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Roundtable on Sustainable Palm Oil

Annual Surveillance Audit Report

Report no.: ASA3_14002

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

PT Perkebunan Nusantara III

Aek Torop Estate & Mill

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

Site Office:
Aek Batu Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia

Date of assessment: April 25th to 26th, 2017

Report prepared by:
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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 November 2014 with selected Supply Chain Model Mass Balance (Module E).

1.2 Type of Assessment

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

1.3 Certification Details

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

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

RSPO Membership no.:	1-0030-06-000-00 on behalf PT Perkebunan Nusantara III (Persero)
RSPO Certificate no.:	824 502 14002
Date of first RSPO certificate & validity:	June 17, 2014 & validity: June 17, 2014 to June 16, 2019
Date of certification audit:	December 12-14, 2011 and September 10-12, 2013 (re-audit to update data)
Date of previous surveillance audit:	04 to 06 April 2016
Date of revised RSPO certificate & validity (if applicable):	July 20, 2016 & June 17, 2014 until June 16, 2019
CPO tonnages claimed:	19,890.883 tonnes
PK tonnages claimed:	3,787.085 tonnes
Net GHG Calculation this year (tCO₂e/tCPO)	0.25

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 locations	
		Latitude	Longitude
Aek Torop estate	Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan	01° 47' 34"	100° 09' 21"
Aek Torop Mill		01° 47' 34"	100° 09' 21"

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



1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

Company Name:	PT Perkebunan Nusantara II (Persero) – Aek Torop POM
Address:	Head Office: Jl Sei Batang Hari No.2, Medan – South Sumatera, Indonesia Estate & POM: Aek Batu Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia
Contact Person:	Mr. Ahmad Diponegoro
Telephone:	+6261-8452244/+6261-8453100
Email:	ptb@ptpn3.co.id / www.ptpn3.co.id

1.6 Description of Supply Base

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

FFB Contributors	FFB supplied year 2016		FFB supplied year 2017 (until March 2017)	
	Tonnes	%	Tonnes	%
Company owned estates (certified sources):				
Aek Torop Estate (KATOR)	79,690.74	35.20	11,947.97	29.67
Sub Total	79,690.74	35.20	11,947.97	29.67
Other estate in PTPN III (certified sources outside scope):				
Sei Kebara (KSKAR)	57,988.45	25.62	11,740.12	29.15
Aek Nabara Utara (KANAU)	1,261.35	0.56	0.00	0.00
Rantau Prapat (KRPPT)	231.10	0.10	0.00	0.00
Mambang Muda (KMMDA)	174.65	0.08	0.00	0.00
Labuhan Haji (KLAJI)	224.56	0.10	0.00	0.00
Aek Nabara Selatan (KANAS)	21,172.11	9.35	0.00	0.00
Sei Sumut (KSSUT)	1,457.84	0.64	0.00	0.00
Aek Raso (KPARO)	1,016.30	0.45	0.00	0.00
Sub Total	83,526.36	36.90	11,740.12	29.15
Other estate in PTPN III (uncertified source):				
Sei Baruhur (KSBAR)	46,714.51	20.64	16,395.13	40.71
Hapesong (KHPSG)	221.33	0.10	0.00	0.00

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Batang Toru (KBGTU)	1,309.69	0.58	0.00	0.00
Sub Total	48,245.53	21.31	16,395.13	40.71
Outgrowers:				
UD Roma Rezeki	7,522.37	3.32	186.46	0.46
UD Torgamba Karya	1,176.03	0.52	0.00	0.00
UD Paima Marhusor	2,206.91	0.97	0.00	0.00
CV Ravi Prima	555.48	0.25	0.00	0.00
CV Naga Tuter	3,450.37	1.52	0.00	0.00
Sub Total	14,911.16	6.59	186.46	0.46
TOTAL	226,373.79	100.00	40,269.68	100.00

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
Certified tonnages claimed	CPO: 24,544 PK: 4,748	
Certified tonnages sold*	CPO: 6,950.00 PK: 2,333.833	
Certified tonnages purchased*	0.00	
Total Actual Production*	CPO: 51,590.59 PK: 9,145.50	
Actual certified Production (audit scope)*	CPO: 18,161.51 PK: 3,219.50	
Actual OER & KER	OER: 22.79 & KER: 4.04	
Actual certified FFB year 2016 (audit scope)	79,690.74	
Actual certified FFB year 2016 (inside and out of audit scope)	163,217.1	
Total actual FFB year 2016	226,373.79	
Projected FFB for next 12 months		268,584.65
Projected certified FFB for next 12 months (audit scope)		86,859.75
Projected total output for next 12 months CPO & PK		CPO: 61,505.88 PK: 11,710.29
Projected certified output for next 12 months CPO & PK		CPO: 19,890.883 PK: 3,787.085
Projected OER & KER for next 12 months.		OER: 22.90% & KER: 4.36%

*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 PT Aek Torop mill

Age & Year of Plantings	Oil palm planted area at each afdeling (Ha)							
	I	II	III	IV	V	VI	VII	Total
0 year (2017)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1 year (2016)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 year (2015)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 year (2014)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 year (2013)	0.00	0.00	0.00	503.45	281.15	0.00	0.00	784.60
5 year (2012)	0.00	39.30	0.00	330.25	200.90	0.00	575.00	1,145.45
6 year (2011)	0.00	0.00	0.00	0.00	0.00	362.15	0.00	362.15
7 year (2010)	0.00	367.70	0.00	0.00	0.00	416.85	101.05	885.60
8 year (2009)	333.40	186.10	246.35	0.00	0.00	0.00	0.00	765.85
9 year (2008)	0.00	0.00	0.00	0.00	343.70*	0.00	0.00	343.70
10 year (2007)	0.00	0.00	0.00	0.00	0.00	0.00	120.65	120.65
11 year (2006)	401.62	161.21	572.16	0.00	0.00	0.00	0.00	1,134.99
Total	735.02	754.31	818.51	833.70	825.75	779.00	796.70	5,542.99

Note: *) Excluded block W3 & X3 areas amount of 12.95 ha (planted areas) since 10 April 2016 because there are part of Aek Torop estate areas (block W3 and X3) on outside of renewal legal land. Before 10 April 2016 are year planted 2008 in division V: 356.65 ha, total areas in division V: 838.70 ha and total areas in Aek Torop estate: 5,555.94 ha.

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 Torop

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 Torop	5,845.15	5,555.94	5,555.94	0.00	79,690.74	14.34
TOTAL	5,845.15	5,555.94	5,555.94	0.00	79,690.74	14.34

Note: * Production from January until December 2016 (after grading)

Table 8: Land use data for PTPN III Aek Torop

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
Year 2016 (January – December)						
Aek Torop	6,455.61	5,542.99	364.73	292.53	0.00	620.09
TOTAL	6,455.61	5,542.99	364.73	292.53	0.00	620.09
Year 2017 (January – March)						
Aek Torop	5,845.15	5,555.94	364.73	245.54	0.00	43.67
TOTAL	5,845.15	5,555.94	364.73	245.54	0.00	43.67

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
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 RSPO 01072).**

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
<p>(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.</p> <p>Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified</p>	<p>The time frame laid out above is considered to be both challenging and realistic and updated. Certification plan on behalf of Hapesong POM has revised from 2016 to 2018 because compensation and remediation process for Muara Opu & Ampolu areas still in-progress. Current position is that the company has developed a compensation program proposal by a third party but it has not been approved by top management and has not been submitted to RSPO Secretariat (c.q. compensation panel).</p>
(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure	<p>Sei Mangke POM & their supply base and Sei Baruhur POM & their supply base were carried out HCV assessment by a 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 that the company has developed a compensation program proposal by a third party but it has not been approved by top management and has not been submitted to RSPO Secretariat (c.q. compensation panel).</p>
(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p>Per year 2016, there are some land conflicts or potential land conflicts or occupation/claim/enclave areas by the 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) involving mediation, persuasiveness, deliberation, compensation or "sugu hati" and settlement through legal way.</p> <p>The company usually efforts to solve conflict with communication and inform of mechanism 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>
(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>No labor disputed issue found until surveillance audit.</p> <p>The company has whistleblowing and some procedures related to 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 & 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"> • 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, • 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, <p>The process is still ongoing.</p>
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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 ₂ e/tCPO)	0.25

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) : 19,890.883 mt
 Palm Kernel (PK) : 3,787.085 mt

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1.16 Other Achievements and Certification Helds

Name of mill / estate	Certification Standard / Award achieved	Certification Body / Awarder	Date Achieved
PTPN III Aek Torop	ISO 9001;2008	PT TUV Rheinland Indonesia	2015
PTPN III Aek Torop	ISO 14001; 2004	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
Naik Monang Par-lindungan Lingga	Lead Auditor	<p>Education:</p> <p>Bachelor of Forestry, Gadjah Mada University.</p> <p>Training attended:</p> <p>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>Working experience:</p> <p>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 Nangingolan	Auditor	<p>Education:</p> <p>Bachelor of Social, Institut Ilmu Sosial dan Ilmu Politik, Jakarta.</p> <p>Training attended:</p> <p>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>Working experience:</p> <p>Komisi Nasional Perlindungan Anak – Community Relationship Staff, Divison 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.</p>
Ade Sudiana	Auditor	<p>Education:</p> <p>Bachelor of Forestry, Faculty of Forestry, Bogor Agricultural University</p>

		<p>Trainings attended:</p> <p>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>Working experience:</p> <p>Consultant and Trainer of : Quality Management System (ISO 9001),Environment Management System (ISO 14001), Safety Man-agement System (SMK3/ OHSAS 18001), ISPO (Indonesian Sustain-able 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>
<p>Ibnu Satria Prabudi</p>	<p>Auditor</p>	<p>Education:</p> <p>Bachelor of STIPER Agriculture Institute, Yogyakarta.</p> <p>Training attended:</p> <p>ISPO Auditor, Lead Auditor RSPO Training, Inhouse training HACCP, Lead Auditor ISO 9001;2008,</p> <p>Working experience:</p> <p>Auditor PT Mutu Agung Lestari (2010-2015), Internal Auditor in PT AEP Tasik Raja (2015-2016), and Auditor in PT TUV Rheinland Indonesia (2017-present).</p>

2.3 Assessment Methodology & Agenda

The surveillance audit was conducted between 24-26 April 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 main assessment and implementation of corrective actions for minor non-conformities will verified during the next surveillance audit. The certification assessment agenda is as explained below.

Main Assessment Agenda.

Date	Location/ Main sites	Main activities
24 April 2017	-	Travelling from Jakarta to mill / estate location
25 April 2017	Aek Torop mill	Opening Meeting Verification previous audit findings Verification of document and field relate of : <ul style="list-style-type: none"> • Incoming FFB verification (security post, loading ramp) • Interview with mill workers (boiler supervisor) • Good Agricultural Practices • Field visit to land application site for mill effluent • 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) • Pollution prevention control • Water management • OSH system (fire simulation records, medical check reports for year 2016) • Warehouse (mill compound, chemical store) • Worker facilities, medical facilities at PT KSI Mill • 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) • Training (boiler operator training certificates and licenses) • Consultation with local community supplier • SIA document • Company policy • Labor union • Complaint record • SCCS
26 April 2017	Aek Torop estate	Verification of document and field relate of: <ul style="list-style-type: none"> • Environmental, agrochemical, OHS, compliance regulation issues • Legal land, management plan, best practices, HCV issues • Social and employees • Good Agricultural i.e harvesting in Afdeling 1 Block S-14 • HCV at Tasik River in Afdeling I Block Q-13 • 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). • Waste (medical waste disposal records) at storage of hazardous and toxic waste at estate Aek Torop • Legal requirement register • Insurance of worker (Jamsostek) payment records for

		temporary worker • SIA document • Company policy • Labor union • Complaint record Closing meeting
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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 Torop estate on 25 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 26 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. All stakeholder issues raised were recorded and forwarded to the management for their written reponse, and this is summarized in Section 3.4. 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. 7 nonconformitis against Major Compliance indicators while 3 nonconformities were assigned against Minor Compliance Indicators, 1 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:

The company has established the procedure Communication and Consultation to Stakeholder with document 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. The procedure stated that communication with stakeholders conducted through company website, telephone, letter, email, facsimile and suggestion box.

The Head of District or Estate wii follow up for all requests for information, suggestion, aspiration and response from stakeholders followed up in accordance with their respective authorities. All records and documentation recorded and documented in the daily logbook.

Some sample of request information letter i.e.:

- Letter No. 660/203 / DLH / 2/2017 dated 08 March 2017 from the Head of South Labuhan Batu Environmental Office regarding the request for environmental document data and the response from management with letter No. PATOR / SP / DLH / 17/2017 regarding the filing of environmental document data dated March 16, 2017
- Letter No. 660/234 / DLH / 3/2017 dated March 14, 2017 from the Head of South Labuhan Batu Environmental Office regarding the request for data of the RKL-RPL report in the second half of 2016 and the response from management is letter DLAB 2 / X / 19 / IV / 2017 from District Manager DLAB II on delivery of RKL- RPL second semester 2016 dated 22 April 2017 (Aek Torop Mill and Aek Torop estate)

Management of Aek Torop has list of stakeholder including NGO, Civil Organization, supplier and Contractor, which updated on January 2017. There are 17 stakeholder related to Aek Torop Mill and Estate. Personalia Assistant is responsible person in communication to stakeholder as defined in above procedure.

Compliance status: Yes No

No

NCR No: -

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 Di-

Compliance status: Yes No

No

rector (Director of Marketing and Planning Developing) No. 3.00/SE/01/2015 issued on April 08, 2015 regarding publication of company data (publish and not publish). There are two categories of documentation i.e. document that can be published and cannot be published.

The publish documents i.e.:

- 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
- Human rights policy (criteria 6.13).

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) i.e. 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 01 February 2017 and estate workers dated February 27, 2017. Socialization to 3rd party also conducted on 02 March 2016 (UD Roma Rezeki, Paima Marhusor, CV Torgamba Karya, CV Naga Tutor, Ravi Prima.)

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 requirements presented in list of regulation and law covering plantation, OSH, labour, and environmental 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. Land application permit number No.503/032/BPPTPM/2014 dated on January 27, 2014, still valid during the audit, Issued by Head of integration license service and investment agency of Labuhan Batu Selatan District
- b. 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

The company has a procedure for identification relevant law and regulation namely Procedure for identification and evaluation law and regulation, PK-3.18-01 revision 01, on date February 25, 2014. The procedure states that the legal section is responsible for identifying the law and regulation.

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. 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 Torop 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)
- 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 committee

Compliance status: Yes No

NCR RSPO 01073

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. 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)
- 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 committee Aek Raso palm oil mill has not been able to show evidence of obtain-

<p>Aek Raso palm oil mill has not been able to show evidence of obtaining license as professional of health and safety</p> <p>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.</p> <ul style="list-style-type: none"> 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 <p>This condition raised as non-conformity (NCR RSPO 01073).</p> <p>The company has a mechanism for ensuring compliance against law and regulation presented in procedure for identification and evaluation law and regulation, PK-3.18-01 revision 01, on date February 25, 2014. The procedure describe that evaluation conducted by each District once year. The procedure related 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 (estate and mill). This condition raised as non-conformity (NCR RSPO 01074).</p> <p>Record of evaluation compliance against law and regulation presented in document result of evaluation of legal and other requirements, No. Doc. FM-3.18-02/01 Revision. 01 on date February 25, 2014.</p> <p>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. This condition raised as non-conformity (NCR RSPO 01075).</p> <p>The company has record of updating law and regulation on January 2017 for mill and estate presented in list of law and others regulation, No. Doc. FM-3.18-01/01.</p>	<p>ing license as professional of health and safety</p> <p>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.</p> <ul style="list-style-type: none"> 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 <p>NCR RSPO 01074</p> <p>The procedure related 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 (estate and mill)</p> <p>NCR RSPO 01075</p> <p>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.

Findings:

History of land ownership of PTPN III - Kebun Aek Torop can be explained as follows:

- 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

Compliance status: Yes No

NCR No: -

- 2008, the company has contacted the Head of National Land Agency for the extension of Land Use Rights validation.
2. 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 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.

Based on previous audit (ASA-02) that there were parts of Aek Torop estate areas (block W3 and X3) on outside of renewal legal land (based on map no.26/12/2009). The company has shown sufficient evidence for handling this area. The company has excluded this area from the certified area and production certified.

The company also has evidenced legal boundaries which are clearly demarcated and boundaries has maintained as evidenced by record of boundary maintenance in Aek Torop Estate in year 2016 (1st and 2nd semester) include of map of pillar boundary distribution. All of pilar boundaries (78 pcs) well maintained. Based on field observation at Division 01, all of pillar boundaries found.

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

The company has mechanism for conflict resolution, which is already acceptable to all parties. The 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 document, there was no conflict between the company and the traditional landowners. Until 3rd surveillance audit, auditor found no land issues, which arise at Aek Torop estate.

In accordance with the working procedure, PK.3-11.11.12 Rev. 0 dated 02/25/2015 related Conflict Resolution point 7.5, the procedure stated that if there is a dispute between the community and PTPN III, 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 (6th 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).

Based on the SIA, there was no conflict between the company and the traditional landowners. During surveillance, no land issues which arise. In accordance with the working procedures, IK-3.11-12 Conflict Resolution 7.5 procedure stated that if there is a dispute between the community and PN III, 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.

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 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, the mill has budget plan for palm oil production such as year 2016 as much as IDR 45,200,750,000; Year 2017 as much as IDR 36,176,867,000; Year 2018 as much as IDR 40,518,091,000.

Based on long term plan for 5 years (2014 – 2018), there is estimated o fFFB projection, i.e.:

- For 2016, FFB projection as much as 94,149,000 kg
- For 2017, FFB projection as much as 111,277,000 kg
- For 2018, FFB projection as much as 120,319,000 kg

During 3rd surveillance audit, there are not replanting activities

Compliance status: Yes No

NCR No: -

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 Torop 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 and field observation. Based on the interviewed with the related workers and field observation, the auditor team conclusion that the operating procedure has good enough implemented and monitored.

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 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 CV Roma Rezeki, CV Paima Marhusor, CV Naga Tutor, PT Torgamba Karya and CV Ravi Prima. During the audit, the company has been implemented the

Compliance status: Yes No

NCR No: -

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:

- NPK 14-9-22-2+0.1 TE: total realization until December 2016 as much as 2,096,516 kg with FFB produced as much as 79,690.74 ton so fertilizer application per ton FFB is 26.30 kg/ton FFB
- Dolomite: total realization until December 2016 as much as 1,409,323 kg with FFB produced as much as 79,690.74 ton so fertilizer application per ton FFB is 17.68 kg/ton FFB
- PHE: total realization until December 2016 as much as 35,825 kg with FFB produced as much as 79,690.74 ton so fertilizer application per ton FFB is 0.44 kg/ton FFB
- Humega: total realization until December 2016 as much as 12,610 kg with FFB produced as much as 79,690.74 ton so fertilizer application per ton FFB is 0.15 kg/ton FFB

The company has guidance for leaf sampling to get recommendation 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 October 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 with total application as large as 1,353.56 ha and total of EFB application as much as 54,142.38 ton.

Compliance status: Yes No

NCR No: -

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

Findings:

The company has soil map with scale 1:50.000. Based on the result of Palm Oil Research Centre in 2011, type of soil at Aek To-

Compliance status: Yes No

NCR No: -

rop Estate consist of Typic Paleudult or Red-yellow podzolic. There is no found marginal and peat soil at Aek Torop 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.

Based on research result of center for research for natural resources and environment, University of North Sumatera, the land slope at Aek Torop Estate consist of :

- 0° -15° : 60.99 ha
- 15° -25° : 22.04 ha
- 24° -40° : 16.92 ha

During visit the field at block R25 Division 1, there is evidence that Estate has been planted palm oil tree through horseshoe method (tapak kuda) in accordance with work instruction for Land Preparation and Management of Plantings and Sloped Land and Lowland Areas

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

- Road maintenance at Division IV : 85,875 m
- Road maintenance at Division V : 111,013 m

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

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 through defined water usage standard; effort to renewability of water source, through protection and quality monitoring of water sources; also avoidance of surface and ground water contamination.

Based on HCV map, there is surface water, namely Tasik river. Aek Torop estate conducted protection for avoidance of surface water contamination through installed signboards near river stating that Chemical Application Prohibited. During visit the field at block Q13, 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 of procedure implemented through planting conservation trees for riparian protection presented in report of planting conservation trees.

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 us-

Compliance status: Yes No

No

NCR No: -

age 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 Torop Palm Oil Mill uses surface water for processing activity and others including use of water for Aek Torop estate. Mill maintain record of water usage periodically presented in report of water usage monthly. Based 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 = 1,90 m3/tonne FFB
- March 2016 = 1,90 m3/tonne FFB
- May 2016 = 2.0 m3/tonne FFB
- June 2016 = 1,90 m3/tonne FFB
- July 2016 = 1,96 m3/tonne FFB
- August 2016 = 1,96 m3/tonne FFB
- September 2016 = 1.80 m3/tonne FFB
- October 2016 = 1.80 m3/tonne FFB
- November 2016 = 1,96 m3/tonne FFB
- December 2016 = 1,82 m3/tonne FFB
- January 2017 = 1.95 m3/tonne FFB
- February 2017 = 1.80 m3/tonne FFB
- March 2017 = 1,74 m3/tonne FFB

The company has installation for effluent treatment process in place including 4 (four) pond. There is also working instruction (WI) for monitoring of 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,

The company 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 wastewater 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 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 used for IPM recommendation. If the result of census showed level of pest and diseases attacking under the economic level, so control

Compliance status: Yes No

NCR No: -

of pest and diseases were not use chemical material (can be use biological and or manual control). However, 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. However, control with the chemical material should be accordance with the dosage recommendation from supplier.

- b. Based on global telling report & pest and disease monthly report (January to December 2016 and January to March 2017) that there was not a significant attacked based on the procedure requirements (level of pest and diseases attacking medium category). The company control of attacked by manual/hand picking and using agrochemical accordance recommendation.
- c. The company also developed beneficial plant such as *Turnera subulata*, *Antigonon sp* and developed natural predator for rat (*Tyto alba*).
- d. The company has delivered IPM training on February 20, 2017 (refreshment) for 17 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.

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.560/190/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). For all of pesticide used by company registered and permitted by the Pesticide Commission.

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 Torop 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 Q13
Garlon 670 EC	Triklopir butoksi etil ester	0,75 - 1,5 l/ha	Wide-leaved weeds	Block U13

The pesticide used by trained personnel. There evidenced of training recording related pesticide used, which conducted on

Compliance status: Yes No

NCR No: -

February 20, 2017 (refreshment training). Based on interview with spraying worker in the field (Block Q13 and U13, Division 01, Aek Torop Estate), they could be describe and demonstrated how to safely handling pesticide. All of worker found using the PPE appropriately according to recommendations in any risk assessments (helmet, glasses, and mask, glove, apron and safety shoes). PPE 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 in each Estate. Chemical storage areas 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 waste storage.

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

Based on document observation it 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 Torop) 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 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 10 - 11 February 2017.
- b. Passive socialization: conducted by installation of signboard regarding OHS policy on Aek Torop POM office and Aek Torop 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 ex-

Compliance status: Yes No

plained 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.

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

- a. Training for Welder → 2 persons, conducted on 2013. This evidenced by the operator licenses from government.
- b. Training for Wheel Loader → 3 persons, conducted on 2011 (1 person), 2013 (1 person) and 2014 (1 person). This evidenced by the operator licenses from government.
- c. Training for Hoisting Crane → 3 persons, conducted on 2014 (1 person) and 2016 (2 persons). This evidenced by the operator licenses from government.
- d. Training for Generator set → 6 persons, conducted since 2014. This evidenced by the operator licenses from government.
- e. Training for Steam Plant (Boiler and Sterilizer) → 10 persons, conducted on 2014 (2 persons) and 2015 (8 persons). This evidenced by the operator licenses from government.
- f. Training for OHS Expert special for Chemical handling → 2 persons, conducted since 2016. This evidenced by the operator licenses from government.
- g. Training for OHS Expert → 1 person, conducted since 2013. This evidenced by the operator licenses from government.
- h. Training for Electrician → 1 person, conducted since 2016. This evidenced by the operator licenses from government.
- i. 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 in 2017 for mill and estate. Aek Torop Mill maintain training program such as : Training of boiler operations, training of supply chain, training of OSH, training of certification and liscense for first aid officer, training of water treatment installation. Aek Torop Estate has training program including training of IPM, training of first aid, training of chemical handling and training of HCV awwarness.

There is evidence that mill and estate have been conducted training for employee 2016 and 2017 among others :

- Training of IPM, on date March 18, 2016, Followed by 46 partisipant
- Training of first aid on date March 22, 2016, followed by 36 partisipants
- Training of hazardous waste handling on date May 04, followed by 30 partisipant
- Training of OSH on date April , 2016, followed by 30 partisipant
- Training of identification for hazard and environment risk assessment, on date April 19-21, 2017
- On job training, on date March 18, 2017, followed by 32 partisipants

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 approve 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 59/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 area in environmental management plan document (RKL) and environmental monitoring plan document (RKL) is 3,999 ha while the actual land area is 5,845.15 ha. **This condition raised as non-conformity (NCR RSPO 01076).**

There is some activity does not included in the EIA document i.e.

Compliance status: Yes No

NCR RSPO 01076

- 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 3,999 ha while the actual land area is 5,845.15 ha
- There is some activity does not included in the EIA document i.e.

replanting activity. The EIA document has not been conduct 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 01076).**

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.

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.

replanting activity. The EIA document has not been conduct 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 conduct 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 status (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, Tasik river border, drainage border and water pond. 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 oth-

Compliance status: Yes No

NCR No: -

ers:

- 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 Torop estate with number 62 / 2016 dated 14 March 2016 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 Torop 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**

Compliance status: Yes No

NCR RSPO 01077

The Company does not have the latest cooperation with third parties related to the transportation of hazardous and toxic waste where the current

01077).

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

- Aek Torop Mill: Decree of Department of Investment and Integrated Licensing Service of South Labuhanbatu District Number: 503/431/BPPTP/2014 dated October 16, 2014 about extension the temporary storage permit of hazardous and toxic waste material PT Perkebunan Nusantara III Aek Torop 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: 503/440/DPMPPTSP-LS/2017 dated April 6, 2017 about temporary storage permit of hazardous and toxic waste material PT Perkebunan Nusantara III Aek Torop 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 Torop Mill

- Hazardous and toxic waste document with number 0009122 with type of waste is liquid i.e. contaminated oil with weight is 0.189 ton transported by CV Amindy Barokah on May 18, 2016
- Hazardous and toxic waste document with number 0009125 with type of waste is solid i.e. TL lamp with weight is 0.018 ton transported by CV Amindy Barokah on May 18, 2016
- Hazardous and toxic waste document with number 0009126 with type of waste is solid i.e. tonner with weight is 0.006 ton transported by CV Amindy Barokah on May 18, 2016
- Hazardous and toxic waste document with number 0009108 with type of waste is solid i.e. accu with weight is 0.020 ton transported by CV Amindy Barokah on May 18, 2016
- Hazardous and toxic waste document with number 0009126 with type of waste is solid i.e. filter with weight is 0.010 ton transported by CV Amindy Barokah on May 18, 2016
- Hazardous and toxic waste document with number 0009126 with type of waste is solid i.e. contamination

agreement with CV Amindy Barokah has expired since November 5, 2016

<p>packaging with weight is 0.381 ton transported by CV Amindy Barokah on May 18, 2016</p> <p>Aek Torop estate</p> <ul style="list-style-type: none"> • Hazardous and toxic waste document with number 0009120 with type of waste is solid i.e. contaminated packaging with weight is 0.7386 ton transported by CV Amindy Barokah on May 18, 2016 • Hazardous and toxic waste document with number 0009119 with type of waste is solid i.e. cartridge with weight is 0.001 ton transported by CV Amindy Barokah on May 18, 2016 • Hazardous and toxic waste document with number 0009118 with type of waste is solid i.e. TL lamp with weight is 0.005 ton transported by CV Amindy Barokah on May 18, 2016 • Hazardous and toxic waste document with number 0009117 with type of waste is solid i.e. accu with weight is 0.04 ton transported by CV Amindy Barokah on May 18, 2016 • Hazardous and toxic waste document with number 0009116 with type of waste is solid i.e. filter with weight is 0.02 ton transported by CV Amindy Barokah on May 18, 2016 • Hazardous and toxic waste document with number 0009116 with type of waste is liquid i.e. oil with weight is 0.13 ton transported by CV Amindy Barokah on May 18, 2016 • Hazardous and toxic waste document with number 0009109 with type of waste is solid i.e. contaminated packaging with weight is 0.570 ton transported by CV Amindy Barokah on May 18, 2016 	
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Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimized.

<p>Findings:</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 as much as 11,075 litres, February as much as 8,418 litres, March as much as 9,278 litres and estate has record of diesel usage such as January as much as 1,588 litres, February as much 1,547 litres, March as much 3,367 litres. Estate use diesel fuel only for car operation.</p> <p>Mill maintain record of fiber and shell usage for boiler fuel monthly. Record of fiber and shell usage in 2016 such as fiber as much as 27,841,665 kg; shell as much as 11,136,669 kg. The shell used per tonne CPO as much as 0.12 tonne CPO produced and fiber used per tonne CPO as much 0.05 tonne CPO produced.</p> <p>The company does not conduct for studies on the feasibility of collecting and using biogas.</p>	<p>Compliance status: <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.

Findings:

The company has a policy to avoid the usage of fire during land clearing or replanting presented in procedure of Land preparation 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 3rd surveillance audit, there is no replanting activities at the estate.

Compliance status: Yes No

NCR No: -

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 per Product	tCO2e/t Product
CPO	0.25
PK	0.25

Production	t/year
FFB processed	211,457.00
CPO Produced	48,704.00

Compliance status: Yes No

NCR No: -

Extraction	%
OER	23.03
KER	4.07

Land use	Ha
OP planted area	42,898.20
OP planted on peat	0.00
Conservation (forested)	0.00
Conservation (non-forested)	

Summary of Field Emissions and Sinks

Land coverion:

- Own crop: 38,867.16 tCO₂e or 9.36 tCO₂e/ha
- Group: 239,087.04 tCO₂e or 9.47 tCO₂e/ha
- 3rd party: -

CO₂ Emissions from Fertilizer:

- Own crop: 495.74 tCO₂e or 0.12 tCO₂e/ha
- Group: 375.31 tCO₂e or 0.04 tCO₂e/ha
- 3rd party: -

N₂O Emissions

- Own crop: 326.00 tCO₂e or 0.08 tCO₂e/ha
- Group: 179.84 tCO₂e or 0.02 tCO₂e/ha
- 3rd party: -

Fuel Consumption:

- Own crop: 46.43 tCO₂e or 0.01 tCO₂e/ha
- Group: 619.41 tCO₂e or 0.03 tCO₂e/ha
- 3rd party: -

Peat Oxidation:

- Own crop: -
- Group: -
- 3rd party: -

Sinks:

- Own crop: -
- Group: -
- 3rd party: -

Crop Sequestration:

- Own crop: -38,867.16 tCO₂e or -9.36 tCO₂e/ha
- Group: -229,435.93.00 tCO₂e or -9.19 tCO₂e/ha
- 3rd party: -

Conservation Sequestration:

- Own crop: -
- Group: -
- 3rd party: -

Total:

- Own crop: 868.169 tCO₂e or 0.21 tCO₂e/ha
- Group: 10,825.67 tCO₂e or 0.36 tCO₂e/ha
- 3rd party: -

Summary of Mill Emissions and Credits

	tCO ₂ e	tCO ₂ e/t FFB
Emissions		
POME	0.67	0.00
Fuel Consumption	488.46	0.00
Grid Electricity Utilization	1,988.40	0.01
Credits		
Export of Grid Electricity	0	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	2,487.53	0.01

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 re-planting, 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 Torop estate and mill uses Social Impact Assessment document created in 2010. From the SIA assessment, information has obtained on positive and negative impacts from the company activities. The negative affects i.e. 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 Aek Batu and Pasir Tuntung Villages as villages located nearby the plantation. Records of FGD with relevant stakeholders were well documented in

Compliance status: Yes No

Social Impact Assessment (SIA) and activities conducted at November 24-25, 2010.

There is a document of social impact management action plan year 2017 consists of shows the impact of source identification, management objectives, management plans and the location and time of implementation. The aspects that managed include infrastructure and social facilities, employment and business opportunities.

Social impact management plan created through the involvement of representatives of local government (village officials of Pasir Tuntung and Aek Torop) as well as community members. A visit to the office of Pasir Tuntung Village, the village head and village secretary confirmed the company representatives visit them to discuss the issue of access for the villagers who want to use the PTPN III road. Last activities conducted at January 25, 2017 with Pasir Tuntung communities.

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 Torop. Its stakeholders are community organization, press, labour union, contractor, outgrower, government institution, NGO, etc. include of mobile number and address of each stakeholders.

An example of communication with stakeholder i.e. request for heavy equipment (Grader) from Pasir Tuntung Village No. 457/473 / VIII-PT / 2016 dated August 08, 2016 to the management of Aek Torop and the response from management by letter No. KATOR / DLAB2 / 29/2016 dated August 18, 2016 to Pasir Tuntung Village regarding follow up letter of application to DLAB district office

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

Compliance status: Yes No

NCR No: -

ed 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 sufficient and reliable as the initial evidence for further investigation.

There is no record related complaint from employee since January 2017 but in the union labor meeting with management, there is aspiration related the rights of woman worker to earn allowance for their family. The respon from management is still process and discussing with head office.

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.

Findings:

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.

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.

Compliance status: Yes No

NCR No: -

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.

Findings:

The company (Aek Torop) 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

There is payment record of wages for mill employees in March 2017. For example on behalf Sabar Parulian Lumban Tobing with category IB/6 as much as IDR. 2,142,070, Dedi Setiawan with category IA/4 (security) as much as IDR. 1,988,127. Sugeng Herianto (electrical mechanics) with category IA / 13 as much as IDR. 2,048,367.

The company (PTPN III) has collective labor agreement (PKB)

Compliance status: Yes No

NCR RSPO 01078

There is sortation employee that has not received proper personal protect equipment (PPE) i.e. boots for year 2017 (buy their own shoes). This is not in accordance with collective labor agreement (PKB) PTPN III year 2016-2017 article 49 related safety and health equipment. (The company is required to provide safety and health equipment).

NCR RSPO 01079

The mill unit management has not

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. There is sortation employee that has not received proper personal protect equipment (PPE) i.e. boots for year 2017 (buy their own shoes). This is not in accordance with collective labor agreement (PKB) PTPN III year 2016-2017 article 49 related safety and health equipment. (The company is required to provide safety and health equipment). **This condition raised as non-conformity (NCR RSPO 01078).**

All workers have intensive access to water and electricity from the company. Based on information from interviewed workers, they have provided 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. The mill unit management has not repair related employee housing located on estate area. **This condition raised as non-conformity (NCR RSPO 01079).**

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.

repaired related employee housing located on estate area.

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 Torop) 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 of-office room and its utilities for worker union activities.

Records of meeting on August 30, 2017 in mill meeting room with discussion agenda about mill processing premium result i.e. evidence attendance list 27 participants (management and employee representatives).

Minutes of the meeting on January 20, 2017 at the KATOR meeting room with the agenda of discussing the socialization of PKB 2017 with some new agreement:

- The female worker able to bear the family member.
- Strata II range widened from the previous company

Compliance status: Yes No

No

NCR No: -

- regulation from IC to ID, at present IC-II/B.
- Maternity allowance becoming IDR. 750,000,- evidence with attendance list of 28 representatives of workers and management.

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:

Mill

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

Estate

Type Worker	Gender		Religion		Origin	
	Male	Female	Moslem	Christian	Local	Non Local
Leader	10	-	6	4	-	10
Lower	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

Compliance status: Yes No

NCR No: -

Designation according to decree No.3.17/SKPTS/SR/07/2017 dated January 13, 2017 regarding designation for 33 estate workers example on behalf Bisman Panjaitan harvester foreman, from IC/12 becoming ID/0,

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.

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 Torop mill and estate, they understood that they have right of childbirth leave during 3-month and menstruation leave

Compliance status: Yes No

NCR No: -

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 UD Roma Rezeki (under Contract No. PATOR/SPJ/04/2017 dated March 09, 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. Ev-

Compliance status: Yes No

NCR No: -

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<p>idence of cash expenditure on UD Roma Rezeki for payment March 23-31, 2017 period via bank dated April 01, 2017.</p>	
<p>Criterion 6.11: Growers and millers contribute to local sustainable development where appropriate.</p>	
<p>Findings:</p> <p>The company actively contributes to local community development programmes where each estate has allocation for such activities. For example, the company contributes to local development under following evidence such as an assistance to repair 1 unit of poor citizen's house in Haramania Hamlet, Rasau Village on October 05, 2016. Management has opportunities to documented all contributes activities for local development.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p>Criterion 6.12: No forms of forced or trafficked labor are used.</p>	
<p>Findings:</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>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p>Criterion 6.13: Growers and millers respect human rights.</p>	
<p>Findings:</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>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p>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</p>	
<p>Findings:</p> <p>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.</p>	<p>Compliance status: NA</p> <p>NCR No: -</p>
<p>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.</p>	

<p>Findings:</p> <p>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.</p>	<p>Compliance status: NA</p> <p>NCR No: -</p>
<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.</p>	
<p>Findings:</p> <p>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.</p>	<p>Compliance status: NA</p> <p>NCR No: -</p>
<p>Criterion 7.4: Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.</p>	
<p>Findings:</p> <p>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.</p>	<p>Compliance status: NA</p> <p>NCR No: -</p>
<p>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.</p>	
<p>Findings:</p> <p>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.</p>	<p>Compliance status: NA</p> <p>NCR No: -</p>
<p>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.</p>	
<p>Findings:</p> <p>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.</p>	<p>Compliance status: NA</p> <p>NCR No: -</p>

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:

SIA document has revised to include employees as stakeholders and recording of conflict resolution with communities from Pasir Tutung Village. All records meeting accompanied by the questionnaire, attendance list and photos of activities then realized in the social management and monitoring plan.

PTPN III – Aek Torop 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 Torop Mill) implemented the RSPO-SCCS **Mass Balance (MB)**

Compliance status: Yes No

NCR No: -

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 Torop 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 Torop Estate) is 79,690.74 mt, estate group (Sei Baruhur estate, Sei Kebara estate, Aek Nabara Utara estate, Rantau Prapat estate, Mambang Muda estate, Labuhan Haji estate, Aek Nabara Selatan estate, Sei Sisumut estate, Batang Toru estate, Hapesong estate and Aek Raso Estate) is 131,771.89 mt and uncertified FFB from out grower/third party is 14,911.16 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 18,161.51 MT (CPO) and 3,219.50 MT (PK). Whereas, projection of certified product year 2017 are 19,890.883 MT (CPO) and 3,787.085 MT (PK) with projection of certified FFB process is 86,859.750 MT and extraction rate are 22.90% (OER) and 4.36% (KER). This information gets from budget of mill year 2017.

Registration with IT trading platform PT Perkebunan Nusantara III Aek Torop mill has register to RSPO IT system with license number RSPO_PO1000001565. PTPN III Aek Torop 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 6,950.00 mt and PK (January until December 2016) as much as 2,333.833 mt.

Compliance status: Yes No

NCR No: -

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 is-

Compliance status: Yes No

NCR RSPO 01080

There is no evidence of training for the imple-

sued 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).
- 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 January 2017 with number PATOR/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 pos-

umentation of supply chain Mass Balance against the responsible officers i.e. manager and employee.

itive 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 01080).**

E.4 Purchasing and good in

Findings:

PTPN III Aek Torop 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 Torop 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

Findings:

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.

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.

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). **This condition raised as non-conformity (NCR RSPO 01081).**

Compliance status: Yes No

NCR RSPO 01080

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).

There is no outsourced process in PT Perkebunan Nusantara III. The mill's product CPO and palm kernel internally processed in company's location.

3.2 Status of Previously Identified Non-conformities

Total 12 (twelve) nonconformances were identified during the 2nd 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 Con-formity Report No.	Non-conformity Description	Verification of Correction/Corrective Action	Status
2.1.1 RSPO00199 Major and potential suspend because escalation	<ul style="list-style-type: none"> The Government Regulation on Social Responsibility Environment (PP No 47 of 2012) and the decision of the Minister of SOEs on the implementation of the Partnership Program and Community Development (PER-09 / MBU / 07/2015) was not included on list of legal and other requirements. There are hazardous and toxic waste (type of used chemical/pesticide container) in Aek Torop estate has kept more than period time on requirement/permit. 	<p>The company has provided list of laws and regulations of 1st semester in mill and estate that PP No 47 of 2012 and PER-09 / MBU / 07/2015 has involved or included. Source for both of law and regulation is law online, government ministry and local government secretary and control location is administration supervisor. List of law and regulation has signed by mill and estate manager. Furthermore, the company has provided evaluation of laws and regulations of 1st semester in mill and estate. Based on results of evaluation that company has compliance for both law and regulation.</p> <p>The Aek Torop mill has provided statement letter of hand over of hazardous and toxic waste (no.PATOR/BA/01/2016) dated on 18 May 2016 for ex waste/agrochemical container (jergen, bottle and sack), ink toner or cartridge, used filter oil, used accu, used lamp and used oil by truck with police number BK 8798 MN own CV Amindy Barokah. CV Amindy Barokah has recommendation of hazardous and toxic waste transport from Environment Ministry (letter no.B-9802/dep.IV/LH/PDAL/09/2014 dated on 3 September 2014) and Governor of South Sumatera Province decree no.188.44/452/Kpts/2014 regarding collecting hazardous and toxic waste license with scale of province.</p>	Closed

		<p>Hazardous waste manifest for all wastes has available such as no.ZF 0009127 (contaminated container), ZF 0009124 (used oil filter), ZF 0009126 (used ink toner or cartridge), ZF 0009108 (used accu), ZF 0009125 (used lamp), and ZF 0009122 (used oil).</p> <p>Aek Torop estate provided statement letter of hand over of hazardous and toxic waste (No.KATOR/BA/01/2016) dated on 18 May 2016. The hazardous and toxic waste i.e. ex waste/agrochemical container (jergen, sack and inner of fertilizer sack), ink toner or cartridge, used filter oil, used accu, used lamp and used oil by truck with police number BK 8080 MB & BK 9552 MN own CV Amindy Barokah. CV Amindy Barokah has recommendation of hazardous and toxic waste transport from Environment Ministry (letter no.B-9802/dep.IV/LH/PDAL/09/2014 dated on 3 September 2014) and Governor of South Sumatera Province decree no.188.44/452/Kpts/2014 regarding collecting hazardous and toxic waste license with scale of province. Hazardous waste manifest for all wastes has available such as no. ZF 0009115 (used oil), ZF 0009116 (used oil filter), ZF 0009117 (used accu), ZF 0009118 (used lamp), ZF 0009119 (contaminated goods) and ZF 0009120 (contaminated containers).</p>	
<p>2.2.1 RSPO00200 Major and potential suspend because escalation</p>	<p>Based on previous audit that there are part of Aek Torop estate areas (block W3 and X3) 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.</p>	<p>The company has been bring out the area as large as 12.95 ha from scope of certification and assume the FFB production from Block W3 and X3 Afdeling V as uncertified FFB</p>	<p>Closed</p>
<p>2.2.2 RSPO00201 Minor</p>	<p>During 2nd surveillance audit, that evidence of follow up or correction action on letter no.KATOR/DLAB2/MO/83/2015 dated on 2 April 2015 regarding repair or re-develop the pillars boundary not available.</p>	<p>The Company has conduct an inventory of HGU pillars of second half of 2016 Afdeling I, II, III, IV, V, VI and VII. Based on the monitoring results it is known that from the 78 pillars of HGU Aek Torop statue is known that there are 2 pillars of the stakes that need treatment again, but still can be seen clearly.</p>	<p>Closed</p>

<p>4.1.2 RSPO00202 Minor</p>	<p>Special working permit has not been signed by person have authority for activity has done example maintenance of crane on 18-23 March 2016 so that it is not compliance/consistent to procedure special working permit (PK-3.12-09).</p>	<p>The company given special working permit for contractor and signed by maintenance assistant in accordance with PK-3.12-09. For example special working permit for maintenance boiler on March 15, 2017.</p>	<p>Closed</p>
<p>4.7.2 RSPO00203 Major</p>	<ul style="list-style-type: none"> • There is lack and inconsistency when determined 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 harvesting under high voltage wire in estate. • FM-3.12.02/12 (form of risk assessment or hazard identification) has not included risk control information which has implemented existing so that risk control effectiveness assessment currently and next time could not determine further correction action 	<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 harvesting under high voltage wire in estate. 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.</p> <p>All revision above has approved by head of information technology and MR (CMR) department on 26 April 2016.</p>	<p>Closed</p>
<p>4.7.3 RSPO00204 Major</p>	<ul style="list-style-type: none"> • Worker & supervisor/foreman at ripple mill not use earplug and masker as PPE although there have been sign of warning mandatory using PPE. • one sprayer not using boot shoes as PPE based on record/documentation from assistant 	<p>Based on the results of field observations, it is known that all workers found in the field used PPE in accordance with the recommendations of the risk analysis that has been done. Then, based on document observation, it is known that the company has conducted refreshment related to OSH on 10 - 11 February 2017 (for mill and estate).</p>	<p>Closed</p>
<p>4.7.5 RSPO00205 Minor</p>	<p>Based on observation result to Chemical Storage and estate's temporary hazardous waste storage (TPS-LB3) found some non-conformities i.e. hazardous materials and PPE's to be used, symbols has not complete and standard, design of emergency eyes shower has not appropriate and water has not available, first aid box at TPS-LB3 has not available and there is only 1 (one) licensed person as first aider officer for</p>	<p>Based on field visit to hazardous and toxic waste temporary storage, the company has been equipped an appropriate symbol, eye shower, first aid kit box and first aider officer such as Lamhot Simanjuntak (No.Ser.4642/P3K/IX/2015)</p>	<p>Closed</p>

	estate (License No. DTK-TR/SU/IX/2015) valid until September 22, 2017.		
4.7.7 RSPO00206 Minor	Records of accident year 2015 were available in estate and POM but not included information of Lost Time Accident (LTA)	Based on verification document that recapitulation of work accident year 2016 has been equipped with information about Loss Time Accident	Closed
5.1.2 RSPO00207 Major because escalation from previous audit	2 nd surveillance audit that 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 results of monitoring not available on environmental management and monitoring plan report semester I & II year 2015	The company provided environmental monitoring and management report semester I and II year 2016. The report informed about biodiversity of vegetation/flora (table 2.10); aquatic fauna i.e plankton on river (table 2.11); benthos (table 2.12) and calculate of erosion on areas with slope of C-E class.	Closed
5.2.4 RSPO00208 Minor	<ul style="list-style-type: none"> Monitoring of flora and fauna status/population for protected and rare status with permanent sample plot (PSP) method has not been used by company where It is accordance with HCV monitoring plan. One of activity on HCV monitoring plan has not been implemented/carried out i.e measurement of water volume/debit on river/drain. All division shall carried out HCV monitoring but division I, II, VI & VII have not evidence that they has carried out HCV monitoring year 2015. Result of HCV management and monitoring activities shall be evaluated but the company not evaluating it period year 2015. Based on condition above so that the company creating HCV management and monitoring year 2016 not referring to result of HCV management and monitoring evaluation year 2015 	<p>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:</p> <ul style="list-style-type: none"> 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 Measurement of water volume/debit on river/drain. <p>The company has evaluated the HCV management and monitoring activities year 2016 and used as feedback to arrange the HCV management plan year 2017</p>	Closed
E.4.1 RSPO00209 Major	Aek Torop mill was conducted verification of raw material source as certified and non-certified status not properly because based on mass balance report that FFB receipt from	The company has been revised about annual production report by online/intranet on 13 July 2016.	Closed

	Aek Nabara Utara estate and Sisumut estate on September 2015 amount of 1,798.13 mt & 2,236.09 mt has claimed as certified FFB however, RSPO certificate (no. RSPO 00011) valid since date on 15 October 2015		
E.5.1 RSPO00210 (Major	Mass balance report year 2015 & 2016 (till February) not appropriate with actual condition because FFB from Aek Nabara Utara estate & Sisumut estate on September 2015 has claimed as certified FFB however RSPO certificate valid since 15 October 2015	The company provided Memorandum from Aek Torop mill has submitted to Technology Department, Labuhanbatu 2 District office and Commercial Department by email on 8 June 2016 and their attached appendix i.e FFB process, CPO & PK production report in Aek Torop mill from Aek Nabara Utara estate and Sisumut estate period of January to 14 October 2015. On October 2015, Aek Torop mill was received FFB from both suppliers after 14 October 2015 so that it has certified status. Moreover, the company was provided mass balance report period of January to December 2015 where all information has correct and connect between information	Closed

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

During this surveillance assessment, total 10 nonconformances identified. These consisted of 7 major non-conformities and 3 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	RSPO0 1072	The company has been sent evidence of improvement such as: <ul style="list-style-type: none"> 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. Timbebound plan for RSPO certification of PT Perkebunan Nusantara III (Persero) 	25 June 2017	<p>Correction:</p> <p>Conduct partial audit for entire mill and supply chain for uncertified and create timebound-plan for mill and supply chain which RSPO uncertified</p> <p>Corrective action:</p> <p>Mill and entire supply chain including in the 1st stage internal audit every year</p>	Closed
2.1.1	RSPO0 1073	The company has been sent evidence of improvement such as: <ul style="list-style-type: none"> Agreement letter about transporting of hazardous and toxic waste between PT Perkebunan Nusantara III and PT Amindy Barokah Sumut with number: 3.11/SPJ/51/2017 dated April 21, 2017 Minutes of transporting of hazardous and toxic waste which has been transporting on May 10, 2017. The hazardous and toxic waste that 	25 June 2017	<p>Correction:</p> <ul style="list-style-type: none"> Attached the submitted letter from Aek Torop to Technology Department to appoint the transporter of hazardous and toxic waste that have license and transporting the hazardous and toxic waste as soon. Conduct periodically medical checkup for entire employee in accordance with Permenaker No.2 year 1980 Conduct medical checkup every 6 month to chemical operator in accordance with Permenaker No.3 year 1986 	Closed

		<p>has transporting i.e. accu, oil, chemical containers, catridge and lamp.</p> <ul style="list-style-type: none"> • Evidence of manifest related hazardous and toxic waste transport • Schedule of periodic medical checkup for Aek Torop estate year 2017. The company will conduct medical checkup on May and June 2017. • Medical checkup result on behalf Nur Aina Nasution, Holongan Simanjuntak, Sunardi, Alimin, Dame Saragih, Sumantri, Muhammad Riadi, Julianto, Arif Fhasa, Supartiyah, Hirap Sihombing, Nurasiyah Hasibuan, Riadi, Salbih, Herman, Tukidi, Robinson Sinaga, Jaka Priono, Nelson Sitinjak, Rusdin Silaban, Maslan Indryanto Lumbantobing, Ponirin, Fandungo, Usman Harahap, Khairul Amri, Rusmanto, Sumadi, Rusianto, Elkan Siagian, Khairul Saleh Siregar, Djasad Hadi Siswanto, Miskun, Jhonson Sarifuddin Ujung, Saulus Nababan, Agus Salim, Agus Syahputra, Marhisar Aritonang, Saut Hutasoit, Suryadi, Jekson Ambarita, Tuyan, Suhardi, Abdi Parningotan Hasibuan. Based on result of medical checkup, entire employee on fit condition. 		<ul style="list-style-type: none"> • Create a letter to human resources department (3.17) to ensure the license of OSH committee secretary of Aek Torop palm oil mill has been earn as evidence of re-registration license • Ensure the changes of hectare area that stated on plantation bussines letter (SPUP) in accordance with actual hectare of Aek Torop <p>Corrective action:</p> <ul style="list-style-type: none"> • Ensure the hazardous and toxic waste is past the storage period at PATOR & KATOR every year • Making an application of transporting the existing hazardous and toxic waste to Technology department to designate licensed of hazardous and toxic waste transporters • Ensuring the implementation of periodic health checks to employees carried out every year according to Permenaker No. 2 Year 1980 • Ensuring medical check up to officer which handling chemicals is carried out according to Permenaker No. 3 year 1986 • Ensuring the license of safety and health officer still vslid and documented. • Ensure the replacement of the area listed in the plantation bussines letter (SPUP) is in accordance with the actual condition of the statement area and the HGU area of the Aek Torop estae. 	
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		<ul style="list-style-type: none"> • Medical checkup schedule year 2017 related cholinesterase will conduct on June and December 2017. • Result of medical checkup for chemical officer related cholinesterase has conducted on 8 June 2017 for 10 employee (estate) and 6 employee (mill). The result of medical checkup is normal. • Letter from Head of Labor agency (No. 560/148/Naker/IV/2017 dated April 21, 2017) to Head of PT Perkebunan Nusantara III about Letter of re-registration of safety and helath officer on behalf Adi Kesume. • Letter from integrated investment and licensing services agency of Labuhan Batu Selatan District (No. 503/360/SK/DPMPTSP/PM/VI/2017 dated June 21, 2017). The letter described that the permit (IUP) as large as 9,035.64 Ha still in progress. 			
5.1.1	RSPO0 1076	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 June 5, 2017) on behalf Dr.Eng. Ir. Irvan, M.Si. The letter stated that the company has appoint the Environmental Consultan	25 June 2017	Correction: <ul style="list-style-type: none"> • Revise the environment document (RPL/RKL) of Aek Torop estate which is adjusted to the actual area statement or land title (HGU) • Revise the environment document 	Closed

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		to create environmental document (RKL-RPL) of Aek Torop estate. The actual condition is still progress.		(RPL/RKL) by adding Replanting activities conducted by Aek Torop estate Corrective action: <ul style="list-style-type: none"> Ensures the actual area statement used as a guide to revise the document every year. Ensures the document is reviewed to ensure its validity every year 	
5.3.2	RSPO0 1077	The company has sent evidence of improvement i.e. the latest contract between the company and CV Amindy Barokah with number: 3.11/SPJ/51/2017 dated April 21, 2017. The latest contract valid until 6 month since issued.	25 June 2017	Correction: Renewed the latest cooperation contract between CV. Amindy Barokah with PTPN III (Persero) Corrective action: Ensured entirel contract documents are reviewed every 5 years to determine their validity period	Closed
6.5.2	RSPO0 1078	The company has been sent evidence of improvement such as: <ul style="list-style-type: none"> List of material request for Aek Torop mill (Document Number: PATOR/DPBB/47/2017 date May 2, 2017). The list of material request such as ear muff (18 pcs), ear pluff (14 pcs), dust glassess (15 pcs), chemical glassess (4 pcs), coverall (5 pcs), rubeer gloves (10 pcs), leather gloves (195 pcs), welding 	25 June 2017	Correction: Carry out the demand in accordance with the Procurement of Goods & Materials for the needs of the employee boots for sortation section in accordance with the number of employees Corrective action: Conduct the procurement of personal protective equipment (safety boots) immediately made a prior request made every year in accordance with the existing budget in the Aek	Closed

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		<p>mask (3 pcs), safety boot (110 pcs), safety shoes (28 pcs), rain coat (10 pcs), helmet (10 pcs)</p> <ul style="list-style-type: none"> Minutes of handover personal protection equipment (FM.3.1645-01, revision 01, revised date May 9, 2016) dated July 6, 2017. The list of PPE that has provide for sortation employee (8 people) such as safety shoes, gloves and helmet. Evidence of handover i.e. photo documentation 		Torop estate	
E.3	RSPO0 1080	<p>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 17, 2017</p>	25 June 2017	<p>Correction:</p> <p>Conduct the SCCS Mass Balance Training in accordance with the Training Needs Identification issued by the Human Resources Section</p> <p>Corrective action:</p> <p>Proposed Identification of Training Needs in accordance with the needs of estate</p>	Closed
E.5	RSPO0 1081	<p>The company has sent evidence of improvement i.e. shipping announcement. The sample of shipping announcement such as:</p> <ul style="list-style-type: none"> TR-a72efe77-c09b with product details is CPO as much as 1,500 mt to PT Nagamas Palmoil Lestari TR-0f386232-6ce6 with product details is CPO as much as 500 mt to PT Nagamas 	25 June 2017	<p>Correction:</p> <p>Submit a printed evidence from the Palm Trace Register on product sales (CPO & PK)</p> <p>Corrective action:</p> <p>Each implementation of the audit related with the Palm Trace Register is coordinated with the Commercial Section</p>	Closed

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		<p>Palmoil Lestari</p> <ul style="list-style-type: none"> • TR-ccd78a1c-9a49 with product details is CPO as much as 500 mt to PT Nagamas Palmoil Lestari • TR-44fc6903-0871 with product details is CPO as much as 500 mt to PT Nagamas Palmoil Lestari • TR-781a1f9d-28ef with product details is CPO as much as 500 mt to PT Intibenua Perkasatama • TR-c484e695-5960 with product details is CPO as much as 200 mt to PT Wilmar Nabati Indonesia Pelintung • TR-212796e8-dbec with product details is CPO as much as 200 mt to PT Wilmar Nabati Indonesia Pelintung • TR-25be73a3-c83a with product details is CPO as much as 500 mt to PT Nagamas Palmoil Lestari • TR-475d5923-0d21 with product details is CPO as much as 500 mt to PT Nagamas Palmoil Lestari 			
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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

Indica- tor	NCR No.	Evidence Observed	Deadline for implemen- tation (Date)	Correction/Corrective Action taken	Auditor Conclusion
2.1.3	RSPO0 1074	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	26 April 2018	<p>Correction:</p> <p>Revise the document PK-3.18-01 which explains the mechanism of evaluation of legislation</p> <p>Corrective action:</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	RSPO0 1075	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	26 April 2018	<p>Correction:</p> <p>Revise document PK-3.18-01 and provide an explanation about the mechanism of up date of new regulations to replace old rules, PICs, information sources and their implementation</p> <p>Corrective action:</p> <p>Conduct the review in accordance with the new legislation in accordance with its authority</p>	Closed
6.5.3	RSPO0 1079	The company has sent correction and corrective action request. The implementation of this CAR will	26 April 2018	<p>Correction:</p> <p>Repairing the employee housing periodically in</p>	Closed

		seen in the next surveillance.		accordance with existing expenses	
				Corrective action: Conduct inventory of employee housing to know the condition of the house to be repaired	

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

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 Torop 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. 82450214002 until 2st surveillance audit.

TUV Rheinland recommends that PT Perkebunan Nusantara III Aek Torop 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:
Position:
Date:

AHMAD DIPONEGORO
Kepala Bagian

Signed on behalf of PT TUV Rheinland Indonesia


Naik Monang Parlindungan Lingga
Lead Auditor
Date: August 28, 2017

Appendices

Appendix 1: Details of Revised Certificate

Certificate

Standard : Indonesian National Interpretation of RSPO Principles & Criteria for the Production of Sustainable Palm Oil; July, 2016 and RSPO Supply Chain Certification System; November, 2014

Certificate Registr. No. : 824 502 14002

Certificate Holder : PT TUV Rheinland Indonesia certifies :
PT Perkebunan Nusantara III (Persero)
Aek Torop Palm Oil Mill
Aek Batu Village, Torgamba Sub District,
Labuhan Batu Selatan District,
North Sumatera, Indonesia;

RSPO number : -
Scope : Palm Oil Production and Plantation Management System

Validity: An audit was performed, Report No. ASA3_14002. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 are fulfilled.

The due date for all future surveillance audits is 17.04 (dd.mm).

The certificate is valid from 17 June 2014 until 16 June 2019. The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland Indonesia.

RSPO registered parents company* : PT Perkebunan Nusantara III
(RSPO Member No. : 1-0030-06-000-00)

* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

Date of first certificate : June 17, 2014

Indonesia, 01-09-2017


PT TUV Rheinland Indonesia
Director

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

Annex to certificate

Standard : Indonesian National Interpretation of RSPO Principles & Criteria for the Production of Sustainable Palm Oil; July, 2016 and RSPO Supply Chain Certification System: November, 2014
Certificate Registr. No.: 824 502 14002


Location: PT Perkebunan Nusantara III (Persero)
Address : Aek Torop Palm Oil Mill
Aek Batu Village, Torgamba Sub District,
Labuhan Batu Selatan District, North Sumatera, Indonesia

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

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Aek Torop Estate	Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan	1°47'34"N	100°09'21"E
Aek Torop Mill	Aek Batu Village, Sub District Torgamba, District Labuhan Batu Selatan	1°47'34"N	100°09'21"E

CPO Tonnage Total Production: 61,505 tonnes
PK Tonnage Total Production: 11,710 tonnes
Company Estates FFB Tonnages: 86,859 tonnes
FFB Tonnages from other sources: 181,724 tonnes
CPO Tonnage claimed for certification: 19,890 tonnes
PK Tonnage claimed for certification: 3,787 tonnes

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


PT TÜV Rheinland Indonesia
Director

Indonesia, 01-09-2017

Issued by PT TÜV Rheinland Indonesia

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
Stakeholders Interviewed On-Site			
1.	Dedi Ismet	Manager	
2.	Wagino	Mill Manager	
3.	Zul Erwin	Askep	
4	Mara Sultan Harahap	SP BUN Secretary	
5	Alberi Juanda	Personalia Assistant	
6	Ahmad Saiful Rambe	Administration Assistant	
7	Leginem	Upkeep	
8	Saini	Upkeep	
9	Suryani	Upkeep	
10	Surianto	Aek Torop estate/ Head Assistant	
11	Alberi Juanda	Aek Torop Estate/Administration officer	
12	M Syahril	Aek Torop estate/ Division II assistant	
13	Pangaban Siforuk	Aek Torop Estate/Division III Assistant	
14	Polti Silitonga	Aek Torop Estate/ Division I assistant	
15	Posma Pangaribuan	Aek Torop Mill/ HRD Officer	
16	Kuasa Karo karo	Aek Torop Mill/Document Control Officer	
17	Israil Karo Karo	Aek Torop Mill/Lab Assistant	
18	Karler Sitorus	Harvesting foreman	
19	Hidayat Tanjung	Foreman I	
20	Suratno	Harvester	
21	Cawang	Harvester	
22	Supriadi	Harvester	
23	Ramli	Storage officer	
24	Adi Kesuma	OHS expert of Aek Torop Mill	
25	Dedi Wardani	Estate Manager	
26	M.S. Tambunan	Spraying foreman	