Roundtable on Sustainable Palm Oil
Annual Surveillance Audit Report

Report no.: ASA4_106473

Surveillance assessment against the
RSPO Principles & Criteria Indonesian National Interpretation year 2008

PT Barumun Agro Sentosa

Jl. DC Mahakam Blok C No. 14
Padang Golf, Polonia
Medan - 20157

Report prepared by:
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(RSPO Lead Auditor)

Certification decision by:
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1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 National Interpretation Used
The operations of the palm oil mill(s) and its supply base of FFB were assessed against the Indonesian National Interpretation year 2008 of the RSPO Principles & Criteria year 2007.

1.2 Type of Assessment
The RSPO certification assessment was carried out on 1 mill and 3 company estates supplying to this mill, which are Aek Barumun Estate, Aek Sigala-gala Estate and Aek Kulim Estate owned by PT Barumun Agro Sentosa (PT BAS), which was previously named PT First Mujur Plantation & Industry (PT FMPI). The date of certification of this unit was 13 October 2010.

1.3 Certification Details
The details of RSPO certification of PT Barumun Agro Sentosa (previously name PT First Mujur Plantation & Industry) are as per the table below:

Table 1 : RSPO Certification details of PT Barumun Agro Sentosa

<table>
<thead>
<tr>
<th>RSPO Membership no.:</th>
<th>1-0059-08-000-00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child numbers of each certification unit:</td>
<td>-</td>
</tr>
<tr>
<td>RSPO Certificate no.:</td>
<td>824 502 14011</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity:</td>
<td>October,13 2010 &amp; valid until October,12, 2015</td>
</tr>
<tr>
<td>Date of certification audit:</td>
<td>January, 25 – 30 2010</td>
</tr>
<tr>
<td>Date of previous surveillance audit:</td>
<td>September 24-26th, 2013</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity (if applicable):</td>
<td>May 17, 2012 &amp; valid until October 12, 2015</td>
</tr>
<tr>
<td>CPO tonnages claimed:</td>
<td>63,000 tonnes</td>
</tr>
<tr>
<td>PK tonnages claimed:</td>
<td>15,000 tonnes</td>
</tr>
</tbody>
</table>

1.4 Location and Maps
Table 2 : GPS locations for all estates and mills included in annual surveillance assessment

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Sigala gala Mill</td>
<td>Ujung Gading Jae Village, Simangambat Sub District, Padang Lawas Utara District</td>
<td>01°37' 16.2&quot; N 100°06' 08.8&quot; E</td>
</tr>
<tr>
<td>Aek Barumun Estate</td>
<td>Ujung Gading Jae Village, Simangambat Sub District, Padang Lawas Utara District</td>
<td>01°35' 01.3&quot; N 100°07' 51.3&quot; E</td>
</tr>
<tr>
<td>Aek Sigala gala Estate</td>
<td>Ujung Gading Jae Village, Simangambat Sub District, Padang Lawas Utara District</td>
<td>01°36' 14.2&quot; N 100°05' 50.5&quot; E</td>
</tr>
<tr>
<td>Aek Kulim Estate</td>
<td>Jambu Tonang Village, Ujung Gading Jae Village, Simangambat Sub District, Padang Lawas Utara District</td>
<td>01°39' 01.7&quot; N 100°05' 59.6&quot; E</td>
</tr>
</tbody>
</table>
Figure 1: Map of North Sumatera Province and North Padang Lawas District in North Sumatera, Indonesia
Figure 2: Map of PT Barumun Agro Sentosa land area

Description:
1. AS : Aek Sigala-gala
2. ABR : Aek Barumun
3. AK : Aek Kulim
1.5 Organizational Information / Contact Person & Updates on Company Profile

Contacts details of the company are as follows:

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>PT Barumun Agro Sentosa</th>
</tr>
</thead>
</table>
| Address:                | Main office :
|                         | Jl. DC Mahakam Blok C No. 14, Padang Golf, Polonia, Medan, North Sumatera Province, Indonesia – 20157 |
|                         | Plantation office :
|                         | Ujung Gading Jae Village, Simangambat Sub District, Padang Lawas Utara District, North Sumatera Province, Indonesia |
| Contact Person:         | Husin Salim |
| Telephone:              | +62-812-7516986 |
| Email:                  | husin_salim@yahoo.com |

PT Barumun Agro Sentosa was previously certified under the company name PT First Mujur Plantation & Industry, which was established in year 1990. The change of company name was agreed by the company's shareholders according to Act no. 303 dated 28 December 2010 from the Humberg Lie SH, SE, Mkn Notary and approved by the Republic of Indonesia Ministry of Law and Human Rights as per decision letter no. AHU-08277.AH.01.02 year 2011, regarding the change of the company’s statutes.

The company was initially entitled to govern a concession area of 12,319 ha and as stated in the certification report for PT FMPI, the mill is also receiving FFB supply from another small estate area within Aek Kulim estate which is owned by the company but the company has yet to receive the land use certificate (Hak Guna Usaha – HGU) for this area which covers 1,500 ha. At time of certification, the company had the location permit no. 503/0398/K/2009 dated 24 Sept 2009 (the location permit revision no. 503/232/K/2012 date 17 July 2012 about on behalf PT Barumun Agro Sentosa now) from the North Padang Lawas government head for 1,500 ha of land located in Jambu Tonang, Menanti, Huta Raja, Pasir Lancat and Ujang Batu Jae Village, located on Simangambat sub-district, North Padang Lawas District of North Sumatera. The company has since received the Plantation Operation Permit no. 503/157/KPTS/2011 for this 1,500 ha of land on 28 May 2011. As such, the total company’s area is now 13,819 ha and the company is now in process to obtain the land use right (Hak Guna Usaha – HGU) for the area of 1,500 ha. And currently all the requirement already fulfill and waiting for decision from Indonesia National Land Agency.

Fresh fruit bunches(FFB) from the company’s own estates are processed independently by Aek Sigala-gala Palm Oil Mill with an initial installed capacity of 30 tonnes per hour, but had now been increased to 50 tonnes per hour. The company has 3 estates i.e. Aek Sigala-gala Estate, Aek Barumun Estate and Aek Kulim Estate. Each estate consists of 5 divisions, and is managed by an estate manager, while each division is managed by a field assistant along with division assistant for transport and office.

1.6 Description of Supply Base

Table 3 : FFB Supply Information for Aek Sigala-gala Mill from Sept 2013 to August 2014

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied from Sept 2013 to August 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
</tr>
</tbody>
</table>
| I. Company owned estates :
| Aek Kulim        | 97,240.64 | 29.81 |
| Aek Sigala-gala  | 90,647.56 | 27.42 |
| Aek Barumun      | 102,826.48 | 31.10 |
| **Sub total**    | **290,714.68** | **87.93** |
| II. Out-grower   | 39,890.03 | 12.07 |
1.7 Actual production volumes, tonnages and projected outputs.

Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from Aek Sigala-gala Mill

<table>
<thead>
<tr>
<th>Amount (MT)</th>
<th>CPO</th>
<th>PK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified tonnages claimed in certificate</td>
<td>63,000.00</td>
<td>15,000.00</td>
</tr>
<tr>
<td>Certified tonnages sold*</td>
<td>61,017.00</td>
<td>13,000.00</td>
</tr>
<tr>
<td>Actual production**</td>
<td>67,165.00</td>
<td>15,873.00</td>
</tr>
<tr>
<td>Actual certified product production***</td>
<td>72137.95</td>
<td>17,092.26</td>
</tr>
<tr>
<td>Projected output (CPO certified) for year 2014</td>
<td>68,289.00</td>
<td>14,568.00</td>
</tr>
<tr>
<td>Projected FFB certified for year 2014</td>
<td>294,560.50</td>
<td></td>
</tr>
<tr>
<td>OER &amp; KER year 2013</td>
<td>21.82%</td>
<td>5.17%</td>
</tr>
<tr>
<td>Projected OER &amp; KER year 2014</td>
<td>23.1%</td>
<td>5.17%</td>
</tr>
</tbody>
</table>

*Data from 1 January to 31 December 2014 (base on contract)
**Actual production from 1 January to 31 December 2014, consisting of material from certified and non-certified FFB.
***Actual certified product production from 1 January to 31 December 2014, material from certified FFB only.

1.8 Dates of Plantings and Replanting Cycles

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

Table 5: Age and year of plantings of company estate supplying to Aek Sigala-gala Mill

<table>
<thead>
<tr>
<th>Year of Plantings</th>
<th>Oil palm planted area at each estate (ha)</th>
<th>Total planted area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aek Kulim</td>
<td>Aek Sigala-gala</td>
</tr>
<tr>
<td>Mature Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>231</td>
<td>0</td>
</tr>
<tr>
<td>1989</td>
<td>1,429</td>
<td>0</td>
</tr>
<tr>
<td>1990</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1991</td>
<td>501</td>
<td>1,246</td>
</tr>
<tr>
<td>1992</td>
<td>588</td>
<td>1,626</td>
</tr>
<tr>
<td>1993</td>
<td>278</td>
<td>366</td>
</tr>
<tr>
<td>1994</td>
<td>148</td>
<td>311</td>
</tr>
<tr>
<td>1995</td>
<td>158</td>
<td>178</td>
</tr>
</tbody>
</table>
Table 6: Planned and actual oil palm replanting activities for PT Barumun Agro Sentosa

No replanting activities have been carried out. The first round of replanting is planned for year 2017.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total planned replanting area (ha)</th>
<th>Estate where replanting is to be carried out</th>
<th>Actual total area replanted (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>760</td>
<td>Aek Kulim</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>900</td>
<td>Aek Kulim</td>
<td>-</td>
</tr>
<tr>
<td>2019</td>
<td>900</td>
<td>Aek Kulim, Aek Barumun</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>960</td>
<td>Aek Sigala-gala &amp; Aek Barumum</td>
<td>-</td>
</tr>
<tr>
<td>2021</td>
<td>1,006</td>
<td>Aek Sigala-gala, Aek Kulim</td>
<td>-</td>
</tr>
</tbody>
</table>

1.9 Area of Plantation (Total, Planted and Mature)

Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT Barumun Agro Sentosa

<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 (tonnes/ha)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Kulim</td>
<td>4,490</td>
<td>4,435</td>
<td>4,435</td>
<td>-</td>
<td>97,240.64</td>
<td>21.93</td>
</tr>
<tr>
<td>Aek Sigala-gala</td>
<td>4,642</td>
<td>4,204</td>
<td>4,204</td>
<td>-</td>
<td>92,769.87</td>
<td>21.56</td>
</tr>
<tr>
<td>Aek Barumun</td>
<td>4,687</td>
<td>4,662</td>
<td>4,662</td>
<td>-</td>
<td>102,910.42</td>
<td>22.06</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,819</td>
<td>13,301</td>
<td>13,301</td>
<td>290,714.68</td>
<td>21.86</td>
<td></td>
</tr>
</tbody>
</table>

* Data is based on total FFB production Sept 2013 to August 2014

Table 8: Land use data for PT Barumun Agro Sentosa

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Rubber Planted Area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>Land used for other purposes (ha)</th>
<th>Housing</th>
<th>Mill</th>
<th>Occupied by communities</th>
<th>Enclaved</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aek Kulim</td>
<td>4,490</td>
<td>-</td>
<td>4,435</td>
<td></td>
<td>32</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23</td>
</tr>
</tbody>
</table>
1.10 Progress against Time Bound Plan
As the company only has one mill and no other management units, the company is not required to have a timebound plan.

1.11 Compliance to Partial Certification Requirements
The company is not required to comply with partial certification requirements as the company has no other management units.

1.12 Progress of associated smallholders or outgrowers towards RSPO compliance
As seen from data in Table 3, the mill receives 12.07% supply of FFB from independent out-growers or other companies, from independent supplier. During this period only have one supplier who deliver his FFB to PT Barumun Agro Sentosa mill during Sept 2013 to August 2014.

The mill has not developed a plan for certification of associated smallholders, this is will be verified during next surveillance audit.

1.13 Revised Approximate Tonnages Certified
The tonnages certified have been revised from the previous amount stated in the RSPO certificate issued in October 2010, as projected production in year 2014 has increased and this was corroborated with records of actual production (refer to Table 4). The revised approximate tonnages certified (as per Appendix 1), based on production in 2013 and Projected in 2014 are as follows:

Crude Palm Oil (CPO) : 68,289.00 tonnes
Palm Kernel (PK) : 14,568.00 tonnes
2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 490 locations in 62 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, as well as CDM Validations and Verifications. PT TUV Rheinland Indonesia office is located Menara Karya Lt. 10 Jl Rasuna Said Kuningan Jakarta Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team members of this surveillance audit that were part of the same assessment team for the certification audit are as follows:

1) Aswan Hasibuan

New assessment team members that were not part of the previous assessment team are as per the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Training attended</strong>: Lead Auditor for ISO 9001:2000 – TUV Rheinland;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lead assessor ISO 14001 – TUV Rheinland; Lead Auditor training OSHAS: 2007 di TUV Rheinland Indonesia, General Safety Expert (Ahli K3 Umum), Coating Inspector by Indocor &amp; LIPI</td>
</tr>
<tr>
<td>Wahyu Wigati Wijayanti</td>
<td>Auditor</td>
<td><strong>Education</strong>: Magister Agribusiness Management IPB, Bachelor Degree in Forestry University of Gajah Mada</td>
</tr>
<tr>
<td>Harso Yuli Antena</td>
<td>Auditor</td>
<td><strong>Education</strong>: Bachelor of Agriculture Science– Bogor Agriculture Institute, (1995 to 2000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Working experience</strong>: Social Research-Indonesia Centre for Agricultural, (social economic and policy study), Social researcher-CSR Indonesia mott-McDonald Indonesia (2010-2011), Personal Consultant in Research and</td>
</tr>
</tbody>
</table>
2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted September, 09th – 11th, 2014 as per the annual surveillance program below. The assessment was carried out in accordance with TUV Rheinland Indonesia RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

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

All 3 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. Implementation of corrective actions for major non-conformities was verified while implementation of corrective actions for minor nonconformities will be verified during the next surveillance audit. The certification assessment agenda is as explained below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
</table>
| September 09th, 2014 | Aek Sigalagala Mill  | Opening meeting  
Document verification for all previous audit findings  
SCCS Audit  
- AMDAL and environmental monitoring records  
- Social aspects  
- Workforce, payment |
| September 10th, 2014 | Aek Kulim Estate | Document checks and verification to field for following aspects :  
- Record of Maintenance boundary  
- Verification of boundary stone number VI and XIII (boundary in D21-D22)  
- Planning re-planting  
- FFB production records  
- Areal statement  
- Company management plan  
- HCV  
- Environmental aspects and impacts  
- Chemical and fertilizer usage records  
- Agricultural best practices  
- AMDAL and environmental monitoring records  
- Social aspects  
- Workforce, payment |
|               | Aek Barumun Estate   | Document checks and verification to field for following aspects :  
- Record of Maintenance boundary  
- Planning re-planting  
- FFB production records  
- Areal statement  
- Company management plan  
- HCV  
- Environmental aspects and impacts  
- Chemical and fertilizer usage records  
- Agricultural best practices  
- AMDAL and environmental monitoring records |
### Annual Surveillance Assessment Agenda

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Activities</th>
</tr>
</thead>
</table>
| September 11th, 2014 | Aek Sigalagala Estate | Document checks and verification to field for following aspects:  
- Record of Maintenance boundary  
- Planning re-planting  
- FFB production records  
- Areal statement  
- Company management plan  
- HCV  
- Environmental aspects and impacts  
- Chemical and fertilizer usage records  
- Agricultural best practices  
- AMDAL and environmental monitoring records  
- Social aspects  
- Workforce, payment |

Aek Sigalagala Estate | Closing Meeting |
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During this surveillance assessment, 1 nonconformity were assigned against Major Compliance indicator, 2 nonconformities against Minor Compliance Indicators and 4 observations or opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.2. 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 year 2008.

### Principle 1: Commitment to transparency

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

**Criteria not assessed:** –

**Findings:**

There is no change on company commitment to transparency, which is documented in their communication procedure which was issued since April 1, 2009. The checking for log book of communication in the mill and estate period on 4th annual surveillance (August 2013 – August 2014), there are no information request form stakeholder about the environmental, social and law issues. Incoming letter from external stakeholder regarding to social contribution only. The company was given the response for all incoming letters regarding social contribution.

The mechanism of receive incoming letter from stakeholder is every request is categorized by the type of information required, and the replied by Head of Administration in the estate and mill. All incoming letters are recorded in a log book used to record information about stakeholders who send these letters, such as date of the letter or request, name, organization, and the information or type of assistance requested. The company also maintains records of their responses to letters and requests received by stakeholders.

Company was conduct periodically management and monitoring plan report (RKL and RPL) as evidenced by the availability of RKL and RPL report for the 2nd semester on 2013 the evidenced is a receipt of documents RKL and RPL to Padang Lawas Utara Regent c/q Head of Environmental Agency Number 010/BAS/Pemb/II/2014 on February 13th, 2014, receipt of documents RKL and RPL to Governor of North Sumatera.

Company has as occupational health and safety program with name is P2K3 (Occupational health and safety committee). In the program the committee has a schedule for P2K3 meeting periodically, such as evaluated of the work accident, and internal audit for occupational health and safety, while for the others activity is not include in their program, but was conducted, such as:

1. Training for the First Aid 3-4 of April 2013 for harvesting and security, the evidenced is photo and attendant list.
2. Training of basic safety for the maintenance workers, was held on April 13th, 2013 the evidence is photo and attendant list.

**Compliance status:** Full Compliance

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

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

**Criteria not assessed:** –

**Findings:**

CR2.1:

The company has List of Identification and Evaluation of Laws and Regulations (on July 15, 2014), as evidenced by the fulfilment of the columns in the table that indicates the fulfilment of compliance with the environmental regulation, there is no new regulation related with PT Barumun Agro Sentosa operation.
The company has mechanism of regulation and laws update process based on standard operating procedure SOP-LGL-01 Rev.01, in the procedure was state that the evaluation will be held every 3 (three) months and/or, if has new regulation.

The company has evidence of system and effort form the company to fulfil law and regulation. The company has also have list of regulation identification and evaluation law and regulation on June 2014.

The document content is evaluation to fulfil of regulation and update the new regulation and also cover all the regulation in Environmental, Safety and Health, Labour, and Plantation and Mill regulation. There is no new regulation related to company operation.

Company has evaluated the implementation of regulation in order to ensure company always fulfil it. Regular review was performed as two times in year, as last regulation evaluation was performed in June 2014.

During the 4th surveillance audit, there is no change the SOP of regulation and laws update process based on standard operating procedure SOP-LGL-01 Rev.01, valid from October 11, 2011, in the procedure was state that the evaluation will be held every 3 (three) months and/or when there is a new applicable regulation. The company has List of Identification and Evaluation of Laws and Regulations on August 8,2012 Rev. 04. 

Found wheel loaders which is operating in the loading platform is not equipped with reverse warning lights in accordance with Ministry of Labor Regulation No. 05 of 1985 regarding Lifting Carrier This is found as non-conformity

CR2.2:
There is no change for the last one year regarding this principles, however company still maintain all their boundary during this period. For examples;
At Aek Kulim Estate have been conducted maintenance of boundary stone in and June 2014 and Aek Sigala-gala Estate have been conducted maintenance of boundary stone in February and May 2014, as defined in and accordance with Work Instruction (WI) (number : WI-CIVIL-01, effective date on April 01,2012).

Based on observation results at plantation boundaries of PT. Barumun Agro Sentosa, it was seen that the company use signs to demarcate these borders. Some boundary stones visited during the main assessment include:

- There is no significant conflict between company and local farmer. Based on interview results of two local farmers who have a plantation located on PT. Barumun Agro Sentosa Plantation, they clearly know the boundaries.

CR2.3:
The company still maintains good relationship with local communities. (IP).
There is no new land dispute case. Last compensation and negotiation process was with Sairik at early 2013 (has been covered at 3rd surveillance).

**Compliance status: Non-compliance**

**NCR No.2014-01 of 03**

*Found wheel loaders which is operating in the loading platform is not equipped with reverse warning lights in accordance with Ministry of Labor Regulation No. 05 of 1985 regarding Lifting Carrier*

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

Criteria assessed: CR3.1

Criteria not assessed: -

Findings:
Aek Kulim Estate, Aek Barumun Estate and Aek Sigala-Gala Estate has detailed budget and management plan (RKAP) for year 2014 - 2019 which has been signed by the Technical & Agronomy Manager, Act. General Manager, Estate Manager and approved by Director. The document consist of detailed information about executive summary budget, salary of employee, area statement, estimation of production, harvesting, maintenance of mature plant and general cost.

There are no changes in company replanting program. The company made a 5-year replanting program for the 3 estates, from year 2017 to 2021. The replanting program will start in 2017 for 760 ha in Division III of Aek Kulim Estate, year 2018 for 900 ha in Divisions II, IV and V of Aek Kulim estate, year 2019 for 900 ha in Division III of Aek Barumun Estate, year 2020 for 960 ha in Divisions I, IV and V of Aek Sigala-gala estate, and year 2021 for 1000 ha in Divisions I, II IV of Aek Kulim estate, and Divisions I and II of Aek Sigala-gala estate. The company applies a 26 year replanting cycle to ensure good seed quality and easy maintenance. The oldest plantings is in Aek Kulim estate are 26 years now located in Afdeling III block D25 to 27 and E24 to 28 and the average productivity of 2013 is still high at 21,303 tonnes of FFB per ha.

For the palm oil mill, also has has detailed budget and management plan (RKAP) for year 2014 - 2019 which has been signed by the technical & Agronomy Manager, Act. General Manager, POM senior manager and approved by Director.

Budget and management plan (RKAP) 2014 – 2019, the contained was mention:
- Projection FFB include (own estate and out-growers)
- Projection OER of CPO and PK production
- Projection for cost processing
- Projection for cash flow

Production realization from the plan and budget in 2013 showed:
- Realization FFB from own estate is 274,699,640 kg’s
- Realization FFB from out-growers is 43,787,710 kg’s
- Processed FFB from own estate is 269,323,960 kg’s
- Processed FFB purchased from third parties is 43,978,500 kg’s
- Production of own CPO is 58,757,612 kg’s
- Production of crude palm oil from FFB third parties is 8,407,084 kg
- Realization OER from own CPO is 21.82% and third party is 19:12%
- Production of own kernel's is 1,917,133 kg’s and third party is 13,919,753 kg’s
- The yield of own kernel's is 5.17% and third party is 4.36%
- Realization of total processing costs is Rp 268.24/kg

Compliance status: Full Compliance

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

Criteria not assessed : -

Findings:
During the 4th surveillance audit, the SOPs for all estates are maintained on file and includes SOPs for all main estates activities procedures from land survey, preparation of road connection, land drainage, palm oil nurseries, palm planting, weed control, fertilizing, pruning, palm oil harvesting, land opening without burning, palm oil planting on slope area, palm oil planting on marginal soil, replanting and Integrated Pest Management. Those are are dated April 1, 2011. Some procedure was and All SOPs are available in the estate office, and but some are not available in division office. This was raised as an observation.

The company has some new procedures such as:

- SOP-MR-14, dated April 2013, Identification and Protection of Flora and Fauna
- SOP-MR18 dated April 14, 2014, Utilization of Liquid and Solid Waste
- SOP-TAN-11 rev. 03 dated June 1, 2014, Planting Strategy in the Area of Sloping
- SOP-TAN-05 rev. 03 dated June 1, 2014, Planting of Oil Palm tree

The company also has some new Work Instructions, such as:

- WI-TAN-01 dated July 20, 2014, Control of caterpillar (ulat api)
- WI-TAN-02 dated July 20, 2014, Control of rats
- WI-TAN-03, dated July 20, 2014, Control of Oryctes
- WI-TAN-04 dated July 20, 2014, Control of crown disease
- WI-TAN-05 dated July 20, 2014, Control of spear root diseases
- WI-TAN-06 dated July 20, 2014 Control of stem root (Ganoderma)
- WI-TAN-07, dated July 20, 2014 Control of caterpillars bag (ulat kantong)

The SOP for the mill is documented and most of the documents are dated April 1, 2011. The SOPs for mill including : the processing palm oil mill which covers the activities of the receiving process of the FFB, weighing, loading ramp, sterilizer processes, threshing processes, pressing processes, clarification processes, depericarper station, the kernel station, water treatment, boiler, power house, and effluent treatment. SOP for preparation of palm oil mill, SOPs laboratory and so on, and work instruction boiler operational, generator operational, loading ramp, sterilizer, pressing, clarification, and so on.

The company has record of operational result activities when the record was including the all activities in the estate and mill. For example: fertilizer realization for Aek Barumun Estate, Division II Block B7, total area 38 ha, year planting 1993, date of applicant September 10, 2014: Urea 1.2 kg/tree/application (twice in a year), dolomite 0.6 kg/tree/application (twice in a year), was applied with a dose applied as recommended. For spraying activities, example: realization in Aek Sigala-gala Estate, division I Block M6, total area 36 hectares, year of planting 1994, spraying harvesting line and TPB using prima up doses used 300 cc/ha and meta prima 0.0175 kg/ha with a doses applied as instruction. Records of other operational activities such as road maintenance are also being maintained.

While field observations, indicate that harvesting process has been carried out in accordance with the procedure, but it still found loose fruits/FFB putting into the middle of the road so that potentially damaged by crushed vehicles, as seen in field number M29 Aek Kulim estate. This was raised as an observation.

The company has conducts the management review for operational activities every once year to monitored the activity, with evidence sighted from minutes of meeting of Management Review in semester I, 2014, was conducted on July 05, 2014, and was attended by 20 personnel from all department such as general manager, security manager, engineering, plantation, director, estate manager, finance, legal, agronomy, technical department and staff from company holding office (PT PAS), with the content result
of management review such as:

1. Followed activity for previously management reviewed
2. Audit for Quality system, environmental and ISO
3. Key performance for Mill and Estate
4. Environmental management program
5. Program to full fill of law and regulation
6. Emergency response
7. External communication with client
8. Waste water management

The company estates conduct soil and leaf analysis every years for fertilizer recommendation, and also available for all estate. This report is produced annually by the Research Department of PT Sentana Adiday Pratama. There are soil and leaf analysis report published on January 2014 for all estates. Example for soil analysis in Aek Kulim estate is:

1. C-Organic is rather low to medium (0.72 – 3.01%)
2. N very low to rather low (0.06 – 0.18%), so N fertilizer recommendation is medium to high
3. Ratio C/N is to low about 0.16 – 0.58, it is optimal
4. Fosfor level is very low to very high (1.86 – 90.70 ppm), so the P dosage is medium to high
5. K-dd (exchangeable potassium capacity) low to rather high. Recommendation for potassium doses is medium to high.
6. Na-dd (exchangeable natrium capacity) rather low to very high, soil has no nutrient deficient of Natrium, and so on

The company also has record of efforts to maintain and increase of soil fertility. For example, fertilizer realization for Aek Barumun Estate, Division II Block B7, total area 38 ha, year planting 1993, date of applicant September 10, 2014: Urea 1.2 kg/tree/application (twice in a year), Dolomit 0.6 kg/tree/application (twice in a year), was applied with a dose applied as recommended.

In this 4th surveillance audit, it was found that the company has a record of effort to maintain and increase the soil fertility with EFB application and land application, example in Aek Sigala-gala Estate, Division IV, Field number 4.4.H6.92, realization of EFB application from January to August 2014 about 1.273.250 kg/15.2 ha of the planning 2,332,200 kg/39 ha in 2014. Field number 4.4.H7.92 total area 43 ha, realization of EFB application from January to August 2014 about 462.920 kg/3.8 ha of the planning 2,571,400 kg/43 ha in 2014.

During in 4th surveillance audit, there is no change of data or map about the fragile soil in the company. Maps of soil types for all estates are available at the main office. The maps show that based on soil map number 09/TAN-BAS/IX/2012 on September 03, 2012 soil type in the company i.e.: podzolic red and yellow, latosols and alluvial, with map scale is 1:25,000. And based on EIA document in 2009 in page III-3
state that the soil type in the company is yellow podzolic and red podzolic for Aek Barumun Estate, brown podzolic for Aek Kulim and Aek Sigala-gala Estate, and this soil type based on EIA document is marginal soil for palm oil cultivation. Next, based on HCV assessment in pages 34, about the slope percentage on the company i.e.:

1. Aek Kulim Estate:
   - < 2% total area 184.237 ha or 5.01% from total area
   - 16% – 25% total area 1,869.848 ha or 50.87% from total area
   - >40% total area 1,621.415 ha or 44.11% from total area

2. Aek Barumun Estate:
   - 16% – 25% total area 3,065.761 ha or 71.23% from total area
   - >40% total area 1,238.239 ha or 28.77% from total area

3. Aek Sigala-gala Estate:
   - <2% total area 8.883 ha or 0.19% from total area
   - 16% – 25% total area 4.303.159 ha or 92.30% from total area
   - >40% total area 349.958 ha or 7.51% from total area

The company has a procedure SOP-TAN-11 rev. 03 Panting Strategy on slopes area, dated June 1, 2014 and has strategy for planting in slopes condition with terracing application and EFB application to prevent the erosion. The company also conducted the reforestation on the riparian river to prevent the erosion on the riparian. Based on the soil map type, EIA document and HCV document there is no peat soils and fragile soil on the company.

While field observation, there are cliffs erosion on side of the road, such as in the way to division III office of Aek Barumun Estate. The company should increase efforts to control erosion, especially on the right side of the road. This was raised as observation.

The company made the observation stakes of soil erosion (plot pengukuran erosi) in Aek Kulim estate, Aek Barumun Estate and Aek Sigala-gala Estate, in each division. For example in Aek Kulim estate, the plots built in division I field number 1.1.J30.93 on slopes above 45 degrees, the average decline a month is 0.01 mm. Other stakes built at field number 1.2.H26.89 (on slopes above 70 degrees), field number 1.2.H27.89 (on slopes above 20 degrees), field number 1.3.F24.89 (on slopes above 50 degrees), field number 1.3.F25.89 (on slopes above 40 degrees), field number 1.4.F20.91 (on slopes above 30 degrees), field number 1.5.J24.92 (on slopes above 55 degrees) and field number 1.6.L23.91 (on slopes above 20 degrees). The company has a record of soil erosion from the plots but did not make the analysis of the results of monitoring the level of soil erosion. This was raised as observation.

Road and bridge maintenance has been done by the company in all estate, for example in the Aek Barumun Estate, until December 2013 road maintenance has been done manually and mechanically at a cost of Rp 2.137.887.650 or Rp 482,049 / ha of vs the plan in 2013 is Rp 2,386,665.437 or Rp 538,143 / ha (89.58%). Maintenance of the bridge up to December 2013 at a cost of Rp 134 011 335 or Rp 30 217

QMF: RSPO-007b-11
USD / ha, 50% of the plan.

During the 4th surveillance in 2014, the company has conducted the maintenance of riparian zone with the evidence is record of plan and realization riparian basin maintenance, with the program are:

1. In Division I Block 4.1.L18.91, Aek Sigala-gala Estate, identified river 320 meters long and 4 meters wide. As of August 2014, the company planted riparian zone with 10 cinnamon tree, 10 trees of Shorea sp, 28 tress of Areca, 7 trees of Cempedak and 6 tress of durian/king fruit.

2. Division II Block 2.116.92 Aek Sigala-gala estate, identified river 875 meters long and 8 meters wide, the company planted with cinnamon 40, meranti 23, Samanea saman 72, Areca 114, Cempedak 1, Durio sp 22, orange 1, guava 4, jackfruit 7 and mangoes 8. Field observations indicate that these plants are growing well.

3. In Aek Barumun Estate: until August 2014 the company has planted riparian zone, with 12 species of plants that are Cinnamomum sp, Shorea sp, Gnetum gnemon, Durio zibethinus, Parkia speciosa, jackfruit, Cempedak, jengkol, rambutan and Samanea saman. 5.159 t of 20,105 trees is death and the company has replanting 909 trees in 2014.

4. Maintenance is also performed manually to plant in riparian zone, for example, Block 3.1.B12.96, maintenance of plants performed along 550 meters in August 2014. The company also planted bamboo, vertifer grass and serai along the river that crosses Aek Barumun Estate along the 31,452 meters.

5. In Aek Kulim Estate: as of August 2014, the company has planted 29 species of fruits such as banana, soursop, avocado, longan, papaya, tamarind, vertifer grass, elephant grass, leucaena, mahogany, palm, meranti etc. as much as 31,800 trees in all divisions to protected watershed. According to the environmental management program (F-MR-07) in 2014, the activities that have been implemented include watershed plant maintenance, planting elephant grass and vertigrass and Samanea saman.

Wastewater and river monitoring in 2013 conducted by the Laboratory Sucofindo Medan every month. In 2014, testing of waste water discharged into the river Aek Sigala-gala conducted by environmental laboratory of the Environment Agency North Sumatra Province. The test results in January to June 2014 there were no parameters that exceeded the quality standard in decree of the minister of environment number 51/1995 on effluent standards for industrial activities, except BOD parameter in January.

Waste water testing report supplied to the land application conducted by the environmental laboratory of Environment Agency North Sumatra Province in January to June 2014, no parameter that exceeds the quality standard of KepMenLH number 51/1995.

The company has recorded water used in palm oil millprocess and in the year 2014 the ratio of water use is 0,74 m3 per tonne FFB.

During 4th surveillance audit, company has program to manage their oil palm from pests, diseases and invasive organism, the company has implemented the IPM management from the plan until the realization. Based on they work instruction number WI-TAN-01 Control of caterpillar (ulat api), WI-TAN-02 Control of rats, WI-TAN-03 Control of Oryctes, WI-TAN-04 Control of crown disease, WI-TAN-05 Control of spear root diseases, WI-TAN-06 Control of stem root (Ganoderma), WI-TAN-07, Control of bagworm (ulat kantong), stated that the census will be conducted in every 1 week in the every field for global census. And if any invasive in high categorized, the company conducted the effective
census. After that, the mortality census will be conducted if needed after the insecticide spraying with the aim is to ensure the mortality rate and effectiveness of the IPM program.

Estate has record of IPM monitoring through the EWS (early warning system) activity record, example in Aek Sigala-gala estate; record of monitoring EWS in Division V period May 01 to May 15, 2014, for caterpillar, there is no attack. Sample taken from 1,046 trees.

Basic planting for beneficial plant in PT Barumun Agro Sentosa, i.e.:

1. *Turnera subulata*, was planting with spacing 0.5 m/tree, and can use cover 10 palm oil tree form pest like *Sethotesa asigna*, etc. For example in Aek Barumun Estate until August 2014 has been planted 65,966 *Turnera subulata* in all division, Aek Sigala-gala estate has been planted 47,337 plants and Aek Kulim estate has been planted 41,138 of *T. subulata*.

2. *Antigonon leptopus*, was planting with 43 m spacing per block multiplied with total area and devided 250 m

3. *Owl box is 1 unit can cover 40 Ha*

4. *Oryctes trap*, currently 1 trap was setting for 10 Ha, the priority is areal was EFB application (mulching) and solid.

This activity is accordance to Work Instruction about control of bagworm and nettle caterpiller, stated about managing step for bag worm and caterpillar, with the step is:

1. Hand picking
2. Biological steps with integrated pest management use the beneficial plant i.e. *Turnera subulata*, and *Antigonon leptopus*
3. Chemical steps with spraying based on global and effective map of invasived censuses use insecticide.

For EWS operator, the company has been conduct the training of IPM in May 12, 2014 accordance to record of training number F-HRD-05 followed by 14 person as IPM operator and on September 16, 2011 followed by 15 person as IPM operator.

The company has evidence of list chemical used and registered in chemical book issued by Directorate of Pesticide and Fertilizer, Ministry of Agriculture in 2012. The list of chemical used in company is:

1. Prima up 480 SL
2. Meta Prima 20 WDG
3. Bayfidan 250 EC
4. Bestox 50 EC
5. Biocis 25 EC
6. D Amin 875 SL
7. Dithamine M-45 80 WP
8. Furadan 3 GR
9. Garlon 480 EC
10. Hamador 25 EC
11. Klerat RM-B
12. Matador 25 CS
13. Regent 50 SC
14. Sevin 85 SP
15. BM Promax 75 SP
16. Sime RB
17. Phoromon 1000 SL
18. Sinophate 75 SP
All of the chemical above has been registered and was get recommendation chemical used in work place by decree of Labour Head Padang Lawas Utara Regency number No: 560/42/I/2014, on January 2014 valid for 1 years from January 2014 until December 2014. Issued in Gunung Tua.
And company has a commitment they not use the paraquat for all activity.

Based on field observation spraying process company also has record of chemical used based on target and dosage, example is: record of pesticide usage; see in field for aek sigala-gala estate during august 2014 for example; usage of Prima Up (Isoprophil amina Glyphosat) in Aek Kulim estate for June 2014 has toxicity 0,45 Liter/ha.

Waste material from agrochemicals including pesticides containers are properly disposed in accordance with laws and regulations.

There is no evidence that company use chemicals categorized as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and neither paraquat.

Medical examination for chemical sprayer and fertilizer applicator, and also for chemical warehouse keeper in April 2014. Company does not allow pregnant and breastfeeding women to with agrochemical as well.

Based on filed observation and chemicals workers interview all of workers has understood about the companies regulation if they pregnant and breastfeeding period they no go to chemical work..

There is no changes to Company policy of Quality, Environmental and Occupational Health and Safety, was sign by Director on April 1st, 2012, and the target of Health and Safety Management System for 2012 also sign by Director on January 2nd, 2012. The evidenced realization of the policy is company was have P2K3 (Occupational Health and Safety Committee) was responsible in Health and Safety Management System.

The committee was sign by the decree of Head of Labor number 560/453/2013 about the health and safety committee in PT BAS, valid for 2 years from the dated issue on 23/09/2013.

The company has provide the workers assurance (JAMSOSTEK) for all workers, by the evidence is proof of payment of JAMSOSTEK for January until August 2014, example is:

1. Proof of payment on April 2014 for 473 workers in Aek Sigala-gala Estate, has paid in May 12, 2014
2. Proof of payment on May 2014 for 474 workers in Aek Kulim Estate, has paid in June 6, 2013

For regular health examination test for workers in high risk work station, the company has conducted in every once years, by the evidence is:

1. Record of spirometry test, conducted on 22/04/2014 for 8 person boiler operator, and based on result test record, the test result is normal
2. Record of audiometry test, conducted on 25/04/2013 for 4 person engine room operator, and based on result test record, the result also normal.

The company also has record of Health and Safety, Environmental Evaluation and list of risk assessment identification in 2014. This risk identification consist of all activity in palm oil Mills and Estate. Risk Assessment available for PT BAS activity, recorded in the Register of Identification "Significant Impact and Non acceptable Risk" (F-MR-20) last up dated April 7th, 2014, however it does not include the risk Wheel Loader operation at Mills Peron, it has raise as non-conformity. The company also has evacuation route in office, store, workshop for emergency condition, and this is has was briefed by the signboard in work location and morning meeting. The company also has facility for emergency response, i.e.:

1. Fire extinguisher 17 unit
2. Helmet 5 unit
3. Safety shoes 16 unit
4. Mask 3 unit
5. Hydrant 8 unit
6. Hydrant Nozzle 8 unit

Company also has SOP for emergency response number SOP-TGD-01 valid from April 1st, and this SOP still same and no changed. The company has conduct the emergency response training by the evidence
1. Record of emergency response training on 11/06/2014 attended by 18 persons, the evidence is attendant list, and photograph.
2. First aid training on 11/06/2014 attended by all security and foreman with evidence is attendant list and photograph.
3. Fire emergency response using the hydrant on 11/06/2014 conducted in the palm oil mill evidence by attendant list and photograph.
4. Chemical spills emergency response attended by chemical store operator, foreman, security, with evidence is attendant list and photograph, conducted on 11/06/2014.

All foremen in the estate are equipped with first aid kits as well.

Accident data record and investigation are kept in the clinic and regularly reported to management.

The company has a record of training for staff and employees in 2014, as evidenced by F-HRD-04 about training program. In the training program is divided into three themes, i.e.:
1. Regulations implementation in the workplace
2. Maintenance of production and IPM
3. Labor Collective Agreement briefing in April 21st, 2014
4. Environment aspect in chemical spraying.

And has been realized, as evidenced by the attendant list and training handout, such as: maintenance of immature and mature palm oil trees, as evidenced by the attendant list and attended by 36 participants, and identification and analysis form training F-HRD-05 and training photo.


Compliance status: Full Compliance

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

Criteria assessed: CR1, CR5.2, CR5.3, CR5.4, CR5.5, CR5.6

Findings:

There is no change in environmental impact assessment. During the 4th surveillance audit, the company already periodically reporting on management and monitoring (RKL/RPL) every 6 months, evidenced by:


The company has conducted laboratory testing in the Environment Laboratory, environmental agency (BLH), North Sumatra province in April 2014, which have been accredited by national accreditation committee/KAN. The content of the report was include example:

The company has record of identification of protected species and area accordance to HCV document (2012), with the HCV identification result is HCV 1.1, 1.2, 4.1, and 6.
The company has conducted the program to conserve all the species rare and threatened (HCV 1.2) through:

1. To protect the habitat of rare and endangered species of birds as mentioned in the HCV documents, the company has installed a signboard to prohibit the felling of trees as habitat of rare birds, which is on the border of the estate with community land and large trees in agro-tourism park.
2. Socialization about the HCV for all workers and community.
3. Make management plan to monitored the HCV area in every estate
4. Make signboard in housing, office, road production. Based on field observation in housing, office and road production, the company has established they signboard.

The company has management plan (HCV Program) and record of monitoring for HCV management in semester II 2013.

During the 4th surveillance audit, there is no change about the source identification of waste and pollution in the company. The company has a record list of waste and pollution sources identified as per document F-TAB dated April 1st, 2012, where wastes and pollution sources identified include:

1. Hazardous waste from engine room, water pump, hazardous waste and oil based on SOP-TAB-02 and IK-UM-01
2. Clinical waste from clinic
3. Secondary spare parts and scrap metal from workshop
4. Secondary tires from workshop
5. Used batteries from engine room, water pump and workshop
6. Office waste i.e. ink, paper, cartridge, etc
7. Secondary container from herbicide and pesticide
8. Domestic waste from emplacement
9. Emission and noise from engine room, generator set, water pump, and vehicle
10. Dust from vehicle and fertilizer unloading

There is a management plan developed for all identified wastes.

During the 4th surveillance, the hazardous storage licensed is still valid. The company has a license of Hazardous Waste storage no. 503/0001/2012 issued by Head of Integrated Licensing Services Padang Lawas Utara Regency in Gunung Tua on March 30, 2012, valid for 5 years for the storage of the following types of waste, i.e. used oil, used batteries, pesticide containers, with maximum storage time of 90 days.

For medical hazardous waste from clinic activity, company still have agreement with Sri Torgamba Hospital to handle the clinic waste, based on letter of clinic waste destroy number 07/EM-AK/VII/2012.

The company has recorded their energy use from the fossil fuel and the renewable energy, evidenced by record use of fossil fuel, shell and fiber. According to the records in 2014 from January until August of fossil fuel used for all activities in POM (starting up the generator in the mill, loaders (2), dump trucks (1) is 80.180 liters of diesel and gasoline or 7.595 liters or 87.775 liters in total, with total FFB processing is 199,103 tons, and water used is 146,993 m3. On average the fossil fuel used is 0.44 liter per tons FFB, and water used is 0.74 m3 per tons FFB.

The company also has recorded their fossil fuel use for Aek Kulim, Aek Sigala-gala and Aek Barumun estate of the month January to August 2014, with the following details:

1. Aek Kulim estate : 141.076 liters of diesel and 20,931 liters of petrol
2. Aek Sigala-gala estate : 211.061 liters of diesel and 11.767 liters of petrol
3. Aek Barumun estate : 93.890 liters of diesel and 11.714 liters of petrol

In total, the company consumed 526.207 liters of diesel and 52.007 liters of petrol, or 578.213 liters of fossil fuel, it means on average the fossil fuel used is 2.9 liter per tons FFB.

According to circular letter from Deputy General Manager to all estate managers number 1st/DGM/FMPI/II/2010 dated February 1, 2010, standard water and electricity consumption for process
in palm oil mill and housing facilities is 1,5 m3/ton FFB for water and 15 kwh/ton FFB. Water used is 0.74 m3 per tons FFB. So that, the water used for the production is under that the company policy. For the renewable energy, the company used the fiber and shell for substitution their fossil fuel.

The company has commitment for use renewable energy from shell and fiber. And for fossil fuel energy, the company has committed to minimize it in production process. The company has record of renewable energy from shell and fiber in energy ton/product by the evidence is in 2014 until August, FFB total production is 199,103 tons, total energy used from shell is 6,064 ton and fibre is 28,545 ton. On average the fiber used is 0.81 ton/CPO and shell used is 0.17 ton/CPO shell. This used as energy in boiler. Solar use efficiency is 91.40%.

Company has SOP-TGD-01 about emergency response, and in 8.3.2 specific for fires and explosion, i.e.:
1. Fire extinguishers placement location and emergency equipment is available and shall be accessible and not be obstructed by the objects
2. The operator fire extinguishers must be competent and also used the PPE for fire
3. In evacuation case, the chairman asked to officer to turn on the emergency alarm
4. Emergency simulation should be done at least once a year and should be reviewed
Some of sign board to remain people and employees not do burning activity in field and housing still in place.
There are has a evidenced the record of emergency response training, i.e. control and simulation form in public land on July 25th, 2014 at Division 2, in the same time, company has conducted fire simulation control in the estate of Division 3.

The company’s sources of pollution and emission were identified and documented in “list of sources of waste, pollution and greenhouse gasses” dated August 01, 2013. Examples of sources of GHG emission has identified include the following:
- smoke and the smell of burning fossil fuels and lubricating oils
- vapor / gas from the active ingredients containing chemical elements such as glyphosate, isopropylamine, metsufuron methyl, carbofuron, lamda halotrin and so on
- vapor / gas from chemical elements from fertilizer
- carbon gases, odors and smoke from the combustion turbine during the boiling process in palm oil mill
- POME, potential emission of NO2, SO2

The Company has a conducted measurement quality emission, as evidenced schedule of inspection emission test in mill with document number F-MR-19, which the point sampling is stationary emission, ambient, noise, etc. For inspection in semester I year 2014 conducted on April, as evidenced are:

1. Analysis of air emission reports, sampling taken on April 10, 2014, with power generator sampling at Aek Sigala-gala estate (1 unit), guess house (1 unit), Aek Estate Kulim (2 units), Aek Barumun estate (1 unit), POM (power generator 2 units, 3 units of boilers), were the result of particulate, SO2, NO2, H2S, HCl, CL2, Opacity, NH3, HF, Cl 2, Hg, As, Sb, Cd, Zn and Pb was good and did not exceeded the quality standard based on decree of the minister of environment number KEP.13 / MENLH / 3/1995. Laboratory testing conducted by the Environment Unit of the Environment Agency of North Sumatera Province.

2. Analysis report of air Ambient test, sampling taken on April 10, 2014, conducted in POM area (housing, boiler station and near of security post), office of Aek Barumun (yard office, genset room), office of Aek Kulim (yard office) and office of Aek Sigala-gala estate. The result include SO2, NO2, CO, Pb, TSP, PM2.5, Oxidant, PM10 and hydrocarbon was good and did not exceeded the quality standard based on PP No. 41/1999. Laboratory testing conducted by the Environment Unit of the
3. Noise measurement conducted in 11 point sample i.e. boiler station, engine room, in front of security post, housing, in front of office Aek Kulim, Aek Sigala-gala, Aek Barumun, in front of genset room Aek Kulim, Aek Sigala-gala, Aek Barumun, guess house, and the result are good and did not exceed the quality standard based on decree of the minister of environment number Kep.48/MENLH/11/1996. Laboratory testing conducted by the Environment Unit of the Environment Agency of North Sumatera Province.

The company has records of efforts and strategies employed to reduce pollution and emissions, such as:

- Routine maintenance of boiler and vehicles, emission testing every six months
- Right dose, right time, right place and the right way of using chemical material for plantation and water treatment
- Immediately applied EFB/organic fertilizer
- Reduce the use of fossil fuels and replace with shell and fibre for the production process in palm oil mill
- Measurement and analysis of effluent periodically, deepening the waste water pond and strived forward to the utilization of methane gas as a source of electrical energy

In the addendum EIA documents have identified how to wastewater treatment. Liquid waste generated from the production process is treated in a wastewater treatment plant before it is released into the river Aek Sigala-gala. The company makes 16 ponds as needed, which can accommodate the volume of liquid waste that is processed as many as 111 150 m3 to 247 day retention time. The total volume of the waste pond is currently at 115 877 m3. In addition to the pool No. 8 has made the reduction of the volume of waste that is used for land application.

The company has been testing the quality of waste water every month and report to relevant agencies every six months.

**Compliance status: Fully Compliance**

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


**Criteria not assessed:**

**Findings:**

The company has a Social Impact Assessment (SIA) made in 2010. The content of SIA document was state that the positive and negative impact, and also management plan and monitoring plan of the impact.

They still used the document made in 2009 on behalf PT First Mujur. The detail information regarding social impacts management plan is written on page 50, Table 5.1, Social Impacts management Plan year 2010 – 2015. The Impacts that would be managed are: a) Employment opportunities; b) Business Opportunities; c) Local Income; d) Household income; e) Social Institution; f) Community Perceptions; g) Social and cultural Changes; h) Community Health; i) land tenure; j) Accessibilities.

The social impacts management plan has been implemented correctly by the company. PT BAS shows the evidence Social Impact Assessment Management Reports Semester II 2013. The report shows that 10 categories of social impacts has been managed and monitored. The company was involving local community from Desa Jambu Tonang, Ujung Gading Jae, Pasir Lancat, Ujung Gading, Marlaung, Gunung...
Manaon, dan Mananti as respondent in valuation of social impact was identified in SIA document. For report of semester II, 2013 the community was involve is 145 people by interview method, focus group discussion and community workshop.

There is no changes regarding list of stake holder and procedure of communication and consultation. There are revisions on mechanism in response of information request from community/stakeholder. The PT BAS no longer using procedure no SOP-ADM.MR – 09 April 1st, 2009 but April 1st, 2011. The changes only on the name and logo of the company, while the content is still the same. In flowchart, information request from community/stakeholder like a data request, about the land, request for facilities, social impact complaint, request for donation, and labor. The SOP document is SOP-MR-09 valid from April, 2012. On the other hand the documentation of record and information from external was recorded in log book with used the form F-MR-25.

The company is also has list of new stakeholder was recorded on April 1st, 2014 based on form F-MR-32. The document is a update from same document was made on August 2013. The management was categorized stakeholder into: government, head of village, costumer, contractor, supplier, community and employee. Details data of stakeholder was include name of organization, contact person, address, and telephone number. Some of stakeholder telephone number is not available (empty). This finding becomes an observation, than company should regularly update all the detail information in stakeholder list.

For the stakeholder communication, company assigned person in charge (PIC) in responsibility for carry out the communication and consultation. There is evidence of log book document of information request form external used form F-MR-28 for 2012 and also log book of corporate social responsibility for period of 2013 use the format BAS/ADM.UM/02.

There is no revision of handle complaint and dissatisfaction procedure. Procedures of communication still use SOP-MR-09, applicable since April, 1st, 2011. These procedures contain complaints handling, including process to response the complaints on each division. These procedures have been informed to workers and a copy was placed in every security office and estate gate. The company has a procedure to conduct land acquisition and procedure for calculation of fair compensation. These procedures were revised & have been informed to relevant parties, applicable since April, 1st, 2011 (SOP-LGL-02).

Fee compensation was calculated based on common value. Shurb Land was compensate by 8 (eight) million rupiahs, while planted land will be calculated based on its productivity. Currently market price for planted land about 85 (eighty five) million rupiahs per hectare.

Checks to company correspondence with external community for period of 2013 – 2014, there is no dissatisfaction and complaint. The communication with external was recorded in to information request log book and corporate social responsibility log book. Stakeholder consultation has conducted with local community head of Jambu Tonang. He mentioned that there is one significant issue shows up as community complaint. They complaining about their village main road that has been build a bar gate by company as the road is entering the plantation area.

Their main complaint is that the bar gate has no security post and no security officer outlook the gate. Company applies rules whenever the gate opens and closes. In some of period time, villagers meet difficulties when they need to entering or exiting their own village using this access road. They have to call security officer that stand by at nearest post for about 200 meters from the bar gate. The head of village has sounding this issue to company’s officer, but not yet submit grievances letter to the company because of regarding head of villages opinion, this issue is still a compromised issue that tolerate by communities. This finding is rise as observation

There is no change regarding the procedures for the identification, calculation and compensation for loss of legal or customary rights of the land. Company still use their documented procedure SOP-LGL-02 regarding identification, calculation and compensation for the loss of legal or customary rights of the land, valid since 15 April 2011. The last compensation process is period of 2007-2013 in estate Aek Sigalaga. Company already pays land compensation about 21 people for 97.81 Ha. All this payment is well documented for example compensation payment for occupant in this estate in April 27th, 2013 and July 12th, 2013. No new case for land compensation.

There is evidence of payroll salary in August 2014 for staff, monthly employee, permanent employee (SKU), and worker (BHL). The employee was accept the salary with component consist of basic salary, allowance for rice (include wife and children), allowance “Employment Insurance”, overtime and harvesting incentive. And for the daily rate free worker (BHL), get the daily wages of Rp 64,450 (Indonesian Rupiah) as compliment of local minimum wage regulations.
Checking on BHL monthly payroll for March to August 2014 found that some of workers have been working for more than 3 months with average working days above 21 days. Regarding to regulations of ministry of manpower and transmigration (SK Kepmenakertrans No 100/2004), clause 10, point 3, state that “In terms of worker that work 21 (twenty one) days or more for 3 (three) consecutive months or more, then their free daily work agreement in certain time (PKWT) must turned out to be free daily work agreement in uncertain time (PKWTT)”. Audit evidences shows that some of BHL workers has comply with the regulations but not yet changes their employment agreement. Checking on BHL employment agreements (especially for household maid and cooks) found that some of clauses are not comply with government regulations too regarding the durations of being BHL. This is raised as non conformity.

The document of Working Agreement applicable on January 10, 2014 and valid in two years. Checking on the documents that government’s regulation about overtime is not completely mentions. The PKB only mentions the payment of overtime but not specifically mentions about the rule of overtime working time allowed. Regarding to regulations of ministry of manpower and transmigration (SK Kepmenakertrans No 102/2004), clause 3 point 1 mentions that “Working time overtime can only be done at most three (3) hours in one (1) day and fourteen (14) hours within 1 (one) week”. This is a potential for improvement for company’s future.

In clause number 9 in working agreement, state that the company provide the housing and clean water for employee and electricity shall be paid by the employee. Company also provide the housing and facilities for employee, such as elementary school, church and mosque, Sport facility (Football and badminton), and daycare, poly-clinic, schools (Kindergarten till High School), School bus (8 unit), ambulance (2 unit) and free electricity. Checking on field found that most of sewerage is not well maintained. This is also potential for improvement for company’s future.

On August 2013, there are contractor was working for Mill Aek Sigala-gala, for FFB transportation. There also some supplier of FFB has been make agreements with PKS Aek Sigala-gala. The document contract with contractor was include the clauses of responsibility about their obligation to fulfill of safety and health regulation, labor social security regulation, worker minimum age policy. Interview with FFB supplier and EFB transportation contractor confirmed that company has applied all the agreement (payment and information share regarding FFB prices) correctly.

The freedom workers to have a worker union, was state in PKB (Labor Agreement) in clause 5 about recognition to worker union. Company provides the facilities i.e. meeting room for SKP-BAS (Barumun Agro Sentosa Worker Union) in employee housing in Aek Kulim Estate. The worker union has new organization management structure for 2013 – 2015. There is evidence of management meeting with worker union base on evidences “Minute of Meeting of Worker Union Article (AD/ART) changing, Friday 06th 2013. The meeting mostly discuss about the new management structure.

There is no change in policy of minimum age worker requirements. It has contained in PKB clause 10 about the recruitment, state that the workers at least is 18 years old. Evidence of implementation the policy is:

1. Sign board of announcement about the company only accept the worker at least 18 years old or was married, and also ban of bringing children under 18 years old for worker still applied at some points. The sign board was posted in front of office worker union, estate office and mill office.
2. Checks to list of employee of PT BAS August 2014 there is no finding the employee under 18 years old.

The promotion listed in clause 14 of PKB, state that the workers who has meet the qualification or because have vacancies in higher position may be promoted. Equal treatment in working opportunity was guaranteed by company as define in decree No 009/SE/DIR/BAS/VIII/2011, this policy re-socialized in May 28th, 2013 at Aek Barumun estate attended by 78 employees. PT BAS shows evidence of Employment Characteristic List that shows employment pluralities as follow:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Religion</th>
<th>Gender</th>
<th>Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>PKS</td>
<td>Christian</td>
<td>Male</td>
<td>Batak</td>
</tr>
<tr>
<td></td>
<td>Moslem</td>
<td>Female</td>
<td>Java</td>
</tr>
<tr>
<td></td>
<td>Budhist</td>
<td></td>
<td>Others</td>
</tr>
<tr>
<td>135</td>
<td>58</td>
<td>187</td>
<td>6</td>
</tr>
<tr>
<td>507</td>
<td>334</td>
<td>566</td>
<td>276</td>
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<td>605</td>
<td>215</td>
<td>566</td>
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<td>524</td>
<td>314</td>
<td>516</td>
<td>322</td>
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<td>AS</td>
<td>507</td>
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<td>507</td>
<td>334</td>
<td>566</td>
<td>276</td>
</tr>
<tr>
<td>ABR</td>
<td>605</td>
<td>215</td>
<td>566</td>
</tr>
<tr>
<td>605</td>
<td>215</td>
<td>516</td>
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<td>314</td>
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</tr>
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<td>314</td>
<td>524</td>
<td>364</td>
<td>119</td>
</tr>
</tbody>
</table>
Interview with some workers confirmed that there is no indication that company performs any discriminative policy.

There is no change regarding prevention for sexual harassment and violence, valid from August 26, 2011. Company also have on leave policy for female when they menstruation. The company give the leave for female when they menstruation. They may report to gender committee or labour union if any happen; they also have phone number of committee person. Some evidences shows that company’s commitment to protect reproductive rights shows as follow:

1. Letter of Midwives, Number. 09/Poliklinik-AS/III/2014, explain that she has a permission to take 45 days off as maternity leave.
2. Statement Letter of woman staff on August 27th 2014, describe that she freely state for not using her rights of one menstruation furlough day off (H1).

Since October 2011, the company was buy FFB from external. The price of FFB was informed by billboard in the outside of mill consist of today price and yesterday’s price. Payment for out-grower FFB was agreed one day after receiving (based on invoices) as evident of payment on September 13th, 2013 amount Rp181,929,023 for FFB 7-11 of September amount 147,540 kg. Interview with one of local FFB supplier confirmed that company has buy and pay that FFB as regulate at the agreements. The information about daily FFB has spread out to all suppliers by SMS.

During year 2013 company was give their contribution to stakeholder (government) and local community, for government company contribute for loco tax:
1) Retribution of surface water usage amount Rp. 43,496,880,00,
2) Property Tax of HGU Rp. 1,972,572,000,
3) Property Tax of non HGU Rp. 240,543,560,
4) HGU Annual Fees Rp. 1,264,200,00,
5) CSR, Rp. 380,928,075,00

Regarding CSR contributions, company shows evidences of Corporate Social responsibility Log Book (and Implementations statements). The evident shows the record of CSR activities in year 2013, contained of 35 activities that has been implemented at all stakeholders.

**Compliance status: Non Compliance**

**Non-conformance 2014-03 of 03 (Major non-conformity)**
1. Found that some temporary workers in Mills, and Estates which is working for more than 3 months and day working average more than 21 days per month still not promoted as permanent worker, which against Decree of Ministry of Labor number 100 year of 2004.
2. Working agreement between company and temporary workers especially for servant/house helper was not made accordingly.

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

**Criteria assessed:** -
**Criteria not assessed:** CR7.1, CR7.2, CR7.3, CR7.4, CR7.5, CR7.6, CR7.7

**Findings:**
Assessment of Principle 7 is not required as there as PT. Barumun Agro Sentosa has no development of new plantings.

**Compliance status:** Not applicable

**Principle 8: Commitment to continuous improvement in key areas of activity**
3.2 Status of Previously Identified Non-conformities

A total of 1 non-conformances were identified during the 3rd surveillance assessment, as major non-conformity. For the non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through checks of documents submitted by the company.

During this surveillance assessment, it was found that there was sufficient evidence for closure of all non-conformities. The following is a description of the evidence of action taken to close the non-conformities raised during the previous assessment, as well as auditor’s conclusions on the status of the non-conformities.

**Criterion 2.1 (Major indicator 1): Evidence of compliance with relevant legal requirements.**

**Non-conformance 2013-01 of 01 (Major non-conformity)**

*company did not provide any evidence regarding Regular report of OHS Committee to government side (should be 3 monthly based) and there is no record to proof regular meeting discuss about employee’s welfare.*

**Correction :**

Company was have a correction with evidenced letter of submission P2K3 (OHS Committee) Report of PT Barumun Agro Sentosa to Ministry of Labour and Transmigration office of Padang Lawas Utara District in October 1st 2013

**Corrective Action :**

Company revise OHS Committee work program by adding Reporting 3 monthly activity Barumun Agro Sentosa to Ministry of Labor and Transmigration office of Padang Lawas Utara District and including agenda of employee’s welfare topic in its report

**Auditor Conclusions : Closed**

The company carried out a program of regular meeting and time table of reporting as reminder to personnel in charge to ensure this meeting conducted regularly and carryout employee’s welfare as one of discussion topic

3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions
During this surveillance assessment, a total of 3 non-conformances were identified. These consisted of 2 major non-conformities and 1 minor non-conformity. For the major non-conformities, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through checks of documents submitted by the company. For the minor non-conformities, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

**Criterion 2.1 (Major indicator 1): Evidence of compliance with relevant legal requirements.**

**Non-conformance 2014-01 of 03 (Major non-conformity)**

Found wheel loaders which is operating in the loading platform is not equipped with reverse warning lights in accordance with Ministry of Labor Regulation No. 05 of 1985 regarding Lifting Carrier

**Correction action:**

During 4th surveillance, it was sight, some document evidence such as:

- To Create and sending a Letter of Request Repair and send Wheel Loader to Workshop for repair (Application Letter Attached)
- To perform inspection and repair of the reverse warning lights of Wheel loader no 02 and no 03 and this time the light is good and can be used (report of repair and Photo loader after repair)

**Corrective action:**

Company also provide a briefing to all operators and drivers if there is damage of equipment must be immediately reported to the foreman for repairs

**Date of closure:** October 6th, 2014

**Conclusion:** Closed.

**Verification result:**

Company has quick respond by sending the equipment to repair to fulfill requirement. Company reviews their internal procedure to simplify the mechanism of repair flow process while existing procedure still applicable as well

**Auditor Conclusions:** Closed

**Criterion 4.7 (Minor Indicator 3) : A documented risk assessment for Occupational Health and Safety (OHS).**

**Non-conformance 2014-02 of 03 (Minor non-conformity)**

Risk Assessment available for PT BAS activity, recorded in the Register of Identification "Significant Impact and Non acceptable Risk" (F-MR-20) last up dated April 7th, 2014, however it does not include the risk Wheel Loader operation at Mills Peron

**Correction:**

Company perform re-Identification and Assessment regarding "Significant Impact and Non acceptable Risk" (F-MR-20) and operation of heavy equipment (Wheel Loader) //attached)

**Corrective Action:**

To brief again all unit in Mills regarding re-identification and Assessment of "Significant Impact and Non acceptable Risk" (F-MR-20)for all existing and new processes and will be evaluated periodically to ensure up to dated
Auditor Conclusion: Closed.
The organization has revised their “Significant Impact and Non acceptable Risk” and brief all employee to understand.

Date of closure: October 6th, 2014

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

Criterion 6.5 (Major indicator 1): Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Non-conformance 2014-03 of 03 (Major non-conformity)
3. Found that some temporary workers in Mills, and Estates which is working for more than 3 months and day working average more than 21 days per month still not promoted as permanent worker, which against Decree of Ministry of Labor number 100 year of 2004.
4. Working agreement between company and temporary workers especially for servant/house helper was not made accordingly.

Correction:
The organization will be revised Management HCV Program with add activity, such as:
1. To do promote all temporary workers become permanent workers as Procedure Recruitment (SOP-HRD-01) and as they pass the evaluation as well, as data:
   - Estate Aek Kulim: 20 person
   - Estate Aek Sigalagala: 20 Orang
   - Estate Aek Barumun: 19 Orang
   - Mills: 2 person
2. Working agreement already canceled and all servant/house helper in Manager House and Guest House promoted as permanent workers

Corrective Action:
To re-educate all section head regarding Decree of Ministry of Labor number 100 year of 2004.

Auditor Conclusions: Closed.

Verification result:
The company provided a document of promotion temporary employee which is become permanent employee, and evident of briefing some section head regarding law of labor.

Date of closure: October 6th, 2014

3.4 Description of Supply Chain Management System
Aek Sigala-gala Mill is located in North Sumatera - Indonesia. Aek Sigala-gala mill has production capacity of 50 tonnes/hours. The mill processes Fresh Fruit Bunches (FFB) from PT Barumun Agro Sentosa Estate (Aek Sigala-gala estate, Aek Barumun estate and Aek Kulim estate) and outgrower. The location of Aek Sigala-gala Mill is inside of Aek Sigala-gala estate.

In September 2013 to August 2014, Aek Sigala-gala mill is receiving approximately 87.93% (290,714MT) of its supplies of Fresh Fruit Bunches (FFB) from 3 company-owned estates (Aek Sigala-gala estate, Aek Barumun estate and Aek Kulim estate) and the remaining 12.07% (39,890.03MT) from independent supplier (Non Corporation). Supply of FFB from PT Barumun Agro Sentosa (Aek Sigala-gala estate, Aek Barumun estate and Aek Kulim estate) is RSPO Certified FFB because PT Barumun Agro Sentosa has RSPO P&C Certificate.
In September 2013 to August 2014, total FFB process in mill the amount of 330,604.71 MT and the mill produces Crude Palm Oil and Palm Kernel in the amount of 67,554.87 MT and 15,756.28 MT.

The company implements SCC-RSPO with "Mass Balance (MB)" model according to the nature of mill FBB supply condition. The following is a description of the company’s supply chain management system according to the RSPO SCCS requirements, including status of compliance of the company and their outsourced third parties to RSPO SCCS requirements.

1. Documented procedures

Findings:
There is no change on documented procedure. The company has a quality plan (BAS-MNL-02, effective date on April 01, 2011) and procedure for implementation of SCCS requirements. There are not any changes regarding existing procedure consisting of:

1. Procedure for delivery FFB from estate to mill (SOP-ADM.TAN-11)
2. Procedure to receive FFB (SOP-PKS-07 Rev.01, effective date on April 01, 2011),
3. Procedure for processing palm oil mill (SOP-PKS-01 Rev.02, effective date on April 01, 2011),
4. Procedure for preparation of palm oil mill operation (SOP-PKS-02 Rev.02, effective date on April 01, 2011),
5. Procedure for running operation of palm oil mill (SOP-PKS-03 Rev.02, effective date on April 01, 2011),
6. Procedure for stopping operation of palm oil mill (SOP-PKS-04 Rev.02, effective date on April 01, 2011),
7. Procedure for laboratory (SOP-PKS-05 Rev.02, effective date on April 01, 2011),
8. Procedure for administration of mill (SOP-PKS-06 Rev.02, effective on April 01, 2011),
9. Procedure for the tender and production sales contract (SOP-MKT-01 Rev.01, effective date on April 01, 2011),
10. Procedure for dispatch of CPO & PK to customer (SOP-MKT-02 Rev.01, effective date on April 01, 2011),
11. Procedure for hand over FFB to customer on mill office (SOP-MKT-03 Rev.01, effective date on April 01, 2011),
12. Procedure for production delivery report on mill office (SOP-MKT-04 Rev.01, effective date on April 01, 2011),
13. Procedure for production delivery report on director office-Medan (SOP-MKT-05 Rev.01, effective date on April 01, 2011),
14. Procedure for customer satisfaction survey (SOP-MKT-06 Rev.02, effective date on April 01, 2011),
15. Work Instruction for operation of boiler, turbine, generator, weighbridge, loading ramp, sterilizer station, threshing station, pressing station, clarification station, oil purification station and processing of drab (WI-PKS-01 to WI-PKS-12).

The company has a procedure for implementation of SCCS requirements as listed above. Company has established procedure for SOP entry to UTZ/e-trace process in Aek Sigala-gala mill. Aek Sigala-gala mill has set Mass Balance as supply chain model that is implemented in the field. Aek Sigala-gala has task force team “Sustainable” (Director decision letter PT Barumun Agro Santosa (BAS) Number 05 year 2012) is composed by MR and document controlled and another department. Company determined responsible person who responsible for SCCS and have authority over the implementation of these requirements and compliance with all applicable requirements.

Aek Sigala-gala mill has procedure for receiving FFB (SOP-PKS-07 Rev.02). It’s describe of activity from receiving FFB until making the FFB receive report and describe describe how to handle document for material (FFB) of certified and non-certified, and state the definition of certified and non-certified FFB.

Compliance status: Fully Compliance
2. Purchasing and goods in

Findings:
Current existing mechanism (SOP-PKS-07 Rev.01) about receive FFB in mill is:
1) The truck’s driver give FFB Delivery Note to security guard (if FFB derived from 3rd party);
2) The weighbridge supervisor/operator receive and verification “FFB Delivery Note (Surat Pengantar Buah)” from truck’s driver;
3) The truck’s driver shall doing weighing at weighbridge. Once done, the gross weight of the truck is taken;
4) Upon the completion weighing of FFB load, the FFB shall be sent to loading ramp. The truck’s driver will unload the FFB and will return to the weighbridge to be weighted again;
5) The weighbridge supervisor/operator give FFB grading form to the truck’s driver to be submitted to the shortage operator (if FFB derived from 3rd party);
6) The shortage operator doing sorting/grading of the quality of fruit with reference to the standard of quality fruit (e.g. fresh, unripe, under ripe, rotten bunch & etc) and recorded on the FFB Grading form (if FFB derived from 3rd party);
7) FFB grading form shall be passed to weighbridge operator by truck’s driver (if FFB derived from 3rd party):
a. The weighbridge operator issue the Weighbridge Ticket. The weighbridge operator write FFB weighbridge result (weighbridge result (brutto, tarra, deduction (if FFB derived from 3rd party) and netto) and stamp categorized the FFB whether RSPO Certified, RSPO SCCS, and or ISCC certified or Non certified, date and weighbridge ticket number) on FFB Delivery Note (on column of note);
b. The weighbridge supervisor make daily reports receiving FFB.
8) A copy of the Weighbridge Ticket will then be given to the driver and attached with the FFB Delivery Note (red and green copy). Both documents need to be sent back to the estate office by the truck’s driver but only red copy sent to truck’s driver if FFB derived from 3rd party.

Base on mechanism above that Aek Sigala-gala Palm Oil Mill has mechanism to receive FFB in mill (SOP-PKS-07 Rev.01).
The company has document (F-PKS-08) the volumes of FFBs received (example : year 2013-2014 (until August 2014) and clearly separated FFB of certified and non-certified. During that period, total FFB received by Aek Sigala-gala mill is 330,604.71 Ton of which is came from company’s own estate 290,714.68 Ton (87.93%) and others sources (out-growers) 39,890.03 Ton (12.07%),
The company provided a new procedure about mechanism of inform to CB immediately if overproduction. It is stated on section 8.4 and 8.5, the procedure explained that Management Representative (MR) will inform certification body if there is any projected overproduction by mail/e-mail/letter and submit supporting evidence such as annual production report for CPO certified and annual production report for kernel certified. MR and mill manager prepare resume about projected overproduction.

Compliance status: Fully Compliance

3. Records Keeping

Findings:
The company has established a mechanism for control and maintenance of the document and data control with the retention time for all records and reports has defined for at least for ten (10) years (circular letter number 006/SE/DIR/BAS/VIII/2011, August 26, 2011). Implementation about retention time has been implemented, example : the company has keeping record of weighbridge ticket and FFB delivery note on date August 01st, 2014, on behalf Afdeling VI – Aek Kulim estate; FFB Delivery Note, criteria of quality, FFB...
grading form and weighbridge ticket on date July 29th, 2013 on behalf of Independent Supplier (FFB from 3rd party), monthly reports (August 2014) and daily reports form number F-PKS-50 dated August 01st, 2014.

The storage and maintain of documents responsibility belong to the mill clerk. The mill has maintain the accurate, complete and update records and reports since FFB Delivery Note and weighbridge ticket glued together so it guarantee the accuracy and simplicity and the daily report of production has categorize products certified and non-certified.

The company has records and balance certified material on a three monthly basis (receipts of RSPO certified FFB and deliveries of RSPO certified CPO, and Palm Kernel) and monthly report - August 2014. It's report and record has covering about update information of FFBs receive (company's owned estate and 3rd party), CPO & PK stock (period (this month/previous month)), and dispatch (CPO & PK).

Tabulation of material balance owned by the facility has been included the extraction/recovery rate (OER/KER) and mass balance information so the all volumes of palm oil that are delivered are deducted from the material accounting system has been ascertained according to actual daily conversion ratio or not. Base on tabulation of material balance period August 2014, the facilities deliver product (CPO and PK) to customer from positive stock. If the condition the negative stock but must be done delivering the product to the customer that a facilities is allowed sell short.

The company has establish mechanism how to indicate the selected supply chain model in all purchase and sale contracts documents, its clearly inform of the selected supply chain model for all documents has verified, as such : CPO Sales Contract no. 081/PJB-BAS/VIII/2014 with PT Wilmar Nabati Indonesia Party 2,000,000 Kg certified CPO, Delivery Order (DO) no.90/PKS-BAS/VIII/2014 (August 19th, 2014). There are not outsources activities (palm kernel crushing) in Aek Sigala-gala.

Organization has clearly inform about supply chain models (MB) on the related documents in the trade as an example in the purchase documents, sales contracts, tender/bidding documents, delivery order, CPO/PK delivery note to end user/buyers.

Compliance status: Fully Compliance

4. Sales and goods out

Findings:

All products dispatched from Aek Sigala-gala Mill transported to 6 customers (period of September 2013 - August 2014). The relevant documents before sending CPO/PK out to customer with truck such as weighbridge ticket, delivery note, permit out of the factory, laboratory note, vehicle inspection results, and permit in of the factory. Documents such as weighbridge ticket, delivery note, delivery order need to be carry out by the driver to the customer.

PT Barumun Agro Sentosa (PT BAS) does not have invoice because mechanism of payment in the amount of 100% at the signing of contract. After the contract is signed, the delivery note issued to be delivery to buyer. The company will issue receipts after the buyer payment. Under these conditions the contract and delivery note replace role invoice.

All delivery note issued by the company consist information about the selected supply chain model in description of the product and address of the buyer. Example : delivery note no. 306/SP/BAS/VIII/2014 and contract no. 081/PJB-BAS/VIII/2014. Information contained in the document (delivery note no. 90/PKS-BAS/VIII/2014),Mass balance Model, the name of the buyer, the date on which the delivery note was issued, description of the product, the quantity of the products delivered and reference to related transportation document.

Compliance status: Fully Compliance

5. Training

Findings:
PT Barumun Agro Sentosa (include Aek Sigala-gala mill) has training procedure and annual training program year 2013 and year 2014 for their employees including training refreshment of SCCS at September 30th, 2013 for all related employee.

**Compliance status:** Fully Compliance

### 6. Claims

**Findings:**

The company has a procedure for certified product communication and claim according to RSPO requirements as they have made claims. Refers to information from MR, the mill only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims after SCCS certificate.

Since the day of September 2013 until August 2014, the mill has been claimed under Green-palm scheme.

In the end of production year MR will evaluate production of certified CPO, in case of company have over production or estimated will be over production, MR will inform Certification body soon as define in Procedure of Laporan dan Klaim Over Produksi CPO Certified Kepada Badan Sertifikasi (SOP-MR-10)

**Compliance status:** Fully Compliance

<table>
<thead>
<tr>
<th>3.5 Status of Previously Identified Non-conformities</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no NCR from previous audit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.6 Identified Non-conformances against RSPO SCCS Requirements, Corrective Actions Taken and Auditors Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>During this surveillance audit there is no Non-conformance found regarding SCCS requirement.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.7 Noteworthy Positive Component</th>
</tr>
</thead>
</table>

**Criterion 5.2.1 (Major indicator 1):** Records of results of identification of any protected, rare, threatened or endangered species, and HCV habitat.

**Findings:**

Good maintaining of conservation area condition and protection of existing plant inside plantation area.

**Criterion 5.3. (Major indicator 2):** Estates and mills waste management and disposal are implemented to avoid or reduce pollution

**Findings:**

Good handling of hazardous waste from collection, to storage and disposal and documentation

**Criterion 6.1 (Major indicator) Records of company contributions to the local development.**
Findings:
The company has good contribution to local community development, as confirmed by villagers surrounding the company’s area.

Criterion 8.1. (Major indicator 1): A monitoring action plan based on the social environmental impact assessment, and regular evaluations of plantation and mill operations. As a minimum, these must include, but not necessarily be limited to:
• Reduction in use of certain chemicals (criterion 4.6).
• Environmental impacts (criterion 5.1).
• Waste reduction (criterion 5.3).
• Pollution and emissions (criterion 5.6).
• Social impacts (6.1).

Findings:
There is significant improvement in due to implementation of corrections and corrective actions for pre-assessment findings especially in areas pertaining to agrochemical reduction program, review information of environmental impact, reduction of waste, monitoring of generated pollution and emission etc.

3.8 Conclusion and Recommendation for RSPO P & C and Supply Chain Certification
Audit team has confirmed through the audit process that PT Barumun Agro Sentosa has established and maintains an effective system to ensure compliance with the RSPO P & C and Supply Chain Certification System requirements. It is also confirmed that the company’s annual volume of CPO and PK sold for the period of January 1st 2013 to December 31st, 2014 has not exceeded the certified annual tonnages as claimed in the organization’s RSPO certificate no 18501806 100 because no CSPO and CSPK claimed product sold as until 4th surveillance audit.

TUV Rheinland recommends that Aek Sigala Gala Mill estate be continuing approved for certification of compliance to the RSPO P & C and Supply Chain Certification System

3.9 Issues Raised by Stakeholders and Findings Pertaining to Issues
Below is a summary of issues raised by stakeholders interviewed on-site

<table>
<thead>
<tr>
<th>No.</th>
<th>Issues Raised</th>
<th>Audit Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land acquisition piece should be base on market price</td>
<td>company pay as per negotiation with local community</td>
</tr>
<tr>
<td>2</td>
<td>Payment for land Land acquisition within one month period</td>
<td>Company always completed payment as soon as possible and there is no outstanding payment</td>
</tr>
</tbody>
</table>

4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit
The next surveillance visit is planned for August 2015
4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

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

Signed on behalf of PT Barumun Agro Sentosa

Husin Salim
Assistant Director
Date: October 06th, 2014

Signed on behalf of TUV Rheinland Indonesia

Aswan Hasibuan
Lead Auditor
Date: October 06th, 2014
APPENDICES

Appendix 1: Details of Revised Certificate (if applicable)

[Details of certificates to be included upon approval of ASA report and issuance of certificate]

Appendix 2: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMDAL</td>
<td>Analisis Dampak Lingkungan &amp; Sosial (Social &amp; Environmental Impacts Assessment)</td>
</tr>
<tr>
<td>BOD</td>
<td>Biological Oxygen Demand</td>
</tr>
<tr>
<td>COD</td>
<td>Chemical Oxygen Demand</td>
</tr>
<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>ERTs</td>
<td>Endangered, Rare &amp; Threatened species</td>
</tr>
<tr>
<td>ESH</td>
<td>Environmental Safety &amp; Health</td>
</tr>
<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
</tr>
<tr>
<td>EFB</td>
<td>Empty Fruit Bunches</td>
</tr>
<tr>
<td>HCV</td>
<td>High Conservation Value</td>
</tr>
<tr>
<td>HIRA</td>
<td>Hazard Identification and Risk Assessment</td>
</tr>
<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheets</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>OSH</td>
<td>Occupational Safety &amp; Health</td>
</tr>
<tr>
<td>PK</td>
<td>Palm Kernel</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>RKL</td>
<td>Rencana Pengelolaan Lingkungan (Environmental Management Plan)</td>
</tr>
<tr>
<td>RPL</td>
<td>Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)</td>
</tr>
<tr>
<td>SIA</td>
<td>Social Impact Assessment</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>TSS</td>
<td>Total Suspended Solids</td>
</tr>
<tr>
<td>UKL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>UPL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>SCCS</td>
<td>Supply Chain Certification System</td>
</tr>
<tr>
<td>MR</td>
<td>Management Representative</td>
</tr>
</tbody>
</table>

Appendix 3: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution - Address</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nurpina</td>
<td>Weighing operator</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Humala S. Siregar</td>
<td>QC</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Hasnidi Saputra Nst</td>
<td>Boiler Operator</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Sahat Simbolon</td>
<td>Boiler Operator</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Mister Roy Sinaga</td>
<td>Fertilizer Aek Barumun</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Ade Judiansyah</td>
<td>Legal officer</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Aidil Hardi Pakpahan</td>
<td>Sprayer Aek Sigala gala</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Jumpa Malem Sinulingga</td>
<td>Sprayer Aek Sigala gala</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Firdaus Sinaga</td>
<td>Planters Aek Kulim</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 4: Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Related clause</th>
<th>Observations / Opportunities for improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>6.5</td>
<td>BHL employment agreements (especially for household maid and cooks) found that some of clauses are not comply with government regulations too regarding the durations of being BHL. Working time overtime can only be done at most three (3) hours in one (1) day and fourteen (14) hours within 1 (one) week.</td>
</tr>
<tr>
<td>2.</td>
<td>4.1.1</td>
<td>Recommended that updated SOP/Work Instruction which is related with operational are kept at field office as reference for application therefor usage of obsolete form can be avoided.</td>
</tr>
<tr>
<td>3.</td>
<td>4.3.2</td>
<td>Recommended to analyse regarding land erosion level. Recommended to improve the effort related erosion controlling at roadside.</td>
</tr>
</tbody>
</table>