Roundtable on Sustainable Palm Oil
Public Summary Report

Report no.: ASA1_14003
RSPO Principles & Criteria Indonesia (Generic) year 2013 and RSPO Supply Chain Certification System year 2014

Name of client:
PT PERKEBUNAN NUSANTARA III (Persero)
Aek Raso Palm Oil Mill

Head Office:
Jalan Sei Batanghari No.2 Medan - North Sumatra Province, Indonesia

Site Office:
Aek Raso Village, Torgamba Sub District, Labuhan Batu Selatan District, North Sumatera Province, Indonesia

Date of assessment: 06-08 April 2015

Report prepared by:
Hendra Fachrurozy (RSPO Lead Auditor)

Certification decision by:
M. Bacharul Asana
(Managing Director, TUV Rheinland Indonesia)

Certification Body’s Office:
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1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used
The operations of the palm oil mill(s) and its supply base of FFB were assessed against the RSPO Principles & Criteria (Generic) year 2013 and the RSPO Supply Chain Certification Systems (SCCS) document (November 2013).

1.2 Type of Assessment
The 1st surveillance assessment was carried out in 1 (one) mill and 1 (one) estate (Aek Raso Mill and Estate) of PT Perkebunan Nusantara (PTPN) III.

1.3 Certification Details
The detail of RSPO certification of PTPN III – Aek Raso POM as per the table below:

<table>
<thead>
<tr>
<th>Table 1: RSPO Certification details of PTPN III – Aek Raso POM</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Membership no. :</td>
</tr>
<tr>
<td>RSPO Certificate no. :</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity :</td>
</tr>
<tr>
<td>Date of certification audit :</td>
</tr>
<tr>
<td>Date of previous surveillance audit :</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity (if applicable) :</td>
</tr>
<tr>
<td>CPO tonnages claimed :</td>
</tr>
<tr>
<td>PK tonnages claimed :</td>
</tr>
</tbody>
</table>

Note: *) CPO and PK tonnages claimed has been revised from previous claimed due to replanting process in Aek Raso area.

1.4 Location and Maps
Maps showing the location of the assessed plantations and mill
**Figure 1.** Location of PT PN III in North Sumatra Province, Indonesia.
Figure 2: Location of Aek Raso Plantation and Mill within Labuhan Batu District, North Sumatra Province, Indonesia.
1.5 Organizational Information/Contact Person

Contacts details of the company are as follows:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>PT Perkebunan Nusantara III (Persero) – Aek Raso POM</th>
</tr>
</thead>
</table>
| Address      | • Head Office: Jl Sei Batang Hari No.2, Medan – South Sumatera, Indonesia  
               • Estate & POM: Aek Raso Village, Torgamba Sub District, Labuhan Batu Selatan District, North Sumatera Province, Indonesia |
| Contact Person | Mr Tio Handoko |
| Telephone & Fax | +62 361 8452244 / +62 361 8452244 |
| Email | ptb@ptpn3.co.id / www.ptpn3.co.id |

1.6 Description of Company & Supply Base

PTPN III is one of fourteen State-Owned Enterprises, which operate in the plantation industry. Its business comprises cultivation of oil palm and rubber, and the production and sale of oil palm and rubber products. The company's main products are Crude Palm Oil (CPO), Palm Kernel, dry rubber and downstream, rubber product.
The Republic of Indonesia, through the process of nationalisation of foreign plantation companies, to form Perseroan Perkebunan Negara (PPN), established the enterprise through a take-over of the Dutch plantation companies in 1958.

In 1968, Perseroan Perkebunan Nusantara (PPN) was restructured by the Government to form a number of Perusahaan Negara Perkebunan (PNP). Thereafter, in 1974, the legal status of PNP was changed to that of a limited company and given the name PT Perkebunan (Persero). In order to improve the efficiency and effectiveness of state owned companies/enterprises the Government of Indonesia restructured the state owned companies/enterprises in the plantation sector, through the process of merging companies on the basis of geographical locations. Concurrently, the organisation structures of the companies were also streamlined. In 1994, through a process of merger of managements, the managements of three state owned plantations, namely PT Perkebunan III (Persero), PT Perkebunan IV (Persero) and PT Perkebunan V (Persero), were unified under the management of PTPN III.

Thereafter, through Government Regulation No. 8 of 1996 dated 14 February 1996, the three companies, whose businesses were located in North Sumatera, were merged into one company and given the name PTPN III, located in Medan, North Sumatera. PTPN III was incorporated through the Deed of Incorporation notarised by Harun Kamil, S.H. No. 36 dated 11 March 1996, and legalised by the Minister of Justice of the Government of Indonesia through Decree No. C2 8331.HT.01.01.TH.96 dated 8 August 1996, and published in the Gazette of the Republic of Indonesia No. 81 of 1996, and Annexure to the Gazette No. 8674 of 1996.

Along 2004, PTPN III has been actualising fundamental and comprehensive changes to achieve company’s vision. PT Nusantara Plantation estates and mills management divide into parts management area called a district. Currently there are eight districts, which are managed estate and mills throughout the work area in Sumatera PTPN III i.e.:
- Deli Serdang I District
- Deli Serdang II District
- Simalungun District
- Asahan District
- Labuhan Batu I District
- Labuhan Batu II District
- Labuhan Batu III District
- Tapanuli Selatan District

Aek Raso Mill is one of the palm oil mills owned by PT Perkebunan Nusantara III (Persero) in North Sumatra. This mill was established in 1993 with 30 tons FFB/hours for production capacity. Currently Aek Raso Mill is receiving its supplies of fresh fruit bunches (FFB) from its own estate which is Aek Raso Estate, from Aek Torop Estate, Sei Baruhur Estate, Sei Kabara Estate and Aek Nabara Selatan Estate (other PTPN III estates), as well as from smallholders which is the Community Plasma Plantation (Perkebunan Inti Rakyat or PIR) Aek Raso and from others/suppliers. However, Aek Torop, Sei Baruhur and Sei Kebara estates were not included in this audit because they were not regular suppliers to Aek Raso Mill. Details of the mill’s supply base are as per the table below:

### Table 2: FFB Supply Information for Aek Raso Mill

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied in 2014</th>
<th>%</th>
<th>FFB supplied in 2015*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company owned estates:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Raso Estate</td>
<td>17,046.69</td>
<td>12.87</td>
<td>5,036.84</td>
<td>17.19</td>
</tr>
<tr>
<td><strong>Sub Total I</strong></td>
<td>17,046.69</td>
<td>12.87</td>
<td>5,036.84</td>
<td>17.19</td>
</tr>
<tr>
<td><strong>Estates under other management units of PTPNIII:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Torop Estate</td>
<td>18,854.93</td>
<td>14.23</td>
<td>4,552.02</td>
<td>15.54</td>
</tr>
<tr>
<td>Sei Baruhur Estate</td>
<td>5,582.06</td>
<td>4.21</td>
<td>3,025.61</td>
<td>10.33</td>
</tr>
<tr>
<td>Sei Kebara Estate</td>
<td>34,723.37</td>
<td>26.21</td>
<td>6,563.91</td>
<td>22.40</td>
</tr>
<tr>
<td>Aek Nabara Selatan Estate</td>
<td>91.70</td>
<td>0.07</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Sub Total II</strong></td>
<td>59,252.06</td>
<td>44.72</td>
<td>14,141.54</td>
<td>48.27</td>
</tr>
</tbody>
</table>
1.7 Actual production volumes, tonnages and projected outputs.

Table 3: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from Aek Raso POM

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied in 2014</th>
<th>FFB supplied in 2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>%</td>
</tr>
<tr>
<td>Smallholders :</td>
<td>17,020.37</td>
<td>12.85</td>
</tr>
<tr>
<td>Others / Suppliers :</td>
<td>39,167.51</td>
<td>29.56</td>
</tr>
<tr>
<td>Sub-Total III</td>
<td>56,187.88</td>
<td>42.41</td>
</tr>
<tr>
<td>TOTAL</td>
<td>132,486.63</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Note : * FFB supply to March 2015

Table 4a: Crude Palm Oil (CPO) and Palm Kernel (PK) production from Aek Raso Palm Oil Mill in year 2014

<table>
<thead>
<tr>
<th>FFB Contributor</th>
<th>FFB supplied year 2014 (Tonnes)</th>
<th>Mill capacity (MT/hour)</th>
<th>Oil Extraction Rate (OER)</th>
<th>CPO (Tonnes)</th>
<th>Kernel Extraction rate (KER)</th>
<th>PK (Tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Raso estate</td>
<td>17,046.69</td>
<td>30</td>
<td>21.77%</td>
<td>28,845.23</td>
<td>4.10%</td>
<td>5,425.41</td>
</tr>
<tr>
<td>Aek Torop Estate</td>
<td>18,854.93</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Baruhur Estate</td>
<td>5,582.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Kebara Estate</td>
<td>34,723.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Nabara Selatan Estate</td>
<td>91.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smallholder areas</td>
<td>17,020.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outgrower areas</td>
<td>39,167.51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>132,486.63</strong></td>
<td><strong>30</strong></td>
<td><strong>21.77%</strong></td>
<td><strong>28,845.23</strong></td>
<td><strong>4.10%</strong></td>
<td><strong>5,425.41</strong></td>
</tr>
</tbody>
</table>

Table 4b: Crude Palm Oil (CPO) and Palm Kernel (PK) production from Aek Raso Palm Oil Mill in year 2015**
1.8 Dates of Plantings and Replanting Cycles

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

**Table 5:** Age and year of plantings of company estate supplying to Aek Raso Mill

<table>
<thead>
<tr>
<th>Age &amp; Year of Plantings</th>
<th>Oil palm planted area at each estate (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aek Raso</td>
</tr>
<tr>
<td>0-5 years (2011-2015)</td>
<td>2,376.65</td>
</tr>
<tr>
<td>6-10 years (2006-2010)</td>
<td>604.99</td>
</tr>
<tr>
<td>11-15 years (2001-2005)</td>
<td>15.40</td>
</tr>
<tr>
<td>16-20 years (1996-2000)</td>
<td>8.86</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,027.56</strong></td>
</tr>
</tbody>
</table>

Note: *) There are re-measurement for year planted 2013 from 577.23 ha (previous audit) be 559.50 ha (now). This is information has stated by PTPN III on hectare statement year 2015 for all estate under PTPN III.

Based on long term management plan period of year 2014 - 2018 that no plan for replanting activities.

1.9 Area of Plantation (Total, Planted and Mature)

**Table 6:** Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Aek Raso Plantation

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (Ha)</th>
<th>Oil Palm Planted area (Ha)</th>
<th>Mature (Production) area (Ha)</th>
<th>Immature (Non-production) area (Ha)</th>
<th>FFB Production (tons)</th>
<th>Average yield/ ha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Period of January to December 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Raso</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>650.91</td>
<td>2,376.65</td>
<td>17,614.42</td>
<td>27.06</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>650.91</td>
<td>2,376.65</td>
<td>17,614.42</td>
<td>27.06</td>
</tr>
<tr>
<td><strong>Period of January to March 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Raso</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>1,212.71</td>
<td>1,814.85</td>
<td>5,213.53</td>
<td>4.30</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>1,212.71</td>
<td>1,814.85</td>
<td>5,213.53</td>
<td>4.30</td>
</tr>
</tbody>
</table>

Note: *) Period of January to March 2015
Table 7: Other land use data for Aek Raso Plantation - PTPN III (Persero)

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (Ha)</th>
<th>Oil Palm Planted Area (Ha)</th>
<th>HCV/Potential HCV areas* (Ha)</th>
<th>Land used for other purposes (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Office, Housing &amp; Road</td>
</tr>
<tr>
<td>Year 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Raso Estate</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>324.56</td>
<td>140.56</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>324.56</td>
<td>140.56</td>
</tr>
<tr>
<td>Year 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Raso Estate</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>324.56</td>
<td>140.56</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,781.69</td>
<td>3,027.56</td>
<td>324.56</td>
<td>140.56</td>
</tr>
</tbody>
</table>

Note:
*). Involve of estate areas. It is reference from HCV report, whereas previous audit base on hectare statement.

1.10 Progress against Time Bound Plan

The company has revised their time bound plan for RSPO certification of other management units as per the schedule below. The plan was revised as the company was awaiting the readiness to comply RSPO certification requirement.

Table 8: Time Bound Plan of PTPN III

<table>
<thead>
<tr>
<th>Name of Holding</th>
<th>Location</th>
<th>Time bound plan For certification</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PKSMK</td>
<td>Sei Mangke / Simalungun</td>
<td>August 2010</td>
<td>Certified</td>
</tr>
<tr>
<td>PRBTN</td>
<td>Tebing Tinggi</td>
<td>May 2015</td>
<td>In-process</td>
</tr>
<tr>
<td>PSSIL</td>
<td>Sei Silau / Asahan</td>
<td>May 2015</td>
<td>In-process</td>
</tr>
<tr>
<td>PANAS</td>
<td>Aek Nabara / Labuhan Batu</td>
<td>May 2014</td>
<td>Certified</td>
</tr>
<tr>
<td>PSSUT</td>
<td>Sisumut / Labuhan Batu</td>
<td>May 2015</td>
<td>In-process</td>
</tr>
<tr>
<td>PSBAR</td>
<td>Sei Baruhur/ Labuhan Batu</td>
<td>November 2014</td>
<td>Certified</td>
</tr>
<tr>
<td>PPARO</td>
<td>Aek Raso/ Labuhan Batu</td>
<td>June 2014</td>
<td>Certified</td>
</tr>
<tr>
<td>PTORA</td>
<td>Torgamba/ Labuhan Batu</td>
<td>June 2015</td>
<td>Planned</td>
</tr>
<tr>
<td>PATOR</td>
<td>Aek Torop/ Labuhan Batu</td>
<td>June 2014</td>
<td>Certified</td>
</tr>
<tr>
<td>PSDAN</td>
<td>Sei Daun/ Labuhan Batu</td>
<td>June 2015</td>
<td>In-process</td>
</tr>
<tr>
<td>PSMTI</td>
<td>Sei Meranti/ Labuhan Batu</td>
<td>June 2015</td>
<td>In-process</td>
</tr>
</tbody>
</table>
1.11 Compliance to rules for Partial Certification

During surveillance audit that Aek Roso do not have evidence has carried out partial certification audit on year 2015. It condition was raised as non-conformity (NCR No.2015-01 of 20).

After submit evidence for correction of non-conformity above that Aek Roso’s compliance with partial certification rules under Clause 4.2.4 of 2007 RSPO certification system has been assessed through document check and interview in the head office and through findings of concurrent ISO: 9001 checks conducted at other management units of PTPN III. Below is summary of the findings:

<table>
<thead>
<tr>
<th>Partial Certification Requirements</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.a The organisation is an RSPO member.</td>
<td>Yes, PTPN III is an RSPO member with ID No. 1-0030-06-000-00 (membership since 14 December 2006). RSPO Certification system section 4.2.4</td>
</tr>
<tr>
<td>1.b A time-bound plan for achieving certification of all relevant entities;</td>
<td>PTPN III has a time-bound plan to achieve RSPO certification for all relevant entities. However, one of the company’s development areas (Muara Upu site) located at South Tapanuli is still not included by the time-bound plan. NPP assessment for this area was carried out by Certification Body (Sucofindo) in 2012 years.</td>
</tr>
<tr>
<td>1.c. i. There are no significant land conflicts.</td>
<td>There are some land conflicts/potential land conflicts on going in other PTPN III’s management units, such as Silau Dunia, and Si Sumut Estates. While the company has already made a conflict resolution mechanism, these conflicts remain unresolved, as the land claimants do not agree the mechanism.</td>
</tr>
<tr>
<td>1.c. ii. No replacement of primary forest or any area containing HCV since November 2005.</td>
<td>PTPN III’s development of a new planting area (Muara Upu at South Tapanuli) had been raised before as a major noncompliance by TUV Rheinland audit team, which is now closed as the company has carried out applying NPP in accordance with this clause and the progress under reviewing of Compensation Task Force.</td>
</tr>
<tr>
<td>1c. iii. No labour dispute that are not being resolved through an agreed process.</td>
<td>No labour issues were found during this surveillance audit.</td>
</tr>
<tr>
<td>1c.iv. No evidence of non-compliance with law in any of the non-certified holdings.</td>
<td>Some of PTPN III’s other management units have not complied with certain legal requirements. For example, in Silau Dunia Estate under another PTPN III management unit, an issue has been found with the area stated under the Right of Cultivation certificate (HGU). However, the company is taking action by inviting National Land Agency (BPN) to re-measure the land and resolve the issue. The process is still on going.</td>
</tr>
</tbody>
</table>

1.12 Progress of associated smallholder or out growers towards RSPO compliance

During surveillance audit that the company has not informed/submitted programme/plan towards RSPO compliance for smallholder which is the Community Plasma Plantation (Perkebunan Inti Rakyat or PIR) Aek Raso. It condition was raised as non-conformity (NCR No.2015-01 of 20).

1.13 Approximate Tonnages Certified

The approximate tonnages certified, based on the projection of the volume of FFB production from Aek Raso
estate (company owned estates only) year 2015 inside long term management plan period 2014-2018 (22,939.21 MT) which supplied to Aek Raso POM with extraction rate are 22.80% (OER) and 4.50% (KER). The approximate tonnage certified are as follows:

Crude Palm Oil (CPO): 5,230.00 tonnes  
Palm Kernel (PK): 1,032.00 tonnes

CPO and PK tonnages claimed above has revised from previous claim because it was dominated by immature and young plant that decrease of production

1.14 Other Achievements and Certifications Held

Table 9: Details of other certifications or awards held by Aek Raso Plantation & Mill (PT Perkebunan Nusantara III)

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Certification Standard / Award achieved</th>
<th>Certification Body / Awarder</th>
<th>Note</th>
</tr>
</thead>
</table>
<pre><code>                    |                                        |                              | Until 31 July 2014 (in process recertification) |
</code></pre>
<p>|                       | Charter award of OHSAS                 | Governor of North Sumatera   | Date on 2 February 2006 |</p>

1.15 Date of Certificate Issued and Scope of Certificate

The scope of the certificate covers production of palm oil from Aek Raso Palm Oil Mill and its supply base, which includes one estate (Aek Raso Estate). The date of certificate issued is June 30, 2014. Further details of the certificate are as per Appendix 1.

1.16 Date of next surveillance visit

The next surveillance visit is planned for March 2016
2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 490 locations in 62 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, RSPO (RSPO-ACC-013 dated on June 6, 2014), ISPO as well as CDM Validations and Verifications. PT TUV Rheinland Indonesia’s office is located in Jakarta, Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications/Experience</th>
</tr>
</thead>
</table>
### 2.3 Assessment Methodology

The surveillance audit was conducted between 06 to 08 April 2015 as per the assessment program below. The 1st surveillance audit was carried out in accordance with PT TUV Rheinland Indonesia’s RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications/Experience</th>
</tr>
</thead>
</table>
| Schatt (LGA InterCert Germany) at PT TUV Rheinland Indonesia   | ▪ 2011 – Training for FSC/PEFC-Forest Management Standard with Mr. Klaus Schatt (LGA InterCert Germany) at PT TUV Rheinland Indonesia  
▪ January 18 to 19, 2011 – Awareness Training Roundtable on Sustainable Palm Oil (RSPO) with Mrs. Dian S. Soeminta (Lead Auditor RSPO of TÜV Rheinland Indonesia) at PT TUV Rheinland Indonesia  
▪ March 04, 2012 – Pelatihan Pengenalan SNI ISO/IEC 17021:2008 from National Standardization Agency of Indonesia (BSNI)  
▪ November 30 to December 04, 2009 – Training for Quality Management Systems (QMS) Auditor/Lead Auditor at PT TUV Rheinland Indonesia  |
Technical Support Assistance acting as Document controller for Quality Management System (QMS), Forestry Certification and Agriculture Certification Department.  
2012 – now  
| Dahlan Nasution        | Auditor                   | Education: Bachelor of Technic of Industrial – University of Sumatera Utara.             |
| Working experience:  | Quality assurance in PT Charoen Pokphand Indonesia Tbk, Quality Section Head in PT Central Proteina Prima Tbk, Auditor in PT TUV Rheinland Indonesia |
| Muhammad Al-Afghoni   | Auditor                   | Education: Bachelor of Agriculture, Department of Social and Economic of Agriculture – University of Islamic 45 Bekasi. |
| Trainings attended: Sustainable Production Natural Forest Management (SFM) by The Indonesian Ecolabelling Institute (LEI) in Bogor, 2008; Upgrading performance assessment SFM and Verification of Wood Legality by Education and Training Centre in collaboration with The Multi-Stakeholder Forestry Forest Program, October 27 – November 5, 2009; Social Impact Assessment (SIA) by Remark Asia on November 11-15, 2014; Indonesian Forestry Certification Cooperation (IFCC) on November 5-9, 2014. |
| Working experience:  | Auditor of SFM (Natural Forest) for LEI scheme, auditor of SFM for Ministry o Forestry scheme, auditor of SFM (Plantation Forest) for LEI scheme and auditor of Verification of Wood Legality for Ministry o Forestry scheme in PT TUV Rheinland Indonesia since year 2003. |
The company proposed the correction and corrective action for all identified non-conformities raised to the certification body 15 days after the closing meeting. Verification of closure of major non-conformances was conducted 1 month after the closing meeting surveillance audit and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The certification assessment agenda is as explained below.

Table 8: Agenda of RSPO Main Assessment for PTPN III Aek Raso Mill and plantation

<table>
<thead>
<tr>
<th>Time</th>
<th>Location/Main sites</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, 06 April 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.00-15.30</td>
<td>Aek Raso Estate office</td>
<td>• Opening meeting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Introduce of auditor team and explain of audit plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Presentation about profile of Aek Roso</td>
</tr>
<tr>
<td>15.30-18.00</td>
<td>Aek Raso Estate office</td>
<td>Verification of NCR from previous audit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Verification of document:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• DN: the compliance of law and regulation, maintain soil fertility, maintain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the quality and availability of surface and ground water, OHSAS, EIA, waste,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GHG in new planting (if any), and continual improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and compensation of land, social and employee, SIA and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>compensation and negotiation in new planting (if any) and continual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• RH: transparency, the compliance of law and regulation, management plan, SOP,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>training, efficiency energy, zero burning, no burning in new planting (if any)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and continual improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• HF: the compliance of law and regulation, legal land, minimize and control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>erosion, IPM, pesticides, HCV, pollution and emission, new planting (EIA, soil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>survey, HCV, fragile soil) and continual improvement</td>
</tr>
<tr>
<td>Tuesday, 07 April 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.00-12.00</td>
<td>Aek Raso Estate</td>
<td>Verification of document and field (include verification to communities):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• DN: the compliance of law and regulation, maintain soil fertility, maintain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the quality and availability of surface and ground water, OHSAS, EIA, waste,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GHG in new planting (if any), and continual improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and compensation of land, social and employee, SIA and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>compensation and negotiation in new planting (if any) and continual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• RH: transparency, the compliance of law and regulation, management plan, SOP,</td>
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<tr>
<td></td>
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<td>training, efficiency energy, zero burning, no burning in new planting (if any)</td>
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<td></td>
<td></td>
<td>and continual improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• HF: the compliance of law and regulation, legal land, minimize and control</td>
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<tr>
<td></td>
<td></td>
<td>erosion, IPM, pesticides, HCV, pollution and emission, new planting (EIA, soil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>survey, HCV, fragile soil) and continual improvement</td>
</tr>
<tr>
<td>12.00-14.00</td>
<td>Lunch break</td>
<td></td>
</tr>
<tr>
<td>14.00-18.00</td>
<td>Aek Raso Estate</td>
<td>Continue of previous agenda above</td>
</tr>
<tr>
<td>Wednesday, 08 April 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.00-12.00</td>
<td>Aek Raso Mill</td>
<td>Verification of document and field:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• DN: the compliance of law and regulation, maintain soil fertility, maintain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the quality and availability of surface and ground water, OHSAS, EIA, waste,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GHG in new planting (if any), and continual improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and compensation of land, social and employee, SIA and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>compensation and negotiation in new planting (if any) and continual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>improvement</td>
</tr>
<tr>
<td>Time</td>
<td>Location/ Main sites</td>
<td>Main activities</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>negotiation and compensation of land, social and employee, SIA and compensation and negotiation in new planting (if any) and continual improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>• RH</strong>: transparency, the compliance of law and regulation, management plan, SOP, training, efficiency energy, zero burning, no burning in new planting (if any) and continual improvement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>• HF</strong>: the compliance of law and regulation, legal land, minimize and control erosion, IPM, pesticides, HCV, pollution and emission, new planting (EIA, soil survey, HCV, fragile soil) and continual improvement</td>
</tr>
<tr>
<td>12.00-14.00</td>
<td>Aek Raso Mill</td>
<td>Break and travelling to Aek Torop estate</td>
</tr>
<tr>
<td><strong>Monday, 13 April 2015</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.00-11.00</td>
<td>Head office</td>
<td><strong>Closing meeting</strong></td>
</tr>
</tbody>
</table>
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During the 1st surveillance audit, all 20 non-conformities were raised against consisted of 15 findings against RSPO P&C, 4 findings against RSPO SCCS and 1 finding against RSPO certification system. 4 observations or opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.3. The observations & opportunities for improvement are listed in Appendix 5.

The following is a summary of findings made for the criteria listed in the RSPO Principles & Criteria (Generic), 2013 and RSPO SCCS, 2014.

- RSPO P&C

<table>
<thead>
<tr>
<th>Principle 1: Commitment to transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria assessed:</strong> CR1.1, CR1.2</td>
</tr>
<tr>
<td><strong>Findings:</strong></td>
</tr>
<tr>
<td>The company has established the procedure No. PK-3.00-03 Rev. 00 issued on September 23, 2014 to provide adequate information on environmental, social and legal that related with RSPO criteria, which in point 6.1 of the procedure stated that communication with stakeholders will be conducted through company website, telephone, letter, email, facsimile and suggestion box.</td>
</tr>
<tr>
<td>All request for information, suggestion, aspiration and response from stakeholders will be followed up by head of district or estate in accordance with their respective authorities. All records and documentation will be recorded and documented in the daily log book.</td>
</tr>
<tr>
<td>PT PN III corporate also created SMS center which informed through sign board located in front of the estate office and mill office. SMS center is centralized in Medan Head Office and will be checked daily by corporate public relationship. All information from SMS center will be forwarded to relevant sections to be followed up. Based on Director Decision Letter No. 3.12/SE/18/2013 issued November 14, 2013 that the SMS center has changed from 3030 into 9600 and will be effectively applied since November 2013.</td>
</tr>
<tr>
<td>The provision of information on the website (<a href="http://www.ptpn3.co.id">www.ptpn3.co.id</a>) will be handled with unit business of Whistleblowing System which has been formed refers to the Director Decision Letter No. 3.08/SKPTS/84/2013 issued November 28, 2013.</td>
</tr>
<tr>
<td>The company has established the circular letter from PTPN III Director No. 3.00/SE/01/2012 issued on January 24, 2012 regarding the lists of documents can be accessed by public. There are two categories of documentation; document that can be published and cannot be published. The documents that can be published including company profile, annual report, financial report, certificate of land use title (Hak Guna Usaha), and certificate of building use title (Hak Guna Bangunan), manual book of Good Corporate Goverment, Good Corporate Government evaluation result by third parties, award information, company’s registration evidence (Tanda Daftar Perusahaan), EIA document, Corporate Social Responsibility (CSR) data, annual policy and quality objectives, policy objectives and environment facility, Occupation Health and Safety (OHS) policy, Occupation Health and Safety (OHS) program documentation, PKPT achievement, legal documentation : Land application, storage of hazardous and toxic, operation of processing equipment Incinerator waste hazardous and toxic Hospital; monitoring and measurement report, production achievement report, unit/estate name, documentation of continuous improvement program (result of management review meeting).</td>
</tr>
<tr>
<td>From the listed document that can be published still not include the HCV documentation (criteria 5.2 and 7.3), details process of complaint procedure (criteria 6.3), final report public summary of certification result and human rights policy (criteria 6.13) as required by RSPO P&amp;C. It was raised as non-conformity (NCR No.2015-02 of 20).</td>
</tr>
<tr>
<td>The mechanism of incoming request for company documentation and how to responses the request has regulated in work instruction No. IK-3.00-08/03, which in point 5.4 and 5.5 explained that for internal, the information will provided on company website and for external the information will be delivered after official letter from stakeholders approved by board of directors.</td>
</tr>
</tbody>
</table>
Formal memorandum letter from PTPN III Marketing and Development Plan Director No. 3.12/3.00/MO/209/2015 dated 25 March 2015 was issued related Good Corporate Governance Practices handbook distribution to all level of company operation and contracted third parties. There are evidences that ethical business conduct has distributed/socialized to all employees but has not been distributed/socialized to top management of FFB suppliers and product transport company. It was raised as non-conformity (NCR No.2015-03 of 20). This handbook consist some of ethical business conduct and integrity in all company operation and transaction.

Records of signed Code of Conduct Statement letter of compliance by employee and third parties were kept and maintained in the estate manager office such as signed Code of Conduct Statement letter of compliance by employees in Aek Raso estate on March 26, 2015 and Aek Raso mill dated on March 27, 2015 and attendance list of the socialization of code of conduct dated on February 9, 2015 to third parties or sub-contractors e.g plant and road maintenance, FFB transporter (Personal in Charge in operational only), EFB transporter, fertilizer transporter, harvesting activity in immature areas (CV Mitralalolo, CV Impiana Mas, CV Raja Gemilang, CV Hafidz, CV Alfa Primadana Anugerah, CV Difa Perkasa, CV Tri Mutiara Indah, CV Tri Putra Jaya, CV Safwana & Co, CV Duta Mitra Abadi & CV Adit Sejahtera).

Compliance status: Non Compliance.

NCR No.2015-02 of 20
In the circular letter from PTPN III Director No. 3.00/SE/01/2012 issued on January 24, 2012 regarding the listed document that can be published still not include the HCV documentation (criteria 5.2 and 7.3), details process of complaint procedure (criteria 6.3), final report public summary of certification result and human rights policy (criteria 6.13) as required by RSPO P&C

NCR No.2015-03 of 20
No evidence Code of Conduct PT Perkebunan Nusantara III (Persero) has communicated/socializated to product transport company and top management of FFB suppliers.

Principle 2: Compliance with applicable laws and regulations

Criteria assessed: CR2.1; CR2.2; CR2.3
Criteria not assessed: -

Findings:
Some evidence of compliance with relevant legal requirements as seen on latest legal requirements register i.e. “Report of legal and others requirement” for year 2014 in Aek Raso Mill and Estate. There is sufficient evidence of compliance with relevant legal requirements, as found on documents bellows:
- Daftar Peraturan/Perundangan (list of legal and other requirements)
- Hasil Evaluasi Peraturan/Perundangan (Result of evaluation of legal and other requirements)
- Recapitulasi Kepatuhan Terhadap Peraturan/Perundangan (Recapitulation of compliance to legal and other requirements)

The company have some evidences of compliance with relevant legal requirements such as:
- Aek Roso have land application (liquid waste usage) permit (No. 503/209/BPPTM/2013 dated on July 4, 2013) from Integrated license and investment body (BPPTM) in Labuhan Batu Selatan District,
- Aek Roso have working union, more operators have OHS license or operator permit letter from Ministry of Manpower and Transmigration Republic of Indonesia in mill,
- Aek Roso has provided PPE where it is properly appropriate with Law No.1 year 1970 article 14,
- Revision of environment management plan/environment monitoring plan (RKL/RPL) with Endorsement Letter No. 660/622/BPDL-LB/Set/2006 dated on December 29, 2006 from Head of control environmental impact agency at sub-national level in Labuhan Batu District. It is revision from previous environment document (environment evaluation study (SEL)) year 2006. It is properly appropriate with Law No.4 year 1982, government regulation no.29 year 1986 and environment ministry no.11 year 2006.
- Aek Roso has temporary kept for hazardous toxic waste permit from local government (no. 158.d year 2011 dated on November 30, 2011 from Head of Labuhan Batu Selatan District),
- Aek Roso has a license to transport equipment for wheel loader with type WA 150-1 and the brand of Komatsu (no.560/02/DSTKT-WLD/2012 dated on January 30, 2012).
• Etc.
  
  but there are evidence of non-compliance with relevant legal requirement such as:
  
  • Revision of plantation business permit (SPUP) has not been issued since year 2012 that it is not accordance with Ministry of Agriculture decree No.98 year 2013 section 10,
  
  • there are hazardous and toxic waste (type of used chemical/pesticide container) are 2,246 unit in Aek Raso mill have been kept more than period time on requirement/permit and
  
  • PT Putra Tunas as the company of transport for hazardous and toxic waste do not have evidence that it has cooperated with the hazardous and toxic waste utilizer for used chemical/pesticide container, used oil and used oil filter.

It condition was raised as non-conformity (NCR No.2015-04 of 20).

The company provides a mechanism for evaluation of implementation and compliance to applicable legal requirements in a standard operation procedure i.e. PK-3.11-01, rev 0, dated 25 February 2014. There are also procedures which define the mechanism of evaluation of compliance to regulations related to the company's plantation, legislation related to the environment, legislation relating to labour, and regulations related to health and safety. The SOP states that the identification and evaluation is to be carried out 2 (two) times a year and conducted by the each section and estate and it will be compiled by Legal officer and supported by the Head of Operations / field and other departments within the company organization. Most estate maintains and updates their list of all applicable legal requirements relating to environmental, occupational safety and health, the company plantations, and employment as well as records of internal compliance checks to legal requirements.

The company has done evaluated and maintained a list of all applicable legal requirements relating to environmental, occupational safety and health, the company plantations, and employment as well as records of internal compliance checks to legal requirements as they are summarize in the FM-3.11-01/03 and list of applicable legal, regulation and other requirements was recorded in the FM-3.11-01/01. The latest update of three documents above for Aek Raso mill and estate was performed on January 2015 and system for tracking any changes in the law in form “status/update” information. The results of evaluation and maintain has not been appropriate such as:

• One of the results of the evaluation of laws and regulations i.e the company have plantation business permit (SPUP) as evidence of compliance from Minister of Agriculture decree No.98 year 2013 but actual conditions that the revision of plantation business permit (SPUP) have not been issued until during audit.

• Minister of environment decree No.51 year 1995 are still available on list of law and regulation year 2015 in Aek Raso Mill (FM-3.11-01/01) and used as the basis in the evaluation process while it decree has been changed or not applicable.

It condition was raised as non-conformity (NCR No.2015-05 of 20).

The right to use the land from Aek Raso estate based on Cultivation Right Title (Hak Guna Usaha) No.1/Aek Batu Village dated on March 2, 1981 with the basis of registration is Ministry of Agraria / Head of National Land Agency decree No.SK.41/HGU/DA/80 are 24,253.01 ha where include of Aek Torop estate areas (other estate in PT Perkebunan Nusantara III (Persero)). Total areas which can be considered for was renewed are 9,035.64 ha which has been deducted to be returned to the government of 8,000 ha for smallholder areas and infrastructure of Regional Office for Ministry of Social in North Sumatera Province (based on letter No.3/SPPH/LB/1985), 6,000 ha for company of Perseroan Dagang & Industry Marion NV (based on letter No.15/SPPH/LB/1990), and 683.99 ha for Armenia village/communities and 5.99 ha for public facilities. The results of cadastral measurement dated on 11 December 2009 are 9,725.62 ha (shown on map no.26/12/2009) that there is deviation/gap with previous total areas because measurement technique method and Aek Roso has accepted (statement letter dated on October 18, 2010).

During 1st surveillance audit that the company’s cultivation right title (HGU) certificate and decree renewal was still in process. The company’s effort to ensure problem it that the Aek Roso has corresponded or submitted letter No. 3.11/X/50/2012 dated on 26 June 2012 and No. 3.11/X/07/2014 dated on 29 January 2014 to National Land Agency Republic of Indonesia regarding accelareration of the issuance of the decision of cultivation right title (HGU).

The company also has evidenced legal boundaries which are clearly demarcated and boundaries has maintained as evidenced by record of boundary maintenance in Aek Raso Estate year 2014 (1st and 2nd semester) where the boundary marks are good condition. Total of boundary pillars are 66 unit where it has distributed on afdeling I, III, and IV. It has implemented Work Instruction No. IK-3.11-07/03 (revision 00) point 6 is frequency of maintenance is minimum every semester and results of maintenance activity shall report to estate manager. Whereas, the results of pillar boundary monitoring year 2015 (per March) are all pillar boundary is good condition. The results of field observation for pillar boundary no.51 & 52 in afdeling I (block GG22 & HH22) are good condition and still
maintenance. Moreover, based on field observation, the company’s legal boundaries use boundary markers, isolation trench and road and it has found that the one of Aek Raso estate areas (block NN1, OO1, OO2, PP1 and PP2 in Pasir Lancat Village) on outside of cadastral map (based on map no.26/12/2009) or not included on the renewal of land use permit (HGU) process. It condition was raised as non-conformity (NCR No.2015-06 of 20). History of outside areas above are it has obtained through purchase processes with the communities in village amount of 173.28 Ha by the company where there are an official letter issued by the head of Pasir Lancat village and known by head of Simanggambat sub district (in the form of Surat Keterangan Tanah or SKT) as follows : 1). SKT No.33/84/2006 dated on December 19, 2006 for 31.07 Ha, 2). SKT No.33/85/2006 dated on December 19, 2006 for 96.11 Ha and 3). SKT No.33/86/2006 dated on December 19, 2006 for 46.10 Ha. Moreover, there is a letter from Head of Tapanuli Selatan District No.592.2/1180/93 about approval for oil palm planting plan because it has been compensated by the company to the communities.

During 1st surveillance audit, based on interviews that no land disputes have been found between PTPN III with the local community and based on results of communication record per March 2015 that there is no recent complaint from stakeholders regarding land use title from PTPN III - Aek Raso estate.

The company has mechanism for conflict resolution is provided under Work Instruction No. IK-3.09-03/02 on Conflict Resolution (6th revision) dated 15 February 2010. The conflict resolution process starts from problem response, problem investigation, and conflict resolution through mediation, discussion and tribunal. Flow process of conflict resolution issues consist of information of problems, response, investigation, the problem completion (individual or group) is 2 (two) options i.e. litigation (civil and crime) and non-litigation (mediation, persuasive, deliberation, compensation). It is preventive action if next time there is land conflict.

Aek Raso estate is long-established plantations then Aek Roso do not have map of showing the extent of recognised legal, customary or user rights and copies of negotiated agreement detailing the process of FPIC.

Compliance status: Non Compliance.

NCR No.2015-04 of 20
Some evidences of non-compliance with relevant legal requirements such as:
- Revision of plantation business permit (SPUP) has not been issued since year 2012 that it is not accordance with Minister of Agriculture decree No.98 year 2013 section 10,
- There are hazardous and toxic waste (type of used chemical/pesticide container) are are 2,246 unit in Aek Raso mill have been kept more than period time on requirement/permit and
- PT Putra Tunas as the company of transport for hazardous and toxic waste do not have evidence that it has cooperated with the hazardous and toxic waste utilization for used chemical/pesticide container, used oil and used oil filter.

NCR No.2015-05 of 20
- One of the results of the evaluation of laws and regulations not appropriate i.e the company have plantation business permit (SPUP) as evidence of compliance from Minister of Agriculture decree No.98 year 2013 but actual conditions that the revision of plantation business permit (SPUP) have not been issued until during audit.
- The company has not been maintained list of laws and regulations such as Minister of environment decree No.51 year 1995 are still available on the list of laws and regulations year 2015 in Aek Raso Mill (FM-3.11-01/01) and used as the basis in the evaluation process while it decree has been changed or not applicable

NCR No.2015-06 of 20
One of Aek Raso estate areas (block NN1, OO1, OO2, PP1 and PP2 in Pasir Lancat Village) on outside of cadastral map (based on map no.26/12/2009) or not included on the renewal of land use permit (HGU) process

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

**Criteria assessed:** CR3.1

**Criteria not assessed:** -

**Findings:**
The company established Long Term Plan (Rencana Jangka Panjang) for 2014-2018 (Rev.01) issued on April
23, 2014. The RJP consists of three chapters, namely:

Chapter I. Introduction
a. Background and History of Estate
b. Vision and Mission
c. Purpose and objectives of Estate
d. Estate development direction

Chapter II. Business Performance Evaluation Period 2009-2013
a. Achievement and failure of the goals that have been defined for
   - Production
   - Technic
   - Financial
   - Human Resources/General
b. Implementation of strategies and policies that have been defined for
   - Estate strategy
   - Estate policy
c. Obstacles in the estate and effort for problem solving

Chapter III. Company long term plan 2014-2018
a. Assumption for
   - Production
   - Financial
b. Quantitative target for
   - Production
   - Financial
   - Human Resource/General
   - Information Technology
c. Achievement strategy
d. Program activities and budgeting
e. Financial projection for
   - Profit and loss
   - Cash flow
   - Balance sheet

However, In the Long Term Plan (Rencana Jangka Panjang) for 2014-2018 still not consolidated between mill and estate that information about the profit and loss for mill and estate and the allocation of cost or the financial posting for activities that related to smallholder (Perkebunan Inti Rakyat) not available. Moreover, the long-term plan (RJP) not is used as reference for annual budget or work plan and budget of company (Rencana Kerja dan Anggaran Perusahaan) year 2015 in estate and mill. It condition was raised as non-conformity (NCR No.2015-07 of 20).

Aek Raso estate and mill has carry out socialization of long term plan year 2014-2018 dated on April 2015 in Aek Raso estate office. It has provided attendant list and photograph where total of participant are 13 persons.

Based on section 1.8 that there are not replanting activities period of year 2014 to 2018 (on long term management plan year 2014-2018).

Compliance status : Non Compliance.

NCR No.2015-07 of 20

- In the Long Term Plan (RJP) for 2014-2018 still not consolidated between mill and estate that information about the profit and loss for mill and estate not available
- The allocation of cost or the financial posting for activities that related to smallholder (Perkebunan Inti Rakyat) not available too
- The long term plan (RJP) not be used as reference for annual budget or work plan an budget of company (Rencana Kerja dan Anggaran Perusahaan) year 2015 in estate and mill

Principle 4: Use of appropriate best practices by growers and millers
Criteria assessed: CR4.1; 4.2; 4.3; 4.4; 4.5; 4.6; 4.7; 4.8
Criteria not assessed: -

Findings:
The company has procedure for estate and mill. The estate procedure covers, among others, zero burning land clearing policy, planting, IPM, manuring, spraying, soil conservation, hazardous waste management, conservation, etc. Procedure for mill covers, among others, FFB incoming, grading in loading ramp, emergency response, processing machine, threshing machine, engine room, CPO transport, FFB transport, SCCS and others.

Sample of procedures that be use for Palm Oil Plantation are:
- Work instruction of land preparation (Instruksi Kerja Persiapan Lahan Penanaman Kelapa Sawit) IK-3.01-02/02 Rev.00
- Work instruction of preparation and planting (Instruksi Kerja Persiapan dan Penanaman Kelapa Sawit) IK-3.01-02/03 Rev.00
- Work instruction of nurseries (Instruksi Kerja Pembibitan Kelapa Sawit) IK-3.01-02/10 Rev.00
- Work instruction of Immature plantations (TBM) maintenance (Instruksi Kerja Pemeliharaan TBM Kelapa Sawit) IK-03.01-03/02 Rev.00
- Work instruction of pest control (Instruksi Kerja Pengendalian Hama Kelapa Sawit) IK-3.01-03/11 Rev.00
- Work instruction of disease control (Instruksi Kerja Pengendalian Penyakit Tanaman Kelapa Sawit) IK-3.01-03/12 Rev.01 issued 15 July 2014
- Work instruction of fertilization (Instruksi Kerja Pemupukan Tanaman Kelapa Sawit) IK-3.01-03/16 Rev.00
- Work instruction of harvesting (Instruksi Kerja Panen Kelapa Sawit) IK-3.01-05/04 Rev.00
- Work instruction of Immature plantations (TBM) harvesting (Instruksi Kerja Panen di TBM Kelapa Sawit) IK-3.01-05/05 Rev.00

SCCS procedure such as:
- Working procedure no. PK-3.03-12 Rev.00 issued on 25.02.2014 for Purchasing and determination of price for FFB from third parties (Pembelian dan Penentuan Harga TBS Kelapa Sawit Pihak Ketiga).
- Work instruction no. IK-3.03-12/01 Rev.01 issued on 25.03.2014 for Receiving and storage of FFB in the Palm Oil Mill (Penerimaan TBS di Pabrik Kelapa Sawit).
- Work instruction no. IK-3.03-03/11 Rev.00 issued on 25.02.2014 Sorting process for FFB (Sortasi Tandan Buah Segar Kelapa Sawit)
- Working procedure no. PK-3.03-11 Rev.01 issued on 01.07.2014 for Supplier Chain Certification System Mechanism (Mekanisme Rantai Pasok (SCCS)).
- Work instruction no. IK-3.03-03/08 Rev.00 issued on 25.02.2014 for Palm Oil Processing (Pengolahan Kelapa Sawit)
- Work instruction no. IK-3.03-03/10 Rev.00 issued on 25.02.2014 for Loss Analysis of Palm Oil and Kernel (Analisa Kehilangan Minyak dan Inti Sawit).
- Work instruction no. IK-3.03-03/09 Rev.00 issued on 25.02.2014 for Quality Control Production Process in Palm Oil Mill (Pengendalian Proses dan Mutu Produksi Pabrik Kelapa Sawit).
- Working procedure no. PK-3.03-08 Rev.01 issued on 01.07.2014 for Finished Goods Delivery (Pengiriman Produksi Jadi Pabrik ke Instalasi Belawan, PT. Sarana Agro Nusantara, PT. IKN, PKSMK dan Pihak Swasta)

The monitoring and evaluation of implementation of the procedure will be checked in the internal audit. Last internal audit conducted on February 09-10, 2015 and has been follow up with the management review meeting on January 19, 2015. Record of carry out internal audit and management review has available and maintained.

The Aek Roso has recorded the origins of all third-party document in order to apply as suppliers on behalf CV Torgamba Karya, UD Riboena, UD Berdikari, UD Tek Wang, CV Bahana (such as apply letter, information of suppliers and all documents relate with selection process such as copy ID card, copy tax number, copy account bank number, estate location map from each FFB contributors and projection of FFB dispatch, copy plantation business permit (IUP) or trading business permit letter (SIUP), copy company register letter (TDP), etc.), FFB delivery note, weighbridge ticket, FFB purchase agreement between Labuhan Batu II District with suppliers, FFB receipt report (PB-28), etc.

The company's soil and leaf sampling analysis for Aek Raso Estate has been conducted by the Indonesian Palm Oil Research Institute (PPKS) where the results of leaf analysis year 2014 and 2015 have available. Leaf analysis is performed biannually to produce fertilizer recommendation where include type and dosage such as
Urea with Nitrogen content 46%, TSP with P₂O₅ content 46%, MoP with K₂O content 60% and Borax with B₂O₃ content 26%. The company conducts soil analysis once in 5 years. The leaf analysis covers Na, Ca, Zn, and Mg levels, as well as other parameters.

Fertilize planning in 2014 define based on recommendation from Indonesian Palm Oil and Research (PPKS) year 2014, where recommended to use Urea, TSP, MoP, and Borax. Implementation of fertilizer procedure and recommendation from Palm Oil Research Institute reported every month to Estate Manager and District Manager. According to report of planning and realization of fertilizer in Aek Raso Estate December 2014, the implementation of fertilizer confirm with standard operation procedure and fertilizer recommendation from Palm Oil Research Institute.

Fertilize Planning and Realization report year 2014 describe Aek Raso Estate already define all plant in riparian already exclude from Fertilize Planning according to Work instruction of Maintenance Riparian (IK-3.01-10/02 Rev.01), based on observation in the field proved there is no fertilizer activity in riparian.

The company has established the riparian – buffer zone on the river or others natural stream. The riparian identification has completely been assessed when during the HCV assessment. The riparian on the river has assessed as a HCV 4.1. From the company procedure all of riparian buffer zone will be marking twice the width of the river or natural streams and natural water quality analysis (parameter such as pH, chemical (Fe, Zn, Mn, Kd, Tb, DOC, COD, BOD, and organic material), detergent and the location cultivated by the plant reforestation such as Swietenia macrophylla, Anthocephalus cadamba, and Hibiscus tiliaceus before the replanting process where all program has implemented. The company has work instruction no.IK-3.03-05/01 about handling of processing water appropriate with standard in palm oil mill.

Aek Raso Mill monitored the use of surface water, analyse the quality and recorded every month. Aek Raso Mill also reported to the use of surface water and quality analysis every six month to the environment office Kabupaten Labuhan Batu Selatan. Result of surface water quality June – December 2014 as testing by BINALAB and recorded on environmental monitoring reported December 2014 all indicator meet the water quality standard refer to government regulation PP No. 82 year 2001.

Aek Raso Estate also monitored and analyse the quality of ground water surrounded the estate and employee housing facility. The result of surface water and ground water quality as reported in Environmental Maintain and Monitoring period June-December 2014 meet the government regulation. Based on laboratory analysis result from BINALAB and BRKLPP as recorded on environmental monitoring report period June-December 2014, all parameter of ground water quality in Aek Raso Estate meet the specification as determine government regulation PERMENKES No.416/IX/1990.

Water utilisation for production process and others activity and monitored every months. Aek Raso Mill has standard for water utilisation for process production is 1.5 – 2.0 m³/ton FFB. Water utilization reported in Environmental Monitoring and Planning 2nd semester 2014 around 1.5 – 2.0 m³/ton FFB or 0.7 – 0.9 m³/ton FFB at boiler (69,170 m³) to process FFB 81,986.63 tonnes (July to December year 2014)).

The company has Work Instruction No. IK-3.01-17/14 on Pest Management. The work instructions covered the early warning system for IPM, census for pest and diseases. Census will be conducted for caterpillar, bagworm, rats, and other pest to get the information about the attack level. This result of census will be used for IPM recommendation.

The company has programme for IPM through the census programme in 2015. Based on global telling report period March 2015 that there are oryctes rhinoceros attack in division I (block GG 21 and HH 21), division II (block GG 10) division III (block JJ 15, JJ 16, JJ 17) - Aek Raso Estate with attack intensity is 7.28%, 5.17% and 6 % (based on working instruction no.IK-3.01-03/11 is medium) then to control attack it by agrochemical (insecticide) and feromon trap. In addition that there is a rat attack too in division III (block KK 8 & 9) - Aek Raso Estate with attack intensity is 6.00% (based on working instruction no.IK-3.01-03/11 is medium) then to control attack it by agrochemical (insecticide). Whereas, others type of pest and disease no attack. The company have equipment of pest and disease management are single sprayer, mist blower I 3W F3 Tanaka, fulspog seri K.10 SP, net to catch of oryctes and rat trap. Whereas, the company has implemented beneficial plant i.e. turnera subulata, Turnera ulmifolia, and antig leptosus), at near main road.

The company has delivered IPM training to all workers being person in charge in pest management or early warning system. Material issues on training are handling of pest and disease (caterpillar) by manual (hand picking and beneficial plant) or chemist and telling mechanism.

Aek Roso has memorandum no. 3.01/Kbn/MO/223/2015 dated on 31 March 2015 from Head of Plantation Department to all Estate Manager regarding agrochemical permit period. All type of agrochemical was used in field that it shall registered in Ministry of Agriculture such as :
I. Herbicides:
- Ally 20 WDG (active ingredients: metil metsulfuron) until December 31, 2018
- Sida Up 490 EC (active ingredients: isopropyl amine glyphosate) until June 22, 2015
- Gempur 480 AS (active ingredients: isopropyl amine glyphosate) until December 9, 2018
- Basta 150 EC (active ingredients: isopropyl amine glyphosate) until December 31, 2018
- Posat 480 SL (active ingredients: isopropyl amine glyphosate) until January 9, 2017
- Basmilang 480 AS (active ingredients: isopropyl amine glyphosate) in process re-registration
- Pelita 480 AS (active ingredients: isopropyl amine glyphosate) until December 9, 2018
- Gledek 480 SL (active ingredients: isopropyl amine glyphosate) until January 4, 2018
- Round Up 486 SL (active ingredients: isopropyl amine glyphosate) until March 18, 2016
- Smart 486 SL (active ingredients: isopropyl amine glyphosate) until January 9, 2017
- Starane 290 EC (active ingredients: floxoksipir metil heptil ester 290 g/l) until April 15, 2019
- Starane 480 EC (active ingredients: floxoksipir metil heptil ester 480 g/l) until January 4, 2018

II. Insecticides:
- Decis 25 EC (active ingredients: deltametrin) until January 4, 2018
- Marshal 5GR (active ingredients: karbosulfan) until October 17, 2017
- Matador 25 EC (active ingredients: lamda silhalotrin) until September 25, 2018
- Orthene 75 SP (active ingredients: asefat) until January 9, 2017
- Ripcord 50 EC (active ingredients: sipermetrin) until June 23, 2016
- Scud 100 EW (active ingredients: sipermetrin) until December 9, 2018
- Sevin 85 SP (active ingredients: karbaril) until October 6, 2016
- Bestox 50 EC (active ingredients: Alfa sipermetrin) until October 17, 2017
- Prevathon 50 EC (active ingredients: klorantraniliprol) until April 23, 2017

III. Fungisida:
- Anvil 50 SC (active ingredients: heksakonazol) until March 18, 2016
- Antracol 70 WP (active ingredients: propineb) until June 23, 2016
- Bayleton 250 EC (active ingredients: triadimefon) until June 23, 2016
- Daconil 75 WP (active ingredients: klorotalonil) until June 23, 2016
- Berosal 50 WP (active ingredients: karbendazim) until January 4, 2018
- Dithane M-45 80 WP (active ingredients: mankozeb) until June 23, 2016
- Bayfidan 250 EC (active ingredients: triadimenol) until June 23, 2016

IV. Rodentisida
- Klerat 0.005 BB (active ingredients: brodifakum) until September 25, 2018
- Petrokum 0.005 BB (active ingredients: brodifakum) until September 6, 2015
- Ratgone 0.005 BB (active ingredients: brodifakum) until April 23, 2017

V. Stimulansia
- Flotex 2.5% (active ingredients: Etefon 2.5%) until October 17, 2017
- Flotex 5% (active ingredients: Etefon 5%) until October 17, 2017
- Flotex 10% (active ingredients: Etefon 10%) until June 22, 2015
- Cepha 100 PA (active ingredients: Etefon) until June 23, 2016
- VK Plus 9.9 SL (active ingredients: asam askorbik) until April 23, 2017
- Karet Plus 9.46 SL (active ingredients: Polletilen glycol) until December 31, 2018
- Ethrel 10 PA (active ingredients: Etefon 10%) until March 18, 2016

Records of pesticides use has available include information of active ingredients, their LD50, area treated, amount of active ingredients applied per ha and number of application year 2014 and 2015. Based on records of pesticides no longer uses paraquat and not categorised as WHO class 1A or 1B or that are listed by the Stockholm or Rotterdam conventions.

Information of pest and disease monthly report on March 2015 that no caterpillar, apogonia and ganoderma attack while rat and oryctes attack available. Aek Roso was used agrochemical to control rat attack and orytes attack example handling of orytes attack date on 28-29 March 2015 with Marshal 5 G amount of 24 Kg where and has applied by persons or team who have completed the handling agrochemical and hazardous and toxic waste training dated on December 03, 2014 and morning briefing. Spraying team has used PPE (masker, apron and gloves). Aek Roso have evidence that spraying workers especially women not pregnant or breastfeeding in the form list of spraying workers especially women not pregnant or breastfeeding from sub-contractor company and Aek Raso estate every division but it not fulfil or adequate because that is mechanism of ensure unilateral by
company where the workers not involved it. It condition was raised as non-conformity (NCR No.2015-09 of 20).

Aek Raso Estate and Mill has defined commitments of occupational safety and health policy for year 2015 (dated on January 2015): Target occupational safety and health policy was define as: meet and comply with regulations, standards and requirement of occupational safety and health, in accordance with Law No. 1 1970, Government Regulation No. 50 in 2012. Provide complete personal protective equipment for workers until December 2015. Program Management System Occupational Health and Safety are set and monitored regularly and documented in Form 07-01 dated February 2015.

The company maintains records for health and safety program and risk assessment year 2014 and 2015 where it has signed by mill and estate manager. Health and safety program year 2014 has evaluated for effectiveness and the results of evaluate has been used as feedback on year 2015. The content covers identification of risk source or identification of hazardous source, assessment and risk assessment and control for every estate and mill activity. There are several risk controlling defined to avoid accident such as brief to workers shall accordance with work instruction, provide PPE and socialization to workers about use of PPE properly. In line with risk controlling that Aek Raso Mill has provided PPE for all the worker as recorded in the list of PPE receipt.

The company also has Health and Safety Committee (P2K3) as an organisation responsible for health and safety implementation in the company where it committee has been approved by Head of regional office of Manpower and Transmigration department in Labuhan Batu Selatan District on November 25, 2014 (No. Kep.42/P2K3/TK/2014). This committee holds regular meeting (monthly) about health and safety issues example on March 25, 2015, with main issues are use of PPE, evaluation of previous activities, reporting and analyst of accident, socialization, etc. and keeps record of minutes of meeting for the regular meeting. Whereas, welfare issues were discussed by worker union example: meeting on September 9, 2014 regarding the incentive of processing and release of right and compensation. The result of meeting has submitted to management and it has responded by management on letter no. PPARO/SPBUN-Basis PPARO/69/2014 dated on September 16, 2014.

The organization also determine working programme to fulfill its commitment, such as monthly meeting OHS committee, identifying training required for safety, provide first aid training, conducting emergency respond and preparedness (emergency drill), inspection emergency respond equipment, internal audit and evaluating OHS program. The OHS committee has submitted report periodically to regional office of Manpower and Transmigration department in Labuhan Batu Selatan District regarding implementation of OHS committee program where include of work accident report for example as reported on December 2014 and March 2015. Records of accident year 2014 and 2015 have kept where included information of Lost Time Accident (LTA) and each accident has carried out investigation and corrective action/reviewed it.

Accordance to work instruction No. IK 3-12/01/10 that emergency response (simulation) or drill shall be held at least once a year. Aek Raso mill has conducted emergency response (simulation) or drill dated on November 21, 2014. Whereas, the effectiveness of the emergency response (simulation) or drill has evaluated and recorded on the report of emergency response (simulation) or drill on November 2014. It has covered about information on health and safety. In the emergency response procedure has included organisation structure where it has been formed for emergency response, involving all workers for responsibility and function together.

Accident and emergency procedure above has existed with Indonesian language and based on interview with workers (sprayer in KK18, EE21 and HH22) that they have understood. Aek raso estate has carried out training about fist aid dated but first aid training in mill for supervisor has not been done. It condition was raised as non-conformity (NCR No. 2015-10 of 20). Supervisor of harvesting in KK20 and supervisor of maintenance in EE21 has brought first aid equipment at worksites. Whereas, the first aid box has provided in mill office, polyclinic and every division offices.
All workers have covered with medical care (own hospital) and accident insurance (Jamsostek or workers social security agency (BPJS)).

The company has conducted some training and socialization during 2014-2015, some of trainings are

a. Socialization for High Conservation Value and socialization of problem resolution process with local community in Aek Raso Estate. The socialization conducted in Huta Raja village on October 21, 2011 attended by 4 participants from employee and 10 participants from local community.

b. Training and socialization for harvesting with Chisel Knife on October 01, 2014 for Afdeling III and IV and on October 02, 2014 for Afdeling I and II attended by 20 participants (employee representatives)

c. Socialization for Company Policy, Quality management and environment in 2015 on March 23 and 25, 2015 attended by 83 staff.

d. Hazardous training and chemical handling on December 03, 2014 attended by 12 employees.

The company also has been published the training program in year 2015, however the training program is only for implementation of Occupational Health and Safety. The estate and mill has provided training programme/plan year 2015 but the training related with RSPO Principle and Criteria not included and training programme/plan for smallholders and subcontractor still not provided. It condition was raised as non-conformity (NCR No.2015-11 of 20).

In the procedure of Human Resource Development No. PK-3.08-08 Rev. 00 for On Job Training (OJT) which included awareness training/OHS simulation/Knowledge sharing/Socialization there are some training documentations that should be attached including

- Attendance list for participants and trainer
- Training evaluation and
- Training documentation

And after training conducted the document that should be completed including

- Training Implementation Report
- Resume of Training evaluation

During document check process, has been found that in year 2015 for training program the documentation used only evaluation form and attendance list, other documentations that required in procedure of Human Resource Development No. PK-3.08-08 Rev. 00 is not available. It condition was raised as non-conformity (NCR No.2015-12 of 20).

Compliance status : Non Compliance

NCR No.2015-08 of 20
Spraying workers from outsource company has not been carried out annual medical surveillance year 2014 for cholinesterase parameter.

NCR No.2015-09 of 20
Aek Roso do not have evidence that all spraying workers especially women not pregnant or breastfeeding on working

NCR No.2015-10 of 20
First aid training in mill for supervisor has not been done

NCR No.2015-11 of 20
The estate and mill has provided training programme/plan year 2015 but the training related with RSPO Principle and Criteria not included and training programme/plan for smallholders and subcontractor still not provided

NCR No.2015-12 of 20
The training documentation used are the form of evaluation and attendance list only. Whereas, the other document/record accordance the procedure of Human Resource Development (No. PK-3.08-08 Rev. 00) not available.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity
In year 1992, PT Perkebunan III (Persero) South regional in Labuhan Batu District (comprise of oil palm and cocoa plantation and mill in estate of Aek Nabara Utara, Aek Nabara Selatan, Sisumut, Aek Torop and Aek Raso) has made environment evaluation study (SEL) and environment management plan/environment monitoring plan (RKL/RPL) where it has approved by Secretariat of Jenderal in Agriculture Department on letter no.RC.220/883/B/U/1994 dated on May 19, 1994. There are changes on the estate operation and organization policy in year 2006 such as PT Perkebunan III merger with PT Perkebunan IV be PT Perkebunan Nusantara III (Persero), estate and mill management and conversion of rubber to oil palm. Based on these conditions, the company has revised a environment management plan/environment monitoring plan (RKL/RPL) accordance with Environment Ministry decree no.11 year 2006. It has approved by Head of control environmental impact agency at sub-national level in Labuhan Batu District on letter no.660/622/BPDL-LB/Set/2006 dated on December 29, 2006. The revision of RKL/RPL document has included the identification of environmental aspects and impacts pertaining to soil quality, erosion risks, chemical aspect (air quality and noise, emission, water quality, liquid and solid waste, hazardous waste) and biological aspect (wildlife, vegetation, water biota, etc.).

The organization also define environmental impact assessment as recorded in List of Environmental Aspects Aek Raso Estate and Mill Year 2015 Document No. FM 3.12-02 / 08 Rev. 0.0. Aek Roso has environmental management and monitoring plan (RKL/RPL) include person in charge (PiC) for responsible in implementation.

Environmental management and monitoring plan (RKL/RPL) Aek Raso Mill and Estate regularly monitored and reported every 6 (six) months to Environmental Agency of Labuhan Batu Selatan District. The latest report for period June-December 2014 was recorded and includes results of analysis for air emissions, generator & boiler emissions, ambient air quality, and noise which were analyzed in December 2014, as well as monthly mill effluent quality results, as required to be reported in the RKL/RPL document but there are 2 (two) type of impact not carried out monitored i.e level of erosion in field with slope 40% and index of biodiversity. The results of monitoring not available on environmental management and monitoring plan report semester I & II year 2014. It condition was raised as non-conformity (NCR No.2015-13 of 20).

HCV assessment has been carried out by Centre for Natural Resources and Biotechnology (PPSHB) of Bogor Agriculture University in 2011. Information is obtained from the HCV assessment that there are 6 HCV types in the company concession, namely HCV 1.1, 1.3, 1.4, 2.3, 4.1 and 5 with total HCV area of 324.56 hectares where consists of riparian of Raso River areas (109.74 hectares), riparian of trench no.17-22 (120.90 Ha), retention basin no.1-6 in estate and retention basin in mill (35.18 Ha) and fauna areas (6.76 Ha). Location of HCV was not set-asides with existing right of local communities that agreement not available.

Recommendation has been made in the company's HCV management plan and monitoring plan by PPSHB. Aek Raso Estate has created reported for HCV management, where it is known that several of activities has complied with the actual practice in the field. The company has provided signboards for dissemination of HCV information in relevant divisions including the prohibition from hunting, planting conservation plant in riparian, mark of agrochemical activities in riparian. Whereas, monitoring plan/programme are monitoring riparian areas (include of water springs areas and reservoir areas), monitoring slope areas, monitoring conservation plant and monitoring habitat of wild animal. Inside monitoring report has informed regarding the status of HCV and RTE species, total of conservation plant (Durio sp, Swietenia sp, Shore sp, Aquilaria sp) which still alive and found flora and fauna (such as results of monitoring March 15, 2014 that Aek Roso has founded “ruak-ruak” bird and biawak (Varanus sp)) at block KK-18. All status HCV are good or OK so that management plan not revised.

The company has conducted waste and pollution assessment through identification of environmental impacts. Following are several results from the waste and pollution assessment in Aek Raso mill and estate.

- Solid waste such as second containers, plastic waste, paper waste, EFB, fibre, shell, etc.
- Waste water such as POME, wastewater from laboratory, and domestic wastewater from housing.
- Emission of waste such as emission from mill and generator operations, etc.
- Hazardous waste such as oil, grease, accumulator, chemical container, etc.

According to these types of waste having been identified by the company, Aek Raso Mill has established its management plan and carried out waste management practice according to following work instructions.

- Work Instruction No. IK-3.12.01/14 on Solid Waste Control and Use (3rd revision) dated 15 February 2010.
- Work Instruction No. IK-3.03-14/01 on Waste Water (POME) Management (2nd revision) dated 15 February 2011.
Various types of waste were identified during the audit regarding POME are streamed in to pond, while solid wastes such as EFB area applied to the field as compost. Fibre and shell are used for renewable energy, while hazardous wastes are kept in hazardous licenced storage facility pending handing over to the licenced hazardous material collectors.

Hazardous and toxic waste from Aek Raso estate and mill, such as used agrochemical, agrochemical container waste, used oil and accumulator have been submitted to the licenced hazardous material collector but existing condition that there are hazardous and toxic waste has been kept more than period time from permit. It condition has explain in indicator 2.1 above. The Aek Roso has temporary kept for hazardous toxic waste permit from local government (no. 503/186/BPPTPM-LS/2014 dated on April 29, 2014 from head of integrated service and investment agency of Labuhan Batu Selatan district). The estate maintains inventories of stored hazardous wastes and records of when these wastes are transported to the mill. Aek Roso Mill has a store for hazardous wastes and maintains daily inventories of types of hazardous wastes collected from the estate and mill, including used oil, empty oil containers, used batteries, printer cartridges, and chemical containers. Evidence of hazardous waste was hand over to licenced hazardous material collector (PT Putra Tunas Sejati) is hazardous material manifests such as manifest no. ZK 0000207 dated on April 4, 2015 for used lamp TL amount 56 pcs, manifest no. ZK 0000206 dated on April 4, 2015 for used accu amount 3 pcs, manifest no. ZK 0000209 dated on April 4, 2015 for used cartridge, manifest no. ZK 0000200 dated on April 4, 2015 for used oil amount 67.2 litters and manifest no. ZK 0000208 dated on April 4, 2015 for used oil/fuel filter amount 72 pcs. As for waste record analysis, the company has monitored solid waste and POME waste monthly records through performance report. That consists of hazardous material balance report and monthly report covering solid waste and wastewater for land application. Hazardous waste in Aek Raso Mill storage periodically reported to Environmental Office Labuhan Batu Selatan and also recorded in RKL/RPL report every 6 month. According to RKL/RPL report period July-December 2014, until December 2014 there was 355 liter used oil store in hazardous waste storage. The quantity of used oil reported in RKL/RPL confirm with used oil balance sheet record.

Waste management and disposal plan year 2014 and 2015 has available and implemented example analysis of emission and pollution by third party laboratory periodically, maintenance of machine, collect of hazardous waste from sources waste (estate and mill) and was kept in hazardous waste warehouse, optimizing renewable energy, monitoring of flat belt condition in land application, etc.

To control the use of fossil fuel efficiency and the use of renewable energy, the company has published the procedure Management of usage of natural resources (SDA) No. PK-3.02-05 Rev. 00 which include the report of electricity use, fuel oil and lubricants. The monitoring process of the electricity, fuel oil and lubricants usage conducted regularly each month. The monitoring report are include:

a. Fuel and lubricants consumption for vehicles
b. Fuel and lubricants consumption for machinery and equipment’s
c. Electricity consumption
d. Water consumption

Aek Roso has plan for improving efficiency of the use of fossil fuels and to optimise renewable energy and it has implemented example using shell as renewable energy, maintenance of machines and vehicle periodically, minimizes of stand by time for processing.

The company has record of energy use (renewable energy) such as from shell generated from palm oil production process year 2014 and 2015. The company also maintains monitoring record for fossil fuel for generator, water pump and also transportation units (FFB transport from estate to mill). Records of energy used from fossil fuel are made monthly.

To avoid the usage of fire during land clearing or replanting, the company has issued circular letter No. 3-01/SE/05/2012 dated February 23, 2012 for all entire Estate Manager in PTPN III in order to:

a. Estate that will be conduct land clearing or replanting do not burning in the area of land clearing or replanting.
b. In case if there are still burning in the area of land clearing or replanting, the responsibility for that violation will be handled by local management.
c. Estate management should conduct the monitoring regularly and located the sign of prohibiting burn in strategic area/location.

Circular letter above as zero burning policy. There is no record indicating the company’s burning activity related to their replanting activity or others location (immature block) example block GG 21 (year planted 2012).

The company has Work Instruction No. IK-3.12-01/10 on Emergency Response Procedure (1st revision) dated 7 January 2005. This procedure covers emergency condition from fire, accidents, flood, explosion, earthquake, and
chemical spills). The company also provides fire extinguishers facilities in housing, office, and mill. Hydrant facilities are provided in mill. The fire extinguishers are regularly checked by foreman.

The Aek Raso Mill and estate has performed pollution and emission source identification including greenhouse gases (GHG) too, among others are land conversion, generator operational, boiler, welding machine, transportation unit, POME pond, fertilizing. Emission monitoring is conducted towards several emission sources such as generator and boiler.

Aek Roso have short term plan to reduce or minimise GHG in Aek Raso POM and estate i.e. calculation of volume of liquid waste dispatch to land application areas, develop of methane capture (long term plan), efficiency of using fossil fuel and optimization of using renewable energy, planting conservation plant in empty or open areas, consumption of fertilizer appropriate fertilizer recommendation, road maintenance, FFB vehicle not over load.

All programme has implemented exclude develop of methane capture, such as efficiency of using fossil fuel and optimization of use renewable energy, consistent of fertilizer role implementation, maintenance of road, implement of land application, planting conservation plant and develop of pole barrier on the road leading to POM where it height will limit the weight being transported by truck.

Aek Roso has monitoring of emission and pollutants include GHG emission. Monitoring of GHG emission using GHG Calculator version 2.0.1, whereas other GHG emission are analysis laboratory. It has explained on indicator 5.1 (RKL/RPL report). Some source GHG emission are land conversion, fertilizing activities, fossil consumption from transportation activities (transport of fertilizer, transport of FFB from estate to mill and transport of employee to working areas) include using vehicle’s contractor for transport and FFB transportation from suppliers and genset, and POME areas.

Compliance status: Non Compliance.

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There are 2 (two) type of impact not carried out monitored i.e level of erosion in field with slope 40% and index of biodiversity that the results of monitoring not available on environmental management and monitoring plan report semester I & II year 2014.

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

Criteria assessed: CR6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 6.8; 6.9; 6.10; 6.11; 6.12; 6.13

Criteria not assessed: -

Findings:

The company has conducted social impact assessment (SIA) on year 2010 which was complied by North Sumatera University in Medan. There is evidence on report that it has included impact of palm oil mill activities, impact on employees/workers but it has not included impacts of smallholder plantation. It condition was raised as Non-conformity (NCR No.2015-14 of 20). The participation from affected party i.e. the communities in Pasir Lancat village, Huta Raja village, Aek Raso village and employees/workers. From the SIA assessment, information has been obtained on positive and negative impacts from the company activities. In environmental Management Plan (RKL/RPL) has included social impact too that SIA document and RKL/RPL are complementary.

According to the SIA, the company has made impact management plan with participation from communities (Pasir Lancat village, Huta Raja village and Aek Raso village), workers/employees and smallholder. Aek Roso has planned for mitigation of negative impact and promotion of the positive on year 2014 and 2015 has developed (include of monitoring plan). In section of problem priority has informed about problem, activity plan, alternative, follow-up and their realization include of timetabled and person in charge for implementation. Based on impact management and monitoring plan above that Aek Roso not fulfil carried out by Aek Roso because Aek Roso has conducted donations to communities such as develop/renovation of religious facilities, public facility of clean water, venture capital and office utilities (computer and printer) and administrative activities such as create of letter for village officer, create of proposal and waiting proposal from village office. The Aek Roso have procedure no.PK-3.12-24 regarding guidance of monitoring (identification, monitoring and evaluation of SIA) but the monitoring of social impact not carry out. It condition was raised as Non-conformity (NCR No.2015-15 of 20).
The company has Work Instruction No. IK-3.00-03 on stakeholders Consultation and Communication dated 23 September 2014 and no. IK-3.00-06 dated on 15 September 2014 on publication. Moreover, circular letter no.3.12/SE/18/2013 dated on 14 November 2013 regarding revision of centre sms number be 9600 since November 2013. The company has created signboards and communication flowchart to stakeholders. The company also has provided communication box and to record incoming letters the company has provided logbook.

The company has assigned persons to be in charge and responsible for stakeholder communication and consultation in Aek Raso estate and mill are assistant of human resources in estate (based on director decree no. 3.08/SKPTS/R/343/2013) and supervisor I of human resources in mill (based on mill manager decree no. PPARO/SKPTS/P03/2015 dated on January 26, 2015).

The company has list of stakeholder year 2015 where it has signed by estate and mill manager of Aek Raso. Its stakeholders are community organisation, press, labour union, contractor, suppliers/out growers, government institution; NGO, KUD PIRLOK (smallholder), etc, where include of handphone number and address each stakeholders.

The company has a mechanism to receive and classify information required from and for stakeholders to know and understand the policy, situation, and development of the company and anticipate negative issues. The company has Working Procedures Publication No. PK.3.00-06 Rev. 01 dated 15-09-2014, mechanism to receive complaints and resolve dispute in affective through Work Instruction No. IK-3.09-03/02 (6th revision) dated 15 February 2010 and circular letter no.3.12/SE/10/2011 regarding canal of information will be use by stakeholder for submit information, suggestion and critical to the company include suggestion of boxes. This system has been communicated to the local communities dated on October 18, 2011. Regarding internal workers, the company also has socialised the mechanism through Article 69 (Bab XIV) of Collective Employment Contract (PKB) on complaint mechanism.

PTPN III corporate also has call centre 9600 as an open system to receive complaints and grievances from its stakeholders, which is openly announced in the front of estate or mill offices. The call centre is centralised in Medan head office and checked daily by corporate public relationship. Any incoming complaint or request of information from stakeholders through call centre will be forwarded to relevant sections for follow-up. During 1st surveillance audit this call centre and suggestion box was still newly established; no incoming request or suggestion or complaint or critical of information received yet that it difficult to ensure effectiveness of the mechanism. During 1st surveillance audit that no public complaints about operations associated with the Aek Raso estate and mill. The complaint from employees available such as complaint from assistant of afdeling IV to Aek Raso estate dated on July 4, 2014 regarding electricity of outages because to damage transformer in afdeling IV, dated on November 15, 2013 regarding repair of house in afdeling IV and dated on November 28, 2012 regarding flood areas in riparian river of afdeling IV.

The company has record of handling complaints from workers/employees such as change of transformer, repair of house and planting trees and maintain trench.

The company has mechanism of identification; calculation and compensation for the local of legal right or customary tenurial right (Working Procedure Conflict Resolution No. PK.3-11.11.12 Rev. 0 dated 02/25/2015) point 7.24. The problem solving mechanism is: (1) information response from the company; (2) problem investigation, and (3) resolving the problem with discussion or by court.

During 1st surveillance, to date there have been no cases of dispute with any parties that require compensation from estate manager.

Directors Decree No. 3:08 / SKPTS / R / 08/2015 on Employee Salary Increase PTPN III in accordance with the North Sumatra Governor's Decree No. 188.44 / 972 / KPTS / 2014 dated November 7, 2014 on Minimum Wage North Sumatra 2015 IDR. 1,625,000. The company has complied with minimum wages because worker/employee wage on level 1a/A (first/low level) is Rp 1,625,000 (such as basic salary: Rp 1,218,750 and fix allowance: 406,250). Staff and workers receive salary payment receipts (monthly pay slips) in a timely manner. Management staffs are paid through bank transfer, while workers are paid in cash. Whereas contractors workers, refers also to the decision that inside agreement letter between the company with contractor has been required. The company has done socialization to all contractors regarding it that the contractor company has complied with regulation it.

The company has list of year 2014 labour wage rate for workers level IA – IVD. The salary complies with North Sumatra minimum wage rate according to government regulation on minimum wage rate. The company also has collective agreements such as Collective Employment Contract (Perjanjian Kerja Bersama) for period of 2014-2015 with all workers. Moreover, there is working agreement letter between the companies with employee
example agreement letter no. P/13/2004 whose content has been detailing the rights and responsibilities of both parties such as term of payment and conditions employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, provision for the female employee only and provision to employee who live in the village. Those agreement in Indonesia language because workers are Indonesian citizens.

All workers have intensive access to water and electricity from the company. Based on information from interviewed workers, they have been provided with housing, sport facilities, religious facilities, auditorium of employee, polyclinic, babysitting room, water source, and electricity from the company. It has included on the list of inventories in employee’s house year 2014. The company has provided all the facilities for their workers. Location of estate with traditional market is not far (5-10 km) and easily accessible by motorcycle or walk because condition of road can be passed.

The company has a documented policy on freedom of association for their worker that is available in several locations signed by PTPN III Director. Statement of freedom of association for workers is also made in Article 5 to 9 of the company’s Joint Employment Contract (PKB) for period of 2014-2015. The policy was informed to all employees and workers through internal memorandum. This book was provided to all workers. For example, Aek Raso has labour union named plantation labour union (serikat pekerja perkebunan (SP BUN)) – basis of Aek Raso estate and Aek Raso mill. Moreover, estate and mill have bipartite cooperation agency (Lembaga Kerjasama Bipartit) which has approved from local government (head of social, manpower and transmigration instance decree no. Kep.560/03/TK/2014 dated on February 26, 2014).

Minutes of meetings between management with labour union (SP BUN) has been documented such as minute meeting no.SPBUN.PPARO/NR/03/2014 and no.SPBUN/NR/II/XI/2014 dated on 11 November 2014 regarding evaluation of labour union performance.

The company has policy on age of employment, with 18 years as the minimum employment age and 30 years as the maximum. This is stated in Work Instruction No. IK-3.08-01/01 (8th revision) dated 6 May 2011 on Worker Recruitment and on article 11 of the company’s Joint Employment Contract (PKB) for period of 2014-2015. The commitment of company covering worker from third parties too which working in company areas that agreement letter between companies with outsource company has included minimum age requirements.

Based on verification of document (list of “bezzeting” of employees and report of general problem events) and field in mill and estate that was not found workers who have age under requirements.

The companies reward employees as assets of the company with dignity regardless of race, color, religion, origin, physical barriers, gender, and age are continuously improved capacity through education and training consistently. This statement contained in the Code of Conduct PTPN III, Business Ethics and commitment to Stakeholders

Statement on equal opportunity policy under Article 11 & 14 of the Collective Employment Contract (PKB). The company has policy and mechanism for employee/workers promotion. The employee or workers will be assessed annually to get level promotion from the company. This policy is stated in employee assessment system, based on which all of employees have equal opportunities without discrimination. Moreover, other mechanism relate of equal opportunities policy are procedure no. IK-3.08-01/01 and IK-3.08-09/01. Records of implementation it are 1). Composition of employee in Aek Raso mill per March 2015 is man: 155 persons and women: 3 persons; 2). Job vacancy information on web and one of university in Yogyakarta; 3). Circular letter no. 03.08/SE/152/2014 dated on 23 April 2014 from Director regarding job vacancy but recruitment process via third party; 4). Annual performance assessment year 2014; 5). The results of performance assessment year 2014.

The company has anti-sexual harassment policy, which define sexual harassment as ‘words, jokes and action’ that refer to sexual harassment. The company has also provided mechanism to solve this problem using report to respective foreman, followed by investigation. There is a letter No. 3.08/SE/155/2009 dated 6 July 2009 on the communication of information on anti-sexual harassment policy to all of workers and contractor workers. Refresh of anti-sexual harassment policy and flow process of reporting of sexual harassment as grievance to employees so the company has carried out socialization dated on June 28, 2011 but based on interview that spraying workers has understood about anti-sexual harassment policy.

Concerning the Handling Whistle-blower mechanism, stated in the Code of Conduct PTPN III, Chapter IV Work Ethics:

- Presented in writing and can be reported by email, stating the complaint box complete personal identity.
- The identity of the complainant is guaranteed confidentiality by the company.
- The information reported must be supported by evidence sufficient and reliable as the initial evidence for further investigation.
All workers should sign the Statement of Obedience to implement Code Of Conduct in every year (Evidence of policy Socialization)

Article 26 & 27 of the Collective Employment Contract (PKB) states that all workers have rights for leave. This includes birth leave, menstrual leave, marriage leave, etc. Based on worker interview in Aek Raso estate, they understood that they have right of childbirth leave during 3-month and menstruation leave. Aek Raso estate has carried out socialization of right for leave on May 3, 2014 (minute meeting no. KPARO/NR/05/2014 and attendant list).

The company has put FFB price board in the front of security office and made it accessible to all stakeholders where necessary. The FFB price board displays previous and current prices. Moreover information on FFB price for other out growers that the company provides through email, short message service (SMS) and fax.

Generally that average FFB price has determined by local government by periodically but the company has procedures to purchasing of Fresh Fruit bunches from third Party No. PK-3.03-12 Rev 0, as technical guidance pricing on quality classification results of sorting and extraction of palm oil and palm kernel. Mill has Memorandum of District Manager Labuhan III No. DLAB 3 / HEAT / MO / 496/2015 dated April 6, 2015 the lowest extraction (20:00) Rp. 1535 - highest extraction (23.50) IDR. 1,770 and Memorandum No. DLAB3 / HEAT / MO / 504/2015 April 7, 2015 the actual price of the lowest extraction (20:00) IDR. 1, 510 - highest extraction (23.50) IDR1, 745

FFB payment process for out grower conduct on twice a week with showed the evidence on FFB transport and other evidenced needed. The payment will be cash and transferred or cheque. Several evidences have been found indicating that all parties understand contracts they have entered into and that the contracts are fair, legal and transparent. The company has agreement with suppliers regarding purchasing of FFB as such agreement no. DLAB2/SPJ/40/2014 dated on August 01, 2014 with KUD Aek Raso, agreement no. DLAB2/SPJ/37/2014 dated on August 01, 2014 with UD Tekwang, agreement no. DLAB2/SPJ/39/2014 dated on August 01, 2014 with CV Torgamba and agreement no. DLAB2/SPJ/38/2014 dated on 01 August 2014 with UD Berdikari. The company has paid timely manner appropriate article 7 in agreement to KUD Aek Raso, CV Torgamba, UD Tekwang, and UD Berdikari.

The company actively contributes to local community development programmes where the company has allocation for such activities. For example, the company makes contributions to local development under following evidences:

- The company has already met its retribution and tax liability, i.e. use of natural water from river retribution period February 2015, its income tax and Value Added Tax (VAT) compliance to Article 21 and 23 of Tax Law for period of March 2015;
- It carries out Community Development (CD) and Corporate Social Responsibility (CSR) activities in 2011-2014 period;

According to discussion with leaders of the community neighbouring the company’s estates, the company also provides other services such as contribution to rehabilitation of mosques and road maintenance, etc. Moreover, the company has provided a loan to communities in surrounding of estate, which have a business.

The company have agreement with internal employee, whereas outsource workers that there are evidences of contract/agreement between the company with outsource company and outsource company provide worker for those activities. Contract agreement for workers shown that there is no human trafficking and contract substitution in job specification.

The Company has a Code of Conduct document, it’s contents of policies related to Human rights for example in bab III – ethical of business “Company maintaining the freedom to workers for speech and delivering aspiration to the management related to policy and implementation with ethical manner and according to regulation”, also in chapters of Joint Employment Contract (PKB) cover the rights of workers chapter 22 Official holiday, chapter 26 Birth permission, chapter 27 permission absent from work due to menstruation period (Policy Related to indicator 1.2.1 major). This policy has communicated to workers.

Compliance status : Non Compliance.

NCR No.2015-14 of 20

There is evidence on report that it has included impact of palm oil mill activities, impact on employees/workers but it has not included impacts of smallholder plantation.

NCR No.2015-15 of 20
The Aek Roso have procedure no.PK-3.12-24 regarding guidance of monitoring (identification, monitoring and evaluation of SIA) but the monitoring of social impact not carry out.

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

Criteria assessed: CR7.1 to 7.8  
Criteria not assessed: -

Findings:  
This principle is not applicable to this assessment because there are no new planting activities. Information of table 3 above that there is year planting 2014 because the company has carried out replanting.

Compliance status: Not Applicable.

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

Criteria assessed: CR8.1  
Criteria not assessed: -

Findings:  
SIA document has revised to include employees as stakeholders but Aek Roso has not been shown evidence regarding implementation of social impact management that action plan of continuous improvement relate of social impact not available. This is condition was raised as non-conformity (NCR No.2015-16 of 20).  
The company is consistency in implementation of QMS, EMS and monitoring of liquid waste, emission and pollution by third party laboratory (results of examination has informed on RKL/RPL report) and the action plan for continual improvement has conducted through management review meeting mechanism and established quality objective, and internal audit.

Compliance status: Non Compliance.

NCR No.2015-16 of 20  
Aek Roso has not been shown evidence regarding implementation of social impact management so that action plan of continuous improvement relate of social impact not available.

- RSPO SCCS

**E.1. Definition**

Findings:  
The organization (PTPN III Aek Raso Mill) implemented the RSPO-SCCS Mass Balance model since July 2014. This SCCS model allowed to mixing of certified and uncertified product but shall be control by the Mass Balance record to ensure the quantity of certified product, and only certified product could be claim by the organization as certified palm oil product. Organization has identified the volume of certified and uncertified FFB supplied to the mill. Based on record of Mass Balance showed the amount of FFB certified and uncertified, when the certified FFB is come from own estate (Aek Torop Estate (KATOR), Aek Raso Estate (KPARO), Sei Kebara Estate (KSKAR), Sei Baruhur Estate (KSBAR) and Aek Nabara Selatan Estate (KANAS). And for uncertified FFB is come from small holders Koperasi Unit Desa (KUD) Aek Raso and other companies (CV. Torgamba Kanya, UD. Riboena, UD. Berdikari, UD. Tek Wang and CV. Bahana).

In 2014 from July until December, Aek Raso Mill received certified FFB is approximately 48,335,960 tons of FFB or 82.24% from the FFB received total in once year. And for uncertified FFB is approximately 10,436,130 tons or 17.76%. Then, in 2015 from January until March (during the surveillance audit) certified FFB received by Aek Raso Mill about 19,178,380 tons or 65.46% and for uncertified FFB about 10,120,120 tons or 34.54%. Aek
Raso Mill only produced Crude Palm Oil and Palm Kernel.

Mass balance record also showed the certified product. In 2014 from July until December CPO certified product is about 11,482.273 tons or 74.76%, and uncertified CPO is about 3,876.893 tons or 25.24%. In 2015 from January until March CPO certified product is about 4,406.295 tons or 67.30%, and uncertified CPO is about 2,141.150 tons or 32.70%.

For PK production in 2014 from July until December, the company produce PK certified is about 1,983.640 tons or 73.52% and PK uncertified is about 714,355 tons or 26.48%. In 2015 from January until March PK certified is about 1,005.315 tons or 68,68% and PK uncertified is about 458,460 tons or 31.32%.

Compliance status: Full Compliance

E.2. Explanation

Findings:
In the production report from July until December 2014 and January until March 2015 recorded that the company has sold certified CPO and PK with Mass Balance claim and due to document check process has been found that all documentation production process from purchasing certified FFB until delivery note has stated that the certified CPO and PK claimed with Mass Balance, for example in Delivery Order No. 3.07/MS/PATOR/05/MNA/2015 dated 6 April 2015 the company has delivery a number of 250,000 Kg certified CPO to PT Multimas Nabati Asahan, however the certified CPO and PK with Mass Balance claim that sold during July until December 2014 and January until March 2015 still not registered in the RSPO IT platform. It condition was raised as non-conformity (NCR No.2015-17 of 20).

Compliance status: Non-Compliance

NCR 2015 - 17 of 20
The company has claimed and stamped the certified CPO and PK with Mass Balance in all production records and delivery documentation, however there is no certified product transaction that claimed as Mass Balance on the RSPO Etrace.

E.3. Documented procedures

Findings:
Organization (PTPN III Aek Raso Mill) has recorded and documentation owned procedure and work instructions to ensure the implementation of RSPO SCCS Mass Balance. That procedures such as:
- Working procedure no. PK-3.03-12 Rev. 00 issued on 25.02.2014 for Purchasing and determination of price for FFB from third parties (Pembelian dan Penentuan Harga TBS Kelapa Sawit Pihak Ketiga).
- Work instruction no. IK-3.03-12/01 Rev. 01 issued on 25.03.2014 for Receiving and storage of FFB in the Palm Oil Mill (Penerimaan TBS di Pabrik Kelapa Sawit).
- Work instruction no. IK-3.03-03/11 Rev. 00 issued on 25.02.2014 for Sorting process for FFB (Sortasi Tandan Buah Segar Kelapa Sawit)
- Working procedure no. PK-3.03-03 Rev. 00 issued on 25.02.2014 for Planning and Controlling of Processing Process (Perencanaan & Pengendalian Proses Pengolahan)

Refers to the Decision Letter from Manager of Aek Raso Mill PTPN III No. PPARO/SKPTS/03/2015 the company has assigned the person in charge for implementation of RSPO SCCS, the company appointed
trained person Mr. Suyono acting as the person who having overall responsibility for and authority over the implementation of requirements and compliance with all applicable requirements of RSPS SCCS standard.

The last refreshment training for SCCS conducted on March 04, 2015 with evidenced is attendant list and also certificate, attended by 10 persons.

In associated with the sales of finished goods, the PTPN III has different mechanism, which the procurement contract with the customer is not done directly by the Mill, but conducted by Joint Marketing Office (KPB) located in Medan. Mill only delivered the finished goods to customer.

Regarding this situation, the organization not have procedure or work instruction to ensure that the request of certified products start from received order, the production process until delivery of certified products is in accordance with the request. This regulation should be created to ensure that the certified products can be traced the suitability between incoming order and supply source including the records of order fulfilment. It condition was raised as Non-conformity (NCR No. 2015-18 of 20).

Compliance Status: Non-Compliance

**NCR 2015 - 18 of 20**

The organization not have procedure or work instruction to ensure that the request of certified products start from received order in KPB, the production process until delivery of certified products from Mill is in accordance with the request. This regulation should be created to ensure that the certified products can be traced the suitability between incoming order and supply source including the records of order fulfilment.

**E.4. Purchasing and good in**

**Findings:**

The organization has regulated the receiving and storage of certified and non-certified FFB at the Palm Oil Mill in Work instruction no. IK-3.03-12/01 Rev. 01 issued on 25.03.2014, beside that the organization also issued the Circular Letter No. 3.12/SE/2.3/2014 regarding the identification of certified product during the Receipt of FFB and Delivery product of CPO and PK.

In the procedure and Circular Letter regulated that the Marking of certified FFB receipt will be use stamp CSPO only in form PB-25.01 (FFB Incoming Delivery Note) and stamp CPSO or CSPK Mass Balance in form PB-33.01 (CSPO/CSPK Delivery Note), however during the document check process has been found that the stamp CSPO also use in another form and use for non-certified FFB. The stamp CSPO or CSPK Mass Balance also use in PB-28 (Recapitulation of FFB Incoming). It condition was raised as Non-conformity (NCR No. 2015-19 of 20).

Compliance status: Non-Compliance

**NCR 2015 - 19 of 20**

In the procedure and Circular Letter regulated that the Marking of certified FFB receipt will be use stamp CSPO only in form PB-25.01 (FFB Incoming Delivery Note) and stamp CPSO or CSPK Mass Balance in form PB-33.01 (CSPO/CSPK Delivery Note), however during the document check process has been found that the stamp CSPO also use in another form and use for non-certified FFB. The stamp CSPO or CSPK Mass Balance also use in PB-28 (Recapitulation of FFB Incoming).

**E.5. Record keeping**
Findings:
Aek Raso mill has recorded and balance receipts all if RSPO certified and uncertified in to mass balance record and also for palm oil product such as CPO and PK and evaluated in every month. During the surveillance audit, mill has evaluated of volume the CPO and PK certified quantity. From July until December 2014 and January until March 2015. The balance records including the incoming certified FFB and non-certified FFB, the production process, the finished goods of certified and non-certified CSPO and CSPK, Sales and end stock. In the Sales record still not separated between the sales of certified CSPO and CSPK and non-certified CPO and PK, so in the balance records cannot be seen the material accounting system according to conversion ratios stated by RSPO. The organization also not registers the Mass Balance transaction in the RSPO IT platform. It condition was raised as Non-conformity (NCR No.2015-20 of 20).

Compliance status : Non-Compliance

NCR 2015 – 20 of 20
In the Sales record still not separated between the sales of certified CSPO and CSPK and non-certified CPO and PK, so in the balance records cannot be seen the material accounting system according to conversion ratios stated by RSPO.

3.2 Status of previously identified non-conformities

All 19 non-compliances have been identified during the main certification assessment again RSPO P & C and RSPO SCCS. They consist of 7 major non-compliances and 12 minor non-compliances to RSPO P & C and RSPO SCCS. The company has taken corrective action to respond these as well, and closure for these minor non-compliances will be verified during the next surveillance audit. Below is summary of all identified non-compliances, corrective actions taken and auditor conclusions

- RSPO P&C

**Criterion 1.2(Major indicator 1): Information and responses must include any relevant or required documentation, in accordance with applicable national laws**

**Non-conformance 2011 -1 of 19 (Major non-compliance):**
The company Directors issued circular No. 3.00/SE/01/2009 on 5 January 2009 stating that documents that are publicly available but not including the documents as stated in RSPO P&C are :
- Legal: Land titles/user rights (Site Permit/Izin Lokasi), Plantation Operation Permit (Izin Usaha Perkebunan), Land Use Right (Hak Guna Usaha) or other documentation relating to application for Land Use Title in accordance with relevant procedures.
- Health and Safety Plans
- Long-term improvement plans

**Evidence of correction and corrective action taken:**
The company management issued letter No. 3.00/SE/01/2012 on 24 January 2012 concerning publicly available documents which states that the documents may be published. Documents which can be published are : company profile; annual reports; financial statements; HGU and HGB, certificates; award information; environmental impact analysis documents (RKL/RPL, UKL, UPL and DPPL); CSR data; annual policy and quality objectives; occupational health and safety policies; occupational health and safety program documentation; employee annual report; ; land application license documents (permits use of the palm oil industry waste on land or land application); hazardous waste storage permit; and permit to operate hospital hazardous waste incinerator.

**Auditor Conclusions : Closed**

**Criterion 2.2 (Major indicator 1): Evidence of compliance with relevant legal requirements.**

**Non-conformance No. 2011- 2 of 19 (Major non-compliance):**
a. There is no evidence that the company has a license to transport equipment such as wheel loaders, as required by the Regulation of Minister of Manpower and Transmigration No. 5/1985. Article 134 which states
that “Each aircraft lift and transport planning must be approved by the appointed Director or Officer, unless specified otherwise”

b. Aek Raso palm oil mill cannot present documents for Plantation Business Registration License.

c. The organization has been evaluated against the legal and required compliances and the organization has shown to be compliant with all applicable legal requirements. However, the organization has not fully complied to the following:

1. Law No. 1 of 1970, in which several chemicals sprayers (though they are not permanent workers) are not provided with proper PPE, such as safety shoes, apron, hand gloves, mask, and eye goggles (estates) → interview with workers at Afdeling 1 Block JJ 21.

2. Law of Transportation of 2009, in which FFB transporter trucks do not have valid car license (STNK), first aid kit, or safety triangle, or driver does not have driving license or license is expired → interview with FFB driver in the mill.

3. Regulation of Ministry of Manpower and Transmigration No. Per.02/MEN/1980, in which there is no medical check-up for workers working in hazardous areas (chemicals sprayers, though they are not permanent employees).

4. Law No. 13 of 2003 concerning freelance workers’ wages especially contractors such as replanting workers → interview with workers at Afdeling 1 Block JJ 21.

d. The company has List of Legal Requirements concerning manpower/labor, environmental, fertilizing, cultivation of plants and animals, and OHSAS. However several regulations are not listed and have no evaluation for compliance, i.e.:

Decree of Minister of Manpower and Transmigration No:
1. Permenakertrans PER.08/MEN/VII/2010 concerning Personal Protective Equipments
2. Permenakertrans PER.13/MEN/X/2011 concerning TLV for Physical and Chemical Factors in the Workplace
3. Permenaker Per.04/MEN/1987 concerning OH&S Committee and Guidelines for Appointing OH&S Staff
4. Permenaker Per.03/MEN/1998 concerning Guidelines for Investigating and Reporting Accidents
5. Permenaker Per.01/MEN/1979 concerning Hygiene and OH&S Training Requirements for Company Paramedic

Decree of Minister of Health No:
1. Permenkes No. 416/1990 concerning Clean Water Quality
2. Permenkes No. 492/Menkes/Per/IV/2010 concerning Drinking Water Quality

Obsolete regulation related to Environmental is still listed, e.g.:

1. Law no. 23/1997 concerning Environmental Management (This law has been replaced with Law No. 32/2009)

Legal requirements related to Environmental matters have not been listed:

Evidence of correction and corrective action taken:

Audittee has provided evidence and results of verification such as:

a. There is license No. 560/02/DSTKT-WLD/2012 for wheel loaders at PTPN III PKS Aek Raso, from the Department of Manpower and Transmigration of Labuan Batu Regency dated 30 January 2012, for Komatsu wheel loaders, type/brand WA 150-1, Komatsu, serial number WA 150-1-10276, made in 1998.

b. The Company has filed an application for IUP-P dated 25 January 2012 to the South Labuan Batu Regency Cq. Head of service Integrated Licensing and Investment of South Labuhan Batu Regency, through letter No. 3.11/X/12/2012. Since there was no progress response from related government for this letter, the company once again sent new application letter No. DLAB2/X/19/2013 dated 15 April 2013. By this condition, the company only can wait for the response and will re send the letter after three month from the latest application letter. During 1st surveillance audit, there is not progress for condition it that still open (NCR No.2015-04 of 20).

c. 1. There is evidence that spray workers are now equipped with proper PPEs in section 1, afdeling II, III and IV. Workers were observed wearing coats, masks, gloves, and boots. There is a list of attendance for PPE socialization by spray workers dated 8 February 2012.

2. There is evidence that FFB truck drivers have valid driver's licenses and vehicle registrations. There are first aid kits and truck equipment in accordance with applicable regulations.
3. There is a list of the names of five spraying contractors. There is evidence of medical check-up in 2012 conducted by the Center for Field Occupational Health and Safety field for 20 workers, including employees of the spraying contractors and the medical check-up proceeded normally.

4. The Aek Raso management sent a notice to one of the contractors through Letter No. KPARO/X/86A-F/2011 dated 2 December 2011 regarding the completion and appropriateness of workers’ wages and to pay the wages of the workers in accordance with the applicable provisions of MSE which is IDR 29,125 per hour. This notice also contains provisions ensuring workers wear full PPE, drivers must have valid driver's licenses and vehicle registrations, and equipped with first aid kit in each transport unit. Service providers are required to conduct periodical medical examinations of workers. There is evidence of a reply from the contractor dated 5 December 2011 that they approved the contents of PTPN III’s letter. There is evidence of receipt of the evaluation of workers’ wages by a third party in the form of wage receipts for December 2011, in accordance with government regulations of IDR 30,000 per hour, signed by the workers.

d. There are evaluation results for compliance with:
1) Regulation of Minister of Manpower and Transmigration No.08/VII/2010.
2) Regulation of Minister of Manpower and Transmigration No. PER.13/MEN/X/2011 concerning Threshold Limit Value for Physical and Chemical Factors in the Workplace.
3) Regulation of Minister of Manpower and Transmigration No. PER.04/MEN/1987 concerning OH&S Committee and Guidelines for Appointing OH&S Staff.
4) Regulation of Minister of Manpower and Transmigration No. 01/MEN/1979 concerning Hygiene and OH&S Training Requirements for Company Paramedic.
5) Regulation of Minister of Manpower and Transmigration No. 03/1998 concerning Guidelines for Investigating and Reporting Accidents.
6) Regulation of Minister of Manpower and Transmigration No. 08/VII/2010 concerning Personal Protective Equipment’s.

Auditor Conclusions: Open (NCR No. 2015-04 of 20)

**Criterion 5.1 (Major indicator 2): Records of regular report on environmental management in accordance with relevant regulations.**

**Non-conformance No. 2011-3 of 19 (Major non-compliance)**

According to the company’s RPL/RKL document, several parameters require monitoring and their results to be included in the implementation report; however evidence of monitoring or analysis of some of these parameters were not recorded in the implementation reports for July 2011 or December 2010. For example, there were no analysis for soil erosion measurement for soil with over 40% slope and for soil quality, no groundwater quality analysis for the water used by workers in Aek Raso Estate, no analysis of Aek Raso river water, and no biodiversity index measurement.

**Evidence of correction and corrective action taken:**

There is evidence that Aek Raso Estate has sent a letter to the Head of Technology of PTPN III regarding the second request to be included in the report above parameter UKL/UPL for the first half of 2013.

There is evidence of response from North Sumatra University as the executor for this RPL/RKL management activity on 25 September 2013 stating that the RKL/RPL for first half of 2013 will start the analysis for slope and erosion rate and is currently in the process of finalization. There is evidence that the UKL/UPL revised version report 2013 already including analysis for soil erosion measurement for soil with over 40% slope and for soil quality, groundwater quality analysis for the water used by workers in Aek Raso Estate, analysis of Aek Raso river water, and biodiversity index measurement.

**Auditor conclusion: Closed**

**Criterion 4.1 (Minor indicator1): Records of checking or monitoring of operations. Minimum requirement: once a year.**

**Non-conformance No. 2011- 4 of 19 (Minor non-compliance)**

There is evidence of poor implementation of the company’s work instruction for Handling of Licenses (Work
Instruction No. IK-3.11-03/01), i.e. the company’s license for storage of hazardous wastes expired on March 2011 but there was no action taken to apply for license renewal until September 2011, which was 6 months after the license had expired.

Evidence of correction and corrective action taken:
During surveillance audit, has been proved that the company has renewed the temporary storage of hazardous and toxic (B3) waste permits, located in Aek Raso Village, District Torgamba, and South Labuhan Batu Regency. The new permit is No. 503/186/BPPTPM-LS/2014 dated on April 29, 2014 issued by Board of Investment and Integrated Licensing Service of South Labuhan Batu Regency Government. The validity of permits is three (3) years from the date of enactment.

Auditor conclusion: Closed

**Criterion 4.1 (Minor indicator 2): Records of operational results.**

Non-conformance 2011-5 of 19 (Minor non-compliance):
There is no evidence that calibration was done in 2010. Calibration is in progress for 2011.

Evidence of correction and corrective action taken:
The calibration of Sounding Tape machine in factory was conducted by third parties PT Eastern Pro Engineering on November 07, 2014.

Auditor conclusion: Closed

**Criterion 4.6 (Minor indicator 2): Records of the results of health check-up for those who apply agrochemicals.**

Non-conformance 2011-6 of 19 (Minor non-compliance):
Sprayer with status non permanent worker (working on behalf of a contractor) has yet to receive regular medical check-up.

Evidence of correction and corrective action taken:
Aek Roso has submitted letter to 10 (ten) sub-contractor company regarding implementation of OHS where one of part is annual medical surveillance by doctor with hyperkes status and submit information to PT Perkebunan Nusantara III (Persero) after finish medical check-up but during 1st surveillance audit not available.

Auditor conclusion: Open (NCR No.2015-08 of 20)

**Criterion 4.6 (Major indicator 3): Documentary evidence that usage of agrochemicals is appropriate for the target species, given at correct dosage and applied by trained personnel in accordance with the product label and storage instructions.**

Non-conformance 2011-7 of 19 (Major non-compliance):
1. No documented evidence that best practice training was given to spray workers.
2. There is no recorded evidence that pregnant or breastfeeding women do not work with pesticides.

Evidence of correction and corrective action taken:
1. There is evidence of hazardous and poisonous material management training for spray workers from I-IV on 16 December 2011 and 8 February 2012. There is an attendance list and photo documentation of the participants.
2. Based on interview with the workers and indicated in the list of sprayer in 2013 there are no pregnant employees working as spray workers.
Auditor conclusion : Closed

**Criterion 4.6 (Major indicator 4): Waste material from agrochemicals including pesticides containers are properly disposed in accordance with laws and regulations.**

Non-conformance 2011- 8 of 19 (Major non-compliance):
There is no management for empty agrochemical packages (such as Sevin and Marshal 5G).

Evidence of correction and corrective action taken :
There is evidence of all hazardous and poisonous waste in the hazardous and poisonous warehouse including Sevin and Marshal 5G already pick by licensed hazardous and poisonous contractor.

Auditor conclusion : Closed

**Criterion 4.7 (Major indicator 1): Evidence of a documented occupational safety and health (OSH) policy and its implementation.**

Non-conformance 2011-9 of 19 (Major non-compliance):
There is no commitment related to health, such as to avoid ill health of estates workers in occupational and safety policy signed by head of OH&S Committee on 18 February 2011

Evidence of correction and corrective action taken :
The company already revised policy as Working Instruction no. IK-03.08/02 rev 05 dated 15 August 2013 which is including workers health programs. Based on verification of document that it was found that the company also conducted medical check-up for workers. For example: there was record of worker's medical check-up of as health program for worker consist of name of the workers.

Auditor conclusion : Closed

**Criterion 4.7 (Minor indicator 5): Accident and emergency preparedness procedure.**

Non-conformance 2011- 10 of 19 (Minor non-compliance):
1. There are three different emergency telephone numbers in SD-10-02 rev 01 and are placed in administration office and meeting room.
2. The hydrant at the loading ramp is leaking, and one fire extinguisher in the electrical workshop has low pressure.

Evidence of correction and corrective action taken :
The company has revised SD-01 10-02 rev.02 where it information has updated. Based on photograph that their information in administration office and meeting room has updated too.

Based on verification to field that hydrant at the loading ramp has good (not leaking) and fire extinguisher in the electrical workshop has normal pressure. Aek Raso mill has conducted emergency response (simulation) or drill dated on November 21, 2014 where included ensuring all equipment relate of emergency response are good condition.

Auditor conclusion : Closed

**Criterion 4.7 (Minor indicator 6): Evidence of OHS and first aid equipment’s available at worksites.**

Non-conformance 2011-11 of 19 (Minor non-compliance):
First aid kits are not available at warehouse or at working area in division 1 Block JJ 21 where manual weeding
Evidence of correction and corrective action taken:

Based on verification to field and document that first aid box has available at warehouse and Division office and first aid kits at working areas which be carried by supervisor/foreman. Aek Roso has informed distribution of first aid box and kits.

Auditor conclusion: Closed

| Criterion 4.7 (Minor indicator 7): Workers trained in first aid should be present in both field and mill operations. |
| Non-conformance 2011-12 of 19 (Minor non-compliance): |
| 1. First aid team is not available for second mill shift. |
| 2. There is no evidence first aid training for foremen in Aek Raso Mill. |

Evidence of correction and corrective action taken:

During 1st surveillance audit, Aek Roso (Aek raso mill) has not carried out first aid training to all foreman/ supervisor in mill that it has been found that first aid team is not available in the one of shift.

Auditor conclusion: Open (NCR No.2015-10 of 20).

| Criterion 4.7 (Minor indicator 8): Records of the occurrence of any work accidents are maintained and regularly reviewed. |
| Non-conformance 2011-13 of 19 (Minor non-compliance): |
| 1. There is no summary record of accidents for February, May and June 2011. |
| 2. Accidents recorded in recapitulation report and polyclinic report is not included in OH&S Committee monthly meeting report for July and September 2011. |
| 3. No corrective action was taken to follow up accident investigations. |

Evidence of correction and corrective action taken:

During 1st surveillance audit, Aek Roso has accident report and records and has submitted report regularly to local government year 2014 and 2015. The records of accident year 2014 and 2015 have kept where included information of Lost Time Accident (LTA) and each accident has carried out investigation and corrective action/reviewed it.

Auditor conclusion: Closed

| Criterion 5.6 (Minor indicator 1): Records of efforts and strategies employed to reduce pollution and emissions. |
| Non-conformance 2011-14 of 19 (Minor non-compliance): |
| The mill currently has no plan for reducing greenhouse gas emissions. |

Evidence of correction and corrective action taken:

Aek Roso have short term plan to reduce or minimise GHG in Aek Raso POM and estate i.e. calculation of volume of liquid waste dispatch to land application areas, develop of methane capture (long term plan), efficiency of using fossil fuel and optimization of using renewable energy, planting conservation plant in empty or open areas, consumption of fertilizer appropriate fertilizer recommendation, road maintenance, FFB vehicle not over load.

All programme has implemented exclude develop of methane capture, such as efficiency of using fossil fuel and optimization of use renewable energy, consistent of fertilizer role implementation, maintenance of road, implement of land application, planting conservation plant and develop of pole barrier on the road leading to
POM where it height will limit the weight being transported by truck.

**Auditor conclusion:** Closed

<table>
<thead>
<tr>
<th>Criterion 6.1 (Major Indicator 1): Documented environmental and social impact assessment, including details of positive and negative social effects that may be caused by plantations and mills, and documented participation of affected parties and local communities.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance 2011-15 of 19 (Major non-compliance):</strong></td>
</tr>
<tr>
<td>The company has an SIA report, however:</td>
</tr>
<tr>
<td>- It does not include the impacts of palm oil mill</td>
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<tr>
<td>- It does not include the impact on employees.</td>
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<tr>
<td>- It does not include the impact of smallholder plantations.</td>
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<tr>
<td><strong>Evidence of correction and corrective action taken:</strong></td>
</tr>
<tr>
<td>There is SIA report documenting impact of mill and the impact on employees and community, as well as the impact on smallholders of Aek Raso Estate and Mill. There is evidence that the SIA document was revised to include the impact on employees, smallholder plantation and the impact of the palm oil mill but during 1st surveillance audit, there are not the information of impact of smallholder plantation on the revision of SIA report which submitted by Aek Roso.</td>
</tr>
<tr>
<td><strong>Auditor conclusion:</strong> Open (NCR No.2015-14 of 20).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion 6.1 (Minor indicator 1): Regular monitoring and management of social impact, with the participation of local communities.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance 16 of 19 (Minor non-compliance):</strong></td>
</tr>
<tr>
<td>There is a social impact management plan but does not include social impact on workers, and there is no evidence of community and employee participation in the impact management plan.</td>
</tr>
<tr>
<td><strong>Evidence of correction and corrective action taken:</strong></td>
</tr>
<tr>
<td>According to the SIA, the company has made impact management plan with participation from communities (Pasir Lancat village, Huta Raja village and Aek Raso village), workers/employees and smallholder. Aek Roso has planned for mitigation of negative impact and promotion of the positive on year 2014 and 2015 has developed (include of monitoring plan). In section of problem priority has informed about problem, activity plan, alternative, follow-up and their realization include of timetabled and person in charge for implementation.</td>
</tr>
<tr>
<td><strong>Auditor conclusion:</strong> Closed</td>
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<tr>
<td><strong>Non-conformance 2011-17 of 19 (Minor non-compliance)</strong></td>
</tr>
<tr>
<td>There is no environmental management and monitoring report that includes the results of the SIA study.</td>
</tr>
<tr>
<td><strong>Evidence of correction and corrective action taken:</strong></td>
</tr>
<tr>
<td>Based on impact management and monitoring plan above that Aek Roso not fulfil carried out by Aek Roso because Aek Roso has conducted donations to communities such as develop/renovation of religious facilities, public facility of clean water, venture capital and office utilities (computer and printer) and administrative activities such as create of letter for village officer, create of proposal and waiting proposal from village office. The Aek Roso have procedure no.PK-3.12-24 regarding guidance of monitoring (identification, monitoring and evaluation of SIA) but the monitoring of social impact not carry out.</td>
</tr>
<tr>
<td><strong>Auditor conclusion:</strong> Open (NCR No.2015-15 of 20)</td>
</tr>
</tbody>
</table>
Criterion 6.1 (Minor indicator 4): Particular attention paid to the impacts of out grower schemes (where the plantation includes such a scheme).

Non-conformance 2011-18 of 19 (Minor non-compliance):
There is no study on the impact of plasma on the community estate.

Evidence of correction and corrective action taken:
Based on information above that revision of SIA report has not included impact of smallholder that information about the impact of plasma on community estate not include too.

Auditor conclusion: Open (NCR No.2015-15 of 20)

Criterion 8.1 (Major indicator 1): Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

Non-conformance 2011-19 of 19 (Major non-compliance):
There is no report on the monitoring and management of social impacts.

Evidence of correction and corrective action taken:
There is a report of realization of community social impact management in 2011. There is evidence of discussion on village development programs involving the community in the form of agreement between the company and the community of Aek Raso Village dated 18 October 2011 along with the meeting minutes.

Auditor conclusion: Closed

• RSPO SCCS

NCR SCCS-2011-01 of 03:
There is a difference in model supply chain certification system between Director’s decision letter (SG) with the system implemented in the mill (MB).

Evidence of correction and corrective action taken:
PT Perkebunan Nusantara III has revised Decree of Director concerning model supply chain change from Segregation (SG) to Mass Balance (MB) in Aek Raso Palm Oil Mill as was stated on Director Decree No. 3.03/SKPTS/01/2012 dated 2 January 2012.

Auditor Conclusions: Closed

NCR SCCS-2011-02 of 03:
Lack of evidence that Aek Raso Mill has established and written a procedure that includes a mechanism to declassify RSPO material if a supplier’s supply chain certification is found to be invalid e.g. Identity Preserved → Segregated → Mass Balance → Non-RSPO Certified Palm Oil.

Evidence of correction and corrective action taken:
Working Instruction No. IK-3.05-04/06 Rev.02 was revised to Working Instruction No. IK-3.03-15/01 Rev.00 dated 1 February 2012. The new working instruction explains the mechanism to declassify RSPO material if a supplier’s supply chain certification is found to be invalid.

Auditor Conclusions: Closed
NCR SCCS-2011-03 of 03:
The retention time for all records and reports of SCCS implementation will storage is less than 5 (five) years.

Evidence of correction and corrective action taken:
Revision of retention time was not done in the Director’s decree because there was Work Instruction for Palm Oil Processing No.TP.4-2011 states that retention time is 5 (five) years for records/reports related SCCS such FFB receipt note in palm oil mill, processing records/documents, weighbridge slip, etc.

Auditor Conclusions: Closed

3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

all 20 non-conformities were arose against consisted of 15 findings against RSPO P & C, 4 findings against RSPO SCCS and 1 finding against RSPO certification system. The company has taken corrective action to respond these as well, and closure for these minor non-compliances will be verified during the next surveillance audit. Below is summary of all identified non-compliances, corrective actions taken and auditor conclusions

- RSPO P&C

RSPO Certification System 4.2.4.

NCR No.2015-01 of 20 (Major) :

- Aek Roso do not have evidence has carried out partial certification audit on year 2015
- Aek Roso has not informed/submitted programme/plan towards RSPO compliance for smallholder which is the Community Plasma Plantation (Perkebunan Inti Rakyat or PIR) Aek Raso

Corrections:

- To make RSPO requirements internal audit report for all uncertified unit according to time bond plan to certification year 2015 and submit the report to certification body.
- Aek Roso will provide smallholder programme/plan towards RSPO compliance

Corrective Action:

- To keep maintain and records every year all internal audit records according RSPO requirement.
- To keep smallholder programme/plan towards RSPO compliance and conducting audit in next surveillance.

Auditor Conclusions: Closed

Date of closure: 24 April 2015

Verification results:

The company has provided self-assessment report for all uncertified companies and revised the time bond plan according to the readiness to comply with RSPO requirements. Detail information can be show in section 1.10.

The company has provided time bound plan for smallholder programme where the one of object is PIR Aek Raso. On the programme that PIR Aek Raso will conducting main assessment/audit year 2017 (3rd surveillance audit). In year 2016, the company will be conducting socialization of RSPO to communities (PIR Aek Raso), discussing right and responsibility in implementation RSPO requirement include of appoint of PiC, etc.

Indicator 1.2.1 Publicly available documents shall include, but are not necessarily limited to:
- Land titles/user rights (Criterion 2.2);
- Occupational health and safety plans (Criterion 4.7);
- Plans and impact assessments relating to environmental and social impacts(Criteria 5.1, 6.1, 7.1 and 7.8);
- HCV
documentation (Criteria 5.2 and 7.3); Pollution prevention and reduction plans (Criterion 5.6); Details of complaints and grievances (Criterion 6.3); Negotiation procedures (Criterion 6.4); Continual improvement plans (Criterion 8.1); Public summary of certification assessment report; Human Rights Policy (Criterion 6.13)

NCR No.2015-01 of 20 (Major):
In the circular letter from PTPN III Director No. 3.00/SE/01/2012 issued on January 24, 2012 regarding the listed document that can be published still not include the HCV documentation (criteria 5.2 and 7.3), details process of complaint procedure (criteria 6.3), final report public summary of certification result and human rights policy (criteria 6.13) as required by RSPO P&C

Corrections:
The company will be revision circular letter of Director no. 3.00/SE/01/2012 dated on January 24, 2012.

Corrective Action:
- To ensure 5th type of documents has included in circular letter it.
- To distributing and recording new circular letter to all unit.

Auditor Conclusions: Closed

Date of closure: 24 April 2015

Verification results:
The company has provided circular letter no.3.00/SE/01/2015 dated on April 8, 2015 from Director of marketing and planning developing regarding publication of company data (publish and not publish). In appendix from circular letter no.3.00/SE/01/2015 dated on April 8, 2015 that the listed document that can be published include HCV documentation (no.24), flow process of complaint/conflict procedure (no.26), RSPO public summary report (no.27) and human right policy (no.22).

The circular letter above is revision of previous circular letter from Director (no.3.00/SE/01/2012 dated on 24 January 2012). The company has delivered the internal memo for all mill dated on April 16, 2015 to all District Manager, Head of Unit and Plantation/Unit Manager in PTPN III about the publicly document that can be publish.

Indicator 1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations

NCR No.2015-03 of 20 (Minor)
No evidence Code of Conduct PT Perkebunan Nusantara III (Persero) has communicated/socialized to product transport company.

Corrections:
The company will be socialization about code of conduct to management from product transport company

Corrective Action:
Socialization activities will be recording and to ensure that all participant has understood.

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

Date of closure: 24 April 2015

Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available
NCR No.2015-04 of 20 (Major)

Some evidences of non-compliance with relevant legal requirements such as:

- Revision of plantation business permit (SPUP) has not been issued since year 2012, it is not accordance with Minister of Agriculture decree No.98 year 2013 section 10.
- There are hazardous and toxic waste (type of used chemical/pesticide container) are 2,246 unit in Aek Raso mill have been kept more than period time on requirement/permit and
- PT Putra Tunas as the company of transport for hazardous and toxic waste do not have evidence that it has cooperated with the hazardous and toxic waste utilization for used chemical/pesticide container, used oil and used oil filter.

Corrections:

- Communication to local government again in order that Aek Raso was known root cause from request of plantation business permit revision
- To ensure that all hazardous and toxic waste has transported/taken and there are not hazardous and toxic waste in estate and POM.
- The company will be request to PT Putra Tunas regarding agreement of utilize hazardous and toxic waste with other party.

Corrective Action:

- Monitor and communication more intensive to local government and Aek Raso will conduct review of laws and regulations with high discipline and implement it.
- Estate and mill will be remainder to head office that their hazardous and toxic waste will be more than 90 days or 180 days.
- Recording of hazardous and toxic waste permit
- To ensure that all document of transport and utilize party has appropriated with regulation and completed.

Auditor Conclusions: Closed

Date of closure: 10 June 2015

Verification results:

The company has provided activity list or chronologies day by day of plantation business permit process from request of permit to local government till existing condition. Aek raso estate was submitted letter/memorandum dated on April 14, 2015 (No. PPARO/DLAB2/MO/20/2015) & April 22, 2015 to District Manager of Labuhan Batu II regarding preparation of document in order submitting the request of permit, District manager was submitted letter to Service Integrated License and Investment Agency – Labuhan Batu Selatan District dated on May 4, 2015 regarding applying the request of permit and coordinating with head of agency regarding fulfilment of requirement, permit fee/cost and the stages of the process started from 1st stage again because the previous filling had been not followed too long. District Manager was submitted memorandum to Director of Human Resources and General (No. DLAB2/Dir-SDM & Umum/MO/413/2015) dated on May 06, 2015 regarding permit fee/cost with detail of permit fee/cost from local government as attachment. It has disposition to the law department (3.11) by Director dated on May 11, 2015 for completed/follow up, reviewed/investigated and reported. Aek Roso has submitted evidence or additional documents related to the process of applying for permit on May 18-20, 2015 and June 04-05, 2015. Until now, permit in process and October 2015 was estimated by Aek Roso that permit will issue.

The company has provided letter no. 3.03/X/50/2015 dated on April 13, 2015 to PT Putra Tunas to remind time limit for hazardous waste (March to June 2015) taking. If outside of time limit which has been determined. it is not justified and will not be served.

The company has provided schedule of taking hazardous waste in PT Perkebunan Nusantara III (all estate and mill) too where Aek Raso estate has taken dated on April 4, 2015 (round I) and round II will be conducted on 2nd week in June 2015 with type of waste is used agrochemical/pesticide container.

The company has provided agreement between PT Putra Tunas (as the company of transport for hazardous and toxic waste) with PT Tanang Jaya Sejahtera (as utilization, processing for liquid phase, transporter of the hazardous and toxic waste) no. 04/MS-TJS/V/2015 dated on 07 June 2015 and agreement between PT Putra
Tunas with PT Triguna Pratama Abadi no.119/TPA-MOU/III/2015 dated on 09 March 2015 (as collecting, processing and utilizer of the hazardous and toxic waste for liquid and solid). Used oil can be processed in PT Tanang Jaya Sejahtera and PT Triguna Pratama Abadi, whereas used oil filter and used agrochemical/pesticide waste can be processed in PT Triguna Pratama Abadi only.

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

NCR No.2015-05 of 20 (Minor)

- One of laws and regulations evaluation result was not appropriate i.e. the company have plantation business permit (SPUP) as evidence of compliance from Minister of Agriculture decree No.98 year 2013 but actual conditions that the revision of plantation business permit (SPUP) have not been issued until during audit.
- The company has not been maintained list of laws and regulations such as Minister of environment decree No.51 year 1995 are still available on the list of laws and regulations year 2015 in Aek Raso Mill (FM-3.11-01/01) and used as the basis in the evaluation process while it decree has been changed or not applicable

**Corrections:**
Aek Raso will be revision of the evaluation of laws and regulations regarding plantation business permit and completing regulation with update regulation on list of laws and regulations

**Corrective Action:**
All update regulation documented and conducting review or evaluation of laws and regulations by law officer with regular and discipline.

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

**Date of closure: 24 April 2015**

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

NCR No.2015-06 of 20 (Major)

One of Aek Raso estate areas (block NN1, OO1, OO2, PP1 and PP2 in Pasir Lancat Village) on outside of cadastral map (based on map no.26/12/2009) or not included on the renewal of land use permit (HGU) process.

**Corrections:**
To create of solution programme/plan in order to cultivation right title (HGU) process for block NN1, OO1, OO2, PP1 and PP2 in Pasir Lancat Village appropriate map of cadastral no. 26/12/2009

**Corrective Action:**
To ensure all areas has covered inside land use right and implement of program, which has made.

**Auditor Conclusions:** closed

**Date of closure: 10 June 2015**

**Verification results:**
The company has provided working plan for completion of block NN1, OO1, OO2, PP1 and PP2 (afdeling/division IV). They were re-measurement area in 18 May 2015, create of map in June 2015 and coordination/consultation from legal departments to relevant government agencies in July 2015. The next step will be determined after receive result of consultation with relevant party. The option of company are to revise the map no.26/12/2009 in order that block NN1, OO1, OO2, PP1 and PP2 included on map or apply new application of cultivation right title or land use right (HGU) as additional areas. The company will start from the
first stage of the concession request if as additional areas.
Re-measurement and create of map has finished and those evidence has submitted.

Indicator 3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders

NCR No.2015-07 of 20 (Major)

- In the Long Term Plan (RJP) year 2014-2018 still not consolidated between mill and estate, that information about the profit and loss for mill and estate not available
- The allocation of cost or the financial posting for activities that related to smallholder (Perkebunan Inti Rakyat) not available too
- The long term plan (RJP) not be used as reference for annual budget or work plan an budget of company (Rencana Kerja dan Anggaran Perusahaan) year 2015 in estate and mill

Corrections:
- Revision of long term plan (RJP) year 2014-2018 that information of the profit and loss for mill and estate has included on plan
- Revision of long term plan (RJP) year 2014-2018 that financial posting for activities that related smallholder has included on plan
- Revision of long term plan (RJP) year 2014-2018 or annual budget (RKAP) year 2015 so that the annual budget and long term plan each other connected.

Corrective Action:
To ensure all information on long term plan has appropriated with standard. Moreover, to review of performance every year.

Auditor Conclusions: Closed

Date of closure: 24 April 2015

Verification results:
The company (Aek Raso estate and mill) has provided long-term plan year 2014 to 2018 appendix 6.1.1 about profit and loss section where profit and loss information has available. Aek Raso estate and mill will be forecasted are profit. A forecast of the product price information has available in profit and loss of mill i.e. CPO: Rp 6,800 to 7,800/tons and PK: Rp 3,500 to 4,000/tons. Beside it, long term plan has information of FFB production from smallholder areas, hectare statement of smallholder areas (year planted 1980-1982), cost of buying FFB from smallholder and CSR.

Annual budget year 2015 has revised volume of FFB production, CPO & PK production, FFB process, process cost, production cost, administration and general cost, plantation cost per hectare and production cost per hectare.

Indicator 4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated

NCR No.2015-08 of 20 (Major)

Spraying workers from outsource company has not been carried out annual medical surveillance year 2014 for cholinesterase parameter.

Corrections:
The company (on behalf subcontractor company) will be carry out specific annual medical surveillance (cholinesterase parameter) for spraying workers year 2014

Corrective Action:
- To record of the results of specific annual medical surveillance year 2014 for subcontractor workers.
• Create of plan for medical check-up year 2015 for internal and subcontractor workers include specific parameter such as cholinesterase for spraying workers, audiometric for mill's workers, etc. All workers will be examined and scheduled

Auditor Conclusions: closed
Date of closure: 15 May 2015

Verification results:
The company has provided the results of laboratory analysis (no.543E/LHU-KES/BK3-MDN/V/2015) from spraying workers (subcontractor workers from 7 subcontractor company) for cholinesterase parameter with sampling date on May 12, 2015 where there is 1 employee indicated poisoning because under reference value. The company has issued policy that she is not working which relate of agrochemical.

Whereas year 2015, medical check-up will be implemented on August 2015 for all workers such as harvesting, maintenance, administration, infrastructure, administration in office and spraying and fertilizing from subcontractor.

Indicator 4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women

NCR No.2015-09 of 20 (Major)
Aek Raso Estate do not have evidence that all spraying workers especially women not pregnant or breastfeeding on working.

Corrections:
Create of statement letter not pregnant or breastfeeding on working with agrochemical where it will be signed by workers

Corrective Action:
Create of list of spraying workers especially women and create of statement letter it. Update of information by periodically.

Auditor Conclusions: closed
Date of closure: 21 April 2015

Verification results:
Aek Raso Estate has provided statement letter dated on April 10-16, 2015 from spraying workers especially women workers that they are not pregnant or breastfeeding on working. Statement letter has signed by employee and each Director of subcontractor company such as :

- CV Mitra Ialolo (afdeling/division I-III) : 19 workers
- CV Difa Perkasa (afdeling/division II & IV) : 17 workers
- CV Tri Putra Jaya (afdeling/division III) : 10 workers
- CV Hafidz (afdeling/division IV) : 8 persons
- CV Raja Gemilang (afdeling/division III) : 3 persons
- CV tri Putra Jaya (afdeling/division III) : 1 persons
- Internal : 17 persons

Furthermore, the company has carried out check-up for women workers which handling of agrochemical. Based on statement letter and results of check-up that all spraying employees not pregnant or breastfeeding now.

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

NCR No.2015-10 of 20 (Major)
First aid training in mill for supervisor has not been done.

Corrections:
Aek Roso will conduct first aid training for all supervisor/foreman in mill

Corrective Action:
Aek Rasos mill will make sure regularly that all supervisor/foreman in mill has participated first aid training

Auditor Conclusions: closed
Date of closure: 21 April 2015

Verification results:
Aek rasos mill has provided resume of training, photograph, attendant list and first aid certificate. Training has conducted dated on 20 April 2015 in meeting room of Aek Rasos mill with main topic are awareness of medical tools, type of accident, how to bandage the wound and stop bleeding on wounds, give artificial respiration and how to bring victim which fainted. Total of participant are 12 persons.

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

NCR No.2015-11 of 20 (Major)
The estate and mill has provided training programme/plan year 2015 but the training related with RSPO Principle and Criteria not included and training programme/plan for smallholders and subcontractor still not provided

Corrections:
The company has created the new training plan in 2015 both for internal and for smallholders and subcontractor. The training plan for internal has included the training related with RSPO principles and Criteria for example training for HCV management

Corrective Action:
The company will ensure that the annual training plan from HRD in head office, estate and mill will covered the training related with RSPO principles and Criteria. And also for smallholders and subcontractor involved in the scope of RSPO certification

Auditor Conclusions: closed
Date of closure: 27 April 2015

Verification results:
The company has released the new annual training plan that covered the training related with RSPO principles and Criteria. And also training plan for smallholders and subcontractor involved in the scope of RSPO certification. For example the training related with RSPO for internal employees are training for advocating and negotiation for internal and external (stakeholders), first aid training, HCV management training and best practice training for harvesting with oil palm chisel. Training for smallholders and subcontractor are training for handling of chemical and hazardous waste and harvesting with oil palm chisel and sickle

Indicator 4.8.2 Records of training for each employee shall be maintained
NCR No.2015-12 of 20 (Minor)
The training documentation used are the form of evaluation and attendance list only. Whereas, the other document/record accordance the procedure of Human Resource Development (No. PK-3.08-08 Rev. 00) not available

Corrections:
The company will completed all training records according to the procedure of Human Resource Development No. PK-3.08-08 Rev. 00

Corrective Action:
For all training program that will be conducted, the company ensure that all documentation required in the procedure will be fully implemented in each training

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

**Indicator 5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons**

NCR No.2015-13 of 20 (Minor)
There are 2 (two) type of impact not carried out monitored i.e. level of erosion in field with slope 40% and index of biodiversity that results of monitoring not available on environmental management and monitoring plan report semester I & II year 2014

Corrections:
To revise RKL/RPL report (1st and 2nd semester) year 2014 where it shall be include information of monitoring of erosion level on slope 40% and biodiversity index.

Corrective Action:
To ensure that all parameter has managed and monitored by estate and mill and to communicate with third party that all parameter shall be monitored and was written on report.

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

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

NCR No.2015-14 of 20 (Major)
There is evidence on report that it has included impact of palm oil mill activities, impact on employees/workers but it has not included impacts of smallholder plantation

Corrections:
- Make sure to head office about update SIA report after previous assessment (main assessment)
- Revision of SIA report with additional analyst are impact of smallholder plantation

Corrective Action:
To kept results of revision SIA report.

Date of closure: 24 April 2015
Verification results:
Aek Raso has provided revised of SIA report where there are additional article i.e. article IV. Social impact to smallholder. Identification of aspect and impact to smallholder such as employment and business opportunities, OHS, occupational diseases for farmer as employee in estate, facilities and benefit for employee which come from farmer or farmer family, mechanism of consultation and communication, stabilization of employees, perception of communities, and salary of smallholder.

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

<table>
<thead>
<tr>
<th>NCR No.2015-15 of 20 (Major)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Aek Roso have procedure no.PK-3.12-24 regarding guidance of monitoring (identification, monitoring and evaluation of SIA) but the monitoring of social impact year 2014 not carry out</td>
</tr>
</tbody>
</table>

**Corrections:**
To conduct monitoring of social impact based on SIA report.

**Corrective Action:**
Management and monitoring social impact plan and their implement was kept. The PiC communities relationship understand role of social impact in requirement

**Date of closure: 24 April 2015**

Verification results:
The company has provided matrix of social impact management year 2014 include of name of village, activities, time schedule and PiC and results of monitoring. Aek Raso has carried out social impact management are charities/donation of the renovation of religious facilities in Aek Raso village (afdeling/division A & C), capital assistance to the partnership party in the form of water re-charging in Aek Raso village (afdeling/division C), 2 (two) unit of boreholes as fresh water facility for communities in Huta Raja village, maintenance road in the form grader in Aek Raso village (afdeling/division B), socialization of SIA and socialization of health and education facilities can be accessed by public in Aek Raso village (November 17, 2014 and June 10, 2015) and Huta Raja village (November 18, 2014 and June 9, 2015) and 1 unit computer include printer and table of computer for Subdenpom 1/1-5 Cikampak. The perception of parties which has receipt donation/charity is positive. Aek Raso has provided evidence too in the form of photograph for each donation/charity, letter of donation request from stakeholders and attendant list.

**Indicator 8.1.1** The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria

<table>
<thead>
<tr>
<th>NCR No.2015-16 of 20 (Major)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring and evaluation of social impact management has not been done, the continuous improvement plan relate of social impact not available</td>
</tr>
</tbody>
</table>

**Corrections:**
- Aek Roso will provided evidence of monitoring and evaluation of social impact management
- To create action plan of continuous improvement

**Corrective Action:**
Create of action plan for continuous improvement after results of plan A not maximal.

**Date of closure: 24 April 2015**

Verification results:
The company has provided action plan continuous improvement relate of social impact baseline realization of social impact management and monitoring year 2014. Action plan are conducting monitoring with regularly
regarding priority of donation or management appropriate social impact assessment report and needs communities in around estate and communication with head of village regarding social impact management plan year 2015 baseline SIA report.

- RSPO SCCS

**E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT Platform or book and claim)**

**NCR 2015 - 17 of 20 (Major)**
The company has claimed and stamped the certified CPO and PK with Mass Balance in all production records and delivery documentation, however there is no certified product transaction that claimed as Mass Balance on the RSPO Etrace.

**Corrections:**
- To ensure that all transaction as certified or non-certified
- To revision of working instruction or procedure in department of 3.03, 3.07 and mill that claim as certified transaction must be transaction by e-Trace
- The company will inform to customer/buyer that all dispatch CPO and PK year 2014 and 2015 (per March) not claim as certified
- To revision of mass balance year 2014 and 2015 (per March) for categorize of dispatch

**Corrective Action:**
PIC and employees who relate of implementation of SCCS must aware that transaction as certified by e-Trace

**Auditor Conclusions : closed**
**Date of closure: 24 April 2015**

**Verification results:**
Based on information on e-Trace that value in volume sold is null that no certified transaction with physic from year 2014 till now.
Based on information above so that the company has provided circular letter to buyer/customer that all dispatch CPO and PK year 2014 and 2015 (per March) not claim as certified, revision of mass balance year 2014 and 2015 for categorize of dispatch and revision of work instruction about SCCS mechanism.

**E.3.1.a Complete and up to date procedures covering the implementation of all the elements in the requirements**

**NCR 2015 - 18 of 20 (Major)**
The company has no mechanism to ensure that the request of certified products start from received order in KPB, the production process until delivery of certified products from Mill is in accordance with the request. This mechanism should be created to ensure that the certified products can be traced the suitability between incoming order and supply source including the records of order fulfilment

**Corrections:**
The company will create of mechanism regarding status of certified product on trading process from starting issue of order in join marketing office (KPB) to marketing department, delivery order from 3.03 department and mill.

**Corrective Action:**
To implement all procedure related to RSPO certification and SCCS requirement consistently since incoming material, production, delivery, stock and sales.
Auditor Conclusions: closed
Date of closure: 24 April 2015

Verification results:
Company provided revised SOP traceability for certified product. The procedure has been inform about mechanism for incoming order for certified product from KPB and order processing on head office then to the respective mill

E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received

NCR 2015 - 19 of 20 (Major)
In the procedure and Circular Letter regulated that the Marking of certified FFB receipt will be use stamp CSPO only in form PB-25.01 (FFB Incoming Delivery Note) and stamp CPSO or CSPK Mass Balance in form PB-33.01 (CSPO/CSPK Delivery Note), however during the document check process has been found that the stamp CSPO also use in another form and use for non-certified FFB. The stamp CSPO or CSPK Mass Balance also use in PB-28 (Recapitulation of FFB Incoming).

Corrections:
The company has revised some documentation that use CSPO or CPSO/CSPK Mass Balance and communicated to all person in charge to using the stamp only for certified products consistently.

Corrective Action:
The company has published the statement letter and distributed to all Mill, which explains that only form PB-25.01 should be stamped CSPO and form PM-33.01 should be stamped with CSPO or CSPK Mass balance and all documentation besides PB-25.01 and PM-33.01 will not stamped.

Auditor Conclusions: closed
Date of closure: 24 April 2015

Verification results:
The company has been revised some documentation and published the statement letter to prevent the occurrence of errors stamp.

E.5.1 Records keeping

NCR 2015 – 20 of 20 (Major)
In the Sales record still not separated between the sales of certified CSPO and CSPK and non-certified CPO and PK, that in the balance records cannot be seen the material accounting system according to conversion ratios stated by RSPO.

Corrections:
To revision mass balance report with separating the product dispatch between certified and non-certified status

Corrective Action:
To ensure that all implementation has accorded with requirement/standard

Auditor Conclusions: closed
Date of closure: 24 April 2015

Verification results:
The company has provided revision of mass balance report which it has separated between the sales of certified CSPO and CSPK and non-certified CPO and PK.

3.4 Noteworthy Positive Components

**Criterion 1.1 (Major indicator 1): Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.**

**Findings:**
- PTPN III has revision of call centre number be 9600 to receive information, complaint or any kind of communication from stakeholder. Medan Head Office collects all incoming information, complaint or any kind of communication and forward to relevant section for follow-up.
- PTPN III has *Whistleblowing System* and their unit and it has stated on Director letter decree no. 3.08/SKPTS/84/2013 dated on November 28, 2013. This is system provide information for stakeholders

**E.2.2**

**Findings:**
Aek Raso mill and estate has separated volume of FFB certified and FFB non-certified with good handling include transport record and weighbridge ticket

3.5 Conclusions and recommendation for RSPO P&C and Supply Chain Certification

The audit team has confirmed through the audit process that the company has established and maintains an effective system to ensure compliance with the RSPO P & C and Supply Chain Certification System requirements. PT TÜV Rheinland Indonesia recommends that Aek Raso palm oil mill be approved for certification of compliance to the RSPO P & C and Supply Chain Certification System requirements.

3.7 Issues Raised by Stakeholders and Findings Pertaining to Issues

**Issues Raised during Stakeholder Interviews On-site**

<table>
<thead>
<tr>
<th>No.</th>
<th>Issues Raised</th>
<th>Audit Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Grazing livestock areas</td>
<td>Aek Raso has allocated amount of 100 Ha inside plantation areas for grazing livestock areas. It has stated on negotiation records dated on September 26, 2011.</td>
</tr>
<tr>
<td>2.</td>
<td>Medical examinations of sub-contractor worker</td>
<td>Aek Roso has submitted letter to subcontractor company for carry out annual general &amp; specific medical examination with regularly for their worker (letter no.KPARO/X/45/2015 dated on 13 April 2015).</td>
</tr>
</tbody>
</table>
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

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

Signed on behalf of
PT Perkebunan Nusantara III

Tio Handoko
Group Sustainability Coordinator
Date: June 08, 2015

Signed on behalf of TUV Rheinland Indonesia

Hendra Fachrurozy
Lead Auditor
Date: June 08, 2015
APPENDICES
Appendix 1: Details of Certificate

Certificate


Certificate Regist. No.: 824 502 14003

Certificate Holder: PT TUV Rheinland Indonesia certifies:
PT Perkebunan Nusantara III (Persero)
Aek Raso Palm Oil Mill
Aek Raso Village, Torgamba District,
Labuhan Batu Regency - 21464,
North Sumatera Province, Indonesia;
and its company owned estates according to the annex

RSPO number: -
Scope: Palm Oil Production and Plantation Management System
An audit was performed. Report No. ASA1_14003. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 are fulfilled.
The due date for all future surveillance audits is 30.04. (dd.mm).

Validity:
The certificate is valid from 30 June 2014 until 29 June 2019.
The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland Indonesia.

RSPO registered parents company*: PT Perkebunan Nusantara III
(RSPO Member No.: 1-0030-06-000-00)
* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

PT TUV Rheinland Indonesia was accredited to provide RSPO Principles & Criteria (P&C) and RSPO Supply Chain Certification Systems on June 6, 2014 (RSPO-ACC-013).

Date of first certificate: June 30, 2014

Indonesia, 17-11-2015
PT TUV Rheinland Indonesia
Director

www.tuv.com

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

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Raso Estate</td>
<td>Aek Raso Village, Torgamba District, Labuhan Batu Regency - 21464 North Sumatera Province, Indonesia</td>
<td>01°42'12.5&quot;N 100°10'23.7&quot;E</td>
</tr>
<tr>
<td>Aek Raso Mill</td>
<td>Aek Raso Village, Torgamba District, Labuhan Batu Regency - 21464 North Sumatera Province, Indonesia</td>
<td>01°42'13.7&quot;N 100°10'20.4&quot;E</td>
</tr>
</tbody>
</table>

CPO Tonnage Total Production*: 28,845.23 tonnes
PK Tonnage Total Production*: 5,425.41 tonnes
Company Estates FFB Tonages*: 22,939.21 tonnes
FFB Tonages from other sources*: 115,439.94 tonnes
CPO Tonnage claimed for certification: 5,230 tonnes
PK Tonnage claimed for certification: 1,032 tonnes

* For year 2014

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

Issued by PT TUV Rheinland Indonesia

PT TUV Rheinland Indonesia Director

Indonesia, 17-11-2015
### Appendix 2: Agenda of 1st surveillance for Aek Raso POM & Plantation – PT Perkebunan Nusantara III

<table>
<thead>
<tr>
<th>Tanggal / Waktu (1)</th>
<th>Kegiatan</th>
<th>Auditor</th>
<th>Aek Roso</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monday, 06 April 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 15.00-15.30 | • Opening meeting  
• Introduce audit team & audit plan  
• Presentation of profile Aek Roso | All Auditor | Estate and mill manager | |
| 15.30-18.00 | • Verification NCR previous audit  
• Verification of document: RSPO  
  - Compliance of laws and regulations  
  - Best Agriculture Practices (estate & mill)  
  - OHS  
  - Environmental document  
  - NPP  
  - Continuous improvement | DN | Estate management | RSPO  
Principle 2  
Criterion : 2.1.1  
Principle 4  
Criterion : 4.2; 4.4; 4.7  
Principle 5  
Criterion : 5.1 & 5.3 (handling for ISO team too);  
Principle 7  
Criterion : 7.8  
Principle 8  
Criterion : 8.1 |
| 15.30-18.00 | • Verification NCR previous audit  
• Verification of document: RSPO  
  - Compliance of laws and regulations  
  - Land conflict  
  - Use of the land for oil palm does not diminish  
  - Responsibility to employee and communities  
  - NPP  
  - Continuous improvement | MAG | Estate management | RSPO  
Principle 2  
Criterion : 2.1.1; 2.2.3 s/d 2.2.6; 2.3  
Principle 6  
Criterion : 6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 6.8; 6.9; 6.11; 6.12; 6.13  
Principle 7  
Criterion : 7.1; 7.5; 7.6  
Principle 8  
Criterion : 8.1 |
| 15.30-18.00 | • Verification NCR previous audit  
• Verification of document: RSPO  
  - Transparency  
  - Ethical conduct  
  - Compliance of laws and regulations  
  - Management Plan  
  - Training  
  - Consumption of fossil fuel  
  - Zero Burning  
  - Response of environment and biodiversity  
  - NPP  
  - Continuous improvement | RH | Estate management | RSPO  
Principle 1  
Criterion : 1.1; 1.2; 1.3  
Principle 2  
Criterion : 2.1;  
Principle 3  
Criterion : 3.1  
Principle 4  
Criterion : 4.1; 4.8 (handling by ISO team except 4.1.4);  
Principle 5  
Criterion : 5.4; 5.5;  
Principle 7  
Criterion : 7.7  
Principle 8  
Criterion : 8.1 |
| 15.30-18.00 | • Verification NCR previous audit  
• Verification of document: RSPO  
  - Compliance of laws and regulations  
  - Land legal  
  - Best agriculture practices  
  - HCV  
  - Reduce of pollution and emission  
  - NPP  
  - Continuous improvement | HF | Estate management | RSPO  
Time bound plan, partial certification  
& certification plan for smallholder  
Principle 2  
Criterion : 2.1.1; 2.2.1; 2.2.2  
Principle 4  
Criterion : 4.3; 4.5; 4.6  
Principle 5  
Criterion : 5.2; 5.6  
Principle 7  
Criterion : 7.1; 7.2; 7.3; 7.4  
Principle 8  
Criterion : 8.1 |
<p>| 17.00 | End of 1st day audit | | | |</p>
<table>
<thead>
<tr>
<th>Tanggal / Waktu (1)</th>
<th>Kegiatan</th>
<th>Auditor</th>
<th>Aek Roso</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuesday, 07 April 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08.00-12.00 Aek Roso estate</td>
<td>Verification of document and field (include verification to communities): <strong>RSPO</strong> - Compliance of laws and regulations - Best Agriculture Practices (estate &amp; mill) - OHS - Environmental document - NPP - Continuous improvement</td>
<td>DN</td>
<td>Estate management</td>
<td><strong>RSPO</strong> - Principle 2 - Criterion : 2.1.1; - Principle 4 - Criterion : 4.2; 4.4; 4.7 - Principle 5 - Criterion : 5.1 &amp; 5.3 (handling for ISO team too); - Principle 7 - Criterion : 7.8 - Principle 8 - Criterion : 8.1</td>
</tr>
<tr>
<td>08.00-12.00 Aek Roso estate</td>
<td>Verification of document and field (include verification to communities): <strong>RSPO</strong> - Compliance of laws and regulations - Land conflict - Use of the land for oil palm does not diminish - Responsibility to employee and communities - NPP - Continuous improvement</td>
<td>MAG</td>
<td>Estate management</td>
<td><strong>RSPO</strong> - Principle 2 - Criterion : 2.1.1; 2.2.3 s/d 2.2.6; 2.3 - Principle 6 - Criterion : 6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 6.8; 6.9; 6.11; 6.12; 6.13 - Principle 7 - Criterion : 7.1; 7.5; 7.6 - Principle 8 - Criterion : 8.1</td>
</tr>
<tr>
<td>08.00-12.00 Aek Roso estate</td>
<td>Verification of document and field (include verification to communities): <strong>RSPO</strong> - Transparancy - Ethical conduct - Compliance of laws and regulations - Management Plan - Training - Consumption of fossil fuel - Zero Burning - Response of environment and biodiversity - NPP - Continuous improvement</td>
<td>RH</td>
<td>Estate management</td>
<td><strong>RSPO</strong> - Principle 1 - Criterion : 1.1; 1.2; 1.3 - Principle 2 - Criterion : 2.1; - Principle 3 - Criterion : 3.1 - Principle 4 - Criterion : 4.1; 4.8 (handling by ISO team except 4.1.4); - Principle 5 - Criterion : 5.4; 5.5; - Principle 7 - Criterion : 7.7 - Principle 8 - Criterion : 8.1</td>
</tr>
<tr>
<td>08.00-12.00 Aek Roso estate</td>
<td>Verification of document and field (include verification to communities): <strong>RSPO</strong> - Compliance of laws and regulations - Land legal - Best agriculture practices - HCV - Reduce of pollution and emission - NPP - Continuous improvement</td>
<td>HF</td>
<td>Estate management</td>
<td><strong>RSPO</strong> - Time bound plan, partial certification &amp; certification plan for smallholder - Principle 2 - Criterion : 2.1.1; 2.2.1; 2.2.2 - Principle 4 - Criterion : 4.3; 4.5; 4.6 - Principle 5 - Criterion : 5.2; 5.6 - Principle 7 - Criterion : 7.1; 7.2; 7.3; 7.4 - Principle 8 - Criterion : 8.1</td>
</tr>
<tr>
<td>12.00-13.00</td>
<td>Istirahat dan shalat</td>
<td>All Auditor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.00-17.00</td>
<td>Melanjutkan agenda tadi pagi</td>
<td>All Auditor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.00</td>
<td>End of 2nd day audit</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**Wednesday, 08 April 2015**
<table>
<thead>
<tr>
<th>Tanggal / Waktu (1)</th>
<th>Kegiatan</th>
<th>Auditor</th>
<th>Aek Roso</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.00-12.00 Aek Raso mill</td>
<td>Verification of document and field : RSPO</td>
<td>DN</td>
<td>Mill management</td>
<td>RSPO Principle 2; Criterion : 2.1.1; 2.2.1; 2.2.2; 2.2.3 s/d 2.2.6; 2.3 Principle 4; Criterion : 4.2; 4.4; 4.7 Principle 5; Criterion : 5.1 &amp; 5.3 (handling for ISO team too); Principle 7; Criterion : 7.8 Principle 8; Criterion : 8.1</td>
</tr>
<tr>
<td>08.00-12.00 Aek Raso mill</td>
<td>Verification of document and field : RSPO</td>
<td>MAG</td>
<td>Mill management</td>
<td>RSPO Principle 2; Criterion : 2.1.1; 2.2.3 s/d 2.2.6; 2.3 Principle 4; Criterion : 4.2; 4.4; 4.7 Principle 5; Criterion : 5.1 &amp; 5.3 (handling for ISO team too); Principle 7; Criterion : 7.8 Principle 8; Criterion : 8.1</td>
</tr>
<tr>
<td>08.00-12.00 Aek Raso mill</td>
<td>Verification of document and field : RSPO</td>
<td>RH</td>
<td>Mill management</td>
<td>RSPO Principle 1; Criterion : 1.1; 1.2; 1.3 Principle 2; Criterion : 2.1; Principle 3; Criterion : 3.1 Principle 4; Criterion : 4.1; 4.8 (handling by ISO team except 4.1.4); Principle 5; Criterion : 5.4; 5.5; Principle 7; Criterion : 7.7 Principle 8; Criterion : 8.1</td>
</tr>
<tr>
<td>08.00-12.00 Aek Raso mill</td>
<td>Verification of document and field : RSPO</td>
<td>HF</td>
<td>Mill management</td>
<td>RSPO Time bound plan, partial certification &amp; certification plan for smallholder Principle 2; Criterion : 2.1.1; 2.2.1; 2.2.2 Principle 4; Criterion : 4.3; 4.5; 4.6 Principle 5; Criterion : 5.2; 5.6 Principle 7; Criterion : 7.1; 7.2; 7.3; 7.4 Principle 8; Criterion : 8.1</td>
</tr>
<tr>
<td>12.00-14.00</td>
<td>Break and travelling to Aek Torop estate</td>
<td>All Auditor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.00</td>
<td>End of 3rd day audit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Monday, 13 April 2015**

<table>
<thead>
<tr>
<th>08.00-11.00</th>
<th>Closing meeting</th>
<th>HF, DSS</th>
<th>RSPO &amp; ISO at Director Office in Medan</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.05-18.30</td>
<td>Travelling Medan to Jakarta</td>
<td>HF, DSS</td>
<td>GA121</td>
</tr>
</tbody>
</table>
## Appendix 3 : List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIP</td>
<td>Anglo Indonesia Plantation</td>
</tr>
<tr>
<td>AMDAL</td>
<td>Analisis Dampak Lingkungan dan Sosial (Social and Environmental Impacts Assessment)</td>
</tr>
<tr>
<td>APL</td>
<td>Areal Penggunaan Lain (Non-forested Land Use)</td>
</tr>
<tr>
<td>APU</td>
<td>Air Permukaan Umum (Public water surface)</td>
</tr>
<tr>
<td>BPD</td>
<td>Badan Penasehat Desa (village advisory body)</td>
</tr>
<tr>
<td>BPN</td>
<td>Badan Pertanahan Nasional (National Land Agency)</td>
</tr>
<tr>
<td>CD</td>
<td>Community Development</td>
</tr>
<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>ERTs</td>
<td>Endangered, Rare and Threatened species</td>
</tr>
<tr>
<td>ESH</td>
<td>Environmental Safety and Health</td>
</tr>
<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
</tr>
<tr>
<td>FEB</td>
<td>Empty Fruit Bunches</td>
</tr>
<tr>
<td>GIS</td>
<td>Geographic Information System</td>
</tr>
<tr>
<td>HCV</td>
<td>High Conservation Value</td>
</tr>
<tr>
<td>HGB</td>
<td>Hak Guna Bangunan (Building Use Right)</td>
</tr>
<tr>
<td>HGU</td>
<td>Hak Guna Usaha (Land Use Rights)</td>
</tr>
<tr>
<td>HPK</td>
<td>Hutan Produksi Konversi (Converted Production Forest)</td>
</tr>
<tr>
<td>Hyperkes</td>
<td>Hygiene Perusahaan dan Kesehatan Kerja (Company Hygiene and Occupational Health)</td>
</tr>
<tr>
<td>HRD</td>
<td>Human Resource Department</td>
</tr>
<tr>
<td>IDR</td>
<td>Indonesian Rupiah (Indonesian currency)</td>
</tr>
<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>IUP</td>
<td>Izin Usaha Perkebunan (Agriculture Use Permit)</td>
</tr>
<tr>
<td>K3</td>
<td>Keselamatan dan kesehatan kerja/Occupational Safety and Health</td>
</tr>
<tr>
<td>KATOR</td>
<td>Kebun Aek Torop/Aek Torop Estate</td>
</tr>
<tr>
<td>KUD</td>
<td>Koperasi Unit Desa (Village Unit Cooperative)</td>
</tr>
<tr>
<td>LKS</td>
<td>Lembaga Kerja Bersama (Cooperation Institute)</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>SDS</td>
<td>Material Safety Data Sheets</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>OSH</td>
<td>Occupational Safety and Health</td>
</tr>
<tr>
<td>PAD</td>
<td>Pendapatan Asli Daerah (Regional Original Income)</td>
</tr>
<tr>
<td>PBB</td>
<td>Pajak Bumi dan Bangunan (Land and Building Tax)</td>
</tr>
<tr>
<td>PHT</td>
<td>Pekerja Harian Tetap (Permanent Workers)</td>
</tr>
<tr>
<td>PIR</td>
<td>Perkebunan Inti Rakyat/Community nucleus estate</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>P2K3</td>
<td>Panitia Pembina Keselamatan dan Kesehatan Kerja (Occupational Safety and Health Committee)</td>
</tr>
<tr>
<td>RJP</td>
<td>Rencana Jangka Panjang/Long Term Plan</td>
</tr>
<tr>
<td>RKAP</td>
<td>Rencana Kerja Anggaran Perusahaan/Company Budget Plan</td>
</tr>
<tr>
<td>RKL</td>
<td>Rencana Pengelolaan Lingkungan (Environmental Management Plan)</td>
</tr>
<tr>
<td>RPL</td>
<td>Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)</td>
</tr>
<tr>
<td>RTRWP</td>
<td>Rencana Tata Ruang Wilayah Propinsi (Provincial Land Use Plan)</td>
</tr>
<tr>
<td>RUTR</td>
<td>Rencana Umum Tata Ruang Wilayah (Area landscape planning)</td>
</tr>
<tr>
<td>SIA</td>
<td>Social Impact Assessment</td>
</tr>
<tr>
<td>SKT</td>
<td>Surat Keterangan Tanah/Local Land use right</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>SPPI</td>
<td>Serikat Pekerja Perkebunan Indonesia (Indonesian Estate Workers Union)</td>
</tr>
<tr>
<td>SPSI</td>
<td>Serikat Pekerja Seluruh Indonesia (Indonesian Workers Union)</td>
</tr>
<tr>
<td>UKL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>UPL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>UPTD</td>
<td>Unit Pelaksana Teknis Daerah (Regional Technical Implementation Unit)</td>
</tr>
</tbody>
</table>
### List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Agency/Position</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tursini</td>
<td>Maintenance worker</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Hermansyah</td>
<td>Foreman/supervisor of maintenance</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Mrs Rustik</td>
<td>Representative of CV Jefri</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Haris Mulyono</td>
<td>Foreman/supervisor of IPM</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Subarman</td>
<td>Spraying worker (internal)</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Maidi</td>
<td>Spraying worker (internal)</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Erjega</td>
<td>Spraying worker (internal)</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Ob.Sitampul</td>
<td>Spraying worker (internal)</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>B.Sinaga</td>
<td>Spraying worker (internal)</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>David P. Sihombing, QIA</td>
<td>PTPN III Staff</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Idham Matondang</td>
<td>PTPN III Staff</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Posma Pangaribuan</td>
<td>Supervisor/Foreman I Personalia</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Ridho Asril</td>
<td>Assisten of Personalia</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>I Nyoman Hadi Sukendra</td>
<td>Estate Manager</td>
<td></td>
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</tbody>
</table>
Appendix 5: Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Observations/Oppportunities for Improvement</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Aek Roso has mark of CSPO on FFB truck and signboard in mill but not informed inside FFB receipt procedure</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>RSPO certification not discussed in management review level estate/mill, district and head office</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Synchronizing circular letter no.3.12/SE/2.3/2014 dated on 14 July 2014 with procedure of supply chain mechanism (PK-3.03.11) because CSPK not include inside procedure</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Announcement or signboard of SMS center and suggestion box shall be placed in public areas or near with communities or easily accessible to the public</td>
<td></td>
</tr>
</tbody>
</table>