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Public Summary Report

Report no.: 106470

Certification assessment against the
RSPO Principles & Criteria Indonesia National Interpretation 2008

Wilmar International Limited
PT Perkebunan Milano
Pinang Awan Palm Oil Mill

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1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the palm oil mill and its supply base of FFB were assessed against the Indonesia National Interpretation year 2008 of the RSPO Principles & Criteria.

1.2 Type of Assessment

The main certification assessment was carried out on 1 (one) mill and 3 (three) estates under PT Perkebunan Milano, Pinang Awan Mill owned by Wilmar International.

1.3 Location and Maps

Table 1: GPS Locations of PT Perkebunan Milano's mill and estates

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Pinang Awan Mill	Pinang Damai Village, Torgamba Sub-district, Labuhan Batu District	1°50'34.175"	100°12'11.296"
Sungai (Sei) Daun Estate	Pengarungan Village, Torgamba Sub-district, South Labuhan Batu District	1°52'25.93"	100°14'02.29"
Batang Saponggol Estate	Batang Saponggol Village, Kampung Rakyat Sub-District, South Labuhan Batu District	1°58'17.61"	100°13'20.34"
Merbau Estate	Milano Village, Merbau Sub-district, North Labuhan Batu District	2°13'28.58"	99°52'06.43"

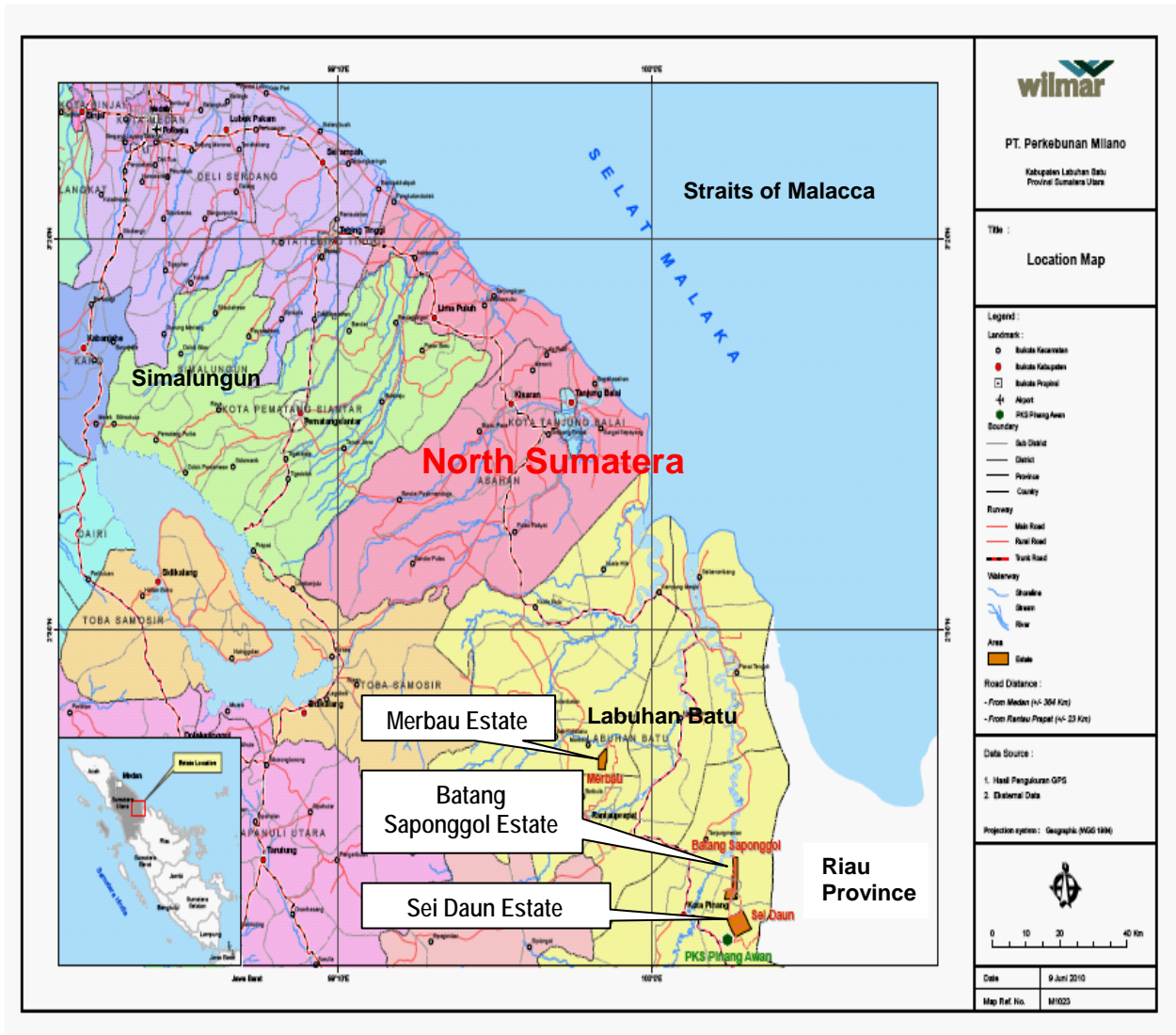


Figure 1: Location of PT Perkebunan Milano’s estates on map of North Sumatera, Indonesia

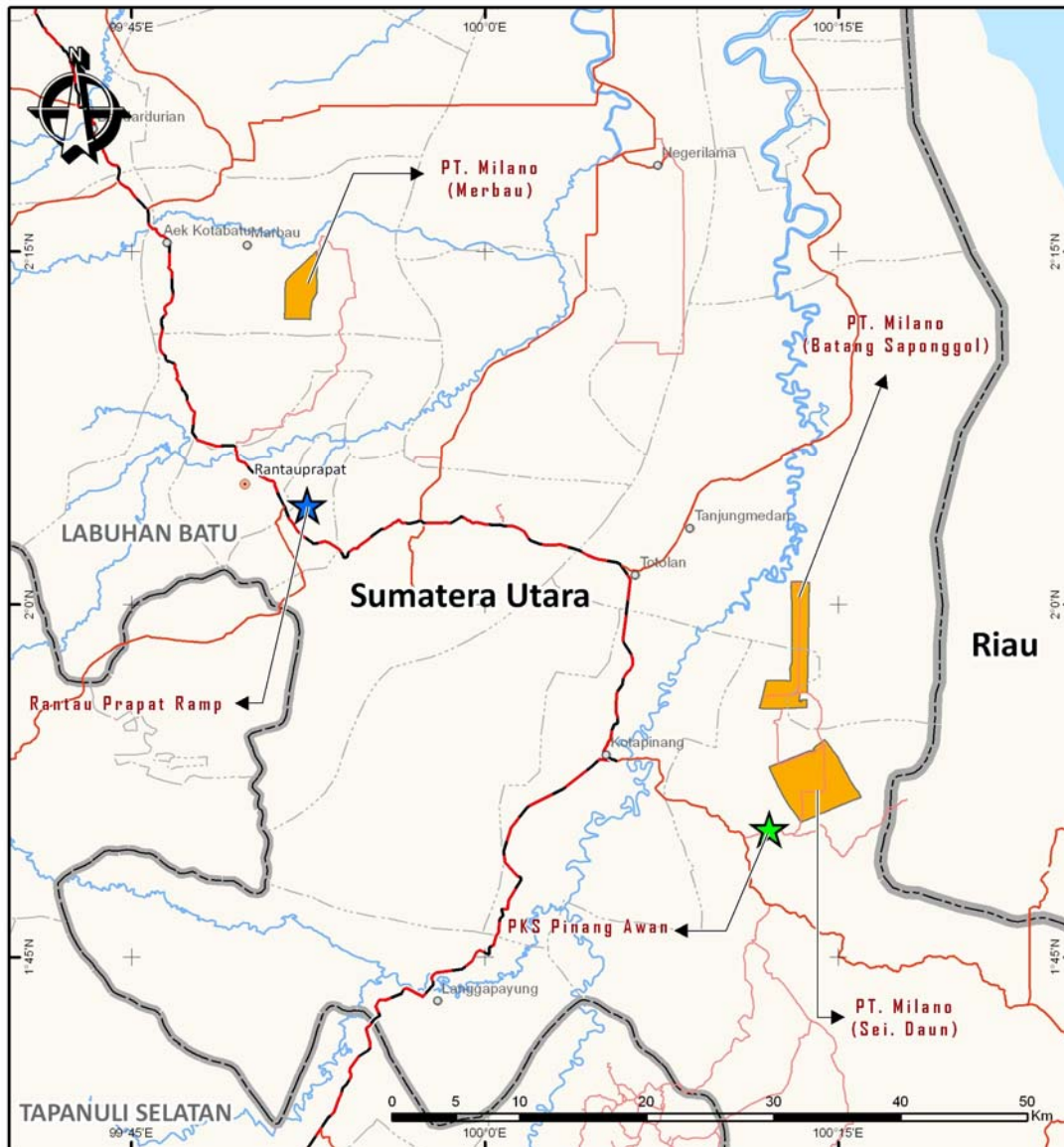


Figure 2: Location of PT Perkebunan Milano’s Pinang Awan Mill and 3 company estates (Sei Daun Estate, Batang Saponggol Estate, and Merbau Estate) within the Labuhan Batu, North Sumatera, Indonesia.

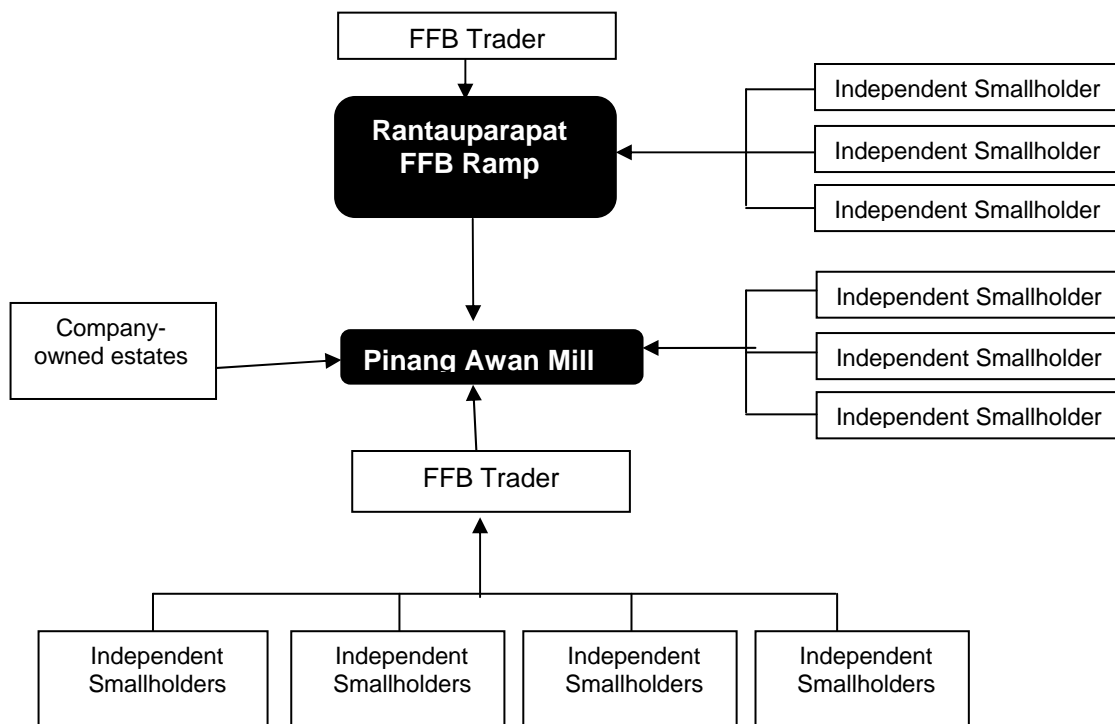
1.4 Description of Supply Base

Pinang Awan mill is one of the palm oil mills owned by Wilmar International in North Sumatera. Pinang Awan Mill was established in 1996 with a production capacity of 60 tons/hours. The company was initially a National Investment Company, but changed status to a Multinational Investment Company upon approval from the Indonesian Capital Investment Coordination Board (‘Badan Koordinasi Penanaman Modal’ - BKPM) in their BKPM decision letter no. 749/I/PMDN/1994 and BKPM decision letter no. 06/V/PMA/2002. Currently Pinang Awan Mill is receiving approximately 35% of its supplies of fresh fruit bunches (FFB) from 3 company-owned estates (Sei Daun Estate, Batang Saponggol Estate and Merbau Estate) and the remaining 65% from independent smallholders, and the mill has no smallholder schemes. Details of the mill’s supply base are as per the table below:

Table 2: Pinang Awan Mill FFB Supply for year 2008 and 2009

FFB Contributors	FFB supplied in 2008		FFB supplied in 2009	
	Tonnes	%	Tonnes	%
Company owned estates:				
Sei Daun Estate	57,415	17	53,086	17
Batang Saponggol Estate	43,626	13	44,801	14
Merbau Estate	24,691	7	27,359	9
Sub-total	125,732	38	125,246	39
Smallholders	203,565	62	192,713	61
TOTAL	329,297	100	317,959	100

FFB supplies from smallholders are either supplied directly to the mill by smallholders located nearby the mill, or through FFB collectors (middlemen or FFB agents). PT Perkebunan Milano has an FFB transit ramp located at the Rantauparapat region to collect FFB supplies from smallholders that are located too far from Pinang Awan Mill. The diagram below shows the supply chain of Pinang Awan Mill.



To prevent collection of FFB from illegal or untraceable fruit sources, the company has established a verification mechanism to ensure that all incoming FFB can be legally verified and traced to its source. The company has a policy of purchasing only FFB from which the source can be verified.

The production of crude palm oil (CPO) and palm kernel (PK) from Pinang Awan mill based on FFB supplied in 2009 is as per the table below.

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Table 3: CPO and PK production from Pinang Awan Mill in year 2009

FFB Contributor	FFB supplied in 2009 (Tonnes)	OER	CPO (Tonnes)	KER	PK (Tonnes)
Sei Daun Estate	53,086	22%	11,679	5%	2,654
Batang Saponggol Estate	44,801	22%	9,856	5%	2,240
Merbau Estate	27,359	22%	6,019	5%	1,368
Sub-total	125,246		27,554		6,262
Smallholders	192,713	20%	42,397	5%	9,636
GRAND TOTAL	317,959		69,951		15,898

1.5 Dates of Plantings and Replanting Cycles

Each replanting cycle for oil palm is 30 years. The dates of plantings and age profile of palms is as per the table below.

Table 4: Dates and year of oil palm plantings at PT Milano estates.

Age & Year of Plantings	Oil palm planted area at each estate(ha)		
	Sei Daun	Batang Saponggol	Merbau
0-5 yrs (2004 – 2009)	497.61	99.1	0
5-10 yrs (1999 – 2004)	355.69	1123.42	668.94
10-15 yrs (1994 – 1999)	743.97	282.18	84.97
15-20 yrs (1989 – 1994)	316.42	0	0
20-25 yrs (1984 – 1989)	492.29	158.66	108.29
25-30 yrs (1979 - 1984)	0	0	45
TOTAL	2405.98	1663.36	907.2

1.6 Other Achievements and Certifications Held

Table 5: Other Achievements and Certifications Held

Name of mill / estate	Certification Standard / Award achieved	Certification Body / Awarder	Date Achieved
Pinang Awan Mill	ISO 9001 & ISO 14001	TUV Rheinland	Year 2008
Sei Daun Estate	ISO 9001 & ISO 14001	TUV Rheinland	Year 2008
Batang Saponggol Estate	ISO 9001 & ISO 14001	TUV Rheinland	Year 2008
Merbau Estate	ISO 9001 & ISO 14001	TUV Rheinland	Year 2008
PT Perkebunan Milano	Winner for 'Top Bipartite Association'	Labuhan Batu District Government	Year 2007
PT Perkebunan Milano	Class A Plantation Award	North Sumatera Plantation Body	Year 2007

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1.7 Organisational Information / Contact Person

Contacts details of the company are as follows:

Company Name:	Wilmar International, PT Perkebunan Milano, PKS Pinang Awan
Address:	B & G Tower , Jl. Putri Hijau No.10 Medan PT Perkebunan Milano – Sungai Daun Desa Pengarungan, Kec. Torgamba, Kab. Labuhan Batu Selatan
Contact Person	Sil Hutabarat
Telephone:	+62- 61- 4145777 / 41027777
Fax :	+ 62-61-4550260
Email:	sil-hutabarat@wilmar.co.id

1.8 Company History and Background

PT Perkebunan Milano was established in 1954 by the Taniwan family under the notarial act 'Akte Notaris Hasan Gelar Soetan Pane Paroehoem, SH No. 12' dated January 1953, with approval letter from the Judicial Affairs Minister No. J.A.5/61/18 dated July 13, 1953 and revised on July 13, 2002 to include approval for development of rubber and palm oil plantations. In 1999, the company sold its plantation to Karya Prajona Nelayan (KPN) group which has an oil palm plantation and produces palm oil products. In 2001, KPN group was dissolved and taken over by Wilmar Plantations (Mauritius) Limited and this company in turn is owned by the Investment holding company, Wilmar International Limited based in Singapore. At this time, PT Perkebunan Milano and Pinang Awan Mill are owned by Wilmar International Group. PT Perkebunan Milano manages 4 estates, i.e. Sei Daun Estate, Batang Saponggol Estate, Merbau Estate and Cabang Dua Estate, however, due to the long distance of Cabang Dua estate to Pinang Awan Mill, this estate does not supply FFB to Pinang Awan Mill but to the another palm oil mill under Wilmar International, Daya Labuhan Indah Mill, which is planned to undergo RSPO certification in year 2010 (as stated in Section 1.8). Pinang Awan Mill's FFB source is supplied by the other 3 estates and independent smallholders

Sei Daun estate is located at Panggarungan Village, Torgamba Sub-district, with a total area of 2493.19 ha. The company owns the land cultivation rights title (Hak Guna Usaha, or HGU) for this estate, HGU No. SK HGU No. 9/HGU/DA/88 which was first issued in 1966, and has been renewed until December 31, 2013. Batang Saponggol estate is located at Batang Saponggol village, Torgamba Sub-district covering a total area of 1749.43 Ha. The estate's HGU document, no. SK HGU No. 19/HGU/BPN/2005, was first issued in 1960 and has been renewed until March 11, 2037. Merbau estate is located at Milano Village, Merbau Sub-district, with total area of 974.77 ha. The estate's HGU document, SK HGU No. 17/HGU/BPN/2005, was first issued in 1969 and has been renewed until April 04, 2035.

Pinang Awan mill produces crude palm oil (CPO) as well as palm kernel (PK). Pinang Awan Mill is located at Pinang Damai Village, Torgamba Sub-district, Labuhan Batu District, in the North Sumatera Province. The mill was commissioned in 1999 with a production capacity of 30 tons/hour. As the company expanded with technological improvements, in 2006 the mill increased their capacity to 60 tons/ hour. More general information on the estates under PT Perkebunan Milano is described in the table below:

Table 6: General information on PT Perkebunan Milano's Estates Supplying to Pinang Awan Mill.

	Sei Daun	Batang Saponggol	Merbau
Location of local government admin office	South Labuhan Batu District	South Labuhan Batu District	North Labuhan Batu District
Location of plantation administration office	Labuhan Batu	Labuhan Batu	Labuhan Batu
Stakeholders located at	PT Asam Jawa	Born Baroh Village	Community Housing

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north boundary of estate			
Stakeholders located at east boundary of estate	PT Asam Jawa	PT Supra Matra Abadi Plantation	Community Plantation
Stakeholders located at south boundary of estate	Disun Estate	Konsesi Village and PT Asam Jawa	Community Plantation
Stakeholders located at west boundary of estate	Lintang Estate	Lalang Village, Sei Kukuh and Banten Village	PTP Nusantara III
Total Area	2493.19 Ha	1749.43 Ha	974.77 Ha
Land Condition	Dry	Wet & Dry	Dry
Soil type	Yellow Podsolc	Grey hydromorphic Yellow Podsolc	Yellow Podsolc & Hydromorphic
Hydrology	Watershed	Barumun Watershed	Sampuran Watershed
Climate type (according to Köppen climate classification)	Type A	Type A	Type A
Slope (%)	0-15	0-8	0-24

1.9 Time Bound Plan for Other Management Units

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

The audit team is satisfied that the company conforms to the RSPO requirements for partial certification as laid out in Clause 4.2.4 of the RSPO Certification Systems document.

Table 7: RSPO certification plan for other mills and estates under Wilmar International Group.

Name of Holding	Location	Time bound plan for certification
OIL PALM ESTATES		
PT Perkebunan Milano	North Sumatera	2009
PT Mustika Sembuluh	Central Kalimantan	2009
PT Tania Selatan (BT & BB)	South Sumatera	2010
PT Daya Labuhan Indah	North Sumatera	2010
PT Milano (CDE)	North Sumatera	2010
PT AMP Plantation	West Sumatera	2010
PT Primatama Muliajaya	West Sumatera	2010
PT Murini Sam Sam	Riau	2010
PT Karunia Kencana Permaisejati	Central Kalimantan	2010
PT Bumi Sawit Kencana	Central Kalimantan	2010
PT Mentaya Sawit Mas	Central Kalimantan	2010
PT Kerry Sawit Indonesia	Central Kalimantan	2010

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PT Sinarsiak Dianpermai	Riau.	2011
PT Sarana Titian Permata	Central Kalimantan	2011
PT Buluh Canang Plantations	West Kalimantan	2011
PT Citra Riau Sarana	Riau	2012
PT Gersindo Minang Plantations	West Sumatra	2012
PT Permata Hijau Pasaman	West Sumatra	2012
PT Karunia Kencana Permaisejati	Central Kalimantan	2012
PT Pratama Prosentindo	West Kalimantan	2012
PT Putra Indotropical	West Kalimantan	2012
PT ANI (Landak)	West Kalimantan	2012
PT Asiatic Persada	Jambi	2013
PT Agro Palindo Sakti	South Sumatra	2013
PT Musi Banyuasin Indah	South Sumatra	2013
PT Agroindo Indah Persada	Jambi	2013
PT Agro Palindo Sakti	West Kalimantan	2013
PT Daya Landak Plantation	West Kalimantan	2013
PT Indoresins Putra Mandiri	West Kalimantan	2013
OIL PALM MILLS		
PT Milano (Pinang Awan)	North Sumatra	2009
PT Tania Selatan	South Sumatra	2009
PT Mustika Sembuluh	Central Kalimantan	2009
PT Daya Labuhan Indah	North Sumatra	2010
PT AMP Plantation	West Sumatra	2010
PT Murini Sam Sam	Riau	2010
PT Bumi Sawit Kencana	Central Kalimantan	2010
PT Kerry Sawit Indonesia	Central Kalimantan	2010
PT Sinarsiak Dianpermai	Riau	2011

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PT Kencana Sawit Indonesia	West Sumatra.	2011
PT Buluh Canang Plantations	South Sumatra	2011
PT Agro Nusa Investama (Sambas)	West Kalimantan	2011
PT Sarana Titian Permata	Central Kalimantan	2011
PT Citra Riau Sarana (ML)	Riau	2012
PT Gersindo Minang Plantations	West Sumatra	2012
PT Karunia Kencana Permaisejati	Central Kalimantan	2012
PT Agro Nusa Investama (Landak)	West Kalimantan	2012
PT Asiatic Persada	South Sumatra	2013
PT Musi Banyuasin Indah	South Sumatra	2013
PT Agro Indah Persada II	Jambi	2013
PT Mentaya Sawit Mas	Central Kalimantan	2013
PT Agro Palindo Sakti	West Kalimantan	2013

Source: TIME BOUND PLAN FOR WILMAR INTERNATIONAL LIMITED SUBSIDIARIES IN INDONESIA

1.10 Area of Plantation (Total, Planted and Mature)

Table 8: Summary Area of PT Perkebunan Milano

Estate name	Area Summary (hectare)					
	Total	Planted	Mature	Immature	HCV/ potential HCV area	Other purposes
Sei Daun	2493.19	2405.81	1908.20	497.61	0.4	86.98
Batang Saponggol	1749.43	1663.17	1563.26	99.91	36.16	50.1
Merbau	974.77	907.20	907.20	0	18.142	49.428
Total	5217.39	4976.18	4378.66	597.52	54.702	186.508

1.11 Approximate Tonnages Certified

The approximate tonnages certified were calculated from the sub-total of FFB supplied by the company's estates for the year 2009, which is equivalent to 125, 246 tonnes (as stated in Table 2). Based on an OER of 22% and KER of 5%, the approximate tonnages certified are as follows:

Crude Palm Oil (CPO) : 27,554 tonnes
Palm Kernel (PK) : 6,262 tonnes

1.12 Recommendation for Certification

Pinang Awan mill and PT Perkebunan Milano has established and maintains an effective system to ensure compliance with the RSPO Principles and Criteria. The audit team confirmed through an on-site assessment that the company complies with, adequately maintains and implements the requirements of RSPO Principles and Criteria National Interpretation Indonesia version 2008. As such, TUV Rheinland Malaysia recommends that Pinang Awan mill supplied by PT Perkebunan Milano's estates (Sei Daun estate, Merbau estate and Batang Saponggol estate) be approved as a producer of RSPO Certified Sustainable Palm Oil.

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1.13 Date of Certificate Issued and Scope of Certificate

The scope of the certificate covers production of palm oil from Wilmar International, Pinang Awan Mill and the company's estates, which includes Sei Daun Estate, Batang Saponggol Estate, and Merbau Estate. The date of certificate issued is 24 August 2010, and is valid until 23 August 2015. Further details of the certificate are as per Appendix 1.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

TUV Rheinland Malaysia Sdn. Bhd. is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 360 locations in 62 countries on all five continents. TUV Rheinland Malaysia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, as well as CDM (Clean Development Mechanism) Project Validations. TUV Rheinland Malaysia's office is located in Subang Jaya.

2.2 Qualifications of Lead Assessor and Assessment Team

Name	Position	Qualifications / Experience
Dian S. Soeminta	Lead Auditor	<p>Education: Bachelors Degree in Forestry - Bogor Agriculture Institute. Indonesia, (1990 to 1995).</p> <p>Trainings attended: ISO 9001:2000 lead assessor course 1996 - Neville Clark; ISO 14001 lead assessor course - PE International; OSHAS: 2007 training, SFM-FSC system training; Chain of Custody training for FSC System.</p> <p>Working experience: Professional forester since 1995 to 2000. Lead Auditor for Forest Stewardship Council (FSC), Sustainable Forest Certification (SFC) and Chain of Custody (COC) Certification, Lead auditor for Environmental Management System (EMS) and Quality Management System (QMS) audits. Conducted sustainable forest management certification audits on FSC and Indonesian Ecolabel Institute (Lembaga Ecolabel Indonesia - LEI) standards for 20 companies, 50 COC FSC/LEI audits, and EMS and QMS audits at more than hundred companies for TUV Rheinland Indonesia. Instrumental in the preparation of TUV Rheinland Indonesia for Sustainable Forest Management Certification System and TUV Rheinland Malaysia for RSPO Certification. Member of Task Force for Indonesian National Interpretation (Guidance on scheme smallholder RSPO certification). Developed TUV Rheinland RSPO Gap Assessment Checklist and report template.</p>
Susetiyaningih	Auditor	<p>Education: Bachelor of Agriculture Social Economics - Universitas Pembangunan Nasional (UPN) 'Veteran' Yogyakarta (1986); Master of Science in Natural Resources and Environmental Management - Bogor Agriculture Institute Indonesia (1992); Faculty of Forestry & Environmental Science - Albert Ludwig University of Freiburg Germany, (2003).</p> <p>Trainings attended: Community Development and Participatory Forest Management trainings conducted in Nepal, India and Thailand; Gender, Agriculture and Leadership training - Wageningen University Netherland; EIA (Environmental Impact Assessment) training - Anutech Australian National University Canberra; Forestry, Market and Society summer school - Albert Ludwig University of Freiburg; ISO 9001:2000 and ISO 9001:2008 training - TUV Rheinland, HCVF (High Conservation Value Forest) Auditor training; CoC and SFM FSC system training.</p> <p>Working experience: Field work experience in social and environmental issues for more than 18 years. 15 years experience in forestry and plantation social issues, conducting audits and assessments for social accountability certification systems and management systems, as well as conducting or facilitating trainings on management of social issues. Experienced in conduct-</p>

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		ing assessments for forestry and palm oil companies for compliance to WWF Indonesian PFTN (Producers Forest and Trade Network) standard, FSC standard and RSPO standards respectively. Active in the Working Group for PAN-ASEAN Timber Certification Initiative in Philippine, Thailand, Vietnam, Myanmar and Brunei. Member of Forest Stewardship Council (FSC) International organization based in Bonn Germany since 2005.
Fadli	Auditor	<p>Education: Bachelor of Anthropology, Department of Anthropology - University of Indonesia, Jakarta.</p> <p>Trainings attended: Sustainable Natural Production Forest Management (PHAPL) assessor training (May 2003); Forest Plantation Management (August 2003) training - Indonesian Ecolabel Institute (LEI), Forest Management and Agriculture Auditor Training; ISO 9001:2008, ISO 14000:2004, OHSAS 18001:2007 trainings - Smartwood/Rainforest Alliance; SA8000 training - SA International; RSPO Lead Auditor Training - Indonesian Palm Oil Commissions.</p> <p>Working experience: Experienced as lecturer for D3 Tourism program, University of Indonesia. Social Aspect Auditor of PT. TUV International Indonesia for Sustainable Forest Management and RSPO Principles & Criteria. Researcher of Stakeholder Mapping With CSR Indonesia.</p>
Agus Salim Alfat	Auditor	<p>Education: Bachelor Degree of Chemistry - Bandung Institute of Technology, Indonesia (1988 to 1993); Master Degree of Quality, Safety and Environment - Otto Von Guericke, Magdeburg University, Germany (2001 - 2002).</p> <p>Trainings attended: ISO 9000:2000 Series Auditor / Lead Auditor Training - PE International (Jakarta), IEMA Advanced EMS Auditor (IEMA / EARA ISO 14001) Auditor / Lead Auditor Training Course - PE International (Jakarta), OHSAS 18001 Lead Auditor Training Course - PE International (Jakarta).</p> <p>Working experience: Experienced in Quality Control from 1994-2004. Auditor for Quality Management System since 2004 – present. Auditor for Environmental Management System since 2005 – present. Auditor for OHSAS 18001 since 2007 - present. Conducted over 100 Quality Management System audits since 2004, over 50 Environmental Management System audits since 2006, and over 25 OHSAS audits since 2007</p>
Carol Ng*	Expert	<p>Education: Bsc. Biotechnology & Bsc. Environmental Management - Monash University.</p> <p>Trainings attended: RSPO Malaysian National Interpretation Requirements and Certification – SIRIM; Implementation of RSPO Principles & Criteria - QA Plus; RSPO Stepwise Support Programme; 2nd Biodiversity Seminar – RSPO; Certification Body Biodiversity Forum & Workshop – RSPO; Environmental Quality Act 1974 (DOE) and ISO9001:2008 QMS Conversion Requirements (TUV Rheinland).</p> <p>Working experience: Experience in implementing sustainable practices in Sime Darby plantations to comply with RSPO requirements, performing RSPO internal audits and implementing sustainability projects. Prepared training materials and conducted several RSPO requirements trainings and workshops to plantation management teams (2008).</p>

* In the Public Announcement on the RSPO Certification Assessment for PT Perkebunan Milano posted on the RSPO website, it was stated that Ms. Nelly Yong would be part of the RSPO Audit Team. However, due to unforeseen circumstances resulting in her unavailability, Nelly Yong was replaced by Carol Ng for the certification assessment.

2.3 Assessment Methodology

The certification assessment was conducted between 16 and 21 November 2009, as per the assessment program below. The assessment was carried out in conformance with the procedure as per the RSPO Certification Systems document approved by the RSPO Executive Board on June 2007, and with TUV Rheinland Malaysia's RSPO certification procedure for the assessor and the certifier. During the assessment, the qualified TUV Rheinland assessors conducted the assessment against the Indonesian National Interpretation (INA-NI) of the RSPO Principles and Criteria (May 08), checked for compliance to the requirements and recorded their findings.

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Due to the location and proximity of the estates, combined with common management systems and information derived during the gap assessment, it was possible to carry out both field and office assessments of all 3 estates within the time frame without compromising the integrity of the assessment in any way.

All 3 estates, the 1 mill and the temporary FFB collection ramp at Rantauparapat were visited and the assessment team carried out field and document assessments for compliance against the RSPO Principles and Criteria INA-NI. Common findings were identified and specific evidence was recorded for individual estates and the mill. Interviews of workers and other stakeholders were conducted at all estates and at the mill. As several major indicators were still not fulfilled during the main assessment some major non-conformances were raised. The company prepared and submitted a correction and corrective action plan for all identified non-conformances to the assessment team 15 days after the closing meeting of the assessment. Verification of closure of the major non-conformances was conducted 2 months after the main assessment closing meeting in Main Assessment. The agenda of the main assessment and verification for closure of major non-conformances is as described below.

Table 9: Assessment Agenda for PT Perkebunan Milano

Date	Location/ Sites	Assessment activities
November 16, 2009	Rantauparapat Hotel	Stakeholder Meeting Focus Group Discussion
		Opening Meeting. Introduction by team leader. Introduction of team members and assessment agenda Presentation from PT Perkebunan Milano management Document review
		Compilation of issues raised by stakeholders & discussion of issues with management Document review
November 17, 2009	Merbau Estate	Document review: Checks of documents pertaining to all RSPO Principles & Criteria Worker Interviews: Wages, OSH, sexual harassment issues, first aid, housing facilities, labour unions, gender issues, communication procedures, handling of complaints. Contractor interviews: Legal agreements, payment, contractor worker wages, OSH.
November 18, 2009	Sei Daun Estate	Local community interviews: Land disputes, transparency, communication and complaints procedure, compensation Housing amenities inspection: Facilities, sanitation, water supply, and other facilities. Clinic inspection: Medical staff, medical facilities, documentation
November 19, 2009	Batang Saponggol Estate	Chemical stores inspection: Storage, MSDS, chemical mixing areas, PPE, ventilation, security. Field inspection: Chemical spraying, harvesting, and fertilizing operations, SOPs, soil maps, land preparation, ground cover. Environmental aspect: Field checks of HCV areas, river riparian buffer zones, environmental management.
November 20, 2009	Pinang Awan Mill	Document review: Checks of documents pertaining to all RSPO Principles & Criteria Worker Interviews: Wages, OSH, sexual harassment issues, first aid, housing facilities, labour unions, gender issues, communication procedures, handling of complaints. Contractor interviews: Legal agreements, payment, contractor worker wages, OSH. Housing amenities inspection: Facilities, sanitation, water supply, and other facilities. Mill inspection: Mill operations, chemical laboratory, hazardous wastes store, chemical stores, environmental management
	Pinang Awan Mill Meeting Room	Consolidation of audit findings Closing Meeting

2.4 Stakeholder Consultation and Stakeholders Contacted

Stakeholder consultation and interviews involving external and internal stakeholders of PT Perkebunan Milano were conducted throughout the certification assessment. These consultation 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.

External stakeholders were notified by placing an invitation to comment on the RSPO website. Letters were written to individual stakeholders, and electronic mail and telephone calls were sent in order to arrange for meetings. A stakeholder consultation meeting was also held at Rantauparapat Hotel on the first day of the certification (November 16, 2009.), to which all stakeholders were invited. Stakeholders included those immediately linked to the operation of the company such as employees, smallholders, BPN (National Landowners Board), local government, NGO's, local communities and other stakeholders who have an interest in PT Perkebunan Milano's activities. During this session, the audit team introduced the objectives of the RSPO certification audit and all the auditors held focus group discussions with the various groups of stakeholders in order to obtain their positive and negative feedback on the company. During the on-site assessment, the auditors also had meetings with local communities held in their respective premises, and interviewed workers and contractors on site.

In all the interviews and meeting, the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before the discussion proceeded in accordance with relevant RSPO principles & criteria. Several stakeholders had never heard of RSPO but they agreed with its objective and expressed their willingness to collaborate in the promotion of sustainable palm oil in the North Sumatera province. In all interviews and meetings, the assessment team did not restrict discussion of both the positive and negative aspects of PT Perkebunan Milano and Pinang Awan mill highlighted by the stakeholders

A list of stakeholders invited for the consultation meeting is included as per Appendix 4 of this report. The issues raised by the stakeholders, management responses to these issues and results of audit verification are described in detail in Section 3.4.

2.5 Date of Next Surveillance Visit

The next surveillance audit is planned for June 2011.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The following is a summary of findings for all criteria listed in the RSPO Principles & Criteria Indonesia National Interpretation year 2008.

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

Findings:

The company has a policy stating transparency of information requested by stakeholders. The company maintains a book to record all correspondences with stakeholders including complaints, suggestions or requests for assistance, information requests through formal and non formal methods (written/unwritten). The source of information requested, person in charge to respond, and response status (closed or not closed) is also recorded. During the assessment, the auditor found records of information requested from July 26th 2009 until October 26th 2009 made to the company's estates and Pinang Awan mill, examples as follows"

- (1) Letter from village head of Pulo Bargot Village to Merbau estate on July 17th 2009 regarding a donation request.
- (2) Letter from the organization LKD LKMD Karya with Dusun IV Sidorejo Desa Pulo Bargot on October 11th, requesting donations from Merbau estate for an Independence Day ceremony.
- (3) Letter from the Pemuda Pancasila Organisation on July 28th 2009 requesting donations from Sei Daun estate for an Independence Day ceremony.
- (4) Letter from Pangarungan Village on July 30th 2009 to Sei Daun estate requesting a permit to use estate equipment for a football closing ceremony.
- (5) Letter from Karya Maju (the communication forum of PT Perkebunan Milano) on September 14th 2009 to Sei Daun estate requesting equipment for an economic empowering and vocational training program.
- (6) Incoming letter from Kamung Rakyat Village on July 17th 2009 requesting donations from Batang Saponggol estate for an Independence Day ceremony.
- (7) Letter from Dusun Bom Baroh on October 18th 2009 requesting for assistance from Batang Saponggol estate on drilling for clean water resources.

The company has a regulation that all information or letters from stakeholder will be responded to, as seen in records of company responses to all the requests above. For example, the company has documented response letters to Pulo Bargot Village dated July 17th 2009, the Pemuda Pancasila organisation dated August 2009, Pangarungan Village dated October 2009, Kamung Rakyat dated August 2009, and Bom Baroh Village dated October 2009.

The company has a documented procedure for maintenance of these records which has been applied since 1st March 2009. The procedure states that information requested and responses will be maintained for 3 years for administrative requests, 1 year for quality and environment related requests, and 5 years for request made by company personnel.

Compliance status: Full Compliance

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

Findings:

The company makes certain management documents publicly available to all stakeholders as stated on a company letter no. 044/ED-MLN/Ext/VII/09 sent to relevant stakeholders, and the company has documented evidence that this letter was received by 19 various stakeholders. Documents that are stated as publicly available include the company profile, corporate general policy, company license as well as the company's social and environmental impact assessment ('Analisis Dampak Lingkungan &

Sosial' - AMDAL) document, land cultivation rights titles ('Hak Guna Usaha' – HGU), company activity report to the local government, social and environment survey report, planting and production report, community development activities report, and manpower report.

The company has a documented procedure for maintenance of these records which has been applied since 1st March 2009. The procedure states that records of requests to view these management documents shall be maintained for 5 years. However, up until the time of the assessment, no such requests have been made to the company.

Compliance status: Full Compliance

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

Findings:

During the audit, there was sufficient evidence to show that the mill and estates have taken efforts to comply with all applicable legal requirements. For example, checks of legal documents showed that the mill and estates have all their legal documents required to conduct their operations. For example, PKS Pinang Awan has their licence for storage of hazardous waste approved by the Ministry of Environment of Republic Indonesian dated 16 February 2007, the license is valid for 3 years and permits storage of hazardous wastes for up to 90 days. The company also maintains a copy of their contractors' license for collection of hazardous waste (PT Wira Budi Gautama), which includes storage and collection of oil containers, oil contaminated sludge, and contaminated oil. The license is dated 12 June 2008 and is valid for 2 years. The mill also has a license for land application of POME dated 30 November 2006 and valid for 3 years (expiring in 30 Nov 2009). As such, the mill is making a request for extension of the land application permit to the authorities and has records of this.

However several non-compliances to legal requirements were identified but were raised as non-conformances under other indicators. For example, the land cultivation rights titles ('Hak Guna Usaha' – HGU) for all estates are also available. However, the estates have applied but not yet received their Plantation Operation Permit ('Ijin Usaha Perkebunan' – IUP). This was raised as a non-conformance under Criterion 2.2. Also, the company's contracts with temporary workers do not comply with the regulation from the Indonesian Ministry of Manpower regarding temporary workers. This non-conformance was raised under Criterion 6.5, and described further under findings for this criterion.

PT Perkebunan Milano's estates and Pinang Awan Mill has a procedure to ensure compliance with relevant legal requirements. As per this procedure, each division or department head is responsible to identify all legal requirements pertaining to their department, prepare a legal requirement register and ensure compliance to all legal requirements. Checks to ensure accuracy of updated laws is to be done at least once a year, while an evaluation on compliance to legal and other requirements shall be carried out at least twice a year.

From documents, it was found that the company maintains a legal requirements register for all applicable laws, such as environmental and OSH-related laws, and the most recently updated version of this register is dated 05 Jan 09. The environmental laws listed including those pertaining to conservation of natural resources, management of hazardous wastes, air pollution, biomass production, air quality, handling of wastes from palm oil industry, while the OSH-related laws include those pertaining to work safety, labour health checks, and handling of fire emergencies. In case of any changes in regulations, the company is informed of these changes through letters from the relevant authorities and their legal requirements register is then updated accordingly. The latest LRR for environmental laws prepared on 5 Jan 09 was observed to have been kept up to date with latest requirements for 2009.

Compliance status: Compliance with observations

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

Findings:

The company has copies of legal documents required to demonstrate ownership of land, including the Notarial Act Hasan Gelar Soetan Pane Paroehoem, SH No. 12 dated January 1953, and an approval letter from the Judicial Affairs Minister ('Menteri Kehakiman') No. J.A.5/61/18, dated July 13, 1953 and revised on July 13, 2002 to include approval for development of rubber and palm oil. This document

was required for initial establishment of the plantation land in 1996. The company also has the land cultivation right titles (HGU) for all 3 estates and the mill, with details as follows:

1. HGU year 1996 for Merbau Estate and Decree Letter from the Head of the National Land Agency ('Badan Pertanahan Nasional' - BPN) No. 20/HGU/BPN/96 dated 31 May 1996, which is valid for 35 years for 974.77 ha.
2. HGU year 1988, for Sei Daun estate located at Panggarungan Village, with State Minister's Decree No. 8/HGU/DA/88 for 2500 Ha, valid until 31 December 2013,
3. HGU for Batang Saponggol estate, with decree letter from the BPN Head No. 83/HGU/BPN/95 for 1749.43 Ha, valid since April 11, 1996 until April 11, 2021.
4. HGU for Pinang Awang mill located at Aek Batu Village for area 190.900 ha valid for 20 years until February 14, 2016, with decree from the Labuhan Batu District Land Head Office No. 460/31/1375-IL/XII/1994.

In addition to the HGU titles, the company also has relevant legal permits, such as:

1. Permit for conversion of rubber plantation to oil palm plantation, permit no. 503/431/F dated 29 April 2009 for Merbau, Batang Saponggol, Sei Daun Estate
2. Approval letter from the Capital Investment Coordination Board ('Badan Koordinasi Penanaman Modal' - BKPM) no. 749/I/PMDN/1994 and BKPM Approval letter No. 06/V/PMA/2002 regarding approval for PT Perkebunan Milano to change from a National Investment Company to Multinational Investment Company)
3. Industrial Business Permit (Ijin Usaha Industri) no. 142/T/Industri/2004.
4. Permit for extension of mill capacity from 30 ton/hour to 60 ton/hour, letter no. 90/II/PMA/2004 dated June 09, 2004.
5. BKPM Decree letter No. 935/I/industri/2006 valid until January 2035.

However, it was found that the company still has not obtained their Plantation Operation Permit or 'Ijin Usaha Perkebunan' (IUP) which was applied for on 25 March 2008 to the relevant authorities. The company only has a copy of technical recommendation for issuance of the IUP letter (letter no. 503/962/Disbun-C/2008). As this IUP is required for all plantations to demonstrate legal ownership of land, this was raised as a non-conformity.

From field inspections, it was confirmed that boundary stones are maintained to identify estate land boundaries. There are 10 boundary stones located in Merbau estate made in concrete located around the estate, and the estate office has GIS locations for each boundary concrete. For Sei Daun estate, there are 8 concrete boundary stones demarcating the estate area. All boundary stones are well maintained and clearly visible. In addition the company made the trenches as a border between the estate land and publicly owned land or other existing company land around the company's estates. The trench has a width of 2 meters and is 1 meter deep.

The company has undergone several cases of land conflicts with surrounding communities, but these disputes were resolved through a conflict resolution process that was acceptable to all parties. For example, there was previously a case of illegal occupation of PT Perkebunan Milano's land area of 497.5 Ha by 556 persons from surrounding communities within the year 1998 to 2008. After unsuccessful discussions with these community members to resolve the land dispute, the case was brought to the local supreme court of the Labuhan Batu District on October 30th, 2002. The court ruled that land area belonged to the company as the area is under the company's HGU, and so it was ruled that the community should vacate that land area. The management of PT Perkebunan Milano also decided to compensate the people with IDR 2,000,000/Ha and hire 40 of the community members as workers, and this decision was supported by the court. While most of the community people accepted the court's decision, one member did not accept the decision and made a petition to the court to review their decision. The court did not accept his petition, and ultimately the person accepted the court's decision. The company has records of all decision letters from the court relating to this dispute, as proof of their efforts made to resolve this dispute.

There is no land conflict at present within any of the company's HGU area. The company has not acquired any land belonging to the surrounding local communities because there is no customary land within the Labuhan Batu district where 3 estates and mill are located, therefore the company has no need for a land acquisition resolution with free, prior and informed consent as this is not applicable to the company. From the Social Impact assessment, it was determined that 85% of the local communities are not indigenous to the area. They are mostly from Java Islands and from other parts of North Sumatera. The only local ethnic race that forms 15% of the population there are from Mandailing tribe. This understanding was further ascertained through the public consultation process.

The company has a documented procedure on conflict resolution and compensation, document no. PRO-BM.GEN-007, applied since 01 July 2009, which contains a flowchart on the company's conflict resolution mechanism, as well as a sample form for recording complaints, suggestions or requests for information or assistance received from local communities (dated 1st May 2009). Each estate has

publicized the results of their social impacts assessment as well as the company's conflict resolution mechanism to the surrounding villages and maintained records and evidence that these awareness activities were conducted (eg. Attendance records, newspaper reports, etc.). During each meeting, discussions were held with the local communities to ensure the mechanism was understood and accepted by the local communities.

Compliance status: Non Compliance See NCR no. 1 of 13

The company has yet to receive their 'Ijin Usaha Perkebunan' ('Plantation Operation Permit') which the company applied for in March 2008, but has not followed up on the application request.

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

Findings:

There is no evidence that the company has carried out their operations in a manner that diminished the legal or customary rights of other users especially the local community's surrounding the company's area. The company has conducted an assessment together with a social consulting company to identify all existing traditional and or customary rights of other users within all the company's area, and some existing traditional rights of local communities were identified at Merbau Estate, Batang Saponggol Estate and Sei Daun Estate, such as grazing, fishing, gathering and sale of mushrooms and vegetables, access to roads, and maintenance of graveyards. All these are activities allowed under agreed conditions between the company and the local communities. The company has documented meeting minutes of an event conducted by the company on August 14th 2009 at Merbau Estate in order to socialize the results of the company's social impacts assessment as well as discuss the traditional rights of the land users. During this meeting, maps of appropriate scale showing the traditional rights of the land users were developed with the participation of the invited local communities. Publicising of the company's recognition of existing traditional and or customary rights was also performed at Sei Daun estate on August 6th 2009 and at Batang Saponggol Estate.

Among the traditional activities recognized by the company include maintenance of graveyards of the local communities, cattle grazing and husbandry, and mushroom collection. For example, the company has a list of permitted grazing locations within the area of Batang Saponggol estate at blocks D6, E6, E5, E4, C3, C4, A3, B5, covering a total area of 505.78 ha for 494 cows owned by 60 villagers. This list was developed upon agreement between the company and the cattle owners, and documented agreements are available. The estate management also has a list of fishing locations located at blocks D14, D13, E15 covering 99.91 ha in total, and a list of mushroom picking locations at blocks A3, B5, C1, C3, D4, E4 covering 173.11 Ha in total. Maps showing locations of traditional rights areas in all of the company's estates are available at each estate and offices of related villages. Similar traditional activities and negotiated agreements on usage of land were also developed at Merbau estate, whereas for Sei Daun estate no such agreements were developed with the local communities because the scale of such traditional activities within this estate is small and insignificant as no grazing is carried out at Sei Daun estate. As such the company permits other traditional activities within their area of Sei Daun estate.

Compliance status: Full compliance

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

Findings:

During the certification assessment, the company had an existing management plan which only included a budget and expenditure plan for a 3 year period, but the company did not have a long-term overall business plan including information on company's activities to achieve long term economic and financial viability based on analysis of the company's revenue for at least the past 3 years. The company's budget included expenses for corporate social responsibility (CSR) and environmental activities, but there were no details on the CSR and Environmental Management activities that would be conducted by the company within the 3 year period.

PT Perkebunan Milano has developed a 5 year replanting program from year 2010 to 2014. The replanting program will begin in 2011 at Merbau estate for a total of 45 ha at 2 blocks, i.e block 29 for total area of 21.43 ha and block 52 for total area of 23.57 ha. Replanting for other locations will begin

after the yield of FFB per hectare at these locations is less than 20 tons, i.e. replanting will be planned after the planted palms at these areas are 30 years old (which is the length of a replanting cycle at the company). For Batang Saponggol estate, a replanting plan will be carried out in 2013 for a total area of 155.23 ha in division 1, block 51 covering a total area of 54.01 ha and division II, block 59 covering a total area of 50.9 ha, and block 60 covering a total area of 50.27 ha.

Compliance status: Non Compliance see NCR No. 2 of 13

The company has no documented management plan that aims to achieve long-term economic and financial viability.

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

Findings:

SOPs for all estate activities are available, including SOPs for land clearing, nursery management, planting of palms, harvesting, integrated pest management, manual application of fertilizer, fertilizer application using spreader, pruning, census and control of leaf-eating pests, control of rat pests, control of termites, harvesting procedures, and standards for crop quality. All estates have an SOP for circle and path spraying which describes the dosage of mixing for Round Up and Gramoxone but not for Glisat, although it is the most commonly used chemical for spraying currently. The SOP also does not define clearly whether mixing of chemicals is to be carried out at the chemical store or in the field. From interviews with estate management, mixing is supposed to be done at the warehouse but at Sei Daun estate, the female sprayers were observed to be carrying out mixing of chemicals for spraying at the field. No clean water was provided for chemical mixing; instead the sprayers collect water from the field drains and use this for mixing. This was raised as an observation. SOPs for the mill were also available and covered procedures for FFB sortation, FFB reception, FFB processing, operations of mill stations such as the loading ramp, sterilizer, thresher and digester, storage of crude palm oil (CPO), palm kernel oil (PKO) and palm kernel (PK), and shipping of CPO, PKO and PK. During the main assessment, estate workers were asked to demonstrate the SOP for spraying on the field and a worker in the mill to demonstrate the SOP for incoming FFB inspection. Both workers conducted their work according to the defined SOPs.

The company performs internal audits in order to inspect and monitor the operational activities at all departments of the company's estates and the mill at least once a year, according to the company's internal audit procedures. The internal audit team provides a report of the internal audit findings to the relevant department head, and each department will carry out corrections and take remedial action on the findings of the internal audit. Management reviews are also conducted no more than once every 4 months (as per the company's documented procedure) to ensure the effectiveness and suitability of existing systems in an organization and ensure internal audit findings are corrected. Samples of interval audit reports, documentation of the management's follow-up actions taken and management review meeting minutes were checked on-site by the audit team. For example, from records it was found that an internal audit was conducted at Batang Saponggol Estate on 13 April 2009, Merbau estate on 17 April 2009, and Sei Daun estate on 20 April 2009. The last management review was conducted on October 17, 2009 for all estates and the mill.

Compliance status: Compliance with Observations

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

Findings:

The company conducts soil analysis every 5 years, and soil samples are sent to an external laboratory i.e SADP laboratory Plintung Sentana Adidaya Pratama (according to Merbau estate's soil analysis report dated 26 June 2008) in order to monitor soil nutrient status and fertility. Leaf analyses are done once a year to assess the nutrient content and leaf analysis reports are available e.g. a sample leaf analysis report for Merbau estate is dated July 17, 2008. Fertilizer recommendations are also developed by the company's Ecological Management Unit (EMU) based on the leaf analysis results.

The company has records of activities taken to maintain soil fertility in PT Perkebunan Milano's estates such as records of fertilizer applications made according to the age of palms and based on fertilizer recommendations issued by the EMU division. From site visits, it was observed that leguminous cover

crops such as *mucuna bracteata*, *pueraria javanica*, *calopogonium mucunoides* are planted throughout the estate, especially open areas undergoing land preparation for replanting. These plants improve soil fertility as well as prevent soil erosion. Each estate maintains a cover crop planting report recorded in daily reports. Example records checked showed that these cover crops were planted at Sei Daun Estate on August 1, 2008 on an area of 497.61 ha.

The mill carries out land application of palm oil mill effluent (POME) at Sei Daun estate, blocks L4-L7, M5-M7 and N5-N7 and the amount of POME applied each month are documented. From site visits, it was also observed that empty fruit bunches are also being applied to the field at Sei Daun estate. Distribution and application of EFB to the field is recorded monthly. For example, from records it was found that applications of EFB were carried out over 960.16 ha of Sei Daun Estate, on an average of 4 different fields every month.

Compliance status: Full Compliance

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

Findings:

The different types of soil at each estate have been mapped and the company also has topographic maps of each estate. From these maps, no fragile soils were identified throughout PT Perkebunan Milano, and this was supported by results of a soil analysis that was done for PT Perkebunan Milano in 2008. From this study it was found that the main soil types in the three estates of PT Perkebunan Milano are:

- Quaternary alluvium (sand, silt, clay) and quaternary alluvium (peat) at Batang Saponggol Estate
- Neogene sedimentary-rock, quaternary alluvium (sand, silt, clay) and quaternary alluvium (peat) at Sei Daun and Merbau Estates

Quaternary alluvium soil is a combination of sandy clay and fine sand that is quite resistant to erosion due to rainfall, as such, there is little chance of development of fragile soils in these estates.

Most of PT Perkebunan Milano estate land areas are flat (0-15% slope), with only a few undulating areas (12-24% slope) located at Merbau estate covering an area of approximately 210.4 ha. This is because all three locations are located at the east coast of Sumatera which tend to be flat in topography. For the undulating areas are Merbau estate, it was confirmed during site visits that these areas were planted with leguminous cover crops to prevent soil erosion. Details on the distribution of soil types are each estate are available in a Land Evaluation Document for each estate. Since there is little sloped areas within the company's area, the company has no management strategy for plantings on slopes.

Each estate has a scheduled road maintenance program, which is carried out depending on road condition. The company also prepares records and reports of actual road maintenance works carried out in 2009. From site visits, it was observed that the estate roads were reasonably well maintained, however, maintenance of sporadic areas of roads requires improvement as these areas are prone to become wet and muddy during rainy season, resulting in increased erosion.

The company does not have a water management programme for management of peat soils as no deep peat areas are located in any of the estate, only small areas of shallow muck soil. 98% of the estate areas consist of dry agricultural land, and only less than 2% of the area was identified as freshwater swamp areas, as found at Batang Saponggol Estate and Sei Daun Estate.

The company has no management strategy in place for other fragile and problem soils as there are no fragile or problem soils identified within all estate areas, therefore this requirement is not applicable.

Compliance status: Full Compliance

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

Findings:

Hydrology maps of the estates show that there are no big rivers or permanent watercourses flowing through Sei Daun Estate, and water does not accumulate within the estate area. In Batang Saponggol estate, there is a small network of streams that flow to Barumon River, but these streams only exist during raining season, so there are no permanent streams at this estate. In Merbau estate, there are two small rivers, i.e. Pare River and Sampuran / Alang Branch River, both of which are no more than 5 meters in width. To protect the water flow and prevent erosion, the management of PT Perkebunan Mi-

lano designated riparian buffer zones 10 meter width on both side of the river, where palm trees are marked with yellow paint to mark the buffer zones where chemical application is not permitted. The company has also planted vetiver grass that can accelerate coverage of the open ground and prevent erosion. However company still has not established plans to ensure that the established buffer zones are maintained in good condition until replanting. This was raised as an observation that company should establish plans to maintain quality of buffer zones always in good condition.

The mill has a documented water management plan for 2009, which includes a schedule for measures to reduce water usage. Actual implementation of planned activities is also monitored and recorded by the mill. Merbau, Sei Daun and Batang Saponggol estates have all developed a documented water management plan for year 2009 which includes performing regular maintenance of watergates, regular desilting of drains (main, collection, boundary and field drains) and digging of pits to collect excess water. A schedule to carry out these activities once a month was also developed and details of activities carried out are recorded. Batang Saponggol estate also has a documented schedule for carrying out desilting of drains only in specific months. This is not consistent with their water management plan, which states that desilting of drains will be carried out every month. The estate also records the months in which drain desilting activities were actually carried out, and records show that desilting activities were not carried out according to the schedule. This was raised as an observation.

From Merbau estate's UKL and UPL report for July 2009, it was also found that the BOD of the river within Merbau estate was above the legal standard of 3 mg/L. The upstream sample had a BOD of 4.2 while the downstream sample had a BOD of 6.4. The estate has yet to prepare a management plan to reduce the BOD of this river. From the UKL and UPL report for Sei Daun estate, water analysis results of man-made canals located near the estate (but outside the estate boundary) were found to have a high upstream BOD of 8.4 and a downstream BOD of 8.8, which is also above the legal requirement of 3. Since this was outside of the estate area, this was raised as an observation.

The mill monitors their effluent BOD by sending samples of effluent used for land application for external testing. Sample BOD analysis results for September and October 09 show the effluent BOD meets the legal requirements of 5000mg/L for land application.

The mill maintains records of water usage per tonne of FFB. The trends of water usage are compared against their monthly target of 1.8 tonnes of water used per tonne of FFB, and the records show that targets have been met for all months in 2009.

Compliance status: Non Compliance See NCR No. 3 of 13

The BOD of the river within Merbau estate was above the legal standard.

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

Findings:

All estates have an SOP for detection, census and management of pests and diseases. These SOPs cover methods for detection, census and management of bagworms and nettle caterpillars, rhinoceros beetles, rats, termites and plant diseases using biological and chemical methods. All estates have also developed an IPM program for detection and census for pests and plant diseases in 2009 and also records when the plan is implemented. In addition, all estates have implemented a plan to carry out extensive plantings of the beneficial plant, *turnera subulata* (these plants attract predators which feed on the larvae of nettle caterpillar and bagworm pests), from July to December 2009, and these were corroborated by on-site observations. For Batang Saponggol estate, it was observed that actual plantings were carried out before the planned month for plantings, and this was noted as a positive observation. Merbau estate and Batang Saponggol estates have also established barn owl boxes in the field as shelter for barn owls used as biological control of rats.

All estates monitor the extent of their IPM implementation and training, however, some observations were noted. The estates maintain records of census results for nettle caterpillars, bagworms, rats and plant diseases. However, records for Batang Saponggol estate show that census activities were not conducted according to the schedules documented as part of their IPM program. According to management, this was due to low infestation of pests. This was raised as an observation. Census results for all estates shows that level of attacks by these pests are quite low, as such, no chemicals to reduce pest infestation has been issued and this was corroborated through checks of pesticide issuance records at the store.

Merbau estate has a record on familiarization of their revised SOP for IPM implementation conducted on 2 Nov 09 for 7 upkeep/maintenance mandores and 2 field assistants. Sei Daun estate also has a

record of training on pest census techniques conducted on 16 February 2009 for 13 participants consisting of 8 field assistants, 4 upkeep/maintenance mandores and 1 supervisor. However there is no record of familiarization of the SOP on IPM implementation that was revised on July 2009, and according to management, this revision was informed to the workers but not documented. This was raised as an observation. Batang Saponggol estate also has a record of IPM training conducted for 22 workers on 10 Oct 09.

From checks of chemical issuance records, there has been no issuance of chemicals for IPM implementation (cypermethrin, klerat, etc) due to low infestation of pests at all estates, so no pesticide toxicity unit analysis is necessary.

Compliance status: Compliance with observations

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

Findings:

Records show that chemicals used in all estates during the year 2009 are legally registered chemicals, and includes Gramoxone with the active ingredient paraquat, Glisat with the active ingredient glyphosate isopropylamine, and Trendy with its active ingredient Metsulfuron Methyl. The company maintains monthly data on pesticide use trends of the chemicals listed under WHO Type 1A, 1B, or listed under the Stockholm and Rotterdam Conventions. From pesticide usage data, it was found that Sei Daun estate uses more compared to Merbau estate as more of its area consists of immature plantings which are more prone to pests. As such, more pesticides are used at Sei Daun estate, such as Ratgon for rats with the active ingredient Brodifacoum, Chymbus with the active ingredient cypermethrin for oryctes rhinoceros, and Regent 20 G (active ingredient Fipronil) for termite control. The estate also uses the biological methods, *bacillus thuringiensis* for control of leaf-eating insects. Once the immature plantings become mature, records show a reduction in the use of such pesticides.

Although Gramoxone containing paraquat is still used regularly, the company has a plan to reduce usage of this chemical, and records show a decrease in usage of Gramoxone. From chemical issuance records at Sei Daun estate, it was found that approximately 100 litres of Gramoxone was issued in October 09 and approximately 87 litres were issued in November 09, and the chemical was also regularly issued in months before that. However, Sei Daun estate has developed a plan to reduce their usage of Gramoxone to 0.3 litres/ha by 2010. Checks of Gramoxone issuance records at Batang Saponggol showed that very little of this chemical is used at this estate.

All estates maintain records of their pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications). For example, records of application of Gramoxone shows a trend of 0.25 to 0.31 litres / ha which is applied to the area of each block once each year. Trends of usage of Glisat used for spraying and path circle spraying show regular usage of 0.15 to 0.23 litres / ha, which is applied to each block 3 times each year. Records also show that usage of agrochemicals is usually below the recommended dosage on the label. For example, at Sei Daun Estate, Gramoxone recommended dosage according to the instructions on the label is 2 - 3 litres / ha, while the consumption is only 0.23 to 2.31 litres / ha, while the recommended dose for Glisat is 1.5 - 2 litres / ha for broad-leaf weeds and 4.0 to 6.0 litres / ha for narrow-leafed weeds, but applications for Glisat were only between 0.3 to 5.0 litres / ha, depending on the type of weeds.

At all estate it was sighted that the waste containers from use of agrochemicals are collected & kept at warehouse area as the centralized storage area. Disposal control is in place.

Agro-chemical wastes such as pesticides packaging waste stored at each estate hazardous waste store and then submitted to the mill's temporary warehouse of hazardous waste before being collected by a licensed collector of hazardous wastes. Shipping hazardous waste from estates is marked by evidence of handover between the mill warehouse and transport drivers. Eg. handover letter of hazardous waste. no. 003/BAST.LB3.MBE.VI/2009 dated 11 April 2009 in which 3 (three) sacks of empty Trap pesticide cans were collected by the waste contractor.

Monthly health examinations are conducted on all workers associated with agrochemicals and records of medical check ups are maintained, eg. Records for October and December 2009 were checked and verified. Medical examinations are conducted by doctors from specialist Radiology Regional General

Hospital Rantauprapat.

From interviews of female sprayers at Batang Saponggol estate, they said that they undergo medical checkups once every 3 months and this includes blood and urine test and checks for headaches or skin itchiness. Sprayers interviewed at all estates also mentioned that they receive free supply of milk from the management once a week. The milk serves to neutralize the effects of pesticide poisoning and it is required by law in Indonesia to provide milk to workers handling pesticides.

According to female sprayers interviewed in the field at Sei Daun estate, they had been informed that pregnant or breast-feeding women are not allowed to do spraying work. However, from interviews of the female workers at Batang Saponggol estate, it was found that one of the female sprayers is still breastfeeding her 2 year old baby but was recently allowed to begin spraying work. This was raised as an observation.

Compliance status: Compliance with observations

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

Findings:

The company has an occupational safety and health policy signed by the executive director of PT. Perkebunan Milano, Mr. Goh Ing Sing, dated 30 June 2008.

The company has a committee for occupation safety and health at each estate and mill, in accordance with the legal requirement from Head Office of Manpower South Labuhan Batu District. Each committee conducts OSH meetings once a month to discuss health issues, safety and welfare of workers and meeting minutes are recorded. For example, from an OSH meeting held on March 21, 2009, the Sei Daun estate management agreed to set 3 (three) objectives and targets for the year 2009, which are:

- a. Reduce number of occupational-related accidents to zero accidents
- b. Ensure the absence of a serious fire incident (zero incidence)
- c. Ensure the absence of a serious chemical spillage incident (zero incidence)

Records show that OSH meetings for the mill were conducted monthly on 31 July 2009, 11 August 2009, 12 September 2009 and 27 October 2009.

The company provides accident insurance for workers through Jamsostek (Employee Social Security), as required by law. The company maintains records of Jamsostek insurance payments made.

Periodic health examinations are conducted on all estate workers in regular contact with agrochemicals. Records show that health inspections were last carried out on beginning of October and December 2009 for Merbau estate workers and on November 2009 for Sei Daun estate workers. Periodic checks were also carried out regularly for mill workers, with sample records checked for June 2009 until November 2009. The examinations were conducted company doctors as well as specialists from Rantauprapat hospital and the health checks covered physical examinations, such eyes, ears, and blood pressure, as well as examination of digestive, liver and heart function. Medical records show that a number of workers had developed anemia and gastritis, but the company did not analyze the medical examination reports of their workers and inform the affected workers on how to manage and prevent these conditions. This was raised as an observation.

The company has a procedure and form (FRM-GEN-016, rev.01 dated 1 December 2008) for identification of occupational hazards and risks for all the activities in each section. The hazards and risks identified at all estates include activities in housing, transportation activities, security and safety activities, and activities in the estate such as maintenance and harvesting activities. Risks from harvesting activities identified include the fall of materials such as falling fronds, falling FFB, falling harvesting sickles, and also the risk of workers falling. The mill also has conducted an identification of hazards and safety risks, but this is not complete as some work activities such as welding were not included. The risk assessment for the mill requires further improvement, and this was raised as an observation.

The company has a form for maintaining records of trainings conducted, and all estates and mill has records of trainings conducted. Training programs in 2009 include emergency response, first aid, socialization and training on use of PPE, and training on how to conduct accident investigations. It was found that the company has a procedure for reviewing effectiveness of trainings conducted, but this review is conducted by the Human Resources Department (HRD) when it should be done by the supervisors of each worker since the supervisors are more aware of the worker's work performance. This was raised as an observation.

The company has an emergency response procedure that is documented, and includes emergency

responses for fire emergencies, spills of CPO, fuel spills, and emergency evacuations in the palm oil mill. No emergency procedures in the event of earthquakes, floods and fuel tank leakage were available, and this was raised as an observation.

Workers at the mill were observed to be wearing proper PPE, eg. Helmets, safety boots, gloves and ear muffs as necessary. First aid kits were available at several locations at the mill, including the loading ramp, equipment store and chemical lab. The first aid kits were found to contain sufficient and non-expired medication and records of usage of medication were kept as each first aid kit.

Harvesters and manurers at all estates were interviewed and found to be provided with free PPE by the company, except for boots which are given by the company but 50% of the cost is paid by the workers, but no workers were observed not wearing boots while working. Harvesters are provided with free helmets and goggles, while manurers are provided with free gloves and masks. According to all field workers, the mandor brings a first aid kit to the field for use in case of emergencies. First aid kits were checked and Merbau estate and Batang Saponggol estate and found to be sufficient. The estates also have records of first aid trainings conducted on in 2009 for all workers.

The company maintains records of work accidents and has a form for recording such incidences. Examples of such records were checked and verified.

It was found the oxygen tank at Batang Saponggol polyclinic is empty and not ready for use in case of emergency, and this was raised as a non-conformity. It was also observed at the Batang Saponggol workshop that the guard for the compressor is missing, and this poses a potential safety hazard. This was raised as an observation

Compliance status: Non Compliance. See NCR No. 4 of 13

The oxygen tank at Batang Saponggol polyclinic is empty and not ready for use in case of emergency.

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

Findings:

The company has standard operating procedure for "Training and human resource development", which defines requirements for training programs, identification of training requirements & post training evaluation to confirm the training effectiveness. Training programs and human resource development activities related to quality, environmental protection, occupational safety and health and work skill in 2009 were documented in form FRM-HRD-019. However, the company does not plan external training for employees in accordance with the position and competencies of each worker. Currently only trainings on routine jobs such as harvesting and so on are conducted. This was raised as an observation.

Records of training are maintained at each estate and mill, but maintenance of records requires improvement as training records at Merbau estate were difficult to find, and most training records consisted only of training attendance lists, but other records such as training materials, assessment of participants and trainers, were not available

The company provides work safety training for all subcontractors and also has a documented OSH and Environmental Safety agreement with contractors stating that contractors must provide medical equipment and OSH training for their workers. In addition, the company also conducts assessments of new contractors to ensure that they meet these requirements. At the time of assessment, Merbau was not hiring any contractors, but Sei Daun estate was hiring a contractor to conduct housing renovation works, and a documented agreement with this contractor was available. The company also uses trained doctors as contractors, such as one doctor based at Batang Saponggol Estate with a practice license valid until 26 April 2011 and has records to show the doctor has been trained.

Compliance status: Compliance with observations

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.

The mill has their UKL and UPL documents which was last revised on Sept 08 and approved by the Head of Labuhan Batu Regional Body for Management of Environmental Impacts on 24 October 2008. This document includes details of the mill's activities pertaining to oil palm processing and production, and CDM project, and also analysis results for air quality, NO2, SO2, particulate, carbon monoxide,

land water quality, biological components and so on. All estates have their UKL and UPL document which was last revised on October 2008 and approved by the Head of Labuhan Batu Regional Body for Management of Environmental Impacts on 24 November 2008. The UKL and UPL document includes details on the estate activities, usage of natural resources, climate, air and water quality, geography and other environmental aspects, social aspects, potential environmental impacts, and monitoring.

The mill and all estates have also conducted their Identification of Environmental and Occupational Safety Aspects and Impacts dated 10 January 2009 for the mill, 5 January 2009 for Merbau estate and Sei Daun estate, and 15 February 2009 for Batang Saponggol estate. The document covers environmental and safety aspects and impacts for estate work activities (eg. Manual operations mechanical operations, harvesting and palm maintenance), office activities, housing, management of hazardous wastes and domestic wastes, usage of natural resources, warehouse operations, transport and so on.

The mill and all estates prepare a report every 6 months based on their UKL and UPL documents as required by legal requirements. The last report was prepared on July 2009 and includes monitoring and analysis results for ambient air and noise, water quality, and evaluation of results. The analysis results for mill air and water quality show no exceedance of environmental parameters to legal standards. From the reports, it was found that all environmental quality parameters measured were within the legal standards, except for the BOD of the river within Merbau estate, which was above the legal standard of 3 mg/L. This was raised as a non-conformity under CR4.4.

The UKL and UPL documents for the mill and estate were revised from the older version of the documents prepared in September 2003 for the mill and October 2005 for the estates, with written approval from the relevant authorities.

Compliance status: Full compliance

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

Findings:

The company has conducted an assessment of existing rare, threatened or endangered species (ERTs) and HCV areas in PT Perkebunan Milano's area and has a HCV assessment report. The identification was conducted together with an external consultant i.e AKSENTA through the participation of company workers and external stakeholders. This report includes information on the conservation status of rare, threatened or endangered species together with conservation recommendations. A total of 20 species were identified, out of which 12 are protected species. This include 8 species of birds, including 3 protected species, 5 species of mammals including 4 protected species, and 7 species of reptiles including 5 protected species. The report also include information on existing HCV areas in the company's operation i.e. in Sei Daun estate there are found HCV 6 areas (communities grave), in Batang Saponggol estate, HCV areas 1.4 and 4.1 were identified (water stream and flood control as well as a habitat of a protected bird), while in Merbau estate, HCV areas identified included HCV 4.2 (water drainage area that was changed into a permanent water stream) and HCV 6 (communities' graves). There are 12 identified HCV areas in all company estates totaling an area of 55.6ha or 1.1 % of the total company's area.

The company has developed a HCV management and monitoring plan to ensure that conservation values of identified HCV areas are preserved, e.g riparian buffer zones at rivers were established to prevent erosion, and the company will focus on monitoring the quality of watercourses and plant vertiver grass to reduce erosion at river banks, as well as prohibit agrochemical application at all river banks, maintain clear boundary markings and conduct regular patrol program. However, the company should improve their patrol programs, so these are not only focused on monitoring company's assets and illegal activities but also to monitor identified HCV areas and ensure no wildlife hunting is carried out. To improve quality of HCV 1.4 and its value in Batang Saponggol estate, the management conducted some enrichment planting activities of several mangrove species inside the area. The company has a program to monitor mangrove growth, in order to increase biodiversity, prevent erosion, and also to prevent flooding of community areas. All identified HCV 6 areas were enclaved and excluded from being planted, and boundaries of these areas have also been marked. All damaged graves were reconstructed, and the company assigned a worker to clean the graves every day.

The company has taken actions to protect identified HCV areas or identified potential HCV areas. On

their HCV management plan document it is stated that all identified HCV areas will not be developed into plantation areas, and the boundaries of HCV areas have been marked with yellow paint for easy identification. Company employees are prohibited from hunting and taking of fauna from the plantation and adjacent land. Efforts are being taken by the company to protect these areas, for example, sign boards prohibiting hunting and illegal hunting have been posted adjacent to boundaries of HCV areas. Posters and signs warning of the presence of protected species were produced and distributed in all Milano estates and strategic locations such main roads. The poster contains information about all protected species within PT Perkebunan Milano areas, and restrictions on hunting activities. Formal socialization regarding prohibition to illegal hunting, and fishing was conducted in January to August 2009 in Batang Saponggol Village, Teluk Panji Village and Perkebunan Teluk Panji Village.

The company assigned officers in charge to monitor all implementation of HCV management plan at all estates estate, however there is no evidence that they have training related to their task or training related to environmental protection.

Compliance status: Non compliance. See NCR No. 5 of 13

The company has not provided adequate training for appointed officers responsible for implementing and monitoring HCV management plans.

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

The mill and all estates have identified all potential sources of wastes and pollution in their Environmental and Safety Aspects and Impacts Identification document prepared in early 2009. All estates have a Standard Operating Procedure available for management of domestic wastes generated from housing & offices, plastic wastes as well as for hazardous wastes.

The mill has a documented plan to reduce wastes, which includes plans to reduce usage of water to 1.8 tonnes/ per tonne FFB, reduce usage of petrol to 0.8 litres per kg of FFB, ensure proper handling of hazardous wastes, separation of organic and inorganic wastes, measures to ensure no overflow of effluent from ETP ponds, and so on. Records show management is carrying out efforts to reduce wastes and pollution according to plan. All estates have developed an Environmental Improvement Program for Year 2009 which includes plans for appropriate management of domestic wastes. These plans include having designated waste containers for hazardous wastes, replacement of broken waste containers, cleaning of final disposal areas, preparing a schedule for collection of wastes from housing, and maintenance of the septic tank. From site visits, it was observed that segregation of organic and inorganic wastes is being carried out at offices and housing areas, and waste containers specially designated for hazardous wastes are also available at housing areas. The segregated wastes are then disposed of in separate closed landfills for organic and inorganic wastes dug within the estate areas and located away from housing areas and rivers.

All estates and mill have documented SOP defining procedures for management of hazardous waste collection, segregation & disposal control. Merbau estate and Batang Saponggol estate maintains monthly records of amounts of clinical wastes produced. Clinical wastes are sent each month to local hospital for incineration and records of amounts of clinical wastes sent and incinerated are maintained. All estates temporarily store and send other hazardous wastes to the mill for disposal, which has a valid license for storage of hazardous wastes. All hazardous wastes collected are not stored more than 3 months, whether at the estate or the mill. Records of when hazardous wastes are sent to the mill are also maintained. The mill stores hazardous wastes in accordance to legal requirements. However, manifest records of hazardous wastes sold to the hazardous wastes collector do not contain sufficient information to track amount of wastes collected, For example, on a manifest prepared on 12 Nov 09, the specific types of hazardous wastes collected and their amounts, and vehicle identification number of collector were not recorded.

Pinang Awan mill maintains inventories of amounts of hazardous wastes produced such as oil containers, oil filters, and petrol containers, however, there are no inventory records of certain types of hazardous wastes, eg. Chemical containers (Nalco bekas) and paint tin cans although these are listed as wastes sold to the hazardous wastes collector. Merbau and Sei Daun estate monitors and maintains records of amounts of hazardous wastes produced. However, Batang Saponggol estate does not maintain records of each type of hazardous wastes received and stored at their hazardous waste store prior to sending to the mill. No waste analysis is carried out at all estates and mill, and this was raised as an observation. Some discrepancies in the records of scheduled waste produced at Sei Daun estate

were also observed. For example, it was recorded that 98 pieces of air filters were sent to the mill. However, there is no record of this in their inventory of incoming and outgoing hazardous wastes. Also it was recorded that 440 litres of petrol containers were sent to the mill, however, the letter to the mill states that 460 litres of petrol containers were sent.

Compliance status: Non Compliance. See NCR No. 6 of 13, 7 of 13

1) Batang Saponggol estate does not maintain records or inventory of each type of hazardous wastes received and stored at their hazardous waste store prior to sending to the mill.

2) Manifest records of hazardous wastes from the mill sold to the hazardous wastes collector do not contain sufficient information to track amount of wastes collected.

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

Findings:

The mill is implementing a programme to maximise the use of renewable energy. Renewable energy sources used in Pinang Awan mill include fibre and shell. Records shows that amount of fibre and shell used in boilers for renewable energy for year 2009 up to October 2009 is 30,907.8 tons of shell at a rate of 120kg of shell per ton FFB, and 10,302.63 tons of fibre at a rate of 40kg of fibre per ton FFB. The mill has regularly monitored and maintained calculations for how much energy/ton CPO or energy per ton palm oil product is produced from fibre and shell consumption since year 2008 until now. All estates monitor their usage of diesel oil and each estate has a documented monthly target for usage of diesel oil. For Merbau estate, target usage is 4.7 litres per tonne FFB, for Sei Daun, target usage of diesel oil is 1.75 litres per tonne FFB while for Batang Saponggol, target usage is 2.1 litres per tonne FFB. Diesel oil usage for each month is compared against the target, and if exceeded, the respective estate conducts a documented analysis to determine the reason for failure to meet the target and define the necessary corrective action to be taken. At Sei Daun and Batang Saponggol estates, diesel oil is only used for cars, but biodiesel is used for trucks and tractors. This biodiesel made from palm oil fatty acid methyl ester is supplied from PT. Petro - 4 Andalan Nusantara, a subsidiary of Wilmar International. Records of receipt of biodiesel purchased are maintained.

Compliance status: Full compliance

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

Findings:

The company has implemented a Zero Burning Policy for Land Preparation. The company also does not permit the use of fire to burn waste materials including garden wastes and packaging materials at the housing areas. Wastes are segregated at source into organic, inorganic, and hazardous (chemical) wastes. Even though from on-site visits, it was found that there were some inconsistencies in housing waste disposal methods for certain houses, however most workers and their families are aware of the company's waste disposal system and that they cannot burn their waste. The company has installed a fire alarm system at the mill, workshop and other main buildings, as well as conducted training on fire fighting and fire drills. Fire extinguishers at the mills and estate offices are also available and records of maintenance are available. However, it was observed that the fire extinguisher located at the security post was not well maintained and not at optimum pressure levels, even though the last check for the fire extinguisher was conducted on 17 Nov 09. This was raised as an observation. Fire extinguishers checked at other parts of the mill were found to be in good condition. Fire extinguishers at various locations of Sei Daun estate (chemical store, fertilizer store, workshop, and mess hall) were checked and all found to be in good condition (at appropriate pressure). The last check for fire extinguishers at the estates was conducted on 2 Nov 09 and records of all previous maintenance checks are recorded at each fire extinguisher.

Compliance status: Compliance with observations

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

All pollution and emission sources at the mill have been identified in their Identification of Environmental and Occupational Safety Aspects and Impacts. Pollution & emissions sources identified include gas emissions from mill activities (eg. boilers, ETP), spillage of CPO or oil, land or water contamination due to dropped EFB, etc.

Monitoring and analysis of effluent is carried out once a month by an external testing lab. Parameters analyzed include BOD, COD, oil & grease, lead, cadmium, copper, zinc and pH. The mill also conducts monitoring of gas emissions from the boilers once every 6 months with analysis conducted externally by the Secretary General of the Medan OSH Department (Depnakertrans RI). Analysis results show all parameters meet the legal requirements.

The mill has a documented plan to reduce pollution and emissions for year 2009. This program includes plans to reduce usage of water to 1.8 tonnes/ per tonne FFB, reduce usage of diesel oil to 0.8 litres/kg FFB, ensure proper handling of hazardous wastes, separation of organic and inorganic wastes, measures to ensure no overflow of effluent from ETP ponds, and so on. Records show that the management is carrying out efforts to reduce wastes and pollution according to plan. The mill is also currently implementing a CDM project for methane capture from their palm oil mill effluent, to reduce greenhouse gas emissions, and this was noted as a positive observation.

All estates maintain records of amounts of fossil fuel used each month for year 2009, and analyze this monthly usage against their target usage of fossil fuels. All estates have a documented Environmental Improvement Program which includes monthly plans to improve efficiency of FFB transport, increase usage of biodiesel for all vehicles, reduce usage of old vehicles and regular maintenance of vehicles to prevent leakage of fossil fuels. Both Sei Daun estate and Batang Saponggol estates have been purchasing and using biodiesel instead of fossil fuel to fuel trucks since 2007, and this was noted as a positive observation since use of biodiesel reduces emissions of greenhouse gases. All estates also conduct air quality monitoring and reports this in their UKL/ UPL report as required per government regulation. Air quality samples are taken from the office and security booth and parameters measured are SO₂, NO₂ and H₂S levels. Air quality analysis results for all three estates were found to be well below the legal standards.

The mill maintains records of identification, monitoring and treatment methodology for POME. At the waste water treatment plant, no chemical treatment is involved. Only bacteria biological treatment is used. The mill's SOP for management of effluent defines requirements for work mechanism for waste water ponds operation. Daily checks of pH & conductivity are carried out, with occasional temperature checks. The mill sends sample of POME used for land application for external testing and sample analysis results for October and September 2009 shows BOD levels are well below the legal requirement of 5000 mg/L for land application.

Compliance status: Full compliance

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

Findings:

The company commissioned a consultant, Aksenta, to conduct a social impact assessment of the company on July 13 to 19, 2009 with the participation of local communities and the social assessment report was prepared. The assessment covered Pinang Awan Mill and all estates of PT Perkebunan Milano including Cabang Dua estate, which is not included in the current RSPO certification scope. However, the social impact assessment does not explain what were the positive and negative social effects identified during the assessment. This is important for company's consideration to make social impact management and monitoring plan.

The company has yet to carry out regular and scheduled monitoring and management of social impacts with the participation of local communities. At the time of the assessment, the company was still in process of finalizing their monitoring and management plan of social impacts for PT Perkebunan Milano and Pinang Awan mill, so this plan has yet to be implemented. Implementation is planned to start on January 2010.

The company's has developed their environmental management and monitoring documents (UPL and UKL) which were approved by the Regional Body for Management of Environmental Impacts of Labu-

han Batu on October 24, 2008, and also sends a regular environmental management and monitoring report to the local authorities as required under local regulations. However, as stated above, this report does not include a report on monitoring of social impacts, because as stated above, this has yet to be carried out.

Although the company has no outgrower schemes or long-term contracts with smallholders, the company has documented transactional contracts with 22 suppliers and 20 farmers with agreement that they will sell a certain amount of FFB to their mill. The social impact assessment report of the company does not include an identification of the social impacts of these 22 suppliers and 20 farmers.

Compliance status: Non compliance. See NCR No. 8 of 13, 9 of 13, and 10 of 13

- 1) The company's social impact assessment does not explain what were the positive and negative social effects identified during the assessment.
- 2) The company has yet to carry out regular and scheduled monitoring and management of social impacts as the company was still in process of finalizing their monitoring and management plan of social impacts at the time of the assessment.
- 3) The social impact assessment report of the company does not include an identification of the social impacts of 22 suppliers and 20 farmers that have short-term transactional contracts with the mill.

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

Findings:

The company has documented procedures for communication and consultation with the local communities and records of communications and consultations held which were inspected by the audit team. It was verified during on-site interviews that the procedure was accepted by interested parties such as local communities surrounding the company's area.

The company has a list of stakeholders for each estate and mill. Stakeholders listed include surrounding government offices (at provincial, district, sub-district and village level), community leaders, other palm oil companies, police stations, universities and school, NGO's (national, local level), contractors, suppliers, smallholders, social organisations, workers and community members. The lists are updated periodically and are available at each estate and mill.

The company maintains records of feedback and comments from local communities as well as records of the responses made by the company, samples of which were checked on-site. The company also conducts a communication forum with local communities called Forkas; there is a regular meeting among the company and Forkas participants to discuss any issue related to company and community activities.

The company has dedicated personnel who are responsible for consulting and communicating with local communities as well as a documented procedure defining these roles and responsibilities, as follows:

- Licensing, Regulations and Legal Compliance (Partnership Development Department)
- Public Relation (Partnership Development Department)
- Collaboration with stakeholders (Partnership Development Department and Community Development Organizer)
- Security (Partnership Development Department)
- Environmental management (EHS officer/ estate and mill managers)
- Community Development/Corporate Social Responsibility (Corporate Social Responsibility representatives/EHS/Manager estate and mill)

Compliance Status : Full Compliance

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

Findings:

The company has a procedure for conflict resolution and compensation applied since 01 July 2009 which contains a flowchart on steps in handling a conflict with stakeholders. The company has also established a form for recording grievances, dated 1st May 2009, and a form to record information requests, suggestions and requests for assistance from the local community, also dated 1 July 2009. The company has a report on a meeting held with Desa Pinang Damai villagers on 6th August 2009 to so-

cialize the mechanism for conflict resolution and receive input on the mechanism from the community. Records of actions taken by the company to handle complaints received from stakeholders are available.

The company also has a procedure for identification and calculation of fair compensation for loss of legal/customary rights of the land which was made publicly available for local communities and the local government. The procedure sent to all village heads surrounding PT Perkebunan Milano's estates and mill, as this was verified through interviews of the village heads by TUV auditors at Panggarungan Village, Teluk Panji Village, Sumberejo Village, Bom Barooh Village, and Lalang Village. The company's procedures related to handling complaints, grievances and disputes with communities are as follows:

- PRO-BM.GEN-007 Rev. 00 01 July 2009 on dispute resolution and compensation
- PRO-BM.GEN 001 Rev. 02 22 November 2009 on communication, consultation and external coordination
- PRO-BM.GEN 006 Rev. 00 01 July 2009 on mechanism of identifying traditional rights activities within estates
- PRO-BM.GEN 005 Rev. 01 01 July 2009 on public information services
- PRO-BM.GEN 002 Rev. 02 01 July 2009 for mechanism of relationships with local communities and community empowerment

Copies of all procedures were distributed to and accepted by relevant stakeholders such as local community members, suppliers, and local government offices.

Compliance status: Full Compliance

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

Findings:

The company has documented procedures for the identification, calculation and compensation for loss legal/customary rights of the land which is already consulted and accepted by parties, such including a procedure for conflict resolution and compensation, and a procedure for identification of traditional rights. Records of identification of people entitled to receive compensation and loss of traditional right are available, for example, the company has documented evidence of a land conflict case with some villagers at Panggarungan village in year 2008 due to loss of traditional rights of the land, and this case was resolved upon a decision from the local high court (decree of Mahkamah Agung). The negotiation processes and compensation settlements made related to this case were also recorded. Records of compensation payments made to the villagers of Panggarungan Village are available i.e IDR 1 billion for 48 villagers.

Compliance status: Full Compliance

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

Findings:

Documentation of employee salaries and worker minimum wages are maintained in accordance with regional and national government regulations. Staff and workers receive receipt of salary payments (pay slips) made for each month and based on interviews with workers, this is paid on time every month. Documents of salary payment made per month for all staff and workers are available at each estate and Pinang Awan mill as well as the Rantauprapat FFB ramp office.

There are two categories of employees at PT Perkebunan Milano which are permanent employees (including management, office staff and daily paid workers) and temporary employees (contracted and expatriate staff). However, it was found that the company's contracts for temporary workers do not comply with the regulation from the Indonesia Ministry of Manpower, "Decree of the Minister of Manpower and Transmigration RI No. 100/Men/VI/2004 regarding Provisions for Implementation of Certain Working Hour Agreements ("Keputusan Menteri Tenaga Kerja dan Transmigrasi RI No. 100/Men/VI/2004 about Ketentuan Pelaksanaan Perjanjian Kerja Waktu Tertentu"). This is because documented work contracts with temporary workers are not appropriate, as the contracts state that worker are not allowed to work more than 20 days. However, according to the regulation temporary workers are permitted to work more than 20 days if their work exceed 20 days, but after which, the company must change their status to permanent worker and not temporary worker.

From interviews of field workers at all estates and female residents of Sei Daun and Batang Saponggol housing areas, there were no complaints of lack of amenities. Workers provided with housing were interviewed and informed the audit team that sufficient electricity and water was provided by the company for free at certain hours of the day (water is provided from 6am to 6pm except at Batang Saponggol where water is drawn from a well, and electricity is provided from 5.30pm to 5.30am). Workers interviewed also said that in case of injuries or sickness, medication and treatment is provided free of charge by the company, and they as well as their families are covered by insurance (Jamsostek). Merbau and Sei Daun estate also provides a kindergarten for young children, although no school is provided (older children go to government schools). The company still does not provide adequate day care facilities as needed for female workers with young children at all estates and the mill. This was raised as a non-conformance.

Contract agreements entered into with contractors specify that contractors abide by labour laws, as verified by the audit team through checks of sample contracts with contractors. Contractors interviewed by the audit team were found to be aware of and understood the clauses of their contracts with the company that stated that contractors must abide to legal requirements pertaining to Schedule of Work Contracts (stated in clause 3 of the contract), Pricing (clause 4), Payment mechanism (clause 5), OSH (clause 11) and Environment (clause 12).

Compliance status: Non Compliance. See NCR No. 11 of 13, 12 of 13

Documented work contracts with temporary workers are not appropriate, as the contracts state that worker are not allowed to work more than 20 days, although this is allowed by law and workers that work more than 21 days should have their status changed to permanent worker.

The company still does not provide adequate day care facilities as needed for female workers with young children at all estates and the mill.

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

Findings:

Company has a documented policy regarding freedom for association for workers that is available in several locations. A statement permitting freedom of association for workers is also stated on the company's documented Worker Agreement (PKB) with the worker unions of PT Perkebunan Milano for year 2007 to 2009, under article no 6, 7 and 8 on the agreement. The HRD Head of the company also issued an internal memo regarding freedom for association for all workers to any labour unions of their choice. There are currently two worker unions within PT Perkebunan Milano's estate i.e. the Indonesian Workers Union ('Serikat Pekerja Seluruh Indonesia' – SPSI) and the Indonesian Labour Union ('Serikat Buruh Sejahtera Indonesia' – SBSI) which are both part of national labour unions of the same names. For Pinang Awan mill there is a labour organization, called the Bipartite Cooperative Institute ('Lembaga Kerjasama Bipartit') for mill employees, and this organization was formed based on decree letter from the Head of the Ministry of Manpower and Transmigration Labuhan Batu No. 560/01/KCSTKT/2009. However, this labour organization should be improved to become a labour union so to allow opportunities for all mill workers to join and also provide more empowerment to the workers with regards to their rights.

Documented minutes of meetings with the labour unions are available at each estate, while meeting minutes for between the company's management and the bipartite labour organisation are available at Pinang Awan mill.

Compliance status: Full Compliance

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

Findings:

The company's policy regarding worker minimum age requirements of 18 years old according to Indonesian labour law is stated on the company's Working Agreement (dated 2007-2009) for estate, while for Pinang Awan mill, the minimum age requirement for workers is also stated clearly in the company's working agreement under clause 6, point 2 and signed by the company director on June 1,

2009. The company has circulated a letter from the HRD Head dated 2 January 2007 to all estate managers regarding prohibition of child labour.

Contracted labour is subjected to the same age requirements and documented in contracts of contractors, which are checked by the audit team.

No child labour was found during the on-site assessment. Documents on workers that appeared very young were checked by the audit team, and it was confirmed from the personnel data and interviews with these workers that they are above the age of 18.

Compliance status: Full Compliance

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

Findings:

The company policy states a commitment to provide equal opportunities for all employees, and this is detailed in the company's working agreement (dated 2007-2009) and company regulation (dated 2009-2011). An internal memo from the HRD Head to all Regional Managers and all General Managers dated January 2, 2007 also clearly state that the company shall provide equal treatment for all employees. Evidence that there is no discrimination of workers are as follows:

- Female workers comprise around 15% of all of the company's workers
- Female workers also have opportunities to have high positions such as Senior Officers (eg. The head of FFB Procurement at the FFB ramp at Rantauparapat, the head of administration at Pinang Awan mill, and head of administration of Merbau estate are all women)
- Workers of all ethnicities and religions, including Muslims, Catholics and Christians are provided with their respective areas of worship such as mosques and churches.

No workers interviewed on-site complained about any form of discrimination from the management of the estates or mill.

Compliance status: Full Compliance

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

Findings:

The company has a policy on prevention of sexual harassment and violence against women. There is a company policy signed by Wilmar Group's Plantation Head and the Group CSR Head on August 2008. Before this policy was signed, the head of HRD also issued a memo to all General managers and unit heads dated January 2, 2007, regarding prevention of sexual harassment and violence, an equal treatment and opportunities to all employees.

Evidence of implementation of the company's sexual harassment policy are as follows:

1. A Gender Committee was established on April 04, 2009 for Wilmar region I North Sumatera to carry out training and consultation on sexual harassment issues, and help to ensure protection and prevention of female workers from sexual harassment. This committee includes female representatives from each estate and the mill. The Gender Committee is divided into several teams, one on dissemination of information regarding female issues, one for consultation, and one for protection and prevention from sexual harassment. Evidence of training activities carried out by the Gender Committee to female workers include attendance lists. It was confirmed from interviews with both male and female workers at the estate that activities were conducted by this committee for the female workers to inform them of the company's policy against sexual harassment and other female-related issues. Female workers were able to explain who is the person-in-charge they would report to in case they experienced any gender related issues such as sexual harassment.

The company has a policy to protect female reproductive rights as stated on their working agreement (dated 2007-2009) under article 24 and 25 and the company's regulation under Clause 10 regarding maternity leave, Clause 11 on menstruation leave and Clause 19, point 6 regarding cost of baby delivery. Records of maternity leave taken by female workers were checked during the assessment.

There is evidence of implementation of the company's reproductive rights policy. For example, records of menstruation leave and maternity leave applied by the female workers are available. It was also confirmed through interviews with female workers that they understand the reproductive rights policy.

The company has a grievance mechanism for female-related issues that was approved by the two company labour unions (SPSI and SBSI) and the gender committee. The grievance mechanism was socialized to all female workers and this was also confirmed through interviews.

Compliance status: Full Compliance

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

Findings:

Information on updated FFB price information is under the responsibility of the Head of FFB Procurement for the FFB Ramp at Rantauprapat. Daily updated FFB prices are made available at the mill's security post and the Rantauparapat FFB Ramp every day from 8.00 am. Suppliers or smallholders also receive the updated prices from the mill every month through an official management letter or from the Head of FFB Procurement or via SMS, and this was verified through interviews with the smallholders.

The mill has a documented mechanism for FFB pricing dated on 16 November 2009 for FFB procurements. Publicization about the pricing mechanism was conducted to smallholders and suppliers both at Pinang Awan Mill and Rantauparapat FFB ramp.

The mill has documented contractual agreements with their FFB suppliers/agents that list the company's terms and condition such as those related to FFB quality, pricing mechanism, payment method, safety aspects, resolution of conflicts and legal requirements that they must comply with. During the assessment, two FFB suppliers were interviewed, and it was confirmed that they fully understood the contractual agreement, particularly on the pricing mechanism of FFB and payment procedures, as well as the company's requirements on FFB quality, legal requirements, and OSH requirements. The company management explained the clauses of the contractual agreement to their FFB suppliers, and FFB agents before they signed the memorandum of agreement (MOU) or contractual agreement. Payment mechanisms are agreed by both parties as stated on the contract document. It was confirmed from interviews with smallholders and document checks of payments made that the company made payment to FFB suppliers on time, latest one month from when the FFB is supplied to the mill, as per the agreed contract.

Compliance status: Full Compliance

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

Findings:

The company has documented records of community development or corporate social responsibility activities conducted by the company as part of their Partnership Development ('Bina Mitra') program for the year 2009. Records of contribution from all the company's estates at the time of assessment only included provision of administration funding to the local government for local community development. However, this is insufficient, and the company did not consider the results of their social impact assessment in determining the most appropriate form of contributions they should provide for community development. There is also no evidence that the company consulted with the local communities to determine which areas they need assistance from the company in order to enhance local sustainable development.

Compliance status: Non Compliance See NCR No. 13 of 13

The company did not consider the results of their social impact assessment or consult with local communities in determining the most appropriate form of contributions they should provide for sustainable community development.

Principle 7. Responsible Development of new Planting

Findings:

PT Perkebunan Milano has not commenced any new oil palm development since the establishment of the RSPO Principles and Criteria. Therefore, Principle 7 is considered "Not Applicable".

Compliance status: Not applicable

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

The mill maintains a documented program for continuous improvement. The program includes plans and efforts to reduce environmental impacts by reducing usage of water to 1.8 tonnes/tonne FFB and preventing overflow of effluent from the ETP ponds, plans to reduce wastes through proper handling of hazardous wastes and separation of organic and inorganic wastes, and plans to reduce pollution and emissions by using alternative energy, replacing use of diesel with biodiesel and using electric powered grass cutters. The mill also monitors actual implementation of activities planned and when they fail to meet targets as per the plan, the mill conducts an analysis of the cause of the failure, and takes correction action.

All estates maintain a documented program for continuous improvement for various estate activities, including quality, environmental and occupational safety improvement programs. The improvement program includes plans to improve handling and control of hazardous wastes and domestic wastes, reduce usage of paper, and reduce usage of fossil fuels, regular road maintenance, and other environmental improvement activities. Monitoring of implementation of improvement activities carried out is monitored by respective estate departments. The improvement programs do not include any specific documented plan pertaining to reduction of certain chemicals, however, all estates have carried out plantings of *turnera subulata* and use pheromone traps to trap rhinoceros beetles in order to reduce usage of chemicals, and this is documented separately. All estates also have plans for reduction of Gramoxone documented in their budget for 2010.

Compliance status: Full compliance

3.2 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

Upon completion of the certification assessment, a total of thirteen (13) non-conformances were raised, out of which four (4) non-conformances were against major compliance indicators and nine (9) non-conformances were against minor compliance indicators. In addition, twenty (20) observations/opportunities for improvement were identified.

For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through checks of documents submitted by the company. It was decided that the documented evidence provided by the company to close the major non-conformances raised was adequate and an additional on-site verification audit was not required.

For the minor non-conformances, the company has taken corrective action to close these as well, and for those which could not be verified as closed through document checks, the evidence of corrective action taken was accepted and closure of these minor non-conformities will be verified during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

Criterion 2.2, indicator 1 (Major): Documents showing ownership or lease of the land in accordance with relevant laws.

Non-conformance No 1 of 13:

The company has yet to receive their Plantation Operation Permit ('Ijin Usaha Perkebunan' - IUP) which the company applied for in March 2008, but has not followed up on the application request.

Corrective Action:

The company has re-applied for this IUP for all estates to the relevant authorities depending on estate location. PT Perkebunan Milano made a list of operational permits available for all estates.

Auditor Conclusions: Closed with ongoing observations

The company submitted evidence to the audit team that they have reapplied for the IUP for each estate, with evidence as follows:

1. Application letter no. 038/MLN-BM/Ext-XI/2009 dated 28/11/2009 for IUP of Merbau estate was sent to the District Head of North Labuhan Batu with letter of receipt dated 1/12/2009.
2. Application letter no. 039/MLN-BM/Ext-XI/2009 dated 28/11/2009 for Sei Daun Estate sent to the District Head of South Labuhan Batu with letter of receipt dated 1/12/2009.
3. Application letter no. /MLN-BM/EN-XI/2009 dated 28/11/2009 for Batang Saponggol estate sent to the District Head of South Labuhan Batu with letter of receipt dated 1/12/2009.
4. Application for technical feasibility recommendation of PT Perkebunan Milano from the Head of Estate Crops office ('Kepala Dinas Perkebunan', or 'Kadisbun') for the North Sumatran Province dated 7/12/2009 and received by the Kadisbun on 13/12/2009 (this technical feasibility recommendation is a preliminary letter to support the application for the IUP documents)

As approval of IUP from the local government can take more than 2 months, evidence that the re-application for the IUP was accepted as sufficient to close the non-conformity. The audit team will continue to monitor the progress of the application.

Criterion 3.1, indicator 1 (Major): A documented working plan of the company for a minimum of 3 years period.

Non-conformance 2 of 13:

The company has no documented management plan that aims to achieve long-term economic and financial viability.

Corrective Action:

The company has completed their management plan for 2010 until 2012 including information on revenue, budget, and description of programs planned to ensure economic and financial viability. The company will revise the content of their management plan as required.

Auditor Conclusions: Closed with ongoing observations

The company provided copies of their Financial Projection plan for a 5 year period (2010 to 2015) to the audit team which consist of determination of financial projection (including information on profit & loss, cash flow, balance sheet), estate area statement, cost of FFB processing and production, plantation development cost, capital expenditure, building plans, worker housing, staff requirements and sustainability implementation cost. From all information stated and based on a positive financial analysis, company assured that long-term economic and financial viability can be achieved.

Criterion 4.4, indicator 1 (Minor): An implemented water management plan.

Non-conformance 3 of 13:

From Merbau estate's UKL and UPL report for July 2009, it was found that the BOD of the river within Merbau estate was above the legal standard. The upstream sample had a BOD of 4.2 while the downstream sample had a BOD of 6.4, which are both above the legal BOD standard of 3 according to the Government Decree 82 dated 14 December 2001 on Water Quality Monitoring and Water Pollution Management. The estate has yet to prepare a management plan to reduce the BOD of this river.

Corrective Action: Evidence of corrective action accepted, to be verified during next surveillance audit

The company has marked their river sampling points from which future water sample will be taken, and new water samples were taken at this sampling point and sent for analysis to determine if BOD₅ and COD levels were exceeded. The company will regularly monitor the results of their environmental analysis measurements and follow up if any deviations from legal standards occur.

Auditor Conclusions:

The company provided to the audit team copies of the analysis results of two upstream and downstream water samples taken from Merbau river, which was analyzed by an accredited laboratory (UPT Environmental Laboratory, Environmental Department, North Sumatran Province) on 26 November 2009. The analysis results show that the river BOD and COD level is actually within the government legal standard for water quality. The BOD levels for the upstream sample was quite high at 2.9 m/l (legal BOD standard is 3 m/l) while for the downstream sample the BOD was 2.70 m/l. The COD level was 4 for the upstream and 5 for the downstream sample. These results show that there is no significant negative impact to the river water quality resulting from estate operation, and the high BOD levels recorded in the estate's UKL and UPL report could have been due to other environmental conditions, such as lower dilution of river water during dry weather.

Criterion 4.7, indicator 6 (Minor): Evidence of OHS and first aid equipments available at worksites

Non-conformance 4 of 13 :

It was found the oxygen tank at Batang Saponggol polyclinic is empty and not ready for use in case of emergency.

Corrective Action:

The estate management has taken action to ensure all oxygen tanks at the Batang Saponggol estate polyclinic are periodically refilled. The estate will also conduct monthly routine inspections to determine readiness of oxygen tanks at all company polyclinics. This will be conducted concurrently with monthly inspections of fire extinguishers. The company will provide at least 2 oxygen tanks for each polyclinic within all PT Perkebunan Milano estates.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The company provided pictures of the new oxygen tank and the new format of the record for maintenance and monitoring of oxygen tanks and other first aid equipment.

Criterion 5.2, indicator 2 (Minor): Companies are to appoint dedicated and trained officers to monitor any plans and activities as above.

Non-conformance 5 of 13:

Officers have been appointed to monitor any plans and activities relating to HCV areas or other protected areas, however, these dedicated officers have no received appropriate training related to these activities.

Corrective Action:

The company has provided training on protection and conservation of HCV areas to their appointed HCV management officers. Monitoring of progress of the HCV management program is conducted routinely and recorded for reporting purposes.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The company provided records of trainings on HCV management conducted for all appointed company HCV officers. Records show that this internal training was conducted at Sei Daun Estate on January 18, 2010, Batang Saponggol estate on January 16, and 2010 and Merbau Estate on 15 January 2010.

Criterion 5.3, indicator 1 (Minor): Management plan of hazardous waste and instruction of disposal of agrochemicals and their containers waste in accordance with the product label and existing regulations.

Non-conformance 6 of 13:

Batang Saponggol estate does not maintain records or inventory of each type of hazardous wastes received and stored at their hazardous waste store prior to sending to the mill.

Corrective Action:

The company has prepared a form for recording outgoing and incoming hazardous wastes, and will ensure proper inventories of hazardous wastes are maintained. The company has conducted briefings for mandors and workers on how to maintain records of hazardous waste inventories.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The company provided photographic evidence that they have conducted trainings to the staff of Batang Saponggol on how to use the waste inventory forms, and also provided samples of completed hazardous waste inventory forms dated December 1, 2009 and December 27, 2009.

Criterion 5.3, indicator 2 (Minor): Records of waste monitoring/analysis.

Non-conformance 7 of 13:

Manifest records of hazardous wastes from the mill sold to the contractor (PT Wira Gautama) do not contain sufficient information to track amount of wastes collected, ie. from manifest no. 0000326 prepared on 12 Nov 09, the specific types of hazardous wastes collected and their amounts, and vehicle identification number of the collector were not recorded.

Corrective Action

The company is now taking steps to ensure all required information on manifest notes for hazardous wastes are completed, and completeness of information on manifest notes will be checked prior to sale of wastes to the contractor. The company has also re-trained the logistics personnel on the working instructions on how to fill the manifest documents.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

Some evidence received by the audit team with regards to this nonconformance include the following:

- Meeting minutes on training on waste management conducted at Pinang Awan Mill on December 20, 2009.
- New Standard Operating Procedure for recording waste information in manifest documents (SOP-Mill-044)
- Pictures of training activities conducted on December 20, 2009.

- Samples of recently completed manifest documents with all complete information, including all specific types of hazardous wastes collected and their amounts, and the vehicle identification number of the waste collector's vehicle.

Criterion 6.1, indicator 1 (Major): 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.

Non-conformance 8 of 13:

The company has a social impact assessment report but this report does not explain what were the positive and negative social effects identified during the assessment.

Corrective Action:

To coordinate with the independent social impact assessment team to conduct a quantitative and qualitative analysis of positive and negative social impacts identified during the assessment and include this in the social impact assessment report.

Auditor Conclusions: Closed

The company provided a revised social impact assessment document to the audit team including additional information on the positive and negative social impacts identified. Records of Focus Group Discussions with villages surrounding the company's estates such as Panggarungan Village were also available.

Criterion 6.1, indicator 1 (Minor): Regular monitoring and management of social impacts, with the participation of local communities.

Non-conformance 9 of 13:

The company has yet to carry out regular and scheduled monitoring and management of social impacts with the participation of local communities, and has not completed their monitoring and management plan of social impacts for PT Perkebunan Milano and Pinang Awan mill.

Corrective Action:

The company has completed the plan for management and monitoring of social impacts based on the results of the social impact assessment. The company will also provide training to specific personnel on management and monitoring of social impacts as well as monitor the progress of the social impact management program through activities report and regular reporting.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The company provided a copy of their completed plan for management and monitoring of social impacts identified from the social impact assessment. This document was developed by the external consultant (Aksenta) and will be done based on the schedule, starting in 2010. The effectiveness of the company's training for their personnel on management and monitoring of social impacts, as well as their progress in implementing their plan for management and monitoring of social impacts will be verified during the next surveillance audit.

Criterion 6.1, indicator 4 (Minor): Particular attentions paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Non-conformance 10 of 13:

The social impact assessment report of the company does not include identification of the social impacts of 22 suppliers and 20 farmers that have short-term transactional contracts with the mill.

Corrective Action:

Identification of the social impacts of the suppliers and farmers that have short-term transactional contract with the mill was conducted with their participation as well as with the participation of the local communities, and the results were included in the social impact assessment report. Follow up and evaluation of the social impacts identified will be conducted regularly.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The final documented social impact assessment of the company which was carried out by an independent consultant includes an identification of the social impacts resulting from the activities of the supplier and farmers that have short-term transactional FFB contracts with the mill. Effectiveness of the company's management of these social impacts will be verified during the next surveillance audit.

Criterion 6.5, indicator 2 (Major): A company working regulations and work contracts, in accordance with existing regulations.

Non-conformance 11 of 13:

Clauses defined in the company's contracts with temporary workers do not comply with the regulation from the Government of Indonesia "Decree of the Minister of Manpower and Transmigration RI No. 100/Men/VI/2004 regarding Provisions for Implementation of Certain Working Hour Agreements ("Keputusan Menteri Tenaga Kerja dan Transmigrasi (Kepmen Naker) RI No. 100/Men/VI/2004 about Ketentuan Pelaksanaan Perjanjian Kerja Waktu Tertentu"). This is because documented work contracts with temporary workers are not appropriate, as the contracts state that worker are not allowed to work more than 20 days. However, according to the regulation temporary workers are permitted to work more than 20 days if their work exceed 20 days, but after which, the company must change their status to permanent worker and not temporary worker.

Corrective Action:

The company revised their internal memo in relation to working hours of daily temporary workers in order to comply with the local regulation, and also revised the working agreement of daily temporary workers. These changes were publicized to all daily temporary workers and the changes in their contract for temporary workers were also informed to the minister of manpower for approval. The workers were also informed of their rights in accordance to the legal requirement Kepmenaker RI No. 100/Men/VI/2004.

Auditor Conclusions: Closed

From document checks, it was confirmed that the company issued an internal memo no 012/MLN-HRD/XI/2009 signed by the Human Resources Department head of Wilmar and dated November 24, 2009, which stated that all temporary workers working more than 21 days continuously will assigned as permanent daily workers, and will gain the same benefits as permanent workers such as minimum wage as per government standard, 12 days annual leave, maternity leave, and health insurance (Jamsostek). The company's working agreement related to temporary daily workers was revised and has been registered to the Ministry of Manpower of South Labuhan Batu and North Labuhan Batu with approval letter no 171/HRR/Ext/XI/2009 dated November 30, 2009.

Criterion 6.5, indicator (Minor): Growers and millers provide adequate housing, water supplies, medical, educational, and other facilities for employees where such facilities are not available or accessible.

Non-conformance 12 of 13:

The company does not provide adequate day care facilities needed for female workers with young children at all estate and the mill.

Corrective Action:

The company has provided new baby and child care facilities for each estate and provided personnel to manage these facilities at each estate.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The company provided photographs of new day care facilities at each estate. The suitability of the facilities provided will be verified during the next surveillance audit.

Criterion 6.11, indicator 1 (Minor): Growers and millers contribute to local sustainable development wherever appropriate.

Non-conformance 13 of 13:

The company's contribution to local sustainable development is not appropriate, because documented community development/CSR programs of all estates showed that the company did not consider the results of their social impact assessment or consult with local communities in determining the most appropriate form of contributions they should provide for sustainable community development.

Corrective Action:

The company coordinated with an independent survey team to focus on the aspects of the company's social impact assessment report pertaining to quantitative and qualitative analysis of negative and positive social impact identified. The company has also established a program for contribution to local development based on the results of the company's social impact assessment for year 2010 to 2012.

The company will regularly assess the feasibility of contribution programs for local community development based on the result of social impact assessment, and develop plans for and management and monitoring social impacts to ensure an effective program for the development of the local community.

Auditor Conclusions: Evidence of corrective action accepted, to be verified during next surveillance audit

The company provided their social impact assessment document which includes information on the contribution of the company to local community development. The company also provided their community development/CSR plan for 2010, which includes considerations of social issues raised during the social impact assessment. The effectiveness of company's contribution to local sustainable development based on the social impact assessment findings will be verified during the next surveillance audit.

3.3 Noteworthy Positive Components

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

Findings:

Very good implementation of Best Agricultural Practices (BAP) and consistent implementation of monitoring activities related to IPM, BAP, and Environmental Performance
Records of actual plantings of the beneficial plant, *turnera subulata* at Batang Saponggol showed that many of the plantings were carried out several months earlier than planned in their IPM programme, and this is a positive move to further reduce the need to use chemicals for handling pests.

Criterion 5.4: Records of monitoring of fossil fuels use for operational reason and its efficiency analysis.

Findings:

Both Sei Daun estate and Batang Saponggol estates have been purchasing and using biodiesel instead of fossil fuel to fuel their trucks since 2007, and this is a positive action since this reduces emissions of greenhouse gases due to burning of fossil fuel.

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

Findings:

The mill is currently implementing a CDM project for methane capture from their palm oil mill effluent, to reduce greenhouse gas emissions.

3.4 Issues Raised by Stakeholders and Findings Pertaining to Issues

A) Issues Raised during Stakeholder Consultation Meeting

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No.	Issues Raised	Management Response	Audit Verification
1	The company did not provide training on how to assess FFB crop quality to suppliers. As a result, several times, up to 500kg to 800kg of FFB from the suppliers has been rejected by the mill.	The company organised a training on best practices among FFB suppliers on 4 November 2009. In going forward a more intensive training on the understanding of FFB crop quality will be conducted and this will include practical training in the field.	Evidence of the training conducted on November 04, 2009 was available,
2	PT Perkebunan Milano has violated local regulations on employment of Temporary Workers ('Buruh Harian Lepas' - BHL). These workers have been employed for several years but have never been upgraded to status of permanent workers.	<ol style="list-style-type: none"> 1. Employees that have served for several years have been upgraded to permanent workers in accordance to the law. 2. We have made reference to the regulation UU No. 13 	This issue was raised as a non-conformance and subsequently closed, as described earlier in Section 3.2, non-conformance 11 of 13.
3	Workers wages at PT Milano are IDR 930,000 which is still below the District Sector Minimum Wage 'Upah Minimum Sektor Kabupaten' - UMSK) 2009 of IDR 1,030,000. This is a non-compliance with regulations.	<ol style="list-style-type: none"> 1. Payment of wages is in compliance with the UMSK wage standard of Labuhan Batu as stated in a letter from the Governor of North Sumatera No. 561/2801/K/Tahun 2009. 2. We have referred to the Plantation Companies Cooperative Body ('Badan Kerjasama Perusahaan Perkebunan' - BKS PPS) and the SPSI on the wage standard. 	Payment of wages already fulfills legal regulations. This was confirmed through checks of salary slips and interviews of several workers.
4	Working tools should be provided by the company in accordance with the Workers Employment Agreement ('Perjanjian Kerja Bersama' - PKB). But the company is deducting the cost of harvesting knives amounting to IDR 400,000 – IDR 600,000 from the salaries of harvesters.	<ol style="list-style-type: none"> 1. This initiative comes from the workers themselves. 2. As agreed, the company will subsidise 50% of the cost. 3. The remaining 50% price of the harvesting knives will be borne in by the workers through monthly deduction. 4. This is to instil a better sense of responsibility/ownership on the tools and ensure they take better care of the tools since they have to partially pay for it. 	Harvesters interviewed confirmed that they have to pay for the harvesting knives. The company's justification for subsidizing only 50% of the cost was accepted.
5	Personal Protection Equipment (PPE) like boots, need to be borne by the workers by paying up to 50% of the cost of the boots. Amounts of up to IDR 30,000 per boot are deducted twice from the workers at IDR 15,000 per deduction.-	In future all boots will be paid by the company and the company will provide 1 pair of boots per year.	As confirmed through interviews with some workers, they were sad that they have to pay for the boots themselves through deductions in their salary.
6	A village road in front of Pinang Awan Mill is in a very deplorable condition but the company has never provided any assistance to maintain the road.	Pinang Awan Mill, undertakes periodic maintenance by grading the village road from the Mill to the junction at Milano estate at 6 month intervals.	Company has road maintenance program, however as the company only has one excavator, road maintenance is performed on alternate roads according to the program.
7	Hiring of local community into the estate workforce in general is still low. Most new recruits are of people from outside the district and after some time they are granted permanent	At the moment, about 30% of the employees of the mill are local residents. In future, as and when the company needs to recruit, the company will advertise vacancies	The company's response was accepted.

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	stay in Pinang Damai and become a local resident. It is our hope that more opportunities will be granted to the local community from the surrounding village.	in the local newspaper and inform the village heads of surrounding villages on the available employment opportunity.	
8	The village head of Pinang Damai Village had signed a contract agreement on unloading of FFB in Pinang Awan Mill at a rate of IDR 10/kg. This contract agreement has never been honoured by the company.	With regards to the FFB unloading contract agreement with Pinang Awan Village, the company has agreed to a rate of IDR 8/Kg ton of FFB with the Indonesian Transportation Workers Union ('Serikat Pekerja Transportasi Indonesia' - SPTI)/ Indonesian Workers Union ('Serikat Pekerja Seluruh Indonesia' - SPSI) and this is known to the village head. The company has never agreed to the rate of IDR 10 Kg /ton FFB and the company cannot revise the rate unless it have been agreed upon by the Branch Directors Board ('Dewan Pimpinan Cabang' – DPC) and Employers Association of Indonesia ('Asosiasi Pengusaha Indonesia' - APINDO)	The company's response was accepted.
9	The company's payment rate for harvesting is IDR 31,000/ton of FFB while the rate for loose fruit collection is IDR 40/kg. This rate is too low and because of this the harvestors are rather reluctant to collect loosefruits. It is suggested that the payment rate for loose fruit collection be revised upwards in order to improve the productivity of the overall harvesting resources.	The increment in loose fruit collection rate will be considered. This year we have revised the rate from IDR 35/kg to IDR 40/kg.	The company's response was accepted.
10	By right, maintenance workers should not be classified as temporary workers because the nature of their work is continuous. The company makes it such that Friday is an off day for all temporary workers, so they do not work more than 20 days. This is a kind of coercion by the company to ensure their status remains as temporary workers and this is against the regulation of workers employment.	Employees that have been working for the company for over several years have been upgraded to permanent workers in line with the local regulation UU Np.13 on labour.	Please refer to Section 3.2, non-conformance 11 of 13, for more details and audit verification for this issue.
11	The role of the Department of Manpower (Disnaker) of North Labuhan Batu and South Labuhan Batu is to ensure that the company complies with requirements for upgrading temporary workers to permanent workers is being questioned. Workers do not have any other channels to refer this matter to because the SPSI is helpless in this case.	PT Milano Plantations will coordinate to resolve this issue with the Manpower Department of North Labuhan Batu and South Labuhan Batu	The company's response was accepted. Please refer to Section 3.2, non-conformance 11 of 13, for more details and audit verification for this issue.
12	PT Perkebunan Milano is requested to submit labour reports to the	Will comply accordingly. This submission will be done during the	The company's response was accepted.

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	Manpower Department (Compulsory reporting on OSH, register of workers and their status) of North Labuhan Batu	coming renewal of the labour permit.	
13	PT Perkebunan Milano should comply with all requirements as stated in the legal regulation UU No. 18 2004 regarding plantations (this regulation defines the legal requirements for plantation companies, from application of HGU land titles to plantation operations)	We are currently reapplying for the Plantation Operation Permit, and upon approval of the permit, we will be complying with this regulation and will fulfill the requirements	This issue was raised as a non-conformance and subsequently closed (with ongoing observations), as described earlier in Section 3.2, non-conformance 1 of 13.
14	PT Milano has not implemented their EIA (AMDAL). The EIA (AMDAL) is currently only limited to being an administrative document.	We have prepared and sent the EIA (AMDAL) monitoring report to the North Labuhan Batu environmental department as required by law.	It was verified from documents that the company does prepare environment management and monitoring reports, with parameters for monitoring as stated on the EIA document, and the report is prepared every six months as required by law.
15	PT Milano provides a bus to 100 school children. The cost of transporting school children are being borne in by the workers. There is a no subsidy from the company	There is a subsidy program which will be implemented.	At time of the assessment, no subsidy program has been established.
16	Workers are only given 12 working days annual leave. By right they should be given 14 working days annual leave.	We have complied with the legal requirements for provision of annual leave as stated in the regulation, UU No. 13.	The legal requirement, UU No. 13 states a minimum of 12 days annual leave, not 14 days, for workers. The issue raised is not valid.
17	The current salary component should be better illustrated. For instance the salary of new workers is the same as those of long service workers in PT Milano.	This is currently being considered for revision by the management	The company is making minimum wage payments according to wage standards set by local government regulations
18	There is no salary slip for harvesters.	We are providing salary slips to harvestors	It was verified that salary slips are provided to harvesters. However, due to many workers, some may have missed receiving their salary slip when collecting payment.
19	HGU titles that are being issued to foreign companies should be given to the local communities instead. The contribution of the company towards the local economy in terms of payment of taxes should be reassessed.	1. Allocation of HGU is under the prerogative of the government as per local regulations 2. We have made all the statutory payments accordingly.	The company's response was accepted.
20	PT Perkebunan Milano's CSR activities in the District of Rakyat Village is inadequate in terms of allocations of funds to the respective areas. Other plantation companies, PT Sifef and PT Nubika and several other companies normally give contributions during festive seasons but PT Perkebunan Milano never made such contributions.	PT Perkebunan Milano is currently conducting CSR activities for the district of Rakyat Village inclusive of Teluk Panji Village and Boom Barooh Village communities. The provision of basic necessities such as the provision of clean water and essential items for bathing and washing is being prioritised The company's CSR programme also aims to improve the local	The company's response was accepted. From interviews with the Teluk Panji villagers, they receive contributions from the company every year.

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		economy.and self reliance of the local communities.	
21	The co-operation between plantations and Batang Saponggol Village have been cordial even though the village is within the plantation area. There is no conflict between the local community of Batang Saponggol and the company. But the company could contribute more, such as assisting to develop the village head's office. The current land area based on what was given by the local government is small and inadequate, perhaps the company can allocate a bigger area for the company.	In the context of provision of public facilities, PT Milano plantations can only offer monetary contribution. Provision of rights to own land is under the jurisdiction of the government and not the company.	The company's response was accepted. Since the company has conducted their social impact assessments, the findings shall be incorporated into the company's social action plan and other planned community development /CSR programs or company contributions.
22	The company should have a channel for grievances and complaints for the local community to air their complaints. (Communication and grievance procedure)	This has been implemented and the procedure has been disseminated among the company's management staff on how to handle and receive complaints.	It was verified on-site that each estate has a public relation officer who has the responsibility to communicate with local communities and become a channel for grievances and complaints received from them. The company has a procedure communication, and handling of complaints and grievances.
23	To avoid any potential conflicts, it is advisable that the company consider granting legal access to the local community through the plantations.	The company has never restricted the access of the community people to use the company roads for general transportation, but they need to regulate road access in order to uphold security and safeguard the company's assets. Only vehicles involved in the transportation of FFB are restricted road access through the company's roads at certain times.	The company's response was accepted. During emergency situations, the company's side gate can be opened. However, the villages are allowed to access another road nearby the permanent one within the HGU area.
24	The company needs to have a method of how to deal with the local communities and government. To a certain extent, there are currently no issues between the communities, government and the company but should a problem arise, it should be settled locally. At the moment how will the company manage this aspect?	For now there is no problem. If a problem arises in the future, PT Perkebunan Milano has already defined the mechanism to deal with the issue.	It was verified during the audit that the company has a mechanism for handling of grievances and complaints from local communities, as explained in Section 3.1, for Criterion 6.3
25	There was a case of transfer of a store keeper from Merbau estate to Sei Daun estate and the reason given was because there was an excess personnel. However, a new person was recruited to fill up the vacant post. This has led to some suspicions that there could be internal politics among the management.	This transfer was done in accordance to the procedure and mechanism stipulated in the Employment Agreement ('Perjanjian Kerja Bersama' - PKB) and the local regulation, UU 13 Year 2003.	The company's response was accepted.
26	The village have benefited from the building of a tofu factory near Pinang Awan mill. They have also received other social benefits, eg. School.	The company will continue to provide assistance and will monitor and evaluate the implementations and development of this project in order to improve its effectiveness	No verification required as this is a positive comment.

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		and also quality of the output.	
27	A warehouse at Merbau Estate is being used as kindergarten for young children. This is not a conducive environment for education.	The company has a proper kindergarten which is not a warehouse.	The building used as a kindergarten used to be a warehouse, but the condition of it as a kindergarten is appropriate.
28	The estate does not provide schools for older children, so they have to go to outside government schools.	<ol style="list-style-type: none"> 1. The schools surrounding the plantations can still accommodate the employee's children 2. Company does provide contributions towards the development of these schools. 	The company only provides a kindergarten and elementary school in each estate. Schools are located not too far from the estate area, so older children can go to these schools.
29	It is requested that the company will prioritise the awarding of contracts, such as construction, transportation of FFB and road maintenance to local contractors from surrounding areas. All this while, such projects are carried out by the company and therefore the company gives no job opportunities for local contractor.	<p>PT. Perkebunan Milano has given jobs to local contractors, such as:</p> <ol style="list-style-type: none"> a. Renovation of Merbau estate's mess hall b. Renovation of a car porch c. Renting vehicles for FFB transportation. d. Maintenance and repair of vehicles e. Installation of harvesting bridges 	The company's response was accepted.
30	PT Milano has made many contributions towards the local community and village level administration.	The company will continue to sustain such local development and contributions in future.	No verification required as this is a positive comment.
31	The discharging of storm water at Batang Saponggol estate should be done through a separate outlet. During the monsoon, the water will spill over to the rubber estate and impede access by the villagers to the point that rubber tapping is obstructed	<ol style="list-style-type: none"> a. The entire drainage system outlet discharges drain storm-water to the streams and not to the village land or land surrounding the villages. b. However, only farmland areas are currently affected by water such as areas of Tempel Orchard, Pangarungan Orchard, Konesi Orchard dan Banten Village, and for these areas, the company will provide assistance. c. PT. Perkebunan Milano has granted assistance by improving the current drainage system to alleviate the occasional flooding problem. 	The company's response was accepted.
32	<ul style="list-style-type: none"> ▪ The movement of FFB lorries has not disturbed the local inhabitants. ▪ Local communities are allowed to use the football field in PT Perkebunan Milano. ▪ Local community members are recruited as employee ▪ The company has considered the request of community in assisting in developing an eel aquaculture program for the villagers and so far has conducted two meetings with the local communities on this matter. ▪ The company has established a communication forum (Forum Komunikasi or FORKAS) that can be util- 	All of these are part and parcel of establishing a harmonious relationship between the company and the local community and this needs to be maintained.	No verification required as this is a positive comment.

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	ised as a channel for communication. ▪ A request by the local community to desilt drains has been addressed		
33	PT Perkebunan Milano should consider providing training on best practices on oil palm management to the local community	This has been identified as part of our community development (CSR) programme and this will be duly implemented.	The company's response was accepted.
34	PT Perkebunan Milano should consider recruiting local residents who are good in sport such as football and volleyball and then organising sports competitions as part of recreational events with the community.	To be considered	The company's response was accepted.
35	PT Perkebunan Milano should consider gravelling the 1KM stretch going into Bom Barooh village, as well as the road going towards Jawa Village	Regular maintenance of this road is being conducted by the company. Gravelling works on this road can only be conducted by the local government as we are not authorized to gravel the road.	The company's response was accepted.
36	PT Perkebunan Milano should consider constructing a tube well at the mosque of Bom Barooh Village.	PT Milano Plantations has already constructed the tube well. We only need to lay the pipe to the mosque.	The company's response was accepted.
37	PT Perkebunan Milano to consider providing some sport facilities such as a badminton court and table tennis court.	To be considered.	The company's response was accepted.
38	PT Perkebunan Milano should consider providing assistance in the construction of mosques for the surrounding small communities, and organizing sport activities and also youth religious programmes.	The company have provided assistance in the maintenance of place of worship in the form of supplying construction materials and also provides sport facilities. Nevertheless the company will continue to conduct surveys among the small communities to assess the need for more places of worship, as well as sports and youth religious programmes.	The company's response was accepted.
39	The company paid special interest in the field of sports by organising tournaments. The company also provided supply of clean water to the local community during festive occasions.	All of these are part and parcel of establishing a harmonious relationship between the company and the local community and this needs to be maintained.	No verification required as this is a positive comment.
40	PT Milano has not been properly maintaining their roads, part of which also consists of roads used by villagers.	PT Perkebunan Milano has been maintaining and repairing the roads on a periodic and rotational basis	The company's response was accepted and it was verified during site visits to Pinang Damai village, Sei Daun and Boom Barooh Village that village roads were also in relatively good condition.
41	It is difficult to meet the Person in charge (PIC) of Merbau estate	There is a management representative at every estate.	The company has assigned a management representative from the Human Resources Department as well as a Public relations officer.
42	There has not been any implementation of the activities that can bring about economic growth that was agreed before with the local commu-	This have been planned and at the moment its undergoing a feasibility study,	The company's response was accepted.

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	nities.		
43	The company did not pay much attention to their management of the environment	Until today, there have not been any cases of the company causing severe environmental pollution. PT. Perkebunan Milano is already ISO 14001 certified	The company conducts an environmental monitoring program for parameters such water quality, dust, noise, and odour in the palm oil mill and all estates. An environmental monitoring report is submitted to local environmental department (BAPEDALDA) every six months and this was verified through document checks.
44	The company has poor waste management.	The company will improve the effectiveness of its waste management to be more environmentally appropriate in line with ISO 14001 and RSPO requirements.	The company's response was accepted.
44	The company has already recruited youth that have good sport background but this should be developed further.	All of these are part and parcel of establishing a harmonious relationship between the company and the local community and this need to be maintained.	No verification required as this is a positive comment.
45	The company should look into the greening of the premises such as tree planting around the mill and estates as an effort to reduce global warming.	Pinang Awan Mill has put in concerted effort to reduce global warming through a CDM project with AES Agri Verde and the company has undertaken greening efforts through nursery establishment and a tree planting programme around the mill. Going forward this will be further intensified.	The company's response was accepted.
46	The company should look into the possibility of recycling the mill waste into fertiliser.	The company does land application of its mill effluent in Sei Daun estate in line with the local regulation for effluent management. Based on the regulation, land application is not permitted outside the area stated in the permit With regards to the management of solid waste such as empty fruit bunches, this is recycled in the estate as organic fertiliser Transportation of EFB is regulated by the mill to avoid misuse of this resource and wrong application which can cause an outbreak of pests.	The company's response was accepted.
47	Are there any scheduled discussions between the company and the community leaders?	We have formed a forum known as FORKAS for communication between the company and the community in every village.	The company does conduct regular FORKAS meetings and this was verified.
48	Do any management representatives of the company regularly attend the forums organised by the government at the village, district and regency level?	The company will as far as possible attend all the meetings organised by the local government.	The company's response was accepted.
49	To what extent does the company implement CSR? And to what extent does it benefit the targeted community?	The company actively implements CSR programmes that covers social assistance and improves the economic standing and self reli-	The company's response was accepted.

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		ance of the communities This achievement is supported by the village heads as there has been a general improvement in the level of income among the community and this has brought economic stability	
50	Has the company contributed towards the infrastructure development in surrounding villages such as roads and bridges?	This has been implemented as part of the company's CSR programme.	The company's response was accepted.
51	The company promised to repair the road at Dusun Sigambal 2, but this has not been kept.	Every month, PT Perkebunan Milano contributes IDR 2.5 million to the village head of Pinang Damai for road repairs and maintenance. On top of that we also conducted the repair ourselves.	The company's response was accepted.
52	The wetting of the main road from the plantations to the village during the dry weather is not very effective. Local community are still affected by the dust if there is a passing vehicle.	The mill has been wetting the road on a routine basis and this is intensified to a daily basis during dry weather when the road is relatively dustier.	The company's response was accepted.
53	The Sampuran River located near the small community of Sipare-pare tengah is heavily silted but the company has never desilted this area. Due to this, whenever it rains all the water from the drains from the plantations that go into the river will overflow and flood the village farm that is near the river bank. At times the water reaches the housing area.	This is already in the company's plan to desilt the area and will be implemented accordingly.	The company's response was accepted.
54	There is inadequate contribution from the company for youth development programmes.	On the youth development programme, the management will identify the need for such programs in the context of developing vocational skills	The company's response was accepted.
55	The company's effort to develop a tofu-making factory has contributed to an increase in the overall income of the local community who is working at this factory.	This is a form of an income generating activity that is being implemented as part of the company's CSR programme as a way to alleviate the economic problems of the community.	No verification required as this is a positive comment.
56	All this while the local community has maintained a positive outlook on the company because their relationship has been good and the local community has benefited from the company's contribution and other CSR programmes.	We will continue to maintain the healthy relationship and will continue to support sustainable development in our CSR programmes.	No verification required as this is a positive comment.
57	The company is requested to assist in repairing the Primary School (SD) of Karya Bakti in the small community of Pinang Damai.	Pinang Awan Mill has an ongoing CSR programme to support N Sigambal II Primary School and Negeri Pinang Awan Primary School, which has been implemented from 2008 -2009. With regards to the request for assistance to repair the Karya Bakti Primary School, we will submit a proposal to the management for their approval.	The company's response was accepted.
58	There is an indication that there could be pollution in Sampuran river,	a. This has been investigated and no pollution was detected.	It was found from Merbau estate's UKL and UPL re-

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	located near the small community of Sipare-pare due to the use of pesticides and fertiliser application.	<p>b. PT Perkebunan Milano has already obtained ISO 14001 certification</p> <p>c. We have procedures in place to maintain a riparian/buffer along all water ways in compliance with RSPO requirements.</p> <p>d. PT Milano regular monitors their water quality and reports this in their UKL and UPL documents</p>	port for July 2009, it was found that the BOD of the river within Merbau estate was above the legal standard. Please refer to Section 3.2, non-conformance 3 of 13, for more details and audit verification for this issue.
59	A school located at Bandar Sentosa Dusun V Desa Pulo Bargot, Merbau district is requesting the company for assistance in the supply of furniture, renovation of the classrooms and improvement of sport facilities. Moreover, 60% of the students are children of the company's employees	To be considered by the management	The company's response was accepted.
60	The local community of Desa Perkebunan Tl. Panji Sidodadi Dusun IV is hoping that the company can construct a small mosque (Surau) and also facilitate in the rearing of goats and cattle.	To be considered by the management	The company's response was accepted.

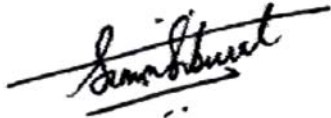
B) Issues Raised during Stakeholder Interviews On-site

No.	Issues Raised	Management Response	Audit Verification
1	<p>The community has very limited access to the use of plantation roads.</p> <p>The security of the plantations depends much on the co-operation between the company and the local community. .</p>	The company's intention is not to limit the community access through roads but to regulate the access in order to safeguard company assets and security of the plantation premises.	The company's response was accepted. Villagers can use company roads freely as long as this is for general transportation purposes and not for commercial purposes. For those wishing to use the company roads for commercial purposes, they are only allowed to use the road between 6am and 6 pm. For emergency conditions, the gate can be opened.
2	The estate management of Sei Daun is requested to water the road along the area belonging to the small communities on a regular basis during the dry weather.	During drought when the road is very dusty the mill conducts daily watering of the road leading towards the junction of Pinang Awan and this is done on a regular basis.	This could not be verified on-site and it was not drought season. However it was verified that the company has a regularly implemented road maintenance programme.
3	The drain along the boundary of Merbau estate is very deep and this resulted in a fatality 5 years ago when a child fell into the drain.	Since the accident, we have reconstructed the drain to become safer. To create better awareness, we will provide safety signs as well.	The company's response was accepted.
4	The company is requested to increase the recruitment of local people	90% of the current workforce in the estates comprises of local community from the surrounding villages	It was verified on-site that harvesters and daily worker mostly come from local communities and Java.

3.5 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

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

Signed on behalf of PT. Perkebunan Milano
(Wilmar International Group)



.....
Simon Siburat
Group Sustainability Controller
Date: April 13, 2010

Signed on behalf of TUV Rheinland Malaysia



.....
Dian S. Soeminta
Lead Auditor
Date: March 5, 2010

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APPENDICES

Appendix 1: Details of Certificate

Standard: **RSPO Principles & Criteria for Sustainable Palm Oil Production; Indonesian National Interpretation: 2008**

Certificate Registr. No.: 01 100 106470

TUV Rheinland Malaysia Sdn. Bhd. certifies:

Certificate Holder: **PT Perkebunan Milano**
Pinang Awan Palm Oil Mill
Subsidiary of **Wilmar International Limited**,
B & G Tower, 10th Floor, Jalan Putri Hijau No. 10 Medan, North Sumatera, Indonesia.
and its company owned estates according to the annex.

Scope: Palm Oil Production and Plantation Management System

An audit was performed, Report No. 106470.

Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil; Indonesian National Interpretation: 2008 are fulfilled.

The due date for all future audits is 24-08 (dd.mm).

Validity: The certificate is valid from 2010-08-24 to 2015-08-23.

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

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Pinang Awan Mill	Pinang Damai Village, Torgamba Sub-district, Labuhan Batu District	1°50'34.175"	100°12'11.296"
Sungai (Sei) Daun Estate	Pengarungan Village, Torgamba Sub-district, South Labuhan Batu District	1°52'25.93"	100°14'02.29"
Batang Saponggol Estate	Batang Saponggol Village, Kampung Rakyat Sub-District, South Labuhan Batu District	1°58'17.61"	100°13'20.34"
Merbau Estate	Milano Village, Merbau Sub-district, North Labuhan Batu District	2°13'28.58"	99°52'06.43"

CPO Tonnage Total Productions: 69,951 tonnes
PK Tonnage Total Productions: 15,898 tonnes
Company Estates FFB Tonnages: 125, 246 tonnes
Smallholders FFB Tonnages: 192,713 tonnes
CPO Tonnage claimed for certification: 27,554 tonnes
PK Tonnage claimed for certification: 6,262 tonnes

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Appendix 2: Certification Audit Plan

Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure - EM/QM Element - Standard Chapter
Monday, 16 November 2009				
08.00-12.00	Open Stakeholder Consultation Meeting at Suzuya Hotel	Dian S. Soeminta (DSS), Susetiyarningsih (SS), Fadli (FA), Agus Salim Alfat (ASA), Carol Ng (CN)	Invited stakeholders	
12.00	End of Open Stakeholder Consultation Meeting	All Auditors		
12.00-13.00	Break and lunch	All Auditors		
13.30	<ul style="list-style-type: none"> Opening Meeting Introduction by team leader. Presentation of estates by respective managers. Presentation of oil mill and source of FFB by mill manager 	All Auditors	Auditors and Top Management	
15.00-17.00	Review of Stakeholder input	All Auditors		
17.00	End of 1st day audit			
Tuesday, 17 November 2009				
Merbau Estate				
08.00-09.30	HGU legal requirements, all related legal requirements & document checks	All Auditors	Top Management & Related Managers	Principle 1 Principle 2
09.30-12.00	Environment, Economic and Legal Aspects <ul style="list-style-type: none"> Field operations. Worker interviews. Riparian zones HCV areas 	All Auditors	Estate manager	Principle 1 Criteria 1.1; 1.2; Principle 2 Criteria 2.1;2.2;2.3; Principle 3 Criteria 3.1;
12.00-13.00	Break and Lunch	All Auditors		
13.00-17.00	Environment, Economic and Legal Aspects <ul style="list-style-type: none"> Field operations. Worker interviews. Riparian zones. HCV areas 	DSS	Estate manager	Principle 4 Criteria 4.1; 4.2;4.3 Principle 2 Principle 3 Principle 5 Criteria 5.1 to 5.6 Principle 8
	Environment and Legal Issues <ul style="list-style-type: none"> Chemical stores Workshops. Legal Aspect 	CN& ASA	Estate manager	Principle 2 Criteria 2.1 Principle 4 Criteria 4.6,4.7, 4.8 Principle 8
	Social issues <ul style="list-style-type: none"> Housing. 	SS & FA	Estate manager	Principle 2

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	<ul style="list-style-type: none"> Medical. Schools. Local communities HCV 			Criteria 2.2, 2.3 Principle 6 Criteria 6.1 to 6.11 Principle 8
17.00	End of 2nd day audit			
Wednesday, 18 November 2009				
Sei Daun Estate				
08.00-12.00	Environment, Economic and Legal Aspects <ul style="list-style-type: none"> Field operations. Worker interviews. Riparian zones. HCV areas 	DSS	Estate manager	Principle 4 Criteria 4.1; 4.2;4;3 Principle 2 Criteria Principle 3 Principle 5 Criteria 5.1 to 5.6 Principle 8
	Environment and Legal Issues <ul style="list-style-type: none"> Chemical stores Workshops. Legal Aspect 	ASA & CN	Estate manager	Principle 2 Criteria 2.1 Principle 4 Criteria 4.6,4.7, 4.8 Principle 8
	Social issues. <ul style="list-style-type: none"> Housing. Medical. Schools. Local communities HCV 	SS & FA	Estate manager	Principle 2 Criteria 2.2, 2.3 Principle 6 Criteria 6.1 to 6.11 Principle 8
12.00-13.00	Lunch & break			
13.30-17.00	Environment, Economic and Legal Aspects <ul style="list-style-type: none"> Field operations. Worker interviews. Riparian zones HCV areas 	DSS	Estate manager	Principle 4 Criteria 4.1; 4.2;4;3 Principle 2 Criteria Principle 3 Principle 5 Criteria 5.1 to 5.6 Principle 8
	Environment and Legal Issues <ul style="list-style-type: none"> Chemical stores Workshops. Legal Aspects 	ASA & CN	Estate manager	Principle 2 Criteria 2.1 Principle 4 Criteria 4.6,4.7, 4.8 Principle 8
	Social issues <ul style="list-style-type: none"> Housing. Medical. Schools. Local communities 	SS & FA	Estate manager	Principle 2 Criteria 2.2, 2.3 Principle 6 Criteria 6.1 to 6.11 Principle 8
17.00	End of 3rd day audit			
Thursday, 19 November 2009				
Batang Saponggol Estate				
08.00-12.00	Environment, Economic and Legal Aspects <ul style="list-style-type: none"> Field operations. Worker interviews. 	DSS	Estate manager	Principle 4 Criteria 4.1; 4.2;4;3 Principle 2 Criteria

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	<ul style="list-style-type: none"> Riparian zones HCV areas 			Principle 3 Principle 5 Criteria 5.1 to 5.6 Principle 8
	Environment and Legal Issues <ul style="list-style-type: none"> Chemical stores Workshops. Legal Aspects 	ASA & CN	Estate manager	Principle 2 Criteria 2.1 Principle 4 Criteria 4.6,4.7, 4.8 Principle 8
	Social issues. <ul style="list-style-type: none"> Housing. Medical. Schools. Local communities HCV 	SS & FA	Estate manager	Principle 2 Criteria 2.2, 2.3 Principle 6 Criteria 6.1 to 6.11 Principle 8
12.00-13.00	Lunch & break			
13.30-17.00	Environment, Economic and Legal Aspects <ul style="list-style-type: none"> Field operations. Worker interviews. Riparian zones HCV areas 	DSS	Estate manager	Principle 4 Criteria 4.1; 4.2;4;3 Principle 2 Criteria Principle 3 Principle 5 Criteria 5.1 to 5.6 Principle 8
	Environment and Legal Issues <ul style="list-style-type: none"> Chemical stores Workshops. Legal Aspects 	ASA & CN	Estate manager	Principle 2 Criteria 2.1 Principle 4 Criteria 4.6,4.7, 4.8 Principle 8
	Social issues <ul style="list-style-type: none"> Housing. Medical. Schools. Local communities HCV 	SS & FA	Estate manager	Principle 2 Criteria 2.2, 2.3 Principle 6 Criteria 6.1 to 6.11 Principle 8
17.00	End of 3rd day audit			
Friday, 20 November 2009				
Pinang Awan Mill				
08.00-12.00	Economic & Legal Aspects <ul style="list-style-type: none"> Mill inspection Workshops. Stores. POME application. Document review 	DSS & ASA	Mill manager	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 8
	Environmental Aspects <ul style="list-style-type: none"> Mill inspection Workshops. Stores. POME application. Document review 	CN	Mill manager	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 8
	Social Issues <ul style="list-style-type: none"> Mill inspection 	SS & FA	Mill manager	Principle 2 Principle 6

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Date / Time ⁽¹⁾	Organizational Unit and Processes	Auditor / Abbrev.	Interviewee	Procedure - EM/QM Element - Standard Chapter
	<ul style="list-style-type: none"> Worker Document review. 			Principle 8
12.00	Lunch & Break			
13.00	Preparation for Closing Meeting	ALL		
15.00	<ul style="list-style-type: none"> Presentation of findings by the audit team. Questions and answers. Final summary by team leader. 	ALL	All managers	
17.00	End of Audit			
19.00-22.00	Travel to Medan	ALL		

Appendix 3: List of Opportunities for Improvement

No.	Related clause	Observations (Opportunities for improvement) :
1.	1.1	The company should include more details when making records of incoming request of information from stakeholder to avoid missing out certain information. The company should record in detail all company responses to incoming requests for information from stakeholders. It was found in the log book for recording requests for information that there was no information on when the company responded to some requests.
2.	2.2	Communication of the company's mechanism for communication and conflict resolution to local communities should be more intensive.
3.	4.1	Estate's SOP for circle and path spraying (SOP-EST-008) does not describe the mixing dosage for Glisat, although it is the most commonly used chemical for spraying. The SOP also does not define clearly whether mixing of chemicals is to be carried out at the chemical store or in the field. According to management, mixing is done at the warehouse but at Sei Daun estate, the female sprayers were observed to be carrying out mixing of chemicals for spraying at the field using water from field drains.
4.	4.4	From the UKL and UPL report for Sei Daun estate, water analysis results of manmade canals located near the estate (but outside the estate boundary) were found to have a high upstream BOD of 8.4 and a downstream BOD of 8.8, which is also above the legal requirement of 3 mg/L..
5.	4.4	Batang Saponggol estate has a schedule for carrying out desilting of drains in certain months, which is inconsistent with their water management programme, in which desilting of drains is supposed to be carried out every month. Records of actual drain desilting activities also show that desilting activities were mostly not carried out according to the schedule.
6.	4.5	IPM records for Batang Saponggol estate show that census activities are usually not conducted according to schedule.
7.	4.5	Sei Daun estate also has a record of training on pest census techniques conducted on 16 February 2009, however there is no documented record of training of the SOP for IPM that was revised on July 2009. According to management, this was informed to workers informally.
8.	4.7	It was observed at Batang Saponggol workshop that the guard for the compressor is missing, and this poses a potential safety hazard.
9.	4.7	The company's training procedure should be reviewed, as it currently states that evaluations of training effectiveness is conducted by the Human Resource Department but this should be done by direct superiors of trained workers, as they can directly observe their work progress. And the evaluation should be conducted earlier than one year after the training.

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10.	4.7	Medical records show that a number of workers had developed anemia and gastritis, but the company did not analyze the medical examination reports of their workers and inform the affected workers on how to manage and prevent these conditions.
11.	4.7	Asides from OSH issues, worker welfare issues should be included as part of the agenda of regular OSH meetings.
12.	4.7	The mill has conducted an identification of hazards and safety risks, but this is not complete as some work activities such as welding were not included. The risk assessment for the mill requires further improvement.
13.	4.7	No emergency procedures in the event of earthquakes, floods and fuel tank leakage were available, and these procedures should be defined.
14.	5.2	The company should make appropriate forms to record all identified HCV areas, determine HCV values and monitor of the condition of HCV areas.
15.	5.2	The company should establish a clear mechanism to prevent illegal fishing and hunting as well as illegal harvesting, and not only depend on warning sign boards.
16.	5.2	Patrol programs that regularly conducted by the security team should also include monitoring of HCV areas.
17.	5.3	The mill does not maintain inventories of amounts of certain hazardous wastes produced such as Nalco chemical and paint containers although these are listed as wastes sold to the contractor (PT Wira Gautama).
18.	5.3	There are some discrepancies in the records of schedules wastes produced at Sei Daun estate. For example, in letter no, 76/EXT/MLN-SDE/VI/2009, it was recorded that 98 pieces of oil filters were sent to the mill. However, there is no record of amount of oil filters being produced recorded in the Control Form for Incoming and Outgoing Hazardous Wastes, FRM-GEN-035. Also it was recorded in the control form that 440 litres of used diesel oil containers (solar bekas) were sent to the mill, however, the letter to the mill (76/EXT/MLN-SDE/VI/2009) states that 460 litres of petrol containers were sent.
19.	5.3	No waste analysis is carried out at all estates and the mill.
20.	5.5	The fire extinguisher located at the security post at the mill was found to be at low pressure, even though the last check for the fire extinguisher was conducted on 17 Nov 09.

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Appendix 4: List of stakeholders invited to the consultation meeting

No.	Name of Stakeholders	Institution	Type of Stakeholder
Public Consultation Meeting			
1	Nelson B.	Lentera Rakyat	NGO
2	Dimhar Lubis	Lentera Rakyat	NGO
3	Rani	Lentera Rakyat	NGO
4	Saharani Eliza S. S.Sos	KLH Labura	Local Government
5	Neni Hartati	KLH Labura	Local Government
6	Jung Kok	Indo Jaya Motor	Supplier
7	Kliwon	SBSI Milano	Head of labour union
8	Sunarso	Tokoh Adat Merbau	Local community
9	Warso	Perkebunan Milano	Village head
10	Jumadi	Tokoh Agama Pulo Bargot	Local community
11	Charles Hutapea	Tokoh Pendidikan Marbau	Education sector
12	Monang Nainggolan, SH	Kepala Badan PMPPKB dan Pemdes Labuhan Batu Selatan	Local government
13	Agus Salim	FFB Supplier	Supplier
14	Ishak	PO. Lentera	Supplier
15	Maruba N	PO. Lentera	Supplier
16	Zulfikar	Wartawan Koreksi	Reporter
17	Samali	Pengusaha	Enterpreneur
18	Sukimin	Kepala Desa Sipare-pare Tengah	Village head
19	Lukman Hasibuan	Tokoh Agama Sipare-pare Tengah	Local community
20	Mulyadi	Tokoh Pemuda Sipare-pare Tengah	Local community
21	A. Sayuti Sir	Tokoh Masy. Sipare-pare Tengah	Local community
22	Imanuddin	LSM Komisi Pencari Fakta	NGO
23	Azhar Rambe, SE	Kepala Desa Pangarungan	Village head
24	Supriandri	Kepala Desa Aek Batu	Village head
25	Djoko Santoso, ST	Dinas PU, Pertambangan & Energi	Local government
26	Syaiful	Truck sub-contractor	Sub contractor
27	M. Jumino	Masyarakat	Community member
28	Jalamuddin	Desperindag	Local government
29	Bisman	Aek Batu FFB Supplier	Supplier
30	Sofyan	Kepala Dusun Pinang Awan	Village head
31	Meidy	LKS Bipartit	Labour organization
32	Irwan	Kepala Bidang Tenaga Kerja Labura	Local government
33	L. Tinambun	Kabid Kehutanan Dishub Labura	Local government
34	Awaluddin	Disperindag	Local government
35	AKP R. Sihombing	Kapolsek Marbau	Police
36	Sofyan Hasibuan, SE	Camat Kampung Rakyat	District head
37	AKP J. Nababan	Kapolsek Kampung Rakyat	Police
38	Tasiman	Ketua BPD Pangarungan	Local community
39	Margono	Anggota BPD	Local community
40	DK. Syabah R	Pemuda Pancasila	Youth organization
41	Sumardi	Kepala Dusun Bantan	Village head
42	Moses Tumanggor	Forkas Pinang Damai	Local community
43	dr. Mastiana	Kadis Kesehatan	Local government
44	Kapt. Inf. Jarusman Manik	Koramil 06	Military
45	Khairil Azwar, SE	Camat Marbau	District head
46	Paryono	Kepala Dusun Pulo Bargot	Village head
47	Rus Efendi R	Kepala Dusun Pulo Bargot Dua	Village head
48	Suriyanto	Kantor Camat Marbau	Local government
49	Agus Sugianto	Tokoh Masyarakat Dusun P Bargot	Local community

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50	Rudi	Mutides Toko	Local community
51	Suprpto B. Sip	Ketua Forkas Pangarungan	Local community
52	Sariman Salim	Ketua Forkas P. Damai	Local community
53	Sukiman	Kepala Dusun P. Damai	Village head
54	Warsito	Ketua Pemuda P. Damai	Youth community
55	Gibert	Desa Batang Seponggol	Community member
56	M. Latif Pane	Kepala Dusun Sigambal 2	Village head
57	Lasing	Tokoh Masyarakat B. Seponggol	Local community
58	Paiso	SPSI B. Seponggol	Labour organization
59	Edi Susilo	Kepala Dusun Sulum	Village head
60	Rohadi	Kepala Dusun Pengarungan	Village head
61	Abdur Rahim	Masyarakat Sigambal 2	Community member
62	Indra Sakti Dsp	Ketua Pemuda Pancasila PAC MBU	Local community
63	Edi Warta	Tokoh Pemuda Pulo Bargot	Local community
64	Ir. Husni Rizal	Kepala Desa Asam Jawa	Village head
65	Khairul N. Sirejo	Ketua Forkas Asam Jawa	Local community
66	Wiyono	Desa Teluk Panji	Community member
67	Kasdi Manto	Desa Teluk Panji	Community member
68	Wagiran	Desa Teluk Panji	Community member
69	Edy Maryono	Desa Teluk Panji	Community member
70	Baginda Lahamid	Kepala Dusun Bom baroh	Village head
71	Abd Sani Hasibuan	Desa Bom baroh	Community member
72	Edi Purwanto	Polsek Torgamba	Police
73	Azis Napitupulu	Polsek Torgamba	Police
74	Bokhari	Media Cetak Lacak	Newspaper reporter
75	Irwan Daulay	Media Cetak Berita	Newspaper reporter
76	Tarman	Kepala Desa Pinang Damai	Village head
77	Dirawani, SE	Desa Pangarungan	Community member
78	Tino	Desa Pinang Damai	Community member
79	Parmin	Penggembala Lembu	Community member
80	Suparto	Ijin Lintas Banten	Community member
81	M. Lidun Hsb	Tokoh Agama Batang Saponggol	Local community
82	M. Tambah Hsb	SPPP SPSI	Labour Organization
83	Semangat Jaya	Suplier Gas	Supplier
84	Sulistio	Suplier Gas	Supplier
85	Kaharuddin	Tokoh masyarakat Sigambala	Local community
86	Ali Usman	Tokoh Pemuda Bom baroh	Youth community
87	Parno	Kepala Dusun Teluk Panji	Village head
88	Lindo Afriani	Kepala Desa Batang Saponggol	Village head
89	Dr. Daschar Aulia	KNPI Labuan Batu Selatan	Youth community
90	Agus Iranemlase	AMPI Kec. Torgamba	Youth community
91	M. Thaufik	Pemuda Pancasila Torgamba	Youth community
92	M. Yuliansyah	Kodim 020a Ranmil 10/TM	Military
93	R. Simanjuntak	BPN Head	Local government
94	M. Sitorus		
95	Sukeri		
96	Lukman Pohanse	Kabid Perindustrian	Local government

Appendix 5: List of Abbreviations

AMDAL	Analisis Dampak Lingkungan & Sosial (Social & Environmental Impacts Assessment)
APINDO	Asosiasi Pengusaha Indonesia (Employers Association of Indonesia)
BAP	Best Agricultural Practices
Bapedalda	Badan Pengendalian Dampak Lingkungan Daerah (Regional Body for Management of Environmental Impacts)
BKS PPS	Badan Kerjasama Perusahaan Perkebunan (Plantation Companies Cooperative Body)
BKPM	Badan Koordinasi Penanaman Modal (Capital Investment Coordination Board)
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Agency)
CDM	Clean Development Mechanism
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
Disnaker	Dinas Tenaga Kerja (Labour Department)
EIA	Environmental Impact Assessment
ERTs	Endangered, Rare & Threatened species
ESH	Environmental Safety & Health
EHS	Environmental Health & Safety
ETP	Environmental Target Program
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
EMU	Ecological Management Unit
HCV	High Conservation Value
HRD	Human Resources Department
HGU	Hak Guna Usaha (Land Cultivation Rights title)
IDR	Indonesian Rupiah
IPM	Integrated Pest Management
IUP	Ijin Usaha Perkebunan (Plantation Operation Permit)
K3	Keselamatan dan Kesehatan Kerja (Occupational Safety & Health)
Kadisbun	Kepala Dinas Perkebunan (Head of Plantations Department)
KepMen Naker	Keputusan Menteri Tenaga Kerja (Workforce Minister's Decree)
LTA	Lost Time Accident
LRR	Legal Requirements Register
MSDS	Material Safety Data Sheets
NGO	Non-Government Organization
OSH	Occupational Safety & Health
PK	Palm Kernel
PKB	Perjanjian Kerja Bersama (Employment Agreement; between company and labour union)
PKO	Palm Kernel Oil
PKS	Pabrik Kelapa Sawit (Palm Oil Mill)
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SBSI	Serikat Buruh Sejahtera Indonesia (Indonesian Labour Union)
SPSI	Serikat Pekerja Seluruh Indonesia (Indonesian Workers Union)
SPTI	Serikat Pekerja Transportasi Indonesia (Indonesian Transportation Workers Union)
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UMP	Upah Minimum Propinsi (Provincial Minimum Wage)
UPL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)