



NaturaCert

Colombia

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Roundtable on Sustainable Palm Oil™

Certification Audit Report

PALMAS DEL CESAR S.A.

Date of report release: October 31, 2016

Audit start date: July 11, 2016

Audit completion date: July 13, 2016

Name of auditors: Yuri Alexander Carrillo R. (Lead auditor)
Diego Andrés Bernal Forero
María Angélica Ocampo



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1. Scope of the evaluation:

1.1 Organizational Information

| | |
|------------------------|--|
| Name | Palmas del Cesar S.A. |
| Mailing address / City | Calle 35 N° 17-56 piso 15 Bucaramanga Colombia |
| Phone / Mobile | 057-6334109 - 57 316 8302898 |
| Contact | Viviana Dueñas – RSPO Coordinator |
| Email | viviana.duenas@palcesar.com |
| Other certifications | NTC ISO 9001 |

1.2 Certification details and RSPO membership

| | | | |
|--|---|---|-----------------|
| RSPO Membership No. | 101611400000 | Certificate No. | NAC-RSPO-P&C-01 |
| Validity of the current certificate (If applicable) | Start date (dd / mm / yyyy) | | 22/03/2017 |
| | Due Date (dd / mm / yyyy) | | 21/03/2022 |
| Date of first certification | 22/03/2017 | Date of latest evaluation | 11-13/07/2016 |
| Scope | Extraction plant and privately-owned farm as supply base. | | |
| Certificate validity period | 5 years | No. of production units included in the scope | 1 |

1.3 Production units included in the process

| N. RSPO | Type (Extraction plant, farm etc.) | Name | Address and location | GPS coordinates | | Area (Ha) | | | |
|---------|---------------------------------------|-----------------------|---|-----------------|-----------|------------|----------------|---|----------|
| | | | | Longitude | Latitude | Production | Infrastructure | Other uses (Conservation, livestock, etc.) | Total |
| 1 | Plantation | Palmas del Cesar S.A. | San Martín – Aguachica – Rio de Oro and San Alberto | 7°53'10" | 73°28'00" | 3.377 | 422,05 | 392 | 4.191,05 |
| 2 | Mill | Palmas del Cesar S.A. | San Alberto | 7°53'10" | 73°28'00" | N/A | N/A | N/A | N/A |
| TOTAL | | | | | | 3.377 | 422,05 | 392 | 4.191,05 |

1.4 Map location of the production units considered for certification

| | |
|----------------|--|
| See Annex No.1 | Map of plantation and extraction plant |
|----------------|--|



1.5 Supply base overview (Fruit sources)

Palmas del Cesar has two plants, one for the extraction of crude palm oil and the other for the extraction of palm kernel oil by processing the bunches of fresh fruit which come either from their own plantations or from external suppliers. The current audit established a certification scope with a supply base that includes the 3,377 hectares in the production of bunches of palm fruit, a crude palm oil extraction plant with an average production capacity of 1,505 tons per month and a monthly reception of 7,000 tons of bunches of fresh fruit, with a mass balance supply chain mode that implements the BIOSA LC software to keep track of a database that includes each fresh palm fruit bunch supplier, coming both from its own farm or from external fruit suppliers.

1.6 Planting schedules and cycles

| No. | Name of the Production Unit | Expected production FFB/Year (Tonnes) | Period of cultivation | Production cycle (Maximum projected time of production – In years) |
|--------------|-----------------------------|---------------------------------------|-----------------------|--|
| 1 | Palmas del Cesar S.A. | 84.100 tonnes | 1987 -2015 | 30 years |
| TOTAL | | 84.100 tonnes | | |

1.7 Classification of palm plantations depending on the age (%)

| No. | Name of production unit | Plantations grouped in five-year intervals | | | | | Total |
|-------------------|-------------------------|--|-----------|-------------|-------------|-------------|----------|
| | | 1995 and earlier | 1996-2000 | 2001 - 2005 | 2006 - 2010 | 2011 - 2015 | |
| 1 | Palmas del Cesar S.A. | 7,95% | 15,46% | 30,13% | 32,05% | 14,43% | 100% |
| | | 268 ha | 522 ha | 1.017 ha | 1.082 ha | 488 ha | 3.377 ha |
| TOTAL | | 268 ha | 522 ha | 1.017 ha | 1.082 ha | 488 ha | 3.377 ha |
| PORCENTAGE | | 7,95% | 15,46% | 30,13% | 32,05% | 14,43% | 100% |

1.8 Certified production

The Palmas del Cesar S.A. company started a RSPO certification process with a scope with a supply base that only covers its own plantations; at the time of the audit, the company has not implemented any RSPO certified product processing from external suppliers.

| (Toneladas) Projected production for the last 12 months (in tonnes) | | | | Actual production for this audit (in tonnes) | | | | Projected/ approved production for this report in a twelve-month period (in tonnes) | | | |
|---|----------------|-------------|-----------------|--|----------------|---------------------|-----------------|---|----------------|-------------|-----------------|
| | | | | Specify corresponding period | | May - December 2015 | | | | | |
| Racimos de fruta fresca Fresh fruit bunches | Crude palm oil | Palm kernel | Palm kernel oil | Fresh fruit bunches | Crude palm oil | Palm kernel | Palm kernel oil | Fresh fruit bunches | Crude palm oil | Palm kernel | Palm kernel oil |
| 79.214 | 17.031 | 5.284 | NA | 62.945 | 13.218 | NA | NA | 79.214 | 17.031 | 5.284 | NA |

**1.9 Supply of Non-certified FFB from Associated/Scheme Smallholder**

| | Scheme/Associated SH | Scheme/Associated Outgrower | Independent SH |
|---|----------------------|-----------------------------|----------------|
| Volume of non-certified FFB (mt) | 18.100 | | 116.000 |
| Production Area (ha) | 1.115 | | 6.752 |
| Number of Individual Smallholders/Outgrower | 98 | | 255 |
| | 28 | | |
| Name of Cooperative/Association (if relevant) | Asopalmar | | |
| | Aspalpa | | |



2. Evaluation process

2.1 Overview

| | |
|---|----------------------|
| Certification body | NaturaCert |
| RSPO Accreditation No. | RSPO –ACC-025 |
| Date of RSPO approval (dd/mm/yyyy) | |

NaturaCert is a Fundación Natura initiative created to certify and verify national and international standards applied to the Colombian sustainable agricultural production. **NaturaCert** has the mission of promoting the conservation and the sustainable use of biodiversity throughout the provision of these services having in mind the contribution to the strengthening and competence of the products produced by its clients.

NaturaCert is a certification body accredited by the ISO/IEC 17065 Standard, by Accreditation Services International by ANSI and IOAS's Sustainable Agriculture Network. NaturaCert provides certification services under different schemes such as Rainforest Alliance Certified, Florverde Sustainable Flowers, UTZ; and verification services under the following programs:

- Ethical BioTrade Standard - Union for Ethical BioTrade
- Nespresso AAA Sustainable Quality Program - Nestlé Nespresso S.A
- Starbucks C.A.F.É. Practices Program - Starbucks Coffee Company
- 4C Code of conduct - 4C Association

| | |
|-------------------------------------|--|
| <input type="checkbox"/> | Current version of the RSPO Supply Chain Certification System. |
| <input checked="" type="checkbox"/> | Current version of the Principles and Criteria for the sustainable production of palm oil. |
| <input type="checkbox"/> | Current version of the RSPO Principles and Criteria for the sustainable production of palm oil by smallholder systems. |
| <input type="checkbox"/> | Current version of the RSPO Principles and Criteria for the sustainable production of palm oil by independent smallholders certified as group. |
| <input type="checkbox"/> | The current version of the RSPO Standard for group certification. |
| <input type="checkbox"/> | Current version of the RSPO Accreditation and requirements for group certification. |
| <input checked="" type="checkbox"/> | Current version of the RSPO Certification Systems. |
| <input type="checkbox"/> | Current version of the RSPO Standards on Market Communications and Statements. |

Date of the next follow-up visit (dd/mm/yyyy) January, 2018

2.2 Audit Team (Attach the resumes of audit team members who were not part of the team during the latest evaluation)

| Name of evaluators | Position | Professional profile |
|---------------------------------------|-----------------|--|
| Yuri Alexander Carrillo Romero | Auditor | Agronomist, with four-year experience as auditor for the SAN standards, the Sustainable Agriculture Standard, the Group Certification Standard, the Chain of Custody Standard and the Sustainable Livestock Production Systems Standard granted by the Rainforest Alliance Certified™ Seal; additionally, he has worked as auditor for the UTZ Certified Standard, the RSPO Principles and Criteria Standard, and the RSPO Supply Chain; a |



CERTIFICATION AUDIT REPORT - RSPO SCHEME

**Code
PO-18 RSPO**

| | | |
|-----------------------------------|---------------------------------|---|
| | | verifier for the Nespresso AAA Sustainable Quality Program; and an inspector for the Florverde and the Starbucks C.A.F.É. Practices. He has a five-year experience as production manager in the cultivation of roses and a crop phytosanitary manager. |
| Diego Andrés Bernal Forero | Auditor | He is an Agronomist with a Technical Degree in Management of Agricultural Companies. He has a six-year experience as an auditor for the Sustainable Agriculture Network standards (Sustainable Agriculture Standard, Chain of Custody, Group Certification Standard), and a Social and Environmental Verifier for the Nespresso AAA Sustainable Quality Program. He has worked as Certification and Standard Director for floriculture companies, internal auditor for HSEQ, leading ISO 9001 v2008 auditor, leading RSPO Principles/Criteria Standard and supply chain auditor; Florverde environmental auditor/inspector and Starbucks C.A.F.É. Practices auditor/inspector. He has experience in the implementation of the ISO 9001 v2008 Standard and the Sustainable Agriculture Network Standards (Standard for Sustainable Agriculture) in coffee, cut flowers and oil palm crops. |
| María Angélica Ocampo | Auditor | She has an ecology degree and a specialization in Industrial Safety, Hygiene and Environmental Management. She has a seven-year experience as auditor for the Rainforest Alliance Certified™'s Sustainable Agriculture Network Standards; leading RSPO auditor on principles and criteria. Experience in the evaluation and analysis of institutional environmental management; coordination, implementation and monitoring of environmental management and occupational health systems for the floriculture and forestry sectors; design and implementation of comprehensive industrial management waste plans for the municipal and health sectors, as well as the management of hazardous waste; Florverde Sustainable Flowers social inspector, leading ISO 9001 auditor and HSEQ internal auditor. |
| Diego Rodriguez | Environmental Specialist | Biologist, with experience in the design of strategies for the protection and the sustainable use of biodiversity; certified adviser in critical conservation sectors, such as the mining, the oil, civil and agricultural constructions (ACV-for the RSPO standard in oil palm plantations). Additionally, due to the research carried out on this field, I have raised, developed and published the result of several research projects |



2.4 Evaluation methodology

The evaluation was carried out in accordance with the guidelines required by the RSPO Certification Systems, the Procedural Manual and the General Regulations for the Certification of NaturaCert Products. Throughout the audit, the corresponding RSPO documents were taken as an evaluation reference, in accordance with the current scope defined for this visit.

The objective evidence for the evaluation of the corresponding group of principles and criteria was gathered and analyzed in accordance with the division and facilities that were visited, as well as the relevance of the sources consulted.

Over the course of the visit to the facilities and the different types of production units, the audit team evaluated the compliance with the applicable RSPO standards regarding the social, environmental and economic aspects which include, but are not limited to:

- Non-deforestation of primary forests or high conservation areas.
- The existence or non-existence of new plantations.
- The existence or non-existence of territorial conflicts; if any, a resolution mechanism must be included.
- The existence or non-existence of labor conflicts, revision of the resolution model.
- Compliance with the legal requirements.
- Public availability of administrative documentation.
- Economic and financial management.
- Use and comprehensive management of soils and water sources.
- Agrochemicals use/management.
- Comprehensive pest and disease management.
- Social and occupational safety/training program.
- Mitigation of environmental and social impacts.
- Management of areas of high conservation value and wild species of flora and fauna.
- Efficient energy use.
- Comprehensive waste management.
- Consultation with stakeholders and compensations.
- Claims/complaints management.
- Payment, staff hiring and freedom of association.
- Discrimination, forced labor, harassment and underage hiring.
- Evaluation of social and environmental impacts.

In order to evaluate the conformity of the organization with the standard, different documentary materials were revised (photographs, maps and formats, among others), the facilities were visited, and a series of interviews were performed with employees, organization managers, control bodies, local communities, and other sectors associated to the plantation.

2.3 Schedule of activities and site visits

| | | | |
|--|--|------------------------------------|---------|
| Audit start date: | | July 11, 2016 | |
| Audit completion date: | | July 13, 2016 | |
| Length of audit | 9 days (3 days with 3 auditors) | Sample size (if applicable) | N/A |
| Start Time | 8:00 am | Ending time | 6:00 pm |
| Proposed activities for this audit | | | |
| <ul style="list-style-type: none"> - Opening meeting and logistics setup - Revision of the management system and the documentation - In-field tour and evaluation of the facilities - Interviews with workers, managers and members of the local communities, among others. - Visit to control bodies - Data consolidation (audit team handover meeting) | | | |



- Closing meeting (dissemination of results)



Date: July 12, 2016

Person in charge: Yuri Alexander Carrillo Romero and María Angélica Ocampo

Parties consulted: Community

Description of approach

A meeting was held at the communal hall of Minas with the participation of approximately 20 representatives of the communities living in the area of influence of the company; no company representatives were invited in order to guarantee trust, discretion and confidentiality.

The meeting started with the introduction of the participants by announcing their names and places of origin; the audit team made a presentation in which the objectives of the meeting were described; afterwards, the representatives of the neighboring communities expressed their different points of view regarding their association with Palmas del Cesar S.A., the absence of any type of conflict regarding the ownership or legitimacy of the land, as well as the absence of loss of customary rights; there was also an exposition of the different projects through which the company aims to promote the development and welfare of the community, some of which are the purchase of land for a park project, as well as a housing project for the workers and members of the community; additionally, the company has encouraged the involvement of the communities in the waste management efforts and put an ambulance at the service of the community.

Also, the community expressed that the communication between the company and the community is not sufficiently fluid, as it is usually intermediated by the representative of the communal action board; unfortunately, this person does not always share the information with the rest of the members, causing the activities programmed by the company to remain unknown. There were also complaints from the community about not being taken into account at the moment of hiring people, a circumstance that, according to them, was a retaliation for the labor strike promoted by the trade union at the end late 2015, such situation was denied by the company by claiming that the personnel hiring procedure of the farm is carried out by an agency in charge of examining the CVs and performing the interviews of the applicants prior to the selection and referring to Palmas del Cesar in order to complete the hiring process.

The community also provided information regarding the intrusion of industrial equipment at the Minas creek, within the limits of the company territory; this was subsequently corroborated by interviews with the agronomy division personnel, generating non-conformity in the indicator 4.2.2.

To conclude, it was established that despite existing difficulties in the communication between the community and the communities of the area of influence, the communities perceive the company in a positive way and show their interest in the further development of welfare projects.

2.4 Partial certification (if applicable)

The RSPO allows partial certification in the case of individual management units and/or when the subsidiary companies meet the requirements.

2.4.1 Administrative structure

| Section | Criterion | Complies (C) Does not comply (NC) Not applicable (NA) | Complies | Does not comply |
|---------|---|---|-------------|-----------------|
| 2.4.1.1 | Does the organization have a certification from the main shareholders/directors? | NA | See 2.4.1.2 | See 2.4.2.1 |
| 2.4.1.2 | Does the organization have a certification from each one of the operational groups? | NA | See 2.4.1.3 | See 2.4.2.2 |



| | | | | |
|----------------|--|-----------|-------------|-------------|
| | | | | |
| 2.4.1.3 | Do the companies or the companies with the highest asset cap have a membership application? | NA | See 2.4.1.4 | See 2.4.2.3 |
| 2.4.1.4 | Does the managing agency have a membership application? | NA | See 2.4.1.5 | See 2.4.2.4 |
| 2.4.1.5 | Is the parent organization or the main owner and/or administrator a member of the RSPO? | NA | See 2.4.1.6 | See 2.4.2.5 |
| 2.4.1.6 | Is there an action plan with defined terms for the certification of all the relevant production units? | NA | See 2.4.3 | See 2.4.2.6 |



2.4.2 Non-conformities related to section 2.4.1

| Section | Non-conformity | Status (closed/ Open) | Category major/ minor) |
|---------|----------------|-----------------------|------------------------|
| 2.4.2.1 | DOES NOT APPLY | | |
| 2.4.2.2 | DOES NOT APPLY | | |
| 2.4.2.3 | DOES NOT APPLY | | |
| 2.4.2.4 | DOES NOT APPLY | | |
| 2.4.2.5 | DOES NOT APPLY | | |
| 2.4.2.6 | DOES NOT APPLY | | |

2.4.3 Summary of action plan

| Section | Requirement | Findings and Required Actions | C/NC/NA |
|---------|---|-------------------------------|---------|
| 2.4.3.1 | Does the action plan include a list of all subsidiary companies, farms and processing plants? | | NA |
| 2.4.3.2 | Is the action plan challenging? | | NA |
| 2.4.3.3 | Have there been any changes since the last audit? Are they justified? | | NA |
| 2.4.3.4 | Have you received any comments from the stakeholders? | | NA |
| 2.4.3.5 | Have new subsidiaries been acquired as of recently? | | NA |
| 2.4.3.6 | Has there been any isolated flaw in the implementation of the plan? | | NA |
| 2.4.3.7 | Is the action plan relevant to the current situation? | | NA |
| 2.4.3.8 | Has there been any systematic non-compliance that affects the implementation of the plan? | | NA |
| 2.4.3.9 | What progress has been achieved since the last audit? | | NA |



2.4.4 Requirements for non-certified administrative units and/or parent companies

| Section | Requirement | Findings and Required Actions | C/NC/NA |
|---------|--|-------------------------------|---------|
| 2.4.4.1 | The organization has internal audits that may be verified with documentary support. | | NA |
| 2.4.4.2 | All post January 1, 2010 plantations comply with the RSPO requirements for new plantations. | | NA |
| 2.4.4.3 | The organization has not caused the deforestation of primary forests, or any other area identified as being of high conservation value (HCV) or required to maintain or improve the HCV in accordance with RSPO criterion 7.3. | | NA |
| 2.4.4.4 | Any territorial conflict must be resolved through a process of mutual agreement, in accordance with RSPO criteria 6.4, 7.5 and 7.6. | | NA |
| 2.4.4.5 | Any labor dispute must be resolved through a process of mutual agreement, in accordance with RSPO criterion 6.3. | | NA |
| 2.4.4.6 | Any legal non-compliance must be resolved in accordance with the legal requirements related to RSPO criteria 2.1 and 2.2. | | NA |

2.4.5 Projected length of time for certifying the whole supply base

| Extraction plant | Location | Supply base | Year of certification | Progress for this audit |
|------------------|---------------|---------------|-----------------------|-------------------------|
| Does no apply | Does no apply | Does no apply | Does no apply | Does no apply |

2.4.6 Audit plan for partial certification

| Date | Location | Planned activities |
|------|----------|--------------------|
| | | |
| | | |
| | | |

3. Evaluation results

3.1 Conclusion and recommendations of the audit team

The audit team recommends granting the certification to the Palmas del Cesar S.A. company, after the submission of all the required evidence for the closure of non-conformities in all major indicators, demonstrating compliance with the requirements of the RSPO Certification Scheme.



3.2 Summary of Findings for Principles and Criteria

| Principle | Criteria | Description of the finding |
|--|----------|---|
| 1. Commitment to transparency | 1.1 | The company established a communications program that contemplates different strategies to gather and transmit valuable information among the workers, employees and other stakeholders involved in the Oil Palm production project. Mass media: banners, management committees, IMG communications, open-air areas, division meetings, email, regular mail, <i>Bajo el palmar</i> bulletin, sustainability report, PQRS (Requests, Complaints, Claims and Suggestions), mass media, <i>Empálmate</i> (internal publication), loudspeaker promotion and/or bus and television promotion. <i>Palmas en Acción</i> Magazine, Fourth suppliers meeting. |
| | 1.2 | The information bulletins of the company account for the policies and important information on social and environmental issues. In case of requiring specific information on a particular topic, a procedure has been implemented to respond to this type of request. The website of the company is currently under construction and will have additional documentation of interest on social, environmental and technical issues. In agreement to the interviews, the personnel of the company demonstrated that if someone of the interested parts was needing information different from the policies of the company it had to realize a request in writing to the company at the moment of the audit process they had not presented requests of this type, the equipment auditor had access to all the information that was requested. |
| | 1.3 | The company has a <i>Code of Ethics and Good Government</i> , which is known by his workers and socialized to the producers by means of billboards, bulletins and trainings, in which they compromise themselves with an ethical conduct in all the transactions and commercial operations. |
| 2. Compliance with the applicable laws and regulations | 2.1 | The company has a legal matrix that identifies the legal requirements that need to be fulfilled by the company; also, it keeps track of any change in the national legislation. On the other hand, the organizational chart of the company has the position of a legal adviser who is in charge of watching over the maintenance and the monitoring of this matrix. See non-conformity with criterion 2.1.3. |
| | 2.2 | The company is developing the oil palm cultivation project in 37 properties; each one of these properties has the required documentation to prove the right to legitimate use, such as land use deeds, certificates, permits and tax payment vouchers that guarantee compliance with the corresponding legal requirements. No evidence of conflict regarding the use of the land was found. |
| | 2.3 | The company has the cartographical information of each one of the properties where the palm is being cultivated; according to the document evaluation, the legal and customary rights of the communities settled near the project have not been affected. Situation that was corroborated by interviews with the community. |
| 3. Long-term commitment to the | 3.1 | The operations of the company are based on a corporate strategy that includes a development master plan; the model and the financial structuring of the company has a thirty-seven-year horizon that started in 2000. In order to ensure a long-term |



| | | |
|---|------------|---|
| <p>economic and financial viability</p> | | <p>economic/financial viability, this model covers several aspects such as production, area growth, processing plant service factor projection, macroeconomic assumptions and market performance.</p> |
| | <p>4.1</p> | <p>The Internal Management System is included in the <i>Harvest Activity and Crop Maintenance Description document</i> (SGC-MN-DAG-01), encompassing all the information related to the policies, procedures, requirements, objectives, general conditions, personnel competence, tool requirements, work equipment, industrial safety, and a complete description of the different activities that take place at the farm. In addition to an introductory talk at the beginning of the activity, the system has determined that the agronomic support assistants must undertake a monitoring evaluation to each one of the activities and verify that they are being executed according to the parameters established in the procedures and if not, a series of feedback activities must be implemented among the workers; the records of the evaluation must be kept in the documents <i>Scheduling and Monitoring of Maintenance Activities</i> SGC-RE-DAG-5 and <i>Post-harvest Plot Evaluation</i> SGC- DAG-10. Lastly, the extraction plant has a system that identifies and keeps a record of the origin and amount of fresh fruit bunches as well as the date and location where the FFB are unloaded, the procedures are described in the <i>FFB Reception Document</i> (SGC-RE-DAG-10).</p> |
| | <p>4.2</p> | <p>By means of the parameters established in the <i>Fertilization Program Procedures</i> (SGC-RE-DAG-15), the Agronomy Division of the farm identifies, classifies and groups the cultivation plots into Agricultural Management Units (UMAs) which include not only cartographic and topographic information, but also the types of soils that prevail in each one of them; these characteristics have been defined by way of annual foliar and biannual soil studies. Taking into consideration these results, the Agronomy Division defines the strategies to be followed for the nutritional and physical management of the soil, giving special attention to areas of production with slopes of or above the 15-25% range, a percentage that represents less than 3% of the total production area, and contemplates the conservation of the green/vegetation cover, as well as the contribution of harvest residues, empty fruit bunches and sludge produced during the oil extraction process. In addition, chemical synthesis fertilizers are generated, taking into account the crop requirements and the results of the soil and plant tissue analysis, which must be included in the Management System Records document <i>Fertilization Program Monitoring</i> (SGC -RE-DAG-17).</p> |
| | <p>4.3</p> | <p>The revision of the soil maps in each one of the agronomic management units along with the on-site tour showed the absence of fragile soils or peat soils; however, the farm identifies and implements special management for soils located in slopes within a 15-25% range (2% of the total area of cultivation), and soils located in slopes above a 25% range (1% of the total area of cultivation) and contemplates the preservation of the green/vegetation cover, the contribution of the harvest residues, the empty fruit bunches and the sludge produced during the oil extraction process. Likewise, the company has an annual road maintenance program which includes the roads to be intervened in the short and medium term, and those that</p> |



| | |
|------------|--|
| | <p>because of the weather show high levels of deterioration. The management of the company approves the budget of this program and the Agronomy Division executes the activities evidenced during the audit by means of the documentation of the contracting of equipment, the purchase of gravel and filling material from companies that have permits to operate them, as well as a registry in the <i>Infrastructure Maintenance Schedule</i> document (SGC-RE-DAG- 44). See non-conformity with criterion 4.3.2.</p> |
| <p>4.4</p> | <p>The company has a program for the management and conservation of the water resources, which contemplates a conservation plan for the sources and a maximization of use efficiency, these efforts are documented in the Water Management Plan (SGC-MN- SIG-4); the registry of the supply sources and the analysis of spills into the sources is in order and there are permits or concessions for the use of water from the creek that serves as supply to the extraction plant and as a source of irrigation to the nursery; additionally, the treatment of the waste water is carried out through pools of oxidation which are subjected to regular tests to verify its compliance with the legal requirements. See non-conformity with criterion 4.4.2.</p> |
| <p>4.5</p> | <p>The farm has a comprehensive pest/disease management program described in the manual "Comprehensive Management of Pests and Diseases" (SGC-MN-DAG-8), based on constant palm tree monitoring and cultural-related management as the main measures of control. The audit showed that the pesticides were used only once the thresholds established by the Agronomy Division were exceeded; additionally, the farm is implementing the use of biological agents aimed at reducing the chemical pesticide consumption.</p> <p>The interviews with the managing and supervisory personnel of the Agronomy Division (Training Attendance Control SGC-RE-DGH-20) as well as the revision of their training records, confirmed that they are properly aware of the comprehensive pests and diseases management and the operational procedures associated to this topic.</p> |
| <p>4.6</p> | <p>The operating procedures and the comprehensive pests and diseases management of the farm keep record of the major pests and diseases present at the crop; in addition, an analysis has been made of the population or infestation thresholds on which the management decision has been based, whether through cultural activities, application of biological products or pesticides; it should be noted that the company has stopped using weed management herbicides in favor of mechanical management. Additionally, the revision of the of pest and disease control product consumption shows an increase in the use of biological products and a decrease in the use of agrochemicals; the 85% level observed in 2013 went down to 44% in 2014 and 34% in 2015; similarly, the amount of agrochemicals used went down from 27,567 kg in 2014 to 11,579 kg in 2015.</p> <p>On the other hand, the company has a product rotation with different active ingredients, such practice seeks to avoid pests tolerance or resistance, as evidenced by a literary review of the Monitoring Chemical Products Consumption SGC-RE-SIG-40; the inspections of the storage areas have showed the absence of products with</p> |



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| | | <p>active ingredients of the Ia or Ib WHO category, products listed in the Stockholm and Rotterdam conventions, nor the use or storage of Paraquat.</p> <p>The Comprehensive Management of Pests and Diseases program is based on a constant by-palm plantation monitoring aimed at finding levels of infestation, pests and location in order to establish the type of management that needs to be implemented (cultural, biological or chemical) and the active ingredient to be applied. The use of systemic palm cultivation fungicides was evidenced, as well as insecticides registered for the biological target under control.</p> <p>The literary review and the interviews with the personnel in charge of the preparation and application of agrochemicals determined that they have been properly trained in safe agrochemical handling and transport, as evidenced in the records found in the <i>Training Attendance Control</i> (SGC-RE-DGH-20) and in the Personnel Training Schedule; additionally, there was a workers registration session for a safe agrochemicals management course given by SENA. On the other hand, there was evidence of a concept emitted by the occupational physician endorsing the physical and mental capacity of the workers to prepare, apply, transport and storage agrochemical products.</p> |
| | 4.7 | <ul style="list-style-type: none"> The company has documented and implemented a Workplace Health/Safety Management System (SGSST) aimed at guaranteeing safe/healthy conditions during the execution of the activities; the SGSST contains the health/safety policies published in May 2016 available in different locations of the company facilities; also, the representatives of the workers and the management division area are involved in the supervision and monitoring of SGSST activities through the Workplace Health/Safety Committee (COPASST). All the workers have access to health-care under the contributory regime, and all of the workers have occupational health protection provided by the Occupational Workplace Safety insurance company (ARL) Positiva. See non-conformity with criteria 4.7.2; 4.7.3 and 4.7.5. |
| | 4.8 | <p>The company gives a training program with different activities on specific RSPO issues, such as the meaning of RSPO; there were evidence of the topics addressed on these training sessions, as well as the records (Training Attendance Control SGC-RE-DGH-20) found in the workers' folders.</p> |
| 5. Responsibility for the environment and conservation of biodiversity and the natural resources | 5.1 | <p>The plantation has designed policies for the responsible management of the environment and the natural resources, its Environmental Impact Evaluation (EIA) examines the different activities of the primary production (palm cultivation) and the agro-industry (extraction plant), additionally it has an assessment on the impact generated by noise and atmospheric emissions (SGC-MN-SIG-05), it evaluates and proposes strategies regarding the crops and the extraction plant. Likewise, it was evidenced that in relation to the areas that need to be subjected to crop renovation, several tracing strategies have been implemented to ensure the distance and the protection of the existing natural ecosystems. Regarding the extraction plant, there was evidence of a multi-cyclone maintenance schedule and fan balance as a response action to the isokinetic study dated January 2016. The environmental area has a monitoring schedule to the impacts contemplated by the EIA, which are</p> |



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| | | revised either on a periodical basis or according to the mitigation actions of each impact. |
| 5.2 | | <p>Palmas del Cesar performed an HCV study documented in the <i>Areas with High Conservation Values Manual</i> - (AVC SGC-MN-SIG-01 version 01), which includes the identification of five High Conservation Values (HCV) defined by the Good Practices Guideline applied to the Identification of HCV in diverse Ecosystems and Production Systems:</p> <ul style="list-style-type: none"> • HCV 1.1 Protected Areas - Minas Central Zone: Serranía de los Motilones; • HCV 1.2 Threatened or endangered Species - FAUNA: Reptiles, mammals and avifauna. FLORA (included in the document) • HCV 1.3 FAUNA - Endemic species: Amphibians, avifauna. FLORA (included in the document) • HCV 4 Basic eco-system services (water collection), bodies of water identified. • HCV 5 Key areas to meet the basic needs of the local communities such as the bodies of water identified. <p>This study proposes a management plan that encompasses the activities, the frequency, the generated document, the budget and the people in charge. It has indicators, and the bodies of water in particular, are at the center of reforestation and conservation proposal. Additionally, there is evidence of training sessions records on HCV issues, RSPO principles, water saving/efficient use of water, rare or endangered species, RAP and comprehensive waste management in accordance to the periodical personnel training program. See non-conformity with criteria 5.2.1 and 5.2.2.</p> |
| 5.3 | | <p>The Environmental Division of the organization has encouraged strategies for the responsible management of the waste generated by the company, this is based on the reducing, recycling and reusing efforts included in the <i>Comprehensive Solid Waste Management Plan</i> document (SGC-MN-SIG- 3), which also identifies every decision of the company, the waste generated and the type management to be implemented; likewise, a number of training and educational strategies have been promoted among the workers. This document establishes links between a safe and responsible hazardous waste management (pesticide residues and fossil/biological/radioactive fuels, among others).</p> <p>There was also evidence of safe management of packaging waste, spills or expired pesticides; the packages are delivered to Corporación Campo Limpio, the organization in charge of post-consumption management at the national level. There was evidence of the delivery records. See non-conformity with criterion 5.3.3.</p> |
| 5.4 | | <p>According to interviews and supporting documents such as reports and emails, the company was in the process of building a project focused on the generation of renewable energy using biogas coming from the extraction plant's stabilization ponds. According to interviews with the Extraction Plant Director, over the course of the formulation framework of this project three meetings and a technical visit have been held. However, as of today, there is no documented plan to demonstrate</p> |



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| | | and/or improve the efficiency of fossil fuel. On the other hand, the levels of consumption in the different stages of the production system have already been determined. See non-conformity with criterion 5.4.1. |
| | 5.5 | The revision of the <i>Harvest Activity and Crop Maintenance Description</i> document (SGC-MN-DAG-01) along with interviews with the field supervision personnel showed that fire was not used as a soil preparation method of re-sowing. |
| | 5.6 | The company has a study – assessment plan on the impact generated by noise and atmospheric emissions (SGC-MN-SIG-05), it evaluates and proposes strategies regarding the crops and the extraction plant on the emissions generated; similarly, semi-annual isokinetic tests have been programmed to determine the levels of concentration of the emissions generated. In addition, the study carried out to determine the Palmas del Cesar carbon footprint during the 2015 period version 1.0 and the first half of 2016, used the PALMGHG CALCULATOR tool, the resulting emission levels were below the established limits. Despite the results obtained, the company is interested in using its biogas project to generate energy and continue reducing the emission levels. |
| 6. Responsibility of the growers and the processing plants with the employees, the people and the communities | 6.1 | The company carried out a social impact evaluation regarding its activities, by way of meetings with focus groups and interviews with internal and external stakeholders. The literary review provided evidence of the evaluation report with the results and the action plans grouped by category, including activities, people in charge and execution and monitoring dates. |
| | 6.2 | The workers, producers and stakeholders have access to the different communication mechanisms of the company. The main mechanism is the Requests, Complaints, Claims and Suggestions procedure, which is properly documented. It addition, it makes use of the following media and communication strategies: banners, management committees, SIG communications, open-air areas, division meetings, e-mail, regular mail, <i>Bajo el palmar</i> bulletin, sustainability report, PQRS, mass media, <i>Empálmate</i> (internal publication), loudspeaker and/or bus and television promotion. <i>Palmas en Acción</i> Magazine, where they describe the different activities that are done by the community. Fair, Fourth supplier meeting. |
| | 6.3 | The company's Requests, Complaints, Claims and Suggestions procedure was documented and disseminated in the community through the social impact evaluation results validation meetings. |
| | 6.4 | The company has a Customary Rights - Conflict Management - Repair and Compensation Manual. In this document, the company identifies the customary rights and the situations that may arise; each one of these rights has a description of the steps to be followed and of those in charge of executing the action, keeping in mind the conciliation between the parties involved. |
| | 6.5 | The company has clear policies regarding social and hiring issues that have proved being effective at the moment of promoting fair treatment and compliance with the applicable legislation. The workers are directly hired with the company through fixed-term contracts and the specific tasks are carried out by contractors. |



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| | | Remuneration is above the valid legal minimum wage and the workers' access to social security is guaranteed. The contractors will be subjected to monitoring and will receive support to ensure compliance with the legal requirements regarding of social and hiring matters. |
| 6.6 | | The Collective Labor Convention subscribed with the Sintrainagro Trade Union until May 2019 has 345 workers affiliated. The monthly meetings between the representatives of the workers and the company are placed on record through acts of requests and agreements. These meetings address the workers' requests and provide alternatives on different topics, from labor to community-related situations. |
| 6.7 | | <p>The company follows a set of policies and procedures at the moment of hiring its personnel; the Code of Ethics explicitly defines the commitment to avoid hiring underage people and the prohibition of child exploitation.</p> <p>The process of selection has several filters and one of this is to request the document of identity of the worker, which is indexed in the the contract that the worker signs, likewise during the tour in field as well as, in interviews with workers there was corroborated that minors are not contracted.</p> |
| 6.8 | | The company promotes good treatment and no discrimination towards the workers through the Social Responsibility Policy, the Ethics and Good Governance Code, the Internal Labor Regulations and the different Committees created to address the needs of the workers. Additionally, the interviews conducted by the auditors in the different divisions and activities, did not report any cases of company discrimination or abuse. |
| 6.9 | | The company has a Social Responsibility Policy and a Coexistence Committee, created specifically to address workplace harassment and comply with the legal requirements on this matter. Additionally, the policies and regulations encourage the protection of women's reproductive rights and protect pregnant women from carrying out activities that could affect their health. |
| 6.10 | | The visit to the management facilities of the company provided evidence of the publication of the "FFB Price Report SGC-RE-USP-29" document on the boards of the company, this document reports on the purchase price of fresh fruit bunches. In a similar way, by keeping track of all the fruit suppliers, the supplier service unit sends text messages to inform about the current purchase price, this was corroborated by examining the mobile phone assigned to this unit; in addition, the literary review of the "FFB Suppliers Training Attendance Control SGC-RE-USP-07" provided evidence of the training sessions on "dissemination of the methodology and payment to the FFB suppliers" through the attendance list and the signatures of the participants. |



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| | | By revising the "Training Evaluation" records, it could be verified that the conditions of the agreements regarding the purchase of FFB were respected and that the payment for the fruit were made in accordance with the contract. |
| | 6.11 | The company makes contributions to the local sustainable development to cover road maintenance, response to the community requests, housing projects and the construction of a community park. Likewise, the supplier service unit provides technical assistance for the evaluation of crop-related activities and the improvement of crop productivity. |
| | 6.12 | The company promotes good treatment through the Social Responsibility Policy, the Ethics and Good Governance Code, the Internal Labor Regulations and the different Committees created to address the needs of the workers. No evidence of forced labor was reported. |
| | 6.13 | The Social Responsibility policy and the Code of Ethics and good governance of the company encourage human rights respect. |
| 7. Responsible development of new plantations | 7.1 | It is worth noting that the last sowing lot was established by the company in October 2009 and no new plantings have been made after January 1, 2010; however, the company performed an independent evaluation on the social and environmental impact with the support of stakeholders and representatives of the communal action boards of the nearby municipalities; in addition the company modified the operational procedures with measures with a scope that go from the preparation of the soil to the processing of the fruit; these measures are to be carried out throughout all of the activities and have the purpose of mitigating the social/environmental impacts found in the evaluation and keep the corresponding follow-up records. |
| | 7.2 | The company has maps of every Agricultural Management Unit (UMA), with descriptions of the characteristics and topography of the soils; they are analyzed by the Agronomy Division of the company before making any management/fertilization decision; in addition, road and canal maintenance activities are carried out. |
| | 7.3 | The RSPO-approved Land Use Change (LUC) Analysis, submitted on March 1, 2016 shows that new sowings made after 2005 have not replaced any primary forest that could exert an impact areas included in the High Conservation Values study. |
| | 7.4 | The revision of the maps of the region, the Palmas del Cesar soil characterization maps and the crop observation visit, show the existence of no fragile, marginal or peat soils in the plantation. |
| | 7.5 | The oil palm cultivation project is planned to be developed by the company in 37 properties; each one of these properties has documentation to prove the right of legitimate use, including deeds, certificates, permits for land use and Proof of payment of taxes, thus complying with the corresponding legal requirements; there is no evidence of conflicts regarding land use or customary rights. |
| | 7.6 | The revision of certificates of ownership history and no-lien certificate, along with interviews with the communities living near the cultivation farms, showed no legal or customary rights in the lands where the crops were established; also, the revision of the Customary Rights - Conflict Management - Repair and Compensation |



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| | | <p>document (SGC-MN-DAF-04) establishes policies of recognition of the customary rights, policies of conflict resolution, policies for the resolution of processes that were not agreed upon at a previous stage, and a policy to compensate the affected party.</p> |
| | <p>7.7</p> | <p>The revision of the <i>Harvest Activity and Crop Maintenance Description</i> document (SGC-MN-DAG-01) along with interviews with the field supervision personnel showed that fire was not used as a soil preparation method of re-sowing.</p> |
| | <p>7.8</p> | <p>The 2013-2014 and 2015 Carbon Footprint Final Report shows that the emissions and carbon capture measurements use the PALMGHG CALCULATOR tool; also, the Noise and Environmental Atmospheric Emissions Management Plan document identifies Greenhouse Gas (GHG) emission sources and emission mitigation activities, as well as the implementation program of the tree planting in different parts of the farm, considered in the environmental plan as a mechanism for the capture of carbon.</p> |
| <p>8. Constant commitment to improve key activity areas</p> | <p>8.1</p> | <p>Palmas del Cesar S.A. has an internal control and project management division in charge of the implementation and the monitoring of the ISO 9001: 2008 management system programs which include the social/environmental management system documents, along with all of the RSPO programs. Additionally, it has a division in charge of the implementation and assurance of the RSPO P&C regulation, Supply Chain. The people in charge of these two divisions have the competence to execute RSPO audit tasks during the Proforest training courses, and have the responsibility to identifying the actions that, according to the results of the internal audits and follow-up inspections, need to be improved, by implementing a methodology aimed at generating a continuous improvement in those responsible for each process within the company. These divisions use a document that works as a matrix to follow each one of the actions, their status and the improvement efforts that have been undertaken.</p> |



3.3 Summary of Findings on the Group Certification Principles and Criteria

| Principle | Criteria | Description of the finding |
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| 1. Group Requirements | 1.1 | DOES NOT APPLY |
| | 1.2 | DOES NOT APPLY |
| | 1.3 | DOES NOT APPLY |
| 2. Group required documentation | 2.1 | DOES NOT APPLY |
| | 2.2 | DOES NOT APPLY |
| 3. Chain of custody | 3.1 | DOES NOT APPLY |
| | 3.2 | DOES NOT APPLY |
| | 3.3 | DOES NOT APPLY |
| | 3.4 | DOES NOT APPLY |
| | 3.5 | DOES NOT APPLY |
| | 3.6 | DOES NOT APPLY |
| | 3.7 | DOES NOT APPLY |

3.4 Non-conformities, observations and outstanding positive components identified during this audit

3.4.1 Non-conformities

| Non-conformity report # | 1 | Classification of the non-conformity | Minor | <input checked="" type="checkbox"/> | Major | <input type="checkbox"/> |
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| Principle | 2 | Criteria | 2.1 | Indicator | 2.1.3 | |
| Description of nonconformity and related evidence | | | | | | |
| In spite of the existence of a mechanism to guarantee legal compliance, a number of operational failures have been detected: no evidence was found of delivery of contracts to the workers, or updating of the Individual Environmental Registry (RUA). | | | | | | |
| Corrective Action Requirement: | Updating of Individual Environmental Registry. Proof of delivery of contracts to the workers. | | | | | |
| Due date for the demonstration of compliance: | No later than 12 months after the closure of the audit. | | | | | |
| Corrective action | The company must show the following evidence for the closure of nonconformities: <ul style="list-style-type: none"> • Proof of delivery of the Individual Environmental Registry (RUA) updating document to Corporación Autónoma Regional del Cesar CORPOCESAR with registration date July 28, 2016 and closure date August 17, 2016. • Contract delivery list with the name of the employee, the identification number and the signature; additionally, the open-term contract framework and the fixed-term contract framework were presented. The revision and analysis of the evidence is followed by the assessment of compliance with the criterion requirement. | | | | | |
| Status of nonconformity report: | Open | <input type="checkbox"/> | Closed | <input checked="" type="checkbox"/> | | |



CERTIFICATION AUDIT REPORT - RSPO SCHEME

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| Non-conformity report # | | 2 | Classification of the non-conformity | Minor | <input checked="" type="checkbox"/> | Major | <input type="checkbox"/> |
| Principle | 4 | Criteria | 4.3 | Indicator | 4.3.2 | | |
| Description of nonconformity and related evidence | | | | | | | |
| <p>The interviews with those in charge of the Agronomy Division, along with the revision of the document "Management of soils and crops located in slopes", provide evidence of the location and the characteristics of crops located in areas with a sloping range lower than 9%, or between 9 and 15%, or between 15 and 25%, or higher than 25%, as well as the action plans for their management; this information is included in the annexed maps. However, the document does not refer to the weather conditions of these areas.</p> | | | | | | | |
| Corrective Action Requirement: | | Include information regarding the particular weather characteristics of the areas with slopes higher than 25%. | | | | | |
| Due date for the demonstration of compliance: | | No later than 12 months after the closure of the audit. | | | | | |
| Non-compliance closure. | | The company must submit an updated version of the document "Management of soils and crops located in slopes" including weather factors such as average annual rainfall, average temperature, relative humidity and an analysis of historical rainfall data from the last 25 years, the year 2015 and 2016, highest, lowest and average temperatures, as well as the georeferencing of the areas with slopes higher than 25%. Taking into consideration that the two areas with this type of slopes share similar weather conditions, the crop management activities already implemented are proposed to be maintained; the only change would be represented by the progressive eradication of the palm trees located in these areas within a two-year period. | | | | | |
| Status of nonconformity report: | | Open | | <input type="checkbox"/> | Closed | | <input checked="" type="checkbox"/> |
| Non-conformity report # | | 3 | Classification of the non-conformity | Minor | <input type="checkbox"/> | Major | <input checked="" type="checkbox"/> |
| Principle | 4 | Criteria | 4.4 | Indicator | 4.4.2 | | |
| Description of nonconformity and related evidence | | | | | | | |
| <p>The community provided photographic evidence of maintenance activities and the interviews performed with the personnel in charge confirmed the use of backhoe machinery during the relocation of sediment accumulated at the Minas creek, this sediment was moved to the shores of the creek, breaching several parameters of concession 0715 of June 16, 2014 in relation to the use of the Tocorama creek, the groundwater concession of the Minas creek and the wastewater discharge license on behalf of the Palmas del Cesar SA agro-industrial Project, as the vegetation of this area was being protected by the Corporation, according to paragraphs 20,21,27 and 30, which state:</p> <p>20. Refrain from intervening on the forest line that protects the water flows.</p> <p>21. Conserve the Protective Areas of Forest as forest cover.</p> <p>27. Implement an environmentally friendly solid waste management method.</p> <p>30. Comply with every preventive/corrective measure necessary to mitigate any environmental impact that may arise throughout the operation of the project.</p> <p>The pump that extracts water from the reservoir to take it to the nursery has a containment system connected to an oil trap through a pipeline system; however, this system effectuates a discharge into the channel that runs back into the creek; showing design deficiencies that fail to contain any potential residue spilling.</p> | | | | | | | |



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| Corrective Action Requirement: | Implement measures to protect the bodies of water. | | | | | |
| Due date for the demonstration of compliance: | No later than 12 months after the closure of the audit. | | | | | |
| Non-compliance closure. | <p>The company realized that the sediment relocation activities were carried out as a contingency measure, in the event of possible creek overflow; therefore, the table "Anti-flood works" (page 311) included in the environmental management plan was modified, by determining that the company must inform Corporación Autónoma del Cesar CORPOCESAR about any potential sediment accumulation that may cause riverbed damming, in order for the entity to authorize its extraction, preventing the population or the communities located downstream the affected site from being exposed to floodings or water shortages; additionally, numeral 1.1 "Wastewater Discharge, Water Use and Management Mitigation and Correction Activities" provides the guidelines for activities associated to preventive flood management, such as bodies of water inspections, to provide Corpopcesar with the instructions for the completion of the authorization application form for the use of the riverbed and the beach. Additionally, the activities were identified and analyzed on the Cause and Effect Matrix (Table 68), and The Environmental Qualitative Interpretation and Analysis (Table 69). Similarly, the company submitted the Palmas del Cesar Buffer Zone Management Plan, which contemplates the implementation of a re-sowing plan that seeks to strengthen the conservation of both the water sources and the biological connectors, bringing welfare to the biodiversity of the area, protecting the environmental benefits represented on the conservation of the biodiversity, the beauty of the landscape and the greenhouse gas mitigation; this document also considers the areas to be intervened, the type of vegetation to be planted, the implementation costs and the activity schedules.</p> <p>On the other hand, for the closure of the Finding associated to the water discharge located at the exit of the oil trap of the irrigation engine, the farm carried out several adjustments such as the increase in the height of the spill containment area; the sealing of the exit of the oil trap; the enlargement of the roof to avoid rainfall spilling; the replacement of the concrete cover with a metallic one to keep control of the trap in the event of spills; the construction of a perimeter wall to avoid water overflow and the implementation of an anti-spill kit made up of sawdust bags, to guarantee containment and a quick evacuation if necessary; each one of the aforementioned activities have annexed photographic support.</p> | | | | | |
| Status of nonconformity report: | Open | | <input type="checkbox"/> | Closed | | <input checked="" type="checkbox"/> |
| Non-conformity report # | 4 | Classification of the non-conformity | | Minor | <input type="checkbox"/> | Major <input checked="" type="checkbox"/> |
| Principle | 4 | Criteria | 4.7 | Indicator | 4.7.2 | |
| Description of nonconformity and related evidence | | | | | | |



1. No monitoring timeframe has been defined for the paint, anti-spill kit and welding respirators.
2. No safety sheets were found in the storage area; several products were stored without taking into consideration the compatibility factor and the person in charge of the storage area has no knowledge of the compatibility matrix.
3. There was no evidence of the use of helmet chinstraps, as recommended by the Workplace Health and Safety in heights.
4. There was evidence of the delivery of PPE for work in heights and confined spaces, by the person in charge of the storage area; however, there is no evidence of the delivery of this equipment to four workers.
5. Despite having a labor in confined spaces manual dated May 27, 2016 and a procedure for the generation of a work permit for confined spaces, two employees were found working at the precipitator without the manual, as recommended by the SIG.
6. The electric plant anti-spill kit had no shovel and broom; no mask was found at the RESPEL in opposition to the recommendation of the company.

Corrective Action Requirement:

Adjust the procedures to guarantee the health and the safety of the workers.

Due date for the demonstration of compliance:

No later than 12 months after the closure of the audit.

Corrective action

1. The company generated a filter delivery registry and the Safe Chemical Product Management Manual was modified to include a series of conditions that the operator must take into account at the beginning of each work day regarding the change of the filters:
 - a) Perception of chemical product smell
 - b) Breathing difficulties
 - c) Clicking sounds in the filter
 - d) Change in the coloring of the filter (yellow, brown)
 - e) Humidity

Additionally, the SST Division must revise the filters and the masks throughout the period of delivery of the work equipment to determine any change in the elements of protection.
2. The company generated a file with the safety sheets for each one of the products kept in the storage area that requires them, in relation to the compatibility matrix finding, photographic evidence was submitted with the "chemical compatibility table" signs located in strategic areas of the storage area; additionally, the training material was submitted to the personnel in charge of the management of the storage area.
3. As closure evidence, the farm submitted letters accompanying the helmet chinstraps delivered to the workers, inviting them to take care of this equipment and report its loss. Similarly, a work at height inspection report dated July 25, 2016 was presented, along with the attendance report control of the training session to provide instruction on the use of the work at height equipment, which shows evidence of the participation of the five management assistants in charge of verifying and monitoring all work at height tasks.
4. The farm submitted the records of delivery of the work at height protection equipment.
5. The evidence showed by the farm was the work permit for confined spaces registry (SGC-RE-DGH-63) for of the fruit-removal drum maintenance on July 23, 2016, and the registry for the cleaning of the hopper and the preheating pipe on August 29, 2016; this form includes the name and position of the maintenance coordinator, as well as the signature of the SG-5 representative, who will be in charge of ensuring the supply and use of PPE.



CERTIFICATION AUDIT REPORT - RSPO SCHEME

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| | | <p>6. In the RSPO Report form, the farm shows as evidence, a report describing the location of the anti-spill kit, as well as each one of the inspection records. Additionally, photographic evidence was submitted with the location of these kits at:</p> <ul style="list-style-type: none"> a) Paints/solvents storage area. b) B) General storage area c) C) Turbo-generator d) D) Caterpillar plant e) E) Laboratory f) F) Nursery-dam g) G) RESPEL collection center h) H) Transitional agrochemical storage area i) I) Oxidation ponds booths <p>The analysis of the evidence is followed by the assessment of compliance with the requirement and the closure of the non-conformity.</p> | | | | | |
| Status of nonconformity report: | | Open | <input type="checkbox"/> | Closed | <input checked="" type="checkbox"/> | | |
| Non-conformity report # | | 5 | Classification of the non-conformity | Minor | <input type="checkbox"/> | Major | <input checked="" type="checkbox"/> |
| Principle | 4 | Criteria | 4.7 | Indicator | 4.7.3 | | |
| Description of nonconformity and related evidence | | | | | | | |
| <p>There was evidence of personal protection equipment that do not correspond to the type of risk of exposition; for instance, the PPE used for the Strategus control do not correspond to the risk type, as proved by the use of for acid gas cartridges instead of organic vapor cartridges.</p> | | | | | | | |
| Corrective Action Requirement: | | Guarantee the delivery and use of appropriate protective equipment. | | | | | |
| Due date for the demonstration of compliance: | | No later than 12 months after the closure of the audit. | | | | | |
| Corrective action | | <p>In order to carry out the closure of the finding, the company must submit the Training Attendance Control SGC-RE-DGH-20) record for the "RSPO audit results for of Mask and Filters Use (3M 6001) at labor-related activities with chemicals"; additionally, the records of delivery of the cartridges with the filters were presented, as well as the PowerPoint presentation used during the Respiratory Protection training session. On the other hand, there is evidence of organic vapor filters (3M 6001) during the application of agrochemicals, as part of the personal protection equipment matrix.</p> | | | | | |
| Status of nonconformity report: | | Open | <input type="checkbox"/> | Closed | <input checked="" type="checkbox"/> | | |



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| | | | | | | | | |
|--|----------|--|---|--------------------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Non-conformity report # | | 6 | Classification of the non-conformity | | Minor | <input checked="" type="checkbox"/> | Major | <input type="checkbox"/> |
| Principle | 4 | Criteria | 4.7 | | Indicator | 4.7.5 | | |
| Description of nonconformity and related evidence | | | | | | | | |
| In spite of having complete and available documentation of the incidents and occupational accidents which occurred in the company, the signatures of the people in charge the February 17, 2016 investigation, could not be found. | | | | | | | | |
| Corrective Action Requirement: | | Guarantee the revision of all accident records. | | | | | | |
| Due date for the demonstration of compliance: | | No later than 12 months after the closure of the audit. | | | | | | |
| Corrective action | | In order to carry out the closure of the finding, the company must submit the following documents: occupational incident/accident investigation form (Positiva insurance company), employer occupational accident report form (Positiva insurance company), Worker/witness occupational incident/accident testimony form; the aforementioned documents must be completed and signed to support the accident investigation process; additionally, as part of a corrective measure, the person in charge of occupational health and safety submitted an internal statement dated October 5, 2016 the COPASST secretariat, giving it the responsibility to guarantee that the accident investigation records are signed. | | | | | | |
| Status of nonconformity report: | | Open | | <input type="checkbox"/> | Closed | | <input checked="" type="checkbox"/> | |
| Non-conformity report # | | 6 | Classification of the non-conformity | | Minor | <input type="checkbox"/> | Major | <input checked="" type="checkbox"/> |
| Principle | 5 | Criteria | 5.2 | | Indicator | 5.2.1 | | |
| Description of nonconformity and related evidence | | | | | | | | |
| The revision of the information gathering description for HCV analysis provided evidence of shortcomings in the collection of information for social HCV that could demonstrate or support the non-identification of HCV 2, 3 and 6. Similarly, the document showed that despite having been completed in 2014, the latest follow-up had a 2016 delivery date, demonstrating that no follow-up had been defined to comply with the two-year term that was originally considered, ignoring the changes that could have taken place during that period. Despite mentioning particular interviews to a number of individuals and human groups, the document does not clearly specify the type of populations that were taken into consideration during the stakeholder consultation. The methodology description does not specify a HCV 1.1-1.4-2-3-5-6 analysis. | | | | | | | | |
| Corrective Action Requirement: | | Adjust the HCV evaluation | | | | | | |
| Due date for the demonstration of compliance: | | No later than 12 months after the closure of the audit. | | | | | | |
| Corrective action | | The farm updated the HCV document and included a series of photographs and documents to support the work carried out with the rest of stakeholders and the community. In relation to the document Study of High Conservation Values in the Palmas Del Cesar S.A. Oil Palm Cultivation Lands Located in Cesar, Colombia, the table 8 "Chronological Phases of the HCV Study Development", describes the steps followed throughout its development, which were divided into two phases: Pre-evaluation and Evaluation, and, in turn, identifies and describes each one of the activities and sub-activities. The activities are: 1. Contact the company to request the budget. Exchange information with the company or | | | | | | |



other bodies in relation to the cartography and georeference data of the farms to establish the sampling stations. Submit the previous socio-environmental studies developed by the company.

2. Preparation of the study in which are established the objectives of the HCV Study and its corresponding methodology to guarantee compliance. Creation of the work team that will develop the field phase; the following are the activities that were considered:

- Identification of the HCV information through meetings of exchange held between the company and the team in charge of conducting the study,
- verification of the vegetation cover, the flora and the fauna,
- consultation among the local communities, the workers of the company, institutions and other workers and stakeholders;
- Environmental evaluation followed by an analysis of the information, definition of the HCV, management recommendations and development of the final document.

In order to close the non-conformity, the farm provided annexes with photographs of the species, interviews with the institutions and workshops addressed to the communities and the workers as evidence.

Closure of finding regarding shortcomings during the gathering of HCV-related information.

Regarding the finding related to the absence of supporting evidence suggested by the non-identification of HCVs 2, 3 and 6, the new HCV study of and the methodology previously described allowed the farm to identify HCVs 1,2,3,4,5 and 6 as follows:

HCV 1: The Magdalena River Forest Reserve Area, Second Law of 1959; 12 mammal species, 28 bird species (6 migratory), 12 reptile species, 1 amphibian species (*D. truncatus*), 8 species of plants.

HCV 2: A total of 28.7 hectares of gallery forest with landscape continuity marks a direct connection with the Cordillera Oriental foothill (Eastern Mountain Range) from at the Minas Central Sector.

HCV 3: The HCV 3 contemplates the muddy beaches of the of the Magdalena and Lebrija rivers basins, adjacent to the northeastern Labrador boundary.

HCV 4: Four main tributaries were identified at the El Progreso area, another four at Labrador and five more at the Central zone. The areas with fairly steep slopes are located in Minas with 67.15; and the areas with very steep slopes are located in Central Minas with 15.26.

HCV 5: Caño Sánchez, Quebrada Minas, Quebrada El Pescado, Canal La Rosita, Quebrada Aguas Blancas, Caño Campo Alegre and Río San Albertico River, are highly important for the communities, as that they are in charge of providing a number of services: drinking water, agricultural and livestock services, recreation and fishing.

HCV 6: The archaeological site located in the municipality of San Alberto, is thought to be linked to old settlements of the Chimila indigenous community, which used to be spread throughout along the Department of Cesar. The sixty sites found in the department let us presume (under a precautionary principle) the potential presence of an archaeological HCV 6.

The analysis of the evidence submitted by the farm in the HCV study document is followed by the closure of the non-conformity.

| | | | | | | | |
|--|----------|-----------------|---|--------------------------|---------------|--------------------------|---|
| Status of nonconformity report: | | Open | | <input type="checkbox"/> | Closed | | <input checked="" type="checkbox"/> |
| Non-conformity report # | | 7 | Classification of the non-conformity | | Minor | <input type="checkbox"/> | Major <input checked="" type="checkbox"/> |
| Principle | 5 | Criteria | | 5.2 | | Indicator | 5.2.2 |



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| Description of nonconformity and related evidence | | | | | | |
|---|---|---|-----|---|-------|-------------------------------------|
| In accordance with the previous indicator (5.2.1), no appropriate measures have been updated to maintain and improve the HCVs identified. | | | | | | |
| Corrective Action Requirement: | | Adjust the HCV evaluation | | | | |
| Due date for the demonstration of compliance: | | No later than 12 months after the closure of the audit. | | | | |
| Corrective action | | The farm updated the HCV document and included a series of photographs and documents to support the work carried out with the rest of stakeholders and the community. In relation to the document Study of High Conservation Values in the Palmas Del Cesar S.A. Oil Palm Cultivation Lands Located in Cesar, Colombia, the table 20 "Monitoring and management recommendations for HCV", describes and identifies the HCV, the HCV area (HCVA), the HCV management area, the threats, and the recommendations for the management of each one of the HCVs identified and the indicators and/or regularity of the monitoring. | | | | |
| Status of nonconformity report: | | Open | | Closed | | |
| | | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | | |
| Non-conformity report # | | 8 | | Classification of the non-conformity | | |
| | | | | Minor | | <input checked="" type="checkbox"/> |
| | | | | Major | | <input type="checkbox"/> |
| Principle | 5 | Criteria | 5.3 | Indicator | 5.3.3 | |
| Description of nonconformity and related evidence | | | | | | |
| There was evidence of the Comprehensive Waste Management Plan (PGIR) not being updated to the reality of the company, the support information includes data of the waste generated in 2014, but no data from 2015 and 2016 was found; on the other hand, there was no supporting data found in relation to the final waste disposal, in accordance with decree 4741/2005. Additionally, the PGIR does not include or identifies the packaging that protects the pesticides as hazardous products. | | | | | | |
| Corrective Action Requirement: | | Guarantee waste management/disposal | | | | |
| Due date for the demonstration of compliance: | | No later than 12 months after the closure of the audit. | | | | |
| Corrective action | | <p>The company realized the update of the Plan of Integral Management of Residues PGIR, having in it counts the different types of residues, as well as his managing, collection and disposition including the managing of the carton in which it comes packed the agrochemical ones which is catalogued as dangerous residue additional annex the supports of the disposition of the residues of 2015 and 2016 which are related as follow:</p> <ul style="list-style-type: none"> • The farm submits the certificate of the training course "Comprehensive Management of Hazardous Waste" given by DESCONT S.A. ESP • Records of the waste delivered to the collection stations. • Records of the waste delivered to management companies. • Monitoring records of solid waste sorting and condition of the containers. • Waste manager certificates for Acpes, Bamocol, Campo limpio (hazardous waste 2015) and Descont. • Submission of updated version of the Comprehensive Waste Management Plan. <p>As the evidence submitted by the farm shows compliance with the indicator, the nonconformity is closed</p> | | | | |
| Status of nonconformity report: | | Open | | Closed | | |
| | | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | | |



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|--|---|---|---------------|-------------------------------------|--------------|-------------------------------------|
| Non-conformity report # | 9 | Classification of the non-conformity | Minor | <input type="checkbox"/> | Major | <input checked="" type="checkbox"/> |
| Principle | 5 | Criteria | 5.4 | Indicator | 5.4.1 | |
| Description of nonconformity and related evidence | | | | | | |
| The fossil fuel efficiency plan has not been documented. | | | | | | |
| Corrective Action Requirement: | Document the fossil fuel efficiency plan and management. | | | | | |
| Due date for the demonstration of compliance: | No later than 12 months after the closure of the audit. | | | | | |
| Corrective action | <p>In order to close the non-conformity, the farm submitted the Fossil Fuel Efficient Use Program document as an evidence; the following are the objectives described in the document:</p> <p>To reduce fossil fuel consumption, To consolidate the sustainable/efficient management of the natural resources along the energy chain, To monitor the levels of equipment-related fuel consumption and increase the use of non-conventional technologies.</p> <p>In addition, the company takes the responsibility to implement this program in every division of the company over the course of a five-year validity period, in which a series of activities are to be implemented; some of them are: consumption readings, equipment optimization, search for projects that discourages the dependence from fossil fuels, awareness campaigns and monitoring of vehicles; the aforementioned activities will be subjected to a monitoring/implementation schedule.</p> | | | | | |
| Status of nonconformity report: | Open | <input type="checkbox"/> | Closed | <input checked="" type="checkbox"/> | | |

3.4.3 Outstanding positive components

| | | | | | | | |
|--|----------|------------------|----------|-----------------|------------|------------------|--------------|
| Positive component# | 1 | Principle | 4 | Criteria | 4.1 | Indicator | 4.1.1 |
| Description of outstanding positive component and related evidence | | | | | | | |
| The company management system clearly specifies each one of the activities keeps the records and makes the procedures available to the members of the staff. | | | | | | | |

3.4.3 Outstanding positive components

| | | | | | | | |
|--|----------|------------------|----------|-----------------|------------|------------------|--------------|
| Positive component# | 1 | Principle | 4 | Criteria | 4.5 | Indicator | 4.5.1 |
| Description of outstanding positive component and related evidence | | | | | | | |
| The soil characteristic identification, the atmospheric conditions and the constant pest and disease monitoring has encouraged a decrease in the use of agrochemicals; additionally, the use of biological products has minimized the use of pesticides. | | | | | | | |



3.4.3 Outstanding positive components

| Positive component# | 2 | Principle | 6 | Criteria | 6.5 | Indicator | 6.5.2 |
|---------------------|---|-----------|---|----------|-----|-----------|-------|
|---------------------|---|-----------|---|----------|-----|-----------|-------|

Description of outstanding positive component and related evidence

The company watches over the compliance with the policies that encourage a good treatment and the well-being of the workers, providing opportunities for the communication, and guaranteeing that the working tasks are executed safely, in a pleasant work environment, and in compliance with all legal requirements in terms of wages, benefits and contributions to health-care/pension plans.

3.4.4 Observations

| Observation # | 1 | Principle | 6 | Criteria | 6.3 | Indicator | 6.3.1 |
|---------------|---|-----------|---|----------|-----|-----------|-------|
|---------------|---|-----------|---|----------|-----|-----------|-------|

Description of the observation and related evidence

In spite of the good relationship between the company and the communities, the channels of communication have been ineffective in a number of cases, by avoiding or discouraging a greater participation of the community in the activities of the company.



3.5 Issues raised by stakeholders

Minas Community - Caño Sánchez - Caño Seco - Líbano:

There was evidence of the absence of any type of conflict regarding the ownership or legitimacy of the land, as well as the absence of loss of customary rights; there was also an exposition about the different projects to be implemented by the company to promote the development and welfare of the community, some of which are the purchase of land for a park project and a housing project for the workers and the members of the community; additionally, the company has encouraged the involvement of the communities in all waste management efforts and has put an ambulance service at the service of the community.

The community expressed that the communication between the company and the community is not sufficiently fluid as it is usually established by the representative of the communal action board, causing the activities programmed by the company not to be known.

There were also complaints from the community about not being taken into account at the moment of hiring people, a circumstance that, according to them, was a retaliation to the labor strike promoted by the trade union in late 2015, such situation was denied by the company by claiming that the personnel hiring procedure of the farm is carried out by an agency in charge of examining the CVs and performing the interviews of the applicants prior to the selection and referring them to Palmas del Cesar to complete the hiring process.

SINTRAINAGRO trade union organization:

An interview with the trade union representative of the workers provided evidence of the good relationship between the parties as well as the existence of communication mechanisms such as the labor committee which contemplates the situations or concerns raised by the workers regarding the execution of the tasks, the hiring process, the use of personal protective equipment among other topics of interest that are part of the collective agreement. The revision of documents provided evidence of these meetings being placed on record through by way of minutes, as well as the implementation of monitoring activities and the attention and response given to the requests made by trade union organizations and workers. Some of the mechanisms for monitoring the welfare of the workers are the labor committee and the working coexistence committee which stated the non-existence of harassment or discrimination complaints.

Additionally, a consultation with other stakeholders was performed via e-mail using the "Stakeholder Consultation for the Evaluation of the Roundtable on Sustainable Palm Oil (RSPO) Standards", in which all stakeholders are invited to submit their comments and inputs on the management of Palmas del Cesar S.A. Certification Units/Sites and/or Production Units which are to be received within a four-week period following the delivery of the inquiry (November 6, 2016); however, since there was no response, each one of the persons/organizations identified as stakeholders was contacted via telephone line on November 15, 16 and 17, and the "Stakeholder Consultation for the Evaluation of the Roundtable on Sustainable Palm Oil (RSPO) Standards" document was sent again with November 23, 2016 as the response deadline in order to be taken into consideration for certification by the NaturaCert Committee.

The following is the list of the contacted organizations and their response to the inquiry:

Indupalma:

First of all, I would like to apologize for the delay in our response, due to the non-service status of the e-mail account that it was sent to. In response to your inquiry, we will process the information in order to give a timely response and avoid interfering in the process.

El Pilón - Journal:

Comunicaciones Integrales S.A. has had no connection with the company in question.

Grupo Team:

Palmas del Cesar is one of our strategic allies, we work hand in hand in search of the RSPO certification and our relationship is based on trust and teamwork.

Board Advisor:



As it was mentioned in our earlier conversation, I have no comments in relation to the document submitted last week regarding the STAKEHOLDER CONSULTATION, associated to the PALMAS DEL CESAR S.A. RSPO certification process.

It is worth mentioning that our company spares no efforts at being at the forefront of any aspect related to our activity and complying with the requirements for obtaining the RSPO certification has been one of our most important tasks.

Similarly, we at Palmas del Cesar have done what we can to comply with each and every one of our legal obligations; at the core of our corporate philosophy is the responsibility towards those who depend on us, along with our duty with the nearby communities in different aspects. In addition to meeting each and every environmental rule, our company has a high sense of social responsibility.

ASOPALMAR:

Response on behalf of Carlos Alberto Sarmiento "I have had labor relationships with Palmas del Cesar by way of the work carried out for the Palmeros de San Martín ASOPALMAR Association since 2012, throughout these years the company has showed high levels of professionalism, particularly its supplier service division.

The company has provided information regarding the certificate management process, professional training on other aspects (environmental, social and labor related) and the delivery of educational material related to this process. The technicians and professionals of the company have visited the crops and the farms to carry out the characterization or identify aspects that require improvement".

- Corporación Autónoma Regional del Cesar: No comments were received within the lapse of time considered.
- Ministry of Labor: No comments were received within the lapse of time considered.
- Fruit suppliers: No comments were received within the lapse of time considered.
- Technical advisors: No comments were received within the lapse of time considered.
- Employment Stock Market: No comments were received within the lapse of time considered.
- San Martín Municipality, Cesar: No comments were received within the lapse of time considered.
- Secretariat of Environment: No comments were received within the established period.
- Secretariat of Agriculture and Business Development: No comments were received within the lapse of time considered.
- Risk Management and Disaster Assistance Office: No comments were received within the lapse of time considered.
- Employees: No comments were received within the lapse of time considered.
- Contractors: No comments were received within the lapse of time considered.
- Aguas Blancas Community: No comments were received within the lapse of time considered.
- Fedepalma: No comments were received within the lapse of time considered.
- Carboandes Foundation: No comments were received in the established period.
- Vanguardia Liberal - periodical: No comments were received within the lapse of time considered.
- Radio Guatapuri: No comments were received within the lapse of time considered.
- Universidad Popular del Cesar: No comments were received in the established period.
- San Martín parish: No comments were received within the lapse of time considered.

Juan Felipe Raffo H., President of the Palmas del Cesar S.A. Board of Directors:

I have no objection to the STAKEHOLDER CONSULTATION document, included in the RSPO certification process which is currently being processed for PALMAS DEL CESAR S.A.

It is worth mentioning that our company spares no efforts at being at the forefront of any aspect related to our activity and complying with the requirements for obtaining the RSPO certification has been one of our most important tasks.

Similarly, we at Palmas del Cesar have done what we can to comply with each and every one of our legal obligations, as at the center of our corporate philosophy is the responsibility towards those who depends on us as well as well as our duty with the nearby communities in different aspects, as it can be evidenced. Besides meeting each and every environmental rule, our company has a high sense of social responsibility.



4. Recognition of the certified organizations regarding the internal responsibility

4.1 Monitoring

Provisional date of next visit January, 2018

4.2 Date for closure of nonconformities

Check nonconformities details in the Section 3 of this document

| | |
|-------------------------------|--|
| Major nonconformities: | The closure of all non-conformities is a requirement for granting initial certification. |
| Minor nonconformities: | All non-conformities must be closed in order to move to the following audit. |

4.3 Formal approval of the findings of the evaluation

4.3.1 Client

- I endorse the content and results of the audit included in this report.
- I accept liability for the execution of the instructions provided, regarding the non-compliances found during the visit.
- The organization is aware that the results provided by the audit team have a provisional character; they are evaluated by a committee appointed by NaturaCert who will carry out a revision process before issuing a certification decision.
- During the closing meeting, the lead auditor took into consideration all the topics included in the programming and provided general reports in relation to the findings observed over the course of the evaluation.

Signed on behalf of (Name of organization / Producer) Palmas del Cesar S.A.S

Full name of representative or authorized person Fabio González

| | | | |
|-----------------|---------|-------------|-------------------|
| Position | Manager | Date | December 09, 2016 |
|-----------------|---------|-------------|-------------------|

Signature of representative or authorized person

4.3.2 Lead Auditor

I hereby confirm that the results included in this report correspond to the findings observed during the visit to the organization and the closing meeting, and represent the conclusions of the audit team.

| | | | |
|-------------|--------------------------------|------------------|--|
| Name | Yuri Alexander Carrillo Romero | Signature | |
|-------------|--------------------------------|------------------|--|

| | | | |
|-----------------|----------------------------|-------------|------------|
| Position | Auditor líder Lead Auditor | Date | 31/10/2016 |
|-----------------|----------------------------|-------------|------------|

4.3.3 Person in charge of the revision

I hereby confirm that the certification decision is based on the results provided by this report and that they are objective and impartial.

| | | | |
|-------------|----------------------------|------------------|--|
| Name | Leidy Paola Arévalo Vargas | Signature | |
|-------------|----------------------------|------------------|--|

| | | | |
|-----------------|--------------|-------------|------------|
| Position | RSPO auditor | Date | 22/03/2017 |
|-----------------|--------------|-------------|------------|

| | | | |
|-------------|-------------------------------|------------------|--|
| Name | Felipe Eduardo Mora Rodríguez | Signature | |
|-------------|-------------------------------|------------------|--|

| | | | |
|-----------------|---------|-------------|------------|
| Position | auditor | Date | 22/03/2017 |
|-----------------|---------|-------------|------------|



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