Roundtable on Sustainable Palm Oil

Public Summary Report

Report no.: ASA1_14002
Certification assessment against the RSPO Principles & Criteria Indonesia (Generic) year 2013 and RSPO Supply Chain Certification System year 2014

PT Perkebunan Nusantara III
Aek Torop Estate & Mill

Head Office:
Jl. Sei Batang Hari No.2 Medan, North Sumatera Province - Indonesia

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

Date of assessment: 08 to 10 April 2015

Report prepared by:
Hendra Fachrurozy
(RSPO Lead Auditor)

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

Certification Body:
PT TUV Rheinland Indonesia
Menara Karya, 10th Floor
Jl. H.R. Rasuna Said Block X-5 Kav.1-2
Jakarta 12950, Indonesia
Tel: +62 21 57944579
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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 audit was carried out on 1 (one) mill and 1 (one) estate under Aek Torop Plantation owned by PT Perkebunan Nusantara III (Persero).

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

Table 1: RSPO Certification details of PTPN III – Aek Torop POM

<table>
<thead>
<tr>
<th>RSPO Membership no.</th>
<th>1-0030-06-000-00 on behalf PT Perkebunan Nusantara III (Persero)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Certificate no.</td>
<td>824 502 14002</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity :</td>
<td>June 17, 2014 &amp; validity: June 17, 2014 to June 16, 2019</td>
</tr>
<tr>
<td>Date of certification audit:</td>
<td>December 12-14, 2011 and September 10-12, 2013 (re-audit to update data)</td>
</tr>
<tr>
<td>Date of previous surveillance audit:</td>
<td>-</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity (if applicable):</td>
<td>-</td>
</tr>
<tr>
<td>CPO tonnages claimed:</td>
<td>13,434 tonnes</td>
</tr>
<tr>
<td>PK tonnages claimed:</td>
<td>2,765 tonnes</td>
</tr>
</tbody>
</table>

1.3 Location and Maps

Figure 1. Location of PT Perkebunan Nusantara III in North Sumatera-Indonesia

Figure 2. Location 7 estates PT Perkebunan Nusantara III in North Sumatera
Figure 3: Map of Aek Torop Plantation

Table 1: GPS locations for all estates and mills included in certification assessment

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Torop Estate</td>
<td>Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan</td>
<td>1° 47’ 34” N 100° 09’ 21” E</td>
</tr>
<tr>
<td>Aek Torop Mill</td>
<td>Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan</td>
<td>1° 47’ 34” N 100° 09’ 21” E</td>
</tr>
</tbody>
</table>

1.4 Organizational Information/Contact Person

Contacts details of the company are as follows:
1.5 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 Perseroan Perkebunan Nusantara (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 Haryadi 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 1 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 Torop Estate and palm oil mill is one of part under PT Perkebunan Nusantara III management. Aek Torop is estate located in Aek Batu village, Torgamba sub-district, Labuhanbatu Selatan District. Torgamba sub-district is consisting of Aek Batu village, Kota Pinang sub-district coverage Pasir Tuntung village.

Aek Torop mill is one of mills owned by Aek Torop Plantation - PTPN III in South Sumatera. Aek Torop mill was established in 1993 with a production capacity of 60 tonnes/hours. The company was Indonesia State Owned Enterprise. Currently Aek Torop Mill is receiving of its supplies of fresh fruit bunches (FFB) from company-owned estate i.e. Aek Torop Estate is 17.99%, other estate under PTPN III are 41.04%, and the remaining 40.97% from independent out growers surrounding company’s area.

**Company Name:** PT Perkebunan Nusantara III (Persero) – Aek Torop POM

**Address:**
- **Head Office:** Jl Sei Batang Hari No.2, Medan – South Sumatera, Indonesia
- **Estate & POM:** Aek Batu Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia

**Contact Person:** Mr Tio Handoko

**Telephone / Fax:** +62 361 8452244 / +62 361 8452244

**Email / website:** ptb@ptpn3.co.id / www.ptpn3.co.id
Table 2. FFB Supply based Information and CPO & PK Production for Aek Torop Mill in year 2014 & 2015

<table>
<thead>
<tr>
<th>FFB Contribution</th>
<th>FFB supplied*</th>
<th>FFB supplied**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>%</td>
</tr>
<tr>
<td><strong>Company owned estate:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Torop Estate</td>
<td>41,259.25</td>
<td>17.99</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>41,259.25</strong></td>
<td><strong>17.99</strong></td>
</tr>
<tr>
<td><strong>Out growers:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UD Winata Perdana</td>
<td>9,094.44</td>
<td>3.97</td>
</tr>
<tr>
<td>UD Roma Rezeki</td>
<td>20,293.03</td>
<td>8.85</td>
</tr>
<tr>
<td>UD Mekar</td>
<td>34,386.35</td>
<td>14.99</td>
</tr>
<tr>
<td>UD Rata</td>
<td>5,604.39</td>
<td>2.44</td>
</tr>
<tr>
<td>UD Paima Marhusor</td>
<td>4,835.22</td>
<td>2.11</td>
</tr>
<tr>
<td>CV Torgamba Raya</td>
<td>5,186.52</td>
<td>2.26</td>
</tr>
<tr>
<td>CV Ravi Prima</td>
<td>5,418.91</td>
<td>2.36</td>
</tr>
<tr>
<td>UD H. Zulkipli Siregar</td>
<td>85.50</td>
<td>0.04</td>
</tr>
<tr>
<td>UD Mandiri</td>
<td>2,898.20</td>
<td>1.26</td>
</tr>
<tr>
<td>CV Awan Tech Mandiri</td>
<td>1,756.76</td>
<td>0.77</td>
</tr>
<tr>
<td>UD Pertawi</td>
<td>3,072.53</td>
<td>1.34</td>
</tr>
<tr>
<td>CV Naga Tutur</td>
<td>11,331.14</td>
<td>0.58</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>93,964.99</strong></td>
<td><strong>40.97</strong></td>
</tr>
<tr>
<td><strong>Other estates in PTPN III:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Raso Estate</td>
<td>567.73</td>
<td>0.25</td>
</tr>
<tr>
<td>Sei Baruhur Estate</td>
<td>48,175.29</td>
<td>21.00</td>
</tr>
<tr>
<td>Sei Kebara Estate</td>
<td>42,159.62</td>
<td>18.38</td>
</tr>
<tr>
<td>Batang Toru Estate</td>
<td>156.82</td>
<td>0.07</td>
</tr>
<tr>
<td>Hapesong Estate</td>
<td>67.61</td>
<td>0.03</td>
</tr>
<tr>
<td>Mambang Muda Estate</td>
<td>23.68</td>
<td>0.01</td>
</tr>
<tr>
<td>Aek Nabara Selatan Estate</td>
<td>2,984.76</td>
<td>1.30</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>94,135.51</strong></td>
<td><strong>41.04</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>229,359.75</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Note:
*) Year 2014
**) Year 2015 (Jan to March 2015)

1.6 Actual production volumes, tonnages and projected outputs

Table 3: Total and projected CPO and PK production from Aek Torop Mill

<table>
<thead>
<tr>
<th>Product (MT)</th>
<th>CPO (Tones)</th>
<th>PK (Tones)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified tonnages claimed</td>
<td>13,434</td>
<td>2,765</td>
</tr>
<tr>
<td>Certified tonnages sold</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Certified tonnages purchased</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual production*</td>
<td>49,790.97</td>
<td>9,779.43</td>
</tr>
<tr>
<td>Extraction Rate*</td>
<td>21.71</td>
<td>4.26</td>
</tr>
<tr>
<td><strong>Projected output for year 2015</strong></td>
<td><strong>40,445.15</strong></td>
<td><strong>7,820.23</strong></td>
</tr>
</tbody>
</table>

Note:
*) Realization of CPO & PK production in year 2014
**) Budget of CPO & PK production in year 2015
***) FFB Processed in year 2015 from PATOR Estate is 82,538 mt
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 Proceed (Tones)</th>
<th>Throughput (MT/hour)</th>
<th>Oil Extraction Rate (OER)</th>
<th>CPO (Tones)</th>
<th>Kernel Extraction Rate (KER)</th>
<th>PK (Tones)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Torop Estate</td>
<td>41,259.25</td>
<td>60</td>
<td>21.71%</td>
<td>49,790.97</td>
<td>4.26%</td>
<td>9,779.43</td>
</tr>
<tr>
<td>Aek Raso Estate</td>
<td>567.73</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Baruhur Estate</td>
<td>48,175.29</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Kebara Estate</td>
<td>42,159.62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KBTGU Estate</td>
<td>156.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KHPSG Estate</td>
<td>67.61</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mambang Muda Estate</td>
<td>23.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Nabara Selatan Estate</td>
<td>2,984.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out grower areas</td>
<td>93,964.99</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>229,359.75</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4b: Crude Palm Oil (CPO) and Palm Kernel (PK) production from Aek Raso Palm Oil Mill in year 2015

Note: *). Until March 2015

<table>
<thead>
<tr>
<th>FFB Contributor</th>
<th>FFB Proceed (Tones)</th>
<th>Throughput (MT/hour)</th>
<th>Oil Extraction Rate (OER)</th>
<th>CPO (Tones)</th>
<th>Kernel Extraction Rate (KER)</th>
<th>PK (Tones)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Torop Estate</td>
<td>10,873.20</td>
<td>60</td>
<td>21.40%</td>
<td>12,055.18</td>
<td>4.04%</td>
<td>2,275.45</td>
</tr>
<tr>
<td>Aek Raso Estate</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Baruhur Estate</td>
<td>12,375.47</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Kebara Estate</td>
<td>9,780.32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KBTGU Estate</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KHPSG Estate</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mambang Muda Estate</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Nabara Selatan Estate</td>
<td>23.293.51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out grower areas</td>
<td>23,293.51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>56,322.50</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.7 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 Torop 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 Torop</td>
</tr>
<tr>
<td>0-5 years (2011-2015)</td>
<td>2,292.20</td>
</tr>
<tr>
<td>6-10 years (2006-2010)</td>
<td>3,263.74</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,555.94</strong></td>
</tr>
</tbody>
</table>

Based on information above so that auditee does not have replanting plan.
1.8 Area of Plantation (Total, Planted and Mature)

Table 6: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Aek Torop Plantation - PT Perkebunan Nusantara III (Persero)

<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 (tonnes)</th>
<th>Average yield/ Ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Torop</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>3,263.74</td>
<td>2,292.20</td>
<td>60,114.18</td>
<td>16.52</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>3,263.74</td>
<td>2,292.20</td>
<td>60,114.18</td>
<td>16.52</td>
</tr>
<tr>
<td>Year 2015 (Jan–March 2015)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Torop</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>3,625.89</td>
<td>1,930.05</td>
<td>16,104.05</td>
<td>3.36</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>3,625.89</td>
<td>1,930.05</td>
<td>16,104.05</td>
<td>3.36</td>
</tr>
</tbody>
</table>

Table 7: Other land use data for Aek Torop Plantation – PT Perkebunan Nusantara 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 Nursery Other purposes**</td>
</tr>
<tr>
<td>Year 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Torop</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>364.73</td>
<td>295.28</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>364.73</td>
<td>295.28</td>
</tr>
<tr>
<td>Year 2015 (Jan–March 2015)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aek Torop</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>364.73</td>
<td>295.28</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,471.31</td>
<td>5,555.94</td>
<td>364.73</td>
<td>295.28</td>
</tr>
</tbody>
</table>

Note:
*). Involve of estate areas
**). Occupation areas by communities are 570.03 Ha

1.9 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>
</table>
**1.10 Compliance to rules for Partial Certification**

During surveillance audit that auditee do not have evidence has carried out partial certification audit on year 2015. It is condition was raised as non-conformity (NCR No.2015-01 of 18).

After submit evidence for correction of non-conformity above so that auditee’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 PTPN III did not provide result of the self-assessment for all units entering estate and mill at the time bound, except those in Silau Dunia, Gunung Monako and Pulau Mandi Estates. This is raised as non conformity</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 ongoing 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 still not agree the mechanism.</td>
</tr>
</tbody>
</table>
Partial Certification Requirements | Audit Findings
--- | ---
1.c. ii. No replacement of primary forest or any area containing HCV since November 2005. | PTPN III's development of a new planting area (Muara Upu at South Tapapuli) 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.

1c. iii. No labour dispute that are not being resolved through an agreed process. | No labour issues were found during this surveillance audit.

1c.iv. No evidence of non-compliance with law in any of the non-certified holdings. | Some of PTPN III’s other management units have not complied with certain legal requirements. For example, in Silau Dunita 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 ongoing.

1.11 Progress of associated smallholder or outgrowers towards RSPO compliance
During surveillance audit, based on table 2 above that the company do not have smallholders and outgrowers. Whereas, information of outgrowers above (table 2) are traders so that the company do have programme towards RSPO compliance too.

1.12 Approximate Tonnages Certified
The approximate tonnages certified, based on the projection of production in 2015 for company owned estates only as follows:
Crude Palm Oil (CPO): 13,434.00
Palm Kernel (PK): 2,765.00

1.13 Other Achievements and Certifications Held

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Certification Standard / Award achieved</th>
<th>Certification Body / Awarder</th>
<th>Date Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SMK3 No 206/184/SUC/2011</td>
<td>Labour Ministry</td>
<td>May 20, 2012</td>
</tr>
<tr>
<td></td>
<td>PROPER</td>
<td>2011 – 2012</td>
<td>Blue predicate</td>
</tr>
</tbody>
</table>

1.14 Date of Certificate Issued and Scope of Certificate
The scope of the certificate covers production of palm oil from Aek Torop Palm Oil Mill and its supply base, which includes one estate (Aek Torop Estate). The date of certificate issued is June 17, 2014. Further details of the certificate are as per Appendix 1.

1.15 Date of next surveillance visit
The next surveillance visit is planned for April 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 TUV Rheinland Group was established in 1872 with offices located in over 500 locations in 65 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) and ISPO (LS-P&K-005-ISPO). PT TUV Rheinland Indonesia 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>
| Hendra Fachrurozy  | Lead Auditor| **Education:** Bachelors Degree in Forestry - Bogor Agriculture Institute, Indonesia, (1995 to 2000).  
|                    |             | **Trainings attended:** ISO 9001 : 2008 lead auditor course - Neville Clark (2011),  
|                    |             | **Working experience:** Experienced as Junior Consultant at PT Surveyor Indonesia (2002 s/d 2010), assessor for SFM –mandatory (PHPL & PHTL), assessor for industry performance assessment (IPHHK)-mandatory, auditor for Timber Legality of Verification, auditor for SMK3, auditor for QMS and EMS and auditor for RSPO & ISPO at TUV Rheinland Indonesia. |
| Riki Harpan        | Auditor     | **Education:** 2001 – State University of Jakarta (Universitas Negeri Jakarta) Bachelor degree majoring in Germany language education.  
|                    |             | 2010 – Budi Luhur University (Universitas Budi Luhur) Magisterial Management (not passed).  
|                    |             | **Trainings attended:**  
|                    |             | ▪ January 19 to 20, 2015 – Training for Auditor RSPO Supply Chain Certification Standard and Systems from David Ogg and Partners Ltd.  
|                    |             | ▪ December 12 to 16, 2014 – Training for Auditor CoC PEFC-IFCC from Indonesian Forestry Certification Cooperation (IFCC)  
|                    |             | ▪ September 29 until October 9, 2104 – Training for Timber Legality Verification (VLK) Auditor Mandatory from Ministry of Forestry  
|                    |             | ▪ November 27, 2013 – FSC/PEFC-Chain of Custody Standard with Jobst Dustersiek (Lead Auditor QM/FSC/PEFC System LGA InterCert GmbH  
|                    |             | ▪ August 27 to 28, 2012 - FSC/PEFC-Chain of Custody Standard with Jobst Dustersiek (Lead Auditor QM/FSC/PEFC System LGA InterCert GmbH  
|                    |             | ▪ May 17, 2012 - International Sustainability & Carbon Certification (ISCC) Sales Training with Dr. Rüdiger Meier Product responsible for sustainable Biomass and FSC TÜV Rheinland Cert GmbH at PT TUV Rheinland Indonesia  
|                    |             | ▪ August 18 to 19, 2011 – The Awareness Training for Health, Safety and Environmental Management Systems at PT TUV Rheinland Indonesia |
Name | Position | Qualifications / Experience
--- | --- | ---
--- | --- | ---
Dahlan Nasution | Auditor | - 2011 – Training for FSC/PEFC-Chain of Custody Standard with Mr. Klaus 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.
- November 30 to December 04, 2009 – Training for Quality Management Systems (QMS) Auditor/Lead Auditor at PT TUV Rheinland Indonesia

Working experience:
2007 – 2012
Technical Support Assistance acting as Document controller for Quality Management System (QMS), Forestry Certification and Agriculture Certification Department.
2012 – now

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-Afgoni | 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 Co-operation (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.

2.3 Assessment Methodology
The surveillance assessment was conducted between April 08 – 10, 2015 as per the assessment programme below. The 1st surveillance assessment 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 anyway.

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.
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 10: Agenda of RSPO surveillance assessment for Aek Torop Plantation and Mill – PT Perkebunan Nusantara III (Persero)

<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
</table>
| Wednesday, 08 April 2015 | Aek Torop Estate Office  | • Opening meeting
• Introduce of auditor team and explain of audit plan
• Presentation about profile of auditee
• Verification of NCR from previous audit |
| 14.00 – 15.00      | Aek Torop Estate Office  | Verification of document:
• DN: the compliance of law and regulation, maintain soil fertility, maintain the quality and availability of surface and ground water, OHSAS, EIA, waste, GHG in new planting (if any), and continual improvement
• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation and compensation of land, social and employee, SIA and compensation and negotiation in new planting (if any) and continual improvement
• RH: 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.
• HF: 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 |
| 15.00 – 17.00      | Aek Torop Estate Office  | Verification of document and field (include verification to communities):
• DN: the compliance of law and regulation, maintain soil fertility, maintain the quality and availability of surface and ground water, OHSAS, EIA, waste, GHG in new planting (if any), and continual improvement
• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation and compensation of land, social and employee, SIA and compensation and negotiation in new planting (if any) and continual improvement
• RH: 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.
• HF: 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 |
| Thursday, 09 April 2015 | Aek Torop Estate       | Verification of document:
• DN: the compliance of law and regulation, maintain soil fertility, maintain the quality and availability of surface and ground water, OHSAS, EIA, waste, GHG in new planting (if any), and continual improvement
• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation and compensation of land, social and employee, SIA and compensation and negotiation in new planting (if any) and continual improvement
• RH: 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.
• HF: 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 |
| 08.00 - 12.00      | Aek Torop Estate       | Head of Office Verification of document regarding legality section by DSS |
| 12.00 - 14.00      | Lunch break            |
| 14.00 - 17.00      | Aek Torop Estate       | Continue of previous agenda above |
| Friday, 10 April 2015 | Aek Torop Mill       | Verification of document and field:
• DN: the compliance of law and regulation, maintain soil fertility, maintain the quality and availability of surface and ground water, OHSAS, EIA, waste, GHG in new planting (if any), and continual improvement
• MAG: the compliance of law and regulation, conflict/dispute of land, negotiation and compensation of land, social and employee, SIA and compensation and negotiation in new planting (if any) and continual improvement
• RH: 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.
• HF: 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 |
any), and continual improvement

- **MAG**: the compliance of law and regulation, conflict/dispute of land, negotiation and compensation of land, social and employee, SIA and compensation and negotiation in new planting (if any) and continual improvement

- **RH**: 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.

- **HF**: 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.

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.00 - 14.00</td>
<td>Lunch break</td>
</tr>
<tr>
<td>14.00 - 17.00</td>
<td>Aek Torop Estate Verify of document regarding legality section by DSS</td>
</tr>
<tr>
<td><strong>Monday, 13 April 2015</strong></td>
<td>Continue of previous agenda above</td>
</tr>
<tr>
<td>08.00 – 11.00</td>
<td>Head of Office Closing meeting</td>
</tr>
</tbody>
</table>
3.0 ASSESSMENT FINDINGS

3.1. Summary of Findings

During 1st surveillance audit, all 18 non-compliances have been identified during the 1st surveillance audit again RSPO P & C and RSPO SCCS. They consist of 16 major non-compliances and 2 minor non-compliances to RSPO certification system, 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. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.2. The observations & opportunities for improvement are listed in Appendix 5.

The following is a summary of findings made for the criteria listed in the RSPO Principles & Criteria Indonesian National Interpretation.

- RSPO P&C

<table>
<thead>
<tr>
<th>Principle 1: Commitment to transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria assessed: CR1.1, CR1.2</td>
</tr>
<tr>
<td>Criteria not assessed: -</td>
</tr>
</tbody>
</table>

Findings:

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.

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.

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 the SMS center has changed from 3030 into 9600 and will be effectively applied since November 2013.

The provision of information on the website (www.ptpn3.co.id) 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.

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 HGU, HGB and HPL, manual book of GCG, GCG evaluation result by third parties, award information, TDP, EIA document, CSR data, annual policy and quality objectives, policy objectives and environment facility, OHS policy, 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).

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&C. It was raised as non-conformity (NCR No.2015-02 of 18).

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 be provided on company website and for external the information will be delivered after official letter from stakeholders approved by board of directors.

Formal memorandum letter from PTPN III Marketing and Development Plan Director No. 3.12/3.00/OM/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 but it has not been distributed/socialized to product transport company. It was raised as non-conformity (NCR No.2015-03 of 18). 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 Torop estate and mill dated on March 26, 2015 and attendance list of the socialization of code of conduct dated on January 20, 2015 and April 10, 2015 to maintenance contractor, FFB transport contractor and FFB suppliers (UD Roma Rezeki, UD Paiman Arthusor, UD Winata Perdana, UD Winata Rata, UD Mekar, CV Torgamba Karya, CV Ravi Prima, UD Naga Tutur and CV Awan Tech Mandiri.

Compliance status : Non Compliance.

NCR No.2015-02 of 18

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 18

No evidence Code of Conduct PT Perkebunan Nusantara III (Persero) has communicated/socialized to product transport company.

**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 other requirement" for year 2014 in Aek Torop 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)
- Rekapitulasi 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:

- Auditee have land application (liquid waste usage) permit (No. 503/32/BPPTM/2014 dated on January 27, 2014) from Integrated license and investment body (BPPTM) in Labuhanbatu Selatan District,
- Auditee have working union, more operators have OHS license or operator permit letter from Ministry of Manpower and Transmigration Republic of Indonesia in mill,
- Auditee has provided PPE where it is properly appropriate with Law No.1 year 1970 article 14,
- Auditee holds a registered estate business (SPUP) No. HK.350/518/Gj.Bun.5/VII/2001 dated 5 July 2001 covering area of 10,253 Ha with commodity type of palm oil located in Kota Pinang, Labuhan Batu Selatan District, also with licensed mill whose FFB processing capacity is 60 tonnes/hour, and the actual capacity complies with the permit
- Environmental Impact Assessment’s (AMDAL) revised version with Endorsement Letter No. 660/616/BPDL-LB/Set/2006 from Labuhan Batu District Environment Office Head on Revision of Aek Torop PTPN III’s RKL/RPL. This document is a revision of the previous Environmental Study Document (SIL) made in 1994,
• Auditee has temporary kept for hazardous toxic waste permit from local government (no. 503/187/BPPTPM-LS/2014 dated on April 29, 2014 from head of integrated license service and investment agency of Labuhanbatu Selatan district)

• Etc.

But there are evidence of non-compliance with relevant legal requirement such as there are hazardous and toxic waste (type of used chemical/pesticide container) are 176 unit in Aek Torop estate have been kept more than period time on requirement/permit and PT Putra Tunas (as hazardous and toxic waste transporter) have not evidence that it has cooperated with the beneficiaries of the hazardous and toxic waste for used chemical/pesticide container, used oil and used oil filter. Moreover, the company has socialized to outsource company regarding minimum salary amount Rp 32,176 with 3 (three) working hour (8-11 o’clock) per day but salary for workers from outsource company (CV Jefri) in afdeling III amount Rp 30,000 so that it is under minimum salary regulation. It condition was raised as non-conformity (NCR No.2015-04 of 18).

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 maintains 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 Torop mill and estate was performed on January 2015 and system for tracking any changes in the law in form “status/update” information.

The right to use the land from Aek Torop 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 Raso 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 & Industri Marison NV (based on letter No.15/SPPH/LB/1990), 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) so that there are deviation/gap with previous total areas because measurement technique method and auditee 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 auditee has corresponded or submitted letter No. 3.11/X/50/2012 dated on 26 Juni 2012 and No. 3.11/X/07/2014 dated on 29 January 2014 to National Land Agency Republic of Indonesia regarding acceleration 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 Torop Estate in year 2014 (1st and 2nd semester) where the boundary marks are good condition. 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 except 3 broken and 4 missing. The company has request to Labuhanbatu 2 District office to repair and re-develop the pillars boundary (KATOR/DLAB2/MO/83/2015 dated on April 2, 2015). The results of field observation for pillar boundary no.07 in afdeling I (block R19) are good condition and still maintenance.

Based on field observation, the company’s legal boundaries use boundary markers, isolation trench and road and it has found that there is part of Aek Torop estate areas (block W3 and X3) on outside of renewal legal land (based on map no.26/12/2009). It condition was raised as non-conformity (NCR No.2015-05 of 18).
No land disputes have been found between PTPN III with the local community because in year 2006 the company has demarcated their boundaries by coordinating with heads of the surrounding villages. In hectare statement per March 2015, there are enclave areas of 683.99 ha with Armaian communities/villages since beginning to manage the estate and in the renewal process has excluded. It has still included in hectare statement’s auditee because cultivation right title (HGU) have not been issued.

The company has mechanism for conflict resolution, which is already acceptable to all parties. Such mechanism 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. This mechanism has been publicised to Pasir and Aek Batu Villages in 2010 as evidenced with the photograph and participant list. The community has accepted the mechanism. In November 22, 2011, the auditee has socialized flow chart/process of conflict resolution issues to Pasir Tuntung Village (community leader and members). 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).

Based on the SIA was no conflict between the company and the traditional landowners any power of attorney appointment of both groups and individuals because there is no development of new plantation or disagreement. In accordance with the working procedures IK-3.11-12 Conflict Resolution 7.5 procedure plantation society at odds with plantation Nusantara III, entitled to appoint their representatives during the legal process, or the two sides can establish a joint consultative committee in charge of solving those problems independently.

There is not copy of the agreements that have been negotiated complete as:
- News socialization
- Evidence statement waiver
- Evidence of compensation because there is no conflict

There are no profit-sharing agreement documents filed and legal arrangements because having never done

**Compliance status: Non Compliance.**

**NCR No.2015-04 of 18**

Some evidences of non-compliance with relevant legal requirements such as:
- There are hazardous and toxic waste (type of used chemical/pesticide container) are 176 unit in Aek Torop estate have been kept more than period time on requirement/permit and
- PT Putra Tuntas (as hazardous and toxic waste transporter) have not evidence that it has cooperated with the beneficiaries of the hazardous and toxic waste for used chemical/pesticide container, used oil and used oil filter
- The company has socialized to outsource company regarding minimum salary amount Rp 32,176 with 3 (three) working hour (8-11 o’clock) per day but salary for workers from outsource company (CV Jefri) in afdeling III amount Rp 30,000 so that it is under minimum salary regulation

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There are part of Aek Torop estate areas (block W3 and X3) on outside of renewal legal land (based on map no.26/12/2009)

**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 issued on December 20, 2013. The RJP consists of three chapters, namely:

Chapter I. Introduction
- 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 (RFP) for 2014-2018 still not consolidated between mill and estate, so information about the profit and loss for mill and estate and forecasts of the product price not available. It condition was raised as non-conformity (NCR No.2015-06 of 18).

Based on internal memo No. KSDDP/Int/Ist/2013 issued on December 16, 2013 company has conducted the socialization for RJP to all section, district, estate and unit on December 17, 2013 attended by 13 persons.

Based on section 1.7 that it has informed there are not replanting activities because all areas in Aek Torop areas has finished.

Compliance status : Non Compliance.

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In the Long Term Plan (RFP) for 2014-2018 still not consolidated between mill and estate, so information about the profit and loss for mill and estate and forecasts of the product price not available

**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:

<table>
<thead>
<tr>
<th>Procedure Description</th>
<th>Reference Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work instruction of land preparation (Instruksi Kerja Persiapan Lahan Penanaman Kelapa Sawit)</td>
<td>IK-3.01-02/02 Rev.00</td>
</tr>
<tr>
<td>Work instruction of preparation and planting (Instruksi Kerja Persiapan dan Penanaman Kelapa Sawit)</td>
<td>IK-3.01-02/03 Rev.00</td>
</tr>
<tr>
<td>Work instruction of nurseries (Instruksi Kerja Pembibitan Kelapa Sawit)</td>
<td>IK-3.01-02/10 Rev.00</td>
</tr>
<tr>
<td>Work instruction of Immature plantations (TBM) maintenance (Instruksi Kerja Pemeliharaan TBM Kelapa Sawit)</td>
<td>IK-03.01-03/02 Rev. 00</td>
</tr>
<tr>
<td>Work instruction of pest control (Instruksi Kerja Pengendalian Hama Kelapa Sawit)</td>
<td>IK-3.01-03/11 Rev. 00</td>
</tr>
<tr>
<td>Work instruction of disease control (Instruksi Kerja Pengendalian Penyakit Tanaman Kelapa Sawit)</td>
<td>IK-3.01-12/12 Rev.01 issued 15 Juli 2014</td>
</tr>
<tr>
<td>Work instruction of fertilization (Instruksi Kerja Pemupukan Tanaman Kelapa Sawit)</td>
<td>IK-3.01-03/16 Rev.00</td>
</tr>
<tr>
<td>Work instruction of harvesting (Instruksi Kerja Panen Kelapa Sawit)</td>
<td>IK-3.01-05/04 Rev. 00</td>
</tr>
<tr>
<td>Work instruction of Immature plantations (TBM) harvesting (Instruksi Kerja Panen di TBM Kelapa Sawit)</td>
<td>IK-3.01-05/05 Rev.00</td>
</tr>
</tbody>
</table>

SCCS procedure such as:

<table>
<thead>
<tr>
<th>Procedure Description</th>
<th>Reference Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>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)</td>
<td></td>
</tr>
<tr>
<td>Working procedure no. PK-3.03-03 Rev. 00 issued on 2004 for Planning and Controlling of Processing Process (Perencanaan &amp; Pengendalian Proses Pengolahan)</td>
<td></td>
</tr>
<tr>
<td>Working procedure no. PK-3.03-11 Rev. 01 issued on 01.07.2014 for Supply Chain Certification System Mechanism (Mekanisme Rantai Pasok (SCCS))</td>
<td></td>
</tr>
<tr>
<td>Work instruction no. IK-3.03-03/08 Rev. 00 issued on 25.02.2014 for Palm Oil Processing (Pengolahan Kelapa Sawit)</td>
<td></td>
</tr>
<tr>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>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)</td>
<td></td>
</tr>
</tbody>
</table>

The monitoring and evaluation of implementation of the procedure will be checked in the internal audit. Last internal audit conducted on April 03-04, 2014 and has been follow up with the management review meeting on January 22, 2015. Record of carry out internal audit and management review has available and maintained.

The auditee has recorded the origins of all third-party document in order to apply as suppliers (apply letter, information of suppliers and smallholders each supplier and smallholder such as tax number, account bank number, estate location map, plantation business permit, etc.) on behalf CV Naga Tutur, UD Paima Marthosor, UD Winata Perdana, UD Rata, UD Mekar, CV Awan Tech Mandiri, CV Ravi Prima, UD Roma Rezeki and CV Torgamba Karya, FFB delivery note, weighbridge ticket, FFB purchase agreement, etc.

The company’s soil and leaf sampling analysis for Aek Torop Estate has been conducted by the Indonesian Palm Oil Research Institute (PPKS) where results of leaf analysis year 2014 and 2015 has available. Leaf analysis is performed biannually to produce fertiliser recommendation. The company conducts soil analysis once in 5 years. The leaf analysis covers Na, Ca, Zn, and Mg level, 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, KCL, and Dolomite. Fertilize Planning and Realization report year 2014 describe Aek Torop Estate already define all plant in riparian already exclude from Fertilize Planning accordance to Work instruction of Maintenance Riparian (IK-3.01-10/02 Rev.01), based on observation in the field proved there is no fertilize activity in riparian.

Records of fertilizer input have maintained i.e. fertilizing report on mature areas, fertilizing report on immat...
ture areas, type and stock of fertilizer, etc. Volume of fertilizer has implemented to field are 1,151.07 tonnes for NPK, 538.55 tonnes for dolomite.

A nutrient recycling strategy has implemented such as EFB application, land application (POME) and palm residues after replanting samples in afdeling I - block R13, S15, R15 and S16 for land application (POME) and afdeling V – block Y6 (palm residues after replanting).

Volume of POME dispatch to block is 149,856 m³ (year 2013), 138,209 m³ (year 2014) and 17,620.15 m³ (Jan to march 2015). Whereas, EFB application in block are 54,070.86 tonnes (year 2013) and 45,749.04 tonnes (year 2014).

The company has a soil map informing fragile-soiled area in the company concession. The fragile soil type here is medium-sloped area because based on soil fertility map that soil fertility status consists of high till medium. The company has employed its management strategy for fragile soil at medium-sloped areas through terrace, cover crop and stacking midrib application to control erosion on ground surface especially in immature areas.

The company also has programme for road maintenance in every division with manual or mechanic example in afdeling III – year planting of 2012 and 2006 & 2009 and it has implemented.

From the soil analysis conducted by Palm Oil Research Centre in 2011, it is known that the soil type in the company concession consists of Typic Paleudult or Red-yellow podzolic, and there no peat soil is found in the company.

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 physics (sedimentation and temperature), chemical (Fe, Zn, Mn, Kd, Tb, DO, COD, BOD, pH and organic material), d-tergen and the location cultivated by the plant reforestation such as Swietenia macrophylla, Anthocephalus cadamba, and Hibiscus tilaceus before the replanting process where all program has implemented.

The company has conducted the BOD monitoring of effluent every month by the third party i.e. Sucofindo laboratory. All BOD monitoring results complies with the standard defined by Ministry of Environmental decree No.28 year 2003 and Head of integration license service and investment agency of Labuhanbatu Selatan District no.503/032/PPPTPM/2014 dated on January 27, 2014 about the land application permit for PTPN III’s Aek Torop Estate and Mill i.e BOD ≤ 5,000 mg/l and pH: 6-9.

Water utilisation for production process and others activity and monitored every months. Aek Torop 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 1.8 – 1.9 m³/ton FFB or 408,004 m³ (year 2013) and 438,916 m³ (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 2014. Based on global telling report that there are oryctes attack in Afdeling VI (block BB & CC) - Aek Torop Estate with attack intensity is 0.12% (based on working instruction no.IK-3.01-03/11 is low) so that to control attack it by manual/hand picking. The company (afdeling III) have equipment of pest and disease management are single sprayer: 6 unit, mist blower I 3W F3 Tanaka: 1 Unit, fulspog seri K-10 SP: 1 unit, net to catch of oryctes : 12 unit and rat trap: 12 unit. Whereas, the company (afdeling III) has implemented beneficial plant i.e. turnera subulata, Turnera ulmifolia, and antig leptosus), at near main road; and also keep Sycanus dichotonus live. Sycanus dichotonus is known as predator active from caterpillar.

The company (afdeling III) has delivered IPM training on 10 September 2014 to 17 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. The records of training are invitation letter, minute of meeting, attendance list and photograph.

The documents of maintenance program year 2014 and 2015 (total areas, manual or chemist, type of activities), letter no.560/154/TK/2015 dated on March 17, 2015 from social, Manpower and Transmigration Instat-
Agriculture, agrochemical purchase plan year 2014 and 2015, procedure of maintenance, procedure of pest management and record of agrochemical stock. All records or documents it as justification of pesticides used. Type of agrochemical on recommendation letter from local government i.e.

I. Herbicides:
- Ally 20 WDG (active ingredients: metil metsulfuron)
- Pelita 480 AS (active ingredients: isopropyl amine glyphosate)
- Decis 2.5 gr/litre (active ingredients: deltametrin)
- Garlon 670 EC (active ingredients: triklopir butoksi etil ester)
- Scud 100 EW (active ingredients: sipermetrin)
- Basmilang 480 AS (active ingredients: isopropyl amine glyphosate)
- Round Up 486 SL (active ingredients: isopropyl amine glyphosate)
- Gempur 480 AS (active ingredients: isopropyl amine glyphosate)
- Gledek 480 SL (active ingredients: isopropyl amine glyphosate)
- Starane 290 EC (active ingredients: floroksipir metil heptil ester)

II. Insecticides:
- Marsal 3GR (active ingredients: karbosulfan)
- Matador 25 EC (active ingredients: lamda sihalotrin)
- Kleret RMB (active ingredients: brodifakum)
- Pertocum RMB (active ingredients: brodifakum)
- Ratgone (active ingredients: brodifakum)
- Ripcord 50 EC (active ingredients: sipermetrin)

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. Auditee was used agrochemical (Ratgone) to control rat attack and has applied by persons or team who have completed the handling agrochemical and hazardous and toxic waste training. Auditee has claimed that spraying workers especially women not pregnant or breastfeeding but auditee do not have evidence that all spraying workers especially women not pregnant or breastfeeding on working. It is condition was raised as non-conformity (NCR No.2015-08 of 18). They and manager has understood disposal of waste material because all used agrochemical and agrochemical container was returned to hazardous and toxic waste warehouse and has understood about mechanism of spraying which safe and effective. Whereas PPE has used by spraying workers. Auditee has carried out annual medical surveillance dated on November 18, 2014 for 18 spraying workers where one of analysis is cholinesterase inside blood but outsources workers not include in annual medical surveillance it. It condition was raised as non-conformity (NCR No.2015-07 of 18).

Aek Torop Estate and Mill has defined commitments of occupational safety and health policy for 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 2014.

The company maintains records for health and safety program risk assessment. The content covers identification of risk source, and risk assessment and control for every estate and mill activity. The risk assessment was conducted on February 2014 but one of the results of identification of hazardous source, assessment and risk management not implemented to outsource workers i.e. annual medical surveillance and extra-fooding for outsource workers. It condition was raised as non-conformity (NCR No.2015-09 of 18).

The company also has Health and Safety Committee (P2K3) as an organisation responsible for health and safety implementation in the company. This committee holds regular meeting (monthly) and keeps record of minutes of meeting for the regular meeting.

Monthly record of work accident has been recorded in health and safety committee report and submitted to the Labuhan Batu District Manpower Office Head for example as reported by health and safety committee on December 2014.

The company has conducted regular examination on 18 November 2014, but there is no sufficient follow up
Regarding to abnormality result as shown in laboratory analysis results No: 119/A/LHU-KES/BK3/-MDNXII/2014 (there are 11 employees in mill which reduced hearing). It condition was raised as non-conformity (NCR No.2015-09 of 18).

Health and safety training for emergency response (simulation) was conducted related to response to earthquake and fire on 21 October 2014. This training covers information on health and safety and first aid.

An emergency response procedure related to health and safety have been established by Document Identification No. PK3-10 (1st revision) dated 3 January 2000. In this emergency response procedure organisational structure has been formed for emergency response, involving all workers for responsibility and function together. Records of accident year 2014 have kept but one of accident not carried out investigation and corrective action (accident recapitulation report on November 2014 on behalf Mr Sugeng). It condition was raised as non-conformity (NCR No.2015-09 of 18). Records of accident year 2014 have included information of Lost Time Accident (LTA). All workers have covered with medical care (own hospital) and accident insurance (Jamsostek or workers social security agency (BPJS)).

In year 2014 the company has conducted some training for employee such as:
- Harvesting training on September 09, 2014
- OHS training on September 11, 2014
- Hazardous handling on October 31, 2014.

The company also has been published the training program in 2015, however the training program is only for implementation of Occupational Health and Safety. The training related with RSPO principles and Criteria still not provided and training plan for outsource workers not provided too. It condition was raised as non-conformity (NCR No.2015-10 of 18).

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 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.2015-11 of 18).

Compliance status: Non Compliance

NCR No.2015-07 of 18
Spraying workers from outsource company has not been carried out annual medical surveillance year 2014 for cholinesterase parameter.

NCR No.2015-08 of 18
Auditee do not have evidence that all spraying workers especially women not pregnant or breastfeeding on working

NCR No.2015-09 of 18
- The risk assessment was conducted on February 2014 but one of the results of identification of hazardous source, assessment and risk management not implemented to outsource workers i.e. annual medical surveillance and extra fooding.
- One of accident not carried out investigation and corrective action (accident recapitulation report on November 2014 on behalf Mr Sugeng)
- The company has conducted regular examination on 18 November 2014 but there is no sufficient follow up regarding to abnormality result as shown in laboratory analysis result No: 119/A/LHU-KES/BK3/-MDNXII/2014 (there are 11 employees in mill which reduced hearing)
The training related with RSPO principles and Criteria still not provided and training plan for outsource workers not provide too

NCR No.2015-11 of 18
The training documentation used only evaluation form and attendance list but other documentations that required in procedure of Human Resource Development No. PK-3.08-08 Rev. 00 is not available.

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

**Criteria assessed:** CR5.1; 5.2; 5.3; 5.5; 5.6
**Criteria not assessed:** -

**Findings:**
Aek Torop Estate and Mill has established an environmental document as approved by the Secretary General of the Ministry of Agriculture through letter number RC.220 / 883 / B / U / 1994 dated May 19, 1994. The organization also define environmental impact assessment as recorded in List of Environmental Aspects Aek Torop Estate and Mill Year 2015 Document No. FM 3.12-02 / 08 Rev. 0.0.

Auditee 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 Torop Mill and Estate regularly monitored and reported every 6 (six) months to Environmental Agency of Labuhanbatu Selatan District and already receive by accordance to evidence receipt letter of Laporan RKL/RPL Distrik Manager Labuhan Batu No. 2/X/22/III/2015 dated 27 Maret 2015 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 so that 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.2015-12 of 18).

HCV assessment has been carried out by Centre for Natural Resources and Biotechnology (PPSBH) of Bogor Agriculture University in 2011. Information is obtained from the HCV assessment on flora and fauna, such as: *Halcyon smymensis, Macaca fasicularis, Macaca nemestrina, Tupaina tara, Varanus salvator, and Ophiapagus hannah*. From the HCV assessment, it is known that there are 5 HCV types in the company concession, namely HCV 1.1, 1.3, 2.3, 4.1 and 5 with total HCV area of 364.73 hectares. This consists of Raso River riparian area (29.57 hectares), Tasik river riparian area (88.79 hectares), water reservoir (10.38 hectares) and other riparian areas along the natural streams. Location of HCV not set-asides with existing right of local communities so that agreement not available.

Recommendation has been made in the company’s HCV management plan and monitoring plan by PPSHB. Aek Torop 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. In monitoring report has informed regarding the status of HCV and RTE species. 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 Torop.

- 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 Torop 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 into 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 Torop 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 auditee has temporary kept for hazardous toxic waste permit from local government (no. 503/187/BPPTPM-LS/2014 dated on April 29, 2014 from head of integrated license service and investment agency of Labuhanbatu Selatan district). Evidence of hazardous waste was hand over to licenced hazardous material collector are hazardous material manifests such as manifest no.ZK 0000196 dated on April 4, 2015 for used oil amount 158 litres and manifest no.ZK 0000204 dated on April 4, 2015 for used oil and fuel filters amount 57 unit. 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.

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

Auditee 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. In year 2013 that Aek Torop Mill’s total use of shell for renewable energy generation is 12,122.99 tonnes (0.22 tonnes / tonnes CPO) and total of electricity is 2,256.25 kwh. Whereas, in year 2014 that total use of shell is 10,305.12 tonnes (0.21 tonnes / tonnes CPO), fibre is 28,113.20 tonnes, and total of electricity is 2,173.42 kwh (8.78 kwh/tonnes FFB).

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. In year 2013, fossil fuel used is 67,210 litres and in year 2014 is 52,630 litres (mill) and 51,962.76 litre's (0.57 litre's/tonnes FFB).

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 example block Y6 and Y7.

The monitoring for land clearing that will be conducted by subcontractor through agreement letter that state the prohibition of burning during land clearing or replanting example agreement between CV Dimensi Mulia with company (no.3.01/SPJ/104/2013) section requirements and send internal employee to control and monitored the implementation. In replanting activities, the company applies zero burning as well because they use heavy equipment such grader, excavator and others.
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 Torop Mill has performed pollution and emission source identification including greenhouse gases (GHG) to, among others, land conversion, generator operational, boiler, welding machine, transportation unit, and POME pond. Emission monitoring is conducted towards several emission sources such as generator and boiler. According to May 2014 monitoring result of generator emission conducted by Binalab Laboratory that below threshold appropriate Minister of environmental decree no. Kep.48/MENLH/II/1996.

Auditee have short term plan to reduce or minimise GHG i.e. optimization of use fertilizer, maintenance of machine include genzet, develop of methane capture but working plan of efficiency of using fossil fuel and optimization of using renewable energy not available. It condition was raised as non-conformity (NCR No. 2015-13 of 18). All programme has implemented exclude develop of methane capture, efficiency of using fossil fuel and optimization of use renewable energy. Whereas, long-term plan to reduce or minimise GHG i.e. enrichment of conservation areas include riparian areas, develop of biodiesel mill and electricity from biogas plant distribute to communities. All programmes have been not implemented.

Auditee 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). One of source GHG emission is fuel consumption from transportation activities and genzet in mill but volume of fuel consumption not included from FFB transportation which using vehicle’s contractor and FFB transportation from suppliers on the calculate of GHG year 2014. It condition was raised as non-conformity (NCR No.2015-13 of 18).

Compliance status : Non Compliance.

NCR No.2015-12 of 18
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 so that results of monitoring not available on environmental management and monitoring plan report semester I & II year 2014.

NCR No.2015-13 of 18
• Working plan of efficiency of using fossil fuel and optimization of using renewable energy not available
• One of source GHG emission is fuel consumption from transportation activities and genzet in mill but volume of fuel consumption not included from FFB transportation which using vehicle’s contractor and FFB transportation from suppliers on the calculate of GHG 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). From the SIA assessment, information has been obtained on positive and negative impacts from the company activities. The negative impacts are, among others, road damage caused by FFB and CPO transportation activity, public facilities, work opportunities, company workers and others. In environmental Management Plan (RKL/RPL) has included social impact too so that SIA document and RKL/RPL are complementary.

According to the SIA, the company has made management plan focusing on Aek Batu and Pasir Tuntung Villages being villages located nearby the concession. The company has record of photograph and list of participant of SIA communication event in Aek Batu and Pasir Tuntung Village on 24-25 November 2010.

Auditee has planned for mitigation of negative impact and promotion of the positive ones year 2014 has developed in consultation with the affected parties i.e. representative of communities in Aek Batu and Pasir Tuntung. 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.

Auditee has carried out monitoring of social issues appropriate SIA document and environmental document (RKL/RPL). Whereas guidance of monitoring is procedure no.PK-3.12-24 (identification, monitoring and evaluation of SIA). Auditee has visit schedule to communities in surround estate for social impact management.

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 Torop estate and mill are assistant of human resources in estate and assistant of finance and human resources in mill.

The company has list of stakeholder year 2015 where it has signed by manager of Aek Torop dated on January 01, 2015. Its stakeholders are community organisation, press, labour union, contractor, out grower, government institution; NGO, etc. (15 stakeholders in estate and 25 stakeholders in mill) include of hand phone number and address each stakeholder.

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, suggest and critical to the company include suggestion of boxes. This system has been communicated to the local community. Based on interview with the community of Aek Batu and Pasir Tuntung Villages, they confirm that the company’s mechanism has been communicated to them, evidenced by the participant list and photograph. 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 so that it difficult to ensure effectiveness of the mechanism but the company has received notice by letter from Head of Pasir Tutung village regarding replanting activities in afdeling V so that farmer estates in Batu Ajo could not used because it has covered by soils and part 18 issue.

The company has record of handling complaints from communities. For example:

- Impact from replanting activity:
  - o Letter no. 01/MPLH/1/2015 dated on 15 January 2015 from NGO “Community care with environment (LSM Masyarakat Peduli Lingkungan Hidup) regarding compensation has been completed/finished followed by mediation mechanism
  - o Memorandum from Aek Torop Manager to District Manager of Labuhanbatu II No. Kator/DLAB2/MI/47/2015 dated on 20 February 2015 regarding follow up letter from NGO “Community care with environment (LSM Masyarakat Peduli Lingkungan Hidup)
  - o Statement letter of conflict resolution dated on 24 February 2015 between company with 4th communities from Pasir Tuntung Village that the application which was submitted has been followed up by company such as Simanuk-manuk river in Batu Ajo was dredged from sedimentation of sand, providing oil palm seedlings amount 599 unit to communities and planting oil palm seedlings in impacted areas.

According to the labour union delegation, no complain has been found from the internal workers to date. If they have complained so they can directly report to supervisor.

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 but there are several old documents such as reference letter no. 33/84/2006 (31.07 ha), 33/85/2006 (96.11 ha), 33/86/2006 (46.10 ha) dated on 19 December 2006 from Head of Pasir Lancat UB Village regarding the company does not dispute with the other parties for areas it.

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. 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 it so that inside agreement letter between the company with contractor has been required. The company has done socialization to all contractor regarding it but there are evidences that wage/salary of outsource workers (CV Jefri) in afdeling II amount Rp 30,000, - per day with working time for 3 hours (08.00-11.00). Those condition different with material of socialization between the company with outsource company i.e. Rp 32,176 so that under the regulation. It condition was raised as non-conformity (NCR No.2015-14 of 18).

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. KATOR/P/24/2006 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. 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 Torop has labour union named plantation labour union (serikat pekerja perkebunan (SP BUN)) – basis of Aek Torop estate and Aek Torop mill.

Minutes of meetings with labour union (SP BUN) has been documented such as 1).meeting dated on August 27, 2014 regarding additional of salary for workers which working date on 28-29 July 2014, 2).meeting dated on September 20, 2014 regarding mill performance, standardization of employee year 2015, and negative news on the newspaper about effluent in mill, 3).meeting dated on April 8 2015 regarding revision of nomenclature and job description appropriate concept from human resources department, and optimization of employees, etc.

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 so 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 Torop estate per March 2015 is man: 382 persons and women: 18 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.

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/165/2009 dated 6 July 2009 on the communication of information on 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 February 4, 2015 in afdeling IV and January 20, 2015 in mill.

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 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 Torop mill and estate, they understood that they have right of childbirth leave during 3-month and menstruation leave.

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, 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 such as agreement no. DLAB2/SPJ/21/2015 dated on April 01, 2015 with UD Paima Marhusor and agreement no. DLAB2/SPJ/22/2015 dated on 01 April 2015 with CV Ravi Prima. The company has paid timely manner appropriate article 7 in agreement to UD Paima Marthusor.

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. inspection of fire extinguisher retribution period year 2014; its income tax and Value Added Tax (VAT) compliance to Article 21 and 23 of Tax Law for period of January to 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 ramadhon event in 1434 H, 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 (example: agreement no.3.01/SPJ/104/2013 between the company with CV Dimensi Mulia regarding replanting activities) 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 18

The company has socialized to outsource company regarding minimum salary amount Rp 32,176 with 3 (three) working hour (8-11 o’clock) per day but salary for workers from outsource company (CV Jefri) in afdeling III amount Rp 30,000 so that it is under minimum salary regulation.

**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 5 above that there is year planting 2011-2015 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 and recording of conflict resolution with communities from Pasir Tutung Village. All records meeting accompanied by the questionnaire, attendance list and photos of activities then realized in the social management and monitoring plan.

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: Full Compliance.

**RSPO SCCS**

**E.1. Definition**
Findings:
The organization (PTPN III Aek Torop Mill) was 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) and other estate under PTPN III who have RSPO certificate i.e Aek Raso Estate (KPARO) and Aek Nabara Selatan Estate (KANAS). Whereas, uncertified FFB is come from other estates under PTPN III who have not RSPO certificate i.e Sei Kebara Estate (KSKAR), Sei Baruhur Estate (KSBAR) and suppliers/traders i.e CV. Torgamba Karya, CV. Ravi Prima, UD. Mekar, CV. Awan Tech Mandiri, CV. Rata, CV. Paima Marhusor, UD. Roma Rezeki, UD. Winata Perdana, CV. Naga Tutur and UD. Pertjwi.

Based on Table 2 that Aek Torop Mill was received certified FFB year 2014 is approximately 44,811.74 tons of FFB (19.54% from the total of FFB received in once year) and uncertified FFB is approximately 184,548.01 tons (80.46%). Whereas, in year 2015 (January to March) was received certified FFB are 11,412.46 tons (19.78%) and uncertified FFB are 46,285.17 tons (80.22%). Aek Torop Mill only produced Crude Palm Oil (CPO) and Palm Kernel (PK).

Mass balance record also showed the certified product. In year 2014 that certified CPO are 9,728.63 tons (19.54%) and uncertified CPO are 40,065.37 tons (80.46%). Whereas, certified PK are 1,908.98 tons (19.54%) and uncertified PK are 7,861.75 tons (80.46%). In year 2015 (per March 2015) that certified CPO are 2,326.86 tons (19.31%) and uncertified CPO are 9,726.15 tons (80.69%). Whereas, certified PK are 439.28 tons (19.31%) and uncertified PK are 1,836.15 tons (80.69%).

Compliance status: Full Compliance

E.2. Explanation

Findings:
The company has registered in eTrace and Greenpalm as trading platform for RSPO product.

In the production report year 2014 and year 2015 (per March 2015) was 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, however the certified CPO and PK with Mass Balance claim that sold year 2014 and 2015 still not transact by the RSPO IT platform (eTrace). It condition was raised as non-conformity (NCR No.2015-15 of 18).

Compliance status: Non Compliance

NCR 2015 - 15 of 18

The company has claimed and stamped the certified CPO and PK with Mass Balance in all production records and delivery documentation, however the Sales of certified product that claimed as Mass Balance still not transact by the RSPO IT platform.

E.3. Documented procedures

Findings:
Organization (PTPN III Aek Torop 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)
- Working procedure no. PK-3.03-11 Rev. 01 issued on 01.07.2014 for Supply 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 Produk Jadi Pabrik ke Instalasi Belawan, PT. Sarana Agro Nusantara, PT. IKN, PKSMK dan Pihak Swasta).

Refers to the Decision Letter from Manager of Aek Torop Mill PTPN III No. PATOR/SKPTS/02/2015 issued on February 17, 2015 the company has assigned the person in charge for implementation of RSPO SCCS, the company appointed trained person Mr Anggijat Mangasi Sihombing acting as the person who having overall responsibility for and authority over the implementation of requirements and compliance with all applicable requirements of RSPO SCCS standard.

The last refreshment training for SCCS conducted on February 17, 2015 with evidenced is attendent list and also certificate, attended by 14 persons and on March 19 to 20, 2015 attended by 26 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.2015-16 of 18)

Compliance Status: Non Compliance

NCR 2015 - 16 of 18

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 the implementation is not applied properly. For example in PB-33.01 No. TTP/IS/PKSM.44/2015 and No. TTP/IS/PKSMK.43/2015 there are two mark of stamp are CSPo Mass Balance and CSPK Mass Balance, whereas the product that sold is Palm Kernel. It condition was raised as non-conformity (NCR No.2015-17 of 18).

Compliance status: Non Compliance
E.5. Record keeping

Findings: 
Aek Torop mill has recorded and balance receipts all if RSPO certified and uncertified in to mass balance record and also for palm oil production such as CPO and PK with basis three months and evaluated in every month.

During the surveillance audit, mill has evaluated of volume the CPO and PK certified quantity year 2014 and 2015. The annual 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. It condition was raised as non-conformity (NCR No.2015-18 of 18). The organization also not registers the Mass Balance transaction in the RSPO IT platform (eTrace).

Compliance status: Non Compliance

NCR 2015 – 18 of 18

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 17 non-compliances have been identified during the main certification assessment again RSPO P & C and RSPO SCCS. They consist of 11 major non-compliances and 6 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 2.1.1 Evidence of compliance with relevant legal requirements

NCR No. 1 of 14 (Major non-conformity):
1. Wage paid to subcontractor workers does not comply with 2011 Minimum Wage Rate Requirement issued by Labuhan Batu Selatan District Head.
2. Safety equipment was not properly provided for sprayers as seen in Block CC 17 of Division VII in Aek Torop Estate as required by Article 14 of Law 1 of 1970.
3. Location for land application in Block R13 of Division 1 Aek Torop Estate does not comply with Land Application permit from Labuhan Batu Selatan District Head Decree No. 503.3.660/10/KLH/2009.

Evidence of correction and corrective action taken:
1. Following are examples for the company’s letter to all contractors.
- Letter No. KATOR/X/14/2012 dated 7 February 2012 to CV Perintis Utama on the contractor’s responsibility to meet government regulation related to worker’s rights, especially for worker’s minimum wage rate. Then the company also submitted Letter No. KATOR/X/121/2011 on minimum wage rate to CV Perintis Utama dated 16 December 2011. The letter stated that the minimum wage was IDR 1,165,000/month or IDR 26,936 on daily basis (1 day equal to 4 work hours).
- According to North Sumatra Governor Decree No. 188.44/38/KPTS/2011 on Labuhan Batu District Minimum Wage Rate, the minimum wage rate for Labuhan Batu Selatan District is IDR 1,165,000. Issued in Medan on 18 January 2011. Reference in 2013 is North Sumatra Governor Decree No. 188.44/16/Kpts/2013 on Labuhan Batu Selatan District Minimum Wage Rate stating that the minimum wage rate is IDR 1,456,650, issued in Medan on 11 January 2013.
- Responding the governor decree on the Minimum Wage Rate, the company submitted letter to all contractors as evidenced by Letter No. KATOR/X/51/2013 dated 10 February 2013 to Partner Director Aek Torop Estate to informing the minimum wage rate based on the decree is equal to IDR 33,680 on daily basis (where a day is equal to 4 work hours).
- The company has required all contractors to pay salary according to the minimum wage rate under 2013 Governor Decree. Evidenced example is Work Order (SPK) No. SPK DLAB-2/SPK/252/2013 to CV Inti Pratama Gemilang. Point 3.2.f of the SPK stated that the contractor was required to meet all regulations related to the employment regulation i.e. No. 13/2003 on Minimum Wage Rate, Social Security, and Health and Safety. The letter was issued in Sei Kabara on 26 June 2013.
- Salary receipt for internal workers (harvester) for August 2013 indicating payment of IDR 1,817,595. This salary is above the minimum wage rate under the Governor Decree.
- The company showed evidence of salary paid to subcontractor workers (CV Putra Abadi Sejahtera) in Division I with minimum wage of IDR 25,000 on daily basis (where a day is equal to 3 work hours).

During 1st surveillance audit, internal workers and subcontractor workers has complied with minimum wage rate under the North Sumatra Governor’s Decree No. 188.44 / 972 / KPTS / 2014 dated November 7, 2014 on Minimum Wage North Sumatra 2015 but one of subcontractor in adfeling II (CV Jefri) was paid salary to workers under minimum wage regulation. This is non-conformity is repeat although with different object so that potential suspend.

The company has socialized to all subcontractor company regarding new minimum wage regulation.

2. The company has provided PPEs to all workers as evidenced by record of PPE provision in 2012 for all Divisions. Aek Torop Estate has submission for PPEs according to the record of PPE’s necessary in 2012 on 1 March 2012, followed by the Letter Receipt No. 3.09/STTB/2012 on the Provision of 24 PPE types from Head Office to Estate Office, i.e. goggle, safety shoes, glove, mask, auto welder proguard, safety belt proguard, ear muff, spraying apron, welder mask, safety helmet, etc. submitted in June 2012. As this was considered still insufficient to meet the actual needs for PPEs in the estate, the estate submitted another Letter No. KATOR/3.09/MO/74/2013 dated 13 March 2013 addressed to 3.09 Department on PPEs needed in 2013. The 3.09 Department replied with Letter No. 3.09/MO/721/2013 dated 13 June 2013 to all division managers saying that the 2013 PPE programme was still in process. During 1st surveillance audit that the company has provided PPE for spraying workers was properly example in adfeling III – Aek Torop estate.

3. The company has submitted Letter No. KATOR/X/02/2012 dated 3 January 2012 to the Environment Office related to revision of Decree. No.503.660/10/KLH/2012 on land application revision page 1 point 4 mistakenly stating ‘block R13 and S15’ as ‘block S15-S16’. It was received by the Environment Office on 4 January 2012, followed by Labuhan Batu Selatan District Head Decree No. 503.3.660/10/KLH/2012 on permit for land application in Aek Torop Estate of PTPN III. Point 2 of the appendix states that the land application is in block S15-R13 with area of 202 hectares. During 1st surveillance audit that the land application permit for PTPN III’s Aek Torop Estate and Mill has issued by local government (Head of integration license service and investment agency of Labuhanbatu Selatan District no.503/032/BPPTPM/2014 dated on January 27, 2014) but there are not information of specific location that is allowed to land application.

Auditor Conclusions: Open (NCR no. 2015-04 of 18)

**Criterion 2.2.2 Evidence that legal boundaries are clearly demarcated and visibly maintained.**

**NCR No. 02 of 14 (Major non-conformity):**

It has been found that record of legal boundary marks issued by BPN is not available in Aek Torop Estate.
Evidence of correction and corrective action taken:

1. Map of the company’s HGU concession is according to the 1:20,000 scaled map appended within the HGU Certificate issued through Head of National Land Agency (BPN) Decree No. 26/12/2009, covering its activities in Aek Batu Village of Kota Pinang District. This certificate was issued on 11 December 2009, and still in process for renewal.

2. The company maintains its boundaries as evidenced by record of boundary maintenance in Aek Torop Estate in 2013 1st semester dated 29 June 2013. The report mentions that the boundary marks are in good condition. For example:
   - Division I, with total 36 boundary marks of good condition;
   - Division II, with total 12 boundary marks of good condition; and
   - Division V, with total 79 boundary marks of good condition;

3. Every semester, the company maintains the boundaries and reports to Estate Manager, according to Point 6 of Work Instruction No. IK-3.11-07/03 (revision 00) stating that boundary maintenance is conducted every 6 month (semester) and reports are to be made to Estate Manager. The company has conducted regular reported for year 2012 1st semester, which was reported on 4 January 2012, and 2nd semester reported on 29 December 2012.

During 1st surveillance audit, the company has still consistency maintenance of boundary where include pillar boundary.

Auditor Conclusions: Closed.

Criterion 4.4.1 Protection of watercourses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting.

NCR. No 03 of 14 (Major non-conformity):

No appropriate protection has been found provided to watercourses and wetlands including appropriate maintenance and restoration of riparian buffer zones during or before replanting. For example, application of agrochemicals was still found during audit in river or watercourse riparian areas in majority of the plantation area (Division I, V, VI, and VII). The river riparian was cleared during replanting. This is also not in accordance with the company’s SOP No. IK 301-25/01 on Nature Conservation.

Evidence of correction and corrective action taken:

1. The company has action plan for reforestation programme in Aek Torop Estate. According to the programme, cultivation started in January 2012. And the company has conducted reforestation as evidenced with email No. KATOR/Email/16/2011 in December 2011. The company also ran cultivation until the end of 2011 (30 December 2011) resulting in total 16,774 trees planted. These trees consist of Neolamarckia cadamba, Swietenia macrophylla, Duri zibethinus, Shorea sp., Aquilaria sp., Mangifera indica, Nephelium lappaceum, and Lansium domesticum. In 2012, as evidenced with email No. KATOR/Email/88/2012 dated 6 July 2012; the company also ran the cultivation process until 31 May 2012 where total 400 trees were planted. These trees consist of Hibiscus tiliaceus (replacing Swietenia macrophylla), Shorea sp. and Aquilaria sp. This is also evidenced with photograph. Then based on inventory record of conservation vegetation per 30 June 2013 in Aek Torop Estate for all division (I, II, III, IV, V, VI, VII) 13,535 trees were planted all over an area totalling to 42.75 hectares.

2. The company has revised the 2012 Work Order (SPK) on replanting process with SPK No. 3.06/X/SPMK/643/2012 dated 25 May 2012, addressed to CV Anugerah Group on replanting of an area of 90.90 hectares in Division V of Aek Torop Estate with oil palms. In general, requirement under point 5 states “…under RSPO certification the contractor shall exclude protected areas such as HCV and riparian areas as well as buffer zone, while the location will be informed later on by the Estate Manager”. Based on letter from Direction Office to the Aek Torop Estate No. 3.01/KATOR/01/2013 on the definitive area for 2012 replanting issued on 28 February 2012, prohibition has been set upon several particular areas, especially in Division V where an area of 3.40 hectares will not be open, as this area is protected by the management.

During 1st surveillance audit, the company has planted and maintained conservation vegetation in riparian areas. Work Order (SPK) revise has available where riparian area has excluded from replanting areas example in afdeling V.

Auditor Conclusions: Closed.
**Criterion 4.6.2 Records of the results of health check-up for those who apply agrochemicals**

NCR No. 04 of 14 (Minor non-conformity):
No records have been available indicating any results of health check-up for workers applying agrochemicals, such as sprayer from CV Perintis Utama working in Division VII of Aek Torop Estate. However, not all agrochemical workers have undergone health check-up as in 2010 it was carried out to only eight sprayers (agrochemical operator), and in 2011 to only 2 sprayers.

Evidence of correction and corrective action taken:
Spraying workers from subcontractor company has done medical check-up (general parameter) on 22 November 2013 with result is good or normal condition.
During 1st surveillance audit, the company has carried out annual medical surveillance for worker include internal spraying workers dated on November 18, 2014 with one of parameter is cholinesterase. Whereas, spraying worker from subcontractor has carried out annual medical surveillance too with general parameter.

Auditor Conclusions: Closed

**Criterion 4.6.4 Waste materials from agrochemicals including pesticides containers are properly disposed in accordance with laws and regulations.**

NCR. No 05 of 14 (Major non-conformity):
1. Pesticide container waste has been stored since 2009 in plantation storehouse having no permit to store hazardous waste.
2. Waste handling process from the pesticide spraying activities (such as chemicals contaminated equipment, e.g. knap sack, PPE and clothing) has not been handled appropriately by the operator.

Evidence of correction and corrective action taken:
The company has made request to Labuhanbatu Selatan District Head c.q. Head of Environment Office through Letter No. KATOR/X/12/III/2013 dated 4 March 2013 for hazardous material management, which was accepted on 24 June 2013. The institution responded with letter No. 503/1936/SK/BPPTPM-LS/SEKRT/2013 dated 9 October 2013 stating that the company’s licence for hazardous material handling was still in process. During 1st surveillance audit that that is permit has issued from local government during 3 years since year 2014.

The company has provided PPEs to chemical workers as evidenced with photograph indicating chemical apron, glove and another object contaminated by chemical. The company also has provided washing facility at the division office.

a. The company has dispatched hazardous waste to PT Jagar Prima Nusantara (a hazardous material collector) as evidenced by:
   - Record of Hazardous Material Manifest No. 0000493 dated 6 February 2013 indicating dispatch of the hazardous waste (such as contaminated chemical containers) using transportation unit No. BP 8168 EY.
   - The company has revised Work Instruction No. IK-3.12-01/14 on Waste Management (1st revision) and Work Instruction No. IK-3.03-01/02 on Hazardous Waste Management. The work instructions separate hazardous waste materials by the type of waste.

During 1st surveillance audit, the company has been handled appropriately for chemicals contaminated equipment.

Auditor Conclusions: Closed

**Criterion 4.7.6 Evidence of OHS and first aid equipment’s available at worksites**

NCR No. 06 of 14 (Minor non-conformity):
First aid equipment is not available at worksites (e.g. field area in Division VII of Aek Torop Estate, FFB transporter and Aek Torop loading ramp).

Evidence of correction and corrective action taken:

1. The company has provided first aid boxes to all divisions as evidenced with photograph of first aid box installation process. All foremen have been provided with first aid box.
2. The company has identified locations for first aid box installation in all divisions as evidenced with record of identification dated 30 March 2013 and 3 July 2013 for Division I and VII, workshop, store and security post.
3. The company has ensured that first aid boxes are put in all FFB trucks loaded with its FFBs, where:
   - The company requires first aid box through contract letter;
   - Trucks are subject to security checking before entering the mill, and any trucks having no first aid box are not allowed to continue for unloading;
   - Photographs are taken of trucks with first aid box.
4. According to identification list of first aid box all over the plantation area, 11 workplaces have been identified needing first aid boxes, i.e. laboratory, grading area, processing office, boiler area, kernel plant area, clarifier area, workshop area, material warehouse, hazardous material storehouse, security office and water treatment area.

During 1st surveillance audit that first aid boxes/equipment has available at worksites such as afdeling III and loading ramp-Aek Torop mill.

Auditor Conclusions: Closed

Criterion 4.7.7 Workers trained in first aid should be present in both field and mill operations

NCR No. 07 of 14 (Minor non-conformity):
No evidence has been found indicating that workers have been trained with first aid in both field and mill operations (e.g. workers from CV Perintis Utama in Division VIII and their daily workers).

Evidence of correction and corrective action taken:

1. The company has sent internal memo No. 98/2013 from Aek Torop Estate on 3 June 2013 on first aid training which would be delivered on Friday, 7 June 2013 at 14.00 p.m. attended by harvester foremen (13 participants), maintenance foremen (8 participants), and maintenance workers (9 participants). This memo was appended with participant list and training photograph.
2. First aid training for workers from CV Perintis Utama (contractor) by the company involved 10 participants as evidenced by participant list and training photograph. The training was conducted on 17 December 2011 in Division V office at 08.00 a.m. until finish.

During 1st surveillance audit, all supervisor of maintenance from internal workers and representative of workers from subcontractor have participated in first aid training.

Auditor Conclusions: Closed

Criterion 5.1.2 Records of regular report on environmental management in accordance with relevant regulations

NCR No. 08 of 14 (Minor non-conformity): NCR No. 08 of 14 (Major non-conformity):
No evidence has been produced identifying social impact management and monitoring as determined in RKL/RPL document. No information is available regarding 2010 2nd semester and 2011 1st semester reports.

Evidence of correction and corrective action taken:

The company has established social impact management and monitoring plan. Such activity is reported annually in 2nd semester RKL/RPL document. Chapter II of RKL/RPL document (Conclusion and Recommendation) mentions the community perceptions towards the mill. This perceptions assessment is one of the company’s efforts to identify social impacts that have been produced from its activities to the community. This per-
ception assessment was carried out using questionnaire to the local community. The RKL/RPL report has been submitted to Labuhan Batu Selatan District Environment Office Head on 3 May 2013 and has been approved by the institution as evidenced with signature and stamp in the approval letter.

During 1st surveillance audit that RKL/RPL report year 2014 has included results of management and monitoring of social aspect.

Auditor Conclusions: Closed.

**Criterion 5.2.2 Measures taken for protecting species and their habitats must be in accordance with relevant laws and included actions to control any illegal or inappropriate hunting fishing or collecting activities.**

**NCR No. 09 of 14 (Major non-conformity):**

HCV management plan as recommended by PPSHB-IPB for implemented, as seen on riparian watercourses block replanting Division VI Aek Torop Estate, there is no protection for riparian zone and was cleared for replanting process year 2011.

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

1. The company has made revision by adding obligations of oil palm management and maintenance in Division 01 and 02 of Aek Torop Estate to SPK No. D-LAB-2/SPK/161/2013 for CV Putra Abadi Sejahtera. And 03 in the point 3.2 states that the contractor must follow law and regulation No. 13/2003 and provide social security to all of its workers, in addition to:
   - Non-employment of underage children (under 18 years old);
   - Non-employment of pregnant and breastfeeding female worker; and
   - Zero-chemical application to riparian areas and buffer zones.
2. The company has conducted the reforestation in Division VI (an already-cleared area) as evidenced with record of reforestation with vegetation: *Hibiscus tiliaceus* (total 400 trees planted) and equipped the photograph indicating process over a total area of 1 hectare. The company has also revised the replanting SPK related to the replanting process by putting in requirement of no land clearing to riparian areas and buffer zone.

During 1st surveillance audit that the company has protected riparian areas in others location and has maintained conservation vegetation on riparian areas and no applied agrochemical on riparian areas example in Tasik river (Afdeling I).

Auditor Conclusions: Closed.

**Criterion 5.6.1 Records of efforts and strategies employed to reduce pollution and emissions**

**NCR No. 10 of 14 (Minor non-conformity):**

Records are not available to indicate employed efforts and strategies to reduce pollution and emission.

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

The company has management programme for emission reduction year 2013 through the environmental management No. PML/PATOR/01/2013 for period of January-December 2013 with following activities:

- Identification of reforestation sites;
- Budget approval;
- Planting;
- Evaluation for programme effectiveness;
- Environmental management progress report;
- Plant species based on internal memo DLAB2 No. PATOR/Dlab2/Int/75/2013 dated 5 March 2013 are mango, rambutan, sapodilla, and durian (25 trees for each species); and

This programme is not yet implemented because the budget has not yet been approved

During 1st surveillance audit that management programme for emission reduction above has ap-
plied/implemented such as examination of emission and pollution by third laboratory, optimization of renewable energy, reduce of fossil fuel in mill and estate, maintenance of machine in mill and vehicle, truck transport FFB and product appropriate capacity, optimization of fertilizer, planting of conservation vegetation, maintenance of effluent pond, etc. Furthermore, pollution and emission reduction programme has informed in RKL/RPL document and mitigation of GHG.

Auditor Conclusions: Closed

**Criterion 5.6.2 Monitoring of pollution and emission quality of the sources identified**

**NCR No. 11 of 14 (Major non-conformity):**

No monitoring has been performed to check level pollution and emission from several identified sources such as welding machine, grass cutter machine, vehicles, and POME.

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

The company has monitored the emission level through test of emission (e.g. on 3-10 June 2012/1st semester) from the following.

- Generator No. 1 and 2, with Certificate Test No. 413/BINA/XII/2012 dated 12 December 2012. According to the result, the parameters are still below the applying standard (the parameters tested are NO₂, CO, PM10, and SO₂). This test is in accordance with Minister of Environment Decree No. 13/MENLH/1A/2009.
- Boiler No. 1 and 2, with Certificate Test No. 413/BINA/XII/2012 dated 12 December 2012. According to the result, the parameters are still below the applying standard (the parameters tested are SO₂, NO₂, HCl, Cl₂, NH₃, HF and Opacity). This test is in accordance with Minister of Environment Decree No. 07/2007.
- Noise and ambient. The sample was taken from the office front and front of processing area with Certificate Test No. 413/BINA/XII/2012 dated 12 December 2012. According to the result, the parameters are still below the applying standard (the parameters tested are SO₂, NO₂, TSP, Pb, CO, and noise). This test is in accordance with the Law 41 of 1999.

During 1st surveillance audit that the company has consistency to monitor emission and pollution level by third party laboratory. Results of monitoring it has stated in RKL/RPL report year 2014 (1st and 2nd semester). All parameter relate of emission and pollution appropriate with requirement in regulation.

Auditor Conclusions: Closed

**Criterion 6.1.1 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**

**NCR No. 12 of 14 (Major non-conformity):**

SIA Document prepared by Research Institute of the University of North Sumatra in 2010, provides no explanation on social impact to the company’s employees.

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

The company has revised SIA document by adding social impacts to employees as evidenced with record of SIA document on 29 August 2013. Part IV of the report has already included social impacts to the company’s employees in Aek Torop Estate with following concerns.

- Employment composition;
- Employment and business opportunities;
- Health and safety for employees;
- Facility and other benefits for employees;
- Communication and consultation mechanism;
- Employment stabilisation; and
- Economic welfare

During 1st surveillance audit that SIA document revision has available where social impact to the company’s employees has include. In monitoring and management social impact year 2014 has included explanation.
about social impact to the company’s employees.

Auditor Conclusions: Closed

**Criterion 6.1.3 A regular and scheduled environmental management and monitoring Report**

**NCR No. 13 of 14 (Minor non-conformity):**

Report of the Environmental Management/Monitoring Plan (RKL/RPL) prepared in 2010 2nd semester does not appropriately describe results of social impact management and monitoring, while the Environment Impact Assessment (AMDAL) document mentions presence of four managed and monitored aspects, namely public perceptions, community development partners, security and health.

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

The company has described results of monitoring and management for social aspect (public perceptions, community development partners, security and health) in RKL/RPL report year 2014 (2nd semester). The company has communicated with third party which making the report that social aspect must monitor and explain inside report.

Auditor Conclusions: Closed

**Criterion 6.7.1 Records of implementation of company policy on worker age requirements**

**NCR No. 14 of 14 (Minor non-conformity):**

Policy on prohibition against underage worker (under 18 years old) is not consistently implemented, as underage workers from third-party service provider have been found working as driver assistant in FFB transportation in Aek Torop Mill. Their age is 17 years old.

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

The company has made revision by adding the required statement to SPK No. D-LAB-2/SPK/161/2013 to CV Putra Abadi Sejahtera on oil palm management and maintenance in Division 01 of Aek Torop Estate, 02. And 03 in the point 3.2. The statement is that the contractor must meet the law and regulation No. 13/2003, provide social security to all workers and meet following requirements.

- Non-employment of underage children (under 18 years old);
- Non-employment of pregnant and breastfeeding female workers; and
- Zero-chemical application in riparian areas and buffer zone

During 1st surveillance audit that based on list of employee year 2015 and field verification, no found employees with fewer than 18 years old.

Auditor Conclusions: Closed

- **RSPO SCCS**

**NCR No.2011-SCCS-01 of 03**

Based on the company’s Instruction Letter No. 3.03/SKPTS/03/2011 regarding chosen to establish the Segregation (SG) option for Supply Chain Certification System (SCCS) dated 5 August 2011. This is not relevant to the actual condition in practice as what actually applied is Mass Balance (MB).

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

The company has established Decree of Management No. 3.03/SKPTS/1/2012 on revision of SCCS certification system in PTPN III Mill. The decree states following 5 points.

- Identification stratification of incoming production in to mill.
- Monitoring and ensuring that the incoming FFB from estate has completely comply with CSPO identification according to Work Instruction No. IK-3.01-18/01 on Loading Process and FFB Delivery Form.
- Monitoring and ensuring that the processed CPO has met RSPO P&C and SCCS.
- Monitoring and ensuring that production system of CPO dispatched from mill has been identified (mass balance or segregation).
- Dissemination of information on implemented mass balance and segregation system.

The decree appendix states that PATOR Mill certification system is mass balance. This certificate was issued in Medan on 2 January 2012. For example, FFB delivery Form No. PB.25 from Estate Kator Division I No. I/208/8/2013, delivered on 26 August 2013 with transportation unit No. BK 8688 TP, stamped with CSPO logo.

During 1st surveillance audit that supply chain model in Aek Torop mill is still mass balance.

**Auditor Conclusions: Closed**

**NCR No. 2011-SCCS-02 of 03**

Evidence is lacked to indicate that Aek Nabara Selatan Mill has established procedure covering mechanism for RSPO material declassification when 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:**

The company has revised Work Instruction No. IK-3.03-15/02 on Mechanism of Supply Chain (SCCS) (1st revision; revision date: 1 February 2012). The working instruction includes control of FFB process declassification where FFB must be from the company’s own estate or RSPO-certified out growers. Further, the work instruction also states following.
- CPO stock must be reported on daily basis to Technology Department, cc-ed to Commercial Department.
- Technology Department issues Delivery Order (DO) to the mill and loading to deliver CPO certified product to consumer.
- Mill must report delivered CPO-certified products at the latest 24 hours after delivery to the Technology Department and continue to Commercial Department, followed with report to Supervision Department and UTZ claim attaching buyer’s contract number, product type (in m³ tonnes), detailed information on transportation delivery document.

During 1st surveillance audit that the company has not received/purchased material year 2014 and 2015 with segregation (SG) supply chain model and MR of SCCS has understood the handling of material which SC certificate has invalid.

**Auditor Conclusions: Closed**

**NCR No. 2011-SCCS-03 of 03**

Retention time for all records and reports of SCCS implementation is less than five years.

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

The company has revised list of document archives year 2013 with form No. FM-3.00-0/02-01 (Rev 00) dated 15 February 2013. The document lifetime is 5 years for RPSO and SCCS documentation.

During 1st surveillance audit that the company has consistency to archive of all supply chain document and record during 5 years example FFB weighbridge year 2011 has kept in archive room.

**Auditor Conclusions: Closed**
3.3. Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

All 18 non-compliances have been identified during the 1st surveillance audit against RSPO P & C and RSPO SCCS. They consist of 16 major non-compliances and 2 minor non-compliances to RSPO certification system, 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 Certification System 4.2.4;**

**NCR No. 2015-01 of 04 (MAJOR)**
PT Perkebunan Nusantara III (Persero) as holding company and RSPO membership holder has no submit evidence of partial certification year 2015.

**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.

**Corrective Action:**
To keep maintain and records every year all internal audit records according RSPO requirement.

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

**Verification results:**
Company provide 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.

**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. 2015-02 of 18 (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.

**Correction:**
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: 16 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).

Aek Torop estate has informed to assisten of afdeling (no. KATOR/INT/81/2015 dated on 16 April 2015) regarding circular letter no.3.00/SE/01/2015.

**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 18 (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 18 (Major)**
Some evidences of non-compliance with relevant legal requirements such as:
- There are hazardous and toxic waste (type of used chemical/pesticide container) are 176 unit in Aek Torop estate have been kept more than period time on requirement/permit and
- PT Putra Tunas Sejati (as hazardous and toxic waste transporter) have not evidence that it has cooperated with the beneficiaries of the hazardous and toxic waste for used chemical/pesticide container, used oil and used oil filter
- The company has socialized to outsource company regarding minimum salary amount Rp 32,176 with 3 (three) working hour (8-11 o’clock) per day but salary for workers from outsource company (CV Jefri) in afdeling III amount Rp 30,000 so that it is under minimum salary regulation.

**Corrections:**
- 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
- Requesting the establishment of salary formulation from subcontractor for its workers

**Corrective Action:**
- 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
• To ensure that all subcontractor has paid salary/wage to his or her workers appropriate with regulation.

Auditor Conclusions: closed

Date of closure: 10 June 2015

Verification results:
The company has provided letter no. 3.03/X/50/2015 dated on April 13, 2015 to PT Putra Tunas Sejati regarding remind of period time to taking of hazardous waste (March to June 2015). If outside of time limit which has been determined so 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 Torop 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 (176 unit).

The company has provided agreement between PT Putra Tunas Sejati (as hazardous and toxic waste transporter) with PT Tanang Jaya Sejahtera (as beneficiaries, 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 Sejati with PT Triguna Pratama Abadi no.119/TPA-MOU/III/2015 dated on 09 March 2015 (as collecting, processing and beneficiaries 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.

The company has provided minute of meeting for socialization of minimum wage regulation again dated on April 17, 2015 in Aek Torop estate office where based on Governor decree no.188.44/1120/KPTS/TAHUN 2014 that minimum wage/salary in Labuhanbatu Selatan District amount Rp 1,870,000/month and letter no. KATOR/X/01A/2015 dated on January 5, 2015 from Aek Torop estate to subcontractor company that salary/wage during 3-hours/day amounts Rp 32,427 for manual maintenance, spraying, and fertilizing activities. All subcontractor company in Aek Torop estate so is guided to local government decree. Subcontractor company who attended is 9 (nine) company one of them is CV Jefri. CV Jefri has paid salary/wage in May 2015 accordance with the regulation.

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.2015-05 of 18 (Major)

There is part of Aek Torop estate areas (block W3 and X3) on outside of renewal legal land (based on map no.26/12/2009).

Corrections:
To create of solution programme/plan in order to cultivation right title (HGU) process for block W3 and X3 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 W3 & X3 (afdeling V) are re-measurement in May 2015, create of map in June 2015 and coordination/consultation between legal departments with relevant government agencies in July 2015. The next step will be created after being known the results of consultation
with relevant party because to revise of map no.26/12/2009 only where block W3 and X3 has included or to apply new application of cultivation right title or land use right (HGU) as additional areas so that the company will start from the first stage of the concession request.

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.2015-06 of 18 (Major)**
In the Long Term Plan (RFP) for 2014-2018 still not consolidated between mill and estate, so information about the profit and loss for mill and estate and forecasts of the product price not available.

**Corrections:**
To revision long-term plan period 2014-2018 so that it has consolidated between mill and estate and information of profit and loss in mill and estate and forecasts of product price available.

**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 torop estate and mill) has provided long-term plan year 2014 to 2018 appendix 6.1.1 about profit and loss section so that profit and loss information has available. Aek Torop estate and mill will be forecasted are profit. Forecasts 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

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

**NCR No.2015-07 of 18 (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. so that 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.541E/LHU-KES/BK3-MDN/V/2015) from
spraying workers (subcontractor workers) for cholinesterase parameter with sampling date on May 12, 2015 where there is 1 employee indicated poisoning because under reference value. 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.2015-08 of 18 (Major)**

Aek Torop 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 Torop Estate has provided statement letter dated on April 21, 2015 from spraying workers especially women workers that they are not pregnant or breastfeeding on working. Statement letter has signed by employee and Director of subcontractor company. 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 4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers**

**NCR No.2015-09 of 18 (Major)**

- The risk assessment was conducted on February 2014 but one of the results of identification of hazardous source, assessment and risk management not implemented to outsource workers (section fertilization and maintenance) i.e. annual medical surveillance and extra feeding.
- One of accident not carried out investigation and corrective action (accident recapitulation report on October 2014 on behalf Mr Sugeng)
- The company has conducted regular examination on 18 November 2014 but there is no sufficient follow up regarding to abnormality result as shown in laboratory analysis results No: 119/A/LHU-KES/BK3/-MDNXII/2014 (there are 11 employees in mill which reduced hearing).

**Corrections:**

- To implement the results of identification of hazardous source, assessment and risk management i.e. annual medical surveillance and extra feeding for fertilization and maintenance workers from subcontractor company.
- To complete evidence of investigation and corrective action for accident on behalf Mr Sugeng
- Follow up the results of specific annual medical surveillance with audiometric parameter

**Corrective Action:**

- To ensure annual medical surveillance and extra feeding to fertilization, maintenance and spraying workers from the subcontractor company has implemented.
• OHS committee must conduct investigation not long from accident and priority party who getting information about accident (if any).
• Management and OHS committee must be follow up immediately for the results of abnormal from annual medical surveillance

Auditor Conclusions: closed
Date of closure: 24 April 2015

Verification results:
The company has provided the results of laboratory analysis from fertilizing and maintenance workers (subcontractor workers) dated on May 12, 2015 with general parameter and photograph of extra feeding in each adeling. Whereas year 2015, it will be implemented on August 2015.

Investigation activities and corrective action has conducted on October 09, 2014. All document relate of accident on behalf Mr Sugeng has available such as accident report (memorandum no. KATOR/MO/3.08/374/2014 dated on 08 October 2014) where include information of date of accident, location of accident, time of accident and accident summary chronological; investigation report relae of OHS; reference letter no. RSTOR/S.Ket/024/X/2014 dated 14 October 2014 from Torgamba hospital regarding time period of care and treatment; and OHS problem report. Dated 09 October 2014.

The company has provided reference letter regarding results of health examination in Torgamba hospital for 11 employees. Five of them are normal and the rest shall be used of earplug and hygiene of ear shall be improved.

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.2015-10 of 18 (Major)
The training related with RSPO principles and Criteria still not provided and training plan for outsource workers not provide too

Corrections:
To revision training plan year 2015 for internal workers and to create training plan for subcontractor workers

Corrective Action:
To ensure annual training plan form HRD in head office and head of human resources in estate and mill has covered all activities in RSPO certification and all workers (internal and subcontractor workers).

Auditor Conclusions: closed
Date of closure: 24 April 2015

Verification results:
The company has provided results of human resource development program identification year 2015 (FM-3.08/03) in estate and mill where one of them is RSPO P&C example HCV monitoring training (July), conservation of environment training (August), using agrochemical training (June), emergency response training, first aid training (June), IPM training (April), basic welder operator training, SCCS (June). Whereas, training plan for outsource workers are using and handling agrochemical training (June), emergency response training (June), and first aid training (June).

Indicator 4.8.2 Records of training for each employee shall be maintained

NCR No.2015-11 of 18 (Minor)
The training documentation used only evaluation form and attendance list but other documentations that re-
quired in procedure of Human Resource Development No. PK-3.08-08 Rev. 00 is not available

Corrections:
To complete record of training year 2015 according working instruction no. PK-3.08-08 Rev.00 such as evaluation of participant, training report and summary report of post implementation/training evaluation.

Corrective Action:
To ensure that all records or documents has completed according working instruction for each training.

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

Date of closure: 24 April 2015

**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.2015-12 of 18 (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 so 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

Date of closure: 24 April 2015

**Indicator 5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent**

NCR No.2015-13 of 18 (Major)

- Working plan of efficiency of using fossil fuel and optimization of using renewable energy not available
- One of source GHG emission is fuel consumption from transportation activities and genzet in mill but volume of fuel consumption not included from FFB transportation which using vehicle’s contractor and FFB transportation from suppliers on the calculate of GHG year 2014

Corrections:
- To show working plan it
- Collecting of fossil fuel consumption information from FFB transport vehicle where it ownership from subcontractor company and FFB transport vehicle from suppliers.

Corrective Action:
- Record keeping must be discipline
- Rule of RSPO GHG will be implemented include all sources of GHG information has collected.

Auditor Conclusions: closed

Date of closure: 24 April 2015

Verification results:
- Working plan of efficiency of using fossil fuel such as maintenance of vehicle machine, installing the barrier height of truck, optimization of using shell, road maintenance, develop of the methane capture, strategy of harvesting, etc.
- Working plan of optimization renewable energy are stock of FFB continuity assured, maintenance of boiler, etc.
- The company has provided revision of calculate GHG year 2014 where fossil fuel consumption information from vehicle’s third parties year 2014 are 31,480.71 litres and FFB transport from suppliers are 131,539 litres has included.

Indicator 6.5.1 Documentation of pay and conditions shall be available

NCR No.2015-14 of 18 (Major)
- The company has socialized to outsource company regarding minimum salary amount Rp 32,176 with 3 (three) working hour (8-11 o’clock) per day but salary for workers from outsource company (CV Jefri) in afdeling III amount Rp 30,000 so that it is under minimum salary regulation

Corrections:
- Requesting the establishment of salary formulation from subcontractor for its workers.
- Subcontractor company will be paid salary/wage according minimum wage/salary regulation

Corrective Action:
- To ensure that all subcontractor has paid salary/wage to their workers appropriate with regulation

Auditor Conclusions: closed

Date of closure: 24 April 2015

Verification results:
- The company has provided minute of meeting for socialization of minimum wage regulation again dated on April 17, 2015 in Aek Torop estate office where based on Governor decree no.188.44/1120/KPTS/TAHUN 2014 that minimum wage/salary in Labuhanbatu Selatan District amount Rp 1,870,000/month and letter no. KATOR/X/01A/2015 dated on January 5, 2015 from Aek Torop estate to subcontractor company that salary/wage during 3-hours/day amounts Rp 32,427 for manual maintenance, spraying, and fertilizing activities. All subcontractor company in Aek Torop estate so is guided to local government decree. Subcontractor company who attended is 9 (nine) company one of them is CV Jefri. CV Jefri has paid salary/wage in May 2015 according with the regulation.

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 - 15 of 18 (Major)
- The company has claimed and stamped the certified CPO and PK with Mass Balance in all production records and delivery documentation, however the Sales of certified product that claimed as Mass Balance still not transact by the RSPO IT platform
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 eTrace
- 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 eTrace

Auditor Conclusions: closed
Date of closure: 24 April 2015
Verification results:
Based on information on eTrace that value in volume sold is null so 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 - 16 of 18**
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

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**
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 in PB-33.01 No. TTP/IS/PKSMS.44/2015 and No. TTP/IS/PKSMK.43/2015 there are two mark of stamp CSPO Mass Balance and CSPK Mass Balance, whereas the product that sold is Palm Kernel

**Corrections:**
To revision PB-33.01 No.TTP/IS/PKSMK.44/2015 and Nomor : TTP/IS/PKSMK.43/2015 with delete CSPO mass balance mark/stamp (CSPK mass balance stamp only)

**Corrective Action:**
The company will stamp all form of PB-33.01 with CSPK mass balance if product of sold is palm kernel certified or stamp of CSPO mass balance if product of sold is CPO certified.

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

**Verification results:**
The company has provided correction PB-33.01 No. TTP/IS/PKSMS.44/2015 and No. TTP/IS/PKSMK.43/2015 with delete CSPO mass balance mark/stamp.

**E.5.1 Record keeping**

**NCR 2015 – 18 of 18**
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

**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.

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 TUV Rheinland Indonesia recommends that Aek Torop palm oil mill be approved for certification of compliance to the RSPO P & C and Supply Chain Certification System requirements.

3.6. 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>Minimum wages still below government standard</td>
<td>Contractor workers get minimum wages below government standard.</td>
</tr>
<tr>
<td>2.</td>
<td>Renewal land use right has been not issued</td>
<td>Root cause problem no clearly</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
Head of Management System
Date: June 08, 2015

Signed on behalf of PT TUV Rheinland Indonesia

Hendra Fachrurozy
Lead Auditor
Date: June 08, 2015
APPENDICES

Appendix 1: Details of Certificate

Certificate


Certificate Registr. No.: 824 502 14002

Certificate Holder: PT TUV Rheinland Indonesia certifies:
PT Perkebunan Nusantara III (Persero)
Aek Torop Palm Oil Mill
Aek Batu Village, Torgamba Sub District,
Labuhan Batu Selatan District,
North Sumatera, 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_14032. 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 17.04 (dd.mm).

Validity: The certificate is valid from 17 June 2014 until 16 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 17, 2014

www.tuv.com

RSPO
Roundtable on Sustainable Palm Oil

TÜV Rheinland
Precisely Right.

Indonesia, 15-06-2015

PT TUV Rheinland Indonesia
Director

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

Certificate Regist. No.: 824 502 14002

<table>
<thead>
<tr>
<th>Location: PT Perkebunan Nusantara III (Persero)</th>
<th>Address: Aek Torop Palm Oil Mill</th>
<th>Aek Batu Village, Torgamba Sub District, Labuhan Batu Selatan District, North Sumatera, Indonesia</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Torop Estate</td>
<td>Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan</td>
<td>1°47'34&quot;N 100°09'21&quot;E</td>
</tr>
<tr>
<td>Aek Torop Mill</td>
<td>Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan</td>
<td>1°47'34&quot;N 100°09'21&quot;E</td>
</tr>
</tbody>
</table>

| CPO Tonnage Total Production*: | 49,791 tonnes |
| PK Tonnage Total Production*: | 9,779 tonnes |
| Company Estates FFB Tonnages*: | 41,259 tonnes |
| FFB Tonnages from other sources*: | 188,100 tonnes |
| CPO Tonnage claimed for certification: | 13,434 tonnes |
| PK Tonnage claimed for certification: | 2,765 tonnes |

* For year 2014

Scope of SCCS & supply chain model assessed:
- [ ] Identity Preserved
- [x] Mass Balance

Indonesia, 15-09-2015

Issued by PT TUV Rheinland Indonesia

PT TUV Rheinland Indonesia
Director

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### Appendix 2: Agenda of RSPO Main Assessment for Aek Torop Plantation and Mill – PT Perkebunan Nusantara III (Persero)

<table>
<thead>
<tr>
<th>Tanggal / Waktu</th>
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<tbody>
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<td>Rabu, 08 April 2015</td>
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<table>
<thead>
<tr>
<th>14.00-15.00</th>
<th>Kegiatan</th>
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<tbody>
<tr>
<td>Opening meeting</td>
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<tr>
<td>Pengenalan tim audit dan penjelasan rencana kerja</td>
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<tr>
<td>Presentation tentang profil auditee</td>
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<tr>
<td>Verification NCR tahun lalu</td>
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<tr>
<th>Auditor</th>
<th>Auditee</th>
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<tr>
<td>All Auditor</td>
<td>Estate and mill manager</td>
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<tr>
<th>15.00-17.00 Kebun Aek Torop (KATOR)</th>
<th>Kegiatan</th>
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<tbody>
<tr>
<td>Pengecekan dokumen dan kunjungan lapangan terkait dengan :</td>
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<tr>
<td><strong>RSPO</strong></td>
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<tr>
<td>Kepatuhan terhadap hukum dan peraturan yang berlaku</td>
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<td>Praktek perkebunan dan pabrik</td>
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<td>K3</td>
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<td>Dokumen Lingkungan</td>
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<tr>
<td>Konflik lahan</td>
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<td>Penggunaan lahan tidak mengurangi hak berdasarkan hukum dan hak tradisional</td>
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<td>Tanggungjawab terhadap pekerja &amp; masyarakat</td>
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<td>Pengurangan polusi dan emisi</td>
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<td>MAG</td>
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<tr>
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<td>HF</td>
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### Notes:
- **RSPO** Prinsip 1: Kriteria : 1.1; 1.2; 1.3
- **RSPO** Prinsip 2: Kriteria : 2.1; 2.2.1; 2.2.2; 2.3
- **RSPO** Prinsip 3: Kriteria : 3.1
- **RSPO** Prinsip 4: Kriteria : 4.1; 4.8 (ditangani oleh tim ISO kecuali 4.1.4);
- **RSPO** Prinsip 5: Kriteria : 5.4; 5.5; 5.6; 5.7; 5.8; 5.9; 5.10; 5.11; 5.12; 5.13
- **RSPO** Prinsip 6: Kriteria : 6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 6.8; 6.9; 6.11; 6.12; 6.13
- **RSPO** Prinsip 7: Kriteria : 7.1; 7.5; 7.6
- **RSPO** Prinsip 8: Kriteria : 8.1
- **RSPO** Prinsip 2: Kriteria : 2.1; 2.2.3 s/d 2.2.6; 2.3
- **RSPO** Prinsip 4: Kriteria : 4.2; 4.4; 4.7
- **RSPO** Prinsip 5: Kriteria : 5.1 & 5.3 (menangani utk tim ISO juga);
- **RSPO** Prinsip 7: Kriteria : 7.8
- **RSPO** Prinsip 8: Kriteria : 8.1
- **RSPO** Time bound plan, partial certification & sertifikasi untuk plasma & outgrower
- **RSPO** Prinsip 2: Kriteria : 2.1.1; 2.2.1; 2.2.2
- **RSPO** Prinsip 4: Kriteria : 4.3; 4.5; 4.6
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**Kamis, 09 April 2015**

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<th>05.35-08.00</th>
<th>Perjalanan Jakarta - Medan</th>
<th>DSS</th>
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<td>Perjalanan dari Bandara ke Kantor Direksi di Medan</td>
<td>DSS</td>
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<td>09.00-12.00</td>
<td>Pematuhan terhadap legalitas (termasuk tanah/luan) dan aktivitas kebun</td>
<td>DSS Manajemen Kebun, bagian legal, Kantor Direksi di Medan</td>
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<td>08.00-12.00</td>
<td>Pengecekan dokumen dan kunjungan lapangan terkait dengan: <strong>RSPO</strong></td>
<td>DN Manajemen Kebun</td>
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<td>- Kepatuhan terhadap hukum dan peraturan yang berlaku</td>
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<td>08.00-12.00</td>
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<td>MAG Manajemen Kebun</td>
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<td>Prinsip 6</td>
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<td>- Tanggungjawab terhadap pekerja &amp; masyarakat</td>
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<td>Kriteria : 6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 6.8; 6.9; 6.11; 6.12; 6.13</td>
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<td>- Ethical conduct</td>
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<td>- Kepatuhan terhadap hukum dan peraturan yang berlaku</td>
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<td>- Management Plan</td>
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<td>- Prosedur pelaksanaan &amp; Pelatihan</td>
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<td>- Zero Burning</td>
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<td>Prinsip 4</td>
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<td>- Tanggung jawab lingkungan &amp; keanekaragaman hayati</td>
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<td>Kriteria : 4.1; 4.8 (ditangani oleh tim ISO kecuali 4.1.4);</td>
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<td>- NPP</td>
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<td>Kriteria : 5.4; 5.5;</td>
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<td>Prinsip 7</td>
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<td></td>
<td>Kriteria : 7.1; 7.5; 7.6</td>
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<td>Kriteria : 8.1</td>
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<tr>
<td>08.00-12.00</td>
<td>Pengecekan dokumen dan kunjungan lapangan terkait dengan: <strong>RSPO</strong></td>
<td>HF Manajemen Kebun</td>
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<td><strong>RSPO</strong></td>
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<td>- Kepatuhan terhadap hukum dan peraturan yang berlaku</td>
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<td>Prinsip 2</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Time bound plan, partial certification &amp; sertifikasi untuk plasma &amp; outgrower</td>
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</tbody>
</table>

**Notes:**
1. (1) Indicates time and date for each activity.
2. Kriterias and prinsips are listed for each principle.
3. **RSPO** refers to Roundtable on Sustainable Palm Oil.
4. **DSS** refers to Details on Site Specific.
5. **DN** refers to Dokumen Nasional.
6. **MAG** refers to Manajemen Agrikultur.
7. **RH** refers to Risiko Hukum.
8. **HF** refers to Halaman Fungsional.
<table>
<thead>
<tr>
<th>Tanggal / Waktu (1)</th>
<th>Kegiatan</th>
<th>Auditor</th>
<th>Auditee</th>
<th>Keterangan</th>
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</table>
| (KATOR )            | - Legal lahan  
|                     | - Praktek perkebunan dan pabrik  
|                     | - HCV  
|                     | - Pengurangan polusi dan emisi  
|                     | - NPP  
|                     | - Perbaikan terus menerus |  |  | Kriteria : 2.1.1; 2.2.1; 2.2.2  
|                     | Prinsip 4  
|                     | Kriteria : 4.3; 4.5; 4.6  
|                     | Prinsip 5  
|                     | Kriteria : 5.2; 5.6  
|                     | Prinsip 7  
|                     | Kriteria : 7.1; 7.2; 7.3; 7.4  
|                     | Prinsip 8  
|                     | Kriteria : 8.1  |
| 12.00-13.00         | Istirahat dan shalat | All Auditor |  |  |
| 13.00-17.00         | Melanjutkan agenda tadi pagi | All Auditor |  |  |
| 17.00               | End of 3rd day audit |  |  |  |

**Jum’at, 10 April 2015**

<table>
<thead>
<tr>
<th>09.00-11.25</th>
<th>Penerbangan Medan ke Jakarta</th>
<th>DSS</th>
<th>GA183</th>
<th></th>
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</thead>
</table>
| 08.00-12.00 PKS Aek Torop (PATOR) | Pengecekan dokumen dan kunjungan lapangan terkait dengan :  
| | RSPO  
| | - Kepatuhan terhadap hukum dan peraturan yang berlaku  
| | - Praktek perkebunan dan pabrik  
| | - K3  
| | - Dokumen Lingkungan  
| | - NPP  
| | - Perbaikan terus menerus | DN | Manajemen PKS |  |
|                     |  |  |  | RSPO  
|                     |  |  |  | Prinsip 2  
|                     |  |  |  | Kriteria : 2.1.1; 2.2.3 s/d 2.2.6; 2.3  
|                     |  |  |  | Prinsip 4  
|                     |  |  |  | Kriteria : 4.2; 4.4; 4.7  
|                     |  |  |  | Prinsip 5  
|                     |  |  |  | Kriteria : 5.1 & 5.3 (menangani utk tim ISO juga);  
|                     |  |  |  | Prinsip 7  
|                     |  |  |  | Kriteria : 7.8  
|                     |  |  |  | Prinsip 8  
|                     |  |  |  | Kriteria : 8.1  |
| 08.00-12.00 PKS Aek Torop (PATOR) | Pengecekan dokumen dan kunjungan lapangan terkait dengan :  
| | RSPO  
| | - Kepatuhan terhadap hukum dan peraturan yang berlaku  
| | - Konflik lahan  
| | - Penggunaan lahan tidak mengurangi hak berdasarkan hukum dan hak tradisional  
| | - Tanggungjawab terhadap pekerja & masyarakat  
| | - NPP  
| | - Perbaikan terus menerus | MAG | Manajemen PKS |  |
|                     |  |  |  | RSPO  
|                     |  |  |  | Prinsip 2  
|                     |  |  |  | Kriteria : 2.1.1; 2.2.3 s/d 2.2.6; 2.3  
|                     |  |  |  | Prinsip 6  
|                     |  |  |  | Kriteria : 6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 6.8; 6.9; 6.11; 6.12; 6.13  
|                     |  |  |  | Prinsip 7  
|                     |  |  |  | Kriteria : 7.1; 7.5; 7.6  
|                     |  |  |  | Prinsip 8  
|                     |  |  |  | Kriteria : 8.1  |
| 08.00-12.00 PKS Aek Torop (PATOR) | Pengecekan dokumen dan kunjungan lapangan terkait dengan :  
| | RSPO  
| | - Transparansi  
| | - Ethical conduct  
| | - Kepatuhan terhadap hukum dan peraturan yang berlaku  
| | - Management Plan  
| | - Prosedur pelaksanaan & Pelatihan  
| | - Penggunaan BBM  
| | - Zero Burning  
| | - Tanggung jawab lingkungan & keanekaragaman hayati  
| | - NPP  
| | - Perbaikan terus menerus  
| | - SCCS | RH | Manajemen PKS |  |
|                     |  |  |  | RSPO  
|                     |  |  |  | Prinsip 1  
|                     |  |  |  | Kriteria : 1.1; 1.2; 1.3  
|                     |  |  |  | Prinsip 2  
|                     |  |  |  | Kriteria : 2.1;  
|                     |  |  |  | Prinsip 3  
|                     |  |  |  | Kriteria : 3.1  
|                     |  |  |  | Prinsip 4  
|                     |  |  |  | Kriteria : 4.1; 4.8 (ditangani oleh tim ISO kecuali 4.1.4);  
|                     |  |  |  | Prinsip 5  
|                     |  |  |  | Kriteria : 5.4; 5.5;  
|                     |  |  |  | Prinsip 7  
|                     |  |  |  | Kriteria : 7.7  
|                     |  |  |  | Prinsip 8  
|                     |  |  |  | Kriteria : 8.1  
<p>|                     |  |  |  | RSPO SCCS Sub bab 5.1 s/d 5.13 dan Modul D (Mass Balance)  |</p>
<table>
<thead>
<tr>
<th>Tanggal / Waktu (1)</th>
<th>Kegiatan</th>
<th>Auditor</th>
<th>Auditee</th>
<th>Keterangan</th>
</tr>
</thead>
</table>
| 08.00-12.00      | Pengecekan dokumen dan kunjungan lapangan terkait dengan :              | HF      | Manajemen PKS   | **RSPO** Time bound plan, partial certification & sertifikasi untuk plasma & outgrower  
|                  | **RSPO**                                                                |         |                 | Prinsip 2  
|                  | - Kepatuhan terhadap hukum dan peraturan yang berlaku                   |         |                 | Kriteria : 2.1.1; 2.2.1; 2.2.2                                            |
|                  | - Legal lahan                                                            |         |                 | Prinsip 4  
|                  | - Praktek perkebunan dan pabrik                                        |         |                 | Kriteria : 4.3; 4.5; 4.6                                                  |
|                  | - HCV                                                                   |         |                 | Prinsip 5  
|                  | - Pengurangan polusi dan emisi                                          |         |                 | Kriteria : 5.2; 5.6                                                      |
|                  | - NPP                                                                   |         |                 | Prinsip 7  
|                  | - Perbaikan terus menerus                                               |         |                 | Kriteria : 7.1; 7.2; 7.3; 7.4                                            |
|                  | **RSPO**                                                                |         |                 | Prinsip 8  
|                  | & sertifikasi untuk plasma & outgrower                                  |         |                 | Kriteria : 8.1                                                            |
|                  | **HCV**                                                                 |         |                 |                                                            |
|                  | **NPP**                                                                 |         |                 |                                                            |
|                  | **Perbaikan terus menerus**                                             |         |                 |                                                            |
| 12.00-13.00      | Istirahan dan shalat                                                    | All     | Auditor         |                                                            |
| 13.00-17.00      | Melanjutkan agenda tadi pagi                                            | All     | Auditor         |                                                            |
| 17.00            | End of 4th day audit                                                    |         |                 |                                                            |

**Senin, 13 April 2015**

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<td>08.00-11.00</td>
<td>Closing meeting</td>
<td>HF, DSS</td>
<td></td>
<td><strong>RSPO &amp; ISO di Kantor Direksi Medan</strong></td>
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<td>16.05-18.30</td>
<td>Penerbangan Medan ke Jakarta</td>
<td>HF, DSS</td>
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<td><strong>GA121</strong></td>
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Appendix 3: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AMDAL</td>
<td>Analisis Dampak Lingkungan &amp; Sosial (Social &amp; Environmental Impacts Assessment)</td>
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<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 (villages 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 &amp; Threatened species</td>
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<td>ESH</td>
<td>Environmental Safety &amp; Health</td>
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<td>FFB</td>
<td>Fresh Fruit Bunches</td>
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<tr>
<td>EFB</td>
<td>Empty Fruit Bunches</td>
</tr>
<tr>
<td>GIS</td>
<td>Geographic Information System</td>
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<td>HCV</td>
<td>High Conservation Value</td>
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<tr>
<td>HGU</td>
<td>Hak Guna Usaha (Land Use Rights)</td>
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<td>HPK</td>
<td>Hutan Produksi Konversi (Converted Production Forest)</td>
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<td>Hyperkes</td>
<td>Hygiene Perusahaan &amp; Kesehatan Kerja (Company Hygiene &amp; Occupational Health)</td>
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<td>HRD</td>
<td>Human Resource Department</td>
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<td>IDR</td>
<td>Indonesian Rupiah (Indonesian currency)</td>
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<td>IPM</td>
<td>Integrated Pest Management</td>
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<td>IUP</td>
<td>Izin Usaha Perkebunan (Agriculture Use Permit)</td>
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<td>KUD</td>
<td>Koperasi Unit Desa (Village Unit Cooperative)</td>
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<td>LKS</td>
<td>Lembaga Kerja Bersama (Cooperation Institute)</td>
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<td>LTA</td>
<td>Lost Time Accident</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MSDS</td>
<td>Material Safety Data Sheets</td>
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<td>NGO</td>
<td>Non-Government Organization</td>
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<tr>
<td>OKI</td>
<td>Ogan Komering Ilir (district name)</td>
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<tr>
<td>OSH</td>
<td>Occupational Safety &amp; Health</td>
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<tr>
<td>PAD</td>
<td>Pendapatan Asli Daerah (Regional Original Income)</td>
</tr>
<tr>
<td>PBB</td>
<td>Pajak Bumi &amp; Bangunan (Land and Building Tax)</td>
</tr>
<tr>
<td>PHT</td>
<td>Pekerja Harian Tetap (Permanent Workers)</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>
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<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>
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<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>
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<td>SIA</td>
<td>Social Impact Assessment</td>
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<td>SOP</td>
<td>Standard Operating Procedure</td>
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<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>
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<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>
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</table>
## Appendix 4: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution / Position</th>
<th>Remarks</th>
</tr>
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<tbody>
<tr>
<td>1</td>
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<td>PTPN 3 Staff</td>
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