

**RSPO PRINCIPLE AND CRITERIA  
– ANNUAL SURVEILLANCE 2 ASSESSMENT  
Public Summary Report**

<b>PT. GUNUNG MELAYU Gunung Melayu II Palm Oil Mill and Its Supply Bases</b>
Client company Address: Batu Anam Village, Bandar Pulau District, Asahan Regency, North Sumatera Province, Indonesia
Certification Unit: Gunung Melayu II Palm Oil Mill  Gonting Malaha Village, Bandar Pulau District, Asahan Regency, North Sumatera Province, Indonesia

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## Section 1: Scope of the Certification Assessment

1. Company Details			
<b>RSPO Membership Number</b>	No.1-0022-06-000-00	<b>Date</b>	6 <sup>th</sup> February 2006
<b>Company Name</b>	PT Gunung Melayu		
<b>Address</b>	Head Office: Batu Anam Village, Bandar Pulau District Asahan Regency Sumatera Utara – INDONESIA		
<b>Subsidiary of (if applicable)</b>	PT Inti Indosawit Subur		
<b>Contact Name</b>	Putu Grhyate Yonata Aksa		
<b>Website</b>	<a href="http://www.asianagri.co.id">www.asianagri.co.id</a>	<b>E-mail</b>	Putu_aksa@asianagri.com
<b>Telephone</b>	+62 21 230 1119	<b>Facsimile</b>	+62 21 230 1120

2. Certification Information			
<b>Certificate Number</b>	RSPO 620707	<b>Date</b>	08/07/2015
<b>Scope of Certification</b>	Production of CPO and PK of PT. Gunung Melayu – Gunung Melayu II Palm Oil Mill and 3 (three) estates as supply base, namely Batu Anam Estate, Aek Tarum Estate, Sentral Estate Mill capacity of Gunung Melayu II POM is 60 tonnes FFB/hour.		
Other Certifications			
<b>Certificate Number</b>	<b>Standard(s)</b>	<b>Certificate Issued by</b>	<b>Expiry Date</b>
ID05/65250	ISO 14001:2004	SGS	10 June 2017
ISCC	EU-ISCC-Cert-DE100-27292017	SGS	07 July 2018

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Gunung Melayu II	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatra	99° 28' 11" E	2° 44' 58" N
Batu Anam Estate	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatra	99°26'35" E - 99°33'34" E	02°42'12" - 02°46'54" N
Aek Tarum Estate	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatra	99°23'12" E - 99°33'34" E	02°42'05" - 02°46'54" N
Sentral Estate	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatra	99°23'12" E - 99°29'10" E	02°42'05" - 02°46'32" N

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4. Description of Supply Base							
Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Batu Anam Estate	3,160.00	0.00	412.00	95.85	3,160.00	3,667.85	86.15%
Sentral Estate	2,584.00	323.00	707.98	64.94	2,907.00	3,679.92	79.00%
Aek Tarum estate	2,230.00	53.00	744.00	39.56	2,283.00	3,066.56	74.45%
<b>Total</b>	<b>7,974.00</b>	<b>376.00</b>	<b>1,863.98</b>	<b>200.35</b>	<b>8,350.00</b>	<b>10,414.33</b>	<b>80.18%</b>

Note: \* HCV area are included in planted area

5. Plantings & Cycle								
Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (2016)	Actual (2016)	Forecast (2017)
Batu Anam Estate	0	2,219	941	0	0	52,682	58,535	63,678
Sentral Estate	323	2,584	0	0	0	68,133	47,772	55,473
Aek Tarum estate	53	2,230	0	0	0	41,851	36,753	48,145
<b>Total</b>	<b>376</b>	<b>7,033</b>	<b>941</b>	<b>0</b>	<b>0</b>	<b>162,666</b>	<b>143,060</b>	<b>167,296</b>

6. Certified Tonnage									
Mill	Estimated (2016)			Actual (2016)			Forecast (2017)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Gunung Melayu II POM	162,666	39,804	7,362	143,060	34,997	6,617	167,296	41,467	7,417

7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable			
Independent FFB Supplier	Tonnage / year		
	Estimated (2016)	Actual (2016)	Forecast (2017)
Third party FFB supplier/Collector	40,000	75,333	160,000

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<b>8. Certified Tonnage CPO</b>									
<b>Mill</b>	<b>Estimated (2016)</b>			<b>Actual (2016)</b>			<b>Forecast (2017)</b>		
	<b>FFB</b>	<b>CPO</b>	<b>PK</b>	<b>FFB</b>	<b>CPO</b>	<b>PK</b>	<b>FFB</b>	<b>CPO</b>	<b>PK</b>
Gunung Melayu II POM	162,666	39,804	7,362	143,060	34,997	6,617	167,296	41,467	7,417
OER		24.47%	4.53%		24.46%	4.63%		24.79%	4.43%

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
(ASI Accreditation Number: RSPO-ACC-19)  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
Nicholas Cheong: [Nicholas.Cheong@bsigroup.com](mailto:Nicholas.Cheong@bsigroup.com)  
[www.bsigroup.com](http://www.bsigroup.com)

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia and an office at Singapore, Jakarta, Bangkok and Australia which involve in RSPO Certification Program.

### Assessment Methodology, Programme, Site Visits

The on-site annual surveillance assessment 2 (ASA2) was conducted from 8<sup>th</sup> – 12<sup>th</sup> June 2017. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO P&C Indonesia National Interpretation September 2016 and RSPO SCCS 2014 were used as Checklists and questionnaires were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the estates of its supply base. The estates sample were determined based on formula  $N = 0.8\sqrt{y}$  where y is the number of estates while when applicable the smallholders sample were determined following the RSPO Certification Requirement and Guidance for Group Certification of FFB Production March 2016. The sampling of smallholders were based on the formula  $(0.8\sqrt{y}) \times (z)$ ; where y is total number of independent group member and where z is the multiplier defined by the risk assessment.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each

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of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

All the previous nonconformities are remains closed. The assessment findings for the initial assessment are detailed in Section 3.3.

This report is structured to provide a summary of assessment finding as attached in the Appendix A. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was internally reviewed by Eileen Chiang, prior to certification decision by BSI.

**The following table would be used to identify the locations to be audited each year in the 5 year cycle**

<b>1. Assessment Program</b>					
<b>Name (Mill / Supply Base)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>
<b>Gunung Melayu II POM</b>	x	x	x	x	x
Batu Anam Estate	x	x	x	x	
Sentral Estate	x	x		x	x
Aek Tarum Estate			x		x

**Tentative Date of Next Visit: June 4, 2018 - June 6, 2018**

**Total No. of Mandays: 9 manday**

**BSI Assessment Team:**

**Mujinius Jalaraya – Lead Assessor**

He hold Bachelor degree from Faculty of Forestry, Bogor Agricultural University (IPB) in 2008, Majoring in Forest Resources Conservation and Ecotourism. He have a working experience in palm oil plantations as SHE Assistant at PT. Astra Agro Lestari Tbk in 2008 - 2012 and as Supervisor Sustainability at Teladan Prima Group in 2012 – 2014. He involved in RSPO certification since 2014 as a team member subsequently as a Lead Auditor. He has completed the training, such as: Lead Auditor ISO 9001: 2008 course, Lead Auditor ISPO course, Lead Auditor RSPO endorsed course, RSPO SCCS Lead Auditor endorsed course, HCV Identification and management, Internal Auditor ISO 14001: 2004 Training, Training for Trainers, OHS Expert Training, etc. During this assessment, he assessed on the aspects of Legal, Best Management Practices for Palm Oil Mill, HCV management, and SCCS audits under supervised by qualifying reviewer Mr. Pratama Agung Sedayu. He is fluently speaking in English and Bahasa Indonesia.

**Edy Widodo – Team Member**

Edy Widodo graduated as bachelor of the Faculty of Agriculture, Department of Agricultural Technology, University of Padjadjaran, Bandung. Earlier he worked as an Assistant Estates Manager in PT SMART Tbk. (1999 to 2005). He is a Lead Auditor for ISO 9001: 2008. He has working experience in the industrial sector and audit Plantation, and also the processing industry and agricultural mechanization. He is also the ISPO auditor who has obtained a certificate from the ISPO Commission, Ministry of Agriculture of Indonesia, on February 2013. He had got a certificate of training on Understanding ISO 14001: 2004 & Auditing ISO 14001: 2004 in 2013. He also had joined RSPO P&C training (2013) and also Course RSPO Lead Auditor 2016 - RSPO Endorsed RSPO Supply Chain Certification Training Course on April 2016. During this assessment, he assessed on the aspects of social and labor and stakeholder consultation.

**Aswan Hasibuan – Team Member**

He graduated from University of Sumatera Utara on 1999, majoring in Industrial Engineering. He involved in RSPO certification since 2012 as a team member subsequently as a Lead Auditor, covering assessment against RSPO P&C in Indonesia, Malaysia, and Ghana. He completed the ISO 9001, ISO 14001, OHSAS 18001 Lead Auditor Course, Indonesia OHSMS (SMK3) Auditor, ISPO Lead Auditor endorsed Course and RSPO P&C and RSPO SCCS Lead Auditor endorsed Courses. During this assessment, he assessed on the aspects of environment, OHS, CPO Mill Supply chain and Smallholder audits. He is fluently speaking in English and Bahasa Indonesia.

**Accompanying Persons: Nil**



### Section 3: Assessment Findings

#### 3.1 Details of audit results are provided in the following Appendix:

- PT Gunung Melayu/Asian Agri Time Bound Plan
- RSPO P & C INA-NIWG 2016 Checklist
- RSPO Supply Chain Certification Checklist on November 2014

#### 3.2 Progress against Time Bound Plan

Time Bound Plan		
Requirement	Remarks	Compliance
<b>Summary of the Time Bound Plan</b>		
Does the plan include all subsidiaries, estates and mills?	PT. Gunung Melayu – Asian Agri Group has explained the certification plan for all of its subsidiaries; indicating all palm oil mills, company-owned estates and scheme smallholder as the supply base.	Comply
Is the time bound plan challenging?  <ul style="list-style-type: none"> <li>• Age of plantations.</li> <li>• Location.</li> <li>• POM development</li> <li>• Infrastructure.</li> <li>• Compliance with applicable law.</li> </ul>	The time bound plan is challenging. PT. Gunung Melayu – Asian Agri Group demonstrate progress overtime.  The age of plantation was generally mature. All of plantation has been incorporated with palm oil mill to process the FFB produced.  The location of plantations were covering three provinces in Sumatera Utara Province, Riau Province and Jambi Province – Indonesia.	Comply
Have there been any changes since the last audit? Are they justified?	No changes.	Comply
If there have been changes, what circumstances have occurred?	No changes.	Comply
Have there been any stakeholder comments?	Yes, there was a report related to company’s supply chain. Company has released official response. BSI was notified and provided response to this matter.  BSI has also provided response to this matter.	Comply
Have there been any newly acquired subsidiaries?	There are no newly acquired subsidiaries.	Comply
Have there been any isolated lapses in implementation of the plan?	No isolated lapses. Company managed to demonstrate commitment to certify all of palm oil mill and supply base.	Comply
<b>Un-Certified Units or Holdings</b>		
Did the company conduct an internal audit? If so, has	Yes. PT. Mitra Unggul Pusaka – Segati POM conducted	Comply

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a positive assurance statement been produced?	internal audit annually.	
No replacement after dates defined in NIs Criterion 7.3: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	In area where BSI conducted audit, there are no replacement/conversion of primary forest after November 2005.	Comply
Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	There is new planting after January 1 <sup>st</sup> , 2010. New planting was performed through conversion from rubber plantation. Company has prepare for NPP submission to RSPO. NPP for conversion area is still in progress including supporting documents (conversion permit, HCV assessment, etc). NPP will be submitted in reference to NPP 2015 as NPP for Conversion of Existing Agricultural land.	in progress
Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	No more land compensation.	Comply
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labor dispute noted. This was based on stakeholder interview with worker union in each company. In addition, audit team found the same based on stakeholder interview with "Dinas Tenaga Kerja" on each regency audited.	Comply
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Yes. PT. Mitra Unggul Pusaka – Segati POM conducted internal audit annually. Last audit performed in April 2016.	Comply
Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	PT. PT. Mitra Unggul Pusaka – Segati POM has comply with all legal compliance	Comply

### 3.3 Details of findings

The nonconformity is listed below. The summary report of the assessment by criteria is listed in Appendix A.

During the Annual Surveillance Assessment there are 3 Major Nonconformities and 4 Minor Nonconformity raised. PT Gunung Melayu – Gunung Melayu II POM Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted. The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
<b>1487836-201706-M1</b>	<b>Requirements:</b> RSPO P & C INA NI 2016 Indicator 2.1.3 A system for tracking any changes in the law shall be available and implemented.	<b>Major</b>
	<b>Evidence of Nonconformity:</b> Based on the verification of documents (Evaluation of Legal and Other Requirements Compliance) there are some inconsistency between evaluation of legal compliance list and real condition of compliance, such as: <ul style="list-style-type: none"> <li>- UU no 1 tahun 1970, regarding: Keselamatan Kerja (pasal 10; pembentukan P2K3) remark as not comply "belum patuh" however curenly company has comply with the regulation.</li> <li>- Permenaker No. 08/men/VII/2010, regarding: Alat pelindung diri (pasal 2; APD yang habis masa pakai dan rusak), remark as not comply "belum patuh" however curenly company has comply with the regulation.</li> <li>- Permenkes No.15/MEN/VIII/2008, regading: Pertolongan pertama pada kecelakaan di tempat kerja (pasal; 8 kotak P3K dan Isi) remark as not comply "belum patuh" however curenly company has comply with the regulation.</li> </ul> In addition there are some regulation has not been evaluated yet, e.g: <ul style="list-style-type: none"> <li>- Permenaker No. 609 year 2012, regarding: Guidance of Completion Occupational Accident and Disease Case.</li> <li>- Decree of President No.7 year 2006, regarding Ratification of the UN Convention against Corruption.</li> <li>- Decree of President No. 8 year 2010, regarding Prevention and Eradication of Money Laundry.</li> <li>- Presidential Instruction No.1 year 2013 regarding Action for Corruption Prevention and Eradication.</li> </ul>	
	<b>Statement of Nonconformity:</b> Company has not consistently implementing the mechanism for ensuring legal/regulation compliance.	
	<b>Corrective Action:</b> Company has updated the evaluation of legal compliance list accordingly such as: <ul style="list-style-type: none"> <li>- UU no 1 tahun 1970, regarding: Keselamatan Kerja (pasal 10; pembentukan P2K3) remark as comply, curenly company has P2K3 organisation who responsible to implementing the OHS management and monitoring.</li> </ul>	

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	<ul style="list-style-type: none"> <li>- Permenaker No. 08/men/VII/2010, regarding: Alat pelindung diri (pasal 2; APD yang habis masa pakai dan rusak), remark as comply. Company has provide the appropriate PPE to all workers according to their jobs and risk.</li> <li>- Permenkes No.15/MEN/VIII/2008, regading: Pertolongan pertama pada kecelakaan di tempat kerja (pasal; 8 kotak P3K dan Isi) remark as comply. Company has assign and trained the first aider in each estate an division, company has provide first aid kit in strategic place in each office and building as well as in the field which brought by Mandor/field supervisors.</li> </ul> <p>Company also has been re evaluated the relevant regulation, such as:</p> <ul style="list-style-type: none"> <li>- Permenaker No. 609 year 2012, regarding: Guidance of Completion Occupational Accident and Disease Case. Remark as comply.</li> <li>- Decree of President No.7 year 2006, regarding Ratification of the UN Convention against Corruption. Remark as comply.</li> <li>- Decree of President No. 8 year 2010, regarding Prevention and Eradication of Money Laundry. Remark as comply.</li> <li>- Presidential Instruction No.1 year 2013 regarding Action for Corruption Prevention and Eradication. Remark as comply.</li> </ul> <p>Law and regulation evaluation was udated on June 2017. Evidence of evaluation document has been verified and found completed and sufficient.</p>	
<p><b>1487836-201706-M2</b></p>	<p><b>Assessment Conclusion:</b> Major NC has been Closed out in 04/08/2017.</p> <hr/> <p><b>Requirements:</b> RSPO P &amp; C INA NI 2016 Indicator 4.7.1 A health and safety policy shall be in place. A health and safety plan shall be documented and implemented, and its effectiveness monitored.</p> <p><b>Evidence of Nonconformity:</b></p> <ul style="list-style-type: none"> <li>- During field visit on Gunung Melayu II POM found that Hydrant box in locked condition and not accesible everytime, in addition Pump machine for hydrant can't be operated and it subjected to unready of Emergency response situation.</li> <li>- During field audit in Batu Anam Estate found the operator/mechanic who working for welding was not use proper PPE (safety shoes). In previous accident ivestigation on February 2017 on behalf Mr. Riswanto, same operator experienced accident and based on investigation it caused by operator not use the proper PPE (safety shoes). Risk Assessment 2017 stated that operator/mechanic must use safety shoes during working.</li> </ul> <p><b>Statement of Nonconformity:</b> OHS management system has not been implemented consistently as per policy, procedure and mangement plan determined by company.</p> <p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- Company has performed some corrective action and improvement to response the emergency situation. Company has ensure the Hydrant box are accessible everytime by providing the unlocked tools in Hydrant box. Company also conducted regular monitoring for Hydrant box and pump to ensure the proper condition. Monitoring record was available and presented in "Daftar periksa kondisi Mesin Hydrant" and "Pengecekan Pompa Hydrant". Latest check performed in June 2017. During field audit found that Hydrant and pump was in proper condition and well function.</li> <li>- Company has conducted refreshment of PPE usage to all workers particularly for Traksi worker (operator and mechanic) by Morning safety talk. Company also provide the PPE to all workers freely; company also emphasize to all</li> </ul>	<p><b>Major</b></p>

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	<p>workers if there is a damage or broken to their PPE, the workers can request to replace the broken PPE by the new one. To ensure the PPE usage by workers, company has made the regular inspection before and during working in the field. PPE inspection recorded in "Daftar Periksa Alat Pelindung Diri". Inspection PPE usage performed each day. Record on inspection in June and July 2017 was available. During field visit in 4 August 2017 the record also available and found that all workers in the field was used the PPE properly such as the Mechanic using PPE Safety Helmet, Safety Shoes, Wearpack, leather handgloves, Welder glasses and Masker.</p> <p><b>Assessment Conclusion:</b>  Major NC has been Closed out in 04/08/2017.</p>	
<p><b>1487836-201706-M3</b></p>	<p><b>Requirements:</b> RSPO P &amp; C INA NI 2016 Indicator 4.7.6  All workers shall be provided with medical care, and covered by accident insurance.</p> <p><b>Evidence of Nonconformity:</b>  Company has registered 112 temporary workers as BPJS Ketenagakerjaan participant and 31 temporary workers as BPJS Kesehatan participant in Aek Tarum; 175 temporary workers as BPJS Ketenagakerjaan participant and 74 temporary workers as BPJS Kesehatan participant in Batu Anam Estate. However there were 102 temporary workers remaining has not been identified as BPJS Ketenagakerjaan participant, 60 temporary workers has not been identified as BPJS Kesehatan participant in Aek tarum Estate and 189 temporary workers has not been identified as BPJS Ketenagakerjaan participant, 240 temporary workers has not been identified as BPJS Kesehatan participant.</p> <p><b>Statement of Nonconformity:</b>  Based on document review upon payment BPJS Kesehatan and Ketenagakerjaan, auditor found information that several temporary workers has not been covered with BPJS Kesehatan.</p> <p><b>Corrective Action:</b>  Company has done the corrective action regarding registration of temporary workers to BPJS Kesehatan.  Company has identified all the temporary workers :</p> <ul style="list-style-type: none"> <li>- In Batu anam Estate there are 359 temporary workers, 196 workers are not yet registered as BPJS Kesehatan participants, 101 workers has been registered as BPJS Kesehatan + 14 registered as Jamkesda + 48 workers has been registered as BPJS Kesehatan dependent of husband working in company. So that there are remain 196 workers has to registered by company as BPJS Kesehatan participants. Company has registered the temporary workers as BPJS Kesehatan participants gradually; in June registered 76 workers, in July 60 workers and in August 60 workers. Evidence of registration are available in Memo No.081,082,083/Memo-KBA/BPJS/VI/2017.</li> <li>- In Batu Anam Estate there are 359 temporary workers, 146 workers are not yet registered as BPJS Ketenagakerjaan participants. Company has registered the temporary workers as BPJS Ketenagakerjaan participants gradually; in June registered 50 workers, in July 50 workers and in August 46 workers. Evidence of registration are available Memo No.081,082,083/Memo-KBA/BPJS/VI/2017.</li> </ul>	<p><b>Major</b></p>

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	<ul style="list-style-type: none"> <li>- In Aek Tarum Estate there are 229 temporary workers, 71 workers are not yet registered as BPJS Kesehatan participants, 34 workers has been registered as BPJS Kesehatan + 86 registered as BPJS Kesehatan mandiri + 33 workers has been registered as BPJS Kesehatan dependent of husband working in company. So that there are remain 71 workers has to registered by company as BPJS Kesehatan participants. Company has registered the temporary workers as BPJS Kesehatan participants gradually; in June registered 24 workers and in July 27 workers. Evidence of registration are available Memo No.50/ES-KAT/EXT/06/17.</li> <li>- In Aek Tarum Estate there are 359 temporary workers, 146 workers are not yet registered as BPJS Ketenagakerjaan participants. Company has registered the temporary workers as BPJS Ketenagakerjaan participants gradually; in June registered 25 workers, in July 25 workers and in August 21 workers. Evidence of registration are available Memo No.50/ES-KAT/EXT/06/17.</li> </ul> <p><b>Assessment Conclusion:</b> Major NC has been Closed out in 04/08/2017.</p>	
<p><b>1487836-201706-N1</b></p>	<p><b>Requirements:</b> RSPO P &amp; C INA NI 2016 Indicator 2.2.2 Legal boundaries are demonstrated clearly and maintained.</p> <p><b>Evidence of Nonconformity:</b> During field visit in Aek tarum Estate, found some of HGU poles were not proper in position/condition (sloping, uprooted/collapse, not in paint and no number of pole) , such as:  <ul style="list-style-type: none"> <li>- Pole No. 67-KSN, block A11A – A12B, afdeling 1, borders with TKD (Tanah kas Desa).</li> <li>- Pole No. 73-KSN, block A10G, afdeling 1, borders with KPK (Kilang Padi Kisaran).</li> </ul> </p> <p><b>Statement of Nonconformity:</b> Company has not consistently maintained the legal boundary (HGU poles) as per procedure/regulation defined.</p> <p><b>Corrective Action:</b></p> <p><b>Assessment Conclusion:</b> Minor NC remains OPEN and will be verified on next surveillance audit.</p>	<p><b>Minor</b></p>
<p><b>1487836-201706-N2</b></p>	<p><b>Requirements:</b> RSPO P &amp; C INA NI 2016 Indicator 5.2.4 Once the management plan is prepared, continuous monitoring documentation and report regarding the status of the RTE and HCVs are affected by the operations of the plantation and palm oil mill shall be available, and the results of monitoring are to be used to follow-up on the improvement of the management plan.</p> <p><b>Evidence of Nonconformity:</b>  <ul style="list-style-type: none"> <li>- Company has defined the programme to socialize the HCV and wildlife conservation to employee however most of workers interviewed during audit was not understand well regarding wildlife and HCV conservation.</li> <li>- Vegetation monitoring was not appropriate as per "laporan Hasil identifikasi HCV" and not give the improvement feedback. Most of vegetation monitoring were herbs and introduction plant/tree, however there were much of natural vegetation particularly tree vegetation in and around</li> </ul> </p>	<p><b>Minor</b></p>

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	<p>plantation area.</p> <ul style="list-style-type: none"> <li>- Monitoring result of HCV, wildlife and vegetation has not been gave the improvement feedback appropriately.</li> </ul> <p><b>Statement of Nonconformity:</b> Management plan of HCV defined by company has not been implemented effectively and result of monitoring was not gave the improvement feedback for the management plan.</p> <p><b>Corrective Action:</b></p> <p><b>Assessment Conclusion:</b> Minor NC remains OPEN and will be verified on next surveillance audit.</p>	
<p><b>1487836-201706-N3</b></p>	<p><b>Requirements:</b> RSPO P &amp; C INA NI 2016 Indicator 5.3.3 A documented waste management plan to avoid or reduce pollution and its implementation shall be available.</p> <p><b>Evidence of Nonconformity:</b> "Neraca Limbah B3" in Gunung Melayu II POM was not up to date in accordance with curent condition in TPS LB3, warehouse officer update the "Neraca Limbah B3" only after waste delivery to third party collector.</p> <p><b>Statement of Nonconformity:</b> Management plan of hazardous waste was not consistently implemented as per regulation and procedure.</p> <p><b>Corrective Action:</b></p> <p><b>Assessment Conclusion:</b> Minor NC remains OPEN and will be verified on next surveillance audit.</p>	<p><b>Minor</b></p>
<p><b>1487836-201706-N4</b></p>	<p><b>Requirements:</b> RSPO P &amp; C INA NI 2016 Indicator 6.1.4 The documented plan for management and monitoring of social impacts, shall be reviewed at least on two-yearly basis. If necessary, the plan should be updated. There shall be evidence that the review process includes participation of all affected parties.</p> <p><b>Evidence of Nonconformity:</b> Found some insufficiency of SIA report review in document "Laporan Identifikasi Efektivitas Upaya Kelola Sosial PT Gunung Melayu dan PT Saudara Sejati Luhur period 2017", such as:</p> <ul style="list-style-type: none"> <li>- Evidence of participation of affected parties in SIA assessment can not be demonstrated.</li> <li>- Does not specify the period/time of the social impact assessment done</li> <li>- Does not specify assessment team and its competency</li> </ul> <p><b>Statement of Nonconformity:</b> There is no evidence that SIA review has been done with the participation of affected parties</p> <p><b>Corrective Action:</b></p>	<p><b>Minor</b></p>



	<b>Assessment Conclusion:</b> Minor NC remains OPEN and will be verified on next surveillance audit.	
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**Issues raised by Stakeholders**

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss PT. Inti Indosawit Subur – Gunung Melayu II Palm Oil Mill Certification Unit’s environmental and social performance, legal and any known dispute issues.

Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

IS #	Description
<b>1</b>	<p><b>Feedback, Comment and Input</b>  <b>Dinas Tenaga Kerja dan Transmigrasi Kabupaten Asahan (Manpower and Transmigration Office – Asahan Regency)</b> Bpk. Rudi S. Damanik (LKS Bipartit), Ibu Sapryani Siregar (Bag. Pengupahan), Ibu Irawati (Perselisihan Tenaga Kerja)</p> <p>1. Working Norms;</p> <ul style="list-style-type: none"> <li>- The Company has comply minimum wage payment in accordance with the applicable regulations for SKU level based on UMSK of North Sumatera Province 2017 per month while the PHL level is based on UMSK of North Sumatera Province 2017 per day;</li> <li>- The company determine minimum wages based on the Government regulation each year, the minimum wages in 2017 as regulated in "Surat Keputusan Governor of North Sumatera no. 188.44/99/KPTS/Tahun 2017, dated 7<sup>th</sup> Maret 2017 Agriculture sector in Asahan District is IDR 2.385.490,10,-/month and minimum wages for 2016 based on SK. Governor of North Sumatera Sumatera no. 188.44/200/KPTS/Tahun 2016, dated 21<sup>st</sup> March 2016 which effective from 1<sup>st</sup> January 2016 for agriculture sector – Oil Palm Plantation Sector is IDR 2,183,280/month.</li> <li>- However, at the time of this audit is still using UMSK wage in 2016 (based on Governor Decree No. 188.44/26/Kpts/Year 2016, Rp 2.183.280, -per month) and will be conducted Rapel (Wage adjustment to 2017) in May 2017.</li> <li>- All employees in PT gunung Melayu has been registered to the BPJS ketenagakerjaan programme.</li> <li>- Report Labor for the Period of 2017-2018, has been reported.</li> <li>- There is no reports related to the use of female laborers at night or the use of child labor (The plantation sector is the worst sector against the use of female laborers at night and the use of child labor).</li> </ul> <p>2. K3/health and safety occupation Norms;</p>



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	<ul style="list-style-type: none"> <li>- The Company has compiled the organizational structure of P2K3 and has been authorized by Dinas Tenaga Kerja Kabupaten Asahan.</li> <li>- The company has realized the provision of PPE for its employees but the consistency of the use of PPE by the workers needs to be improved.</li> <li>- PT Gunung Melayu has received recommendation for the use of B3 from Manpower Office of Asahan Regency.</li> <li>- The Company has handled the case of accidents well related to the reporting and handling of BPJS claims of employment.</li> <li>- The Company has compiled and submitted the P2K3 Periodical Report to the Department of Manpower.</li> <li>- The Company has conducted periodic health checks for all workers, especially workers who working at hazardous stations including sprayers and fertilizers.</li> <li>- Heavy equipment operators, conveyances, levers, steamers and others have licenses as operators (SIOs).</li> <li>- The Company has conducted periodic checks on the special equipment used (Steam Bucket, Pressure Vessel) in accordance with applicable regulations. Perusahaan telah menyusun LKS Bipartite which aims to resolve industrial relations disputes if they occur before the mediation level of the Office of Manpower and the level of Industrial Relief Courts. The established bipartite institution has been authorized by the Asahan District Manpower Office.</li> <li>- The Company already has a Collective Labor Agreement that regulates the industrial cooperation between the company and the worker from the SKU level, while for the PHL level that is not within the scope of the CLA, the company shall use the relevant legislation.</li> <li>- Disputes: Until the audit is conducted, there are no reports related to disputes.</li> <li>- The company has provided infrastructure that aims to improve the welfare of employees for example, housing, electricity, clean water, health facilities, educational facilities, etc.</li> </ul>
	<p><b>Management Responses</b></p> <ul style="list-style-type: none"> <li>- The company also keeps the record of decision North Sumatra Governor. 188.44/99/Kpts/2017, March 2017 regarding the minimum wage of Asahan Regency in 2017 is IDR 2.385.490,10/Month and UMSK year 2016 based on Governor Decree no. 188.44/26/Kpts/2016, IDR 2,183,280, -per month. However, at the time of this audit is still using UMSK wage in 2016 (based on Governor Decree No. 188.44/26/Kpts/2016, IDR 2.183.280, -per month) and will be adjusted in May 2017.</li> <li>- Required mandatory employee reports were reported for the period 2017 - 2018.</li> <li>- The use of PPE has been consistently applied.</li> <li>- The Company has also requested training to get the Operator License (SIO) to all operators in mill and estate, for example:             <ol style="list-style-type: none"> <li>1. Operator Loader Back Hoe, on behalf of Sugianto, coalification OPR. K3 Backhoe Loader, no. 1788/OPK3/PAA/III/2014, dated 6 February 2014, valid until 7 March 2019.</li> <li>2. Electricity machine operator on behalf of Edi Supriadi, coalification OPR. Pesawat Uap Kelas I, no. 614-OPK3-PUBT-B.I/VI/2012, dated 19 April 2010, v22 Juni 2017</li> <li>3. Boiler Operator, on behalf of M. Ali, qualifications OPR. K3 Pesawat Uap Kelas I, no. 491/OPK3/B.I/IV/2014, dated 14 March 2014, valid until 28 April 2019.</li> </ol> </li> </ul>
	<p><b>Audit Team Findings</b></p> <p>The company has taken action in accordance with well-established procedures and persuasive approach, so there is no turmoil / issue.</p> <p>With respect to wages, the use of PPE and SIO, the company has implemented in accordance with relevant law and regulations.</p>
<p><b>2</b></p>	<p><b>Feedback, Comment and Input</b></p>

	<p><b>Badan Lingkungan Hidup Kabupaten Asahan (Environmental Office – Asahan Regency)</b> Head of Division Pengendalian dan Pencemaran Lingkungan: Anwar Sufri rangkuti</p> <ul style="list-style-type: none"> <li>- The Company already has environmental document in the form of Environmental Evaluation Study Document (SEL) and has reported the implementation of RKL-RPL periodically to Dinas Lingkungan of Asahan Regency. Finally reported in December 2016, reporting every 3 months, last December 2016 at PT Bakri Sumatera Plantation, rangak evaluation of compliance to reporting, all plantations invited.</li> <li>- The Company has applied for Proper assessment.</li> <li>- Good environmental management has performed by companies, eg pollution and emissions management in plantation environment (still below the quality standard), for example: waste water and air emissions.</li> <li>- The Company has utilized liquid waste to be applied to the land and has been granted permission from the Asahan District Environmental Agency, for example: Land Application (LA) utilization permit and LA measurement for 3 months, lastly done in March 2017.</li> <li>- The Company has managed B3 waste and has obtained temporary storage permit of hazardous waste (LB3) in accordance with prevailing laws and regulations</li> <li>- The company has implemented the CSR program very well in cooperation with related parties.</li> <li>- The Agency of Environment (BLH) of Asahan Regency advises to immediately reconstruct river border functions in cooperation with related parties including competent NGOs.</li> <li>- There are no reports from stakeholders related to environmental pollution caused by the operation of the garden or the PKS.</li> <li>- Up to now there are no environmental issues, either from the community or from NGOs.</li> </ul> <p><b>Management Responses</b></p> <ul style="list-style-type: none"> <li>- Positive Response, in regards with the recommendation of Environment Agency (BLH) of Asahan Regency concerning the return of river border function, currently the company has planted forest trees and bamboo trees to prevent erosion in part of river border and forest tree nursery for the return of border function continue to be done Sustainable.</li> <li>- Hazardous temporary storage permits for 90 days. In cooperation with PT Shali Riau Lestari.</li> <li>- In 2017 has developed programs, improving people's welfare and the surrounding environment for example:             <ol style="list-style-type: none"> <li>1. Technical training of cattle fattening cultivation</li> <li>2. Technical training of catfish farming</li> <li>3. The formation of self-help farmer groups.</li> <li>4. The cultivation of goats etawa (Entrepreneurship Training)</li> <li>5. Coordination meeting of self-help farmers</li> <li>6. Assistancies for greening tree seedlings</li> </ol> </li> </ul> <p><b>Audit Team Findings</b></p> <p>Based on visits to river borders and forest tree nurseries for the cultivation of the kana and left side of the river border, it indicates that the company has a commitment and effort to improve all the rivers in their HGUs.</p> <p>Hazardous waste monitoring has been well done by the company.</p> <p>Environmental control programs around the plantation area (surrounding villages) have been conducted to continue.</p>
<p><b>3</b></p>	<p><b>Feedback, Comment and Input</b> <b>Dinas Pertanian dan Perkebunan Kabupaten Asahan (Agriculture and Plantation Service – Asahan Regency).</b> Head of Dinas Pertanian: Ir. Hazairin. MM, Head of Division Perkebunan: J. Bancin. SP. M.MA</p>

	<ol style="list-style-type: none"> <li>1. The entire HGU area of the company has been in accordance with its designation with the Asahan District Spatial as a cultivation area of plantation crops.</li> <li>2. The entire area of the company based on the map of the designation of the forest area of North Sumatra province is the function of Other Use Areas (APL).</li> <li>3. The Company has performed periodic reporting obligations related to plantation business operations in the form of statistical data of oil palm plantations to the Office of Forestry and Plantation of Asahan Regency.</li> <li>4. The Company has reported the Development of Plantation Business Activity annually. Last reported for the December 2016 period. Includes fire monitoring reports.</li> <li>5. The price of FFB shall be determined based on prevailing market price and the company is not bound to the decision of TBS preparation of North Sumatera province. Based on reports coming in PT Gunung Melayu has a good community TBS price structure compared to other companies.</li> </ol>
	<p><b>Management Responses</b></p> <ul style="list-style-type: none"> <li>- Report on Development of Plantation Business Activities SM I and II year 2016, on 19 April 2017, no. 022/ES-KPM/EXT/04/17</li> <li>- Monitoring report on land fires Semester I and II period 2016 has been reported on 13 April 2017.</li> <li>- The pricing mechanism determined depending on the price of CPO, Kernel and services, for example: in period 27 April 2017 FFB prices determine IDR 1,550 per Kg.</li> </ul>
	<p><b>Audit Team Findings</b></p> <p>The company's reporting obligations have been performed well to Asahan regency, reporting was preformed each semester in accordance with the specified period.</p> <p>Transparently FFB pricing to farmers and informed regularly according to proce determination by Dinas Pertanian dan Perkebunan Asahan Regency.</p> <p>Facing the dry season and the dangers of land fires, the company has prepared through emergency response organizations.</p>
<p><b>4</b></p>	<p><b>Feedback, Comment and Input</b> <b>Kantor Pertanahan Kabupaten Pelalawan (Land affairs office, Pelalawan Regency)</b></p> <ul style="list-style-type: none"> <li>- Period of year 2016- 2017 there are no reports related to land issues and disputes in PT Gunung Melayu.</li> <li>- There is information that the border of many rivers controlled by the community to be managed as a plantation land.</li> <li>- No reports to the Land Office of Asahan Regency related to the planting of oil palm plantations outside HGU.</li> </ul> <p>Suggestion:</p> <ul style="list-style-type: none"> <li>- In relation to the local community's activities towards cultivating in the Aek Tarum river border, the area is socialized to the community as a conservation area and made warning boards as conservation areas.</li> </ul> <p><b>Management Responses</b></p> <ul style="list-style-type: none"> <li>- Maintenance of HGU stakes is done routinely (2 times a year / per semester), last done in March 2017.</li> <li>- The cultivation of riparian river area is in Aek tarum River outside the Maria Estate Estate scope that is in Gunung Malayu Estate, even though until now there is no more river border which is cultivated by society.</li> </ul> <p><b>Audit Team Findings</b></p> <p>Based on documents verification and field visits, it can be concluded that until the time of the audit no more land disputes have occurred, the company has conducted regular checks of HGU stakes regularly and river border (conservation area) and no community land tenure activities.</p>

	<p>We recommend that advice provided by BPN can be realized for preventive action.</p>
<p><b>5</b></p>	<p><b>Feedback, Comment and Input</b>  <b>Perangkat desa Sidomulyo, desa Gonting Malaha Kec. Bandar Pulau (Local community and villagers)</b> Bpk. Suardi and Bpk. Sopian</p> <ul style="list-style-type: none"> <li>- The presence of company has a positive impact on the surrounding community, especially in term of local employment, CSR programs and impact on the community economic development particularly community FFB acceptance by PKS Gunung Melayu 1 (GM1).</li> <li>- In general communication and coordination between village government and the Company has been running well. Company response all issue and aspiration submit by village official and surrounding community.</li> <li>- The company has realized the CSR program to the surrounding community and involve them in the process of plan and programme arrangement of each village's CSR program.</li> <li>- The surrounding community feels that they have received positive benefits from the company's existence, especially the FFB harvest can be accepted by PKS GM 2 (PT SSL).</li> <li>- Gunung Melayu 1 Mill applies the FFB Price to the Community with a good price and normally above the average price than other mills.</li> <li>- Based on interviews with village heads, there is no community issue to village government regarding the negative impacts due to the operation of the plantation including environmental pollution, although there is control of the cattle that still roam the plantation area.</li> <li>- There are no reports from the public regarding the company's operational activities that violate Human Rights such as the Right to Organize and assemble, Conduct worship in accordance with beliefs, as well as other violation practices such as the use of mercenaries for the intimidation of workers, the human trafficking, etc.</li> <li>- Companies still utilize labor with the status of Daily Workers (PHL) from the surrounding community.</li> </ul> <p><b>Management Responses</b></p> <ul style="list-style-type: none"> <li>- CSR program is a social responsibility that performed by company which has become management policy:</li> <li>- CSR programme such as: road hardening in 2016 for a length of 500 mtr with stone split 100 tons.</li> <li>- "Bedah Rumah"/house renovation: April 2017 on behalf of Pak Saliman at Batu Anam Village (worth IDR 25.000.000,-).</li> <li>- Road improvement, and Provision of cattle in 2010 (30 heads). Provision of catfish seeds in 2013 (30,000 head including feed).</li> <li>- The Company has planned Community empowerment training on how to raise by the local livestock service, has been provided area for herd "angon" (about&gt; 50 Ha).</li> <li>- The Company has a policy to provide area for cattle grazing for ranchers Village Gonting Malaha covering an area of 63 hectares (Block H08f and H08n; Batu Anam Estate), Village Sidomulyo covering an area of 69 hectares (G03ab, G07ab; Batu Anam Estate and Block C10m, C10n, C10h; Central Estate), Village Batu Anam/Masundung Pasar Lama covering area 53 Ha (Block J07a, J06a, J06b; Pulau Maria Estate).</li> </ul> <p><b>Audit Team Findings</b></p> <p>The CSR program owned by PT Saudara Sejati Luhur - Gunung Melayu 1 has been very good, based on interviews with some village heads giving the impression of being quite satisfied with the program.</p> <p>Approach to problems with the surrounding community, eg: related to livestock entering the plantation area) has been addressed with good and appreciative.</p>
<p><b>6</b></p>	<p><b>Feedback, Comment and Input</b>  <b>Workers union,</b> Chairman of Union Labor: Sdr. Banteng Silalahi</p>

	<ul style="list-style-type: none"> <li>- Worker union membership total 815 workers.</li> <li>- Wages pay by company are in accordance with UMSK IDR 2,385,490.10,- per month.</li> <li>- Company has provide workers facilities: type D housing, electricity using PLN and subsidize by company IDR 40,000 per month, water given by the company twice a day.</li> <li>- In term of Health facility, company provided BPJS kesehatan to employee.</li> <li>- Meetings of worker union are held every 6 months, last meeting was done in February 2017, discussing regarding harvest bucket basis.</li> <li>- Workers facilities and PPE for employees are roving by company, however sometimes it was late.</li> </ul> <p><b>Management Responses</b></p> <ul style="list-style-type: none"> <li>- Through workers union (SPSI) the company always communicates with all employees.</li> <li>- Compy provide PPE to employees and monitored each month. If there is any damage condition of PPE company will immediately replace the PPE.</li> <li>- Employee rights have been granted including health facilities, housing, water and lighting.</li> <li>- All employees of both permanent employees (SKU) and non permanent (BHL/PKWT) have been included to BPJS ketenagakerjaan (Jamsostek) and BPJS kesehatan.</li> </ul> <p><b>Audit Team Findings</b></p> <p>The company's liability to employees has been made in accordance with applicable laws and regulations. In general, employees claim that the company has been concerned about employees and pay attention to the rights of employees.</p>
<p><b>7</b></p>	<p><b>Feedback, Comment and Input</b> <b>Workers (fertilizing, spraying, mill processing, workshop)</b></p> <ul style="list-style-type: none"> <li>- Organisation provided training for Occupational Health and Safety, personnel protective equipment were provided by organisation.</li> <li>- Clean water was supplied from mill and several workers using wells water.</li> <li>- Calculation of wage was determined by management in accordance with national and local regulation.</li> <li>- No discrimination noted between employee.</li> <li>- Other than salary, employees get a ration of rice.</li> <li>- Over all medical expense is covered by the company.</li> <li>- There was no sexual harassment cause</li> <li>- Pregnant test for women sprayer was conducted each month for ensuring that there was no pregnant worker.</li> <li>- There were no sprayers that they are breast-feeding.</li> <li>- The Company has given personal protective equipment to do the job, such as: helmets, gloves, masks and safety shoes.</li> </ul> <p><b>Management Responses</b></p> <p>For the positive things that have been done will be be maintained and improved towards a better by management companies.</p> <p><b>Audit Team Findings</b></p> <p>Company has provide an adequate facility for employee and comply with the labor regulations. Company also has commitment to improve the employee welfare follow to company ability.</p>

**3.3.1 Status of Nonconformities Previously Identified and Observations**

There were 1 Major Nonconformity and 3 Minor Nonconformities was raised in previous audit. During audit surveillance auditor were verified consistency of implementation for corrective action plan to addressed the previous Major Nonconformities. During audit indicated that previous Major Nonconformities wer addressed effectively and no recurrent nonconformity raised. Company has consistent to implementing the corrective action plan they have made. However there were 2 minor Nonconformities remain open due to ineffectively corrective action implementation and it escalated to Major Non conformities.

There were 5 observation raised on the previous audit (initial assessment), company has made corrective action and has been implemented well. Below are the explanation regarding follow up from previous observation.

Non-Conformity		
NCR #	Description	Category
1338573M2	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.7.2</p> <p>A number of activities have not been identified and reviewed in risk assessment:</p> <p>Hazard Identification Risk Assessment and Determining Control/Risk Assessment for plantation operation in Sentral Estate have been reviewed. The latest review and revision on HIRADC dated 01/2016. Risk Assessment has identified hazard and risk from office activities, infrastructure construction activities, warehouse and workshop related activities, harvesting and FFB loading activities, fertilizer and spraying activities. However, risk assessment has not identified hazard and risk identification from activity such as boundary poles monitoring, HCV monitoring and land application maintenance.</p> <p>Risk assessment for mill operation in Gunung Melayu Dua POM has been prepared. The latest review and revision on risk assessment not clear. However, risk assessment lack of hazard and risk identification from accident in month 04-05/2016: repair in sterilizer station, housekeeping in kernel station, working in capstan area.</p> <p><b>Corrective action:</b></p> <p>The company has updated HIRDAC in June 2016, included for boundary poles monitoring, HCV monitoring and land application in estate and updated HIRADC in sterilizer station, kernel station, capstand area and based on accident month 04/05/2016 in Mill.</p> <p>This Major NC is closed out on 30/07/2016.</p>	Major
1338573N3	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 2.1.3</p> <p>The company has "Update List of regulation/pemenuhan peraturan perundang undangan", in January 2016, however this update has not completed for new and/or amendment of regulation, e.g. Permentan no. 11/2015 (ISPO), PP no. 27/2012, etc.</p> <p><b>Root Cause:</b></p> <p>Company has not been defined the PIC to evaluate and update the list of legal compliance.</p>	Minor

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	<p><b>Correction/containment:</b> Defined the PIC to evaluate and update the list of legal compliance and update the list of legal compliance accordingly.</p> <p><b>Corrective action:</b> Company has defined the PIC to evaluate and update the list of legal compliance and update the list of legal compliance accordingly. Latest update performed on January 2017. However there were still found some inconsistency between form evaluation and real condition, in addition there were some regulation has not been evaluated in the form.</p> <p>NC status still OPEN and escalated to Major.</p>	
1338573N4	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.7.5</p> <p>Insufficient evidence compliance against first aid officer requirements and insufficient root cause analysis for accident investigation report.</p> <p>Records of accidents are available. In 2016, four (4) accidents recorded in "Rekaman Kecelakaan Kerja", with relation to harvesting activities.</p> <p>However, the accident record was not identifying root cause analysis and proposed corrective action.</p> <p><b>Root Cause:</b> Company has been provide the training for supervisor/workers who responsible as first aider, however has not been registered and has not been obtained the license from Disnakertrans Asahan Regency.</p> <p><b>Correction/containment:</b> Coordinate with Disnakertrans Asahan Regency and apply for first aider license.</p> <p><b>Corrective action:</b> Company has apply for first aider license and has been obtained first aider license for supervisor both in Aek Tarum and Batu Anam Estate as well as in Gunung Melayu II Palm Oil Mill.</p> <p>This Minor NC is closed out on 9/06/2017.</p>	Minor
1338573N2	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.7.6</p> <ol style="list-style-type: none"> <li>Based on document review upon payment BPJS Kesehatan and Ketenagakerjaan, auditor found information 140 temporary workers have been covered with BPJS Kesehatan and 155 have been covered with BPJS Ketenagakerjaan out of 472 temporary workers in Sentral Estate. Rest of temporary workers has not covered with BPJS Kesehatan and Ketenagakerjaan.</li> <li>Company has not planned medical surveillance for all workers into health and safety program</li> </ol> <p><b>Root Cause:</b> Temporary workers turnover was high each year</p> <p><b>Correction/containment:</b></p>	Minor



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	<p>Create the programme to registered temporary workers as participant of BPJS Ketenagakerjaan and BPJS Kesehatan.</p> <p><b>Corrective action:</b></p> <p>Company has registered 112 temporary workers as BPJS Ketenagakerjaan participant and 31 temporary workers as BPJS Kesehatan participant in Aek Tarum; 175 temporary workers as BPJS Ketenagakerjaan participant and 74 temporary workers as BPJS Kesehatan participant in Batu Anam Estate. However there were 102 temporary workers remaining has not been identified as BPJS Ketenagakerjaan participant, 60 temporary workers has not been identified as BPJS Kesehatan participant in Aek tarum Estate and 189 temporary workers has not been identified as BPJS Ketenagakerjaan participant, 240 temporary workers has not been identified as BPJS Kesehatan participant.</p> <p>NC status still OPEN and escalated to Major NC.</p>	
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Observation	
OBS #	Description
1	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.6.3</p> <p>Having the preventive pest and disease control measures implemented; Sentral Estate continued to use pesticide to control <i>Oryctes rhinoceros</i> beetle.</p> <p>“Data sensus Hama Penyakit TBM Sentral Estate 2016” for <i>Oryctes</i> infestation in oil palm 2015, stated in 01/2016 only 3 palms infested, in 02/2016 only 1 palms infested, and no palms infested in 03-04/2016. Management did the prevention by planting legume cover crop for replanting area and pick the larvae; for 32 Ha in 01/2016, 107 Ha in 02/2016, 139 Ha in 03/2016 and 139 Ha in 04/2016. In contrary with Agriculture Policy Manual, management did not conduct pheromone trap approach based on record “aplikasi pheromone trap 2016”. Instead, Sentral Estate applied chemical approach by using pesticide polydor (a.i. lambda sihalotrin) to control the pest.</p> <p>Record “Aplikasi Polydor 2016” stated the <i>Oryctes</i> handling using Polydor (a.i. lambda sihalotrin) spraying covering 582 Ha (2 rotations) in 01/2016, and another each 596 Ha (2 rotations) for period 02-04/2016 – total 2,370 Ha in eight (8) rotations. The total polydor (a.i. lambda sihalotrin) used up to 04/2016 was 258.70 liters.</p> <p><b>Root Cause:</b></p> <p>The Agriculture Policy Manual SOP states that the <i>oryctes</i> attack control is performed by spraying chemicals with a 1 x 2month rotation to anticipate <i>oryctes</i> attacks and attain zero attacks.</p> <p><b>Corrective action:</b></p> <p>Company has adjusted spraying chemical for <i>Oryctes</i> based on cencus result and compare with the latest actual condition in the field in order to minimize the chmical usage of Polydor. Chemical application has been comply with procedure APM. Pheromone trap application has a weakness because it can be attract other <i>Oryctes</i> from surrounding/neighbor palm oil plantation.</p>
2	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.7.1</p> <p>Hazard Identification Risk Assessment and Determining Control/Risk Assessment for Sentral Estate and Gunung Melayu Dua POM are available. Program, Objective and Target for Health and Safety for Sentral Estate and Gunung Melayu Dua are evident. However, company’s health and safety program for plantation and mill lack of consideration onto risk assessment result to improve condition on high risk level activity such as: FFB loading, harvesting activities;</p>



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	<p>activities around empty bunch hopper.</p> <p>Health and safety program in Gunung Melayu Dua POM is evident. The health and safety program covers nearmiss monitoring, monthly health and safety meeting, reporting health and safety performance, safety induction, emergency response plan, operator competency, monitoring on emergency response infrastructure and tools. Management has not signed the plan.</p> <p><b>Root Cause:</b></p> <p>Lack of monitoring against potential hazard and risk in each type of jobs.</p> <p><b>Corrective action:</b></p> <p>Company has been performed identification of hazard and risk in FFB loading, harvesting activities; activities around empty bunch hopper. Latest update of HIRADC in April 21<sup>st</sup>, 2017.</p>
3	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.7.4</p> <p>Health and Safety dated 27/01/2016 attended by 30 personnel; dated 29/02/2016 attended 24 personnel; dated 25/03/2016 attended by 16 personnel – but minutes of meeting has not been prepared.</p> <p>Health and Safety Committee approved by manpower office, as per “Surat Keputusan Kepala Dinas Tenaga Kerja Kabupaten Asahan No.4052/IV-DTK/2014 tentang Pengesahan Susunan Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3) di Perusahaan PT Gunung Melayu PMKS Gunung Melayu Dua” dated 08/09/2014. The committee chaired by Mr.Ngatiman (previous palm oil mill manager). To adjust the structure for health and safety committee for Gunung Melayu Dua POM – accommodating changes of personnel.</p> <p><b>Root Cause:</b></p> <p>Lack of document control.</p> <p><b>Corrective action:</b></p> <p>Company has updated and done the renewal of P2K3 organisation structure and obtain endorsement from Disnakertrans Kab. Asahan on January 2017.</p>
4	<p>RSPO P &amp; C Generic Standard, 2013 - Indicator 4.8.2</p> <p>The company need consider to completed record of training for each employees.</p> <p><b>Root Cause:</b></p> <p>Lack of document control.</p> <p><b>Corrective action:</b></p> <p>Company has keep the record of training for each employees. During audit it can be demonstrated that training record for employee was available.</p>
5	<p>RSPO P &amp; C Generic Standard 2013, Indicator 5.2.4</p> <p>The company needs to consider prevent invasive legume crops (<i>Mucuna bracteata</i>) and maintain sign board in HCV areas.</p> <p><b>Root Cause:</b></p> <p>Lack of control by Mandor HCV in the field.</p> <p><b>Corrective action:</b></p> <p>Company has performed replacement of HCV signboard which has broken with the new one. During field audit it can be demonstrated that company has dones the replacemen of HCV signboard.</p>

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**3.3.2 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
1338573M2	Major	2 June 2016	Closed on 30/07/2016
1338573N3	Minor	2 June 2016	escalated to Major NC Closed on 4/08/2017
1338573N4	Minor	2 June 2016	Closed on 09/06/2017
1338573N2	Minor	2 June 2016	escalated to Major NC Closed on 4/08/2017
1487836-201706-M1	Major	12 June 2017	Closed on 4/08/2017
1487836-201706-M2	Major	12 June 2017	Closed on 4/08/2017
1487836-201706-M3	Major	12 June 2017	Closed on 4/08/2017
1487836-201706-N1	Minor	12 June 2017	OPEN
1487836-201706-N2	Minor	12 June 2017	OPEN
1487836-201706-N3	Minor	12 June 2017	OPEN
1487836-201706-N4	Minor	12 June 2017	OPEN

**Assessment Conclusion and Recommendation:**

Based on the findings during the assessment PT. Inti Indosawit Subur – Gunung Melayu II Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C INA NI September 2016 and the RSPO Supply Chain Certification Standard November 2014 for CPO Mill. It is recommended that the certification of PT. Gunung Melayu – Gunung Melayu II Palm Oil Mill Certification Unit is approved and continued.

Acknowledgement of Assessment Findings	Report Prepared by
<b>Name:</b> Welly Pardede	<b>Name:</b> Mujinius Jalaraya
<b>Company name:</b> PT. Gunung Melayu	<b>Company name:</b> On behalf BSI Services Malaysia Sdn Bhd
<b>Title:</b> Sustainability Head	<b>Title:</b> Lead Auditor
<b>Signature:</b>  Date: 22 August 2017	<b>Signature:</b>  Date: 21 August 2017

**Appendix A: Summary of Findings**

Criterion / Indicator	Assessment Findings	Compliance	
<b>Principle 1: Commitment to Transparency</b>			
<p><b>Criterion 1.1:</b></p> <p>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</p>			
<p>1.1.1</p>	<p>List of information related to criterion 1.2 that can be accessed by relevant stakeholders shall be available.</p> <p>- Minor compliance -</p>	<p>The company has made a mechanism for request information no.: AA-GL-5008.1-R1 dated on 22nd August 2011. The company has owned some policies for documents created by the public relations department in the company and acknowledged by plantation manager that can be accessed by public dated 12th September 2014 that covered:</p> <p>A. Legal Documents</p> <ul style="list-style-type: none"> <li>- a copy of SK HGU (Land Title)</li> <li>- a copy of AMDAL (Social and Environmental Impact Assessment)</li> </ul> <p>B. Environment Documents</p> <ul style="list-style-type: none"> <li>- Waste management plans</li> <li>- Report of waste water</li> <li>- Report of water management</li> <li>- Report of river water quality</li> <li>- Report of air quality.</li> <li>- Report of RKL (Environmental Management Plan) – RPL (Environmental Monitoring Plan).</li> <li>- Report of Hazardous Waste</li> </ul>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>C. Social Activity Documents</p> <p>D. Employment Documents</p> <ul style="list-style-type: none"> <li>- Jamsostek and also BPJS Kesehatan</li> <li>- HSE management programs</li> </ul>	
1.1.2	<p>Records of requests for information and responses to the information requested shall be available.</p> <p>- Major compliance -</p>	<p>Request Information and response from Stakeholder has been documented into a log book "Surat Masuk" and the response is documented in "Log Book Stakeholders – Out".</p> <p>There were noted request information and others from Stakeholder in 2016/2017, sample seen:</p> <ol style="list-style-type: none"> <li>1. Dated 10 August 2016 from Disnakertrans related Submission of Invitations socialization to Clarification industrial relations disputes.</li> <li>2. From Kepala Subag Tata Usaha Badan Pusat Statistik Asahan Regency letter no. B-058/BPS/1208/01/2017, dated 1 January 2017, regarding "Survey Tahunan Perusahaan Perkebunan Besar Pelaksanaan Tahun 2017".</li> <li>3. From H. Syamsul Bahri on behalf of Pengurus Daerah Federasi Serikat Pekerja Pertanian dan Perkebunan-SPSI Prov. Sumatera Utara, dated 23th February 2017, related "Kesepakatan Bersama BKS-PPS PD FSP.PP-SPSI Sumatera Utara related Upah pekerja anggota BKS-PPS".</li> <li>4. Dated 12 April 2017, from Dinas Pertanian dan Perkebunan, regarding "Laporan Pemantauan Kebakaran Lahan".</li> <li>5. Dated 19 April 2017, from BP2RD regarding Pemberitahuan/Undangan, no. 973/174/BP2RD /KS/2017.</li> </ol> <p>All request information and others has been responded timely manner</p>	Comply

Criterion / Indicator	Assessment Findings	Compliance
<p><b>Criterion 1.2:</b> 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.</p>		
<p>1.2.1</p>	<p>Publicly available documents shall include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> <li>a) Land titles/user rights (Criterion 2.2)</li> <li>b) Occupational health and safety plans (Criterion 4.7)</li> <li>c) Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)</li> <li>d) HCV documentation (Criteria 5.2 and 7.3)</li> <li>e) Pollution prevention and reduction plans (Criterion 5.6)</li> <li>f) Details of complaints and grievances (Criterion 6.3)</li> <li>g) Negotiation procedures (Criterion 6.4)</li> <li>h) Continual improvement plans (Criterion 8.1)</li> <li>i) Public summary of certification assessment report</li> </ul>	<p>Base on procedure "Menerima dan Merespon Permintaan Informasi Stakeholder" (SOP. No.: AA-GL-5008.1-R1 dated 22 August 2011) which is manage and monitoring information request from stakeholder. The Company has also established a Matrix of Provision of Information to Stakeholders, describing the types of information that can be provided to stakeholders, including legal basis, type of information and relationships with relevant agencies.</p> <p>All information request from stakeholder will be handled by relevant department. For example: CSR department responsible for inquiry from local community, media, NGO including dispute or complaint; Human Resources Department responsible for worker consultation, worker union or government authorities related to manpower/labor issue; Purchasing Department responsibility to communicate regulation's, environment's, health and safety and social's requirement to all supplier.</p> <p>Gunung Melayu II POM and estate has made a list of documents that are publicly accessible recorded in "Formulir Distribusi Informasi" (Open to Public) and is updated on 01 January 2017, such as:</p> <ul style="list-style-type: none"> <li>a. Laws and regulation document: Permit and license (Izin Lokasi, Izin Usaha Perkebunan, Hak Guna Usaha, etc.);</li> <li>b. Environmental document: AMDAL document (SEIA), RKL-RPL document (environmental management and monitoring report), permit for temporary hazardous waste storage, waste management plan, environmental policy, HCV identification document, pollution management plan etc.</li> </ul>

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Criterion / Indicator		Assessment Findings	Compliance
	<p>j) Human Rights Policy (Criterion 6.13).</p> <p>- Major compliance –</p>	<p>c. Several procedures that publicly available such as: Measurement and land acquisition procedures, land dispute procedure and mechanism, Procedure No. SOP: XX-HR-308.5-RO; Revision: 0, Desember 11<sup>th</sup> 2009: Employees complaints etc.</p> <p>d. Social document: Social Impact Assessment (SIA) "Study Evaluasi Lingkungan" which covering social impact assessment. This SEL has been approved by Ministry Agriculture no. 220/687/B/IV/1994, Social program, Community development program, company policies, etc.</p> <p>e. Human rights policy that has been published No.298/ES-KTS/Memo/08/14 dated 26<sup>th</sup> August 2014 which also covering ethics in business that stated that "ethical behavior, Prohibition of all forms of corruption, bribery in the conduct or transaction of business practices and fraudulent use of funds".</p>	
<p><b>Criterion 1.3:</b></p> <p>Growers and millers commit to ethical conduct in all business operations and transactions.</p>			
1.3.1	<p>There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions along with the documentation of socialisation process of the policy to all levels of the workers and operations.</p> <p>- Minor compliance –</p>	<p>The company has human rights policy that has been published No.298/ES-KTS/Memo/08/14 dated 26<sup>th</sup> August 2014 which also covering ethics in business that stated that "ethical behavior, Prohibition of all forms of corruption, bribery in the conduct or transaction of business practices and fraudulent use of funds "(Perusahaan berkomitmen berperilaku etis dalam berbisnis pada seluruh transaksi dan operasi bisnis, pelarangan seluruh bentuk korupsi, penyuapan dan penipuan dalam penggunaan dana dan sumber daya)".</p> <p>That policy has been informed to all employees and it also has been posted in public</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>area as well as been socialized in every morning briefing so that it can be accessed by all employees.</p> <p>The policy has been disseminated to all level, on 10 January 2017 to all workers in Gunung Melayu Estate and on 7/02/2017 for contractor in. On 08 April 2017 performed socialization to all workers and 17 April 2017 to contractors in Aek Tarum Estate. On 24 April 2017 performed socialization to all workers and 23 May 2017 to contractors in Gunung Melayu Dua Mill.</p> <p>3rd party account audit has been carried out by Public Accountant Satrio Bing Eny &amp; partner for consolidated financial position 31st December 2016. Report audit No. GA117 0552 GM YT; Audit conclusion statement: The accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of PT Gunung Melayu dated December 31, 2016 and the financial performance and the consolidated cash flows for the year ended in accordance with Indonesian financial accounting standards.</p>	
<b>Principle 2: Compliance with applicable laws and regulations</b>			
<b>Criterion 2.1</b>			
There is compliance with all applicable local, national and ratified international laws and regulations.			
2.1.1	Evidence of compliance with relevant legal requirements shall be available. - Major compliance –	<p>All legal requirements comply with the regulations and laws, including those related to land status, occupational health and safety, environmental, labour, agricultural practice, and mill operation, such as:</p> <ol style="list-style-type: none"> <li>1. Hak Guna Usaha (HGU)/Land title No. 6/HGU/DA/1971 dated 25 June 1971 (10,535.2 ha), issued by Menteri Dalam Negeri cq. Dirjen Agraria (State Ministry</li> </ol>	Comply

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Criterion / Indicator	Assessment Findings	Compliance
	<p>Republic of Indonesia, cq. Director General of Land Authority.</p> <ol style="list-style-type: none"> <li>2. Renewal Hak Guna Usaha (HGU)/Land title no. 20/HGU/BPN/2001 dated 7 August 2001 from BPN (National land Authority Republic of Indonesia) with total area 10.891 ha and its revised SK Kepala BPN No. 20/HGU/BPN/2001/A/28 dated 19 December 2001 with total area 10.427,773 ha.</li> <li>3. Renewal Hak Guna Usaha (HGU)/Land title no. No. 1 Tahun 2004 dated 23 March 2004 with "Surat Ukur" No. 01/Genting Malaha/2004, dated 21 April 2004 with total area 10.414,331 ha, valid until 31 December 2026.</li> <li>4. Izin usaha Perkebunan (IUP) – Operational Business Permit no. 405/T/Pertanian/1996, dated 03 July 1996 FROM "BKPM" with total area 10,535.2 ha and mill capacity 37.800 MT CPO/year and 8.500 MT PK/year.</li> <li>5. Renewal IUP from "Direktur Jenderal Bina Produksi Perkebunan, Agriculture Ministry no. HK.350/434/ Dj.Bun.5/VI/2001, dated 11 June 2001 with total area 10.535,2 ha and mill capacity 30 tonnes FFB/hour.</li> <li>6. Approval to addition of mill capacity from Bupati Asahan, no. 503/IUP-PKIP/BPPPM/861/VI/2016, dated 29 June 2016 about the addition of processing capacity of PT Gunung Melayu from 30 tons / hour to 60 tons / hour.</li> <li>6. Based on overlapping with Peta Kawasan Hutan dan Perairan SK. Menhut No. 579/Menhut- II/2014, all areas of PT. Gunung Melayu is "Areal Penggunaan Lain"or APL/ Non Forest Area.</li> <li>7. AMDAL (SEIA) documents approved by "Komisi Pusat Amdal Departemen Pertanian", no. RC.220/687/B/IV/1994, dated 18 April 1994.</li> <li>8. Surface water usage permit from "Kepala Badan Pelayanan Perijinan Terpadu Prov. Sumatera Utara" No. 610/204/ BPPTSU/2/12.1/XI/2015, dated 18th November 2015, valid until 18 November 2018 and Ground Water</li> </ol>	



Criterion / Indicator	Assessment Findings	Compliance
	<p>sage permit from Bupati Asahan no. 503/AT/BPPPM /0713/V/2013, dated 01 May 2013, valid until 01 May 2016.</p> <p>9. Temporary hazardous waste store permit from Bupati Asahan no. 660.1/0595/LH /2014, dated 21st July 2014.</p> <p>10. Izin Land Aplikasi (LA permit) from "Bupati Asahan" no. 660.1/0638/LH/2015, dated 20th May 2015.</p> <p>11. Pengesahan Sususnan Panitia Pembina Keselamatan dan kesehatan Kerja (P2K3) di perusahaan, approved by Dinas Tenaga Kerja Kabupaten Asahan no. 2235/IV-DTK/2016, dated 19th May 2016.</p> <p>12. The company has established fire mitigation officer as described in organizational chart "Struktur Organisasi Personil Tanggap Darurat" approved by Kepala Dinas Tenaga Kerja Kabupaten Asahan no. 4234/IV-DTK/2014, dated 19th September 2014 for estates and no. 4052/IV-DTK/2014, dated 8th September 2014 for Mill.</p> <p>13. Machinery permit in Mill is available.</p> <p>Gunung Melayu Dua POM: Mill machineries permit and inspection:</p> <ol style="list-style-type: none"> <li>1. Izin Mendirikan Bangunan (IMB), dari Keputusan Bupati Asahan, no. 503/IMB/BPPM/1496/ XII/2016, dated 5 December 2016, for Pendirian Pabrik Kelapa Sawit seluas 8951,7m2</li> <li>2. Izin Mendirikan Bangunan (IMB), dari Keputusan Bupati Asahan, no. 503/IMB/BPPM/1497/ XII/2016, dated 5 December 2016, for Pendirian Pabrik Kelapa Sawit (Loading Ramp terbuka) seluas 2725.5 m2.</li> <li>3. "Akte Izin Ketel Uap Pengesahan Dinas Tenaga Kerja Kabupaten Asahan No. 02/H.0083A" dated 29/07/1992 for Steam turbine Shinko Kin 20 KV S/N 49978.</li> </ol>	

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Criterion / Indicator	Assessment Findings	Compliance
	<ol style="list-style-type: none"> <li>4. "Akte Izin Bejana Uap Menteri Tenaga Kerja Kantor Wilayah Sumatera Utara No.02/H.0080.A" dated 08/07/1992 for steam vessel, Horizontal sterilisation. Latest inspection report No.0417/BU/JA/I/2015 dated 29/01/2017.</li> <li>5. "Izin Pemakaian Bejana Tekan dari Departemen Tenaga Kerja RI Kantor Wilayah Propinsi Sumatera Utara No.52/VI/BT-KOMP./W2/1999" dated 08/06/1999 for pressure vessel PUMA S/N 807. Latest inspection report No.0411/BT/JA/I/2017 dated 29/01/2017. Report stated the vessel condition and function is good.</li> <li>6. "Izin Pemakaian Bejana Tekan dari Dinas Tenaga Kerja Kabupaten Asahan No.2365/22/BT/IV.DTK /2005" dated 16/09/2005 for pressure vessel 80 liters. Latest inspection report No.0412/BT/JA/I/2017 dated 29/01/2017. Report stated the vessel condition and function is good.</li> <li>7. "Akte Izin Ketel Uap dari Departemen Tenaga Kerja RI Kantor Wilayah Propinsi Sumatera Utara No.02/H.0084A" dated 29/07/1992 for steam boiler S/N 1023. Latest inspection report No.0572/KU/JA/II/2017 dated 09/02/2017. Report stated the boiler furnace, piping, super heater, foundation, dust collector condition and function is good.</li> <li>8. "Izin Pemakaian Pesawat Angkat dan Angkut Departemen Tenaga Kerja RI Kantor Wilayah Propinsi Sumatera Utara No.445/PAA/W2/1993" dated 01/05/1993 for overhead travelling crane Damage 5,000 kg S/N 220263. Latest inspection report No.0577/PAA/JA/II/2017 dated 09/02/2017. Report stated the crane condition and function is good.</li> <li>10. "Izin Pengesahan Pemakaian Motor Diesel dari Departemen Tenaga Kerja Kantor Wilayah Sumatera Utara No.07/VI/PTP/W2/1999" dated 08/06/1999 for motor diesel cummins. Latest inspection report No.0575/MD/JA/II/2017 dated 09/02/2017.</li> </ol>	

Criterion / Indicator		Assessment Findings	Compliance
		11. Izin Tempat Penyimpanan Sementara Limbah B3, bbased on "Keputusan Bupati Asahan no. 660.1/0985", dated 23 Oktober 2012	
2.1.2	<p>A documented system, which includes written information on legal requirements, shall be maintained.</p> <p>- Minor compliance –</p>	<p>There is a documented system registering all relevant legal requirements to which the company must comply, and also there is a document of "Legal Register" edition January 2017 has been established, which includes relevant Environmental regulation, Plantation permit, etc. The list would be reviewed once a year by the EHS Department and all relevant department, updated as necessary.</p> <p>Evaluation of compliance for all regulation and other requirement related to environment, health and safety, manpower and land tenure has been performed (presented in "Evaluation of Compliance").</p> <p>The organization has a mechanism to ensure compliance with all applicable laws and regulations compliance through procedure "SOP Pemenuhan Peraturan Perundang-undangan dan Perubahannya" (No. SOP; AA-GL-5001.1-RO) dated 5<sup>th</sup> December 2009). The list would be reviewed once a year by the EHS Department and all relevant departments, updated as necessary, last update on January 2017.</p> <p>The company has "Update List of regulation/pemenuhan peraturan perundang undangan" in January 2017.</p>	Comply
2.1.3	<p>A mechanism for ensuring compliance shall be implemented.</p> <p>- Minor compliance –</p>	<p>There is a rigorous internal audit process which includes a review of laws and their compliance. There is no evidence of critical legal non compliance as a result of internal audit. Each department has to demonstrate evidence of compliance and/or effort in complying with these legal/regulatory requirements. This includes manpower regulation fulfilment, environmental reporting, health and safety reporting and other legal/regulatory requirements. Evidence of documented mechanism on the compliance with relevant regulation was sighted in terms of Legal Requirements and Evaluation Compliance, It was verified that list of legal</p>	<p>NC # 1487836- 201706-M1 CLOSED on 04/08/2017</p>

Criterion / Indicator	Assessment Findings	Compliance
	<p>requirement is updated regularly.</p> <p>Legal department of the company has the responsibility to update the list of applicable laws and regulations using internet access via relevant webmail address and/or consultation with the related institutions. The latest updated report was on January 10, 2017. The mechanism is also include for subcontractor. Company has the mechanism to ensure the contractor/supplier compliance to the relevant regulation before approved the contractor/supplier as a partner of company.</p> <p>Recorded on form "Evaluation of Legal and Other Requirements Compliance". Revised on January 2017.</p> <p>Evaluation of compliance to the law and legal has not been clearly described and not properly maintained/updated.</p> <p>Non Conformities:</p> <p>Based on the verification of documents (Evaluation of Legal and Other Requirements Compliance) there are some inconsistency between evaluation of legal compliance list and real condition of compliance, such as:</p> <ul style="list-style-type: none"> <li>- UU no 1 tahun 1970, regarding: Keselamatan Kerja (pasal 10; pembentukan P2K3) remark as not comply "belum patuh" however curenly company has comply with the regulation.</li> <li>- Permenaker No. 08/men/VII/2010, regarding: Alat pelindung diri (pasal 2; APD yang habis masa pakai dan rusak), remark as not comply "belum patuh" however curenly company has comply with the regulation.</li> <li>- Permenkes No.15/MEN/VIII/2008, regading: Pertolongan pertama pada kecelakaan di tempat kerja (pasal; 8 kotak P3K dan Isi) remark as not comply "belum patuh" however curenly company has comply with the regulation.</li> </ul>	

Criterion / Indicator	Assessment Findings	Compliance
	<p>In addition there are some regulation has not been evaluated yet, e.g:</p> <ul style="list-style-type: none"> <li>- Permenaker No. 609 year 2012, regarding: Guidance of Completion Occupational Accident and Disease Case.</li> <li>- Decree of President No.7 year 2006, regarding Ratification of the UN Convention against Corruption.</li> <li>- Decree of President No. 8 year 2010, regarding Prevention and Eradication of Money Laundry.</li> <li>- Presidential Instruction No.1 year 2013 regarding Action for Corruption Prevention and Eradication. Company has made the correction and corrective action to addressed the non conformity above.</li> </ul> <p>Corrective Acion:</p> <p>Based on document verification in 04/08/2017, company has done the corrective action. Company has updated the evaluation of legal compliance list accordingly such as:</p> <ul style="list-style-type: none"> <li>- UU no 1 tahun 1970, regarding: Keselamatan Kerja (pasal 10; pembentukan P2K3) remark as comply, curenly company has P2K3 organisation who responsible to implementing the OHS management and monitoring.</li> <li>- Permenaker No. 08/men/VII/2010, regarding: Alat pelindung diri (pasal 2; APD yang habis masa pakai dan rusak), remark as comply. Company has provide the appropriate PPE to all workers according to their jobs and risk.</li> <li>- Permenkes No.15/MEN/VIII/2008, regading: Pertolongan pertama pada kecelakaan di tempat kerja (pasal; 8 kotak P3K dan Isi) remark as comply. Company has assign and trained the first aider in each estate an division, company has provide first aid kit in strategic place in each office and building as</li> </ul>	

Criterion / Indicator		Assessment Findings	Compliance
		<p>well as in the field which brought by Mandor/field supervisors.</p> <p>Company also has been re evaluated the relevant regulation, such as:</p> <ul style="list-style-type: none"> <li>- Permenaker No. 609 year 2012, regarding: Guidance of Completion Occupational Accident and Disease Case. Remark as comply.</li> <li>- Decree of President No.7 year 2006, regarding Ratification of the UN Convention against Corruption. Remark as comply.</li> <li>- Decree of President No. 8 year 2010, regarding Prevention and Eradication of Money Laundry. Remark as comply.</li> <li>- Presidential Instruction No.1 year 2013 regarding Action for Corruption Prevention and Eradication. Remark as comply.</li> </ul> <p>Law and regulation evaluation was udated on June 2017. Evidence of evaluation document has been verified and found completed and sufficient.</p> <p>Major NC has been Closed out in 04/08/2017.</p>	
2.1.4	<p>A system for tracking any changes in the law shall be available and implemented.</p> <p>- Minor compliance –</p>	<p>Legal requirement-evaluation and fulfillment mechanism regulated under “SOP Pemenuhan Peraturan Perundang-undangan dan Perubahannya” (No. SOP; AA-GL-5001.1-RO) dated 5th December 2009. The procedure explains the stages for evaluation applicable legal requirements, person in charge for evaluation and ensures implementation of such requirement.</p> <p>The company receives information of changes in regulations from a number of sources. This includes company lawyers, Manpower office, Agriculture and Plantation service and Forestry service and others. This is then circulated and cascaded to relevant department within the company, which might affected by these changes, e.g.</p> <p>a. EHS Department: 23 regulations being evaluated. Evaluation comprise of type</p>	Comply

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Criterion / Indicator	Assessment Findings	Compliance
	<p>of regulations/other requirements, key requirements, evident of compliance, level of compliance, description of non compliance. Example: Undang-Undang No.32 Tahun 2009, Peraturan Pemerintah No.27 Tahun 2012, Peraturan Menteri Lingkungan Hidup No.5 Tahun 2012, Keputusan Menteri Lingkungan Hidup No.45 Tahun 2005, Peraturan Pemerintah No.82 Tahun 2001, Keputusan Menteri Lingkungan Hidup No.51 Tahun 1995, Keputusan Menteri Lingkungan Hidup No.29 Tahun 2003, Keputusan Menteri Lingkungan Hidup No.29 Tahun 2003, etc.</p> <p>b. Human Resources Department: 38 regulations related to manpower. For example: Undang- undang No.13 Tahun 2003, Undang-undang No.29 Tahun 1999, Undang-undang No.1 Tahun 2000, Undang-undang No.02 Tahun 2004, Peraturan Pemerintah No.08 Tahun 1981, Keputusan Menteri Tenaga Kerja Transmigrasi No.224 Tahun 2003 etc.</p> <p>b. Legal Compliance Department Head Office Jakarta: Has prepared Statutory Compliance Paper for Q3 2014/2015, comprise of 9 Corporate Laws Document – RO Location, 5 types of regulation for Human Resources (Jakarta), 5 types of regulations related to Taxes and Retributions (National), 3 types of regulations related to EHS (National), 1 type of regulation related to technology, 8 types of regulations related to Statutory Reports (National), 11 types of regulations related to Corporate Document –SPU Location (Central Kalimantan), 6 types of regulations related to Plantation Process/Activities (CK), 5 types of regulations related to Human Resources, 10 types of regulations related to Local Taxes and Retributions, 5 types of regulation related to EHS (Location), 3 types of regulation related to Technology, 7 types of regulations related to Local Statutory Reports, 8 types of regulation related to Corporate Document Mill Location (CK), 16 types of regulations related to Mill Process/Activities (CK), 12 types of regulations related to Human Resources, 8 types of regulation related to Local Taxes and Retributions, 5 types of regulations related to EHS (Mill</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		Location), 3 types of regulations related to Technology, 6 types of regulation related to Local Statutory Reports.	
<b>Criterion 2.2</b>			
The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure ownership/control, and the actual legal use of the land shall be available.  - Major compliance -	<ol style="list-style-type: none"> <li>1. Hak Guna Usaha (HGU)/Land title No. 6/HGU/DA/1971 dated 25 June 1971 (10,535.2 ha), issued by Menteri Dalam Negeri cq. Dirjen Agraria (State Ministry Republic of Indonesia, cq. Director General of Land Authority.</li> <li>2. Renewal Hak Guna Usaha (HGU)/Land title no. 20/HGU/BPN/2001 dated 7 August 2001 from BPN (National land Authority Republic of Indonesia) with total area 10.891 ha and its revised SK Kepala BPN No. 20/HGU/BPN/2001/A/28 dated 19 December 2001 with total area 10.427,773 ha.</li> <li>3. Renewal Hak Guna Usaha (HGU)/Land title no. No. 1 Tahun 2004 dated 23 March 2004 with "Surat Ukur" No. 01/Genting Malaha/2004, dated 21 April 2004 with total area 10.414,331 ha, valid until 31 December 2026.</li> </ol>	Comply
2.2.2	Legal boundaries are demonstrated clearly and maintained.  - Minor compliance -	<p>The company demonstrates to ensure all legal boundaries to be clearly demarcated and maintained in the form of boundary pegs. These pegs are also mapped with the relevant marker number in each estate along with GPS tracking. The company is to ensure all operating unit consistently carry out monitoring of boundary markers regularly and this is recorded twice a year, the last maintenance performed on January 2017.</p> <p>Based on document verification upon "Monitoring Patok HGU Batu Anam Estate and Aek Tarum Estate No.003/LAP/KSN12/ 2017" dated 23/02/2017; it can be demonstrated that company have a plan for maintenance/repair of poles.</p>	NC# 1487836- 201706-N1  OPEN



Criterion / Indicator	Assessment Findings	Compliance
	<p>Conducted observation for several pegs, e.g:</p> <ol style="list-style-type: none"> <li>1. Pole no. 70-KSN, on block A12B, Division I, bordering with PT Aheng, coordinate no; N: 02°43'19.17"; E: 99°23'34.81".</li> <li>2. Pole no. 67-KSN, on block A11A / A12B, Division I, bordering with TKD (Tanah Kas Desa), coordinate no; N: 02°42'22.5"; E: 99°23'44.9".</li> <li>3. Pole no. 73-KSN, on block A10G, Division I, bordering with KPK (Kilang padi Kisaran) no; N: 02°44'35.5"; E: 99°23'18.3".</li> </ol> <p>However based on field verification found insufficient maintenance of HGU poles in Aek Tarum Estate. Base on field visits, found some HGU poles was not in proper position/condition (sloping, uprooted/collapse, not in paint and no number of pole) such as:</p> <ul style="list-style-type: none"> <li>- Pole no. 67-KSN, block A11A – A12B, afdeling 1, borders with TKD (Tanah Kas Desa).</li> <li>- Pole no. 73-KSN, block A10G, afdeling 1, borders with KPK (Kilang Padi Kisaran)</li> </ul> <p>Non Conformities:</p> <p>During field visit in Aek tarum Estate, found some of HGU poles were not proper in position/condition (sloping, uprooted/collapse, not in paint and no number of pole) , such as:</p> <ul style="list-style-type: none"> <li>- Pole No. 67-KSN, block A11A – A12B, afdeling 1, borders with TKD (Tanah kas Desa).</li> <li>- Pole No. 73-KSN, block A10G, afdeling 1, borders with KPK (Kilang Padi Kisaran).</li> </ul>	
2.2.3	<p>In the event that there is a dispute or a dispute has occurred, adequate evidence of legitimate</p> <p>Based on interview with surrounding village societies, local communities, field visit and verification of company documentation; there is no land dispute between</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	<p>acquisition and compensation or compensation settlement process through conflict resolution which has been received through Free, Prior and Informed Consent by all related parties shall be provided.</p> <p>- Minor compliance -</p>	<p>company PT Gunung Melayu, especially Batu Anam and Aek Tarum Estate and surrounding community.</p>	
2.2.4	<p>There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</p> <p>- Major compliance –</p>	<p>Based on interview with surrounding village societies, local communities, field visit and verification of company documentation; there is no land dispute between company PT Gunung Melayu, especially Batu Anam and Aek Tarum Estate and surrounding community.</p>	Comply
2.2.5	<p>For any conflict or dispute over the land, the evidence of the extent of disputed area is mapped out in a participatory way with involvement of affected parties (including neighboring communities and local government where applicable), shall be available.</p> <p>- Minor compliance –</p>	<p>Based on interview with surrounding village societies, local communities, field visit and verification of company documentation; there is no land dispute between company PT Gunung Melayu, especially Batu Anam and Aek Tarum Estate and surrounding community.</p>	Comply
2.2.6	<p>To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and/or planned operations.</p> <p>- Major compliance –</p>	<p>Based on interview with surrounding village societies, local communities, field visit and verification of company documentation; there is no land dispute between company PT Gunung Melayu, especially Batu Anam and Aek Tarum Estate and surrounding community.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 2.3</b> Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.			
2.3.1	Maps with appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighboring communities where applicable, and relevant authorities).  - Major compliance -	PT Gunung Melayu holds a legal ownership of the land in form of Hak Guna Usaha (HGU)/land title, where the document completed with map "Peta Bidang Tanah" scale 1:30,000. The HGU certificate was based on measurement minutes "Surat Ukur No.100/Gonting Malaha/2001" dated 01/08/2001 of 10,414.331 Ha located in Gonting Malaha Village, Bandar Pulau Subdistrict, Asahan District, North Sumatera Province.  The issuance of HGU certificate has gone through "Rapat Panitia Tanah B" involving multi- stakeholder as consideration prior to HGU issuance.	Comply
2.3.2	Copies of negotiated agreements including the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and these include:  a) Evidence of consultation b) Statement of transfer of rights c) Evidence of compensation  See specific guidance 2.3.2  - Minor compliance -	Based on documents review and interview with local government Desa Gonting Malaha and Desa Sidomulyo, Land office of Kabupaten Asahan and local communities surrounding the company, it was noted that there is no any customary land or legal rights within the company areas.	Comply
2.3.3	Relevant information shall be available in appropriate forms and languages, including analysis of impacts, proposed benefit sharing, and	Based on documents review and interview with local government Desa Gonting Malaha and Desa Sidomulyo, Land office of Kabupaten Asahan and local communities surrounding the company, it was noted that there is no any customary	Comply

Criterion / Indicator		Assessment Findings	Compliance
	legal arrangements. - Minor compliance -	land or legal rights within the company areas.  Company has provided all information related to all information/document accessible for public, as per RSPO P&C indicator 1.2.1, including environment evaluation document "Studi Evaluasi Lingkungan". The document explains in detail the presence of occupied land inside the HGU area of PT Gunung Melayu.	
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.  - Major compliance -	Based on stakeholder consultation with communities surrounding the plantation, there has never been social unrest related to presence of occupied land. Good communication between company and community, related to FFB harvesting schedule, as explained in RSPO P&C indicator 2.3.2.	Comply
Principle 3: Commitment to long-term economic and financial viability			
Criterion 3.1			
<b>There is an implemented management plan that aims to achieve long-term economic and financial viability.</b>			
3.1.1	A documented management plan, a minimum of three years shall be available, including, where appropriate, plan for scheme smallholders.  - Major compliance-	The company has committed to economic and financial sustainability and has documented the working plan in the Financial Budget Plan. The company has set up a business management plan for the next 5 years and the forecast have been well documented in the document management plan of PT Gunung Melayu – Gunung Melayu II Mill and Estate 2018 – 2022. Management plan was set up including independent FFB suppliers. Its management plan include: <ol style="list-style-type: none"> <li>1. FFB Production actual 2017 and projection 2018 – 2022</li> <li>2. CPO, PK, PKO, PKM production actual 2016 and projection 2018 – 2022</li> </ol>	Comply

Criterion / Indicator		Assessment Findings	Compliance																		
		3. CPO, PK, PKO, PKM Revenue actual 2016 and projection 2018 – 2022 4. Estate Cost Estimation: Upkeep cost, manuring cost, pest and disease management cost, pruning cost, census cost, terrace maintenance cost, road and bridge maintenance cost, harvesting cost. 5. Mill Cost, KCP Cost, Selling cost, Bulking cost and Tax portion actual 2016 and projection 2018 – 2022 6. Nett Profit/Loss																			
3.1.2	<p>An annual replanting program projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>- Minor compliance-</p>	<p>No replanting program in the near future. All areas have been replanted in 2003 – 2011.</p> <p>Based on document review and field visit, the planting year of Batu Anam Estate, PT Gunung Melayu was 2003 up to 2011. The nearest replanting would be year 2028. Below are the planted year of Batu Anam Estate:</p> <table border="1"> <thead> <tr> <th>Planting year</th> <th>Hectarage (ha)</th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>191</td> </tr> <tr> <td>2004</td> <td>326</td> </tr> <tr> <td>2005</td> <td>424</td> </tr> <tr> <td>2007</td> <td>502</td> </tr> <tr> <td>2008</td> <td>620</td> </tr> <tr> <td>2009</td> <td>221</td> </tr> <tr> <td>2010</td> <td>299</td> </tr> <tr> <td>2011</td> <td>577</td> </tr> </tbody> </table>	Planting year	Hectarage (ha)	2003	191	2004	326	2005	424	2007	502	2008	620	2009	221	2010	299	2011	577	Comply
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Criterion / Indicator		Assessment Findings		Compliance
		<b>Total</b>	<b>3,160</b>	
		Replanting in Aek Tarum Estate has been performed since 2009 - 2015:		
		Planting year	Hectarage (ha)	
		2009	555	
		2010	620	
		2011	433	
		2012	622	
		2015	53	
		<b>Total</b>	<b>2,283</b>	
Principle 4: Use of appropriate best practices by growers and millers				
Criterion 4.1				
<b>Operating procedures are appropriately documented, consistently implemented and monitored.</b>				
4.1.1	Standard Operating Procedures (SOPs) for estates (land clearing to harvesting) and SOP for mills (reception of FFB to dispatch of CPO and PKO) shall be available. - Major compliance -	The company has procedures for estate beginning from land preparation up to replanting, such as: 1. SOP AA-APM-OP-1100.01-R4 dated 5/09/2016 Pembibitan; 2. SOP AA-APM-OP-1100.02-R3 10/06/2015 Penanaman Areal Baru; 3. SOP AA-APM-OP-1100.03-R2 24/07/2015 Pembuatan dan Perawatan Jalan		Comply

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Criterion / Indicator	Assessment Findings	Compliance
	<p>dan Jembatan explains road and bridge construction and maintenance;</p> <p>4. SOP AA-APM-OP-1100.04-R3 07/12/2015 Pembuatan dan Pemeliharaan Parit berisi tentang tuntutan teknis pekerjaan pembuatan dan pemeliharaan parit secara sistematis explains culvert/drainage construction and maintenance;</p> <p>5. SOP AA-APM-OP-1100.05-R3 23/11/2016 Konservasi Tanah dan Air explains Soil &amp; Water Conservation;</p> <p>6. SOP AA-APM-OP-1100.06-R6 16/02/2017 Menanam kacang related to Planting cover crops;</p> <p>7. SOP AA-APM-OP-1100.07-R6 16/02/2017, Menanam Kelapa Sawit related to Planting;</p> <p>8. SOP AA-APM-OP-1100.08-R6 11/05/2016 Pengendalian Gulma or Weed control;</p> <p>9. SOP AA-APM-OP-1100.09. R5 5/09/2016 Pemupukan related to Fertilizer application;</p> <p>10. SOP AA-APM-OP-1100.10. R6 23/11/2016 Pengendalian Hama dan Penyakit explains Pests &amp; Disease Control;</p> <p>11. SOP AA-APM-OP-1100.11. R1 01/02/2009 Pestisida dan Pengendaliannya for pesticide handling;</p> <p>12. SOP AA-APM-OP-1100.12. R3 23/11/2016 Kastrasi explains castration (cutting all generative product (male flower, female flower, all fruit, to support vegetative growth) – done 5-6 months before being harvested;</p> <p>13. SOP AA-APM-OP-1100.13. R3 04/03/2016 Tunas Pokok for pruning;</p> <p>14. SOP AA-APM-OP-1100.14. R3 16/02/2017 Sensus dan Identifikasi Pokok explains census and palm identification;</p> <p>15. SOP AA-APM-OP-1100.15. R2 01/10/2010 Sensus Produksi related to production census;</p> <p>16. SOP AA-APM-OP-1100.16. R1 01/02/2009 Konsolidasi Pohon Tumbang explains provision of support to fallen palm;</p> <p>17. SOP AA-APM-OP-1100.17. R1 23/10/2014 Pengelolaan Air related to water management;</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>18. SOP AA-APM-OP-1100.18. R3 20/04/2015 Potong Buah related to harvesting;</p> <p>19. SOP AA-APM-OP-1100.19. R1 01/02/2009 Pengelolaan Transport explains FFB Transport;</p> <p>20. SOP AA-APM-OP-1100.20-R6 16/02/2017 Replanting;</p> <p>Gunung Melayu II POM has established a procedure to process the FFB to become CPO and PK begins from reception of FFB to dispatch of CPO and PKO:</p> <ol style="list-style-type: none"> <li>1. SOP AA-MPM-OP-1400.02.R2 Stasiun Penerimaan for FFB receiving station;</li> <li>2. SOP AA-MPM-OP-1400.03.R1 Stasiun Rebusan for sterilizer;</li> <li>3. SOP AA-MPM-OP-1400.04.R1 Stasiun Pemisahan Berondolan for loose fruit separation;</li> <li>4. SOP AA-MPM-OP-1400.05-R1 Stasiun pengadukan dan pengempaan for pressing station;</li> <li>5. SOP AA-MPM-OP-1400.06-R1 Stasiun pemurnian for clarification;</li> <li>6. SOP AA-MPM-OP-1400.07-R1 Stasiun pemisahan nut dan fiber for nut and fiber separation;</li> <li>7. SOP AA-MPM-OP-1400.08-R1 Stasiun kernel for kernel station;</li> <li>8. SOP AA-MPM-OP-1400.09-R1 Stasiun boiler;</li> <li>9. SOP AA-MPM-OP-1400.10-R1 Stasiun engine room;</li> <li>10. SOP AA-MPM-OP-1400.11-R1 Stasiun water treatment;</li> <li>11. SOP AA-MPM-OP-1400.12-R1 Laboratorium;</li> <li>12. SOP AA-MPM-OP-1400.13-R1 Stasiun pengelolaan limbah for palm oil mill effluent treatment;</li> <li>13. SOP AA-MPM-OP-1400.14-R2 Stasiun penimbunan dan pengiriman CPO dan kernel for CPO and PK bulking and despatch operation;</li> <li>14. SOP AA-MPM-OP-1400.15-R1 Perawatan for preventive maintenance;</li> </ol> <p>The mill operational procedures explains the flow process, specification of material and process, machinery and tools required, step-by-step process, control, monitoring and</p>	



Criterion / Indicator		Assessment Findings	Compliance
		measurement and health and safety requirements.	
4.1.2	<p>Checking or monitoring of operations procedures is conducted at least once a year.</p> <p>- Minor compliance -</p>	<p>To checking and monitoring of operations procedures, PT Gunung Melayu has conducted internal audit and visit both in estate and mill:</p> <ul style="list-style-type: none"> <li>- PT Gunung Melayu follows procedure for internal audit under Standard Operating Procedures AA-SOP-ES-6001-R3 10/06/2015. The procedure stated internal audit performed minimum once a year. Upon finding, management unit shall prepare review on audit finding and prepare root cause analysis, prepare corrective action – with person in charge and completion target. The internal audit has been performed once a year as per procedure. The latest RSPO internal audit was done in 13/04/2017 for PT Gunung Melayu. Audit result findings can be demonstrated and the corrective action has been implemented to addressed issue found during audit.</li> <li>- R&amp;D Agronomic Visit Report, conducted once a year to check and monitoring the implementation of Agronomy best management practices particularly for pest and disease control and plant upkeep. Last visit performed in Batu Anam Estate on 09 – 10 May 2016 by Albertus Prasetyadi and in Aek tarum Estate on 7 – 18 November 2016 by David Sinambela. During visit found some issue such as Ganoderma disease attack in the new palm oil block, company has follow it up by performing census and control according to SOP AA-APM-OP-1100.10-R5.</li> <li>- Visiting Agent conducted once a year to check and monitoring the implementation of general Agronomy best management practices. Last visit performed in Batu Anam Estate on 1 – 4 March 2017 by Liew Ah Cai. During visit found some issue: <ul style="list-style-type: none"> <li>✓ Ganoderma infection is on the rise and was partly due to incomplete removal of old boles at the time of replanting. Company has followed up by removal old boles near roadsides by backhoeloder and Excavator</li> </ul> </li> </ul>	Comply

Criterion / Indicator	Assessment Findings	Compliance
	<ul style="list-style-type: none"> <li>✓ Steps were lacking in many of the steep areas and the quality of recent repairs was not up to standard in several instances. Company has followed up by repairing terracing and maintain terracing as well.</li> </ul> <p>All finding from VA has been followed up by organization by corrective action plan, target and time frame to address the issue has been determined and implemented well.</p> <p>Visiting agent in Aek Tarum Estate conducted on 5 – 9 September 2016 by Sinnaiha.G. A number of comments were made categorized as high priority:</p> <ul style="list-style-type: none"> <li>✓ There were still some magnesium deficiency seen sproradically (E04b, G10a). Company has followed up by EFB application as a recommendation from R&amp;D department</li> <li>✓ Palm with Ganoderma symptoms were frequently sighted in OP2011 but most without fruiting body. There was a big increase of ganoderma diseased palms between 2015-2016, i.e from 1,784 palms to 3,507 palms almost 100% increase. Company has followed it up by performed identified/inventarisatation the palm with Ganoderma symptoms and performed control as per procedure SOP AA-APM-OP-1100.10-R5.</li> </ul> <p>- Visiting Engineering (VE) performed once a year to check and monitoring the implementation of mill operation procedure. Last visit performed on November 2016. All issue found during visit has been addressed and solved by Gunung Melayu II POM. For example: Acidification ponds found ineffective, company followed it up by maximized ponds circulation from one circulation to become 3 circulation by pump and made internal circulation of acidification ponds.</p> <p>Based on verification of document internal audit and visit above as well as the company correction and corrective action to the audit result indicated that the organization has well implemented of checking and monitoring of operations</p>	

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Criterion / Indicator		Assessment Findings	Compliance
		procedures.	
4.1.3	<p>Records of monitoring and any follow-up actions shall be available.</p> <p>- Minor compliance -</p>	<p>Records of monitoring and any follow up actions can be demonstrated during audit, such as:</p> <ul style="list-style-type: none"> <li>- RSP0 internal audit report, which done in 13/04/2017. Audit result findings can be demonstrated and and the corrective action has been implemented to addressed issue found during audit.</li> <li>- R&amp;D Visit Report Batu anam Estate No. KBA/R&amp;D-P&amp;D/01-2016 dated 9-10 May 2016 by Albertus Prasetyadi. All issue found during visit has been addressed by company as explained in indicator 4.1.2 above.</li> <li>- R&amp;D Visit Report Aek tarum Estate No. KAT/R&amp;D-P&amp;D/02-2016 dated 17 – 18 November 2016 by david Sinambela. All issue found during visit has been addressed by company as explained in indicator 4.1.2 above.</li> <li>- Report Visiting Agent No.KBA-VA-FULL 01-16 by Sinnaiha.G, dated 05-09/09/2016 in Aek Tarum Estate. All issue found during visit has ben addressed by company as explained in indicator 4.1.2 above.</li> <li>- Report Visiting Agent in Batu Anam Estate on 1 – 4 March 2017 by Liew Ah Cai. All issue found during visit has ben addressed by company as explained in indicator 4.1.2 above.</li> <li>- Production Performance report, explained the FFB production performance and evaluation as well as determined production target for next year. Evaluation FFB production each block to date April 2017 can be demonstrated.</li> <li>- Mandor logbook, contain information of daily work monitoring covering: harvesting, spraying, fertilizing, pest and disease cencus, road and infrastructure maintenance, and others. During audit verified sample of Batu Anam Estate Mandor logbook on behalf kamal manurung (mandor HPT division IV), Brainer</li> </ul>	Comply

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Criterion / Indicator		Assessment Findings	Compliance
		<p>(mandor tunas division IV), Panco M (mandor semprot division IV), Guntar S (Mandor panen division IV), Sugiono (mandor tunas division III), Bambang Irawan (Mandor semprot division III). While in Aek Trum Estate on behalf Sugiantoro (mandor HPT division III), Andika (mandor semprot division III), Paino (mandor semprot division II), Rinaldo Silaen (Mandor semprot division II), Jujur Pakpahan (Mandor jankos division II).</p> <ul style="list-style-type: none"> <li>- Asian Agri Connected Plantation Application Record, contain the information result of check and monitoring of harvesting and FFB quality, FFB harvest estimation, block and quality inspection, FFB harvesting quantity, pest and disease cencus.</li> <li>- Visiting Engineering report November 2016 by QC team. All issue found during visit has ben addressed by company as explained in indicator 4.1.2 above.</li> <li>- Daily Report Gunung Melayu II POM, contain information covering FFB receiving, FFB process: gross and net FFB processed, FFB stock, shift hour, process hour, press hour, press capacity, sterilizer process, Utility factor commercial and capacity, CPO and PK production, CPO and PK extraction rate, CPO and PK quality. Process performance evaluated each day by mill manager and some corrective action to addressed some issue has been develop by Gunung Melayu II POM.</li> </ul>	
4.1.4	<p>Records of the origins of all third-party FFB sourced (collector, deliver, Cooperative, Farmers Association and outgrower) shall be available.</p> <p>- Major compliance -</p>	<p>The record of FFB from outgrower receipt is recorded in "Laporan Harian PKS" and "Rekap TBS Besar dan Kecil".</p> <p>FFB received from local suppliers period January – June 2017, are:</p> <ol style="list-style-type: none"> <li>1. Sinar Bakti</li> <li>2. PT Sawit Trading Sejahtera</li> </ol>	Comply

Criterion / Indicator	Assessment Findings	Compliance
	<p>3. PT Sawit Trading Sejahtera 2</p> <p>4. PT Sawit Trading Sejahtera (A)</p> <p>5. PT Sawit Trading Sejahtera (L)</p> <p>6. Abdul Gani</p> <p>7. UD Saudara</p> <p>8. SM2</p> <p>9. Soelianto</p> <p>10. CV Ronauli Tani</p> <p>11. CV Mitra Langgeng Sukses</p> <p>The cooperation agreement between company and local supplier is recorded in the "Surat Pernyataan" dated 11<sup>th</sup> March 2016. Pricing is determined by mekanisme market FFB and set every day and recorded in the pricing of TBS Gunung Melayu Mill.</p> <p>Pricing mechanisms for FFB:</p> <ol style="list-style-type: none"> <li>1. The yield FFB</li> <li>2. The yield Kernel</li> <li>3. The price of CPO and Kernel</li> </ol> <p>Pricing for FFB:</p> <p>(CPO Price + Price Kernel) – Processing Services Cost</p>	
<b>Criterion 4.2</b>		

Criterion / Indicator		Assessment Findings	Compliance																																																
Practices maintain soil fertility at, or where possible improve soil fertility to a level that ensures optimal and sustained yield.																																																			
4.2.1	A record of SOP implementation to maintain soil fertility that ensures optimal and sustained yield, shall be available.  - Major compliance -	The company has established procedure soil fertility in "SOP AA-APM-OP-1100.09. R1" - SOP Pemupukan, consist of type and recommendation of fertilizer for immature and mature areas, cycle, dosage and when fertilizer is applied.  To maintain soil fertility by placing palm frond above ground level (L shape) and empty bunch application.	Comply																																																
4.2.2	Records of fertilizer inputs shall be available.  - Minor compliance -	<p>The company has develop fertilizer recommendations each year and recorded in Recommendation Fertilization Batu Anam Estate and Aek Tarum Estate 2017. Fertilizer realization in 2016 had completed 100% as recommendation both in Batu Anam and Aek tarum Estate.</p> <p>Fertilizer recommendation in 2016 and fertilizer application from January – December 2016 in Batu Anam Estate:</p> <table border="1"> <thead> <tr> <th>Jumlah (Kg)</th> <th>NPK</th> <th>ZA</th> <th>MOP</th> <th>Kieserite</th> <th>Dolomite</th> <th>HGFB</th> <th>CuSO4</th> </tr> </thead> <tbody> <tr> <td>Recom.</td> <td>2,230385</td> <td>724,553</td> <td>176,601</td> <td>406,502</td> <td>265,863</td> <td>72,427</td> <td>35,864</td> </tr> <tr> <td>Application</td> <td>2,230385</td> <td>724,553</td> <td>176,601</td> <td>406,502</td> <td>265,863</td> <td>72,427</td> <td>35,864</td> </tr> <tr> <td>%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>Fertilizer recommendation in 2017 and fertilizer application from January – May 2017 in Batu Anam Estate:</p> <table border="1"> <thead> <tr> <th>Jumlah (Kg)</th> <th>NPK (dosage 1.5 – 2.0 kg/palm tree)</th> <th>ZA (dosage 2.0 – 2.5 kg/ palm tree)</th> <th>MOP (dosage 0,5 – 1.25 kg/ palm tree)</th> <th>Kieserite (dosage 1.00 – 1.50 kg/ palm tree)</th> <th>Dolomite (dosage 1,00 – 2.50 kg/ palm tree)</th> <th>HGFB (dosage 0,10 kg/ palm tree)</th> <th>CuSO4 (dosage 0,10 – 0.15 kg/ palm tree)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Jumlah (Kg)	NPK	ZA	MOP	Kieserite	Dolomite	HGFB	CuSO4	Recom.	2,230385	724,553	176,601	406,502	265,863	72,427	35,864	Application	2,230385	724,553	176,601	406,502	265,863	72,427	35,864	%	100%	100%	100%	100%	100%	100%	100%	Jumlah (Kg)	NPK (dosage 1.5 – 2.0 kg/palm tree)	ZA (dosage 2.0 – 2.5 kg/ palm tree)	MOP (dosage 0,5 – 1.25 kg/ palm tree)	Kieserite (dosage 1.00 – 1.50 kg/ palm tree)	Dolomite (dosage 1,00 – 2.50 kg/ palm tree)	HGFB (dosage 0,10 kg/ palm tree)	CuSO4 (dosage 0,10 – 0.15 kg/ palm tree)									Comply
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Criterion / Indicator		Assessment Findings							Compliance	
		Recom.	2,283,820	743,782	158,422	351,390	396,899	71,973	5,433	
		Application	599,588	743,782	156,373	348,082	-	35,836	5,433	
		%	25%	100%	98.71%	99%	0%	49.79%	100%	
		Fertilizer recommendation in 2016 and fertilizer application from January – December 2016 in Aek Tarum Estate:								
		Jumlah (Kg)	NPK	ZA	MOP	Kieserite	Dolomite	HGFB	CuSO4	
		Recom.	1,563,611	415,020	68,642	275,881	158,264	50,229	9,573	
		Application	1,562,504	415,005	68,642	275,889	158,120	50,231	9,573	
		%	99.93%	100%	100%	100%	99.91%	100%	100%	
		Fertilizer recommendation in 2017 and fertilizer application from January – May 2017 in Aek Tarum Estate:								
		Jumlah (Kg)	NPK (dosage 1.5 – 1.75 kg/ palm tree)	ZA (dosage 1.25 – 2.00 kg/ palm tree)	MOP (dosage 0,5 kg/ palm tree)	Kieserite (dosage 0.75 – 1.00 kg/ palm tree)	Dolomite (dosage 1,00 – 2.00 kg/ palm tree)	HGFB (dosage 0,10 kg/ palm tree)	CuSO4 (dosage 0,10 – 0.15 kg/ palm tree)	
		Recom.	1,621,442	419,812	46,582	231,092	308,365	50,594	479	
		Application	496,280	419,091	46,809	230,953	-	24,997	479	
		%	30.61%	99.83%	100.49%	99.94%	0	49.41%	99.96%	

Criterion / Indicator		Assessment Findings	Compliance
4.2.3	<p>Records of periodical leaf, soil and visual analysis shall be available.</p> <p>- Minor compliance -</p>	<p>PT Gunung Melayu provides soil fertility test/soil type analysis based on Research and Development Asian Agri Group dated back 2012. The soil type/classification consist of Arenic hapludults, Typic hapludults, Typic endoaquepts.</p> <p>Leaf analysis was done in 2016 by PT Nusa Pusaka Kencana Analytical and QC Laboratory. Sample seen:</p> <p><u>Batu Anam Estate:</u></p> <p>Analysis report No. 001/INT/R&amp;D/JAN/L/6 dated 11/01/16 number of sample 27,            Analysis report No. 017/INT/R&amp;D/APR/L/16 dated 07/04/16 number of sample 27,            Analysis report No. 039/INT/R&amp;D/JUN/L/16 dated 02/06/16 number of sample 30,            Analysis report No. 041/INT/R&amp;D/JUN/L/16 dated 04/06/16 number of sample 24,            Analysis report No. 065/INT/R&amp;D/JUN/L/16 dated 21/06/16 number of sample 48,            Analysis report No. 065/INT/R&amp;D/JUN/L/16 dated 21/06/16 number of sample 31,            Analysis report No. 104/INT/R&amp;D/AGT/L/16 dated 02/08/16 number of sample 30,            Analysis report No. 104/INT/R&amp;D/AGT/L/16 dated 02/08/16 number of sample 36.</p> <p><u>Aek tarum Estate:</u></p> <p>Analysis report No. 113/INT/R&amp;D/AGT/L/16 dated 20/08/16 number of sample 54,            Analysis report No. 113/INT/R&amp;D/AGT/L/16 dated 20/08/16 number of sample 50,            Analysis report No. 113/INT/R&amp;D/AGT/L/16 dated 20/08/16 number of sample 25,            Analysis report No. 098/INT/R&amp;D/AGT/L/16 dated 29/07/16 number of sample 33.</p>	Comply
4.2.4	<p>A nutrient recycling strategy is recorded, including use of Empty Fruit Bunches (EFB), land application, and palm residues after replanting.</p> <p>- Minor compliance -</p>	<p>The company applied EFB to increase the soil fertility with dosage 150 kg/palm tree .</p> <p>In year 2016 total EFB application in Batu Anam Estate was 25,793,030 kg. Applied in Division I in 25 block, total 5,277,600 kg; Division II in 26 block, total 7,933,650 kg; Division III in 28 block total 7,391,630 kg and Division IV in 28 block total 5,190,150 kg.</p>	Comply



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Criterion / Indicator		Assessment Findings	Compliance
		<p>In year 2017 total EFB applied in Batu Anam Estate was 17,697,004 kg : Division II total 3,721,386 kg; Division III total 5,584,868 kg; Division IV total 6,501,000 kg.</p> <p>While in Aek tarum Estate EFB application in 2016 was 6,654,700 kg (Afd I total 335,120 kg; Afd II total 1,543,210 kg and in Afd III total 1,611,633 kg). EFB application in 2017 was 3,489,963 kg (Afd II total 1,390,270 kg and in Afd III 5,264,430 kg).</p>	
<p><b>Criterion 4.3</b> Practices minimise and control erosion and degradation of soils.</p>			
4.3.1	<p>Maps of any fragile soils shall be available.</p> <p>- Major compliance -</p>	<p>PT Gunung Melayu showed Peta Sebaran Satuan Tanah for Batu Anam Estate and Aek Tarum. The map indicated the predominant soil type consist of :</p> <ul style="list-style-type: none"> <li>- Typic hapludults</li> <li>- Typic eutrudox</li> <li>- Typic endoaquepts</li> </ul> <p>There is also topographic map indicating the elevation of Batu Anam Estate and Aek Tarum Estate consist of 0-8% and &gt;30%. The limitation for the area is steep slope on some area. PT Gunung Melayu did not open the area with steep slope &gt; 30%. Topografi level consist of 40 – 90 m.</p>	Comply
4.3.2	<p>A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soiland climate specific).</p> <p>- Minor compliance -</p>	<p>In procedure no. AA-SOP-OP-1100-05.R1 "Konservasi Tanah dan Air" has determined strategy control erosion particular in slope area, such as: 0 – 5° , 6 – 12° , 13 -20° , and more than 20°, The company has applied silt pit, L shape stacking frond and terracing in slope area to reduce erosion</p> <p>The realization of soil and water conservation work are:</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<ol style="list-style-type: none"> <li>Maintenance of terraces, realization in 2016 total 210,632 m and in 2017 up to 05/2017 along the 43,387 meters.</li> <li>Maintenance "Tapak Kuda" individual platform, realization in 2016 total 11,545 units and in 2017 up to 05/2017 along the 4,089 units.</li> </ol>	
4.3.3	A road maintenance program shall be in place. - Minor compliance –	<p>Road maintenance program and progress was made and recorded in "Program dan Realisasi Pemeliharaan Jalan Manual, Mekanis dan Pengerasan Jalan 2017". Road maintenance implementation in Batu Anam Estate:</p> <ul style="list-style-type: none"> <li>Road maintenance mechanically using Grader/Road Grading in 2016 total 196,875 m (Afd I 29,846 m; Afd II 52,043 m; Afd III 47,669 m; Afd IV 67,317m). Total in 2017 was 37,862 m from afd I – IV.</li> <li>Road maintenance manually and road service by spreading split stone in 2016 total 688,086 m and in 2017 ytd May 2017 was 318,472 m.</li> <li>Road hardening in 2016 was 16,204 m with split stone volume 4,051 m<sup>3</sup>. In 2017 was 24,289 m with split stone volume 6,072 m<sup>3</sup>.</li> </ul> <p>Road maintenance implementation in Aek Tarum Estate:</p> <ul style="list-style-type: none"> <li>Road maintenance mechanically using Grader/Road Grading in 2017 total planned was 283,512 m from afd I – III.</li> <li>Road maintenance manually and road service by spreading split stone in in 2017 total planned was 777,970 m and realization ytd May 2017 was 85,517 m from afd I – III.</li> <li>Road hardening planned in 2017 was 1,829 m<sup>3</sup> split stone volume.</li> </ul> <p>During field visit and audit in PT Gunung Melayu found that road condition was in good condition and well maintained.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Major compliance –	Based on soil analysis, there is no peat soil in PT Gunung Melayu Batu Anam Estate, Sentral Estate and Aek tarum Estate. The Soil Type Map indicated the predominant soil type consist of : - Typic hapludults - Typic eutrudox - Typic endoaquepts	Comply
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance –	Based on soil analysis, there is no peat soil in PT Gunung Melayu Batu Anam Estate, Sentral Estate and Aek tarum Estate. The Soil Type Map indicated the predominant soil type consist of : - Typic hapludults - Typic eutrudox - Typic endoaquepts	Comply
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance –	Based on soil analysis, there is no peat soil in PT Gunung Melayu Batu Anam Estate, Sentral Estate and Aek tarum Estate. The Soil Type Map indicated the predominant soil type consist of : - Typic hapludults - Typic eutrudox - Typic endoaquepts	Comply
Criterion 4.4			

Criterion / Indicator		Assessment Findings	Compliance
<b>Practices maintain the quality and availability of surface and groundwater</b>			
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	Water management plan in PT Gunung Melayu is based on related regulations, best practices and company's KPI. The water management plan of Batu Anam Estate and Aek tarum Estate and mill included monitoring of rainfall and all water usage and discharge, including: water supply intake, water usage for boiler, mill process and domestic use, and total effluent. The company provided the water balance, including monitoring of daily water consumption entering mills and plantation. Outgoing waste water into main natural waterways, such as drains, waste water runway, and POME for land application were monitored monthly.	Comply
4.4.2	Protection of water courses and wetlands, including securing and maintaining appropriate riparian and other buffer zones, at the time of or prior to replanting shall be demonstrated. - Major compliance -	PT Gunung Melayu has developed a procedure to maintain soil fertility and water quality as stated in SOP for maintaining riparian zone is under SOP AA-APM-OP-1100.05. R1 "Konservasi Tanah dan Air", it is stated that at during land clearing area along the river shall be conserved.  It prohibits to use agrochemicals along the riparian buffer zone. The auditor observed it was comply.  Company has continuous terrace for hilly land, individual terrace for wave land, and drainage to collect rain water. based on document review "Penanaman Sempadan" and field visit to riparian zones, company have enriched the vegetation with vertiver grass, Albizia tree, bamboo tree along the riparian area.	Comply
4.4.3	Records for monitoring of effluent especially BOD (Biochemical Oxygen Demand) and efforts to comply with legal requirements, shall be available (see criteria 2.1 and 5.6). - Minor compliance -	Monitoring of effluent especially BOD (Biochemical Oxygen Demand) performed each month by accredited laboratory by Balai Teknik Kesehatan Lingkungan dan Pengendalian Penyakit (BTKLPP) Kelas I Medan. Based on the test results of BOD parameters are still below the quality standard in accordance PERMEN-LH No. KEP-51/MENLH/10/1995, Appendix B IV (100 mg/L). The BOD 5 day 20°C level in effluent is monitored monthly. Records for monitoring of effluent especially BOD for	Comply

Criterion / Indicator		Assessment Findings						Compliance																																
		year 2016 available, sample taken from 2nd Semester as below: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>2016</th> <th>July</th> <th>Aug</th> <th>Sept</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> </tr> </thead> <tbody> <tr> <td><b>BOD</b></td> <td>4084</td> <td>4128</td> <td>4156</td> <td>4128</td> <td>4271</td> <td>4103</td> </tr> <tr> <td>in ml/L</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>&lt;5000</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						2016	July	Aug	Sept	Oct	Nov	Dec	<b>BOD</b>	4084	4128	4156	4128	4271	4103	in ml/L							<5000											
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4.4.4	Monitoring of mill water use per ton of FFB shall be recorded. - Minor compliance –	PT Gunung Melayu, Gunung Melayu II POM recording the mill water use per tonne FFB each month. The record of water use available in "Pemakaian air dan HSD Oil per metrik FFB". The budget of water use for FFB process sets at 1.4 m <sup>3</sup> /ton FFB processed. Record for year second semester 2016 and first semester 2017 seen: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Month 2016</th> <th>Water usage (m<sup>3</sup>/ton FFB)</th> <th>Month 2017</th> <th>Water usage (m<sup>3</sup>/ton FFB)</th> </tr> </thead> <tbody> <tr> <td>Jul</td> <td>1.10</td> <td>Jan</td> <td>1.40</td> </tr> <tr> <td>Aug</td> <td>1.04</td> <td>Feb</td> <td>1.40</td> </tr> <tr> <td>Sep</td> <td>1.20</td> <td>Mar</td> <td>1.44</td> </tr> <tr> <td>Oct</td> <td>1.53</td> <td>Apr</td> <td>1.37</td> </tr> <tr> <td>Nov</td> <td>1.55</td> <td>May</td> <td>1.32</td> </tr> <tr> <td>Dec</td> <td>1.39</td> <td></td> <td></td> </tr> <tr> <td><b>Average</b></td> <td><b>1.30</b></td> <td><b>Average</b></td> <td><b>1.39</b></td> </tr> </tbody> </table>						Month 2016	Water usage (m <sup>3</sup> /ton FFB)	Month 2017	Water usage (m <sup>3</sup> /ton FFB)	Jul	1.10	Jan	1.40	Aug	1.04	Feb	1.40	Sep	1.20	Mar	1.44	Oct	1.53	Apr	1.37	Nov	1.55	May	1.32	Dec	1.39			<b>Average</b>	<b>1.30</b>	<b>Average</b>	<b>1.39</b>	Comply
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<b>Criterion 4.5</b>																																								

Criterion / Indicator	Assessment Findings	Compliance	
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate integrated Pest Management (IPM) techniques.			
4.5.1	<p>Monitoring of Integrated Pest Management (IPM) plan implementation shall be available.</p> <p>- Major compliance -</p>	<p>The company has Integrated Pest Management and its implemented, such as:</p> <p><u>Batu Anam Estate:</u></p> <ol style="list-style-type: none"> <li>1. Planting "Beneficial Plant" such as: Cassia tora, Antigonon leptosus and Tunera subulata were recorded every month in the "Monitoring Host plant", e.g. planting benefecial plant from January – May 2017: 5,650 spot of hostplan.</li> <li>2. Summary of the owl census in April 2017: the number of owl barn as much as 124 units, 79 units an active owl barn and the number of owls 79 burung dewasa, 20 burung muda dan 28 telur. tails. eg in afdeling III; number of owl barn as much as 32 boxes, the number of active owl barn as many as 22 with owl total 22 mature birds, egg owl 7.</li> <li>3. Rats and thirataba census on period January, March and May 2017, there is no attack of rats and thirataba.</li> <li>4. Controlling Ganoderma attacks per month, May 2016: Palm attacked: 4,724 palms; fallen: 3,500 palms. Countermeasures for ganoderma control (fallen trees) with heavy equipment, backhoe loaders), according to the minutes of the RMM Plantation I on May 25-27, 2016.</li> <li>5. Leaf eaters census recapitulation period January, March, April 2017, census point 4,235 point. There is no caterpillar attack.</li> <li>6. Census ganoderma January - May 2017 palm attacked 2,468 palm and 2,120 palm was cut down, the rest is left because of the attack rate &gt;20% per block. Grand total ganoderma census 2012-2017 was 30,044 palm attacked and palm suspect has been cutdown 29,095 palm tree.</li> </ol> <p><u>Aek Tarum Estate:</u></p>	Comply

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Criterion / Indicator		Assessment Findings	Compliance
		<ol style="list-style-type: none"> <li>1. Census Spearroot January - May 2017 there are 2,606 palm attacked and 2,407 palm has been cut down, the rest is left because of the attack rate &gt;20% per block.</li> <li>2. Census Ganoderma, January – May 2017 was 1,792 palm attacked and 1,358 palm has been cut down.</li> <li>3. Summary of the owl census in April 2017: the number of owl barn as much as 83 units, 66 units an active owl barn and the number of mature owls 72, young owl 9 and 35 egg. In afdeling I; number of owl barn as much as 27 boxes, the number of active owl barn as many as 22 with owl totaled 22 mature owl, young owl 14 dan egg owl 15.</li> <li>4. Leaf eaters census recapitulation period January, March, April 2017, census point 1,189 point in Afd I, 1,1100 point in Afd II, 1,219 point Afd III. There is no attack of catterpillar.</li> <li>5. Rats and thirataba census on period January, March and May 2017; rats attack level was 0.04% and there is no Thirataba attack.</li> <li>6. Planting "Beneficial Plant" such as: Cassia tora 838 plants, Antigonon leptopus 47 point and Tunera subulata 1,426 point were recorded every month in the "Monitoring Host plant", e.g. planting benefecial plant from January – May 2017 in Afd I 470 plant Turnera subulata and 61 Casia cobanensis.</li> </ol>	
4.5.2	<p>Training records of Integrated Pest Management (IPM) shall be available.</p> <p>- Minor compliance –</p>	<p>Integrated Pest management training in Aek Tarum Estate and Batu Anam Estate has been carried out in 25 July 2016. There were 36 staff attend this training. IPM training fro supervisor/mandor has ben carried out in 26 July 2016, 25 mandor was attend the training. IPM training to the workers conducted on 3 March 2017 and attend by 17 workers who in charge for integrated pest management. IPM training conducted by Estate Manager and Field Assistant.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>Evidence of training and minutes of training was available and can be demonstrated.</p> <p>During interview with Mandor/foreman and workers who is in charge for integrated pest management such as for pest and disease detection and census as well as pest and disease control, indicated that the workers understand the IPM process and implementation.</p>	
<p><b>Criterion 4.6</b> Pesticides are used in ways that do not endanger health or the environment.</p>			
4.6.1	<p>Documented evidence shall be available to show that pesticide used based on regulations and the use of pesticide is specific to target species with appropriate dosage which have minimal impact on non-target species.</p> <p>- Major compliance -</p>	<p>There is documented justification for all Agrochemical use determining the reason for the use of certain chemicals. There is an updated register which records products used, when required, amounts to be used and frequency of use.</p> <p>The justification of pesticide used in PT Gunung Melayu is explained under company procedure. PT Gunung Melayu Group shows "SOP Pengendalian Gulma No.AA-APM-OP-11100.08-R1" dated 01/11/2008. The procedure chapter IV explains the weed control program for woody, grass, fern, caladium, wild banana (Musa spp), Aystasia. It does explain active ingredients use to control such weed, dosage per application, type of nozzle used and volume of spraying per application.</p> <p>In chapter V explains selection of pesticide and its active ingredients content, nature of the pesticide and target species.</p> <p>Chapter VII describes calculation of actual area implemented per hectare plantation (spray factor), spraying rotation and spraying output. Chapter XIII related to work equipment, protective equipment and safe working practices.</p> <p>Based on interview with herbicide sprayer and chemical warehouse keeper, they understand the target species and active ingredients to control them. Sprayer shows knowledge on minimizing chemical impact on beneficial weed.</p>	Comply



Criterion / Indicator		Assessment Findings				Compliance
		Type of pesticide use by PT Gunung Melayu and its weeds target:				
		<b>Type of Pesticide</b>	<b>Active Ingredients</b>	<b>Register No.</b>	<b>Weeds target</b>	
		Dithane M-45	Mankozeb 80%	RI.010201197459, valid until 23 June 2016	Fungi	
		Agronil 75 WP	Klorotamil 75%	RI.01020120114105, valid until 9 January 2017	Cerospora capsici, atraknosa, Colletrotrichum capsici	
		Gramoxone	Paraquat	RI.010301197436, valid until 12/12/2020	Stenohlaena, hard stems weeds, narrow and wide leafs weeds	
		Metsulindo 20WP	Metil Metsulfuron 20%	RI.01030119991484, valid until 05/5/2021	narrow and wide leafs weeds	
		Bionasa 480AS	Glifosat	RI.01030120031806 valid until 29/04/2018	narrow and wide leafs weeds	
		Elang 480 SL	Glifosat	RI.01030119941170 valid until 12/12/2021	narrow leafs weeds	
		Polydor 25EC	Lamda sihalotrin	RI.0101012004994 berlaku s.d 09/12/2018	Catterpillar	
		Kenrane	Floroksipir	RI.01010120114137, valid until 9 January 2017	narrow leafs weeds	

Criterion / Indicator		Assessment Findings						Compliance																																																																			
4.6.2	<p>Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per Ha and number of applications) shall be available.</p> <p>- Major compliance -</p>	<p>Record of pesticides used in Aek Tarum Estate:</p> <table border="1"> <thead> <tr> <th rowspan="2">Type of Pesticide</th> <th rowspan="2">Active Ingredients</th> <th colspan="2">Application</th> <th colspan="2">applied per ha</th> <th rowspan="2">LD50 mg/kg bw mouth</th> </tr> <tr> <th>2016</th> <th>in 2017 (ytd April)</th> <th>2016</th> <th>in 2017 (ytd April)</th> </tr> </thead> <tbody> <tr> <td>Dithane M-45</td> <td>Mankozeb 80%</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>&gt; 5000</td> </tr> <tr> <td>Kenlon 480 EC</td> <td>Triclopir butoksi etil ester</td> <td>5 litre</td> <td>3 litre</td> <td>0.002</td> <td>0.001</td> <td>&gt; 100</td> </tr> <tr> <td>Gramoxone</td> <td>Paraquat</td> <td>33 litre</td> <td>13 litre</td> <td>0.014</td> <td>0.006</td> <td>65</td> </tr> <tr> <td>Metsulindo 20WP</td> <td>Metil Metsulfuron 20%</td> <td>160.75 litre</td> <td>58.70 litre</td> <td>0.070</td> <td>0.026</td> <td>50</td> </tr> <tr> <td>Bionasa 480AS</td> <td>Glifosat</td> <td>2,312 litre</td> <td>1,318 litre</td> <td>1.005</td> <td>0.573</td> <td>5,600</td> </tr> <tr> <td>Elang 480 SL</td> <td>Glifosat</td> <td>1,398 litre</td> <td>88 litre</td> <td>0.608</td> <td>0.038</td> <td>5,600</td> </tr> <tr> <td>Polydor 25EC</td> <td>Lamda sihalotrin</td> <td>128 litre</td> <td>55 litre</td> <td>0.056</td> <td>0.024</td> <td>2,625</td> </tr> <tr> <td>Kenrane</td> <td>Floroksipir</td> <td>557 litre</td> <td>230 litre</td> <td>0.242</td> <td>0.100</td> <td>5,000</td> </tr> </tbody> </table> <p>Record of pesticides used in Batu Anam Estate:</p>						Type of Pesticide	Active Ingredients	Application		applied per ha		LD50 mg/kg bw mouth	2016	in 2017 (ytd April)	2016	in 2017 (ytd April)	Dithane M-45	Mankozeb 80%	-	-	-	-	> 5000	Kenlon 480 EC	Triclopir butoksi etil ester	5 litre	3 litre	0.002	0.001	> 100	Gramoxone	Paraquat	33 litre	13 litre	0.014	0.006	65	Metsulindo 20WP	Metil Metsulfuron 20%	160.75 litre	58.70 litre	0.070	0.026	50	Bionasa 480AS	Glifosat	2,312 litre	1,318 litre	1.005	0.573	5,600	Elang 480 SL	Glifosat	1,398 litre	88 litre	0.608	0.038	5,600	Polydor 25EC	Lamda sihalotrin	128 litre	55 litre	0.056	0.024	2,625	Kenrane	Floroksipir	557 litre	230 litre	0.242	0.100	5,000	Comply
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Criterion / Indicator		Assessment Findings					Compliance	
		Type of Pesticide	Active Ingredients	Application		applied per ha		LD50 mg/kg bw mouth
				2016	in 2017 (ytd April)	2016	in 2017 (ytd April)	
		Agronil 75 WP	Klorotalonil	68 litre	26 litre	0.021	0.008	> 10,000
		Dithane M-45	Mankozeb 80%	163 litre	50 litre	0.051	0.015	> 5000
		Kenlon 480 EC	Triclopir butoksi etil ester	537 litre	9 litre	0.170	0.002	> 100
		Gramoxone	Paraquat	346 litre	87 litre	0.109	0.027	65
		Metsulindo 20WP	Metil Metsulfuron 20%	221 litre	88.6 litre	0.070	0.028	50
		Bionasa 480AS	Glifosat	1,690	699.2 litre	0.534	0.221	5,600
		Elang 480 SL	Glifosat	1,300 litre	866.9 litre	0.608	0.274	5,600
		Rhodiamine 865 SL	2-4 Dimetil Amina	5.372 litre	1.7 litre	0.0017	0.00053	> 5,000

Criterion / Indicator		Assessment Findings	Compliance												
4.6.3	<p>Any use of pesticides shall be minimized as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in Indonesia Best Practice guidelines.</p> <p>- Major compliance -</p>	<p>There is no used of prophylactic use of pesticides throughout the company.</p> <p>The use of pesticides has been minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. Use of pesticides in the field was always lower than the planned budget. It also shows the company's commitment to always reduce pesticide usage and give priority to the prevention of mechanical, biological and integrated pest management.</p> <p>Company also has a policy of paraquat usage No. 001/HP/INT/IX/2009 dated 1 September 2009 regarding reducing of usage herbicide containing paraquat.</p>	Comply												
4.6.4	<p>The evidence shall be available to demonstrate that use of Pesticides, categorized in Class 1A or 1B by World Health Organization, or those are listed in the Stockholm and Rotterdam Conventions, and paraquat are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimized and eliminated as part of a plan, and shall only be used in exceptional circumstances.</p> <p>- Minor compliance -</p>	<p>The company has demonstrated to reduce using paraquat and no using pesticides as categorized Class IA or 1B.</p> <p>Paraquat is still used in the Estates. Data of Paraquat used has been provided since 2012. Budget of Paraquat is decreased every year. It was observed that Paraquat used was under the target. To reduce Paraquat use, Estates implement Selective Spraying and Site Specific which agrochemical is only used in targeted weeds, no spraying in riparian buffer zones.</p> <p>Company also has a policy of paraquat usage No. 001/HP/INT/IX/2009 dated 1 September 2009 regarding reducing of usage herbicide containing paraquat.</p> <p>Below are the paraquat usage by PT Gunung Melayu:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Paraquat usage</th> <th>Budget</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>1,820</td> <td>1,905</td> </tr> <tr> <td>2013</td> <td>1,060</td> <td>1,305</td> </tr> <tr> <td>2014</td> <td>577</td> <td>1,020</td> </tr> </tbody> </table>	Year	Paraquat usage	Budget	2012	1,820	1,905	2013	1,060	1,305	2014	577	1,020	Comply
Year	Paraquat usage	Budget													
2012	1,820	1,905													
2013	1,060	1,305													
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Criterion / Indicator		Assessment Findings			Compliance
		2015	499	705	
		2016	346	545	
4.6.5	<p>Evidence of pesticide application by trained person and in accordance with application guidelines in product label and storage guidelines shall be available. Appropriate safety equipment shall be provided and utilized. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).</p> <p>- Major compliance -</p>	<p>Up to date records of training are kept in each estate for the following:</p> <p>Limited pesticides (Pelatihan Pestisida terbatas), Handling of pesticides, Integrated Pest Management Pesticide Mixers, Pesticide Sprayers, and pesticide handlers in stores.</p> <p>Latest training on limited pesticide use "Pelatihan Pestisida Terbatas" conducted on 22/08/2015, attended by Mr.Panco Manurung, Mr.Budianto, Mr.Suryadi, Mrs.Itun, Mrs.Suryani, Mrs.Deli Ritonga, Mrs.Susanti, Mrs.Suriani.</p> <p>The training data is also maintained to show the nature and content of the training covered.</p> <p>Material Safety Data Sheets (MSDS) are evident for all chemicals used and are available at the storage and areas of mixing.</p> <p>Interview with pesticide operator has been performed during audit. Based on interview indicated that pesticide operator understand against pesticide usage procedure, risk of pesticide use, active ingredient, pesticide dosage and technique how to apply pesticide in the field. During field visit they can demonstrated the adequate skill and understanding.</p>			Comply
4.6.6	<p>Storage of pesticides shall be according to recognised best practices. All pesticides containers shall be properly managed according to the existing regulations and or instructions</p>	<p>The company had a SOP of waste pesticide management which is SOP of hazardous waste management No. AA-KL-06-EFP.</p> <p>The company already had a Pesticides warehouse and pesticide containers washing and bathing places for the sprayers. Based on a field visit to the Pesticides</p>			Comply

Criterion / Indicator	Assessment Findings	Compliance
<p>enclosed on the containers (see criterion 5.3). - Major compliance -</p>	<p>Warehouse, it was found that:</p> <ul style="list-style-type: none"> <li>- Permanent Buildings,</li> <li>- A good ventilation,</li> <li>- Permanent floor is cemented, the floor of the mixing of pesticides using ceramics, and equipped with a "spillage trap",</li> <li>- eye wash shower, first aid box, PPE and Fire extinguisher are provided.</li> <li>- PPE room</li> </ul> <p>Operation control:</p> <ul style="list-style-type: none"> <li>- MSDS are available for all types of existing pesticides</li> <li>- The pesticide management and safety instructions are available</li> <li>- A package management/ used pesticide package is available</li> <li>- Water wash of pesticides containers collected in "spillage trap"</li> <li>- The flow of waste water is channeled and stored so that it is not discharged into the environment. The water used is used for its dilution.</li> </ul> <p>A package management / used pesticide package:</p> <ul style="list-style-type: none"> <li>- Pesticide packages were clean washed in a wash basin, then, it was dried in a provided place.</li> <li>- Dried packages were stored in temporary warehouse before being taken / sent by a third party who has a license.</li> </ul> <p>The company disposed their hazardous waste, included empty container pesticides to the approval company PT. Shali Riau Lestari (see 4.6.10 and 5.3.3).</p>	

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4.6.7	<p>Application of pesticides shall be by proven methods that minimize risk and negative impacts.</p> <p>- Minor compliance -</p>	<p>Based on field visit to Batu Anam Estate and Aek Tarum Estate, spraying team using sign board indicating spraying/herbicide application is in progress for a block. Spraying supervisor was pre- mixing the herbicide in the chemical warehouse, transport the mixed chemical via truck, using cone and spill tray on the field to minimize spillage. The type and dosage of herbicide are carefully measured and prepared for targeted weed control; circle and path spray or selective weeding (wooden, bracken, or VOP).</p> <p>Nozzle calibration conducted regularly and recorded – evident.</p> <p>Sprayers and spraying supervisor are trained with limited pesticide training, best management practice for weed control, spraying techniques, using PPE and received regular medical check up. Clean water and soap on the field are provided for sprayer.</p> <p>Supervisor equipped with first aid kit.</p>	Comply
4.6.8	<p>Pesticides may only be applied aerially where there is a documented justification. Surrounding communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application.</p> <p>- Major compliance -</p>	<p>There is no aerial application of pesticide throughout the company plantation.</p>	N/A
4.6.9	<p>Evidence of training on handling pesticide for workers and scheme smallholder (if any) shall be available.</p> <p>- Minor compliance -</p>	<p>Company provides limited pesticide training for sprayers. Latest training on limited pesticide use "Pelatihan Pestisida Terbatas" conducted on 22/08/2015, attended by Mr.Panco Manurung, Mr.Budianto, Mr.Suryadi, Mrs.Itun, Mrs.Suryani, Mrs.Deli Ritonga, Mrs.Susanti, Mrs.Suriani. Material Data Safety Sheets (MSDS) are evident</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		for all chemicals used and are available at the storage and areas of mixing. No scheme smallholders.	
4.6.10	<p>Proof that pesticide waste has been handled as per legal regulations and understood by worker and manager, shall be demonstrated.</p> <p>- Minor compliance -</p>	<p>Pesticide Waste have been identified and documented under the "Evaluasi Aspek-Dampak Lingkungan" (Environmental Aspect impacts). PT Gunung Melayu has a waste management plan, identifying type and source of waste and the disposal plan. PT Gunung Melayu prepared a procedure to handle hazardous waste titled "Prosedur Penanganan Limbah B3" No.AA-KL-06-EFP explains methods to collecting the waste, recording in balance and disposal through licensed third party transporter.</p> <p>The company store hazardous waste in temporary storage with permit, The hazardous waste is sent to the registered collector/transporter which approved by Environmental Ministry, namely PT Shali Riau Lestari.</p> <p>Based on interview with workers who are handling of pesticides that they understood of disposed empty containers pesticides, such as: Empty chemical containers re-used only for mixing purposes, unusable are are triple rinsed, punctured and disposed to the approval collector.</p> <p>Records of empty containers pesticides stock and disposal were available in "Neraca Limbah B3" and "Manifest Limbah B3". During audit, indicated that company can be demonstrated the proper disposal of empty containers pesticides. Each quarter the waste management of empty containers pesticides also reported to local Environmental Agency of Asahan Regency and North Sumatera Province.</p>	Comply
4.6.11	Annual medical records of pesticide operators, and follow-up treatment of medical results, shall be available.	<p>Batu Anam Estate:</p> <p>Company provides medical check up for workers related to agrochemical and fertilizer. The test covers blood hematology (incl. cholinesterase), urine test, liver function, kidney function, and respiratory checks. The latest medical check up</p>	Comply



Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>carried out 28 November – 03 December 2016 in Batu Anam Estate and in Aek Tarum Estate.</p> <p><u>Batu Anam Estate:</u></p> <p>Medical check up performed by Laboratorium Gatot Subroto Medan against 92 workers consist of 3 agrochemical storage workers, 24 spraying workers, 2 spraying foreman, 59 fertilizing workers and 4 fertilizing foreman.</p> <p>Based on MCU result by cholinesterase check, all workers indicated normal and there is no worker with signs of intoxication the health status of sprayers are fit to work. However based on urine test, some workers are indicated infection (leukositoria 6 workers) and diabet 1 workers and it was not caused by spraying and fertilizing working. Company doctor has made the medication treatment to the workers for one weeks and the result after medication treatment, workers are fit to work.</p> <p><u>Aek tarum Estate:</u></p> <p>Medical check up performed by Laboratorium Gatot Subroto Medan against 97 workers consist of 1 agrochemical storage workers, 23 spraying workers, 2 spraying foreman, 68 fertilizing workers and 3 fertilizing foreman.</p> <p>Based on MCU result by cholinesterase check, all workers indicated normal and there is no worker with signs of intoxication the health status of sprayers are fit to work. However based on urine test, some workers are indicated infection (leukositoria 4 workers) and diabet 2 workers and it was not caused by spraying and fertilizing working. Company doctor has made the medication treatment to the workers for one weeks and the result after medication treatment, workers are fit to work.</p>	
4.6.12	Records shall be available to show that spraying is not conducted by pregnant or breast-feeding women.	<p>Based on interview with female workers, it was confirmed that no pregnant and/or breast-feeding allowed to performed chemical/pesticides work.</p> <p>Estate management conducting monthly pregnancy check for all female worker</p>	Comply

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	- Major compliance -	(spraying gang and fertilizer applicator) by test pack. Record of monthly pregnancy check recorded in "Logbook Monitoring Pemeriksaan Kehamilan tahun 2017". Based on latest check on May 2017 both in Batu Anam Estate and Aek tarum Estate shown that there is no spraying workers and fertilizing workers who indicated positive pregnant.	
<b>Criterion 4.7</b>			
An occupational health and safety plan is documented, effectively communicated and implemented.			
4.7.1	<p>A health and safety policy shall be in place. A health and safety plan shall be documented and implemented, and its effectiveness monitored.</p> <p>- Major compliance -</p>	<p>An Occupational Health and Safety Policy has been established and in place, issued and signed by the Managing Director dated 01/12/2014. Point 3. Committed to implement and maintain occupational health and safety management system in compliance with national and international applicable regulation</p> <p>Health and Safety Procedures are available. Sampled: "Standard Operating Procedure Alat Pelindung Diri" on personal protective equipment No.AA-SOP-OP-101.3-R0 dated 14/08/2013. "Prosedur Pengendalian Kebakaran di Pabrik, Kantor dan perumahan" for fire mitigation No.AA-KL- 15-EP dated 01/12/2010</p> <p>Health and safety program as in "Program management K3 PT Gunung Melayu 2016" approved in 02/03/2017 is evident. The health and safety program covers road maintenance monitoring, provide PPE for high risk worker, emergency infrastructure checklist, medical checkup for workers and provision of first aid kit, safety committee meeting, provide relevant training and communicating the health and safety policies.</p> <p>Health and Safety Procedures are available. Sampled: "Standard Operating Procedure Alat Pelindung Diri" on personal protective equipment No.AA-SOP-OP-101.3-R0 dated 14/08/2013. "Prosedur Pengendalian Kebakaran di Pabrik, Kantor dan perumahan" for fire mitigation No.AA-KL- 15-EP dated 01/12/2010.</p>	<p>NC# 487836-201706-M2</p> <p>CLOSED on 04/08/2017</p>

Criterion / Indicator	Assessment Findings	Compliance
	<p>Non conformities:</p> <ul style="list-style-type: none"> <li>- During field visit on Gunung Melayu II POM found that Hydrant box in locked condition and not accesible everytime, in addition Pump machine for hydrant can't be operated and it subjected to unready of Emergency response situation.</li> <li>- During field audit in Batu Anam Estate found the operator/mechanic who working for welding was not use proper PPE (safety shoes). In previous accident ivestigation on February 2017 on behalf Mr. Riswanto, same operator experienced accident and based on investigation it caused by operator not use the proper PPE (safety shoes). Risk Assessment 2017 stated that operator/mechanic must use safety shoes during working.</li> </ul> <p>Corrective Action:</p> <ul style="list-style-type: none"> <li>- Company has performed some corrective action and improvement to response the emergency situation. Company has ensure the Hydrant box are accessible everytime by providing the unlocked tools in Hydrant box. Company also conducted regular monitoring for Hydrant box and pump to ensure the proper condition. Monitoring record was available and presented in "Daftar periksa kondisi Mesin Hydrant" and "Pengecekan Pompa Hydrant". Latest check performed in June 2017. During field audit found that Hydrant and pump was in proper condition and well function.</li> <li>- Company has conducted refreshment of PPE usage to all workers particularly for Traksi worker (operator and mechanic) by Morning safety talk. Company also provide the PPE to all workers freely; company also emphasize to all workers if there is a damage or broken to their PPE, the workers can request to replace the broken PPE by the new one. To ensure the PPE usage by workers, company has made the regular inspection before and during working in the field. PPE inspection recorded in "Daftar Periksa Alat Pelindung Diri". Inspection PPE usage performed each day. Record on inspection in June and July 2017 was available. During field</li> </ul>	

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		<p>visit in 4 August 2017 the record also available and found that all workers in the field was used the PPE properly such as the Mechanic using PPE Safety Helmet, Safety Shoes, Wearpack, leather handgloves, Welder glasses and Masker.</p> <p>Major NC has been Closed out in 04/08/2017.</p>	
4.7.2	<p>A documented risk assessment shall be available and its implementation shall be recorded.</p> <p>- Major compliance -</p>	<p>Company has document risk assessment, including for boiler operation, sterilizer operation, generator set operation, loading ramp activity, cleaning of CPO storage tank, chemical mixing, fertilizer warehouse, herbicide and pesticide sprayer, harvesting, road maintenance, HCV Monitoring, Boundary Monitoring, land application maintenance, etc.</p> <p>The company has conducted HIRADC for all areas and it was observed that the workers understood their risk, last updated in April 21<sup>st</sup>, 2017.</p> <p>Engineering control was implemented to prevent hearing loss, e.g. install noise reduction agent and administrative by erected signboard of noise area, as described in Risk</p>	Comply
4.7.3	<p>Records of Occupational Health and Safety (OHS) program (see 4.8) and Personal Protective Equipment (PPE) training in accordance with the result of hazard identification and risk analysis shall be available to all workers.</p> <p>- Major compliance -</p>	<p>Records of Occupational Health and Safety (OHS) program available in "program manajemen K3 PT Gunung Melayu –Kebun Batu Anam (KBA), Aek tarum and Gunung Melayu II Mill 2017" approved by Estate Manager and Mill manager, including to reducing working accident, OHS campaign, meeting of OHS committee, medical surveillance to certain workers.</p> <p>Training and monitoring regarding PPE usage has conducted in accordance to risk Assessment conducted on monthly based as recorded on January February March and April, 2017. Morning muster consist PPE checking conducted on daily base.</p> <p>Gunung Melayu II Mill</p>	Comply

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		OHS Program available covering OHS socialization, implementation, monitoring and measurement including regular Training PPE which is conducted every Monday as Toolbox meeting and inspection of PPE usage.	
4.7.4	The responsible person(s) for occupational health and safety shall be identified and there shall be records of periodical meetings on health and safety issues.  - Major compliance -	<p>Batu Anam Estate</p> <p>Company assigned Mr. Christofel L. Tobing as responsible person for occupational Health and safety implementation for Batu Anam Estate. Periodical meeting conducted on monthly base regularly. Meeting on April &amp; May 2017 is evident discussing health &amp; safety issues.</p> <p>Aek Tarum Estate</p> <p>Company assigned Mr. Joshua Aritonang as responsible person for occupational Health and safety implementation for Aek Tarum Estate. Periodical meeting conducted on monthly base regularly. Meeting on April &amp; May 2017 is evident discussing health &amp; safety issues</p> <p>Gunung Melayu II Mill</p> <p>Mr. Toni H. Siregar assigned as responsible person for OHS implementation. Record of periodical meeting available, for example meeting on January- February-March, 2017 discussion regarding accident recording, updating PPE Checklist, monitoring of PPE handover to workers</p>	Comply
4.7.5	A procedure for emergency and work accident shall be available in Indonesian Language; and the workers, who have attended First Aids training, are available in the working areas.	<p>Accidents and emergency procedures no. AA-EMS-446-PR (operation control), AA-EMS-447-PR (Kesiagaan &amp; Tanggap darurat/Emergency preparedness), AA-EMS-001-FM (Emergency plan), AA-EMS-003-FM (Emergency incident), and AA-EMS-004-FM (Emergency incident Reporting).</p> <p>Those procedures is socialized and available in notice board in site, during</p>	Comply

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Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	<p>interviewed with workers, it was seen that they understood. Emergency call phone also is available in all site operation.</p> <p>Assigned trained in First Aid sighted present with First Aid Kit available in various workplace on monthly based. Training and monitoring record for January untill April 2017 available.</p> <p>Training first aid Kit conducted for several employee, however some of harvesting and spraying employee can not demonstrate or explain how to conduct first aid. The person who served as the first aider and brought the first aid kit was the Foreman/Mandor, so that the handling of related minor accidents requiring first aid carried by the foreman/Mandor. During interview and field visit Foreman/mandor can be demonstrated the understanding of first aid handling and has completed by first aid kit.</p> <p>First aid training conducted to all field mandor as recorded on July 14<sup>th</sup>, 2016 in Batu Anam Estate and in June 20<sup>th</sup> 2016 in Aek Tarum Estate.</p> <p>Gunung Melayu II Mill</p> <p>Training for first aider conducted on 30/03/2017 to mandore by certified first aider Ms. Sri Wahyuni assigned as certified First aider, hold certificate number 21/P3K/2016 since June 2016 by Ministry of Manpower and Transmigration Republic Indonesia. He hold certificate as general OHS Expert/ Specialist</p>	
4.7.6	<p>All workers shall be provided with medical care, and covered by accident insurance (see criterion 6.5.3).</p> <p>- Minor compliance –</p>	<p>All workers provided with medical care, and covered by accident insurance (BPJS Kesehatan and Company Medical Facility). Example Mr. Riswanto, workshop mechanic has provided by BPJS Kesehatan.</p> <p>For new temporary worker medical care covered by company medical facility untill national insurance program issued.</p>	<p>NC# 1487836- 201706-M3</p> <p>CLOSED on 04/08/2017</p>

Criterion / Indicator	Assessment Findings	Compliance
	<p>Non Conformities:</p> <p>Company has registered 112 temporary workers as BPJS Ketenagakerjaan participant and 31 temporary workers as BPJS Kesehatan participant in Aek Tarum; 175 temporary workers as BPJS Ketenagakerjaan participant and 74 temporary workers as BPJS Kesehatan participant in Batu Anam Estate. However there were 102 temporary workers remaining has not been identified as BPJS Ketenagakerjaan participant, 60 temporary workers has not been identified as BPJS Kesehatan participant in Aek tarum Estate and 189 temporary workers has not been identified as BPJS Ketenagakerjaan participant, 240 temporary workers has not been identified as BPJS Kesehatan participant. It was escalated to Major NC.</p> <p>Corrective Action:</p> <p>Company has done the corrective action regarding registration of temporary workers to BPJS Kesehatan.</p> <p>Company has identified all the temporary workers :</p> <ul style="list-style-type: none"> <li>- In Batu anam Estate there are 359 temporary workers, 196 workers are not yet registered as BPJS Kesehatan participants, 101 workers has been registered as BPJS Kesehatan + 14 registered as Jamkesda + 48 workers has been registered as BPJS Kesehatan dependent of husband working in company. So that there are remain 196 workers has to registered by company as BPJS Kesehatan participants. Company has registered the temporary workers as BPJS Kesehatan participants gradually; in June registered 76 workers, in July 60 workers and in August 60 workers. Evidence of registration are available in Memo No.081,082,083/Memo-KBA/BPJS/VI/2017.</li> <li>- In Batu Anam Estate there are 359 temporary workers, 146 workers are not yet registered as BPJS Ketenagakerjaan participants. Company has registered the temporary workers as BPJS Ketenagakerjaan participants gradually; in June registered 50 workers, in July 50 workers and in August 46 workers. Evidence of registration are available Memo No.081,082,083/Memo-KBA/BPJS/VI/2017.</li> </ul>	

Criterion / Indicator		Assessment Findings	Compliance
		<p>- In Aek Tarum Estate there are 229 temporary workers, 71 workers are not yet registered as BPJS Kesehatan participants, 34 workers has been registered as BPJS Kesehatan + 86 registered as BPJS Kesehatan mandiri + 33 workers has been registered as BPJS Kesehatan dependent of husband working in company. So that there are remain 71 workers has to registered by company as BPJS Kesehatan participants. Company has registered the temporary workers as BPJS Kesehatan participants gradually; in June registered 24 workers and in July 27 workers. Evidence of registration are available Memo No.50/ES-KAT/EXT/06/17.</p> <p>In Aek Tarum Estate there are 359 temporary workers, 146 workers are not yet registered as BPJS Ketenagakerjaan participants. Company has registered the temporary workers as BPJS Ketenagakerjaan participants gradually; in June registered 25 workers, in July 25 workers and in August 21 workers. Evidence of registration are available Memo No.50/ES-KAT/EXT/06/17.</p> <p>Major NC has been Closed out in 04/08/2017.</p>	
4.7.7	<p>Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics.</p> <p>- Minor compliance</p>	<p>Batu Anam Estate</p> <p>Lost time injuries recorded and reported to authorized party, as defined in OHS Committee report three monthly period. During year 2016 total lost time injuries was 2 (two) days. During year 2017 until end of May 2017 total lost time injuries was 2 (two) days).</p> <p>Aek Tarum Estate</p> <p>Lost time injuries recorded and reported to authorized party, as defined in OHS Committee report three monthly period. During year 2016 total lost time injuries about 2 (two) days. During year 2017 until end of May 2017 has been 3 (three) days).</p> <p>Gunung Melayu-2 Mill</p>	Comply



Criterion / Indicator		Assessment Findings	Compliance
		Lost injuries during year 2016 was 0 and in 2017 until May 2017 was 0.	
<b>Criterion 4.8</b>			
All staff,workers, smallholders and contract workers are appropriately trained.			
4.8.1	<p>Records of training program related to the aspects of RSPO Principles and Criteria shall be available.</p> <p>- Major compliance -</p>	<p>Batu Anam Estate and Aek tarum Estate:</p> <p>Training program for year 2016 and year 2017 available as defined in Kalender Pelatihan Tahun 2017-Program Pelatihan Teknis Estate, covering : Sustainability awareness, HCV, Basic safety, Basic Fire, First Aider, Handling Hazardous Material and Hazardous waste, Safety Use of Herbicide &amp; Chemical, Training for waterman, training for Power generator operation.</p> <p>For year 2017 Learning &amp; development calendar available, including training of heavy equipment operation, OHS specialist, Welder certification, basic fire, HCV awareness etc.</p> <p>Training program implementation has been verified during audit. Some of training has been conducted for the employee in Batu Anam Estate and Aek Tarum Estate during period January – April 2017 such as: Sustainability awareness, HCV, Basic safety, Basic Fire, First Aider, Handling Hazardous Material and Hazardous waste and Safety Use of Herbicide &amp; Chemical. Other training program is in progress and planed for second semester 2017 such as: Training for waterman, training for Power generator operation, training of heavy equipment operation, OHS specialist and Welder certification. Training implementation evidence can be demonstrated in the form of attendant list, training material, photo documentation and training evaluation.</p> <p>Gunung Melayu II Mill,</p> <p>On "program pelatihan Environmental &amp; Sustainability tahun 2017" defined training</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>program related to the aspect of RSPO Principles and Criteria including basic safety, basic fire, First aider, Mass balance &amp; Traceability, Sustainability, handling Hazardous material and Hazardous Waste, mill operator training.</p> <p>Training program implementation has been verified during audit in Gunung Melayu 1 Mill. Some of training has been conducted for the employee such as: RSPO Principles and Criteria including basic safety, basic fire, Mass balance &amp; Traceability and Sustainability awareness. Other training program is in progress and planed for second semester 2017 such as: Training for mill operator, handling Hazardous material and Hazardous Waste.</p>	
4.8.2	<p>Records of training for each employee shall be maintained.</p> <p>- Minor compliance –</p>	<p>Training records consist of the certificates, attendances and training materials were kept in the individual operating units, e.g. training record for Mr. Maruasas Siagian (W/S head). Only for year 2014. From the record of training, Maruasas Siagian has been follow the training of Sustainability awareness, Basic safety, Basic Fire, First Aider and Handling Hazardous Material and Hazardous waste.</p> <p>In Aek tarum estate and Gunung Melayu II Mill record of training for each employee are available as personnel training record.</p>	Comply
Principle 5: Environmental responsibility and conservation of natural resources and biodiversity			
Criterion 5.1			
<b>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 continual improvement.</b>			
5.1.1	Environmental impact assessment document(s) shall be available.	Companies have environment document "Dokumen Studi Evaluasi Lingkungan (SEL) Perkebunan dan Pabrik Kelapa Sawit PT Gunung Melayu, PT Saudara Sejati Luhur	Comply

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>dan PT Sumber Sawit Makmur di Kabupaten Asahan – Sumatera Utara”, prepared by CV Andalen Persada Konsultan. The author team consist of:</p> <p>Team leader: Dr. Hemat R. Bramana, MSc; Coordinator: Ir. Juliarto Barus, MS (AMDAL A/B); Agronomy/Soil science: Ir. Bahtera Purba and Ir. Jansen Sinulingga; Water and air quality: Drs. Ahmad Darwin, MSc (AMDAL A) dan Drs. Satrianda; Social, economic and cultural: Abdul Rahman SH, MH and Drs. Johannes Karo-Karo; Production technology: Dr. R. Kamrol D, MSc and Renalson; Aquatic and Terra biology: Dra. Retno Widhiastuti and Drs. Mimpin Ginting, MS; Mechanical engineering: Ir. Rejeki Maha and Juna B; Programmer: Drs. Sehat Sembiring and Roshermida.</p> <p>The environment document have approved by “Komisi Pusat AMDAL, Departement Pertanian” through “Surat No.220/687/B/IV/1994 dated 18/04/1994. The document have explained the positive and negative impact from construction and development of oil palm plantation and palm oil mill Gunung Melayu since pre-operation up to construction of palm oil mill.</p> <p>Company also has identified Environmental impact assessment in whole operation as documented in “ Evaluasi Aspek dan Dampak Lingkungan”, last updated on January 10<sup>th</sup>, 2017 in each unit operation, in estate and mill, this document covering all operation in Estates and mill.</p>	
5.1.2	Environment management plan document to prevent negative impacts, its implementation report and revision (if the identification of impact requires changes in current company’s practices) shall be available. The company’s management shall appoint the responsible person(s) for the implementation of the document.	As guidance for management and monitoring, company has environmental management and monitoring plan “Rencana Pengelolaan Lingkungan (RKL) – Rencana Pemantauan Lingkungan (RPL). The document have been approved by “Badan Agribisnis Departement Pertanian” through letter No.072/RLK-RPL/BA/III/1996 dated 19/03/1996. The environment management document explains activity components, type of impacts, impact management (program, project, technical), location and target for management.	Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	<p>The environment monitoring document explains the type of impacts, location for monitoring, parameters, time frame and method for monitoring.</p> <p>Company has prepared report on Environmental Management and Monitoring implementation (Laporan RKL-RPL) and submit to the government regularly (per semester), e.g RKL-RPL report semester II 2016 (Period June – December 2016) "Laporan Pelaksanaan Izin lingkungan". Report submitted to Head of Environmental Officer Asahan District on March 23<sup>th</sup>, 2017.</p> <p>Company assigned Estate/mill Manager as responsible person for the implementation of the document.</p>	
5.1.3	<p>Environment monitoring plan document, its implementation report, and the corrective plan (if non-conformance arised from the monitoring result) shall be available. This plan is reviewed on two-yearly basis.</p> <p>- Minor compliance –</p>	<p>PT Gunung Melayu has prepared implementation report of environmental management and monitoring each semester. The report submitted to "Badan Lingkungan Hidup Kabupaten Asahan".</p> <p>The report for period semester II 2016 (Period June – December 2016) have been submitted on March 23<sup>th</sup>, 2017. The report have explained the management and monitoring implementation, the evaluation (trend, critical and compliance evaluation) – as regulated under Keputusan Menteri Lingkungan Hidup No.45 tahun 2005.</p> <p>PT Gunung Melayu has also prepared Environmental managemen system (EMS) utilized as tool to evaluate the implementation of environmental management and monitoring tools.</p>	Comply
<p><b>Criterion 5.2</b></p> <p>The status of rare, threatened or endangered species and other 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 operations managed to best ensure that they are maintained and/or enhanced.</p>			

Criterion / Indicator	Assessment Findings	Compliance
<p>5.2.1 Record(s) on the results of High Conservation Value (HCV assessment) that includes both the planted area and the relevant wider landscape-level considerations (such as wildlife corridors) shall be available.</p> <p>- Major compliance -</p>	<p>Company has conducted the HCV identification in coordination with "Fakultas Kehutanan Institut Pertanian Bogor" back in 2014, under "Laporan Final Kajian Penuh Identifikasi dan Analisis Keberadaan High Conservation Value di Areal PT Gunung Melayu Kebun Sentral Provinsi Sumatera Utara". The HCV assessment conducted based on "Panduan Kawasan Bernilai Konservasi Tinggi di Indonesia", issued by Konsorsium Revisi HCV Toolkit Indonesia dated 12/07/2008.</p> <p>The HCV identification team consist of: Team leader: Dr. Ir. Nyoto Santoso, MS (RSPO HCV Assessor and HCVRNI member); Environmental service expert: Ir. A. Faizal Siregar, Msi (RSPO HCV Assessor and HCVRNI member); Vegetation expert: Eko Adhiyanto, S.Hut (RSPO HCV Assessor and HCVRNI member); Wildlife expert: Sutopo S.Hut. (RSPO HCV Assessor and HCVRNI member); Social-economic-cultural expert: Rae Birumbo (RSPO HCV Assessor and HCVRNI member); GIS: Arif Prasetyo, S.Hut (RSPO HCV Assessor and HCVRNI member).</p> <p>The HCV identification carried out with public stakeholder consultation with surrounding communities on 22-23/04/2013 in Desa Gonting Malaha and Desa Batu Anam. The HCV Identification report has been peer reviewed by Mr.Rachmad Darmawan (RSPO HCV Assessor and HCVRNI member) on 01/2014.</p> <p>In the previous assessment, The total HCV identified in Sentral Estate was 80.50 Ha, consist of HCV 1.2 (47.66 Ha), HCV 4.1 (32.16 Ha) and HCV 6 (0.685 Ha). While HCV identification (2012) in Batu Anam Estate consist of HCV 1.3, 4.1, 5 and 6 is 119.85 – total HCV area is 200.35 Ha.</p> <p>Currently PT Gunung Melayu is divided into three estate namely the Sentral estate, Batu anam Estate and the new estate Aek Tarum estate. The total HCV area remains the same 200.35 ha, but the proportion of the spread of HCV area in each estate is changed: Sentral Estate 64,94 ha, Batu Anam Estate 95,85 ha and Aek Tarum Estate 39,56 ha.</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
		The HCV identification document has explained the general condition of landscape surrounding company's plantation: there is no protected forest/ecosystem that feasible for wildlife to maintain its viability. Therefore no recommendation for wildlife corridor.	
5.2.2	<p>Whererare, threatened or endangered (RTE) species and or other HCVs are present or affected by the plantation and mill operations, an appropriate measures that are expected to maintain or enhance them shall be implemented through a management plan.</p> <p>- Major compliance -</p>	<p>Based on HCV Identification Report, 2014 shows in area of Sentral Estate, found 54 types of mammal, 42 types of bird, 4 types of reptile. Based on CITES, there are 11 species under Appendix II: 2 types of mammal, 6 types of bird and 3 types of reptile. While based on IUCN, there are 2 types of mammal under status Vulnerable (Vu) – bearded pig (<i>Sus barbatus</i>) and Southern pig-tailed macaque (<i>Macaca nemestrina</i>); and one with status Endangered (En) which is Pangolin (<i>Manis javanica</i>).</p> <p>Based on document verification upon "Laporan hasil monitoring Pengelolaan Tumbuhan dan Satwa" period Semester II 2016 shows in the area of Batu Anam and Aek Tarum Estate team identified 4 types of protected under IUCN and CITES.</p> <p>Based on field verification, company has demonstrated effort for management and monitoring of HCV area. For example, Monitoring of plant and animal on 6 monthly basis, planting trees and vertifer grass on river buffer zone in 2016.</p> <p>Company also installed identity signboard and warning signboard on the field.</p>	Comply
5.2.3	<p>Program(s) to socialize the status of protected, rare, threatened or endangered (RTE) to all workers shall be available, including records of appropriate sanction disciplinary measures to any individual working for the company who is found to capture, harm, collect or kill these species.</p> <p>- Minor compliance –</p>	<p>Company has demonstrate consistency in providing communication and HCV management training, carried out on 25/11/2015 and attended by 54 participants, field supervisor level.</p> <p>Based on interview with worker representative and field workers – workers have understand protection of plant and animal. The workers also aware of company policy prohibits hunting, raising and killing protected animal.</p> <p>Refreshment and awareness regarding HCV and wildlife protection performed by</p>	Comply

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		company through master morning in each division/afdeling PT Gunung Melayu.	
5.2.4	<p>Once the management plan is prepared, continuous monitoring documentation and report regarding the status of the RTE and HCVs are affected by the operations of the plantation and palm oil mill shall be available, and the results of monitoring are to be used to follow-up on the improvement of the management plan.</p> <p>- Minor compliance –</p>	<p>Company has prepared Conservation Management Plan, detailing location of HCV area, hectare of HCV area, management objective, management program, method, person in charge, target of implementation and monthly status.</p> <p>Company has consistently monitors the status of HCV area, as well as protected flora and fauna species. This is recorded in "Laporan Monitoring Tumbuhan dan Satwa Liar PT Gunung Melayu periode Semester II 2016" – monitoring period June - December 2016. The report explains the monitoring on status of pland and wildlife, disturbance and damage to the protected area.</p> <p>Wildlife observations are conducted monthly by Mandor HCV in each Afdeling. Last observation in May 2017 documented in the "Daftar Temuan satwa liar di areal kebun" observed several protected species such as: cekakak belukar (Halcyon smyrnensis), honey bird sriganti (Nectarinia jugular), Crimson Sunbird (Aethopyga siparaja). Types of animal such as Felis bengalensis, Tragulus javanica, Muntiacus muntjak, Manis javanica is rarely seen at the time of observation</p> <p>Based on field verification, company has demonstrated effort for management and monitoring of HCV area.</p> <p>Non Conformities:</p> <ul style="list-style-type: none"> <li>- Company has defined the programme to socialize the HCV and wildlife conservation to employee however most of workers interviewed during audit was not understand well regarding wildlife and HCV conservation.</li> <li>- Vegetation monitoring was not appropriate as per "laporan Hasil identifikasi HCV" and not give the improvement feedback. Most of vegetation monitoring were herbs and introduction plant/tree, however there were much of natural vegetation particularly tree vegetation in and around plantation area.</li> <li>- Monitoring result of HCV, wildlife and vegetation has not been gave the</li> </ul>	<p>NC# 1487836- 201706-N2</p> <p>OPEN</p>

Criterion / Indicator		Assessment Findings	Compliance
		improvement feedback appropriately.	
5.2.5	Where HCV areas overlapped with an identified local community's land, there shall be evidence of a negotiated agreement that optimally safeguard their HCVs and the local community's rights.  - Minor compliance –	All HCV and conservation areas within the company areas. Based on document verification, field visit and interview with stakeholders, there was no HCV area under existing rights of local community.	Comply
<b>Criterion 5.3</b>			
Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.			
5.3.1	A documented identified source of all waste and pollution, shall be available.  - Major compliance -	Waste products have been identified and documented under the "Evaluasi Aspek-Dampak Lingkungan" (Environmental Aspect impacts). This document is updated once a year, last updated on January 10 <sup>th</sup> , 2017. This document covering all operation in Estates and mill.  PT Gunung Melayu has a waste management plan, identifying type and source of waste and the disposal plan. PT Gunung Melayu prepared a procedure to handle hazardous waste titled "Prosedur Penanganan Limbah B3" No.AA-KL-06-EFP explains methods to collecting the waste, recording in balance and disposal through licensed third party transporter.  The company store hazardous waste in temporary storage with permit, The hazardous waste is sent to the registered collector/transporter which approved by Environmental Ministry, namely PT Shali Riau Lestari.	Comply
5.3.2	There shall be evidence that all chemicals and their empty containers are disposed of responsibly.	PT Gunung Melayu collects all hazardous waste from each estates and mill into temporary hazardous waste storage in central workshop compound. The temporary hazardous waste storage Sentral Estate has valid permit, "Keputusan Bupati Asahan No.660.1/0595/LH/2014 tentang Izin Penyimpanan Sementara Limbah Bahan	Comply



Criterion / Indicator	Assessment Findings	Compliance
<p>- Major compliance -</p>	<p>Berbahaya dan Beracun (B3) PT Gunung Melayu Kebun Sentral Kabupaten Asahan-Sumatera Utara” dated 21/07/2014, valid for 5 years.</p> <p>PT Gunung Melayu has an agreement in transporting the hazardous waste with contractor PT Indo Star Cargo. The type of hazardous waste to be transported: used oil, old battery, waste oil, old lamps, used chemical container, contaminated waste and used filter. The contractor holds valid permit based on Recommendation letter from Ministry of Environment No. B-5055/Dep.IV/LH/PDAL/05/2014 dated 6 May 2014 regarding recommendation of hazardous waste transporting for PT Indo Star Cargo valid for 5 years.</p> <p>There are record of transfer from estate to mill, as Catatan Serah-Terima Limbah B3 (AA-KL-602-FM). For example on May 11<sup>th</sup>, 2017, for Medic waste, agrochemical container. On April 28<sup>th</sup>, 2017; used oil, and used oil filter.</p> <p>Company as manifest of hazardous waste transaction to legal collector PT Indo Star Cargo. The last shipment to collector are : Gunung Melayu II POM.</p> <p>Records of hazardous waste:</p> <p>“Lembar Neraca Limbah Bahan Berbahaya dan Beracun” period March 2016 for Batu Anam, Aek Tarum Estate and gunung Melayu II POM were evident and updated; identifying incoming and outgoing hazardous waste in store.</p> <p>Manifest oh LB3 transport were evident e.g:</p> <ul style="list-style-type: none"> <li>- Document Manifest Limbah B3 no AAO 0008329, dated 21-12-2016, for empty chemical container Volume: 1 (satu) drum, vehicle number BM 8431 JU</li> <li>- Document Manifest Limbah B3 no AAO 0008333, dated 21-12-2016, used oil, qty = 800 kg, vehicle number: BM 8431 JU</li> <li>- Document Manifest Limbah B3 no AAO 0008408, dated 21-12-2016, for used oil</li> </ul>	

Criterion / Indicator		Assessment Findings	Compliance
		<p>Volume: 2 (Two) drum, vehicle number BM 8431 JU</p> <ul style="list-style-type: none"> <li>- Document Manifest Limbah B3 no AAO 0008416, dated 21-12-2016, for used Accu Volume: 2 (two) pcs, vehicle number BM 8431 JU</li> </ul>	
5.3.3	<p>A documented waste management plan to avoid or reduce pollution and its implementation shall be available.</p> <ul style="list-style-type: none"> <li>- Minor compliance –</li> </ul>	<p>Waste management plan is documented in "Rencana pengelolaan Limbah". Waste management consists of medical waste, domestic waste, and hazardous waste to reduce pollution into the environment.</p> <p>Hazardous and medical waste is disposed to the register collector, while domestic waste disposed to the landfill, organic and anorganic waste is separated in linesite, organic waste to the landfill and some of anorganic waste is collected for re-cycle.</p> <p>Non Conformities:</p> <p>"Neraca Limbah B3" in Gunung Melayu II POM was not up to date in accordance with curent condition in TPS LB3, warehouse officer update the "Neraca Limbah B3" only after waste delivery to third party collector.</p>	<p>NC# 1487836- 201706-N3</p> <p>OPEN</p>
<p><b>Criterion 5.4</b></p> <p>Efficiency of fossil fuel use and the use of renewable energy is optimized.</p>			
5.4.1	<p>A plan for improving efficiency of the use of fossil fuels and to optimize renewable energy shall be in place and monitored.</p> <ul style="list-style-type: none"> <li>- Minor compliance –</li> </ul>	<p>All energy used in both mills is monitored and recorded under document of "Pemakaian Energi 2016 ". Fossil fuel records are maintained and trends shown. Energy use records include accurate measurements of renewable energy use per ton of FFB processed. Company already maximize the renewable energy use. All the shell and fiber is consumed internally as boiler fuel.</p> <p>Fossil fuel usage is recorded for operational purpose, including the efficiency analysis. Renewable energy in 2016:</p>	<p>Comply</p>

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Criterion / Indicator		Assessment Findings	Compliance
		Fiber: 36,070 ton Shell: 6,277 ton Fossil Fuel: 41,117 liters, Electrical produce by Steam turbin: 7,257006 kWh (99.6 %)	
<b>Criterion 5.5</b> Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.			
5.5.1	Records of land clearing with zero burning shall be available, referring to the ASEAN Policy on Zero Burning (2003) or other recognised techniques based on the existing regulations.  - Major compliance -	No open burning was noted during field visit and interviewed with local communities and workers.	Comply
5.5.2	Where fire has been used for eradication of pest during replanting, the records of the analysis of the use of fire and permit from the authorised agency shall be available.  - Minor compliance -	PT Gunung Melayu – Estate have developed an early warning system, to monitor the risk of fire. The system “Sistem Peringkat Bahaya Kebakaran 1 & 2 PT Gunung Melayu”. The monitoring system calculating the field condition, ignition risk, potential drought and smoke, fire handling, fire fighting difficulty, weather index. Patrol report indicating any fire incident.  Visit to replanting area 2015, the land preparation is using mechanical method. No any open burning was noted for land preparation.	Comply
<b>Criterion 5.6</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			

Criterion / Indicator		Assessment Findings	Compliance
5.6.1	<p>Document(s) assessing pollution and emission sources, including gaseous, particles, soot emissions and effluent, shall be available. (see Criterion 4.4)</p> <p>- Major compliance -</p>	<p>Based on Significant pollution and GHG emission was identified, for estates comes from using of pesticides, action plan to reducing pesticide was made such as program of integrated pest control where minimize to use chemical/pesticides, . Graph of emission and pollutant were provided to monitor trend of them in monthly basis.</p> <ol style="list-style-type: none"> <li>1. Using EFB as organic fertilizer.</li> <li>2. Planting beneficial plant</li> <li>3. Efficiency of fossil fuel.</li> <li>4. Using fibre and shell for boiler</li> <li>5. Capturing methane gas from POME</li> <li>6. Increasing renewable energy usage as electricity from methane capture facility</li> </ol> <p>Identification of significant pollution and GHG emission in each unit/station as documented in "Environmental Aspect &amp; Impact List", consist of: input, environmental aspect, caused, environmental impact potential, and control.</p> <p>Company has develop mitigation program to reduce GHG emission.</p>	Comply
5.6.2	<p>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plan to reduce or minimize them implemented.</p> <p>- Major compliance -</p>	<p>Identification of pollutant and GHG, such as: usage of an-organic fertilizer, pesticide, fossil fuel usage, peat land, and POME.</p> <p>The company also has minimized pollutant and GHG through using EFB as organic fertilizer, implementing IPM to reduce pesticides usage, using fiber and sell for boiler, and capturing POME by Biogas Plant by Kubota. Thermophillic anaerobic process.</p>	Comply
5.6.3	A monitoring plan and results of regular reporting	Emission monitoring system by using "RSPO PalmGHG" system calculation. Emission	Comply

Criterion / Indicator	Assessment Findings	Compliance
<p>on emission and pollutants from estate and mill operations using appropriate methods, shall be available.</p> <p>- Minor compliance –</p>	<p>from estate and mill operation was calculated and monitored, emission reduction achieved.</p> <p>Monitoring of any pollutant has been done in daily, weekly and monthly basis, report of monitoring was recorded in the "RKL/RPL" report, and this report submitted to the related institution every 6 month.</p> <p>The company has prepared a strategy in effort to reduce and mitigate pollution and emission. Monitoring of pollution and emission quality for plantation has been planned and implemented,</p> <p>e.g. air quality ambient for boiler and Genset, water quality test for river (upstream and downstream), effluent water quality, noise, etc.</p> <p>Regular monitoring and calculation of polluting and emission from estate and mill available using Palm GHG Calculator V.3.0.1 . Emission from estate and mill activities during year 2016 are: 0.46 tCO<sub>2</sub>e/tCPO and 0.46 tCO<sub>2</sub>e/TPK.</p>	

Criterion / Indicator	Assessment Findings	Compliance	
<b>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills</b>			
<b>Criterion 6.1</b> Aspects of plantation and mill management that have social impacts, including replanting, 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 continual improvement.			
6.1.1	<p>A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>- Major compliance -</p>	<p>Social Impact Assessment was conducted as documented in "Study Evaluasi Lingkungan" which covering social impact assessment. This SEL has been approved by Ministry Agriculture no. 220/687/B/IV/1994, dated 18th April 1994. In 2017, the company has published a report on the effectiveness of social management efforts of PT Gunung Melayu and PT Saudara Sejati Luhur Group Gunung Melayu Estate, Asahan Regency, North Sumatra Province, by Team Corporate Social Responsibility 2017.</p> <p>During the preparation for Social Impact assessment team and company management have involved communities through interviews and meetings with village peoples, farmers, village officials and regency officials. Record of meeting with affected parties and stakeholder are available and can be demonstrated.</p>	Comply
6.1.2	<p>There shall be evidence that the assessment has been conducted with the participation of affected parties.</p> <p>- Major compliance -</p>	<p>Social impact aspect assessment is done by:</p> <ul style="list-style-type: none"> <li>- Focus group discussions (DKF)</li> <li>- Deep interview</li> <li>- Structured Interviews</li> <li>- Field observation</li> </ul> <p>During the preparation for Social Impact assessment team and company</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>management have involved communities through interviews and meetings with village peoples, farmers, village officials and regency officials.</p> <p>Record of meeting with affected parties and stakeholder are available and can be demonstrated. Latest meeting with stakeholder and affected parties conducted on June 2017. Feedback from the stakeholder was serve as inputs in creating a social impact mitigation and management program 2017.</p>	
6.1.3	<p>Plans for management and monitoring of social impacts to avoid or reduce negative impacts and promote positive ones, based on social impact assessment, through consultation with the affected parties, shall be available, documented and timetabled, including responsibilities for implementation.</p> <p>- Major compliance -</p>	<p>Planning and programming and monitoring of social impacts in the period prior to the year 2017 have been reported through the RKL / RP Report July - December 2016 "Matriks Upaya Pengelolaan", such as:</p> <ol style="list-style-type: none"> <li>1) Impact: decrease of surface water quality to river body and community of Batu Anam village. Management efforts: Maintain conservation areas along the river that are sub-basins around the factory area and provide periodic health services for affected communities due to water bone disease.</li> <li>2) Impact: Reduced levels of public health. Management efforts: Providing health services to affected communities.</li> <li>3) Impact: Community attitude and perception, management effort: cooperate with community leaders and village government apparatus in solving problems in plantation.</li> </ol>	Comply
6.1.4	<p>The documented plan for management and monitoring of social impacts, shall be reviewed at least on two-yearly basis. If necessary, the plan should be updated. There shall be evidence that the review process includes participation of all affected parties.</p>	<p>Company has been reviewed of social impact assessment, which is reviewing to the RKL / RPL report for the period of July - December 2017, the company publishes the effectiveness identification report on the effort to manage the social impact aspects recorded in the report "Identification Effectiveness of Social Management Effort of PT Gunung Melayu and PT Saudara Sejati Luhur period 2017. And issued the Matrik Arahan Program, For example:</p>	<p>NC# 1487836- 201706-N4  OPEN</p>

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance –	<ul style="list-style-type: none"> <li>- Overlapping existing local institutional functions.</li> <li>- Limited ability in planning village development</li> <li>- Claim HGU land, program: facilitation of participatory village mapping.</li> <li>- Lack of funding for social activities in the dsa, program: Funding for youth activities and implementation of religious activities in the village.</li> <li>- Limited capacity of village funding for road repairs, improved road repair assistance in the village.</li> </ul> <p>Non Conformities:</p> <p>However several explanations in the inadequate review of 2017 SIA report, such as: there is no record of participation of affected parties, have not yet performed the period of the social impact assessment, and also ther is no explain that the assessment conduct by a competent assessor.</p>	
6.1.5	<p>Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>- Minor compliance –</p>	No scheme smallholders managed by company.	Comply
<p><b>Criterion 6.2</b></p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>			
6.2.1	Communication and consultation procedures shall be documented.	Company has developed a communication procedure under "Mekanisme Penanganan Permintaan Informasi Stakeholder "(No. SOP; AA-GL-5008.1-R1) dated 22nd August 2011, which explains the company responses against all information request sent by	Comply



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	- Major compliance -	stakeholders including response time of 14 working days after information request accepted.	
6.2.2	The company shall have official(s) who is responsible for consultation and communications with parties.  - Minor compliance -	The company has appointed officers responsible to carried out communication and consultation with local communities is Public Relations Department.	Comply
6.2.3	The company shall have a list of stakeholders, records of communications, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders.  - Minor compliance -	List stakeholders are available and records of stakeholders' communication and consultation were being documented into "Buku Masuk".  Stakeholder meeting conducted at least once a year by company. Record of meeting with stakeholder are available and can be demonstrated. Latest meeting with stakeholder and affected parties conducted on June 2017. Feedback from the stakeholder was serve as inputs in creating a social impact mitigation and management program 2017. For example, there is aspirations from the village related to the demand for the improvement of Mesjid and access road in Batu Anam village, followed up by the company to be input as one of the CSR programs to repair Mesjid and access road in Batu Anam Village.	Comply
<b>Criterion 6.3</b>			
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.			
6.3.1	The mechanism, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested, as long as that information is	Company has established a mechanism to response complaint from external party, as written in "Mekanisme Penanganan Keluhan" – complaint handling mechanism (No.SOP-AA-GL-5005-R0 01) while complaint from internal party regulated under "Mekanisme Penyampaian Keluhan dan Penyelesaian Keluhan Karyawan" – Employee' complaint and resolution mechanism (No.SOP-AAHR-3008-R0 05). Company has also prepared "Mekanisme Jaminan Pelapor dan Pengungkapan Kasus"	Comply

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Criterion / Indicator		Assessment Findings	Compliance
	supported with adequate initial evidence. - Major compliance -	prepared by Public Relation officer PT Gunung Melayu on 01/12/2015. The mechanism has explained policy to protect complainant/whistle blower anonymity – if requested.	
6.3.2	There shall be records of process and outcome of dispute resolution. - Major compliance -	<p>Workers and stakeholder grievance recorded in the log book "Monitoring Keluhan Karyawan". Sample seen:</p> <ul style="list-style-type: none"> <li>- On 17/04/2017 there was damage in the housing employees (the bathroom floor was broken and the bathroom door was broken) has been followed up/repared on 18/04/2017.</li> </ul> <p>At Gunung Melayu II Mill has been recorded i.e:</p> <ul style="list-style-type: none"> <li>- On 23/04/2017 on behalf of Nanang P, related request to manage cleaning water to the housing and has followed up on 25/04/2017.</li> <li>- On 29/05/2017 on behalf of Samidar (masjid) related request for breaking of floor (pecah-pecah) and has been followed up on 31/03/2017.</li> <li>- On 17 Maret 2017 on behalf of Suriyadi, related request for fixing the leak roof at bad room, has been followed up on 19 maret 2017.</li> <li>- On 30 may 2017 on behalf of Roni, related for fixing damage of door, has been followed up on 2 June 2017.</li> </ul> <p>Based on public consultation with Desa Gonting Malaha and Desa Sidomulyo, with worker union representative and gender committee – audit team found no complaint from internal or external parties.</p>	Comply
<p><b>Criterion 6.4</b></p> <p>Any negotiations concerning compensation for loss of legal, customary or user 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.</p>			

Criterion / Indicator		Assessment Findings	Compliance
6.4.1	<p>A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be available, referring to decision of the Constitution Court.</p> <p>- Major compliance –</p>	<p>There is a mechanism for land dispute resolution, SOP AA-GL-5003.1-R1 related to “Penanganan Konflik Lahan” effective 22/08/2011. The procedure covers land dispute handling mechanism, negotiation process, and verification upon legal ownership evidence up to land compensation. Should negotiation process fails, any land dispute will be processed through legal/litigation mechanism. During the process, a complete record is maintained.</p> <p>Based on mechanism, public relation officer will receive information of any complaint, grievance and land dispute/claims and records under the logbook.</p> <p>PT Gunung Melayu has not acquiring any additional land and not involved in any land compensation payments. Therefore the mechanism only applicable to resolve land dispute within company’s HGU. Land ownership from previous landowner becomes important document in order to continue negotiation process against land claim. Land claim without supporting evidence of land ownership, will be treated with approach and legal manner.</p>	Comply
6.4.2	<p>A procedure for calculating and distributing fair compensation shall be established, implemented, monitored and evaluated in a participatory way. Corrective actions are taken as a result of this evaluation.</p> <p>- Minor compliance –</p>	<p>There is a mechanism for land dispute resolution, SOP AA-GL-5003.1-R1 related to “Penanganan Konflik Lahan” effective 22/08/2011. The procedure covers land dispute handling mechanism, negotiation process, and verification upon legal ownership evidence and calculation of land compensation.</p> <p>Should negotiation process fails, any land dispute will be processed through legal/litigation mechanism. During the process, a complete record is maintained.</p> <p>The compensation calculated based on agreement of both parties through negotiation – upon participative measurement, and recorded under an agreement.</p>	Comply
6.4.3	<p>Compensation claims, process and outcome of any negotiated agreements shall be documented, with evidence of the participation of affected</p>	<p>As an output from land dispute resolution process, an agreement between both parties and/or copy of court ruling will be required.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	parties. - Major compliance –	Based on management statement, information from Desa Gonting Malaha and Desa Sidomulyo, and hectare statement shows there is no land dispute between PT Gunung Melayu with other party.	
<b>Criterion 6.5</b>			
Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			
6.5.1	Documentation of pay and conditions for employees based on the existing manpower regulations shall be available. - Major compliance -	<p>The company determines minimum wages based on the Government regulation every year, the minimum wages in 2017 as regulated in "Surat Keputusan Governor of North Sumatera no. 188.44/99/KPTS/Tahun 2017, dated 7th Maret 2017 Agriculture sector in Asahan District is Rp. 2.385.490,10,-/wagemonth and minimum wages for 2016 based on SK. Governor of North Sumatera Sumatera no. 188.44/200/KPTS/Tahun 2016, dated 21st March 2016 which effective from 1st January 2016 for agriculture sector – Oil Palm Plantation Sector is Rp 2,183,280/month.</p> <p>However, at the time of this audit is still using UMSK wage in 2016 (based on Governor Decree No. 188.44/26/Kpts/Year 2016, Rp 2.183.280, -per month) and will be conducted Rapel (Wage adjustment to 2017) in May 2017.</p> <p>Worker Agreement (PKB) between company and labour union is referred in working regulation. Worker Agreement was registered by "Dirjen Pembinaan Hubungan Industrial dan Jaminan Sosial Tenaga Kerja No.Kep.88/PHIJSK-PKKAD/PKB/VI/2015", dated 18th June 2015.</p> <p>Based on document review, it was noted that term and condition, such as working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc, are covered in PKB and contracts which have been signed by all workers.</p>	Comply

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		<p>For example:</p> <p>Minimum wage on March 2017 on behalf of Suriadi (PHL) for 25 working day, basic salary Rp 2.183.300,-, Premi : Rp 1.398.000,-. So that his total income amounts to Rp 3.851.300.- Jamsostek payments are fully made by the Company.</p> <p>Workers on behalf of Wariono (SKU-B) for 26 working day Rp. 2.388.625,-, additional for Premi as many Rp. 370.000,- So that his total income amounts to 2.758.625,-. And pieces for Jamsostek as many Rp. 50.472,-.</p> <p>Based on review document of list payment, it was found that the company has paid salary as regulated by government.</p>	
6.5.2	<p>Collective Labor Agreement/Company Regulation, in accordance with the manpower regulations, shall be available in understandable language; and explained by the management or Labor Union to the workers.</p> <p>- Major compliance -</p>	<p>Worker Agreement (PKB) between company and labour union is referred in working regulation, Worker Agreement was registered by Dirjen Pembinaan Hubungan Industrial dan Jaminan Sosial Tenaga Kerja No. Kep.88/PHIJSK-PKKAD/PKB/VI/2015, dated 18th June 2015 (Valid 21st April 2015 - 20th April 2017) Based on document review, it was noted that term and condition, such as: working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc, are covered in PKB and contracts which have been signed by labour union.</p> <p>All employees also has signed contract with detail term and condition, included temporary workers, e.g. contract with Mrs. Maimunah Lubis, no 01/GM/SPK-KSN/VII/2015, dated 01st July 2015, Edisam Saputra Saragih; contract no. 01/GM/SPK-KSN/I/2016, dated January 2016, Saparuddin, contract no. 01/GM/SPK-KSN/I/2016, dated January 2016.</p>	Comply
6.5.3	<p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above,</p>	<p>The company has prepared facilities for their workers, such as: Housing (1,046 units), kindergarden (1 unit), Elementary school (1 unit), clinic (6 units), Mosque (7 units), Church (2 units), Creche (6 units), School bus (7 units), Ambulance (1 unit),</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	<p>where such public facilities are unavailable or inaccessible.</p> <p>- Minor compliance –</p>	<p>minimarket which managed by company cooperative (7 units), community hall (6 units), Sport facilities (football, volley ball, tennis, badminton, etc.</p> <p>Mill:</p> <ul style="list-style-type: none"> <li>- Housing Type B/CM (1 unit), Type C (4 Unit), Type D (5 unit), type E (38 Unit), Gunung Melayu Mill.</li> <li>- Polidinic (1 units)</li> <li>- Mosque (2 units)</li> <li>- Church (1 unit)</li> <li>- School bus (1 units)</li> <li>- Ambulance (1 unit)</li> <li>- Sport facilities</li> </ul> <p>Laboratory test of clean water was conducted on 2nd November 2015 by "Direktorat Jenderal Pengendalian Penyakit dan Kesehatan Lingkungan, Balai Teknik Kesehatan Lingkungan dan Pengendalian Penyakit (BTKLPP) Kelas I Medan, Kementerian Kesehatan RI", document No.4866/K/AM/11/2015.</p> <p>Clean water using a pump (underground water use), the last payment levy has been paid for the period of May 2017.</p>	
6.5.4	<p>There shall be demonstrable efforts to improve workers' access to adequate, sufficient and affordable food.</p> <p>- Minor compliance –</p>	<p>The company has minimarket which managed by the cooperative and traditional market is nearby surrounding company area, mostly goods needed by employees is provided by the minimarket. Price in minimarket was affordable and cheaper than traditional market nearby company area. Price control by cooperative and all member including workers and company management.</p>	Comply

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Criterion / Indicator	Assessment Findings	Compliance	
<p><b>Criterion 6.6</b> The employer respects the rights 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.</p>			
<p>6.6.1</p>	<p>A record of the company’s policy in understandable language recognising freedom of association, shall be available.  - Major compliance –</p>	<p>Freedom of association policy is written in Bahasa Indonesia, so that all employees can understand as stated in “Kebijakan Perusahaan”, dated 01st December 2014 “Menghormati hak setiap karyawan untuk membentuk atau menjadi serikat pekerja sesuai dengan keinginannya dan untuk melakukan tawar menawar secara kolektif”.  This policy has been informed to all employees and being placed into public area easlily accessed. The company also has involved forming labour union for workers, named “PUK SPSI PT. GM/SSL”.</p>	<p>Comply</p>
<p>6.6.2</p>	<p>Records of meetings with labor unions or workers representatives shall be available.  - Minor compliance –</p>	<p>Company has had labor unions base on letter decree of Pengurus Cabang SPSI Asahan Regency, no. 340/ORG/PC FSP.PP-AS/VII/2013, regarding “pengesahan dan pengukuhan komposisi pengurus unit serikat pekerja masa bakti 2013-2018”. And has been registered by Disnakertrans on 30 August 2001 recorded on “Bukti pencatatan di Disnakertrans” no. 26/DTK-VIII/2001, dated 30 August 2001  Records of meetings of PUK SP.PP F-SPSI:  1. Date 18 April 2017; discuss regarding the 2017 wage increase, the proposed increase in premiums for all sectors.  2. Date January 9, 2017, discuss regarding fogging activities in employee housing</p>	<p>Comply</p>
<p><b>Criterion 6.7</b> Children are not employed or exploited.</p>			

Criterion / Indicator		Assessment Findings	Compliance
6.7.1	<p>There shall be documented evidence that minimum age requirements are met.</p> <p>- Major compliance –</p>	<p>The company has own policed signed by management on 01<sup>st</sup> December 2014 that stated that: "It is not allowed all children to work in every activities/processes in company".</p> <p>Based on document review of list of workers, interview with workers and obervation during field visit, it was no found workers hired less than 18 years.</p> <p>Sampel taken:</p> <p>Batu Anam Estate: the youngest worker is Mr. Aprian TS (birth: 12th May 1991, joined in the company on 1st June 2012 – 21 year and 1 month).</p> <p>Aek tarum Estate: the youngest worker is Mr. Rdh (birth: 14 February 1999, joined in the company on 1 may 2017 – 18 year and 4 month).</p> <p>Based on document review of list of workers, interview with workers and observation during field visit, it was no found workers hired under 18 years</p> <p>Te policies also apply to all contractors partner with companies. They must adhere to the minimum age of employee, 18 years old.</p>	Comply
<p><b>Criterion 6.8</b></p> <p>Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>			
6.8.1	<p>A company's policy on equal opportunity and treatment for work shall be available and documented.</p> <p>- Major compliance –</p>	<p>Equal Opportunity policy is written in Bahasa Indonesia, so that all employees can understand as stated in "Kebijakan Perusahaan", dated 01<sup>st</sup> December 2014 "Treats employees fairly, whether in terms of acceptance, judgment, conditions and work environment, and representation irrespective of race, tribe, caste, national origin, religion/faith, disability, gender, sexual orientation, union membership, political affiliation and/or age.</p>	Comply



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		This policy has been informed to all employees and being placed into public area easlily accessed.	
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated. - Major compliance –	At the time of audit performed interviews of male and female workers confirmed that the company anti-discrimination policy was strictly enforced. They were not aware of any cases of discrimination, e.g. document review of salary payment did not find any evidence of discrimination.	Comply
6.8.3	Records of evidence that equal opportunity and treatment for work shall be available. – Minor compliance -	The company has had procedure hiring workers regulated that hiring and promotion of workers based on skill, work experiences, and job evaluation.  The company is conduct performance evaluation of workers annually as documented in "Rekapitulasi Appraisal PB 2015, with scoring for Kualitas kerja (work quality), kuantitas kerja (work quantity), sikap kerja (behavior), kerjasama (team work), disipline, tanggung jawab (responsibility).  In the period January – December 2016, there are no employee recruitment and also positions promotion.  The company is conduct performance evaluation of workers annually.	Comply
<b>Criterion 6.9</b>			
There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	A policy to prevent sexual and all other forms of harassment and violence, shall be documented, implemented and communicated to all levels of the workforce.	The company has policy to prevent sexual and all other forms of harassment and violence as stated in policy "Kebijakan perusahaan", dated 01 <sup>st</sup> December 2014 "Prevent sexual harassment and other forms of violence against women and protect their reproductive rights".	Comply

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance –	Implemented policy on prevention of sexual harassment and violence against women, the policy is prominently displayed on notice boards at the Mills and the Estates muster areas. Interviews of female staff, workers and union representatives confirmed that the company implemented the sexual harassment policy.	
6.9.2	A policy to protect the reproductive rights, shall be documented, implemented and communicated to all levels of the workforce.  - Major compliance –	As it is found in company policy that's signed by Managing Director, dated 01 <sup>st</sup> December 2014 and on one part of the policies stated that: "Mencegah pelecehan seksual dan berbagai bentuk kekerasan terhadap perempuan serta melindungi hak hak reproduksinya (To prevent any sexual or physical abuses happen to women as well as to protect their reproductive rights)".  There is a gender committee actively meets and discussing general agenda and other issue related to handling sexual harassment, dissemination of sexual harassment prevention.  Based on interview with Gender Committee, company has implemented the protection of women reproductive rights, in form of maternal leave, period leave, regular pregnancy check for female sprayers and strictly prohibit pregnant and/or breastfeeding female worker applying pesticides.	Comply
6.9.3	A specific grievance mechanism which respects anonymity of complainants where requested, and as long as they are supported with adequate information, shall be documented, implemented, and communicated to all workforce.  - Minor compliance –	The company has had Standard Operating Procedure, No. SOP: XX-HR-308.5-RO; Revision: 0, dated 11/12/2009: Employees complaints: submission and settlement Mechanism for complaints management where it needs to protect its confidentiality for complaint submitter was found in company policy's document as in one of points of this policies stated that:  "To provide appropriate information for those who inquiry it and to proted its confidentiality for whistleblower cases in accordance to law regarding environmental and social issue, food safety, health and safety work, so that it enables them to more participate to the decision making processes for improving company's	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>performance.</p> <p>Based on interview with gender committee shows they have good understanding on complaint submission mechanism and have annual program including dissemination on female worker's rights.</p>	
<p><b>Criterion 6.10</b></p> <p>Growers and millers deal fairly and transparently with smallholders and other local businesses.</p>			
6.10.1	<p>Current and past prices paid for Fresh Fruit Bunches (FFB), shall be publicly available.</p> <p>- Minor compliance -</p>	<p>The company has displayed the FFB price in Mill's notice board and FFB supplier or smallholders able to access the FFB price by phone and local media as well.</p> <p>The price determined by Tim Penetapan Harga from local government with grower and smallholder. There were current and past prices available such as prices for 10-6 2017 untill 10-06-2017 based on "Berita Acara Hasil rapat Penetapan Harga Pembelian TBS Kelapa Sawit Produksi Pekebun di Provinsi Sumatera Utara". Price of FFB for planting age 20-25 year is Rp. 1,756. There was no complaint from supplier/smallholder regarding to the FFB price.</p>	Comply
6.10.2	<p>Pricing mechanisms for Fresh Fruit Bunches (FFB) and inputs/services shall be explained and documented (where these are under the control of the mill or plantation).</p> <p>- Major compliance -</p>	<p>The company has provided explanation on the FFB pricing formula and based on interview with third party supplier, they understood of FFB pricing mechanism and no complaint was noted regarding FFB price.</p> <p>The company has provided explanation on the FFB pricing formula based on government FFB price determination. There are 2 FFB price formula in Mill, such as:</p> <p>1. FFB Price formula for Plasma</p> <p>FFB Price = K Index [(CPOprice x OER) + (Pkprice x KER)]</p> <p>The FFB price is divided based on planting ages (3, 4, 5, 6, 7, 8, 9 years, 10 – 20</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>years, 21, 22, 23, 24 and 25 years), the differences of prices from OER and KER.</p> <p>2. FFB price from third parties:</p> <p>CPO Price – Transport cost x OER = X</p> <p>PK price – Transport cost x KER = Y</p> <p>----- +</p> <p>Total = XY = A</p> <p>Processing cost = B</p> <p>----- -</p> <p>FFB Gross price = (A-B)=C</p> <p>Miscellaneous cost =D</p> <p>----- -</p> <p>FFB price =C-D</p>	
6.10.3	<p>Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>- Minor compliance -</p>	<p>The agreement/contract documents between third party FFB supplier and organisation is sighted and presented in "Perjanjian Kerjasama Kemitraan". All contracts are acknowledged by all parties as part that contain of contract are well understood. The contract contains all relevant information such as payment method, work requirements, force majeure, contract period, cancellation of contract, etc. Contract documents are acknowledged by all parties. Based on document review that agreement between company and third party FFB supplier confirmed that contract is made fairly, legal and transparent.</p>	Comply
6.10.4	<p>Agreed payments shall be made in a timely</p>	<p>A review to several payment records January - May 2017 demonstrated that the payment has been made via bank transfer. It was appropriate with the related</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	manner. - Minor compliance -	MOU/Agreement. The payment was also been made periodically according to the contract agreement.	
<b>Criterion 6.11</b>			
Growers and millers contribute to local sustainable development where appropriate.			
6.11.1	Records of contributions to local development based on the results of consultation with local communities shall be available. - Minor compliance -	<p>Local contribution is detailed in CSR, consist of Business Partnership, Economy Development, Education, Health &amp; Donation.</p> <p>Company prepared annual CSR program. For example in 2017, Sentral Estate have 26 types of activity, catergorized under 5 agenda:</p> <ul style="list-style-type: none"> <li>- Social (5 types of activity) such as donation for orphan/poor people in Desa Batu Anam, Desa Sidomulyo, Desa Gonting Malaha, sport activity, computer aid for Desa Batu Anam;</li> <li>- Economic: (3 types of activity) such as comparison study on independent smallholder plantation for farmer of Desa Gonting Malaha, incorporation of independent farmer group, donation for local cultural business (Batak);</li> <li>- Education: (3 types of activity) in form of furniture for TPA, toys for kindergarten, construction of water closet for elementary school;</li> <li>- Health: (2 types of activity) in form of constructoin of health facilities in Desa Sidomulyo and Desa Batu Anam;</li> </ul> <p>Infrastructure: (13 types of activity) such as construction of social facility, clean water facility in Desa Gonting Malaha, Road maintenance in Desa Sidomulyo, Desa Batu Anam, Desa Gonting Malaha, House repair in Desa Sidomulyo, Desa Batu Anam, Desa Gonting Malaha, etc.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve scheme smallholder productivity. - Minor compliance -	No scheme smallholders.	N/A
<b>Criterion 6.12</b>			
No forms of forced or trafficked labor are used.			
6.12.1	There shall be evidence that no forms of forced or trafficked labor are used. - Major compliance -	Based on interview with worker union committee and gender committee, there was no indication of forced labour and/or human trafficking. All employees have had work agreement, regulating the rights and obligation of company and employee. The work agreement including working hour and salary payment.  Based on document verification and salary payment, shows employee have been paid in accordance to minimum wage regulation.	Comply
6.12.2	It shall be demonstrated that no contract substitution has occurred. - Minor compliance -	Based on interview with worker union committee and gender committee, there was no indication of contract substitution occurred. All employees have work agreement, explaining the rights and obligation including scope of work.	Comply
6.12.3	Where migrant/foreign/honorary workers are employed, a special worker policy and procedures and the evidence of implementation shall be available. - Major compliance -	Based on interview with worker union committee and gender committee, as well as the employee it can be demonstrated that there is no use of migrant/foreign/honorary worker. During document review of employee data and list of employee shown that there is no migrant/foreign/honorary workers are employed by company.  All employee including temporary workers have work agreement; regulating the	Comply

Criterion / Indicator		Assessment Findings	Compliance
		scope of work, work agreement timeframe, working hour, salary payment, overtime and Jamsostek. Procedures against employee has been set by company in HR procedure regarding workers/employee. Company also has determined the policy to protect the employee presented in Company Policy that's signed by Managing Director, dated 01st December 2014.	
<b>Criterion 6.13</b>			
Growers and millers respect human rights.			
6.13.1	<p>A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations.</p> <p>- Major compliance -</p>	<p>The company has established human rights policy, 2012, it has been communicated to the workforce.</p> <p>Company has a Company Policy, acknowledged by Managing Director on 01/12/2014 stating that company respects human rights by: "treat all employees in fair manner, in terms of recruitment, appraisal and representation without discrimination against tribe, caste, nationality, religion, disability, gender, sexual orientation, worker union, political affiliation and/or age".</p> <p>The company has communicated this policy. The company policy is available on notice boards. Company conducted dissemination sessions: In Aek Tarum Estate, date 09/04/2017 attended by 27 workers, Gunung Melayu Mill on February 2017 attended by 45 employees.</p> <p>Based on interview with worker union committee and gender committee stating that there was no indication of human right violation.</p>	Comply
<b>Principle 7: Responsible development of new plantings</b>			
<b>Criterion 7.1</b>			

Criterion / Indicator		Assessment Findings	Compliance
A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.			
7.1.1	An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented.  - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  Companies have environment document “Dokumen Studi Evaluasi Lingkungan (SEL) Perkebunan dan Pabrik Kelapa Sawit PT Gunung Melayu, PT Saudara Sejati Luhur dan PT Sumber Sawit Makmur di Kabupaten Asahan – Sumatera Utara”, prepared by CV Andalen Persada Konsultan. The environment document has been approved by “Komisi Pusat AMDAL, Departement Pertanian” through “Surat No.220/687/B/IV/1994 dated 18/04/1994. The document have explained the positive and negative impact from construction and development of oil palm plantation and palm oil mill Gunung Melayu since pre-operation up to construction of palm oil mill.	N/A
7.1.2	Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts.  - Minor compliance -	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  As guidance for management and monitoring, company has environmental management and monitoring plan “Rencana Pengelolaan Lingkungan (RKL) – Rencana Pemantauan Lingkungan (RPL). The document have been approved by “Badan Agribisnis Departement Pertanian” through letter No.072/RLK-RPL/BA/III/1996 dated 19/03/1996. The environment management document explains activity components, type of impacts, impact management (program, project, technical), location and target for management.  The environment monitoring document explains the type of impacts, location for monitoring, parameters, time frame and method for monitoring.	N/A



Criterion / Indicator		Assessment Findings	Compliance
7.1.3	Where the development includes an outgrower scheme ( <i>skema kemitraan</i> ), the impacts of the scheme and the implications of the way it is managed shall be given particular attention.  - Minor compliance -	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  There is no scheme smallholder.	N/A
<b>Criterion 7.2</b>			
Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.			
7.2.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations.  - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  Soil type analysis based on Research and Development Asian Agri Group dated back 2012. The soil type/classification consist of Arenic hapludults, Typic hapludults, Typic endoaquepts. PT Gunung Melayu showed Peta Sebaran Satuan Tanah for Batu Anam Estate and Aek Tarum. The map indicated the predominant soil type consist of :  - Typic hapludults  - Typic eutrudox  - Typic endoaquepts	N/A
7.2.2	Topographic information adequate to guide the planning of drainage and irrigation systems, roads	There is also topographic map indicating the elevation of Batu Anam Estate and Aek Tarum Estate consist of 0-8% and >30%. The limitation for the area is steep slope	N/A

Criterion / Indicator		Assessment Findings	Compliance
	and other infrastructure shall be available. - Minor compliance -	on some area. PT Gunung Melayu did not open the area with steep slope > 30%. Topografi level consist of 40 – 90 m.	
<b>Criterion 7.3</b>			
New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.			
7.3.1	There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2). - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.	N/A
7.3.2	Reports of comprehensive HCV assessment, which involves stakeholder consultation and includes record of land-use change since November 2005, shall be available. This HCV assessment shall be conducted prior to any conversion or new planting. - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  Company has conducted the HCV identification in coordination with “Fakultas Kehutanan Institut Pertanian Bogor” back in 2014, under “Laporan Final Kajian Penuh Identifikasi dan Analisis Keberadaan High Conservation Value di Areal PT Gunung Melayu Kebun Sentral Provinsi Sumatera Utara”. The HCV assessment conducted based on “Panduan Kawasan Bernilai Konservasi Tinggi di Indonesia”, issued by Konsorsium Revisi HCV Toolkit Indonesia dated 12/07/2008.	N/A
7.3.3	Records of land preparation and clearing dates	The company has started replanting in 2003, no any new planting area/developing	N/A

Criterion / Indicator		Assessment Findings	Compliance
	shall be available. - Minor compliance –	area since November 2005.	
7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower’s relevant operational procedures. (see Criterion 5.2) - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  Company has prepared Conservation Management Plan, detailing location of HCV area, hectare of HCV area, management objective, management program, method, person in charge, target of implementation and monthly status.	N/A
7.3.5	Evidence of consultation with the affected community shall be available in order to identify the area required by such community to fulfill its basic needs, by considering the positive and negative changes to the livelihood as a result of plantation operations. Such matters shall be included in the HCV analysis and management plan (see Criteria 5.2). - Minor compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  The HCV identification carried out in 2014 with public stakeholder consultation with surrounding communities on 22-23/04/2013 in Desa Gonting Malaha and Desa Batu Anam. The HCV Identification report has been peer reviewed by Mr.Rachmad Darmawan (RSPO HCV Assessor and HCVRNI member) on 01/2014.	N/A
<b>Criterion 7.4</b>			
Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.			
7.4.1	Indicative maps showing marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  PT Gunung Melayu showed Peta Sebaran Satuan Tanah for Batu Anam Estate and	N/A

Criterion / Indicator		Assessment Findings	Compliance
	<p>avoided.</p> <p>- Major compliance –</p>	<p>Aek Tarum. The map indicated the predominant soil type consist of :</p> <ul style="list-style-type: none"> <li>- Typic hapludults</li> <li>- Typic eutrudox</li> <li>- Typic endoaquepts</li> </ul> <p>There is no peat soil and fragile soil identified.</p>	
7.4.2	<p>Where limited planting on fragile and marginal soils, including peat, is proposed, a documented plan shall be developed and implemented to protect them without incurring adverse impacts. - Major compliance –</p>	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p> <p>PT Gunung Melayu showed Peta Sebaran Satuan Tanah for Batu Anam Estate and Aek Tarum. The map indicated the predominant soil type consist of :</p> <ul style="list-style-type: none"> <li>- Typic hapludults</li> <li>- Typic eutrudox</li> <li>- Typic endoaquepts</li> </ul> <p>There is no peat soil and fragile soil identified. In procedure no. AA-SOP-OP-1100-05.R1 "Konservasi Tanah dan Air" has determined strategy control erosion particular in slope area, such as: 0 – 5° , 6 – 12° , 13 -20° , and more than 20°, The company has applied silt pit, L shape stacking frond and terracing in slope area to reduce erosion</p> <p>The realization of soil and water conservation work are:</p> <ol style="list-style-type: none"> <li>1. Maintenance of terraces, realization in 2016 total 210,632 m and in 2017 up to 05/2017 along the 43,387 meters.</li> <li>2. Maintenance "Tapak Kuda" individul platform, realization in 2016 total 11,545</li> </ol>	N/A

Criterion / Indicator		Assessment Findings	Compliance
		units and in 2017 up to 05/2017 along the 4,089 units.	
<b>Criterion 7.5</b> No new plantings are established on local people’s land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.			
7.5.1	Evidence shall be available that affected local peoples understand they have the right to say ‘yes’ or ‘no’ to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed and ratified by these local peoples (see Criteria 2.2, 2.3, 6.2, 6.4 and 7.6)  - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.	N/A
<b>Criterion 7.6</b> Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.			
7.6.1	Records of identification and assessment of legal, customary and user rights shall be available.  - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.	N/A

Criterion / Indicator		Assessment Findings	Compliance
7.6.2	<p>A procedure for identifying people entitled to compensation shall be available.</p> <p>- Major compliance –</p>	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p> <p>There is a mechanism for land dispute resolution, SOP AA-GL-5003.1-R1 related to “Penanganan Konflik Lahan” effective 22/08/2011. The procedure covers land dispute handling mechanism, negotiation process, and verification upon legal ownership evidence up to land compensation. Should negotiation process fails, any land dispute will be processed through legal/litigation mechanism. During the process, a complete record is maintained.</p> <p>Based on mechanism, public relation officer will receive information of any complaint, grievance and land dispute/claims and records under the logbook.</p> <p>PT Gunung Melayu has not acquiring any additional land and not involved in any land compensation payments. Therefore the mechanism only applicable to resolve land disupte within company’s HGU. Land ownership from previous landowner becomes important document in order to continue negotiation process against land claim. Land claim wihout supporting evidence of land ownerhsip, will be treated with approach and legal manner.</p>	N/A
7.6.3	<p>Records of calculation system and distribution of fair compensation shall be available.</p> <p>- Major compliance –</p>	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p> <p>There is a mechanism for land dispute resolution, SOP AA-GL-5003.1-R1 related to “Penanganan Konflik Lahan” effective 22/08/2011. The procedure covers land dispute handling mechanism, negotiation process, and verification upon legal ownership evidence up to land compensation.</p> <p>Should negotiation process fails, any land dispute will be processed through</p>	N/A

Criterion / Indicator		Assessment Findings	Compliance
		<p>legal/litigation mechanism. During the process, a complete record is maintained.</p> <p>The compensation calculated based on agreement of both parties through negotiation – upon participative measurement, and recorded under an agreement.</p>	
7.6.4	<p>Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development.</p> <p>- Minor compliance –</p>	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p> <p>As an output from land dispute resolution process, an agreement between both parties and/or copy of court ruling will be required.</p> <p>Based on management statement, information from Desa Gonting Malaha and Desa Sidomulyo, and hectare statement shows there is no land dispute between PT Gunung Melayu with other party.</p>	N/A
7.6.5	<p>The process and outcome of any compensation claims shall be documented and made available to the affected communities and their representatives.</p> <p>- Minor compliance –</p>	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p>	N/A
7.6.6	<p>Evidence shall be available that the affected communities and rights holders have access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands.</p> <p>- Minor compliance –</p>	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p>	N/A

Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 7.7</b>			
No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN Guidelines or other regional best practice.			
7.7.1	Records of zero burning implementation on land clearing, referring to the ASEAN Policy on zero burning (2003) and recognised techniques based on the existing regulations shall be available.  - Major compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  No open burning was noted during field visit and interviewed with local communities and workers.	N/A
7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN on Zero Burning' 2003, or comparable guidelines in other regions.  - Minor compliance –	The company has started replanting in 2003, no any new planting area/developing area since November 2005.  PT Gunung Melayu – Estate have developed an early warning system, to monitor the risk of fire. The system "Sistem Peringkat Bahaya Kebakaran 1 & 2 PT Gunung Melayu". The monitoring system calculating the field condition, ignition risk, potential drought and smoke, fire handling, fire fighting difficulty, weather index. Patrol report indicating any fire incident.  Visit to replanting area 2015, the land preparation is using mechanical method. No any open burning was noted for land preparation.	N/A
<b>Criterion 7.8</b>			
New plantation developments are designed to minimize net greenhouse gas emissions.			
7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development	The company has started replanting in 2003, no any new planting area/developing area since November 2005.	N/A



Criterion / Indicator		Assessment Findings	Compliance
	shall be identified and estimated. - Major compliance –		
7.8.2	Records of a plan to minimize net GHG emissions shall be available. - Minor compliance –	<p>The company has started replanting in 2003, no any new planting area/developing area since November 2005.</p> <p>The company also has minimized pollutant and GHG through using EFB as organic fertilizer, implementing IPM to reduce pesticides usage, using fiber and sell for boiler, and capturing POME by Biogas Plant by Kubota. Thermophillic anaerobic process.</p>	N/A
<b>Principle 8: Commitment to continuous improvement in key areas of activity</b>			
<b>Criterion 8.1</b>			
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			
8.1.1	<p>The action plan for monitoring shall be available, based on a consideration of the social and environmental impacts and routine evaluation of the plantation and mill operations. As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of certain chemicals (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and</li> </ul>	<p>A continuous improvement plan has been prepared and internal audit conducted to identify environmental and social activities, such as:</p> <ul style="list-style-type: none"> <li>○ Applied EFB ashes as fertilizer, fibre and shell are burned in boiler for electricity.</li> <li>○ Planting beneficial plant for natural predator.</li> <li>○ CSR program</li> <li>○ Reserve HCV areas.</li> </ul>	Comply

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Criterion / Indicator	Assessment Findings	Compliance
<p>5.2);</p> <ul style="list-style-type: none"> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> <li>• Optimising the yield of FFB production (Criterion 4.2)</li> </ul> <p>- Major compliance –</p>	<ul style="list-style-type: none"> <li>○ Applied fertilizer in frond stacking to increase absorbing fertilizer.</li> <li>○ Increase rendemen CPKO by reducing losses PKE (Palm kernel espeller/pulp).</li> <li>○ Improve the efficiency in water use, using condensate water circulation tank during extraction process in mill laboratory. The recycled condensed water then used as dilution water. Maintenance of water plumbing also planned.</li> <li>○ Planting of beneficial plant to reduce use of pesticide.</li> <li>○ Planting native species/local species trees along river riparian to prevent river contamination and prevent erosion;</li> <li>○ Introduction of new approach (mapping system) for spraying gang, in order to achieve time efficiency;</li> <li>○ Reduce the use of chemicals in water treatment using water at two different reservoirs.</li> <li>○ New standard for harvesting criteria for ripe bunch classification, from previously 5 loose fruit into 10 loose fruit in circle.</li> </ul>	

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**Appendix B: Approved Time Bound Plan**

Name of Mill	Address	Time bound for certification	Status as of February 2017
Buatan I	Delik & Pangkalan Kerinci Village, Bunut Langgam District, Pelalawan Regency, Riau	2010	Certified on 16 <sup>th</sup> September 2010
Buatan II	Delik & Pangkalan Kerinci Village, Bunut Langgam District, Pelalawan Regency, Riau	2010	Certified on 16 <sup>th</sup> September 2010
Ukui I	Ukui Village, Ukui District, Pelalawan Regency, Riau	2010	Certified on 1 <sup>st</sup> March 2011
Ukui II	Ukui Village, Ukui District, Pelalawan Regency, Riau	2010	Certified on 1 <sup>st</sup> March 2011
Tungkal Ulu	Pulau Pauh / Penyabungan / Merlung Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2011	Certified on 15 <sup>th</sup> August 2012
Muara Bulian	Singoan / Bukit Sari / Bulian Jaya Village, Muara Bulian / Pemayang District, Batang Hari Regency, Jambi	2011	Certified on 28 <sup>th</sup> August 2012
Topaz	Petapahan Village, Tapung District, Kampar Regency, Riau	2013	Certified on 30 <sup>th</sup> March 2015
Taman Raja	Lubuk Bernai / Kampung Baru / Pelabuhan Dagang / Pematang Pauh Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2013	Certified on 20 <sup>th</sup> February 2015
Segati	Langkan / Penarikan / Tambak / Sotol Village, Langgam District, Pelalawan Regency, Riau	2014	Main Audit in December 2014. Re-Audit in 2017
Tanah Datar	Tanah Datar Petatal Village, Talawi District, Asahan Regency, North Sumatera	Brought Forward from 2015 to 2013	Certified on 18 <sup>th</sup> May 2015
Aek Nabara	S1-S3 / Sukadame Village, Bilah Hulu / Kota Pinang District, Labuhan Batu Regency, North Sumatera	Brought Forward from 2015 to 2013	Certified on 6 <sup>th</sup> March 2015
Teluk Panjie	Teluk Panjie Village, Kampung Rakyat District, Labuhan Batu Regency, North Sumatera	Brought Forward from 2015 to 2013	Certified on 21 <sup>st</sup> April 2015
Peranap	Simelinyang / Pauh Ranap / Sengkilo Village, Peranap District, Indragiri Hulu Regency, Riau	Brought Forward from 2016 to 2013	Certified on 7 <sup>th</sup> January 2015
Bungo Tebo	Tuo Sumai / Sungai Rambai Village, PWK Sumai / Tebo Ulu District, Bungo Tebo Regency, Jambi	2016	Certified on 3 <sup>rd</sup> December 2015
Tanjung Selamat	Kampung Padang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatera	2017	Certified on 26 <sup>th</sup> May 2015
Gunung Melayu I	Rahuning Village, Bandar Pulau District, Asahan Regency, North Sumatera	2017	Certified on 7 <sup>th</sup> September 2015
Gunung Melayu II	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatera	2017	Certified on 8 <sup>th</sup> July 2015
Nagri Lama I	Nagri Lama Seberang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatera	Brought Forward from 2018 to 2013	Certified on 6 <sup>th</sup> April 2015
Nagri Lama II	Nagri Lama Seberang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatera	2018	Certified on 3 <sup>rd</sup> December 2015
Buatan	Delik & Pangkalan Kerinci Village, Bunut Langgam District, Pelalawan Regency, Riau	2010	Certified on 16 <sup>th</sup> September 2010
Ukui & Soga	Ukui Village, Ukui District, Pelalawan Regency, Riau	2011	Certified on 1 <sup>st</sup> March 2011
Buatan (Plasma)	Kerinci Kanan, Pangkalan Kerinci, Dayun Village, Siak & Pelalawan Regency, Riau	2011	Certified on 13 <sup>th</sup> March 2012

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Ukui (Plasma)	Ukui & Lubuk Batu Jaya District, Pelalawan & Inhu Regency, Riau	Brought forward from 2012 to 2011	Certified on 11 <sup>th</sup> June 2012
Tungkal Ulu	Pulau Pauh/Penyabungan/Merlung Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2011	Certified on 15 <sup>th</sup> August 2012
Muara Bulian	Singoan/Bukit Sari/ Bulian Jaya Village, Muara Bulian/Pemayung District, Batang Hari Regency, Jambi	2011	Certified on 28 August 2012
Buatan (KKPA)	Kerinci Kanan, Pangkalan Kerinci, Dayun District, Siak & Pelalawan Regency, Riau	2012	Certified on 17 <sup>th</sup> January 2013
Tungkal Ulu (Plasma)	Renah Mendalo, Merlung, Muara Papalik District, Tanjung Jabung Barat Regency, Jambi	2012	Certified on 11 <sup>th</sup> July 2013
Muara Bulian (Plasma)	Maro Sebo Ilir District, Batanghari Regency, Jambi	2012	Certified on 12 <sup>th</sup> July 2013
Muara Bulian (KKPA)	Maro Sebo Ilir District, Batanghari Regency, Jambi	2012	Certified on 12 <sup>th</sup> July 2013
Topaz & Seed Garden	Petapahan Village, Tapung District, Kampar Regency, Riau	2013	Certified on 30 March 2015
Taman Raja & Badang	Lubuk Bernai / Kampung Baru / Pelabuhan Dagang / Pematang Pauh Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2013	Certified on 20 <sup>th</sup> February 2015
Segati	Langkan / Penarikan / Tambak / Sotol Village, Langgam District, Pelalawan Regency, Riau	2014	Main Audit in December 2014 Re-Audit in 2017
Penarikan & Gondai	Pangkalan Sarik / Baru Village, Langgam / Siak Hulu District, Pelalawan / Kampar Regency, Riau	2014	Main Audit in December 2014 Re-Audit in 2017
Penarikan (KKPA)	Pangkalan Sarik / Baru Village, Langgam / Siak Hulu District, Pelalawan / Kampar Regency, Riau	2018	Moved to 2018
Gunung Sahilan (KKPA)	Gunung Sahilan Village, Lipat Kain District, Pelalawan Regency, Riau	2018	Moved to 2018
Bahilang	Bahilang Village, Tebing Tinggi District, Serdang Bedagai Regency, North Sumatra	Brought Forward from 2015 to 2013	Certified 18 <sup>th</sup> May 2015
Tanah Datar	Tanah Datar Petatal Village, Talawi District, Asahan Regency, North Sumatra	Brought Forward from 2015 to 2013	Certified 18 <sup>th</sup> May 2015
Aek Nabara	S1-S3 / Sukadame Village, Bilah Hulu / Kota Pinang District, Labuhan Batu Regency, North Sumatra	Brought Forward from 2015 to 2013	Certified on 6 <sup>th</sup> March 2015
Teluk Panjie	Teluk Panjie Village, Kampung Rakyat District, Labuhan Batu Regency, North Sumatra	Brought Forward from 2015 to 2013	Certified on 21 <sup>st</sup> April 2015
Peranap	Simelinyang / Pauh Ranap / Sengkilo Village, Peranap District, Indragiri Hulu Regency, Riau	Brought Forward from 2016 to 2013	Certified on 7 <sup>th</sup> January 2015
Bungo Tebo	Tuo Sumai / Sungai Rambai Village, PWK Sumai / Tebo Ulu District, Bungo Tebo Regency, Jambi	Brought Forward from 2016 to 2014	Certified 3 <sup>rd</sup> December 2015
Peranap (Plasma)	Simelinyang / Pauh Ranap / Sengkilo Village, Peranap District, Indragiri Hulu Regency, Riau	2016	Certified 19 <sup>th</sup> August 2016
Bungo Tebo (Plasma)	Tuo Sumai / Sungai Rambai Village, PWK Sumai / Tebo Ulu District, Bungo Tebo Regency, Jambi	2016	Certified 7 <sup>th</sup> February 2017
Tanjung Selamat	Kampung Padang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatra	Brought Forward from 2017 to 2014	Certified 26 <sup>th</sup> May 2015

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Pangkalan	Sennah Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatra	Brought Forward from 2017 to 2014	Certified 26 <sup>th</sup> May 2015
Sentral & Batu Anam	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatra	Brought Forward from 2017 to 2014	Certified 8 <sup>th</sup> July 2015
Pulau Maria	Rahuning Village, Bandar Pulau District, Asahan Regency, North Sumatra	Brought Forward from 2017 to 2014	Certified 7 <sup>th</sup> September 2015
Nagri Lama	Nagri Lama Seberang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatra	Brought Forward from 2018 to 2013	Certified on 6 <sup>th</sup> April 2015
Aek Kuo	Aek Korsik Village, Aek Natas District, Labuhan Batu Regency, North Sumatra	Brought Forward from 2016 to 2013	Certified on 6 <sup>th</sup> April 2015

**Appendix C: Certification Unit RSPO Certificate Details**

PT. Gunung Melayu  
 Gunung Melayu II Palm Oil Mill  
 Gonting Malaha Village,  
 Bandar Pulau District,  
 Asahan Regency,  
 North Sumatera Province  
 INDONESIA

BSI RSPO Certificate No: RSPO 620707  
 Date of Initial Certificate Issued: 07/07/2015  
 Date of Expiry: 06/07/2020

RSPO membership number: 1-0022-06-000-00, dated 06<sup>th</sup> February 2006  
 Applicable Standards: **RSPO P&C INA NI 2016**; *RSPO Supply Chain Certification Standard November 2014*  
 Module Module E - CPO Mills: Mass Balance

<b>PT. Gunung Melayu - Gunung Melayu II Palm Oil Mill and Supply Base</b>						
Location Address	Gonting Malaha Village, Bandar Pulau District, Asahan Regency, North Sumatera Province, Indonesia					
GPS Location	99° 28' 11" E - 02° 44' 58" N					
CPO Tonnage Total	74,587 MT					
PK Tonnage Total	14,697 MT					
CPO Claimed for Certification*	41,467 MT					
PK Claimed for Certification *	7,417 MT					
Own estates FFB Tonnage	167,296 MT					
Scheme Smallholder FFB tonnage	- MT					
Estates	Production Area		Other use & Infrass (ha)	HCV (ha)*	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)				
Batu Anam Estate	3,160.00	0.00	412.00	95.85	3,667.85	63,678.00
Sentral Estate	2,584.00	323.00	707.98	64.94	3,679.92	55,473.00
Aek tarum estate	2,230.00	53.00	744.00	39.56	3,066.56	48,145.00
<b>TOTAL</b>	<b>7,974.00</b>	<b>376.00</b>	<b>1,863.98</b>	<b>200.35</b>	<b>10,414.33</b>	<b>167,296.00</b>

Note : \* HCV area are included in the planted area

**Appendix D: Assessment Plan**

CAV 1 Assessment plan

Date	Time	Subjects	MJ	EW	AH
			PRSPOLA/SCC	PRSPOSA	PRSPO-OHS/EMS
Thursday, 08/06/2017	08.00 – 09.00	<b>Opening Meeting</b>	√	√	√
	09.00 – 12.00	Document Review: Batu Anam Estate	√	√	√
		Verification of previous ASI compliance finding for indicator			
		<b>Field Visit: Batu Anam Estate</b> Herbicide application programmes, harvesting, fertilising operations, water management, road maintenance, terracing, HCV's, riparian zones, etc.	√		
		Interview with Workers			
		<b>Field Visit: Batu Anam Estate</b> Agrochemical stores, Fertilizer store, workshops, housing, landfill, Clinic, Riparian zones, Hazardous Waste, etc.			√
		Interview with Workers			
		<b>Interview Stakeholder:</b> BLH, BPN, Disnakertrans, Disbun Kab. Asahan		√	
12.00 – 14.00	Break, Lunch, Sholat	√	√	√	
14.00 – 17.00	<b>Document Review: Batu Anam Estate</b> Best management practices Agronomy, OHS implementation, EMS implementation, Social and Labour, HCV, Continual improvement, etc.	√		√	
	<b>Field Visit: Batu Anam Estate</b> Boundaries inspection, worker interviews, social amenities, etc.		√		
	Interview with: Labour Union, Gender Committee, Local contractor				
Friday, 09/06/2017	08.00 – 12.00	Document Review: Aek Tarum Estate	√	√	√
		<b>Field Visit: Aek Tarum Estate</b> Herbicide application programmes, harvesting, fertilising operations, water management, road maintenance, terracing, HCV's, riparian zones, etc.	√		
		Interview with Workers			
		<b>Field Visit: Aek Tarum Estate</b> Agrochemical stores, Fertilizer store, workshops, housing, landfill, Clinic, Riparian			√

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		zones, Hazardous Waste, etc. Interview with Workers			
		<b>Field Visit: Aek Tarum Estate</b> Boundaries inspection, worker interviews, social amenities, etc.  Interview with: Labour Union, Gender Committee		√	
	12.00 – 14.00	Break, Lunch, Sholat Jumat	√	√	√
	14.00 – 17.00	<b>Document Review: Aek Tarum Estate</b> Best management practices Agronomy, OHS implementation, EMS implementation, Social and Labour, HCV, Continual improvement, etc.  <b>Interview with:</b> Local contractor, Local Community	√		√
Saturday, 10/06/2017	08.00 – 12.00	<b>Field Visit: Gunung Melayu II Mill</b> Weight bridge, Mill process from incoming FFB to CPO storage tank/PK, Clinic, PPE, safe working environment, walk ways, signs, EFB. POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes, workshop, storage,  Worker and staff interviews (OHS, contract, salary), housing complex, etc	√	√	√
		<b>Document Review:</b> Gunung Melayu II Mill	√	√	√
		12.00 – 14.00	Break, Lunch, Sholat Jumat	√	√
Sunday, 11/06/2017		Stay in Estate	√	√	√
Monday, 12/06/2017	08.00 – 10.00	<b>Document Review:</b> Gunung Melayu II Mill, including SCC for CPO Mill  <b>Verified ASI Finding</b>			
	10.00 – 11.00	Preparation for Closing Meeting	√	√	√
	11.00 – 12.00	<b>Closing Meeting</b>	√	√	√
	12.00 – 13.00	Break, Lunch, Sholat	√	√	√
	13.00 – 18.00	Traveling to Medan	√	√	√
	18.00 - up	Stay overnight in Medan	√	√	
Tuesday, 13/06/2017	09.00 – 11.25	Flight Medan – Jakarta (GA183)	√	√	



**Appendix E: Stakeholders Contacted**

<p><b>Internal Stakeholders</b></p> <ol style="list-style-type: none"> <li>1. Gender Committee of PT Gunung Melayu</li> <li>2. Employee PT Gunung Melayu (harvester, sprayer, manuring worker, operator, etc)</li> </ol>	<p><b>Union/Contractors/Local Communities</b></p> <ol style="list-style-type: none"> <li>1. Worker union representative of PT Gunung Mlayu</li> <li>2. Local community and village head of Sidomulyo, Gonting Malaha, Bandar Pulau District.</li> </ol>
<p><b>Government Departments</b></p> <ol style="list-style-type: none"> <li>1. Dinas Tenaga Kerja dan Transmigrasi Kabupaten Asahan (Manpower and Transmigration Office – Asahan Regency)</li> <li>2. Badan Lingkungan Hidup Kabupaten Asahan (Environmental Office – Asahan Regency)</li> <li>3. Dinas Pertanian dan Perkebunan Kabupaten Asahan (Agriculture and Plantation Service – Asahan Regency)</li> <li>4. Kantor Pertanahan Kabupaten Asahan (Land affairs office, Asahan Regency)</li> </ol>	<p><b>NGO</b></p> <p>Invitation letter to comment was sent before audit, there was no comment submit by NGO.</p>

**Appendix F: CPO Mill Supply Chain Assessment Report (Module E - CPO Mills: Mass Balance)**

<b>Criterion E.1. Definition</b>															
	<b>Requirement</b>	<b>Evidence</b>	<b>Compliance</b>												
E.1.1	Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.	Based on procedure "Traceability" no. AA-MPM-OP-1400.17-R4 updated 23 <sup>rd</sup> April 2015 and "Book Keeping" no. AA-MPM-OP-1400.18-R4 updated 23 <sup>rd</sup> April 2015 described that FFB received from certified areas will be marked "Sustainable FFB" and FFB from non certified area is marked as "Non certified FFB" and only claim as "MB" in supply chain model.	Yes												
<b>Criterion E.2. Explanation</b>															
E.2.1	The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.	<p>The projection of CPO and PK product from Gunung Melayu II POM is recorded by CB in the public summary report and RSPO certificate. CB has been submitted to the RSPO Palm Trace Gunung Melayu II POM the projection of FFB, CPO and PK production.</p> <p>The actual CPO and PK produced verified during each subsequent visit to ensure that certified mill only deliver the allowed tonnage for the year.</p> <p>The projection of production in Palm Trace and actual as below:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Projection in 2016</th> <th>Actual in 2016</th> </tr> </thead> <tbody> <tr> <td>FFB</td> <td>162,666</td> <td>143,060</td> </tr> <tr> <td>CPO</td> <td>39,804</td> <td>34,997</td> </tr> <tr> <td>PK</td> <td>7,362</td> <td>6,617</td> </tr> </tbody> </table> <p>During this assessment, the actual of production CPO and PK is recorded in daily, monthly and yearly basis.</p>	Description	Projection in 2016	Actual in 2016	FFB	162,666	143,060	CPO	39,804	34,997	PK	7,362	6,617	Yes
Description	Projection in 2016	Actual in 2016													
FFB	162,666	143,060													
CPO	39,804	34,997													
PK	7,362	6,617													
E.2.2	The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).	PT Gunung Melayu – Gunung Melayu II Palm Oil Mill has registered and projected volume and sold out of product is registered in Palm Trace. The Palm Trace member ID is RSPO_PO1000002608.	Yes												

<b>Criterion E.3. Documented procedures</b>			
E.3.1	The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:		
	a) Complete and up to date procedures covering the implementation of all the elements in these requirements	The premise has implemented a supply chain and traceability procedure under "Traceability" no. AA-MPM-OP-1400.17-R4 and "Book Keeping" no. AA-MPM-OP-1400.18-R4, updated 23 <sup>rd</sup> April 2015  The procedure explains in all aspects of supply chain and traceability scope in Gunung Melayu POM, starting from FFB harvesting, FFB delivery to Palm Oil Mill; FFB receiving and processing in Palm Oil Mill, CPO and PK production and reporting; CPO and PK dispatch from Palm Oil Mill and receiving in storage tank for export, Shipping instruction and preparation, CPO stock balancing post-shipping.	Yes
	b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.	Based on Prosedur "Traceability" no. AA-MPM-OP-1400.17-R4, updated 23 <sup>rd</sup> April 2015, the company has appointed the responsible person for handling supply chain along their supply chain is Mill Manager.  Based on interview with Mill Manager, he has knowledge how supply chain procedures implemented, he was worked in Asian Agri Mill for more than 3 years which managed RSPO certified mill.	Yes
E.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	Supply chain and traceability procedure under "Traceability" no. AA-MPM-OP-1400.17-R4 and "Book Keeping" no. AA-MPM-OP-1400.18-R4, updated 23 <sup>rd</sup> April 2015	Yes
<b>Criterion E.4. Purchasing and goods in</b>			
E.4.1	The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	Sample taken: FFB Received: Own certified estate (Batu Anam Estate) 1. Surat Pengantar (Delivery Order of FFB from Field): - SPB. No: KBADT172017060903 - Date: 09/06/2017 - Truck: BK 8746 CA	Yes

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		<ul style="list-style-type: none"> <li>- Quantity: 675 bunches</li> <li>- Sustainable Product.</li> </ul> <p>2. Weight Bridge:</p> <ul style="list-style-type: none"> <li>- Ticket No.: PGDA117209690</li> <li>- Date: 09/06/2017</li> <li>- Origin: Batu Anam Estate- Afd IV, block G11J, G7S</li> <li>- Quantity: 6,580 kg</li> <li>- RSPO Certified RSPO 620707</li> <li>- Batch Number: 13-100-16462016-27041769</li> </ul> <p>Own certified estate (Aek Tarum Estate)</p> <p>1. Surat Pengantar (Delivery Order of FFB from Field):</p> <ul style="list-style-type: none"> <li>- SPB. No: KATDT022017060904</li> <li>- Date: 09/06/2017</li> <li>- Truck: BK 8884 VN</li> <li>- Quantity: 567 bunches</li> <li>- Sustainable Product.</li> </ul> <p>2. Weight Bridge:</p> <ul style="list-style-type: none"> <li>- Ticket No.: PGDA117209695</li> <li>- Date: 09/06/2017</li> <li>- Origin: Aek Tarum Estate, Afd II, block A11C, A12e, B11d</li> <li>- Quantity: 6,430 kg</li> <li>- RSPO Certified RSPO 620707</li> <li>- Batch Number: 13-100-16462016-27041784</li> </ul> <p>FFB from supplier as non certified product Sample taken: Incoming FFB From Supplier PT STS (S) 2 on 09<sup>th</sup> June 2017:</p> <ul style="list-style-type: none"> <li>- Ticket No.: PGDA517205875</li> <li>- Date: 09/06/2017</li> <li>- Origin: Supplier PT STS (S) 2</li> <li>- Quantity: 5,923 kg</li> <li>- Non certified Product.</li> <li>- Truck: BK 9398 BF</li> </ul>	
E.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	This has been regulated in procedure "Book Keeping" no. AA-MPM-OP-1400.18-R4, updated 23 <sup>rd</sup> April 2015, 6.5. "Head of Environment and sustainability will	Yes

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		informed the certification body if there is any over projection".	
<b>Criterion E.5. Record keeping</b>			
E.5.1	a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	<p>The company has documented FFB certified and non-certified received based, CPO and PK produced and CPO/PK despatch both claimed as certified and non certified three monthly basis as documented in "CPO/PK Production and sales balance".</p> <p>Sampel taken: 3 monthly basis report (January – March 2017 and April – June 2017)</p>	Yes
	b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	<p>FFB received, CPO/PK produced and CPO/PK despatch is recorded in daily basis (Processing daily Report), monthly report (Production and Despatch Report), 3 monthly basis (CPO/PK Production and sales balance"</p> <p>Delivered CPO as "Certified Product":</p> <ul style="list-style-type: none"> <li>- Ticket no.: PGDC116200691</li> <li>- Origin: PMKS Gunung Melayu II</li> <li>- Name of product: Crude Palm Oil</li> <li>- Receiver: PT. Dumai Paricipta Abadi</li> <li>- Date: 19/07/2017</li> <li>- Quantity: 30,190 kg</li> <li>- CPO: Certified RSPO 620707</li> <li>- Truck: BK 8086 VP</li> <li>- SP No. 01/JSA/VII/16</li> <li>- Transporter: Jasa Sahabat Abadi</li> </ul> <p>Delivered CPO as "Non Certified Product":</p> <ul style="list-style-type: none"> <li>- Ticket no.: PGDC117200247</li> <li>- Origin: PMKS Gunung Melayu II</li> <li>- Name of product: Crude Palm Oil</li> <li>- Receiver: PT. Musim Mas</li> <li>- Date: 13/03/2017</li> <li>- Quantity: 30,270 kg</li> <li>- Truck: BK 8399 VZ</li> <li>- SP No. 08/JSA/III/17</li> <li>- CPO: Non Certified</li> </ul>	Yes

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	c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)	Based on review 3 monthly basis, no any delivery mass balance from negative stock.	Yes
E.5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing	N/A

**Actual Tonnage Certified Palm Production 01/2016 – 12/2016**

Mill	Capacity	CPO (MT)	PK (MT)
Gunung Melayu II POM	60 tons FFB/hour	34,997	6,617

**Actual Tonnage Sales of Certified Palm Products 01/2016 – 12/2016**

Mill	Certified CPO Sales (MT)	Certified PK Sales (MT)	Remarks
Gunung Melayu II POM	2,000.00	2,302.04	Palm trace transaction

**Actual Tonnage Sales of Certified Palm Products (Under Other Schemes) 01/2016 – 12/2016**

Mill	Certified CPO Sales (MT)	Certified PK Sales (MT)	Other Scheme (s)
Gunung Melayu II POM	28,548.42	0.00	ISCC

**Actual Tonnage Sales of Conventional Palm Products 01/2016 – 12/2016**

Mill	Certified CPO Sales (MT)	Certified PK Sales (MT)	Remarks
Gunung Melayu II POM	15,194.94	3,549.50	Non certified

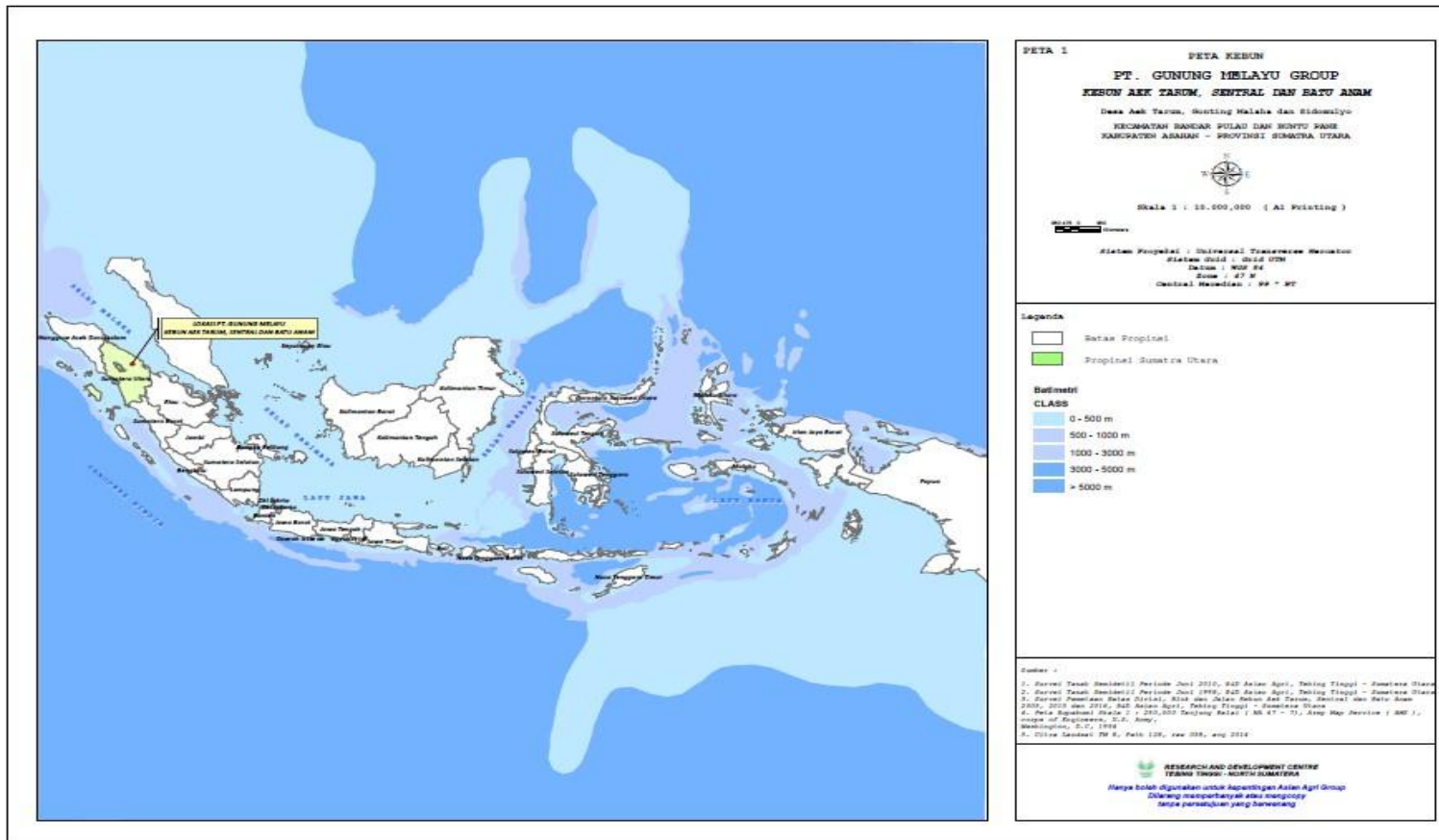
Month	Certified Supply Base (from own certificate scope) (MT)			
	Batu Anam Estate	Sentral Estate	Aek Tarum Estate	Total FFB/Month (MT)*
January 2016	2,068	1,285	939	4,292
February 2016	1,614	1,605	1,432	4,651
March 2016	2,172	2,064	2,029	6,265
April 2016	3,521	3,553	3,431	10,505

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May 2016	5,243	4,755	3,996	13,994
June 2016	6,188	5,637	4,306	16,131
July 2016	6,206	5,026	3,793	15,025
August 2016	6,455	4,728	4,188	15,371
September 2016	7,735	5,828	4,208	17,771
October 2016	6,658	5,041	3,368	15,067
November 2016	5,605	4,439	2,742	12,786
December 2016	5,072	3,810	2,321	11,203
<b>Total</b>	<b>58,537</b>	<b>47,771</b>	<b>36,753</b>	<b>143,061</b>

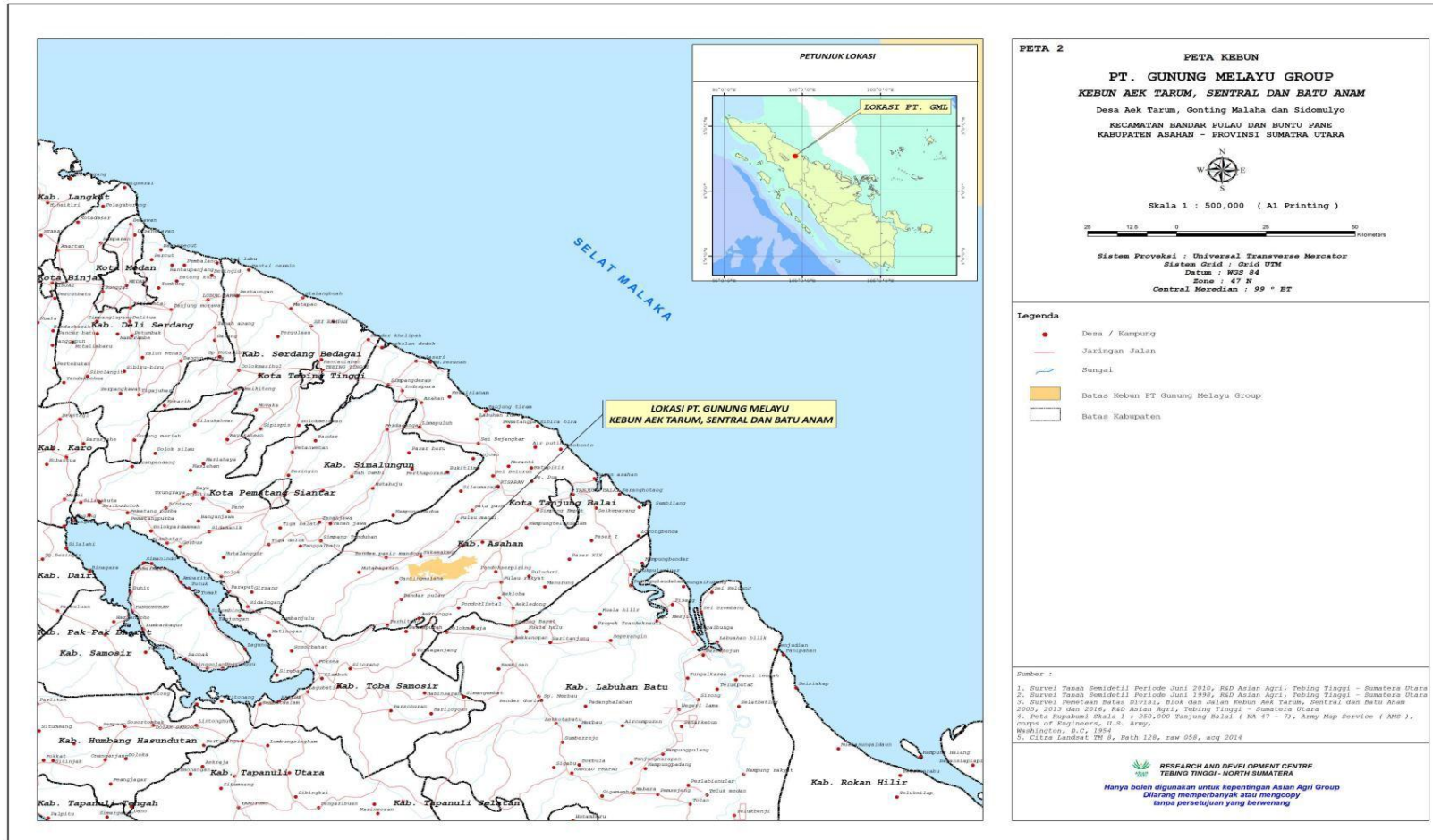
**Appendix G: Location Map of Certification Unit and Supply bases**

**Map 1.** Location of PT. Gunung Melayu in Indonesia



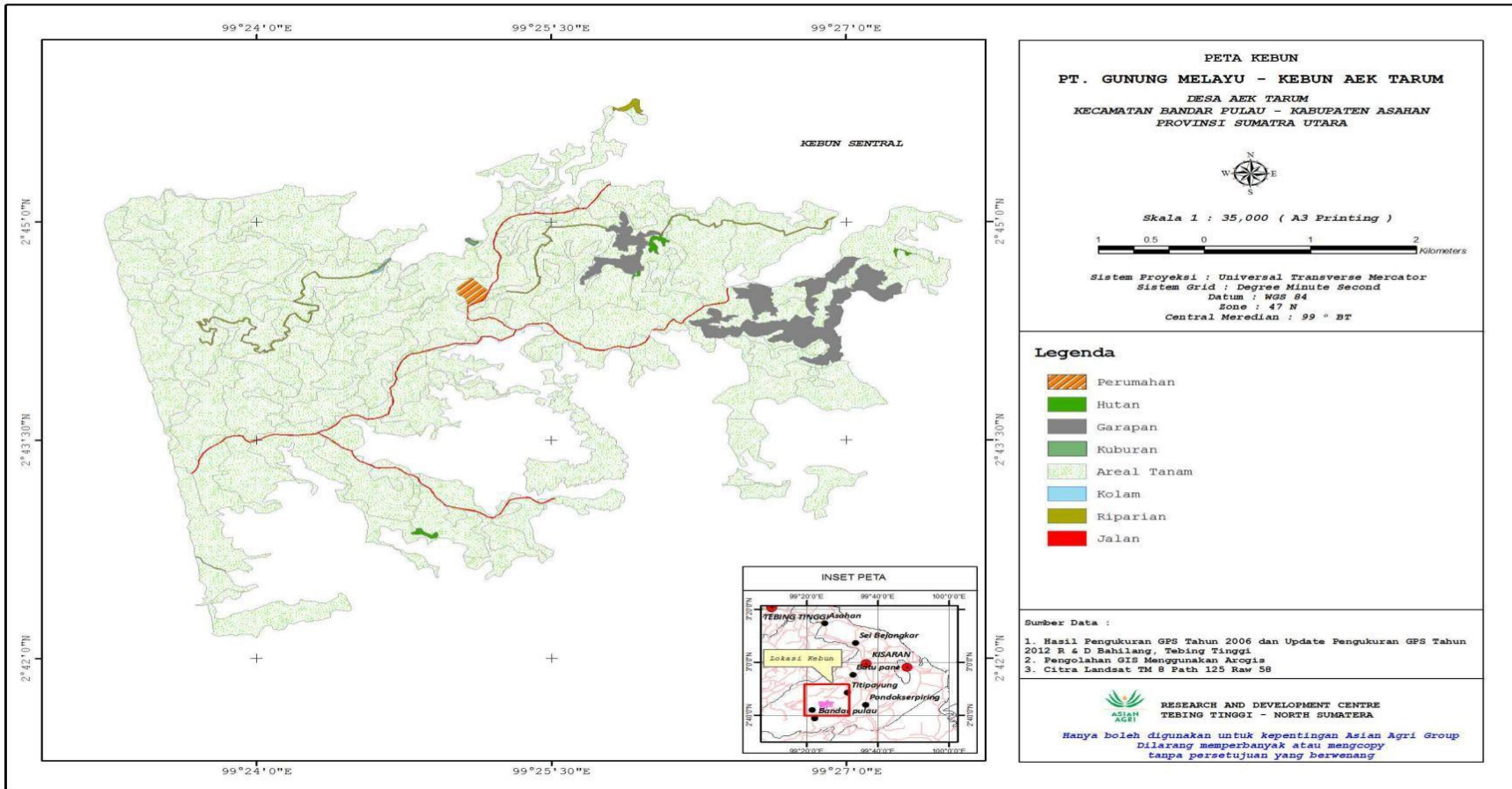


**Map 2.** Location of PT. Gunung Melayu in North Sumatera Province, Indonesia.

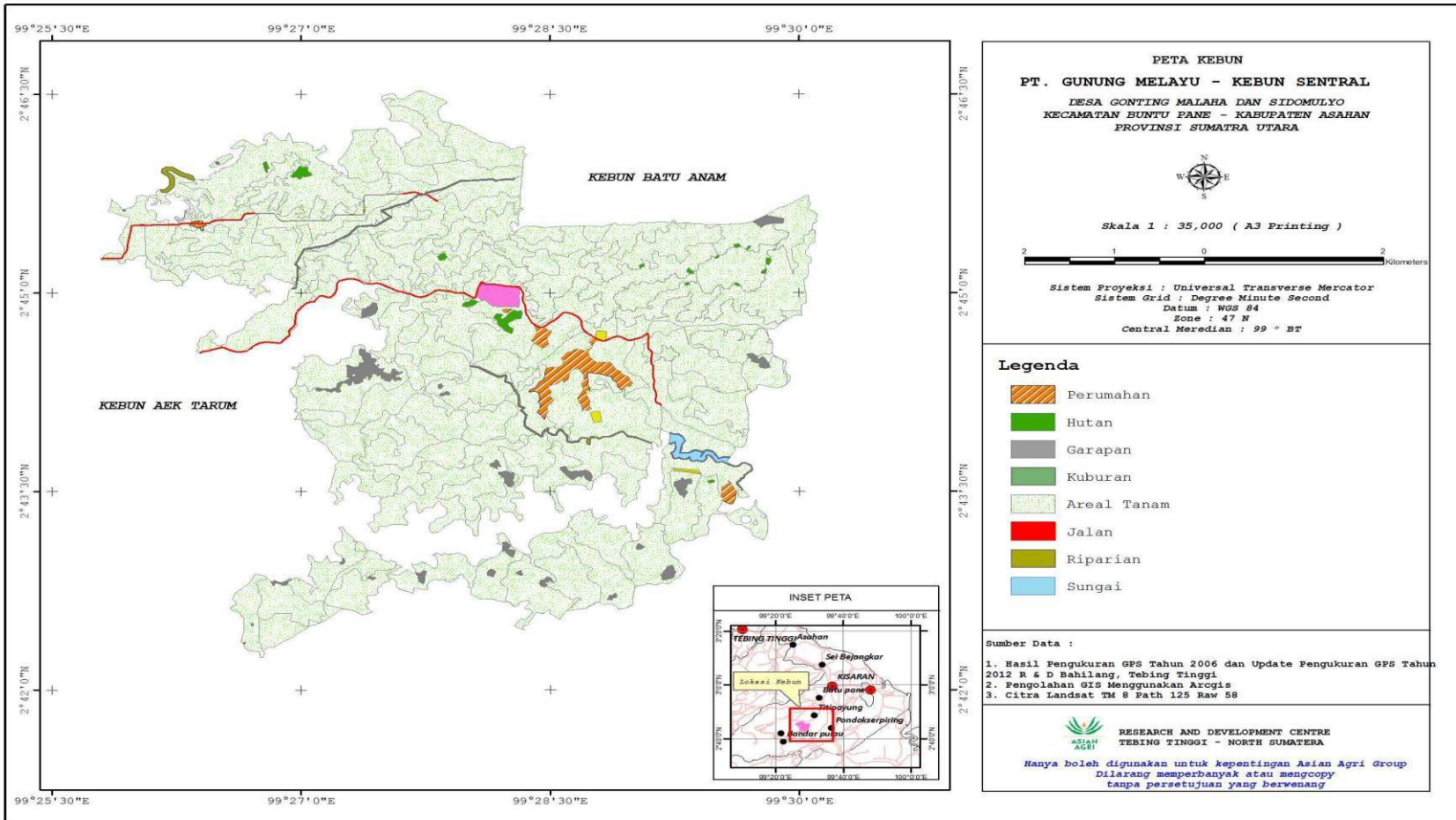


**Appendix H: Estate Field Map**

**Map 3.** Location of PT. Gunung Melayu (Aek Tarum Estate) and neighbouring entities

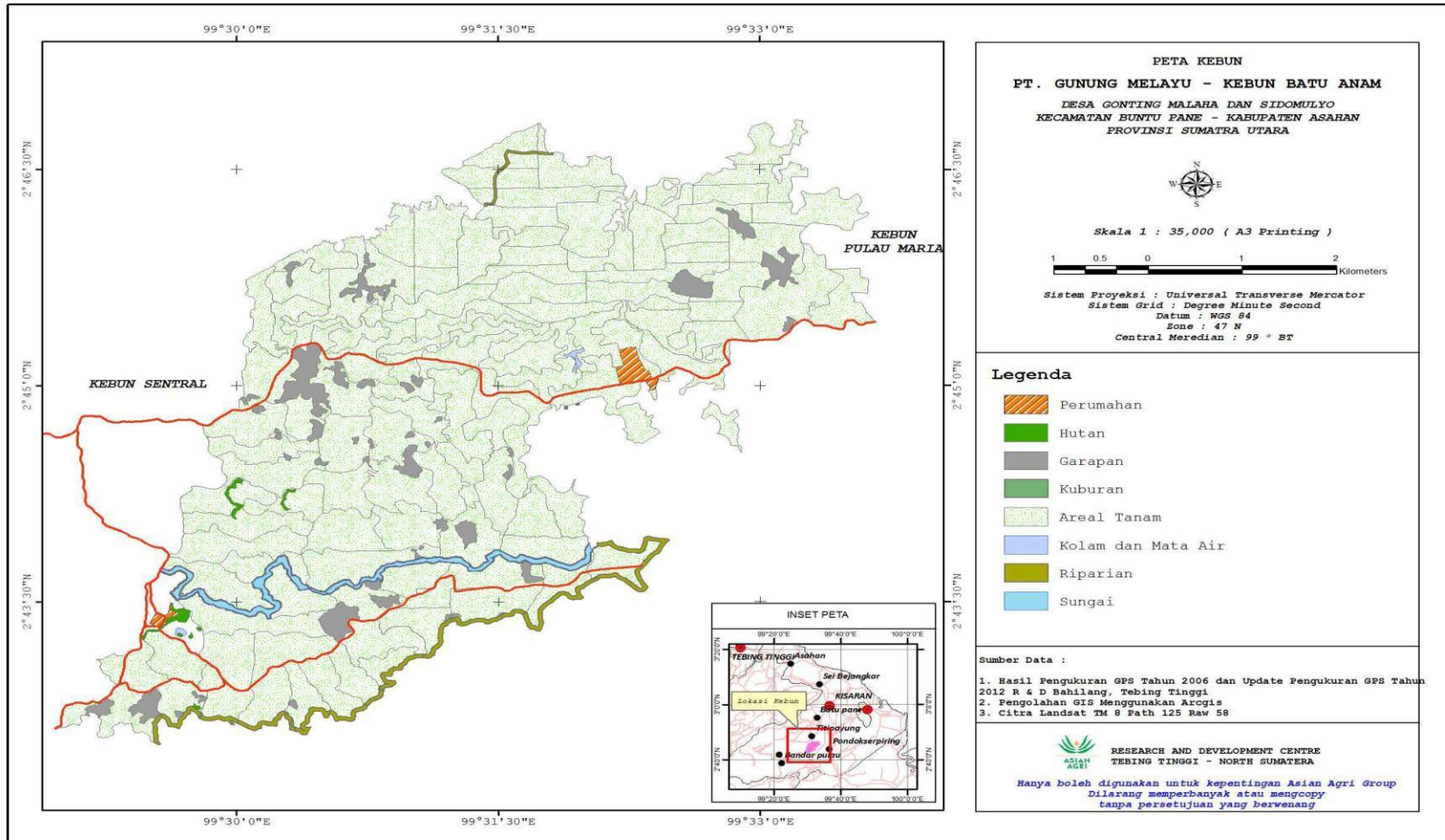


**Map 4.** Location of PT. Gunung Melayu (Sentral Estate) and neighbouring entities

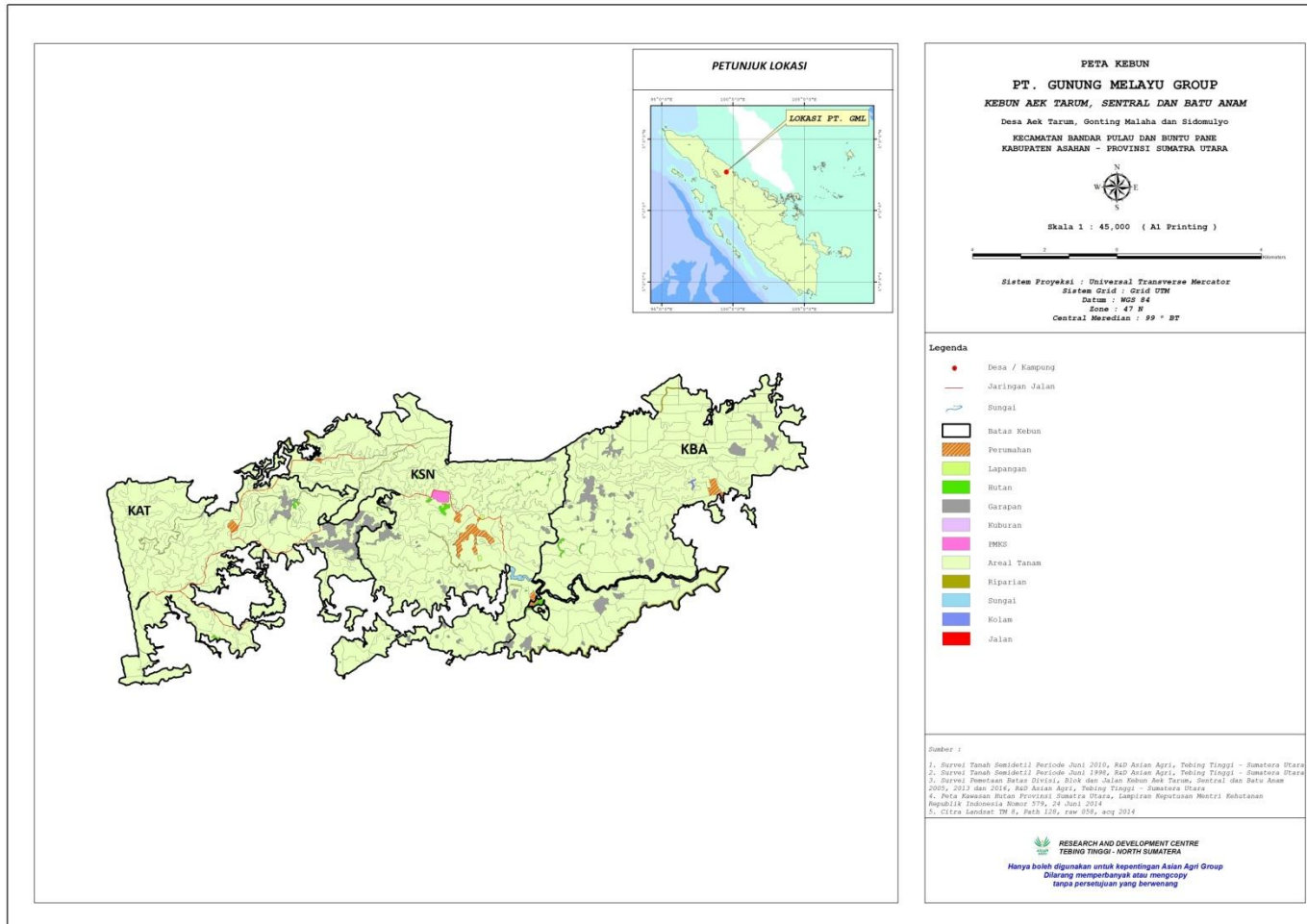




**Map 5.** Location of PT. Gunung Melayu (Batu Anam Estate) and neighbouring entities



**Map 6.** Landscape Map of PT. Gunung Melayu - Batu Anam Estate (KBA), Sentral Estate (KSN) and Aek Tarum Estate(KAT)



**Appendix I: Smallholder List**

Not Applicable, since there is no smallholder included in the certification scope.

**Appendix J: GHG Reporting Executive Summary**

The GHG emissions that were produced in 2016 for Gunung Melayu II mill and supply base was calculated using the GHGpalm Calculator version 3.0. The assessment team had verified the data input in the GHGpalm Calculator against operations records. Palm GHG Calculation Options selected 'Full version' and 'Exclude LUC Emission' calculation option is not applied. The records verified includes:

- i. Estates area planted data
- ii. Fuel consumed
- iii. Mill datas include CPO produced, PKO Produced and FFB Processed
- iv. Fertilizer consumed data for estates.

The summary of the Nett GHG emitted in 2016 for Gunung Melayu II mill and supply base are as following:

Emission per product	tCO <sub>2</sub> e/tProduct
CPO	0.46
PK	0.46

Extraction	%
OER	22.98
KER	4.61

Production	t/year
FFB process	207,238
CPO Produced	47,632
PK Produced	9,547

Land use	Ha
OP Planted Area	8,149.64
OP Planted on peat	0
Conservation area (forested)	0
Conservation area (non forested)	200.36
<b>Total</b>	<b>8,350</b>

**Summary of Field Emission and Sink**

	Own Crop		Group		3 <sup>rd</sup> Party		Total	
	tCO <sub>2</sub> e	tCO <sub>2</sub> e /FFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e /FFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e /FFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e /FFB
<b>Emission</b>								
Land Conversion	76,466.27	0.58	0	0	0	0	76,466.27	0.58
CO <sub>2</sub> Emission from fertilizer	2,049.36	0.02	0	0	0	0	2,049.36	0.02
NO <sub>2</sub> Emission	3,512.2	0.03	0	0	0	0	3,512.2	0.03
Fuel consumption	1,691.6	0.01	0	0	0	0	1,691.6	0.01
Peat oxidation	0	0	0	0	0	0	0	0
<b>Sink</b>								
Crop sequestration	-72,479.89	-0.55	0	0	0	0	-72,479.89	-0.55
Conservation sequestration	0	0	0	0	0	0	0	0
<b>Total</b>	<b>11,239.54</b>	<b>0.08</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,239.54</b>	<b>0.08</b>

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**Summary of Mill Emission and Credit**

	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB
Emission		
POME	16,676.98	0.08
Fuel Consumption	697.44	0
Grid Electricity	0	0
Utilisation		
Credit		
Export of Grid Electricity	-573.22	0
Sales of PKS	-7,924.4	-0.04
Sales of FFB	0	0
<b>Total</b>	<b>8876.8</b>	<b>0.04</b>

**Summary of Kernel Crusher Emission and Credit (Not applicable)** - There is no Kernel Crusher operation

<b>Palm Oil Mill Effluent (POME) Treatment:</b>	
Divert to Compost (%)	0
Divert to anaerobic diversion (%)	100

<b>POME Diverted to Anaerobic Digestion:</b>	
Divert to anaerobic diversion (%)	100
Divert to methane captured (flaring) (%)	0
Divert to methane captured (energy generation) (%)	0



**Appendix K: List of Abbreviations Used**

AMDAL	Analisis Mengenai Dampak Lingkungan (Social and Environmental Impact Assessment)
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional (National Land Authority)
BSI	British Standard Institution
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
GPS	Global Positioning System
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land) title for commercial use
IPM	Integrated Pest Management
ISO	International Standards Organisation
ISPO	Indonesia Sustainable Palm Oil
ISCC	International Carbon Certification System
IUP	Izin Usaha Perkebunan (Plantation Licence)
KER	Kernel Extract Ratio
MB	Mass Balance
OER	Oil Extract Ratio
OHS	Occupational Health and Safety
P2K3	Panitia Pembina Kesehatan dan Keselamatan Kerja (Safety and Health Committee)
PK	Palm Kernel
PKO	Palm Kernel Oil
PKB	Perjanjian Kerja Bersama (Worker Collective Agreement)
POM	Palm Oil Mill
PPE	Personal Protective Equipment
PT	Perseroan Terbatas (Limited Company)
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
RSPO	Rountable Sustainable Palm Oil
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SCCS	Supply Chain Certification System
SOP	Standard Operation Procedure