



PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

PT Tolan Tiga Indonesia (SIPEF Group) Sumatra, INDONESIA

Report Author

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TABLE of CONTENTS

Page N^o

SUMMARY	1
Abbreviations Used	1
1.0 SCOPE OF CERTIFICATION ASSESSMENT	1
1.1 National Interpretation Used	1
1.2 Certification Scope	1
1.3 Location and Maps	1
1.4 Description of Supply Base	1
1.5 Date of Plantings and Cycle	5
1.6 Other Certifications Held	5
1.7 Organisational Information / Contact Person	5
1.8 Time Bound Plan for Other Management Units	5
1.9 Area of Plantation	6
1.10 Approximate Tonnages Certified	6
1.11 Date Certificate Issued and Scope of Certificate	6
2.0 ASSESSMENT PROCESS	6
2.1 Certification Body	6
2.2 Qualifications of the Lead Assessor and Assessment Team	6
2.3 Assessment Methodology, Programme, Site Visits	7
2.4 Stakeholder Consultation and List of Stakeholders Contacted	8
2.5 Date of Next Surveillance Visit	8
3.0 ASSESSMENT FINDINGS	8
3.1 Summary of Findings	8
3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D)	27
3.3 Noteworthy Positive Components	29
3.4 Issues Raised By Stakeholders and Findings with Respect to Each Issue	30
3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	31

LIST of TABLES

1 Mills GPS Locations	1
2(a) Company Estate FFB Production	5
2(b) Company and SG FFB Production	5
3 Age Profile of Company Estate Planted Palms	5
4(a) Estates and Areas Planted	6
4(b) PT Tolan Tiga Indonesia hectares statement	6
5 Approximate Tonnages Certified	6

LIST of FIGURES

1 Location Maps	2-4
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List of Appendices

A Tolan Tiga Indonesia RSPO Certificate Details	
B Certification Audit Programme	
C Continuous Improvement Plan	
D Nonconformities, Corrective Actions and Observations Summary	
E Summary of Stakeholder Comments	

SUMMARY

BSi has conducted an assessment of PT Tolan Tiga Indonesia operations comprising two mills, four oil palm estates, support services and infrastructure. BSi concludes that PT Tolan Tiga Indonesia operations comply with the requirements of RSPO Principles & Criteria: November 2007 and Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: May 2008.

BSi recommends that TOLAN TIGA INDONESIA be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

AMDAL	Analisis Mengenai Dampak Lingkungan
B3	Chemical waste store
BME	Bukit Maradja Estate
BMM	Bukit Maradja Mill
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional
BPS	Badan Pusat Statistik
CD	Community Development
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
EMS	Environmental Management System
ERT	Endangered, Rare and Threatened
ESIA	Environmental Social Impact Assessment
FFB	Full Fruit Bunch
FSC	Forestry Stewardship Council
HCV	High Conservation Value
HGU	Hak Guna Usaha
HO	Head Office
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
ISPO	Indonesia Sustainable Palm Oil Foundation
IUCN	International Union for Conservation of Nature
KRE	Kerasaan Estate
MSDS	Material Safety Data Sheet
NGO	Non Government Organisation
OHS	Occupational Health and Safety
PCD	Pollution Control Device
PLE	Perlabian Estate
PLM	Perlabian Mill
PMP	Project Management Plan
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPKS	Pusat Penelitian Kelapa Sawit
PT TTI	PT Tolan Tiga Indonesia
QMS	Quality Management System
RAB QSA	Quality Society of Australia
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SEIA	Social & Environmental Impact Assessment
SOP	Standard Operation Procedure
TLE	Tolan Estate
UKL-UPL	Upaya Kelolaan Lingkungan

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mills and their supply bases of FFB were assessed against the RSPO INA-NIWG: May 2008 of the RSPO Principles and Criteria: 2007

1.2 Certification Scope

The scope of Certification covers two (2) Palm Oil Mills and the supply base comprising four (4) company owned oil palm Estates.

1.3 Location and Maps

The TOLAN TIGA INDONESIA Estates and Mills are located in North Sumatra, Indonesia (Figure 1). The GPS location of the mills is shown in Table 1.

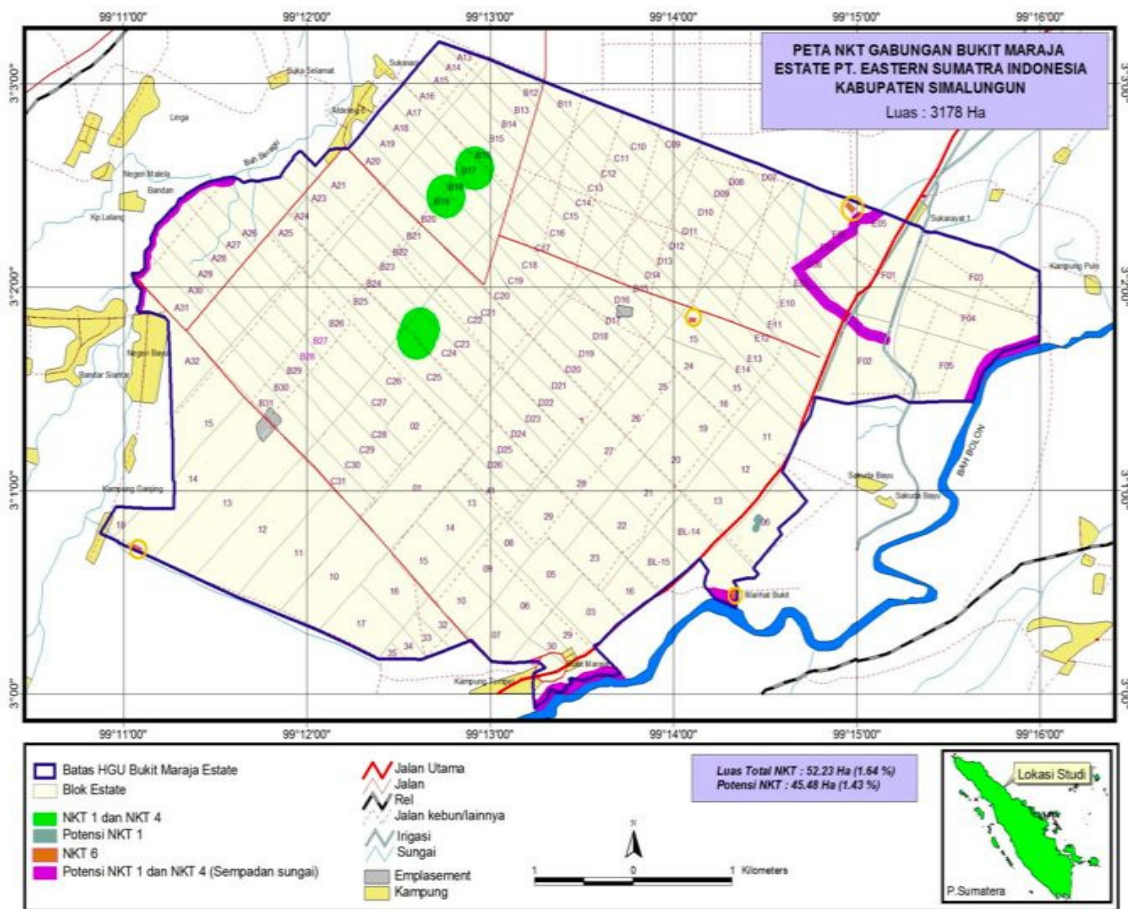
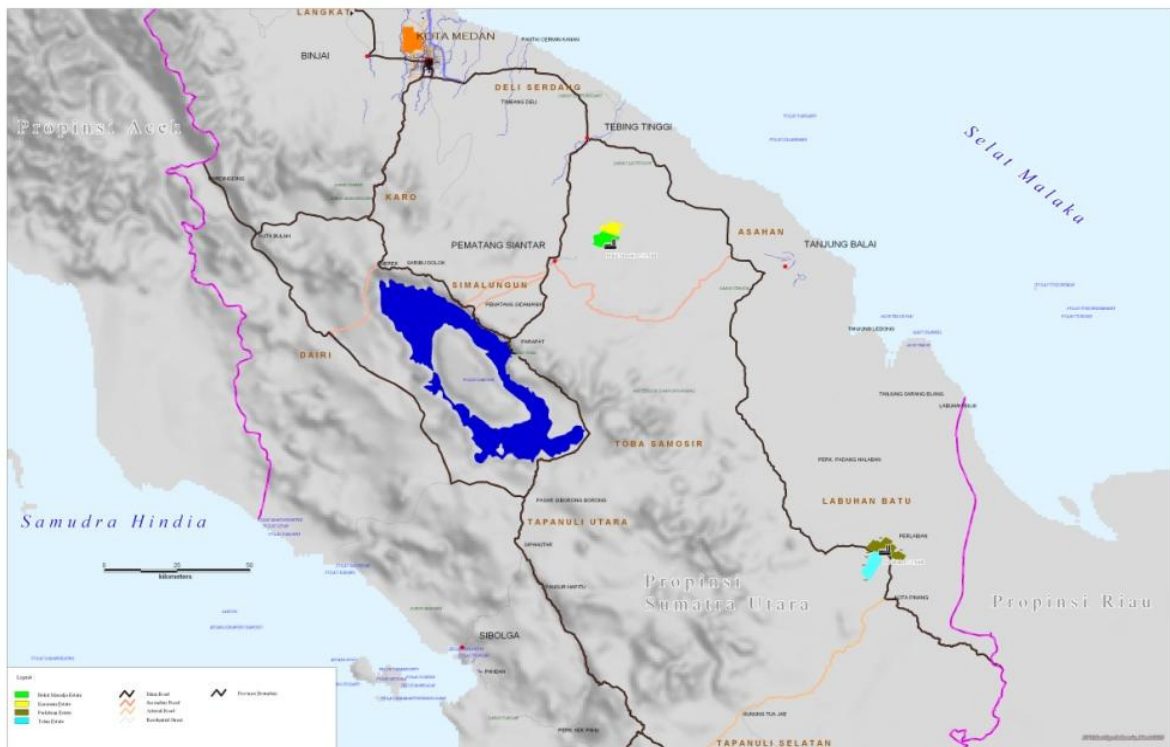
Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Bukit Maradja	099°15E	03°04N
Perlabian	100°04E	02°04N

1.4 Description of Supply Base

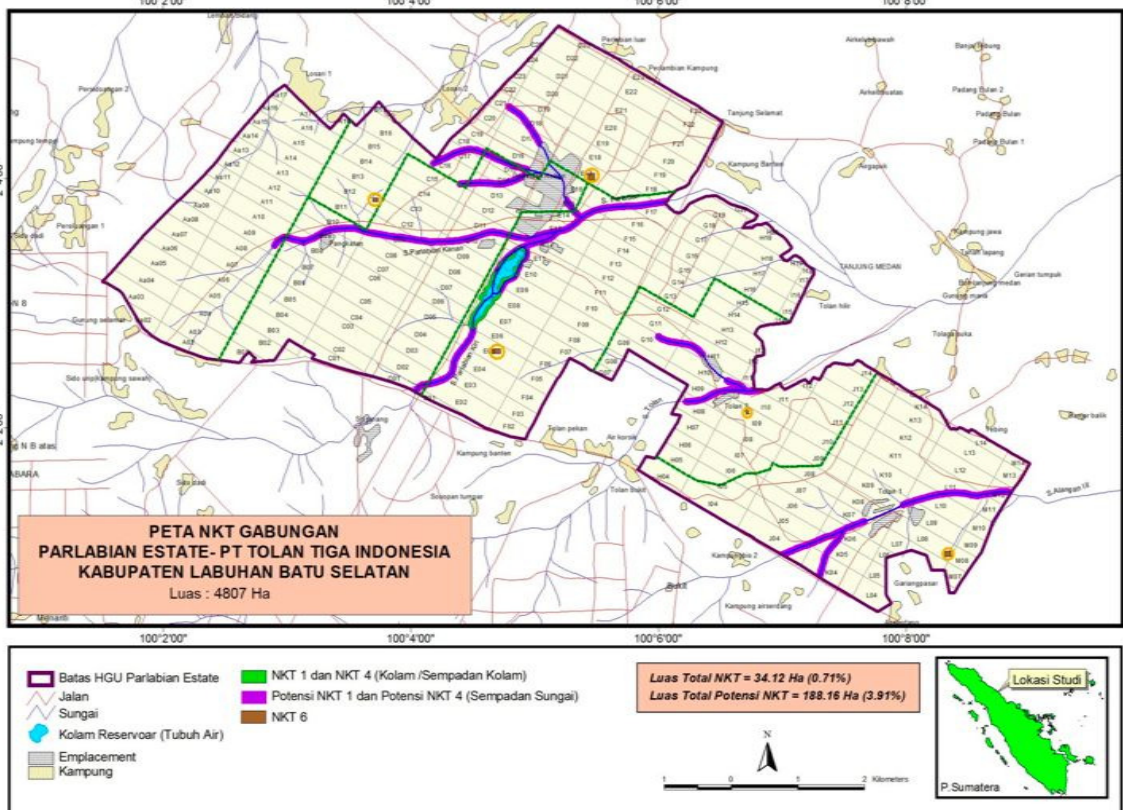
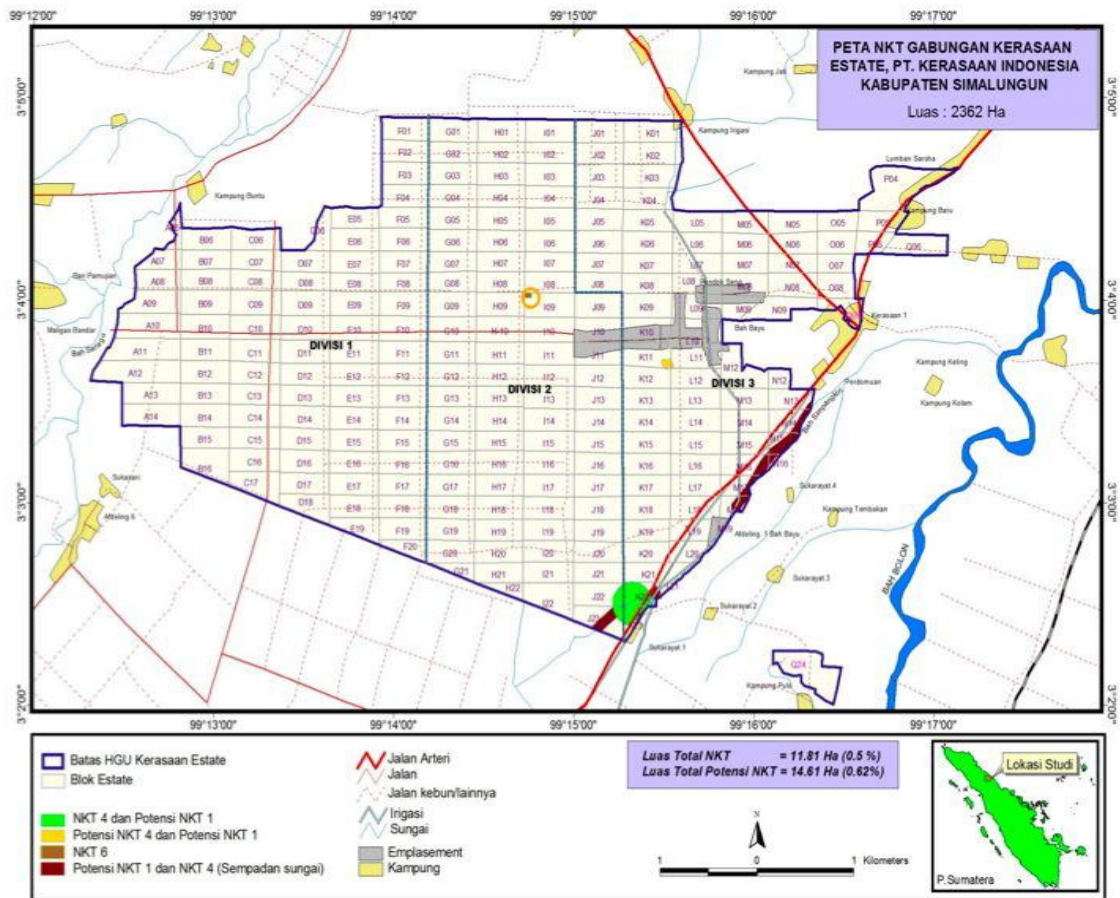
Oil palm fruit is sourced from company owned and managed estates.

FIGURE 1 LOCATION OF PT TOLAN TIGA ESTATES

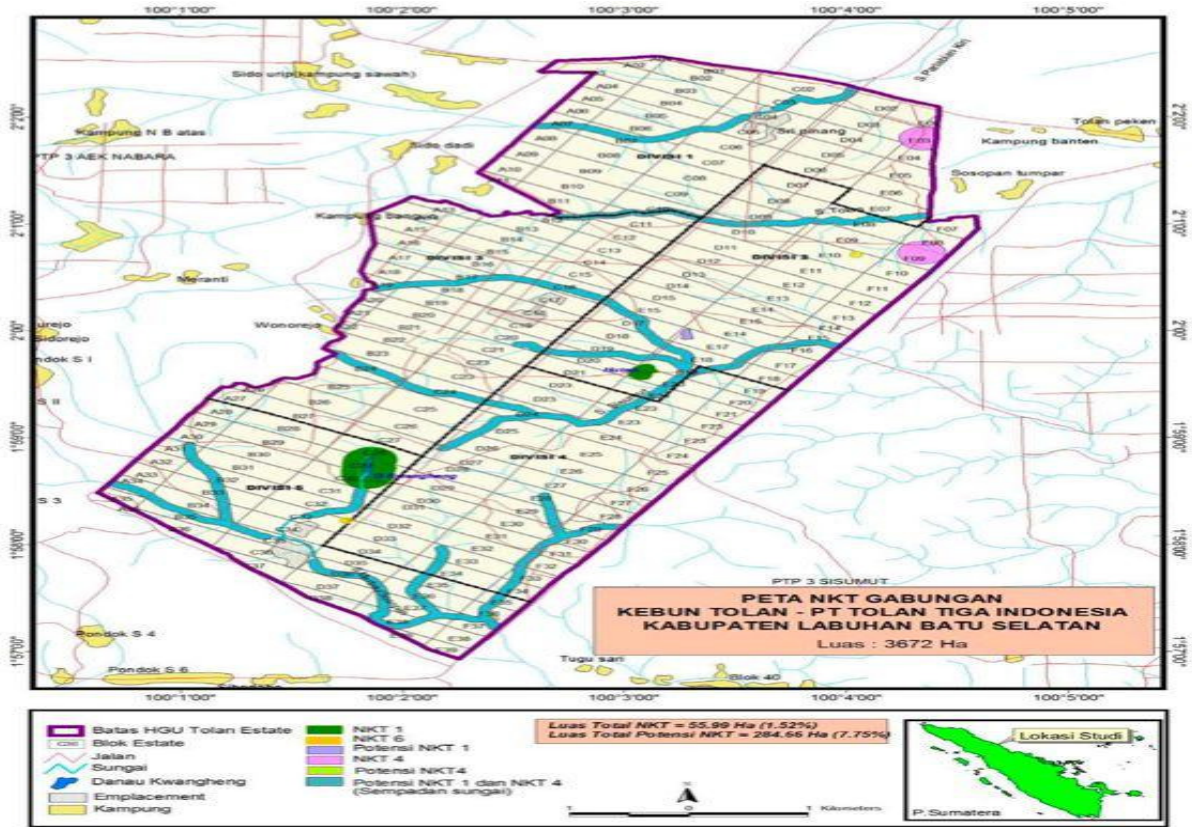


Bukit Maradja Estate

Kerasaan Estate



Parlabian Estate



Tolan Estate

Table 2(a): Company FFB Production 2009

Estate	FFB (tonnes)
Bukit Maradja	80,000
Kerasaan	75,000
Perlabian	97,000
Tolan	90,000
TOTAL	342,000

Table 2(b): Company FFB Production

Year	2006	2007	2008	2009
Total Company FFB				342,000
				100%

1.5 Date of Plantings and Cycle**Table 3: Age Profile of Company Estate Planted Palms**

Year	PLE	TLE	BM A	KRE	SUM	% of Planted Area
1980		76			76	.57
1981			25		25	.18
1982		147	52		199	1.45
1983	155			18	173	1.26
1984	331			65	396	2.89
1985	416		67	118	601	4.40
1986	179			81	260	1.90
1987	194				194	1.42
1988	212		73	21	306	2.24
1989	42				42	.3
1990	29				29	.2
1992	541		35	252	828	6.01
1993	295		41		336	2.45
1994	112	342	14		468	3.42
1995	305				305	2.23
1996	184	156	279	347	966	7.07
1997		184	350	294	828	6.01
1998		413	131	122	666	4.86
1999		368	332	119	819	5.98
2000	4	307	388	134	833	6.10
2001		308	384		692	5.06
2002		246	242	100	588	4.29
2003	334	445	263	101	1143	8.38
2004		137			137	1.00
2005	205	200	131	97	633	4.62
2006	289	114	129	112	644	4.71
2007	200			109	309	2.26
2008	218	81		77	376	2.75
2009	150			85	235	1.72
2010	229	102	190	63	584	4.27
TOTAL	4624	3626	3126	2315	13691	100

1.6 Other Certifications Held

PT TT is working towards ISO 14001 and expects to have the Palm Oil Mills certified by April 2010.

1.7 Organisational Information / Contact Person

PT Tolan Tiga Indonesia is wholly owned by the SIPEF NV Group of Belgium.

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Contact Person: Olivier Tichit
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General Manager

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1.8 Time Bound Plan for Other Management Units

The other Majority owned Management Units are as follows:

- Hargy Oil Palms Ltd., in PNG
- PT Agro Muko, in Bengkulu
- Jabelmalux group: PT Umbul Mas Wisesa, PT Toton Usaha Mandiri, and PT Citra Sawit Mandiri, in North Sumatra, and PT Melania in South Sumatra.

Hargy Oil Palms has been certified on 09 April 2009, and a surveillance audit is planned in April 2010, by BSi.

The Sipef plan is to achieve RSPO certification for Sipef majority-owned Indonesian operations within 3 years of Hargy Oil Palm certification. As described in the clarification letter sent to the RSPO in 2008, and confirmed in 2009, we have divided our Indonesian operations into three groups.

PT Tolan Tiga Indonesia, including 2 mills and 4 estates in North Sumatra, was to be certifiable 1.5 year after certification of HOPL, or by October 2010.

PT Agro Muko, including 2 mills and 8 estates in Bengkulu, to be certifiable 2.0 years after certification of HOPL, or by April 2011. Certification audit is planned for September 2010, with BSi.

Jabelmalux group. PT Umbul Mas Wisesa, PT Toton Usaha Mandiri and PT Citra Sawit Mandiri, 3 new estates under development. Sipef are currently placing these estates in the RSPO compensation mechanism based on a precautionary approach, while continuing to study all possible solutions. Sipef are complying with local laws and regulations in the development of these estates, and there are no unresolved disputes

PT Melania in South Sumatra still has an area of 456ha of oil palms, currently being converted into rubber.

At this point Sipef has informed BSi that there are no know legal non-compliances, land or unresolved labour disputes at its other operations. BSi considers Sipef's Time Bound Plan to conform to the RSPO requirements for Partial Certification.

1.9 Area of Plantation

The hectare statement for the company owned Estates is shown in Table 4(a), and Tolan Tiga Indonesia Operations area Table 4(b).

Table 4(a): Estates Hectare Statement

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Bukit Maradja	2936	190
Kerasaan	2090	225
Perlabian	4027	597
Tolan	3443	183
TOTAL	12496	1195

Table 4(b): Tolan Tiga Indonesia Hectare Statement

Mature area	12496
Immature	1195
Preparation for oil palm	3
Total area for oil palm	13691
Nurseries	19
Emplacement, Roads, Mills, Compounds etc	233
Unplanted reserve, incl underwater lease	73
Total leased area	14019

1.10 Approximate Tonnages Certified

Table 5: Approximate Tonnages Certified

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Perlabian	43,000	11,500
Bukit Maradja	35,000	7,500
TOTAL	78,000	19,000

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the production from the two palm oil mills and their supply base (refer Table 2(a) for tonnages).

Certificate details are included as Appendix A. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

Inclusion of Smallholders

There are no small holders included in the Supply Base of PT Tolan Tiga Indonesia.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur.

2.2 Qualifications of the Lead Assessor and Assessment Team

Allan Thomas Lead Assessor

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 19 years experience in systems management and auditing of large organisations in construction, forestry, agriculture, manufacturing and in private and Government sectors both in Australia, South East Asia and the South Pacific. During the past 15 years, he has been the Manager of a large certification body based in Australia with responsibilities throughout SE Asia. He has performed over 120 comprehensive audits of management systems throughout the Palm Oil industry including Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia and PNG in the Oil Palm industry. Allan has conducted over 2500 system audits in the last 14 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

He is a Lead Environmental Auditor (ISO 14001) with IRCA, A Lead OHS Auditor (OHSAS 18001 & AS 4801) with IRCA, a Lead Quality Auditor (ISO 9001:2000) with RABQSA and also an accredited Heavy Vehicle Auditor. He has also implemented strategies for implementing and maintaining SA 8000. Allan has also been appointed

a Federal Safety Officer by the Australian Commonwealth Government.

He has conducted Integrated Management assessments of a large number of palm and kernel oil mills and many oil palm plantations in Indonesia, Malaysia and Papua New Guinea. He has worked closely with RSPO in developing an audit checklist for the Principles and Criteria and developed an audit methodology. This was carried out at the instigation of Dr. Simon Lord – in 2005 prior to RT3. Dr. Lord is a former member of the Executive Board – this audit checklist was bought by RSPO in early 2006. He also performed the first base line assessment of the applications of the P&C. He is a strong advocate of environmental, safety and social accountability.

Iman Nawireja – Technical Expert- Social (audit)

Iman Nawireja graduated with Bachelor of Agriculture Science from the Bogor Agricultural University in 1997 and a Masters Degree in Communications from University of Indonesia. Currently, he is PhD Candidate in Rural Sociology from Bogor Agricultural University. He has a lecture in general sociology, intercultural communications, and social statistic at the Bogor Agricultural University and has more than 10 years experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 9001 Quality Management Systems. He has assisted in conducting environmental and social assessments of oil palm projects during the past 7 years. He has assisted with conducting audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia

Dwi Muhtaman - Local Language Skills – HCV's & Social – (pre)

Mr Dwi Muhtaman holds a Masters Degree in Public Administration as well as a Sarjana Degree in Animal Husbandry, specialising in Social Economics. For the last more than 15 years he has been included as the social expert on several certification forest audits/assessments for both plantation and natural forest concessions in Kalimantan, Sumatera, Sulawesi and Java. He has involved in more than 30 forest and product certification assessments since 1996-2007 in more than 25 forest management concessions. For the last five years Dwi has been participating in variety of oil palm plantation assessment for RSPO standards and HCV identification and Social Impact Assessment (SIA), and Café Practices verification program (Indonesia and PNG). He has been working with more than 25 companies of the major oil palm companies including Lonsum Group, Wilmar Plantation International Group, Musim Mas Group, IOI Group. He has been involved in RSPO audit in Johor, Sabah, Sarawak (Malaysia) and Indonesia. He has a good network among NGO communities and forest private sectors. He is auditor for chain of custody assessment of forest product industries in more than 20 wood

industries. He is also an independent consultant for WWF Indonesia PFTN/Nusa Hijau for wood industries and forest management units.

Mr Muhtaman has considerable experience in project planning & management, assessment and appraisal in Indonesia, Malaysia and PNG, having been involved in numerous studies and consultancy projects over the past 20 years. He is especially knowledgeable in the area of forest certification, ecolabelling, socio-economic analysis and social audit/social impact management. Mr. Muhtaman has been working in the forest certification started in 1996 as an auditor of Smart Wood Certification Program. In 2000-2003 Mr. Muhtaman served as Smart Wood Indonesia representative. He audited major forest concessionaires and forest plantation in Sumatra and Kalimantan (familiar to apply with FSC). He also provides technical assistance for forest managers to comply forest certification standard. In 2003 he was a social expert to develop HCVF Toolkit for Indonesia and has been conducted HCVF study in forest concessions as well as in oil palm plantation. He has good facilitation skills. For Aksenta Socio-Enviro Management Consulting Mr Muhtaman conducted a study on the socio-economic impact of the oil palm plantation commissioned by Oxfam-Novib; leading HCV assessment and social impact assessment. Currently Mr Muhtaman as consultant of Center for International Forestry Research (CIFOR) for a project to provide technical assistance to small business enterprises of furniture industry in Indonesia. Mr Muhtaman is principle social management expert in Aksenta Socio-Enviro Management Consulting.

This report was reviewed by Mr. C Ross – an approved RSPO assessor with BSi.

2.3 Assessment Methodology, Programme, Site Visits

A pre-audit to RSPO Principles and Criteria was conducted between 10th and 16th January 2010 to determine progress PT Tolan Tiga Indonesia has made towards certification.

The Initial Certification Audit was conducted between 14th and 20 March 2010. The audit programme is included as Appendix B.

The approach to the audit was to treat each mill and its supply base as an RSPO Certification Unit. Each mill was audited together with the plantations of its supply base. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by

external stakeholders were also taken into account in the assessment.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by placing an invitation to comment on the RSPO, SIPEF and BSi websites and an advertisement in each of the local Medan and South Sumatra newspapers.

Letters were written to individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees and contractors.

External stakeholders included organizations such as Government, NGOs and Civil Societies, who have an interest in the PT Tolan Tiga Indonesia area and resident communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with government agencies and NGOs were held in their respective premises within local Kampongs.

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. In a number of interviews and meetings, the presence of company representatives was discouraged so as not to restrict discussion of both the positive and negative aspects of PT Tolan Tiga Indonesia's operations.

The company representatives only introduced the team and where requested to leave during meeting with stakeholders. For internal stakeholders the same procedure was followed and company representatives left once the consultations started (Employees are involved in consultation and committees).

There is a trade union at PT Tolan Tiga Indonesia. The committee is elected through open elections and every year elections are held to select representatives. During the audit the committees have been interviewed.

LIST OF STAKEHOLDERS CONTACTED

Workers and Staffs

- Misdi A4, Irwansyah, Selamat Simarmata, Suryono, Tumin 2, Sugiarto (Harvesters - BME)
- Ridwan Rambe, Misran, Sugimin, Saparudin Rambe (Mill Workers - BME)
- Sugeng and Harsono (Harvesters - KRE)

- Mukinem, Jumiati, Rukiyati, and Tukinem (Female Workers - KRE)
- Suryanto and Paijo (Sprayers - Kerasaan)
- Jenda and Rini (Paramedics - KRE)
- Dini, Tri, and Supriatin (Female Estate Staffs - KRE)
- Fajar, Nanda, Wartiman, and Candra (Mill Workers - PLM)
- M. Arif, Syamsul, and Supriyadi (Sprayers - PLE)
- Sutrisno, Joko Jumari, Miyedi, and Mansyur (Harvesters - PLE)
- Isroil, Paryoto, Riyanto, Krisyanto, Sudarno (Harvesters - TLE)
- dr Zulkarnain, Siti Anova, and Chairil Anwar (Paramedics - PLE)
- Lantra, Herry, Sutriyani, and Lastri (Female Sprayers - TLE)
- Henny and Widya (Paramedics - TLE)

Contractors

- Supiran, Sugiart, Jamin Purba, R. Sinaga, Purwanto (Contractors and Supplier)

Local Community

- Sugirin (Bukit Meraja Village Head)
- Ilham Lubis (Perlabian Village head)

Government

- Mahady (Labour Department)

Non Government Organisations

- Sutrisno (Local NGO)

2.5 Date of Next Surveillance Visit

Approximately March 2011

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mills and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the audit, Eight (8) Nonconformities were assigned against Minor Compliance Indicators. PT Tolan Tiga Indonesia has prepared a Corrective Action Plan (Appendix D) for addressing the identified nonconformities that was reviewed and accepted by BSi.

Seventeen (17) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 27).

BSi's assessment of PT Tolan Tiga Indonesia operations, comprising two palm oil mills, estates, infrastructure and support services, concludes that PT Tolan Tiga Indonesia

operations comply with the requirements of RSPO Principles & Criteria : 2007 and INA-NIWG Indicators and Guidance : May 2008.

BSI recommends that PT Tolan Tiga Indonesia be approved as a producer of RSPO Certified Sustainable Palm Oil.

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

PT TTI now keeps a record of response and the time taken to respond to the request. PT TTI have a matrix that monitors the development and progress of all requests. Records are in place of all requests for information and that information required by stakeholders is made available if possible. This is in a register which includes all requests for information. It includes date received, date responded to as well as any other pertinent information with regards to each request received. Inspection of the PT TTI records found that responses for information requests are made promptly. Each request received is registered and stamped and identified and sent to relevant person. Inspection of company documents in field confirmed that company adequately provides information as the following example shows:

BME: Estate manager to handle the request of information, for example the most recent request for information of Simalungung District Department of Labour No. 560/20/WLTK/2010 dated 13 January 2010, regarding Compulsory Monitoring of Labour (as required by Labour Regulation No. 7/1981). Government surveyor visited the estate on 13 December 2009. Information provided promptly. Records are held on file "Government 09". So far no verbal requests have been received.

BMM: Simalungun Central Bureau of Statistic requested information as part of Survey of Large Industry on 1 February 2010, information provided at 10 February 2010. Records held on file "Badan Pusat Statistik".

KRE: Pusat Penelitian Kelapa Sawit Medan, requested permission to visit BMS and carry out survey and trial plotting of o. rhinoceros on 16 July 2009. BMS allowed PPKS to carry out survey at BMS on 28 July 2009. Records held on file "Surat Eksternal". Any verbal request is documented in "Permintaan dan Jawaban Informasi terhadap Masyarakat".

PLE: Sekretariat Daerah Labuan Batu Selatan requested information on land title, legal documents, road usage, FFB productions, and CSR report for the last three years. Letter was dated 17 October 2009. PLE provided the information on 28 October 2009. Record held on file "Informasi Request and Answer Internal dan External".

PLM: BPS of North Sumatra requested for information as part of Annual Manufacturing Survey 2007 on 10 March 2008, PLM reply on 25 March 2008. Records held on file "Survey Industri Bulanan".

TLE: No requests for information from external stakeholders; requests mostly on assistance to community. Matrix available, to keep record of response, record held on file "Permintaan Informasi dan Tanggapan".

On the whole documents that are not released are not related to environmental or social issues and are mainly of a confidential financial nature.

Senior management has now decided which documents are to be made available to the public. These are in the form of a register which can be updated as more documents are requested and made available.

The reason why information could not be made available is now always recorded in an appropriate and relevant register.

PT TTI keeps record of response and the time taken to respond to any requests. It is company policy to keep records base on their importance and in accordance to government regulation, which is range between three and five years. A register have been prepared and maintained to monitors progress of the requests.

1.1.3 Observation: At Perlabian Estate records of some verbal requests for information were not always recorded.

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

PT TTI now has made available the list of publicly available documents - Documents which will be made publicly available have been listed on the company web site by February 2010.

It is PT TTI policy to make documents available in accordance to government regulations. This commenced from February 2010, PT TTI designated special page in company website devoted to request of information at http://www.tolantiga.co.id/v1/?page_id=431 where all stakeholders able to request information on operation permit and SEIA documents such as Ijin Lokasi (HGU), IUP, AMDAL – UKL/UPL – RKL/RPL, Ijin Penyimpanan Limbah B-3, CSR/CD Program, and other information.

Requests and grievances will be directed to appropriate persons in charge. All of the requests and grievances are considered as confidential. Company will provide feedback maximum in 15 days from date of receipt.

PT TTI holds copies of HGU. Copies of the Four HGU's are held in Estates and originals are in Medan HO.

PT TTI Plantation Operation Permit which is located in Estates and originals in Medan can be made publicly available on request. These HGU's which are available for all estates and where sighted during this pre-audit. These are long term leases on Government land and therefore land use titles are readily available.

Land titles are now made available publicly.

ESIA once they are conducted for estate and mills - can be made available on the discretion of a Senior company official. The information which will be made available will be at the discretion of company officials depending on the sensitivity of the information with regards to potential negative effects on the environment

UKL-UPL report is submitted 6 monthly and can be made available on written request at the discretion of Senior Company officer.

Now a social impact assessment has been conducted it will be made available at discretion of Senior Company officer. AMDAL (RKL/RPL) is available and is now made available to the public.

There are records of requests for assistance - then if accepted records are in place of any social activities - there is a monthly report on Social Activities including Community Development, Schools, Sporting, etc - are made available at the discretion of Senior Management with regards to monetary considerations however copies of activities are freely available.

The company OHS Policy is available on the web site and is mounted on notice boards widely throughout the company operations.

The policy which is available is now more widely available so as to be accessible in all work areas and achieving the widest possible circulation to all employees and contractors.

There is a continuous improvement plan prepared as a result of all internal audits and inspections which are monitored to determine progress against set targets - All records of requests for information are kept for a minimum of three years.

PT TTI have now in place a register or matrix indicating the records to be kept and the period or retention times for these records. All records should be dated to allow time to be kept to be determined accurately.

Documents pertaining to financial information can only be shared upon the discretion of the President Director with approval from the SIPEF Board.

Although documents will be available on request some information will need to be handled with care in some cases as it could adversely impact on a situation. This would normally be related to sensitive financial information that may only be shared if and when

appropriate. However all requests can be traced back through the information request register.

The Equal Opportunities Policy is available and has been approved by Management. It is widely available – and has been placed on the company's web site.

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

There is a corporate affairs dept in Medan HO which is responsible for legal compliance – at present there is no evidence available to show that PT TTI is not complying with legal and other requirements. No evidence of chronic non compliance.

PT TTI complies with environmental laws (AMDAL, waste management), workers laws/regulations.

The corporate affairs dept receive on a weekly basis an update of any legal changes which may affect PT TTI. There is staff nominated to ensure any changes are noted and made known to TTI Management. PT TTI gets information of changes in regulations from a number of sources. This includes company lawyers, forestry, Dept of Agriculture and others. Hard copies are received of any changes to regulations. This is then circulated to relevant departments within PT TTI who need to know of any changes.

There is list of legal requirements to which PT TTI must comply with. This includes national and local laws as well as conventions to which TTI subscribes such as RSPO. Copies are available of all permits, licenses and other requirements to which TT must comply with.

This includes all laws applicable to TTI. TTI ensures staff attends workshops relevant to laws changes in each area - e.g. Labour laws, education and others.

There is now a written documented procedure on how legal requirements are kept current and how employees are made aware of any changes.

There is a rigorous internal audit process which includes a review of laws and their compliance. There is no evidence of chronic non compliance as a result of internal audits. Any regulatory requirements and ensuring compliance is within each department to determine that they are complying with legal/regulatory requirements. This includes labours laws, government reporting and other legal/regulatory requirements.

2.1.4 Observation: One legal requirement “Ijin Penyimpanan Limbah Bahan Berbahaya dan Beracun” will expire on 20th April 2010. PTT has already assigned a consultant to process the legal requirement which is expected to be completed on late of April 2010. Record held on file “Dokumen PT Tolan Tiga Indonesia”.

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

PT TTI holds copies of HGU's. Copies of HGU's are held in each estate and originals are held in Medan HO. In each estate there is a sign board (which is required by law) which states PT TTI is a foreign investment company and lists the number of the relevant HGU and the area of the operations and land title.

HGU's were sighted for Bukit Maraja, Kerasaan, Parlabian, Kebun Tolan and all were current and readily available showing area and length of land tenure.

BME/BMM: HGU No. 2 dated 16/10/1997 dari BPN Simalungun, 25 years period will expire in 31/12/2023. Total area 3.178 ha; Ijin usaha: 392/T/Kehutanan-Perkebunan/1998, term and conditions for oil palm estate, rubber estate and its mill. File "A Document); IMB: Camat Gunung Malela No. 503/71/SIMB/2004, 5 March 2004, for building permit of the mill.

KRE: HGU No. 1 dated 16 January 1978 of BPN of Simalungun. The last extension was made in 01 January 1997 for next 25 years. Records held on file "Dokumen Perijinan (Legal Document).

PLE/M: HGU No 2, Kantor Pertanahan Kabupaten Labuhan Batu, dated 17 September 1997, valid till 30 June 2024. Ijin Usaha Tetap Menteri Negara Investasi / Kepala Badan Koordinasi Penanaman Modal No. 394/T/Kehutanan-Perkebunan/1998, dated 21 August 1988.

TLE: The estate is split into two HGU's, the first HGU included in PLE HGU totalling an area of 1,200 ha. Other HGU, HGU No 1 Tolan Pekan, extension given over the land title by Central BPN on 21 August 1997 number 86/HGU/BPN/97 for the duration of the next 25 years. Record held on file "HGU".

To a large degree all legal boundaries are clearly demarcated and maintained in the form of boundary pegs. These pegs are at times photographed showing the number of the peg. The boundary markers are also indicated on maps of the estates.

BME/KRE: PTTI carried out a survey Of boundary pegs between 8/8 and 28/8/09, to put the coordinate of the pegs into the maps. Maps of boundary pegs available, record held on file "Dokumentasi Patok/Tanda HGU & NKT". Field inspections confirmed boundaries are demarcated by trenches and BPN boundary stone.



Figure 1 Sample Boundary Peg

PLE: PLE carried out survey to delineate boundary stones on 1 March 2010, there are 37 boundary pegs with GPS coordinate. Record held on file "Boundary dan Patok HGU". The next survey planned to be carried out in 2011.

TLE: Survey of boundary stones carried out on 20 January 2010, to include GPS coordinate. Records available on file "Peta dan Foto Patok HGU".

PT Tolan Tiga Indonesia have now marked GPS location of boundary pegs.

There have been no disputes with regards to land tenure in recent memory and there are no outstanding disputes that PT TTI is aware of.

BME/BMM/KRE: Confirmed during interviews with local community there is no land dispute in PT TTI plantation.

PLE/PLM/TLE: Confirmed during interviews with local community there is no land dispute in PT TTI plantation.

PT TTI has not acquired any new land for at least the previous 20 years therefore not applicable at this time.

As above; dispute resolution mechanisms are in place and the question of how to deal with new plantings should be resolved according to legislation and the ongoing reconciliation process

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

This is not applicable as the PT TTI development is wholly on Government land which is lease under HGU's – see above.

Maps are available in appropriate scale showing extent of all leased land.

There are no land settlement schemes on alienated land within PT TOLAN TIGA INDONESIA.

Maps are available (current) showing occupied state land, vacant state land and customary land.

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

There is in place a working plan for at least three years - includes crop projection for up to 10 years, includes Oil Extraction Rate, Cost of Production, Price forecasts, financial indicators, includes running mean since inception which includes trend forecasts. The business plan will be required for cert assessment.

There is in place an annual replanting programme which includes forecasts for the next ten years. This plan is reviewed monthly and therefore is within guidelines. Any amendments are evident.

Wherever possible PT TTI makes attempts to improve practices based on any information on developments and improvements in the industry.

The cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne.

The plan is reviewed on a yearly basis at least. The latest review and update was completed in March 2010.

Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.

There are Standard Operating Procedures for estate from land clearing to harvesting. This is the form of the "blue book" which includes all relevant SOP's as required. This "blue book" is available to all managers and assistants in the estate office.

Records are maintained of implementation in the form of upkeep records, pruning, fertiliser application, harvesting method and all pertinent applications of these SOP's

There are Standard Operating Procedures (SOP's) now in place with all operational areas of the mill. They are strategically placed in the specific work areas. These SOP's include all operational areas from reception to dispatch of CPO.

There are mechanisms in place to ensure all SOP's are followed. With regards to mills implementation of SOP's are provided by the completion of log books and operating records which are collected and reviewed by the Mill Engineer. They also record any break downs or other reportable issues. Records are maintained of any scheduled inspection to ensure each area is operating efficiently and that any breakdowns or other operating issues are reported.

There are records maintained of inspections and audit. The record of actions taken place is also recorded and available. Inspection logs of Mill operations indicate monitoring of performances, any breakdowns, stoppages or major service are recorded in both the log book for each area and in the maintenance. The EMS/QMS system requires that records of monitoring are kept. E.g. drain and PCD's as well as use of PPE etc - any actions taken such as cleaning needs to be recorded. Also with regards to Estates a monthly inspection is undertaken by the Estate Manager. Records of all inspections are maintained with copies with actions being given to the respective Divisional Managers. Areas of non compliance are reported and followed up by the Estate Manager. The Senior Estates Manager based in Medan also carries out regular inspections of all estates activities and provides a report of any actions required.

PT TTI has implemented a regular documented inspection protocol in mill to ensure all SOP's are in place and being correctly implemented.

Records of the results of monitoring of operations is captured in the monthly progress report (MPL) which is reported and includes all mills, estates and other support areas. This includes inspections undertaken, extraction rates, tonnes per hectare, fertiliser applied, areas harvested, FFB milled, CPO produced etc.

The SOP's are further supported by routine regular scheduled preventive maintenance. This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure on going production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is to be reported and followed up to ensure documented practices are being followed. Any breakdowns, stoppages or major services are recorded in both the log books for each area and in the maintenance records. See minor NCR with regards Perlabian Mill.

The estates are similar to the mills in that scheduled field inspections are in place. These are further supported by an Internal Audits Programme.

The estate managers carry out regular field inspections to ensure SOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. This is further supported by the Director of Estates (D-ESD), Senior Manager of Estates (SM-ESD) and Senior Field Manager (SFM), who carry out regular field inspections which are further supported by the issuing and circulating of an inspection report to the relevant managers. Any non-conformances are recorded and followed up in a specified time frame.

4.1.3 Minor NCR – At Perlabian Palm Oil Mill the monitoring of operations is ineffective due to the fact that inspections are not reporting breakdowns, leaks and other issues requiring maintenance

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

At least monthly a visual check is made of estate during routine inspection during field operations. Leaf analysis is conducted annually and result are maintained by Agronomy. This analysis is used to determine fertiliser application. The most recent soil analysis of the plantations was in 2009. Records are available for this exercise which was for the purpose of soil conditions. Each estate of PT TTI was included in this leaf analysis. Which determine fertiliser applications for future planning.

Analysis is planned for 2009/10 and TTI are awaiting the results.

A soil analysis was completed in 2009 and the results have been received for each estate. This was carried out by a recognised authority. Maps have been produced indicating soil types on each estate.

There are records of all fertiliser application for all areas including amounts and types and determined by agronomy based on leaf analysis and soil type. Cover crops are in place and checked during visual inspection for coverage. PT TTI also uses Land Application of POME from both mills. EFB is also applied. This was the case in all estates visited.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

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

No planting since 2007 on slopes in excess of 25 degrees. There is in fact very little planting on sloped land throughout PT TTI. The only area planted on sloping land which is generally no more than 6°. This is on Tolan Estate.

4.3.2 Minor NCR: There is evidence of some over spraying at Tolan Estate which could result in erosion. There may be a need to run refresher training in this area for sprayers.

No Peat Soils at PT TTI however a strategy is in place in the Planting Manual if this were the case.

There are no fragile soils reported in the most recent soil survey carried out 2009 by a reputable specialist in the area.

There is in place a road management plan which is completed for each estate. The programme is monitored including availability of plant. The plan includes roads throughout each estate. The plan indicates areas to be

graded or have other work completed. Records are kept of the amount of metres maintained in each estate and when this took place. Each estate now keeps complete records of any road maintenance. However overall PT TTI has this area in hand and is compliant.

There is a plan in the form of scuppers drains to help keep roads free as possible of erosion.

Each estate is budgeting to grade 180 kms of roads each year and this is in each roading plan.

Sprayers must follow the spraying guidelines as set out in the Field Standards. These are constantly being monitored by the supervisors and divisional managers to ensure pesticide spraying is effective. There was only little evidence of occasional over spraying of herbicides during this assessment. Estate harvest paths are mechanically slashed reducing total sprayed area.

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.

The company has in the policy which include dedicated buffer zones and riparian areas - including establishing buffers along rivers in accordance with Indonesian laws - 50 metres buffer for river less than 30 metres wide.

It is the policy of PT TTI that all buffer zones as stipulated by Indonesian law are re-established at re planting if not already compliant. Buffer zones therefore are in place however the first plantings were as early as 1931 and the buffers were established in all areas at replanting where they did not comply.

There are in place practices to prevent run off of nutrients and chemicals through the planting manual. Chemical handlers are trained in the disposal of chemicals - waste chemicals containers are disposed of or are re-used for sprayers in field.

A number of wetlands have been set aside as riparian zones and maintained in good condition. One area at Perlamban is of particular interest and is been established as an HCV area, Bukit Maradja, Keresaan and Tolan. Appropriate signs are in place (see later in report).

4.4.2 Minor NCR: There is no formal implemented water management plan in place at PT TTI. Practices do not address control of all water related issues including repair of leaking taps, construction of drains, water recycling amongst other issues.

TOLAN TIGA INDONESIA are monitoring mill water use per tonne of FFB – however only have records going back to July 2007 when a water meter was installed.

TOLAN TIGA INDONESIA will take action to ensure use of water does not have an adverse effect on downstream users by checking water quality in the lab including checking for e.Coli, Ph and Oil and Grease in all streams/rivers/water courses which pass through TOLAN

TIGA INDONESIA property into downstream users. There are water quality tests which monitor river water quality both upstream and down stream - these are carried out when requested and results have indicated that water quality of other users has not been adversely effected - This is completed by an independent lab and show pH, TSS, Heavy metals, BOD, COD, Faecal and Total coli form.

Water contamination is avoided for both surface and ground water during normal conditions – during abnormal conditions (that is very heavy rain) it is not possible to avoid all contamination.

Hazardous Chemicals are prevented from entering water via good management practices including: Pre-mixing of pesticides in dedicated areas, use of secure storage, use of bunding – no mixing of chemicals etc. is carried out in proximity to water courses.

TOLAN TIGA INDONESIA have put in place a controlled contaminated waste area in each estate (B3) for management of all containers and other pesticide waste, are keeping records of containers destroyed and sent to pesticide pit, ensure correct dilution of fertiliser is used for field application, monitor ground water to ensure no contamination from septic.

Control also includes improved and correct storage of bulk chemicals and fertiliser, control of hydrocarbons to prevent contamination - provision of bunds, spill kits and drip trays.

Mill Effluent is treated appropriately and appears effective. The records of monitoring of effluent are in place however testing is now following a controlled methodology to ensure results are consistent. POME is used for Land application - are within allowable legal limits

When the lab is recording results they are indicating the allowable limits to determine quickly that they are within tolerance.

Some emplacements are collecting and using rain water - PT TTI need to find out if quantities and use are measured.

BOD of effluent is monitored with regards to land application and government limits. This is reported monthly by an independent lab (SUCOFINDO). Levels are all within legally allowed limits for land application. Records of BOD of land application are recorded.

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

The Integrated Pest Management plan has now been documented – this includes all Integrated Pest management techniques used in each estate. This includes use of barn owls for rat control, planting of

beneficial plants as well as use of pesticides etc. thereby minimising the use of chemicals and pesticides.

An IPM Program is therefore to be documented for relevant pests that sets out techniques, chemicals to be used, locations and timeframe for implementation.

At times were possible non chemical methods are used to control pests in preference to chemicals. Examples include use of barn owls against rats.

There are training records for training of staff in regards to IPM however these do not appear to be formally recorded on all occasions and improvement is required in these areas. Training records are now available for IPM training.

The implementation is monitored and includes number of barn owls and boxes. The extent of planting of beneficial plants is noted and recorded. There have been infestations of oryctes and this is managed through IPM using pheromones. This is ongoing and progress continues to be monitored through the IPM including the effectiveness of pheromones in place. The strategy includes moving of pheromones were infestations have been recorded. There is a pest census in all areas via the use of pheromones and also the prominence of rats. Any pest incidences are therefore monitored to determine success of the IPM. This is completed at least monthly in all estates.

The progress and success of the implantation of the IPM are now reported on a regular basis in a formal manner.

TOLAN TIGA INDONESIA is now monitoring pesticide toxicity units (a.i. x LD 50 / tonne of FFB). This is recorded back to January 2007. The trend analysis indicates use of Glyphosate in the early period indicated a tendency to increase and has recently started to fall. At the same time the use of paraquat and declined steadily to around 30% of amount used at the commencement of recording of usage.

The Pest Management Plan (PMP) has been recently updated and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use.

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

There is evidence in place with regards to TOLAN TIGA Indonesia's documented justification for all Agrochemical use. There is a register which records product use, when required, amounts to be used and frequency of use. Agrochemicals are used to target various pests and diseases.

PT TTI has a register of approved and registered agro chemicals – this has been distributed to each estate and management are instructed that they are not allowed to use chemicals not on this list. There were no agro chemicals being used which were not on this register during this assessment.

This is now in place and estates are now effectively recording pesticide use in each estate and this includes active ingredients, areas treated, amount applied per ha and number of applications. This was sighted in the records of all estates.

Records are now in place to clearly demonstrate that all chemicals applied are by persons who have received adequate training. This is mainly for the pesticide applicators. There is now evidence that any new workers have received pesticide application training since 2008. Sprayers receive on the job training with regards to the amount of concentrate to be used and application – this is now recorded.

The training course for the handling of concentrate chemicals is conducted by the pesticide supplier. Records of this training are available. Therefore mixers have received adequate training.



Figure 2 Excellent Controls of Pesticides

The PPE for sprayers is identified in Planting Manual as is PPE for pesticide mixers. PPE is provided and is being used - this continues to be monitored by Field Assistants to ensure 100% compliance.

4.6.3 Observation: Ensure that correct eye protection is being used by pesticide mixers that is full face mask rather than goggles.

Waste materials are handled in accordance with applicable laws and are stored as per regulations in secure areas. Empty pesticide containers can be re-used by sprayers once they have been properly treated and triple rinsed. Any empty pesticide containers are to be

stored in the designated storage area as prescribed by Government regulations – this is the B3 store.

All chemicals being used are properly labelled.

There is a list provided by the Indonesian Government of both allowable and prohibited chemicals - this is known as the green book and PT TT have a copy of this publication.

However at this Paraquat is still used in immature areas and amounts monitored as there is no alternative at this stage.

Reduction in the use of paraquat is part of the IPM.

There are health checks provided for pesticide handlers - this is conducted at least annually. Records are maintained by the company Doctor of all tests. Records of such health check ups were sighted.

PT TTI as a policy in place which prevents pregnant or breastfeeding women from working with pesticides and it is enforced.

The PMP has documented what chemicals are used and where and in what situation. It stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals. There are time frames in place in the PMP whereby chemical use is reduced. All chemicals have to be approved for use as well as frequency.

Paraquat is only used in the nurseries and in immature palms. It is also used for selective spraying of volunteer oil palm seedlings and if continuous rain precludes use of alternatives.

There is no aerial spaying of pesticides.

Records of training are kept in each estate of the following:

- Pesticide Mixers
- Pesticide Sprayers

These records are kept in each estate office. The training data is also maintained to show what the training covered.

PPE for sprayers is supplied and use demonstrated in the "blue book" and further demonstrated in training material. The company supplies two sets of overalls so that one can always be considered clean. Overalls are washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take them home and therefore the risk of cross contamination with family members is reduced and eliminated.



Figure 3 Sprayers with PPE

There is a minimum requirement of PPE that must be worn / used in the handling and application of pesticides. Some chemicals such as methamidophos require more extensive protection and this is nominated in the procedure for pesticide application.

Material Data Safety Sheets (MSDS) are obtained for all chemicals used and are available at the areas of mixing. No concentrates are taken into the field as all spray solutions are pre-mixed in a designated area.

MSDS are translated into the local language. This is not required by the supply chain but can be carried out if required by the supply chain.

Storage of chemicals is in especially locked areas with limited access. All areas where chemicals are stored appear to be adequately ventilated through cross flow ventilation. This will be further improved as TOLAN TIGA INDONESIA has designed a standardised pesticide store which will be progressively used to replace current stores and become standard practice.

All chemicals containers are triple rinsed and pierced prior to being placed in the designated pesticide waste pit (landfill). Records of containers disposed are kept including numbers sent to landfill.

Methods of storage and disposal of chemicals (pesticides) are included in training provided. Female pesticide handlers may be employed by TOLAN TIGA INDONESIA so long as not pregnant, or breast feeding.

Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.

There is a documented Occupational Safety and Health plan in place in all the following areas:

- Estates
- Mills
- Workshops
- Clinics
- Stores

All areas have implemented and monitor it though some better than others. This has improved considerably since the pre-audit.

A responsible person has been identified for PT TTI and for each estate and mills – these people are identified to all staff and workers. An OHS representative has been appointed in all operations areas.

There are regular safety meetings held in all operational areas – they are now using the same agenda for each meeting – and include discussion of any accidents/incidents as well as any potential issues. A workplace health and safety inspection takes place before any meetings to ensure meetings are worthwhile and meaningful – this area does comply with RSPO requirements. Any requirements are made known to workers during pre shift musters and records are kept in the assistants diaries.

All workers are covered by Accident Insurance – this is TOLAN TIGA INDONESIA policy.

4.7.3 Observation: Ensure that only permanent workers and family members work in harvesting as other non contracted outsiders are not covered by accident insurance.

Regular Health checks are performed of workers who handled pesticides and records are maintained by the company doctor – these checks are carried out at least annually – records of health checks have been sighted.

It appears all operations where health and safety is an issue have been risk assessed and procedures and actions documented and implemented to address the identified issues. All precautions attached to products are being properly observed and applied to the workers.

Procedures and plans are in place to address all operations. These have been distributed to all areas and to the respective managers and supervisors. It appears that some areas have implemented the procedures and plans better than others but all areas are seen to be improving.

Employees are to be made aware of precautions attached to all products including hazardous substances, plant, machinery, equipment, tools, and vehicles through training and experience.

Therefore now all potentially hazardous operations, such as pesticide application, land preparation, harvesting has been included.

4.7.5 Minor NCR Risk control requires improvement as a number of Unsafe acts and Unsafe Conditions were noted including but not limited to the following:

- Some sprayers not using appropriate PPE
- Incorrect signage in place
- Some chain guards missing

- **Some guard rails missing in Perlabian Mill**
- **Some steps need cleaning**
- **The company supplies only 1 pair of boots (rubber) each year however workers claim boots only last 4 months**
- **Some higher areas in mill have holes in floor and need repairing**
- **Signage not being followed**
- **One visitor to mill area not using hard hat in contravention of signage.**
- **Welders not using protection**
- **Gas bottles not restrained**
- **Open drains not covered**
- **Evidence of smoking in signposted non smoking areas**

All areas have been risk assessed the methodology used for each area is now consistent and some areas do appear to adequately address any risk controls. Therefore a common method is being used for all hazards/risks to aid consistency. This includes recording both inherent and residual risks – also method of control using the Hierarchy of Control. In some areas since the pre assessment a number of improvements in regards to safety have been made. Not least the use of Tyre Cages to protect workers from exploding tyres and rims and also the use of flash back arrestors on gas bottles when welding.



Figure 4 Tyre Cage at all Workshops

There is evidence in place that all workers have been adequately trained in safe working practices as complete records are in place for all training including pesticide workers.

PPE is available for all workers in regards to pesticide applications and use of other hazardous areas and is being used correctly in most cases apart from isolated instances of miss use or not used.

4.7.5 Observation: Company could consider providing more than 1 pair of boots per year or change type of footwear to be longer lasting.

There are in place emergency procedures and these are mainly with regards to fires and evacuation drills. There are phone numbers listed in each estate and mill of emergency contact numbers. Also includes training in use of spill kits. It was noted that the estates are also

undertaking fire emergency accident drills and records are being kept.

The control and management of fire extinguishers is excellent throughout all areas.

Employees have been trained in the use of Fire Fighting equipment.

First Aid equipment is largely available in all operational areas including first aid kits which are strategically placed and subject to regular inspection to ensure that they are adequately stocked.

There is evidence of workers being trained in First Aid in all areas – records are available of first aid training by outside body – training certificates were sighted.

PT TTI ensure that First Aid trained workers are known to all staff by placing photographs of first aiders in work areas. They have also introduced a system whereby trained First Aiders are also identified by wearing an emblem on shirts which shows a recognised First Aid logo.

There are in place records of all accidents which are reported – there is always evidence of work accidents being fully investigated to prevent recurrence.

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

It appears that training is supplied to all employees and contractors when appropriate and records of this training are maintained.

There are formal training programmes in place as well as there being a regular assessment of training needs for all operations. This formal training requirements and assessment of need takes place in plantations and mills.

A training programme is in place for 2010 for all areas.

Records of training are now complete for employees as mentioned earlier with regards to training records for pesticide sprayers.

Specialised training courses are also planned as the need arises and this includes group or in house training. Some training is carried out on demand.

There are also formal training records for all supervisory staff up to the level of Senior management. This includes recording of external course attended or skills attained – these records are maintained by the Human Resources & Administration Department (HRAD).

There are training records in place at each operational site recording skills and training and these were sighted at all estates and mills visited as well as other areas such as workshops and clinics.

Some of these records are in the form of attendance at training which is given in the field or formal skills such as plant operators, driver's licenses, boiler operators and Red Cross First Aid.

Training records are therefore kept for all employees.

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

All environmental impact assessments have been carried when and where appropriate. Records of all impact assessments carried out are readily available. The latest review was undertaken on 1st June 2009 and was again reviewed prior to audit. This was part of PT TTI EMS programme for mills which will be audited for certification in Feb 2010.

There are Environmental impact assessments carried out for all operational areas.

All environmental impact assessments cover both on site and off site activities. Whenever there are changes made to operations and changed impacts are updated to reflect these changes.

Impact assessment have included and all environmental components:

- Building new roads, processing mills or other infrastructure.
- Putting in drainage or irrigation systems.
- Replanting or expansion of planting area.
- Disposal of mill effluents (see criterion 4.4).

Impact will need to be reviewed as techniques or operations change – the period of review has not been confirmed.

There are regular reports with regards to environmental management as required by regulatory authorities. This includes RKL-RPL report is submitted 6 monthly. There are also regulatory requirements for reporting and testing smoke emissions on a 6 monthly basis.

BME/BMM holds an approved UKL and UPL for the scope of project consisting of mill in Bukit Meraja and company owned estate of Bukit Meraja. However, in 2008 following an instruction of District Environmental Office, BME/L revised the RKL and RPL. The process of RPL revision was consistent with government regulation. The revised RKL and RPL document was approved by District Environmental Office of Labuhan Batu on June 2008, number 271/BPDL/2008.

KRE hold an approved UKL/UPL documents for its scope of the project, consist of KRE estate operation.

Following request of BAPEDALDA in 2005 to revise UKL/UPL within 3 years, KRE prepared revised UKL/UPL documents which cover on and off site activities, which was receiving government approval on 8 April 2009.

PLE/PLM/TLE holds an approved AMDAL document for the whole of their activities, consisting of Perlabian mill, Perlabian estate, and Tolan estate. RKL and RPL approved by BAPEDALDA of Simalungun on 21 July 2006, letter number 660/242/BPDL-LB/2006. RPL requirement: Air quality, noise, water body quality, ground water quality, aquatic biota, working opportunity, community perception, and public health.

PT TTI regularly reported to Badan Lingkungan Hidup Simalungun (as required by regulation). The last report was prepared in 11 March 2010, covering all of the information required by RKL and RPL document, e.g. decrease noise in KRE estate, installed traffic sign to prevent dust, regular vehicle maintenance, road maintenance, and tree planting program in housing.

5.1.2 Observation: PT TTI to ensure that when mill or estates submit RKL/RPL reports that all sections are completed.

All other reports with regards Environmental issues are reported as required. Such a water quality and BOD used for land application.

Any changes to the EMS is handled through the documented Environmental management system which is required to document any changes to the system.

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

A survey of PT TTI has been undertaken. A number of HCV areas have been identified however there have been no protected, rare, threatened or endangered species identified.

The recent HCV study was undertaken by Yayasan Sawit Berkelanjutan Indonesia. During the development of the HCV identification activities, there were stakeholder consultation took place and listed in the reports.

A recent survey has taken place which identifies any ERT's or HCV's. The final report is completed.

PT TTI have established the conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened or endangered species that could be significantly affected by the grower or miller – there are no identified rare, threatened or endangered species in the TOLAN TIGA INDONESIA operational area and bordering on TOLAN TIGA INDONESIA operations.



Figure 5 HCV Sign

HCV areas identified are sign posted however this is now effective and more signs have been put in place which clearly identify areas as HCV's – there should be signs on all boundaries of HCV stating the type of HCV and status. Indications from the report indicate that a number of HCV areas were identified including HCV 1, 4 and 6 in some Estates. All HCV are mapped and identified.

BME/BMM/KRE: The recent HCV study was undertaken by ISPO. During the assessment 4 species of birds and 2 species of mammals were identified along Sungai Bah Bolon catchment area, however, since the land is inside oil palm plantation, it cannot be considered as HCV 1.2.

PLE/PLM: The most recent HCV study was also carried out by ISPO in September 2009. HCV 1, 4, and 6 identified in estate area, e.g. HCV 1 and 4 (30.67 ha—Block E05, E06, E07, E08, E09, E10, and E11) and HCV 6 found in Block L08, I09, E05, B12, and E17 of totalling 3.45 ha all to which are Muslim cemetery area.

TLE: HCV assessment was carried out on September 2009 by ISPO. During the assessment no endangered species found; but three HCVs found e.g. HCV 1 (32.99 ha in block D20; E20, D19, E19 (a protected forest)); C29; C31, C28; C30 (Kwangheng Lake)); HCV 4 (50.78 ha in block D02, D03, D04, E02, E03, E04, F08, F09 (springs), F36 (hill), C28 – 30 (Kwangheng Spring); and HCV 6 (0.19 ha in block E10 and C33 which is a Muslim cemetery).

PLE/PLM: During HCV identification activities, stakeholder consultation took place on 5 August 2009 and was listed in the reports. Totally, 26 participants were present during the public consultation session, e.g. Village head (Gunung Meraja and Bukit Melala village), Pematang Bandar and Gunung Malela sub-district head, informal leaders, estate staffs and workers.

5.2.2 Observation: No information sessions carried out with field workers with regards HCV areas.

BME: assigned “kader konservasi – conservation cadre” consists of security guard, commander of security guard, and local people. Formal training held between 9 and 11 September 2009 in collaboration with Balai Besar Sumberdaya Alam, BKSDA Kehutanan, SUMUT. Topics covered during the training are basic of ecology, flora

and fauna of Indonesia, basic of conservation, and conservation of natural resources. Information sessions on HCV's was carried out during morning muster, however, no records available during the audit.

KRE: There are five conservation cadres of KRE who are already attended training on conservation on 26 August 2009. Follow up training on HCV for 12 KRE workers was carried out in 18 June 2009 as part of HCV assessment program. Information has been made to all field workers have been carried out during morning muster, but not recorded.

PLE: There are four cadres assigned as “Conservation cadets” to monitor conservation areas in Perlavian estate; all of whom already attended training on HCV on 18 June 2009. Monitoring of HCV carried out three monthly, the last monitoring held on February 2010, found no disturbance riparian buffer zone. Record of monitoring held on file “HCV – NKT”.

TLE: Seven persons are assigned as “Conservation Team Members” to monitor conservation areas. Socialization have been done with workers during morning muster, but not recorded.

The maps include details and include a management plan developed by each Estate. The HCV report identified HCV areas and proposed management plan. There is a management plan available for each estate with regards to HCV areas.

The Estates has therefore developed a working management plan for all of the HCV.

Measures taken currently include the exclusion of HCV's from plantation activities. There are already sign posts in place warning outsiders that hunting, logging and fire use are prohibited and inform others about the HCV areas. The signs are now informative about what is designated HCV.



Figure 6 HCV area in BME

More signposts have been added accordingly so that visitor/community can view it from several sides. Clear boundary/delineation has been established in HCVs.

The habitats identified such as HCV's are protected in accordance with relevant laws. Signs are in place (see

comments above) which identify the areas and put in place signs to prevent as far as possible any illegal or inappropriate hunting, fishing or collecting.

Signs are in place warning of protected HCV areas which identify HCV status and any species found in the areas. These signs are appropriate on some occasions however more are need on all approaches to these areas to ensure that workers and communities are aware of these areas. See above.

5.2.3 Observation: PT TTI should be keeping records of the monitoring of HCV areas with other records of inspections.

5.2.4 Observation: Some signs are placed in inappropriate areas and should be placed in the close vicinity of the HCV to avoid confusion – for example HCV 4 at Keresaan entrance is incorrectly placed – also HCV 6 signs need to be closer to the HCV area.

PT TTI have appointed each Estate Manager who amongst other responsibilities is responsible for HCV areas in their respective estates - and also have in place a dedicated Conservation auxiliaries team which supports and RSPO.

5.2.4 Minor NCR: No public informative material (brochures, posters, leaflet etc.) is available for public/workers regarding with the HCV or its protective habitats species/functions.

Criterion 5.3: Waste is reduced recycled, re-used and disposed of in an environmentally and socially responsible manner.

There is a waste management plan in place and it is current. There are formal rubbish collections in all areas at least weekly. This needs to be monitored to make sure it happens. The waste management plan is covered in the EMS and includes pesticide contaminated waste.

There are plans in place to recycle where possible. Including batteries, aluminium, waste oil, chemical containers, half drum used for spill kits and rubbish bins. Green waste is recycled wherever possible. Recycling includes information as types of wastes, prohibited wastes, recycling guides, re-use of nutrients, management of effluent ponds, increasing the efficiency mill extraction etc.

All waste streams have been identified in the waste management plan waste is handled appropriately.

The following waste streams have been identified and are controlled through the EMS:

- Office Waste – segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill. Drainage from housing, waste to landfill.

- Human waste – Septic and soak aways.(Soak aways are made from pebbles used to filter water which as already had impurities removed by skimming or cleaning of sumps or other collection areas)
- Mill Effluent – through effluent ponds and land application.
- Fibre – Fuel for furnace.
- EFB – Fertiliser.
- Oils and Hydrocarbons (including containers) to Hydrocarbon pit.
- Pesticides (including containers which are triple rinsed, punctured and to pesticide pit.
- Pesticide spills – cleaned with spill kits used kits sent to pesticide pit.
- Hydrocarbon spills treated with sawdust. Burnt in boiler.
- Used oil – recycled, Stored in B3 storage.

Pesticides are a source of pollution and ground water and surface water contamination is controlled as stated elsewhere. The control of hydrocarbons has also been addressed elsewhere in this report. The collection of household waste is well controlled. Landfill sites are in place and improvement has been made in the management of these areas since the pre-audit.

All Land fill sites have no odour and waste is within the pit and not spreading. Most are fenced and could consider fencing all to restrict access to authorised people only.

Landfill sites are now included in monthly estate inspections. Waste collectors have been trained to be more efficient is the use of the land fills – for example fill from one end and compact as they go rather than fill in all areas and also exclude green waste from landfills.

Have also have in place treatment system for POME in the form of effluent ponds. Records of the disposal of pesticide drums are to be kept.

5.3.3. Minor NCR The following areas waste control requires improvement:

- a) **Some emplacements are bare and could cause a dust problem for residents - a programme has commenced to plant grass in emplacements**
- b) **The control of waste in the mill**
- c) **Disposal of medical waste**
- d) **Many spill kits are either empty or not being used in Perlabian Mill**
- e) **Drips trays not used to prevent spills mainly at Perlabian mill**
- f) **Improvement management of land fill site by more efficient use of space**
- g) **Do not fill landfills with green waste**

Medical waste from clinic is not managed properly. All clinic officers said the clinic waste collected by regular waste collector. In Tolan estate clinic waste is just put at

the storage room behind the clinic for more than one year. This does not constitute an effective waste management plan for contaminated clinical/medical waste. See above minor NCR.

PT TTI is recording wastes collection and control in all areas. This includes but is not limited to the following:

- POME
- Land fill monitoring including length of use
- Smoke emissions
- Pesticide containers

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

TOLAN TIGA INDONESIA uses fibre to power the boiler which produces steam which drives electricity-generating turbines - the use of renewable energy in this case would be almost 95% under normal operating conditions. TOLAN TIGA INDONESIA provides records of both monitoring of kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB.

A number of sheds including pesticide and fertilisers stores are relying on natural light (translucent roof panels) and therefore use of electricity for lighting is reduced.

TOLAN TIGA INDONESIA monitors the use of non renewable energy (diesel) and this is monitored in the form of data which records use of diesel per tonne of FFB.

The fuel used for all operations is measured and monitored with a view to reducing use of non renewable energy.

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

There is no burning in new developments or at replanting. Burning is not allowed by PT TTI and there is no evidence of burning.

There has not been any sanitary burning at TOLAN TIGA INDONESIA at this stage.

Burning of domestic waste is against company policy and has mostly been eradicated. It is very rare to sight evidence of the burning of domestic waste by workers and families of PT TTI.

PT TTI has a procedure in place with regards to land burning emergencies and records are maintained of training in response to fire. Records are kept if at any time PT TTI has to respond to illegal fires or outbreaks.

5.5.4 Observation: Need to check operation and pressure of fire hydrants from time to time at scheduled intervals. A number of areas in Perlabian Mill appeared to be lacking in availability of fire extinguishers.

Fire Extinguishers are regular checked and inspected and are widely available in all other areas and are appropriate however a number were missing and not available in high risk areas with Perlabian Oil Palm Mill.

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

Assessments have been carried out on all recognised polluting activities and include gas and smoke emissions, particulate and soot emissions, effluent control, treatment and discharge. Any significant pollutants and emissions have been identified. There is a plan in place to reduce pollution –this is included in the aspects/impacts register.

Stack emissions are to be measured by a 6 monthly check as required by Government regulations – evidence of these inspections is available for both mills.

There is effective methane capture equipment in place at both Parlabian and Bukit Maradja mills, These are functioning well and reducing the emission of greenhouse gas emissions from the effluent ponds.

Have also identified POME which is used for land application and BOD is checked. Records indicate the results are well below thresholds as set by government. PT TTI also check any water courses which could be effected by operations to ensure there are no pollution effects from the operations of the mill.

The strategies to reduce pollution are documented in the EMS documentation. Records are in place for all reports which are received from analysis at independent labs. Results indicate if PT TTI are reducing pollution and any emissions are within allowable limits.

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

Social impact assessments are undertaken by either TOLAN TIGA INDONESIA or independent consultants depending on the situation. Items considered which could have potential social impacts include: Building of new roads, new mills, planting expansions, mill effluent disposal and clearing of natural vegetation.

All mills and estates have approved revised AMDALS, UKL/UPL and RKL/RPL documents depending on the requirement of every operating unit. BME/BMM has a revised RPL and RKL documents approved in June 2008. KRE: UPL and UKL of KRE approved by Kepala Badan Lingkungan Hidup Kabupaten Simalungun on 8 April 2009, letter number 700/109/BLH/2009. PLE/M/TLE: RKL and RPL approved on 21 July 2006, letter of approval number 660/242/BPDL-LB/2006. PLM/M/TLE: relatively good UKL and UPL report, sufficient social aspect such as demography, social integration, education, land holding, family income, housing, working opportunity, community perception, and public health.

PT TTI has supplemented the AMDAL or UKL/UPL information on negative and positive issues with additional Social Impact Assessment which include consultation with surrounding local communities in March 2010. A social impact assessment has been completed to determine the impacts of each estate even though operations have been in place for many years. PT TTI has completed assessments of continuing social impacts.

A social impact assessment concentrate and detail impact on social aspect which include socio-economics, governance and institutions, culture, religion, human rights, community, beliefs, housing, values and organisation. A more specific description has been completed with regards to social impacts as changes to one or more of the following: people's way of life – that is, how they live, work, play and interact with one another on a day-to-day basis; their culture – that is, their shared beliefs, customs, values and language or dialect; their community – its cohesion, stability, character, services and facilities; their political systems – the extent to which people are able to participate in decisions that affect their lives, the level of democratisation that is taking place, and the resources provided for this purpose; their environment – the quality of the air and water people use; the availability and quality of the food they eat; the level of hazard or risk, dust and noise they are exposed to; the adequacy of sanitation, their physical safety, and their access to and control over resources; their health and wellbeing – health is a state of complete physical, mental, social and spiritual wellbeing and not merely the absence of disease or infirmity; their personal and property rights – particularly whether people are economically affected, or experience personal disadvantage which may include a violation of their civil liberties; their fears and aspirations – their perceptions about their safety, their fears about the future of their community, and their aspirations for their future and the future of their children.

6.1.2 Observation: SEIA team have performed SIA over three weeks however final report is not yet published however a summary of findings was provided with both positive and negative issues.

The SEIA was conducted with the participation of local communities.

The Management of TOLAN TIGA INDONESIA has taken into account a number of social impacts and these include: Access and use rights, economics, subsistence activities, cultural values, Health and education. These are to be thoroughly documented through Social Impact Assessments.

The criteria specifically required that unit management under review document environmental and social impacts. Currently all estates have prepared RKL (environmental management plan and UPL (environmental monitoring plan) and revised in 2009. These documents are applied as environmental impact assessment (EIA).

In all EIA document the major emphasis is on the physical/environment impact such as soil, air, water, wastes, fauna, flora and human activities).

Social impact assessment document is now available in summary. Monitoring and management of social impact is now available in summary. All estates have now developed or document social impact monitoring and management.

Under the RKL and RPL the unit management should document monitoring report of the environmental impact.

Revisions to EMS documents are also recorded to take in any changes to regulations.

RKL/RPL revised version was produced and available in all estates. Records are kept of any changes to Amdal from time to time. The RKL/RPL was last revised 2009. Social impact assessment has now taken place and draft report is available.

Environmental impacts monitoring and reporting every 6 months is required. The reports are not readily available. There are some documents related to the community development (CD) and CSR of the company which are separated from the environmental issues. An Amdal report is required 6 monthly. The Amdal report also includes a Social Activities report which includes all social programmes and activities in the preceding 6 months. This report has set areas on which it has to report - this includes community programmes, Health issues, employment etc. E.g. Family Planning Service Programme, Circumcision Programme.

6.1.4 Minor NCR: There is no report of Bukit Maradja Mill or Estate with regards to schedule meetings and monthly reports. Perlarian Mill is reporting Environmental monitoring annually when this should be bi-annually.

The company has budgeted CD and CSR activities without any programmatic plan/advanced plan of activities. All CD/CSR activities are dependent on the community requests. Most of the requests related to the road improvement, contribution to schools, mosques/churches, and village administration facilities.

It is felt PT TTI should be proactive with regards to promoting CSR activities.

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

A documented procedure is in place and records of communication and consultation with communities is to be maintained. This procedure needs to ensure all areas of communication are covered –and ensure the procedures are common among all activities.

Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation. Records of all consultation matters are required to details status and decision made.

Communication and consultation mechanisms have designed in collaboration with local communities and other affected or interested parties. These consider the use of existing local mechanisms and languages

Consideration is given with regards the use of third parties including community groups, NGO's and Government agencies.

6.2.2. Observation: The stakeholders list was not complete. The list can be improved by adding local government body, complete contact details, address, phone number and date of preparation. List held on file "Stakeholders List".

Records of all communications and actions taken in response to input from stakeholders. These records were available at audit for Social Auditor.

Records are kept of all community requests/proposals of activities and management unit responses which include follow up to ensure actions are complete. The responses to the community responses/requests need to be consistent throughout estates.

All community/stakeholders communication is responded by Estate Managers - who nominates responsible person to undertake the task if he is not available

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

A procedure is available for handling complaints. Records of the handling is documented and managed. Each Estate manager is responsible for the management of complaints. There is a documented system aimed to resolve disputes. A grievance book is kept in all estate

and mill offices. Items are dealt with on a local level unless cannot be resolved and then referred to more Senior Management for further consideration. This process has already been used in some areas. (Minor Improvement require to make compliant).

There is documented procedure for handling grievances and developed internally as an internal response system/procedure to the complaints. If any disputes or complaints surface the internal procedure will be applied. At a later stage if the initial effort to resolve a complaint was not effective both parties will discuss agreed way/mechanism to resolve disputes/complaints. Records of all complaints and progress to resolution are to be maintained in a current state so all parties are aware of the status of the complaint/grievance.

It is considered that any disputes which are resolved are agreed and are signed off by the grieving party once the issue is resolved.

Time frames need to include for either resolving or escalating grievances.

Grievances – TOLAN TIGA INDONESIA need to show evidence of agreement/resolution including sign off by the aggrieved parties to the outcome, the decision maker and a third party where applicable.

6.3.2 Observation: Two contact sprayers were not aware of the procedure for making grievances known to management.

Records are maintained of the outcomes of all disputes The company has been operational as a plantation for almost a century with relatively clear land tenure status and clearly marked boundaries. There were issues of a community reclaim demand for land in 1980s. As this was government land this was resolved by the Government.

PT TTI holds procedure "Prosedur Tata Cara Perolehan Hak atas Tanah". The procedure requires involvement of local communities and government officials for identification and assessment for compensation and witnessing payment. Information on compensation is publicly available.

In case of compensation of loss of land the procedure is placed under the complaints procedure which is available. There is a specific procedure to the identifying and calculating compensation for loss of land which includes loss of fruit or rubbers trees or other areas of value.

The standard price list for loss is usually provided by the government and price over this can be negotiated. The case of compensation took place when there is a complaint from local people in Perlavian Estate due to the development of security drain. Records are kept of prices paid as well as amount paid for the compensation to two people involved.

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

There is a procedure in place for the identification of legal and customary rights of people entitled to compensation – see above 6.3.

Records of people identified and entitled to compensation are in place.

Records of all compensation issues are retained.

The process and outcome of any negotiated agreements and compensation claims documented and publicly available. However will not be made publicly available unless agreed by affected parties.

All outcomes to compensation claims are fully documented. The outcomes to any settlements are not made public although information quickly becomes known. There is a documented procedure for calculating and distributing fair compensation (monetary or otherwise) established and implemented and this will be calculated using government guidelines for land and crop values. This is already implemented (see above).

PT TTI did not acquire any new land for more than 25 years. Only one case of compensation took place when there was a complaint from local people around Perlabian Estate due to the development of security drain on 7 March 2009 (see 6.3.2). PLE agreed to pay for the compensation on 16 March 2009.

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

Payments are well documented. Every worker receives pay advice every time they are paid. Working conditions are documented in the Perjanjian Kerja Bersama (PKB). PKB is the document of agreement between workers represented by labour union (Pengurus Serikat Pekerja Tolan Tiga Indonesia Mandiri/SPTTM) and the company. The PKB is produced is a form of booklet. The PKB is in line with regulatory requirements approved by the Manpower District Agency. Health and safety is also documented. Housing and public facilities condition has yet documented well. Contract workers are managed by local contractors. Contract workers lack of documentation.

Payment and conditions include - working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, dismissal reasons, period of notice were be viewed at pre-audit and were clearly indicated – see further comments below.

The company is applying The Decision of Minimum Wage set by Provincial Government and minimum wage agreed by Labour Union and plantation companies in Sumatra. Contract workers. Minimum wage agreed is IDR 933.000 for daily workers and IDR 1.041.400 for monthly workers. For each minimum wage is accompanied with the rice subsidy (as in kind payment) with value of at least IDR 169.061 depending on the family members.

Contract workers are not paid consistently in line with local minimum wage and other regulations due to the fact that they are not always working full time. Payment often less than minimum wage due to this. However it was determined that although payment is less than minimum wages if the amount is pro rata then it is within the requirements. This confusion was detected and examined and therefore it can be claimed that contract workers are paid correctly if prop rata applied.

TOLAN TIGA INDONESIA can ensure that contractors pay and conditions are in line with local requirements by obtaining contractor pay rates and is agreed to by contractors in the induction package for contractors.

Working conditions are documented in the Collective Labour Agreement (CLA/PKB). CLA is the document of agreement between workers represented by Labour Union (Pengurus Serikat Pekerja Tolan Tiga Indonesia Mandiri (SPTTM)) and the company. The CLA is produced as a form of booklet which is provided to all permanent employees. CLA 2008/2010 was signed by Director General of Industrial Relation, Department of Manpower in 10 July 2008 valid through 9 July 2010.

The CLA is in line with regulatory requirements approved by the Manpower District Agency. In relation to contractor payment, PT TTI issued a new payment policy on 5 March 2010 to ensure regional minimum wage for contractor workers are met taking into consideration number of hours worked by contract sprayers who are not working full time. It was confirmed during contractor interviews that the new policy already implemented. Inspection of record and sample of pay slips confirmed pay and condition are in accordance to for example Minister of Manpower Decree No Kep-102/MEN/Year 2004 and CLA agreement between Labour Union and PT TTI.

TOLAN TIGA INDONESIA ensures that adequate housing is provided, water supplies are adequate and clean, medical facilities are provided as well as education. Housing, Medical and Education at least meet local standards and are actually in most cases in excess of local minimum standards.



Figure 7 Sample of PT TT Housing

6.5.3 Observation: Some smaller emplacements do not appear to have a reliable source of water for everyday activities on some occasions.

Some areas of gardens are very bare and an attempt could be made to grow grass to prevent dust/mud being brought into houses.

Inspection confirmed PT TTI provide adequate housing for staffs and workers, free water supplies are adequate and clean, electricity at subsidized rate, kindergarten, elementary schools, crèche, place of worship, medical facilities are provided and additional benefit if treatment is needed at hospital. Water quality tests confirmed the treated water supplied to housing is suitable for domestic use. Recreation facilities at each estate include sports field.

Control of waste and living conditions including cleanliness is officially monitored through a formal regular compound inspection system.

Items that contractors should comply with are not written in Contract Agreement in detail except that the contractor should provide workers with PPE which is mostly provided by the Estates. Any requirements specific to contractors and a requirement of PT TTI should be included in each contract and monitored

6.5.4 Observation: Inspection of the contractor agreement document found that new template is in effect in KRE but not other places. PT TTI needs to ensure that the new template is consistently implemented in all operating units.

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

There is a policy available on freedom of association although in practice the workers have a freedom to organize a union (there is a labour union called Pengurus Serikat Pekerja Tolan Tiga Indonesia Mandiri (SPTTM) in each Estate/companies under review. They have offices and management team.

A statement and policy is made formally recognising workers “Freedom of Association”.

Meeting with unions and workers representatives are documented – samples were reviewed at certification audit.



Figure 8 Muster Area for Workers

BME: SPTTM meeting was held on 12 November 2009, attended by 17 worker representatives. Issues discussed among other are welfare, evaluation and sanction of mandor. Record held on file F2 – F20. KRE: Meeting between KRE management and workers union was held in 05 December 2009, minutes of meeting held on file “Documents”.

PLE: The latest meeting between workers union (Serikat Pekerja Tolan Tiga Indonesia Mandiri – SPTTM) in 23 February 2010, record held on file “LKS Bipartit”.

PLM: The latest meeting was held on 15 February 2010 attended by management and SPTTM Unit PLM. Record held on file “09”.

TLE: The latest meeting with workers representatives was held on 13 March 2010, where 18 workers representatives attending the meeting, discussing pay rates for 2010. Record held on file “Rapat Bipartit”.

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

TOLAN TIGA INDONESIA does not knowingly employ employee workers under the national legal age limit.

The policy does not allow for any employees under 18. Minimum age employed in the Estates is 20 years old.

Data on workers age are available and recorded in the workers administration system and with HR.

6.7.2 Observation: PT TTI need to ensure that company policy on workers age is observed at all times. This may become an issue with outside workers helping harvesters who have not documented their age.

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

TOLAN TIGA INDONESIA does not knowingly engage in any forms of discrimination. Although whether this actually happens cannot be easily demonstrated.

There is an Equal Employment Opportunity Policy which available to all stakeholders via well distributed notice boards. Similar statement of equal opportunity policy also publicly available in website, <http://www.tolantiga.co.id/v1/wp-content/uploads/2009/05/equal-employment-opportunity-policy.pdf>, Signed by top management on 30 April 2009.

There is no indication of discrimination. Female and male has the same opportunity in job and payments. Local people also have opportunity for employment.

6.8.2 Observation: Mandors are to publicise all policy statements to estate workers and supervisors at the mills to do the same at morning musters and meetings.

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

There is a policy in place on Sexual Harassment and is documented and available to Managers, assistants and all stakeholders via notice boards although could be more widely distributed.

6.9.3 Minor NCR: Some female contract workers are not made aware of sexual harassment policy and there are no records to show that they have been made aware. Women's Groups do not include female contract workers.

There is a documented policy in CLA on the protection of reproductive rights available on subheading of Maternity Leave. Female workers are fully paid during 1.5 months prior and following birth. Women who are pregnant or breastfeeding are not allowed to work in dangerous environment. It is PTTI policy not to assign female pregnant or breast feeding workers as sprayers, and will

be transferred to other duties once confirmed pregnant by the company doctor. Meetings with workers confirmed their understanding and implementation of the policy.

A sexual harassment grievance mechanism has been established – there have been no reports received or documented of sexual harassment.

There is proof implementation of reproductive rights and it is written in detail in the PKB documents to guarantee leave and medical treatment.

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

No Small Holders.

There are in place contractual agreement local contractors indicating rates etc. The contract are legal and transparent – are available in either estates for smaller contracts of in the legal department in Medan for larger capital works contracts

Contractors are paid in line with the contract conditions – there have been no complaints of late payments received or recorded.

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

TOLAN TIGA INDONESIA makes contributions to local development – records of all consultative arrangements are clear and open.

Contribution to local development take place in the following sequence: firstly community request for donation to mills or estates. Then, the request will decided by management (HO) for agreement. Community representatives will be made known during annual meetings with external stakeholders carried out every August. Most of the contribution made is provision of building material and provision of grader for village road maintenance.

BME/M: Records held on file “CD 2005 – 2009”, which are available to all stakeholders. KRE: records of contribution to community held on file “Community Development Tahun 2009”, among other respond to request of assistant by local community, such as sporting activities, graders etc. In PLE/PLM/TLE: community development initiatives centralized in PLE. Records held on file “Community Development”.

Some plantation activities such as building housing complex, road maintenance and plantation maintenance are contracted to the local contractors.

There are at least 14 activities outsourced to the contractors. Community development and CSR budget is prepared for community supports.

In Kerasaan Estate for example, CSR budget in 2009 is IDR 23.150.000 and in 2010 it is expected to budget IDR 20.835.000 for community development and IDR 13.890.000 for CSR program.

Records are in place for all requests and contributions.

PT TTI also contributes to local school improvements and in other areas when requested.

Records are kept of all activities.

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

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

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

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

Criterion 7.3 New plantings since November 2005 have not replaced primary forest or any area containing one or more high Conservation Values.

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

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

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

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

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

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

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

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

There are no new plantings included in PT Tolan Tiga plantation and supply base areas

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

The company has implemented an environmental Management System that is certified to the ISO 14001:2004 Standard.

Objectives and Targets have been developed and an improvement plan prepared. The third party ISO 14001 Certification Audit checks the achievement of the objectives and targets annually for continuous improvement. The main focus of continual improvement to date has been environmental performance, while less attention has been given to social impacts.

The company has implemented best practices for management of pesticides and the improved controls associated with this program has reduced overall chemicals usage over the past 3 years.

The company has implemented a best practice system for the segregation of wastes at source into composts, recyclables and non recyclable for disposal at landfills. This program has reduced substantially the quantity of waste disposed in landfills.

Riparian buffer strips are being established at replant to trap coarse grained sediment from discharge into streams. Vetiver and Guatemala grass are being used to strengthen river and creek banks to prevent erosion.

A Continuous Improvement Plan is attached (Appendix C).

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D)

MAJOR NONCONFORMITIES

Nil Major Nonconformities were assigned

MINOR NONCONFORMITIES

Eight (8) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

4.1.3 Minor NCR – At Perlabian Palm Oil Mill the monitoring of operations is ineffective due to the fact that inspections are not reporting breakdowns, leaks and other issues requiring maintenance.

4.3.2 Minor NCR: There is evidence of some over spraying at Tolan Estate which could result in erosion. There may be a need to run refresher training in this area for sprayers.

4.4.2 Minor NCR: There is no formal implemented water management plan in place at PT TTI. Practices do not address control of all water related issues including repair of leaking taps, construction of drains, water recycling amongst other issues.

4.7.5 Minor NCR Risk control requires improvement as a number of Unsafe acts and Unsafe Conditions were noted including but not limited to the following:

- Some sprayers not using appropriate PPE
- Incorrect signage in place
- Some chain guards missing
- Some guard rails missing in Perlabian Mill
- Some steps need cleaning
- The company supplies only 1 pair of boots (rubber) each year however workers claim boots only last 4 months
- Some higher areas in mill have holes in floor and need repairing
- Signage not being followed
- One visitor to mill area not using hard hat in contravention of signage.
- Welders not using protection
- Gas bottles not restrained
- Open drains not covered
- Evidence of smoking in signposted non smoking areas

5.2.4 Minor NCR: No public informative material (brochures, posters, leaflet etc.) is available for public/workers regarding with the HCV or its protective habitats species/functions.

5.3.3. Minor NCR The following areas waste control requires improvement:

- a) Some emplacements are bare and could cause a dust problem for residents - a programme has commenced to plant grass in emplacements
- b) The control of waste in the mill
- c) Disposal of medical waste
- d) Many spill kits are either empty or not being used in Perlabian Mill

- e) Drips trays not used to prevent spills mainly at Perlabian mill
- f) Improvement management of land fill site by more efficient use of space
- g) Do not fill landfills with green waste

6.1.4 Minor NCR: There is no report of Bukit Maradja Mill or Estate with regards to schedule meetings and monthly reports. Perlabian Mill are reporting Environmental monitoring annually when this should be bi-annually.

6.9.3 Minor NCR: Some female contract workers are not made aware of sexual harassment policy and there are no records to show that they have been made aware. Women's Groups do not include female contract workers.

PT TTI has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified Seventeen (17) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the Surveillance Assessment visit scheduled for twelve months following certification..

1.1.3 Observation: At Perlabian Estate records of some verbal requests for information were not always recorded.

2.1.4 Observation: One legal requirement "Ijin Penyimpanan Limbah Bahan Berbahaya dan Beracun" will expire on 20th April 2010. PTT has already assigned a consultant to process the legal requirement which is expected to be completed on late of April 2010. Record held on file "Dokumen PT Tolan Tiga Indonesia".

4.6.3 Observation: Ensure that correct eye protection is being used by pesticide mixers that is full face mask rather than goggles.

4.7.3 Observation: Ensure that only permanent workers and family members work in harvesting as other non contracted outsiders are not covered by accident insurance.

4.7.5 Observation: Company could consider providing more than 1 pair of boots per year or change type of footwear to be longer lasting.

5.1.2 Observation: PT TTI to ensure that when mill or estates submit RKL/RPL reports that all sections are completed.

5.2.2 Observation: No socialization carried out with field workers with regards HCV areas

5.2.3 Observation: PT TTI should be keeping records of the monitoring of HCV areas with other records of inspections.

5.2.4 Observation: Some signs are placed in inappropriate areas and should be placed in the close vicinity of the HCV to avoid confusion – for example HCV 4 at Keresaan entrance is incorrectly placed – also HCV 6 signs need to be closer to the HCV area.

5.5.4 Observation: Need to check operation and pressure of fire hydrants from time to time at scheduled intervals. A number of areas in Perlabian Mill appeared to be lacking in availability of fire extinguishers.

6.1.2 Observation: SEIA team have performed SIA over three weeks however final report is not yet published however a summary of findings was provided with both positive and negative issues.

6.2.2 Observation: The stakeholders list was not complete.

6.3.2 Observation: Two contact sprayers were not aware of the procedure for making grievances known to management.

6.5.3 Observation: Some smaller emplacements do not appear to have a reliable source of water for everyday activities on some occasions.

6.5.4 Observation: Inspection of the contractor agreement document found that new template is in effect in KRE but not other places. PT TTI needs to ensure that the new template is consistently implemented in all operating units.

6.7.2 Observation: PT TTI need to ensure that company policy on workers age is observed at all times. This may become an issue with outside workers helping harvesters who have not documented their age.

6.8.2 Observation: Mandors are to publicise all policy statements to estate workers and supervisors at the mills to do the same at morning musters and meetings.

3.3 Noteworthy Positive Components

1. There is an appreciation to company due to the existence of company facilities and infrastructure that can be used by the local communities. The facilities such as health clinic, basic education, school bus transportation, and sports facilities are open the for local community around the plantation. In addition, some company infrastructures such as road access, and bridges also used by

local community in connecting between villages.

2. There is also an appreciation related to company contribution for local community such as mosque renovation, village infrastructures, sports activities, etc. There are two kinds of company aid: first, routine aid such as contributions towards local communities basic needs (“*sembako*”) on the eve of Islamic holidays; second, the contribution based on proposal projected by local communities. In general, local communities also satisfied with the management staff in responding their proposals.
3. There are new job and business opportunities for local communities. In order to support the production, company needs third parties to handle some work that cannot be done by the company itself. For example harvesting, maintaining the plants, spraying, etc. In addition, business opportunity is also available for local businessmen such as become business partners (contractors).
4. The company has set up women’s groups to better represent their needs. There are regular meetings held where the women are encouraged to state their views. This is encouraged by PT TTI Management.



Figure 9 Meeting with Women’s groups

3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue

1. All of field working complaining about rubber boots which is worn out after three to four months of use. Company was only providing a pair of free rubber boots each year. This is considered insufficient as they are need about three to four pairs of rubber boots per year.

PT TTI response: PT TTI will assess the suitability of rubber boots for field workers. Upon completion of assessment it will be

decided whether provide extra rubber boots to field workers or change to more durable rubber boots.

Auditor Comments: This indicates that PT TTI listen to workers concerns.

2. In emplacement “Pondok Batu” residents complaining they are often run out of water. No water tanks available, so it is very difficult even just for take a bath only. Other repairs needed among other are rainwater, domestic water drains, septic tanks, gutter in emplacement their area.

PT TTI response: Program to repair rainwater, domestic water drains, septic tanks, gutter in emplacement area are in place, ongoing process of tender by contractors, expected to be started mid of this year.

Auditor Comment: This will improve the life of the workers and improve hygiene.

3. Rural Kampongs

Need support from PTT TTI as source of income.

PT TTI Response: PT TTI has provided very strong support to rural villages, and estates, as a major source of income through assisting development and providing employment and supporting local businesses.

Auditors Comment: Support of local area is very widespread.

4. All Stakeholders

All Stakeholders commented they have very good relationship with PT TTI.

PT TTI Response: Continue to improve relationships.

Auditor Comment: Appears that PT TTI standing in the community is well appreciated by stakeholders.

5. Some group of local communities disappointed to the PT TTI because prohibiting grazing cattle in plantation area.

PT TTI response: According to the management staff, grazing cattle activities can obstruct the palm oil plantation: cattle can consume the palm oil plantation, and to disseminate the *ganoderma* fungal disease in around plantation area. But, the cattleman cannot understand these arguments. They perceived the PT TTI has obstructed their economic activities. In 2009, facilitated by Simalungun regency office, there is a meeting attended by Commission B-Simalungun

Parliament, SIPEF management, eight heads of village, and heads of district to resolve the “cattle problem”. But, the final agreement was not accomplished yet. Therefore, cattleman still grazes their cattle in the plantation area.

Auditors Comment: The cattle owners are not the villagers but from large cities and they are attempting to procure free agistment and they are in a money making venture not the villages. It is a business risk and if cattle grazing helps spread *ganoderma* and destroys the plantation the company’s position is understandable.

There was some concern from nearby Kampongs that PT TTI was polluting the water in a river.

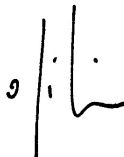
PT TTI Response: PT TTI investigated this and found the pollution of the river was coming from a nearby independent mill. They were discharging POME into the river over the allowed limits. The matter has been reported to the local police – records were available.

Auditors Comments: These responses have all been validated. We visited the area and there was evidence that the effluent ponds of this mill had overflowed recently.

3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of
PT Tolan Tiga Indonesia



.....
Mr Olivier Tichit
Environment and Conservation General Manager
Date: 1.4.2010

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Mr Allan Thomas
Lead Auditor
Date: 1.4.2010

Appendix “A”

RSPO Certificate Details

PT Tolan Tiga Indonesia
 gedung Bank Sumut, Lt.7
 20152 Medan
 Sumatera Utara INDONESIA

Certificate Number: SPO 555208

Website: www.tolantiga.co.id

Applicable Standards: RSPO Principles & Criteria : 2007; **RSPO INA-NIWG May 2008**

Bukit Maradja Palm Oil Mill and Supply Base				
Location Address		Pamatang Syahkuda, Simalungun, Sumatra Utara, Indonesia		
GPS Location		03°04N-099°15E		
CPO Tonnage Total		35 000mt		
PK Tonnage Total		7 500mt		
Own estates FFB Tonnage		155 000mt		
Non-company Suppliers FFB Tonnage		0mt		
SIPEF estates	Mature (ha)	Immature (ha)	Total HGU (ha)	Annual FFB Production (mt)
Bukit Maradja Estate	2 936	190	3 178	80 000
Kerasaan Estate	2 090	225	2 362	75 000
TOTAL	5 026	415	5 540	155 000

Perlabian Palm Oil Mill and Supply Base				
Location Address		Kampung Rakyat, Labuhan Batu Selatan, Sumatra Utara, Indonesia		
GPS Location		02°04N-100°04E		
CPO Tonnage Total		43 000mt		
PK Tonnage Total		11 500mt		
Own Estates FFB Tonnage		187 000mt		
Non-company Suppliers FFB Tonnage		0mt		
SIPEF Estate	Mature (ha)	Immature (ha)	Total HGU (ha)	Annual FFB Production (mt)
Perlabian	4 027	597	4 807	97 000
Tolan	3 443	183	3 672	90 000
TOTAL	7 470	780	8 479	187 000

Appendix “B”

Certification Audit Programme

Sunday 14 March

- Allan, Dwi and Iman arrive from Jakarta at Medan Airport 7 pm – meet and pick up at airport
- Travel direct to Bukit Maradja plantation

Monday 15th March

Time	Activity	Allan	Iman	Dwi
7.30 am	Opening Meeting	X	X	
8:30am – 12:00	Bukit Maradja Estate (Office, Clinic, Landfill, Gravel Extraction, Chemical store and mixing, Fertiliser, buffers, reserves field spraying & harvesting)	X		X
8:00am – 12:00	Inspect estate areas incl. villages & environment		X	X
11:00am – 12:00noon			X	X
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 3:00pm	Inspect mill, laboratory and effluent ponds	X		X
1:00pm – 3:00pm			X	
3:00pm – 4:30pm	Review Environmental and Social Reports		X	X
3:00pm – 4:30pm	Continue review of RSPO documentation	X		X

Tuesday 16th March

Time	Activity	Allan	Iman	Dwi
8:00am – 12:00	Inspect area around Kerasaan Inspect Mill Emplacement, Landfill	X		
8:00am – 9:00am	Review documentation Principles 1-3		X	X
9:00am – 12:00noon	Review records of land title, leases, etc		X	
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 2:45pm	Review RSPO documentation Principles 4-5	X		X
1:00pm – 3:45pm	Social issues/HCV reports		X	
3:45pm – 4:30pm	Meet with NGO Representatives?	X	X	X

Travel to Tolan

Wednesday 17th March

Time	Activity	Allan	Iman	Dwi
8:00am – 11:00noon	- Perlarian Estate (Office, Clinic, Landfill, Gravel Extraction, Chemical store and mixing, Fertiliser, buffers, reserves, field spraying & harvesting)	X		X
8:00am – 10:00noon	Inspect area around Perlarian		X	X
11:00am – 12:00noon	Review Documentation – ongoing Principle 6	X	X	
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 2:30pm	Meet with representative women's group?		X	X
2:30pm – 4:00pm	Meet with other stakeholders		X	X
1:00pm – 4:00pm	Construction, Workshops etc	X		

Thursday 18th March

Time	Activity	Allan	Iman	Dwi
8:00am – 12:00noon	- Kabun Tolan Estate (Office, Clinic, Landfill, Gravel Extraction, Chemical store and mixing, Fertiliser, buffers, reserves, field spraying & harvesting)	X		X
	Review Aspects/Hazard - Risks	x		

8:00am 10:00noon	- Mill Housing/ Personnel		X	
	Clinic		x	X
10:00am 12:00noon	- Review Documentation – ongoing Principle 8		X	
12:00noon 1:00pm	- Lunch	X	X	
1:00pm – 3:00pm	Review pays and contractor issues		X	X
1:00pm – 4:30pm	Inspect other Mill and relevant areas	X		

Friday 19th March

Time	Activity	Allan	Iman	Dwi
8:00am 11:00noon	- Inspect Main Workshop Inspection Main Stores	X		
	Other areas, review documentation ongoing Auditors reviews	x		X
8:00am 11:00noon	- Inspect Emplacement – Interview residents/clinic - Auditors reviews		X	X
11:00am 12:00noon	- Closing Meeting with Estate/Mill Management		x	
1.00 pm -	Travel by train to Medan			

Saturday 20th March

Time	Activity	Allan	Iman	Dwi
8:00am 11:00noon	- Inspect Legal issues, IPM, Training other areas HO Medan	X		X
	Other areas, review documentation ongoing	x		
8:00am 11:00noon	- Other requirement for HO – Improvement plans -		X	X
11:00am 12.30pm	- Auditors review	x	x	X
12.30pm-1.30pm	Lunch			
2.00pm – 3 pm	Exit Meeting			
3 pm	Travel to Medan Airport			

Appendix “C”

Continuous Improvement Plan

PT TOLAN TIGA INDONESIA (SIPEF)						
CONTINUOUS IMPROVEMENT PLAN - BME/KRE/BMM/PLE/TLE/PLM						
Last update :	20 march 2010.	Distribution : PD / D-ESD / D-ENG / D-FAD / GM-HRA / GM-IAD / Cpy.Doctor / SFM / EM / MM.				
By :	GM-ENC	Updates by ENC.				
	ACTIVITY	LOCATION	IN CHAR GE	SUPP ORT	TIME TARGET	STATUS
CIP2010-A	Conduct SIA and integrate results into management plans.					
	1-conduct SIA	BME/KRE/TLE/PLE	ENC	ESD	ETC end march 2010	SIA in progress by Yasbi
						summary received
	2- integrate results in management plans	BME/KRE/TLE/PLE	ESD	ENC	ETC en April 2010	planned
CIP2010-B	Improve maintenance/cleanliness of the housing areas (emplacements)					
	1-repair rainwater and used water drains, septic tanks, gutters.	all	ESD / ENG	ENC	ETC 2012	inventory completed
						master plans completed
						budgeted
						tenders open for FH2010
	2-support women groups for involvement in emplacements management	all	ENC	ESD / ENG	ETC end 2010	assessment completed
	provide training in sanitation, capacity building ; monitor activity					initial training completed
						staff to be recruited mid-2010

	3-increase "green areas" in emplacements	all	ESD/ENG	ENC	continuous	in progress (EM-MM)
	4-monthly monitoring of emplacements (included in monthly P2K3LH meeting)	all	ESD/ENG	ENC	continuous	in progress
CIP2010-C	Improve management of HCV areas					
	1-increase number of signs	all	ESD	ENC	ETC end March 2010	signs ordered (Suwandi) partly delivered
						planned
	2-continue training of "Kader Konservasi" from employees and local people	estates	ENC	ESD	next training Sept.2010	
	3-monthly review of situation/incidents at P2K3LH meeting	estates	ESD	ENC	continuous	in progress
CIP2010-D	Conduct 2010 OMOT event	estates	ENC	ESD	next event Aug.2010	planned
	(One Man One Tree, planting of trees in our emplacements)					some seedlings in nurseries
CIP2010-E	Modify tractors for carrying of passengers in a safe manner	estates	ESD	ENC	ETC July 2010	planned
						experimenting
CIP2010-F	Improve OHS assessment capacity for assistants and above	all	Training M	ENC/ESD/ENG	TBC	planned
CIP2010-G	Replace antiquated fire extinguishers	all	ESD/ENG	ENC	end 2010	in progress
CIP2010-H	Reduce pollution by spills/leaks from vehicles operation/maintenance					
	1-improve maintenance levels	all	ESD/ENG	ENC & training M	June 2010	in progress
	2-provide spill kits and training in proper use/disposal of soiled material	all			ETC march 2010	in progress
CIP2010-I	Improve handling of grievances from external parties					
	1-update procedure to include use of the website	HO	ProCom	ENC/HRA/IT	end may 2010	planned

	2-make signs for visitors, stating to whom they should address grievances	all	HRA	ENC	end may 2010	planned
						staff allocated (Bima)
CIP2010-J	Improve visibility of trained staff by supplying qualification badges	all	ESD	ENC	ETC march 2010	in progress
CIP2010-K	Improve use of clean water in workers housing					
	1-test well water quality	all	ENC	ESD	-	completed
	2-test "private wells" water quality	estates	ENC	ESD	end march 2010	in progress
	3-conduct awareness sessions on water quality	all	HRA	ENC / ESD / ENG	April 2010	planned
	4-close unsafe wells	estates	ESD	ENC / HRA	end June 2010	-
	5-improve maintenance of existing water distribution network	all	ESD/ENG	ENC	continuous	in progress
CIP2010-L	Upgrade warehouses					
	1-cement warehouse floor, repair walls and roof, doors.	BME	ESD	ENC	year 2011	planned
						maybe for SH2010 budget
	2-cement warehouse floor to increase storage capacity	TLE	ESD	ENC	year 2011	to be reviewed
CIP2010-M	Improve management of medical waste	all clinics	cpy.doctor	ENC	April 2010	planned
	(use BME polyclinic as example of good practices).					
CIP2010-N	Increase awareness of free labour/contract workers on the grievance and sexual harassment company procedures.	all	ESD/ENG	ENC / HRA	April 2010	planned
CIP2010-O	Review "WI production" document of mills to include risks taken	mills	ENG	ENC	July 2010	planned
CIP2010-	Water management plan.					

P						
	Integrate current best practices into a comprehensive plan covering protection of water resources, prevention of pollution, prevention of erosion, water quality monitoring both for emplacements and for the mills.	all	ENC	ESD/ENG	July 2010	planned
CIP2010-Q	Improve monitoring of emissions.					
	1-improve understanding of new smoke-density meters	mills	ENG	ENC	April 2010	planned
	2-improve understanding of regulations on emissions	mills	ENG	ENC	April 2010	planned
	3-improve reporting and corrective actions	mills	ENG	ENC	continuous	planned
CIP2010-R	Improve reporting of RKL/RPL based on RSPO audit findings	all	ESD/ENG	ENC	may 2010	planned
CIP2010-S	Review and improve stakeholders lists	all	ENC	ESD/ENG	may 2010	planned
CIP2010-T	Improve records of information dissemination at muster call	all	ESD/ENG	ENC	may 2010	planned
	(create specific books for assistants and ensure proper use then monitoring by EHS)					
CIP2010-U	Investigate "helper harvesters" (kerneke) situation	estates	ESD	ENC	June 2010	planned
	Prepare recommendations (possible banning of helper harvesters), keeping in mind that spouses are allowed to help, and should explicitly be covered for work accidents.					
CIP2010-V	Improve management of triple-interceptors and oil traps	all	ESD/ENG	ENC	July 2010	planned
	1-improve facilities (install covers and stop-valves)					
	2-improve regular monitoring and cleaning					

Appendix “D”

Nonconformities, Corrective Actions and Observations Summary

8 Nonconformities against Minor Compliance Indicators
17 Observations/Opportunities for Improvement

Minor Nonconformities (Detail)

RSPO Indicator	NCR Ref	Details
4.1.3	AT 01	<p>4.1.3 Minor NCR – At Perlavian Palm Oil Mill the monitoring of operations is ineffective due to the fact that inspections are not reporting breakdowns, leaks and other issues requiring maintenance</p> <p>Corrective Action:</p> <p>A corrective action plan is being implemented, which covers refresher training for mill management, support for review of self-assessments and inspections by ENG and ENC staff, and internal audit after three months.</p>
4.3.2	AT 02	<p>4.3.2 Minor NCR: There is evidence of some over spraying at Tolan Estate which could result in erosion. There may be a need to run refresher training in this area for sprayers</p> <p>Corrective Action:</p> <p>Refresher training for sprayers and mandors is planned for TLE. Field assistants will be monitoring performance, under supervision of the field head assistant.</p>
4.4.2	AT 03	<p>4.4.2 Minor NCR: There is no formal implemented water management plan in place at PT TT. Practices do not address control of all water related issues including repair of leaking taps, construction of drains, water recycling amongst other issues</p> <p>Corrective Action:</p> <p>ENC department is drafting a water management plan, to be completed in July 2010 (see continuous improvement plan item CIP2010-P).</p>
4.7.5	AT 04	<p>4.7.5 Minor NCR Risk control requires improvement as a number of Unsafe acts and Unsafe Conditions were noted including but not limited to the following:</p> <ul style="list-style-type: none"> • Some sprayers not using appropriate PPE • Incorrect signage in place • Some chain guards missing • Some guard rails missing in Perlavian Mill • Some steps need cleaning • The company supplies only 1 pair of boots (rubber) each year however workers claim boots only last 4 months • Some higher areas in mill have holes in floor and need repairing • Signage not being followed • One visitor to mill area not using hard hat in contravention of signage. • Welders not using protection • Gas bottles not restrained • Open drains not covered • Evidence of smoking in signposted non smoking areas <p>Corrective Action:</p>

		<p>Unsafe acts and conditions have been reported to the various business units and are being addressed.</p> <p>Progress for the specific unsafe acts and conditions noted above will be monitored in the monthly inspections and discussed at the monthly OHS/Environment meetings. ESD, ENG, ENC departments are supporting and monitoring progress.</p> <p>Supply of additional rubber boots or change to higher quality boots is being reviewed by Company management.</p>
5.2.4	AT 05	<p>5.2.4 Minor NCR: No public informative material (brochures, posters, leaflet etc.) is available for public/workers regarding with the HCV or its protective habitats species/functions</p> <p>Corrective Action:</p> <p>PT TTI will improve information on HCVA and protected species through work with the Forestry Services. Posters will be placed in strategic locations, and awareness sessions carried out by "Kader Konservasi" inside our estates and in the surrounding communities.</p>
5.3.3	AT 06	<p>5.3.3. Minor NCR The following areas waste control requires improvement:</p> <ul style="list-style-type: none"> a) Some emplacements are bare and could cause a dust problem for residents - a programme has commenced to plant grass in emplacements b) The control of waste in the mill c) Disposal of medical waste d) Many spill kits are either empty or not being used in Perlabian Mill e) Drips trays not used to prevent spills mainly at Perlabian mill f) Improvement management of land fill site by more efficient use of space <p>Do not fill landfills with green waste</p> <p>Corrective Action:</p> <p>Awareness of the existing procedures on waste management will be increased through muster call information, women groups and company doctor visits/inspections.</p> <p>Monitoring will take place through the monthly OHS/environment inspections and meetings.</p> <p>Situation in Perlabian mill is specifically being addressed under a separate corrective action plan.</p>
6.1.4	AT 07	<p>6.1.4 Minor NCR: There is no report of Bukit Maradja Mill or Estate with regards to schedule meetings and monthly reports. Perlabian Mill are reporting Environmental monitoring annually when this should be bi-annually</p> <p>Corrective Action:</p> <p>An Environment & Conservation manager has been assigned to cover BME/BMM/KRE and is tasked to support and monitor compliance of reporting.</p> <p>Reporting at Perlabian mill is monitored by an Environment, Health and Safety Officer assigned to cover PLE/PLM/TLE.</p>
6.9.3.	AT 08	<p>6.9.3 Minor NCR: Some female contract workers are not made aware of sexual harassment policy and there are no records to show that they have been made aware. Women's Groups do not include female contract workers</p>

		<p>Corrective Action:</p> <p>Communication of company policies is being improved at muster call, and in the case of contract workers, mandor are to ensure that policies and procedures are known and understood.</p> <p>The situation of female contract workers will be reviewed by the company Gender Committee. Their inclusion into women groups is hindered by their work mobility.</p>
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OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

1. 1.1.3 Observation: At Perlabian Estate records of some verbal requests for information were not always recorded
2. 2.1.4 Observation: One legal requirement "Ijin Penyimpanan Limbah Bahan Berbahaya dan Beracun" will expire on 20th April 2010. PTT has already assigned a consultant to process the legal requirement which is expected to be completed on late of April 2010. Record held on file "Dokumen PT Tolan Tiga Indonesia".
3. 4.6.3 Observation: Ensure that correct eye protection is being used by pesticide mixers that is full face mask rather than goggles
4. 4.7.3 Observation: Ensure that only permanent workers and family members work in harvesting as other non contracted outsiders are not covered by accident insurance
5. 4.7.5 Observation: Company could consider providing more than 1 pair of boots per year or change type of footwear to be longer lasting
6. 5.1.2 Observation: PT TT to ensure that when mill or estates submit RKL/RPL reports that all sections are completed
7. 5.2.2 Observation: No socialization carried out with field workers with regards HCV areas
8. 5.2.3 Observation: PT TT should be keeping records of the monitoring of HCV areas with other records of inspections
9. 5.2.4 Observation: Some signs are placed in inappropriate areas and should be placed in the close vicinity of the HCV to avoid confusion – for example HCV 4 at Keresaan entrance is incorrectly placed – also HCV 6 signs need to be closer to the HCV area
10. 5.5.4 Observation: Need to check operation and pressure of fire hydrants from time to time at scheduled intervals. A number of areas in Perlabian Mill appeared to be lacking in availability of fire extinguishers
11. 6.1.2 Observation: SEIA team have performed SIA over three weeks however final report is not yet published however a summary of findings was provided with both positive and negative issues
12. 6.2.2 Observation: The stakeholders list was not complete
13. 6.3.2 Observation: Two contact sprayers were not aware of the procedure for making grievances known to management
14. 6.5.3 Observation: Some smaller emplacements do not appear to have a reliable source of water for everyday activities on some occasions
15. 6.5.4 Observation: Inspection of the contractor agreement document found that new template is in effect in KRE but not other places. PT TTI needs to ensure that the new template is consistently implemented in all operating units.
16. 6.7.2 Observation: PT TT need to ensure that company policy on workers age is observed at all times. This may become an issue with outside workers helping harvesters who have documented their age.
17. 6.8.2 Observation: Mandors are to publicise all policy statements to estate workers and supervisors at the mills to do the same at morning musters and meeting

Appendix “E”

Record of all Stakeholder Comments in detail

<i>DATE</i>	<i>LOCATION</i>	<i>INTERVIEWEE</i>
Monday, 15 March 2010	Bukit Meraja Estate	Misdi A4, Irwansyah, Selamat Simarmata, Suryono, Tumin 2, Sugiarto (Harvesters)
<ul style="list-style-type: none"> • The gentlemen are long time workers, already work for the estate for more than 15 years; 25, 15, 5, 15, 15, and 11 years respectively • Daily workers, permanent and non permanent workers. Employment contract provided, understand the term and condition of the contract • Daily target is 1.2 ton per harvester. Only if target is met, harvesters are eligible for premium. If not met the target, then harvesters will paid basic only at 33,000 rupiah per day. • Income fluctuate in accordance to number of FFB, however, at least the harvesters will be able to take home 1,008,000 per months, just above regional minimum wages. • On average, monthly salaries of harvester is around 1,500,000 per months which is considered relatively good salaries, as long as the fruit is plenty, especially during peak crops. • To help harvesters, they are assisted by fruit loose collectors. Most of them are family members. However, if harvesters used non-family member, it will paid on daily basis by the harvester at Rp 15,000 excluding meal around 5,000 rupiah. In total, harvester has to pay for fruit loose collectors around 300,000 rupiah per month. • Sometimes, if the fruit drops heavily, after fruit loose deduction, harvester can only get around 900,000 per months. • With the help of “kenek layang” then generally harvesters are able to meet daily target. After additional premium, a harvester are able to get around 1,700,000 rupiah a month, just above minimum monthly wages • Problem are with loose fruit collectors, since they are depend on number of fruit collected, they are generally only get around 300,000 to 400,000 rupiah per months. However, considering limited number of working opportunity for local, becoming a helper is the first step to be assigned as permanent worker. • Started work at 0700 am to 0200 pm • Payment equated the FFB, discrepancies will be paid next payment • Said understand pay slip • No overtime for harvesters, very rare to work on Sunday • Injured from torn sometime • Training provided, including OSH, safe work practices, and sexual harassment policies • Good housing, subsidized electricity and water supply provided for free (24/7) • No and Never complaint, should there is complaint it will be directed to mandor and so on, but they are insisted if possible company provide harvester more shoes, currently they are provided one pairs of free shoes per year. In fact, a shoe will worn out after for month, so 3 to 4 pair of shoes will help them • Inspection to workers shoes found out most of the harvesters used worn out shoes, which the base is broken down—and need replacement 		
Monday, 15 March 2010	Bukit Meraja Mill	Ridwan Rambe, Misran, Sugimin, Saparudin Rambe (Mill Workers)

- The gentlemen long time workers have work for PLM for 10, 20, 20, and 7 years respectively
- Said to have good relationship with company, if not why work up to 20 years?
- Contract agreement provided, term and conditions was explained by supervisor
- Daily rated, paid monthly, daily wages is 33,000 rupiah basic plus rice allowance and housing facilities
- Overtime rate is 6,000 rupiah per months, total monthly earning at 1.5 million ups per months. However it is difficult to save, especially for those who have many children at school.
- Six days worked, but in Friday only work half day
- All said understand term and conditions of the contract
- There is two normal shift; the first shift is from 0700am to 0300pm (with 1 hour OT), second shift 0300pm to 0100pm—just on peak seasons only
- OT for almost every day, always claimed, discrepancy will be paid in the next months
- Sometime worked on Sunday, at OT rate
- All are member of SPBUM (workers union)—no restriction to join union
- No discrimination, either local or migrant workers have the opportunity to work with PT TT
- Holiday leave at 12 days per year
- PPE and housing is provided, free electricity and water supply
- Housing is provided by the company
- Allowed to plant vegetable garden in housing area
- Subsidy electricity rate of government source, and water supply (24/7) provided by mill
- School available close by, but transportation provided from housing complex, considering that public transportation is available
- Company provide training for the jobs, safe work practice (EHS) training
- Free medical treatment for workers and the family member
- Good relationship with local people
- No issues raised, if they have issue will complaint to manager

Monday, 15 March 2010

Bukit Meraja Estate

Sugeng and Harsono (Harvesters)

- The gentlemen are long time workers, already work for the estate for 8 and 9 years
- Daily permanent workers, said assignment letter provided, understand the term and condition of the contract
- Daily target is 1.2 ton per harvester. Only if target is met, harvesters are eligible for premium. If not met the target, then harvesters will paid basic only at 33,000 rupiah per day.
- Income fluctuate in accordance to number of FFB, however, at least the harvesters will be able to take home 1,008,000 per months, just above regional minimum wages.
- On average, monthly salaries of harvester is around 1,500,000 per months which is considered relatively good salaries, as long as the fruit is plenty, especially during peak crops.
- Problem are with loose fruit collectors, since they are depend on number of fruit collected, they are generally only get around 300,000 to 400,000 rupiah per months. However, considering limited number of working opportunity for local, becoming a helper is the first step to be assigned as permanent worker.

- Started work at 0700 am to 0200 pm
- Payment equated the FFB, discrepancies will be paid next payment
- Said understand pay slip
- No overtime for harvesters, very rare to work on Sunday
- Injured from torn sometime
- Training provided, including OSH, safe work practices, and sexual harassment policies
- Good housing, subsidized electricity and water supply provided for free (24/7)

Monday, 15 March 2010

Bukit Meraja Estate'

Mukinem, Jumiati, Rukiyati, and

	Emplacement	Tukinem (Female Workers)
		<ul style="list-style-type: none"> • There are around 80 households reside in the emplacement, all of them are estate workers • One house inhabit by one family only, not share with other different family • Women groups set up recently, most of female workers is members. Main activities are socialization on health, female health, emplacement cleanness, etc. • The last social women group meeting was held on 20 February 2010, mostly discussing about emplacement matters • Happy to live in emplacement, since water is free, subsidised electricity, close to market and other public facilities such as schools • Domestic waste segregated into organic and inorganic waste, for further regular collection twice a week for disposal in estate' land fill • Female workers are fully paid during 1.5 months prior and following birth. Women who are pregnant of breastfeeding not allowed to work in dangerous environment. It is PTT policy not to assigned female pregnant or breast feeding workers as sprayers, and will be transferred to other duties once confirmed pregnant by the company doctor.
Monday, 15 March 2010	Bukit Meraja Village	Sugirin (Village Head) and two other
		<ul style="list-style-type: none"> • He is penghulu nagari (village head) of Bukit Meraja village, accompanied by his father who is former village head • Good and close relationship between company and community, several community development programme carried out by company in the village • The village around estate, are all old village, mostly inhabit by "kuli kontrak—contract workers" originated from Java, bring in during Dutch era, intended as estate labour • As such, all of them are not indigenous people, there is not customary land around the estate • So far, there was no land dispute or land claim to estate land. If any, it must have been influenced by outsiders who hold fake land title. • Total population in 2010 are 1,817 persons and 427 households • Most of people work as farmers, mainly as paddy field farmer. • Considering the average land holding in the village is very small, only around 0.25 ha per household, lot of villagers work in the plantation • Paddy harvested twice a year, relatively good yield since per ha yield around 7 tons—in comparable to the most fertile land in Java • Per ha paddy field price now reaching 100 million rupiah
		<ul style="list-style-type: none"> • Beside that they also nurturing livestock (cows) which is graze freely inside the plantation. It is becoming a problems because possibly spreading ganoderma • The agreed solution between company and villagers is cow allowed to be graze between 0200 pm to 0600 pm, other times must be cage • However, several villagers still grazing in the night
Tuesday, 16 March 2010	Bukit Meraja Estate Office	Supiran, Sugiati, Jamin Purba, R. Sinaga, Purwanto (Contractors and Supplier)

- Good relationship with PT TT, Serving company for more than ten five years! (15, 12, 15, 12, and 11), said that basically they are comfortable to work with company
- New term and condition of the contract, it is common practice for contractors to engage workers without contract. For maintenance work, it is only take 4 hours to complete (8 to 12), so they did not wanted to work full day, since they are also have other jobs at home (?)
- Contract agreement provided, contractor explained the contract, understands the contract before signing it
- Company provide training on PPE, OSH, and emergency procedures but contractors need to buy the PPE themselves
- HCV socialization as well as company policy also socialized to contractors and supplier
- Good and timely payment, never delay
- Dispute resolution mentioned in the contracts, contractors and suppliers aware of its
- No complaint so far, if any, contractors will speak to manager should there is any complaints
- Implementing good community development initiative such as build school building etc, good relationship between company and village

Thursday, 16 March 2010

Kerajaan Estate

Suryanto and Paijo (Sprayers)

- All are permanent workers, have been working to company for 10 and 25 years respectively.
- Good relationship with company
- Since already move to become permanent workers, they are provided with letter of assignment
- Copy of contract provided, said understand term and conditions of the contract
- Assistant explained term and condition of the contract
- Basic salary of 1,008,000 rupiah; total earning per months around 1,200,000 to 1,400,000
- Able to save, even two of his children now enrolled in university
- Salaries advised by manager should there is new standard issued by company
- Detail of salary given at pay slips, said understand pay slips
- Working time: 0700 to 0200, one hour rest, and back to work again between 0300 to 0500 pm
- Company provides free PPE e.g. apron, goggle, rubber glove, rubber booth, and mask. If lost or damages, company will replace the PPE, but normally only two pair of PPE provided, said it is enough for them
- Clean water in field is provided. Mixing done in store, done by one of the most senior worker. No supervisor in field to ensure good spraying practices.

- Monthly medical checkup in clinic, annual CHRA in hospital, no female sprayers in KRE.
- Medical checkup did not found any serious problems, so far, they will be notified if there is any problem found
- Safe work practice training and training of the jobs is provided by company
- Holiday leave for 12 days per years
- Medical treatment is free for the sprayers and their family members

Thursday, 16 March 2010

Kerajaan Estate Clinic

Jenda and Rini (Paramedics)

- Permanent staffs, having work for the company since 10 and 11 years
- Good relationship with company
- Copy of contract provided, said understand term and conditions of the contract
- Said understand term and conditions of the contracts
- Medical service is free for staffs, workers, and their family members
- Able to save, even two of his children now enrolled in university
- The most common diseases are upper respiratory related diseases
- Sprayers' health examined every months, but CHRA is carried out in PTPN III hospital in Aek Nabara
- Waste (solid and sharp) collected every three days, sent to BME clinic, where officers in BME will sent the waste to Aek Nabara
- Improper disposal of solid waste, only dispose in garbage bin, give possibility of contagion of disease
- Some medicine store in used medicine box, which it has same active contents

Thursday, 16 March 2010

Kerasaan Estate Clinic

Dini, Tri, and Supriatin (Female Estate Staffs)

- Good relationship with company, long term workers, contract provided
- Said understand term and condition of the contract
- No discrimination between sexes, sexual harassment policy already socialized to worker, especially during meeting
- Female workers are fully paid during 1.5 months prior and following birth. Women who are pregnant of breastfeeding not allowed to work in dangerous environment.
- It is PTT policy not to assigned female pregnant or breast feeding workers as sprayers, and will be transferred to other duties once confirmed pregnant by the company doctor.
- There is no complaints, good housing standard—although housing inspection found that the housing need improvement such as water channel

Wednesday, 17 March 2010

Perlabian Mill

Fajar, Nanda, Wartiman, and Candra (Mill Workers)

- The gentlemen have work for PLM for 3, 2, 6, and 2.5 years respectively
- Contract agreement provided, term and conditions was explained by supervisor
- Daily rated, paid monthly, daily wages is 33,000 rupiah basic plus rice allowance and housing facilities

- Overtime rate is 6,000 rupiah per months, total monthly earning at 1.5 million ups per months. However it is difficult to save, especially for those who have many children at school.
- All said understand term and conditions of the contract
- There is two normal shift; the first shift is from 0700am to 0300pm (with 1 hour OT), second shift 0300pm to 0100pm—just on peak seasons only OT for almost every day, always claimed, discrepancy will be paid in the next months
- Normal work days, Monday to Saturday, where Saturday after for hours will be considered overtime
- Sometime worked on Sunday, at OT rate
- All are member of SPSI (workers union)—no restriction to join union
- No discrimination, either local or migrant workers have the opportunity to work with PT TT
- Holiday leave at 12 days per year
- PPE and housing is provided, free electricity and water supply
- Housing is provided by the company
- Allowed to plant vegetable garden in housing area
- Subsidy electricity rate of government source, and water supply (24/7) provided by mill
- School available, there is transportation from housing complex
- Company provide training for the jobs, safe work practice (EHS) training
- Free medical treatment for workers and the family member
- Good relationship with local people
- No issues raised, if they have issue will complaint to manager

Wednesday, 17 March 2010

Perlabian Estate

M. Arif, Syamsul, and Supriyadi
(Sprayers)

- Contractor workers, have been working to company for 4, 4, and 5.5 years respectively
- Good relationship with company
- Non permanent workers, no contract is provided by company or contractors
- Piece rated, 7,000 rupiah per hectare
- Work in group of five, around 20 – 25 hectares per day per groups, so they are able to earn around 28,300 per sprayer per day for four hours working
- Salaries advised by manager should there is new standard issued by company
- Detail of salary given at pay slips, said understand pay slips
- Company provides free PPE e.g. apron, goggle, rubber glove, rubber booth, and mask. If lost or damages, company will replace the PPE, but normally only two pair of PPE provided, said it is enough for them
- Brought rubber booth themselves, lasting for a year as long as used “AP”
- Clean water in field is provided. Mixing done in store, done by one of the most senior worker. No supervisor in field to ensure good spraying practices.
- Monthly medical checkup in clinic, annual CHRA in hospital, no female sprayers in KRE.
- Medical checkup did not found any serious problems, so far, they will be notified if there is any problem found
- Safe work practice training and training of the jobs is provided by company
- Holiday leave for 12 days per years
- No medical treatment for them

Wednesday, 17 March 2010

Perlabian Estate

Sutrisno, Joko Jumari, Miyedi, and
Mansyur (Harvesters)

- Those gentlemen are already work for the estate for 1, 2.5, 2 and 1 year respectively
- Daily workers, permanent and non permanent workers.
- Daily target is 1.2 ton per harvester. Only if target is met, harvesters are eligible for premium. If not met the target, then harvesters will paid basic only at 33,000 rupiah per day.
- Income fluctuate in accordance to number of FFB, however, at least the harvesters will be able to take home 1,008,000 per months, just above regional minimum wages.
- On average, monthly salaries of harvester is around 1,500,000 per months which is considered relatively good salaries, as long as the fruit is plenty, especially during peak crops.
- To help harvesters, they are assisted by fruit loose collectors. Most of them are family members. However, if harvesters used non-family member, it will paid on daily basis by the harvester at Rp 15,000 excluding meal around 5,000 rupiah. In total, harvesters have to pay for fruit loose collectors around 300,000 rupiah per month.
- Sometimes, if the fruit drops heavily, after fruit loose deduction, harvester can only get around 900,000 per months.
- With the help of “kenek layang” then generally harvesters are able to meet daily target. After additional premium, a harvester are able to get around 1,700,000 rupiah a month, just above minimum monthly wages
- Problem are with loose fruit collectors, since they are depend on number of fruit collected, they are generally only get around 300,000 to 400,000 rupiah per months. However, considering limited number of working opportunity for local, becoming a helper is the first step to be assigned as permanent worker.
- Started work at 0700 am to 0200 pm
- Payment equated the FFB, discrepancies will be paid next payment
- Said understand pay slip
- No overtime for harvesters, very rare to work on Sunday
- Injured from torn sometime
- Training provided, including OSH, safe work practices, and sexual harassment policies
- Good housing, subsidized electricity and water supply provided for free (24/7), but some of the reside outside the emplacements
- No and Never complaint, should there is complaint it will be directed to mandor and so on, but they are insisted if possible company provide harvester more shoes, currently they are provided one pairs of free shoes per year. In fact, a shoe will worn out after for month, so 3 to 4 pair of shoes will help them
- Inspection to workers shoes found out most of the harvesters used worn out shoes, which the base is broken down—and need replacement

Thursday, 18 March 2010

Tolan Estate

Isroil, Paryoto, Riyanto, Krisyanto,
Sudarno (Harvesters)

- The gentlemen are long time harvester, already work for the estate since 2 years ago
- Employment contract provided, understand the term and condition of the contract

- Daily target is 1.2 ton per harvester. Only if target is met, harvesters are eligible for premium. If not met the target, then harvesters will be paid basic only at 1,008,000 rupiah per months.
- Income fluctuate in accordance to number of FFB, however, at least the harvesters will be able to take home 1,008,000 per months, just above regional minimum wages. Good salaries, as long as the fruit is plenty, especially during peak crops.
- Fruit loose collectors are paid on piece rated, 120 rupiah per kg. The fruit loose collectors are known as “kenek layang” in local term, where the present is without contract with company. Harvester is taken them as helper, so harvester will be able to meet the target. Said it is difficult to meet 1.2 tons daily target if harvesters also collect loose fruit themselves.
- With the help of “kenek layang” then generally harvesters are able to meet daily target. After additional premium, a harvester are able to get around 1,700,000 rupiah a month, just above minimum monthly wages
- Problem are with loose fruit collectors, since they are depend on number of fruit collected, they are generally only get around 300,000 to 400,000 rupiah per months. However, considering limited number of working opportunity for local, becoming a helper is the first step to be assigned as permanent worker.
- Started work at 0700 am to 0200 pm
- Payment equated the FFB, discrepancies will be paid next payment
- Said understand pay slip
- No overtime for harvesters, very rare to work on Sunday
- Injured from torn sometime
- CHRA twice a year, in PTPN hospital. Every months, doctor come and check the health of sprayers
- Training provided, including OSH, safe work practices, and sexual harassment policies
- Transport provided, but limited, have to wait for a long time, harvester prefer to use their own motorcycle
- Good housing, subsidized electricity and water supply provided for free (24/7), however, in Pondok Batu, housing residents often facing water run out dry.
- No and Never complaint, should there is complaint it will be directed to mandor and so on

Thursday, 18 March 2010

Perlabian Estate Clinic

dr Zulkarnain, Siti Anova, and Chairil Anwar (Paramedics)

- Permanent staffs, having work for the company since 10 and 11 years
- Good relationship with company
- Copy of contract provided, said understand term and conditions of the contract
- Said understand term and conditions of the contracts
- Medical service is free for staffs, workers, and their family members
- The most common diseases are upper respiratory related diseases
- General medical checkup for sprayers, held annually. The last general medical check was carried out in 3 June 2009 for 40 sprayers. No problems detected at that time
- Waste (solid and sharp) collected every three days, sent to BME clinic, where officers in BME will sent the waste to Aek Nabara, records held on file “expedisi”
- Improper disposal of solid waste, only dispose in garbage bin, give possibility of contagion of disease

Thursday, 18 March 2010

Tolan Estate

Lantra, Herry, Sutriyani, and Lastri (Female Sprayers)

- All are contractors workers, have been working to company since 3, 1, 2 and 3 respectively.
- Good relationship with company in general
- No contract provided, they just assigned by contractors
- Status is non-permanent workers, piece rated. The rate is 7,500 rupiah per hectare
- Work in group of five, normally, in a day they are able to spray for 20 hectare. Divided by 5 then the salary is around 37,500 per day
- The salary is advised by contractor the first day they are employed
- Working time, Monday to Saturday from 06.30 to 12.00
- Said understand pay slips, no discrepancies
- PPE provided by company, e.g. apron, goggle, rubber glove, rubber booth, and mask. If lost or damages, company will replace the PPE
- Clean water in field is provided. Mixing done in store, done by one of the most senior worker. No supervisor in field to ensure good spraying practices.
- Observation of spraying practices found out sprayers do not properly done circle and paths spraying but more about blanket spraying. There is indication of over spraying that affected ground cover.
- Monthly medical checkup in clinic, annual CHRA in hospital. Monthly check needed to ensure no pregnant sprayers. If the sprayers found out to be pregnant, she will be transferred to other non dangerous duties
- Medical checkup did not found any serious problems, so far, they will be notified if there is any problem found
- Safe work practice training and training of the jobs is provided by company
- Contractors workers, life outside the emplacement
- Since they are piece rated, if sick they will not be paid
- No sick leave provided
- Medical treatment is free for the sprayers but not for their family
- Not aware of the company procedure of sexual harassment policy, they also did not able to access sexual harassment mechanism since they are not member of estate women groups. Women groups is eligible for permanent staffs only
- No complaint have ever made to company, good relationship so far

Thursday, 18 March 2010

Perlabian Village

Ilham Lubis (Village head)

- Village head of Perlabian village, kampong Rakyat, Labuhan Batu Selatan, since three years ago.
- Majority of people is Javanese (approximately 85% of its population), small number of them are of Batak
- There no obstacles by estate to pass by; no issues raised against company, they have good relationship; a lot of CD program carried out in his village
- Majority of people worked as famers; major commodity is rubber and oil palm.
- This village also the biggest supplier of SIPEF workers, around 65 percent of SIPEF workers come from this village
- It is large village, inhabit by 1,634 households and 7,500 persons

Thursday, 18 March 2010

Tolan Estate Clinic

Henny and Widya (Paramedics)

- Permanent staffs, having work for the company since 10 and 11 years
- Good relationship with company
- Copy of contract provided, said understand term and conditions of the contract
- Said understand term and conditions of the contracts
- Medical service is free for staffs, workers, and their family members
- The most common diseases are upper respiratory related diseases, diarrhoea (for children)
- Sprayers' health examined every months, but CHRA is carried out in PTPN III hospital in Aek Nabara
- Two steps of waste disposal: firstly, solid and sharp waste disposed in closed garbage bin, later transferred to more secure waste bin. Waste (solid and sharp) collected every three days, sent to BME clinic, where officers in BME will sent the waste to Aek Nabara
- The last transfer of waste was carried out on 20 June 2009 where totally 19.5 kg of waste was transferred to Air Nabara

Thursday, 18 March 2010

Tolan Estate Office

Sutrisno (Local NGO—phone interview)

- Basically there is no issue with SIPEF estate
- Having good relationship with SIPEF

Thursday, 18 March 2010

Tolan Estate Office

Mahady (Labour Department—phone interview)

- Having good relationship with SIPEF
- He newly appointed as head of district labour office, he did not yet visit any of company in his district, so he did not really aware of the current development of the issue
- It is common knowledge about “kenek layang” issues across plantation in Labuhan Batu Selatan. Formally, “kenek layang” is prohibited, since the harvesters were not contractor.
- However, if he forbade this phenomenon, then social disruption might arise as local people need source of income