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# **Roundtable on Sustainable Palm Oil**

## **Annual Surveillance Audit Report**

Report no.: ASA4 - 17057

The RSPO Principles & Criteria Generic year 2013 and RSPO SCCS Nov 2014

**PT AUSTINDO NUSANTARA JAYA AGRI**  
**Binanga POM**

Date of assessment : 22-25 August 2016

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## 1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

### 1.1 National Interpretation Used

The operations of the palm oil mill and its supply base of FFB were assessed against the Generic year 2013 of the RSPO Principle & Criteria and RSPO SCCS November 2014.

### 1.2 Scope of Assessment

The annual surveillance assessment was carried out on 1 (one) mill (Binanga POM) and 3 (three) estates (East estate, Central estate and West estate) under PT Austindo Nusantara Jaya Agri (PT ANJ Agri) in Simangambat Sub District - Padang Lawas Utara District and Huristak Sub District - Padang Lawas District, North Sumatera Province.

### 1.3 Certification Details

The details of RSPO certification of PT ANJ Agri – Binanga Palm Oil Mill (POM) are as per the table below :

**Table 1: RSPO Certification details of PT ANJ Agri – Binanga POM**

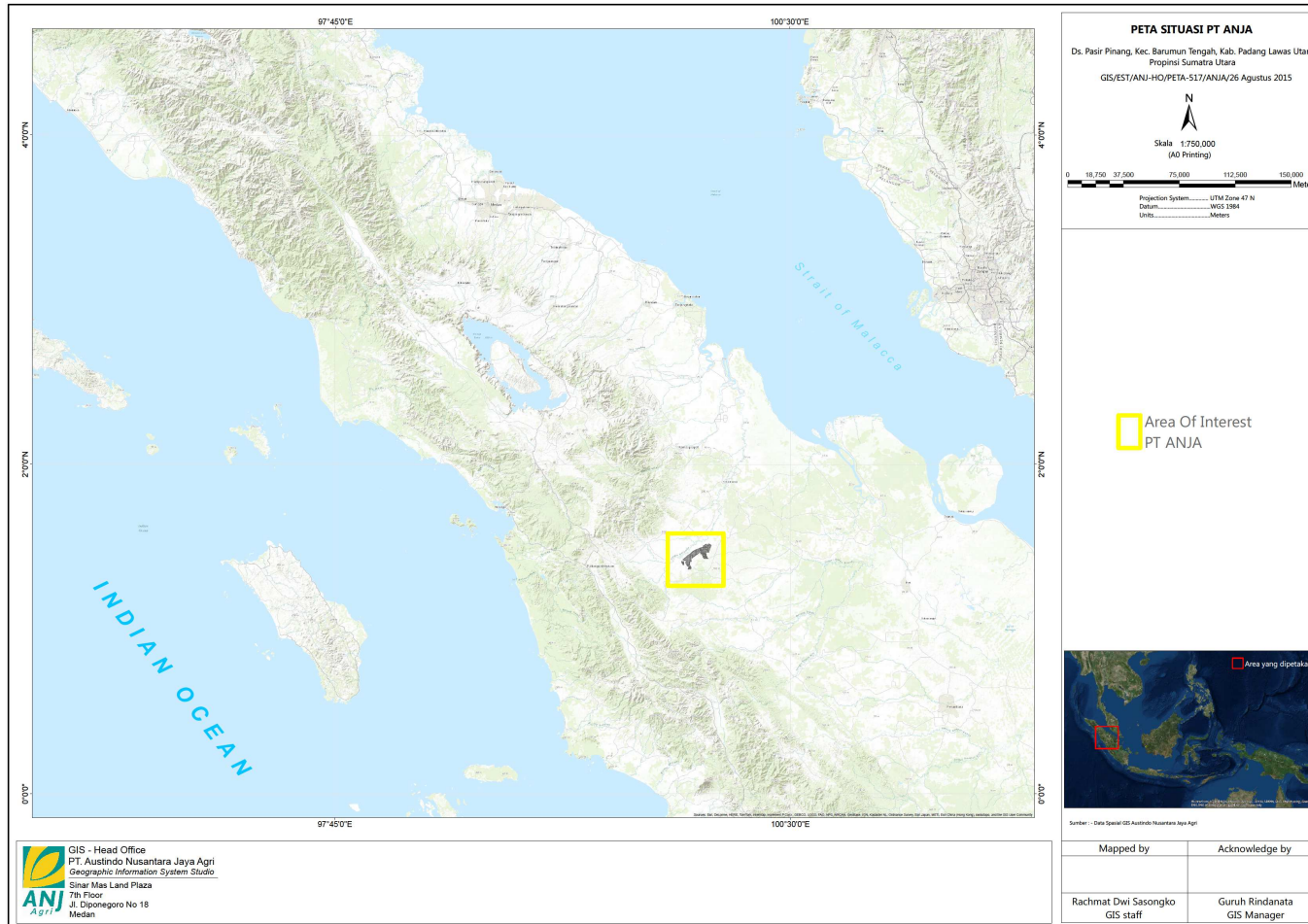
<b>RSPO Membership no.:</b>	<b>1-0032-07-000-00</b> on behalf PT Austindo Nusantara Jaya Agri since on 26 February 2007
<b>RSPO Certificate no.:</b>	824 502 17057
<b>Date of first RSPO certificate &amp; validity:</b>	November 14, 2012 & valid until November 13, 2017
<b>Date of certification audit:</b>	March 4-11, 2012
<b>Date of previous surveillance audit:</b>	August 25-27, 2015 by TUV Nord Integra
<b>Date of revised RSPO certificate &amp; validity (if applicable):</b>	January 27, 2017 & valid until November 13, 2017
<b>CPO tonnages claimed :</b>	<b>47,904.00 mt</b>
<b>PK tonnages claimed :</b>	<b>10,887.00 mt</b>

Note : -

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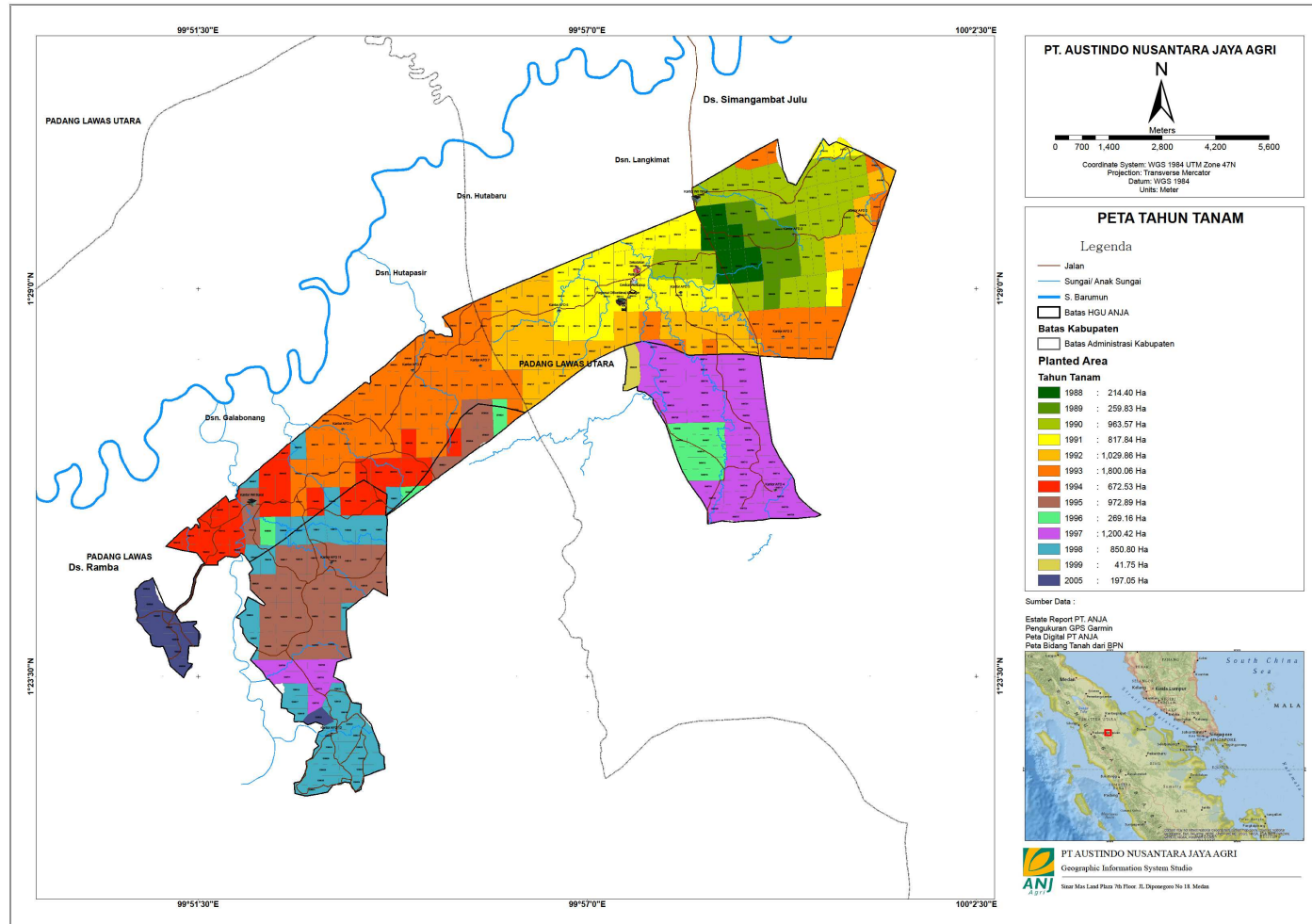
**1.4 Location and Maps**

**Figure 1 :** Location of PT Austindo Nusantara Jaya Agri – Binanga POM in North Sumatera



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**Figure 2 :** Map of PT Austindo Nusantara Jaya Agri Areas



**Table 2: GPS locations for all estates and mills included in annual surveillance assessment**

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Binanga Palm Oil Mill	Simangambat Subdistrict, Padang Lawas Utara District, North Sumatera Province, Indonesia	01° 28' 75.4"	99° 57' 48.3"
East Estate	Simangambat Subdistrict, Padang Lawas Utara District, North Sumatera Province, Indonesia	01° 30' 32.1"	99° 58' 52.6"
Central Estate	Simangambat & Huristak Subdistrict, Padang Lawas Utara & Padang Lawas District, North Sumatera Province, Indonesia	01° 28' 81.4"	99° 57' 50.2"
West Estate	Huristak Subdistrict, Padang Lawas District, North Sumatera Province, Indonesia	01° 25' 97.7"	99° 52' 26.5"

### 1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

<b>Company Name :</b>	<b>PT Austindo Nusantara Jaya Agri</b>
<b>Address :</b>	<b>Head office :</b> Sinar Mas Land Plaza Lantai 7, Jl. Diponegoro No.18, Medan – North Sumatera Province <b>Estate :</b> Simangambat & Huristak Subdistrict, Padang Lawas Utara & Padang Lawas Province, North Sumatera Province, Indonesia
<b>Contact Person :</b>	Mr. Antoperis Tarigan
<b>Telephone / Fax :</b>	+62 61 4537480 / +62 61 4538366
<b>Mobile Telephone Number :</b>	+62 81361514290
<b>Email address :</b>	antoperis.tarigan@anj-group.com
<b>Website :</b>	www.anj-group.com

### 1.6 Description of Supply Base

**Table 3.a : FFB Supply Information for Binanga Palm Oil Mill (POM) – PT ANJ Agri**

FFB Contributors	FFB supplied Jan-Dec 2015		FFB supplied Jan-July 2016	
	Tonnes	%	Tonnes	%
<b>I. Company owned estates :</b>				
West estate	75,262.92	28.71	35,044.70	24.54
Central estate	69,722.15	26.59	36,039.33	25.23
East estate	74,371.82	28.36	40,164.57	28.12
<b>Sub total I</b>	<b>219,356.89</b>	<b>83.66</b>	<b>111,248.60</b>	<b>77.89</b>
<b>II. Outgrower/Trader :</b>				
Mr Akhan (SJ)	7,695.48	2.93	5,170.47	3.62
CSR Koperasi Aek Gala (CSR AG)	351.28	0.13	8.75	0.01

FFB Contributors	FFB supplied Jan-Dec 2015		FFB supplied Jan-July 2016	
	Tonnes	%	Tonnes	%
Mr Sitiaman Siregar (STR)	3,447.93	1.32	685.05	0.48
Mr Sunarto (SHT)	6,057.71	2.31	5,957.74	4.17
Mr H.Sati Rambe (HSR)	25,288.83	9.65	19,610.21	13.73
Mr M.Sapii Pasaribu (MSP)	0.00	0.00	148.35	0.10
<b>Sub total II</b>	<b>42,841.23</b>	<b>16.34</b>	<b>31,580.57</b>	<b>22.11</b>
<b>TOTAL</b>	<b>262,198.12</b>	<b>100.00</b>	<b>142,829.17</b>	<b>100.00</b>

Note : -

**Table 3.b : FFB Supply Information for Binanga Palm Oil Mill (POM) – PT ANJ Agri with based on Certified or Non-Certified**

FFB Contributors	FFB supplied Jan-Des 2015		FFB supplied Jan-July 2016	
	Tonnes	%	Tonnes	%
<b>I. Certified</b>				
West estate	75,262.92	28.71	35,044.70	24.54
Central estate	69,722.15	26.59	36,039.33	25.23
East estate	74,371.82	28.36	40,164.57	28.12
<b>Sub total I</b>	<b>219,356.89</b>	<b>83.66</b>	<b>111,248.60</b>	<b>77.89</b>
<b>II. Non-Certified</b>				
Outgrower/Trader	42,841.23	16.34	31,580.57	22.11
<b>Sub total II</b>	<b>42,841.23</b>	<b>16.34</b>	<b>31,580.57</b>	<b>22.11</b>
<b>TOTAL</b>	<b>262,198.12</b>	<b>100.00</b>	<b>142,829.17</b>	<b>100.00</b>

Note : -

**1.7 Actual production volumes, tonnages and projected outputs.**

**Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from PT ANJ Agri - Binanga Palm Oil Mill**

	Amount (MT)	
	CPO	PK
<b>Past certificate</b>		
Certified volume	47,626.00	11,249.00
Certified tonnages sold <sup>1)</sup>	32,551.00	3,999.00
Certified tonnages purchased	0.00	0.00
Actual Production <sup>2)</sup>	55,747.96	13,126.36
Conversion Factor	OER : 21.86	KER : 5.03
Certified production	46,796.31	10,997.23
<b>Current certificate</b>		
Certified volume <sup>3)</sup>	47,904.00	10,887.00

	Amount (MT)	
	CPO	PK
Projection of production****)	63,944.00	15,000.00
Certified production*****)	23,060.07	5,584.89
Actual production*****)	31,070.64	7,503.55

**Note :**

\*) Certified product was sold under green palm platform. Moreover, the company was sold CPO product under ISCC (5,000 tonnes)

\*\*) FFB process is 262,198.12 tonnes and actual production was excluded from outside audit scope areas. Volume of product from outside audit scope areas is 3,050.13 tonnes (CPO) & 712.40 tonnes (PK) from FFB processed is 14,155.30 tonnes.

\*\*\*) Detail of information in section 1.13.

\*\*\*\*) Total of FFB process is 300,000.00 tonnes with extraction rate is 20.75% (OER) and 5.00% (KER). Based on financial projection period of 2016-2019.

\*\*\*\*\*) Total of FFB process period of January to July 2016 with extraction rate is 20.95% (OER) and 5.01% (KER).

**1.8 Dates of Plantings and Replanting Cycles**

Information on the dates of plantings are as per the table below.

**Table 5 : Age and year of plantings of company estate supplying to Binanga Palm Oil Mill (POM) for plantation company**

Age & Year of Plantings	Oil palm planted area at each estate(ha)			
	East	Central	West	TOTAL
11 year (2005)	0.00	0.00	195.45	195.45
12 year (2004)	0.00	0.00	0.00	0.00
13 year (2003)	0.00	0.00	0.00	0.00
14 year (2002)	0.00	0.00	0.00	0.00
15 year (2001)	0.00	0.00	0.00	0.00
16 year (2000)	0.00	0.00	0.00	0.00
17 year (1999)	0.00	41.75	0.00	41.75
18 year (1998)	0.00	0.00	850.80	850.80
19 year (1997)	671.32	375.99	153.11	1,200.42
20 year (1996)	191.17	46.94	31.05	269.16
21 year (1995)	0.00	134.53	838.36	972.89
22 year (1994)	0.00	115.76	576.24	692.00
23 year (1993)	429.28	780.80	589.98	1,800.06
24 year (1992)	303.36	726.50	0.00	1,029.86
25 year (1991)	135.45	682.19	0.00	817.64
26 year (1990)	860.70	102.87	0.00	963.57
27 year (1989)	259.83	0.00	0.00	259.83
28 year (1988)	214.40	0.00	0.00	214.40
<b>TOTAL</b>	<b>3,065.51</b>	<b>3,007.33</b>	<b>3,234.99</b>	<b>9,307.83</b>

**Note :**

\*) Per July 2016

**Table 6 : Planned and actual oil palm replanting activities for PT ANJ Agri\***



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Year	Total planned replanting area (ha)	Total planned replanting area for each estate (ha)			Actual total area replanted (ha)
		West	Central	East	
2018	576.31	0.00	102.08	474.23	-
2019	703.85	0.00	0.79	703.06	-
2020	750.72	0.00	457.63	293.09	-
2021	708.18	0.00	404.82	303.36	-
2022	660.27	123.95	321.68	214.64	-

**Note :** \*). This is revision of replanting program which based on internal memo no.053/GM/ANJA-BNG/IM/V-2016 dated on 2 May 2016

### 1.9 Area of Plantation (Total, Planted and Mature)

**Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Binanga Palm Oil Mill Supply Base Estate year 2015**

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production (tonnes)	Average yield (tonnes/ha)
East estate	3,082.90	3,065.51	3,065.51	0.00	74,371.82	24.26
Central estate	3,095.47	3,007.33	3,007.33	0.00	69,722.15	23.18
West estate <sup>*)</sup>	3,253.05	3,234.99	3,234.99	0.00	75,262.92	23.41
<b>TOTAL</b>	<b>9,431.42</b>	<b>9,307.83</b>	<b>9,307.83</b>	<b>0.00</b>	<b>219,356.89</b>	<b>23.62</b>

**Note :** \*). It has included land use title (HGU) areas on the process amount of 19.47 ha

**Table 8: Land use data for Binanga Palm Oil Mill Supply Base estates**

Estate Name	Total area (ha)	Oil Palm Planted Area (ha)	HCV/Potential HCV areas (ha) <sup>**)</sup>	Land used for other purposes (ha)			
				Road, Housing, Drainage (infrastructure)	POM	Claim area	Other Land
East estate	3,082.90	3,065.51	116.31	14.92	0.00	0.00	2.47
Central estate	3,095.47	3,007.33	153.10	57.24	16.73	0.00	14.17
West estate <sup>*)</sup>	3,253.05	3,234.99	52.70	16.46	0.00	1.60	0.00
<b>TOTAL</b>	<b>9,431.42</b>	<b>9,307.83</b>	<b>322.11</b>	<b>88.62</b>	<b>16.73</b>	<b>1.60</b>	<b>16.64</b>

**Note :** \*). It has included land use title (HGU) areas on the process amount of 19.47 ha

**\*\*).** HCV areas inside plantation areas so that no include calculate of total area.

### 1.10 Progress Against Time Bound Plan

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.

**Table 9: Time Bound Plan of the Other Management Units**

Name of Holding	Location	Time bound plan for certification	Status
PT Austindo Nusantara Jaya Agri	North Sumatera Province	2012	Certified
PT Austindo Nusantara Jaya Agri Siais	North Sumatera Province	2014	Certified

Name of Holding	Location	Time bound plan for certification	Status
PT Sahabat Mewah dan Makmur	Bangka Belitung Province	2011	Certified
PT Kayung Agro Lestari	West Kalimantan Province	2016	
PT Galempa Sejahtera Bersama <sup>*)</sup>	South Sumatera Province	2020	Already planted
PT Putera Manunggal Perkasa <sup>*)</sup>	West Papua Province	2020	Already planted
PT Permata Putera Mandiri <sup>*)</sup>	West Papua Province	2020	Already planted

**Note :** \*) Revision of time bound plans

The company has submitted statement letter dated on August 18, 2016 regarding revision of time bound plan to TUV Rheinland. Reason of the revision of time bound plan is progress of land compensation process was late from initial schedule so that the other activities was late too example planting, developing the POM and RSPO certification. PT Pusaka Agro Makmur (one of subsidiary) has merged to PT ANJ Tbk (holding company).so that it has deleted from time bound plan and was not available on ACOP year 2015. Audit team has reviewed reason it and it has approved.

**Table 10 : New Development Area under ANJ Agri**

Name of Object	Location	Total area (Ha)	NPP Status according to RSPO NPP procedure
PT Galempa Sejahtera Bersama	South Sumatera Province	± 20,000.00	Date of RSPO NPP notification in May 2, 2014
PT Putera Manunggal Perkasa	West Papua Province	-	Date of RSPO NPP notification in August 6, 2014
PT Permata Putera Mandiri	West Papua Province	± 32,015.14	Date of RSPO NPP notification in September 2014 with RSPO membership no. 1-0113-11-000-00 (on behalf PT Permata Putera Mandiri). It has merged to PT ANJ Agri regarding RSPO membership since September 2015

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 System document.

#### 1.11 Compliance to Rules for Partial Certification

Compliance of the uncertified management units of PT Austindo Nusantara Jaya Agri against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by submission self assessment report. A summary of findings is as stated below.

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.	PT Austindo Nusantara Jaya Agri is RSPO member with membership number <b>2-0017-05-000-00</b> on behalf PT Austindo Nusantara Jaya Agri since year 2011.
(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to	Refer to the time bound plan under section 1.10 above.

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Partial Certification Requirements	Audit Findings
<p>the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills.</p> <p>Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified</p>	
<p>(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure</p>	<p>PT Kayung Agro Lestari has performed the report of High Conservation Values (HCV) prepared by RSPO Approved HCV Assesor in January 2014. Moreover, the company has also prepared Environmental Impact Assessment (EIA) authorized by West Kalimantan Governor Decree No. 123/BLHD/2010 dated on March 1, 2010. Based on HCV report, it was noted that no replacement of primary forest or any area identified as containing HCV in PT Kayung Agro Lestari areas.</p> <p>There are some newly developed plantation areas under PT ANJ Agri such as in South Sumatera province and West Papua province, Indonesia as explained on the table 10 above.</p>
<p>(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.</p>	<p>Based on the stakeholder's communication of HCV and Social Impact Assessment (SIA) in October 25<sup>th</sup>, 2013 that it was noted that the land acquisition and compensation of PT KAL has been performed properly through FPIC process and method. Auditor has checked and verified the SEIA report and found that no land conflicts are recorded. If any land conflicts, the ANJ Agri group as the parent company has provided the procedure no. 021A/HR&amp;GA/CP regarding "<i>Penyelesaian Sengketa Lahan</i> (land dispute handling)".</p> <p>Based on RSPO notification of proposed new planting on behalf PT Galempa Sejahtera Bersama in sub section of Documentation of FPIC that the company have land and plant growing acquisition procedure, land and plant growing compensation process, recapitulation of land acquisition records, and the interview result with some villagers in Muara Kalangan Village who has received payment for land compensation.</p> <p>Based on RSPO notification of proposed new planting on behalf PT Permata Putera Mandiri in sub section of Documentation of FPIC that the company has been shown land compensation/acquisition process records and the company has conducted the socialization for plan of PT Permata Putera Mandiri oil palm plantation and documented. Moreover, the company have statement letter which has been approved by Head of District and also there are map of customary land release from each tribe that approved by representative of each customary head and agreed by head of district and head of village.</p>
<p>(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</p>	<p>PT KAL has provided the self assessment letter which mentioned that no labour disputes have been recorded. If any labour dispute arises, the ANJ Agri group as the parent company has provided the procedure No.021A/HR&amp;GA/CP regarding <i>Penyelesaian Sengketa Buruh</i> (Labour Dispute Handling).</p>
<p>(h) Legal non-compliance, if any, are being resolved in accordance with the legal re-</p>	<p>PT KAL has reviewed the compliance to relevant legal requirements and listed in the Ringkasan Evaluasi Kepatuhan</p>

Partial Certification Requirements	Audit Findings
quirements, with reference to RSPO criteria 2.1 and 2.2.	terhadap Peraturan dan Perundangan (Resume of Evaluation of Compliance with Laws and Regulation). According to the list, it is noted that PT KAL in general has complied to the relevant legal requirements.

#### 1.12 Progress of associated smallholders or outgrowers towards RSPO compliance

Based on Tabel 3a & 3b that the company has not scheme smallholder or associated outgrower so that the company have not time bound plan about involving scheme smallholder or associated outgrower in RSPO certification.

#### 1.13 Approximate Tonnages Certified

The tonnages certified have been revised from the previous amount stated in the RSPO certificate issued because Based on projection of the volume of FFB production year 2017 from some estates including scope of audit amount of **217,746 mt** such as East estate, West estate and Central estate with extraction rate are 22.00% (OER) and 5.00% (KER). Approximate tonnages certified are as follows :

Crude Palm Oil (CPO) : **47,904.00 tonnes**  
Palm Kernel (PK) : **10,887.00 tonnes**

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 500 locations in 65 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, RSPO (RSPO-ACC-013) and ISPO (LS-P&K-005-ISPO). PT TUV Rheinland Indonesia office is located in Jakarta, Indonesia

### 2.2 Qualifications of Lead Assessor and Assessment Team

Previous assessment was carried out by old CB so that 4<sup>th</sup> surveillance assessment is new assessment team members that were not part of the previous assessment team are as per the table below :

Name	Position	Qualifications / Experience
Hendra Fachru-rozy	Lead Auditor	<p><b>Education:</b> Bachelors Degree in Forestry - Bogor Agriculture Institute. Indonesia, (1995 to 2000).</p> <p><b>Trainings attended:</b> ISO 9001 : 2008 lead auditor course - Neville Clark (2011), ISO 14001 : 2004 lead auditor course - TUV Rheinland Indonesia (2011), SMK3 auditor course – Department of manpower and transmigration of the Republic of Indonesia (2009), Sustainable Forest Management (SFM) – Forestry Education and Training Centre (2010), Timber Legality of Verification - Forestry Education and Training Centre (2010), RSPO Lead Auditor Course – Pro Forest &amp; Wild Asia (2011), RSPO SCCS Lead Auditor Course – David Ogg and Partners (2012), ISPO Lead Auditor Course – Indonesian Sustainable Palm Oil Commission (2012), RSPO RED Lead Auditor Course – RSPO &amp; Brinkman Consultant (2013).</p> <p><b>Working experience:</b> Experienced as Junior Consultant at PT Surveyor Indonesia (2002 s/d 2010), assesor for SFM –mandatory (PHPL &amp; PHTL), assessor for industry performance assessment (IPHHK)-mandatory, auditor for Timber Legality of Verification, auditor for SMK3, auditor for QMS and EMS and auditor for RSPO &amp; ISPO at TUV Rheinland Indonesia.</p>
Meidia Pratama	Auditor	<p><b>Education :</b> Bachelor of Social Sciences in Social Anthropology, Padjadjaran University.</p> <p><b>Training attended :</b> ISO 19011 (audit management system), 2014; FPIC, 2013; ISO 50001 (energy management system), 2013; ISO 26000 (social responsibility), 2013; ISO 14001 (environmental management system), 2010; management partisipatif, 2010; project management, 2010; Decision making and problem solving, 2010; Certified sustainability reporting specialist, 2010 and Community development, 2007.</p> <p><b>Working experience :</b> Research coordinator and land conflict specialist in Yayasan pengkajian pengembangan aktifitas sosial &amp; ARC pergerakan (January 2004 to August 2006), Project officer in Studio Drya Media (August 2006 to March 2008), Assistant manager CSR and media relation in PT Agro Harapan Lestari (August 2008 to December 2010), Sustainability specialist in PT SDS consulting (January 2011 to April 2012), CSR coordinator and sustainability strategic in PT Jawa Power (May 2012 to August 2013), Social specialist in The Forest Trust (August 2013 to December 2014), Head of CSR &amp; external relation department in PT Mitrabara Adiperdana (January to August 2015), Associate freelance consultant in Indonesia center for welfare studies (January 2016 to August 2016) and Auditor in PT TUV Rheinland Indonesia (July 2016-present)</p>

Name	Position	Qualifications / Experience
Selvi Indah Ria	Auditor	<p><b>Education :</b> Bachelor of Industrial Engineering in North Sumatera University and Post graduate of environmental science in Indonesian University.</p> <p><b>Trainings attended :</b> Basic fire controlling for forest and land by Conservation of Natural Resources (2016), ISPO auditor training by palm oil Indonesia committee (KMSI) (2014), assessment of identification of HCV by HCV-NI (2013), documentation for quality management system by TUV Rheinland (2013), internal quality audit based on ISO 19011:2011 by TUV Nord (2013), risk assessment and internal quality audit by TUV Nord (2012), Behavior Based Safety (BBS) by Protesha Synergy (2012), etc.</p> <p><b>Working experience :</b> Team leader of SHE &amp; management system in Wilmar Group (September 2008 to April 2012), Coordinator of EHFS management system in PT Sinar Mas Tbk (May 2012 to September 2012), Supervisor of SHEC &amp; Management System in PT Provident Agro Tbk (September 2012 to July 2016), auditor freeland in TUV Rheinland (July 2016 to present)</p>

### 2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted between **August 22-25, 2016** as per the assessment program below. The assessment was carried out in accordance with PT TUV Rheinland Indonesia's RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors 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 estates (3 estate) 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 through document checked not longer than 60 days and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The certification assessment agenda is as explained below.

#### Surveillance assessment agenda.

Date	Location/ Main sites	Main audit activities
August 22, 2016	PT ANJA office	Opening meeting Verification of NCR previous audit Verification of document
August 23, 2016	<ul style="list-style-type: none"> <li>• PT ANJA office</li> <li>• East estate areas</li> <li>• Janji Matogu village</li> </ul>	Stakeholder consultation Verification document : <ul style="list-style-type: none"> <li>• Procedure and report of waste management (Hazardous waste, emission/ambient air and waste water), Prosedure and report of chemical Using,</li> <li>• Land use right (HGU) and distribution of boundary stone (map &amp; report),</li> <li>• HCV report &amp; management &amp; monitoring plan &amp; report of management &amp; monitoring activities,</li> <li>• Recommendation of fertilizer &amp; their application, result of leaf analyst,</li> <li>• Long term of plan, replanting program,</li> <li>• Water management plan &amp; their implementation, Water source for emplasment in division 2</li> <li>• IPM program &amp; result of sensus,</li> </ul>

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Date	Location/ Main sites	Main audit activities
		<ul style="list-style-type: none"> <li>• Volume of EFB application</li> <li>• List of spraying and fertilizing worker</li> <li>• Volume of fertilizer and agrochemical year 2015 &amp; 2016</li> <li>• SIA report and their implementation, CSR report</li> <li>• Information &amp; communication mechanism/procedure</li> <li>• etc</li> </ul> <p>On-site visit :</p> <ul style="list-style-type: none"> <li>• Chemical store &amp; fertilizer store in East estate</li> <li>• Boundary stone block J35, block G24 (no. EPS 007), no. EPS 028, no. EPS LXXXIX,</li> <li>• HCV 4.1 in block D25 (Aek Nabara river)</li> <li>• Harvesting, fertilizing, spraying &amp; manuring/weeding activities in west &amp; east estate</li> <li>• Emplasmment in east &amp; west estate</li> <li>• Block B15 (yop 1989) &amp; division office</li> </ul> <p>Interview :</p> <ul style="list-style-type: none"> <li>• Storage worker &amp; chemical (HPT) worker in East estate</li> <li>• Manuring/weeding team in division 2 (name of supervisor : Fahmi &amp; Ibrahim Lubis), Harvesting worker</li> <li>• Head of Janji Matogu village</li> <li>• Security officer</li> </ul>
August 24, 2016	<ul style="list-style-type: none"> <li>• PT ANJA of- fice</li> <li>• West estate</li> <li>• Central estate</li> <li>• Aek Rare &amp; Tar Sihoda-hoda village</li> </ul>	<p>Verification document :</p> <ul style="list-style-type: none"> <li>• Environmental document and environmental management &amp; monitoring plan report, procedure of training and report of training activity.</li> <li>• Distribution of boundary stone (map &amp; report),</li> <li>• HCV report &amp; management &amp; monitoring plan &amp; report of management &amp; monitoring activities,</li> <li>• Recommendation of fertilizer &amp; their application, result of leaf analyst,</li> <li>• SIA report and their implementation, CSR report</li> <li>• Information &amp; communication mechanism/procedure</li> <li>• etc</li> </ul> <p>On-site visit :</p> <ul style="list-style-type: none"> <li>• Waste storage &amp; workshop in West estate</li> <li>• Boundary stone block R024, block H03 (no.EPS LXXXVIII to LXXXIX), no. EPS 003, block J05 (no. EPS LXXII),</li> <li>• HCV 4.1 near block R24</li> </ul> <p>Interview :</p> <ul style="list-style-type: none"> <li>• Storage worker &amp; workshop worker in West estate</li> <li>• Field assistant in Division 8</li> <li>• Head of Aek Rare village and head of Tar Sihoda-hoda village</li> </ul>
August 25, 2016	Binanga POM Central estate	<p>Verification document :</p> <ul style="list-style-type: none"> <li>• Efficiency of fuel and using biomass.</li> <li>• List of worker on Central estate</li> <li>• Slip of wage payment &amp; regulation from local government about wage, agreement between company with worker,</li> <li>• Worker union policy</li> <li>• SCCS documents</li> </ul> <p>On-site visit :</p> <ul style="list-style-type: none"> <li>• POME, source of water surface</li> </ul> <p>Interview :</p> <ul style="list-style-type: none"> <li>• Storage worker, workshop worker, POME officer in POM</li> <li>• Permanent worker (karyawan bulanan tetap) &amp; casual worker (karyawan harian tetap) on Central estate</li> </ul> <p>Closing meeting</p>

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of Findings

The following is a summary of findings during this surveillance audit for the criteria listed in the RSPO Principles & Criteria Generic year 2013 and RSPO SCCS November 2014 was explained in below :

- **RSPO P&C**

#### **Principle 1: Commitment to transparency**

**Criteria assessed : CR 1.1; CR 1.2; CR1.3**

**Criteria not assessed:**

#### **Findings:**

In year 2016, the company maintained list of stakeholder according to the categories as follows: (1) government element of District Padang Lawas Utara; (2) government element of District Padang Lawas; (3) element of village head and community leaders in Sub District Simangambat; (4) element of village head and community leaders in Sub District Huristak; (5) element of community organizations and NGOs; (6) element of media/journalist; (7) others element. Stakeholder categories as like as mention in above, formulated and composed by the company. That's categorization refer to form in the Appendix No. 4 of the SOP Communication and Dissemination of Information. The other categorization and stakeholder analysis also composed by CSR and in this categorization not definitely refer to form in the Appendix No. 4 of the SOP Communication and Dissemination of Information.

The incompatibility between stakeholder categorization among CSR version and Form in the Appendix No. 4 of the SOP Communication and Dissemination of Information become a problem in order to ensure stakeholder categorization. The company still didn't aware that there is no integration among the official form with the stakeholder categorization composed by CSR.

The company have been composed SOP Communication and Dissemination of Information, No.Document : SOP – Leg – 02, dates 1 September 2015. In the SOP explain about minimum time in revision of list stakeholder, responsible providers, mechanism of dissemination relevant information, time execution for stakeholder meeting. The minimum revision of list stakeholder conducted every year. Department of External Affairs responsible to revised list of stakeholder with gather direct information from the relevant stakeholder. This department also responsible to coordinate twice stakeholder meeting in a year. Stakeholder meeting discussed about: (1) current social issues; (2) socialization of new policy by the company; (3) the delivery of stakeholder aspiration.

In the 2 August 2016, the company conducted stakeholder meeting and public consultation in fourth village (Village of Tar Sihoda-hoda, Village of Pasir Lancat, Village of Ramba and Village of Pulau Bariang). The fourth of this village planned as place for "kebun kemitraan". This event conducted to discussed about HCV and Social Impact Assessment and attended by 36 participant from community representative and government.

The company conducted a socialization to community in village of Tar Sihoda-hoda at 26 May 2016. Company policy socialized to community are policy of LK3, environmental policy, conservation policy, sustainable palm oil policy, energy policy, policy about respectation of human right, policy of trafick labour and forced labour. This socialization conducted only in village of tar sihoda-hoda and not yet implemented for other villages. Related with stakeholder aspiration, the company held stakeholder meeting at 20 October 2015 and to accommodate stakeholder aspiration, particularly from villages surrounding plantation areas.

Based on information through by interview process with Village Head of Janji Matogu, Village Head of Aek Raru and Village Head of Tar Sihoda-Hoda, they were said that village community still doesn't understand about process and mechanism to get information and communication access. It was noted as observation.

In order to response stakeholder, the company using the mechanism and it's refer to SOP Communication and Dissemination of Information, No.Document : SOP – Leg – 02, dates 1 September 2015. On that SOP, External Relation Officer responsible to received stakeholder aspiration and must be informed to the management of company within 3 days. The management of company will be reply stakeholder aspiration within 3 month, if no response within 3 month, it's mean that the management of company not agreed. Information request from stakeholder and response to stakeholders documented into Log Book of Record Received Information and Response 2016-2021. On that book, stated about response and feedback from company to stakeholders.



The company has a policy of no objection for documents to be made publicly available such as legal, social and environmental documents and current/past FFB prices. The exception applies only to confidential and related commercial documents which are not publicly available such as operational and financial statement, labor data and dispute document. These documents are available upon request and approved by the company.

Whereas, the mechanism of handling the requests of public documents is mentioned in *Prosedure Penanganan Komunikasi Stakeholder* (Stakeholder Communication Procedure) no. PRS-SDV-006. All letters of request on information and its responds were recorded in the form *Rekaman Penerimaan Informasi dan Tanggapan Stakeholder* (Record of information request and respond) no. REK-ANJA-EAD-004. Refer to the result of stakeholder consultation that there is complaint from stakeholder (local government) about no respond for request information (digital map of plantation location) till date of public consultation. The company has showed email to plantation and forest agency officer on North Padang Lawas District dated on 24 April 2016.

Auditor has verified that according to the procedure (PRS-SDV-006), these documents were available for public view upon request, such as :

- Izin lokasi, Izin Usaha Perkebunan, Hak Guna Usaha (Location permit, plantation operation/bussiness permit and land use right),
- The health and safety policy, manual and program,
- AMDAL, UKL-UPL, social impact assessment (environmental and social impact assessment),
- Pollution prevention and reduction program,
- Laporan pemantauan RKL/RPL (regular environmental management and monitoring report),
- HCV identification,
- Current and past FFB prices,
- Complaints and grievances resolve procedure,
- Public summary of certification assessment report,
- Human right policy,
- Compensation, claim and negotiation mechanism,
- Continous improvement plan in the term of sustainable development.

The company have an Code of Ethic Business Behavior (Kode Etik Perilaku Bisnis), dates 1 January 2014 and all of the employee must be obey company regulation in Code of Ethic Business Behavior. All of the employee in Austindo Nusantara Jaya Agri expected to : (1) read, understand, steeped, internalize and continuing company assignment based on Code of Ethic Business Behavior standard, including substance and fundamental philosophy of company code of ethic; (2) conform all of Indonesia National Regulations and specific regulation in the area of company operated; (3) Informed the behavior that potentially invade of positive law or constraining with substance and fundamental philosophy of company code of ethic; (4) unre-sisting and threaten employee that inform or asking about the violation of company code of ethic; (5) fully working together as long as a process of investigation upon violation case of company code of ethic; (6) finishing all of training needed; (7) looking a clarification.

In the implementation of company code of ethic, all of the employee must be have commitment and responsibility to: (1) identify and conduct business in accordance with applicable legislation; (2) maintaining quality standards in accordance with the company to participate in protecting the environment, safety and health for all of employees, customers, and suppliers within the scope of the company; (3) treat all customers, suppliers and government with honest and fair; (4) avoid of probity situation in which any personal conflict of interest with company interest; (5) Properly maintain and use internal information, assets, resources, companies and other organizations in the realm of Austindo Nusantara Jaya Agri (ANJA). Regarding all forms of corruption and bribery are prohibited based on company code of conduct.

Company Code of Conduct is already documented and communicated to the employees in Indonesian. Documents proving the attendance list that already implemented socialization Code of Ethics and Business Conduct which are chronologically document the attendance list is as follows :

1. Document the attendance list of ANJ Value Workshop on December 4, 2015
2. Document the attendance list of ANJ Value Workshop on December 5, 2015
3. Document the attendance list of workshop code of conduct on April 9, 2015
4. Document the attendance list of workshop code of conduct on April 30, 2015
5. Document the attendance list of workshop code of conduct on June 9, 2015
6. Document the attendance list of workshop code of conduct on June 10, 2015
7. Document the attendance list of workshop code of conduct on June 12, 2015

**Compliance status : Full Compliance**

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

**Criteria assessed : CR 2.1; CR 2.2; CR 2.3**

**Criteria not assessed: -**

**Findings :**

The company has list of law and regulation year 2016 (FRM-SOP Leg 01 – 01 rev.03) and has maintained a copy of all licenses both in hard and soft files. The company has carried out evaluation of compliance to regulation and law period of 2016 and the result of evaluation has stated on a report (FRM-SOP Leg 01 – 02). An overview of evaluation of compliance with laws and regulations is mentioned below :

1. Law no.5 year 1960 (land legacy) and governor regulation no.16 year 2004 (land management) with some evidences is the company have land use right
2. Law no.18 year 2004 (plantation and mill) with some evidence is the company have plantation business/operational permit (IUP) such as no.503/0004/IUP/I/2013 for palm oil mill, no. 105/HK.350/SK/Dj/BUN/10.97/1997 for area 6,000 ha, no.525/472/K/2005 for area 3,214.90 ha, and no.525.26/9541/2007 for area 238.69 ha. Moreover, the company has got approval for change of plantation type from rubber (5,500 ha) & cocoa (2,500 ha) to oil palm (6,000 ha) on the land bank of 10,000 ha from Minister of Agriculture (c.q Directorat of Jenderal of Plantation) on the letter no.HK.350/E4.162/04.88 dated on 11 April 1988 jo no.HK.350/E4.616/07.91 dated on 23 July 1991.
3. Ministry of Agriculture decree no.17/Permentan/OT.14/2010 (guidelines for assessment of plantation business) with evidence is head of plantation department decree on North Sumatera Province regarding plantation category on behalf the company is class I.
4. Law no.41 year 1999 (forestry) with evidence is management and monitoring of HCV and border rivers (procedure no.SOP-SDD-02 dated on 01 April 2013).
5. Law no.32 year 2009 (fundamental rules on environmental protection) with evidence is the company has implemented the law into the SOP/procedure concerning land clearing with zero burning (SOP-AGR-03), marginal land management (SOP-AGR-06), soil and water conservation (SOP-AGR-05), management of HCV and border river (SOP-SDD-02), peat land management (SOP-AGR-04), etc.
6. Government regulation no.27 year 1999 (environmental impact assessment) with evidence is the company has obtained approval of EIA based on the Ministry of Agriculture no,08/AMDAL/RKL-RPL/BA/III/1998 dated on 03 November 1998.
7. Law no.17 year 2004 (Kyoto protocol on climate change) with evidence is the company has obtained the ISCC certificate no.EU-ISCC-Cert-DE129-44131151 in July 2013 which relates to monitoring emissions.
8. Government regulation no.41 year 1999 (emission control) and decree of environmental agency no.KEP-205/BAPEDAL/07/1996 (static emission) with evidence is the company has conducted air pollution control and emission control periodically every six months at the mill.
9. Government regulation no.74 year 2001 (management of hazardous substance) with evidence is the company have safety instruction management of chemicals (SOP-AGR-019), pesticides and management (SOP-AGR-018), weed control (SOP-AGR-017) and IPM (SOP-AGR-020).
10. Government regulation no.18 year 1999 (hazardous waste management) with evidence is hazardous waste management conducted in collaboration with CV Amindy Barokah (third party) where CV Amindy Barokah hold operation permit from environmental agency of Padang Lawas District no. B.3843/Dep.IV/LH/03/2013 valid until year 2018).
11. Decree of Ministry of Environmental no.18 year 2009 (permit for chemical and hazardous substances storage) with evidence is hold hazardous storage permit from environmental agency of Padang Lawas District no.503/009/B3/VII/2014 valid until year 2019 (stored for maximum 90 days). Moreover, the company have MoU with hazardous waste collector (CV Amindy Barokah) year 2015 for used container of pesticide chemicals, expired chemicals, used oil, TL lamp, used battery, medical waste and laboratory used.
12. Decree of environmental Ministry no.28 and 29 year 2003 (land application permit of POME with evidence is technical guidelines for assessment and licensing procedure for land application of POME and hold permit of land application from Environmental agency of Padang Lawas District no.503/008/LA/VII/2014 valid until July 10, 2017.
13. Presidential decree no.71 year 2011 (national inventory and mitigation of GHG) with evidence is the company has conducted the inventory and mitigation of GHG year 2015.

14. Law no.13 (labour) with evidence is the company has complied regarding minimum wage based on North Sumatera Governor decree of January 2015, prohibition of employment of children under the age of 18 years through SOP no.018/HR & GA/CP/05-2009 on guidelines employee acceptance, ban on pregnant and lactating women to perform spraying and labour report year 2014/2015.
15. Law no.1 year 1970 (occupational of work) with evidence is the company has a safety management system through OSH manual for estate and mill. The company have some permits such as boiler operation license for the staff who works at the boiler was approved and granted by Department of labour.
16. Law no.3 year 1992 (labor social insurance) with evidence is the company has joined as member of the social insurance (certificate no.07AB3004 and 7AB3005) since January 1, 1995. Inspection of payment records at either mill or estates year 2015 was available.
17. Law no.21 year 2000 (labour union) with evidence is the company has issued memorandum from Human Resource Director no.079/ANJA-Binanga/GM-HRD/IM/VIII/2013. In this memorandum the company allows their employees to perform the labor union and provides facility for the meeting.
18. Law No.2 year 2004 (resolution of labor dispute) with evidence is the company has issued the memorandum from human resources director no.017/GM/ANJ-BINANGA/2-2014. In this memorandum the company has a mechanism on how to resolve if any dispute happened.
19. Government decree no.8 year 1981 and labor decree no.4 year 1993 (OSH) with evidence is the company has included their employees in a health insurance program no.04/WBJKK/DSTKT/2014 dated on June 2014 and valid until 2015.
20. Government regulation no.101 year 2014 appendix 1 (hazardous waste) that the company was not complied with regulation because container of agrochemical used as container of fossil fuel and management of contaminated sands (spill kit sand) has yet to refer to regulation it on house of genzet, warehouse of pesticide, warehouse of washing agrochemical container, central warehouse, warehouse of fossil fuel and warehouse of hazardous waste (TPS LB3). It was raised as non-conformity (**NCR no. RSPO00619** and **NCR no. RSPO00620**).
21. Etc.

The company has mechanism to ensure compliance with all applicable laws and regulations through procedure of regulation compliance evaluation (SOP-LEG 01 dated on 01 June 2014). Implementation of this procedure was followed up by providing a List of Applicable Law and Regulations, in FRM-SOP LEG 01-01 and a Report on the Evaluation of Compliance with Laws and Regulations.

The legal department of the company is responsible to update the list of applicable law and regulation by using internet access via relevant webmail address of and/or consultation to the related institutions. The latest update of the report was in January 2016. There are no change in agriculture, environmental, safety and health regulations and permits, the contents of applicable law and regulation still remain the same as before.

The company holds the land use rights (Hak Guna Usaha) such as :

- **Land use right certificate no.1** dated on 4 September 1993 on behalf PT Eka Pendawa Sakti in Simangambat Julu village, Barumun Tengah Sub District (current is Simangambat Sub District), Tapanuli Selatan District with total areas is **6,000 ha** with their base of register is Head of National Land Agency decree **No.32/HGU/BPN/91** dated on 6 November 1991 (total areas is **5,833.75 ha**) jo **no.32/HGU/BPN/91/A/50** dated on 31 May 1993 (total areas is **6,238 ha**). Illustration of land use right areas has showed on map of special situation (peta gambar situasi khusus) no.5/10/IV/1993 dated on 8 January 1993. The first validity of certificate until 31 December 2021 and based on Head of Land Use Right decree no.76/HGU/BPN/2005 dated on 21 June 2005 that validity of certificate has extended until **31 December 2076**. Section i) on land use right certificate no.1 has informed that certificate for at least areas of **± 238 ha** will be issued after the company has controlled/compensated areas it. The result of field visit that the company has cultivated/operated on areas it. This is condition non-compliance so that it was raised as non-conformity (**NCR No. RSPO00618**). It has got approval from Minister of Forestry (Minister of Forestry decree letter no.454/KPTS-II/91 dated on 30 July 1991) regarding release of forest areas in forest group of A.Horsik – Hiteador amount of **5,833.75 ha**.
- **Land use right certificate no.01** dated on 10 September 2009 on behalf PT Austindo Nusantara Jaya Agri in Ramba village, Huristik Sub District, Padang Lawas District (Tapanuli Selatan is old district name) with total areas is **197.05 ha** with their base of register is Head of National Land Agency decree **No.02-540.2-22-2009** dated on 16 March 2009. Illustration of land use right areas has showed on map of special situation (peta gambar situasi khusus) no.18/10/2008 dated on 27 March 2008. The validity of certificate until **9 September 2044**. Based on Head of Forestry Department in Tapanuli Selatan letter no.522/1527/2006 dated on 18 September 2006 that it has excluded from forest areas which refer to Minister of Forest decree no.44/Menhut-II/2005 dated on 16 February 2005 and or Minister of Forest de-

cree no.201/Menhut-II/2006 dated on 5 June 2006).

- **Land use right certificate no.03** dated on 26 January 2001 on behalf PT Eka Pendawa Sakti in Simangambat Julu, Pasing Pinang, Air Gala village, Barumun Tengah Sub District, Padang Lawas District (Tapanuli Selatan is the old name for district) with total areas is **3,214.90 ha** with their base of register is Head of National Land Agency decree **No.67/HGU/BPN/2000** dated on 18 December 2000. Illustration of land use right areas has showed on map of special situation (peta gambar situasi khusus) no.05/10/2000 dated on 9 May 2000. The validity of certificate until **25 December 2091**.

Based on notary act no.6 dated on 6 dated on 20 July 2005 on section 1 by notary of Mala Mukti,SH has informed that there is change of company name from PT Eka Pendawa Sakti to PT Austindo Nusantara Jaya Agri but shareholder no change. It has approved by government on decree of Minister of law and human right no.C-20304.HT.01.04.TH.2005 dated on 22 July 2005. Moreover, the change of company name has written by Investment Coordinating Board on letter no.1350/B.1/A.6/2005 dated on 2 August 2005.

The result of field visit that there are some conditions as non-compliance status such as 1). Boundary stone no. EPS 003 located on border area between block G24 (Division 07) and neighbour area where according information from harvester worker and field checking result that it was managed by company and 2). There is found block J15 outside land use right (HGU) areas according to land use right (HGU) certificate no.01 dated September 04, 1993. It was raised as non-conformity (**NCR No. RSPO00618**).

The company have map of boundary stone from National Land Agency each region or estate with scale 1:30,000. Moreover, the company has showed map of special situation each land use right decree or land use right certificate which has informed distribution of boundary stone. The result of field visit that boundary stone still demarcation on field example no. EPS 003, LXXXVIII and LXXIII. The company have mechanism regarding maintenance of boundary stone where the company will conduct boundary monitoring every month. The report of boundary monitoring consisted of the list and photograph of boundary stones and minute activity example re-checking or monitoring of boundary stone in Central estate has carried out on 19 May 2016 with notes is re-cheeking for boundary stone has not been found in filed by maintenance officer/worker because some of boundary stones double data (coordinat point and number as same but different of afdeling/division) and location of boundary stone not accordance with data every afdeling/division. Whereas, monitoring of boundary stone in East estate has carried out on 16 March 2016 with the result of monitoring is boundary stone has been completed.

The process of land acquisition is carried out by the company conducted prior to the issuance of RSPO Principles and Criteria and made before November 2010. Despute of land acquisition had been done but it doesn't mean that land conflict doesn't occurred. Some of record related with land conflict documented by company.

Land conflict was happened in the Village of Pasir Pinang and has been resolved in the 2012 through legal approach. The company have procedure of the handling of difference of opinion with community and land ownership dispute (valid since 1 September 2015). It was explained step of the handling of land dispute i.e 1). Writing land dispute, 2). Reporting land dispute and 3). Settlement of land disputes. The procedure of the handling of difference of opinion with community and land ownership dispute has approved by company but the company has not been carried out about socialitation of procedure to community. The company has not been participatory mapping procedure because since year 2015 no new acquisition. Moreover, the company have not special policy of prohibit/avoid the use of harassment to maintaining peace because scope of the procedure of the handling of difference of opinion with community is prohibit/avoid and or not the use of mercenaries and para-militaries in form of security contract/agreement on special time period for security process in their company operations but no limited to handling of different opinion with community and settelement of land dispute.

It was confirmed during surveillance assessment as well as during public consultation with stakeholder that there was no customary right of other users.

**Compliance status: Non-Compliance.**

**NCR No. RSPO00618 (indicator 2.2.1 – major)**

**NCR No. RSPO00619 & No. RSPO00620 (indicator 2.1.1 – major)**

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

**Criteria assessed : CR3.1**

**Criteria not assessed: -**

**Findings:**

The company have financial projection period of 2016-2019 such as 1). Basic information : total areas (mature & immature), FFB production from internal (estate) & external, yield (tonnes/ha), yield standard, extraction of CPO & PK (internal (estate) & external), CPO & PK production (internal (estate) & external), sale of CPO & PK (tonnes), price of CPO & PK (USD), opening & closing stock CPO & PK; 2). Income statement : sale of CPO & PK (USD) selling expenses, FFB purchase, estate expenses (field work, harvesting & transport, general changes ex-medan, general changes estate), oil mill expenses (processing, mill administration cost) & inventory adjustment, operation profit, head office expenses, depreciation of medan office, other income/expense, exchange gain/loss, profit before interest, financial charges, profit before tax, profit after tax; 3). Cashflow : profit after tax, plus depreciation, working capital & interest expense, corporate tax, estate capital (machinery, field development expenditure, housing and building, road and bridges, water & power, vehicle and heavy equipment, furniture & fitting & office equipment), palm oil mill, medan office capital expenditure, construction in progress, total capex, shareholders loan repayment, dividend, capital withdrawal/injection, investment in subsidiaries, bank loan, payment related to plasma, interest payment, net cash flow, opening balance & closing balance.

Appropriate table 6 above that the company has replanting programme for 5 years (year 2018 to 2022). That is revision of replanting program which based on internal memo no.053/GM/ANJA-BNG/IM/V-2016 dated on 2 May 2016. Reason of revision of replanting program is year of planting (YoP) 1988 & 1989 still productive and still visible to harvest in field. Previous replanting program is Year of Planting (YoP) 1988 & 1989 (259.83 ha) will carry out replanting on year 2017.

**Compliance status: Full Compliance**

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

**Criteria assessed : CR4.1, CR4.2, CR4.3, CR4.4, CR4.6, CR4.7, CR4.8**

**Criteria not assessed : CR4.5**

**Findings:**

The company have policy, manual, procedures, work instruction, management plan, internal memo and records for plantation and mill and it was documented. Documentation system procedure (SOP-SCD-01) consist of document approval level, code of department, code of document, identity of document, document control, record control, complete of information on document, numbering system on document, etc. All document system has provided on working areas/keeping areas and the use of Indonesia language. The procedures have been covering all main activity such as harvesting, transportation, manuring, IPM, best practice and supply chain. Based on visits to plantation and mill, the location has provided each the procedures.

All policies and procedures has stated on master list of document (FRM-SOP SCD 01-01). Some policies and procedures (standard of procedure (SOP) for all operational activities such as :

- Procedure relate of Agronomy consists of SOP of road construction (SOP-AGR-01), SOP of new development areas (SOP-AGR-02), SOP of land clearing with zero burning (SOP-AGR-03), SOP of peat land (SOP-AGR-04), SOP of land and water conservation (SOP-AGR-05), SOP of planting moccuna (SOP-AGR-08), SOP of planting oil palm (SOP-AGR-09), SOP of fertilizing & fertilizer (SOP-AGR-11), SOP of replanting (SOP-AGR-28), etc.
- Procedure relate of Sustainability consist of SOP of documentation system (SOP-SCD-01), SOP of HCV and riparian management (SOP-SCD-02), SOP of audit internal for management system (SOP-SCD-03), SOP of GHG (SOP-SCD-04), SOP of product traceability (SOP-SCD-05), SOP of emergency response (SOP-SCD-14), etc.
- Procedure relate of EHS consist of SOP of safety for spraying worker (SOP-EHS-001), SOP of safety to keep agrochemical (SOP-EHS-004), SOP of waste management plant (SOP-EHS-008), SOP of hazardous waste management (SOP-EHS-009), SOP of identification of hazardous and risk assessment

(SOP-EHS-019), etc.

- Procedure relate of clinic consist of SOP of health service about outpatient, inpatient and referral (SOP-POLI-01), SOP of health service for emergency condition (SOP-POLI-02), SOP of health logistic (SOP-POLI-03), etc.
- Policy relate of HR & GA consist of corporate policy of health maintenance program (012/HR&GA/CP/Kesehatan/07-2007) and corporate policy of water for consumption (015/HR&GA/CP/FABUK/03-2009)
- Procedure relate of workshop & transport consist of SOP of road maintenance (PRS-CWT-001), SOP of Central Workshop (PRS-CWT-002) and SOP of transport management (PRS-CWT-003)
- Procedure relate of Palm Oil Mill (POM) consist of SOP of FFB receipt station (ST.01/Eng-RCT); SOP of fertilizer station (ST.02/Eng-STR), SOP of Threshing station (ST.03/Eng-THRS), SOP of circulation and transferring CPO in storage tank (ST.24/Eng-LAB), etc.
- Procedure relate of purchasing consist of SOP of product request by Medan/Jakarta office (No.I), SOP of location of buying/requesting product (No.II), SOP of product purchasing (No.III), SOP of requesting and buying of fertilizer (No.IV), SOP of CAPEX and purchasing flowchart (No.V).
- Procedure relate of financial consist of SOP of operation procedure (ANJA-CEO-SOP 01), SOP of conflict interest (SOP-CEO-SOP 02), SOP of preparation of annual budget (ANJA-CEO-SOP03), SOP of font standard, cost/data write system, stock code, account/description code and terminology (ANJA-F&A-SOP28).
- Procedure relate of legal consist of SOP of evaluation of compliance regulation & law (SOP-LEG-01), SOP of communication & information dissemination (SOP-LEG-01), SOP of handling of different opinion with community and land conflict/dispute (SOP-LEG-03).

SOP of hazardous waste management (SOP-EHS-009) was not covered management of contaminated sand (spill kit sand). It was raised as non-conformity (**NCR No.RSPO00620**).

The company has carried out socialization of documentation system but the result of interview and discussion with worker that they can not explain goal and content from policy and or procedure it. It was raised as observation. Every relevant department has gived some documents appropriate with their activity where it has managed in control document with marking "control copy and uncontrol copy.

Based on internal memo no.055/GM/ANJA-BNG/IM/V-2016 dated on 05 May 2016 that the company has carried out review of SOP and their result is all SOPs still appropriate so that all operations shall be implement refer to SOPs it. Policy, manual, SOP and work instruction shall reviewed minimum 1 year.

The company have mechanism to check implementation could internal audit procedure (SOP of audit internal for management system (SOP-SCD-03)). Correction action from internal audit has stated on non-conformity report. The management monitored the implementation and operations of the mill and estates through Internal Audit Operations, Engineering and Agronomy visit and internal audit of RSPO. The internal audit is done twice a year and external financial audit once a year. Internal audit of RSPO was carried out on 10-13 May 2016 with 12 non-conformity. Record of the internal audit was maintained properly and all non-conformity has closed on 28 May 2016. During audit, there is inconsistent between procedure with actual condition example implementation of health employee assessment procedure where in the procedure was explained that the sprayer have been working period at least 2 (two) continuous years yet to get health checks with parameter of cholinesterase but the result of health employee assessment on year 2015, there was not sprayer checked about cholinestrace parameter. It was raised as non-conformity (**NCR No.RSPO00628**).

All activities regarding the estate and mill operation were recorded in the estate and mill monthly report (DOC-ANJA-001) respectively, working paper and or form of application, master list of document. The monthly report contains amongst others: detailed FFB/CPO/PK production and expenses, fertilizer, pesticide and herbicide application, stock balance of warehouse, operational expenses, medical expenses and labour expenses. Documents and records of monitoring was maintained and available example Rek-ANJA-SCD-07 (list of fertilizer has used), Rek-ANJA-SCD-06 (list of agrochemical & LD50 was used in year 2016), Rek-ANJA-SCD-02 (agrochemical used and ingredient used per hectare and per FFB), Rek-ANJA BNG-MILL-005 (monitoring of mass balance), Rek-ANJA BNG-MILL-001 (recapitulation of production in mill), recapitulation of EFB application (REK-GMO-09), recapitulation of agricare application (REK-GMO-08), EHS monthly report estate (Rek-ANJA-EHS-01), realization of EHS officer activities in mill (FRM-SOP EHS 39-055), program and realization of EHS activities in estate (FRM-SOP EHS 24 -063), accident report (FRM-SOP EHS 23-015), investigation of work accident report (loss time accident) (FRM-SOP EHS 23-016), accident root cause analysis checklist (FRM-SOP EHS 20 – 069), etc.

Based on tabel 3 (a & b) above that there are the supply of FFB by third party, the detailed amount is describe in tabel 3 too. The Binanga POM has procedure of the third party FFB sourcing (SOP-ANJ-01) and

procedure of requirement to be FFB supplier (SOP-ANJA-F&A-SOP31) where the mill has implemented their SOP example the mill has carried out the selection to the third party FFB suppliers and listed them in form of FM-ANJ-01-001 (approved supplier list / Daftar Supplier Terseleksi), including the third party FFB suppliers, FFB buying agreement between the company with every FFB supplier (no.006/ANJ-Agri/SP/TBS/VI/2016 dated 1 June 2016, no.003/ANJ-Agri/SP/TBS/I/2016 dated on 2 January 2016, no.004/ANJ-Agri/SP/TBS/I/2016 dated on 2 January 2016, no.005/ANJ-Agri/SP/TBS/I/2016 dated on 2 January 2016, no.002/ANJ-Agri/SP/TBS/I/2016 dated on 2 January 2016, no.001/ANJ-Agri/SP/TBS/I/2016 dated on 2 January 2016). The mill has recorded the origins of all third party sourced FFB daily record in the form of FM-ENG-GRD (FFB grading report / Laporan grading TBS), weighing slip, FFB delivery letter, report of FFB from third party.

The company has a procedure of fertilization i.e. SOP of fertilizer and fertilizing (SOP-AGR-11) and it has implemented on filed. To maintain soil fertilitu and improve soil structure, the company uses both inorganic fertilizer and organic fertilizer and implements good agriculture practices such as planting legume as cover crops, placing frond stack on inter-row. Based on recapitulation of EFB application on mature areas that volume of EFB application on PT ANJA areas is 44,679.20 tonnes (year 2015) and 27,702.00 tonnes (till July 2016), recapitulation of Agricare application is 64,688 kgs (year 2015) and 62,366 kgs (till April 2016), recapitulation of recommendation and realization fertilizing year 2016 (till June 2016) in East estate is 2,069.77 tonnes such as GRP, HGFB 48, Urea A1, MOP-1, Agri Care, Kiesrite and ZA. Based on field visit in block 06 Division 2 – East estate, the company conducted fertilization of MOP. At the time of the observations, fertilization has been conducted in accordance with the procedures starting from the opening of fertilizers until fertilizer application.

The company has soil and leaf analysis procedure (SOP-AGR-26). In the procedure stated that the leaf analysis conducted once a year or every year and soil analysis conducted every 7 year. Soil analysis is conducted by estate department – PT ANJ Agri where the last report was in March 2013. Whereas, leaf analysis or foliar analysis report has carried out on 20 April 2015 by PT Nusa Pusaka Kencana Analytical & QC Laboratory (Asian Agri research & development centre) and report issued on 11 May 2015 (ref no.142/RD/EXT/L/MEI/15). The result of leaf analysis to be baseline the fertilizer recommendation for year 2016 example total of fertilizer recommendation in East estate is 2,933.89 tonnes for 3,023.34 ha in east areas) with type of fertilizer are GRP, HGFB 48, Urea A1, MOP-1, Agri Care, Kiesrite and ZA. Whereas, realization was described on paragraph above.

The company has soil map with scale 1 : 50,000 and there is no fragile soil found. PT ANJ Agri – Binanga estate as a member of ANJ Group where PT ANJ Agri – Binanga estate has developed “SOP *Pengelolaan Tanah Marginal* or Marginal Soil Maintenance (SOP-OPR-029) dated on June 1<sup>st</sup>, 2009 for managing fragile soils. This is procedure has shown that the management of ANJ Group takes care about the practices to minimize and control erosion and degradation of soils and this is applicable for all companies within the group.

The topography of land in general was flat. Only a small area has 15-25% slope and to prevent this area from erosion, the company has developed land and water conservation program. The program includes terracing and planting leguminous cover crop such as *Mucuna spp.* Map of topography and photographs for both terracing and LCC planting were available. Moreover, the company has planted vetiver grass on slope land to minimise soil erosion.

The company has established SOP to maintain road as stated in ‘Procedur Perawatan Jalan (PJ-CWT-002)’. Whereas, record of road maintenance was kept in “Program Pemeliharaan Jalan (Road Maintenance Program)”. Based on the result of field visit that road still maintenance example road from office to block J05, block J35, emplasment in east estate, block H03, block B15 and block D25.

The mill has processed effluent in form of palm oil mill effluent (POME) pond (Instalasi Pengelolaan Air Limbah (IPAL)). POME pond is 16 pond (aerobic, anaerobic and fish pond as indicator). Flow of effluent treatment process is liquid waste or effluent come from clarification station and or sludge separator dispatch to fat fit pond → control pond in fat fit pond → to colling pond → to anaerobic I pond → to anaerobic II & III pond → anaerobic IV pond (and or cross circulation) → to aerobic V pond and or aerobic IX pond → effluent from aerobic V pond dispatch to aerobic VI pond → to aerobic VII pond → to aerobic VIII pond → to aerobic IX pond (effluent from aerobic and anaerobic pond mixing in here and as outlet of effluent to land application areas) → to land application areas. The cordinate inlet of effluent (fat fit pond) is 099053'22,7" E- 01025'0,68" N and outlet of effluent (aerobic IX pond) is 099053'22,7" E- 01025'0,68" .

The company has measured quality of effluent or liquid waste every month according regulation (Ministry of Environment decree no.28 year 2003) with some parameters such as pH (6 to 9), BoD (< 5,000 mg/l), CoD, Cd, Cu, Pb, Zn, Oil & Fat and volume of effluent or liquid waste. The result of measurement year 2015 to July 2016 (especially BOD) is compliance with standard or no over standard.

The company have a license for discharge effluent to land application areas from local government and has compliance with the requirement of the license. The company has noted volume of effluent or liquid waste

discharge to land application and rotation block of land application for discharge effluent (complete of information on criterion 5.3.3).

The company have not a special policy regarding commitment not use agrochemical which avoided by national and international regulation (WHO category IA & IB or conversion of Stockholm and Rotterdam) but company have procedure of agrochemical and their management (SOP-AGR-18) which has explained type or group agrochemical, matter required attention by agrochemical operator, keeping agrochemical, poisoning agrochemical and their symptom and first aid action for poisoning agrochemical. Moreover, the company have a procedure of using agrochemical (SOP-AGR-19) which was explained regarding how to use agrochemical with safe, poisoning level, keeping agrochemical with safe for preventive action, mixing agrochemical and application, first aid if any poisoning, how to using and maintenance of apron.

The company have a list of agrochemical & LD50 year 2016 (REK-ANJA-SCD-07) and justification of use or function each agrochemical where type of agrochemical was used such as :

1. Herbicide group : Garlon 670EC (ingredient : *triclopyr butoxy ethyl ester* 670 gr/l); Lindomin 865 SL (ingredient : *2.4-D dimetil amina* 865 gr/l); Amiphosate ultra 54 SL (ingredient : *kaliun glifosat* 540 g/l); Amiron-M 20 WG 20% (ingredient : *metil metsulfuron* 20%); Glufo 150 SL (ingredient : *amonium glufosinat* 150 g/l); Bionasa 480 SL (ingredient : *isopropil amina gliosat* 480 g/l) and BM Metron 20 WG (ingredient : *metil metsulfuron* 20%).
2. Insektiside group : Dipel SC (ingredient : *bacilus thuringiensis*); Antong 75 SP (ingredient : *asefat* 75%).
3. Aditive or mixer : Agristick (ingredient : *alkilari poliglolik eter*)

Every agrochemical above has explained regarding product permit number, experied time, issued by, maximum dosis for poisoning level (LD 50 (mg/kg)) if via oral, inhalasi and skin and agrochemical status every year, example : Garlon have function herbicide to weight leaf, product permit number : RI. 0103011984695, experied dated on 25 September 2018, issued by PT Dow AgroSciences Indonesia ; LD 50 (mg/kg) via oral is 1,581 mg/kg, via inhalasi is not available, via skin is > 2,000 mg/kg, and agrochemical status year 2016 is can used. Recommendation of using agrochemical (l/ha) refer to recommendation of fertilizer and agrochemical from internal company or government.

The company have a data of agrochemical used year 2016 (Rek-ANJA-SCD-02), example :

Estate	Area	Ton TBS	Amiphosate 540 SL (kaliun glifosat 540 g/l)				
			l (liter)	gr/ba	l/ha	gr ba/ha	gr ba/ton TBS
East	3.129,39	41.139,24	2.762,66	1.491.836,40	0,8828	475,72	36,263
Central	3.414,53	41.191,72	4.838,73	2.612.914,20	1,4171	765,23	63,433
West	3.268,86	35.665,84	2.148,08	1.159.963,20	0,6571	354,85	32,523
Total	9.812,78	117.996,80	9.749,47	5.264.713,80	0,9935	536,52	44,617

The company have a IPM programme as one of programme for decrease using agrochemical. The result of fiel visit that there are house of owl bird which used as predator to rat.

Based on information above that the company has not used agrochemical/pesticide with category of WHO class 1A & 1B and Stockholm or Rotterdam convention. The company have a list of pesticide refer to green book was issued by Ministry of Agriculture and the management has understood type of pesticide which categorized as WHO class 1A & 1B and Stockholm or Rotterdam convention by personality. During surveillance audit, the company has not been used of these pesticides and paraquat.

The company have a procedure of pesticide & their manage (SOP-AGR-18) and procedure of guideline of safe using pesticide (SOP-AGR-19). The company has carried out agrochemical training dated on 30 November 2015 with participant amount of 36 persons such as spraying employee and staffs. Topic of training is guidline of safe during using pesticide and employee shall be using PPE appropriate. Training using Indonesian language so that employee easy understand. In year 2016, it has carried out on 28 March 2016 with participant amount of 26 persons. The result of interview to employee that operator of agrochemical store and spraying employees has understood regarding handling of agrochemical, handling of ex-agrochemical container and some symbols of hazardous material on MSDS. MSDS for pesticide used readily available for easy reference example on agrochemical store and borrow by sparying supervisor. It is resume of MSDS original (from produsen) but major content still available such as name of hazardous material and their ingredient, symbol of hazardous material, hazardous and simpton to person, employee shall using PPE & type of their PPE, general activities must avoid during handling of agrochemical and frist aid if any accident or hazard to employee. Based on procedure of safety for spraying employee (SOP-EHS-001) that mandatory PPE for spraying employee is booth shoes, mask, apron, glove, google or face shield and shower equipment. It has accorded with the result of hazard identification & risk assessment (HIRA) by company. All PPEs was provided by company with free of charge and if any broken, the employee can return or substitute to central store with old PPE must be borrow.

Volume of pesticide was used based on dozes and pest & disease attack report (refer to indicator 4.5.1 & 4.5.2).



Chemist or spraying supervisor has carried out his responsibility/duty such as monitor of spraying application in field, control of using PPE by employee, control of mixing pesticide appropriate dozes & type of target, washing of ex-agrochemical container, washing capsneck after application, keeping & washing PPE after used and manage of employee to shower before back to housing. The result of field visit that spraying supervisor in central estate & west estate has carried out his responsibility.

Procedure/mechanism of pesticide storage (SOP-AGR-18) was available and was implemented too example agrochemical store in west and central estate. The evidence of pesticides stored according to recognised best practices is liquid pesticide & solid pesticide was separated, using FIFO (First In First Out) system, symbol & labelling on container was available, stacks average of 3 piles and given pallet, first aid box was available, emergency wash was available, MSDS & spill kit was available too, etc.

Procedure of waste management (SOP-EHS-009) has allowed that ex-agrochemical container can re-used for flower pots, trash bin and storage of fuel but the company does not permit ex-agrochemical container used to store water (household need). During the field trip, ex-pesticides container used as a fuel container in engine room. This is not in accordance with the Government Regulation (Peraturan Pemerintah) No. 101 year 2014 annex 1, which is ex pesticides container including a list of waste from a source not specific with danger category of 2 so handling should also be treated as waste, i.e. only can be used for similar activities (example: as water container for applications chemist in the field in dry seasons). It was raised as Non-conformity (**NCR no. RSPO00619**). Whereas, the remaining containers was not used that it has stored inside temporary store for hazardous & dangerous waste in central workshop. Every delivery waste from each division to temporary store has recorded, hand over note was issued by store operator and fill in on balance of hazardous & dangerous waste.

The company have a work instruction of weed control with chemist (IK-AGR-001). It has explained about type of pesticide used appropriate with target, location of pesticide application and protection afforded to workers. Training has carried out by company dated on 30 November 2015 & 13 May 2016 with employees as participant. Whereas, maintenance of associated smallholder knowledge and skills on pesticide handling not doing because the company have not associated smallholder.

The company has not applied pesticides by aerial so that there is not documented justification.

There is SOP for proper disposal of waste material (SOP-EHS-009 & SOP-EHS-008) and training of proper waste disposal to workers and managers was provided/carried out by company.

Some pesticide operators can be seen on list of wage and or list of medical surveillance which conducted by ccompany's clinic. There is records of annual medical surveillance of pesticides operator example on December 2015 and medical check up every 3 month but checking cholinesterase enzyme not carried out to employee with working period is minimum 2 year. It was raised as non-conformity above (**NCR No.RSPO00628**). Based on it, there are employees (pesticides operator) change of health condition level and company has follow up or treated in form of next checking at clinic.

The company have procedure of safety for spraying or pesticide operator (SOP-EHS-001). It has explained that boy & girl, pregnant women and breast-feeding women not allowed involve chemist application. The result of interview to officer and document in west estate that the company has been implemented checking pregnant women and breast-feeding women every 3 month by nurse in company's clinic and it has recorded on monitoring form. During surveillance audit that pesticide operator has not been pregnant or breast-feeding women so that there is not relocating job. If any, pesticide operator pregnant or breast-feeding women so that the company will relocating job to other job which not related with chemical.

Top management of PT ANJ Agri has establish and documented the environmental, health and safety policy as stated in Kebijakan Lingkungan, Keselamatan dan Kesehatan Kerja dan Energy Terbarukan (policy of environmental, occupational, health and safety (EOHS) and renewable energy) updated on January 2<sup>nd</sup>, 2014. It has disseminated to worker and always reminding during the safety talk meeting before working.

The company has carried out hazard identification & risk assessment covering all plantation & POM activities (starting plantation, POM, central workshop, store, clinic and general) which refer to procedure of hazard identification and risk assessment (SOP-EHS-019). The result of hazard identification & risk assessment was provided action plan to prevent further recurrence.

The company have OHS team (Tim Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3)) and it has validated by the head of Manpower Department of Padang Lawas Regency-North Sumatera Province on February 12<sup>th</sup>, 2014. The OHS team is responsible to ensure that all operations are equipped with necessary safety facilities and equipment. There are regular monthly OHS meeting about health and safety issues.

Workers who worked in hazardous and right risk areas were provided training to minimize their risk through an annual training program on safety and health issues where one of training is first aid training. All sprayers are provided with proper PPE such as a mask, hand gloves, safety shoes and body cover coat (apron).

Workers who work at noisy areas are provided with ear muff and ear plug.

Emergency respond procedure (SOP EHS-018) has understood by Maintenance worker in Division 3. All of the permanent employees and contracted workers are insured under Badan Penyelenggaraan Jaminan Sosial or BPJS (social insurance for labor). The company has paid the insurance monthly for all workers. All employees, especially those in high risk work has carried out medical check-up, and annual health examination with the results submitted to Dinas Tenaga Kerja – Balai Hiperkes dan Keselamatan Kerja Provinsi Sumatera Utara (Department of Labor, Province of North Sumatera). Parameter was checked is audiometric, spirometric and cholinesterase test and showed that result was good.

The company has maintained the list of employee whom training must be provided. In Training Procedure (SOP-PDV-001), the Training Officer has made the execution plan for each year based on the Training Need Analysis (TNA) which it was collected from each Department. All information obtained as a result of the training will be summary and presented to the General Manager. The training is not only committed against workers but also done to contractor, contract's and community have been in around the company (for the training HCV). All of implementation training is documented in the Training Report (FRM-PDV-004).

**Compliance status: Non Compliance**

**NCR no. RSPO00619** (indicator 4.6.6, 2.1.3 & 5.3.2)

**NCR No.RSPO00620** (indicator 4.1.1 & 2.1.3)

**NCR No.RSPO00628** (indicator 4.1.2)

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

**Criteria assessed : CR5.1, CR5.2, CR5.3, CR5.4, CR5.5; CR5.6**

**Criteria not assessed : -**

**Findings:**

The company already has EIA Assessment (AMDAL) which is consist of KA-ANDAL, ANDAL, RKL and RPL. Ka-ANDAL have been approved by Governor based on letter number 152/BA 5/VII/1994 dated 25 July 1994, while for ANDAL, RKL and RPL have been approved by Governor based on letter number 08/ANDAL/RKL/RPL-BA/II/1998 on 11 March 1998 about approval of the ANDAL and RKL-RPL PT Penda-wa Sakti Eka in the Barumon Tengah, South Tapanuli Regency, North Sumatera Province with a scope document is 10,000 ha of palm oil plantation and factory capacity is 60-90 tons FFB/hour.

Almost all activity in plantation and palm oil processing have been described on document, which on main activity like as legalitation process, socialization with comunity, land clearing, planting, nursing until process of palm oil and suppoting activity like as maintenance of the road, utilization, workshop activity and others. But except replanting and handling about fire prevention of land and gardens, as well as to the management of factory emissions.activity is was not described on document.

The company has performed the HCV assessment on May 31<sup>st</sup> - June 4<sup>th</sup>, 2011 which was prepared by FOCUS CONSULTING GROUP and led by approved HCV assessor Ir. Siswoyo, Msi. Total identified HCV area is 324.58 Ha or 3.27% of total PT ANJ Agri area. East Estate was found to have HCVs 1.3; 4.1; 6, totalling is 118.78 Ha. There was no protected flora. HCVs 1.3; 4.1 were found in Central Estate covering an area of 153.10 Ha.

To ensure the implementation of HCV the company has established a SOP to manage and monitor HCV as stated in procedure PRS-SDV-003 Pengelolaan dan Pemantauan Nilai Konsevasi Tinggi/NKT (Management and Monitoring Plan of HCV) and recorded in the Management and Monitoring Plan of HCV Report. The report for year 2015 was available.

PT ANJ Agri – Binanga areas has carried out educate or training about the status of these RTE species to worker including estate assistant and security. Estate assistant have been educated and assigned to be HCV officer in each estate while a security officer is conducting daily patrols to control HCV areas and prevent it from violant. The security officer has made daily patrol report acknowledged by the estate assistant and the outcomes of monitoring report will be feedback for the management and monitoring plan of HCV areas. The company has carried out monitoring status of HCV and RTE species in form of daily patrol refer to overlay map of HCV and update area statement map as example conservation areas block 31 (division 12-west estate), riparian buffer zone of Huristak river in block 20 and Sigatal river in Block 8 and was found Malayan pangolin (*Manis javanica*).

The company held a public consultation for HCV on September 22<sup>nd</sup>, 2011 involving stakeholders including local communities. No records of objection from stakeholders and local communities have been found and they supported company to maintain HCV area. All HCV area in HGU of the company.

The company has carried out identification of pollution and emission source based on the result of environment impact identification (FRM-SOP SCD 09-01) as example environment impact from boiler activity/operational every day with normal condition is fog or smoke (emission). Based on condition it that boiler operation is one of significant aspect which shall be concern in environment management.

Quantity of waste was written on recapitulation of production report in Binanga POM (REK-ANJA-BING-MILL-001) with type of waste is liquid waste or effluent, fiber, shell and efb of ffb process. Year 2015, quantity of liquid waste or effluent produced is 151,994,381 kg (55% of ffb process), fiber is 35,925,945 kg (13% of ffb process), shell is 16,581,205 kg (6% of ffb process) and efb is 60,797,752 kg (22% of ffb process).

Waste and emission has producessed from all estate and mill operational activity which re-used and kept is below :

No.	Waste name	Characteris- tic of waste	Typical of waste	Waste source
1	Container of ex-agrochemical	Solid	B3	Control of weeds or insect
2	Container of ex-fertilizer	Solid	B3	Fertilizing
3	Used oil	Liquid	B3	Maintenance of enginee, equipment, vehicle and heavy vehicle
4	Used accu	Solid	B3	Use of genzet, heavy vehicle and vehicle
5	Used filter oil	Solid	B3	Use of genzet, heavy vehicle and vehicle
6	Dust cloth contaminated	Solid	B3	Maintenance of enginee, equipment, vehicle, heavy vehicle and cleaning spill or scattered oil
7	Medical waste	Solid	B3	Medical operational
8	TL lamp	Solid	B3	Use of lamp
9	Fiber	Solid	Non B3	Processing FFB
10	Shell	Solid	Non B3	Processing FFB
11	Effluent or liquid waste	Liquid	Non B3	Processing FFB
12	EFB	Solid	Non B3	Processing FFB
13	Emission	Gas	Non B3	Boiler operation and genzet, vehicle operational and heavy vehicle.

All agrochemical was kept in warehouse and their used agrochemical container was kept in temporary keeping location (TPS) hazardous toxic waste (LB3). It has got approval from local government (decree no.503/0009/B3/VII/2014 dated on 11 July 2014 jo no.503/0009/B3/VII/2014 dated on 18 April 2016) with type of waste allow keeping such as used oil, used accu, used agrochemical container, used filter oil, medical waste, used dust cloth or glove, container or item contaminated, used catridge/toner, electronic waste and use TL lamp. Temporary keeping location (TPS) hazardous toxic waste condition has appropriated with regulation.

The company have manage of hazardous toxic waste procedure (SOP-EHS-009) where it has explained that ex-agrochemical container can re-use as flower vase, trash bin and fossil fuel container and fertilizer sack were reused as soil storage and become soil erosion bund. Actual condition in field that it was implemented so that it was not disposed responsibly. Condition it, was raised as non-conformity (**NCR no.RSPO00619**).

The company has an energy policy that has been passed on the date 01 April 2014. The company implements Sustainable Energy management system with the following principles: efficiency of energy consumption in accordance with the provisions of the applicable legislation; monitoring energy use in all departments and business units continuously; optimize the use of sufficient human resources as well as the necessary equipment; communicate and increase awareness through training and socialization to all employees and stakeholders related to energy conservation; optimize the use of energy-efficient appliances; optimize the potential use of renewable energy available; and do the repair systems and policies continuously and sustainably.

Things that are monitored are related to application usage logging only energy policy solar on mill and estate (housing), the recording of the use of biomass (fiber and shell) as boiler fuel is done every month. The calculation of the value of efficiency obtained with the utilization of biomass is only available for the plant while the use of the estate while other sources has not been provided. The average value of the realization of the efficiency of the solar (l/tonne FFB) is 0.588 tons FFB/l, which targeted programs is 0.627 litres/tons FFB. (determination of calculation based on program budget (l/year) which was converted to be (l/tons FFB).

PT ANJ Agri has developed procedure SOP Agronomi SOP-OPR-003 SOP Land Clearing with Zero Burning Technique, SOP-EHS-006 of Fire Handling and SOP-SAF-006 SOP of Emergency Action Plan. According

to this procedure the use of fire for activities such as new planting and replanting is strictly prohibited. These procedures were well implemented. The zero burning policy is also stated in the contractor's agreement. For replanting program they use mechanical method by chipping palm trunk.

A notable achievement has been made for the elimination of fire for disposal of garden waste and packaging materials at housing. The company has installed fire protection systems and training for preparedness in fighting fire at all estates and other infrastructure. Siren or emergency alarm for getting attention and help during emergency was available and checked regularly and recorded in Pemeriksaan Instalasi Penanggulangan Kebakaran Lahan (Checking on Land Fire Fighting Installation System) which was available at all plantations. The company have not replanting areas so that no evidence that fire has been used for preparation land. Indicator 5.5.2 is not applicable.

The company identified the sources of pollution and emissions based on the identification of environmental impacts. Identified of kinds of greenhouse gases (GRK) described in greenhouse gases procedure (SOP-SCD-04). As for the main sources of emissions are identified, i.e; changes in land use (land use change), the use of fertilizers and pesticides, waste water processing, the use of electric and diesel vehicle emissions, a source of operational (transport) and oil palm processing of oil palm fruit oil palm oil becomes. In addition to the above in the procedures, the source of pollution and emissions are also from the results of the identification of the environmental effects has been conducted. The assesment has reported to the RSPO, through javin tan (javin, tan@rspo.otg) on 19 August 2016. Reporting submitted by Priya Swayanuar. The content of the document was reported GHG Calculation Report for production by 2014 and 2015 with method PalmGHG Calculator ver 2.1.1.

**Compliance status : Non Compliance**

**NCR no. RSPO00619** (indicator 5.3.2, 4.6.6 & 2.1.3)

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

**Criteria assessed: CR6.1, CR6.2, CR6.3, CR6.4, CR6.5, CR6.6, CR6.7, CR6.8, CR6.9, CR6.10, CR6.11**  
**Criteria not assessed : -**

**Findings:**

Social impact assessment has been done by independent consultant in 2013. Document SIA mention about the existing Plantation of ANJ Binanga into District of Padang Lawas and District of Padang Lawas Utara, and it's also divided into sub district Huristak (as a part of area of Padang Lawas District) and the sub District of Simangambat (as a part of Padang lawas Utara District). Villages under administrative of Sub District Huristak are Villages Tobing Jae, Village Tobing Julu, Village Gala Bonang, village Tobing Tinggi, Village Pulau Bariang, Village ramba, Village Gonting Julu, Village Tar Sihoda-hoda and Village Pasir Pinang. On the other hand, villages under administrative of Sub District Simangambat are Village Simangambat Jae, Village Simangambat Julu, Village Sigagan, Village Jabi-jabi, Village Paran Padang, Village Langkimat, Village Matogu, Village Huta Baru, Village Mandasip and Village Pasir Pinang.

As for the review related aspects of education, health, livelihoods, transport, access and land use in District of Padang Lawas and District of Padang Lawas Utara become a part of explanation in this study. But the explanation of the aspects of education, health, livelihoods transport, access and land is not described in any village included within the scope of this study. As well as aspects of cultural values and religion is not described at all in the public received within the scope of this study this is raises as non conformity during 4th surveillance audit as recorded on **NCR No RSPO00629**. Villages under the scope of study in line with the separation of plantation estate, such as estate of western region (kebun wilayah tengah), estate of central region (kebun wilayah tengah) and estate of eastern region (kebun wilayah timur).

Villages under the estate territory of central region are village Mandasip, village Huta baru, village Huta pasir, Village Aer Galah. Some villages under estate territory of western region are ramba village, pulo bariang village, Tar Sihoda-hoda village, Pasir Pinang village. And villages under estate territory of eastern region are Janji Matogu village, Aek Raru village, Simangambat Julu village. Only general explanation and no explanation related specific impact to all of the village stated in the Document of Social Impact Assessment, this is against to RSPO requirement indicator 6.1.2 and raised as **NCR No RSPO00630**.

Company have matrix of social impact assessment and it's refer to general explanation of impact in the social impact assessment document. Matrix composed by company, including analysis of recent condition, recommendation of activities, verified action, pending action, responsible person for activities and date of

activity. In the matrix of social impact assessment didn't put clear timeline for every steps of activity, including monitoring for programs implementation not documented. This is against to RSPO requirement indicator 6.1.3 and raised as **NCR No. RSPO00631**

Social Management Plan reviewed every two years by CSR Division. Document of social management plan in 2014 and 2016 refer to the formulation of social management in the social impact assessment document. The weakness of social management plan lies on lack of participation and can be said that the company didn't invite or there is no consultative process with the affected community in the surrounding plantation areas. The absence of consultative process related with the absence of documentation through by participatory planning between company and affected communities This is raises as **NCR No. RSPO00632**.

There are some procedure has developed and held by the company regarding stakeholder consultation and communication. All procedures has documented as SOPs such as: procedure Penanganan Komunikasi Stakeholder, Stakeholder Communication Procedure (SOP-SDV-006) and Prosedur Stakeholder Meeting (SOP-SDV-007) held by Community Relation Officer/CRO. 1. Company has communication and providing information procedure, however according to interview with communities, they are not aware and understand the mechanism for communication and receiving information as stated on the procedure. This is raised as non conformity as recorded on NCR No. RSPO00633.

A record of the CSR stakeholder's list and minutes of the stakeholder meeting were available but List of CSR stakeholder is not consistent with the format of list CSR stakeholder as required by Communication and providing information procedure, this is incorporated on NCR No. RSPO00633. local governments surrounding company's area such as head of sub districts and head of villages, community leaders, police officer , local university, NGOs, contractors, suppliers, hospital, banks, and health insurance companies. The auditor team assessed that the procedure has mentioned the communication and consultation mechanisms designed in collaboration with local communities and other affected or interested parties. It was also noted that the procedure was implemented well. Records of these procedures were performed in the format REK-ANJA-EAD-004 Rekaman Penerimaan Informasi dan Tanggapan Stakeholder (Record of Information Request and Respond). The record contains information of date, name, organization, information requested, action taken, person in charge whom follows up and other references i.e. letter. Evidence of efforts made to ensure the request were properly followed up was available (Indicator 6.2.1) To deal with social issues, the company has appointed a Community Relations Officer/CRO and Community Social Responsibility Officer/CSRO. There are two persons in charge of CSR/CSRO. Based on public consultation, stakeholders know the person in charge for CSR/CSRO. An updated stakeholders list was available, dated on April, 2016 and records of minutes of meeting with stakeholders were stored properly.

There is no change on company's procedure and mechanism on how to handle disputes, i.e 022/HR&GA/CP/Perbedaan Pendapat/06-09 including mechanism to solve difficult conflicts. The auditor noted that the system enables to resolve any disputes in an effective, timely and appropriate manner; to ensure anonymity of complainants and whistleblowers; and aims to reduce the risk of reprisal. Communication about company's procedure and mechanism for conflict resolution were conducted sequentially through the stakeholder meeting for external parties, including communication to internal stakeholder such as workers and worker's family. As explained on the previous audit report foreman has responsibility to receive the internal complaint while, external complaint is received by public relation.

It was sight during interviewed with stakeholder in surrounding company's area, they have good understanding regarding complaint and conflict resolution procedure, since the company conduct socialization on March 16, 2015 and keep maintain the communication periodically. All complaints have been resolved by company.

Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation has been established, i.e., noted in procedure No. 021/HR&GA/CP/Pembebasan Lahan/06-09 regarding Pembebasan Lahan (Land Release). The procedure states that the

Company with community leader conduct measurement the land to be acquired. It is intended to provide an opportunity for the community to show the areas that are considered as a sacred area to be enclaved. The procedure No. 021 / HR & GA / CP / Pembebasan Lahan / 06-09 has taken into account the gender differences in the ability to claim rights, ownership and access to land; the difference between migrants and communities that had long existed; and the difference between the proof of legal ownership and communal ownership of ethnic groups or indigenous peoples. There is no land acquisition in PT. ANJ-Binangan estate for recent 3 years. The company still keep maintain all former land acquisition process including document of land dispute resolution. The document are publicly available on a written request to be addressed to the Human Resources Departement cc to Sustainability Manager. It was verified during surveillance audit, land compensation's documents and noted that the land compensation was agreed by both parties of ANJA and communities including documentation for former compensation process in year 1995 s/d 1999, with Pasir Pinang Village for a total area 620 Ha, as follows.

All the employee of PT. ANJ Agri Binanga consist of Monthly Fixed Employee (Karyawan Bulanan Tetap)

and Daily Fixed Employee (Karyawan Harian Tetap). Monthly Fixed Employee (Karyawan Bulanan Tetap) is employee recruited by company as permanent employee and doesn't get overtime. In the other hand, Daily Fixed Employee (Karyawan Harian Tetap) is employee recruited by company as permanent employee and have a right to get overtime. For outsourcing employee only restricted to security and using third party company as labour supplier. The name of third party company is PT. Jaga Nusantara.

The company has the documentation of payments made in each month to employees KBT and KHT. Determination of the minimum wage made by the company refers to the Provincial Minimum Wage Standards. This is due to that the location of the garden PT. ANJ Agri Binanga divided into Padang Lawas District and North Padang Lawas District. Based on Minister of Manpower No. 48 of 2004 mentioned a company entering into two districts, the standard minimum wage Minimum wage refers to the Provincial Standards.

The company provides employment contract with every employee in Indonesian. The contract mentioned in the employee's name, job title / position, date of joining and the rights of workers as well as holiday leave earned by employees Monthly Equipment (KBT) and Employee Daily Equipment (KHT). The employment contract is signed by representatives of the company and the employees concerned. As for the rights of other workers will be explained by referring Regulations HRD PT. ANJ Agri Binanga.

Salary payments made by the company every 26th and no later than 6 days from the date that has been set. In the paycheck payment Employee Monthly Fixed (KBT) described hours of work every day to be met by each Employee Monthly Fixed (KBT), whereas in the paycheck Employees Daily Equipment (KHT) in addition to the mention of working hours in each day, also mentioned the number of overtime hours included nominal payment earned by each KHT.

The company provides housing for employees, which provide electricity company distributed from palm oil mill to the homes of employees. For a clean water source is provided in the form of a pump well in every house employees and to provide health facilities in the clinic gardens in Central Gardens, Gardens West and East Gardens. Educational facilities for kindergarten and elementary school provided by the company in the Central Gardens. For children of Gardens West and East Gardens are provided bus transportation.

Based on the results of interviews conducted on August 25, 2016 by taking samples from the Employee Monthly Fixed (KBT) and Employee Daily Equipment (KHT) in the garden center, stated that the company has sought to monitor improvements employee access to the adequacy and the fulfillment of a decent meal, Only monitoring efforts undertaken by the company to repair housing facilities are experiencing delays.

The Company has an internal memo Ref No. 079 / ANJA - Binanga / GM-HR / VIII / 2011 on Freedom of Association of the Company. For migrant workers and migrants, the company is no specific corporate policies governing freedom of association, but anyone who becomes an employee of PT. ANJ Agri Binanga given the freedom of association and it is implemented by the company as a full schedule meetings with unions periodically to discuss matters related to the relationship between the company and the employees.

The company still maintain the policy for worker's freedom association as stated on Internal Memo No. #026/WIP-HRD/INT-VIII/2009 dated August 12, 2009 i.e. " Ketentuan Ketenagakerjaan from HRD head". The memo has been established policy such as:

- Freedom of association
- Prohibition on employing children
- Equal opportunity
- Prevention of sexual harassment, violence and oppression to woman.

Policy regarding freedom association also explained in the company regulation edition year 2016 to 2017 period paragraph 2, article 7.

During this surveillance audit evidences collected regarding policy's socializations. Printed document policy of worker's Freedom of Associations, the hardcopies has attached to every board in Estate and Mill Offices.

PT ANJA Binanga has a policy on recruitment for mill and each estate on "Kebijakan Perusahaan tentang Penerimaan dan Promosi/ Demosi Karyawan", Rev 0/Mei 2009, which sets the minimum age for working not less than 18 years. According to the policy no worker under 18 years of age will be accepted as employee of the company as stated in detail in the memorandum from Head of HRD No. 21/HRD/INT/VII/2009 "Larangan Mempekerjakan Pekerja di Bawah Umur (Prohibition of Children Worker). The company checks the Indonesian Identity Card and Diploma Certificate. Ground verification showed they are above 18 years old not recruit workers under 18 years old". This regulations also documented in recruitment procedures.

Document check on list of employee and workers and field check found that there is no presence of child workers found in this company. Child worker restrictions has documented in Company's Policy. It Also has strictly mentioned in Company Regulations 2016, article 3, point 2, that state "Company has commitment will.

PT ANJ-Binanga POM adopt policy regarding equal opportunity **Based on Undang-Undang no. 13 tahun**

**2003 tentang Tenaga Kerja (Act no 13/2003 about Labour)** There is no evidence of discrimination in this company. Workers come from various ethnic groups in Indonesia such as Java, Dayak, Malay, Batak, and others. The workers also come from various religions. Interview with maintenance worker and harvester worker confirmed that there is no indication found in working areas and emplacement areas showing discrimination issues among worker and staffs.

**PT ANJ-Binanga POM has established a policy No. 018 / HR & GA / CP / 05-2009 regarding Kebijakan Perusahaan**, This policy has also clearly stated at Company Regulation 2016, article 3, point 7, "Company open equal opportunity to each individual person with respects, dignity, free from discriminations based on gender, race, ethnic, religion and believe backgrounds". Audit evidences regarding recruitment procedure and process shows that company still keeps their commitment.

SOP for recruitment was established i.e. No SOP-OD-01 rev02. Clinic will check the candidatae for medical fitness, when recruitment is conducted on site. Evidence of workers recruitment were sight during surveillance audit i.e. logistic clerk (004 BSK 16038606) and processing process (003 BSK 16029402), recruit on July 06, 2016. The company always conducts employee performance evaluation regularly as consideration for employee promotion, mutation, and increase salary and performance bonus calculation.

Company maintains policy against sexual harassment and violence, the printed documents attached at boards in every office, estates and Mill. This policy has also clearly stated at Company Regulation 2016, article 3, point 3, "Company support (encourage) efforts to prevents, reports and actions over sexual harassment and violence". As implementations of the policy, company showed documents and records of Gender Committee Structure and activities (meeting and socializations). Special procedure has developed to accommodate complaints and grievances regarding these issues.

There is evidence of information provided to workers during morning row call regarding the company's policy against sexual harassment and violence. Interview result with maintenance workers (women) found that they already know the policy, and where to reports if there's any case happens in fields. Interview result with office workers found that they know person incharge regarding gender committee and they know and utilize their reproductive rights. Evidences such as filled H1 form (Leave for period) and H2 form (maternity leave) has showed during audit.

The Company has Internal Memo Re: Revised Protection of Women's Reproductive Rights Employee Ref. No: 025 / GM / ANJA - BNG / IM / III - 2013 On March 1, 2013.

The company has only Internal Memo Re: Worker grievance mechanism, Ref No: 024 / GM / YZ / 02/2012, dated February 23, 2012. In the Company Rules PT. Austindo Nusantara Jaya Agri 2015 - 2017 is mentioned in Chapter XV Settlement of complaints and the Procedures Completion Completion of the complaints under Article 49. As for the settlement of grievances according to company rules are as follows:

#### PT ANJA Binanga

##### 49.1 First level :

In this level worker concerned shall put forward their complaints orally and in writing to Direct Supervisors are obliged receives and handles the complaints and resolve as soon as possible. If within 14 (fourteen) working days turns laments produced no settlement, then the complaints forwarded to the representative referred to the second level of the representatives of the company. Written complaints should be addressed / answered in writing anyway.

##### 49.2 Second Level

Settlement on the second level is to be submitted to the higher superiors, namely Manager Atasu Director of the Company, either directly or in writing. If the examination of this second level within seven working days do not bring a solution, the complaints forwarded to third level examination within the company.

##### 49.3 Third Level

Settlement of complaints at the level of the third and final in a corporate environment is filed by the worker to the Managing Director of the Company. If, within seven (7) working days turned out inspection even this did not bring a solution, then the one hand, the workers concerned or company may submit the matter to the Department of Transmigration and Manpower to request the help of the solution.

49.4 In accordance with the intention contained in ordinances settlement of grievances as set forth above, then during the settlement process is still on going every worker agree and bind themselves not to engage in activities that no matter what form that can interfere with the activities / operations of the company.

Binanga Mill still maintain existing mechanism to purchase FFB PT ANJA Binanga as stated on procedure No. ANJA-F&A-SOP 07, Pembelian TBS Luar (Purchasing of FFB from Outgrowers) and working agreement under the format No. 002/ ANJ-Agri/SP/TBS/I/2011 regarding Surat Perjanjian Pembelian TBS Kelapa Sawit Milik Perkebunan (Agreement Letter on FFB Purchasing). In the agreement between the company and its suppliers, it was stated that the FFB prices based on current prices are agreed by both parties and updated monthly. The prices has been determined by government (Estate Agency of North Sumatera Province). It was

confirmed during interviewee with FFB's suppliers, informed that the payment was transparent and understood. The current prices of FFB are stated in the agreement and also publically available in the front of the company's gate. There is a purchase agreement between millers with middlemen and/or smallholders in the form of Surat Perjanjian Pembelian TBS Kelapa Sawit Milik Perkebunan (Agreement Letter on FFB Purchasing) The aspects of health and safety that must be complied with by supplier and contractor are also stated in the agreement. The suppliers and contractors shall equip their personnel properly with protection equipment (PPE). (Indicator 6.10.1, 6.10.2, and 6.10.4).

As stated at Company Regulations 2016, article 3, point 5, company has commitment to contribute to local development by developing Community Development Program. Audit evidences such as Document of CD/CSR Program 2016, records of implementations, meeting records and payments slips. The CD/CSR program has considered SIA Documents, company's operation areas as group and stakeholder consultation result. CD/CSR program activities that has implemented in 2015 are donation for:

- a. Infrastructure
- b. Education (Incentives for In-permanent Teachers)
- c. Socials community
- d. Religious (Rehabilitation of Local Public Facilities)
- e. Economic
- f. Culture, local ceremony and sport
- g. Emergency response.

For all those 4 kind of activities, company has contributed around Rp 259,655,824 to local community development in 2014, and 129 million in 2015. Random records regarding event and project has been asked as verification by the auditor, and has been showed. The contribution to local development program has conducted as the reports.

PT. ANJA Binanga has established a policy regarding Corporate Social Responsibility/CSR as stated in Kebijakan Perusahaan tentang Tanggung Jawab Sosial Perusahaan No.022/HR &GA/CP/06-09/Rev.0, dated on 10th July, 2009. CSR program was available for both ANJA Binanga mill and plantations through contributions to local government and communities, such as: • Provide and improve health facilities for villages close to plantations • Provide education and transportation (school bus) facilities for play groups, elementary school, junior and senior high school for employees and communities around the estates • Provide road maintenance for villages close to plantations using company's grader machines • Charity to local community on religion festival days, such as festival day of Idul Fitri and Idul Adha. Total realization of CSR budget ANJA Binanga in 2014 was about 209.897.468 IDR and for 2015 from January until July, realization of CSR budget was about 81.698.619 IDR. The CSR report was maintained properly and recorded in the format REK-Anja-EAD-001, Laporan Program CSR (Report of CSR Program). During public consultation, the audit team noted that CSR programs were prepared based on suggestion from the community in the stakeholder meeting as well as the proposals coming from the community to the company. Another company's contribution to the community is ANJA Binanga has provided employment opportunities for communities around the company as well as opportunities for local contractors to carry out civil and/or mechanical works both in mill and estates, such as building and road construction. (Indicator 6.11.1). Eventhough ANJA Binanga does not have scheme smallholders, the company has provided training to the farmer around the estates the training on good plantation techniques to increase their FFB production.

The company has established regulation regarding working hours is 40 hours/week. Overtime has been paid according to government regulation. There is no evidence of forced or traffic labour used within the company. PT ANJ-Binanga POM (CKP) only recruit migrant worker for managerial positions (staff up – expatriate), there's no migrant worker for casual workers. All harvester and maintenance worker (permanent and non permanent) are Indonesian. From interview result, there is no trafficked labor are use. There's also no substitute contract occurred.

Based on interviews with several workers and human resources department, there was never any labor trafficking. The audit team has verified and checked the letter of agreement between worker and the company. For example, verification of the agreement letter No: 256 / Anja-BNG / HRO / SPK / X / 2014, dated on October 10, 2014 between the company and the worker's name is Surono. It was confirmed that the agreement was made and signed by both parties without any coercion and force, the worker entered into employment voluntarily and freely, without the threat of a penalty and has freedom to terminate employment without penalty if there is a reasonable notice available or as per agreement. Based on interviews with workers, there was no deduction from the company. Deduction only happens when the worker buys goods from the Company's Cooperative. (Indicator 6.12.1). The audit team also confirmed that no contract substitution occurred (Indicator 6.12.1 and 6.12.2) and no temporary or migrant workers are present in ANJA Binanga. (Indicator 6.12.3).

The company established a policy to respect human right 2014. Human Rights policy also include in Company Regulation 2016 article 3. Human Right policy as state by UN guiding principle on Business and Hu-



man Rights has detailed into 7 points. This statement has cover issues such as :

- a. Commitment to provide comfortable working environment
- b. Commitment to employ worker over 18 years old
- c. Prevent, report, and handling sexual harassment and violence cases (if any).
- d. Commitment to transparency
- e. Commitment to contribute to local development
- f. Commitment to environment sustainability
- g. Commitment to equal opportunity

Freedom for associations has state as special documented policies. All of this commitment regarding human rights has been communicated to all level of workers.

**Compliance status : Non Compliance**

**NCR no. RSPO00629** (indicator 6.1.1)

**NCR no. RSPO00630** (indicator 6.1.2)

**NCR no. RSPO00631** (indicator 6.1.3)

**NCR no. RSPO00632** (indicator 6.1.4)

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

**Criteria assessed : -**

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

**Findings:**

Based on table 5 above that there is not year of planting after November 2005 so that verification to criterion 7.3 was not done. During audit, there is not new planting areas so that this is principle not applicable.

**Compliance status : Not Applicable**

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

**Criteria assessed : CR8.1**

**Criteria not assessed: -**

**Findings:**

PT ANJA Binanga has the mechanism to ensure the continual improvement by conducting an integrated internal audit and management review meeting. Integrated internal audit is an integration of several management system audits against the ISO 14001, ISCC, RSPO and ISPO (Indonesian Sustainable Palm Oil) standard. This audit was conducted in 10-13 May 2016 with 12 non-conformity. The management review meeting was carried out with agenda of the meeting contained a review of the previous improvement plan in 2015 and actions to be taken for the continual improvement plan in 2016.

The company has prepare the plan for continual improvement. There is an action plan for continual improvement of some activities such as Boiler Replacement to Increase Production, Planting of Beneficial Plants (to inhibit the growth and spread of fire caterpillar pests), Biological Pest Control Rats (use of owls as natural predators to reduce the rat population), environmental impact, social impact and reduction of waste and pollution as well as greenhouse gas (GHG) emissions and optimising the yield of the supply base.

Some efforts to reduce or minimize emission and pollution has carried out by company is manage of some source have potential as emission source, monitor of correction and maintenance equipment periodically for preventive and reduce emission and recording and documenting relate of operational, maintenance, repair of facility and infrastructure from emission source.

The company re-use waste such as liquid waste or effluent and efb as organic fertilizer and fiber & shell as renewable energy.

**Compliance status : Full-Compliance**

- **RSPO SCCS**

Binanga Palm Oil Mill (POM) is producing crude palm oil (CPO) and palm kernel (PK). The following is a description of the company's supply chain management system according to the RSPO SCCS requirements, including status of compliance of the company and their outsourced third parties to RSPO SCCS requirements. Results of audit/assessment as describe on the explanation bellows :

### **Module E – CPO Mills: Mass Balance**

#### **E.1. Definition**

**Findings:**

The organization (Binanga Mill) was implemented the RSPO-SCCS **Mass Balance (MB)** model since get certificate. This SCCS model allowed to mixing of certified and uncertified product but shall be control by the Mass Balance record to ensure the quantity of certified product, and only certified product could be claim by the organization as certified palm oil product. Organization has identified the volume of certified and uncertified FFB supplied to the mill. Based on record of Mass Balance showed the amount of FFB certified and uncertified, when the certified FFB is come from West estate, Central estate and East estate under PT ANJ Agri.

Based on Table 3.a & 3.b that Binanga Mill was received certified FFB year 2015 is approximately 219,356.89 mt of FFB (83.66% from the total of FFB received in once year) and uncertified FFB is approximately 42,841.23 mt (16.34%). Binanga mill only produced Crude Palm Oil (CPO) and Palm Kernel (PK).

**Compliance status : Full Compliance**

#### **E.2. Explanation**

**Findings:**

The company have recorded estimate tonnage of CPO and PK product is 64,250.00 MT (CPO) and 15,000.00 MT (PK). Whereas, projection of certified product year 2016 has explained on section 1.13 above.

The realization of certified product sold period of November 2015 to July 2016 is 3,600.00 MT (CSPO) & 3,875.00 MT (CSPK) by e-trace platform. Whereas, certified product sold by green palm platform is 17,150.00 MT (CSPO) and null (CSPK). Period of November 2015 to July 2016, the realization of certified FFB receipt is 138,793.77 MT, CSPO production is 29,281.56 MT (OER : 21.10%), CSPK production is 6,979.84 MT (KER : 5.03%).

The company has registered on e-trace platform with member ID is RSPO\_PO1000000530 and on green palm platform. Binanga POM can not showing transaction document or reporting requirement by complete for certified product in etrace. Reason of client because handling trading and their document by trading department and mill has not received document it. It was raised as non-conformity (**NCR no. RSPO00634**).

**Compliance status : Non Compliance**

**NCR No. RSPO00634 (E.2.2)**

#### **E.3. Documented procedures**

**Findings:**

During audit, there is not change procedure relate of supply chain implementation. The company has pre-

pared SOP-SCD-05 Rev.01 dated on 22 October 2014 regarding “identification and mampu telusur (identification and traceability) and SOP-SCD-06 Rev.01 dated on 21 October 2014 regarding mass balance.

The aim of the procedure SOP-SCD-05 is to ensure the traceability of sustainable FFB received and CPO dispatched while the procedure SOP-SCD-06 concerns the calculation of the amount of sustainable FFB received and CPO & PK processed and dispatched.

The implementation of all the elements in these requirements are supported by a computerized system which provides the input of quantity FFB received and CPO & PK processed and dispatched. The FFB are from own estates as well as from third parties.

The ANJ group sustainability manager, Mr Antoperis Tarigan is appointed to be the person who is responsible for the supply chain requirements implementation. Mr Antoperis Tarigan has not attended during audit whereas mill manager or other representative can not explain about support of document regarding certified transaction on etrace, volume of certified FFB receipt from own estate different significant with volume of FFB production from own estate, monitor using two extraction rate, etc. Based on condition it, auditor can not knowing management representative of SCCS able or not to demonstrate awareness of the site procedures for the implementation of this standard. It was raised as non-conformity (**NCR no. RSPO00635**).

Procedure for receiving and processing certified and non-certified FFBs is the same procedure as above, SOP-SDD-05 Rev.1 dated on 22 October 2014 (Identifikasi dan Mampu Telusur (Identification and Traceability)). Through checking to the ticket documents at the weighing bridge, the facility can demonstrate the identification of certified and non-certified FFBs received. The ticket shows the sources of FFB, weather it come from its own estate (central, east and west estate) or from the outgrower/trader which indicate the name of the farmer.

**Compliance status : Non Compliance**

**NCR No. RSPO00635 (E.3.1.b)**

#### ***E.4. Purchasing and goods in***

##### **Findings:**

The mill will receive both certified and non-certified FFBs. The weighbridge operator is responsible to document the receiving of FFB from own estates and outgrowers/traders at the mill using the weighbridge ticket. The operator will input the data into the computer system and the data will be automatically saved. The system was designed for calculating the volumes of certified and non-certified FFBs received and processed, as well as CPO and/or PK despatched to the buyer. By using this system the number of FFBs received as well as CPO and/or PK was automatically calculated in real time. All records of incoming and outgoing certified and non-certified FFB are documented in the Laporan Harian Pabrik (Mill Daily Report).

The auditor team checked the record of the calculated volumes of certified and non-certified FFBs received and processed, as well as CPO and/or PK produced and despatched to the buyer period of January-December 2015 and January-July 2016 but volume of certified FFB different between Binanga POM and East estate office and there are differents about volume of non-certified FFB on monitoring mass balance which provided by Binanga POM with FFB from third party which provided by commercial section. Moreover, volume of non-certified FFB on behalf Koperasi Aek Gala (CSR AG) have different too. It was raised as non-conformity (**NCR No. RSPO00636**).

In the SOP-SCD-05, Rev 00, dated 01.08.2013 regarding Identifikasi dan Mampu Telusur (Identification and Traceability) the company have a mechanism to inform the CB if there is a projected overproduction. The procedure mentioned that in every beginning of the year the Sustainability Manager informs the CB about realization of production, which contains the real production versus projected production of the year before. It is noted that there is no over production during 2014.

**Compliance status : Non Compliance**

**NCR No. RSPO00636 (E.4.1)**

### **E.5. Record keeping**

#### **Findings:**

The company has recorded and balanced all receipts of RSPO certified FFB and deliveries of RSPO certified product (CPO and PK) on a three-monthly basis but based on cases or non-conformity in criterion E.4 above so that monitoring mass balance year 2015 & 2016 the information is doubtful. Moreover, monitoring mass balance report year 2015 & 2016 has not been covered receiving and delivering product in Dumai Bulking/Storage. It was raised as non-conformity (**NCR No.RSPO00637**). Dumai bulking/storage is a facility owned by ANJ group.

Volume of CPO and PK that are delivered are deducted from the material accounting system which using conversion ratios or extraction rate is 2 (two) type of extraction rate or conversion ratio i.e extraction rate on behalf internal FFB (certified) and external FFB (non-certified). The company will separate processing FFB from internal and external during 2-3 days every 3 month but the company inconsistent so that the document of separate processing not complete or the company have not evidence that value of extraction rate based on periodic testing. It was raised as non-conformity (**NCR No. RSPO00637**). Volume of CPO and PK that are delivered as certified sustainable palm oil (CSPO) and certified sustainable palm kernel (CSPK) product recorded during year 2015 & 2016 as the company claimed the certificate through the etrace and green palm scheme. The total claim of certificate through etrace and green palm period of November 2015 to July 2016 were reported as 3,600 MT of CPO & 17,150 MT of CPO and 0 MT of PK & 3,875 MT of PK. Whereas, period of November 2014 to October 2015 is 0 MT of CPO & 32,551 MT of CPO and 0 MT of PK and 3,999 MT of PK.

Based on monitoring mass balance report year 2015 & 2016 that certified sales or delivery product from a positive stock. Positive stock can include product ordered for deliveries within three months. During audit, a facility not using sell short facility.

No outsources activities to an independent so there is no need any agreement applied.

**Compliance status : Non Compliance**

**NCR No. RSPO00637 (E.5.1)**

### **3.2 Status of Previously Identified Non-conformities**

A total of 5 nonconformances were identified during the 3<sup>rd</sup> surveillance audit. These consisted of 3 major non-conformity and 2 minor 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 4.2. (Minor indicator 4) A nutrient recycling strategy shall be in place and may include use of EFB, POME and palm residues after replanting**

##### **NCR No 01 of 05 (Minor)**

The realization of EFB application in West estate year 2014 was only 49.2% in an area of 259 ha, it was not in accordance with EFB application program year 2014 which covered 526 ha. EFB application program year 2015 covering an areas of 526 ha and up to July 2015 only 32.1% had been applied in an area of 169 ha. The EFB application program overestimated from FFB production.

##### **Verification result :**

The company has revised EFB application program year 2015 where it has adjusted with estimated or projection production of FFB produced. Year 2016, it has appropriated with estimate or projection production of FFB produced and carry over from allocate of application on year 2015. Moreover, EFB application program has been adjusted and breakdown every month by estimated production of FFB.

**Auditor Conclusions: Closed.**

**Criterion 4.6. (Major indicator 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**

**NCR No 02 of 05 (Major)**

The use of herbicides in Central estate for selected weed control in inter-row area was not in accordance with related procedure (IK-AGR-001 issued 12 Dec 2012), for example : specific ferns such as *Stenoclaena pallustris* and *Dicranopteris linearis* should be controlled by Ammonium glufosinate with the dosage 0.5 liters/ha for high density, 0.25 liters/ha for medium density, 0.05 liter/ha for low density. The pesticide application report in August 2015 :

- Block 18 of 7.5 ha, the use of Glufo 150 SL (Ammonium glufosinate) was 3 liters combined with Amiron M-20 WG (Metsulfuron methyl) 150 gr.
- Block 14 of 7.5 ha, the use of Glufo 150 SL (Ammonium glufosinate) was 2 liters combined with Amiron M-20 WG (Metsulfuron methyl) 150 gr.
- Block 11 of 7.5 ha, the use of Glufo 150 SL (Ammonium glufosinate) was 2 liters combined with Amiron M-20 WG (Metsulfuron methyl) 120 gr.

There was no justification of weed density reported

**Verification result :**

The company has revised work instruction on weed control (IK-GR-001) dated on September 01, 2015 and booking need chemical has been justified based on weed density.

**Auditor Conclusions: Closed**

**Criterion 5.2. (Major 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 operation shall be documented and reported**
- **Outcomes of monitoring shall be fed back into the management plan**

**NCR No 03 of 05 (Major)**

- There was no overlay map of HCV that incorporated with updated area statement map as a guidance for daily patrol, for example: The record of HCV daily patrol report in West Estate Division 12 only explain patrol activity in Conservation area Block 31, while it also should be done along riparian buffer zone of Huri-stak river in Block 20 and Sigatal river in Block 8 .

- Based on HCV daily patrol report by Foreman during January to May 2015 in West Estate Division 12 (block 31), it was found an new protected animal : Malayan pangolin (*Manis javanica*) while this species is not yet listed in initial HCV assessment report, however the summary of HCV monthly report by Field Assistant never described this new finding species. No HCV evaluation report as a feedback for the next management plan to protect this species Malayan pangolin (*Manis javanica*). For thid case, a major NC was raised again since it was recurrent case from previous audit.

**Verification results :**

- The auditee has provided overlay HCV map with company area map so that management has created schedule of patrol for all HCV objects/areas each estate.
- The company has carried out an evaluation HCV report and revision of management & monitoring plan on the existence of *Malayan pangolin*.

**Auditor Conclusions: Closed.**

**Criterion 5.6.(Minor indicator 3) A monitoring system shall be in place, with regular reporting on progress for these significant pollutant and emissions from estate and mill operations, using appropriate tools**

**NCR No 04 of 05 (Minor)**

There is no evidence that the GHG monitoring result for the year 2014 has been reported/ published the the RSPO GHG's working group

**Verification Result:**

The company has submitted GHG monitoring result for year 2014 and 2015 to RSPO GHG's working group. Detail of information has explained on indicator 5.6.3.

**Auditor Conclusions: Closed.**

**Criterion 8.1. (Major indicator 1) The action plan for continual shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill and shall include a range of indicator covered by these P&C**

**NCR No 05 of 05 (Major)**

The company has prepare the plan for continual improvement. There is an action plan for continual improvement of some activities such as Boiler Replacement to Increase Production, Planting Of Beneficial Plants (to inhibit the growth and spread of fire caterpillar pests), Biological Pest Control Rats (use of owls as natural predators to reduce the rat population). However there is no evidences of continual improvement plan for reduction of waste and pollution as well as greenhouse gas (GHG) emissions

**Verification Results :**

The company has revised continual improvement plan included GHG emission and the reuse of chemical container as waste reduction. One of activity to reduce GHG emission is using renewable energy, flow of POME between ponds is smooth, regular maintenance of enginee on POM and vehicle, no peat areas as new development areas, restoration of riparian zone, etc

**Auditor Conclusions: Closed**

- RSPO SCCS

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

During this surveillance assessment, a total of 13 nonconformances were identified. These consisted of 10 major non-conformities and 3 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to NCR close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through checks of documents submitted by the company. For the minor non-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

**Criteria: 2.2.1 (Major Indicator) Evidence of compliance with relevant legal requirements shall be available**

**NCR No. RSPO00618 (Major)**

**Finding:**

**From field verification it was observed several conditions such as:**

- Boundary stone No. EPS 003 located on border area between Division 07 (blokG24) and neighbor, according to information from the harvester and filed checking result those area manage by company.
- It was found land acquisition and management by communities nearby boundary stone No. LXXXVIII and LXXXIII.
- There is found block J15 outside HGU area according to HGU certificate no 01 dated September 4, 1993.

**Correction :**

Company's legal departments identify all land owners and make coordination with Government Padang Lawas district to conduct re-measurement of those areas.

**Corrective Action :**

Company legal department make action plan report regarding land problem resolution for all companies managed area.

**Auditor conclusions : Open (suspend)**

**Result of 1<sup>st</sup> verification :**

The company has provided some documents/evidents to close some issues above, i.e :

- The company has been carried out harvesting on outside land use right areas issues : act no.30 dated on 26 February 2016 which issued by Elly Satya Putri,SH regarding establish cooperative of farmer “Karya Mandiri” and it has approved by head of cooperative, industry, trading and small medium enterprise agency in Padang Lawas District dated on 03 May 2016 (no.518/197 BH-PL/V/2016). The company has allocated areas it for smallholder areas but other document or evidence to support plan it no available so that this is issue still open or non-compliance.
- There are enclave areas issues : map of compensation land location and letter of hand over and compensation agreement no.102/SPGR/11/92 dated on 05 November 1992. This is evidence/document not appropriate with requirement so that this is still open or non-compliance.
- Activity on outside land use right areas issues : map of compensation land location, agreement of hand over land with compensation dated on 11 March 1998, agreement of hand over land with compensation no.148/SPGR/10/96 dated on 18 October 1996, directorat of jenderal of plantation no. 105/HK.350/SK/Dj Bun/10.97 dated on 31 October 1997 regarding plantation business permit and map of areas no.5/10/IV/1993. All evidence/document was submitted by company not relevant with cases/problem on NCR so that this is issue still open or non-compliance.

**Date of closure :** 25 October 2016

**Auditor conclusions : Closed**

**Result of 2<sup>nd</sup> verification :**

The company has provided some documents/evidents to close some issues above, i.e :

- The company has been carried out harvesting on outside land use right areas issues : the company provide map of unplanted area with total 14.9 ha; ANJ operational area which are include information about boundary ANJ leagal area, unplanted area and planted area outside HGU boundaries about 522 ha, including detail table of HGU non HGU area in Block D4 (67.7 a) and block D14 (455.57 ha). Moreover, the company also provide information about existing hectare statement that include information about planted, non planted and non productive area.
- There are enclave areas issues : company provide minutes of re measurement process, conducted on November 01, 2016. The result of activity company has information about water catchment area, shrub area, land occupied by villager. Minutes were signed by estate manager, legal manager, sustainability and General manager. No communities involve during re measurement process to witness measurement process.
- Activity on outside land use right areas issues : copy Letter No. 040/LP/ANJA/EM/XI/2016 dated November 01, 2016 regarding land registration Issuing HGU certificate up on issuing decree letter of land use right no. 32/HGU/BPN/91 dated November 06, 1991 Jo Decree Letter HGU No. 32/HGU/BPN/91/A/50, dated May 31, 1993 for 20 ha area in Padang Lawas Disteict on behalf PT Austindo Nusantara Jaya Agri. The letter sent to head of land officer Tapanuli Selatan District. The company propose to register 20 land located in Pulo Bariang village, Hurisrak sub district, Padang Lawas utara district. The letter was received by land officer Tapanuli Selatan Distric on November 02, 2016 as seen on receiving notes on the letter.

**Date of closure :** 07 November 2016

- **Criteria 4.6.6 (Major Indicator) Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes**
- **Criteria 5.3.2 (Major Indicator) All chemicals and their containers shall be disposed responsibly**
- **Criteria 2.1.1 (Major Indicator) Evidence of compliance with relevant legal requirements shall be available**

**NCR No. RSPO00619 (Major)**

**Finding:**

There is inconsistency of company's practice as stated on SOP Hazardouse waste management(SOP-EHS-

009) to Government regulation No. 101 year 2014 appendix 1 that state pesticide packaging categorized as level 2 hazard. The findings fact during field observation were Pesticide packaging reused as flower pot, trash bin, and fuel container as seen on genzet power house. Furthermore fertilizer sack were reused as soil storage and become soil erosion bund.

**Correction :**

To replace all used pesticide packaging and fertilizer packaging that used for flower pot, trash bin, and fuel container in all company's estate and mill.

**Corrective Action :**

Company conduct identification for the need of jerrycan to replace used pesticide packaging as fuel container, flower pot or trash bin, as well as fertilizer packaging.

**Date of Closure: October 03, 2016.**

**Auditor Conclusion: Closed.**

**Verification Result:**

Company provide picture that all used agrochemical container as fuel container has been replaced by the other empty container but no from ex-agrochemical container. Whereas, trash bin and flower has replaced too with other type of container. Next time, the company will not using fertilizer sack as soil storage and become soil erosion bund. The company has issued statement as commitment it.

- **Criteria 2.1.1 (Major Indicator) Evidence of compliance with relevant legal requirements shall be available**
- **Criteria 4.1.1 (Major Indicator) SOPs for estates and mills shall be documented**

**NCR No. RSPO00620 (Major)**

**Finding:**

Procedure for waste management (SOP-EHS-009) has not include handling for contaminated sand as spill kit treated become hazardous waste it were found on power house area, pesticide store, central warehouse, fuel store, hazardous waste store). It was found that material has not include of waste balance report. It is not comply to government regulation No. 1 year 2014 that require to include contaminated spill kit as hazardous waste.

**Correction :**

To collect contaminated sand and disposed to licensed waste collector i.e.PT Amidy

**Corrective Action :**

To identify all contaminated waste and treat as hazardous waste and disposed to licensed supplier.

**Date of Closure : October 03, 2016.**

**Auditor Conclusion: Closed.**

**Verification Result:**

The company provides minutes of hazardous waste disposal from PT ANJ to licensed supplier i.e. CV Amidy Barokah, dated on September 13, 2016. There are listed of hazardous waste disposed such as use oil, used battery, contaminated material (jerrycan plastic, used drum, contaminated rough mop, medical waste and contaminated sand. The waste used transporter no. BK 8798 MN

**Criteria.4.1.2. A mechanism to check consistent implementation of procedures shall be in place.**

**NCR No. RSPO00628 (Minor)**

**Finding:**

There is inconsistent implementation of SOP medical surveillance regarding medical surveillance year 2015 for the sprayer that has been working for 2 years continuously has no check cholinesterase parame-



ter.

**Correction :**

To identify chemical content in the material whether include on organophosphate or carbamate categorized that must be provided appropriate bio marker (enzim cholinesterase test) medical check for the harvester.

**Corrective Action :**

To revise SOP BP04 regarding medical check health, to eliminate the cholinesterase and replace into Bi-omarker according to the chemical content to the agrochemical usage.

**Date of Closure: October 07, 2016**

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

**Verification Result:**

The company provide evidence i.e. SOP-BP-04 rev 01/01 dated September 01, 2016 regarding medical surveillance

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

**NCR No RSPO00629 (Major)**

**Finding:**

There are no clear impact information that affect to villager surrounding company's area

**Correction :**

Company discussed with villager surrounding company's are to identify relevant impacts and include into social impact assessment document.

**Corrective Action :**

To revised SIA document after consultation with the stakeholders.

**Date of Closure: September 29, 2016.**

**Auditor conclusion: Closed**

**Verification Result:**

Company provides information regarding identified impact for affected villager surrounding company's location. There are information regarding impacts to Simangambat Julu village, Langkimat village, Aek raru village, Janji Matogu village, Huta Baru village, Mandasip village, Huta Pasir village, Tobing Jae village, Tobing Julu village, Pulo Bariang village, Pasir Pinang Village, Ramba village and Tar Sihoda Hoda village. General the impacts to the villages such as improve livelihoods of villagers such as easy accessibility, improve income, job vacancy and other while the negative impacts such as water pollution, air pollution from company's transporter and limited villagers access to natural resources. All impacts information has been stated on the SIA document.

**Criteria. 6.1.2 (Major) There shall be evidence that the assessment has been done with the participation of affected parties.**

**NCR No RSPO00630 (Major)**

**Finding:**

There is no record of participatory of stakeholder during social impact assessment including records of stakeholder consultation during social impact assessment document.

**Correction :**

To provide evidence regarding activity of stakeholder consultation and process that showing participation from relevant stakeholders during social impact assessment.

**Corrective Action :**

Company conduct meeting with village representative to discuss about the achievement of social impact management program and its affect to the villager.

**Date of Closure: September 29, 2016**

**Auditor conclusion: Closed**

**Verification Result:**

Company provides evidence about stakeholders meeting dated on September 15, 2016 including minutes meeting and photographs regarding meeting activities. The meeting was attended by 24 participant from company's staff dan management (11 participant) and 13 participant from representative villager i.e villager from Mandasip, Simangambat Julu, Huta Baru, Langkimat, Huta Pasir, Aek raru and Janji Matogu. The meeting explain about Community development & involvement program year 2016 & 2017 regarding health, education, economic, social culture, Infrastructure and stakeholder involvement. Records of stakeholder inputs also provided there are some inputs from community that were used for basic information during CSR program development.

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

**NCR No. RSPO00631 (Major)**

**Finding:**

The timeline to implement social impact management was not clear to explain about each stage activities to manage the impact. Furthermore company has no record of social impact monitoring for the implemented social management program.

**Correction :**

The company revise timeline for social impact management program including inform detail the activities.

**Corrective Action :**

To revise management plan document and its monitoring program.

**Date of Closure : September 29, 2016**

**Auditor conclusion : Closed.**

**Verification Result:**

The company provides the timeline for social impact program monitoring year 2016. There are some social activities has been planned for the rest of year 2016 such as program relayed health : Free medical check up for community surrounding company's location on December 2016. Natal celebration on December 2016, and Community beneficiaries satisfaction survey on December 20-16. The formers program that were conducted before November 2016 were recorded on the table including monitoring and evaluation of program.

***Criteria. 6.1.4 (Minor Indicator) The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties.***

**NCR No. RSPO00632 (Minor)**

**Finding:**

1. Evaluation of social impact management has not involving affected communities.
2. There is no document about participative planning that will be conducted by company with affected communities.

**Correction :**

Stakeholder meeting were conducted to review social impact management plan especially for affected

communities.

**Corrective Action :**

To implement revised social impact management plan according to the result from stakeholder meeting.

**Date of Closure : September 29, 2016**

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

**Criteria. 6.2.1. (Major Indicator) Consultation and communication procedures shall be documented**

**NCR No. RSPO00633 (Major)**

**Finding:**

1. Company has communication and providing information procedure, however according to interview with communities, they are not aware and understand the mechanism for communication and receiving information as stated on the procedure.
2. List of CSR stakeholder is not consistent with the format of list CSR stakeholder as required by Communication and providing information procedure.
3. The stakeholder list format has no information about stakeholder categories.

**Correction :**

To conduct socialization about communication and providing procedure to relevant stakeholder and revise the format of stakeholder list as required by the SOP.

**Corrective Action :**

**Date of Closure : September 29, 2016.**

**Verification Result:**

The company provide new stakeholder list per August 2016 following format template on the SOP i.e. using format no. FRM.SOP-Leg02-04. The information include stakeholder name, institution, address, telp number, specific name, stakeholder categories, etc.

The company has distributed the mechanism of communication and receiving information to stakeholder again.

• **RSPO SCCS**

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

**NCR No. RSPO00634 (Major)**

**Finding:**

Information about certified product 3,500 MT transaction on the Etrace is not completed as required.

**Correction :**

The company provide record of Etrace transaction for period November 2015 to July 2016. To revised the material balance and summary of CSPO and CSPK transaction.

**Corrective Action :**

Sustainability office has provide authorization for Etrace transaction for mill manager to access Etrace every month, all document will keeping maintained on the mill document control

**Date of Closure: October 21, 2016**

**Auditor Conclusion: Closed**

**Verification Result :**

The company has revised mass balance 2016 RSPO (REK-ANJA BNG-MILL-005) period of November 2015 to July 2016 that CPO certified product sold or dispatch by e-trace was changed be 3,600 MT. Whereas, CPO certified product sold or dispatch by green palm amount of 17,150 MT and PK certified product sold or dispatch by e-trace amount of 3,875 MT.

Shipping announcement for CPO certified product sold by e-trace was available. Detail of information such as :

- CPO mass balance and their volume amount of **1,200 MT** : buyer name is PT Synergy Oil Nusantara (member ID : RSPO\_PO1000001593), seller contract number : 020/INV/S&COM/ANJ-Agri/VII/2016, buyer reference number : 7100001612, shipping/BL number & date : DMI/KBL-02 dated on 20 July 2016, ship name : TB. Mitra Kencana VI / BG.Sumber Kencana VII, transaction status & date : confirmed & 28 July 2016 and transaction ID : TR-7c6abf84-4ff9.
- CPO mass balance and their volume amount of **1,200 MT** : buyer name is PT Synergy Oil Nusantara (member ID : RSPO\_PO1000001593), seller contract number : 005/ANJ-Agri/CPO/VI/2016, buyer reference number : 7100001610, shipping/BL number & date : DMI/KBL-01 dated on 31 July 2016, ship name : TB. Mitra Kencana X / BG.Sumber Kencana VIII, transaction status & date : confirmed & 22 August 2016 and transaction ID : TR-15fc7b36-c367.
- CPO mass balance and their volume amount of **1,200 MT** : buyer name is PT Synergy Oil Nusantara (member ID : RSPO\_PO1000001593), seller contract number : 016/INV/S&COM/ANJ-Agri/V/2016, buyer reference number : 7100001592, shipping/BL number & date : DMI/KBL-01 dated on 06 June 2016, ship name : TB. Armada Jaya 7 / BG.Trans Marine 2005, transaction status & date : confirmed & 14 June 2016 and transaction ID : TR-3be767d8-3270.

Shipping announcement for PK certified product sold by e-trace was available too. Detail of information such as :

- PK mass balance and their volume amount of **872.24 MT** : buyer name is Mandau KCP (member ID : RSPO\_PO1000001465), seller contract number : 013/ANJ-Agri/PK-LTA/VI/2016, buyer reference number : null, shipping/BL number & date : - dated on 27 July 2016, ship name : -, transaction status & date : confirmed & 10 July 2016 and transaction ID : TR-9cda7ece-aebd.
- PK mass balance and their volume amount of **746.80 MT** : buyer name is Mandau KCP (member ID : RSPO\_PO1000001465), seller contract number : 012/ANJ-Agri/PK-LTA/VI/2016, buyer reference number : null, shipping/BL number & date : - dated on 27 June 2016, ship name : -, transaction status & date : confirmed & 10 July 2016 and transaction ID : TR-15ba966e-f543.
- PK mass balance and their volume amount of **498.83 MT** : buyer name is Mandau KCP (member ID : RSPO\_PO1000001465), seller contract number : 010/ANJ-Agri/PK-LTA/V/2016, buyer reference number : null, shipping/BL number & date : - dated on 01 June 2016, ship name : -, transaction status & date : confirmed & 29 July 2016 and transaction ID : TR-a1bbb815-f44f.
- PK mass balance and their volume amount of **748.71 MT** : buyer name is Mandau KCP (member ID : RSPO\_PO1000001465), seller contract number : 011/ANJ-Agri/PK-LTA/VI/2016, buyer reference number : null, shipping/BL number & date : - dated on 15 June 2016, ship name : -, transaction status & date : confirmed & 29 July 2016 and transaction ID : TR-e8347bce-3b81.
- PK mass balance and their volume amount of **499.13 MT** : buyer name is Mandau KCP (member ID : RSPO\_PO1000001465), seller contract number : 008/ANJ-Agri/PK-LTA/IV/2016, buyer reference number : null, shipping/BL number & date : - dated on 02 May 2016, ship name : -, transaction status & date : confirmed & 29 July 2016 and transaction ID : TR-f15bef60-2ace.
- PK mass balance and their volume amount of **499.13 MT** : buyer name is Mandau KCP (member ID : RSPO\_PO1000001465), seller contract number : 009/ANJ-Agri/PK-LTA/V/2016, buyer reference number : null, shipping/BL number & date : - dated on 18 May 2016, ship name : -, transaction status & date : confirmed & 29 July 2016 and transaction ID : TR-fda66230-5d47.

Summarize of PK sold based on shipping announcement is 3,864.84 MT. Whereas, volume of PK sold by etrace on monitoring mass balance report year 2016 is 3,875 MT. Volume of PK sold on monitoring mass balance report based on measurement tool in seller, whereas volume of PK sold in shipping announcement based on measurement tool in buyer. Variance of volume it still in the tolerance threshold or the normal threshold.

**Criteria E.3.1.b The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.**

**NCR No RSPO000635 (major)**

**Finding:**

There is no responsible person has been assigned for RSPO SCCS implementation on Binangan palm oil mill. No information the person that who can demonstrate the awareness of RSPO SCCS implementation.

**Correction :**

To provide evidence about person that has responsibility for RSPO SCCS procedure and requirement for the implementation.

**Corrective Action :**

Company conduct RSPO SCCS training and provide training evidence. All training documents are keep maintained by mill management.

**Date of Closure: October 21, 2016**

**Auditor conclusion: Closed**

**Verification Result:**

Responsible person for RSPO SCCS implementation is ANJ's sustainability manager. The company provides trainings evidences for ANJ sustainability manager such as RSPO LA training certificate, and explanation about personal awareness about RSPO SCCS requirement and implementation.

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

**NCR No. RSPO00636 (Major)**

**Finding:**

- There is inconsistent information about FFB volume year 2015 to July 2016 between information kept by Binanga mill and East region estate office.
- Certified and non certified FFB volume information from Koperasi Aek Gala (CSR AG) for period year 2015 and 2016 also different volume with information stated on commercial division Binanga palm Oil Mill.

**Correction :**

- FFB from area 63.88 ha East Region estate were exclude from production data.
- Production data from 522.82 ha were distinguished from Koperasi Aek Gala data.

**Corrective Action :**

To ensure that all data that recorded on mass balance consistent with information from original FFB sources.

**Auditor conclusions : Open (suspend)**

**Result of 1<sup>st</sup> verification :**

The company has provided some documents/evidents to close some issues above, i.e :

- Volume of FFB different between Binanga POM and estate issues : minute of meeting dated on 23 September 2016 regarding volume of FFB from land use right (HGU) or company and non land use right (HGU) or aloocate for Karya Mandiri cooperative shall be separated on FFB production report. Total of cooperative areas is 522.82 ha (division 4 : 63.88 ha (YoP : 1999 & 2003), division 7 : 407.2 ha (YoP : 2005 & 2006),

**Auditor conclusions : Closed**

**Result of 2<sup>nd</sup> verification :**

The company has provided some documents/evidents to close about volume of FFB receipt from cooperative of Aek Gala different between commercial division and Binanga POM issues, i.e :

- Revision of FFB receipt daily report period of January 2016 from outsider. Detail of revision is switching FFB volume dated on 11 January 2016 on behalf SNR and HSR, revision of FFB volume dated on 14 January on behalf SJ be 20.49 MT and on behalf SNR be 19.43 MT so that detail of FFB receipt on January 2016 is SJ/Akhan :

<p>division 10 : 24.87 ha (YoP : 2005) and division 12 : 26.87 ha (YoP : 2005)). Moreover, the company has provided FFB production year 2015 &amp; 2016 from company areas (west, central and east estate) and recapitulation of FFB receipt year 2015 &amp; 2016 from outsider or third party (Akhan, STR, CSR Aek Gala, SNR, HSR). Volume of FFB production year 2015 from company areas is <b>220,555.97 MT</b> such as east estate : 74,746.67 MT, central estate : 69,664.72 MT and west estate : 76,144.57 MT. Whereas, year 2016 (till July 2016) is <b>111,248.60 MT</b> such as east estate : 40,164.58 MT, central estate : 36,039.33 MT and west estate : 35,044.70 MT. Whereas, FFB receipt by Binanga POM has explained on <b>Tabel 3.a</b> above. All evidences/documents was submitted by company relevant with cases/problem on NCR so that this issue has closeded or complaine.</p> <ul style="list-style-type: none"> <li>Volume of FFB receipt from cooperative of Aek Gala different between commercial division and Binanga POM issues : based on recapitulation of FFB receipt year 2015 from outsider document that supplier such as Akhan (SJ), Siti Amin Siregar (STR), cooperative of Aek Gala (CSR AG), Sunarto (SNR), H. Sati Rambe (HSR) and outside. Volume of FFB receipt year 2015 &amp; 2016 (till July) from cooperative of Aek Gala is 351.26 MT and 21.53 MT and there is outside as supplier name on report year 2015 but during audit that it was not available and volume of FFB on behalf CSR Aek Gala different. Whereas, on the report year 2016 that there are two new suppliers name if compared to report in during audit and report year 2015. The company shall be explained about it.</li> </ul> <p>The company has provided root cause but it was not appropriate so that correction and corrective action has provided not appropriate too.</p> <p><b>Date of closure</b> : 25 October 2016</p>	<p>338.95 MT, STR : 10.09 MT, CSR AG : 2.54 MT, SNR : 442.27 MT, HSR : 1,295.08 MT and total : 2,088.93 MT.</p> <ul style="list-style-type: none"> <li>Revision of FFB receipt daily report period of April 2016 from outsider. Detail of revision is switching FFB volume dated on 20 April 2016 from CSR AG to SNR so that detail of FFB receipt on April 2016 is SJ/Akhan : 795.67 MT, STR : 111.61 MT, CSR Aek Gala : 3.32 MT, SNR : 828.60 MT, HSR : 2,725.44 MT and total : 4,464.64 MT.</li> <li>Revision of FFB receipt daily report period of May 2016 from outsider. Detail of revision is switching FFB volume dated on 31 May 2016 from STR to SNR so that detail of FFB receipt on May 2016 is SJ/Akhan : 1,594.60 MT, STR : 103.20 MT, CSR Aek Gala : 2.89 MT, SNR : 988.25 MT, HSR : 3,872.35 MT and total : 6,561.29 MT.</li> <li>Recapitulation of FFB receipt year 2016 (Jan to July) from outsider is Akhan/SJ : 5,170.47 MT, STR : 685.05 MT, <b>CSR Aek Gala : 8.75 MT</b>, SNR : 5,957.74 MT, HSR : 19,610.21 MT, MSP : 148.35 MT and total : 31,580.57 MT. This is information same as information on <b>Table 3.a</b>.</li> <li>Recapitulation of FFB receipt year 2015 from outsider is Akhan/SJ : 7,695.48 MT, STR : 3,447.93 MT, <b>CSR Aek Gala : 351.28 MT</b>, SNR : 6,057.71 MT, HSR : 25,288.83 MT, MSP : 0.00 MT and total : 42,841.23 MT. This is information same as information on <b>Table 3.a</b>.</li> </ul> <p>Root cause, correction and corrective action has revised and has appropriated.</p> <p><b>Date of closure</b> : 11 November 2016</p>
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**Criteria. E.5.1.**  
**a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.**  
**b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.**  
**c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)**

**NCR No. RSPO00637 (Major)**

**Finding:**

- Mass balance has not included information about balance material in Bulking Dumai.
- Mass balance information report period 2015 and 2016 using different OER between internal FFB and external FFB, however basic information/reference on extraction rate has no evaluate and periodically tested.

**Correction :**

- The company provide mass balance to include information about balance product in Dumai bulking to be included as part of Binanga mill.
- To prepare OER and KER calculation from external FBB as basic information on Mass Balance.

**Corrective Action :**

To prepare SOP about mass balance/traceability to cover : Bulking Dumai as part of mill PT ANJ and determine CPO quantity according to certified and non certified OER/KER.

**Auditor conclusions : Open (suspend)**

**Result of 1<sup>st</sup> verification :**

The company has provided some documents/evidents to close some issues above, i.e :

- Mass balance not included with material in Bulking Dumai issues : the company has provided mass balance monitoring year 2015 & 2016 where it has included balance product in Dumai Bulking. Volume of CPO product dispatch from POM to Dumai Bulking periode of November 2014 to July 2015 amount of 3,600 MT (sustainable) & 18,749.30 MT (non-sustainable) and dispatch CPO from Dumai Bulking to buyer amount of 3,600 MT as RSPO certificate transaction and 18,749.30 MT as non-sustainable transaction. Moreover, volume of CPO product dispatch from POM to Dumai Bulking periode of November 2014 to July 2015 amount of 7,200 MT (non-sustainable) and CPO dispatch from Dumai Bulking to buyer amount of 7,200 MT as non-sustainable transaction. All evidences/documents was submitted by company relevant with cases/problem on NCR so that this issue has closeded or complaine.
- Using different OER between internal and external FFB issues : the company has provided letter no. 082/Mil/ANJA-Binanga/IM/IX/16 dated on 21 September 2016 regarding processing separate for FFB from outsider with internal during 2-3 days every 4 month where it can used as base on calculate of extraction rate (OER) but the company has not been provided the result of processing separate every 4 month period of 2015 & 2016 as support document from letter no.082/Mil/ANJA-Binanga/IM/IX/16 dated on 21 September 2016, information of extraction rate (OER & KER) for certified and non-certified product on revision of mass balance monitoring year 2015 & 2016, and budget of extraction rate (OER & KER) year 2015 & 2016 for FFB from outsider as reference so that it is still open/non-compliance.

The company has provided root cause but it was not appropriate so that correction and corrective action has provided not appropriate too.

**Date of closure :** 25 October 2016

**Auditor conclusions : Closed**

**Result of 2<sup>nd</sup> verification :**

The company has provided some documents/evidents to close about using different OER between internal and external FFB issues, i.e :

- Revision of mass balance summary period of November 2014 to October 2015 that the company using single extraction rate (OER & KER) for FFB from internal or external. Average of OER is **21.19%** (20.01% to 22.32%) and KER is **4.98%** (4.57% to 5.46%).
- Revision of mass balance summary period of November 2015 to July 2016 that the company using single extraction rate (OER & KER) for FFB from internal or external. Average of OER is **21.10%** (19.79% to 22.90%) and KER is **5.03%** (4.88% to 5.25%).

Root cause, correction and corrective action has revised and has appropriated.

**Date of closure :** 11 November 2016

**3.4 Noteworthy Positive Components**

No.	Clause	Comment
1		Division 2 planting flower plant in emplasment or housing

**3.5 Conclusion and Recommendation for RSPO P & C, RSPO SCCS and RSPO Scheme Smallholder Certification**

The audit team has confirmed through the audit process that PT ANJ Agri – Binanga Palm Oil Mill has established and maintains an effective system to ensure compliance with the RSPO P & C and Supply Chain Certification System requirements. It is also confirmed that the company's annual volume of CPO and PK sold for the period of year 2015 has not exceeded the certified annual tonnages as claimed in the organization's RSPO certificate.

TUV Rheinland recommends that PT ANJ Agri be continuing approved for certification of compliance to the RSPO P & C and Supply Chain Certification System requirement.

**3.6 Issues Raised by Stakeholders and Findings Pertaining to Issues**

Some issues raised, respond from management and verification result during audit are :

No.	Stakeholder	Issue Raised	Management Response	Audit Verification
1	Head of Pasir Pinang village	There is no FPIC mecanism that has been ruined for completion this conflict. This thing can be seen from there is no any involvement from the village's people on zoning the disputed territory (disputed map).	<p>The dispute settlement after mediation efforts did not meet a good settlement, the company agreed to do community and settlement through the courts</p> <p>The zoning dispute involving "community" has been carried out by the Local Examination session on Friday, August 22, 2014 which was attended by:</p> <ol style="list-style-type: none"> <li>1. The Company (Defendant In Person) and the Legal Counsel of the Defendant;</li> <li>2. Central Barumon police chief;</li> <li>3. Plaintiff and Plaintiff Attorney in Person (public)</li> </ol> <p>Based on the Local Inspection Convention has determined the disputed territory / land which became the subject matter is mostly large areas of land that have been digantirugi by the Company to the Community Pasir Pinang.</p> <p>Can be seen as below:</p> <ol style="list-style-type: none"> <li>1. Progress Report Case No. 73 / KH-R &amp; P / 08/2014, dated August 28, 2014 by Ritonga &amp; Partners Law Office.</li> </ol>	<p>Based on the information on audit process, it said that the mediation has never been done. This things caused by that the lawsuit has been sent directly by people's lawyer to the company. This lawsuit caused the company didn't make any mediation, but it has been repond through the legal channels.</p> <p>If the settlement process of land disputes through mediation has already done by the company, so please giving us some support evidences that shown us if the mediation has already done by involving the dispute parties.</p>



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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			<p>2. The decision of PN Padang Sidempuan No. 27 / PDT.G / 2013 / PN.PSp.Sbh Date December 23, 2014</p>	
2	-	<p>The company only given a clean water helping if there is a people who will make any show. The number of tanks that has been given by the company are only 2 tanks.</p>	<p>Related to the clean water, the conditions in the garden are also experiencing drought problems that has been caused by a prolonged dry season in addition to providing clean water supplies for more than 20 Villages around the company, water is also used for residential housing in the division that had supply problems. In addition, the number of tankers of companies only 2 units, thus setting the clean water aid is only given to people whose condition does desperately need clean water (Party and misfortune)</p>	<p>In the minutes of meeting on July 30th 2015, the company has giving a commitment for giving help of clean water and fish feeds to the people that has been affected of the company sewage leak.</p> <p>In the minutes of those meeting, that is not mentioned about the dealing of deadline on realizing the helping program.</p>
3	Head of Langkimat village	<p>One of the improvement acts to this sewage leak on <i>land application</i> channel on August 2015 are:</p> <p>a. The wellbore providing (as an effect of polluted water on Barumun River that has been used for at least 6 villages as a water source)</p> <p>b. The giving of fish seeds (as an effect for increasing the fish population on the river that has been died because of the polluted water on the river)</p> <p>This improvement act has been poured on a dealing that has already signed together. Although the village that has following this deal are Langkimat Village, Huta Baru Village, Paran Padang Village, Jabi-Jabi Village, Aek Rahu and Janji Matogu Village. Each of the dealing mail has also given a copy of the document. But, until now people haven't seen a progress of the wellbore development, the company said they haven't get any money for developing it.</p>	<p>Based on the Minutes which have been drawn up and signed by some of the village chief, sub Simangambat and KLH Paluta that identified siongoton murky river water due to an overflow or over flow of water washing factory floor and receding river conditions, as well as their community activities in the river.</p> <p>Due to this community to do a request to the Company for the construction of wells Drilling and stocking of fish. In connection with the construction of wells drilled and the stocking of fish, that the company still in the process of assessment and study visits to the Regional Development Planning Agency and the Department of Health relating Paluta Pamsimas and STBM (Community-Led Total Sanitation) and the selection of appropriate consultants. Such processes are carried out because the company expects to drill development wells and seed dispersal of fish could be used by many people and can last a long</p>	<p>The supplementary evidence that has been delivered from the company by an email to the auditor team on September 10th 2016, it has proved that the company has already did the hearings process with the 'Kepala Badan Perencanaan dan Pembangunan Daerah (Bappeda)' of Padang Lawas Utara District and Pamsimas Pemd Consultant Program.</p> <p>Although, those steps that has been passed by the company in order to make the clean water and fish feeds program are be more efficient has not been accompanied with the time allocation plan that will be needed for implementing the program.</p>

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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			time and are used in a sustainable manner. - -	
4	All head of village who attend	The company hasn't applying the FPIC mechanism for determine the CSR program that will be done to the whole village. Except for Sihoda-hoda Village, there will be a FPIC process for determining the type of CSR program that will be done. The people of Sihoda-hoda village are prefer to choose the road improvement than the clean water supply, whether those two choices are come from the people necessary.	The Company has involved the whole community in the surrounding areas of the company to develop a CSR program, the mechanism of FPIC done in terms of a strategic nature program. The CSR program is based on the aspirations of the people delivered in every meeting held by the Company, for example Stakeholder Meeting.	The stakeholder list that has been arranged by the company has not covered the whole analyze of affected communities.  The absence of those affected analyzed on the stakeholder list has a linkages with the lack of the effectiveness of the implementation program based on the impact analyzed.  In order to build and respons the stakeholder, company has compiled the SOP of Stakeholder Communication and in those SOP has not mentioned for integrating the FPIC in stakeholder communication.  For example in those SOP has mentioned that if people has purposed a request for help, then it will be submitted to the management for being process. If in three months they haven't get any answer from the company, then the proposal are not be approved by the company.  About this things, here are already has became a Non Conformity (NC) finding for Criteria 6.1.3
5	Head of Pasir Pinang	On 2016, about 2-3 months ago, people has already given a mail that they need an electricity. But there is no respons from the company.	Currently the company is still studying the letter delivered from Pasir Pinang prihal plan line installation is the electricity to the	The information which has obtained from Pasir Pinang Head Village said if a company are

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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			<p>village of Pasir Pinang through areas of the company. Companies need to learn the track that will be used, calculate the underlying asset that must ditumbang oil and other aspects of worker safety terkiat company in respect of electric lines will be installed. In principle, the company supports the community's desire for the electrical installation.</p>	<p>doing an assessment process related to the communities request for the installation of PLN electricity line.</p> <p>But, the company has not informed how far was the assesment that has been done and they also has not sured whether those proposal can be realized or not.</p>
6	Head of Langkimat village	<p>Please the information clarify about the main duty of security as a company safety side. This things are causing because of the company that always closing the road (ANJ road to Janji Matogu Village), if the company has been experienced the fruits theft. The road access that will be open are only for motorcycle thats why the accident are always happens here.</p> <p>Why did the company have to set the rule for people to using helmet when their passing the access road.</p>	<p>Main Tasks Keep PT Nusantara (Janus) as a provider of security services companies is to maintain the security of the company both in terms of securing our operations, asset security and comfort of employees in work.</p> <p>Access restrictions intended to limit the risk factors facing the company in connection with the theft of widespread access using the access road to the village of Promise Matogu.</p> <p>Regulation of helmet use main concern is the safety factor of each part of users of motor vehicles, motor accident some events that often happens to be a basic consideration of the company making the policy.</p> <p>This is in accordance with the provisions of Law No. 1 year 70 that the Company is required to maintain safety of workers, contractors and visitors and based on the Company LK3 Policy.</p>	<p>The restriction access that has already done by the intended company security for keeping up the garden and theft. While, related to the helmet using rules for people who entering the garden area, it has intended for avoiding the accident in the garden.</p>
7	Head of Simangambat Jae village	<p>On the beginning of 2016, the further information about the summary and workers reception mecanism, but there is no respons untill now. Because the village head hasn't seen the summary of workers that has been accept by the company.</p>	<p>The company has already set up the mechanisms and requirements - the entry requirements of labor in the form of SOP No. 018 / HR &amp; GA / CP / 05-2009 and this has been carried out in accordance with established procedures.</p> <p>Information lowonongan / Recruitment has been submitted to</p>	<p>By using the information source that has been obtained through an interview with Janji Matogu, Aek Raru, and Pasir Pinang head Village, on August 24th 2016, the inforamtion said if a job vacancy has already been delivered</p>

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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			the public but still in oral form. In the future will we build a job information is written to the Department of Employment and villages - villages around the company.	by the company but it has been unwritten.
8	Head of Tobing Jae village	<p>There is a restriction for the amount of incoming fruits for the people. This things will be happen if the fruit amounts from the company has enough, than the income fruits from the people will be determined by company ( only 100-150 ton). If people haven't approved those deal, so they will used the road access, (company will close the road), and otherwise, if the company has been deficiency for the fruits supply, then the company will buy it from the people by giving them the best price. People will only used 5 DO, among other are HSR and STR</p> <p>People still havent get any clear information about the making and having mecanism of people's DO that has been assigned by the company. The DO can be made by the people if they have a big capital and also a good networking, then the company can only use the DO from the TBS great collectors.</p>	<p>Capacity (utility) Mill Binanga is ± 1,300 tons per day. When the peak crop conditions (&gt; 1,300 tons), then tbs outside the entrance to the plant should be limited to about ± 200 tons per day. Given the potential of the core at the pick corp: ± 1200 tons / day. To keep leftover tbs at the factory was not until over, then the fruit beyond any limitations. And this will also cordinated with comersil team. Given the leftover effects of high FFA can increase or decrease the quality of CPO production and ultimately on the price of CPO.</p> <p>Special purchase of fruit outside, actually brought coordination of the commercial team. In principle the purchase of the fruit has been adapted to the potential good fruit gardens outside Area per pupil, or group / KUD). Socialization and communication continue to be built by a team comersil. Determination TBS Supplier outside the Company are set forth in SOP no.031.</p>	Based on interview with commercial department that everyone can apply as DO own where shall compliace requirement. Community can communication to commercial department regarding requirement it.
9	Manpower and transmigration department in Padang Lawas District	<p>The company havent get an information of the workers amount that has been recruit based on Padang Lawas district domicile.</p> <p>The company havent give any information about working contract to the third parties especially security. Because the information</p>	<p>The Company may at any time to show employment data based on the domicile of the district recruited legacy fields (in accordance with the ID card), so that this information can be directly requested at any time if necessary. And the company did not receive confirmation that there is no stakeholder requested them. And reporting of labor required to report regularly been reported kemasing each district labor agency Paluta and Palas</p> <p>The company had been doing security work contract with a third</p>	If the company has already reported the local workers routinely to the Dinas Tenaga Kerja dan Transmigrasi of North Padang Lawas and Padang Lawas District, please give us the supporting evidences that declare if the company has already given a workers labor report which is conducted routinely to North Padang Lawas and Padang Lawas District

No.	Stakeholder	Issue Raised	Management Response	Audit Verification
		<p>that has been accept from the company has been empowering the local people.</p> <p>The lack of good relation between Dinas Tenaga Kerja and Transmigrasi Kabupaten Padang Lawas. This things are proven that Dinas Tenaga Kerja dand Transmigrasi Kabupaten Padang Lawas sides are not been invited to the RSPO public concultation show last year.</p> <p>The company never been reported the P2K3 and LKS Bipartit report to Dinas Tenaga Kerja and Transmigrasi Kabupaten Padang Lawas</p>	<p>party. Security force recruits also has empowered local communities.</p> <p>However, the Company may not distribute such agreements with third parties, because the agreement is a confidential company documents to third parties, is not a public document.</p> <p>EMC ANJA Binanga registered with Manpower Paluta due largely employees of companies located in the district Paluta (Gardens, Mill, Workshop) so company managers report to the office Paluta EMC. To then be communicated to the Parties Disnaker Paluta and Palas in this regard because of PT. ANJA is in 2 districts.</p> <p>-</p>	
10	Manpower and Transmigration department in Padang Lawas Utara District	<p>P2K3 and LKS Bipartit report has already done and reported routinely. Besides, the company are also active for doing the K3 months which cooperating by Dinas Tenaga Kerja dan Transmigrasi Kabupaten Padang Lawas Utara and the employee Jamsostek retirement registering process.</p> <p>The instance hasnt know when was the company did the workers recruitment process, the instance are only knows that there will be a workers increase based on the employment report (there is an increase and decrease). Thats why, the company are be expected for giving a respons of a mail that has been given about the job vacancy information and submit it periodically.</p>	<p>Information vacancy / recruitment has been submitted to the public but still in oral form. In the future will we build a job information is written to the Department of Employment and villages - villages around the company. The company will do this periodically.</p> <p>Company's operational areas include two districts namely Padang Lawas District and North Padang Lawas District. Referring to the statutory provisions in force, regular inspection of the machinery and production equipment must be carried out by the Department of Labor at the provincial level. Therefore, the Company invoking the periodic inspection to the Department of Labor at the provincial level.</p>	Based on the information form Janji Matogu and Aek Raru Head Village in the interview on August 24th 2016, they said that the whole information about job vacancy, the company has only said it in orally to the Head Village around the company, but there is no written information about the job vacancy which has needed by the company. And also the whole information about this job vacancy has not been done periodically by the company.

No.	Stakeholder	Issue Raised	Management Response	Audit Verification
		<p>The machine and producing tools are checking periodically did by the company, there is no coordination with Dinas Tenaga Kerja dan Transmigrasi Kab. Padang Lawas Utara side. The checking periodically has been done by the third parties by doing a coordination only with Dinas Tenaga Kerja Provinsi.</p>	<p>Periodic checks conducted by the Department of Labor at the provincial level, and there is no "third party" as otherwise mentioned</p>	
11	Forestry department in Padang Lawas District	<p>The company territories which has been allegedly on APL and Hutan Produksi (HP) territories. This things are based on SK Menhut No. 44 on 2005 and SK Menhut No. 579 on 2014.</p> <p>There is no restriction corridor territories between APL and Hutan Produksi (HP) zone on the company.</p> <p>The government has no any information about the fruits source (TBS) company hasnt came from the forest area.</p> <p>There is no socialization and discusion related to the garden management schudulle.</p> <p>There is no discussion about the restrictions on using pesticides.</p> <p>The report that has been done by the company is a yearly garden report related to the production reaching that has been done every year.</p>	<p>In the framework of his concession acquisition, the Company has obtained:</p> <ol style="list-style-type: none"> <li>Minutes of Measurement and Forest Area Boundary which will be released to the PT Eka Sakti Pandavas, covering an area of 5833.75 hectares, Forest Group A.Horsik-Hiteador, Kab Tapsel, issued by the Center for Forest Inventory and Mapping;</li> <li>The release of the Forest Estate SK, No. 454 / KPTS-II / 91, dated July 30, 1991, covering an area of 5833.75 hectares, Forest Group A.Horsik-Hiteador, Kab Tapsel, issued by the Ministry of Forestry, a.n PT Eka Sakti Pandavas;</li> <li>News AcaraTata Forest Boundaries Will Released Pendawa a.n PT Eka Sakti, S. Forest Group Nadenggan- S. Nabundong, District Central Barumon, Kab Tapsel, covering an area of 4008.80 hectares, along 76727.40 Meter, dated March 31, 1999;</li> <li>SK Determination Most Limit Protected Forest Areas and Limited Production Forest In Forest Group S. Nadenggan- S. Nabundong Throughout 56624.70 meters, located in the district Central Barumon, Tapsel District, North Sumatra Province, No. 09 / Kpts / VIII-PW / 2000, dated March 29, 2000 jo Map Determination majority Forest Group S. Nadenggan-S. Nabundong, Cen-</li> </ol>	Explanation in criterion 2.2

No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			<p>tral Barumun district, Kab Tapsel</p> <p>That refers to the Regulation No. P.50 / Menhut-II / 2011), which states that the Conservation of forest areas must be done in stages as follows:</p> <ol style="list-style-type: none"> <li>1. Designation of forest area</li> <li>2. Structuring the forest boundaries</li> <li>3. Establishment / strengthening of forest area</li> </ol> <p>This means that:</p> <p>1) Release of Forest Zone SK and SK Designation of Forest Areas issued by the Ministry of Forestry is the reference limit, mainly / ultimate in the field. In the case of appointment by decree of the forest area of North Sumatra Province No.44 / 2004 (which was canceled) and amended by Decree 579/2014 identified most areas are in Production Forest Area, it can be presumed that the appointment decree Forest area (2014) is not synchronized with the release SK Forest Area (1991), and SK Establishment of the Forest Area (2000), the postscript is full authority ministry of the environment and forestry</p> <p>2) As mentioned above, that the Company's acquisition of the concession obtained by decree the release of forest area and SK determination region. The Company's obligation is to do the installation of stakes / limits of the concession as defined by BPN that have been implemented in the field.</p> <p>The Company is still in the stage of identification, and in parallel also sduah submitted to TBS supliyer outside the periodic activities of farmers day done in the company</p> <p>The company has been doing</p>	

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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			<p>farm management by providing reports plantations kemasing each relevant agencies period per semester</p> <p>The company has Constructing Internal Memo Prohibition of use of pesticide active ingredient No. 053 / GM / YZ / Int / V-2011 and only applies internally in companies.</p>	
12	Forestry department in Padang Lawas Utara District	<p>The company never giving a chance or there is no an openness to the government for doing a verification and developing related to the land status. Dinas Kehutanan Padang Lawas Utara are only know that the land status is just as a permit that has been issued. The company are more doing a coordination to the Province because they think thath their territories is on 2 districts. The government has asking for an information of SHP company restricted by an asking information letter on September 2015, but untill now there is no good respons from the company.</p> <p>The company hasn't also giving a copy to Kabupaten Padang Lawas Utara dan Kabupaten Padang Lawas, related to the territories developing. This things are impressed that their hasnt appreciate the government.</p> <p>It is better for the company to be more open, related to the monitoring and evaluation that has been done by the related government. Whether this things are also been done as a written request to the company sides but there is still no respons from them.</p> <p>The report that has been done by the government is a yearly report related to the garden development and the amount production that has been done every year, the land fire reporting, and others.</p> <p>The price determination are based on the market price from people,</p>	<p>The Company is always open and coordinate with the Department of Forestry and Plantation Regency Paluta and Palas as a government agency that houses and companies in the district level.</p> <p>We need to convey the land status that the company operationally manage the area in accordance with:</p> <ol style="list-style-type: none"> <li>1. Decree of the Head of BPN 32 / HGU / BPN / 91/4/50 for a total area of ± 6,000 Ha</li> <li>2. Decree of the Head of BPN No. 67 / HGU / BPN / 2000 for a total area of 3214.9 hectares</li> <li>3. Decree of the Head of BPN No. 02-540.2-22-2009</li> </ol> <p>Related to the management of the need we say the company has already obtained Release of Forest Area Permit No. 454 / Kpts-II / 91, dated July 30, 1991.</p> <p>Pricing of the Company's TBS is with reference to the provisions TBS price of North Sumatra Plantation Office issued its per week.</p>	<p>As long as the audit process has done, there is no any finding about the registration letter from Dinas Kehutanan North Padang Lawas District in Log Book Eksternal book. Meanwhile, the whole in and out letter has been documented in those Log Book Eskternal.</p> <p>If the company has been coordinated with Dinas Kehutanan dan Perkebunan, please give us the supporting evidence in the form of Minutes of Meeting, or any coordination letter that has declared if the company has already done a coordination with Dinas Kehutanan dan Perkebunan North Padang Lawas and Padang Lawas District.</p>



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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
		<p>then it has be defined untill become a determination price to become TBS price that has been issued by the district.</p> <p>Dinas Kehutanan Padang Lawas Utara has been tried to made a coordination with Gapkindo sides, dinas perindustrian dan perdagangan for did the price adjustment, for avoiding the price is getting too high or too low. But untill now, it hasn't been realized. This is caused by a price competition that really competitive between the same company and it make the government feels so difficult for inviting the company, government and farmers for making this standard.</p> <p>The government hasnt prpared an information of fruits status which has been on the territories land. Because now, the government hasnt get any data about the fruit-bearing land resources.</p>		
13	All participant	In every public consultation schedule, they always inviting the related sides, village, public figure, and government from the district, but there is no final result of those activity. Company are more tend to do the coordination to Province without involving the parties present on public consultation.	Related reports plantation business operations, the company has sent reports semiannually in each district kemasing Paluta and palas and direct coordination at the time of the report.	If the company has Submitted the garden operational report on every semester to Padang Lawas and North Padang Lawas District, please give us the supporting document that shown us the schedule that has already did by the company.
14	All head of village who attend	<p>The company hasn't did a socializtaion related to HAM polucy, children workers, and discrimination to the around village, it might be delivered only to the contractor.</p> <p>CV Chandara has already get a socialization about chldren workers and the using of APD.</p>	The Company has conducted socialization to the community in this regard orally in an easily accepted by society, it detail the delivery of human rights policy is only delivered directly to employees and parties related directly to operations such as contractors. Due to Human Rights Policy (Internal Memo No. 037 / GM / ANJA-BNG / IM / IV-2016) is applicable in internal company and our obligations to socialize in Internal company alone.	The company has compiled the Communication and Information giving SOP with the document number of : SOP-Leg-02 with an effective date from September 1st 2015. But in the SOP data, it didn't gave us a specific explanation about the information that should be informed by the company to the

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No.	Stakeholder	Issue Raised	Management Response	Audit Verification
			Likewise, the policy of the company's policy on child labor and discrimination in companies organized in the form of internal memo, then it applies only in the company's internal and socialized.	related stakeholder.
15	All head of village who attend	On 2015, company has already did a socialization about complaint and negotiations handling procedure. But people are not really understand of the purpose from that socialization, so if there is a complaint they can come to the CSR. Company has given a socialization invitation through a flyers that has been given on each territories (based on the nearest garden)	Basically, people understand the procedures for handling complaints. This is evidenced by the language in addition to that they went straight to a company's CSR. This was in line with the procedures for handling such complaints. Nevertheless, there will be refreshment / resocializing public understanding these procedures.	Based on the information from an interview with the people in Aek Raru and Janji Matogu Village on August 23rd 2016, lots of people didn't know about the complaint and negotiation handling procedures. So this condition is being held back the socialization related to the complaint and negotiation handling policy.
16	Forestry department in Padang Lawas Utara District	Please reconsidered again about the workers capacity on CSR staff. Because, until now the whole CSR workers are only being centralized to Mr. Walid.	Since the first, External Affairs and CSR is one department that works on an ongoing basis.  Along with the development of the Company, in 2016 there is a separation between External Affairs and CSR outlines the coordination and organization.  However, in practice in the field, the second part is still work to coordinate with each other.  Separation is not necessarily difficult to do given the public in general have learned that External Affairs and CSR is the same department.	The separation between CSR and External Affairs doesn't still have any clarity. As an example, there is no clearly "job description" between CSR and External Affairs. From the administration side, planning documents program has been signed directly by GM of CSR, but the responsibility program report are still signed by Manager of External Affairs. Those both things, has been found on the audit process.  If the separation has been done clearly since 2016, it will be needed to be informed by the company to the people related to this separation.
17	All participant	People must be informed about the	Budget company is the compa-	The company only have

No.	Stakeholder	Issue Raised	Management Response	Audit Verification
		<p>company CSR budget for building the village around company. So the village can also make a priority of their needed with the money based on the village money and money helping from the company. In other words, there is a communication between people and company on making a village programs based on the available funds.</p>	<p>ny's internal confidential information that can not be opened to the public.</p> <p>The company already has about rural development programs through its CSR program as well as requests for help that can be delivered by the community to the Company.</p> <p>The company will realize the program CSR and deliver aid se-bagaiman filed by the public in accordance with the company's financial condition in the current period.</p>	<p>to informed this programs potentially and be cooperated with the people.</p> <p>Related to the information about CSR program to the people, company haven't informed about it yet.</p> <p>As for, the policy has including UU No. 40 year 2007 about the limited liability company, UU No. 25 year 2007, Government Rule Number 47 Year 2012 about the social and environment responsibility, that doesn't required company to informed the CSR budget that has been allocated by the company.</p> <p>Meanwhile, the CSR program formula has not fully involving the people and only based on the personal discussion with the communities, then it will be actionable through the filing proposal from the people to the company.</p> <p>There still lack of the people participation around the garden in order to creating the CSR program that has became a Non Conformity finding for Criteria 6.1.3.</p>

#### **4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

##### **4.1 Date of Next Surveillance Visit**

The next surveillance visit is planned for August 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 Austindo Nusantara Jaya Agri



Antoperis Tarigan  
Sustainability Compliance Manager  
Date: November 10, 2016

Signed on behalf of PT TUV Rheinland Indonesia



Hendra Fachrurozy  
Lead Auditor  
Date: November 10, 2016

APPENDICES

Appendix 1: Details of Revised Certificate

# Certificate

**Standard :** RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013; and RSPO Supply Chain Certification Systems: 2014

**Certificate Registr. No. :** 824 502 17057

**Certificate Holder :** PT TUV Rheinland Indonesia certifies :  
**PT Austindo Nusantara Jaya Agri – Binanga Mill**  
Simangambat Subdistrict,  
Padang Lawas Utara District (PALUTA),  
North Sumatera Province, Indonesia


**RSPO number :** and its company owned estates according to the annex  
**Scope :** -  
Palm Oil Production and Plantation Management System

**Validity:** An audit was performed, Report No. ASA4\_17057. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 are fulfilled.  
The due date for all future surveillance audits is 14-09 (dd.mm).  
The certificate is valid from 14-11-2012 until 13-11-2017.  
The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland Indonesia.

**RSPO registered parents company\* :** PT Austindo Nusantara Jaya Agri  
(RSPO Member No. : 1-0032-07-000-00)  
\* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

**Date of first certificate :** November 14, 2012 issued by TUV Nord Integra

Indonesia, 27-01-2017

  
PT TÜVRheinland Indonesia  
Director

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

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# Annex to certificate

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013; and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No.: 824 502 17057

Location: **PT Austindo Nusantara Jaya Agri – Binanga Mill**  
Address :  
Simangambat Subdistrict,  
Padang Lawas Utara District (PALUTA),  
North Sumatera Province, Indonesia

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

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Binanga Palm Oil Mill	Simangambat Subdistrict, Padang Lawas Utara District (PALUTA), North Sumatera Province, Indonesia	01° 28' 75.4"	99° 57' 48.3"
East Estate	Simangambat Subdistrict, Padang Lawas Utara District (PALUTA), North Sumatera Province, Indonesia	01° 30' 32.1"	99° 58' 52.6"
Central Estate	Simangambat & Huristak Subdistrict, Padang Lawas Utara (PALUTA) & Padang Lawas (PALAS) District, North Sumatera Province, Indonesia	01° 28' 81.4"	99° 57' 50.2"
West Estate	Huristak Subdistrict, Padang Lawas (PALAS) District, North Sumatera Province, Indonesia	01° 28' 97.7"	99° 52' 28.5"

CPO Tonnage Total Production: 63,944.00 tonnes  
 PK Tonnage Total Production: 15,000.00 tonnes  
 Company Estates FFB Tonnages: 217,746.00 tonnes  
 FFB Tonnages from other sources: 82,254.00 tonnes  
 CPO Tonnage for certification\*: 47,904.00 tonnes  
 PK Tonnage for certification\* 10,887.00 tonnes

\*Data presented for year 2017

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

- Identity Preserved  
 Mass Balance



Indonesia, 27-01-2017

Issued by PT TÜV Rheinland Indonesia

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### Appendix 2: List of Abbreviations

AMDAL	Analisis Dampak Lingkungan & Sosial (Social & Environmental Impacts Assessment)
CPO	Crude Palm Oil
EIA	Environmental Impact Assessment
ERTs	Endangered, Rare & Threatened species
ESH	Environmental Safety & Health
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
HCV	High Conservation Value
IPM	Integrated Pest Management
LTA	Lost Time Accident
MSDS	Material Safety Data Sheets
NGO	Non-Government Organization
OSH	Occupational Safety & Health
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UPL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)

### Appendix 3: List of Stakeholders Interviewed and Contacted

No.	Name of Stakeholder	Institution - Address	Remark
<b>Stakeholders Interviewed On-Site</b>			
1.	Ibrahim Lubis	Supervisor of maintenance	
2.	Haposan	Maintenance worker in division 2	
3.	Sahala Halomoan	Maintenance worker in division 2	
4.	Toniman	Maintenance worker in division 2	
5.	Arif	Maintenance worker in division 2	
6.	Isak Siregar	Maintenance worker in division 2	
7.	Tukini	Maintenance worker in division 2	
8.	Fitri	Maintenance worker in division 2	
9.	Uswah	Maintenance worker in division 2	
10.	Murniati	Maintenance worker in division 2	
11.	Mesiana	Maintenance worker in division 2	
12.	Siti Asmah	Maintenance worker in division 2	

### Appendix 4: Observations and Opportunities for Improvement

No.	Observations / Opportunities for Improvement	Criteria
1	Number boundary stone R24 not same as land use right map	RSPO P&C 2.2.2