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Roundtable on Sustainable Palm Oil

Annual Surveillance Audit Report

Report no.: ASA182450216043

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

PT Perkebunan Nusantara III

Torgamba Estate & Mill

Head Office:

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

Site Office:

Estate & Mill: Torgamba Village, Torgamba Sub District, Labuhanbatu Selatan District, North Sumatera Province, Indonesia

Date of assessment: August 07th to 10th, 2017

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1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

1.1 National Interpretation Used

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

1.2 Type of Assessment

The 1st annual surveillance assessment was carried out on 1 mill (Torgamba Palm Oil Mill) and 1 estate (Torgamba Estate), owned by PT Perkebunan Nusantara III (Persero).

1.3 Certification Details

The details of RSPO certification of PT Perkebunan Nusantara III (Persero) - Torgamba Palm Oil Mill are as per the table below:

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

RSPO Membership no.:	1-0030-06-000-00 on behalf PT Perkebunan Nusantara III (Persero)
RSPO Certificate no.:	824 502 16043
Date of first RSPO certificate & validity:	September 7 th , 2016 until September 6 th , 2021
Date of certification audit:	May 31 st , 2015 – June 6 th , 2015
CPO tonnages claimed:	32,519.97 tonnes
PK tonnages claimed:	6,371.86 tonnes
Net GHG Calculation this year (tCO₂e/tCPO)	1.92

Note*): based on actual FFB/CPO/PK processed in 2017 (scope audit)

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
Torgamba POM	Torgamba village, Torgamba sub-district, Labuhan Batu Selatan district, North Sumatera Province.	1°42'54.156"N	100°17'27.978" E
Torgamba Estate	Torgamba village, Torgamba sub-district, Labuhan Batu Selatan district, North Sumatera Province.	1°42'46.123"N	100°16'43.850" E

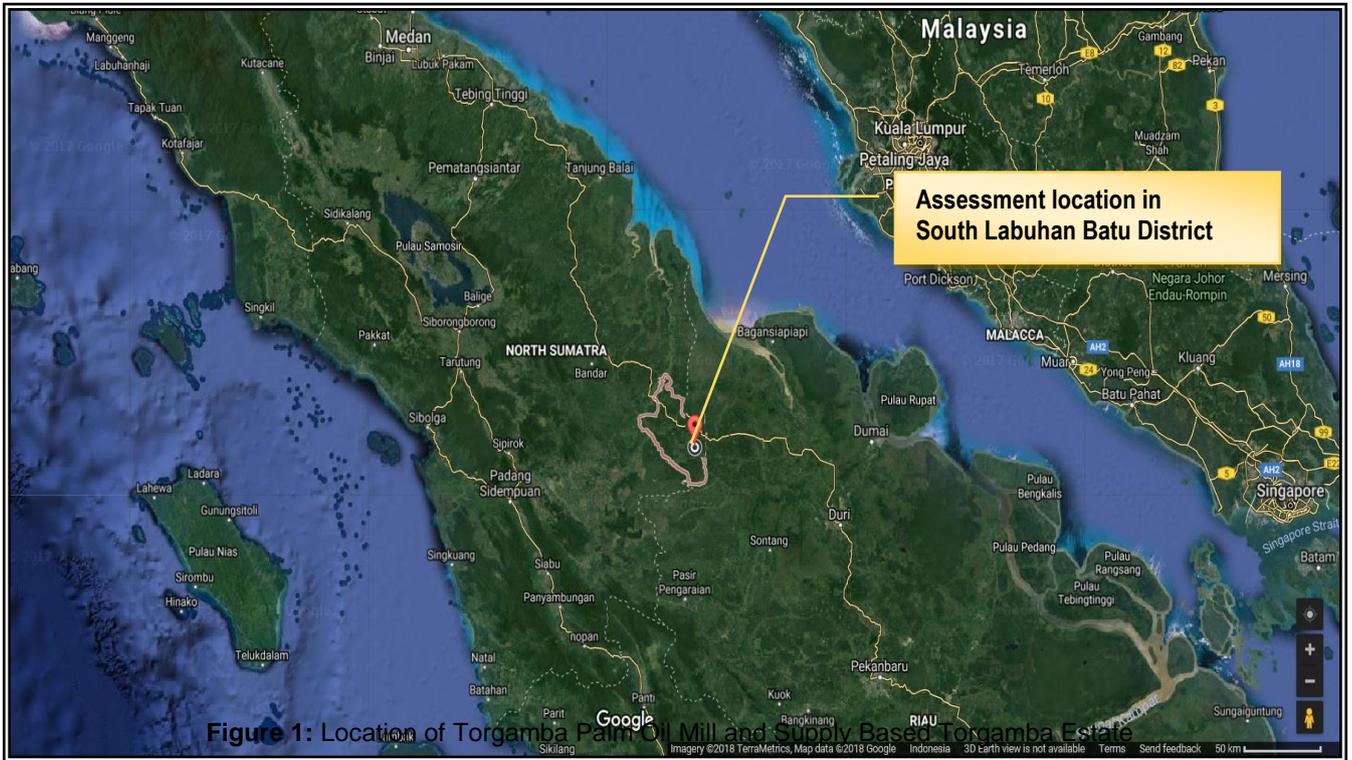


Figure 1: Location of Torgamba Palm Oil Mill and Supply Based Torgamba Estate

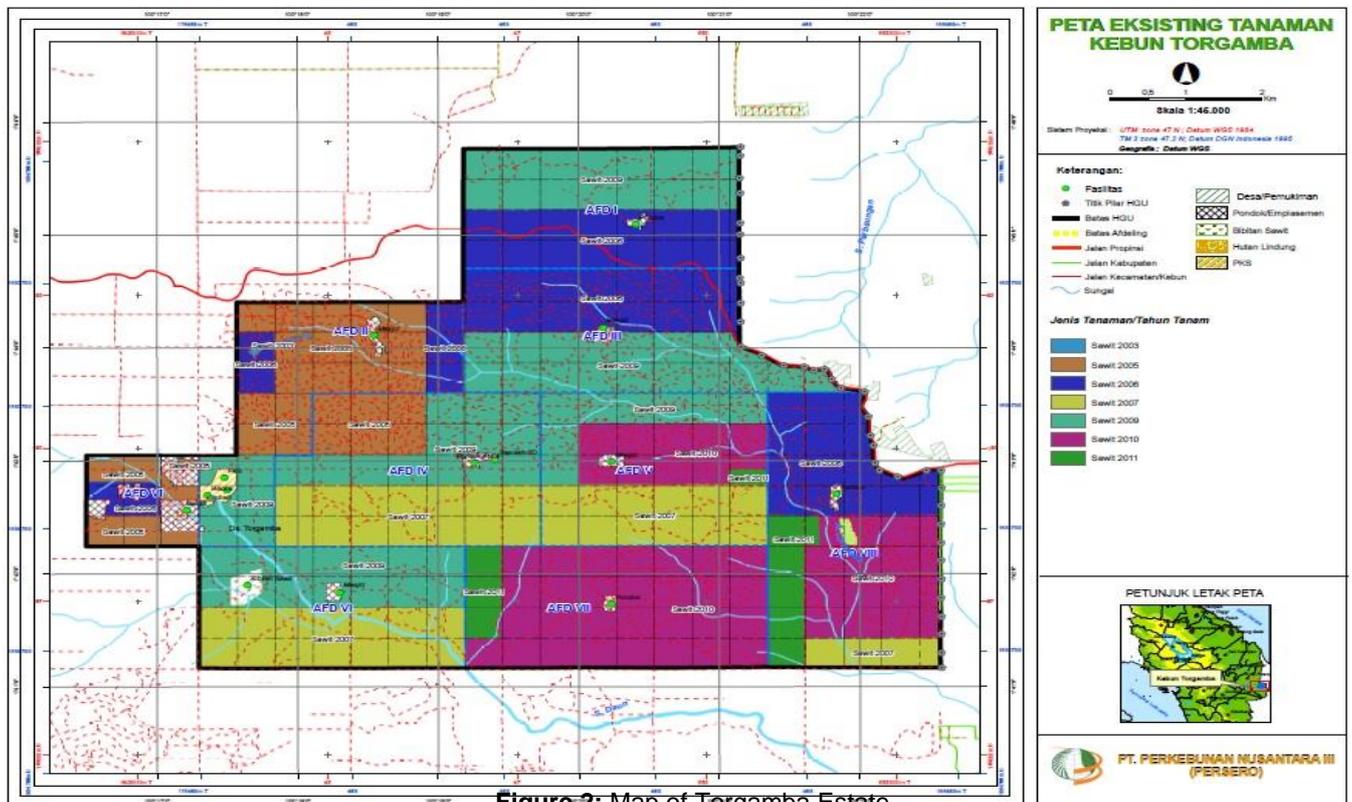


Figure 2: Map of Torgamba Estate

1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

Company Name	PT Perkebunan Nusantara III - Torgamba Palm Oil Mill
Address	Head Office : Jln. Sei Batang hari No. 2 Medan, North Sumatra Province – Indonesia
	Site Office: Estate & Mill: Torgamba Village, Torgamba Village, Torgamba Subdistrict, Labuhan Batu Se-latan district, North Sumatra Province
Contact Person	Mr. Erwin Mirza Arief
Telephone	+62 61-8452244
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 – Torgamba Mill year 2016 & year 2017 (until July 2017)

FFB Contributors	FFB supplied year 2016		FFB supplied year 2017 (until July 2017)	
	Tonnes	%	Tonnes	%
Company owned estates (certified sources):				
Torgamba Estate (KTORA)	75,721.56	43.42	56,630.33	93.76
Sub Total	75,721.56	43.42	56,630.33	93.76
Other estate in PTPN III (certified sources):				
Sei Daun (KSDAN)	3,502.39	2.01	401.37	0.66
Bukit Tujuh (KSDAN)	32,251.54	18.49	318.55	0.53
Sei Meranti (KSMTI)	362.66	0.21	-	-
Sisumut (KSUT)	951.32	0.55	-	-
Sub Total	37,067.91	21.25	719.92	1.19
Other estate in PTPN III (un-certified source):				
Sei Baruhur (KSBAR)	8,881.40	5.09	2,525.40	4.18
Sei Kebara (KSKAR)	2,045.57	1.17	335.46	0.56
Sub Total	10,926.97	6.26	2,860.86	4.74
Others / Suppliers :	50,670.66	29.06	186.16	0.31
Sub Total	50,670.66	29.06	186.16	0.31
TOTAL	174,387.10	100	60,397.27	100

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 – Unit Management Torgamba

Remarks	Amount (MT)	
	2016	2017
Certified tonnages claimed	CPO: 35,565.80 PK: 6,762.40	
Certified tonnages sold*	CPO: 3,600 PK: 444.44	
Certified tonnages purchased*	0.00	
Actual Certified Production (audit scope)*	CPO: 16,310.42 PK: 2,991.00	
Actual OER & KER	OER: 21.54 & KER: 3.95	
Actual certified FFB (audit scope) year 2016	75,721.56	
Actual certified FFB year 2016 (outside of audit scope – from Bukit Tujuh, Sei Daun & Sei Meranti Estate)	37,067.91	
Projected FFB for next 12 months **)		242,740.20
Projected certified FFB for next 12 months (audit scope)		146,817
Projected total output for next 12 months CPO & PK		CPO: 53,765.86 PK: 10,540.29
Projected certified output for next 12 months CPO & PK (audit scope)		CPO: 32,519.97 PK: 6,371.86
Projected OER & KER for next 12 months.		OER: 22.15% & KER: 4.34%

*) Data from January until December 2016

***) Supplied from third parties amount 60,000 MT

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 Torgamba POM

Age & Year of Plantings	Oil palm planted area at Torgamba Estate (Ha)
14 years (2003)	12.90
12 years (2005)	646.82
11 years(2006)	1,188.15
10 years (2007)	1,060.30
8 years (2009)	1,706.95
7 years (2010)	1,250.40
6 years (2011)	216.10
2 years (2015)	20.85
TOTAL	6,102.47

The company has no replanting program for next 5 years due to the plantation still young and all area has replanted before year 2015.

1.9 Area of Plantation (Total, Planted and Mature)

Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Torgamba Estate

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production (ton)*	Average yield/ ha (ton/ha)
Torgamba	6,386.26	6,102.47	6,081.62	20.85	138,459.69	22.77
TOTAL	6,386.26	6,102.47	6,081.62	20.85	138,459.69	22.77

Note: production record in 2016

Table 8: Land use data for Torgamba Estate

Estate Name	Total area (ha)	Oil Palm Planted Area (ha)	HCV/ Potential HCV areas* (ha)	Land used for other purposes (ha)			
				Housing, Road, other infrastructure **)	Nursery	Cleared Area	Other Land ***)
Torgamba	6,386.26	6,102.47	39.93	241.61	-	-	42.18
TOTAL	6,386.26	6,102.47	39.93	241.61	-	-	42.18

Note: *) HCV include in oil palm planted

**) consist of emplacement/housing, palm oil mill (156.15 Ha) and roads (85.46 Ha)

***) Ex-nursery (8 Ha), unplanted area / low land (21.41 Ha), electricity line area (6.9 Ha), Boundary of HTI (5.87 Ha)

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	October 2017	Audited
PSBAR	Sei Baruhur/Labuhan Batu Selatan	August 2017	Audited
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 sufficient progress (latest update) of Muara Upu compensation process and the company has not been able to show evidence of the results of initial gap assessment for gothers unit that do not have RSPO certificate yet. **This condition raised as non-conformity (NCR RSPO01356).**

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.	Yes, PTPN III is an RSPO member with ID No. 1-0030-06-000-00 (membership since December 14, 2006). RSPO Certification system section 4.2.4. PTPN III has been provide result of the self-assessment for all units entering estate and mill at the time bound.
(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified	PTPN III has a time-bound plan to achieve RSPO certification for all relevant entities. However, one of the company's development areas (Muara Upu site) located at South Tapanuli is still not included by the time-bound plan. NPP assessment for this area was carried out by Certification Body (Sucofindo) in 2012 years. There are some land conflicts/ potential land conflicts ongoing in other PTPN III's management units, such as Silau Dunia, and Si Sumut Estates. While the company has already made a conflict resolution mechanism, these conflicts remain un-resolved as the mechanism is still not agreed by the land claimants.
(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	PTPN III's development of a new planting area (Muara Upu at South Tapanuli) had been raise before as a major noncompliance by TUV Rheinland audit team, which is now closed as the company has carried out applying NPP in accordance with this clause and the progress under reviewing of Compensation Task Force. Based on communication with PT PN III. The company still waiting for Head of District decision response, for land exchanged process since the land was included on peat moratorium area according to President of Republic Indonesia decree letter no. 6 year 2013.
(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.	There is no land conflict on certification scope of Torgamba and Meranti POM, but land conflicts are found on the Sei Mangkei POM certification scope. A more detailed explanation is described in the Sei Mangkei POM audit report.
(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labour issues were found during this certification audit.
(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.	No legal noncompliance against to RSPO criteria 2.1 and 2.2

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)	1.92

1.14 Progress of associated smallholders or outgrowers towards RSPO compliance

There is no scheme and or associated smallholder in Torgamba Palm Oil Mill and its supply based. The requirement is not applied for this certification management unit.

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 increase estimates for CPO and decrease for PK). The revised approximate tonnages certified (as per Appendix 1), based on production in 2017 are as follows:

Crude Palm Oil (CPO) : **32,519.97 MT**
 Palm Kernel (PK) : **6,371.86 MT**

1.16 Other Achievement s and Certification Helds

Name of mill / estate	Certification Standard / Award achieved	Certification Body / Awarder	Date Achieved
PTPN III Tor-gamba	ISO 9001;2008	PT TUV Rheinland Indonesia	Since 2015
PTPN III Tor-gamba	ISO 14001; 2014	PT TUV Rheinland Indonesia	Since 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. Mhd. Fundy C Kurniawan

Name	Position	Qualifications / Experience
Mhd Fundy C Kurniawan	Lead Auditor	<p>Education: Master Degree in Natural Resource and Environmental Management, Bogor Agriculture University.</p> <p>Trainings attended: Environmental Impact Assessment (EIA), Ecological Risk Assessment (ERA), Internal Quality Audit Training for Quality Management System, IRQA-QMS ISO 9001:2000, IRQA-EMS 14001, High Conservation Value (HCV), RSPO Lead Auditor Course, ISPO Auditor Course, SCCS Auditor and ISCC plantation audit.</p> <p>Working experience: Experienced in Environmental Impact Assessment (EIA Assessment), Environmental Health Safety Senior Officer (EHS-Senior Officer) in Wilmar International Plantation, Internal Auditor for Wilmar International Plantation, and Auditor for Roundtable on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO), and Timber Legality Verification Certification (SVLK) in PT TUV Rheinland Indonesia since June 2012 – present.</p>

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

Name	Position	Qualifications / Experience
Ibnu Satria Prabudi	Lead Auditor Monitored by Mhd Fundy C Kurniawan	<p>Education: Bachelor of STIPER Agriculture Institute, Yogyakarta.</p> <p>Training attended: ISPO Auditor, Lead Auditor RSPO Training, Inhouse training HACCP, Lead Auditor ISO 9001; 2008, OHS Expert Training.</p> <p>Working experience: Auditor in PT Mutu Agung Lestari (2010-2015), Internal Auditor in PT AEP Tasik Raja (2015-2017), and Auditor in PT TUV Rheinland Indonesia (2017-present).</p>
Panggading Nainggolan	Auditor	<p>Education: Bachelor of Social, Institut Ilmu Sosial dan Ilmu Politik, Jakarta.</p> <p>Training attended: RSPO in house training by Mutu Agung Lestari, ISPO Training by Komisi ISPO and Awareness QHSE (management system review dan integrat-</p>

Name	Position	Qualifications / Experience
		<p>ed management system concept ISO 9001, 14001, OHSAS.</p> <p>Working experience: Komisi Nasional Perlindungan Anak – Community Relationship Staff, Division Staff of Education Program – Common Ground Indonesia, Reporter on Global Informasi Bermutu, Producer on Netwave Multimedia, Producer on Satu Visi Perkasa Produksi, Project Supervisor on Surya Solusi Informasi and Auditor PT TUV Rheinland Indonesia.</p>
Steve Muallim	Auditor	<p>Education: Master in Environmental and Natural Resources Management, Bogor Agricultural University.</p> <p>Training attended: Lead Auditor training of ISPO, RSPO Awareness, Ecological Risk Assessment, Asian Network Update and Carbon, and Climate Change Mitigation and Adaptation for Agricultural Productivity.</p> <p>Working experience: Freelance in several consultants in the Environmental Impact Assessment, Auditor in PT Mutu Agung Lestari (2013-2015) and Auditor PT TUV Rheinland Indonesia.</p>

2.3 Assessment Methodology & Agenda

The surveillance audit was conducted between on August 7th till 10nd, 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.

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

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

Annual Surveillance Assessment Agenda.

Date	Location/ Main sites	Main activities
August 7 th , 2017	Head Office Medan	Verification of legal document, Policies and CPO purchase.
August 8 th , 2017	Torgamba Estate	Opening Meeting Verification previous audit findings Verification of document and field visit related to : <ul style="list-style-type: none"> • Good Agricultural Practices (field visit in Block R26, W25, X24 - Harvesting, Block Q26 and Q27 – Manual maintenance).

Date	Location/ Main sites	Main activities
		<ul style="list-style-type: none"> • Field visit to land application site for mill effluent (Block T21) • 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 (field visit in Block Q26, Q27 and J39) • OSH system (fire simulation records, medical check reports for year 2016) • Warehouse (chemical store) • Worker facilities, medical facilities • 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 • Consultation with local community / supplier • SIA document • Company policy • Labor union • Complaint record
August 9 th , 2017	Torgamba Estate	Verification of document and clarification of field visit.
August 10 th , 2017	Torgamba POM	<p>Opening Meeting Verification previous audit findings Verification of document and field visit related to :</p> <ul style="list-style-type: none"> • Incoming FFB verification (security post, loading ramp) • Interview with mill workers (boiler supervisor) • Field visit to land application site for mill effluent (Block T21) • 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 (field visit in Block Q26, Q27 and J39) • OSH system (fire simulation records, medical check reports for year 2016) • Warehouse (chemical store) • Worker facilities, medical facilities • 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

Date	Location/ Main sites	Main activities
		<ul style="list-style-type: none"> • Complaint record • SCCS Closing Meeting

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 and labour unions.

Stakeholder consultation visited to stakeholder’s location and interviews. Interview 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.

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 20 persons. This followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as Appendix 3.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During the surveillance audit, there is identified nonconformities were assigned during this 1st surveillance audit i.e. 11 non-conformities against Major Compliance indicators while 7 nonconformities were assigned against Minor Compliance Indicators and there is 3 observation & opportunities for improvement. Further explanation of the non-conformities raised and corrective actions taken by the company provided in Section 3.3. The observations & opportunities for improvement listed in Section 3.4.

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

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

Findings:

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

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

Some records of requests for information and responses :

Torgamba Mill

- Letter No. 660/234 / DLH / 3/2017 from the South Labuhan Batu Environmental Office dated March 14, 2017 concerning the request of the EIA report, management response of PTORA / DLH / X / 17 , March 17, 2017 , concerning the report has been submitted in the Directors, and explain from directors office will delivering the report to Environment Agency.

Torgamba Estate

- Letter No. 565/061 / Naker / II / 2017 from Labour Agency South Labuhan Batu District dated February 22, 2017 to management unit of Torgamba Estate concerning the request of employment report data which implement voluntary pension program in company, replied by letter No. KTORA / X / 2017 dated February 27, 2017 already submitted data on March 02, 2017 concerning employment data included in the voluntary pension plan.

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

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

Compliance status: Yes No

NCR No: -

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

Findings:

Memorandum letter from PTPN III Marketing and Development Plan Director No. 3.12/3.00/MO/209/2015 dated 25 March 2015 was issued related Good Corporate Governance Practices handbook distribution to all level of company operation. In the book describes the code of conduct in conducting business with the partners as listed in point (f) not doing illegal business and avoid the practice of corruption, collusion and nepotism. Statement of compliance to Code of Conduct of all mill workers dated 01 February 2017 and estate workers dated February 27, 2017.

Socialization conduct at Torgamba Estate and POM on Feb, 2017. The objective evidence could showed are attendance list of the socialization and photograhp. This socialization included for 3rd party such maintenance contractor, FFB transport contractor and FFB suppliers.

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) established procedure for law and regulation identification document No.PK-3.18.01 Rev.01, revision date September 21, 2016. This procedure explained about job responsibility for each person who will responsible for law and regulation compliance. The company has list of legal and other requirements presented in list of regulation and law covering plantation, OSH, labour, and enviromental sections. The law and regulation is including relevant laws, government regulations, Instruction of President, Minister Regulations, Local Regulations,

Compliance status: Yes No

NCR RSPO01357 (Major 2.1.1)
Some condition that are not in accordance with the fulfillment of laws and regulations, such as:
 1. There are still no regulations that should be included in the list of laws and regulations that must be met by the Torgamba Management Unit, such as Permenaker 3/1986, PP

and Governor Regulations etc. All copies of law and regulations is available and maintained.

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

1. There are still no regulations that should be included in the list of laws and regulations that must be met by the Torgamba Management Unit, such as Permenaker 3/1986, PP 38/2011, Permen LH 28/2003 and Permen LH 29/2003 dll.
2. The company has not been able to show sufficient evidence related to the compliance of laws and regulations, for example:
 - a. Found hazardous ex-chemical container kept in store without store hazardous license with more than a month and hazardous waste ex-chemical container disposed with no responsibility such as for water container, for flower pot and others.
 - b. Harvester and sub-contract worker / sprayer workers based on photograph not use complete PPE as required in the contract agreement. **Recurring findings NCR 2015 – 04 of 12 (Major).**
 - c. Cholinesterase test result for sub-contract worker (sprayer workers) is not available in place for division III and VII. **Recurring findings NCR 2015 – 07 of 12 (Major).**
 - d. Workers insurance (BPJS) for sub-contract workers in Afd III & VII is not available in place.
 - e. Two types of chemicals are found in the trademark of Starene and Posat stored in Chemical Warehouse, but not listed in the Chemical Recommendation Permit No. 560/676/DSTKT/2016 dated October 20th, 2016.
 - f. Based on Permit Recommendation of Chemical Substance No. 560/676/DSTKT/2016 dated October 20th, 2016., point 3 states that chemicals workers should be given extra fooding, but based on the results of interview can not be shown evidence that sprayer workers (sub-contract) has been given extra fooding.
 - g. Based on interviews with one of the harvester, there is a corresponding indication that he took his wife to work on harvest at the site at the peak crop on company orders, but the wife did not get a salary or status.
 - h. Based on document observation, it known that the company has not been able to show enough evidence of periodic employee health checks (high risk) in accordance with Ministerial Decree no. 2 years 1980.
 - i. The permit for surface and surface water utilization for Torgamba POM (number 610/34/BPPTSU/2/12.1/III/2014 dated April 5, 2014) has been expired since April 5, 2017.
 - j. Underground water permit of Torgamba Estate (number 503/158/BPPTPM-LS/2014 dated April 11, 2014) has been expired on April 2017.

This condition raised as non-conformity (NCR RSPO01357).

Unit Torgamba has record of Plantation Business Permit (SPUP in Bahasa) based on letter No.350/771/Dj.Bun.5/XI/2001 issued

38/2011, Permen LH 28/2003 and Permen LH 29/2003 dll.

2. The company has not been able to show sufficient evidence related to the compliance of laws and regulations, for example
 - a. Found hazardous ex-chemical container kept in store without store hazardous license with more than a month and hazardous waste ex-chemical container disposed with no responsibility such as for water container, for flower pot and others.
 - b. Harvester and sub-contract worker / sprayer workers based on photograph not use complete PPE as required in the contract agreement. **Recurring findings NCR 2015 – 04 of 12 (Major).**
 - c. Cholinesterase test result for sub-contract worker (sprayer workers) is not available in place for division III and VII. **Recurring findings NCR 2015 – 07 of 12 (Major).**
 - d. Workers insurance (BPJS) for sub-contract workers in Afd III & VII is not available in place.
 - e. Two types of chemicals are found in the trademark of Starene and Posat stored in Chemical Warehouse, but not listed in the Chemical Recommendation Permit No. 560/676/DSTKT/2016 dated October 20th, 2016.
 - f. Based on Permit Recommendation of Chemical Substance No. 560/676/DSTKT/2016 dated October 20th, 2016., point 3 states that chemicals workers should be given extra fooding, but based on the results of interview can not be shown evidence that sprayer workers (sub-contract) has been given extra fooding.
 - g. Based on interviews with one of the harvester, there is a corresponding indication that he took his wife to work on harvest at the site at the peak crop on company orders, but the wife did not get a salary or status.
 - h. Based on document observation, it known that the company has not been able to show enough evidence of periodic employee health checks (high risk) in accordance with Ministerial Decree

by Ministry of Agriculture, Directorate General of Plantation dated on November 2, 2001. This IUP document covered for land area of oil palm about 25,593.74 Ha for 3 POM units under PT PN III. But this letter not clearly mentioned name of each POM. This letter mentioned that location in Torgamba, Baruhur and Sei Daun only based on land use rights No.44/HGU/DA/80, dated on July 9, 1980. The production capacity license per hour is 60 tonne FFB/hours.

Company has established procedure for law and regulation compliance document No. PK-3.18-18 Rev.02 revision date 05-06-2017. This procedure explained about:

- Job responsibility for each person who will responsible for law and regulation compliance.
- Legal documents available in place
- Comprehensive list law and regulation already cover for national and international law and regulation
- All law and regulation available in place are link to all activity in the estate and mill.

Record of law and regulation printed also available in place. Records for law and regulations compliance evaluation carried out twice in a year, whereas for 2016 the evaluation finished in early 2017. Based on law and regulation evaluation all regulation has fully comply by estate and mill.

Procedure above has set methodology for: law and regulation evaluation should carry out every once a year; law and regulation compliance monitoring also should carry out every once a year; then in section 6.1 mentioned law and regulation update will carry out every a year.

no. 2 years 1980.

- i. The permit for surface and surface water utilization for Torgamba POM (number 610/34/BPPTSU/2/12.1/III/2014 dated April 5, 2014) has been expired since April 5, 2017.
- j. Underground water permit of Torgamba Estate (number 503/158/BPPTPM-LS/2014 dated April 11, 2014) has been expired on April 2017.

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:

During 1st surveillance audit, there is no revision regarding land use rights of Torgamba estate. The record of legal land use rights (HGU) of Torgamba estate number SK.44/HGU/DA/80. The legal land use rights during the 1st surveillance audit was not valid, the validity only until 2010. Details of Progress described as follow:

1. **Year 2008.** The company has made a letter (Number: 3.09/X/593/2008) to Head of Region of Land Agency North Sumatra Province on May 23, 2008. The company has attached the relevant document according with the related regulation (Government Regulation / PP Number 40/1996). This condition has comply with the regulation of land use rights (PP No. 40/1996). The regulation state that 2 years before the validity expired, the certificate holder should be propose for extension (article 10).
2. **Year 2009.** Head of Region of Land Agency North Province has issued the letter (Number: 1386-300.8/XII/2009) on December 31, 2009. This letter state that the land use rights of PTPN III (included Sei Daun Estate covering 7.555 Ha) there is a problem related to forest area. There was indicated that 14,382 Ha from the land use rights total areas included to the forest area based on Ministry of Forest Decree Number 44/2005.
3. **Year 2011.** Head of National Land Agency of Republic Indo-

Compliance status: Yes No

NCR No: -

nesia has issued the letter (Number: 3590/14.3-300/IX/2011) on September 29, 2011. This letter state that the land use rights of PTPN III could be extension if there was a letter from Forest Agency state that the covering areal 14,382 Ha has accommodated from Production Forest to other use areas.

4. **Year 2014.** Last updated, Ministry of Forest Decree Number 44/2005 has revision become Ministry of Forest Decree Number 579/Menhut-II/2014) on June 24, 2014. Based on the Ministry of forest decree 579/Menhut-II/2014, all of 14,382 Ha (areas where indicated included to the forest area) was changed to other use areas.
5. **Year 2016.** Head of Region of Land Agency North Sumatra Province has made a letter of recommendation (Number: 522/287) on February 2016. This letter state that based on Ministry of Forest Decree Number 579/Menhut-II/2014 it is known that all of indicated included to the forest area (14,382 Ha) was changed from Production Forest Areas to other use areas. Furthermore, Head of Land Agency North Sumatra sent the letter recommendation to The Head of National Land Agency of Republic Indonesia on June 23, 2016 through a letter number: 840/10-12.200/VI/2016.
6. **Year 2017.** The company has coordination with the National Land Agency of Republic Indonesia on January 30, 2017. Based on the coordination, National Land Agency of RI suggest that The Regional Land Agency of North Sumatra could be conducted field visit especially for observed the area indicated included to the forest areas (14,382 Ha). Responding to that, the company has coordination with Head of Region of Land Agency North Sumatra on May, 12 2017. Based on the coordination, Land Agency North Sumatra Province would be conducted field visit on May 18, 2017. Furthermore, on May 18, 2017, Land Agency of North Sumatra Province has conducted field visit. This evidence was showed through Minutes of Events Number: 03/BA/PHTIP/HGU/V/2017. On the minutes of events state that all of areas (14,382 Ha) was clear and clean from forest areas.

On June 2, 2017 the company has got meeting with the National Land Agency of Republic Indonesia. The meeting attended by Directorate General of National Land, Head of Regional Land Agency of North Sumatra Province and President Director of PTPN III. In the meeting agreed some agreement regarding proposed of land use rights extension where in still process, i.e.:

- PTPN III was requested to apply for land use rights through the mechanism of renewal of rights.
- National Land Agency of Republic Indonesia resend the proposal document of extension land use rights PTPN III to Regional Land Agency of North Sumatra. Furthermore, PTPN III re-proposed for the mechanism of renewal of rights.
- Responding to that, PTPN III has re-proposed with the mechanism of renewal of right through letter number: 3.19/X/440/2017 on June 13, 2017.

During 1st surveillance, Torgamba estate has record of boundary pillars monitoring records every semester. The latest monitoring done in Semester I, 2017. Based on monitoring records all boundary pillars was in good condition, complete with photograph. Then, based on site visit in field No. S15 boundary pillars

No. BPN017 the condition is good and accessible

During 1st surveillance, no land disputes have been found between PTPN III – Torgamba Estate with the local community because the company has demarcated their boundaries by coordinating with heads of the surrounding villages.

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

Based on the SIA, there was no conflict between the company and the traditional landowners. Until 1st surveillance audit, auditor found no land issues that arise at Torgamba Estate.

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

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

Findings:

There is no land disputes in Torgamba Estates and mill operation areas. Company hold a mechanism regarding conflict resolutions that documented into some procedure such Procedure no. PK-3.11-12 regarding Conflict Resolutions with working instruction No. IK 3-11-12. This procedure has refer to national regulations such as Law No. 5 year 1960, Law no. 18 year 2014 regarding Plantation and Law of HGU (land title). Basic procedural steps that must comply during conflict resolutions are:

- a. Risk Identifications
- b. Problem mitigations
- c. Collective calculations (company and affected parties) regarding the values of compensations
 - The loss of affected parties
 - Company's ability
 - Expectation values
 - Value's appropriateness
 - Inputs from stakeholders
- d. Documentation
- e. Legal Actions
- f. The rights (of affected parties) to choose representatives parties.
- g. Respects to Judge decree

There is no land disputes/conflict information based on document map verification. Public consultation result during audit confirmed that there was no land conflict among PT PN III Torgamba with

Compliance status: Yes No

NCR No: -

surrounded community. There is no agreement regarding land conflict resolution has issued.

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

Findings:

Torgamba estate has documented business or management plan for three years from 2017 – 2019. Esppecially for 2017 FFB projection production is about 146,817.000 mt, with planted harvesting area about 6081.62 ha, and CPO projection production about 33,753.228 mt and PK about 6,401.221 mt. Rendement for CPO production about 22.99% and PK about 4.36%.

This budget plan for 2017, covered about:

- Planted area for harvest, not planted area, HCV/conservation area, emplacement, road, mill, low land area, and others.
- Smallholders not present for this estate.
- FFB projection for three years.
- Extratction rate for three years.
- Production cost per tonne of CPO production in mill available in document.
- Forecast price in mill available in document.
- Financial indicators in mill available in document.
- There is no plan for projected expansion from management.
- Budget for environmental management also available in budget plan for 2017.

This business plan has reviewed by management every once year through the sign approval from top management against to this annual budget plan.

During 1st surveillance audit, there is no plan from company budget regarding replanting plan because still in productive stage.

Compliance status: Yes No

NCR No: -

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

Findings:

During 1st surveillance, Torgamba estate has established procedure and work instructions as guideline for all activity. This procedure available in online, and this procedure could access by limited person only. This procedure covered both estate and mill. There are revision of numerical identification of procedure during this surveillance.

Procedure for estate consist of land preparation, land clearing, replanting, fertilizer activity, sprayer activity, harvesting, FFB loading, FFB transportation, weighing activity, waste management, IPM, compliance law and regulation identification, and others. Whereas for mill consist of incoming FFB in weighbridge, processing, sterilizer, thressing, kernel nut plant, boiler activity, engine room activity, stored in storage tank, dispatch and others.

Torgamba estate has conducted management review for evaluation of procedure implementation minimum in a year, example in 2016. This management review discussed about internal audit

Compliance status: Yes No

NCR RSPO01358 (Major 4.1.1)

Some inconsistency against to company procedure, such as:

- Could not show evidenced procedure for outsource activity has been communicate to the out sourced workers, such as procedure for spraying, fertilizing and others.
- Based on procedure No.PK 3-08-15 Rev.01 about selection and evaluation third party, mentioned the productivity of contractor evaluation carry out every semester. But during the surveillance in division III and VII this division did not conduct contractor productivity evaluation as required by company procedure.

and external audit result and follow up process, law and regulation compliance, target achievement FFB production and oil production, palm oil maintenance (fertilizing, spraying, IPM control, and others), training activity, budget and others. Based on management review result above, procedure implementation and evaluation has carry out with the final result in generally the procedure implementation has comply.

Based on site visit verification on harvesting activity in Block R26, Block W24 and X24, the harvester fully understood with harvesting procedure. But the PPE used is not comply with procedure. **This condition raised as non-conformity (NCR RSPO01357 – address to Major 2.1.1).**

Also found some inconsistency against to company procedure, such as:

- Could not show evidenced procedure for outsource activity has been communicate to the out sourced workers, such as procedure for spraying, fertilizing and others.
- Based on procedure No.PK 3-08-15 Rev.01 about selection and evaluation third party, mentioned the productivity of contractor evaluation carry out every semester. But during the surveillance in division III and VII this division did not conduct contractor productivity evaluation as required by company procedure. **This condition raised as non-conformity (NCR RSPO01358).**

Company has record of master list document for SOP and work instruction, with online condition, and could access during the surveillance. Company set mechanism to SOP's tracking of revision through the numerical identification tracking based on each department such as procedure PK-3.18-01 this mean 3.18 is come from law department, and 01 mean is document No.1 in law department, and PK mean is working procedure. Also complete with date of revision and revision no. to tracking the revision status.

All SOP both of estate and mill:

- Available in local language and could understood by all workers level.
- Internal control to ensure the SOP's implementation done by estate such as harvesting inspection (Kap-Inspeksi in local name) to ensure harvesting activity finish with good without unripe zero, zero losis fruit in field and others. Example harvesting inspection carried out on August 4 – 5, 2017 by related foreman in division VII. Based on that inspection record, all harvesting understood with palm oil harvest criteria, evidenced there is no record unripe fruit collect by harvester, there is no fruit did not picking by harvester. In generally this condition called "Panen Tuntas" clean harvesting.

Regularly checking to ensure the SOP's implementation conducted through internal audit and management review process. Based on management review result, all SOP's already implement with comply status in generally, except some activity such as spraying and fertilizer activity not met with the target, this is because the raw material (fertilizer and chemical) stock is not available in store. And this condition was follow with report to management in head office with status in PO process.

Records of periodically checking against to SOP's implementation such as inspection, management review available in place. Also records of correction and corrective action could be accessed as explained above.

Mill has established procedure for Third party FFB sourcing with document No.PK-3.11-12 Rev01 revision date 19-05-2016. This procedure not clearly mentioned about how to ensure the FFB third party source comply with national regulation. But in the contract agreement, No. DLAB.I/SPJ/83/2016 dated on September 29, 2016 in clause 1 section 1.2 mentioned "Third party ensure that FFB deliver to Torgamba POM is legal accordance to the law and regulation".

Based on production records for 2016 and 2017, list of FFB third party source is available in place. For 2016 there are consist of 6 FFB third party source (company/CV) consist of UD Mandiri Pratama; CV Sawit Lestari; CV KD-KD; UD Waskita Jaya; UD Andhita, CV Naga Tuter with total planted area about 1,908 ha; then for 2017 consist of CV Sawit Lestari; CV KD-KD; UD Andhita with total planted area about 1,326 ha.

Records of daily FFB third party volume per day incoming available in place through the daily production records for 2016 and 2017. The FFB third party FFB record for 2016 follow are:

- CV Sawit Lestari about 10281.130
- Mandiri Pratama about 1757.120
- Waskita Jaya about 4051.650
- KD-KD about 20694.880
- Andita about 9143.460
- Bekanta about 1128.530
- Naga Tuter about 2625.810
- Berkat about 698.00
- Torgamba Karya about 15.220
- Monica Jaya about 252.220
- Harapan Tani about 22.640

The FFB third party FFB record for 2017 follow are:

- CV KD-KD about 156.830
- CV Sawit Lestari about 6.660
- UD Andhita about 186.160

Company has carried out field verification for all third party FFB source, evidenced company collected the land use certificate copy and take the GPS point of the FFB source (estate). Example based on internal letter No.MR/Int/27/2016 dated on January 20, 2016 about FFB third party source verification in field. This letter has informed about GPS point of FFB third party source sampling.

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

Findings:

Torgamba estate has established procedure/work instruction for maintain soil fertility; such as:

- IK-3.09-03/16 Rev03 revision date 16-01-2017 for fertilizer activity. This procedure explained that fertilizer activity

Compliance status: Yes No

NCR No: -

shall refer to dosage based on foliar and soil sampling analysis. Also mentioned in section 4.2.4 all fertilizer workers should brief before about fertilizer application and dosage before they work. But during the surveillance audit, there is no record the fertilizer outsource workers has brief by estate related fertilizer activity. This nonconformity raise under 4.1.1 above.

- IK-3.09-03/19 Rev.02 revision date 19-05-2016 for EFB application on the land. This procedure mention that EFB application carry out every one a year between March – June with one layer application consist of 3 circle with long between each circle is about 50 cm with dosage 200 – 300 kg per application. This application is applicable for TBM-I only. During on site visit in division III and VIII there is no record for EFB application for semester I 2017. But record EFB application for last year 2016 available in place. While for TM, dosage application per Ha between 40 – 50 tonne per Ha, also with one layer application.

SOP regarding soil fertility has been implemented through the fertilizer application and EFB application, and monitoring for this activity also carried out by division through the monitoring record of fertilizer activity. Example fertilizer activity division III (July 2017) fertilizer activity in field No.O29 and O30 with fertilizer type NPK 14-9-24, with total application about 31,33 kg and total land application about 47.45 Ha.

Record of fertilizer application on the land are available in place. Based on fertilizer realization record for 2016, all fertilizer application has refer to fertilizer recommendation from agronomic report (foliar sampling report).

Records of fertilizer usage per tonne FFB production available in place, i.e.: until July 2017, total fertilizer usage per tonne FFB production is:

- GML fertilizer about 0.0035 kg/FFB
- NPK fertilizer about 0.0162 kg/FFB

Then for 2016, total fertilizer usage per tonne FFB production is:

- GML fertilizer about 0.0132 kg/FFB
- PHE fertilizer about 0.0005 kg/FFB
- NPK fertilizer about 0.0268 kg/FFB

Torgamba estate has established work instruction for foliar sampling with document No. IK-3.09-01/04 Rev02 revision date 16-01-2017. This document mentioned foliar sampling should carry out two months before end of fertilizing program. Then for soil analysis estate has established work instruction No.IK-3.09-01/20 Rev00 about sampling soil analysis. In section 4.3 mentioned that soil sampling will carry out every four (4) year for soil in opened land, every once (1) year for intensive land system management, and every five (5) year for high level soil analysis. Records of foliar sampling available in place for 2017. This foliar sampling carried out by Indonesian Palm Oil Research Institute. This foliar sampling also complete with foliar analysis result and fertilizer dosage application per year of planting for each year of planting, division and field number.

Records of foliar sampling for 2016 and 2017 available in place as

stated above, carry out by Indonesian Palm Oil Research Institute. While for soil analysis carry out every five years, and during the surveillance, soil analysis result still not exceed in five years.

Based on fertilizer record activity in 2016 fertilizer program and realization are based on fertilizer dosage recommendation issued Indonesian Palm Oil Research Institute from foliar sampling.

Estate has established procedure for recycle nutrient strategy trough the EFB application on the land, as mentioned above. Torgamba Estate has established program for POME and EFB application to increase the soil fertility. Based on record application:

- POME application for 2016 (January – December) about 89,799 mt.
- POME application until Semester I (June 2017) about 41,051 mt.
- EFB application for 2016 (January – December) about 44,914.81 mt for total area 2,219.25 Ha.
- EFB application until Semester I (June 2017) about 14,588.10 mt with total area 95.83 Ha.

Based on on site, there is no EFB application during surveillance, but from the last quartal period (March – May 2017) there are found EFB application in Q26 with EFB application was meet with the estate work instructions whereas the EFB application should be one (1) layer.

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

Findings:

Refer to HCV assessment report 2012, found some area in Torgamba estate about 105.06 Ha with slope condition, consist of 20 – 40% about 85.10 Ha and >40% about 20.06 ha, located in division VI, IV, II, I. Soil type in Torgamba estate is kandiudult and tropofluvent.

There map for soil type and fragile soil map in place, but this map is not comply with appropriate scale (1:50,000) as required by RSPO. **This condition raised as non-conformity (NCR RSPO01359).**

Estate has established work instruction No.IK-3.09-02/06 Rev.01 date May 19, 2016 about land preparation and palm oil maintenance in sloping area. This procedure explained planting in sloping area is through terrace and cover crops to minimize potential erosion. Policy of planting in slope area are include in conservation policy whereas this policy mentioned all HCV identified area should protect and manage to enhance the HCV value.

Based on HCV assessment foun sloping area with 40% undulating condition but already planted by estate before HCV assessment conducted. Then, current condition during surveillance showed that area maintained through the cover crops handling. Based on field assessment in division VII and V, cover crops in sloping area are available and in good condition.

Torgamba estate has developed program for road maintenance. During on site visit to division III and VII, both of this division showed the road maintenance program. Also in estate budget,

Compliance status: Yes No

NCR RSPO01359 (Major 4.3.1)

There is map for soil type and fragile soil map in place, but this map is not comply with appropriate scale (1:50,000) as required by RSPO.

road maintenance available.

For semester I 2017, division III and VII has done carried out road maintenance, example in division III, road maintenance done about 1,500 meter (for collection road), also in division VII, some of collection road in several field already done maintain by division about 1,000 meter. Based on HCV assessment, soil type in Torgamba Estate, there is no found peat in Torgamba concession area.

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

Findings:

Water sources identification and management plan are listed on 2017 water management document. These document describe the water source identification, Mill and estates housing water usage monitoring & efficiency, and catchment area protections. Field visits on block Q27/26 AFD VII at Torgamba estates for examples, found that companies managed Busuk river riparian by marked the buffer zone, perform revegetation with bamboos, and signboard placement.

Company also conducted regularly water quality testing for Busuk river and underground water (artesian well) every semester. Company also have monitored the efficiency of water usage both of estates and mill every month. During audits, there is no complaints from around local stakeholders and workers regarding surface water quality/underground water quality that utilized by them. Based on workers interview on estates housing shown that drinking water for them originated from refill water and Torgamba Mill also provides clean water access for all workers.

Company provided procedures for these catchment areas protection/conservations listed on PK-3.09-08 procedure document. Field visit during audit, for examples on Busuk river riparian block J39 acquired information that company shown proper ways for maintain and protect the catchment area for example manual weeding and marking the chemical boundary border. Company has identified and shown the maps for catchment areas (including riparian) with 1:25000 scale. HCV identification document shown there is some natural water stream on estate e.g Busuk river stream.

Mill effluent produced by Torgamba mill processed at waste water treatment plant (WWTP), until it complying to standards before it discharged to estates as land applications based on decree of Labuhan Batu Selatan regent No 503/952/BPPTPM-LS/2016 valid until 2019.

Torgamba POM waste water quality testing document review shown for March - July 17 all of waste water testing parameters are compliant to the standards quality (for examples BOD on July are 2760 mg/ and pH are 7.23), and all of waste water management and monitoring has been reported to related institutions per 3 month regularly. Field visit on WWTP during audit found there is no leakage indications and these area are managed well. Observation on block T21 also found there is no leakage and contamination indications on land applications spot.

Compliance status: Yes No

NCR RSPO01360 (Minor 4.4.4)

Field observation in Torgamba POM shown flowmeter on water treatment plant in damaged condition, therefore water usage not measured accurately.

Observations on Torgamba Mill water treatment plant (WTP) found monitoring for raw and process water usage was done by officer periodically. Procedure for Mill water usage and monitoring are provided and has been listed on working instruction IK-3.11-05/01. Standards of water usage for FFB process recorded on 2017 budget, projected 2.20 m³/tonne FFB processed. Water usage monitoring was done periodically and recorded, for example on July 2017 FFB processed 13182 tonne, and process water usage 21364 m³, and water usage efficiency was 1.62 m³/tonne FFB processed.

Field observation in Torgamba POM shown flowmeter on water treatment plant in damaged condition, therefore water usage not measured accurately. **This condition raised as non-conformity (NCR RSPO01360).**

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

Findings:

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

- a. The company has made procedure related IPM (IK-3.01-17/14; revision 07; date May, 01 2014). This procedure described that before pest and diseases growing rapidly, the company should be conducted the Early Warning System (EWS). EWS implementation conducted with routine census activity. This result of census activity would be used for IPM recommendation. If the result of census showed level of pest and diseases attacking under the economic level, so control of pest and diseases were not use chemical material (can be use biological and or manual control). But if the result of census showed of pest and diseases almost and or over the economic level, control of pest and diseases could be use chemical material. But control with the chemical material should be accordance with the dosage recommendation from supplier.
- b. Based on global telling report and pest & disease monthly report (January to December 2016 and January to July 2017) that there was not a significant attacked based on the SOPs requirements (level of pest and diseases attacking medium category). So that to control attack it by manual/hand picking and using agrochemical accordance recommendation.
- c. The company was also developed beneficial plant such as *Turnera subulata. Sp, Antigonon. Sp* and developed natural predator for rat (*Tyto Alba*). Based on field observation at Block Q26 and Block Q27 showed the beneficial plant was planted and maintained.
- d. The company has delivered IPM training on February 20, 2017 (refreshment) for 16 workers being person in charge in pest management or early warning system. Material issues on training were handling of pest and disease (caterpillar) by manual (hand picking and beneficial plant) or chemist and telling mechanism. The records of training were invitation letter, minute of meeting, attendance list and photograph.

Compliance status: Yes No

NCR No: -

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

Findings:

The company have recommendation for usage dangerous and poisoned agrochemical during year 2017 from Social, Labour and Transmigration agency (decree No.560 / 40 / DSTKT / 2017 dated January 11, 2017). The company allowed to used such as Herbicide are 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), Posat (active ingredients: isopropyl amine glyphosate). All of pesticide are used by company registered and permitted by the Pesticide Commission. But, there were 2 (two) types of chemicals (Posat and Starane 480EC & 290EC) are found not listed in the Chemical Recommendation Permit. **This condition raised as non-conformity (NCR RSPO01339 – address to Major 2.1.1).**

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 Torgamba Estate, Afd. VII:

Name of Pesticide	Active ingredient	Dosage	Target	Areas implemented
Garlon 670 EC	Triklopir butoksi etil ester	0,75 - 1,5 l/ha	Wide-leaved weeds	Block Q27

Based on document observation, it known that the company (Torgamba Estate) still uses Ratgone pesticide with Brodifacum active ingredients which belong to WHO type 1A (very dangerous) category. However, the company has not been able to show evidence of the commitment / efforts to reduce the use of pesticides gradually. **This condition raised as non-conformity (NCR RSPO01361).**

Trained personnel do the use of pesticides. This evidenced by the availability of recording training on the use of pesticides conducted on February 20, 2017 (refreshment training). During the audit, the audit team do not conducted field visit to the chemical activity in the field because the chemical activity has not plan at the time. However, the audit team has conducted interview with the worker in the Block Q26 (while the worker conducted manual maintenance). Based on interview with worker in the field (on Block Q26), they could be describe and demonstrated how to safely handling pesticide. Moreover, based on observation and interview with Supervisor (“Mandor”), he was carried the MSDS label and first aid box.

Based on field observations at offices afdeling II, III and VII is known there is still the storage activities of chemicals and waste chemicals have not been managed optimally according to the company SOPs and related regulations. **This condition raised as non-conformity (NCR RSPO01362).**

Compliance status: Yes No

NCR RSPO01361 (Major 4.6.4)

Based on document observation, it known that the company (Torgamba Estate) still uses Ratgone pesticide with Brodifacum active ingredients which belong to WHO type 1A (very dangerous) category. However, the company has not been able to show evidence of the commitment / efforts to reduce the use of pesticides gradually.

NCR RSPO01362 (Major 4.6.6)

Based on field observations at offices afdeling II, III and VII is known there is still the storage activities of chemicals and waste chemicals have not been managed optimally according to the company SOPs and related regulations.

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. But, if refer to the regulation Ministerial Decree no. 2 years 1980 which the company must be check the medical of worker every semester, the company has no sufficient evidence showed that this activity has be done. **This condition raised as non-conformity (NCR RSPO01339 – address to Major 2.1.1).**

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 Torgamba) 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 and contractor. Socialization conducted i.e:

- a. Active Socialization: conducted through meetings directly with employees on May 8, 2017.
- b. Passive socialization: conducted by installation of signboard regarding OHS policy on Torgamba POM office and Torgamba Estate office.

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

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

The Company has established a risk analysis document that ex-

Compliance status: Yes No

NCR RSPO01363 (Major 4.7.2)

There are still some activities that have not been included in the risk assessment i.e: chemical storage activity and emplacement of worker (in Estate responsible) and temporary storage of hazardous and toxic waste and emplacement of worker (in POM responsible).

NCR RSPO01364 (Major 4.7.3)

Based on field observations in Afdeling III and VII it known that the provision of Personal Protective Equipment (PPE) is not maximally applied so that workers in the field do not use PPE in accordance with the risk analysis that has been prepared. For example: Harvest workers encountered only using Helmet and Safety Shoes whereas in the risk analysis document is recommended to use Helmet, Safety Shoes, Glasses and Rubber Gloves and there is an indication that the chemical warehouse operators do chemical pouring activities not using PPE as required in company procedures and policies.

NCR RSPO01365 (Minor 4.7.5)

Based on the results of field observations in offices Afdeling II, III and VII known that APAR in a state not ready to use (low pressure).

plains the potential risks from all operations in Estate and Mill. The document also explains how the identified risk control measures have potential risks for each operation. The risk analysis document reviewed every 1 year. The latest reviewed by company on February 2017. However there are still some activities that have not been included in the risk assessment i.e: chemical storage activity and empalcement of worker (in Estate responsible) and temporary storage of hazardous and toxic waste and emplacement of worker (in POM responsible). **This condition raised as non-conformity (NCR RSPO01363).**

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

- a. Training for Welder → 1 persons (on behalf Robertson Sinaga), conducted on 2008. This evidenced by the operator licenses from government.
- b. Training for Boiler Operator → 3 persons (on behalf Raja Edison Manurung, Darwin Pane, Suhendra Gunawan), conducted on 2015. This evidenced by the operator licenses from government.
- c. Training for Steam Plant (Sterilizer) → 2 persons (on behalf Giftson Fitra M. Sitorus and Medi Warman Saragih), conducted on 2015 (1 person) and 2013 (1 person). This evidenced by the operator licenses from government.
- d. Training for OHS Expert → 1 person, conducted since 2015. This evidenced by the operator licenses from government.
- e. Training for Electrician → 2 person (on behalf Ridwan and Bahri), conducted since 2016. This evidenced by the operator licenses from government.
- f. Training for Fire Officer → 1 persons, conducted since 2016. This evidenced by the operator licenses from government.
- g. Training for Operator Housting Crane → 2 persons (on behalf Ober Siregar and Walsen Pardomuan Sihombing), conducted since 2016. This evidenced by the operator licenses from government.

Based on field observations in Afdeling III and VII it known that the provision of Personal Protective Equipment (PPE) is not maximally applied so that workers in the field do not use PPE in accordance with the risk analysis that has been prepared. For example: Harvest workers encountered only using Helmet and Safety Shoes whereas in the risk analysis document is recommended to use Helmet, Safety Shoes, Glasses and Rubber Glovet and there is an indication that the chemical warehouse operators do chemical pouring activities not using PPE as required in company procedures and policies. **This condition raised as non-conformity (NCR RSPO01364).**

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. Based on the results of

field observations in offices Afdeling II, III and VII known that APAR in a state not ready to use (low pressure). **This condition raised as non-conformity (NCR RSPO01365).**

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:

Torgamba estate has record for training development program for 2016 and training realization 2016. Based on training record 2016, only internal workers provide by company, while for outsource workers training record and program 2016 is not available in place. Then for training program for 2017 only fertilizer training scheduled by estate for outsource workers, but for spraying activity not schedule yet by estate since 2016 until 2017. **This condition raised as non-conformity (NCR RSPO01366).**

Based on on site visit interviewed with harvester, the employee said they are with others harvester get training related BMP's especially for harvesting skills. This training carry out on November 10 – 18, 2016 for all harvester in all division under Torgamba estate. Then, interviewed also conducted against harvesting foreman. The harvesting foreman said he got first aid training from company nurse (clinic) about last year. And based on training documentation record first aid training has conducted in the last year 2016 on November, but in the attendant list without date information.

Compliance status: Yes No

NCR RSPO01366 (Major 4.8.1)

Based on training record 2016, only internal workers provide by company, while for outsource workers training record and program 2016 is not available in place. Then for training program for 2017 only fertilizer training scheduled by estate for outsource workers, but for spraying activity not schedule yet by estate since 2016 until 2017.

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:

During 1st audit, Until 1ASA there is no scope changes related to mill capacity, new plantings, on Torgamba estates/mill areas. All company operation activities are covered on these old document. The company has a document of Environmental Evaluation Study (SEL) covering for Torgamba estates and mill approved by Agricultural minister on 1994. Management also develop revision document for environment management and monitoring (RKL/RPL) approved by Labuhan Batu environmental agency on 2006, covered 7658.94 ha estates areas and 60 tonne FFB/hour mill capacity.

These documents explained the impact that probably caused by the company's operations such as land acquisition, construction of roads, infrastructure development, processing mills development, land preparation, crop management, oil palm planting, development of conservation areas, etc. EIA documents also describes environmental management and monitoring plan that should be done by the company.

Based on EIA monitoring and management plan document, showed the company should carry out the management and monitoring for all impact already identified by EIA document, such

Compliance status: Yes No

NCR RSPO01367 (Minor 5.1.3)

The environment management as outlined in semester 2 2016 RKL/RPL report not yet included the monitoring parameters (according to matrix) such as terrestrial biota and erosion and Management review for environment management and monitoring plan are not available.

as water quality, air quality, emission quality, waste quality and others. Company done the environmental management and monitoring as outlined in the Report of the Environmental Management and Monitoring per semester regularly. These report described realization of monitoring and management of the environment in accordance with environmental parameters in the RKL/RPL. During this time audit, shown that the company has made environmental management and there is no issue of pollution caused by the company's operational activities. But, environment management as outlined in semester 2 2016 RKL/RPL report not yet included the monitoring parameters (according to matrix) such as terrestrial biota and erosion and Management review for environment management and monitoring plan are not available. **This condition raised as non-conformity (NCR RSPO01367).**

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:

There is no revision of HCV assessment of Torgamba Estate. Whereas the HCV assessment conducted on 2012 by external from Bogor Agriculture University. This HCV assessment through by public consultation conducted on June 30, 2012 with attendees about 7 person only. This HCV assessment explained about wild life present found in Torgamba concession area during the assessment, whereas the wild life consist of: 41 type of wild life consist of (3 mammals, 35 birds, and 3 reptilian) with LC categorized by IUCN, then found 1 bird with NT categorized. There is no found EN categorized wild life in Torgamba concession area. This HCV assessment should renew by company to ensure the new categorize type by IUCN redlist.

There is no information in the HCV assessment about qualified status assessor of this HCV assessment. The HCV assessment was performed by public consultations as stated above on June 30, 2012. The HCV assessment was carried out with biological records, with on desk study by external consultant and follow up with field checking during on site visit assessment. HCV assessment covered 6386.26 Ha consist of eight (8) division are include in this HCV assessment. During HCV assessment on 2012, this HCV assessment was refer to HCV Toolkit Indonesian 2009. In the end of this report complete with appendices, whereas this appendices consist of all map such as soil map, topography map, slope map, hydrology map and HCV identification map.

Based on HCV assessment 2012, there is no RTE species present in Torgamba concession area.

Torgamba Estate has established the HCV management plan refer to HCV assessment management plan recommendation in the report. This management plan include monitoring time table for all HCV area has been identified. Based on HCV management plan implementation, the HCV condition is good, identified that population of wild life has increased, enrichment with forest vegetation also good, and also identified the HCV disturbance, whereas the

Compliance status: Yes No

NCR No.:

disturbance type came from natural disaster such as flood in HCV concession area. This is based on HCV monitoring in 2016 semester II.

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

Findings:

Registry for waste (included toxic and hazardous waste) products produced from mill and estates are identified and listed on 2017 identification of pollution source document, for example mill waste water are managed at waste water treatment plant before it distributed as land applications, hazardous waste were kept and handled at temporary hazardous waste storage.

This registry of waste also includes responsible waste disposal plan. For examples POME and EFB application on estates as a part of reduction and reuse the waste from mill. All of waste utilization have monitored regularly, for examples realization for POME application at torgamba estates on July are 4760 m3

All chemicals and their containers including hazardous waste are handled and disposed based on procedure IK-3.11-19/10. Inventory for all chemicals usage and it containers are available on chemicals storehouse / temporary hazardous storage. All ex chemicals containers kept on temporary hazardous storage at estates and mill, and the company has a permit for hazardous and toxic waste storage issued by decree of head of capital investment and licensing, labuhan batu selatan regent, No 503/534/DPMPPTSP-LS/2017 for torgamba estates, and decree No 503/208/DPMPPTSP-LS/2017 for Torgamba mill, all these permits valid until 2022.

Document review shown that company has sent all toxic and hazardous waste to CV Amindy Barokah , a licensed hazardous waste collector by decree of North Sumatra governor on June 19th 2014. All manifest are available and checked by auditors, for examples manifest AVT0001725 on May 15th 2017, carrier vehicles BK8332MO, for 0,3 tonne ex chemical containers. Observation during audits at temporary hazardous&toxic waste storage shown that all of hazardous waste are compliant with the periods in permit (< 180 days).

But, based on field observation on AFD III & VII shown ex chemical containers were kept on storehouse (not in temporary hazardous&toxic waste storage). **This condition raised as non-conformity (NCR RSPO01368).**

And based on field visit on AFD III & VII shown housing domestic waste are still disposed using open fire and organic/inorganic waste are still not separated. This are not in accordance with working instruction PK-3.19-09 related to office and environment sanitation. **This condition raised as non-conformity (NCR RSPO01369).**

Compliance status: Yes No

NCR RSPO01368 (Major 5.3.2)

Based on field observation on AFD III & VII shown ex chemical containers were kept on storehouse (not in temporary hazardous&toxic waste storage).

NCR RSPO01369 (Minor 5.3.3)

Based on field visit on AFD III & VII shown housing domestic waste are still disposed using open fire and organic/inorganic waste are still not separated. This are not in accordance with working instruction PK-3.19-09 related to office and environment sanitation.

Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimized.

<p>Findings:</p> <p>Company has a documented environmental objectives, targets, and programme for 2017 which include: a plan to improve efficiency of fossils fuels and fuel usage reduction plan.</p> <p>Monitoring of efficiency improvement for fossil fuels by renewable energy (shell and fiber for boiler) usage have been undertaken by company every month. Energy efficiency for diesel fuel are 5.19 litre/tonne CPO, for electricity are 93.49 kWh/tonne CPO, for shell usage are 0.13 tonne shell/tonne CPO, and 0.388 tonne fiber/tonne CPO for fiber usage. Meanwhile during 1st Surveillance Audit company not yet planned biogas/methane capture plant operation for Torgamba mill.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p>Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>	
<p>Findings:</p> <p>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.</p> <p>During 1st surveillance audit, there is no replanting activities at the estate.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
<p>Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>	
<p>Findings:</p> <p>Torgamba POM and Estate has identified the pollution, emission and greenhouse gases source, with the activity such as:</p> <ol style="list-style-type: none"> 1. Chemical activity 2. Road maintenance 3. EFB application 4. Land application 5. Fertilizing activity 6. Transportation, and others <p>While in Mill the emission pollution was from:</p> <ol style="list-style-type: none"> 1. FFB incoming activity 2. Boiler activity 3. Process activity 4. POME installation 5. Genset and engine room. <p>From the identification has been done by estate and mill, they should identified the significant pollutant and emission then make mitigation program to reduce and minimize. The mill and estate could show evidence of GHG mitigation program and implementation.</p> <p>Torgamba both of mill and estate has done carry out the GHG calculation based on GHG calculation template new version of RSPO. The calculation result will show in public summary report in first page.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>

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

Findings:

PT PNIII still uses Social Impact Assessment (SIA) document that was developed by the Research Institute of the University of North Sumatra in 2012 for Torgamba POM and Estates. Company still keep the evidences regarding affected parties participations in the process of SIA report such as meeting records, photos and attendant list that recorded in 2012 and filled questionnaires of Social, economy, cultural aspects and public health aspects. FGD conducted at July 25-27, 2012 with Village Leaders and villagers ect. This report has documented negative and positive impacts of company's activities regarding plantations and Mill. The main impacts that has assessed were:

- a. Social and Public Facilities: Village main road, bridges, flood high risk village, worker housing facility, education health and transportation).
- b. Working opportunity. Local workforce recruited and unemployment issues.
- c. Local business opportunity. The low of local business managerial capability, consumer good distributions and creativity.

However Torgamba Unit has not been able to show the program document of the 2017 social impact management plan prepared through consultation process with internal (employee) and external (community, government agencies etc) along with the implementation and responsible schedule. It raised non conformity for this condition. **This condition raised as non-conformity (NCR RSPO01370).**

Torgamba Unit has not been able to provide a review document of the 2017 social governance plan by involving the participation of both internal and external (community, government, NGOs, etc). **This condition raised as non-conformity (NCR RSPO01371).**

Compliance status: Yes No

NCR RSPO01370 (Major 6.1.3)

Torgamba Unit has not been able to show the program document of the 2017 social impact management plan prepared through consultation process with internal (employee) and external (community, government agencies etc) along with the implementation and responsible schedule. It raised non conformity for this condition.

NCR RSPO01371 (Minor 6.1.4)

Torgamba Unit has not been able to provide a review document of the 2017 social governance plan by involving the participation of both internal and external (community, government, NGOs, etc).

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

Findings:

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

The company has list of stakeholder year 2017 where it has signed by manager of Torgamba POM and Estate. Its stakehold-

Compliance status: Yes No

NCR No: -

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

Example of communication with stakeholder

Torgamba Mill

- Letter No. 660/234 / DLH / 3/2017 from the South Labuhan Batu Environmental Office dated March 14, 2017 concerning the request of the EIA report, management response of PTORA / DLH / X / 17 , March 17, 2017 , concerning the report has been submitted in the Directors, and explain from directors office will delivering the report to Environment Agency.

Torgamba Estate

- Letter No. 565/061 / Naker / II / 2017 from Laboour Agency South Labuhan Batu District dated February 22, 2017 to management unit of Torgamba Estate concerning the request of employment report data which implement voluntary pension program in company, replied by letter No. KTORA / X / 2017 dated February 27, 2017 already submitted data on March 02, 2017 concerning employment data included in the voluntary pension plan.

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:

PTPN III has Procedures No. PK-3.08-03 Rev 03 on stakeholders Consultation and Communication dated 03 October 2016. While according to the working procedures, stakeholders can express their aspirations, suggestions and feedback to the PN III via the website, telephone, mail, email, fax, the suggestion box or visit. The company has created signboards and communication flowchart to stakeholders. The company also has provided communication box and to record incoming letters the company has provided logbook. Concerning the Handling Whistleblowing mechanism, stated in the Code of Conduct PTPN III, Chapter IV Work Ethics.

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

There is a recording of complaints / complaints of employees through the whistle blowing system mechanism April 12, 2017 about the culvert box on block Z 31 Afd V whose work has not been completed by the contractor, the response from the management through the memorandum No. 3.10 / R / MO / 02/2017 dated June 12, 2017 that the work process of the contractor is still under control of the management of Torgamba Estate.

Compliance status: Yes No

NCR No: -

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, Working Procedure 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 surround Villages during stakeholder consultation on January 27, 2017.

Based on legal document observation and management interviews, it known that the land currently occupied by the company was “erpacht” right.

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:

Torgamba has payment records for workers for March 2017. Workers wages based on Decision of the Governor of North Sumatera 188.44/623/KPTS/2016 dated October 28, 2016 concerning the determination of minimum wage SUMUT 2017 IDR. 1,961,354.69. And decree from Board of Directors. 3.17/SKPTS/R/ 14/2017 regarding the determination of employee's salary (2017) of category IA/0 amounting IDR. 1,961,355 to IID/7 IDR. 4.321.179.

Available payment of wages for factory employees in July 2017, for example. Sabar Parulian Lumban Tobing category IB/6 IDR. 2,142,070/month, Dedi Setiawan IA/4 security IDR. 1.988.127. Sugeng Herianto, electrical mechanics, IA / 13 IDR. 2,048,367, Based on field observation, document review and interviews, it known that the company has no able to show the objective evidence regarding:

- a. Torgamba Estate has not been able to show evidence of payment for contractor (upkeep worker) in accordance with District Minimum Wage
- b. Wages clause in a Temporary contract worker (PKWT) for harvesting in Torgamba Estate is not accordance with the District Minimum Wage.
- c. Based on the results of the field visit of Afd III and VII, no evidence of authentic payroll / wage receipt receipt signed by the employer and the employee, in which the pay slip specifies the minimum information required by the RSPO.
- d. The evidence of recording of the name of the sub-contract worker is accompanied by a signature as proof of salary deduction, but the signature in the recording is different from the existing signature of the socialization document, whereas under the name of the same workers and contractors.
- e. The spraying work was completed in July 2017 by CV Hafidz

Compliance status: Yes No

NCR RSPO01372 (Major 6.5.1)

Based on field observation, document review and interviews, it known that the company has no able to show the objective evidence regarding:

- a. Torgamba Estate has not been able to show evidence of payment for contractor (upkeep worker) in accordance with District Minimum Wage
- b. Wages clause in a Temporary contract worker (PKWT) for harvesting in Torgamba Estate is not accordance with the District Minimum Wage.
- c. Based on the results of the field visit of Afd VII, no evidence of authentic payroll / wage receipt receipt signed by the employer and the employee, in which the pay slip specifies the minimum information required by the RSPO.
- d. The evidence of recording of the name of the sub-contract worker is accompanied by a signature as proof of salary deduction, but the signature in the recording is different from the existing signature of the socialization document, whereas under the name of the same workers and contractors.
- e. The spraying work was completed in July 2017 by CV Hafidz in Afd III, but

in Afd III, but no cooperation contracts have been made between the two parties, and no proof of the employed worker has been paid as a right, because based on the document cooperation contracts Number: 3.21 / X / SPBBJ / 699 / TIM A / VI / 2017 dated June 10, 2017 as a work order to CV Hafidz in point 6 in the letter stating that this letter can not be used as a basis for requesting payment bill.

This condition raised as non-conformity (NCR RSPO01372).

PTPN III has collective labor agreement (PKB) 2016-2017, which contains the rights and obligations of employees set about wages, leave, occupational health, health benefits etc. Collective labor agreement (PKB) was 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 PKB to every workers of PTPN III.

Unit Torgamba has facilities for workers, as follow :

Torgamba Mill

Housing 75 units, musholla 1 unit, health care 1 unit and Union office 1 unit.

Torgamba Estate

Housing G1: 5 units, Housing G2 : 255 units ,Mosque 8 unit, church 1, Madarasah 8 units, health centre 1 unit, Employee hall 1 unit, tennis pool 1 unit, table tennis 2 units, badminton 1 unit, volley pool 8, football 2 units, kindergarten 1 unit, Elementary Scholl 4 units.

Based on the interviews with Afdeling III harvester, it known that there is no available daycare (TPA) at the employee housing. The worker acknowledges that his son is entrusted to his neighbour.

This condition raised as non-conformity (NCR RSPO01373).

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. While his wife and kids each got a rice allowance 9 kg and 7.5 kg every month

no cooperation contracts have been made between the two parties, and no proof of the employed worker has been paid as a right, because based on the document cooperation contracts Number: 3.21 / X / SPBBJ / 699 / TIM A / VI / 2017 dated June 10, 2017 as a work order to CV Hafidz in point 6 in the letter stating that this letter can not be used as a basis for requesting payment bill.

NCR RSPO01373 (Minor 6.5.3)

Based on the interviews with Afdeling III harvester, it known that there is no available daycare (TPA) at the employee housing. The worker acknowledges that his son is entrusted to his neighbour.

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 (Perjanjian Kerja Bersama) or PKB that agreed by the organization and the worker union (SP-BUN Torgamba) and acknowledged by the competent authority agency (head of labor and transmigration agency of North Sumatera Province) dated February 11, 2016. On 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) said, the organization provided office room and its utilities for worker union activities.

Compliance status: Yes No

NCR No: -

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

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

1. The female worker able to bear the family member.
2. Strata II range is widened from the previous company regulation from IC to ID, at present IC-II/B.
3. 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:

Torgamba POM

Type Worker	Gender		Religion		Origin	
	Male	Female	Moslem	Christian	Local	Non Local
Staff	8	-	5	3	-	8
Employee	142	8	77	73	150	-

Torgamba Estate

Type Worker	Gender		Religion		Origin	
	Male	Female	Moslem	Christian	Local	Non Local
Staff	14	-	8	4	-	10
Non Staf	458	34	492	121	-	492
PKWT	29	-	16	13	29	-
Outsourcing	39	-	18	21	39	-

Compliance status: Yes No

NCR No: -

There is evidence that workers and groups including local communities have not been 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.

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 Torgamba POM 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 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.

Based on production records for 2016 and 2017, list of FFB third party source is available in place. For 2016 there are consist of 6 FFB third party source (company/CV) consist of UD Mandiri Pratama; CV Sawit Lestari; CV KD-KD; UD Waskita Jaya; UD Andhita, CV Naga Tatur with total planted area about 1,908 ha;

Compliance status: Yes No

NCR No: -

then for 2017 consist of CV Sawit Lestari; CV KD-KD; UD Andhita with total planted area about 1,326 ha.

Records of daily FFB third party volume per day incoming available in place through the daily production records for 2016 and 2017. The FFB third party FFB record for 2016 follow are:

- CV Sawit Lestari about 10281.130
- Mandiri Pratama about 1757.120
- Waskita Jaya about 4051.650
- KD-KD about 20694.880
- Andita about 9143.460
- Bekanta about 1128.530
- Naga Tuter about 2625.810
- Berkat about 698.00
- Torgamba Karya about 15.220
- Monica Jaya about 252.220
- Harapan Tani about 22.640

The FFB third party FFB record for 2017 follow are:

- CV KD-KD about 156.830
- CV Sawit Lestari about 6.660
- UD Andhita about 186.160

Company has carried out field verification for all third party FFB source, evidenced company collected the land use certificate copy and take the GPS point of the FFB souce (estate). Example based on internal letter No.MR/Int/27/2016 dated on January 20, 2016 about FFB third party source verification in field. This letter has informed about GPS point of FFB third party source sampling.

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

Findings:

The company has the obligation to organize the Partnership Program and Community Development (Program Kemitraan dan Bina Llingkungan (PKBL). The program is planned each year based on proposals from partners / communities around the company. The company actively contributes to local community development programmes where each estate has allocation for such activities. For example, the company makes contributions to local development under following evidence such Assistance to repair 1 unit of poor citizen's house in Bagan Manunggal and Repairing village road at Simpang Bolanda at middle 2017.

Compliance status: Yes No

NCR No: -

Criterion 6.12: No forms of forced or trafficked labor are used.

Findings:

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 on July 2017.

Compliance status: Yes No

NCR No: -

Criterion 6.13: Growers and millers respect human rights.

<p>Findings:</p> <p>PN III has a sustainability policy document issued in October 2015 and signed by the Director. Point No. 8 of the policy states that the PN III to respect 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. Socialization conduct at Torgamba Estate and Mill on Feb 1, 2017 and attendance list of the socialization. To 3rd party such maintenance contractor, FFB transport contractor and FFB suppliers (CV. Purba Pratama, CV. Abadi Jaya, CV. Athrizal, CV. Atirah, CV. Wahana, CV. Hafidz, CV. Adit Sejahtera).</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>There is no new planting activity since November 2005 in all estate. All planted area since November 2005 came from replanting activity, evidenced based on field assessment. So, the new SEIA document for this company for new planting no available. All process in the estate and mill already covered in SEIA document and already verified as explained above. So this criteria not applicable and did not verify.</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>There is no new planting activity since November 2005 in all estate, information about soil type and topography condition already explained in the EIA document and explained above. So this criteria not applicable and did not verify.</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>There is no new planting activity since November 2005 in all estate, year of planting 2005 until 2010 came from replanting activity. The young of year planting from 2011 – 2015 came from replanting also. So this criteria not applicable and did not verify.</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>There is no new planting activity since November 2005 in all estate, the topography and slope condition already explained in EIA and HCV document assessment, and the estate already implemented terracing for sloping area. So this criteria not applicable and did not verify.</p>	<p>Compliance status: NA</p> <p>NCR No: -</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.

Findings:

There is no new planting activity since November 2005 in all estate, and there is no information from stakeholder consultation that the palm oil development of Torgamba are dislike by community, and based on consultation stakeholder, local community agreed with Torgamba palm oil development. So this criteria not applicable and did not verify.

Compliance status: NA

NCR No: -

Criterion 7.6: Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

Findings:

There is no new planting activity since November 2005 in all estate, so this criteria not applicable and did not verify, because there is no information and recording related compensation process from company and related stakeholders during public consultation.

Compliance status: NA

NCR No: -

Criterion 7.7: No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN Guidelines or other regional best practice.

Findings:

There is no new planting activity since November 2005 in all estate, so this criteria not applicable and did not verify. Based on field assessment replanting process already done by manual land clearing not burn activity.

Compliance status: NA

NCR No: -

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

Findings:

There is no new planting activity since November 2005 in all estate, so this criteria not applicable and did not verify.

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:

For environmental management the company already done reported the environmental management and monitoring implementation to the related official government every semester periodically. The report showed the result of measurement of environmental parameters, such as water surface quality, land application measurement, air pollution and ambient, waste water/POME measurement. Based on certificate result of measurement all of parameters still under below standard.

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

Compliance status: Yes No

NCR No: -

the social management and monitoring plan.

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.

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:

During 1 surveillance, Torgamba mill still implement the RSPO SCCS with MB system Module E based on direction letter No.3.03/SKPTS/02/2015 about SCCS model for Torgamba Mill is MB. Due to the nature condition of the Torgamba mill, it is possible to implement other supply chain system other than MB. Based on production record for 2016 and 2017 until semester I, the raw material source (FFB) came from internal estate (Torgamba estate), other PT PN III estate (certified and noncertified) and other FFB source (out grower)

Compliance status: Yes No

NCR No: -

E.2 Explanation

Findings:

Torgamba Palm Oil Mill has record of estimated certified products production (CPO and PK) that could potentially be produced from owned estate under Torgamba supplied based/audit scope i.e.: Torgamba estate. Also this estimation was including in long term production budget. The estimated certified production will present on the public summary in Table 4.

Torgamba Palm Oil Mill already registered in RSPO palm trace. During 1st surveillance, the mill still prepared and developed the system to preventive action when the RSPO SCCS MB system will run in the mill.

Compliance status: Yes No

NCR No: -

E.3 Documented procedures

Findings:

During 1st surveillance, Torgamba POM has established procedure and work instruction as guideline for RSPO SCCS MB implementation, i.e.:

- a) Procedure No.PK-3.11-11 Rev.02 revision date 19/05/2016 about SCCS procedure. This procedure explain about authorized person responsibility for SCCS implementation from mill manager, head of technology departement and head of commercial department. Procedure also mentioned all sales activity should record to RSPO IT Platform (e-Trace) complete with contract number, type of product, transportation document information.
- b) IK-3.11-12/01 Rev.02 revision date 19/05/2016 about handling incoming raw material (FFB). This procedure explained how to handing the incoming raw material (FFB) between certified and noncertified, whereas for certified FFB the FFB delivery slip (PB-25) shall complete with stamp (CSPO stamp) and noncertified not complete with CSPO stamp.
- c) Procedure No.PK-3.11-08 Rev04 revision date 19-05-2016 about product delivery to Belawan Installation, PT SAN, PT

Compliance status: Yes No

<p>IKN and PKSMK, and Thirdparty. This procedure explained about how to deliver certified and noncertified product (CSPO and CSPK). Whereas the facility will deliver CSPO and CSPK certified, delivery form (PB-33.01) shall complete with CSPO and/or CSPK stamp RSPO SCCS MB stamp, and for noncertified product will not complete with the stamp.</p> <p>d) IK-3.11-03/11 Rev.02 revision date 01-03-2017 about FFB grading activity. This procedure explained about grading process in the loading ramp area. Whereas grading process is not separate between certified and noncertified FFB, due to the supply chain model applied for Torgamba is MB. The difference between certified and noncertified raw material handling located in documentation since FFB delivery note until dispatch delivery note, under mass balance control.</p> <p>Authorized person who will responsible for RSPO SCCS MB implementation in the facility is Mill Manager (Poltak Sirat, SP. MSi). During the surveillance audit, records of SCCS training available in place. RSPO SCCS training conducted on May 25 - 26, 2017 attendees by 18 person from all work station who will responsible for SCCS MB implementation. This training record also complete with training material.</p> <p>Based on production record for 2016, Torgamba POM has separate between certified and noncertified. Then in 2017, Torgamba POM has record of mass balance template data for production record for 2017 with three monthly basis. Based on mass balance record template facility has separate between certified and non-certified raw material and product.</p> <p>Total certified FFB for 2016 is about 112789.50 mt, and total non-certified about 61597.63 mt. Total certified FFB for 2017 is about 60161.18 mt, and total non-certified about 3047.02 mt.</p>	
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E.4 Purchasing and good in

<p>Findings:</p> <p>Torgamba POM has verified certified and noncertified raw material and product. This data recorded in the mass balance template for 2016 and 2017. Based on mass balance report there is no purchased certified activity done by Torgamba POM from other certified source. The certified raw material came from owned estate (Torgamba estate only). Torgamba POM also has mechanism to inform the CB if there is a projected overproduction of certified tonnage through the email.</p> <p>During 1st surveillance, certified product sold by Torgamba POM still below the maximum certified tonnage claimed for 2016.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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E.5 Record keeping

<p>Findings:</p> <p>Torgamba mill has mass balance record with described between certified and noncertified raw material and product with three monthly basis. But, on 2016 there is no mass balance record with</p>	<p>Compliance status: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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three monthly basis in the mill. Three monthly basis mass balance report firstly carried out in 2017 (during the surveillance). Based on mass balance record for 2016, total certified CPO about 24249.74 mt, PK about 4477.74 mt; and for 2017 total certified CPO about 13229.44 mt, PK about 1937.19 mt. Whereas for noncertified for 2016 CPO is about 13243.49 mt, and PK about 2445.24 mt. Then for noncertified product in 2017, for CPO about 670.03, and PK about 98.11 mt.

Based on RSPO plam trace information, total certified product sold under RSPO palm trace about 3,600 mt CPO, and 444.44 mt PK. While in 2017 until surveillance, total certified CPO sold about 7550 mt and PK certified sold about 600 mt. All transaction has been recorded in RSPO IT Platform (palm trace), for example based on shipping announcement palm trace record already mentioned about:

- Sales contract No.0251/KPBN/CPO-L/N-III/VI/2017;
- Seller reference No.411/KPBN/CPO-MB/TOR/VII/2017,
- Buyer PT Nagamas Palmoil Lestari (RSPO member)
- Shipping B/L date 07/18/2017
- Product name CPO
- Volume 350 mt
- Transaction ID TR-84c932b9-368b
- Transaction status announced

Based on mass balance report 2016 and 2017, the certified product (CPO and PK) still in positive stock, this also has been verified through palm trace stock condition, whereas the remaining certified volume for CPO and PK in palm trace is still positive.

3.2 Status of Previously Identified Non-conformities

Total 12 (twelve) nonconformances were identified during the Certification Assessment. These consisted of 7 major non-conformities and 5 minor non-conformities. While for RSPO SCCS found 1 major nonconformances against to the RSPO SCCS Requirement System November 2014. During this surveillance assessment, it found that there was sufficient evidence for closure of all non-conformities.

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

Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
Major 2.1.1 NCR 2015 – 01	Found during field assessment in field number X23, division VI, sprayers foreman who work with chemical not provide medical test by company.	The company submitted the medical test result for spraying foreman for 8 foreman, example medical test result number RSTOR/SKHPK/16/VI/2015 dated on June 15, 2015, this foreman based on medical test, was in good condition, and the doctor gave the suggestion when his work, should use the complete PPE.	Closed On July 30, 2015
Major 2.2.1 NCR 2015 – 02	Torgamba estate based on decree letter number SK.44/Menhut-II/2005 dated on	The company submitted the map of designation forest area in North Sumatra, this map uncleared number and	Closed On July 30, 2015

Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
	February 16, couldn't showed that the concession area not include in forest area.	identification identity, but based on map showed that the Torgamba estate was exclude from the forest limited area, indication with the orange colour as limited forest area was not include in Torgamba concession area. This is already follow up by the company through the submit request letter of forest release in Oktober 31, 2014 document number 3.11/X/104/2014, and still process from related official government for forest release and information letter to explained that the Torgamba concession area was exclude from forest area.	
Minor 4.4.1 NCR 2015 – 03	Record of water analysis from surface water in division VI field number Y-23 couldn't showed or not available in place.	Torgamba estates shown surface water analysis in AFD VI (busuk river) by accredited laboratory and listed on environmental management report RKL/RPL every semester, for examples analysis record for semester 2 2016 : <ul style="list-style-type: none"> • TSS : downstream 3.30 mg/l, upstream 15.75 mg/l (<threshold) • DO : downstream 6.41 mg/l, upstream 6.39 mg/l (<threshold) • BOD : downstream 2.49 mg/l, upstream 2.37 mg/l (<threshold) • NO3 : downstream 0.558 mg/l, upstream 0.445 mg/l (<threshold) 	Closed On Oct 2017
Major 4.6.5 NCR 2015 – 04	The company couldn't showed evidence that the PPE has been given to sprayer compliance with the PPE identification needs matrix	The company submitted the evidence of PPE distribution to spraying workers on June 8, 2015, with the PPE type was safety shoe, mask, glove and helmet, and complete with attendant list and photograph of PPE distribution	Closed On July 30, 2015
Minor 4.6.7 NCR 2015 – 05	Not found based on workers sprayer interviewed, that the sprayer tools (kep solo) cleaned after used and keep in chemical house (division office) as a mentioned in company regulation, work instruction number IK-3.01-03/14.	The company has not cleared to improve this finding. Base on field observations at offices afdeling II, III and VII is known there is no found sprayer tools (kep solo) and PPE storage in chemical store.	Raise NC Major for indicator 4.6.6
Minor 4.6.10 NCR 2015 – 06	There is no found the records of hazardous waste from estate and mill has been disposed to the authorized collector as a mention in national regulation.	Document review shown that company has sent all toxic and hazardous waste to CV Amindy Barokah , a licensed hazardous waste collector by decree of North Sumatra governor on June 19th 2014. All manifest are available and checked by auditors, for examples manifest AVT0001725 on May 15th 2017, carrier vehicles BK8332MO, for 0,3 tonne ex chemical containers. Observation during audits at temporary hazardous&toxic waste storage shown that all of hazardous waste are compliant with the periods in permit (<	Closed On Oct 2017

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Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
		180 days).	
Major 4.6.11 NCR 2015 – 07	Based on sprayer workers interviewed and document verification, record of medical test for cholinesterase test not available in place, for sprayer workers employed by CV Rudin Sejahtera in division I.	The company submitted the cholinesterase medical test result for third party chemical workers (outsourcer), with evidence document number 542/E/LHU-KES/BK3-MDN/V/2015 dated on October 25, 2015 for 18 person third party chemical workers and document number 542/E/LHU-KES/BK3-MDN/V/2015 dated on October 20, 2015 for 21 person chemical third party workers. Based on test result all of chemical workers was in good condition. This medical test carried out in Health and Safety Regional Office of Medan.	Closed On July 30, 2015
Minor 5.2.4 NCR 2015 – 08	Torgamba estate has carried out the HCV monitoring and management, but especially for species abundance not carry out by estate. This is required in HCV management plan.	Based on HCV monitoring realization, estate has carried out monitoring for all species as mentioned in the HCV report. Based on HCV monitoring 2016 semester II, the wild life condition population increased such as identified about 9 bird, 2 mammals and 2 reptilian. Also recorded that HCV boundary pillars missing because flood disaster during rainy season	Closed On Oct 2017
Major 5.6.2 NCR 2015 – 09	The company doesn't have GHG mitigation management program from result of identified significant pollutant and emission already done by company.	The company submitted the document of GHG mitigation work plan for 2015, with the activity such as: record of fertilizer used, chemical use, fossil fuel use, electricity use and the GHG mitigation program was reduce the chemical use, vegetation enrichment and maintained the vehicle periodically.	Closed On July 30, 2015
Minor 5.6.3 NCR 2015 – 10	GHG calculation used by company not appropriate tools approved by RSPO.	Torgamba both of mill and estate has done carry out the GHG calculation based on GHG calculation template new version of RSPO.	Closed On Oct 2017
Major 6.3.1 NCR 2015 – 11	Based on field and test verification, that the SMS centre uses by company to accept any complaints and/or aspiration from external and internal doesn't work anymore	The company submitted the information through the signboard and billboard that the SMS service centre is active again	Closed On July 30, 2015
Major 6.3.1 NCR 2015 – 12	Field check and interview with contractor workers conducted in division I and IV. Interview result with 10 workers in division I showed that contractor has paid IDR 25.000 in this last 2 years for 3 type of jobs (manual, DAK and chemist). This kind of jobs has different allocated time needed (DAK and Manual allocate 2.5 hours; chemist allocate 3.5-4.5 hours). There is no wage improvement as improvement of The minimum wage payment	The company submitted the document of salary paid process for 2015 and also salary formula socialization to all outsourcer workers dated on June 8, 2015, with the formula was minimum payment based on regulation in 2015 about IDR 2,015,000, working/hours 173/month, IDR 11,647/hours. This formula was accepted by third party workers. And the salary recapitulation payment showed the salary has been paid was compliance.	Closed On July 30, 2015

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Non Conformity Report No.	Non-conformity Description	Verification of Correction / Corrective Action	Status
	regulation. On the other side, contractor's workers that work in division VI has been payment has comply with regulations.		

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

During this 1st surveillance assessment, total 18 nonconformances identified. These consisted of 11 major non-conformities and 7 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.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
Partial Certification 4.2.4	RSPO01356	PTPN III shows evidence of a letter addressed to the RSPO Compensation Task Force (Mr. Dillon). The letter describes the progress of HCV Compensation and Remediation Assessment in new development areas (Muara Upu - South Tapanuli). In the letter explained that the assessment stage in the new development area has entered the stage of land use change analysis and the assessment of obligations to determine compensation and remediation. Consultants appointed by the company (Mr. Riswan) are undertaking all these stages.	Oct 11, 2017	<p>Correction:</p> <ul style="list-style-type: none"> • Sending the letter to RSPO on the development of the Muara Upu HCV compensation proposal. • Conducting the Gap Assessment for all POM and Estate that have not been certified RSPO in second semester of 2017 according to schedule that have been determined. <p>Corrective action:</p> <ul style="list-style-type: none"> • Periodically communicate with the RSPO until the HCV Compensation Plan of Muara Upu is approved. • Arranging schedule of Gap Assessment to all POM and Estate that have been not RSPO certified yet on early year. 	Closed
Major 2.1.1	RSPO01357	Some evidence attached by the company, such as:	Oct 11, 2017	<p>Correction:</p> <ol style="list-style-type: none"> 1. Listing all relevant laws and regula- 	Closed

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
		<ol style="list-style-type: none"> 1. The company has included several laws and regulations that at the time of the audit were not included in the list of laws and regulations. List of laws and regulations referred to appendix 1 of the RSPO P & C document. 2. The company shows the sufficient evidences for closing some condition are not in accordance with the laws and regulations. The evidences shown are: <ol style="list-style-type: none"> a. Documentation of re-socialization regarding management of hazardous and toxic waste for all workers and families. The documents include a warrant from the Manager to the Field Assistant to re-socialization to all employees regarding management of hazardous and toxic wastes, photos of socialization activities, attendance lists, socialization materials and Minutes of handover of waste from afdeling warehouse to warehouse of hazardous and toxic waste. b. Documentation of re-socialization regarding PPE for all workers. The documents include a warrant from the Manager to the Field Assistant to re-socialization to 		<ol style="list-style-type: none"> tions in FM-3.08-18 / 01 (List of Regulations). 2. Conducting some improvement to comply with the laws and regulations, such as: <ol style="list-style-type: none"> a. Re-socialization for all workers and families related to the management of hazardous and toxic wastes where hazardous and toxic waste are forbidden to be thrown away and used indiscriminately. b. Re-socialization for all workers related to PPE. c. Conducting the medical check up for all sub-contractor worker that operate the chemical. d. Ensure the contractor has paid payment of insurance contributions of labor. e. Coordinating with the local manpower agency related to the recommendation of chemical use in Torgamba Estate. f. Ensure the contractor has paid payment of extra fooding to their workers. g. Re-socialization for all workers related to “forbidden to all families helping the harvester (family gang)” for all workers and their families. h. Conducting the medical check up for all workers with high potential risk (Spirometric test, Audiometric 	

Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
		<p>all employees regarding PPE monitoring, photos of socialization activities, attendance lists, socialization materials and minutes of Minutes of providing Personal Protective Equipment to contract labor.</p> <p>c. Documentation of medical check up (cholinesterase test) for all chemical operator from Sub-contractor Company. There were 5 (five) sub-contractor companies (CV. Abadi Jaya – 7 workers, CV. Athirah – 5 workers, CV. Global Indah Nusantara – 6 workers, CV. Hafidz – 3 workers, CV. Mutiara Indah – 7 workers). The medical check up conducted on August 15, 2017 held by “Balai Hyperkes Sumatera Barat”. Based on the medical check up result, all of chemical operator are in good condition.</p> <p>d. Proof of payment of employment insurance contributions for sub-contract workers. For example:</p> <ul style="list-style-type: none"> • Receipt of payment of employment insurance contributions on dated August 7, 2017 on behalf CV. Abadi Jaya (for 10 		<p>test and cholinesterase).</p> <p>i. Coordinating with the North Sumatera Province government to extension of licenses of Surface water permit.</p> <p>j. Coordinating with the North Sumatera Province government to extension of licenses of Underground water permit.</p> <p>Corrective action:</p> <ol style="list-style-type: none"> 1. Section 3.08 distributes prevailing laws and regulations annually to Districts / Estate / Units according to PK-3.08-18 (Identification and evaluation and compilation of laws and regulations. 2. Ensuring all of relevant laws and regulation and documenting evidence of compliance. 	

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
		<p>workers).</p> <ul style="list-style-type: none"> • Receipt of payment of employment insurance contributions on dated August 7, 2017 on behalf CV. Abadi Jaya (for 11 workers). <p>e. Company shows new Chemical Recommendation Permit Letter from Manpower District Office (No. 560/226/NAKER/VIII/2017 dated August 22nd, 2017). In this letter has stated Starene and Posat are listed on new chemical recommendation.</p> <p>f. The company shows a list of contract labor wage payments. The document shows information about the name, working hours, HK amount, wage amount and extra fooding (in the form of money).</p> <p>g. Documentation of re-socialization regarding “forbidden to all families helping the harvester (family gang)” for all workers and their families. The documents include a warrant from the Manager to the Field Assistant to re-socialization to all employees and families, photos of socialization activities, attendance lists and socialization</p>			

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
		<p>materials. In the socialization materials, it is explained that the company never gives direction to anyone other than the worker to help do the work.</p> <p>h. Documentation of medical check up for all workers with high potential risk (Spirometric test, Audiometric test and cholinesterase). There were 29 workers from Torgamba Estate (Audiometric: 9 workers, Spirometric test: 10 workers, Cholinestrace test: 10 workers) and 30 workers from Torgamba POM (Audiometric: 10 workers, Spirometric test: 10 workers, Cholinestrace test: 10 workers). The medical check up conducted on August 14, 2017 held by “Balai Hyperkes Sumatera Barat”. Based on the medical check up result, all of chemical operator are in good condition.</p> <p>i. The company shows some evidences, such as:</p> <ul style="list-style-type: none"> • Application letter from PTPN III - Head Office (No. 3.08/X/72/2017 dated July 13, 2017) to Head of investment and licensing office regarding 			

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
		<p>extention of licenses of Surface water permit.</p> <ul style="list-style-type: none"> • Sign receipt document from Invesment and Licensing Office of North Sumatera on August 10, 2017. <p>j. The company shows some evidences, such as:</p> <ul style="list-style-type: none"> • Application letter from PTPN III - Head Office (No. 3.08/X/119/2017 dated August 29, 2017) to Head of investment and licensing office. 			
Major 4.1.1	RSPO01358	<ul style="list-style-type: none"> - Documentation of re-socialization for all the sub-contract workers regarding tehnique of manuring and spraying. The documentation included invitations, minutes, photographs, attendance list and materials of socialization. - Result of performance evaluation of the contractor in the 1st Semester of 2017 to Afdelig III, VII and evidence of distribution of document. 	Oct 11, 2017	<p>Correction:</p> <ul style="list-style-type: none"> • Conducting the socialization of procedures related to spraying and fertilizing works to the sub-contract workers with evidences of invitations, materials, attendance lists, minutes and documentary photographs. • Showing the result of performance evaluation of the contractor in the 1st Semester of 2017 to Afdelig III and VII and complete the evidence of distribution. <p>Corrective action:</p> <ul style="list-style-type: none"> • Ensuring to the all Assistant to make sure all of contractor has been provide the training for all their workers and or ensuring to the all field assisstant to make sure all of 	Closed

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
				sub-contract workers has been got the training regarding their jobs. <ul style="list-style-type: none"> Always distribute result of final performance evaluation conducted by Estate Manager. 	
Major 4.3.1	RSPO01359	Maps of marginal land and other maps in accordance with RSPO requirements (scale 1: 50,000).	Oct 11, 2017	Correction: <ul style="list-style-type: none"> Revise maps of marginal land and other maps in accordance with RSPO requirements (scale 1: 50,000). Corrective action: <ul style="list-style-type: none"> Ensuring all of maps are created and distributed in accordance with RSPO requirements (scale 1: 50,000). 	Closed
Major 4.6.6	RSPO01362	Documentation regarding: <ul style="list-style-type: none"> Re-socialization for warehouse operator regarding maintenance chemical warehouse. Photograph of collecting the hazardous and toxic waste materials. Delivery Order Letter of hazardous and toxic waste materials to the temporary storage of hazardous and toxic waste. 	Oct 11, 2017	Correction: Record, control and send all hazardous and toxic waste in afdeling to hazardous and toxic temporary storage immediately by enclosing Delivery Order Letter (SPB). Distributing of MSDS, installing, and putting the PPE in the afdeling warehouse for makes it easy to use.	Closed
Major 4.7.2	RSPO01363	HIRARC Document has been revised.	Oct 11, 2017	Correction: Revise the identification of hazard risk assessment and control (FM-3.16-02 / 11) by	Closed

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
				<p>adding some activities such as: Activities in chemical warehouse, Fertilizer, hazardous and toxic waste storage and Activities in emplacement.</p> <p>Corrective action: Identify of risk analysis document and risk control every once of year accordance with PK-3.16-02 (Management Planning System of PT Perkebunan Nusantara III (Persero)).</p>	
Major 4.7.3	RSPO01364	<p>Documentation regarding:</p> <ul style="list-style-type: none"> - Re-socialization to all workers (including sub-contract workers) regarding commitment to PPE used. - Minutes of distribution of PPE to all sub-contract workers. 	Oct 11, 2017	<p>Correction:</p> <ul style="list-style-type: none"> • Completing the Employee PPE in accordance with the risk analysis that has been prepared. • Monitoring and inspecting of PPE according to FM-3.16-45 / 02 (examination of the use of PPE in the workplace). <p>Corrective action:</p> <ul style="list-style-type: none"> • Identification of PPE are needs in accordance with the risk analysis that has been prepared and proposes the procurement. • Monitoring of PPE are used by all workers (included sub-contract workers) 	Closed
Major 4.8.1	RSPO01366	Documentation regarding practices training for all workers (included sub-contract workers). The documentation submitted by company consist of Attendace list, photograph and training's module.	Oct 11, 2017	<p>Correction: Conducting training in accordance with the 2017 program and documenting training evidence.</p> <p>Corrective action:</p>	Closed

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
				Create the refreshment training programs and conduct training annually.	
Major 5.3.2	RSPO01368	Documentation regarding: <ul style="list-style-type: none"> - Re-socialization for warehouse operator regarding maintenance chemical warehouse. - Photograph of collecting the hazardous and toxic waste materials. - Delivery Order Letter of hazardous and toxic waste materials to the temporary storage of hazardous and toxic waste. 	Oct 11, 2017	Correction: Record, control and send all hazardous and toxic waste in afdeling to hazardous and toxic temporary storage immediately by enclosing Delivery Order Letter (SPB). Distributing of MSDS, installing, and putting the PPE in the afdeling warehouse for makes it easy to use. Corrective action: Monitoring of implementation procedure regarding maintenance chemical warehouse in the Afdeling according to IK-3.11-19 / 01 (Handling and storage of hazardous waste) and recording all hazardous waste into FM-3.11-19 / 01 (Log Book).	Closed
Major 6.1.3	RSPO01370	The company has been sent evidence of improvement such as: <ul style="list-style-type: none"> • List attendance of socialization related social impact management action plans for 2017 on August 24, 2017. Discuss with Bagan Manunggal Village officials. • Photograph of socialisation activity. • Document of social impact management action plans for 2017 agreed by all parties. • Invitation letter from Estate Manager to the representative 	Oct 11, 2017	Correction: Continue to use and customize the program on the 2012 SIA document for the 2017 social impact management plan (Long Term Plan). Corrective action: Every 5 years update the SIA document in accordance with its designation.	Closed

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Indicator	NCR No.	Evidenced Observed	Deadline for implementation (Date)	Correction / Corrective Action Taken	Auditor Conclusion
		community (Bagan Manunggal Village).			
Major 6.5.1	RSPO01372	<p>The company has been sent evidence of improvement such as:</p> <ul style="list-style-type: none"> a. List of contract labor wage payments. Based on verification of the document, worker's wage in accordance with the minimum wage. The document (list of sub-contract workers wage payment has been signed by workers and related authority (contractor). b. Wage calculation matrix for sub-contract workers. This matrix becomes the basis for PTPN III in determining the value of agreement with contractors and this calculation has been agreed by the contractor too. c. Document of employee agreement has been revised. In the document has been stated that the provision of wage for worker in accordance with the minimum wage requirement. d. Employee agreement among CV Hafidz and their workers. Moreover, list of payment wage of workers on July 2017. 	Oct 11, 2017	<p>Correction:</p> <ul style="list-style-type: none"> a. Request proof of payment of wages of contractor workers in accordance with relevant legislation. b. The provision of temporary worker ("PKWT") wages according to UMP refers to UURI No 13 of 2003 on employment articles 89 and 90. <p>Corrective action:</p> <ul style="list-style-type: none"> a. Monitoring proof of wage payment contractor's workers every month. b. Ensuring the provision of temporary worker ("PKWT") wages according to UMP refers to UURI No 13 of 2003 on employment articles 89 and 90. c. Checking and ensuring signature compliance of all documents relating to the contractor and its worker. 	Closed

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3.3.2. Minor non-conformities

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

Indicator	NCR No.	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken	Auditor Conclusion
Minor 4.4.4	RSPO01360	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	Oct 11, 2017	<p>Correction: Proposing replacement of damaged flow meter so that water usage is accurately measured</p> <p>Corrective action: Identify and ensure flow meter works properly according FM-3.11-03 / 18 (Check work-sheet inspection before Mill Starting operation).</p>	Closed
Minor 4.6.4	RSPO01361	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	Oct 11, 2017	<p>Correction: Making a program / effort to reduce the use of chemicals with the type of active ingredients Brodifacum.</p> <p>Corrective action: Provide socialization to all personnel related to chemicals made from Brodifacum active which is included in category type 1A (very dangerous).</p>	Closed
Minor 4.7.5	RSPO01365	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	August 11, 2018	<p>Correction: Propose repair / replacement / replenishment of APAR to the relevant Section.</p> <p>Corrective action:</p> <ul style="list-style-type: none"> Inspect all emergency equipment recorded in FM-3.16-08 / 01 (List of Emergency Response Equipment / Evacuation and Placement) and record it in FM-3.16-08 / 02 (Records of Emergency Response Checkup Tool). 	Closed

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Indicator	NCR No.	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken	Auditor Conclusion
				<ul style="list-style-type: none"> Follow up the results of inspection of emergency response equipment. 	
Minor 5.1.3	RSPO01367	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	August 11, 2018	<p>Correction:</p> <ul style="list-style-type: none"> Monitored and reported all impacts assesed in the EIA report every semester according to the EIA document matrix. Reviewing the EIA documents and documenting the results. <p>Corrective action:</p> <ul style="list-style-type: none"> Ensure that all impacts within the matrix of EIA document have been monitored and reported in the EIA report every semester Every 2 years conducting the EIA document review. 	Closed
Minor 5.3.3	RSPO01369	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	August 11, 2018	<p>Correction:</p> <p>Manage and control domestic waste according to PK-3.19-09.</p> <p>Corrective action:</p> <p>Disseminating office and environmental hygiene according to PK-3.19-09 and and documenting socialization proof of invitation, material, attendance list, minutes and documentation photos</p>	Closed
Minor 6.1.4	RSPO01371	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	August 11, 2018	<p>Correction:</p> <p>Carry out field visits by planning social governance plans with the parties involved.</p> <p>Corrective action:</p> <p>Annually managing social impacts with the parties involved are consistently & responsibly.</p>	Closed

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Indicator	NCR No.	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken	Auditor Conclusion
Minor 6.5.3	RSPO01373	The company has sent correction and corrective action request. The implementation of this CAR will seen in the next surveillance.	August 11, 2018	<p>Correction: Based on the information it is known that there are currently no children under 5 years of age. To identify information about the existence of children of employees under the age of 5 years. If the result of identification of the presence of children under 5 years in sufficient number, then will be re-functioned Child Care Center. However, if the amount is small, the employee's children can be deposited at daycare in Afdeling I and or II.</p> <p>Corrective action:</p> <ul style="list-style-type: none"> • Ensure the number of employees children under 5 years old. • Provide Daycare as needed 	Closed

3.4 Noteworthy Positive Components and Potential for Improvement

Positive Observation:

No.	Indicator	Positive Components
	-	-

Potential for Improvement:

No.	Indicator	Potential for improvement
1.	Major 2.2.1	The company should conduct intensive monitoring related to the completion process of land rights (HGU) extension of Torgamba Estate.
2.	Criterion 4.7	The company are likely to improve OHS management performance by: <ul style="list-style-type: none"> a. Adjusting the contents of first aid box in accordance with the provisions of Permenaker No. 15 of 2008. b. Incorporate periodic and special health inspection programs in OSH work program. c. Attach all documentation of OHS Committee activities that have been done into Report P2K3 which reported to the related institution. d. Make details of minutes of the P2K3 meeting and ensure the agenda discussed during the P2K3 meeting is to evaluate the realization of the established OSH program. e. Ensure the evacuation route and the gathering point in the employee housing area are available and known to the worker.

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 – Sei Mearnti POM and its supply based 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. 824 502 16043 until this Assessment.

TUV Rheinland recommends that PT Perkebunan Nusantara III Torgamba 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
-	-	-	-

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4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit planned for August 2018

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

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

Signed on behalf of PT Perkebunan Nusantara III 

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

Signed on behalf of PT TUV Rheinland Indonesia


Mhd. Fundy Cholis Kurniawan
Lead Auditor
Date: Nopember 15, 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 Systems: 2014**

Certificate Registr. No. : 824 502 16043

Certificate Holder : **PT TUV Rheinland Indonesia certifies :**
PT Perkebunan Nusantara III (Persero)
Torgamba Palm Oil Mill
Torgamba Village, Torgamba Subdistrict,
Labuhan Batu Selatan District - 21464,
North Sumatera Province, Indonesia;



and its company owned estates according to the annex

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

Validity: An audit was performed, Report No. ASA182450216043. Proof has been furnished that the requirements according to Indonesian National Interpretation of RSPO Principles & Criteria for the Production of Sustainable Palm Oil; July, 2016 and RSPO Supply Change Certification System; 2014 are fulfilled.

The due date for all future surveillance audits is 07.07 (dd.mm).

The certificate is valid from 07-09-2016 until 06-09-2021.

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 : September 07, 2016


PT TUV Rheinland Indonesia
Director

Indonesia,19-01-2018

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 Systems: 2014**

Certificate Registr. No.: 824 502 16043

Location: **PT Perkebunan Nusantara III (Persero)**
 Address : **Torgamba Palm Oil Mill**
 Torgamba Village, Torgamba Subdistrict,
 Labuhan Batu Selatan District - 21464,
 North Sumatera Province, Indonesia

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

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
Torgamba Mill	Torgamba village, Torgamba Subdistrict, Labuhan Batu Selatan District, North Sumatera Province, 21464, Indonesia	01°42'53.6"N	100°17'28.0"E
Torgamba Estate	Torgamba village, Torgamba subdistrict, Labuhan Batu Selatan District, North Sumatera Province, 21464, Indonesia	01°42'46.0"N	100°16'45.0"E

CPO Tonnage Total Production: 35,565.80 tonnes
 PK Tonnage Total Production: 6,762.40 tonnes
 Company Estates FFB Tonnes: 146,817.00 tonnes
 FFB Tonnes from other sources: 95,923.20 tonnes
 CPO Tonnage claimed for certification: 32,519.97 tonnes
 PK Tonnage claimed for certification: 6,371.86 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

Indonesia, 19-01-2018

Issued by PT TUV Rheinland Indonesia


 PT TUV Rheinland Indonesia
 Director

www.tuv.com



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.	Chendra Kesuma	Estate Manager	
2.	Poltak Sirait	Mill Manager	
3.	Alfin	Kepala Urusan Pertanahan Medan Head Office	
4.	Ginting	Head Assistant Rayon A	
5.	Yusrizal	Head Assistant Rayon B	
6.	Hasan Harahap	Mill Head Assistant	
7.	Sinambela	MR	
8.	Fajrin	Field Assistant	
9.	Bosco	Field Assistant	
10.	Adi Barus	Field Assistant	
11.	Apra ginting	Field Assistant	
12.	Arif	Field Assistant	
13.	Sugiartono	Laboratory assistant	
14.	Siti Maryam	Torgamba Estate DCC	
15.	Legito	Chemical Storage clerk	
16.	Yamin	Storehouse officer	
17.	Rezki	Storehouse officer	
18.	Rudolf Hasibuan	Foreman	
19.	Rambe baginda raja	Harvester	
20.	Ampun Silalahi	DC DLAB1	