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## **Roundtable on Sustainable Palm Oil**

### **Annual Surveillance Audit Report**

Report no.: ASA3\_14003

Surveillance assessment against the  
RSPO Principles & Criteria [NI P&C RSPO 2013 for Indonesia] and RSPO SCCS November 2014

### **PT Perkebunan Nusantara III Aek Raso Estate & Mill**

Head Office:

Jl. Sei Batang Hari No.2 Medan, North Sumatera Province - Indonesia

Site Office:

Aek Raso Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia

Date of assessment: April 27<sup>th</sup> to 28<sup>th</sup>, 2017

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## 1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

### 1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against the national interpretation RSPO Principles and Criteria 2013 for Indonesia of the RSPO Principles & Criteria and RSPO Supply Chain Certification System on November 2014 with selected Supply Chain Mass Balance Model (Module E).

### 1.2 Type of Assessment

The 3<sup>rd</sup> annual surveillance audit was carried out on 1 mill and 1 estates under Aek Raso owned by PT Perkebunan Nusantara III (Persero).

### 1.3 Certification Details

The details of RSPO certification of PT Perkebunan Nusantara III – Aek Raso POM are as per the table below:

**Table 1: RSPO Certification details of PT Perkebunan Nusantara III – Aek Raso POM**

<b>RSPO Membership no.:</b>	<b>1-0030-06-000-00</b> on behalf PT Perkebunan Nusantara III (Persero)
<b>RSPO Certificate no.:</b>	824 502 14003
<b>Date of first RSPO certificate &amp; validity:</b>	June 30, 2014 & validity : June 30, 2014 to June 29, 2019
<b>Date of certification audit:</b>	December 12 to 16, 2011 & September 10-12, 2013 (re-audit to update data)
<b>Date of previous surveillance audit:</b>	07 to 08 April 2016
<b>Date of revised RSPO certificate &amp; validity (if applicable):</b>	July 29, 2016 & June 30, 2014 to June 29, 2019
<b>CPO tonnages claimed:</b>	11,828.277 tonnes
<b>PK tonnages claimed:</b>	2,413.934 tonnes
<b>Net GHG Calculation this year (tCO<sub>2</sub>e/tCPO)</b>	<b>0.32</b>

### 1.4 Location and Maps

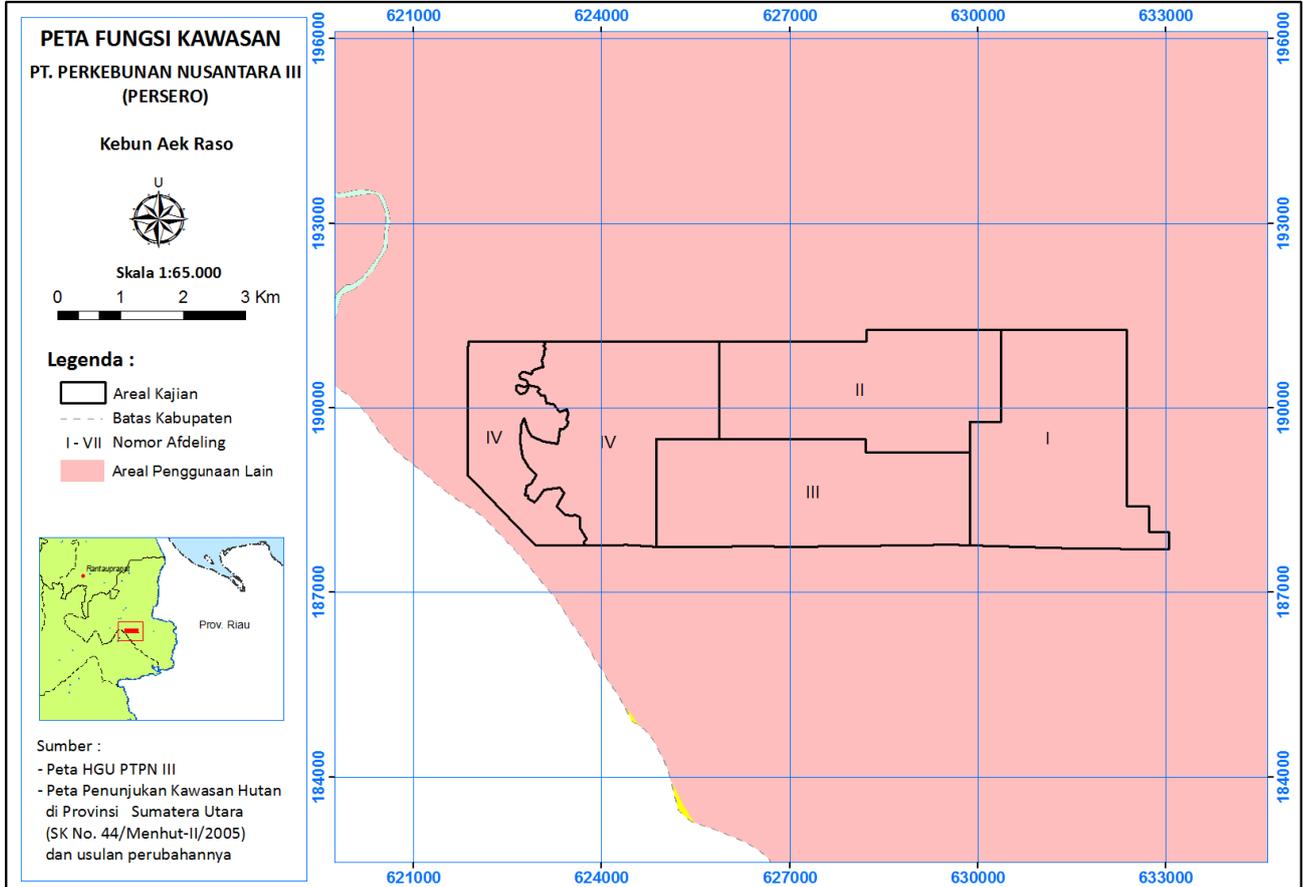
**Table 2: GPS locations for all estates and mills included in annual surveillance assessment**

Name of mill / estate	Location	GPS location	
		Latitude	Longitude
Aek Raso Mill	Aek Raso Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia	01°42'13.7" N	100°10'20.4" E
Aek Raso Estate		01° 42'12.5" N	100°10'23.7" E

Figure 1a: Location map of PT Perkebunan Nusantara III in North Sumatera Province, Indonesia



Figure 1b: Map Aek Raso Estate



**1.5 Organisational Information / Contact Person**

Contacts details of the company are as follows:

<b>Company Name:</b>	PT Perkebunan Nusantara II (Persero) – Aek Raso POM
<b>Address:</b>	<b>Head Office:</b> Jl Sei Batang Hari No.2, Medan – South Sumatera, In-donesia
	<b>Site:</b> Aek Raso Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia
<b>Contact Person:</b>	Mr. Ahmad Diponegoro
<b>Telephone:</b>	+6261-8452244/+6261-8453100
<b>Email:</b>	<a href="mailto:ptb@ptpn3.co.id">ptb@ptpn3.co.id</a> / <a href="http://www.ptpn3.co.id">www.ptpn3.co.id</a>

**1.6 Description of Supply Base**

**Table 3: FFB Supply Information for PT Perkebunan Nusantara III – Aek Raso Mill year 2016 & year 2017 (until March 2017)**

FFB Contributors	FFB supplied year 2016		FFB supplied year 2017 (until March 2017)	
	Tonnes	%	Tonnes	%
<b>Company owned estates (certified sources):</b>				
Aek Raso Estate (KPARO)	44,176.68	31.07	14,034.5	35.67
<b>Sub Total</b>	<b>44,176.68</b>	<b>31.07</b>	<b>14,034.5</b>	<b>35.67</b>
<b>Other estate in PTPN III (certified sources):</b>				
Aek Torop (KATOR)	26,992.98	18.98	12,677	32.21
Sei Kebara (KSKAR)	29,615.44	20.83	8,664.17	22.02
<b>Sub Total</b>	<b>56,608.42</b>	<b>39.81</b>	<b>21,331.17</b>	<b>54.23</b>
<b>Other estate in PTPN III (uncertified source):</b>				
Sei Baruhur (KSBAR)	2,499.93	1.76	271.83	0.69
<b>Sub Total</b>	<b>2,499.93</b>	<b>1.76</b>	<b>271.83</b>	<b>0.69</b>
<b>Outgrowers:</b>				
<b>Smallholders / Plasma</b>	1,031.75	0.73	0.00	0.00
<b>Sub Total</b>	<b>1,031.75</b>	<b>0.73</b>	<b>0.00</b>	<b>0.00</b>
<b>Others / Suppliers :</b>				
• CV Torgamba Karya	17,399.50	12.24	1,836.02	4.66
• CV Bahana	19,731.48	13.87	875.67	2.23
• UD. Paima Marhusor	744.09	0.52	0.00	0.00
• Kelompok Tani Cempaka	0.00	0.00	174.92	0.44
• UD. Berdikari	0.00	0.00	821.09	2.08
<b>Sub Total</b>	<b>38,906.82</b>	<b>27.36</b>	<b>3,707.7</b>	<b>9.41</b>
<b>TOTAL</b>	<b>142,191.85</b>	<b>100</b>	<b>39,345.2</b>	<b>40.71</b>

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

**Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from PT. Perkebunan Nusantara III**

	Amount (MT)	
	2016	2017
<b>Certified tonnages claimed</b>	CPO: 10,865 PK: 2,054	
<b>Certified tonnages sold*</b>	CPO: 3,850.000 PK: 555.556	
<b>Certified tonnages purchased*</b>	0.00	
<b>Actual Certified Production (audit scope)*</b>	CPO: 9,838.14 PK: 1,802.40	
<b>Actual OER &amp; KER</b>	OER: 22.27 & KER: 4.08	
<b>Actual certified FFB (audit scope) year 2016</b>	44,176.68	
<b>Actual certified FFB year 2016 (outside of audit scope – from Aek Torop Estate)</b>	26,992.98	
<b>Projected FFB for next 12 months</b>		149,235
<b>Projected certified FFB for next 12 months (audit scope)</b>		56,138.00
<b>Projected total output for next 12 months CPO &amp; PK</b>		CPO: 31,443.81 PK: 6,417.11
<b>Projected certified output for next 12 months CPO &amp; PK (audit scope)</b>		CPO: 11,828.277 PK: 2,413.934
<b>Projected OER &amp; KER for next 12 months.</b>		OER: 21.07% & KER: 4.3%

\*Data from January until December 2016

**1.8 Dates of Plantings and Replanting Cycles**

The company follows a replanting cycle of 25 years. Information on the dates of plantings are as per the table below.

**Table 5: Age and year of plantings of company estate supplying to Aek Raso Mill**

Age & Year of Plantings	Oil palm planted area at Aek Raso Estate (Ha)
1-5 years (2012-2016)	1,814.85
6-10 years (2007-2011)	657.30
11-15 years (2002-2006)	524.89
<b>TOTAL</b>	<b>2,997.04</b>

**Note:** This info excluded Block NN1, OO1-OO2 and PP1-PP2 areas amount of 30.52 ha (planted areas) since 10 April 2016 because these areas are part of Aek Raso Estate on outside of renewal legal land.

Based on information above, the company does not have replanting plan.

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

**Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PTPN III Aek Raso**

Estate Name	Total area (Ha)	Oil Palm Planted area (Ha)	Mature (Production) Area (Ha)	Immature (Non Production) Area (Ha)	FFB Production (tonnes) *	Average Yield / Ha
Aek Raso	3,203.44	2,997.04	1,958.19	1,038.85	44,176.68	22.56
<b>TOTAL</b>	<b>3,203.44</b>	<b>2,997.04</b>	<b>1,958.19</b>	<b>1,038.85</b>	<b>44,176.68</b>	<b>22.56</b>

Note: \* Production from January until December 2016 (after grading) and this production exclude from block NN1, OO1-OO2 and PP1-PP2.

**Table 8: Land use data for PTPN III Aek Raso**

Estate Name	Total area (ha)	Oil Palm Planted Area (ha)	HCV/ Potential HCV areas (ha)*	Land used for other purposes (ha)		
				Housing, Road, Office	Nursery	Other purpose
<b>Year 2016 (Since 10 April 2016)**</b>						
Aek Raso Estate	3,507.23	2,997.04	324.56	140.56	0.00	369.63
<b>TOTAL</b>	<b>3,507.23</b>	<b>2,997.04</b>	<b>324.56</b>	<b>140.56</b>	<b>0.00</b>	<b>369.63</b>
<b>Year 2017 (January – March)</b>						
Aek Raso Estate	3,203.44	2,997.04	324.56	140.56	0.00	65.84
<b>TOTAL</b>	<b>3,203.44</b>	<b>2,997.04</b>	<b>324.56</b>	<b>140.56</b>	<b>0.00</b>	<b>65.84</b>

Note: \*) Inside land title (HGU)

**1.10 Progress against Time Bound Plan**

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

Name of Holding	Location	Time bound plan for certification (year)	Remarks
PANAS	Aek Nabara/Labuhan Batu Selatan	23 May 2014	Certified
PATOR	Aek Torop/Labuhan Batu Selatan	17 June 2014	Certified
PPARO	Aek Raso/Labuhan Batu Selatan	30 June 2014	Certified
PKSMK	Sei Mangkei/Simalungun	07 January 2015	Certified
PSSUT	Sisumut/Labuhan Batu Selatan	15 October 2015	Certified
PRBTN	TebingTinggi/Serdang Bedagai	01 September 2016	Certified
PSDAN	Sei Daun/Labuhan Batu Selatan	08 September 2016	Certified
PTORA	Torgamba/ Labuhan Batu Selatan	07 September 2016	Certified
PSMTI	Sei Meranti/ Labuhan Batu Selatan	14 October 2016	Certified
PSSIL	Sei Silau/Asahan	03 April 2017	Certified
PSMKI	Sei Mangkei/Simalungun	December 2017	Planned
PSBAR	Sei Baruhur/Labuhan Batu Selatan	December 2017	Planned

Name of Holding	Location	Time bound plan for certification (year)	Remarks
PHPSG	Batangtoru/ Tapanuli Selatan	December 2018	Planned

**1.11 Compliance to Rules for Partial Certification**

Compliance of the uncertified management units of PT Perkebunan Nusantara III against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by reviewed PT Perkebunan Nusantara III self assessment reports. A summary of findings is as stated below.

The company has not been able to show the results of self-assessment of Partial Certification 4.2.4 for uncertified estate and timebound plan of PT Perkebunan Nusantara III. **This condition raised as non-conformity (NCR RSPO01060).**

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.	PTPN III is an RSPO member with ID No. 1-0030-06-000-00 (membership since 14 December 2006). RSPO Certification system section 4.2.4
(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills.  Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified	The time frame laid out above is consider to be both challenging and realistic and update. Certification plan on behalf Hapesong POM has revised from 2016 be 2018 because compensation and remediation process for Muara Opu & Ampolu areas still in-progress. Current position that the company has develop of compensation program proposal by third party but it has not been approved by top management and has not been submitted to RSPO Secretariat (c.q compensation panel).
(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure	Sei Mangke POM & their supply base and Sei Baruhur POM & their supply base was carried out HCV assessment by third party. Whereas, issue of Muara Opu & Ampolu areas has stated their conservation liability amount of 1,324.31 ha (the company has carried out open land without HCV assessment) and current position is the company has develop of compensation program proposal by third party but it has not been approved by top management and has not been submitted to RSPO Secretariat (c.q compensation panel).
(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	Per year 2016, there are some land conflicts or potential land conflicts or occupation/claim/enclave areas by community on-going in other PTPN III's management units such as Batang Toru Estate (± 314.16 ha), Bangun Estate (± 435.28 ha), Gunung Para Estate (± 87.99 ha), Gunung Pamela Estate (± 566.47 ha) and Rambutan Estates (± 94.16 ha). While the company has already made a conflict resolution mechanism/procedure (PK-3.06-03, PK-3.16-12 & PK-3.16-17) inform of mediation, persuasiveness, deliberation, compensation or "sugu hati" and settlement through legal way.  The company usually efforing to solve conflict with com-

	<p>munication and inform of mechanism it to the land claimants and those agreed. Some conflict resolution year 2016 via compensation or “sugu hati” as example in Gunung Pamela estate amount of 3.32 ha, Gunung Para estate amount of 7.00 ha, Bangun estate amount of 1.00 ha and Batang Toru estate amount of 17.60 ha. Whereas, the company (management of Rambutan Estate) and the land claimant has not been agreed about way out or mechanism of conflict solving so that since year 2012 to 2016 no progress.</p>
<p>(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</p>	<p>No labor disputed issue found until surveillance audit. The company have whistleblowing and some procedures relate of handling conflict.</p>
<p>(h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.</p>	<p>The company has carried out evaluation of compliance to law &amp; regulation accordance procedure no. PK-3.18-01. The result of evaluation is some of PTPN III's other management units have not complied with certain legal requirements as example is :</p> <ul style="list-style-type: none"> <li>• Timeframe for hazardous waste collection by licensed contractor from the mill and all estates all have exceeded the maximum permitted timeframe for storage of hazardous waste, which is 90 days for the mill and 180 days for the estates,</li> <li>• There is no evidence of recommendation from the relevant authorities to plantation business registration/permit changes in type of crop permitted to be planted on behalf Gunung Para estate, Gunung Pamela estate and Rambutan estate,</li> </ul> <p>The process is still ongoing.</p>

**1.12 Compliance to other RSPO Procedure**

RSPO NPP	-
RSPO Compensation and Remediation procedure	-
Areal Subject to sanction	-

**1.13 Compliance to RSPO Guidance on GHG calculation**

During the surveillance audit, the audit team verify and confirm that:

The RSPO PalmGHG Calculator used	Version 3.0.1
Accurate data has been put into the RSPO PalmGHG Calculator	Yes
Net GHG Emission Figure (tCO <sub>2</sub> e/tCPO)	0.32

**1.14 Progress of associated smallholders or outgrowers towards RSPO compliance**

The company does not has smallholders so the company does not has plan to conduct RSPO compliance.

**1.15 Revised Approximate Tonnages Certified**

The tonnages certified have revised from the previous amount stated in the RSPO certificate issued in year 2016 due to a decrease in the projected estimates (CPO and PK). The revised approximate tonnages certified (as per Appendix 1), based on production in 2017 are as follows:

Crude Palm Oil (CPO) : 11,828.277 mt  
Palm Kernel (PK) : 2,413.934 mt

**1.16 Other Achievement s and Certification Helds**

<b>Name of mill / estate</b>	<b>Certification Standard / Award achieved</b>	<b>Certification Body / Awarder</b>	<b>Date Achieved</b>
PTPN III Aek Ra-so	ISO 9001;2008	PT TUV Rheinland Indonesia	2015
PTPN III Aek Ra-so	ISO 14001; 2014	PT TUV Rheinland Indonesia	2012

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group established in 1872 with offices located in over 490 locations in 62 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, as well as CDM Validations and Verifications. PT TUV Rheinland Indonesia's office is located in Jakarta.

### 2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team members of this surveillance audit that were part of the same assessment team for the certification audit are as follows:

1. None

New assessment team members that were not part of the previous assessment team are as per the table below:

Name	Position	Qualifications / Experience
Ibnu Satria Prabudi	Lead Auditor Under Monitoring	<p><b>Education:</b> Bachelor of STIPER Agriculture Institute, Yogyakarta.</p> <p><b>Training attended:</b> ISPO Auditor, Lead Auditor RSPO Training, Inhouse training HACCP, Lead Auditor ISO 9001;2008, OHS Expert Training</p> <p><b>Working experience:</b> Auditor in PT Mutu Agung Lestari (2010-2015), Internal Auditor in PT AEP Tasik Raja (2015-2017), and Auditor in PT TUV Rheinland Indonesia (2017-present).</p>
Naik Monang Parlindungan Lingga	Auditor	<p><b>Education:</b> Bachelor of Forestry, Gadjah Mada University.</p> <p><b>Training attended:</b> ISPO Auditor, Quality Management System (QMS) Auditor/Lead Auditor (ISO 9001:2008) by IRCA, Environmental Management Systems Auditor/Lead Auditor Conversion Training by IRCA (ISO 14001-2004), Lead Auditor RSPO Training, SCCS Training and HCVA Training</p> <p><b>Working experience:</b> Field Assistant PT Sapta Karya Damai (2008-2013), Auditor in PT Sucofindo (2013-2015), and Auditor in PT TUV Rheinland Indonesia (2015-present).</p>
Panggading Nainggolan	Auditor	<p><b>Education:</b> Bachelor of Social, Institut Ilmu Sosial dan Ilmu Politik, Jakarta.</p> <p><b>Training attended:</b> RSPO in house training by Mutu Agung Lestari, ISPO Training by Komisi ISPO and <i>Awareness QHSE (management system review dan integrated management system concept</i> ISO 9001, 14001, OHSAS.</p> <p><b>Working experience:</b></p>

		Komisi Nasional Perlindungan Anak – Community Relationship Staff, Division Staff of Education Program – Common Ground Indonesia, Reporter on Global Informasi Bermutu, Producer on Netwave Multimedia, Producer on Satu Visi Perkasa Produksi, Project Supervisor on Surya Solusi Informasi and Auditor PT TUV Rheinland Indonesia.
Ade Sudiana	Auditor	<p><b>Education:</b> Bachelor of Forestry, Faculty of Forestry, Bogor Agricultural University</p> <p><b>Trainings attended:</b> Lead Auditor course - Neville Clark; ISO 9001:2015 (2016), Awareness training of ISO 9001, 14001 and 18001, inhouse training of ISO 19011 and ISPO, Training of Assesor for Sustainability Natural Forest Management (SFM) by The Indonesian Ecolabelling Institute (2008), Training of Auditor for Sustainability Forest Management By Center for Educational and Training of Forestry, Department of For-estry (2010), Examination of competency for auditor of Sustainability Forest Management by Personal Certification Body-Rhino (2014), Training of Auditor For ISPO (2016) by ISPO Comission, Training of Lead Auditor for RSPO (2016) by Pro Forest and Daemeter.</p> <p><b>Working experience:</b> Consultant and Trainer of : Quality Management System (ISO 9001), Environment Management System (ISO 14001), Safety Management System (SMK3/ OHSAS 18001), ISPO (Indonesian Sustainable Palm Oil), Consultant and trainer in PT FOCUS (2008-2016) ; Auditor of SFM in PT Forestcitra Sejahtera (2008-2016); Auditor of SFM, RSPO and ISPO in PT TUV Rheinland Indonesia (2016-now)</p>

### 2.3 Assessment Methodology & Agenda

The surveillance audit was conducted between on April 27 till 28, 2017 as per the assessment program below. The assessment carried out in accordance with PT TUV Rheinland Indonesia's RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

Due to the location and proximity of the estates, combined with common management systems, it was possible to carry out both field and document assessments of all estates and the mill within the timeframe without compromising the integrity of the assessment in anyway.

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

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

**Annual Surveillance Assessment Agenda.**

Date	Location/ Main sites	Main activities
April 27, 2017	Aek Raso POM	Opening Meeting Verification previous audit findings Verification of document and field related to : <ul style="list-style-type: none"> <li>• Incoming FFB verification (security post, loading ramp)</li> <li>• Interview with mill workers (boiler supervisor)</li> <li>• Good Agricultural Practices</li> <li>• Field visit to land application site for mill effluent</li> <li>• Waste management (hazardous waste store, palm oil mill effluent treatment ponds, mill license for temporary hazardous waste storage, license for land application, land application records)</li> <li>• Pollution prevention control</li> <li>• Water management</li> <li>• OSH system (fire simulation records, medical check reports for year 2016)</li> <li>• Warehouse (mill compound, chemical store)</li> <li>• Worker facilities, medical facilities at PT KSI Mill</li> <li>• Environmental (Environmental Management and Monitoring Program (UPL/UKL) and implementation reports, environmental objectives, targets and improvement plan, greenhouse gas calculation sheet, renewable energy efficiency analysis document)</li> <li>• Training (boiler operator training certificates and licenses)</li> <li>• Consultation with local community supplier</li> <li>• SIA document</li> <li>• Company policy</li> <li>• Labor union</li> <li>• Complaint record</li> <li>• SCCS</li> </ul>
April 28, 2017	Aek Raso Estate	Verification of document and field relate of: <ul style="list-style-type: none"> <li>• Environmental, agrochemical, OHS, compliance regulation issues</li> <li>• Legal land, management plan, best practices, HCV issues</li> <li>• Social and employees</li> <li>• Good Agricultural i.e harvesting in Afdeling 1 Block S-14</li> <li>• HCV at Tasik River in Afdeling I Block Q-13</li> <li>• OHS system (accident records, recommendation letters for transfer of work for workers found with high blood cholinesterase levels and pregnant female sprayers, evidence of transfer to other work for aforementioned workers, OSH policy, OSH committee letter of approval from the Manpower Department).</li> <li>• Waste ( medical waste disposal records) at storage of hazardous and toxic waste at estate Aek Raso</li> <li>• Legal requirement register</li> <li>• Insurance of worker (Jamsostek) payment records for temporary worker</li> <li>• SIA document</li> <li>• Company policy</li> </ul>

		<ul style="list-style-type: none"> <li>• Labor union</li> <li>• Complaint record</li> </ul> Closing meeting Traveling back to Jakarta
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**Agenda for Verification of Closure of Major Non-conformities**

This agenda is not applicable because there is no verification of closure of major non-conformities is need to be done

Date	Location / Main sites	Auditor	Main activities
-	-	-	-

**2.4 Stakeholder Consultation and Stakeholders Contacted**

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

Stakeholder consultation visited to stakeholder’s location and interviews. Meetings with stakeholders held to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO Principles & Criteria, and to comment on aspects where improvements be made. Meetings with local communities held at their respective premises within and near the company’s area. A stakeholder consultation meeting also held on meeting room of Aek Raso Estate on 27 April 2017. Letters inviting individual stakeholders to the stakeholder consultation meeting were prepared and sent to the individual stakeholders, while electronic mail and telephone calls made to arrange the meetings.

In all the interviews and meeting, the objectives of the RSPO and the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholders and the company before discussion proceeded to obtain the stakeholders feedback on the company’s compliance to different aspects of the RSPO Principles & Criteria.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive, with an attendance of more than 18 person. This followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as Appendix 3.

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of Findings

During the surveillance audit, there is identified nonconformities were assigned during this year surveillance audit i.e. 8 non-conformities against Major Compliance indicators while 4 nonconformities were assigned against Minor Compliance Indicators, 2 observations or opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company provided in Section 3.3. The observations & opportunities for improvement listed in Section 3.4.

The following is a summary of findings made for the criteria listed in the RSPO Principles & Criteria [NI P&C RSPO 2013 for Indonesia] for detail information about company's compliances to RSPO P & C.

**Criterion 1.1: 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.**

**Findings:**

Company has established the procedure Communication and Consultation to Stakeholder (No. PK-3.00-03 Rev. 01 issued on December 15, 2015) to provide adequate information on environmental, social and legal that related with RSPO criteria. This procedure stated that communication with stakeholders will be conducted through company website, telephone, letter, email, facsimile and Suggestion Box.

All requests for information, suggestion, aspiration and response from stakeholders will be followed up by head of district or estate in accordance with their respective authorities. All records and documentation will be recorded and documented in the daily log book.

Some records of requests for information and responses :  
 Letter No. 029/177 / SEKRT / 2017 dated March 27, 2017 from Torgamba sub district concerning requests for shell and boilers crust, purpose for piling holes and muddy field. The field will be used for MTQ VIII and Nasyid Art Festival IX, the response from management with letter No. PPARO/X/14/2017 dated March 30, 2017 by providing information that demand for shell can not be fulfilled due to unavailability of inventory only to mill process, for requests for boiler crust assistance can be met by management however mill does not provide transportation for the boiler crust.  
 Letter No. 275/84/2016 dated October 04, 2016 regarding request for assistance of office equipment procurement presented by Huta Raja Village Head, response from management by letter No.KPARO/DLAB-2/22/2016 dated October 15, 2016 regarding response of application submission forwarded to head office, the letter was also forwarded to the Huta Raja Village head .

Request letter for rocks for hardening of village road dated May 9, 2016 from Huta Raja village head submitted to Aek Raso management, response letter of KPARO / DLAB-2/07/2016 dated May 17, 2016 from management to Huta Raja Village Head that the application will Delivered simultaneously with the realization of CSR (community development).

Management of Aek Raso has list of stakeholder including NGO, Civil Organization, supplier and Contractor, which is updated on January 2017, there are 17 stakeholder related to Aek Raso Mill

**Compliance status:**  Yes  No

NCR No: -

and Estate. Personalia Assistant is responsible person in communication to stakeholder as defined in above procedure.

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

**Findings:**

The company has established the circular letter from PTPN III Director No. 3.00/SE/01/2015 issued on April 08, 2015 from Director of marketing and planning developing regarding publication of company data (publish and not publish). There are two categories of documentation; document that can be published and cannot be published.

The documents that can be published including company profile, annual report, financial report, certificate of HGU, HGB and HPL, manual book of GCG, GCG evaluation result by third parties, award information, letter of company register (TDP), EIA document, CSR data, goal, policy and objectives of quality, policy, objectives and goal of environment, OHS policy, OHS program documentation, PKPT achievement, legal documentation (land application, storage of hazardous and toxic, operation of processing equipment Incinerator Waste hazardous and toxic Hospital); monitoring and measurement report, production achievement report, unit/estate name, documentation of continuous improvement program (result of management review meeting), HCV documentation (criteria 5.2 and 7.3), details process of complaint procedure (criteria 6.3), final RSPO public summary report of certification result and human rights policy (criteria 6.13).

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

Memorandum letter from PTPN III Marketing and Development Plan Director No. 3.12/3.00/MO/209/2015 dated 25 March 2015 was issued related Good Corporate Governance Practices handbook distribution to all level of company operation.

In the book describes the code of conduct in conducting business with the partners as listed in point (f) not doing illegal business and avoid the practice of corruption, collusion and nepotism. Statement of compliance to Code of Conduct of all mill workers dated 05-06 January, 2017 and estate workers dated February 13, 2017. Socialization to 3rd party also conducted on 08 March 2017 (CV. Bahana, UD. Berdikari, Cempaka Group Farmer, CV Torgamba Karya).

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The company (Estate and Mill) has list of legal and other re-

**Compliance status:**  Yes  No

**NCR RSPO01061**

quirements presented in list of regulation and law covering plantation, OSH, labour, and enviromental sections. The law and regulation is including relevant laws, government regulations, Instruction of President, Minister Regulations, Local Regulations, and Governor Regulations etc. All copies of law and regulations is available and maintained.

The company has record of law and legal compliance presented in Result of evaluation of legal and other requirements, No. Doc. FM-3.18-02/01 Revision. 01 on date February 25, 2014. There are evidences that law and regulation compliance such as:

- a. Decree of Department of Investment and Integrated Licensing Service of South Labuhanbatu District Number: 503/014 / DPMPPTSP-LS / P.I / 2017 dated January 11, 2017 about temporary storage permit of hazardous and toxic waste material PT Perkebunan Nusantara III Aek Raso mill. The decree valid until 5 years from the date of register.
- b. Decree of Department of Investment and Integrated Licensing Service of South Labuhanbatu District Number: 503/439 / DPMPPTSP-LS/ 2017 dated April 6, 2017 about temporary storage permit of hazardous and toxic waste material PT Perkebunan Nusantara III Aek Raso estate. The decree valid until 5 years from the date of register.
- c. Mill carry out monitoring waste water quality from Pond number 4 until march 2017, Which shows the results show that the BOD levels of the samples are below the legal requirement that applies to land application (5,000 ppm) as per Environment Ministry State Minister Regulation No. 28/2003 on Technical Guidelines for Assessment of Waste water Use from palm Oil Industry to Soil.
- d. Annual Report of Labor has been submitted based on the letter No. PPARO / Disnakertrans Labusel / SP / 68 / 2017 dated April 28, 2017 to South Labuhan Batu District Labour and Transmigration Agency. This is in accordance with Law No. 7/1981.
- e. Freedom of association such Worker Union (Serikat Pekerja Perkebunan) in Aek Raso unit, this is in accordance with Law No. 21/2000.

Some condition that are not in accordance with the fulfillment of laws and regulations, such as:

- During the visit to temporary storage of hazardous and toxic waste at Aek Raso palm oil mill found that the temporary storage of hazardous and toxic waste not equipped with eyewas / showers, which it is not in accordance with the requirements stated in the Temporary Storage License of Hazardous and Toxic Waste. No. 503/014/DPMDPPTSP-LS/P.I/2017.
- Based on the activity sheet of hazardous and toxic waste storage in the mill and estate starting from June 2016 until December 2016, there are waste that the storage period has exceeded the time limit of 180 days, such as used lubricant, used printer ink, used light bulb, oil filter and fuel filter. This is not in accordance with the storage permit held by Aek Raso mill
- Based on the results of document observation and interviews with management representatives it is known that there is inconsistency of periodic health inspection of employees (Permenaker No. 2 of 1980)

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- Based on the results of document observation and interviews with management representatives it is known that there is inconsistency of periodic health inspection of employees (Permenaker No. 2 of 1980)
- The Company has not conducted special medical checkup for chemical operator at least every 6 months in accordance with Minister of Manpower Regulation No. 3 years 1986
- Based on the results of document observation, it is known that:
  - a. The secretary of health and safety committe Aek Raso palm oil mill has not been able to show evidence of obtaining license as professional of health and safety.
  - b. The secretary of health and safety committe of Aek Raso estate P2K3 Secretary of Aek Raso's Garden Unit has not been able to show its license extension.
- The company already has the SPUP document (equivalent to the Plantation Business License) obtained in 2001 but the docu-

<ul style="list-style-type: none"> <li>The Company has not conducted special medical check-up for chemical operator at least every 6 months in accordance with Minister of Manpower Regulation No. 3 years 1986</li> <li>Based on the results of document observation, it is known that:             <ul style="list-style-type: none"> <li>a. The secretary of health and safety committee Aek Raso palm oil mill has not been able to show evidence of obtaining license as professional of health and safety</li> <li>b. The secretary of health and safety committee of Aek Raso estate P2K3 Secretary of Aek Raso's Garden Unit has not been able to show its license extension.</li> </ul> </li> <li>The company already has the SPUP document (equivalent to the Plantation Business License) obtained in 2001 but the document is not accordance with the actual condition of the plantation area.</li> </ul> <p><b>This condition raised as non-conformity (NCR RSPO01061).</b></p> <p>The company has a procedure for identification relevant law and regulation namely Procedure for identification and evaluation law (Document Number: PK-3.18-01 revision 01, on date February 25, 2014). The procedure states that the legal section is responsible for identifying the laws and evaluation conducted by each District once year. But the procedure does not inform about the evaluation mechanisms use. <b>This condition raised as non-conformity (NCR RSPO01062).</b></p> <p>And the procedure (PK.3-08-01) does not mention about the traceability mechanisms of regulatory change, who is person in-charge, source of information and period of change. <b>This condition raised as non-conformity (NCR RSPO01063).</b></p>	<p>ment is not accordance with the actual condition of the plantation area.</p> <p><b>NCR RSPO01062</b> The procedure regarding identification and evaluation of law and regulation (PK.3-08-01) stated that evaluation of law and regulation conduct every year but does not inform about the evaluation mechanisms used.</p> <p><b>NCR RSPO01063</b> The procedure related identification and evaluation of law and regulation (PK.3-08-01) does not mention about the traceability mechanisms of regulatory change, who is person incharge, source of information and period of change.</p>
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**Criterion 2.2: 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.**

<p><b>Findings:</b></p> <p><b>Preliminary Notes:</b> Aek Raso Estate and Aek Torop Estate are in one areas of land so that the land ownership documents are one.</p> <p>History of land ownership of PTPN III - Kebun Aek Raso can be explained as follows:</p> <ol style="list-style-type: none"> <li>The Company can show the legal land ownership document in the form of Hak Guna Usaha (HGU) covering an area of 24,253.01 Ha where include of Aek Torop and Aek Raso estate areas (other estate in PT Perkebunan Nusantara III). The land use rights was published by the government based on Ministry of Agraria / Head of National Land Agency Decree No.SK.41/HGU/DA/80. Then, the company registered the land ownership so that it issued land use rights certificate (No.1 / Aek Batu Village on March 2, 1981). On Dec 30, 2010, the certificate of land use rights was obsolete. On 2008, the company has contacted the Head of National Land Agency for the extension of Land Use Rights validation.</li> <li>On 2009, the National Land Agency has conducted cadastral measurement (dated on 11 December 2009). The result of cadastral measurement are 9,725.62 Ha (based on map of</li> </ol>	<p><b>Compliance status:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>NCR No:</b> -</p>
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land use rights No.26/12/2009).

3. On 2016, National Land Agency has issued renewal of land use rights extension based on Head of National Land Agency No. 29/HGU/KEM-ATR/BPN/2016 regarding renewal of land use rights on behalf of the Company (PT Perkebunan Nusantara III) covering an areas of 9,035.64 Ha located in Aek Batu Village, Torgamba District, Labuhanbatu Selatan Regency, North Sumatera Province. There are reducing of total areas from the previous land use rights given as lare as 15,217.3647 Ha. This area as large as 527.3847 Ha because deviation of measurement technique method, 689.98 Ha there was allocated for Armenia village/communities and public facilities, 8,000 Ha has returned to the government for smallholder areas (based on leter No.3/SPPH/LB/1985) and 6,000 Ha for company of Perseroan Dagang & Industri Marison NV (based on leter No.15/SPPH/LB/1990). So that the total area full managed by the company is 9,035.64 Ha (Aek Raso: 3,203.44 Ha and Aek Torop: 5,832.2 Ha).

Based on previous audit (ASA-02) that there is the part of Aek Raso estate areas block NN1, OO1-OO2 and PP1-PP2 (at Pasir Lancat Village) on outside of renewal legal land (based on map no.26/12/2009) but no evidence sufficient for handling areas it until 2nd surveillance audit. Against this case, during the audit ASA-03, the company has provided sufficient evidence of FFB production 2016 and 2017 (until March 2017) that exluded FFB production from Block NN1, OO1-OO2 and PP1-PP2. As known that the outside area of Aek Raso Estate has obtained through purchase processes with the communities in village amount of 173.28 Ha by the company where there are an official letter issued by the head of Pasir Lancat village and known by head of Simanggambat sub district (in the form of Surat Keterangan Tanah or SKT) as follows: 1). SKT No.33/84/2006 dated on December 19, 2006 for 31.07 Ha, 2). SKT No.33/85/2006 dated on December 19, 2006 for 96.11 Ha and 3). SKT No.33/86/2006 dated on December 19, 2006 for 46.10 Ha. From 173.28 Ha of land, until the ASA-03 audit was carried out, the area that has been planted is an area of 30.52 Ha consist of planting year 94 area of 21.66 Ha and planting year 96 area of 8.86. For unplanted area is still shrub. So the production of this block has been excluded from certified products.

The company also has evidenced legal boundaries which are clearly demarcated and boundaries has maintained as evidenced by record of boundary maintenance in Aek Raso Estate in year 2016 (1<sup>st</sup> and 2<sup>nd</sup> semester) include of map of pillar boundary distribution. All of pilar boundaries (66 pcs) well maintained based on report of monitoring pilar boundaries as period Semester 2/2016 (date of last monitoring on Dec 20, 2016). Based on field observation at:

- Division 01, Block HH22 (Pilar Boundaries Number 52), Block JJ23 (Pilar Boundaries Number 57), Block KK21 (Pilar Boundaries Number 61). All of pilar boundaries was found
- Division 04, Block JJ3 (Pilar Boundaries Number 71), Block LL7 (Pilar Boundaries Number 75), Block FF3 (Pilar Boundaries Number 108). All of pilar boundaries was found.

No land disputes have been found between PTPN III – Aek Raso Estate with the local community because the company has demarcated their boundaries by coordinating with heads of the sur-

rounding villages. Aek Raso estate is long-established plantations. So, Aek Raso Estate do not have map of showing the extent of recognised legal, customary or user rights and copies of negotiated agreement detailing the acquisition process.

The company has mechanism for conflict resolution which is already acceptable to all parties. Such mechanism is provided under Work Instruction PK.3-11.11.12 Rev. 0 dated 02/25/2015. The conflict resolution process starts from problem response, problem investigation, and conflict resolution through mediation, discussion and tribunal. Flow process of conflict resolution issues consist of information of problems, response, investigation, the problem completion (individual or group) is 2 (two) options i.e litigation (civil and crime) and non-litigation (mediation, persuasive, deliberation, compensation).

Based on the SIA, there was no conflict between the company and the traditional land owners. Until 3rd surveillance audit, auditor found no land issues which arise at Aek Raso estate.

In accordance with the working procedures PK.3-11.11.12 Rev. 0 dated 02/25/2015. Conflict Resolution (point 7.5) procedure stated that if there is a dispute between the community and the company, they entitled to appoint their representatives during the legal process, or the two sides can establish a joint consultative committee in charge of solving those problems independently.

**Criterion 2.3: 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.**

**Findings:**

The company has mechanism for conflict resolution, which is already acceptable to all parties. Such mechanism provided under Work Instruction No. IK-3.09-03/02 on Conflict Resolution (6<sup>th</sup> revision) dated 15 February 2010. The conflict resolution process starts from problem response, problem investigation, and conflict resolution through mediation, discussion and tribunal. This mechanism has been publicised to Pasir Tuntung and Aek Batu Villages in 2010 as evidenced with the photograph and participant list. The community has accepted the mechanism. In November 22, 2011, the auditee has socialized flow chart/process of conflict resolution issues to Pasir Tuntung Village (community leader and members). Flow process of conflict resolution issues consist of information of problems, response, investigation, the problem completion (individual or group) is 2 (two) options i.e litigation (civil and crime) and non-litigation (mediation, persuasive, deliberation, compensation).

No land disputes have been found between PTPN III with the local community because in year 2006 the company has demarcated their boundaries by coordinating with heads of the surrounding villages.

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The company has a management plan as documented in Long

**Compliance status:**  Yes  No

NCR No: -

Term Plan (Rencana Jangka Panjang) for 2014 until 2018. All of long term plan was estimated the FFB production, FFB process, CPO and PK production, OER and KER production, price product, price for production in estate and mill, maintenance, harvesting, manuring, spraying, and others activity in estate and mill.

Based on long term plan, Mill has estimated the FFB process such as: Year 2016 = 25,888,690 Kg; Year 2017 = 25,229,790 Kg; Year 2018 = 26,364,680 Kg.

While, Aek Raso Estate was estimated the FFB projection, i.e.:

For 2016, FFB projection about 24,149,000 kg

For 2017, FFB projection about 25,229,790 kg

For 2018, FFB projection about 26,364,680 kg

During 3rd surveillance audit, there are not replanting activities.

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

**Findings:**

Consistent with the previous audit (ASA-02), the company has developed the operating procedures for all operational areas (Estate and Mill) include the operating procedure of Supply chain (Aek Raso POM). The operating procedures appropriately documented. For the operational of estate, the operating procedure available from land clearing until transport of FFB supplied to mill. Whereas, the operational of mill, the operating procedure available from the FFB received until the station of dispatch CPO (include supply chain procedure). Up to ASA-03 conducted there has been no revision of the operational procedures of both Estate and Mill. The revision of procedure happened for the other procedures such as procedure regarding Identification and Evaluation of related regulations.

To ensure the operating procedures consistently implemented and monitored by the company, the auditor team has been interviewed workers, document review and field observation. Based on the interviewed with the related workers, document review and field observation, the auditor team conclusion that the operating procedure has good enough implemented and monitored included the previous findings audit (ASA-02) about implementation with procedure/work instruction example result of the exam of acid content for crude palm oil fatty acid not compliance to work instruction of PK & CPO quality standard (IK-3.03-03/12).

Interviews conducted with FFB receiver (security), weighers, sorters, sterilizer workers, boiler workers, production clerks, sprayer, harvester etc. While for field observation, the auditor team observations on sterilizer process, pressing, threshing, boiler and gen-set. All of workers understood with the operating procedures and conducting the activity are appropriately. Especially for supply chain procedure implementation, the FFB receiver and Weighers can be explained how to differentiate FFB certified and uncertified.

A mechanism to check consistent implementation of procedures has conducted through Internal Audit mechanism. Internal audit planned once year to check implementation of procedures well implemented. The internal audit conducted by "Satuan Pengawas

**Compliance status:**  Yes  No

NCR No: -

Internal (Internal Inspector)". Report of internal audit reported to the top management.

The result of this internal audit should closed by unit management (Estate & POM) for a time bond plan agreed by both of parties (unit management & Internal inspector). The unit management should made the time bond plan to closing major findings (urgent) as soon as possible and made planning to ensure the minor and observation findings were not repeated for the next time. All of that shall reported to the top management as a top management mechanism to ensure all of procedure was appropriately implementation.

The company has procedure of FFB management supplier and out growers with document number PK-3.11-09 revision 01 effective date 19 May 2016. The procedure described about FFB reception from certified estate and non-certified estate. The company has list of FFB supplier such as UD Berdikari, UD Torgamba Karya, CV Bahana, KT Cempaka and UD Paima Marhusor. During the audit, the company has been implemented the procedure and has been conduct recording for FFB in accordance with procedure. The company has record of FFB from third party which record in recapitulation of FFB reception. Record of FFB reception has verified against entire document.

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

**Findings:**

The company has procedure related fertilizer (IK-3.09-03/16 revision 02 effective date 19 May 2015). The procedure has been describes about mechanism to implementation, dosses, time of application. During the audit, the company does not conduct fertilizing.

The company has record of fertilizer from January until December 2016. Based on record of fertilizer, it can seen that fertilizer activity conducted in accordance with recommendation of leaf sampling analysis result.

The company has recorded of fertilizer used per ton of FFB year 2016 i.e:

- Dolomite: total realization until December 2016 as much as 490,719 kg with FFB produced as much as 44,176.68 ton so fertilizer application per ton FFB is 11.11 kg/ton FFB
- PHE: total realization until December 2016 as much as 10,339 kg with FFB produced as much as 44,176.68 ton so fertilizer application per ton FFB is 0.23 kg/ton FFB
- NPK 15.10.18-2+0.5 TE: total realization until December 2016 as much as 3,451 kg with FFB produced as much as 44,176.68 ton so fertilizer application per ton FFB is 0.078 kg/ton FFB
- NPK 14.10.21+2+1 TE: total realization until December 2016 as much as 958,243 kg with FFB produced as much as 44,176.68 ton so fertilizer application per ton FFB is 21.69 kg/ton FFB

The company has guidance for leaf sampling to get recommenda-

**Compliance status:**  Yes  No

NCR No: -

tion of fertilizer year 2017. The procedure stated that leaf analyze conduct once a year and soil analyze conduct every 5 year. The company has record of leaf analyze that conducted on August 2016 by PPKS Medan to get fertilizer recommendation year 2017. The result of leaf analyze has been explained about ingredient i.e N, P, K, Mg, Ca, Cu and Zn. Sample of leaf that has been analyzing as much as 215 leaf sample. The company has been conduct soil analyze on 2014 by PT Sucofindo.

The company has record of EFB application i.e. January until December 2016 total of EFB application as much as 24,875.38 kg.

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

**Findings:**

The company has soil map with scale 1:50.000. Base on result of Palm Oil Research Centre in 2011, type of soil's Aek Raso Estate consist of: typic hapluduts and Typic paleudults. There is no found marginal and peat soil at Aek Raso estate.

The company has a management strategy for plantings on slopes presented in work instruction for Land Preparation and Management of Plantings and Sloped Land and Lowland Areas (Work Instruction No. IK-3.01-14/06). The work instruction mentioned planting of leguminous cover crops once drainage is constructed and mechanical land management depending on the slope degree.

Aek Raso Estate has slope map with scale 1:40.000. Base on the map, estate has slope grade 0-40%. Therefore it need effort to manage the area for decrease soil erossion. During visit the field at block EE25 Division 1, there is evidence that Estate have been planted oil palm through horseshoe method (tapak kuda) accordance work instruction of for Land Preparation and Management of Plantings and Sloped Land and Lowland Areas

Aek Raso estate has been conducted road maintenance in 2017. Road maintenance reports are compiled every 3 months. Example for January until Maret 2017 such as :

- Realization of Road maintenance at Division I : 13,748 m
- Realization of Road maintenance at Division II : 7,650 m
- Realization of Road Maintenance at Division III : 11,430 m
- Realization of Road Maintenance at Division IV : 21,209 m

Base on result of Palm Oil Research Centre in 2011, there is no found peat soil at Aek Raso estate.

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The organization has established water management plan include identification water sources; efficient use of water; effort to renewability of water source, also avoidance of surface and ground water contamination.

Base on HCV map, there is surface water source consist of river (Aek raso river) and water pond at Aek Raso Estate. Aek Raso

**Compliance status:**  Yes  No

NCR No: -

estate conducted protection for avoidance of surface water source contamination through installed wooden stakes near river staking and that Chemical Application is Prohibited. During visit the field at Aek Raso river (block J22, Division I), there is evidence that the company has conducted it.

The company has procedure for riparian and buffer zone protection, namely procedure for HCV management and monitoring, PK.03-08-09. There is evidence that procedure implemented through planting conservation trees for riparian protection presented in report of planting conservation trees such as *Swietenia macrophylla*, *Swietenia mahagoni*, and *Hibiscus tiliaceus*. During visit the field (Aek Raso river), there are found several trees (*swietenia macrophylla*) in river bank.

The company has procedure related with water management, namely Working Procedure of Water Management and Usage. PK-3-11-05. The procedure mentioned providing, distribution and usage of water. The company has established standard for usage of water. There is evidence that procedure implemented such as: report of water usage monthly, FM.3-11-05/01 and report of water usage evaluation monthly, FM.3-11-05/02.

Aek Raso Mill uses water from Aek Raso river for processing activity and others including use of water for Aek Raso estate. Mill maintain record of water usage periodically presented in report of water usage monthly. Base on report of water usage monthly, there is record of mill water use per tonne of Fresh Fruit Bunches (FFB) in 2016 and 2017 such as :

- January 2016 = 1.90 m3/tonne FFB
- February 2016 = 1,30 m3/tonne FFB
- March 2016 = 1.52 m3/tonne FFB
- May 2016 = 1.50 m3/tonne FFB
- June 2016 = 1.50 m3/tonne FFB
- July 2016 = 1,50 m3/tonne FFB
- August 2016 = 1,70 m3/tonne FFB
- September 2016 = 1.78 m3/tonne FFB
- October 2016 = 1.50 m3/tonne FFB
- November 2016 = 1,58 m3/tonne FFB
- December 2016 = 1,65 m3/tonne FFB
- January 2017 = 1.70 m3/tonne FFB
- February 2017 = 1.84 m3/tonne FFB
- March 2017 = 1,90 m3/tonne FFB

The company has working instruction (WI) for monitoring mill effluent pond installation (IPAL), document no. IK-3.03-15/05, rev. 00. The WI mentioned detail of environmental monitoring activities of POM's Effluent (IPAL), including quality standards of each processes.

There are effluent treatment plant including 4 (four) pond. Mill has conducted BOD monitoring of effluent every month by third party accredited laboratory i.e. Sucofindo Laboratory. Until March 2017, all BOD monitoring results complies with the standard i.e: Ministry of Environmental decree No. 28 year 2003, .e: BOD ≤ 5,000 mg/l and pH: 6-9. Mill discharges waste water to Land application area.

The company has a license for land application of mill effluent from Head of integration license service and investment agency of

Labuhanbatu Selatan District no.503/032/BPPTPM/2014 dated on January 27, 2014.

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

**Findings:**

The company was managed using appropriate Integrated Pest Management (IPM) techniques. Some evidences showed to auditor team are:

- a. The company has made procedure related IPM (IK-3.01-17/14; revision 07; date May, 01 2014). This procedure described that before pest and diseases growing rapidly, the company should be conducted the Early Warning System (EWS). EWS implementation conducted with routine census activity. This result of census activity would be used for IPM recommendation. If the result of census showed level of pest and diseases attacking under the economic level, so control of pest and diseases were not use chemical material (can be use biological and or manual control). But if the result of census showed of pest and diseases almost and or over the economic level, control of pest and diseases could be use chemical material. But control with the chemical material should be accordance with the dosage recommendation from supplier.
- b. Based on global telling report and pest & disease monthly report (January to December 2016 and January to March 2017) that there was not a significant attacked based on the SOPs requirements (level of pest and diseases attacking medium category). So that to control attack it by manual/hand picking and using agrochemical accordance recommendation.
- c. The company was also developed beneficial plant such as *Turnera subulata. Sp, Antigono. Sp* and developed natural predator for rat (*Tyto Alba*). Based on field observation at
- d. The company has delivered IPM training on February 20, 2017 (refreshment) for 14 workers being person in charge in pest management or early warning system. Material issues on training were handling of pest and disease (caterpillar) by manual (hand picking and beneficial plant) or chemist and telling mechanism. The records of training were invitation letter, minute of meeting, attendance list and photograph.

**Compliance status:**  Yes  No

NCR No: -

**Criterion 4.6: Pesticides are used in ways that do not endanger health or the environment.**

**Findings:**

The company have recommendation for usage dangerous and poisoned agrochemical during year 2016 from Social, Labour and Transmigration agency (decree No.561/190/DSTKT/2016). The company allowed to used such as Herbicide are Ally 20WDG (active ingredients: metil metsulfuron), Decis 25EC (active ingredients: deltametrin), Garlon 670 EC (active ingredients: triklopir butoksi etil ester), Starane 480EC & 290EC (active ingredients: floroksipir metil heptil ester), basmilang 480AS (active ingredients: isopropyl amine glyphosate), Round Up 486 SL (active ingredients: isopropyl amine glyphosate). All of pesticide are used by company registered and permitted by the Pesticide Commission.

**Compliance status:**  Yes  No

NCR No: -

The company has recorded of pesticide used consistently. The record of pesticide explain specific to target (pests, weeds, or diseases), dosage recommendation, active ingredient, areas implemented. Based on observation document and interview with management it is known that the pesticide used conducted by pesticide. For example: Record of pesticide used in Aek Raso Estate, Division 01:

Name of Pesticide	Active ingredient	Dosage	Target	Areas implemented
Ally 20WDG	Metil met-sulfuron	100 – 200 gr/ha	Wide-leaved weeds	Block JJ22
Garlon 670 EC	Triklopir butoksi etil ester	0,75 - 1,5 l/ha	Wide-leaved weeds	Block HH22

The use of pesticides is done by trained personnel. This is evidenced by the availability of recording training on the use of pesticides conducted on February 20, 2017 (refreshment training). Based on interview with spraying worker in the field (on Block JJ22 and HH22, Division 01, Aek Raso Estate), they could be describe and demonstrated how to safely handling pesticide. All of worker were found using the PPE appropriately according to recommendations in any risk assessments such as helmet, glasses, glove, safety shoes apron and respirator. PPE are used in good condition. Moreover, based on observation and interview with Supervisor (“Mandor”), he was carried the MSDS label and first aid box.

Regarding with the storage of all pesticides, the company has provided a special chemical storage. Chemical storage areas are in compliance with relevant regulations, such as the installation of symbols in accordance with Regulation of the Minister of Environment No. 13 of 2014, MSDS, emergency response facilities (fire extinguisher, eye wash, alarm) etc. All of waste of pesticide packaging was stored in hazardous and toxic waste storage.

Based on document observation, field observation and interview with management, it is known that the company do not applied pesticide from aerial.

Based on document observation it is known that the company has been able to show the annual medical for all spraying worker where one of analysis/parameter is cholinesterase inside blood.

Based on the result of regular medical screening for spray workers, there is no evidence of the existence of the pregnant or nursing female spray workers. During field visit, there is no pregnant, or breast feeding women working related to chemical.

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

**Findings:**

The company (POM and Estate Aek Raso) already has Commitment and Policy regarding Safety and Health. The commitment and policy explained regarding how to organization committed to comply with occupational, health and safety Regulations and the related requirements was applicable, civilize occupational, health

**Compliance status:**  Yes  No

**NCR RSPO01064**

based on field observation it known that unsafe conditions that have not been in accordance with hazard and risk identification are found at Aek Raso POM die-

and safety in every process and to minimize of all accident potential and or occupational diseases. The commitment and policy signed by management representative of company and representative of worker (labor union) on January 2017. The commitment and policy declared in Bahasa Indonesia.

The company has also established occupational, health and safety goals and occupational, health and safety targets. The company has socialized to occupational, health and safety commitment and policy for all of workers. Socialization conducted i.e:

- a. Active Socialization: conducted through meetings directly with employees on 6 - 9 February 2017.
- b. Passive socialization: conducted by installation of signboard regarding OHS policy on Aek Raso POM office and Aek Raso Estate office.

Based on field visit and interview with part of worker were found, it is known that all of worker are interviewed understood regarding the occupational, health and safety policy. They could explained one of goals of the occupational, health and safety policy is reducing the accident.

To ensure the commitment and the occupational, health and safety policy implemented, the company has established the organizational structure of occupational, health and safety, which named with the occupational, health and safety Committee (Panitia Pembina Keselamatan dan Kesehatan Kerja - P2K3) in which secretary of OHS committee has occupational, health and safety Expert license.

The Company has established a risk analysis document that explains the potential risks from all operations in Estate and Mill. The document also explains how the identified risk control measures have potential risks for each operation. The risk analysis document reviewed every 1 year. The latest reviewed by company on February 2017. However based on field observation it known that unsafe conditions that have not been in accordance with hazard and risk identification are found at Aek Raso POM diesel tank where the tank condition is not feasible and unsafe (no secondary containment against the diesel fuel tank and environmental pollution caused by the spilled diesel fuel). **This condition raised as non-conformity (NCR RSPO01064).**

Some of the occupational, health and safety training conducted by company such as:

- a. Training for Welder → 1 persons, conducted on 2014. This evidenced by the operator licenses from government.
- b. Training for Wheel Loader → 1 persons, conducted on 2014 (1 person). This evidenced by the operator licenses from government.
- c. Training for Generator set → 3 persons, conducted since 2014. This evidenced by the operator licenses from government.
- d. Training for Steam Plant (Boiler and Sterilizer) → 4 persons, conducted on 2014. This evidenced by the operator licenses from government.
- e. Training for OHS Expert special for Chemical handling → 1 persons, conducted since 2017. This evidenced by the operator licenses from government.
- f. Training for OHS Expert → 1 person, conducted since 2012.

sel tank where the tank condition is not feasible and unsafe (no secondary containment against the diesel fuel tank and environmental pollution caused by the spilled diesel fuel).

- This evidenced by the operator licenses from government.
- g. Training for Electrician → 1 person, conducted since 2016.  
This evidenced by the operator licenses from government.
  - h. Training for Fire Officer → 1 persons, conducted since 2016.  
This evidenced by the operator licenses from government.

The company has provided PPE to all workers accordance with the risk assessment document. Based on field observation all of worker found has using the PPE appropriately.

The company has defined the responsible organization to implement OHS. The organization called OHS Committee / Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3). The OHS committee has meeting for 1 month to discuss how to improve the OHS implementation in the operational estate and mill.

The company has established procedures for response accidents and emergencies include of fire, chemical spillage, explosion, natural disaster, flood, sabotage, etc. The procedure documented as “Prosedur Kerja Kesiagaan Tanggap Darurat”, document no. PK-3.12-08, Revision 0, and flowchart of emergency response plan. The procedures made in Bahasa.

Records of accident were available in estate and POM. The records included information of Lost Time Accident (LTA) metrics.

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

**Findings:**

The company has a training program for mill and estate presented in result of Identification of Human resources development program. Aek Raso Mill maintain training program in 2017 such as: Training of Emergency response, training of Handling of hazardous and toxic materials, training of welding, training of first aid, training of processing activity at Mill, Training of SIO certification. While Aek Raso Estate set training program including training of HCV management, training of emergency response, training of oil palm quality and training of first aid. During document verification, there is no realization of training program in 2017 for mill and estate.

The company maintain record of realization training program in 2016, among others :

- Training of fire certification class C&D, on date March 14-19, 2016, Followed by 1 partisipant
- Training of oil palm technical on date October 8, 2016, followed by 7 partisipants
- Training of hazardous waste handling on date May 04 2016, followed by 30 partisipant
- Training of OSH for boiler operator on date August 29 until September 3 , 2016, followed by 1 partisipant

The company maintain record of training for each employee such as certificate, list of participant and result of training evaluation

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The company has EIA document i.e. Environmental Evaluation Study (SEL) year 1993 and has been approved on 9 February 1994 with number RC220/269/B/II/94 and revised of environmental management plan document (RKL) and environmental monitoring plan document (RKL) with document number 63/RKL-RPL dated 29 December 2006. The document covering operational such as road building, mill operation, infrastructure and drainage.

There is an area different in the revised of environmental management plan document (RKL) and environmental monitoring plan document (RKL) with the actual land area where the estate and plasma area in environmental management plan document (RKL) and environmental monitoring plan document (RKL) is 4,515 ha while the actual land area is 3,376,72 ha. **This condition raised as non-conformity (NCR RSPO 01065).**

There is some activity does not included in the EIA document i.e. replanting activity. The EIA document has not been conducted evaluation since year 2006 where in the Decree of Environmental Impact Management Agency of Labuhanbatu District No. 660/622 / BPD-LB / Set / 2006 dated December 29, 2006 stated that this document reviewed at least once every 5 years in accordance with Government Regulation no. 27 year 1999. **This condition raised as non-conformity (NCR RSPO 01065).**

The company has conducted environmental impact assessment in accordance with government regulation. An environmental impact assessment has been conducted with stakeholder consultation to identify an impact.

The company has environmental management plan that stated in the environmental management plan document (RKL) and environmental monitoring plan document (RKL). It is covering information such as type of impact, monitoring of impact, source of impact, parameter to monitoring, aim of monitoring, method of monitoring, location of monitoring, period of monitoring, person in charge and related agency. The company has been implemented the environmental management plan in accordance with matrix of environmental monitoring. The company has been reporting periodically each semester.

**Compliance status:**  Yes  No

**NCR RSPO 01065**

- There is an area different in the revised of environmental management plan document (RKL) and environmental monitoring plan document (RKL) with the actual land area where the estate and plasma area in environmental management plan document (RKL) and environmental monitoring plan document (RKL) is 4,515 ha while the actual land area is 3,376,72 ha
- There is some activity does not included in the EIA document i.e. replanting activity. The EIA document has not been conducted evaluation since year 2006 where in the Decree of Environmental Impact Management Agency of Labuhanbatu District No. 660/622 / BPD-LB / Set / 2006 dated December 29, 2006 stated that this document reviewed at least once every 5 years in accordance with Government Regulation no. 27 year 1999.

**Criterion 5.2: 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.**

**Findings:**

The company has been conducted HCV assessment on September 2011 by Biotechnology Resources and Biotechnology Research Center. The HCV assessment has covered such as the presence of protected areas within the company's HGU, conservation sta-

**Compliance status:**  Yes  No

NCR No.:

tus (IUCN, CITES, Government Regulation) and identification of HCV habitat. The HCV identification conducted by IPB chaired by Mr. DR. Ir. Machmud Thohari, DEA who has been qualified as a HCV team leader and specialist from RSPO. Based on the report of HCV identification, there is a list of sources of HCV assessment activities from the company, the surrounding community, the government, community leaders. There are also minutes of HCV Assessment stakeholder consultation and photo documentation of public consultation activities. Based on the results of the HCV report, the company was conduct biological assessment such as biodiversity, the diversity of wildlife. The Company has identified HCV for the entire HGU of the company. Based on the HCV identification report, there are HCV 4.1 areas, namely Raso river border, drainage border, water pond, mill reservoir and animal sack. The HCV identification made refer to the HCV toolkit that accommodated by HCV Toolkit Indonesia in 2008. The Company has a HCV map that covered with HGU maps and working area maps.

Based on the HCV identification assessment report, there are no species included in the rare, threatened or endangered (RTE). Generally, the entire of flora and fauna including to low category. Based on the results of the HCV assessment identification report, there are management and monitoring plans in 2017, among others:

- Determination of areas such as water catchment area, river border, lake border or reservoir
- Socialization of high conservation value areas
- Boundary maintenance
- Planting of soil crops
- Patrol the estate area to suppress illegal hunting
- Inventory and monitoring of flora and fauna populations

The Company has implemented an implementation of the plan that has been prepared. Some examples of implementation of the plan that have been prepared include:

- Installation of HCV signboard
- Patrol the estate area to suppress illegal hunting
- Greenbelt marking
- Inventory and monitoring of flora and fauna populations
- Observation of plant restoration growth

The Company conducts monitoring of HCV areas periodically. Monitoring records stated in the report of conservation area management and the minutes of activities. The Company routinely conducts field inspections to ensure implementation of the mitigation plans.

The Company has an appeal from Estate Manager of Aek Raso estate with number KPARO / Int / 194 / 2017 dated 22 February 2017 related prohibitions to damage and cut trees, hunt animals in estate areas, poison and electrocute in rivers and pollute rivers in the area of Aek Raso estate. The Company has a program of socialization on the status of RTE species to employees, staff and communities. The Company conducts field inspections to check traps at HCV area and reporting in the monthly reports of HCV findings. In the HCV procedure has been declared sanctions refers to the provisions of the law, government regulations if employees are proven to do things that are prohibited that is not allowed to trade wildlife both protected and unprotected.

The Company has a management plan and monitoring of HCV areas in 2017. The management and monitoring plan explain regarding the location of HCV, classification, status and comments, actions to be undertaken, the person in charge, the planned deadlines and budget. The Company has a semester report related the monitoring results of HCV area and the report of the fulfillment of management plan every year. It was reporting to the management and to the relevant agencies. The company does not have HCV area set aside with local communities.

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

**Findings:**

The company has list of waste and source of waste. The company has inventory of chemical source and containers and kept in the hazardous and toxic waste storage. The Company does not have the latest cooperation with third parties related to the transportation of hazardous and toxic waste where the current agreement with CV Amindy Barokah has expired since November 5, 2016. **This condition raised as non-conformity (NCR RSPO 01066).**

The Company has temporary storage licenses to kept the hazardous and toxic waste, i.e.:

- Aek Raso Mill: Decree of Department of Investment and Integrated Licensing Service of South Labuhanbatu District Number: 503/014 / DMPPTSP-LS / P.I / 2017 dated January 11, 2017 about temporary storage permit of hazardous and toxic waste material PT Perkebunan Nusantara III Aek Raso mill. The decree valid until 5 years from the date of register. The permit states that it does not store hazardous and toxic waste over a 90-day period and if the waste produced is less than 50 kg per day it can be stored for 365 days.
- Aek Raso estate: Decree of Department of Investment and Integrated Licensing Service of South Labuhanbatu District Number: 503/439 / DMPPTSP-LS/ 2017 dated April 6, 2017 about temporary storage permit of hazardous and toxic waste material PT Perkebunan Nusantara III Aek Raso estate. The decree valid until 5 years from the date of register. The permit states that it does not store hazardous and toxic waste over a 90-day period and if the waste produced is less than 50 kg per day it can be stored for 365 days.

The company has management and disposal plan to reduce pollution. It is explain about identification and monitoring source of waste and pollution, management and disposal cooperation with third parties. The company has been realize the management and disposal plan cooperation with CV Amindy Barokah. The company does not conduct disposed off waste using open fire.

The Company has a recording of hazardous and toxic waste transport as evidenced by hazardous and toxic waste documents, i.e.:

Aek Raso Mill

- Hazardous and toxic waste document with number

**Compliance status:**  Yes  No

**NCR RSPO 01066**

The Company does not have the latest cooperation with third parties related to the transportation of hazardous and toxic waste where the current agreement with CV Amindy Barokah has expired since November 5, 2016

<p>0009096 with type of waste is solid i.e. contaminated packaging with weight is 40 kg transported by CV Amindy Barokah on May 16, 2016</p> <ul style="list-style-type: none"> <li>• Hazardous and toxic waste document with number 0009095 with type of waste is solid i.e. contaminated accu with weight is 60 kg transported by CV Amindy Barokah on May 16, 2016</li> <li>• Hazardous and toxic waste document with number 0009094 with type of waste is liquid i.e. contaminated oli with weight is 80 kg transported by CV Amindy Barokah on May 16, 2016</li> </ul> <p>Aek Raso estate</p> <ul style="list-style-type: none"> <li>• Hazardous and toxic waste document with number 0009091 with type of waste is solid i.e. contaminated packaging with weight is 5,110 kg transported by CV Amindy Barokah on May 16, 2016</li> <li>• Hazardous and toxic waste document with number 0009088 with type of waste is liquid i.e. contaminated oli with weight is 100.4 kg transported by CV Amindy Barokah on May 16, 2016</li> <li>• Hazardous and toxic waste document with number 0009089 with type of waste is solid i.e. contaminated accu with weight is 50 kg transported by CV Amindy Barokah on May 16, 2016</li> </ul>	
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**Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimized.**

<p><b>Findings:</b></p> <p>The company maintain record of fossil fuel usage every month for car and genset operation presented in report of diesel usage monthly. For mill, Record of diesel usage in 2017 such as: January = 669.54 ltr, February = 1,052 ltr, March = 1,072. While estate, record of diesel usage such as: January = 7,565 ltr, February = 11,341 ltr, March = 9,882 ltr. Estate use diesel fuel for car operation and FFB transportation. Aek Raso Estate maintain record of diesel usage per tonne FFB on January 2017 e.i January = 3.42 ltr/ tonne FFB. Since February 2017, A third party carries FFB from Estate to Mill.</p> <p>Mill maintain record of fiber and shell usage for boiler fuel monthly. Record of totak amount of fiber and shell usage in 2016 such as: fiber = 18,186,380 kg; shell = 5,722,952 kg. Base on Report of solid waste, Shell used per tonne CPO was 0.04 tonne CPO produced and fiber used per tonne CPO was 0.13 tonne CPO produced.</p> <p>The company does not conduct for studies on the feasibility of collecting and using biogas.</p>	<p><b>Compliance status:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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**Criterion 5.5: 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.**

<p><b>Findings:</b></p> <p>The company has a policy to avoid the usage of fire during land clearing or replanting presented in procedure of Land preparation</p>	<p><b>Compliance status:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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for replanting, No IK-3.09-02/02, rev. 03 on date May 19, 2016. The work instruction mentioned that land preparation for replanting with zero burning.

During 3<sup>rd</sup> surveillance audit, there is no replanting activities at the estate.

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

**Findings:**

The company has procedure of identification, calculation, mitigation and reduction of emission source with document number PK-3.16-12 revision 01 date of revision on 19 May 2016. The identification stated list of identify activity that produce pollution.

The company has list of pollution source and significant of greenhouse gasses emission. The company has program to reduce the emission for mill and estate. The plan consist of program, due date and period to reduce greenhouse gasses emission. Some of realization of the program year 2016 such as efficiency of fossil fuel used, restoration and efficiency of fertilizer used. The Company has POME quality testing record conducted by Sucofindo from January to March 2017. Based on the test result certificate it appears that pH and BOD are still within the threshold in accordance with the provisions of Environmental Decree (KepmenLH) No.28 / 2003.

The company has a system to monitoring of emission of pollutants came from estate and mill activity. The company has been conduct reporting of GHG calculation to RSPO. The company has been conduct GHG calculation in accordance with Palm GHG version 3.0.1.

The result of GHG calculation describe in the table below:

**Summary of Net GHG Emissions**

Emissions Product	per	tCO2e/t Product
CPO		0.32
PK		0.32

Production	t/year
FFB processed	141,460
CPO Produced	22,498

Extraction	%
OER	21.43
KER	4.08

Land use	Ha
OP planted area	20,197.20
OP planted on peat	0.00

**Compliance status:**  Yes  No

NCR No: -

Conservation (for- ested)	0.00
Conservation (non- forested)	0.00

**Summary of Field Emissions and Sinks**

Land conversion:

- Own crop: 29,229.83 tCO<sub>2</sub>e or 9.88 tCO<sub>2</sub>e/ha
- Group: 26,039.97 tCO<sub>2</sub>e or 9.88 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: -

CO<sub>2</sub> Emissions from Fertilizer:

- Own crop: 1,395.11 tCO<sub>2</sub>e or 0.47 tCO<sub>2</sub>e/ha
- Group: 606.44 tCO<sub>2</sub>e or 0.43 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: -

N<sub>2</sub>O Emissions

- Own crop: 900.15 tCO<sub>2</sub>e or 0.30 tCO<sub>2</sub>e/ha
- Group: 325.80 tCO<sub>2</sub>e or 0.24 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: -

Fuel Consumption:

- Own crop: 22.46 tCO<sub>2</sub>e or 0.01 tCO<sub>2</sub>e/ha
- Group: 55.89 tCO<sub>2</sub>e or 0.02 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: -

Peat Oxidation:

- Own crop: 0.00 tCO<sub>2</sub>e or 0.00 tCO<sub>2</sub>e/ha
- Group: 0.00 tCO<sub>2</sub>e or 0.00 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: -

Sinks:

- Own crop: -
- Group: -
- 3<sup>rd</sup> party: -

Crop Sequestration:

- Own crop: -27,706 tCO<sub>2</sub>e or -9.36 tCO<sub>2</sub>e/ha
- Group: -24,682.43 tCO<sub>2</sub>e or -9.36 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: -

Conservation Sequestration:

- Own crop: -
- Group: -
- 3<sup>rd</sup> party: -

**Total:**

- Own crop: 3,841.55 tCO<sub>2</sub>e or 1.30 tCO<sub>2</sub>e/ha
- Group: 2,345.66 tCO<sub>2</sub>e or 1.20 tCO<sub>2</sub>e/ha
- 3<sup>rd</sup> party: 0.00 tCO<sub>2</sub>e or 0.00 tCO<sub>2</sub>e/ha

**Summary of Mill Emissions and Credits**

	tCO <sub>2</sub> e	tCo <sub>2</sub> e/ FFB
Emissions		

POME	32.29	0.00
Fuel Consumption	2,187.20	0.02
Grid Electricity Utilization	227.78	0.00
Credits		
Export of Grid Electricity	0.00	0.00
Sales of PKS	0.00	0.00
Sales of EFB	0.00	0.00
<b>Total</b>	<b>2,447.27</b>	<b>0.02</b>

**Palm Oil Mill Effluent (POME) Treatment**

Divert to compost	0 %
Divert to anaerobic digestion	100 %

**POME Diverted to Anaerobic Digestion**

Divert to anaerobic pond	100 %
Divert to methane capture (flaring)	0 %
Divert to methane capture (electricity generation)	0 %

**Criterion 6.1: 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.**

**Findings:**

PTPN III – Aek Raso estate and mill uses Social Impact Assessment document created in 2010. From the SIA assessment, information has been obtained on positive and negative impacts from the company activities. The negative impacts are, among others, road damage caused by FFB and CPO transportation activity, public facilities, work opportunities, company workers and others. The company has made management plan focusing on Huta Raja and Pasir Lancat Villages as villages located nearby the plantation. Records of FGD with relevant stakeholders were well documented in SIA and activities conducted at November 24-25, 2010.

Unit Aek Raso unable show evidence related social impact management action plans for 2017, and there is no evidence that the plan has been reviewed by involvement of stakeholders. **This condition raised as non-conformity (NCR RSPO 01067).**

Unit Aek Raso unable to show a review document on the 2016 social governance plan by involving the participation of affected parties (employees) and externally (community and government agencies etc). **This condition raised as non-conformity (NCR RSPO 01068).**

**Compliance status:**  Yes  No

**NCR RSPO01067**

Aek Raso has not been able to show the program document of the 2017 social impact management plan prepared through consultation with internal (employee) and external (community and government agencies etc)

**NCR RSPO01068**

Unit Aek Raso unable to show a review document on the 2016 social governance plan by involving the participation of affected parties (employees) and externally (community and government agencies etc.).

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

**Findings:**

The company has Working Procedures No. PK-3.08-03 Rev 03 related stakeholders Consultation and Communication dated October 03, 2016. According to the working procedures, stakeholders can express their aspirations, suggestions and feedback to the company via the website, telephone, mail, email, fax, the suggestion box or visit. The company has created signboards and communication flowchart to stakeholders. The company also has provided communication box. The company has provided logbook to record incoming letters.

The company has list of stakeholder year 2017 where it has signed by manager of Aek Raso.. Its stakeholders are community organization, press, labour union, contractor, outgrower, government institution, NGO, etc. include of mobile number and address of each stakeholders.

Some Examples of communication with stakeholder i.e.:

- Letter No. 029/177 / SEKRT / 2017 dated March 27, 2017 from Torgamba sub district concerning requests for shell and boilers crust, purpose for piling holes and muddy field. The field will be used for MTQ VIII and Nasyid Art Festival IX, the response from management with letter No. PPARO/X/14/2017 dated March 30, 2017 by providing information that demand for shell can not be fulfilled due to unavailability of inventory only to mill process.
- Letter No. 275/84/2016 dated October 04, 2016 regarding request for assistance of office equipment procurement presented by Huta Raja Village Head, response from management by letter No.KPARO/DLAB-2/22/2016 dated October 15, 2016 regarding response of application submission forwarded to head office, the letter was also forwarded to the Huta Raja Village head.

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The company has procedures No. PK-3.08-03 Rev 03 related stakeholders Consultation and Communication dated 03 October 2016. According to the working procedures, stakeholders can express their aspirations, suggestions and feedback to the company via the website, telephone, mail, email, fax, the suggestion box or visit. The company has created signboards and communication flowchart to stakeholders. The company also has provided communication box and to record incoming letters the company has provided logbook.

Concerning the Handling Whistleblowing mechanism, stated in the Code of Conduct PTPN III, Chapter IV Work Ethics.

- Presented in writing and can reported by email, stating the complaint box complete personal identity.
- The identity of the complainant guaranteed confidentiality by the company.
- The information reported must supported by evidence

**Compliance status:**  Yes  No

NCR No: -

<p>sufficient and reliable as the initial evidence for further investigation.</p> <p>There is no record related complaint from employee since January 2017.</p>	
<p><b>Criterion 6.4: 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.</b></p>	
<p><b>Findings:</b></p> <p>The company has a mechanism to identify and calculate the compensation stated in Working Procedure related Conflict Resolution No. PK.3-11.11.12 Rev. 0 dated 02/25/2015. Any risk / conflict can be resolved properly and avoid minimize losses. In the procedure described above regarding the calculation of the parties who are entitled to receive compensation.</p> <p>The conflict resolution process starts from problem response, problem investigation, and conflict resolution through mediation, discussion and tribunal. This mechanism has been publicised to Pasir Tuntung and Aek Batu Villages during stakeholder consultation on January 27, 2017 as evidenced with participant list. The community has accepted the mechanism.</p>	<p><b>Compliance status:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p><b>Criterion 6.5: 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.</b></p>	
<p><b>Findings:</b></p> <p>The company (Aek Raso) has payment records for workers for March 2017. Workers wages based on Decision of the Governor of North Sumatra 188.44/623/KPTS/2016 dated October 28, 2016 concerning the determination of minimum wage in North Sumatera year 2017 is IDR. 1,961,354.69, - and decree from Board of Directors No.3.17/SKPTS/R/14/2017 regarding the determination of employee's salary year 2017 of category IA/0 as much as IDR. 1,961,355 to IID/7 as much as IDR. 4.321.179</p> <p>There is payment record of wages for mill employees in March 2017. For example on behalf Sabar Parsaoran Sianipar with category IB/6 as much as IDR. 2,142,070, Maruhuk Sitompul with category IA/4 (security) as much as IDR. 2,048,367.</p> <p>The company (PTPN III) has collective labor agreement (PKB) 2016-2017, which contains the rights and obligations of employees set about wages, leave, occupational health, health benefits etc. Collective labor agreement (PKB) signed between the management of PTPN III and the union Representative of Workers witnessed by Head of Labour and Transmigration Agency North Sumatera on February 11, 2017. Socialization conducted by distributing pocket book of collective labor agreement (PKB) to every workers of PTPN III.</p> <p>All workers have intensive access to water and electricity from the company. Based on information from interviewed workers, they have been provided with housing, sport facilities, religious facilities, and auditorium of employee, polyclinic, babysitting room, water source, and electricity from the company. The company has provided all the facilities for their workers. However health facili-</p>	<p><b>Compliance status:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>NCR RSPO 01069</b></p> <p>Health facilities in the estate such as: tension blood pressure gauge, scales etc have not done calibration.</p>

ties in the estate such as: tension blood pressure gauge, scales etc have not done calibration. **This condition raised as non-conformity (NCR RSPO 01069).**

Location of estate with traditional market is not far (5-10 km) and easily accessible by motorcycle or walk because condition of road can be passed. As part of the allowance, an employee is entitled to 15 kg of rice every month and his wife and kids each got an allowance of rice as much 9 kg and 7.5 kg every month.

**Criterion 6.6: 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.**

**Findings:**

The organization has collective labour agreement (PKB) that agreed by the organization and the worker union (SP-BUN Aek Raso) and acknowledged by the competent authority agency (head of labor and transmigration agency of North Sumatera Province) dated February 11, 2016. Article 5 (organization's acknowledgement) of the PKB stated: "Worker Union of PTPN III is legal worker union by law in the organization" and in the article 6 (Worker Union Facilities) stated the organization provided office room and its utilities for worker union activities.

Records of meeting on March 06, 2017 in mill meeting room with discussion agenda about mill processing premium result i.e. evidence attendance list 12 participants (management and employee representatives).

Meeting on 13 February 2017 at Aek Raso Manager room discussed about the achievement of production in 2017, meeting activity was attended by management and SPBUN Aek Raso and attended by 11 participants. The results of management meetings and SP BUN support the company's program and not contrary to company regulations and laws.

**Compliance status:**  Yes  No

NCR No: -

**Criterion 6.7: Children are not employed or exploited.**

**Findings:**

The company has policy on age of employment, with 18 years as the minimum employment age. This stated in Work Instruction No. IK-3.08-01/01 (8th revision) dated 6 May 2011 related Worker Recruitment and on article 11 of the company's Joint Employment Contract (PKB) for period of 2016-2017. The commitment of company covering worker from third parties, which working in company areas so that agreement letter between the companies with outsource company has included minimum age requirements.

Based on employee data and during field visit, auditor not found child labour in plantation area.

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The company reward employees as assets of the company with dignity regardless of race, color, religion, origin, physical barriers, gender, and age are continuously improved capacity through education and training consistently. This statement contained in the Code of Conduct PTPN III, Business Ethics and commitment to Stakeholders. Below table of worker composition:

**Aek Raso POM**

Type Worker	Gender		Religion		Origin	
	Male	Female	Moslem	Christian	Local	Non Local
Staff	8	-	6	2	-	8
Employee	125	3	84	44	3	125

**Aek Raso Estate**

Type Worker	Gender		Religion		Origin	
	Male	Female	Moslem	Christian	Local	Non Local
Staff	10	-	6	4	-	10
Employee	482	24	385	121	14	492

There is evidence that workers, groups including local communities does not discriminated against, and happy with the way the company is treating them. There is no evidence complaint against the organization on issues relating to discrimination.

The company has implemented a policy of equal employment opportunities to gain employment and minimum age requirements worker policy

Designation according to decree No.3.17/SKPTS/SR/07/2017 dated January 13, 2017 regarding designation for 25 estate workers. For example on behalf Aidil Adnan (harvester) from grade IA/14 becoming to IB/0

**Compliance status:**  Yes  No

NCR No: -

**Criterion 6.9:**

**There is no harassment or abuse in the work place, and reproductive rights are protected.**

**Findings:**

The company has anti-sexual harassment policy that defines sexual harassment as 'words, jokes and action' that refer to sexual harassment. The company has also provided mechanism to solve this problem using report to respective supervisor, followed by investigation. There is a letter with No. 3.08/SE/165/2009 dated 6 July 2009 on the communication of information on sexual harassment policy to all of workers and contractor workers. Refresh of anti-sexual harassment policy and flow process of reporting of sexual harassment as grievance to employees so the company has carried out socialization dated on March 22, 2016 in Employee Hall. Interviews with a number of employees and worker women obtained information that they had attended the socialization of the sexual harassment policy.

Concerning the Handling Whistleblowing mechanism, stated in the Code of Conduct PTPN III, Chapter IV Work Ethics.

**Compliance status:**  Yes  No

NCR No: -

1. Presented in writing and can reported by email, stating the complaint box complete personal identity.
2. The identity of the complainant guaranteed confidentiality by the company.
3. The information reported must supported by evidence sufficient and reliable as the initial evidence for further investigation.

Article 26 of the Collective Employment Contract (PKB) states that all workers have rights for leave. This includes birth leave, menstrual leave, marriage leave, etc. Based on worker interview in Aek Raso mill and estate, they understood that they have right of childbirth leave during 3-month and menstruation leave.

There is record related socialization of RSPO implementation and sexual harassment policy and complaint flowchart on sexual harassment to all mill workers dated 08 February 2017 at Aek Raso Mill.

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

**Findings:**

The company has procedures to purchasing of fresh fruit bunches from third party with document No. PK-3.03-12 Rev 0, as technical guidance pricing on quality classification results of sorting and extraction of palm oil and palm kernel.

The third party FFB price determination guidelines for the period 22-30 April 2017 in accordance with Circular Letter No: 3.15/memorandum/77/2017 dated 21 April 2017 is IDR. 1,588/kg.

The mill has contract with several FFB suppliers such as with CV Torgamba Karya Rezeki (under Contract No. No. PPARO/SPJ/17/2017 dated April 01, 2017. Several evidences have found indicating that all parties understand contracts they have entered into and that the contracts are fair, legal and transparent including FFB pricing. Evidence of cash expenditure on CV Torgamba Karya Rezeki for payment on April 12-18, 2017 period via bank.

**Compliance status:**  Yes  No

NCR No: -

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

**Findings:**

The company has the obligation to organize the Partnership Program and Community Development (Program Kemitraan dan Bina Lingkungan (PKBL). The program is planned each year based on proposals from partners / communities around the company. Aek Raso actively contributes to local community development programmes where each estate has allocation for such activities. For example, the company makes contributions to local development under following evidences:

- Assistance to repair 1 unit of poor citizens' house in Haramania Hamlet, Rasau Village on October 05 2016.
- Material assistance for the construction of the Nurul Huda Mosque Tower June 11, 2016
- House repair for villagers total 3 units in accordance with re-

**Compliance status:**  Yes  No

NCR No: -

<p>ceipt No. 3.20 / BAST / BR-PKBL / DLAB2 / 10/2016 dated 05 October 2016 for the villagers of Aek Raso Adf A (worker), Mr. Asman Jasman Hasibuan and Mr. Soleman in Huta Raja Village.</p> <ul style="list-style-type: none"> <li>Material assistance for the construction of Nurul Huda tower mosque according to receipt No. 3.10 / BA / 577/2016 dated 03/11/2016 in accordance with the proposal of Nurul Huda mosque committee on June 11, 2016.</li> </ul>	
<p><b>Criterion 6.12: No forms of forced or trafficked labor are used.</b></p>	
<p><b>Findings:</b></p> <p>The company does not employ migrant workers. Checking against worker who works on contractors, they are mostly wives of employees. The rest are residents of communities around the company. The Contractor is obliged to report the identity of its employees to the company. They informed about the type of job and salary.</p>	<p><b>Compliance status:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p><b>Criterion 6.13: Growers and millers respect human rights.</b></p>	
<p><b>Findings:</b></p> <p>The company has a sustainability policy document issued in October 2015 and signed by the Director. Point No. 8 of the policy states that the company respect to human rights and avoid complicity in violations of human rights, respect for the rights and dignity of workers, treat workers fairly and free from all forms of discrimination including preventing all forms of abuse and sexual violence and to protect the rights of reproduction of all workers. There is evidence of human rights issues explanations to employees or contractors on 19 October 2015,</p>	<p><b>Compliance status:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p><b>Criterion 7.1: A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations</b></p>	
<p><b>Findings:</b></p> <p>Based on information of table 5 &amp; explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.</p>	<p><b>Compliance status:</b> NA</p> <p>NCR No: -</p>
<p><b>Criterion 7.2: Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</b></p>	
<p><b>Findings:</b></p> <p>Based on information of table 5 &amp; explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.</p>	<p><b>Compliance status:</b> NA</p> <p>NCR No: -</p>

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

**Findings:**

Based on information of table 5 & explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.

**Compliance status:** NA

NCR No: -

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

**Findings:**

Based on information of table 5 & explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.

**Compliance status:** NA

NCR No: -

**Criterion 7.5: 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.**

**Findings:**

Based on information of table 5 & explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.

**Compliance status:** NA

NCR No: -

**Criterion 7.6: 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.**

**Findings:**

Based on information of table 5 & explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.

**Compliance status:** NA

NCR No: -

**Criterion 7.7: 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.**

**Findings:**

Based on information of table 5 & explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.

**Compliance status:** NA

NCR No: -

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

**Findings:**

Based on information of table 5 & explanation indicator 2.2.1 regarding land use right above and history that there is year planting 2006-2017 because the company has carried out replanting. Whereas, based on result of remote sensing imagery (landsat) that condition before November 2005 is dominant of oil palm trees.

**Compliance status:** NA

NCR No: -

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

**Findings:**

PTPN III – Aek Raso estate & mill regularly revised their social impact management plan. They also conduct monitoring on implementation of program/project whether they completed or deferred to next year.

The company is consistency in implementation of QMS, EMS and monitoring of liquid waste, emission and pollution by third party laboratory (results of examination has informed on RKL/RPL report), land application, use of renewable energy and the action plan for continual improvement has conducted through management review meeting mechanism and established quality objective, and internal audit.

**Compliance status:**  Yes  No

NCR No: -

The following is a summary of findings made for the criteria listed in the RSPO Supply Chain Certification November 2014 with selected supply chain model Mass Balance (MB) for detail information about company's compliances to RSPO SCCS modul E.

**E.1. Definition**

**Findings:**

The organization (PTPN III Aek Raso Mill) implemented the RSPO-SCCS **Mass Balance (MB)** model. This SCCS model allowed to mixing of certified and uncertified product but shall be control by the Mass Balance record to ensure the quantity of certified product, and only certified product could be claim by the organization as certified palm oil product. Organization has identified the volume of certified and uncertified FFB supplied to the mill.

PTPN III Aek Raso mill has record of incoming FFB supplied to the mill. Based on record data year of 2016 and 2017 until March, FFB incoming into the mill is came from owned estate, other estate in PTPN III and out growers/third party. During the surveillance assessment, for 2016 total incoming FFB under scope certification (Aek Raso Estate) is 44,176.68 mt, estate group (Sei Baruhur estate, Sei Kebara Estate, Aek Nabara Selatan Estate and Aek Torop Estate) is 59,108.35 mt and uncertified FFB from

**Compliance status:**  Yes  No

NCR No: -

out grower/third party is 38,906.82 mt.

**E.2 Explanation**

**Findings:**

Estimated of tonnage CPO and PK products has been recorded into the public summary of the P&C report.

The actual of certified CPO and PK year 2016 are 9,838.14 MT (CPO) and 1,802.40 MT (PK). Whereas, projection of certified product year 2017 are 11,828.277 MT (CPO) and 2,413.934 MT (PK) with projection of certified FFB process is 56,138.00 MT and extraction rate are 21.07% (OER) and 4.30% (KER). This information gets from budget of mill year 2017.

Registration with IT trading platform PT Perkebunan Nusantara III Aek Raso mill has register to RSPO IT system with license number RSPO\_PO PO1000001566. PTPN III Aek Raso Mill has already selling CPO RSPO certified and has evidence the transactions has conducted in the RSPO E-Trace. Total selling CPO RSPO certified (January until December 2016) as much as 3,850.00 mt and PK (January until December 2016) as much as 555.556 mt.

**Compliance status:**  Yes  No

NCR No: -

CPO: 30,465.402  
PK: 5,806.753

**E.3 Documented procedures**

**Findings:**

The company has list of procedures for implementation of SCCS such as:

- Working procedure no. PK-3.11-12 Rev. 01 issued on 19.05.2016 for Purchasing and determination of price for FFB from third parties (Pembelian dan Penentuan Harga TBS Kelapa Sawit Pihak Ketiga).
- Work instruction no. IK-3.11-12/01 Rev. 02 issued on 19.05.2016 for Receiving and storage of FFB in the Palm Oil Mill (Penerimaan TBS di Pabrik Kelapa Sawit).
- Work instruction no. IK-3.11-03/11 Rev. 01 issued on 19.05.20156 for Sorting process for FFB (Sortasi Tandan Buah Segar Kelapa Sawit)
- Working procedure no. PK-3.11-03 Rev. 03 issued on 19.05.2016 for Planning and Controlling of Processing Process (Perencanaan & Pengendalian Proses Pengolahan)
- Working procedure no. PK-3.11-11 Rev. 02 issued on 19.05.2016 for Supply Chain Certification System Mechanism (Mekanisme Rantai Pasok (SCCS))
- Work instruction no. IK-3.03-03/08 Rev. 02 issued on 19.05.2016 for Palm Oil Processing (Pengolahan Kelapa Sawit)
- Work instruction no. IK-3.11-03/10 Rev. 02 issued on 19.05.2016 for Loss Analysis of Palm Oil and Kernel (Analisa Kehilangan Minyak dan Inti Sawit).
- Work instruction no. IK-3.11-03/09 Rev. 01 issued on 19.05.2016 for Quality Control Production Process in Palm Oil Mill (Pengendalian Proses dan Mutu Produksi Pabrik Kelapa Sawit).

**Compliance status:**  Yes  No

**NCR RSPO 01070**

There is no evidence of training for the implementation of supply chain Mass Balance against the responsible officers i.e. manager and employee.

- Working procedure no. PK-3.11-08 Rev. 04 issued on 19.05.2016 for Finished Goods Delivery (Pengiriman Produksi Jadi Pabrik ke Instalasi Belawan, PT. Sarana Agro Nusantara, PT. IKN, PKSMK dan Pihak Swasta)
- Working procedure no.PK-3.07-33 rev.03 issued on 19.05.2016 for selling CPO – CSPO (Penjualan CPO – CSPO) include to ensure that the request of certified products start from received order in KPB Nusantara, the production process until delivery of certified products form mill is in accordance with the request.

The company has letter of decree about appointment for person in charge of that assigned on 27 April 2017 with number PPARO/SKPTS/01/2017

The mill has records balance for all receipts of RSPO certified FFB and delivery CPO & PK on daily basis. The material balance includes information about incoming FFB from company's estate and out grower, FFB process, CPO & PK production including OER & KER. Since year 2016 PT Perkebunan Nusantara III has been selling certified CPO and PK, all volumes of palm kernel that delivered deducted from the material accounting system according to actual daily conversion rate. The material balance can show deliver product sales from a positive stock.

There is no evidence of training for the implementation of supply chain Mass Balance against the responsible officers i.e. manager and employee. **This condition raised as non-conformity (NCR RSPO 01070).**

**E.4 Purchasing and good in**

**Findings:**

PTPN III Aek Raso mill has Work instruction no. IK-3.11-12/01 Rev. 02 issued on 19.05.2016 for Receiving and storage of FFB in the Palm Oil Mill. The procedure has explained about FFB receipt from CSPO and non CSPO FFB.

The company has working procedure No. PK-3.11-08 Rev. 04 issued on 19.05.2016 for delivery of finishing product. The procedure described about that the company use stamp CSPO only in form PB-25.01 (FFB Incoming Delivery Note) and stamp CPSO or CSPK Mass Balance in form PB-33.01 (CSPO/CSPK Delivery Note).

PTPN III Aek Raso mill has procedure and mechanism to inform the over production into the CB by document number PK-3.11-11 Rev. 02 issued on 19.05.2016 for Supply Chain Certification System Mechanism, mentioned "if over production projected, the management representative will inform to the CB related that over production".

**Compliance status:**  Yes  No

NCR No: -

**E.5 Record keeping**

<p><b>Findings:</b></p> <p>The mill has records balance for all receipts of RSPO certified FFB and delivery CPO on daily basis. The material balance includes information about incoming FFB from company's estate and out grower, FFB produced, CPO result including OER, PK result including KER, product dispatch and balance product in the storage tank including the mass balance percentage, included information about PK production from certified FFB.</p> <p>All volumes of palm oil that delivered deducted from the material accounting system according to actual daily conversion rate. The material balance can show deliver product sales from a positive stock.</p> <p>The Company has been able to show mass balance report in 2016 and 2017 but cannot show evidence related register to palm trace for each product sale (CPO and PK). <b>This condition raised as non-conformity (NCR RSPO 01071).</b></p> <p>There is no outsourced process in PT Perkebunan Nusantara III. The mill's product CPO and palm kernel internally processed in company's location.</p>	<p><b>Compliance status:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>NCR RSPO 01071</b></p> <p>The Company has been able to show mass balance report in 2016 and 2017 but cannot show evidence related register to palm trace for each product sale (CPO and PK).</p>
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### 3.2 Status of Previously Identified Non-conformities

Total 12 (twelve) nonconformances were identified during the 2<sup>nd</sup> surveillance assessment. These consisted of 7 (seven) major non-conformities and 5 (five) non-conformities. During this surveillance assessment, it found that there was sufficient evidence for closure of all non-conformities.

The following is a description of the evidence of action taken to close the non-conformities raised during the previous assessment, as well as auditor's conclusions on the status of the non-conformities.

Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
<b>2.1.1 RSPO00211 Major and potential suspend because escalation</b>	<p>a. The company have land application permit but there are liability has not been implemented or conducted such as 1). Daily information of volume of liquid waste and pH not available on 1st &amp; 2nd semester of environmental management plan and environmental monitoring plan (RKL/RPL) reports, 2).monitoring of communities health in surround with estate and mill relate of land application effect and 3).quality of oil palm trees on land application areas and outside the land application areas.</p> <p>b. The licensed OHS expert has not available at Aek Raso POM.</p> <p>c. Retention time of hazardous</p>	<p>a. The company has provide evidence for correction such as record of Daily information of volume of liquid waste and pH for 1<sup>st</sup> &amp; 2<sup>nd</sup> semester of environmental management plan and environmental monitoring plan (RKL/RPL) report</p> <p>b. Recurring major non-compliances (potential suspend).</p> <p>c. Recurring major non-compliances (potential suspend).</p> <p>d. The company has able to show sufficient evidence of license of hoisting crane operator has renewal on behalf Sihar Manurung (License Number: 14.P.10.204-OPK3-PAA/V/2014 date May 16, 2014, valid until May 16, 2019).</p> <p>e. Aek Raso POM has carried out examination periodic on whell loader (type: WA 150-1, merk: Komatsu and serial number: WA 150-1-10276) dated on 5</p>	<b>Closed</b>

Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
	<p>waste at POM and estate has exceeded limit time. It is NCR with potential suspend because previous audit as NCR too.</p> <p>d. License of OHS Crane - OTC Class III, No. 10.2004/OTC /KK/XII/2010 of Sihar Manurung has been expired since December 13, 2015.</p> <p>e. Aek Raso Mill operates wheel loader with license No. 560/02/DSTKT/WLD/2012. Last tests conducted on February 05, 2014. Based on the Minister Regulation No.5/MEN/ 985 on machinery lifting and transport, Article 138 clause 4 mentioned checking and testing of the lift and transport machinery carried out no later than two (2) years after the first test and retesting further examination conducted 1 (one) year. Aek Raso Mill did not carry out periodic tests for two consecutive years, namely 2015 and 2016.</p> <p>f. Examination of the driving license of FFB truck driver from CV Bahana (vehicle number BK 9851 CV and BK 8395 VN) and CV Anugrah Abadi (vehicle number BK 8572 YF), they only hold a driver's license with grade A. In accordance with the provisions of Police Regulation No. 9 In 2012, for vehicles carrying more than 3,500 kg are those who have driver license with grade B1</p>	<p>March 2016 by occupation safety supervisor (NIP. 19600904 199003 1 002). Furthermore, during ASA-03 audit the company has showed carried out examination periodic on whell loader (type: WA 150-1, merk: Komatsu and serial number: WA 150-1-10276) dated on 5 March 2017 by occupation safety supervisor.</p> <p>f. Aek Raso POM has submitted reprimand letter (no.PPARO/X/01/2016 dated on 25 May 2016 and KPARO/X/04/2016 dated on 27 April 2016) to Director of CV Bahana and CV Anugerah Abadi regarding upgrade of driven license be grade B1 for FFB truck driver (vehicle number : BK 8572 YH, BK 9851 CV and BK 8395 VN). Furthermore, the company has provided driven license for FFB truck driver i.e Jhon Andi Boy Simangunsong with grade B1 where issue date : 02 May 2016 and valid until 30 November 2021, Edi Supiatno with grade B1 where issue date : 22 April 2014 and valid until 02 Februari 2019</p>	
<p><b>2.2.1</b>  <b>RSPO00212</b>  <b>Major and potential suspend because escalation</b></p>	<p>Based on previous audit that there is the part of Aek Raso estate areas (pasir lancat village (block NN1, OO1-OO2, PP1-PP2)) on outside of renewal legal land (based on map no.26/12/2009) but no evidence sufficient for handling areas it until 2<sup>nd</sup> surveillance audit.</p>	<p>, during the audit ASA-03, the company has provided sufficient evidence of FFB production 2016 and 2017 (until March 2017) that excluded FFB production from Block NN1, OO1-OO2 and PP1-PP2. As known that the outside area of Aek Raso Estate has obtained through purchase processes with the communities in village amount of 173.28 Ha by the company where there are an official letter issued by the head of Pasir Lancat village and</p>	<p><b>Closed</b></p>

Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
		known by head of Simanggambat sub district (in the form of Surat Keterangan Tanah or SKT) as follows: 1). SKT No.33/84/2006 dated on December 19, 2006 for 31.07 Ha, 2). SKT No.33/85/2006 dated on December 19, 2006 for 96.11 Ha and 3). SKT No.33/86/2006 dated on December 19, 2006 for 46.10 Ha. From 173.28 Ha of land, until the ASA-03 audit was carried out, the area that has been planted is an area of 30.52 Ha consist of planting year 94 area of 21.66 Ha and planting year 96 area of 8.86. For unplanted area is still shrub. So the production of this block has been excluded from certified products	
<p align="center"><b>4.1.1</b> <b>RSPO00213</b> <b>Major</b></p>	<p>There is inconsistency implementation with procedure/work instruction example result of the exam of acid content for crude palm oil fatty acid not compliance to work instruction of PK &amp; CPO quality standard (IK-3.03-03/12).</p>	<p>To ensure the operating procedures consistently implemented and monitored by the company, the auditor team has been interviewed workers, document review and field observation. Based on the interviewed with the related workers, document review and field observation, the auditor team conclusion that the operating procedure has good enough implemented and monitored included the previous findings audit (ASA-02) about implementation with procedure/work instruction example result of the exam of acid content for crude palm oil fatty acid not compliance to work instruction of PK &amp; CPO quality standard (IK-3.03-03/12).</p>	<p align="center"><b>Closed</b></p>
<p align="center"><b>4.7.1</b> <b>RSPO00214</b> <b>Major</b></p>	<p>The result of field visit at laboratory room that found lots of new cigarette ashes and cigarette butts on the table despite there is no smoking sign is very clear in the sample storage room.</p>	<p>Based on observation at Laboratory room, the company has installed signboard for No Smoking in this area and has been given the briefing for all laboratory employee for do not smoking in laboratory room. Futhermore, based on field observation there is no found lots of new cigarette ashes and cigarette butts around the laboratory room.</p>	<p align="center"><b>Closed</b></p>
<p align="center"><b>4.7.2</b> <b>RSPO00215</b> <b>Major</b></p>	<p>The organization has defined risk controls as result of risk assessment, however there is improper risk control i.e.: Hoisting Crane operation at POM, potential hazard identified is fall from a high position; Occurrence value has defined C (may be happen) and Severity value has defined 5 (Fatality, materials losses very big); so the Risk Level is E (Extreme, it mean <b>needed immediate action taken</b>). The organization has de-</p>	<p>The company has provided revision of occurrence and severity values and risk control in the hazard identification, risk assessment and risk control example are risk assessment of Hoisting Crane Station in POM and risk assessment of potential hazard identified is fall from high position. Whereas, FM-3.12-02/12 has revised too where it has included risk control information which has implemented existing, risk control effectiveness assessment currently and correction action for next time. Moreover, the company provided attendant list of socialization on 22 April</p>	<p align="center"><b>Closed</b></p>

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Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
	fined risk control Using PPE, i.e: safety shoes and helmet as risk control.	2016 and minute of meeting on 22 April 2016. During the audit (ASA-03) the document of risk assessment has been revised.	
<b>4.7.5 RSPO00216 Minor</b>	Based on field visit that chemical store and temporary hazardous waste storage was found sign/symbol on hazard and PPE to be used has not complete and not standard and the existing of emergency eyes shower has not designed for emergency situation.	Regarding with the storage of all pesticides, the company has provided a special chemical storage. Chemical storage areas are in compliance with relevant regulations, such as the installation of symbols in accordance with Regulation of the Minister of Environment No. 13 of 2014, MSDS, emergency response facilities (fire extinguisher, eye wash, alarm) etc. All of waste of pesticide packaging was stored in hazardous and toxic waste storage.	<b>Closed</b>
<b>4.7.7 RSPO00217 Minor</b>	The records of occupational injuries have not using Lost Time Accident (LTA) metrics.	Recurring Minor non-compliances (up-grade to Major Non-compliances).	<b>Closed</b>
<b>5.1.2 RSPO00218 Minor</b>	There is some type of impact not carried out management and monitoring on 1 <sup>st</sup> & 2 <sup>nd</sup> semester year 2015 report i.e community relationship / partnership, public / community security and discipline, public / community perception and public / community health.	During the audit (ASA-03), the company has conduct environmental impact assessment in accordance with government regulation. An environmental impact assessment has been conduct with stakeholder consultation to identify an impact.	<b>Closed</b>
<b>5.1.2 RSPO00219 Major because escalation from previous audit</b>	There are 2 (two) type of impact not carried out monitored i.e level of erosion in field with slope 40% and index of biodiversity so that the results of monitoring not available on environmental management and monitoring plan report (1 <sup>st</sup> semester year 2015 report).	The company has provided letter no.3.03/X/87/2016 dated on 02 May 2016 to head of research agency of North Sumatera University regarding 2 (two) type of impact not include of report i.e level of erosion in field with slope 40% and index of biodiversity and respond from research agency of North Sumatera University (letter no. 14A / UN5.2.3.1 / PPM/KS / 2016 dated on 2 May 2016) is both type of impact will including on 1 <sup>st</sup> semester year 2016. Duing the audit (ASA-03), the company has been implemented the environmental management plan in accordance with matrix of environmental monitoring. The company has been reporting periodically each semester.	<b>Closed</b>
<b>5.4.1 RSPO00220 Minor</b>	Aek Raso mill also maintains monitoring record for fossil fuel for generator and water pump but transportation units for FFB transport from estate to mill not available on Aek Raso estate.	During the audit (ASA-03), Aek Raso Estate has provide evidence for correction such as record of Fossil fuel usage per FFB Tonnes for January until December 2016 and on January 2017.	<b>Closed</b>
<b>5.6.3 RSPO00221 Minor</b>	Aek Raso mill also maintains monitoring record for fossil fuel for generator and water pump but transportation units for FFB transport from estate to mill not	The company has a system to monitoring of emission of pollutants came from estate and mill activity. The company has been conduct reporting of GHG calculation to RSPO. The company has been conduct	<b>Closed</b>

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Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
	available on Aek Raso estate.	GHG calculation in accordance with Palm GHG version 3.0.1.	
<p><b>6.12.1</b>  <b>RSPO00222</b>  <b>Major</b></p>	<p>Aek Raso estate &amp; mill has not defined the concept of forced labor and human trafficking specifically.</p>	<p>During the audit (ASA-03), the company has provided revision of sustainable palm oil policy dated on 23 May 2016 where it has included forced labor and human trafficking. Revision of sustainable palm oil has shared to all section, district, estate and mill dated on 30 may 2016 (No.3.16/MO/665A/2016) and by email dated on 8 June 2016 to all units.</p>	<p><b>Closed</b></p>

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

During this surveillance assessment, total 12 nonconformances identified. These consisted of 8 major non-conformities and 4 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this verified by the audit team through checks of documents submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

#### 3.3.1. Major non-conformities

It recommended by the lead auditor to award the system of the company with a certificate pursuant to the above-mentioned RSPO standards after eliminating the non-conformities rated as "major".

Indicator	NCR No.	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken	Auditor Conclusion
Partial Certification 4.2.4	RSPO01060	The company has been sent evidence of improvement such as: <ul style="list-style-type: none"> <li>Report of uncertified company related assessment of compliance to RSPO Partial Certification requirement of the RSPO certification system. This report submitted on July 3, 2017 and prepared by Erwin Mieza Arief.</li> <li>Timbebound plan for RSPO certification of PT Perkebunan Nusantara III (Persero)</li> </ul>	June 27, 2017	<p><b>Correction:</b></p> <p>Conduct partial audit for entire mill and supply chain for uncertified and create timeboundplan for mill and supply chain which RSPO uncertified</p> <p><b>Corrective action:</b></p> <p>Mill and entire supply chain including in the 1<sup>st</sup> stage internal audit every year</p>	Closed
2.1.1	RSPO01061	The company has been sent evidence of improvement such as: <ol style="list-style-type: none"> <li>Hazardous and toxic waste management. <ul style="list-style-type: none"> <li>Documentation of eye wash installation at Hazardous and toxic waste storage (photograph and minutes signed by Mill Manager).</li> <li>Agreement letter about transporting of hazardous and toxic waste between PT Perkebunan Nusantara III and PT Amindy Barokah Sumut with number:</li> </ul> </li> </ol>	June 27, 2017	<p><b>Correction:</b></p> <ol style="list-style-type: none"> <li>Hazardous and toxic waste management <ul style="list-style-type: none"> <li>Install eyewash equipment at Hazardous and toxic waste storage.</li> <li>Attached the submitted letter from District Manager DLAB-1 to Technology Department to appoint the transporter of hazardous and toxic waste that have license and transporting the hazardous and toxic waste as soon.</li> </ul> </li> </ol>	Closed

		<p>3.11/SPJ/51/2017 dated April 21, 2017.</p> <ul style="list-style-type: none"> <li>Minutes of transporting of hazardous and toxic waste which has been transporting on May 10, 2017. The hazardous and toxic waste that has transporting i.e. accu, oil, chemical containers, cartridge and lamp.</li> <li>Evidence of manifest related hazardous and toxic waste transport.</li> </ul> <p>2. Annual Medical Chek up</p> <ul style="list-style-type: none"> <li>Schedule of periodic medical checkup for Aek Rasok Estate year 2017. The company will conduct medical checkup on May and June 2017.</li> <li>Result of medical check up for 65 employees has been check. Medical check up conducting at RS Sri Tor-gamba on May – June 2017. Based on result of medical checkup, entire employee on fit condition.</li> </ul> <p>3. Special Medical Check up</p> <ul style="list-style-type: none"> <li>Schedule of periodic medical checkup for Aek Rasok Estate year 2017. The company will conduct medical checkup on June and Dec 2017.</li> <li>Result of medical checkup for chemical officer related</li> </ul>		<p>2. Annual Medical Chek up</p> <ul style="list-style-type: none"> <li>Conduct periodically medical checkup for entire employee in accordance with Permenaker No.2 year 1980.</li> </ul> <p>3. Special Medical Check up</p> <ul style="list-style-type: none"> <li>Conduct medical checkup every 6 month to chemical operator in accordance with Permenaker No.3 year 1986.</li> </ul>	
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		<p>cholinesterase has conducted on June 8, 2017 for 10 employee (estate) and on June 10, 2017 for 10 employee (mill). The result of medical checkup is normal.</p> <p>4. OHS Expert License</p> <p>a. Aek Raso POM</p> <ul style="list-style-type: none"> <li>• Certificate from OHS Service Company (No. Ser 020/LMA/AK3U-019/VI/2017 dated June, 17, 2017) explaining that on behalf of Raja Erwin Nasution has successfully followed of OHS Expert Training on June 05 - 17, 2017 at Grand Kanaya Hotel Medan - North Sumatera.</li> </ul> <p>b. Aek Raso Estate</p> <ul style="list-style-type: none"> <li>• Letter from Head of Labor agency of South Labuhanbatu (No. 560/165/Naker/IV/2017 dated April 21, 2017) to Head of PT Perkebunan Nusantara III about Letter of re-registration of safety and health officer on behalf Ibnu Syahputra Sutomo, SH still in progress.</li> </ul> <p>5. Plantation Business Permit</p> <ul style="list-style-type: none"> <li>• Letter from integrated investment and licensing services agency of Labuhan</li> </ul>		<p>4. OHS Expert License</p> <ul style="list-style-type: none"> <li>• Create a letter to human resources department (3.17) to ensure the license of OSH committee secretary of Aek Raso palm oil mill and Estate has been earned as evidence of re-registration license.</li> </ul> <p>5. Plantation Business Permit</p>	
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		<p>Batu Selatan District (No. 503/361/SK/DPMPPTSP/PM /VII/2017 dated July 7, 2017). The letter described that the permit (IUP) still in progress.</p>		<ul style="list-style-type: none"> <li>• Ensure the changes of hectare area that stated on plantation bussines letter (SPUP) in accordance with actual hectare of Aek Raso.</li> </ul> <p><b>Corrective action:</b></p> <ul style="list-style-type: none"> <li>• Monitorig for all of emergency equip-ment as a requirement of permit al-ways available and ready to use every 1 month.</li> <li>• Ensure the hazardous and toxic waste isn't past the storage period at PPARO &amp; KPARO every year.</li> <li>• Making an application of transporting the existing hazardous and toxic waste to Technology department to designate licensed of hazardous and toxic waste transporters</li> <li>• Ensuring the implementation of peri-odic health checks to employees car-ried out every year according to Permenaker No. 2 Year 1980</li> <li>• Ensuring medical check up to officer which handling chemicals is carried out according to Permenaker No. 3 year 1986</li> <li>• Ensuring the license of safety and health officer still valid and document-ed.</li> <li>• Ensure the replacement of the area listed in the plantation bussines letter (SPUP) is in accordance with the ac-tual condition of the statement area and the HGU area of the Aek Raso estae and Mill capacity. .</li> </ul>	
<p><b>4.7.2</b></p>	<p><b>RSPO01064</b></p>	<p>Documentation of improvement con-dition at Aek Raso diesel tank. The</p>	<p><b>June 27, 2017</b></p>	<p><b>Correction:</b></p>	<p><b>Closed</b></p>

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		company has made secondary containment to avoid environmental pollution.		<ul style="list-style-type: none"> <li>Revise the risk analysis document by including the potential for environmental pollution due to the spilled diesel fuel.</li> <li>Making the foundry around the diesel tank as a secondary containment.</li> </ul> <p><b>Corrective action:</b></p> <ul style="list-style-type: none"> <li>Ensures the risk assessment document is reviewed every year and ensuring all of potential risk has addressed.</li> </ul>	
5.1.1	RSPO01065	The company has been sent evidence of improvement i.e. letter from North Sumatera University (No. 609.2/UN5.2.3.1/PPM/KS/2017 dated July 12, 2017) on behalf Dr.Eng. Ir. Irvan, M.Si. The letter stated that the company has appoint the Environmental Consultan to create environmental document (RKL-RPL) of Aek Rasok / Aek Torop Estate. The actual condition is still progress.	June 27, 2017	<p><b>Correction:</b></p> <ul style="list-style-type: none"> <li>Revise the environment document (RPL/RKL) of Aek Raso estate which is adjusted to the actual area statement or land title (HGU)</li> <li>Revise the environment document (RPL/RKL) by adding Replanting activities conducted by Aek Raso estate</li> </ul> <p><b>Corrective action:</b></p> <ul style="list-style-type: none"> <li>Ensures the actual area statement used as a guide to revise the document every year.</li> <li>Ensures the document is reviewed to ensure its validity every year</li> </ul>	Closed
5.3.2	RSPO01066	The company has sent evidence of improvement i.e. the latest contract between the company and CV	June 27, 2017	<p><b>Correction:</b></p> <p>Renewed the latest cooperation contract be-</p>	Closed

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		Amindy Barokah with number: 3.11/SPJ/51/2017 dated April 21, 2017. The latest contract valid until 6 month since issued.		tween CV. Amindy Barokah with PTPN III (Persero)  <b>Corrective action:</b>  Ensured entire contract documents are reviewed every 5 years to determine their validity period	
<b>6.1.3</b>	<b>RSPO01067</b>	The company has been sent evidence of improvement such as: <ul style="list-style-type: none"> <li>List attendance of socialization related social impact management action plans for 2017 on June 6, 2017. Discuss with Aek Raso Village officials.</li> <li>Photograph of socialisation activity.</li> <li>Document of social impact management action plans for 2017 agreed by all parties.</li> <li>List attendance of socialization related social impact management action plans for 2017 on June 6, 2017. Discuss with Huta Raja Village officials.</li> <li>Photograph of socialisation activity.</li> <li>Document of social impact management action plans for 2017 agreed by all parties.</li> </ul>	<b>June 27, 2017</b>	<b>Correction:</b>  Continue to use and customize the program on the 2012 SIA document for the 2017 social impact management plan (Long Term Plan).  <b>Corrective action:</b>  Every 5 years update the SIA document in accordance with its designation.	<b>Closed</b>
<b>E.3</b>	<b>RSPO01070</b>	The company has been sent evidence of improvement i.e. evidence of SCCS training such as attendant list of participant, photo documentation and material of training has been conduct on May 31, 2017	<b>June 27, 2017</b>	<b>Correction:</b>  Conduct the SCCS Mass Balance Training in accordance with the Training Needs Identification issued by the Human Resources	<b>Closed</b>

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				Section	
				<p><b>Corrective action:</b></p> <p>Proposed Identification of Training Needs in accordance with the needs of estate</p>	
<b>E.5</b>	<b>RSPO01071</b>	<p>The company has sent evidence of improvement i.e. shipping announcement. The sample of shipping announcement such as:</p> <ol style="list-style-type: none"> <li>1. TR-6c52b4fe-cb6c with product details is CPO as much as 1,000 mt to PT Nagamas Palmoil Lestari.</li> <li>2. TR-43ad6b06-7246 with product details is CPO as much as 500 mt to PT Nagamas Palmoil Lestari.</li> <li>3. TR-316d91f3-f404 with product details is CPO as much as 500 mt to PT Nagamas Palmoil Lestari.</li> <li>4. TR-5ed0d748-d09b with product details is CPO as much as 500 mt to PT Intibenua Perkasatama.</li> <li>5. TR-eb9aa887-fe52 with product details is CPO as much as 200 mt to PT Nagamas Palmoil Lestari.</li> <li>6. TR-a71a9091-7728 with product details is CPO as much as 200 mt to PT Nagamas Palmoil Lestari.</li> <li>7. TR-55f0408f-74c1 with product details is CPO as much as 300 mt to PT Nagamas Palmoil Lestari.</li> </ol>	<b>June 27, 2017</b>	<p><b>Correction:</b></p> <p>Submit a printed evidence from the Palm Trace Register on product sales (CPO &amp; PK)</p> <p><b>Corrective action:</b></p> <p>Each implementation of the audit related with the Palm Trace Register is coordinated with the Commercial Section</p>	<b>Closed</b>

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		<p>8. TR-195aac91-a17f with product details is CPO as much as 300 mt to PT Nagamas Palmoil Lestari</p> <p>9. TR-6b18c511-9acf with product details is CPO as much as 150 mt to PT Wilmar Nabati Indonesia – Pelitung.</p> <p>10. TR-42a10428-a9d5 with product details is CPO as much as 200 mt to PT Wilmar Nabati Indonesia – Pelitung.</p>			
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**3.3.2. Minor non-conformities**

It recommended by the lead auditor to award the system of the company a certificate pursuant to the above-mentioned RSPO standards. The non-conformities identified shall audited again in line with the timeframe during the next surveillance audit

Indicator	NCR No.	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken	Auditor Conclusion
2.1.3	RSPO01062	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	April 27, 2018	<p><b>Correction:</b></p> <p>Revise the document PK-3.18-01 which explains the mechanism of evaluation of legislation</p> <p><b>Corrective action:</b></p> <p>Conducts annually compliance evaluations in accordance with applicable laws and regulations in accordance with authority in PK-3.18-01</p>	Closed
2.1.4	RSPO01063	The company has sent correction and corrective action request. The implementation of this CAR will seen	April 27, 2018	<p><b>Correction:</b></p> <p>Revise document PK-3.18-01 and provide</p>	Closed

		in the next surveillance.		<p>an explanation about the mechanism of up date of new regulations to replace old rules, PICs, information sources and their implementation</p> <p><b>Corrective action:</b></p> <p>Conduct the review in accordance with the new legislation in accordance with its authority</p>	
6.1.4	RSPO01068	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	April 27, 2018	<p><b>Correction:</b></p> <p>Carry out field visits by planning social governance plans with the parties involved.</p> <p><b>Corrective action:</b></p> <p>Annually managing social impacts with the parties involved are consistently &amp; responsibly</p>	Closed
6.5.3	RSPO01069	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	April 27, 2018	<p><b>Correction:</b></p> <p>Carry out calibration of existing medical tools and replace defective tools with new tools.</p> <p><b>Corrective action:</b></p> <p>Each year performs a calibration of the medical worker's equipment when it is damaged to be replaced immediately and calibrated before use.</p>	Closed

### 3.4 Noteworthy Positive Components and Potential for Improvement

#### Positive Observation:

No.	Indicator	Positive Components
	-	-

#### Potential for Improvement:

No.	Indicator	Potential for improvement
1.	5.3.2	Ensuring that CV Amindy Barokah has a license for the implementation of special transport for all used transport vehicles where the old license is valid until August 25, 2016. The Company ensures to send copies of 2 hazardous and toxic waste documents to Bapedal (Environmental Agency).
2.	6.5.3	The company needs to make improve for access road POM housing and Estate housing (Division 01).

### 3.5 Conclusion and Recommendation for RSPO P & C and Supply Chain Certification

The audit team has confirmed through the audit process that PT Perkebunan Nusantara III Aek Raso has established and maintains an effective system to ensure compliance with the RSPO P & C (NI P&C RSPO 2013 for Indonesia year 2016) and Supply Chain Certification System requirements (dated November 2014). It is also confirmed that the company's annual volume of CPO and PK sold for the period of 2016 has not exceeded the certified annual tonnages as claimed in the organization's RSPO certificate no. 82450214003 until 2<sup>st</sup> surveillance audit.

TUV Rheinland recommends that PT Perkebunan Nusantara III Aek Raso Mill and estate be continuing approved for certification of compliance to the RSPO P & C and Supply Chain Certification System requirements.

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

Below is a summary of issues raised by stakeholders interviewed on site

No.	Issues Raised	Management Response	Audit Verification
-	-	-	-

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

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

The next surveillance visit planned for April 2018

##### **4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client**

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

Signed on behalf of PT Perkebunan Nusantara III 



Name: **AHMAD DIPONEGORO**  
Position: **Kepala Bagian**  
Date:

Signed on behalf of PT TUV Rheinland Indonesia



Ibnu Satria Prabudi  
Lead Auditor Under Monitoring  
Date: August 28, 2017

## **Appendices**

### **Appendix 1: Details of Revised Certificate**

**Appendix 2: List of Abbreviations**

AMDAL	Analisis Dampak Lingkungan & Sosial (Social & Environmental Impacts Assessment)
APL	Areal Penggunaan Lain (Non-forested Land Use)
APU	Air Permukaan Umum (Public water surface)
BPD	Badan Penasehat Desa (villages advisory body)
BPN	Badan Pertanahan Nasional (National Land Agency)
CD	Community Development
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
ERTs	Endangered, Rare & Threatened species
ESH	Environmental Safety & Health
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
GIS	Geographic Information System
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land Use Rights)
HPK	Hutan Produksi Konversi (Converted Production Forest)
Hyperkes	Hygiene Perusahaan & Kesehatan Kerja (Company Hygiene & Occupational Health)
HRD	Human Resource Department
IDR	Indonesian Rupiah (Indonesian currency)
IPM	Integrated Pest Management
IUP	Izin Usaha Perkebunan (Agriculture Use Permit)
KUD	Koperasi Unit Desa (Village Unit Cooperative)
LKS	Lembaga Kerja Bersama (Cooperation Institute)
LTA	Lost Time Accident
MOU	Memorandum of Understanding
MSDS	Material Safety Data Sheets
NGO	Non-Government Organization
OKI	Ogan Komerang Ilir (district name)
OSH	Occupational Safety & Health
PAD	Pendapatan Asli Daerah (Regional Original Income)
PBB	Pajak Bumi & Bangunan (Land and Building Tax)
PHT	Pekerja Harian Tetap (Permanent Workers)
PKO	Palm Kernel Oil
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
RTRWP	Rencana Tata Ruang Wilayah Propinsi (Provincial Land Use Plan)
RUTR	Rencana Umum Tata Ruang Wilayah (Area landscape planning)
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SPPI	Serikat Pekerja Perkebunan Indonesia (Indonesian Estate Workers Union)
SPSI	Serikat Pekerja Seluruh Indonesia (Indonesian Workers Union_
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UPL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UPTD	Unit Pelaksana Teknis Daerah (Regional Technical Implementation Unit)

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

No.	Name of Stakeholder	Institution - Address	Remark
<b>Stakeholders Interviewed On-Site</b>			
1.	Sangap R.O Harinja	Estate Manager	
2.	Hasanul Arifin Nasution	Mill Manager	

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3.	Leonard	Management Representative DLAB-1	
4.	Raja Erwin Nasution	OHS Expert Aek Raso POM	
5.	Ibnu Syahputra Sutomo	OHS Expert Aek Raso Estate	
6.	Surianto	Senior Assistant Aek Raso Estate	
7.	Alvin	Senior Assistant Aek Raso POM	
8.	Alberi Juanda	Aek Raso Estate/Administration officer	
9.	M Syahrial	Aek Raso estate/ Division II Field Assistant	
10.	Pangaban Siforuk	Aek Raso Estate/Division III Field Assistant	
11.	Polti Silitonga	Aek Raso Estate/ Division I Field Assistant	
12.	Posma Pangaribuan	Aek Raso Mill/ HRD Officer	
13.	Kuasa Karo karo	Aek Raso Mill/Document Control Officer	
14.	Israil Karo Karo	Aek Raso Mill/Lab Assistant	
15.	Tusini	Welder	
16.	Safran Lubis	Hazardous and Toxic Waste storage officer	
17.	Sura Tarigan	Harvesting foreman	
18.	Amrin Sianipar	Harvester	