOC-SOP/42/12 on 12th June 2012.

Company has set in detail about each document shelf life in RSPO document list of PT Kridatama Lancar. This document explains type of document from related institution/ community that have standard shelf life for 3 years.

**Status: Complied**

**PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

**2.1**

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

Company has tried to fulfil and to update related regulation on mill and estate operation activity, for instance:

- a. Law No. 13 in 2003 regarding manpower
- b. Temporary hazardous waste landfill permit that in line with Government Regulation No. 18 in 1999
- c. Personnel wage is in line with provincial minimum wage for plantations sector that is in line with Decree from Governor of Kalimantan Tengah regarding provincial minimum wage for plantation sector.

Based on hazardous waste monthly logbook review, hazardous waste manifest as well as field observation, it's known that hazardous waste and used agrochemical package storage have been exceeding the standard storage duration, which was 90 days. For instance in hazardous waste warehouse BDE and SME. This was not in line with Decree from Seruyan Reagent, No. 398 in 2013 on 7<sup>th</sup> October 2013 regarding the temporary hazardous waste landfill permit for PT. KLR. **Non-compliance No. 2014.1**

**Root Cause:**

Hazardous waste, such as used agrochemical package has been stored more than the permitted storage duration, which is 90 days. For instance in hazardous waste warehouse SME and BDE. Delay on hazardous waste transportation by licensed hazardous waste collector because the generated hazardous waste was less than what was expected.

**Curative Actions:**

Company should immediately send hazardous waste (PT. Wiraswasta Gemilang). Attached the Hazard Waste Manifest between Sukamandang POM and PT. WGI.

**Preventive Actions:**

Enhance supervision over hazardous waste monitoring as well as conducting intensive cooperation with licensed hazardous waste collector so there will be no delay on transporting the hazardous waste to third party.

**Observation on 8<sup>th</sup> July 2014:**

Used agrochemical package waste has been managed based on the applied regulation. Used pesticide packages from Kuala Kuayan Estate, Sapiri Estate, Sukamandang Estate and Baras Danum Estate were handed to Wiraswasta Gemilang Indonesia (WGI), as licensed collector. The delivery has 2 stages: 1) on 26<sup>th</sup> May 2014 amount 552 pieces and 2) on 9<sup>th</sup> June 2014 amount 327 pieces. Attached the hazard waste Manifest from PT WGI (improvement evidence over hazard waste manifest & minutes of hazardous waste delivery from estate to mill). Based on the above information, **non-compliance No. 2014.1 is closed.**

There was evidence over regulation compliance, for instance company gave salary to its personnel based on district minimum wage for plantation sector in 2014 for Seruyan District.

There is a document for regulation requirement procedure, policy No. 701/TQEM-ESH/10 which explains evaluation mechanism in order to obey the applied regulation that related with plantation activity. PSD (Plantation Support Department), Law and Permit Group, as well as ESH Manager are responsible to identify, make a report, to store, to monitor and to update and to evaluate compliance toward applied regulation related with plantation activity along with its changes. Estate Manager is responsible to communicate the summary of regulation and to monitor the implementation.

Company has had mechanism to evaluate compliance over regulation. Evaluation is conducted periodically at least every 6 months and in monthly meeting, the progress will be evaluated. In order to updating company's regulation, company will consult to related institution.

**Status: Complied**

**2.2**

**The right to use the land can be demonstrated, and is not legitimately contested by local communities with**



**demonstrable rights**

Land ownership by company is consist of:

- a. Ownership from legal aspect: land ownership based on government's license that in line with the applied regulation, start from location permit that was issued by land agency of Kota Waringin Timur District No 2056.460/BPN/XII.1993, Decree over Forest Leased Area that was issued by Ministry of Forestry No. 762/KPTS-II/1996 on 12th December 1996, about forest leasing that located in S. Semilat Forest group in Kotawaringin Timur District, Kalimantan Tengah Province, over an area of 15,900 Ha for palm oil plantation area on behalf of PT Kridatama Lancar and Decree for land own title (HGU) that is issued by National Land Agency based on Decree No. 58/HGU/BPN/99 on 22<sup>nd</sup> June 1999 over 14,779 Ha land. Furthermore, the company got land own title certificate No 11 on 09<sup>th</sup> August 1999 over 14,779.920 Ha land based on measurement letter No. 04/1999 that valid until 09<sup>th</sup> August 2034.
- b. Field implementation; PT KLR operation area that belong to state; however there is traditional right over this land. Company has conducted land compensation for traditional right with several stages.

Land conflict resolution as well as the resolution process were well recorded and stored in Sukamandang Estate office, for instance land claim resolution on behalf of Mr. Amat/Usup in a form of road MR JK 59/60 with a broad of 8,312 m<sup>2</sup> and disc Block K64 with a broad of 2,576 m<sup>2</sup>. Minutes of measurement and land compensation value has been signed on 19<sup>th</sup> February 2011, evidence of land compensation amount IDR 10,000,000,- on 14<sup>th</sup> March 2011 is available and land leasing letter was made by Mr. Usup on 24<sup>th</sup> March 2011.

PT KLR has had land ownership leasing procedure No. 344/PSD-OKUP/10 with an objective that all companies within Minamas plantation can make land ownership leasing properly and legally including the HGU, based on company's policy and the applied Republic of Indonesia's regulation.

PT KLR also had land conflict resolution RSPO/B.5.23/KLR with several stages such as negotiation between company and party that has an objection. If both parties not agree, then they should refer to third party (Sub-district Government Coordination Forum / *Forum Kordinasi Pemerintah Kecamatan*).

**Status: Complied**

**2.3**

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

Based on interview with Head of Sukamandang Village and Head of Kapuk Village, they both stated that PT. KLR operation area was firstly owned by state; however, there are traditional rights over this area.

At present, there is no land conflict between company and other parties, whether from other companies or local community. However, there are villages or sub-villages within PT KLR's HGU area (Tajur Beras Sub-village, Tabion Sub-village and Kapuk Village) and based on interview with villager and field visit, its known that:

- a. Sub-village community/ Village within HGU area have understood this condition and make an agreement with company to respect each other existence.
- b. There is no land conflict between Sub-village community and company
- c. Sub-village/ villages are part of company's CSR program
- d. There is a boundary between community's land and company's land in a form of boundary trench along boundary area.

Based on information from PT KLR's management, it's known that company has a plan to exclude this area from company's HGU area because since beginning, this area was legally a residence for community. Area as mentioned above was mapped as community's residence area within the HGU with broad 481.48 Ha (more or less).

the entire land conflicts that ever happen in PT KLR HGU area are well documented in lad occupation document PT KLR, for instance land claim resolution on behalf of Mr. Amat/Usup in a form of MR JK 59/60 with a broad of 8,312 m<sup>2</sup> and disc block K64 with a broad of 2,576 m<sup>2</sup>. There is a minute of measurement and land compensation that was signed on 19<sup>th</sup> February 2011, land compensation receipt amount IDR 10,000,000,- on 14<sup>th</sup> March 2011 and land leasing was made by Mr Usup on 24<sup>th</sup> March 2011.

**Status: Complied**

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

**3.1**

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

Company has a short financial management plan, which is the work plan for 2013 - 2014 as well as long-term projection up to 4 years ahead. Monitoring over production and cost are using online application (SAP program).

1. Planning over estate's operation cost has been endorsed by Head of Plantation Operation, this work plan distribution is covering:
  - a. Work plan for 2013 – 2014 covers fixed cost analysis and general cost analysis. Operation cost covers harvesting, fertilization, pest and disease management, road maintenance, weed control, disc boundary's maintenance, soil enrichment, sanitation and pruning, manpower, non-vegetation capital, running account analysis (vehicle, heavy equipment) and salary calculation.
  - b. Cost and production forecast for 2014 - 2018, covers total production cost (ton), annual production (ton/ha), actual and estimation production per year,
  - c. Environment management cost like Occupational Health and Safety, RSPO, HCV and AMDAL have been planned.
  - d. Social plan like religious ceremony, teacher's salary, CSR fund and contribution for community.
2. Planning for mill's operation cost that has been approved by Head Plantation Operation, this work plan such as:
  - a. Forecast mill intake, (FFB), processing cost, Admin cost, Training cost, Environment cost, Health cost, Transport cost and so forth.
  - b. Environment management cost has been allocated for occupational health and safety as well as non-occupational health and safety information board development, installation and maintenance. Laboratory analysis's cost and waste to outsider.

Financial management system is monitored independently by Public Accountant Tanudiredja, Wibisana and Partner in 2013. Financial audit based on Indonesian Monetary Accounting Audit Standard has been complied.

There is a letter for tax payment (SSP PBB) PT Kridatama Lancar with tax No. 62 02 120 019 900 0002 1 with tax subject in Sukamandang Sub-village, Kuala Kuayan Village, Mentaya Hulu Sub-district, Kotawaringin Timur District. Tax payment invoice is in a form of Bilyet Giro No. BK 948059 on 30<sup>th</sup> August 2013.

Company has reviewed its previous replanting plan. The latest replanting plan in 2014 has pointed that replanting will be started in Sukamandang Village in 2015 with a broad of 239 ha, in 2016 with a broad of 349 ha, in 2017 with a broad of 377 ha, in 2018 with a broad of 355 ha, in 2019 with a broad of 345 ha. Total required seed are 26,106 (in 2015).

**Status: Complied**

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

**4.1**

**Operating procedures are appropriately documented and consistently implemented and monitored.**

SOP for cultivation practice is stated in several document, such as:

- Agricultural Reference Manual (Document No: 110/EST-ARM/13), which was endorsed on 16<sup>th</sup> September 2013 by Mohd Ghozali Yahaya that regulates plantation requirement, nursery technic, replanting, land preparation, harvesting projection of ripe FFB, early harvesting's age, field maintenance, fertilization, fertilization over un-productive plantation, empty fruit bunches application, mill's effluent application, canopy's management, water management for beach area and cultivation in peat are, ablation, ripe standard, harvesting spin, fruit collection, plantation protection, weed control, establishment of cover crop like nuts and rain fall record.
- Agricultural Reference Manual, document No: 110/EST-ARM/08), Minamas Plantation that was endorsed on 19<sup>th</sup> August 2008 by CEO (Franky Anthony) been distributed on 22<sup>nd</sup> December 2008. Consist of: Plantation material, nursery technic, replanting, land preparation, plantation maintenance, fertilization, fertilization over un-productive plantation, TBM fertilization by using empty fruit bunches, ablation, ripe standard, harvesting spin, fruit collection.

SOP for plantation production management in a form of FFB's acceptance procedure, processing up to CPO and PKO dispatch for mill's operation activity. Technical guidelines for palm oil mil (POD-MILL-015/IV/2007) consists of 3 main parts:

- Technical guidelines for mill's machines maintenance

- Technical guidelines for boiler’s maintenance
- Mill administration procedure

Advisory Division conducted supervision over operation activity every 6 months. The activity report explains about Executive Summary, Plantation Quality Report, Crop Production, Cost of Production, and Areas of Concern/Main Findings/Key Issues. Reports over latest examination are available:

- a. Estate operation conducted supervision on 23 – 25<sup>th</sup> June 2013.
- b. Mr. Sulaiman Bin Shiafi conducted Mill Advisory Report SME No. SOU MINAMAS/SMF/01/2012-13 on 19 – 20<sup>th</sup> November 2012.
- c. Mr. Siow Heng Kin conducted Plantation Advisory for Baras Danum Estate on 19 – 21<sup>st</sup> June 2013 (Report Minamas/BDE/02/2013-13).

**a. Harvesting Operational**

Manpower, working tools and transportation were planned seriously in order to support harvesting activity up to dispatch in mill. Harvesting plan starts with FFB’s 6 months census, 4 months taxation and daily taxation before harvesting. Taxation was recorded on daily production report.

Below is the spread of 6-month taxation production for Sukamandang Estate,

Month	September	October	November	December	January 2014	February 2014
Production estimation (ton)	7,750	7,400	7,750	7,875	7,150	6,000

Daily taxation for harvesting on 4<sup>th</sup> February 2013 was 219,320 kg

Daily taxation for harvesting on 5<sup>th</sup> February 2013 was 222,930 kg

**b. Operational for FFB’s transportation**

FFB’s dispatch from estate to mill is in line with the applied procedure. Transportation not exceeding 24 hours up to FFB’s acceptance in mill. Supporting documents area well documented are traceable. Supporting documents such as fruit delivery note (SPB) and mill’s weighbridge ticket, for instance:

Sukamandang Estate

- On 19<sup>th</sup> May 2014 with vehicle number KH8237FA, with driver Mr. Teguh, Division 1, year of planting 1996, block N006. Total transported bunches were 300 bunches with brutto 6,300 kg.
- On 19<sup>th</sup> May 2014 with vehicle number KH8242FA, with driver Mr. Musban, Division 2, year of planting 1996, block H002. Total transported bunches were 400 bunches with brutto 7,200 kg.
- On 17<sup>th</sup> May 2014 with vehicle number KH9900FD, with driver Mr. Ismanto, Division 3, year of planting 1997, block J002. Total transported bunches were 369 bunches with brutto 7,380 kg.

**c. Operational for FFB’s grading**

Company able to present FFB’s acceptance record that inline and non-inline with requirement, for instance like documents presented below:

- Report over FFB’s daily quality assessment in Sukamandang Mill for Sukamandang Estate (all divisions) on 20<sup>th</sup> May 2014 for instance number of sample are 900 bunches, ripe fruit are 864 (96.00 %), under ripe 29 bunches (3.22 %), empty bunch 7 bunches (0.78%), long stick 10 bunches (1.11%), with total tonnage of FFB is 284,970 kg, fruit 41,721 kg.
- Report over FFB’s daily quality assessment in Sukamandang Mill for Baras Danum Estate (all divisions) on 20<sup>th</sup> May 2014, for instance number of sample are 900 bunches, ripe fruit are 858 (95.33 %), under ripe 6 bunches (0.15 %), under ripe 38 bunches (4.22%), empty fruit 4 bunches (0.44%), long stick 0 bunches (0%), with total tonnage of FFB is 188,190 kg, fruit 11,025 kg.

Company has a procedure from accepting FFB, processing up to CPO & PKO dispatch for Sukamandang palm oil mill’s operation activity that was endorsed on 26<sup>th</sup> July 2010 by Head Plantation Operations (HPO).

Advisory Division conducted supervision over operation activity every 6 months. The activity report explains about

Executive Summary, Plantation Quality Report, Crop Production, Cost of Production, and Areas of Concern/Main Findings/Key Issues. Reports over latest examination are available

1. Mr. Siow Heng kin conducted Plantation Advisory Report KKE No. MINAMAS/KKE/01/2012-13, date of assessment was on 9-10<sup>th</sup> August 2012, date of posting 1<sup>st</sup> January 2012. Assessment plan on Semester I in 2013 was on 16<sup>th</sup> March 2013.
2. Mr. Sulaiman Bin Shiafi conducted Mill Advisory Report PKS SME No. SOU MINAMAS/SMF/01/2012-13, date of assessment was on 19 – 20<sup>th</sup> November 2012. Assessment plan on Semester I in 2013 was on 14-15<sup>th</sup> May 2013.

The entire KLR operation activity was recorded in palm oil estate and mill’s monthly report and the latest monthly report was in March 2013, for instance:

- Monthly Report for Sukamandang Mill covers manager’s comments. Head of Division made FFB’s acceptance, production data, production quality and loss, production cost, personnel and housing, cost availability and recapitulation and known by Manager for further submission to General Manager.
- Unit report from Sukamandang Estate and Baras Danum Estate for operation activity’s record, such as consist of areal statement, organogram, housing, building data/infrastructure, FFB’s production data, rain fall data, productive plantation data, nursery data, production cost, capital and so forth were made by Head of Division and known by manager for further submission to General Manager.

**Status: Complied**

**4.2**

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

Research team based on interpretation over leaf analysis in May 2013 has decided inorganic fertilization dosage in 2014. Soil analysis record, leaf analysis record and plantation visual observation result are available, for instance:

1. Social analysis every 5 year; latest analysis was conducted in 2010. From the analysis, we know soil map (soil map unit), area’s map unit, and area’s class map, potency as well as boundary factor in each SPL toward palm oil and management strategy, soil detail survey result (2010), type of soil in Sukamandang Estate was categorized in Ordo Ultisol with 4 soil series, Ordo Entisol with 1 soil seri and Ordo Inceptisol with 1 soil seri. Soil monitoring survey result (2010), type of soil in Baras Danum Estate was categorized in Ordo Ultisol, Oxisol and Entisol.
2. Leaf analysis in Kuala Kuayan Estate in May 2013 is in line with LSU schedule and Agronomic Visit Gant Chart 2013 - 2014. For leaf analysis, we found information about organic material/unsure in estate area.
3. Leaf analysis in Sukamandang Estate in May 2013. From this leaf analysis, research team then drafted inorganic fertilizer recommendation in 2014. The recommended inorganic fertilizer were Urea 46% N; Kieserite, 26% MgO; MOP 60% K<sub>2</sub>O; HGF 48% B<sub>2</sub>O<sub>3</sub>; Rock Phosphate, 28% P<sub>2</sub>O<sub>5</sub>.
4. Plantation visual observation was conducted at the same time with leaf sample pick up and pest census.

Practices to enrich and maintain soil fertility are using the inorganic fertilization; empty fruit bunches and land application. Company has had the data and recorded as well as evaluated the correlation between empty fruit bunches application and FFB’s productivity. Based on evaluation over this correlation, it’s revealed that there was a positive correlation between empty fruit bunches application and FFB’s productivity, sample of practices to maintain soil fertility such as:

1. Fertilization realization in Sukamandang Estate in 2013 finished the fertilization recommendation in 2012. For instance, in Division 1 Urea 118,390 ton, MOP 334,757 ton, Rock Phosphate 226,604 ton, Kieserite 226,604 ton, HGF Borate 3,504 ton. Division 2 Urea 199,025 ton, MOP 278,373 ton, Rock Phosphate 228,635 ton, Kieserite 147,243 ton.
2. Fertilization realization in Kuala Kuayan Estate in 2013 Division 1 urea 170,685 ton, Division 2 Urea 186,247 ton, Rock Phosphate 35,341 ton; Division 3 not applied yet.
3. Fertilization application in Baras Danum Estate, MOP fertilizer 485,107 kg, Rock Phosphate fertilizer 102,134 kg, urea fertilizer 477,871 kg.

**Status: Complied**

**4.3**

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

Marginal soil map was based on soil detail survey result (2010) and soil monitoring (2010). Based on these surveys

result, marginal soil was soil with suitability N1 (currently unsuitable) and sloping above 40%. Marginal soil map was made with scale 1:200.000. Soil detail survey result (2010) in Sukamandang Estate and soil monitoring result in Baras Danum, there is no peat soil (Ordo Organosol) in operation area.

Road maintenance, bridge and trench have been programmed for one year. Road maintenance by giving laterite. Program in 2014 is to improve main road along 10,680 meter, collection road 31,913 meter and supporting road along 37,092 meter. The realization of road maintenance until April 2014 is main road 35,569 meter, collection road 79,098 meter, supporting road 44,825 meter.

Maintenance	Condition	Total
Road	Good and can be accessed	277,719 meter
Bridge	Good and can be accessed	97
	Damaged but can be accessed	2
	Damaged and can't be accessed	1
Trench	Good and can be accessed	99
	Damaged but can be accessed	1

Company has conducted empty fruit bunches application, established terrace ring, silt pit and terrace system in shape of horse's footprint on sloping area. For sandy area (with low organic material/unsure) company's made empty fruit bunches application, for instance in Baras Danum Estate. Empty fruit bunches application can be seen in Block K33.

**Status: Complied**

**4.4**

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

Company has drafted water flow, riparian area and other wet lands (lake, reservoir) management. These area should be managed as HCV 1 area (1.2-endangered wildlife and 1.3-ecosystem for endangered wildlife) and HCVF 4 (4.1-ecosystem for water source and flood control for downstream community, 4.2-important area to control erosion and sedimentation, and 4.4- important area to fulfil agriculture and fisheries basic need). Total HCV coverage within KLR area is 783.54 Ha (5.3% from total managed area).

the decision to choose this area was supported by memorandum from Head of TQEM to entire GM Estate on 13th May 2009, to set protective area for water source with below detail:

- 500 m from the edge of reservoir or lake
- 200 m from the edge of water source and side (left and right) of river in peat area
- 100 m from left and right of river
- 50 m from left and right of river's downstream
- 2 times of valley deep from the edge
- 130 times of difference from the highest tide to the lowest tide from beach.

KLR has management plan for buffer zone's protection, for instance in Kuala Kuayan Estate:

- Sungkai cultivation in buffer zone area in March 2013 for 200 trees.
- Monitoring over hardwood condition in buffer zone until Surveillance 2 (April 2013) is amount 5,081 trees.
- Sign board (prohibition to use chemical material that has been broken) replacement and installation in March 2013 for 2 units.
- Boundary stake for buffer zone area's painting in March 2013 for amount 150 units.

KLR has 15 ponds in WWTP at Sukamandang Mill. KLR conducting monitoring over BOD mill's liquid waste sample that was taken every month from pond no.1 (inlet) and pond no.15 (outlet). There was a record for monthly BOD monitoring for instance at outlet IPAL pond for land application need in February 2014 (BOD = 246 mg/l), in March 2014 (BOD = 372 mg/l) and in April (BOD = 330 mg/l). The entire liquid waste examination result shows that there was no parameter that exceeded standard threshold.



Data over water utilization is being monitored every day and is recorded in DAILY MILL APPENDIX. Budget for water utilization is 1.7 m<sup>3</sup>/ton FFB/ month. KLR uses water in Sukamandang Mill for boiler, Processing and domestic. Mill usually uses water amount 1.41 m<sup>3</sup> for processing per ton FFB and this amount is under the projected budget.

**Status: Complied**

**4.5**

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

Company has observation mechanism and holistic pest and disease control (doc 110/EST-ARM/13 plantation protection chapter). Company has consistently conducting and implementing the holistic pest and disease control plan. Observation/census/detection is managed, at normal condition; census is being conducted every month. Moreover, the holistic pest and disease control program has been prepared by cultivating beneficial plant and breeding owl. Company has had the standard ratio for beneficial plant achievement, such as 10 meters/ha with composition: Casia 60%; Turnera 20%; and *Antigonon leptopus* 20%. Rats have been being controlled by using owl and natural predator (snake).

Observation and control over pest has been conducted in Sukamandang Estate, for instance:

1. Rat census (April 2014) at Block F23 attack 0.07%, Block F27 attack 0.04%, Block G29 attack 0.07%, Block G31 attack 0.09%, Block H29 attack 0.08%, Block H31 attack 0.06%.
2. Monitoring over owl (December 2013) at block K33 number of owlet 5 and owl 2. At block N32 there is no owl. At block I33 there is no owl.
3. Providing owl nest in each plantation block. There are 122 nests (19 nests were have owl, monitoring in April 2014) has been sufficient. Nest boxes that fill with *Tyto alba* are located in block J31, K33, L30, L33, M31, N26 Division 1.

Observation and control over pest has been conducted in Baras Danum Estat, for instance:

1. Providing owl nest. There are 43 nests (28 nests are filled by owl, monitoring in April 2014). Nest boxes that are filed with owl located at block G51, G53, G54, M61, L52. Brokern nest boxes located at Block L51 & L54. Rat attack at Block M57 was under 5% (March & May).
2. Realization over *beneficial plant* maintenance for type *Turnera subulata* 1.320 meter (March 2014).
3. Fire caterpillar census at block H51 (13rd April 2014) there is no caterpillar attack. There were 8 fire caterpillar's cocoon have been identified. Meanwhile, census at block G54 (6<sup>th</sup> March 2014) there was no fire caterpillar attack. There were only 4 cocoons been identified at block G54.

Company has conducted training that related with holistic pest and disease control, which was conducted by company and followed by census team and plantation foreman on 25<sup>th</sup> March 2013 in Division II Block 96'K43/K011. In addition, company has pointed officer in charge (Mr. Frinsep B. Matili) who responsible to implement the holistic pest and disease control program (based on Decree from Estate Manager).

Audit visit to several block to monitor *Tyto alba* in order to control rat. Nest box condition at Block G51 was filled by *Tyto alba*, at Block G53 auditor found food leave over under the nest; at Block G54 auditor found food leave over under the nest (Baras Danum Estate). Meanwhile for Nest Box in Sukamandang Estate, Block J31 shows *Tyto alba* on its nest, at block K33, there are 2 *Tyto alba* and owlet, Block L30 shows *Tyto alba* on its nest, Block L33, V, Block M31, shows *Tyto alba* on its nest, Block N26, auditor found food leave over under the nest.

Moreover, auditor team also monitored Block J52 & K52 (Baras Danum Estate) & Block L001, F001, G001 (Sukamandang Estate) maintenance location over *Turnera subulata*, *Casia cobanensis* and *Turnera omnifolia*.

**Status: Complied**

**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 categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.**

The used pesticide were *Triklopir* (Kenlon Brand), *Isopropil glyphosat* (Prima up and Audit brand), *Metil metsulfuron* (Metaprima brand), *Fluroksifir* (De javu Brand). Company has a policy not to use chemical material, which is categorized in type 1A or 1B that stated in Stockholm and Rotterdam convention as well as paraquat. For paraquat, company no longer use it since the memo from HPO being issued. POD-UM-127/X/2008 on 4<sup>th</sup> November 2008. January – April 2014 ra's poison (with an active Brodifacum material) is no longer been used.

The available pesticide has been recommended by social, Manpower and Transmigration Agency (03<sup>rd</sup> June 2013).

- a. Methyl metsulfuron
- b. Isopropilamina glyphosate 480 g/l
- c. Monoktrofos 150 g/l
- d. Aidikard
- e. Ammonium glufosinat
- f. Triklifir
- g. Fluroksifir
- h. Brodifakum

Observation in waste warehouse at Baras Danum Estate & Sukamandang Estate. The available agrochemical stock with an active Glyphosate, Methyl metsulfuron and Fluroksifir are in line with the permit list. Utilization of chemical material from January to April 2014 in Sukamandang Estate: Kenlon 416.5 litre, prima up 2,567.50 litre, Metaprima 66.42 kg. Utilization of chemical material from January to April 2014 in Baras Danum Estate: Prima up/Audit 1,745 litre, Metaprima 54 kg, Kenlon 118 liter.

Used pesticide package is categorized as hazardous waste and is stored in licensed temporary landfill and furthermore to be sent to licensed collector. PT Wiraswasta Gemilang Indonesia as licensed collector will transport this waste. The latest transportation was on 18<sup>th</sup> January 2014: package 20 litre amount 130 units, small can amount 789 units. Number of small size used pesticide package, size 5 liter and size 20 liter were being monitored.

Packages balance per April 2014 in Sukamandang Estate for small size ware 59 units, for size 5 litre were 27 units. Number of small size used pesticide package, size 5 litre and size 20 liter were monitored. Packages balance per April 2014 in Baras Danum Estate, size 20 liter = 297 units, size 5 liter = 15 units, small size = 32 units.

Company is trying to manage pesticide package (solid and liquid) in order not to pollute environment by providing BSS house and licensed hazardous waste warehouse.

but,

- The utilization of BSS (Block Spraying System) in Sukamandang Estate and Baras Danum Estate as work tool's washing place, agrochemical packages and PPE are not effective because audit found chemical spraying tools that was not washed in BSS. Based on interview with spraying personnel in Division I Sukamandang Estate and Division 2 Baras Danum Estate, its known that PPE's washing and spraying tools washing were conducted in personnel house. **Non-compliance No. 2014.2**

#### Root Cause:

Company has tried to manage solid and liquid pesticide waste in order not to pollute environment, nut the implementation of BSS utilization in SME and BDE were not effective because monitoring over BSS utilization is nor regularly implemented.

#### Curative Actions :

The implemented curative actions such as:

1. Optimizing over BSS house utilization by functioning as washing place and warehouse for working tools
2. Delivering spraying work procedure and BSS house through safety briefing
3. Cleaning and storing spraying working tools in BSS house.

#### Preventive Actions:

Several preventive efforts that can be taken by company, such as:

1. Conducting monitoring over BSS house utilization implementation as well as ensuring personnel work



- procedure is in line with the applied procedure
2. Ensuring that the entire component of BSS house are well functioning in order to minimize pollution impact toward environment
  3. Periodically deliver safety briefing as an enlightening that related with the applied work procedure.

**Observation on 11<sup>th</sup> July 2014**

- Company provides monitoring over its personnel, fixing as well as optimizing spraying house function that located in Baras Danum Estate and Sukamandang Estate. Minute of Safety Briefing for BSS SME team on 22<sup>nd</sup> May 2014 and BSS BDE team on 14<sup>th</sup> June 2014 area available, the material was about work procedure, PPE utilization and washing procedure as well as tool's storage in BSS house.
- Final reservoir as well as canal to throw water in BSS house has been fixed. Reservoir pond is in a form of drum and permanent pond is under developing stage.
- Spraying personnel save apron, masks, knapsack and gloves in BSS house, not brought and washes in personnel's house anymore. (Curative evidence, documentation over BSS house)

**Based on above information, the non-compliance No. 2014.02 is complied**

Based on interview with spraying personnel in Division 3 Sukamandang Estate and Division 2 Baras Danum Estate, personnel have received regular medical examination every 6 months, which was conducted by company's physician in Sukamandang central polyclinic that covered physical check. Result of this physical check mentioned that personnel were fit to work and in case there were complaints and then personnel are recommended to conduct further medical check in polyclinic.

Company has consistently implemented prohibition for female worker to work with chemical material during pregnancy and lactating period and based on interview with spraying personnel in Division 3 Sukamandang Estate and Division 2 Baras Danum Estate, there were neither spraying female workers that were pregnant nor lactating.

**Status: Complied**

**4.7**

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

On audit surveillance-3, there was revision over company's occupational health and safety policy. Head of Plantation Upstream Indonesia endorsed the latest occupational health and safety policy on December 2011. In this policy, company commits to provide and keep work environment safe and healthy by implementing effective management to prevent accident and un-healthy environment for staff, contractor and guest. The occupation health and safety policy has been communicated to staff/ personnel through safety briefing.

Guiding committee for occupational health and safety (P2K3) that was established in mill and estate-working unit in PT Kridatama Lancar is the result of endorsement by Social, Manpower and Transmigration Agency of Kotawaringin Timur. P2K3 has performed their responsibility and task in occupational health and safety consistently through periodic meetings that were conducted regularly to discuss P2K3 activities. For instance P2K3 meeting on 28<sup>th</sup> March 2014 that was attended by P2K3 with an agenda to evaluate work accident from January to March 2014.

PT Kridatama Lancar has implemented its occupational health and safety policy consistently, for instance:

- PT Kridatama Lancar's personnel are registered in Healthcare and Social Security Agency Program. Based on observation over payment record and number of participants, in general PT Kridatama Lancar personnel have been registered in Healthcare and Social Security Agency Program manpower program and company has periodically paid monthly premi based on the applied regulation.
- Periodic examination for PT Kridatama Lancar personnel that work in stations or high risk working condition by physician every 6 months. For instance: medical examination record for period semester II in 2013 on 05 – 06<sup>th</sup> December 2013 over 30 personnel in Sukamandang Mill, stated that personnel were fit to work and in case there is a complain, then personnel can conduct further examination in polyclinic.
- Risk analysis record for occupational health and safety program in a form of Hazard Identification Risk Assessment Control record has been identified all activities in mill and estate in detail.
- In order to implement readiness and emergency response, company has consistently establishes emergency response team in mill and estate and all member have been trained with fire simulation and control training, for instance on 17<sup>th</sup> May 2014 there was simulation for fire extinguisher by using fire extinguisher and hydrant in

Sukamandang Mill, which was followed by mill and estate's emergency response team. In addition, company also conducted regular patrol over prone area, provided fire extinguisher tools (ready to use) in damkar station.

- Recapitulation for mill and estate work accident in PT Kridatama Lancar for period January – March 2014, number of work accident were 6 cases with 14 days of working loss. Type of these accidents such as hit by midrib, hit by fruit, fertilizer's irritation and felt down. From this information, we can conclude that record over work accident has been well documented and been periodically monitored.

But in Surveillance-3 still has non-compliance related with occupational health and safety implementation in PT Kridatama Lancar, for instance:

Occupational health and safety training program

- a. Based on interview with boiler operator in Sukamandang Mill (Mr. Syahbudin), his SIO/occupational health and safety license has been expired since 24<sup>th</sup> May 2012.
- b. Based on interview with process assistant, Boiler Operator (Mr. Darnoko, Kuswanto, and Ibrahim), they have not received any occupational health and safety training and didn't have SIO/Occupational Health and Safety License.

**Non-compliance No. 2014.3**

**Root Cause :**

Boiler Operator does not yet have a license and get SIO K3 boiler Operator and found the Boiler operator SIO had passed the validity period. Additionally Foreman Spraying Division 3 SME hasn't gotten a first aid training

**Curative Actions ;**

Several curative actions that have been implements, such as:

- Extend the SIO operators that the validity period has expired
- Include the HSE Training for operators of Boilers that do not yet have licenses K3. Providing first aid training to foreman.

**Preventive Actions:**

Monitors consistently against permitting letter mainly SIO in order to be monitored and extend the SIO that will approach the validity period. In addition to making first aid training as a continuous training and carried out periodically in order to provide an understanding and knowledge of first aid.

**Observation on 24<sup>th</sup> July 2014**

- Available operators boiler SIO on behalf Syahbudin that has been extended the validity period until June 17<sup>th</sup> 2016. There are operators' boiler SIO on behalf Damoko valid up to 6<sup>th</sup> July 2016. On behalf Kuswanto valid up to 17<sup>th</sup> June 2016
- Available training first aid on 11<sup>th</sup> June 2014 who trained by doctor companies and participants training totaled 27 people (assistant, supervision / foreman and security). **Non-compliance No 2014.03 is closed.**

Compliance over Occupational Health and Safety Program and First Aid in work place

- a. Spraying supervisors in Division 2 Baras Danum Estate have not completed with first aid kits.
- b. PPE provisions mechanism for all personnel has not consistently implemented, for instance based on observation over spraying activity in Division 3 Sukamandang Estate, apron was damage, which caused skin irritation. **Non-compliance No. 2014.4**

**Root Cause:**

- Spraying foreman in Division 2 Baras Danum Estate has not completed with first aid kits
- PPE provisions mechanism for all personnel has not consistently implemented.

**Curative Actions:**

The implemented curative actions such as:

- Hand over first aid kits to all supervisors in BDE. This can be seen from minute of first aid kits hand over from BDE.
- Hand over PPE to all spraying personnel SME, This can be seen from minute of PPE hand over.

**Preventive Actions:**

Company needs to take several preventive efforts, such as monitor PPE utilization and supervise first aid proficiency, so there will be no broken PPE in the future and all supervisors should carry first aid kits when they are working. If there is non-compliance, then company should take immediate actions to correct the non-compliance.

Observation on 8<sup>th</sup> July 2014.

Company able to present curative evidence, such as:

- Minutes of first aid kits handover for 17 foreman's BDE on 26<sup>th</sup> May 2014.

- Minutes of PPE hand over (gloves and apron) for 18 spraying personnel SME on 24<sup>th</sup> May 2014. Based on above information, the **non-compliance No 2014.04 is closed**

First Aid training for personnel within operation activity

Spraying foreman in Division 3 Sukamandang Estate has not received First Aid training. **Non-compliance No. 2014.5.**

**Root Cause:**

Spraying foreman in Division 3 SME has not received First Aid training

**Curative Actions:**

The implemented curative actions such as conducting first aid training, which was followed by the entire supervisions in PT KLR

**Preventive Actions:**

Several preventive efforts that need to be taken by company such as implementing periodic first aid training in order to deliver understanding and to refresh personnel's knowledge related to first aid as regular activity of P2K3 PT KLR

Observation on 8<sup>th</sup> July 2014.

Company has presented minutes of first aid training on 11<sup>th</sup> June 2014. Trainer was company's physician and participants were 27 persons (Assistant, supervisor/foreman and security). Based on this information, then **non-compliance No 2014.05 is closed.**

**Status: Complied**

**4.8**

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

Company has documented training program in 2013/2014 for mill and estate personnel, based on their competency and position.

Company has documented training program based on their competency in a form of minute meeting and Minamas Research Centre has delivered workshop on fertilizer management & integrated pest management for estate worker on 12 – 13th March 2014. Attendance sheet was available.

Company used contractor service for several work, for instance: heavy equipment contractor/ vendor (Excavator Kobelco SK 40) CV Bayu Mandiri Sejahtera. On selecting contractor, company has a procedure, mechanism and specification to ensure that contractor complies company's standard operation and the required regulation that stated in mutual working agreement that known and approved by both parties (between company and contractor).

**Status: Complied**

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

**5.1**

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

Until surveillance S-3, there was no revision over existing environment management document. KLR has environment impact analysis (ANDAL) in 1998 on behalf of PT Kridatama Lancar (15.500 hectare) and PT Teguh Sampurna (16.000 hectare) and mill's development plan with a capacity of 40 ton/hour, that approved by Ministry of Agriculture – Head of Agribusiness Division No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9<sup>th</sup> October 1998. Meanwhile for area that is managed by KLR amount to 14,779.92 Ha with a mill with capacity of 60 ton TBS / hour.

Company has periodically submitted its environment monitoring report to related institution, for instance RKL/RPL PT KLR implementation report for semester II in 2013 to Environment Agency in Kotawaringin Timur District, Environment Agency in Kalimantan Tengah Province and Environment Agency in Seruyan District with delivery note on 10<sup>th</sup> February 2014. Based on letter No. 55/KLR/PSQM/II/14, several aspects that being managed and monitored in RKL/RPL implementation report of PT Kridatama Lancar are:

- Air quality and noise
- Water and soil conservation
- Liquid and solid waste's quality

- Potency of fire
- Disturbance over wildlife and vegetation
- Community restlessness

**Status: Complied**

**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.**

PT KLR has conducted HCV (High Conservation Value) PT Kridatama Lancar on January 2010, which drafted by Aksenta with below organogram.

Name	Expertise	Information
Wibowo A. Djatmiko	Biodiversity	Approved by RSPO
Bambang Widyatmiko	Environmental services	Approved by RSPO
Ganip Gunawan	Socio economic	Approved by RSPO
Erwin Hermawan	GIS	

Company has management plan for buffer zone area in 2013/2014, which consists of 6 activities, such as tree's cultivation in buffer zone area, plantation maintenance in buffer zone area, maintenance and replacement of buffer zone poles, socialization on prohibition of spraying and inorganic fertilization toward personnel, installation of signboard (prohibition to spray and to fertilize within buffer zone area), re-painting buffer zone poles, evaluation over buffer zone management.

Company has not drafted HCV management plan as required in HCV identification report in 2010. **Non-compliance No. 2014.6**

**Root Cause:**

Management plan for HCV area is not consistently being implemented.

**Curative Actions:**

Company has drafted management plan for HCV area's management for period 2014/2015

**Preventive Actions:**

Preventive actions in the future is drafting management plan for HCV area's management consistently.

**Observation on 22<sup>nd</sup> July 2014**

Company has drafted management plan for HCV area's management for period 2014/2015 comprehensively in each HCV areas on 17<sup>th</sup> July 2014 by PSQM PT KLR. HCV management plan covers development of signboard, reservoir fence's maintenance, monitoring over wildlife and natural vegetation, socialization for personnel/community, rehabilitation/ tree's cultivation/ verifier cultivation and water quality analysis, where the entire cost has been managed and set, for instance in Sukamandang can be seen from below table:

HCV	Location	Activity's Plan	Target and Activities' Period
1.3 (wildlife refuge)	reservoir/dam, peat and riparian block J26-J28 and Block I27-I29	<ul style="list-style-type: none"> <li>• Installation of signboard (prohibition or information)</li> <li>• Monitoring over wildlife and vegetation identification.</li> <li>• Socialization over HCV existence toward community and personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring over sign board every month</li> <li>• Socialization over HCV existence every year</li> <li>• Monthly identification over wildlife and vegetation existence.</li> </ul>
4.1. (reservoir)	Mill's reservoir	<ul style="list-style-type: none"> <li>• Tree's cultivation and verter</li> <li>• 2. Analysis over</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting water's quality analysis every 6 months</li> </ul>

		water's quality	
<p>Based on above's information, <b>non-compliance No. 2014.6 is closed.</b></p>			
<p>KLR has installed signboard of protected wildlife, such as orangutan, Rangkong, etc. on HCV area. Based on field visit to Bukit Batu (Block H39-40) KKE already have posters about type of protected wildlife as well as information board about HCV area. Socialization toward personnel has been periodically implemented (every 2 weeks) through "safety briefing" – morning circle/ morning briefing that is conducted directly by assistant and foreman in each estate.</p>			
<p>Based on field visit to HCV area (Bukit Batu Kapal and Manggis Riparian Area) it's known that poster about type of protected wildlife and vegetation has been broken. <b>Non-compliance No. 2014.7</b></p>			
<p>Each estate has pointed person in charge to manage HCV area, for instance;</p>			
<ol style="list-style-type: none"> <li>a. Sukamandang Estate; pointed Mr. Suranto based on Decree from Estate Manager No. 001/SME-SKPKB/XII-2012 on 1<sup>st</sup> December 2012.</li> <li>b. Baras Danum; pointed Mr Sahat Sibarani based on Decree from Estate Manager No. SKP/BDE/III/2014/001 on 1<sup>st</sup> March 2014.</li> </ol>			
<p><b>Observation on 11<sup>th</sup> July 2014</b></p>			
<p>Broken wildlife signboard has been replaced on 17<sup>th</sup> June 2014 (Block I 33 and K33). Moreover, new poster has been installed in Block J27 and J28. Monitoring data and improvement efforts over signboards and posters are available.</p>			
<p><b>Status: Complied</b></p>			
<p><b>5.3</b></p>			
<p><b>Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</b></p>			
<p>In general, company has had hazardous and non-hazardous waste management plan, including domestic waste that in line with the applied regulation. Based on identification result over waste source and type of waste that generated by estate and mill, waste management will be conducted with below method:</p>			
<ul style="list-style-type: none"> <li>• Hazardous waste will be placed in temporary hazardous waste landfill</li> <li>• Domestic waste will be dump to last landfill</li> <li>• Used pesticide package will be collected in temporary hazardous waste landfill, furthermore will be handed to licensed collector</li> <li>• Liquid waste that was generated from mill will be used for land application</li> <li>• Solid waste in a form of shell and fiber will be used to substitute diesel fuel.</li> </ul>			
<p>Company keep the entire hazardous waste in licensed temporary warehouse based on Decree from Seruyan Bupati No. 398 in 2013 on 7<sup>th</sup> October 2013 with 5 warehouse locations, such as: in Sukamandang Mill, Sukamadang Estate, Kuala Kuayan Estate, Sapiri Estate, and Baras Danum Estate.</p>			
<p>Regarding to medical waste, the entire medical waste from each estate will be sent to central clinic in Sukamandang and company has built cooperation with Imanudin Hospital to destroy medical waste with incinerator. Company able to present agreement letter between company and Imanudin Hospital, agreement letter No 015/PKS/RSUD-Grup/II/2014. This SPK will be expired on 6<sup>th</sup> January 2015.</p>			
<p>Company also built cooperation with licensed contractor who transport the hazardous waste, which is PT. Wiraswasta Gemilang Indonesia with a Hazardous Collection Permit from Ministry of Environment No. 490 in 2009 that was issued on 10<sup>th</sup> September 2009 and valid for 5 years.</p>			
<p>The entire monitoring and hazardous/poisoning waste management in a form of balance, logbook, and manifest have been reported by company in periodic hazardous waste three-months report, for instance: report evidence for hazardous three-months report for period December 2013 - February 2014 to Environment Agency in Seruyan District on 24<sup>th</sup> February 2014, and to Ministry of Environment Jakarta, Environment Agency in Kalimantan Tengah Province and Regional Environment Management Bureau/ Pusat Pengelolaan Lingkungan Hidup Regional Kalimantan in Balikpapan on 24<sup>th</sup> March 2014.</p>			
<p>However, during Surveillance-3, auditor team still found non-compliance related to hazardous waste management in PT Kridatama Lancar, for instance, in hut 2 Sukamandang Estate audit found that domestic waste management has not been implemented based on SOP for domestic waste management like waste is scattered all over the place and there was a sign of waste been burned. <b>Non-compliance No. 2014.08</b></p>			



**Root Cause:**

Based on field visit to hut 2 SME, its known that domestic waste management has not been implemented in line with SOP for domestic waste management like waste is scattered all over the place and there was a sign of waste been burned.

**Curative Actions:**

The implemented curative actions such as:

1. Re-identifying waste management based on the applied procedure.
2. Cleaning dust (waste been burned)
3. Installing waste sign board
4. Drafting schedule to dump waste to last landfill
5. Conducting socialization to personnel related with domestic waste management.

**Preventive Actions:**

Preventive action in the future is to ensure the implementation of domestic waste management procedure runs well and being periodically monitored.

**Observation on 8<sup>th</sup> July 2014**

- Company has conducted socialization related to occupational health and safety and obedience over healthy, housing safety on 22<sup>nd</sup> May 2014
- Company also has had the schedule for periodic domestic waste disposal until December 2014

Based on above information, then **non-compliance No. 2014.08 is closed**

**Status: Complied**

**5.4**

**Efficiency of energy use and use of renewable energy is maximized.**

One of company's efforts is to reduce emission due to fossil fuel usage by substituting diesel fuel usage with renewable energy like shell and fiber. Company has provided monitoring over renewable energy usage as well as its efficiency analysis. Based on efficiency analysis, the utilization of renewable energy for period 2009-2013 was :

- Energy efficiency due to renewable energy usage like shell and fiber for period 2013-2014 in Sukamandang Mill is quite stable with utilization average amount 7352.81 MJ/ton CPO for shell and 5557.60 MJ/ton CPO for fiber. And based on monitoring over diesel fuel utilization to support mill's operation activity, for period 2013-2014 Sukamandang Mill has efficiency on diesel fuel utilization amount 2.19 liter/ton CPO and 101.92 KWH/ton CPO
- During 2013-2014, company has succeeded to cut diesel fuel utilization by substituting with shell and fibre. This can be seen from diesel fuel utilization that seems to decline over months and Sukamandang Mill has efficiency on diesel fuel utilization.

**Status: Complied**

**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.**

Until surveillance-3 PT Kridatama Lancar has not conducted any replanting activity, first replanting is planned to be conducted in 2023 when the older plantation reach age of 23 – 25 years old.

Company has consistently implemented field fire control procedure, like by establishing fire control team. This team has received periodic fire extinguisher training and simulation every year, for instance on 17<sup>th</sup> May 2014 fire extinguisher simulation by using FIRE EXTINGUISHER and hydrant in Sukamandang Mill together with participants from mill and estate emergency response team.

PT Kridatama Lancar had provided facility and infrastructure for fire extinguisher (ready to use) as well as periodic monthly monitoring.

**Status: Complied**

**5.6**

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

Company has undertaken several efforts to reduce pollution and emission, such as:

Location	Emission Source	Type of Emission	Management
Mill	Boiler	CO <sub>2</sub> , particulate, NO <sub>2</sub> , SO <sub>2</sub> , dust	periodic monitoring and measurement over water quality and preventive maintenance
	Generator	CO <sub>2</sub>	Monitoring over air exhaustion canal, preventive maintenance, planting on mill's area, monitoring over diesel fuel utilization.
Estate	Land Clearing/Preparation	CO <sub>2</sub>	Zero burning for the entire land preparation
	Fertilization	CO <sub>2</sub> and NO <sub>2</sub>	Reducing fertilizer utilization by applied empty fruit bunch instead.
	Diesel utilization	CO <sub>2</sub>	reducing diesel fuel utilization
	Transportation	CO <sub>2</sub>	periodic evaluation over emission
	POME	CH <sub>2</sub>	methane trap utilization plan
	Industrial Waste	CO <sub>2</sub>	committed not to use fire

Based on laboratory result, it's known that examination parameters are not exceeding standard threshold. Evaluation result over emission quality and ambient quality also show that the entire examination parameters for instance boiler air emission; generator, noise, odor and vibration are not exceeding the applied standard threshold. Company's efforts to reduce pollution from mill's operation activity are to apply empty fruit bunches (as well as to reduce waste) and reduce fertilizer utilization.

The entire liquid waste was processed first in mill's WWTP ponds. Before being utilized, waste will be processed in order to reach standard threshold for liquid waste utilization in estate, such as ph. 6-9 and BOD ≤ 5000 mg/l. WWTP management was carried out by using biological system through anaerobe process, facultative, aerobe, and control pond. Company also conducting periodic examination over liquid waste quality that stated in three-month liquid waste report for period February 2014 – April 2014) and there were no parameters that exceeding the standard threshold.

**Status: Complied**

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

**6.1**

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

KLR has environment impact analysis document (ANDAL) in 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sampurna (16,000 hectare) and mill's development plan with a capacity of 40 ton/hour, that approved by Ministry of Agriculture – Head of Agribusiness Division No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9th October 1998. This document explains positive and negative social impact like increasing entrepreneurship opportunity and decreasing environment physical and chemical quality. This document gives information about what kind of management and monitoring that can be used by KLR to manage the social impact.

KLR also had social impact assessment document (SIA) that was carried out by Aksenta on 9-13th August 2009. This document explains positive and negative social impact as well as recommendation to minimize negative impact and to



increase positive impact.

There is evidence that RKL/RPL document has question list that involving community like livelihood, water consumption, revenue, social cultural, and water source and air pollution. Monitoring over community's restlessness was carried out by periodically filling questioner by local community surround estate area. KLR has an effort to reduce community's restlessness like Community Development (CD) Program and work opportunity in company.

KLR has involved community in drafting SIA document. Attendance sheet for community's Focus Group Discussion (FGD) is available. This FGD is one stage of producing SIA document. Company has drafted budget for CSR program in each estate for period 2013/2014 amount IDR. 316.519.053,-.however, company has not able to draft social impact management plan by considering Social Impact Assessment document. **Non-compliance No. 2014.09.**

Company has consistently drafted RKL / RPL implementation report periodically (every 6 months) and handed this report to related institution. For instance: RKL-RPL implementation report for period semester II in 2013 (July - December) has been submitted to Environment Agency in Kota Waringin Timur based on cover letter No. 55/KLR/PSQM/1/14 on 30<sup>th</sup> January 2014 and has been accepted by Environment Agency in Kota Waringin Timur District on 10<sup>th</sup> February 2014.

<b>Minor 6.1.2</b>	<b>Status: Non-Complied</b>	
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**6.2  
There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.**

Company has a procedure for communication with community (398/KLR/KOM-SOP/41/12) all communication and consultation with community were recorded in stakeholder communication record document. In 2013, there were 32 type of incoming letter from several institutions and community. For instance Decree from Seruyan Reagent No. 500/867/EKX2013 on 2<sup>nd</sup> October 2013 regarding the temporary closing due to operation unclear and unclear activity. In 2014, there are 39 types of incoming letter that comes from several stakeholders. For instance letter No. 140/28/Pem/2014 on 03<sup>rd</sup> April 2014 that was sent to Head of Sukamandang Village, consists of invitation to conduct legislative election on 09 May 2014 that has been responded by company by choosing 09<sup>th</sup> May 2014 as holiday for personnel, company also prepared the election place (TPS) and delivered socialization to personnel; Manpower and Transmigration Agency Kotawaringin Timur District sent a letter No. 560.566/10/WAS/KK/IV/2014 on 11<sup>th</sup> April 2014 regarding the implementation of BPJS and required all company to re-registered their personnel in BPJS health program based on the applied regulation (LAW No. 24 in 2011). This letter stated that this issue will be forwarded to GM. Company has responded this letter by re-registries its personnel in BPJS health program. PT. KLR has stakeholder list, which consist of community leader (6 persons), community from Sub-district and Village (7 institutions), and government from district level (9 institutions), Government from provincial level (6 institutions) and business partner (5 institutions). Company has pointed Plantation Services Department – Mr. Toni Manurung as person in charge to conduct consultation and communication with community.

	<b>Status: Complied</b>	
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**6.3  
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.**

Company has had external complain mechanism, which is regulated in communication SOP (SOP 398/KLR/KOM-SOP/41/12).

If the complaint indicates a conflict, then the resolution is using conflict resolution mechanism (No. Doc. RSPO/B5.23/KLR with steps like negotiation between company and party that has an objection. If both parties do not make any agreement then this issue will be brought to third party (Sub-district Government Coordination Forum).

All communication with company, including complain/objections from stakeholders will be recorded in stakeholder communication record. In 2013, there were 32 types of incoming letter that came from several institutions and community. In 2014 there are 39 types of incoming letter that come from several institutions, for instance, letter No. 140/28/Pem/2014 on 31<sup>st</sup> October 2013 that was sent by Head of Sukamandang Village regarding roof assistance request, which followed by granted this request on 21<sup>st</sup> December 2013 by giving 85 roofs (based on minute of hand over No. BASTB/SSME/13/XII/01).

To settle land conflict and land leasing, company has had the procedure to lease land ownership within HGU area. This

procedure regulates process and mechanism for land leasing, which located inside and outside the HGU area. Company will pay the conflicted area to its owner. This procedure has a flowchart for land leasing process. For instance from land ownership survey up to sign the minute of land ownership process. All process emphasizes discussion to solve the conflict.

**Status: Complied**

**6.4**

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

Land ownership's leasing procedure for the area within HGU has regulated the process and mechanism for land leasing, starts from survey over occupation area up to sign the minutes of land ownership process. All process emphasizes discussion to solve the conflict.

Based on interview with Head of Sukamandang Village and Kapuk Village, it is known that until surveillance S3, there were no land conflict between company and local community. Company has a document for land and vegetation compensation over some parts of area within company's HGU area as below:

Stages	Total Area (Ha)	Number of compensation recipient	Amount (IDR)	Description
I	63.00	8	32,400,000	Nov 30, 2006
II			25,200,000	Feb 16, 2007
III	155.00	10	78,400,000	May 09, 2007
IV	40.50	5	20,950,000	
V	181.50	9	89,900,000	
VI	181.0	9	118,000,000	
VII	106.50	11	67,500,000	
VIII	96.60	13	73,825,000	
IX	169.93	11	89,900,000	March 15, 2008
X	11.00	6	16,020,000	May 03, 2008
XI	17.84	8	31,065,000	Jan – Sept 2008
<b>Total</b>	<b>1,022.87</b>		<b>643,160,000</b>	

This document is completed with data from land compensation receiver and map of the area (based on measurement) The entire land compensation process was documented in land compensation document. This document is well stored in estate office.

**Status: Complied**

**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.**

Based on observation over personnel PT Kridatama Lancar's payment receipt in March and April 2014 and interview with engine room operator in Sukamandang Mill, spraying personnel in Sukamandang Estate and Baras Danum Estate, company has paid personnel's salary base on minimum wage regulation and in line with company's payment procedure.

There is mutual working agreement 2012-2014 and PT Kridatama Lancar's regulation that endorsed by Head of Manpower and Transmigration Agency in Kalimantan Tengah Province No. KEP.276/HI.01/VI/Nakertrans on 29<sup>th</sup> June 2012, which is valid until 28<sup>th</sup> June 2014. Company's regulation regulates payment schedule, wage and allowances, over time calculation, premi, social insurance, company and personnel's responsibility, working tools and work safety, recruitment and termination, conflict resolution mechanism. Company's regulation that is owned by PT Kridatama Lancar has been in line with the applied regulation, which is the Law No.13 in 2013 regarding manpower. Company has consistently required contractor to comply the applied regulation, such as manpower regulation that is stated in mutual work agreement between company and contractor.

Company has provided facility like housing, education, health and sufficient public facility. However company doesn't

have sufficient evidence that it has conducted clean water quality assessment in personnel's housing at Danum Estate.

**Non-compliance No. 2014.10.**

**Root cause**

Not available enough evidence that the company has test the quality of clean water used by an employee in BDE housing

**Curative action**

The company has been testing the quality of clean water around the water sources used by employees, not limited to housing in the BDE, e.g. :

- Baras Danum Estate, reservoir division 1 and division 3; well water of division 3
- Sukamandang estate, reservoir division 1, 2, 3 and well water division 1, 3
- Sapiri estate, reservoir division 1,3 and well water division 1, 2

**Preventive action**

Company monitoring consistently against clean water sources used by employees and do analysis water quality periodically.

**Observations 1<sup>st</sup> September 2014**

Based on the results of the test conducted by Unilab Prime on 08 July 2014 with sample Water Reservoirs such as BDE 1; Water Reservoir 3 BDE, BDE well water and 3 test result shows the quality of clean water still complies with a defined quality standard Permenkes No. 416 of 1990. In addition the company also performs testing of clean water in every existing housing in estates and POM, and test results are still in accordance with a defined quality standard. Based on above information, then **non-compliance No. 2014.10 is closed**

**Status: Complied**

**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.**

Policy respects personnel's right to join and establish PT Kridatama Lancar has consistently implemented worker union. The established worker union is Worker Union Federation of Minamas Plantation (FSP MP) in PT Kridatama Lancar work unit, and been recorded in Manpower and Transmigration Agency in Kotawaringin Timur with No. 560.567/47/HI-Kesja/XI/2013 on 13th November 2013.

Minute of worker union meeting in PT Kridatama Lancar work unit on 01<sup>st</sup> December 2013 that located in Aula of PT Kridatama Lancar is available. The agenda of this meeting was about personnel's wage and food allowance's payment schedule, which attended by 36 worker union members.

**Status: Complied**

**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 program. Children are not exposed to hazardous working conditions.**

Based on observation over Sukamandang Mill's operation, spraying activity in block M23/23 Division 3 Sukamandang Estate and in block M53/54 Division 2 Baras Danum Estate, there were no personnel under 18 year old. Audit concluded that company has consistently implemented age requirement that stated in mutual work agreement and SOP for sustainable plantation management guideline.

**Status: Complied**

**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.**

Based on interview with Engine Room operator in Sukamandang Mill, spraying personnel in Sukamandang Estate and Baras Danum Estate, it is known that company has treated personnel fairly and no discrimination over race, ethnicity, gender and religion.

**Status: Complied**

**6.9**

**Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.**

Company has consistently implemented the policy to prevent sexual harassment that stated in SOP for sustainable plantation management guideline No. Policy 724/TQEM-SPMS/09 by establishing gender committee. Company has a role to support gender committee's activity like implementing prevention policy over sexual harassment and protection over reproductive right. Moreover, gender committee that has been established by company should be more consistent to deliver socialization to personnel related with gender committee's role as a guardian to protect female workers' right.

Company has consistently documented its policy that related to reproductive right, however, the evidence that company has implemented this policy is not sufficient. Based on interview with spraying personnel in Division I Sukamandang Estate, it's known that female worker is entitle for 14 days off after experiences miscarriage. This finding is not in line with company's regulation regarding the protection over reproductive right. **Non-compliance No. 2014.11**

**Minor 6.9.2**      **Status: Non complied**

**6.10**

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

Based on interview with Sukamandang Mill's personnel in Surveillance-3, PT Kridatama Lancar neither accept nor purchased FFB from community or other companies outside Minamas group.

Work agreement letter No. SPK/BDE-LKL/I/2014/008-SWAB CV Bayu Mandiri Sejahtera for heavy equipment rent: Excavator Kobelco SK 40 with duration from 12th January to 15<sup>th</sup> March 2014. In Article III regarding payment mechanism, it explains that the payment is paid after Remise I each month that in line with minute of work evaluation and payment. The payment is transferred from bank account with an account holder CV Bayu Mandiri Sejahtera, when submitting payment request, it is mandatory to attach minute of heavy equipment utilization (BAPAB) from heavy equipment unit. Work agreement was made fairly and transparently and was approved by both party and completed with stamp.

The agreed payment schedule between company and contractor has been released on time, for instant minute of evaluation and payment and minute of work evaluation on 28<sup>th</sup> February 2014. Invoice and Bilyet Giro No. BP539893 for excavator rental cost PC 200 for CV Bayu Mandiri Sejahtera BAPP No. SPK/BDE-LKL/I/2014/009-SWAB and SPK /BDE-LKL/I/2014/008-SWAB on 19<sup>th</sup> March 2014.

**Status: Complied**

**6.11**

**Growers and millers contribute to local sustainable development wherever appropriate.**

Company has drafted budget for CSR program for each estate for period 2013/2014 as below;

No	Estate	Activities	Budget (IDR)
1	Sukamandang	Educational	110,507,402
		Health	12,900,000
		Economic	27,000,000
		Socio cultural and sport	17,000,000
		<b>Total</b>	<b>167,407,402</b>
2	Baras Danum	Educational	15,071,672
		Health	5,000,000
		Socio cultural and sport	46,989,979
		<b>Total</b>	<b>67,061,651</b>
3	Sapiri	Independence day donation	2,000,000
		Religious activities	17,000,000
		Art cultural	700,000
		District independence day	1,000,000
		Other donations	2,850,000
<b>Total</b>	<b>23,550,000</b>		
4	Kuala Kuayan	Educational	33,000,000
		Socio cultural and sport	1,000,000
		Religious day	23,000,000
		Other donations	1,500,000

	<b>Total</b>	<b>58,500,000</b>
	<b>Total</b>	<b>316,519,053</b>

Until April 2014, Sukamandang Estate has released budget for CSR program amount IDR. 111,809,498,- or about 67%.

**Status: Complied**

**PRINCIPLE #7 Responsible development of new plantings**

**7.1**

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

There is no plantation area's expansion in PT KLR, the youngest plantation age is 2008 that located in KKE for 483 Ha. KLR has an environment impact analysis document (AMDAL) in 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sampurna (16,000 hectare) and mill's development plan with a capacity of 40 ton/hour, that has been endorsed by Ministry of Agriculture – Head of Agribusiness Division No. 35/AMDAL/RKL-RPL/BA/X/1998 on 9<sup>th</sup> October 1998. Areas that have been cultivated after November 2007 was recorded on this document. AMDAL document explains the positive and negative impact toward environment and social like air quality degradation, disturbance over wildlife and natural vegetation, increasing business opportunity and degradation over environment physical and chemical condition. This document gives information on what kind of effort that KLR can take to manage environment and social impact.

**Status: Complied**

**7.2**

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

From Surveillance-1 to Surveillance-2, it is known that there was no new cultivation within KLR plantation area.

**Status: Complied**

**7.3**

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

AMDAL study covered the entire PT KLR HGU area, which was drafted in 1998 including mill's development with a capacity of 60 Ton FFB/Hour.  
 PT KLR has earned permit to lease forest area from Ministry of Forestry through Decree of Forest Leasing No. 762/KPTS-II/1996 on 12th December 1996 regarding forest leasing that located in S. Semilat Forest Area, in Kotawaringin Timur District, Kalimantan Tengah Province, with a broad of 15,900 Ha for palm oil plantation on behalf of PT Kridatama Lancar. At present, status of this forest area is PT KLR plantation operation area and no longer as state forest.  
 PT KLR cultivated palm oil in 2008 (the latest one) before conducted identification over HCV area and Social Impact Assessment. At present, company has managed and monitored area that being identified as HCV area.  
 Sukamandang Estate has had replanting program map in 2015/2016 until 2025/2026 for an area of 3,562 Ha. This map indicates the existence of HCV within PT. KLR operation area.

**Status: Complied**

**7.4**

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

From Surveillance-1 to Surveillance-2, it is known that there was no new cultivation within KLR plantation area.

**Status: Complied**

**7.5**

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

There is no plantation area's expansion in PT KLR, the youngest plantation age is 2008 that located in KKE with a broad of 483 Ha.  
 KLR has an environment impact analysis document (AMDAL) in 1998 on behalf of PT Kridatama Lancar (15,500 hectare) and PT Teguh Sampurna (16,000 hectare) and mill's development plan with a capacity of 40 ton/hour, that has



been endorsed by Ministry of Agriculture – Head of Agribusiness Division No. 35/ANDAL/RKL-RPL/BA/X/1998 on 9<sup>th</sup> October 1998. Areas that have been cultivated after November 2007 have been recorded on this document. AMDAL document explains the positive and negative impact toward environment and social like air quality degradation, disturbance over wildlife and natural vegetation, increasing business opportunity and degradation over environment physical and chemical condition. This document gives information on what kind of effort that KLR can take to manage environment and social impact.

**Status: Complied**

**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 agreements.**

Related to new cultivation from 2005 to 2009, KLR has paid compensation to local community; this compensation has been recorded and has been agreed by both parties. Latest compensation has been done in 2008 (no more compensation for planted area) and latest cultivation in 2009 for an area of 25 ha in Baras Danum Estate. Since Surveillance-1 until Surveillance-3, there are no new cultivations within PT. KLR operation area, so there is no agreement and permit to take land from indigenous or local community.

**Status: Complied**

**7.7**

**Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.**

Based on work unit report of PT Kridatama Lancar, for cultivation after 2005, land preparation was conducted with zero burning approach that in line with sustainable plantation management guideline. Company has consistently applied fire extinguisher procedure, such by establishing fire extinguisher team. This team has received training and simulation for firefighting periodically (every year). For instance on 17<sup>th</sup> May 2014, fire-fighting simulation was using fire extinguisher and hydrant in Sukamandang Mill and participants were from mill and estate emergency response team. PT Kridatama Lancar has provided facility and infrastructure for firefighting and periodic evaluation was conducted every month.

**Status: Complied**

**PRINCIPLE #8 Commitment to continuous improvement in key areas of activity**

**8.1**

**Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.**

Company presented improvement/ curative actions over RSPO Surveillance 2 findings, where 2 NC Major and 3 NC Minor has been complied based on RSPO standard. PT Kridatama Lancar' improvement/ curative actions such as:

**Social**

- Record over housing improvement for mill's personnel based on recommendation from Mill Advisor 2012, this improvement can be proved with purchasing material to fix personnel's house on 04<sup>th</sup> June 2013 and record over housing repair since 07–24<sup>th</sup> July 2013, actual documentations from personnel's house that has been repaired.
- Electricity network's repair in housing hut II Kuala Kuayan Estate was based on letter No. 004/KKE-Intern/II/2014 regarding electricity network's repair. This activity was recommended in Plantation Advisor Minamas report /KKE/01/2013-14 that pushed management unit in Kuala Kuayan Estate to repair electricity network as well as lightening facility in each personnel's house.

**Environment**

- PT Kridatama Lancar has a record over its concern toward environment aspect. For instance, PT Kridatama Lancar updated its temporary hazardous waste landfill in each plantation management unit based on Decree from Seruyan Reagent No. No. 398 in 2013, on 7<sup>th</sup> October 2013.
- Record related to domestic waste management: Kuala Kuayan Estate management also aware about domestic waste issue. Kuala Kuayan Estate management gave waste bins for each personnel house and made periodic schedule for domestic waste transportation to final landfill.

**Status: Complied**





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

Clause	(Module D) CPO Mills - Segregation Requirements
<b>1</b>	<b>Documented Procedures</b>
<b>1.1</b>	<p>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements.</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.</p>
	<p>Company has a procedure for identifying product and supply chain - Minamas Plantation document SC-Revision 1 on 20<sup>th</sup> October 2013, which explain the identification over raw material and end product in order to trace product. Supply chain model in this procedure is segregation supply chain model.</p> <p>- Person in charge to implement this requirement such as:</p> <ul style="list-style-type: none"> <li>• Sukamandang Mill manager keeps and maintains the entire documents and record over raw material utilization, supporting material in production process and quality of end-product.</li> <li>• Assistant Plantation Sustainable Quality Management (PSQM) checks FFB's quality in mill and makes daily recapitulation.</li> <li>• Laboratory assistant conducting analysis and raw materials quality assessment as well as product in each production stage in Sukamandang Mill.</li> <li>• Assistant/Senior Assistant/Bulking Manager is responsible on CPO and PKO transportation from mill to bulking station</li> <li>• Marking fruit delivery note by estate clerk, meanwhile marking weight ticket by weighing clerk.</li> </ul>
	<b>Status: Complied</b>
<b>1.2</b>	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>
	<p>Refers to point 1.1.</p> <p>Company has verified and documented certified FFB's volume that has been received by mill. Mill didn't receive Non-certified FFB. From verification, weigh clerk will check every truck that is loaded with FFB. FFB's identification by putting stamp on fruit delivery note and fruit weight ticket.</p> <p>Estate clerk will stamp fruit delivery note meanwhile weighing clerk will mark weight ticket.</p>
	<b>Status: Complied</b>
<b>2</b>	<b>Purchasing and goods in</b>
<b>2.1</b>	<p>The facility shall verify and document the volumes of certified and non-certified FFBs received.</p>
	<p>Company has verified and documented certified FFB's volume that has been received by mill. Mill didn't receive Non-certified FFB. From verification, it has known that weigh clerk will check every truck that is loaded with FFB. FFB's identification is conducted by putting stamp on fruit delivery note and fruit weight ticket.</p> <p>Mill accepts fruit from Sukamandang Estate, Sapiri Estate, Baras Danum Estate and Kuala Kuayan Estate, and other certified estates (Kawan Batu Estate, Hatan Tiring Estate, Pemantang Estate and Batang Garing Estate). The entire processed FFB is 100% certified.</p>
	<b>Status: Complied</b>
<b>2.2</b>	<p>The facility shall inform the CB immediately if there is a projected overproduction.</p>

Company has documented RSPO certified FFB, CPO and PK's volume, the actual certified product (after Surveillance 2) is TBS 323,008.68 ton, CPO 80,158.20 ton, Kernel 12,938.54 ton. This actual product has exceeded projection from certification body (LS), but company did not inform this matter to certification body. **Non-compliance No.2014.12**

**Root Cause:**

Company didn't inform its over production to RSPO certification body

**Curative Actions**

Drafting information letter regarding the over-production to Certification Body (*Mutuagung Certification*)

**Preventive Action**

In the future, company have to monitor and to report its production to RSPO certification (*Mutuagung Certification*) periodically.

**Observation on 23<sup>rd</sup> June 2014**

CPO over production was amount 3.729,39 ton and has been reported to Mutuagung Lestari through letter No 10/SOU-InternRSPO/VI/2014/S on 16<sup>th</sup> June 2014.

The report states that projected production for period June 2013 – May 2014 such as: FFB 334,532 ton, CPO 76,942.36 ton, IKS 15,053.94 ton. The actual production: FFB 333,035.62 ton, CPO 80,671.75 ton, IKS 14,162.98 ton. Based on the above information, **non-compliance NC.2014.12 is closed**

**Status: Complied**

**3 Record keeping**

**3.1**

The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.

Certified TBS, CPO, PK production record and report have been fully documented by company. Document's archiving system is in a form of monthly production report, FFB delivery note, weight ticket as well as updating through System Application Program (SAP Mill production), SIME Weight program.

document states the entire mill's supply chain aspect, such as:

- a. Certified FFB document from nucleus estate:
  - Certified FFB from Baras Danum Estate, Fruit delivery letter (doc.401.1400.3468, 19<sup>th</sup> May 2014).
  - Certified FFB from Sukamandang Estate, Fruit delivery letter (doc.E398.140.361.25, 19<sup>th</sup> May 2014). SPB
- b. Certified FFB document from another estate (PT Teguh Sempurna)
  - Certified FFB from Kuala Kuayan Estate, Fruit delivery letter (doc.400.1400.3378, 19<sup>th</sup> May 2014). SPB is completed with RSPO Certified stamp from TSA.
  - Certified FFB from Hatan Tiring Estate, Fruit delivery letter (doc.403.1402.1170, 19<sup>th</sup> May 2014). SPB is completed with RSPO certified stamp from estate.
- c. CPO and Palm Kernel's product delivery document has been completed with *segregation* product stamp
  - Weight ticket for CPO delivery to bulking 058389, 30<sup>th</sup> April 2014
  - Weight ticket for CPO delivery to bulking 058388, 30<sup>th</sup> April 2014
  - Weight ticket for CPO delivery to bulking 058386, 30<sup>th</sup> April 2014

**Status: Complied**

**3.2**

Retention times for all records and reports shall be at least five (5) years.

Sukamandang Mill, KLR sets storage duration and points out records that related with FFB acceptance as well as oil storage in tank. For instance: daily report, the incoming and processing FFB, mill's utilization, quality of product and CPO & Kernel capacity. Oil quality in storage tank, CPO and Kernel delivery order and Process Control Report document has been set for 5 years. The entire records and reports have been well stored in Sukamandang Mill.

**Status: Complied**

**3.3**

The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm

kernel meal on a three-monthly basis.	
<p>Company has verified and documented certified FFB's volume that has been received by mill. Mill did not receive Non-certified FFB. From verification, it is known that weighing clerk will check every truck that is loaded with FFB. FFB's identification is conducted by putting stamp on fruit delivery note and fruit weight ticket.</p> <p>Mill accepts fruit from Sukamandang Estate, Sapiri Estate, Baras Danum Estate and Kuala Kuayan Estate, and other certified estates (Kawan Batu Estate, Hatan Tiring Estate, Pemantang Estate and Batang Garing Estate). The entire processed FFB is 100% certified.</p>	
	<b>Status: Complied</b>
<b>3.4</b>	
<p>The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.</p>	
<p>Sukamandang Mill has pointed purchase and sale contract for RSPO certified product, that using segregation model, such as:</p> <ol style="list-style-type: none"> <li>1. Sales Contract No 00118/KLR/KTR-IKS/LOK/XII/2013, 6<sup>th</sup> December 2013 for palm kernel sale with total 630.000 Kg and Delivery Order 00123/00118/12/13/L-KLR-IKS. Invoice 00685/KLR/XII/2013, 24<sup>th</sup> December 2014.</li> <li>2. Sales contract No 00117/KLR/KTR-IKS/LOK/XI/2013, 21<sup>st</sup> November 2013 for palm kernel sale 700.000 kg, and Invoice No 00683/KLR/XII/2013 on 11<sup>th</sup> December 2013.</li> <li>3. Sales contract No 00516/KLR/KTR-MKS/LOK/XI/2013, 25 November 2013 for CPO sale 1.000 ton and Invoice No 00678/KLR/XI/2013.</li> </ol>	
	<b>Status: Complied</b>
<b>4</b>	<b>Sales and goods out</b>
<b>4.1</b>	
<p>The facility shall ensure that all sales invoices issued for RSPO palm oil delivered include the following information:</p> <ol style="list-style-type: none"> <li>(a) The name and address of the buyer</li> <li>(b) The date on which the invoice was issued</li> <li>(c) A description of the product, including the applicable supply chain model (Segregated)</li> <li>(d) The quantity of the product delivered</li> <li>(e) Reference to related transport documentation</li> </ol>	
<p>Sukamandang Mill has pointed invoice for RSPO certified product, that using segregation model, such as:</p> <ol style="list-style-type: none"> <li>1. Invoice 00685/KLR/XII/2013, 24<sup>th</sup> December 2014 palm kernel sale with total 630.000 Kg for Sales Contract No 00118/KLR/KTR-IKS/LOK/XII/2013, 6<sup>th</sup> December 2013 and Delivery Order 00123/00118/12/13/L-KLR-IKS.</li> <li>2. Sales contract No 00117/KLR/KTR-IKS/LOK/XI/2013, 21<sup>st</sup> November 2013 for Kernel sale 700.000 kg, and Invoice No 00683/KLR/XII/2013 on 11<sup>th</sup> December 2013.</li> <li>3. Sales contract No 00516/KLR/KTR-MKS/LOK/XI/2013, 25<sup>th</sup> November 2013 for CPO sale 1.000 ton and Invoice No 00678/KLR/XI/2013.</li> </ol> <p>tax payment receipt and invoice have stated information, like:</p> <ol style="list-style-type: none"> <li>(a) Buyer's name and address</li> <li>(b) Date of invoice</li> <li>(c) Description over kernel product :segregation:</li> <li>(d) Total delivered product</li> </ol>	
	<b>Status: Complied</b>
<b>5</b>	<b>Processing</b>
<b>5.1</b>	
<p>The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 %</p>	

<b>contamination is allowed.</b>	
<p>Company has verified and documented certified FFB's volume that has been received by mill. <b>Mill did not receive Non-certified FFB.</b> From verification, it is known that weigh clerk will check every truck that is loaded with FFB. FFB's identification is conducted by putting stamp on fruit delivery note and fruit weight ticket.</p> <p>Mill accepts fruit from Sukamandang Estate, Sapiri Estate, Baras Danum Estate and Kuala Kuayan Estate, and other certified estates (Kawan Batu Estate, Hatan Tiring Estate, Pemantang Estate and Batang Garing Estate). The entire processed FFB is 100% certified.</p>	
	<b>Status: Complied</b>
<b>5.2</b>	
<p>The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.</p> <p>Company has verified and documented certified FFB's volume that has been received by mill. <b>Mill did not receive Non-certified FFB.</b> From verification, it is known that weigh clerk will check every truck that is loaded with FFB. FFB's identification is conducted by putting stamp on fruit delivery note and fruit weight ticket.</p> <p>Mill accepts fruit from Sukamandang Estate, Sapiri Estate, Baras Danum Estate and Kuala Kuayan Estate, and other certified estates (Kawan Batu Estate, Hatan Tiring Estate, Pemantang Estate and Batang Garing Estate). The entire processed FFB is 100% certified.</p>	
	<b>Status: Complied</b>
<b>5.3</b>	
<p>In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul> <p>Sukamandang POM only sales Palm Kernel and does not have any cooperation with Kernel Crushing Plant.</p>	
	<b>Status: Complied</b>
<b>6</b>	<b>Training</b>
<b>6.1</b>	
<p>The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems</p> <p>Latest SCCS training was conducted on 18<sup>th</sup> November 2011 and attended by 27 personnel from estate and mill. SCCS training has not been conducted periodically to ensure that personnel have understood the standard requirement (period 2013); there are several key personnel in Sukamandang Mill that did not able to prove that they have attended SCSS training, for instance: Weigh Operator and guard. <b>Non-compliance NC.2014.13</b></p> <p><b>Root Cause:</b> No training has been delivered for operators that highly related with SCCS</p> <p><b>Curative Actions:</b> SCCS training has been conducted on 16<sup>th</sup> June 2014, which was followed by key personnel (weighing clerk, guard, fruit/transport clerk, grading and Head of Division)</p> <p><b>Preventive Actions:</b> Conducting periodic training to deliver knowledge for key personnel whom related to supply chain system.</p> <p><b>Observation on 23<sup>rd</sup> June 2014</b> Key personnel in Sukamandang Mill, which not limited to weighing clerk and guard, have obtained SCCS training. Training was conducted on 16<sup>th</sup> June 2014 in Clubhouse Sukamandang, presentation by Assistant PSQM/Internal auditor RSPO. Participants were key personnel like manager, Head of administration, weighing clerk, transportation guard, harvesting clerk.</p>	

Based on the above information, then <b>non-compliance No. 2014.13 is closed.</b>	
	<b>Status: Complied</b>
<b>7</b>	<b>Claims</b>
<b>7.1</b>	The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.
	Sale for CPO dan PK from Sukamandang Mill, KLR claimed that the product was RSPO certified that in line with RSPO Communication and Claim.
	<b>Status: Complied</b>



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

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	
<b>S-3</b>	PT Kridatama smoothly has approval / permit the use of certificate (MUTU-RSPO/003)	√
	<b>Status: Complied</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	
<b>S-3</b>	Company not using logo in their products (on-product / off-product) within the scope of PT Kridatama Lancar	√
	<b>Status: Complied</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	
<b>S-3</b>	Company not using logo in their products (on-product / off-product) within the scope of PT Kridatama Lancar	√
	<b>Status: Complied</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	
<b>S-3</b>	Company not using logo in their products (on-product / off-product) within the scope of PT Kridatama Lancar	√
	<b>Status: Complied</b>	

**3.4. Summary of RSPO Partial Certification.**

<b>Total companies observed</b>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	
	PT Mitra Austral Sejahtera has demonstrated land use and not legitimately contested by local communities. The company's land acquisition process has been in accordance with the prevailing regulations	
	<b>Status:</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	
	PT Mitra Austral Sejahtera has demonstrated land use and not legitimately contested by local communities. The company's land acquisition process has been in accordance with the prevailing regulations	
	<b>Status:</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	
	PT Mitra Austral Sejahtera has documented system for dealing with complaints and grievances, which is implemented and accepted by all parties. There is a Communication Procedure No. Policy 501/MAS-KOM-03/11 dated 8 April 2011 implemented through the Mail Box, Email, Announcements, posters, brochures / pamphlets and meeting / briefing, etc. To resolve complaints / disputes associated with land, the company has prepared a Compensation Negotiation Process Mechanism No Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of (derasa) compensation payment process through a amicable discussion and meetings with Muspika (Task Force).	
	<b>Status:</b>	
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	
	PT Mitra Austral Sejahtera has a Compensation Negotiation Process Procedure No. Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of compensation payment process (Derasa) through amicable discussion and meeting with Muspika. The pricing of compensation is based on the Minutes of Agreement on Compensation (Derasa) Pricing dated December 8, 2005 as agreed by PT MAS, Community Leaders and KUD managers, acknowledged by Sub-District Chiefs (3 Sub-districts). Socialization was held on December 9, 2005 and attended by 35 representatives of related groups.	
	<b>Status:</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	
	PT Mitra Austral Sejahtera has not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values. Based on the company's Plantation Concession issued through Decision of Land Agency Head of Sanggau District No. 400-56/IL-1999 dated January 8, 1999 on the Granting of Extension Concession the Purposes of Palm Oil Plantation located at Parindu, Bonti, Hulu and Kembayan Tayan sub-districts in the name of PT Mitra Austral Sejahtera with a total area of 20,000 hectares of 30,000 hectares reserved area, the concession of PT MAS is located within Other Use Area (APL) in accordance with the Spatial Plan of West Kalimantan Province The company management has declared to the community that the company will preserve and will not cultivate palm oil crops in areas that have been identified as HCV (MAS-3 Estate's Statement Letter dated May 1, 2011). Local people / Indigenous Figures joined in Satlak were directly involved in the identification	

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

3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

3.5.1 Identification of Findings, Corrective Actions and Observations at Surveillance-2

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2013.01	Minor 4.7.3	<p><b>Implementation of risk identification and risk control document.</b></p> <p>Based on field observation to Sukamandang POM found non-conformance:</p> <ol style="list-style-type: none"> <li>1. Worker is stand on the operate wheel loader bucket, that was unsafe condition and high risk accident potential.</li> <li>2. At workshop found woker do not use PPE (safety glove) when performing iron drilling.</li> </ol>	Sukamandang POM	Minor	S-3	Companies must implement hazard identification documents.	<p>KLR has shown evidence of risk improvement for the non-conformance:</p> <ol style="list-style-type: none"> <li>1. Statement letter of the related worker who stand in the operate whell loader bucket explaining for not doing the same mistake</li> <li>2. Safety briefing of for non-conformance conducted on 12 April 2013 on Sukamandang POM by safety officer and staff, explaining to workers hav to follow the safety instruction and monitoring by safety officer of the work area.</li> </ol> <p>All the evidences given by KLR have been shown to auditors in form of photograpic, wokrker statement, safety monitoring and safety briefing document; <b>However the status of non-conformance will be an observation objects during the next surveillance. (CAR.2013.01 is closed with observation)</b></p>	Closed With Observation	13 April 2013
2013.02	Minor 4.7.6	<p><b>First aid equipment fulfillment.</b></p> <p>Based on field observation to Sukamandang POM found non-conformances:</p> <ol style="list-style-type: none"> <li>1. Hydrant hose equipment at loading ramp station found the not in the well function condition (torn)</li> <li>2. First aid kit at process station</li> </ol>	Sukamandang POM	Minor	S-3	Companies must be able to demonstrate compliance with first aid and safety equipment.	<p>KLR has shown evidence of emergency equipment fulfillment for the non-conformance:</p> <ol style="list-style-type: none"> <li>1. Equips the new hydrant hose follow with Nozzle and Handle Valve Hydrant.</li> <li>2. Equips and completing the first aid kit box and monitoring document.</li> </ol> <p>All the evidences given by KLR have been</p>	Closed With Observation	13 April 2013

		office not accordance to the equipment list					shown to auditors in form of photographic, emergency equipment monitoring document; <b>However the status of non-conformance will be an observation objects during the next surveillance. (CAR.2013.02 is closed with observation).</b>		
2013.03	Major 4.8.1	<b>Training program.</b> Not all the related training program has been planned by KLR, for example there is no training for welder competency training to improve the welder worker at KKE workshop which has not have evidence of welder competency document.	KKE Workshop	Major	13 June 2013	KLR should provide training plans for improving the employee competence and to be implemented.	To improve and fulfill the workers competency for example welder, KLR has made training program: 1. Revised the training program by add the welder training plan on May 2013 for 5 (five) workers in every estates. 2. KLR has shown the request for welder training document to Labour agency on 15 April 2013 to conduct the welder training program. All the evidences given by KLR have been shown to auditors in form of document; <b>However the implementation of the program will be an observation objects during the next surveillance. (CAR.2013.03 is closed with observation)</b>	Closed With Observation	13 April 2013
2013.04	Major 5.3.2	Environment At KKE found the hazardous waste (cloth rags and used oil container) put in the landfill which direct contamination of the soil	KKE block K-44	Major	13 June 2013	Companies must implement a waste management plan in accordance with the results of identification to avoid any recurrence of environmental pollution caused by hazardous waste material.	KLR has shown records of hazardous waste collecting from the KKE landfill and re identification document of hazardous waste management. KLR has conducted re-socialisation related to hazardous waste management to all workers and staff at KKE on 13 April 2013. All the evidences given by KLR have been shown to auditors in form of photographic and documentation; <b>However the implementation of the hazardous waste</b>	Closed With Observation	13 April 2013



							management socialization will be an observation objects during the next surveillance. (CAR.2013.04 is closed with observation)		
2013.05	Minor 5.3.1	<b>Hazardous waste management accordance to regulation.</b> During field visit to Sukamandang POM and KKE there were found hazardous wastes has been stored at non licensed warehouse	<b>Sukamandang POM &amp; KKE</b>	Minor	<b>S-3</b>	KLR should manage the hazardous waste in accordance with applicable regulations.	KLR has shown evidence of temporary closed the hazardous storage at KKE and Sukamandang POM on 13 April 2013 by head of SOU manager and minutes of hazardous waste removal from KKE and Sukamandang POM to licensed hazardous waste warehouse at Sukamandang Estate (10 unit of used oil containment, 2 unit of air cleaner, 37 units of used brake fluid containment, cloth rags, 144 units of used pait containment) and hazardous waste removal manifest records. All the evidence given KLR have been shown to auditors in form of photographic and documentation <b>However the implementation of the hazardous waste management socialization will be an observation objects during the next surveillance. (CAR.2013.05 is closed with observation)</b>	<b>Closed With Observation</b>	<b>13 April 2013</b>

3.5.2 Identification of Findings, Corrective Actions and Observations at Surveillance-3

No.	Ref Std/ Indicator	Non-compliance	Area	Deadline	Correction Request	Observation and Date	Status	Closing Date
2014.1.	Major 2.1.1	<p><b>Keeping period of hazardous waste including used agrochemical packages.</b></p> <p>Audit identified hazardous waste and agrochemical waste have been stored more than 90 days (exceeding standard threshold), for instance in hazardous waste warehouse in BDE and SME.</p>	Estate	60 Days	Company should ensure that hazardous waste management has been in line with government regulation No. 18 in 1999.	<p><b>Root Cause:</b> Hazardous waste and agrochemical waste have been stored more than 90 days (exceeding standard threshold), for instance in hazardous waste warehouse in BDE and SME. Delayed transportation by licensed hazardous waste collector was because of small quantity of waste. Licensed hazardous waste rejects to collect small quantity of hazardous waste.</p> <p><b>Curative Action:</b> Immediately deliver hazardous waste to licensed collector (PT. Wiraswasta Gemilang). Hazard Waste Manifest between PT. KLR (PKS Sukamandang) and PT. WGI is available.</p> <p><b>Preventive Actions:</b> Increasing supervision on hazardous waste monitoring as well as build intensive cooperation with hazardous waste collector so there will be no delay on transporting hazardous waste to third party.</p> <p><b>Observation on 8<sup>th</sup> July 2014</b> Used agrochemical packages waste has been managed in line with the applied regulation. Waste from Kuala Kuayan</p>	Closed	8 <sup>th</sup> July 2014

						Estate, Sapiri Estate, Sukamandang Estate and Baras Danum Estate have been handed to licensed collector Wiraswasta Gemilang Indonesia (WGI). Delivery has 2 stages: 1) on 26 <sup>th</sup> May 2014 sent 552 pieces 2) on 9 <sup>th</sup> June 2014 sent 327 pieces. Hazard waste Manifest from PT WGI. (Improvement evidence over hazard waste manifest & minutes of hazardous waste transportation from estate to mill) is available.		
2014.2.	<b>Major 4.6.4</b>	<p><b>Management of pesticide waste.</b> Company is trying to manage pesticide waste (solid and liquid). In order to minimize pollution over environment by providing BSS house &amp; licensed hazardous waste warehouse, but the implementation of BSS (Block Spraying System) utilization in Sukamandang Estate and Baras Danum Estate as washing station for working tools, agrochemical package, PPE have not been optimal and based on interview with spraying personnel in Division 1 SME and Division 2 BDE, it is known that PPE and spraying tool's washing were conducted in personnel house.</p>	<b>Estate</b>	<b>60 Days</b>	Pesticide waste (solid and liquid) management must be in line with the applied procedure and mechanism in order to minimize negative impact toward environment.	<p><b>Root Cause:</b> Company has been trying to manage pesticide waste (solid and liquid) in order not to pollute environment, however the implementation of BSS utilization in SME and BDE were not optimal because monitoring over BSS utilization not been periodically implemented.</p> <p><b>Curative Action:</b> Curative actions that have been undertaken by company, such as:</p> <ol style="list-style-type: none"> <li>1. Maximizing the utilization of BSS house by functioning it as washing station and warehouse</li> <li>2. Delivering work procedure and BSS house for spraying personnel through safety briefing.</li> <li>3. Cleaning and storing spraying tools in BSS house.</li> </ol> <p><b>Preventive Actions:</b></p>	<i>Closed with an observation</i>	11 <sup>th</sup> July 2014

					<p>Several preventive actions that can be taken by company, such as:</p> <ol style="list-style-type: none"> <li>1. Monitoring over BSS house utilization as well as ensuring that work procedure is in line with the applied procedure.</li> <li>2. Ensuring the entire BSS house components work properly in order to minimize negative impact toward environment.</li> <li>3. Periodically deliver safety briefing to refresh personnel knowledge on proper work procedure.</li> </ol> <p><b>Observation on 8<sup>th</sup> July 2014</b>          Company trying to supervise personnel, improved supervision and optimized BSS utilization, which located in Baras Danum Estate and Sukamandang Estate. BSS SME team's Safety Briefing minute on 22<sup>nd</sup> May 2014 and BSS BDE team on 14<sup>th</sup> June 2014 are available, delivered subjects were about work procedure, PPE's utilization and washing procedure as well as spraying tools storage in BSS house.</p> <p><b>Observation on 11<sup>th</sup> July 2014</b>          Final pond as well as water canal in Block Spraying System (BSS) house been fixed. Collection pond is a drum and permanent pond is under construction stage.</p>	
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						Spraying personnel keep apron, masks, knapsack and glove in BSS house, no more tools being brought and being washed in personnel's house (improvement evidence, BSS house documentation)		
2014.3.	Minor 4.7.4	<b>Record of Occupational Health and Safety Training</b> <ul style="list-style-type: none"> <li>- SIO/licensed for Operator boiler (on behalf of Syahbudin) has been expired since 24<sup>th</sup> May 2012.</li> <li>- Boiler Operators (on behalf of Darnoko, Kuswantoro and Ibrahim) have not received Occupational Health and Safety Training and does not have SIO/ Occupational Health and Safety License.</li> </ul>	mill and Estate	S4	Company should present evidence that the entire operators have received Occupational Health and Safety Training and have SIO/ Occupational Health and Safety License	<b>Root Cause :</b> Boiler Operator does not yet have a license and get SIO K3 boiler Operator and found the Boiler operator SIO had passed the validity period. Additionally Foreman Spraying Division 3 SME hasn't gotten a first aid training  <b>Curative Actions ;</b> Several curative actions that have been implements, such as: <ul style="list-style-type: none"> <li>• Extend the SIO operators that the validity period has expired</li> <li>• Include the HSE Training for operators of Boilers that do not yet have licenses K3. Providing first aid training to foreman.</li> </ul> <b>Preventive Actions:</b> Monitors consistently against permitting letter mainly SIO in order to be monitored and extend the SIO that will approach the validity period. In addition to making first aid training as a continuous training and carried out periodically in order to provide an understanding and knowledge of first aid.	Complied	24 <sup>th</sup> August 2014



						<p><b>Observation on 24<sup>th</sup> July 2014</b></p> <ul style="list-style-type: none"> <li>Available operators boiler SIO on behalf Syahbudin that has been extended the validity period until June 17<sup>th</sup> 2016. There are operators boiler SIO on behalf Damoko valid up to 6<sup>th</sup> July 2016. On behalf Kuswanto valid up to 17<sup>th</sup> June 2016</li> <li>Available training first aid on 11<sup>th</sup> June 2014 who trained by doctor companies and participants training totaled 27 people (assistant, supervision / foreman and security guard).</li> </ul>		
2014.4.	Minor 4.7.6	<p><b>Compliance evidence over occupational health and safety program and first aid</b></p> <ul style="list-style-type: none"> <li>Spraying foreman in Division 2 BDE does not have first aid kits.</li> <li>PPE proficiency mechanism for the entire personnel has not been consistently implemented, for instance based on observation over spraying activity in Division 3 SME, apron is broken and cause skin irritation.</li> </ul>	Estate	S4	<p>Company must ensure that the entire first aid officers in the field have to be completed with first aid kits.</p> <p>Company have to ensure PPE proficiency mechanism for the entire personnel will be well implemented.</p>	<p><b>Root Cause:</b></p> <ul style="list-style-type: none"> <li>Spraying foreman in Division 2 BDE has not been completed with first aid kits</li> <li>PPE proficiency mechanism for the entire personnel has not been well implemented.</li> </ul> <p><b>Curative Actions:</b> Several curative actions that have been implemented, such as:</p> <ul style="list-style-type: none"> <li>Distributing PPE to all supervisors in BDE, which can be proved through minute of first aid kits hand over.</li> <li>Distributing PPE for spraying personnel in SME, which can be proved through minute of PPE hand over</li> </ul>	Complied	8 <sup>th</sup> July 2014

						<p><b>Preventive Actions:</b> Required preventive action in the future is supervising PPE utilization and first aid kits proficiency, so there will be no broken PPE and all supervisors bring first aid kits when they work.</p> <p><b>Observation on 08<sup>th</sup> July 2014</b></p> <ul style="list-style-type: none"> <li>• Minute of first aid kits hand over to 17 supervisors in BDE on 26<sup>th</sup> May 2014 is available.</li> <li>• Minute of PPE hand over (gloves and aprons) to 18 spraying personnel in SME on 24<sup>th</sup> May 2014 is available.</li> </ul>		
2014.5.	Minor 4.7.7	<b>First aid training</b> Spraying foreman in Division 3 SME have not received first aid training.	Estate	S4	Company should present the evidence that the entire first aid personnel have received first aid training.	<p><b>Root Cause:</b> Spraying foreman in Division 3 SME have not received first aid training.</p> <p><b>Curative Action:</b> Curative actions that have been conducted, such as first aid training that was followed by the entire supervisors in PT KLR</p> <p><b>Preventive Actions:</b> Preventive actions that need to be taken are making first aid as sustainable training and being regularly implemented to provide understanding and to refresh personnel knowledge on first aid. Company should make first aid training as one of P2K3 regular activity in PT KLR.</p>	Complied	8 <sup>th</sup> July 2014

						<p><b>Observation on 8<sup>th</sup> July 2014</b> Minutes of first aid training on 11<sup>th</sup> June 2014 is available. Trainer was from company's physician and there were 27 participants (Assistant, Supervisor/foreman and guard).</p>		
2014.6.	Major 5.2.2	<p><b>Management plan for managing HCV area.</b> Company has not drafted comprehensive management Plan for HCV area as recommended in HCV identification report in 2010.</p>	Estate	60 Days	Company should drafts comprehensive management Plan for HCV area as recommended in HCV identification report in 2010.	<p><b>Root Cause:</b> Management plan for HCV area has not consistently implemented.</p> <p><b>Curative Actions:</b> Company has drafted management Plan for HCV area for period 2014/2015</p> <p><b>Preventive Actions:</b> Preventive action that needs to be taken in the future is to draft management plan for HCV area consistently.</p> <p><b>Observation on 22<sup>nd</sup> July 2014</b> Company has drafted comprehensive management Plan for HCV area for period 2014/2015 for each HCV area on 17<sup>th</sup> July 2014 by PSQM PT KLR, (the evidence is improvement on work plan) for instance in Sukamandang:</p> <ul style="list-style-type: none"> <li>HCV 1.3 (wildlife refuge), reservoir location and riparian area. The plan is to install prohibition signboard as well as periodic monitoring every month, socialization on HCV existence to local community every</li> </ul>	Complied	22 <sup>nd</sup> July 2014

						<p>year.</p> <ul style="list-style-type: none"> <li>HCV 4.1, mill's reservoir location, the work plan is to cultivate vegetation and verifier vegetation as well as analysing water's quality every 6 months</li> </ul>		
2014.7.	Minor 5.2.1	<p><b>Protected wildlife/ species posters.</b> Based on field visit to HCV area (Bukit Batu Kapal and riparian of Manggis River) pointed out that Poster about type of protected wildlife/ species has been broken.</p>	Estate	S4	<p>Company have to ensure that the entire posters about type of protected wildlife/ species are in a good condition.</p>	<p><b>Root Cause:</b> Evaluation over monitoring result on signboards and posters condition is inconsistent.</p> <p><b>Curative Actions:</b> Company has undertaken curative actions by pin down broken posters and replace them with new posters in HCV area (Bukit Batu Kapal and riparian of Manggis River).</p> <p><b>Preventive Actions:</b> Preventive action that needs to be taken in the future is to monitor posters condition including HCV signboards consistently, so company can notice whenever these posters or signboards need to be repair or be replaced. so</p> <p><b>Observation on 11<sup>th</sup> July 2014</b> Broken wildlife signboard has been replaced on 17<sup>th</sup> June 2014 (Block I 33 and K33). Moreover, new poster has been installed in Block J27 and J28. Monitoring data and improvement efforts over signboards and posters are available.</p>	Complied	11 July 2014

2014.8.	Major 5.3.2	<p><b>Documented and implemented waste management plan</b> Based on field visit in hut 2 Sukamandang Estate, its known that domestic waste management has not been well implemented based on SOP for domestic waste management, like waste was scattered all over the place and there was a sign that waste been burned.</p>	Estate	60 Days	Company have to ensure that domestic waste management has been well implemented based on SOP for domestic waste management.	<p><b>Root Cause:</b> Based on field visit in hut 2 Sukamandang Estate, its known that domestic waste management has not been well implemented based on SOP for domestic waste management, like waste was scattered all over the place and there was a sign that waste been burned.</p> <p><b>Curative Action:</b> Curative actions that have been conducted, such as:</p> <ol style="list-style-type: none"> <li>1. Re-identifying waste management based on the applied procedure</li> <li>2. Cleaning sign of waste been burned.</li> <li>3. Installing sign board for waste disposal</li> <li>4. Drafting schedule for waste disposal</li> <li>5. Conducting socialization for personnel that related to domestic waste management.</li> </ol> <p><b>Preventive Action:</b> Preventive actions that need to be taken in the future such as: ensuring domestic waste management will be well implemented and company able to monitor and to supervise the implementation.</p> <p><b>Observation on 8<sup>th</sup> July 2014</b></p>	Complied	8 <sup>th</sup> July 2014
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						<ul style="list-style-type: none"> <li>• Company has conducted socialization over occupational health and safety policy and compliance toward housing safety and health on 22<sup>nd</sup> May 2014.</li> <li>• Company has had the schedule for domestic waste disposal until December 2014.</li> </ul>		
2014.9.	Minor 6.1.2	<b>Social impact management plan.</b> Company still not able to draft social impact management plan by considering social impact assessment document.	Estate	S4	Company should draft social impact management plan by considering social impact assessment document.	No improvement been identified		
2014.10.	Minor 6.5.1	<b>Clean water provision</b> There is no sufficient evidence that company has conducted assessment over clean water quality, which was used by personnel in BDE's housing.	Estate	S4	Company should provide evidence that it has conducted assessment over clean water quality, which was used by personnel in BDE's housing.	<p><b>Root cause</b> Not available enough evidence that the company has test the quality of clean water used by an employee in BDE housing</p> <p><b>Curative action</b> The company has been testing the quality of clean water around the water sources used by employees, not limited to housing in the BDE, e.g. :</p> <ul style="list-style-type: none"> <li>• Baras Danum Estate, reservoir division 1 and division 3; well water of division 3</li> <li>• Sukamandang estate, reservoir division 1, 2, 3 and well water division 1, 3</li> <li>• Sapiri estate, reservoir division 1,3 and well water division 1, 2</li> </ul> <p><b>Preventive action</b></p>	Complied	1 <sup>st</sup> Septemb er 2014

						<p>Company monitoring consistently against clean water sources used by employees and do analysis water quality periodically.</p> <p><b>Observations 1<sup>st</sup> September 2014</b>          Based on the results of the test conducted by Unilab Prime on 08 July 2014 with sample Water Reservoirs such as BDE 1; Water Reservoir 3 BDE, BDE well water and 3 test result shows the quality of clean water still complies with a defined quality standard Permenkes No. 416 of 1990. In addition the company also performs testing of clean water in every existing housing in estates and POM, and test results are still in accordance with a defined quality standard.</p>		
2014.11.	Minor 6.9.2	<p><b>Evidence of policy regulation over protection of reproductive right</b>          There was no sufficient evidence that company has implemented reproductive right protection. Based on interview with spraying staff in Division I SME, audit found that personnel got miscarriage leave for 14 days. This practice is not inline wit company's policy as well as Manpower Law No. 13 in 2003.</p>	SME	S4	<p>Company have to ensure that protection over reproductive right should be well implemented.</p>	<p>No improvement been identified</p>		

2014.12.	Point 2.2 SCCS Ver Nov 2011 (Module D)	<b>Purchasing and accepting material.</b> Company has documented RSPO certified FFB, CPO and PK, the actual certified product volume (after Surveillance 2) was FFB 323.008,68 ton, CPO 80.158,20 ton, Kernel 12.938,54 ton. This actual product was exceeded certification body's projection (overproduction), however, company didn't inform certification body regarding this issue.	PT KLR	30 Days	Related to overproduction, company should inform certification body directly.	<b>Root Cause</b> Company didn't inform certification body about overproduction to certification body  <b>Curative Actions</b> Draft a letter to inform certification body ( <i>Mutuagung Certification</i> ) about this over production  <b>Preventive Actions</b> in the future, company should periodically monitor and report its production volume to certification body ( <i>Mutuagung Certification</i> )  <b>Observation on 23<sup>rd</sup> June 2014</b> CPO overproduction against projection amount 3,729.39 ton has been reported to Mutuagung Lestari through a letter No 10/SOU-InternRSPO/VI/2014/S on 16 <sup>th</sup> June 2014. This report inform that projection for period June was 2013 – May 2014 FFB 334,532 ton, CPO 76,942.36 ton, IKS 15,053.94 ton. In addition, actual production was FFB 333,035.62 ton, CPO 8,671.75 ton, IKS 14,162.98 ton.	Complied	23 <sup>rd</sup> June 2014
2014.13.	Point 6.1. SCCS Ver Nov 2011 (Module D)	<b>Training</b> Latest SCCS training was conducted on 18 <sup>th</sup> November 2011 and was attended by 27 personnel from mill and estate. SCCS training has not periodically been implemented to ensure personnel's	PT KLR	30 Days	Company should deliver training for its personnel as required, also able to prove that company has implemented SCCS.	<b>Root Cause</b> there was no training related to SCCS that has been  <b>Curative Actions</b> Key personnel (weighing clerk, guard,	Complied	23 <sup>rd</sup> June 2014

		<p>understanding over standard requirement (period 2013); and there were several key stakeholders in Sukamandang Mill that didn't able to present evidence that they have attended SCCS training, for instance: weighing clerk and guard.</p>				<p>fruit clerk/transport clerk, grading and Head of Division) attended SCCS training on 16<sup>th</sup> June 2014.</p> <p><b>Preventive Action</b> Conducting periodic training in order to deliver knowledge and understanding over SCCS to key personnel that have a relation with supply chain system.</p> <p><b>Observation on 23<sup>rd</sup> June 2014</b> Key personnel in Sukamandang Mill, (not limited to weighing clerk and guard) have received SCCS training that was conducted on 16<sup>th</sup> June 2014 at Clubhouse Sukamandang, Assistant PSQM/Internal auditor RSPO was a resource person at this training. Participants such as Manager, Head of administration, weighing clerk, guard, transportation foreman, harvesting clerk.</p>	
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**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	<b>Major 6.5.2</b>	Company is expected to deliver socialization about company's regulation to its personnel, so personnel aware and know about their rights and responsibilities.
2	<b>Major 6.9.1 6.9.2</b>	<ul style="list-style-type: none"> <li>• Company is expected to elevate and support gender committee's activity on implementing sexual harassment policy and protection over reproductive right.</li> <li>• The established gender committee should be more consistent to deliver socialization to the entire personnel about gender committee's role (gender committee is a media to protect female workers).</li> </ul>

No	Ref Std	Descriptions

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions

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







Issue from Public (Institution / NGO / Community)	Management Responses	Auditor Response
<p><b>Social, Manpower and Transmigration Agency/ Kotim District Ali Topan (Head of Manpower Supervision Division)</b></p> <p><b>Positive Issues:</b></p> <ul style="list-style-type: none"> <li>• PT KLR P2K3 organogram has been endorsed and company has periodically submitted its report.</li> <li>• Boiler operator has had the license/ SIO that in line with government regulation</li> <li>• Company has registered its personnel in Jamsostek program.</li> <li>• Safety induction and safety actions have been well implemented in Sukamandang Mill</li> <li>• Signboards and posters to support the implementation of occupational health and safety program are available.</li> <li>• Company has implemented minimum wage policy based on UMSK in 2014</li> </ul> <p><b>Negative Issues:</b></p> <ul style="list-style-type: none"> <li>• Company has not periodically submitted work accident report.</li> </ul>	<p>P2K3 organogram has been updated</p> <p>Permit is available</p> <p>In line with government regulation</p> <p>Company's commitment</p> <p>Company's commitment</p> <p>In line with Kalimantan Tengah Governor's Regulation</p> <p>For instance: work accident report for Mr. Edy Purnomo on 26<sup>th</sup> April 2014 that has been accepted by manpower agency staff (Mr. Wahyu Hidayat SE).</p>	<p>Based on document's review and field observation during audit S-3, company has implemented minimum wage and occupational health and safety policy based on the applied regulation.</p> <p>Based on document's review, company has periodically submitted its report.</p>
<p><b>Environment Agency, Kotawaringin Timur District</b></p> <ul style="list-style-type: none"> <li>• <b>Zainudin (Head of Environment Supervision and Management Division)</b></li> </ul> <p><b>Positive Issues:</b></p> <ul style="list-style-type: none"> <li>• Environment management was considered well implemented, and company is expected to improve its activity, which related to riparian area's management.</li> </ul>	<p>Buffer zone is being monitored and conducting cultivation to replace dying-vegetation.</p>	<p>Company have to make sustainable improvement over riparian area's management as well as conducting</p>



<b>Issue from Public (Institution / NGO / Community)</b>	<b>Management Responses</b>	<b>Auditor Response</b>
<ul style="list-style-type: none"> <li>• Periodic report like liquid waste three-month report, hazardous waste three-month report and RKL/RPL implementation report have been submitted regularly.</li> <li>• Company might increase its performance by improving its administrative process for permit and so forth.</li> <li>• Hazardous waste management has been in line with the applied procedure.</li> </ul> <p><b>Negative Issues:</b></p> <ul style="list-style-type: none"> <li>• Company has not earned an extension over land application permit (this permit has been expired)</li> <li>• There is an illegal gold mining, which makes pollution toward environment</li> <li>• Company's AMDAL document has not stated Sukamandang Mill's development.</li> </ul>	<p>In line with the applied regulation</p> <p>Make an update</p> <p>Make a report for related institution based on reporting schedule.</p> <p>Before LA's permit expired, company has requested extension; however, government response was so slow to issue the permit. Currently, company is waiting for permit from Environment Agency in Kotim.</p> <p>Company has reported the illegal mining activity (traditional mining activity) to related institution.</p> <p>Mill's development that stated in AMDAL CHAPTER II is under preparation stage/ pra construction stage.</p>	<p>monitoring regularly.</p> <p>Based on document's review, company presented evidence for permit extension request over expired land application permit. Based on AMDAL's review, Sukamandang Mill's development has covered area within AMDAL study.</p>
<p><b>Village administrator in Sukamandang Village</b></p> <p><b>Positive Issues:</b></p> <ul style="list-style-type: none"> <li>• Communication with company has been well implemented</li> <li>• There is no land conflict between company and community</li> <li>• Company has released proposal from local community in Sukamandang.</li> </ul> <p><b>Negative Issues:</b></p> <ul style="list-style-type: none"> <li>• Company has developed palm oil plantation since 1995</li> </ul>	<p>Company's commitment has been implemented</p> <ul style="list-style-type: none"> <li>• There were no objections from community and company has finished land compensation process with local community.</li> </ul>	<p>KLR has had the mechanism for information proficiency and response</p> <p>Based on document's review, auditor found out that company has given land compensation for current plantation area.</p>

<b>Issue from Public (Institution / NGO / Community)</b>	<b>Management Responses</b>	<b>Auditor Response</b>
<p>with no land compensation process.</p> <ul style="list-style-type: none"> <li>• Grants from company were incidental with no written program</li> <li>• Company never conducts economic empowerment program for community in Sukamandang Village.</li> <li>• Company closed road access that connecting Sukamandang Village to another Village (cross road in Logging Road of PT Sarpatim)</li> <li>• Company has not delivered socialization about wildlife and natural vegetation as well as high conservation value area for community in Sukamandang vilage.</li> <li>• Local recruitment is still low and company never makes an announcement about recruitment to local community.</li> </ul>	<ul style="list-style-type: none"> <li>• Socialization has been delivered every year, along with Qurban ceremony</li> <li>• Based on community's request</li> <li>• Company close the road because so far, this road has not been really used by community and this road became a road for thief to steal fruit from estate. This is the reason why company have to close this road and build a new access road from block H 19 to Block H 24-25 and shortened community access to Pondok Kopi Village</li> <li>• Aksenta consultant and company have delivered meat grant every year during the Qurban Day's</li> <li>• Local community has low interest to work for estate, but recently there are several local personnel and usually the recruitment announcement conducted internally within local worker in company.</li> </ul>	
<p><b>Village administrator in Kapuk Village</b> <b>Positive Issues:</b></p> <ul style="list-style-type: none"> <li>• Communication with company has run well</li> <li>• There were no land conflicts remaining between company and community</li> <li>• Company has granted grant proposal from local community in Sukamandang Village, for instance worship place development, water pump machine (2 units)</li> <li>• Company has a policy related to Bukit Tabion and Tajur Baras Sub-village existence that located within company's HGU area by not pushing this community to lease their land for company</li> </ul>	<p>Company's commitment is being implemented</p> <p>Solution by discussion</p> <p>Company's commitment on CSR</p> <p>Company's commitment is being implemented</p> <p>LC has been implemented for estate in kebun Tajur Beras Sub-village (2 Ha/household)</p> <p>Has delivered annual socialization during Qurban day's</p>	<p>Company has a commitment to empower local community</p> <p>Company have to ensure that the entire community economic empowerment activity being implemented and sustainable improved.</p>

<b>Issue from Public (Institution / NGO / Community)</b>	<b>Management Responses</b>	<b>Auditor Response</b>
<p><b>Negative Issues:</b></p> <ul style="list-style-type: none"> <li>• Company never conducts economic empowerment program for community in Kapuk Village.</li> <li>• Company has not delivered socialization over complain mechanism for local community in Kapuk Village</li> <li>• Local recruitment is considered still low and company never makes an announcement about recruitment to local community</li> <li>• Company has not delivered socialization about wildlife and natural vegetation as well as high conservation value area for community in Sukamandang Village</li> </ul>	<p>celebration, which attended by local government, Head of Village, Head of Neighborhood and community's leader.</p> <p>Local community has low interest to work for estate, but recently there are several local personnel and usually the recruitment announcement conducted internally within local worker in company.</p> <p>Aksenta consultant and company have delivered meat grant every year during the Qurban Day's</p>	

<b>4.0</b>	<b>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</b>						
<b>4.1</b>	<b>Formal Sign-off of Assessment Findings</b>						
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <table border="0" data-bbox="430 828 1340 1209"><tr><td data-bbox="430 828 686 918">PT Kridatama Lancar Head of PSQM</td><td data-bbox="1101 828 1340 918">Mutuagung Lestari Lead Auditor</td></tr><tr><td data-bbox="494 963 654 1052"></td><td data-bbox="1085 1008 1276 1120"></td></tr><tr><td data-bbox="430 1120 686 1209"><b><u>Mohamad Pirabharan</u></b> Thursday, 22 June 2014</td><td data-bbox="1101 1120 1340 1209"><b><u>Bukti Bagja</u></b> Thursday, 22 June 2014</td></tr></table>	PT Kridatama Lancar Head of PSQM	Mutuagung Lestari Lead Auditor			<b><u>Mohamad Pirabharan</u></b> Thursday, 22 June 2014	<b><u>Bukti Bagja</u></b> Thursday, 22 June 2014
PT Kridatama Lancar Head of PSQM	Mutuagung Lestari Lead Auditor						
							
<b><u>Mohamad Pirabharan</u></b> Thursday, 22 June 2014	<b><u>Bukti Bagja</u></b> Thursday, 22 June 2014						

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact
1	Badan Lingkungan Hidup Kab. Kotawaringin Timur	Jl. Jenderal Sudirman Km. 9 Sampit	0531-21430/ blh.kabkotim@gmail.com	Interview	20 Mei 2014
2	Dinas Sosial, Tenaga Kerja dan Transmigrasi Kab. Kotawaringin Timur	Jl. Jenderal Sudirman Km. 6 Sampit	0531-24052	Interview	20 Mei 2014
3	Badan Pertanahan Nasional Kab. Kotawaringin Timur	Jl. Jenderal Sudirman Km 5,5 Sampit	0531-21396/ Kantah_kotim@yahoo.co.id	Interview	20 Mei 2014
4	Dinas Kehutanan dan Perkebunan Kab. Kotawaringin Timur	Jl. Jenderal Sudirman Km. 6,5 Sampit	0531-32057	Interview	20 Mei 2014
5	Desa Kapuk	Desa Karang Biring Kapuk, Kec. Mentaya Hulu, Kab. Kotawaringin Timur	-	Interview	21 Mei 2014
6	Desa Sukamandang	Desa Sukamandang, Kecamatan Seruyan Tengah, Kabupaten Seruyan	-	Interview	21 Mei 2014
7	Wahana Lingkungan Hidup Indonesia	Indonesia	info@walhi.or.id; informasi@walhi.or.id	Questionnaire	13 Mei 2014
8	Sawit Watch Indonesia	Jl. Taman Sempur Kaler No.28, Bogor. Jawa Barat. 16129	Telp : 0251-8352171 Fax : 0251-8352047 Email : info@sawitwatch.or.id	Questionnaire	13 Mei 2014
9	Save Our Borneo	Jl. Tumanggung Tilung XI, Gg. Savero Perum Borneo Indah No. 4 Palangkaraya, Kalimantan Tengah 73111	Telp. (0536) 3245196 Email : <a href="mailto:info@saveourborneo.org">info@saveourborneo.org</a>	Questionnaire	13 Mei 2014

**Appendix 2. Assessment Program**

ACTUAL DURATION	19 – 24 <sup>th</sup> May 2014		AUDITOR			
	PROCESS / THINGS THAT ARE BEING AUDITED		NM	MM	NK	SM
	Evaluation	Criteria				
<b>Monday, 19<sup>th</sup> May 2014</b>						
13.30-15.00	Travel from Jakarta to Pangkalan Bun		√	√	√	√
15.00-18.00	Travel from Pangkalan Bun to Estate					
<b>Tuesday, 20<sup>th</sup> May 2014</b>						
08.00-15.00	Consultation with Stakeholders (Related institution) - Sampit					√
08.00-09.00	Opening Meeting		√	√	√	
09.00-12.00	<b>Document Verification:</b> • Information and responses' record.	1.1; 1.2			√	
14.00-17.00	• Compliance over regulation and law	2.1	√	√	√	
	• Legality, Permit and land ownership	2.2; 2.3		√		
	• Long-term economic plan	3.1		√		
	• <i>Best Practices</i> / best practices implementation (Harvesting, Transportation and processing)	4.1; 4.6		√		
	• Soil and Water's conservation	4.2; 4.3; 4.4; 7.2; 7.4				
	• Nursery			√		
	• Cultivation and Maintenance	4.2; 4.6		√		
	• Holistic pest and disease management	4.5		√		
	• Occupational health and safety / Occupational health and safety and training	4.7; 4.8			√	
	• Environment and social responsibility	5.1; 6.1; 7.1; 7.7		√		
	• Fire prevention and management	7.7; 5.5			√	
	• HCV and conservation area	5.2; 7.3;		√		
	• Waste and pollution/emission management	5.3; 5.4; 5.6				
	• Liquid waste utilization					
• Development and Social Responsibility	6.7; 6.8; 6.9; 6.10; 6.11		√			
• Responsibility toward personnel	6.5; 6.6				√	
• Communication, information and consultation with community (in a transparent way)	6.2; 6.3; 6.4; 7.5; 7.6				√	
• <i>Continuous improvement</i> / sustainable improvement	8.1					



ACTUAL DURATION	19 – 24 <sup>th</sup> May 2014		AUDITOR			
	PROCESS / THINGS THAT ARE BEING AUDITED		NM	MM	NK	SM
	Evaluation	Criteria				
	• <i>Supply Chain</i>	<b>S.C.C.S</b>		√		
<b>Wednesday, 21<sup>st</sup> May 2014</b>						
08.00-12.00	Field visit in Sukamandang Estate <ul style="list-style-type: none"> <li>• Consultation with local stakeholder /visit to Village</li> <li>• Visit to estate (Best Management Practices)</li> <li>• Interview with personnel</li> <li>• Visit to mill.</li> </ul>		√	√	√	√
14.00-17.00	Continue .....Document Verification					
<b>Thursday, 22<sup>nd</sup> May 2014</b>						
08.00-12.00	Continue..... Field visit to Baras Danum Estate		√	√	√	√
14.00-17.00	Continue..... Document Verification					
<b>Friday, 23<sup>rd</sup> May 2014</b>						
07.00-09.00	Internal Meeting with Team Auditor		√	√	√	√
14.00-16.00	Closing Meeting					
16.00-20.00	Travel from Estate to Pangkalan Bun					
<b>Saturday, 24<sup>th</sup> May 2014</b>						
07.00-09.00	Travel from Pangkalan bun to Jakarta		√	√	√	√

**Appendix 3. Glossary**

EIA	: Environmental Impact Analysis
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PPE	: Personal Protective Equipment
B3	: Hazardous Waste
BLH	: Environmental Affairs Agency
BOD	: Biological Oxygen Demand
BPN	: National Land Agency
COD	: Chemical Oxygen Demand
CPO	: Crude Palm Oil
CSR/CD	: Corporate Social Responsibility/ Community Development
HCV	: High Conservation Value
HGU	: Land Exploitation Rights
HIRAC	: Hazard Identification Risk Assessment Control
JAMSOSTEK	: Jaminan Sosial Tenaga Kerja (Social Security Plan for Workers)
KAN	: Komite Akreditasi Nasional (National Accreditation Committee)
KKPA	: Kredit Koperasi Primer Anggota (Primary Cooperatives Credit Members)
KLR	: Kridatama Lancar
LC	: Land Clearing
LD <sub>50</sub>	: Lethal Dosage (Certain dosage that can kill 50% of total population)
NGO	: Non-Governmental Organization
MSDS	: Material Safety Data Sheet
P2K3	: Committee for Occupational Health and Safety Development
PBB	: Land and Building Taxes
Permentan	: Regulation of Minister for Agriculture
IPM	: Integrated Pest Management
PK	: Palm Kernel
POM	: Palm Oil Mill
POME	: Palm Oil Mill Effluent
PP	: Government Regulation
RKL	: Environmental Management Plan
RPL	: Environmental Monitoring Plan
RSPO P&C	: Roundtable on Sustainable Palm Oil Principle and Criterion
SOP	: Standard Operating Procedures
ST1	: Stage 1
ST2	: Stage 2
S-1	: Surveillance 1

S-2	: Surveillance 2
S-3	: Surveillance 3
FFB	: Fresh Fruit Bunches
UMR	: Regional Minimum Wage