Roundtable on Sustainable Palm Oil

Re-certification Audit Report

Report no.: RA1_82450216047
Recertification assessment against the
RSPO Principles & Criteria Generic Standard 2013 and RSPO Supply Chain Certification System
year 2014

Name of client
PT Socfin Indonesia – Tanah Gambus Mill
Tanah Gambus Village, Lima Puluh Sub-district, Batubara District
North Sumatera Province, Indonesia

Date of Recertification Audit : August 1st to 3rd, 2016

Report prepared by:
Naik Monang Parlindungan Lingga
(RSPO Lead Auditor)

Certification decision by:
Abdul Qohar
(Director of TUV Rheinland Indonesia)

Certification Body:
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# TABLE OF CONTENTS

## 1.0 SCOPE OF RECERTIFICATION ASSESSMENT ................................................... 3

1.1 National Interpretation Used ............................................................................ 3
1.2 Type of Assessment ......................................................................................... 3
1.3 Location and Maps ......................................................................................... 3
1.4 Description of Supply Base ............................................................................ 5
1.5 Dates of Plantings and Replanting Cycles .................................................... 5
1.6 Area of Plantation (Total, Planted and Mature) ............................................. 6
1.7 Organisational Information / Contact Person ................................................. 7
1.8 Time Bound Plan for Other Management Units ............................................ 7
1.9 Compliance to Rules for Partial Certification .............................................. 8
1.10 Plan for certification of associated smallholders ......................................... 9
1.11 Approximate Tonnages Certified ................................................................. 9
1.12 Recommendation for Certification ............................................................. 9
1.13 Date of Certificate Issued and Scope of Certificate ....................................... 10

## 2.0 ASSESSMENT PROCESS ................................................................................. 11

2.1 Certification Body .......................................................................................... 11
2.2 Qualifications of Lead Assessor and Assessment Team ................................. 11
2.3 Assessment Methodology & Agenda ............................................................... 12
2.4 Stakeholder Consultation and Stakeholders Contacted ................................ 14
2.5 Date of Next Surveillance Visit ..................................................................... 14

## 3.0 ASSESSMENT FINDINGS ............................................................................... 15

3.1 Summary of Findings .................................................................................... 15
3.2 Status of Previously Identified Non-conformities ......................................... 42
3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusion ........................................................................... 44
3.4 Noteworthy Positive Components ................................................................. 48
3.5 Issues Raised by Stakeholders and Findings Pertaining to Issues ................. 48

## 4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY .......................................................... 54

4.1 Date of Next Surveillance Visit ..................................................................... 54
4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client ................................................................................. 54

## APPENDICES ..................................................................................................... 55

Appendix 1: Certificate ....................................................................................... 56
Appendix 2: List of Abbreviations ....................................................................... 58
Appendix 3: List of Stakeholders Interviewed and Contacted ............................. 59
Appendix 4: Observations and Opportunities for Improvement .......................... 60
1.0 SCOPE OF RECERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against RSPO Generic Standard 2013 of the RSPO Principles & Criteria and RSPO Supply Chain Certification year 2014.

1.2 Type of Assessment

The re-certification was carried out on 1 (one) mill and 1 (one) estates (Tanah Gambus estate).

1.3 Location and Maps

PT Socfin Indonesia location is in Lima Puluh Sub-district, Batubara District, and North Sumatera Province.

Table 1: GPS locations for all estates and mill

<table>
<thead>
<tr>
<th>Name of mill / estates</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanah Gambus Mill</td>
<td>Lima Puluh Sub District, Batubara District, North Sumatera Province</td>
<td>03° 12’ 14” 99° 24’ 16”</td>
</tr>
<tr>
<td>Tanah Gambus Estate</td>
<td>Lima Puluh Sub District, Batubara District, North Sumatera Province</td>
<td>03° 10’ 15.18” 99° 23’ 07.40”</td>
</tr>
</tbody>
</table>
Figure 1: Location of PT Socfin Indonesia, Tanah Gambus Palm Oil Mill, Tanah Gambus Estate
1.4 Description of Supply Base

Table 2: FFB Supply Information for Tanah Gambus mill in year 2015 and 2016

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied year 2015*</th>
<th>FFB supplied year 2016 (projection)**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>%</td>
</tr>
<tr>
<td>Company owned (certified) estates :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanah Gambus Estate</td>
<td>63,880.52</td>
<td>95.70</td>
</tr>
<tr>
<td>Sub Total</td>
<td>63,880.52</td>
<td>95.70</td>
</tr>
<tr>
<td>Independent Outgrower :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,760.13</td>
<td>4.30</td>
<td>-</td>
</tr>
<tr>
<td>Sub Total</td>
<td>2,760.13</td>
<td>4.30</td>
</tr>
<tr>
<td>TOTAL</td>
<td>66,640.65</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Note:  
*) Data from January to December 2015  
**) Data from January to December 2016 (projection)

Table 3: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from Tanah Gambus Mill

<table>
<thead>
<tr>
<th>Amount (MT)</th>
<th>CPO</th>
<th>PK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous certified tonnages claimed</td>
<td>10,767.52</td>
<td>2,007.50</td>
</tr>
<tr>
<td>Certified tonnages sold year 2015</td>
<td>7,267.18</td>
<td>-</td>
</tr>
<tr>
<td>Certified tonnages purchased</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual Production for year 2015</td>
<td>16,143.49</td>
<td>2,717.99</td>
</tr>
<tr>
<td>Actual Certified Production for year 2015</td>
<td>15,596.44</td>
<td>2,590.58</td>
</tr>
<tr>
<td>Conversion Rate for year 2015</td>
<td>OER: 24.22</td>
<td>KER: 4.08</td>
</tr>
<tr>
<td>Projected output for year 2016</td>
<td>17,311.09</td>
<td>3,227.49</td>
</tr>
<tr>
<td>Projected certified production for year 2016</td>
<td>17,311.09</td>
<td>3,227.49</td>
</tr>
<tr>
<td>Projected certified FFB from certified estates</td>
<td>73,352.11</td>
<td></td>
</tr>
<tr>
<td>Projected conversion rate for year 2016</td>
<td>OER: 23.60</td>
<td>KER: 4.40</td>
</tr>
<tr>
<td>Projected FFB for year 2016</td>
<td>73,352.11</td>
<td></td>
</tr>
</tbody>
</table>

1.5 Dates of Plantings and Replanting Cycles
Table 4: Age and year of plantings of company estate supplying to Tanah Gambus Mill

<table>
<thead>
<tr>
<th>Age &amp; Year of Plantings</th>
<th>Oil palm planted area at each estate (ha)</th>
<th>Tanah Gambus Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5 yrs (2012 – 2016)</td>
<td></td>
<td>803.44</td>
</tr>
<tr>
<td>5-10 yrs (2007 – 2011)</td>
<td></td>
<td>519.00</td>
</tr>
<tr>
<td>10-15 yrs (2002 – 2006)</td>
<td></td>
<td>964.00</td>
</tr>
<tr>
<td>25-30 yrs (1986-1991)</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>3,313.49</strong></td>
</tr>
</tbody>
</table>

Table 5: Planned and actual oil palm replanting activities for PT Socfin Indonesia

<table>
<thead>
<tr>
<th>Year</th>
<th>Total planned replanting area (ha)</th>
<th>Total planned replanting area for each Tanah Gambus Estate</th>
<th>Actual total area replanted (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>110.85</td>
<td>110.85</td>
<td>110.85</td>
</tr>
<tr>
<td>2017</td>
<td>63.74</td>
<td>63.74</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>95.55</td>
<td>95.55</td>
<td>-</td>
</tr>
<tr>
<td>2019</td>
<td>88.47</td>
<td>88.47</td>
<td>-</td>
</tr>
<tr>
<td>2021</td>
<td>41.81</td>
<td>41.81</td>
<td>-</td>
</tr>
</tbody>
</table>

1.6 Area of Plantation (Total, Planted and Mature)

Table 6: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT Socfin Indonesia

<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 year 2015 (tonnes/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanah Gambus Estate</td>
<td>3,373.11</td>
<td>3,313.49</td>
<td>3,019.73</td>
<td>293.76</td>
<td>63,880.50</td>
<td>36,593.30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3,373.11</td>
<td>3,313.49</td>
<td>3,019.73</td>
<td>293.76</td>
<td>63,880.50</td>
<td>36,593.30</td>
</tr>
</tbody>
</table>

Note:
*) Production until July 2016

Table 7: Other land use data for PT Socfin Indonesia until July 2016

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>HCV/ Potential HCV areas (ha)</th>
<th>Land used for other purposes (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Office, Housing &amp; Road</td>
</tr>
<tr>
<td>Company owned estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Estate Name Details

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>HCV/ Potential HCV areas (ha)</th>
<th>Land used for other purposes (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanah Gambus Estate</td>
<td>3,373.11</td>
<td>3,313.49</td>
<td>17.32</td>
<td>33.96 3.22 5.12</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,373.11</td>
<td>3,313.49</td>
<td>17.32</td>
<td>33.96 3.22 5.12</td>
</tr>
</tbody>
</table>

#### 1.7 Organisational Information / Contact Person

Contacts details of the company are as follows:

**Company Name:** PT Socfin Indonesia – Tanah Gambus Mill  
**Head office:** Jl. KL Yos Sudarso No. 106 Medan, Sumatera Utara – Indonesia  
**Contact Person:** Mr. Hasan Bisri Kasyhuri  
**Telephone:** +62 61 6616066  
**Email:** hasan@socfindo.co.id

#### 1.8 Time Bound Plan for Other Management Units

The time frame laid out below is considered to be both challenging and realistic. The company will be using the experience of this recertification assessment to ensure that the other management units conform to the RSPO Principles & Criteria.

The audit team is satisfied that the company conforms to the RSPO requirements for partial certification as laid out in Clause 4.2.4 of the RSPO Certification Systems document.
<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Address</th>
<th>Cert Number:</th>
<th>Status</th>
</tr>
</thead>
</table>

1.9 Compliance to Rules for Partial Certification

Based on time bound plan and ACOP 2015, all management unit of PT Socfin Indonesia has been certified so does not conducted the rules for partial certification according to RSPO Certification System clause 4.2.4.

<table>
<thead>
<tr>
<th>Partial Certification Requirements</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The parent organization or one of its majorities owned and / or managed subsidiaries is a member of RSPO.</td>
<td>-</td>
</tr>
<tr>
<td>(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause</td>
<td>-</td>
</tr>
</tbody>
</table>
1.10 Plan for certification of associated smallholders

The company does not have smallholder scheme so the company does not have plan for certification of smallholder.

1.11 Approximate Tonnages Certified

The approximate tonnages certified, based on projection production in year 2016 for company owned estates only are as follows:

- Crude Palm Oil (CPO): 17,311.09 tonnes
- Palm Kernel (PK): 3,227.49 tonnes

While the projection for FFB production for year 2016 is 73,352.11 tonnes from companies’ owned estate.

1.12 Recommendation for Certification

PT Socfin Indonesia (Tanah Gambus Mill) its supply based estates has established and maintains an effective system to ensure compliance with the RSPO principles and criteria. The audit team has confirmed through the audit process that the company’s practices complies with, adequately maintains and implements the requirements of RSPO Principles and Criteria Generic Standard.

PT TUV Rheinland Indonesia recommends that Tanah Gambus Mill and its supply bases are approved to renewal its certificate as a producer of RSPO Certified Sustainable Palm Oil.
1.13 Date of Certificate Issued and Scope of Certificate

The scope of the certificate covers production of palm oil from Tanah Gambus Mill and its supply base, which includes Tanah Gambus estate. The date of certificate issued is October 24, 2016 with validity from November 04, 2016 until 03 November, 2021. Further details of the certificate are as per Appendix 1.
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’s office is located in Jakarta, Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>dungan Lingga</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aswan Hasibuan</td>
<td>Auditor</td>
<td><strong>Education:</strong> Bachelor of Technic Industry, Sumatera Utara University, Indonesia <strong>Training attended:</strong> Lead Auditor ISO 9001:2000 – TUV Rheinland; training lead assessor ISO 14001 – TUV Rheinland; Lead Auditor training OSHAS: 2007 di TUV Rheinland Indonesia, Ahli K3 Umum, ISPO Lead Auditor, RSPO Lead Auditor, ISCC Auditor, SCCS Auditor, Coating Inspector by Indocor &amp; LIPI <strong>Working experience:</strong> Professional industry 1999-2004, Quality Management Consultant (2004-2009), Lead Auditor for QMS, EMS, OHSAS at PT TUV Rheinland Indonesia, Auditor RSPO and ISPO (2011-present)</td>
</tr>
<tr>
<td>Wahyu</td>
<td>Auditor</td>
<td><strong>Education:</strong> • Master Degree of Management of Manufacturing Engineering, Faculty of Engineering, University of Pancasila • Degree of Mechanical Engineering, University of Indonesia <strong>Training attended:</strong> RSPO Lead Auditor Course, Pro-Forest &amp; Daemeter, Calculation of Green House Gas at Palm Oil Plantation, Komisi ISPO, ISPO Lead Auditor Course, Komisi ISPO, Verified Legal Compliance &amp; Reduced Impact Logging Auditor Training, by Tropical Forest Foundation, SVLK Auditor Training, Ministry of Forestry, CoC Auditor – LEI, ISO 9001:2008, IRCA Approved Course, ISO 14001:2004, IRCA Approved Course <strong>Working experience:</strong> PT Carsurin, as QHSE Coordinator (2006-2009), PT Mutu Hijau Indonesia, Jakarta as Technical Manager (2010-May 2014) and Auditor PT TUV Rheinland Indonesia (May 2014-present)</td>
</tr>
</tbody>
</table>

QMF: RSPO-007b-11
2.3 Assessment Methodology & Agenda

The recertification assessment was conducted between August 1st until 3rd, 2016 as per the assessment program below. The assessment was carried out in accordance with’s 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 anyway.

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

The company proposed the correction and corrective action for all identified non conformities raised to the certification body 30 days after the closing meeting. Verification of closure of major non-conformances was conducted 2 months after the closing meeting of the recertification audit and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The recertification assessment agenda is as explained below.

Recertification Assessment Agenda
<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.08.2016</td>
<td>Tanah Gambus Mill</td>
<td>Opening meeting • Introduction and background of estate and mill</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Audit team introduction and audit plan finalization</td>
</tr>
<tr>
<td></td>
<td>Stakeholder consultation</td>
<td>Stakeholder consultation meeting • Presentation on TUV Rheinland and RSPO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Introduction to purpose of the stakeholder consultation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Feedback and comments on from stakeholders.</td>
</tr>
<tr>
<td></td>
<td>Tanah Gambus Estate</td>
<td>Verification of document and field relate of: • Good Agricultural practices in Tanah Gambus estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Legal land and maintenance of boundary stones/pillars (boundary No. IX-XIII)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• HCV (river in block 25B)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• OHS system (accident records, recommendation letters for transfer of work for workers found with high blood cholinesterase levels and pregnant female sprayers, evidence of transfer to other work for aforementioned workers, OSH policy, OSH committee letter of approval from the Manpower Department).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Waste (medical waste disposal records)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Legal requirement register</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Insurance of worker (Jamsostek) payment records for temporary workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Interview with harvesters and harvesting supervisor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Interview with female sprayers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• hazardous waste store</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fertilizer store</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sprayer’s washroom</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Chemical container and fertilizer and washing area</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Housing compound</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Domestic waste landfill</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Clinic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consultation with local community leader</td>
</tr>
<tr>
<td>02.08.2016</td>
<td>Tanah Gambus Estate</td>
<td>Continue document checking</td>
</tr>
<tr>
<td>03.08.2016</td>
<td>Tanah Gambus Mill</td>
<td>Verification of document and field relate of: • Incoming FFB verification (security post, loading ramp)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Interview with mill workers (boiler supervisor)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Good Agricultural Practices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Field visit to land application site for mill effluent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Waste management (hazardous waste store, palm oil mill effluent treatment ponds, mill license for temporary hazardous waste storage, license for land application, land application records)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pollution prevention control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Water management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• OSH system (fire simulation records, medical check reports for year 2014 and 2015)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Warehouse (mill compound, chemical store)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Worker facilities, medical facilities at Tanah Gambus Mill</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Environmental (Environmental Management and Monitoring Program (UPL/UKL) and implementation reports, environmental objectives, targets and improvement plan, greenhouse gas calculation sheet, renewable energy efficiency analysis document)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Training (boiler operator training certificates and licenses)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consultation with local community supplier</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• SCCS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Closing meeting</td>
</tr>
</tbody>
</table>
2.4 Stakeholder Consultation and Stakeholders Contacted

The stakeholder consultation involved both external and internal stakeholders. External stakeholders were notified to make comments on the certification assessment by placing an invitation to comment on the RSPO website. Stakeholders included those immediately linked with the operation of the company such as employees, outgrowers, the local government, NGO’s, trade and labour unions and local communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with stakeholders were held to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO Principles & Criteria, and to comment on aspects where improvements could be made. Meetings with local communities were held at their respective premises within and near the company’s area. A stakeholder consultation meeting was also held on Lapangan Tenis Tanah Gambus Estate on August 1, 2016. Letters inviting individual stakeholders to the stakeholder consultation meeting were prepared and sent to the individual stakeholders, while electronic mail and telephone calls were made to arrange the meetings.

In all the interviews and meeting, the objectives of the RSPO and the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholders and the company before discussion proceeded to obtain the stakeholders feedback on the company’s compliance to different aspects of the RSPO Principles & Criteria. Although several stakeholders were not familiar with RSPO but they agreed with its objective and expressed their willingness to collaborate in the promotion of sustainable palm oil in North Sumatera province. In all interviews and meeting, the assessment team did not restrict discussion of both the positive and negative aspects of operations conducted by PT Socfin Indonesia estates and mill.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive, with an attendance of more than 15 of attendees. This was followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. All stakeholder issues raised were recorded and forwarded to the management for their written response, and this is summarized in Section 3.4. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as Appendix 4.

2.5 Date of Next Surveillance Visit

The next surveillance visit is planned for November 2017
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

RSPO Principle and Criteria

During the re-certification assessment, total 8 non-conformities were raised, 4 nonconformities were assigned against Major Compliance indicators and 4 nonconformities were assigned against Minor Compliance Indicators for RSPO P&C Generic 2013. The 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 Generic Standard 2013 and SSCS year 2014.

| Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making. |
| Findings: |
| Based Social Communication Procedures SOC / PSM / 9:01, edition 01, revision 04, effective date September 01, 2014, there are 12 kinds of information available for public, namely: certificate/land use rights; occupational safety and health plans; plans and social impact assessments; identification and management of HCV; reduction and pollution prevention plan; grievance and complaints in detail; negotiation procedures; Continuous improvement plan; a summary overview of certification assessment; human rights policy; Ethics policy and purchases FFB. For the purchase of FFB by January 2016, Socfindo no longer buy from the third party. |
| In addition to serving requests for information, company also develop and submits regular reports to a number of government offices, among others: environment report (RKL and RPL report), Hazardous and Toxic Substance waste report, reports the development of the plantation business, the employment report, Committee of Occupational Health and Safety reports and others. |
| Checking against the document information requests from external parties, for 2016 there is only one letter of request of information, namely: letter number 562/723 / DTK / DB / 2006 Dated March 11, 2016 regarding special labour placement data requests from Labour Office. Has responded by Socfindo through a letter dated March 15, 2016 the number TG / X / BI / 037/16 with attachments manpower information. |
| In accordance with the Procedures for Social Communications, request anda response of information record is stored for 5 years. |
| Compliance status: Full Compliance |

| Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. |
| Findings: |
| Documents available to the public specified in the Social Communication Procedures SOC/PSM / 9:01 Date 1 September 2014 rev. 4. Documents available to the public and stakeholder can be provided to stakeholders according to their relevance through a written request to the organization. List of information available in Indonesian and easily understood by stakeholder. Checks carried out randomly to a number of documents related to the activities and work plan of the company, among others: |
| - Continuous Improvement Program, dated 4 January 2016 |
Monitoring plan associated with public documents already established and available. For example for environmental documents: environment report (RKL and RPL report) every six months to Environmental Agency Office, reports related to the management of occupational health and safety are reported every three months to Manpower and Transmigration Office, Hazardous and Toxic Substance waste report are reported every three months to Environmental Agency Office, etc. Update monitoring report publicly available. Evidence of delivery of the report in the form of receipts properly documented and archived in a file Receipt.

Compliance status: Full Compliance

Criterion 1.3. Growers and millers commit to ethical conduct in all business operations and transactions.

Findings:

Socfindo have a code of ethical conduct policy described in the document Ethic Policy - SOC / Dp / 4.01-64, Rev.05 dated 18 January 2016. Ethic policy includes ethical conduct in all business operations and transactions aspects, such as:
- Receipts and provision of gifts, entertainment or assistance in job, corruption and fraud
- Relation with supplier

Checks on documentation of socialization obtained evidence that the company has communicated the Ethics Policy to the various levels of employees and external stakeholders. Among others: August 1, 2016 attended by 9 people (security personnel), March 1, 2016 followed by 20 people (estate employee), March 3, 2016 followed by 15 people (estate employee), 12 April 2016 attended by 30 people (village officials and contractors). Interview with Head Village of Simpang Gambus and Socfindo employees said that they had heard of the Ethics Policy from the company.

Compliance status: Full Compliance

Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.

Findings:

The organization has documented legal and other requirements in document “Identifikasi dan Evaluasi Pemenuhan Peraturan dan Persyaratan Lainnya” (Identification and Evaluation on Compliance of Regulation and Other Requirements – SOC/Form/4.05-01, Rev.01). Last update was performed in July 2016, where information on all applicable legal and other requirements have been reviewed and summarised. The documents was contained information of legal number and name, summarised of contents, application methods, person in charge, evidence of implementation, status of compliance (comply, not comply and not applicable), and action taken if any non-conformance. The legal and other requirement was included i.e: land use right field, environmental field, plantation field, human resources and labour fields, and etc. And, legal and other requirements included applicable local, national and ratified international laws and regulations of Tanah Gambus Mill and Estate.

Copies of the legal and other requirements are available in softcopy and well manage by “Pengurus” and supported by Head Office Sustainability Team.

The evidence of compliance to legal requirements have been provided, both of mill and plantation operation permits, for example:

1. Ground water utilization permit, i.e:
   - No. 503/AT/005/KP2T/XI/2013, expired date November 14, 2016
   - No. 503/ABT/007.A/KPPT/X/14, expired date October 29, 2017
• No. 503/ABT/007.B/KPPT/X/14, expired date October 29, 2017
• No. 503/ABT/007.C/KPPT/X/14, expired date October 29, 2017
• No. 503/ABT/007.D/KPPT/X/14, expired date October 29, 2017
• No. 503/ABT/007.d/KPPT/X/14, expired date October 29, 2017
2. Disturbance Permit, no. 503/150/HO/KP2T/XII/2011, valid as long as the organization still operates.
3. Palm oil mill effluent discharge permit, no. 503/PLC/KP2T/001/XII/2011, valid until December 09, 2016
4. Liquid waste permits of FRF/PKO, no. 503/PLC/KP2T/001/VI/12, valid until December 09, 2017.
5. Hazardous waste storage permit, no. 660/0620/BLH/VIII/2012, valid until August 30, 2017
7. Valid permit of POM machineries and equipments, such as sterilizers, boilers, steam turbines, hoisting cranes, compressors, electronic weighting, and etc.

In the list of regulation has not been mentioned reference implementation of social contribution (CSR) i.e. UU PT 40 Article 74; PP No. 47 about Environmental Social Responsibility. It was raised as Non conformities (RSPO 00599).

The organization has established a documented system includes person in charge to manage, set of legal documents, list of international, national, sub-national, and provincial laws which details the requirements of specific to the mill and estate operation, and relevant sections within the law that is identified and linked to activities as documented in “Prosedur Identifikasi dan Evaluasi Pemenuhan Peraturan” (Procedure of Identification and Evaluation on Compliance of Regulation), document no. SOC/PSM/4.05), edition 1, Rev. 05, dated June 01, 2014. The purposes of the procedure are:

• As guidance of identification and evaluation of legal and other requirements related to organization’s operational (including plantation environmental, OHS, Labour, Social and etc)
• To ensure that all relevant legal and other requirements updated, complied and communicated to all related function within organization.

The procedure said, “evaluation of compliance will be performed twice a year on January and July. Meanwhile, legal and other requirements will be updated every year.

There procedure was distributed to all relevant and available to all staff and all levels of management.

The organization has established documented mechanism for ensuring compliance to legal and other requirements documented in “Prosedur Identifikasi dan Evaluasi Pemenuhan Peraturan” (Identification and Evaluation on Compliance of Regulations), document no. SOC/PSM/4.05, Edition 1, Revision 05, dated June 01, 2014.

There is evidence that the organization has performed internal audit on August 19 – 20, 2015, to evaluated compliance of legal and other regulations. The documentation of internal audit are available, i.e:

• Internal Audit program management system (SOC/Form/8.02-01, Rev.03), the internal audit was planned once a year.
• Attendant list, SOC/Form/5.01-02, dated July 19, 2016 (Opening Meeting of Internal Audit) and was attended by 14 persons.
• Attendant list, SOC/Form/5.01-02, dated July 20, 2016 (Closing Meeting of Internal Audit) and was attended by 15 persons.
• Audit finding of internal management system (SOC/Form/8.02-04, Rev.04) dated July 19 – 20, 2016
• Memorandum of audit announcement (SOC/Form/8.02-09, Rev.03)

There is evidence that the internal audit was included compliance to legal and other requirements.

The organization has established a system for tracking any changes in the law, that is “Prosedur Identifikasi dan Evaluasi Pemenuhan Peraturan” (Identification and Evaluation on Compliance of Regulations–
SOC/PSM/4.05, Edition 1, Revision 05, dated June 01, 2014). The procedure was included in the charge, source of info, frequency of updated and communication of changes to relevant sections within organization. Sustainability division was responsible for updating new regulation every year.

There is evidence that the tracking system has been implemented and documented in “Catatan Updating peraturan dan persyaratan PT. Socfindo” (updating of regulation and requirement record - SOC/Form/4.05-02, Rev.02). Record was available for period January 2016. New regulations were identified i.e.: Permentan Nomor 11 Tahun 2015, Sistem Sertifikasi ISPO (Indonesian Sustainable Palm Oil Certification System).

Compliance status: Non Compliance

NCR RSPO 00599 (Major non-conformity)

In the list of regulation has not been mentioned reference implementation of social contribution (CSR) i.e. UU PT 40 Article 74; PP No. 47 about Environmental Social Responsibility.

Critrion 2.2: The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.

Findings:

The company has document of legal ownership. The legal document showing history of land tenure. The legal document such as land status change, SIA and EIA reports, HCV assessment report.

The company has document of legality i.e:

- Decree of the Minister of Agriculture/National land agency No. 76/HGU/BPN/97 dated July 6, 1997 about extension of land use rights on behalf PT Socfin Indonesia large as 14,465.62 ha consist of Aek Kwasan/Tapian Nauli estate as large as 2,156.59 ha, Aek Nabuntu Estate as large as 1,610.11 ha, Tanah Gambus estate as large as 3,373.11 ha, Aek Loba estate as large as 2,479.72 ha, Aek Loba Timur estate as large as 2,364.91 ha, Aek Loba Padang Pulau as large as 1,062.51 ha, Lima Pulu estate as large as 1,418.65 ha located on Pulau Rakyat, Lima Pulu and Bandar Pulau Sub District, Asahan District, North Sumatra Province as for 25 years (until December 31, 2023)

- Certificate of Land use rights No.02 issued date January 28, 1998 located on Perkebunan Tanah Gambus village, Lima Pulu Sub District, Asahan District, North Sumatra Province as large as 3,373.11 ha with effective date until December 31, 2023.

The company has map of land use right pillars with scale 1:25,000. Based on field visit to pillars No. 9, 10, 11, 12 and 13, all of the pillars still good and well maintenance.

The company has procedure of environmental, safety and health monitoring (SOC/PSM/4.12 edition 1, revision 03, effective dated September 1, 2010) but this procedure more includes about environmental, safety and health monitoring and not yet includes monitoring and maintenance of land use right pillars. It was raised as Nonconformities (RSPO 00600).

No complaints associated with land disputes between the company and the surrounding community. The process of settlement of the land claim last occurred with Tanah Perjuangan Farmers Group of Simpang Gambus Village covering 483 hectares in the administrative area of the Simpang Gambus Village. There is documentation of the process of resolution of the case, including Minutes of Meeting on dispute settlement facilitation of land by Batubara Regency Office attended by government representatives, Socfindo representatives and Tanah Perjuangan Farmers Group, dated June 28, 2013. Based on the number of meetings facilitated by the government, the Tanah Perjuangan Farmers Group is not able to show proof of ownership of the land they claim. At the time of surveillance carried out, there is no longer demands by the Tanah Perjuangan Farmers Group. Head Village of Simpang Gambus also confirmed that there was no information about the claimers who are still demanding the areas.
However, the company also has implemented procedures for conflict resolution mechanism specified in SOC/PSM/9:02 Revision 03 on 1st September 2014 - Social Grievance Handling Procedures. Procedure explaining the land compensation process from identification of landowners, Input data (soil mapping), Negotiating compensation (according to the agreement and witnessed by a competent witness), payment of compensation, Documentation.

Company has a policy to circumvent instigated violence to maintain peace and order in current and planned operations. It documented in Ethical Policy PT Socfin Indonesia No. SOC/Dp/4.01-64 dated January 18, 2016. Described in No. 1 Social Responsibility, 1.1 Ethical standard:

a. Develop attitudes of compliance to the laws that applies in the resolution of issues between the parties and avoid the violent means.
b. Develop an attitude of equality and impartiality in the relationship between the company and related parties.

Compliance status: Non Compliance

NCR RSPO 00600 (Minor non-conformity)

The company has procedure of environmental, safety and health monitoring (SOC/PSM/4.12 edition 1, revision 03, effective dated September 1, 2010) but this procedure more includes about environmental, safety and health monitoring and not yet includes monitoring and maintenance of land use right pillars.

Criterion 2.3: Use of land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

Findings:

FPIC were not applicable because PT Socfin Indonesia Tanah Gambus has established.started since 1930. Land ownership before HGU was Erpacht Rights. There was no identified the existence of indigenous land in the concession company.

Company already has a valid land ownership that were HGU with clear boundaries and markers HGU, also have a map of HGU and HGU boundary markers with the scale of 1: 10,000 issued by BPN complete with title, legend, source, and Georeferenced. Map Image is copy from the map Picture Special Situations No. 84/07/IV/1997 dated 23/07/1997.

Related to the concession area boundary of Socfindo with community land, the Village head of Simpang Gambus confirmed that the parties are invited to witness Socfindo Installation of the concession boundary markers, particularly when replacing the boundary markers that have been damaged.

The company also has implemented procedures for conflict resolution mechanism specified in SOC/PSM/9:02 Revision 03 on 1 September 2014 - Social Grievance Handling Procedures. Procedure explaining the land compensation process from identification of landowners, Input data (soil mapping), Negotiating compensation (according to the agreement and witnessed by a competent witness), payment of compensation, documentation.

Procedure of social communication and complaints handling, ethic policy, social impact assessment report were available in appropriate forms and language (Indonesian language). The document can be provided to all parties by request.

Communities are represented through institutions or representatives of their own choosing. It was confirmed that Village communities have delegated their representatives to the Village Head. Village Head are selected through local election and accepted by the community.

Compliance status: Full Compliance
**Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.**

**Findings:**

The organization has defined management plan for period 2014 - 2016 in order to achieve long-term economic and financial viability. The plan was approved by the Principle Director. The parameters stated in the management plan were including revenue and profit, crop projection (FFB yield trends), CPO and PK extraction rate; estimated estate cost (upkeep, research and development, harvesting, processing, packing, transportation, depreciation) as well as mill cost (processing, repair and maintenance, overhead and depreciation).

This plan was established by considering economical parameters/assumptions such as inflation, US Dollar and Indonesian Rupiah (IDR) rate, CPO price, and FFB price. The management plan achievement was reviewed annually during the management review. Last management review was conducted in 9 May 2015. Minute of management review meeting was sighted.

Work programmes for the financial year had been planned for all field operation. Cost on all field operations had been recorded daily for monitoring against the budget by management staff in order to close supervision on field operation to ensure work efficiency of the workers. These include preventive maintenance of roads, vehicles; machinery etc. to improve practices in line with new information and techniques there was identification and continual improvement programme that held by Askep and Techniker.

PT. Socfindo – Tanah Gambus Estate has a system to improve practice in line with new information and techniques. *Kepala Bahagian Tanaman* (Head of Agronomy) at Head Office Medan is the personnel in charge to improve agriculture practices. The information updated through seminars, internet, books, etc. Continues Improvement Plan 2014 – 2015 also described the requirement of monitoring and updating information to improve agriculture practices. Communication from Head of Agronomy performed by emails.

Overall replanting program project for next 5 (five) years was available for all Estate of PT. Socfindo including Tanah Gambus Estate. Replanting Plan was exist for period 2014 – 2018 and 2016 – 2020, and 2017 – 2021. Replanting program for 2016 was planned at Division 1, 3 and 4 with detailed as below:

- Division 1, Blok 011 (16.27 ha) and Blok 004 (26.78 ha)
- Division 3, Blok 058 (20.86 ha)
- Division 4, Blok 020 (24.93 ha) and Blok 025 (36.10 ha)

Realization of replanting until July 2016 was documented in document “Rekapitulasi Laporan Kemajuan Kerja Program Tanam 2016”. The replanting was targeted on areal 119.63 ha. The replanting plan year 2016 has been realized at Division IV Block 025 (34.23 Ha), Block 020 (24.11 Ha); Division III block 058 (19.22 Ha), and Division I block 011 (15.29 Ha) and block 004 (26.78 Ha).

The evidence of a yearly review of the replanting programme was documented in, e.g:

- Planting Program of 2016 for Tanah Gambus Estate
- Data Verification of Plant Chipping of 2016 Land Clearing Program
- Replanting Program (2016 – 2020) for Tanah Gambus Estate (proposal of revision)

**Compliance status: Full Compliance**

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**Criterion 4.1: Operating procedures are appropriately documented and consistently implement-ed and monitored.**

**Findings:**

The organization has established documented SOPs for Mill and plantations covered key processes of the organization, i.e: land clearing, nursery, replanting preparation, fertilizing, drainage system, integrated pest management, maintenance of immature and mature, harvesting, transportation, FFB processes, monitoring processes, and etc. Totally consist of 100 procedures and 61 Work Instructions. Complete list of procedure and work instruction can be found on document “Daftar Isi Dokumen Kantor Pengurus”.

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QMF: RSPO-007b-11
Work instruction for plantation activities has been established and documented. Work instruction describes planting of oil palm, fertilizing, spraying, harvesting, peatland management, and integrated pest management. Work Instructions and procedures are available on site in Estate and made in Bahasa Indonesia.

Based on interview with some harvesting and spraying workers, it was evidence they were understood the procedures and work instructions, and can demonstrated appropriately.

The organization has a “Daftar Induk Dokumen Internal” /Master List of Internal Document (form no. SOC/Form/4.02-01). The document was contained list of procedures and work instruction with updated revision status. In order to track of revision of documents (procedure, work instruction, form and etc) was identified with revision number and dated of revision. The documents (procedures, work instruction instructions, and etc) were written in Bahasa Indonesia, so easily to understand by all persons at all levels within organization.

Mechanism for control document including for keep track of revision was defined in “Prosedur Pengendalian Dokumen”/Procedure of Document Control, No. SOC/PSM/4.02, Edition 03, Revision 03, dated August 15, 2012. And, mechanism for control of record to ensure that all records needed by the organization and required by the standards are defined, storage, and maintained was defined in “Prosedur Pengendalian Rekaman”/Procedure of Record Control, No. SOC/PSM/4.03, Edition 03, Rev.02, Dated January 01, 2011.

Mechanism for internal control including field inspection to monitor consistent implementation of SOPs was defined in “Prosedur Audit Internal Sistem Manajemen”/Procedure of Management System Internal Audit (doc no. SOC/PSM/8.02, Edition 03, Revision 5, dated May 01, 2013. The procedure was cover all activities in planning, execution, reporting and corrective action and prevention in internal audit of QMS, OHS-MS, EMS, RSPO, SCCS, ISPO and SCCS.

Mechanism for review effectiveness of management system implementation was defined in “Prosedur Tinjauan Manajemen”/Procedure of Management Review (document no. SOC/PSM/5.01, Edition 03, Revision 02, dated July 01, 2013). The document was describe that review will be performed at least once a year to evaluate effectiveness and performance of QMS, EMS, OHS-MS, RSPO, ISPO and SCCS.

The organization has defined internal audit program for year 2016 and audit internal documentation such as “Memo Pemberitahuan Audit” (dated July 18, 2016), “Surat Tugas” (No. IA/TG-BB/144/16, dated July 14, 2016), and “Temuan Audit Sistem Manajemen Internal”. There is evidence that last internal audit was conducted in July 19-20, 2016, and performed by competent personnel assigned to carry out internal audit (Mr. Hasan Bisri Kasihuri). There is no NCR raised during the internal audit, however auditor team noted 4 (four) observation as opportunity for improvement.

The organization has established a procedure to address non-compliance and corrective action for continuous improvement, i.e.: “Prosedur Pengendalian Produk Tidak Sesuai”/Procedure of Non-conformity Product Control (Doc. No. SOC/PSM/8.03, Edition 03, Revision 7, and effective date November 05, 2015) and “Prosedur Tindakan Korektif dan Pencegahan”/Procedure of Corrective and Preventive Action (document no. SOC/PSM/8.04, Edition 03, Revision 04, dated August 01, 2014

Estate activities are programmed in annual program. Activities program are such as pest and diseases census, fertilising, spraying, cleaning of trench and road maintenance. Records of activities were sighted, e.g. “Daily Work Plan”, “General Workgroup Task Data Collection Sheet” and “Work performance and material use (Prestasi kerja dan pemakaian bahan)”. The record covered activities type, number of worker, quantity of agro chemical use, quantity of activities output and area of activities. Report and action plan of Agricultural Department visit was provided and sighted

The company has SOP of third party sourcing has been defined in SOC-POM/IK/19: Procedure of Receiving of Third Party FFB. Based on data of FFB receipt year 2016, the company does not receipt FFB from third party.

Compliance status: Full Compliance
Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

Findings:

The organization has established Working Instruction for GAP in managing soil fertility, i.e.: “Instruksi Kerja Pemupukan”/Working Instruction of Manuring, document no. SOC-KB/IK/01, Edition 01, Revision 02, effective dated January 2, 2016. The document was described regarding manuring methods, manuring processes, and etc. Explanation of manuring processes consists of Manuring at Nursery and Manuring at Field. Manuring at field divided into: New Plantation (N0); Immature Plantation (N1 – N2); Mature Plantation (N ≥ 4). The work instruction also described manuring process at specific condition, such as area with certain slope and peat soil.

Some documents were reviewed, i.e.: “Buku Untilan”; Konfirmasi Pengeluaran Barang Gudang (KPBG) dated August 01, 2016, Manuring (SOC2-104) dated August 01, 2016 (information contained afdeling, year of plant, Block, number of palm oil plant, fertilizer type, Dosage, number of palm oil plant per untilan, kg fertilizer per untilan, and number of “untilan” number) and “Booklet Pupuk 2016”.

There is evidence that the work instruction have been implemented and monitored, for example: manuring hasrealized at TM, Division II, Block 008, planting year 2003, areal 75.61 ha, number of palm oil 8,409 palm oil trees, and has applied Urea and dosage 1.50 kg/palm oil. There is evidence that has applied 930 kg (8.409 palm oil tree) of urea at August 01, 2016.

Record of fertilizer usage also available at “Rencana dan Realisasi Pupuk Kimia Aplikasi Satu Tahun Kebun Tanah Gambus”. Resume of fertilizer usage during period January into July 30, 2016 has recorded as below (planning / realization):

- Urea: 637,320 / 326,260 kg (51%)
- ZA: 0 / 0
- RP: 390,060 / 390,060 kg (100%)
- TSP: 24,850 / 24,850 (100%)
- KCL: 576,970 / 280,440 (49%)
- Dolo: 352,960 / 286,320 (81%)
- Kiserit: 71,980 / 31,060 (43%)
- Borax: 20,953 / 12,653 (60%)
- NPK 15-15-15: 162,710 / 59,400 (37%)
- NPK 112-12-17: 1,198,520 / 799,180 (67%)
- NPK 112-12-17 HCV: 16,200 / 7,100 (44%)
- Total: 3,452,523 / 2,217,323 (64%)

Records of fertilizer available and maintained, and recorded fertilizer were used are, Urea, RP, TSP, KCL, Dolomite, KCl, Kieserite, Borax, and NPK. Dosage of fertilizer was described in program of manuring. Program and realization of manuring was recorded in “Manuring Booklet” appropriately. The information was covers in the Manuring Booklet e.g.: manuring planning, division, block, year of planting, type and dosage of fertilizer, number of fertilizer, area of plantation, date of application, block applied and etc. Fertiliser program is linked to the agronomic report based on soil and leaf sampling analysis. Plan and Realization Fertiliser 2016 (until July 2016)

<table>
<thead>
<tr>
<th>Fertiliser</th>
<th>Plan (Kg)</th>
<th>Realization (Kg)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urea</td>
<td>637,320</td>
<td>326,260</td>
<td>51</td>
</tr>
<tr>
<td>RP</td>
<td>390,060</td>
<td>390,060</td>
<td>100</td>
</tr>
<tr>
<td>TSP</td>
<td>24,850</td>
<td>24,850</td>
<td>100</td>
</tr>
<tr>
<td>KCL</td>
<td>576,970</td>
<td>280,440</td>
<td>49</td>
</tr>
<tr>
<td>Dolomite</td>
<td>352,960</td>
<td>286,320</td>
<td>81</td>
</tr>
<tr>
<td>Kieserite</td>
<td>71,980</td>
<td>31,060</td>
<td>43</td>
</tr>
<tr>
<td>Borax</td>
<td>20,953</td>
<td>12,653</td>
<td>60</td>
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<tr>
<td>NPK 15-15-15</td>
<td>162,710</td>
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<td>1,198,520</td>
<td>799,180</td>
<td>67</td>
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<tr>
<td>NPK 112-12-17 HCV</td>
<td>16,200</td>
<td>7,100</td>
<td>44</td>
</tr>
</tbody>
</table>
The organization has SOPs for tissue and soil sampling, i.e:

- **Prosedur Analisa Daun**/Procedure of Leaf Analysis (document no. SOC/PSM/7.10-16, Edition 01, Revision 01, dated April 01, 2015). The procedure was described processes of leaf sample taken, including schedule of leaf analysis.

- **Prosedur Analisa Tanah**/Procedure of Soil Analysis (SOC/PSM/7.10-15, Edition 01, Revision 02, dated April 2015. The procedure was described processes of soil sample taken and state that soil sample will taken every 6 (six) year at Soil Sampling Unit (SSU).

Soil and leaf sampling is analysed regularly to determine the nutritional status of soil, to assist and to be guided in the preparation of annual fertilising programme recommendation. Leaf analysis is conducted once a year and performed 2 month after first manuring application. There is evidence that sample was taken on July 15, 2016 and was delivered to Analytic Laboratory SSPL PT. Socfindo on July 18, 2016 (based on Letter no. TG/BS/Bi/048/16, the letter was signed by Pengurus (Hery Budiyanto)). However, the records of leaf analysis have not received from the laboratory. Last soil analysis was conducted on January 2015, by Analytic Laboratory SSPL PT. Socfindo

The organization has defined and implemented a nutrient recycling strategy, e.g. EFB application and palm residues after replanting. There is evidence that EFB application was conducted in immature and mature plant. EFB application records available such as “Pengirman Aplikasi Janjangan Kosong ke Lapangan for year 2015 and 2016 (till April). Dosage of EFB application for Immature Plant (N0) was 10 tonne/ha and Immature (N1) Plant was 20 tonne/ha, and Mature Plant 45 tonne/ha. Total EFB application for year 2015 as below:

- **N0**: 2,469.46 tonne and 236.49 ha
- **N1**: 3,207.60 tonne and 159.25 ha
- **N2**: 0.38 tonne and 0.04 ha
- Mature Plant: 7,889.17 tonne and 176.92 ha
- Total EFB application: 13,368.63 tonne and 573.26 ha

Total EFB application for year 2016 (until July):

- **N0**: 160 tonne and 15.29 ha (plan 2,324 tonne fro 232.38 ha)
- **N1**: 2,522 tonne and 125.38 ha (plan 4,750 tonne for 237.50 ha)
- **N2**: 0 tonne and 0 ha (plan 0 tonne for 0 ha)
- Mature Plant: 166 tonne and – ha (p10,687 tonne for 237.48 ha)
- Total EFB application: 2,681.38 tonne and 140.67 ha (plan 17,760 tonne for 707.36 ha)

Land application of Palm Oil Mill Effluent (POME) was not applied in Tanah Gambus Estate. POME was treated in WWTP and then discharged to water body.

**Compliance status: Full Compliance**

**Criterion 4.3: Practices minimise and control erosion and degradation of soils.**

**Findings:**

The organization has a detailed soil map showing gradients and soil types. The source of map is PARAM Agriculture Soil Survey (M), SDN.BHD year 2004. Based on the map, soil type and slope of Tanah Gambus estate are as follow: gleisol district 371.17 ha; kambisol gleik 6.64 ha; nitosol district: 2,559.12 ha; organosol saprik 25.85 ha; podsolik district: 5.92 ha; and podsolik gleik: 445.20 ha. And the slope are flat (0 – 4 %): 976.89 ha; waving (4 – 12%): 2,253.20 ha; and hilly (12 – 24%): 143.02 ha.

The organization has a management strategy for plantings on slopes include identification of steep areas not suitable for planting in accordance with regulations and best practices. The organization also has a policy of planting on slopes, i.e: by provided through terracing, levelling of terrace, planting legume cover crops and determining of planting spaces.

The organization has established SOPs to minimise soil erosion based on local soil and climate condi-
Road maintenance program and realization was documented in book “Rawat Pasar”/Road Maintenance. Road maintenance performed by mechanical and manual for government road, primary road, and secondary road. Record of manual and mechanical road maintenance realization was observed included block and length of road maintained on “Realisasi Rawat Pasar”. The record of road maintenance realization during year 2016 as below:

- January: manual maintenance realization totally 4,425 meters
- February: manual maintenance realization totally 5,150 meters
- March: manual maintenance realization totally 3,600 meters and mechanic maintenance realization 4,400 meters
- April: manual maintenance realization totally 2,230 meters

During field observation it was sight that a roads, culverts and bridges were in good condition.

The procedure was developed based on reference of RSPO PPT/BPM (Best of management practice), the water management programme was defined to minimised the subsidence specifically to Tanah Gambus and Bangun Bandar estate that had peat depth < 3 m and land width < 50 ha, such as:

- Monitoring method: water front height was 70 cm as maximum, at the drainage outlet was made sandbags as the dam at the water gate with 70 cm height from land surface as maximum height.
- Measurement method: weekly measurement was conducted for several spots at the water canals/drainage system around the peat lands, the measuring equipment (liner/ruler) “Piezometer” was utilize by the person in charge that the land surface as the starting (zero) point.

During this audit was observed to peat land area at Division II – Block 8 for peat area of 15.55 ha and Block 7B for pea area of 10.53 ha and found that the water management in order to maintain water level has implemented appropriately. Records of monitoring results of monitoring water level and subsidence are available.

Tanah Gambus Estate has peat land areas as shown in map of soil type. The peat land located in division II – block 8 (15.61 ha) and block 7B (10.30 ha). The peat land at division II - block 8 was planted in 2010 and at block 7B in 2007. There is no replanting programme for next 5 (five) year.

The organization has established a system to conduct drainability assessment prior to replanting on peat, which is stated on SOC-KB/IK/08 (Work Instruction of Peat Land Management). However, there is no replanting on peat land during this recertification audit

The organization has established a documented procedure “Pengelolaan Lahan Marjinal di Perkebunan Kelapa sawit” procedure no. SOC/PSM/7.10/14, revision 02. The procedure addressed to manage other fragile and problem soils.

**Compliance status: Full Compliance**

**Criterion 4.4: Practices maintain the quality and availability of surface and ground water.**

**Findings:**

The documented procedure has been defined the method of water management plan include water source and distribution identification, volume of water utilization, parameter/standards of water utilization, identify the impacts include water effluents/wastes and also the method to reduce and control.

The water sources at Tanah Gambus were from ground water (ABT) as Decree of Regent of Batubara District No. No.503/ABT/007.A/KP2T/X/2014, dated October 29, 2014, regarding extention of “Izin Pengambilan Air Bawah Tanah”/Permit for Ground Water Usage. The permit valid for 3 years since issued. by Batubara Regent. The water was utilize for mill operations (include boilers, processes and domestics usage) that through the water treatment plant (using physicals and chemicals method) also for
estate operations (include housing, pesticides mixings and office operations).

There is evidence that the organization was reported their water usage to Regent of Batubara District, cq. Kepala Dinas Pendapatan Pengolahan Keuangan dan Aset Negara, regularly with monthly basis, e.g:
- Report of May 2016, water usage 38,027 M3
- Report of March 2016, water usage 22,007 M3
- Report of February 2016, water usage 21,971 M3
- Report of January 2016, water usage 12,005 M3

Tanah Gambus Estate was traversed by small river: A, B, C and Pluit River. Policy of riparian buffer zone management at or before replanting was provided in procedure Pengelolaan Areal Konservasi Sempadan Sungai (Management of riparian conservation area - SOC/PSM/9.07, Edition 01, Revision 04, and April 01, 2015). The last revision is addition of Flowchart.

The procedure was mentioned that riparian buffer zone is planted with beneficial plants and woody trees, manured with organic fertilizer such as EFB. The purposes of the activities are:
- To protect river from chemical pollutant such as fertilizer, herbicides and pesticides.
- To protect some specific species that protected by government act that exist in the riparian area.

There is evidence that the organization has mill effluent treatment process and has processes for checking and monitoring water discharge quality, especially BOD. There is evidence that water discharge quality was monitoring and testing by independent laboratory regularly. The results of monitoring and testing were reported to the authority’s agency in accordance national regulations. The organization has valid license to discharge mill effluent to water body, i.e: Permit No. 503/PLC/KP2T/001/XII/2011, valid until December 09, 2016.

Based on testing results of water discharge quality for January until June 2016 shown that the BOD of effluent under threshold value in accordance of PermenLH No.5 Tahun 2014, attachment III.

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<td>Test Results</td>
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<td>96.50</td>
<td>98.70</td>
<td>97.60</td>
<td>96.80</td>
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Remark: Threshold value: 100 mg/L
Data sources: Certificates of Test Results issued by Sucofindo Laboratory, certificates no. 00929/CLACAJ; 01229/CLACAJ; 02129/CLACAJ; 03103/CLACAJ; 03952/CLACAJ; 04522/CLACAJ

The organization has record of Mill water use per tonne of FFB processed. Result of monitoring of mill water use per tonne of FFB was sighted for periods January – June 2016. It was noted that mill water use per tonne of FFB for that periods in average is 1.93 M3/tonne FFB processed.

The organisation has program to reduce water consumption, e.g. arranging ground water abstraction by not all pumps are operated, arranging water distribution to staff housing, reusing sterilizer condensate water for press station, vacuum water discharge reuse for domestics water, flowmeter installation for all water utilization at mill

Compliance status: Full Compliance

**Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.**

**Findings:**

The organization has a documented IPM plan, that included identification of potential pests and thresholds, the techniques used (cultural, biological, mechanical and physical methods), the native species used as part of the biological control method, support in reducing the use of chemicals, prophylactic use of
pesticide, and effort to minimize of pesticide use.

The organization has established procedures, i.e:

- “Pengendalian Terpadu Hama Oryctes Rhinoceros” document no. SOC/PSM/7.10-11, Rev.04, dated April 01, 2015
- “Pengendalian Hama Tikus Secara Terpadu” document no. SOC/PSM/7.10-21, Rev.01, dated April 01, 2015
- “Pengendalian Hama Terpadu Ulat Pemakan Daun Kelapa Sawit” document no. SOC/PSM/7.10-13, Rev.02, dated April 01, 2015

The purposes of the above procedures are to implement the plan and monitor its effectiveness of integrated pest management. The records of pest occurrence and control available, for example:

- Book of “Sensus Ulat”, the book was contained data of caterpillar cencus
- Map of Caterpillar’s Attack
- Rotation of Caterpillar Cencus
- Journal of Control of Caterpillar Attack

There is a record of training provided to those involved in the implementation of IPM, i.e: List of attendance and meeting minute dated May 10, 2016, Training of Census of Plant Pest. Training was attended by 21 persons.

Compliance status: Full Compliance

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

Findings:
Company has Agriculture of District Batubara allowed PT Socfin Indonesia Tanah Gambus Estate, Ally, Amistartop, Bimaron, BM Notikus, Cymbush, Dacomin 865 SL, Garlon 670 EC, Gramoxone, Round up, 486 SL, Santador 25 EC, Starane 290 EC, Stathene 75 WG. Company has record of active ingredient, LD 50 area treated, amount of active ingredients applied per ha and number of applications), as record in document “Toksisitas Pestisida Tahun 2016”.

The company can not show evidence of reporting or justification from the competent authorities relating to the use of pesticides which there are limited pesticides (paraquat). It was raised as Nonconformities (RSPO 00601).

Base on pest census, type of pest in in Tanah Gambus Estate were pest, oryctes, caterpillar. Company implement Integrated Pest Management by provide media for natural enemies such as Turnera Subulata, antignonon, and also provide pheromone to trap such those pest. For rat pest, company use rat bites.

Company has use Paraquate as pesticide for specific weed, compare to usage in year 2014 (689 liters) there was significant decreasing in usage of Paraquate, since in year 2015 company use paraquat amount (843.5 liters), while record in year 2016 till June, only used 124.6 liters. Company only uses pesticide to eradicate specific weed which is not cover by natural enemies as defined IPM program.

Company conducting training regarding spraying technique, usage of PPE, spraying hazardous and mitigation was held in June 2016 for sprayer operator in All division of Tanah Gambus Estate, named Pante Kennedi, salimin. Training held June 15th, 2013 by Pesticide Commission of Sumatera Utara Province to ensure that pesticide applied in responsible way and safe. As observed in Afdeling 2 block 5 where, caterpillar spraying activity, it is met 4 pesticide spaying operator working. All sprayer have adequate training for safety applying and good application equipment and appropriate PPE available as well.

Base on observed in Tanah Gambus Estate chemical cttorage, the company has Glisat and Tiara as pesticide
which are stored at proper place. Company also keep the empty container of agrochemical and treated as Hazardous waste.

Spraying method following SOC/KB/IK/02 (spraying), this SOP content how to perform spraying since preparation, mixing chemical, transfer chemical to field, applying, reporting and safety aspect during spraying, handling empty container, handling emergency situation, and washing after spraying. Spraying team in Tanah Gambus Estate has equipped by appropriate PPE such as: apron, boots, hand-gloves, masker, and spraying team leader in field able to explain dangerous and emergency plan for spraying emergency situation. She also carry first kit with her. During field visit in Tanah Gambus Estate, found that every operator has completed with PPEs.

There is no aerially application. Waste material of Agrochemical disposed as Hazardous waste, periodically will transfer to Licensed Waste Storage in POM, after collected in every estate. Empty agrochemical treated as Hazardous waste, and kept in Licensed Temporary hazardous waste and disposed to licensed collector.

Medical surveillance for pesticide operators held in February 20th, 2016, some of them has exceed parameters, and company already forward to advanced medical check, and company has remove them to non-chemical job. There is no job, undertaken by pregnant or breast-feeding women.

Compliance status: Non Compliance

NCR RSPO 00601 (Major non-conformity)

The company can not show evidence of reporting or justification from the competent authorities relating to the use of pesticides which there are limited pesticides (paraquat)

**Criterion 4.7.1: A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.**

**Findings:**

The company has OHS safety policy. The company has OHS plan where in the OHS plan consist of OHS program to implement and monitored. Program covering training, campaign, inspection, PPE provision, fire management system, and reporting to authorised parties.

Company has identified all operations where health and safety is an issue, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers, including Nursery, manuring, harvesting, spraying, fertilizer application, transportation, processing, waste handling, maintenance, services as documented in document “DAFTAR ASPEK LINGKUNGAN, KESELAMATAN KERJA” as updated in April 01st, 2016.

Training for all workers available, daily training regarding safety and working procedure held every morning for all workers.

Company has safety committee as known as P2K3, and assigned Mr. Herman Ginting as responsible person to handling safety committee, including to held accident investigation for any accident. Monthly safety committee meeting to discuss several issue as health, safety, and welfare conducted as recorded in document RISALAH BRIEFING dated on July 12th, 2016 attended by respective person from all department/work station.

Company has record of accident and its investigation, investigation following procedure accident investigation. For example accident in April 26th, 2016 has investigated and reported to top management.

All workers in Tanah Gambus Estete covered by “BPJS Ketenagakerjaan”. Every accident in field and Mill are recorded in company clinic and resume as report completed by in LTA

Some issues related to the implementation of safety and occupational healththat need improvement such
Some issues related to the implementation of safety and occupational health that need improvement such as:

- Workers do not wear a helmet in the mill
- Smoking in the mill area indicated by the number of cigarette butts that littered and in the trash can
- The company does not provide safety shoes for visitors into the mill
- The company does not conduct safety induction to the mill visitors.
- The condition of septic tanks that is not properly closed in the employee emplacement.
- Sales of premium oils in the employees emplacement are not included in the risk assessment.

It was raised as Nonconformities (RSPO 00602).

**Compliance status:** Non Compliance

**NCR RSPO 00602 (Major non-conformity)**

The company has records of each training realization. Human resources have responsibility to keep the records for each employee that has been conduct training.

**Compliance status:** Full Compliance

**Criterion 4.8: All staff, workers, smallholders and contractors are appropriately trained.**

**Findings:**

The company has a procedure of training for human resources (SOC/PSM.6.02 edition 03, revision 07, effective date August 1, 2014).

The company has a training plan for year 2016 and realization of training year 2016. Some of training realization year 2016 such as:

- Training of preventive of emergency in the nursery dated July 1, 2016 which attended by 26 workers
- Training about cencus of pest that has been conduct on May 10, 2016 which attended by 21 worker
- First aid training was conduct on April 7, 2016 which attended by 26 workers
- Training of spraying and pesticide used that has been conduct on April 11, 2016 which attended by 13 worker
- Training of welding that has been conduct on March 28, 2016 which attended by 12 worker
- Training about PPE that has been conduct on March 22, 2016 which attended by 12 worker

The company has records of each training realization. Human resources have responsibility to keep the records for each employee that has been conduct training.

**Compliance status:** Full Compliance

**Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.**
Findings:

PT Socfin Indonesia has been conducted Environmental Impact Assessment. The scope of environmental impact assessment is palm oil plantation and palm oil mill located in Deli Serdang District, North Sumatra Province year 1993. The EIA has been include activity such mobilization of heavy equipment and material, use of worker, development of infrastructure i.e. road, empalacement, land clearing, land conservation such as land cover and drainage development, prevention of wildlife, counseling, FFB processing and waste processing. The EIA has been referring to law and regulation. Method of data collecting that used in the EIA assessment namely primary data and secondary data. The primary data obtained by observation and field measurement and taking sampling that has been involved the stakeholders which affected.

The company has management and monitoring environmental plan. The management and monitoring plan includes activity such as component of environmental to monitored, sources of impact, aims of monitoring, monitoring plan (method, location, frequent), person in charge and reporting. The company has been implemented the environmental management plan. This can be evidenced by report of RKL-RPL first half of 2016 which has been reported to the Environment Office with evidence receipt on August 1, 2016.

In the RKL-RPL report that has been submitted to the related agency, the company has not discussed the public health as listed in the matrix of environmental monitoring in the Tanah Gambus Estate. It was raised as Nonconformities (RSPO 00603).

The RKL-RPL has been implemented to measure the effectively of mitigation. The company does not conduct a review of the management plan and monitoring plan that has been set in the matrix RKL-RPL at least every 2 years. It was raised as Nonconformities (RSPO 00604).

Compliance status: Non Compliance

NCR RSPO 00603 (Minor non-conformity)

In the RKL-RPL report that has been submitted to the related agency, the company has not discussed the public health as listed in the matrix of environmental monitoring in the Tanah Gambus Estate.

NCR RSPO 00604 (Minor non-conformity)

The company does not conduct a review of the management plan and monitoring plan that has been set in the matrix RKL-RPL at least every 2 years.

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

Findings:

The company has been conducted identification and analysis of high conservation value presence in the Tanah Gambus Estate conducted by the Faculty of Forestry, Bogor Agriculture Institute in 2011. The result of assessment has been including information about presence of protected areas that could be significantly affected by the grower or miller, conservation status, identification of HCV habitats. The HCV assessment conducted by a qualified HCV assessor. The HCV assessment has been performed in consultation with relevant stakeholder on August 19, 2010. The HCV assessment has been including checking of biological. The HCV assessment has been performed in accordance to the latest methodology available at Global and national level. The method used in accordance with scientific standards and Identification Guide HCV in Indonesia version 2 in 2008 compiled by an Indonesia consortium of HCV toolkit revision. The company has map of HCV with scale 1:30.000.
Based on HCV assessment report, there were HCV identified in PT Socfin Indonesia Tanah Gambus including:

- HCV 1.1 (area that have or give supporting function to the biodiversity of protected or conservation area) and HCV 4.1 (area or ecosystem which important as water supply and flood control for downstream community): zone of the B river (11.64 ha), riparian buffer zone of the C river (4.06 ha), Pluit River (19.93 ha) and Swamp Forest (13,16 ha)
- HCV 1.2 (endangered species), species of bird endangered based on red list of IUCN was identified, e.g. Alcedoeuryzona. Species of mammal riparian buffer zone of the A river (length 5.163 m 5.73 ha), riparian buffer found was Lutra sumatrana.

The company has procedure of management and monitoring of HCV (SOC/PSM/9.06 edition 03 revision 03 dated February 1, 2016). The company has management plan containing appropriate measures that are expected to maintain and/or enhance them, includes:

- Maintenance of HCV marking, manual upkeep, NPK fertilization by drilling at the riparian
- Replacement of warning sign
- Monitoring of riparian
- Erosion handling
- Monitoring the presence of wildlife
- Monitoring of illegal hunting

The company has been conducted regularly field inspections to ensure implementation of mitigation plan. Field observation to HCV area and document “Evaluasi Program Pengelolaan HCV” (Evaluation of HCV program and management) of Tanah Gambus Estate period January to May 2016 was available demonstrate that the measures contained in the management plan been actively implemented.

Policies and regulations related to the protection of protected species and RTE species specified in the Procedures Management and Monitoring of HCV (SOC/PSM/9.06 edition 03 revisions 03 dated February 1, 2016). The company has also installed warning sign into preserve, maintain, and protect the protected species and do do not hunt wild and those who practice hunting will be penalized in accordance with Law No. 5 year 1990. Warning signs prohibition of hunting also installed at strategic locations in and around of plantation area.

Company has programme to regularly educate the workforce about the status of the RTE species through socialization and awareness. Socialization HCV protection and RTE species to all employees has been conducted every month (January until May 2016).

Organization has a policies or rules to protect RTE species based on UU No.5 / 1990. Penalties under the UU No.5 / 1990 “person who deliberately capture, injure, kill, keep, possess, maintain, transport, and trade in protected animals alive or dead can shall be punished with imprisonment of 5 years and a maximum fine100.000.000, -(one hundred million). Penalties were communicated directly to all employees and the local community during HCV socialization and through the HCV warnings signs boards.

Management plan of HCV has been established based on HCV assessment in 2010. Ongoing monitoring of the HCV management plan is performed regularly in monthly basis. Division Assistant is the personnel in charge for conducting the monitoring of HCV. Records of HCV monitoring were available and it was observed that monitoring was performed consistently. HCV management plan is updated once a year based on the outcome of the HCV monitoring that performed regularly in monthly basis. HCV and RTE species that are affected by plantation or mill operations have been monitored, documented and reported in monthly basis. A record was available in "Monitoring Keberadaan Satwa Dilindungi" (Monitoring of RTE species existences - SOC/Form/9.06-02). Items checked contain RTE species existence, disturbance of people hunting and warning sign condition. The company has been conduct an evaluation of the monitoring program and given the feedback on HCV management plan. Based on HCV map and public consultation with local communities there was no HCV set-asides with existing rights of local communities.

**Compliance status:** Full Compliance

**Criterion 5.3:** Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner
Findings:
Waste identified in every activity, in parallel with risk assessment as well. All chemicals and their containers shall be disposed to collector PT Amindy Barokah as licensed collector. The newest submission of their waste on March 21st, 2016 while previous shipment was October 10th, 2015 as record in hazardous Waste Manifest number 0004983.

For hazardous waste company dispose to collector PT Amindy Barokah as licensed collector, Tanah Gambus Mill disposed their liquid waste to mainstream, as permit Number 503/PLC/KP2T/001/XII/2011, maximum volume 6000M³/month. From log book of waste water treatment plant flow meter during January 2016 amount 1,757,675 liters and June 2016 amount 3,558,840 Liters, this number less then or below of maximum permit.

For domestic waste Company has guidance for waste handling in landfill and workers housing as define in document SOC/Dp/4.11-04 since November 01st, 2011.

Compliance status: Full Compliance

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximized.

Findings:
Tanah Gambus Mill used renewable energy (fiber and shell) to replace fossil fuel in boiler operation. During year 2015 company used amount 2,730,690 kg shell equal to 10,622,384,100 Kcal when fiber amount 8,330,081 Kg equal to 19,242,487,688 Kcal. Company plan to increase efficiency of this renewable energy in future.

Compliance status: Full Compliance

Criterion 5.5: Use of fire for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.

Findings:
The organization has defined a policy of zero burning, as documented in Ethical Policy (SOC/Dp/4.01-64). It was described that land preparation for replanting is performed by cutting and chipping. During observation to organization’s areas, there is no found fire for any purposes in the organizations areal.

There is evidence that preparing land for replanting has been conducted by cutting & chipping, for example documented in document “Verifikasi Data Chipping Pokok Program Land Clearing Tahun 2016”. The document described chipping realization for land preparation.

Compliance status: Full Compliance

Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

Findings:
Company has identify polluting activities conducted and recorded in document, those are:
  a. Methane gas emission from waste water pond (effluent pond)
  b. Usage of fossil fuel for power generator and vehicle
  c. Emission from power generator, Boiler, and vehicle
  d. Usage of chemical fertilizer and pesticide
Company has identified significant pollutants and GHG, those are:

- Methane gas emission from waste water pond (effluent pond)
- Usage of fossil fuel for power generator and vehicle
- Emission from power generator, Boiler, and vehicle
- Usage of chemical fertilizer and pesticide
- Electricity usage
- Emission from peatland

And determined program to reduce or minimize them by:

1. Maintain level of water in peatland area/canal less than 60 cm from ground level
2. Optimize usage of shell and fiber for boiler fuel to replace fossil fuel at least 80% from potential energy
3. Usage of empty bunch to reduce usage of chemical fertilizer at least 15.340 MT/year
4. To control volume of liquid waste which is produced

Company has calculated their GHG emission, using RSPO calculator version 2.1.1 for year 2015 activities, here the calculation result:

- Final emission per product
  - CPO = 0.37 tCO₂e/t product
  - PK = 0.37 tCO₂e/t product
- Overall emission summary
  - Total field emission (tCO₂e) = 206.77
  - Total mill emission (tCO₂e) = 6,570.32
- Emission from Palm Kernel Crusher
  - PK from own mill = 966.46 (tCO₂e)
  - PK from other source = 0
  - Fuel consumption = 0

Compliance status: Full Compliance

**Criterion 6.1: Aspects of plantation and mill management including replanting that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.**

**Findings:**

Socfindo Tanah Gambus estate has reviewed SIA in 2015, involving representatives of stakeholders. There is evidence of documentation of the meeting dated August 10, 2015 which shows that the company has collected data and discussions with stakeholder representation among other village officials, district staff, and journalists. From the SIA assessment, information has been obtained on positive and negative impacts from the company activities. The positive impacts are, among others: road access, work opportunities, social contribution program, public facilities (mosque, church, football field, clean water providing) and resource utilization from the estate (palm sticks, grass, ferns, mushroom, empty bunch, etc.). While the negative impact is reduced villager income due to puddle of liquid waste and smell from palm oil mill. Socfindo also has Environmental Management and Monitoring Plan document (RKL/RPL) that included social impact too so that SIA document and RKL/RPL are complementary. The company has made management plan focusing on Simpang Gambus, Tanah Gambus, Perkampungan Lima Puluh and Sumber Makmur Villages as villages located nearby the concession.

Social impact management plan was created through the involvement of representatives of local government as well as community members. A visit to the office of Simpang Gambus, the village head confirmed the company representatives visit them to discuss the issue of company’s social contribution such as scholarship, goat livestock program and community proposal support. Socfindo Tanah Gambus also has carried out evaluation of social impact implementation for year 2015 dated March 7, 2016 and documented. The document describes the analysis and explanation regarding the handling of the impact of positive and negative impacts, such as:

- Social contribution; only 36% of activities is successfully completed. The reason is: there are oth-
er priorities and monitoring programs are not implemented properly
- Road access; Road at blocks 7, 12, 8, 9, 36 and 50 are used for public traffic. Roads in good condition, except when it rains
- Public facilities: monitoring a number of estate facilities that have been utilized by the villagers around the company
- Resource utilization from the estate, purpose utilization of palm sticks, grass, ferns, mushroom, empty bunch, etc.
- Mill activities impact; sewer handling of mill to the river that passes through the land of the villagers
- Work opportunities; to date there are 91% of employee come from villages surround the company

**Compliance status: Full Compliance**

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**Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.**

**Findings:**

Procedure for communication and consultation with public was established by organization. Stage of communication and consultation with public was described in Procedure of Social Communication (SOC/PSM/9.01 Rev.04) dated 1st September 2014. According to procedure, Pengurus Kebun (Estate Administrator) has been appointed as responsible person for these issues.

There is a list of stakeholders that have been updated, dated 11 July 2016. The Company categorizes stakeholder as internal (employees) and external (government agencies of Batu Bara District, Villages around Tanah Gambus, labor unions, local NGOs, general suppliers / contractors. Socfindo stated that the change of name and contact stakeholders will be updated as latest information, but it is not stated in the Social Communication Procedures. It is expressed as a negative observation.

Interviews with the villagers, they indicate if they have a need with companies (ask for assistance from the company or complaint), they will come to the Socfin do office. Meanwhile, if the company will submit certain information to the community, the company contacted the head of the village or hamlet head. Companies documenting communications with stakeholders, which can be checked through the requests for information logbook and complaints logbook. Check against the complaints logbook since August 2015-August 2016, there was no complaint from stakeholders.

**Compliance status: Full Compliance**

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**Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.**

**Findings:**

Company has social grievance procedures SOC / PSM / 9:02, revision 04, effective date January 13, 2016. This guide is intended to address social grievances, both external and internal, and ensure complaints are followed. Socfindo create documents record complaints. Checking of the document from January 2015 until July 2016 no complaints either from external or internal.

Company has been informed the procedures for handling complaints to the village of Tanah Gambus, Simpang Gambus and Sumber Makmur, on April 20 and May 16, 2016 which was attended by 19 people. At the time of the meeting appeared several aspirations among others: 1) scholarships for children from poor families, 2) Companies continue to communicate with the local government and community, 3) house renovation program for the poor, 4) channel water from the installation of WWTP companies to be maintained.

There are complaints about the channel runoff water from the WWTP plant in Hamlet Pulo Puli that reappear when the public consultation held on 2 August 2016. Interview with hamlets head and residents in Pulo Puli on August 3, 2016, they provide information that at the time of rainfall, the community gardens
located along the canal path will be under water long enough. The reason is water can not flow into the Babolon river immediately because the river were also flooded at the same time. Socfindo and the public agree that the cleaning (grass and mud) in the area of the canal performed annually. Companies contribute to providing material and costs, while the community provided the labor. Due to problems of water channels were not only caused by Socfindo alone, in the future Company said it will put this issue as part of the company's social contribution.

Compliance status: Full Compliance

Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Findings:

PT Socfin Indonesia Tanah Gambus has established/started since 1930. Land ownership before HGU was Erpacht Rights. There was no identified the existence of indigenous land in the concession company. Socfindo did not acquire any new land after 2005. All land acquisition process was done before 1968. However, company establishes procedure regarding land acquisition, that is: 1) Land Acquisition Procedure (SOC/PSM/9.04) Rev.00 dated January1, 2010; 2) Procedure for calculating and distributing fair compensation (monetary or otherwise) has been established and available in procedure of Identification and calculation of land compensation (SOC/PSM/9.05) Rev.01 dated April 1, 2015.

Compliance status: Full Compliance

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

Findings:

Documentation of employees’ pay rates was made by the organization. Workers were classified into daily worker (BHL – Buruh Harian Lepas), and permanent worker (KHT – Karyawan Harian Tetap & employees).

Evidence that the workers have received wage according regulation could be demonstrated. Minimum wages payment refers to latest Northern Sumatera Governor’s Decree Letter No. 188.44/11/KPTS/tahun 2016 concerning minimum wage and the plantation sector minimum wage as much as IDR 2.178.625/month. Based on verification of employee payroll from January to August 2016, there was no employee paid below minimum wage and it has compliance with the regulation.

Pay and conditions of employment clearly detailed in the employment or service contracts. Employees contract are available for permanent employees, contract labor agreement contains agreements include: working time, dependents, payroll and consent of both parties, Working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc described in PKB years 2015 - 2017 which have been agreed between the employees (represented by SPSI) and company and endorsed by the Director.

Based on interview with worker it was noted that there was no worker wage deduction. Payments for workers were determined according to daily attendance register and over time shift. Daily attendance for workers was recorded and controlled manually by the each Assistant.

Wages for contract workers (BHL) who worked for the Cooperative Olein not refer to a provincial minimum wage standards. A provincial minimum wage standard is set IDR 2.178.825 or daily wage paid IDR 87.145 for 7 hours or IDR 12.449 / hour. Based on field findings obtained the worker's salary paid by contractors as much as IDR 8.500 / hour. Not obtained an adequate explanation of the volume of the work related to the amount of labor required for the execution of each activity. It was raised as Nonconformities (RSPO 00605).
Socfindo provided adequate medical, educational and welfare amenities to national standards. Public facilities were provided by the organisation with basic facilities and covered child care, kindergarten, building for prayers (mosque and church), sports facility (e.g. volley ball, badminton, futsal, and tennis), housing for workers and medical facilities (clinics). While electricity provided by State Electricity Company. Company was also making a program for the provision of potable water that can be used by employees who will be located in the Division II and III to fulfil the needs of all divisions. But for reasons of convenience, most employees prefer using a water jet pump to meet water needs.

The organization made demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food. There are cooperatives that provide basic needs of employees. Based on interviews with managers and employee, it can be demonstrated that 90% of employees bought their basic necessities from the cooperative. While for the rest, there is no problem regarding access to the market. Based on the interview with worker representatives and labour union, it was concluded that there was no problem regarding access to adequate, sufficient and affordable food. As part of the allowance, an employee is entitled to 15 kg of rice every month. While wife and kids each got a rice allowance 9 kg and 7.5 kg every month.

The condition of some houses was checked in Afdeling 1 found poor drainage. There is also a septic tank that is in an open condition and spread the smell. It was raised as Nonconformities (RSPO 00606).

**Compliance status: Non Compliance**

**NCR RSPO 00605 (Major non-conformity)**

Wages for contract workers (BHL) who worked for the Cooperative Olein not refer to a provincial minimum wage standards. A provincial minimum wage standard is set IDR 2.178.625 or daily wage paid IDR 87.145 for 7 hours or IDR 12.449 / hour. Based on field findings obtained the worker’s salary paid by contractors as much as IDR 8.500 / hour. Not obtained an adequate explanation of the volume of the work related to the amount of labor required for the execution of each activity.

**NCR RSPO 00606 (Minor non-conformity)**

The condition of some houses was checked in Afdeling 1 found poor drainage. There is also a septic tank that is in an open condition and spread the smell.

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

**Findings:**

Freedom of association has been mentioned in Ethical Policy (SOC/Dp/4.01-64) Rev.04 dated January 18, 2016. Organizations understand that workers have the right to argued, associate and organize in a labour union. Organization committed to provides opportunities for workers to organize in unions and express an opinion.

Commitment covered in the policy are:

- The organization recognizes workers’ rights to express their opinions and organize freely and responsibly run in labour union organizations.
- Organizational policies related to ensure workers’ rights are discussed and decided by taking into consideration the union.
- Ensured that the disclosure made by aspiration unions did not cause the collapse of a termination for union leaders and members.
- Promoting the principle of dialogue to reach consensus in addressing the aspirations from labour union to the company.

There were union workers represent estate and mill employee incorporated in the SPSI Serikat Pekerja Perkebunan PT Socfin Indonesia Tanah Gambus with the registration number in Batubara Labour Office.
Minutes of meetings with the main labor unions has been documented, e.g. briefing the proposed system of premiums in 2016 on December 16, 2015 attended by 7 people; SPSI board briefing on estate Tanah Gambus dated February 18, 2016 was attended by 10 people.

**Compliance status:** Full Compliance

**Criterion 6.7:** Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

**Findings:**

Ethical Policy (SOC/Dp/4.01-64) Rev.04 dated January 18, 2016 mentioned that the organization committed not to hire underage workers required by labour law that is at least 18 years. Companies ensure regulatory provisions governing the child labor were followed.

List of employees which updated on July 2016 showed that no employee under the age of 18 years. During field observations demonstrated that there was no underage worker and no children were invited to work by their parents. This complied with UU 13/2003 and with International Labour Organisation (ILO) Convention 138.

**Compliance status:** Full Compliance

**Criterion 6.8:** Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

**Findings:**

Equal opportunity has been documented in ethical policy No. SOC/Dp/4.01-64 Point 6, the document was publicly available (based on request). Its cover race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.

Based on company record, to date there are 91% of employee come from villages surround the company.

Based on public consultation on August 2nd, 2016 with stakeholders and employee could be demonstrated that there was no discrimination against employees and groups including local communities, women, and migrant workers. There was no complaint against the company on issues relating to discrimination based on public consultation with stakeholders and employee.

**Compliance status:** Full Compliance

**Criterion 6.9:** A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

**Findings:**

Company have the policy to prohibit any form of sexual and all other forms of harassment and violence that described in Ethical Policy No. SOC/Dp/4.01-64 Point 7. Protection against sexual harassment and violence. PT Socfindo committed to preventing various forms of violence and sexual harassment of all workers.

Company remained consistent dissemination policy related to sexual harassment, including that done on June 25, 2016. Employees of the company and contractor employees to confirm that they still remember about the sexual harassment policy, gender committees, as well as reporting mechanisms if any incident of harassment.

Mitigation and complaint regarding gender and sexual harassment regulated and defined in social com-
plaint handling procedure SOC/PSM/9:02 dated January 13, 2016. Complaints of gender issues can be submitted a written notification to the gender committee or the company management, gender committee will studying the complaints and mediate between the complainant with the company; for sexual harassment mediation performed between the perpetrators with the victim.

Policy regularly reviewed once a year. The first ethics policy was published in September 2010 and has been revised three times, the last revision in January 2016.

Company has established the policy to protect the reproductive rights of all, especially of women which described in Ethical Policy No. SOC/Dp/4.01-64 Point 8. The protection of reproductive rights. PT Socfindo committed to recognize the reproductive rights of women and ensure women workers derives his right.

- The company ensures to provide adequate child care facilities
- Ensuring that pregnant women are not do the work associated with chemicals
- Ensuring that breastfeeding mothers are not work on tasks associated with chemicals and during breast-feeding up to 9 months get adequate rest periods
- Ensuring the reproductive rights of female workers use their rights and still get the full wage Ethic policy has described the protection of the reproductive rights of all, especially of women, been implemented and communicated to all levels of the workforce.

Policy has been communicated to employee. Note on the implementation of socialization is well documented. For example, there is evidence of socialization on 23 and June 25, 2016 to the foreman and spraying workers attended by 10 people. Policy communicated directly to employees by their respective assistants and through submission which conducted by gender committee against female employees.

**Compliance status: Full Compliance**

**Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.**

**Findings:**

Based on data of FFB receipt year 2016, the company does not receipt FFB from third party. So this criteria not applicable.

**Compliance status: Not Applicable**

**Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.**

**Findings:**

Local development needs and priorities have been identified by organization through consultation with local communities and social impact assessment. Interviews with the village of Simpang Gambus, they stated that the company is always coordinated with the village, among other related issues of the concession boundaries with community lands and assistance to the community. In 2016, the company provides assistance for goat livestock program. In addition to activities such as the village's independence day events and religious events, communities are welcome to submit assistance proposal. The company allocated social contributions annually. For the year 2016, has been in place since December 2015 amount Rp153.500.000 external (community and local government) and Rp53.500.00 for internal (employee).

There is document of CSR program activity reports for year 2015, programs supported include: educational, social, religious, and public infrastructure. The total funds disbursed were Rp80.771.008. In 2015 the company allocated 18 CSR programs with the realization of 36%. The reason is there are other more priority activities and the implementation of CSR activities is not carefully monitored.
### Criterion 6.12: No forms of forced or trafficked labour are used.

**Findings:**

Company's policy on forced or trafficked labour was described in Ethical Policy PT Socfin Indonesia No. SOC/Dp/4.01-64 Point 13. Socfindo did not employ migrant workers. Checking against worker who works on contractors, they are residents of communities around the company. Employee's work based on contract labor agreement that contains agreements include: working time, dependents, payroll and consent of both parties. Working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc described in PKB years 2015 - 2017 which have been agreed between the employees (represented by SPSI) and company.

**Compliance Status: Full Compliance**

### Criterion 6.13: Growers and millers respect human rights.

**Findings:**

Policy to respect human rights has been documented in ethical policy (SOC/Dp/4.01-64 Rev.05 dated 18 January 2016). Top management has commitment to respect human right refers to internationally recognized human rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. The document has been communicated to all levels of the workforce and operations based on public consultation with labour union, worker and gender committee.

The policy has been communicated to all employees, including outsourced workers, customers and suppliers by socialization/dissemination. Socialization was conduct regularly once a year. Dissemination of social communication procedure has been performed in September 2nd 2014 to stakeholder. Socialization to all levels of employees: office workers were conducted in December 2014 and January 2015, mill workers in July and August 2015, estate workers conducted in September and October 2015.

During audit and based on verification on public consultation with stakeholders in October 6th, 2015 and interview with employee could be demonstrated that there was no cases of human rights violations in PT Socfin Indonesia Tanah Gambus.

**Compliance Status: Full Compliance**

### Criterion 7.1: A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

**Findings:**

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

**Compliance status: Not Applicable**

### Criterion 7.2: Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

**Findings:**

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since
the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

**Criterion 7.3: New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.**

Findings:

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

**Criterion 7.4: Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.**

Findings:

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

**Criterion 7.5: No new plantings are established on local peoples’ land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

Findings:

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

**Criterion 7.6: Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreement**

Findings:

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

**Criterion 7.7: Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.**
Findings:

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

Criterion 7.8: New plantation developments are designed to minimise net greenhouse gas emissions.

Findings:

PT Socfin Indonesia – Tanah Gambus Estate has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered “Not Applicable”.

Compliance status: Not Applicable

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

Findings:

The company has a program for continual improvement 2015-2016. The continual improvement program i.e substitution of paraquat, planting of beneficial plant and chipping the affected plant of Ganoderma. The company has been monitoring and recording the implementation of the continual improvement program.

The estate and mill have a monitoring action plan and implementation report based on their Environmental management and monitoring plan and regular evaluations of plantation and mill operations. PT Socfin Indonesia estate and the mill prepares a report of their implementation of the RKL/RPL once every 6 months as required by the environmental department, which covers aspects required to be monitored in the RKL/RPL.

The company also conduct internal and external audit regularly and management review meeting held to evaluate the adequacy and effectiveness of the management system. The company also has monthly program about briefing safety and health to all workers.

Compliance status: Full Compliance

- RSPO SCCS Module D

D.1. Definition

Findings:

The organization (Tanah Gambus Mill) stillimplemented the RSPO-SCCS Identity Preserved (IP) model. This model will allowed the mill used the certified FFB from own supply base certified to the RSPO P&C.

Tanah Gambus mill has record of incoming FFB supplied to the mill. Based on year of 2015 data and 2016 until July, FFB incoming into the mill is came from owned estate and out growers/third party. During the recertification assessment, for 2015 total incoming FFB from owned estate under (scope certification) is 63,880,520 mt and from out grower is 2,760,130 mt.
The company does not receiving FFB from third party since November 2015. While in 2016 (until July 2016), Tanah Gambus mill has received the FFB from owned estate is about 36,593,320 tonne.

**Compliance status : Full Compliance**

### D.2. Explanation

**Findings:**

The actual of certified CPO and PK year 2015 are 15,596,439 MT (CPO) and 2,590,578 MT. Whereas, projection of certified product year 2016 are 17,311,097 MT (CPO) and 3,227,493 MT (PK) with projection of certified FFB process is 73,352,106 MT and extraction rate are 23.60% (OER) and 4.40% (KER). This information gets from budget of mill year 2016.

Registration with IT trading platform Tanah Gambus mill has register to RSPO IT system with license number ID RSPO_P01000000352. Tanah Gambus Palm Oil Mill has already selling CPO and PK RSPO certified and has evidence the transaction has conducted in the RSPO E-Trace. Total selling CSPO from January until July 206 is about 8,379.86 mt and CSPK as much as 938.36 mt.

Tanah Gambus palm oil mill also registered in RSPO Green Palm with the RSPO Green Palm member ID P0054

**Compliance status : Full Compliance**

### D.3. Documented procedures

**Findings:**

Tanah Gambus mill has established the procedure for RSPO SCCS IP (SOC/PSM/9.10, edition 01, revision 05, and effective date February 1, 2016). This procedure has explained about receiving FFB, weighing, loading ramp until storage tank and transportation process, and others. This procedure also has set the CPO and PK sustainable (RSPO SCCS IP).

The company has letter of decree of Manager No. TG/Div/Bi/031/16 dated March 10, 2016 about appointed of person in charge of Supply Chain Certification Standard (SCCS). The personal in charge to implement of SCCS Identity Preserved (IP) is palm oil clerk. Tanah Gambus mill has been conducted RSPO SCCS training for person in charge to implement SCCS Identity Preserved (IP). Evidence of training has been conducted such as attendant list of participant and training certificate. Training has been conducted on March 10, 2016.

**Compliance status : Full Compliance**

### D.4. Purchasing and good in

**Findings:**

The company has field docket (records of collecting trip). This document has explained how to trace sources of FFB. It was observed that the tonnage of all certified FFB/IP have been recorded in the field docket (records of collecting trip) moreover the tonnage were verified in the weighbridge of the site.

The company also use stamp Identity Preserved (IP) in form slip FFB in weighbridge. Amount of FFB and palm oil product certified and un-certified was explained in principle and criteria 1 above.
The company has been conducting the registration in e-Trace related sales that has been conducted. Tanah Gambus mill has procedure and mechanism to inform the over production into the CB for RSPO SCCS IP (SOC/PSM/9.10, edition 01, revision 05, and effective date February 1, 2016). This procedure has explained about “if over production projected, the marketing unit will inform to the CB related that over production”.

Compliance status : Full Compliance

D.5. Record keeping

Findings :
Tanah Gambus mill has record of Identity Preserved (IP) template consist of certified FFB incoming information, FFB production, CPO and PK production, OER and KER, delivery information, and stock condition in every three months.

Compliance status: Full Compliance

D.6. Processing

Findings :
The site has assured and verifies that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage through the procedure for RSPO SCCS IP (SOC/PSM/9.10, edition 01, revision 05, and effective date February 1, 2016). This procedure has explained about receiving FFB, weighing, loading ramp until storage tank and transportation process, and others.

It was verified that the site does not purchasing FFB from third party since November 2015. All FFB processed can be categorized as IP FFB and produced CPO/IP and PK/IP.

Compliance status: Full Compliance

3.2 Status of Previously Identified Non-conformities

During 4th surveillance audit, a total of 4 nonconformances were identified for RSPO P&C. These consisted of 1 major non-conformities and 3 minor non-conformities. Where as, total of non-conformance of RSPO SCCS is 0 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.

• RSPO P&C

Criterion 2.1. (Major indicator 1) Evidence of compliance with relevant legal requirements shall be available.

Non-conformance 2015-01 of 04 (Major non-conformity)

There was no evidence available for ensuring compliance of legal requirement UU No.18/2013 related to Prevention of Forest Devastation clausal 17.2.e. Moreover there was no evaluation compliance for the related legal requirement.

Verification result :
The company has submitted evidence i.e. a written statement from the village head of where the FFB came from which states that FFB supplied to Tanah Gambus Mill did not come from forest areas. Companies currently do not receive fresh fruit bunches from the outside.

**Auditor Conclusions : Closed**

**Criterion 2.2. (Minor indicator 2) Legal boundaries shall be clearly demarcated and visibly maintained.**

**Non-conformance 2015-02 of 04 (Minor non-conformity)**

There was different number pegs at map and in the field.

**Verification result :**

Based on field verification, it can be seen that the peg has been replace and it was accordance with the land title map. The company has been replace the peg position between peg No. 9 and peg No. 10 and both of pegs has been visited to the field.

**Auditor Conclusions : Closed**

**Criterion 4.4. (Minor indicator 1) An implemented water management plan shall be in place.**

**Criterion 6.5. (Minor indicator 3) Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.**

**Non-conformance 2015-03 of 04 (Minor non-conformity)**

Lack of evidence regarding clean water monitoring and corrective action.

**Verification result :**

The company has been conduct water analyze based on matrix of RKL-RPL. Based on analyze result, it can be seen that quality of water still below the threshold of government regulation. The measurement analysis for water was conducted periodically against the standard of Permenkes 416/MENKES/IX/1990 for ground water (well water) by third party laboratory (Mutu Agung Lestari).

**Auditor Conclusions : Closed**

**Criterion 5.2 (Minor indicator 4) Where a management plan has been created there shall be ongoing monitoring:**

The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;

Outcomes of monitoring shall be fed back into the management plan.

**NCR No. 2015-04 of 04 (Minor non-conformity)**

Evaluation of the monitoring program has not been performed and not given the feedback on HCV management plan.

**Verification result :**

The company has conduct evaluation for HCV monitoring result program for year 2015. This evaluation has been conduct on January 6, 2016. The evaluation of monitoring program such as regular inspection and the result of regular inspection is used as recommendations for HCV management plan next year. Based on HCV management plan year 2016, the program has been made based on the results of previous assessment.
### 3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

During the re-certification assessment, total 8 non-conformities were raised, 4 non-conformities were assigned against Major Compliance indicators and 4 nonconformities were assigned against Minor Compliance Indicators for RSPO P&C Generic 2013. For the major 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 documents submitted by the company. For the minor non-conformances, 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:

- **RSPO P&C**

  | **Criterion 2.1.1 Evidence of compliance with relevant legal requirements shall be available.** |
  | **Non-conformance: RSPO 00599 (Major non-conformity)** |
  | In the list of regulation has not been mentioned reference implementation of social contribution (CSR) i.e. UU PT 40 Article 74; PP No. 47 about Environmental Social Responsibility |
  | **Correction:** |
  | Conduct an identification and an evaluation the regulation for UU No. 40 Article 74; PP No 47 about Social and Environmental Responsibility |
  | **Corrective Action:** |
  | Conduct updating the regulation from other source about OSHAS, Environmental, local employee community, plantation |
  | **Auditor Conclusions: Closed** |
  | **Date of closure: September 17, 2016** |
  | **Verification result:** |
  | The Company has submitted evidence of improvement such as: |
  | - Identification and evaluation of regulation and other requirement compliance period July 2016 on Tanah Gambus estate by adding UU No. 40 year 2007 about Perseroan Terbatas, PP No. 47 year 2012 about Social and Environmental Responsibility |
  | - List of updating regulation on PT Socfindo |

  | **Criterion 2.2.2 Legal boundaries shall be clearly demarcated and visibly maintained.** |
  | **Non-conformance: RSPO 00600 (Minor non-conformity)** |
  | The company has procedure of environmental, safety and health monitoring (SOC/PSM/4.12 edition 1, revision 03, effective dated September 1, 2010) but this procedure more includes about environmental, safety and health monitoring and not yet includes monitoring and maintenance of land use right pillars. |
Correction:
Revise the procedures of environmental, safety and health patrol (SOC / PSM / 4.12) by adding pillars monitoring guidelines.

Corrective Action:
Conduct patrols of land title pillars in accordance with the guidelines that have been made.

Auditor Conclusions: Closed
Date of closure: September 17, 2016

Auditor Conclusions: Corrective action plan accepted. Effectiveness of implementation to be verified during next audit

Criterion 4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available.

Non-conformance: RSPO 00601 (Major non-conformity)
The company cannot show evidence of reporting or justification from the competent authorities relating to the use of pesticides which there are limited pesticides (paraquat).

Correction:
Plantation department make justification about used of paraquat in the plantation operational

Corrective Action:
- use of paraquat on a limited basis
- compose paraquat reduction program

Auditor Conclusions: Closed
Date of closure: September 17, 2016

Verification result:
The Company has submitted evidence of improvement such as:
- Letter from Plantation Department and General Manager to Pengurus Tanah Gambus estate with number of letter TN/KS/Bi/147/16 dated August 16, 2016 about reduced of paraquat used until 50% and mixing between paraquat with weed solution with ratio 50%: 50%
- Program of reduced used of paraquat and substitution with weed solution year 2016

Criterion 4.7.1 A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.

Non-conformance: RSPO 00602 (Major non-conformity)
Some issues related to the implementation of safety and occupational health that need improvement such as:
- Workers does not wear a helmet in the mill
- Smoking in the mill area indicated by the number of cigarette butts that littered and in the trash can
- The company does not provided safety shoes for visitors into the mill
- The company does not conducted safety induction to the mill visitors.
- The condition of septic tanks that is not properly closed in the employee emplacement.
- Sales of premium oils in the employees emplacement are not included in the risk assessment

Correction:
• Giving safety briefing to all employees regarding the obligation to wear a helmet and should not smoke while working in the mill.
• Installing warning sign required wear a helmet.
• Installing warning sign no smoking in the the mill area
• Giving briefing to the Tekniker II to provide the required PPE for each guest who visited the mill.
• Giving briefing to the security in the post of gate enters the mill in order to provide safety induction to every guest who entered the mill
• Repairing the top layer of septic tanks in the house on behalf Supartik (Afd IV).
• Socialization to shop owners about the dangers of gas petrol and handling mechanism.
• Conduct identification and risk assessment to the activities of selling fuel in the emplacement of employees

Corrective Action:

• Giving safety briefing to all worker periodically
• Renewable the warning sign of safety and health
• The resident of emplacement will reporting to emplacement clerk if any damage
• Expand the scope of identification, not only mill and estate operation but also condition around estate including emplacement

Auditor Conclusions: Closed
Date of closure: September 17, 2016

Verification result:
The Company has submitted evidence of improvement such as:

• Minutes of briefing about use of PPE held on August 04, 2016, photo documentation and attendant list of participant. The materi of briefing i.e used of PPE and discuss about prohibition to smoking in the mill area. This briefing attended by 31 workers.
• Minutes of briefing about procedure of guest reception held on August 04, 2016 to security, photo documentation and attendant list of participant. The materi of briefing i.e preparing visitor card and PPE to guest who enters into the mill area. This briefing attended by 4 securities.
• Minutes of briefing about the dangerous of fuel to employee fuel shop held on August 08, 2016 to owner of fuel shop, photo documentation and attendant list of participant. The materi of briefing i.e handling mechanism of fuel.
• Revision of identification and risk assessment of environmental, safety and health aspect with adding sales premium activity in the emplacement.
• Photo documentation of fuel shop that has been fulfill with warning sign
• Photo documentation of septic tank that has been repairing

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

Non-conformance: RSPO 00603 (Minor non-conformity)
In the RKL-RPL report that has been submitted to the related agency, the company has not discussed the public health as listed in the matrix of environmental monitoring in the Tanah Gambus Estate.

Correction:
Creating report about monitoring of employment opportunities, the perception of local community and public health for reported of RKL RPL period July until December 2016

Corrective Action:
Conduct monitoring of employment opportunities, the perception of local community and public health consistently in accordance with matrix of RKL-RPL
### Auditor Conclusions: Closed
**Date of closure: September 17, 2016**

Auditor Conclusions: Corrective action plan accepted. Effectiveness of implementation to be verified during next audit

**Criterion 5.1.3** This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.

<table>
<thead>
<tr>
<th>Non-conformance: RSPO 00604 (Minor non-conformity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company does not conduct a review of the management plan and monitoring plan that has been set in the matrix RKL-RPL at least every 2 years.</td>
</tr>
</tbody>
</table>

**Correction:**

Conducting review of management and monitoring plan based on matrix of RKL-RPL

**Corrective Action:**

Conducting review of management and monitoring plan based on matrix of RKL-RPL every 2 (two) years

<table>
<thead>
<tr>
<th>Auditor Conclusions: Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of closure:</strong> September 17, 2016</td>
</tr>
</tbody>
</table>

Auditor Conclusions: Corrective action plan accepted. Effectiveness of implementation to be verified during next audit

<table>
<thead>
<tr>
<th><strong>Criterion 6.5.1.</strong> Documentation of pay and conditions shall be available.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Non-conformance: RSPO 00605 (Major non-conformity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages for piece workers who worked for the Cooperative Olein not refer to a provincial minimum wage standards. A provincial minimum wage standard is set IDR 2.178,625 or daily wage paid IDR 87.145 for 7 hours or IDR 12.449 / hour. Based on field findings obtained the worker’s salary paid by contractors as much as IDR 8.500 / hour. Not obtained an adequate explanation of the volume of the work related to the amount of labor required for the execution of each activity.</td>
</tr>
</tbody>
</table>

**Correction:**

Create monitoring system of employee wage on cooperation i.e:
- The cooperation create the letter regarding the employee wage per day and per hours
- The cooperation create the work hours record each worker consist of starting and finishing work hours and total work hours and total work hours every day and sign by each worker
- Create monthly recapitulation of work hours each worker and calculation of wages

**Corrective Action:**

- The cooperation reporting the employee wage evey month to Head Administration (KTU) of Tanah Gambus estate
- Head of Administration ensure the wage of cooperation employee fulfill with minimum wage

<table>
<thead>
<tr>
<th>Auditor Conclusions: Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of closure:</strong> September 17, 2016</td>
</tr>
</tbody>
</table>
Verification result:

The Company has submitted evidence of improvement such as:

- Minutes of finishing working (No.TG/Bi/VIII/066/2016 dated September 1, 2016). The minutes of finishing working consist of heading number, item of activity, block and total area which sign by head of cooperation, foreman, assistant and head of assistant.
- Attendant list of anemer worker. This attendant list consist of name of anemer worker, date of working, total of working, wage per hours, total paid and employee signing.
- Cooperative Olein through letter no. 01 / KSU / OL / TG / VIII / 2016 dated August 5, 2016 established that the wages of contract workers is IDR87.145 / day or IDR12.450 / hour. There is evidence of payment payroll contract worker in Division IV and Division I, which shows Contract worker, has been paid according to the minimum wage that is IDR12.500 / hour.

Criterion 6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.

Non-conformance: RSPO 00606 (Minor non-conformity)
The condition of some houses was checked in Afdeling 1 found poor drainage. There is also a septic tank that is an open condition and spread the smell.

Correction:

Repairing the drainage system and cover of septic tank in the afdeling 1 emplacement

Corrective Action:

Arrange the housing maintenance program based on the emplacement patrol result

Auditor Conclusions: Closed
Date of closure: September 17, 2016

Auditor Conclusions: Corrective action plan accepted. Effectiveness of implementation to be verified during next audit

- RSPO SCCS

In this re-certification audit results that there is no non-conformance of RSPO SCCS

3.4 Noteworthy Positive Components

There is no new positive component by stakeholder’s recertification audit

3.5 Issues Raised by Stakeholders and Findings Pertaining to Issues

A) Issues Raised during Stakeholder Consultation Meeting

<table>
<thead>
<tr>
<th>No.</th>
<th>Issues Raised</th>
<th>Management Response</th>
<th>Audit Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company does not conduct land clearing and replanting by burning</td>
<td>The company does not conduct land clearing and replanting with burning. The step of replanting i.e ripping, up-rooted the tree and</td>
<td>Company explanation is accepted</td>
</tr>
</tbody>
</table>

QMF: RSPO-007b-11
• Reduced of owl cage  
• Reduced the water catchment area  
• Company does not committed to conduct transparency. For example: there is no decision letter of appointed to Foreman I  
• There is no procedure of transport to set the working hour  
• Confirmed the criteria of unripe FFB  

conduct chipping  
• There is no reduced of owl cage. This condition can be seen on low attack of rat pest and also population of owl can meet in the night i.e meeting room at tennis field, fertilizer storage, head assistant house, technic house etc.  
• There is no reduced of water catchment area. This condition can be seen that have existed since time immemorial, which until recently the area does not planted, while the water catchment areas in PT Socfindo namely in block 42, block 31, block 37, block 21, block 7  
• The company has been given decision letter of appointed of Foreman I such as:  
  1. Foreman I Division III on behalf mariono (October 2015)  
  2. Foreman 1 Division IV on behalf Rizaldi (March 2016)  
  3. Foreman I on behalf Anwar Sinaga (June 2016)  
  4. Foreman I Division III on behalf E. Simbolon (July 2016)  
  5. Workshop foreman on behalf Nanang (July 2016)  
• The Company already has a system in which the transport premi that has been determined number of bases and the bases price and surplus bases  
• The Company has determined the criteria of unripe fruit, it has been showcased in the premi system of cutting the fruit, where the criteria of the unripe fruit is a fruit that has loose fruit less than 3 loose fruit in the circle and each cut-
- Harvester help by 1 person to sliding and 1 person to collect but harvesting result of the harvester divided for 3 person

- Excess working hours of an employee be calculated as premi not calculated as overtime

- The work conduct on Sundays and Holidays calculated as premi calculation not calculating as an overtime

- Not yet known about the method of determining premi and references used

- Harvester who are already unproductive age in order reviewed to increased productivity

- PPE for harvesters such as uniforms were not given and the allotment of clothing for all employees is not consistent

- The company never hired 3 employees for each team harvesters. The team of harvesting consists of one person for the cutter and helped by one person to sliding and collects, where they cooperate with each other and result in the average.

- Every worker who exceeds the duty hours at the request of the company and exceeds of working hours is calculated as overtime. For specific activity such as night duty of house staff give monthly diligence premi

- Each employee who working out of daily work (holiday) calculated as overtime where the calculation in accordance with regulation exception for activity that used premi system such as harvesting, pruning and transport

- The premi reviewed each year and proposed to management by mutual agreement between the Board of Estate and workers' representatives (SPSI). The proposal from the estate will be evaluated by the management and the value determined by considering the proposals from the estate

- There is no unproductive harvester. All of harvester still in the productive range

- The company providing PPE for harvester such as boot, safety glasses and gloves of harvesting equipment. Providing clothes do not for all employees, providing of clothing given to the
<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing extra fooding for mill employees only sugar and coffee but there is no extra fooding for employees who operated the heavy equipment</td>
<td>Employees related to chemicals, driver, operator of heavy equipment. Providing clothing given two times a year, i.e., in the first semester and the second semester.</td>
</tr>
<tr>
<td>Providing extra fooding for employee who handling chemical is not given periodically</td>
<td>Based on the work characteristics, there is no provision that the employees of the mill should be given extra fooding. Giving extra fooding for employees in charge of handling the chemicals are always given every month, and earlier month of extra fooding demand has been conveyed by the assistant to approve. Giving extra fooding conduct at the beginning of the month.</td>
</tr>
<tr>
<td>There is damaged emplacement infrastructure in Afdeling 1, 2 and 4 i.e door</td>
<td>Damage of housing infrastructure in afdeling, the company through the housing office clerk has collect the data on each employee’s home damaged and will make improvements in accordance with schedule that has been set, but if any urgent demand for home improvement, the company will make improvements.</td>
</tr>
<tr>
<td>Toilet of employee emplacement still outside the house</td>
<td>Tanah Gambus emplacement was built in 1990-1996 with specification the toilet does not inside of house. In year 2008, the build of toilet for housing employees has started and some of the employee’s house for division III and IV has been completed. For the year 2017 the company has planned to build 20 pieces toilet (lavatory) on employee housing.</td>
</tr>
<tr>
<td>Condition of the bridge that is passed the child of primary schools 010 199 located in Afdeling 3 is damaged condition</td>
<td>The condition of the damaged bridge located on the backyard of the school and it is not the main road to go to</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Setting related the cow in order does entering into the company's land</td>
<td>school, but a passage alternatif. Until now the part of primary school 010 199 never submit a request for repair / manufacture of the bridge to the company, however the company plans to replace the damaged bridge</td>
</tr>
<tr>
<td>The company has been conduct socialization to head of village, head of sub district, head of local police, head of local army and also head of plantation and forestry agency regarding the cow problem of local community that entering the company area where the cow can be spread of ganoderma diseases.</td>
<td></td>
</tr>
<tr>
<td>The labor right as much as 1.200 people to be accommodated such as BPJS Kesehatan and BPJS Ketenagakerjaan</td>
<td>Entire of employee has been accommodated in the BPJS Kesehatan and BPJS Ketenagakerjaan</td>
</tr>
<tr>
<td>Report has been reporting periodically</td>
<td>The company will maintain related reporting</td>
</tr>
<tr>
<td>Report has been reporting periodically</td>
<td>Company explanation is accepted</td>
</tr>
<tr>
<td>The company legality has been complete</td>
<td>Company explanation is accepted</td>
</tr>
<tr>
<td>Land fire fighting equipment should be improve</td>
<td>Currently the fire prevention equipment and integrated pest management is sufficient, will be improved both in quality and quantity</td>
</tr>
<tr>
<td>Pest and disease equipment should be improve</td>
<td>The format of future reports would be improved</td>
</tr>
<tr>
<td>The format of reporting should be improve</td>
<td>Good suggestion, will be included in the next CSR program</td>
</tr>
<tr>
<td>Assessment of Plantation Business (PUP) is being processed</td>
<td></td>
</tr>
<tr>
<td>To provide counselors to develop independent grower around the company</td>
<td></td>
</tr>
<tr>
<td>It is expected that CSR program touches the independent grower</td>
<td></td>
</tr>
<tr>
<td>The company has been reporting the environmental report</td>
<td>The company will repairing the symbol and label of hazardous waste</td>
</tr>
<tr>
<td>Symbol and label of hazardous waste should be attention</td>
<td>Company explanation is accepted</td>
</tr>
<tr>
<td>Coordination between the company</td>
<td>Company explanation is accepted</td>
</tr>
<tr>
<td></td>
<td>and local police related security running well • The company conduct security training for the new security officer</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6</td>
<td>Companies in order that provide input to the cooperative</td>
</tr>
<tr>
<td>7</td>
<td>The waste often overflows in the Sepuluh Pulau Puli village</td>
</tr>
<tr>
<td>8</td>
<td>Public Cemetery (TPU) Hamlet 3 to be extended</td>
</tr>
<tr>
<td>9</td>
<td>The CSR program has been running well</td>
</tr>
<tr>
<td>10</td>
<td>Good cooperation with the local army. So far there is no security threat.</td>
</tr>
<tr>
<td>11</td>
<td>There is issues of land disputes inside the land title of PT Socfindo as large as ± 483 ha where the community have take control the land before the the concession granted to companies and the public demanded that the land be returned to the community</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 November 2017

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 Socfin Indonesia

Hasan Bisri Kashyuri
Head of Sustainability
Date: October 5, 2016

Signed on behalf of

Naik Monang Parlindungan Lingga
Lead Auditor
Date: October 5, 2016
Appendix 1: Certificate

Certificate


Certificate Regist. No.: 824 502 16047

Certificate Holder: PT TÜV Rheinland Indonesia certifies:
PT Socfin Indonesia – Tanah Gambus Mill
Tanah Gambus Village, Lima Puluh Subdistrict, Batubara District, North Sumatera Province, Indonesia

and its company owned estates according to the annex

RSPO number: -
Scope: Palm Oil Production and Plantation Management System

An audit was performed. Report No. RA1_82450216047. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013, and RSPO Supply Chain Certification System November 2014 are fulfilled.

Validity:
The certificate is valid from 04-11-2016 until 03-11-2021.
The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TÜV Rheinland Indonesia.

RSPO registered parents company*: Socfin Group (PT Socfinindo and Socfinco SA)
(RSPO Member No.: 1-0017-04-000-00)
* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

Date of first certificate: November 04, 2011 was issued by PT SAI Global Indonesia

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

www.tuv.com

QMF: RSPO-007b-11
## Lampiran Sertifikat


No. Registrasi Sertifikat: 824 502 16047

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pabrik Kelapa Sawit Tanah Gambus</td>
<td>Desa Tanah Gambus, Kecamatan Lima Pulu, Kabupaten Batu Bara, Provinsi Sumatera Utara, Indonesia</td>
<td>03° 12' 14&quot; 99° 24' 16&quot;</td>
</tr>
<tr>
<td>Kebun Tanah Gambus</td>
<td>Desa Tanah Gambus, Kecamatan Lima Pulu, Kabupaten Batu Bara, Provinsi Sumatera Utara, Indonesia</td>
<td>03° 10' 15.18&quot; 99° 23' 07.40&quot;</td>
</tr>
</tbody>
</table>

Jumlah Produksi CPO: 17,311.09 ton
Jumlah Produksi PK: 3,227.49 ton
Tonase TBS Kebun-kebun Perusahaan: 73,352.11 ton
Jumlah Produksi CPO diklaim untuk sertifikasi: 17,311.09 ton
Jumlah Produksi PK diklaim untuk sertifikasi: 3,227.49 ton

Ruang Lingkup SCCS & Model Penerimaan TBS, produksi dan pengiriman CPO & PK dengan implementasi SCCS:
- Identity Preserved
- Mass Balance

Diterbitkan oleh PT TUV Rheinland Indonesia

Indonesia, 24-10-2016

PT TUV Rheinland Indonesia Director

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Appendix 2: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLHD</td>
<td>Balai Lingkungan Hidup Daerah (local environmental officer)</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>ERP</td>
<td>Emergency response procedure</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>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>NPP</td>
<td>New Planting Procedure</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>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>
</tbody>
</table>
## Appendix 3: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution / Position</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stakeholders Interviewed during Public Consultation Meeting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Saut Malau</td>
<td>LSM</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Nurma Naibaho</td>
<td>Labor Agency of Batubara District</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Rina Sirait</td>
<td>Forest and Plantation Agency</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Sahyuni Lubis</td>
<td>Environmental Agency</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Angga</td>
<td>Staff of Forest and Plantation Agency</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>M. Yatub</td>
<td>Head of Simpang Gambus village</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Riki Irawan</td>
<td>Head of Perkebunan Tanah Gambus village</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Arifin</td>
<td>Head of Perkebunan Lima Puluh village</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Roni Sirait</td>
<td>Head of Local Army</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Sembiring</td>
<td>Head of Local Police</td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholders Interviewed during on site</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Heri Budiyanto</td>
<td>Estate Manager</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Hasan Bisri</td>
<td>Sustainability</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Robert Sagala</td>
<td>Assistant Division II</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Sartiika Sinambela</td>
<td>Office</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Toga Silalahi</td>
<td>Assistant Division III</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Dedy Nur Iswahyudi</td>
<td>Tekniker II</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Yuliady</td>
<td>Tekniker II</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>E. Saragih</td>
<td>Tekniker II</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Arie Irfan</td>
<td>Tekniker II</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Andria Z</td>
<td>Sustainability</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>F.R Sirait</td>
<td>Head of Administration</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Herman Ginting</td>
<td>Tekniker I</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Ucok Gunawan</td>
<td>Office clerk, Tanah Gambus Mill, Cooperative Olein officer</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Junaidi</td>
<td>Head of Hamlet Pulau Puli</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Hutabarat</td>
<td>Resident of Hamlet Pulau Puli</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Pak Idris</td>
<td>Head of Simpang Gambus Village</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Rohani</td>
<td>Foreman of Contract Worker</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Aini</td>
<td>Employee’s wife</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Dewi Agustina</td>
<td>Gender Committee</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Burianto Hasibuan</td>
<td>Chairman of Cooperative Olein</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Pak Nanang</td>
<td>Foreman</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Suyono</td>
<td>Mechanic Foreman Deputy</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Fredy Sirait</td>
<td>Head of administration, Tanah Gambus Mill</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 4: Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Observations / Opportunities for Improvement</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Most of recording programs such as activity plans and evidence of implementation is not equipped with identity such as the author of the document, the date, and others.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Scope of Prosedur Pengendalian Dokumen (No. SOC/PSM/4.02, edition 03, revision 03, dated August 15, 2012) and Prosedur Pengendalian rekaman (No.SOC/PSM/4.03, edition 03, revision 02, dated January 1, 2011) only cover ISO 9001, ISO 14001 and OSHAS 18001</td>
<td>4.1.2</td>
</tr>
<tr>
<td>3</td>
<td>Water management has not been effective, based on observation to housing Division 1, there is wells are used as a source of water, where the water sources (wells) have not been identified and monitored.</td>
<td>4.4.1</td>
</tr>
<tr>
<td>4</td>
<td>The Company already has a policy regarding practices contrary to human rights, among others, forced labor and labor trafficking. However, companies should define forced labor and trafficking of workers</td>
<td>6.12.1</td>
</tr>
</tbody>
</table>