



RSPO

Assessment Report

PUBLIC SUMMARY

PT. Perkebunan Nusantara III (Persero) Mill Sei Baruhur Medan, Indonesia

This public summary has been prepared in accordance with RSPO requirements and the information included is the result of a full RSPO assessment of the Mills and supply base as included in the scope of the certificate.

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Certification decision made by :Triyan Aidilfitri

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A.Scope of the Certification Assessment

A. 1. National Interpretation Used

The management of the Palm Oil Mill(s) and associated suppliers of Fresh Fruit Bunches (FFB) were assessed for compliance against the International RSPO criteria as interpreted and endorsed for Indonesia.

A. 2. Assessment Type (Estate and Mill)

Certification Unit: Sei Baruhur Palm Oil Mill, Desa Torgamba Kec. Torgamba Kab. Labuhan Batu-21464.

Head Office :PT. Perkebunan Nusantara III located at Jln. Sei Batang Hari No. 2 Medan, North Sumatera, INDONESIA

A.3. Location map

Please see Appendix 1 For the details of estate (Sei Baruhur and Sei Kebara) maps of :
1. Planting & Block Area, 2.HCV areas, 3. Topography





A. 3. 1. Location address of the mill and approximate tonnages certified (CPO and PK)

No	Name of Mill	Location Address	GPS Reference	Annual Output (mt)	
				CPO	PK
1.	PSBAR (Sei Baruhur Palm Oil Mill)	Desa Torgamba Kec. Torgamba Kab. Labuhan Batu- 21464	Latitude: 01° 41' 30.0" S Longitude: 100°17'12.5" E	29.063,45	5.991,90

Note : This data (Annual output) exclude from non certified suppliers

A.4. Description of Supply Base

A. 4. 1. General description

The supply bases to Sei Baruhur mill are 2 estates known as 1. KSBAR (Kebun Sei Baruhur), 2. KSKAR (Kebun Sei Kebara). There are others 4 (four) outgrowers as the FFB suppliers to the mill for 30-50% from total FFB supplied to the mill. The outgrowers are CV. Sawit Lestari, CV. Ravi Prima, UD. Darma Tani and UD. Mandiri.

All estate are operated under one management of PT. Perkebunan Nusantara III. All estates located in North Sumatra. PTPN III is a member of RSPO and they are implementing a program to achieve RSPO Certified Palm Oil for all its production. There is no plan to expand the land holding and therefore Principles 7 is not applicable to this assessment.

A. 4. 2. Location of the supply base

No.	Estate Name	Location	GPS	
			Latitude	Longitude
1	KSBAR (Sei Baruhur Estate)	Desa Beringin Jaya Kec. Torgamba Kab. Labuhan Batu – North Sumatra 21464	01° 46' 16.6" S	100° 15' 18.4" E
2	KSKAR (Sei Kebara Estate)	Desa Torgamba Kec. Torgamba Kab. Labuhan Batu – North Sumatra 21464	01° 44' 28.9" S	100° 15' 10.7" E

A. 4. 3. Statistic of supply base 2013							
No	Estate Name	Planting Year	Area/ Planting Year	Age/ Planting Year	FFB Production /Year	CPO Production/ Year	PK Production /year
1	KSBAR	2004	977,40	10	13.369.980	3.219.299	662.936
		2005	115,50	9	2.711.370	652.898	134.484
		2006	730,85	8	16.896.600	4.071.008	837.857
		2007	305,50	7	7.480.330	1.801.263	370.808
		2008	1.181,20	6	14.623.920	3.521.447	724.919
		2009	781,20	5	9.141.330	2.201.137	453.410
2	KSKAR	1996	813,59	18	15.107.790	3.651.284	753.263
		1997	1.241,31	17	11.185.620	2.702.813	556.371
		2004	564,82	10	4.779.010	1.151.266	235.369
		2005	770,89	9	17.814.350	4.304.866	889.691
		2006	239,70	8	5.395.410	1.303.998	266.987
		2007	520,60	7	2.002.930	482.174	100.800
		Total	8.243,56		120.508.640	29.063.450	5.991.900

Average OER for CPO year 2013 = 24,12%

Average OER for PK year 2013 = 4,97 %

A. 5. Organizational Information and Contact Person		
1	Company Name	PT.PERKEBUNAN NUSANTARA III
2	Personal Contact	Tio Handoko
3	Vice Management	Marisi Butar Butar

4	Company Address	Jln. Sei Batang Hari No. 2 Medan
5	Company Status	BUMN (Private Own Company)
7	Phone / Fax	6261 8452244 / 6261 8455177
8	E-mail	ptb@email ptpn3 . co. id
9	Website	www.ptpn3.co.id
10	RSPO membership number	1-0030-06-000-00

A. 5. 1. Audit Against the Rules for Partial Certification

1. Introduction

The audit team has visited Head office PT. Perkebunan Nusantara III located at Jln. Sei Batang Hari No. 2 Medan, North Sumatra, INDONESIA to find out the compliance with the rules for partial certification standard in the whole group of PT. Perkebunan Nusantara III. There are 11 mills and 33 estates within this group. The team found a major conformity refers to HCV rules (partial certification standard, No. 3b: *No replacement of primary forest and or area with HCV's since November 2005 or year 2007 (National Interpretation)*). The RSPO requirements for partial certification as stated in the final RSPO certification Systems documents, June 2007, section 4.2.4. has been described as below:

2. Assessment agenda (partial Certification Audit)

Date	Location	Agenda
11-12 March 2014	Head Office, Medan	Verifying legal documents, Hectar statement, HCV Confirmation and meeting with Human resources department for Labor Union and workers information

3. Audit Team Findings in Correlation to the Rules Partial Certifications

a. *The Organization is a member of RSPO*

PT. Perkebunan Nusantara III has confirmed membership of the RSPO with No. 1-0030-000-00.

b. *A Time Bound Plan for achieving certification within relevant entities*

No	Name of Mill	Supply Base	Company	Location	Estimate time of Certification
1	PSBAR	KSBAR	PT. Perkebunan Nusantara III	Desar Beringin Jaya Kec. Torgamba Kab. Labuhan Batu – 21464	2014
		KSKAR	PT. Perkebunan Nusantara III	Desa Torgamba Kec. Torgamba Kab. Labuhan Batu – 21464	

2	PSMKI	KDSHU	PT. Perkebunan Nusantara III	Nagori Dusun Ulu Kec. Ujung Padang Kab. Simalungun – 21184 Sumatera Utara	2010
		KBANG	PT. Perkebunan Nusantara III	Nagori Senio Kec. Gunung Malela Kab. Simalungun – 21155 Sumatera Utara	
		KGPAP	PT. Perkebunan Nusantara III	Desa Gunung Para II Kec. Dolok Merawan Kab. Serdang Bedagai -20600 Sumatera Utara	
		KGPMA	PT. Perkebunan Nusantara III	Desa Gunung Pamela Kec. Sipispis Kab. Serdang Bedagai – 20692 Sumatera Utara	
		KRBTN	PT. Perkebunan Nusantara III	Desa Paya Bagas Kec. Tebing Tinggi Kab. Serdang Bedagai - 20602 (Sei Semujur Kec. Sei Suka Kab. Batu Bara) Sumatera Utara	
3	PANAS	KANAS	PT. Perkebunan Nusantara III	Desa Emplasmen Kec. Bilah Hulu, Kab. Labuhan Batu 21462 Sumatera Utara	2013
		KRPPT	PT. Perkebunan Nusantara III	Desa Afd. I & II Kec. Bilah Barat Kab. Labuhan Batu 21462 Sumatera Utara	
		KMSTN	PT. Perkebunan Nusantara III	Desa Perkebunan Merbau Selatan Kec. Merbau Kab. Labuhan Batu Utara 21452 Sumatera Utara	

		KMMDA	PT. Perkebunan Nusantara III	Desa Perkebunan Membang Muda Kec. Kualuh Hulu Kab. Labuhan Batu Utara 21457 Sumatera Utara		
		KLAJI	PT. Perkebunan Nusantara III	Desa Labuhan Haji Kec. Kualuh Hulu Kab. Labuhan Batu Utara 21457 Sumatera Utara		
		KBDSL	PT. Perkebunan Nusantara III	Desa Bandar Selamat Kec. Aek Songsongan Kab. Asahan – 21274 Sumatera Utara		
		KSDDP	PT. Perkebunan Nusantara III	Desa Sei Dadap I / II, Kec. Sei Dadap Kab. Asahan – 21200 Sumatera Utara		
4	PATOR	KATOR	PT. Perkebunan Nusantara III	Desa Aek Batu, Kec. Torgamba Kab. Labuhan Batu Selatan 21464 Sumatera Utara	2013	
5	PPARO	KPARO	PT. Perkebunan Nusantara III	Desa Aek Raso, Kec. Torgamba, Kab. Labuhan Batu Selatan 21464 Sumatera Utara	2013	
6	PSSUT	KSSUT	PT. Perkebunan Nusantara III	Desa Sisumut Kec. Kota Pinang Kab. Labuhan Batu Selatan 21464 Sumatera Utara	2014	
		KANAU	PT. Perkebunan Nusantara III	Desa Emplasmen, Kec. Bilah Hulu, Kab. Labuhan Batu 21462 Sumatera Utara		

7	PKS Hapesong	KHPSG	PT. Perkebunan Nusantara III	Desa Perkebunan Hapesong Kec. Batang Toru Kab. Tapanuli Selatan 22738 Sumatera Utara	2016	
		KBGTU	PT. Perkebunan Nusantara III	Desa Batang Toru Kec. Batang Toru Kab. Tapanuli Selatan 22738 Sumatera Utara		
8	PSMTI	KSMTI	PT. Perkebunan Nusantara III	Desa Bahtera Makmur , Kecamatan Torgamba Kabupaten Labuhan Batu Selatan – 21464 Sumatera Utara	2016	
9	PTORA	KTORA	PT. Perkebunan Nusantara III	Desa Torgamba Kecamatan Torgamba Kabupaten Labuhan Batu Selatan - 21464 Sumatera Utara	2016	
10	PSDAN	KSDAN	PT. Perkebunan Nusantara III	Desa Sei Meranti Kecamatan Torgamba Kabupaten Labuhan Batu Selatan – 21464 Sumatera Utara	2016	
		KBUTU	PT. Perkebunan Nusantara III	Desa Bukit Tujuh Kecamatan Torgamba Kabupaten Labuhan Batu Selatan – 21464 Sumatera Utara		
11	PSSIL	KSSIL	PT. Perkebunan Nusantara III	Desa Sei Silau Barat Kec. Setia Janji Kab. Asahan 21261 Sumatera Utara	2015	

		KPMDI	PT. Perkebunan Nusantara III	Desa Buntu pane Kec. Buntu Pane Kab. Asahan 21261 Sumatera Utara	
		KAMBT	PT. Perkebunan Nusantara III	Desa Ambalutu Kec. Buntu Pane Kab. Asahan 21261 Sumatera Utara	
		KHTPD	PT. Perkebunan Nusantara III	Desa Sei Nadoras Kec. B. Pasir Mandoge Kab. Asahan 21262 Sumatera Utara	
12	PRBTN	KTARA	PT. Perkebunan Nusantara III	Desa Tanah Raja Kec. Perbaungan Kab. Serdang Bedagai – 20586 Sumatera Utara	2015
		KSGGI	PT. Perkebunan Nusantara III	Desa Sarang Giting Kec. Dolok Masihul Kab. Serdang Bedagai – 20691 Sumatera Utara	
		KSPTH	PT. Perkebunan Nusantara III	Desa Sei Putih Kec. Galang Kab. Deli Serdang – 20858 Sumatera Utara	
		KSDUN	PT. Perkebunan Nusantara III	Desa Silau Dunia Kec. Dolok Masihul Kab. Serdang Bedagai – 20591 Sumatera Utara	
		KGMNO	PT. Perkebunan Nusantara III	Desa Gunung Monako Kec. Sipispis Kab. Serdang Bedagai – 20692 Sumatera Utara	

a. Significant Conflicts

There is SOP for Land Conflict Settlement (IK-3.09-03/02) refers to RSPO criteria 6.4, 7.5 and 7.6. As Audit team visited KSBAR and KSKAR estates and Sei Baruhur Mill, the relevant stakeholders confirmed that there is no significant conflict within these areas.

b. No replacement of primary forest and or area with HCV's since November 2005 or year 2007 (National Interpretation)

PTPN III has conducted Historical HCV Assesment (HHA) in collaboration with Faculty of Forestry, Institut Pertanian Bogor (IPB) in June – September 2011. Documented evidence shows that there is area containing HCVs has been planted in 2010 at Muara Opu for 146,50 hectares, consist of riparian zone (3,59 ha), peat area (66,33 ha), elevated area more than 40 degree (70,08 ha) and flora protection area/nepenthes(0,5 ha). The company is also not followed NPP RSPO standard for Muara Opu area. PTPN III has been proposed HCV Remediation Plan to RSPO. Revisions of HCV Remediation Plan are on going process/ discussion with RSPO Biodiversity and HCV Working Group (BHCV WG). Supporting documents is Historical HCV Assesment (HHA) report.


c. No labor disputes that are not being resolved through an agreed

Bipartite Cooperation Agency has been established in each Estate and Mill unit, whose members include employee representatives and the company management representatives. Each of the agreements was registered and recorded in the local Office of Manpower and Transmigration.

Both at mill and estate, representative person has been checked to confirm that there are no labor disputes between company and workers. Auditor has interviewed labor union, workers at mill and estate, staff and managers to ensure that any dispute has been resolved through an agreed process. The representative of Bipartite Cooperation Agency confirmed that there is no conflicts between company with the labours and the latest case was reported on 1999.

d. No evidence of non-compliance with law in any of the non-certified holdings

Land status within the holdings has been verified. The company has a data conflict with the surrounding community Pamela Estate that supply to the Sei Mangke Mill. Community has occupied and planted in the land in the territory of the concession company (within HGU company). The company has filed the documents of all the remediation process from the beginning. Total land area occupied and planted are (314.50 hectares), changed to be public facilities (38.29 hectares). Total overall area are 352.79 hectares. Refers to the actual report per January 2014, the company has a plan to solve the problems with two (2) ways ie: some area will be brought to the court and some land will be excluded from HGU and release to the community.

A.6. Date Certificate Issued and Scope of Certificate	
Name of Client	PT PERKEBUNAN NUSANTARA III
Client Number	RSPO 00002
Certificate Number	
Certification Decision Date	
Issued by	PT SUCOFINDO, SBU SICS
Address	GrahaSucofindo, SBU SICS. Jl Raya PasarMingguKav 34 Jakarta 13640
Telephone /Fax	Tel: +62-21-7983666 / Fax: +62-21-7987015
Email	tuti@sucofindo.co.id
Website	www.sucofindo.co.id
Scope :	
Mill	Sei Baruhur Mill
Estate	Sei Baruhur Estate and Sei Kebara Estate
Projected mass balance CPO & PK	CPO: 29.063.454 MT and PK: 5.991.895 MT
Certification Registration Code	SICS-00003
Type of Certification	Single site
Certifier	Triyan Aidilfitri
Signed	

B. Assessment Process

B. 1. Certification Body

SUCOFINDO INTERNATIONAL CERTIFICATION SERVICES (SUCOFINDO ICS), which was formed in 1994, is one of the strategic business unit that provides certification services for leading companies. Sucofindo Certification by International Certification Services is recognized nationally and international. Quality Management System Certification by SUCOFINDO ICS has obtained accreditation from National Accreditation Committee (KAN-Indonesia).

Lead Auditors and Auditors of SUCOFINDO ICS are trained professionals in the field of international standards, auditing and management systems and are registered in the IRCA (International Register of Certified Auditors) and IEMA (Institute of Environmental Management & Assessment), UK. SUCOFINDO ICS certification process is supported by experts at PT. SUCOFINDO who understand the industry sectors and services in Indonesia.

SUCOFINDO ICS Operational is supported by a network of branch and representative offices of PT. SUCOFINDO spread in 45 cities across Indonesia.

The services provided by International Certification Services Sucofindo are:

- Quality Management System Certification
- Environmental Management System
- ISO 22000 :2005
- OHSAS 18000 Certification
- Hazard Analytical Critical and Control Point (HACCP) Certification
- Good Manufacturing Practice (GMP) Audit
- Product Certification
- Sustainable Forest Management Certification
- Products Organic Food Certification
- RSPO Certification
- ISPO Certification
- Certification of Integrated Management System Certification (SMT)
- Training

B. 2. Qualifications of the Assessment Team

B. 2. 1. Qualifications of the Lead Assessor and Assessment Team

Tuti Suryani Sirait (Lead Auditor) :

Graduated from Institute Agriculture in Bogor (IPB), 1991

She has more than 10 years audit experiences in auditing HACCP, GMP, ISO 9001:2008, ISO 22000:2005, ISPO and RSPO.

She has successfully completion training RSPO by Komisi RSPO, Jakarta, SCC Standard Training by David Ogg & Partner – Jakarta, ISPO Lead Auditor Training by Komisi ISPO, Jakarta, Lead Auditor Training of ISO 9000/19011 organized by SICS – Sucofindo, ISO 22000 : 2005 FSMS Auditor / Lead Auditor by Moody International, Singapore; Lead Assessor for Food Safety Management System (HACCP&GMP) by QAS Sydney, Australia and Social Lead Auditor Training (SA 8000) from Social International Audit (SIA), Turkey.

She is actively participated in RSPO meeting to discuss RSPO P & C and also as a trainer in ISPO Lead auditor training.

Warsid Sumarlin (Auditor)

He graduated from Institute Agriculture of Bogor (IPB) majoring Economic and Social.

He has more than 5 years audit experiences in OSHAS and SMK3. He has successfully completion from Lead auditor for SMK3, Lead Auditor for OHSAS and Lead Auditor for ISO 9001. He has successfully completion training RSPO by Komisi RSPO, Jakarta, ISPO Lead Auditor Training by Komisi ISPO, Jakarta.

Harris Silalahi (HS) /HCV Aspect

He graduated from North Sumatra University (USU) Medan majoring in Chemistry in 1995. He has qualified as an IRCA Auditor, Auditor Certification TUV, Young Expert K3 Construction, Lead Auditor and Assessment RSPO High Conservation Value Areas (HCVA). He has completed such training Assessment Technical Training High Conservation Value Areas (HCVA), Technical Training Assessment High Conservation Value Areas (HCVA), Lead Auditor Training RSPO (Round Table on Sustainable Palm Oil), Expert Training Young Construction Safety and Health (K3 Expert construction), Training Auditor / Lead Auditor ISO 9000: 2000.

Vidyana P. Ahmad (Plantation Aspect)

She is Bachelor in Agricultural majoring in Plant Cultivation, Padjadjaran University, 2004.

She is an Auditor for Food Safety System (HACCP/Organic/FSMS), Auditor for Organic System Certification, Auditor for Food Safety Management System (FSMS), Auditor for Sustainable Palm

Oil (RSPO) and Accepted Auditor for GMP⁺ B2 – PDV The Netherlands Certification (PER 00000736)

She has successfully completion training from Auditor for Food Safety System (HACCP), Lead Auditor Training for Organic System Certification, Lead auditor Training for Food Safety Management System (FSMS), Lead Auditor Training for GMP B2, PDV Standard Scheme 2006 and Lead Auditor Training for RSPO

M. Irwin (MI) / Environment Aspect

He graduated from Mechanical Engineering Dept. - Faculty of Engineering – Universty Indonesia, 1992 (S1). He has successfully completion from Lead Auditor of Environmental Management System, EMS, Lead Auditor of Quality Management System, QMS, Lead Auditor of Roundtable on Suistanable Palm Oil, RSPO.

Prof. Ponten Naibaho (Technical Expert)

He is a Lecturer of Technology of Agricultural Product, Faculty of Agriculture University of North Sumatra. He has the specialty on Technology and Industry of Palm Oil (up-stream and down-stream), Chemical and Technology of Fatty, Chemical Engineering, Technology of Environmental Management and AMDAL (The Environmental Impact Analysis) “B” Course

He has professional experience in Palm Oil Research Center, Division of Chemical Technology, Position as the Expert Researcher in Chemistry and Technology. He has some researches in Palm oil, such as Harvest and Transportation of Palm Oil Fruit Bunch, Processing of Fresh Fruit Bunch and Chemistry Oleo and Food Oleo.

B.3. Assessment Methodology

B. 3. 1. General Overview

The assessment was carried out in conformity with the SBU SICS RSPO manual and procedures for auditor and certifier. The assessment was conducted by qualified auditors and referred to RSPO standard as endorsed for the Indonesia National interpretation. Partial certification audit conducted in March to check compliance with Final RSPO Certification System for partial certification.

The opening and closing meeting was conducted at the office PT. Perkebunan Nusantara III

located at Jln. Sei Batang Hari No. 2 Medan, North Sumatra, INDONESIA and then continue in Mill's and estate's offices. Stakeholders meeting was conducted twice, firstly was held during preliminary assessment and secondly during certification audit.

At the opening meeting, the team audit confirm to conduct the audit at :

Head Office PT. Perkebunan Nusantara III located at Jln. Sei Batang Hari No. 2 Medan, North Sumatra, INDONESIA, include

- Documentation review for transparencies
- CSR plan and policy
- Internal Audit program & Management Review Meeting
- Land ownership and compensation mechanism

At estate, include :

- Worker interviews: OSH. Sexual, religious, racial harassment. Payment scheme, contracts. Child labour. First aid. Awareness.
- Chemical stores: Storage. MSDS leaflets. Herbicide mixing areas. PPE. Ventilation. Security.
- Field inspections: Fertilizing operations. SOP's., Herbicide application program. Harvesting sites and efficiency. Soil maps. Land preparation. Ground cover. IPM. First aiders and boxes. Soil erosion.
- HCV's: Identification. Management plans. Environmental Impact Assessments
- Riparian zones: Width. Current and future management, monitoring system
- Water management: Water courses. Water monitoring.
- Road maintenance: Program and progress of road improvement.
- Social amenities: Social Impact Assessments.
- Work shops: Oil traps. Safe working environment. PPE. Diesel tanks. Environmental waste management.
- Line sites: Interviews with householders. Inspection of water discharge points. Water improvement plans. Waste disposal.
- Local communities. Contributions made. Employment opportunities. Social impacts. Complaints procedures, Transparency.

At Mill include :

- Mill and workshop inspections.
- Documentation.
- Worker interviews. SOP's. Safe working environment. Gen sets. Walk ways. Signs. EFB.

POME treatment. Emissions. Mass balance. Diesel tanks. PPE. Fire extinguishers. First aiders and boxes. Fuel and water usage.

- OSH. Training. Management structure. First aiders.
- Full document review. Completion of the checklist. Review and documentation of evidence. All aspects of RSPO P&C's applicable.
- Worker interviews. OSH. Sexual, religious, racial harassment. Payment scheme, contracts, union labor
- Audit for SCC System

Phase I : Preliminary Audit

Date/Time	Functions / areas / Department / activities to be audited (include related requirements)
31/10/2011	Day 1st Audit
07.00	Departure from Jakarta- Medan
10.30	Opening meeting at Head Office Medan Presentation of Company's profile by PTPN III Document Review of Legal Aspects
12.00	Break
13.00	Document Review of Environmental Aspects Document Review of Social Aspects Document Review of Maps Estate and Land Boundaries Document Review of Best Management Practices Aspects Document Review of Plantation Aspects
17.00	End of the day 1
01/11/2011	Day 2nd Audit
07.00	Departure from Medan to Batangtoru Estate
09.30	Opening Meeting
10.00	Environmental Aspects : Environmental management plan; Water management (Water courses, Water monitoring); Chemicals stores. HCV Aspects : HGU and Land Status Estates; HCV Identification, Confirmation of Maps Estates and Land Boundaries. Social Aspect : Contractor review (Legal Agreements, Payments, Contractor worker wages); Social Impacts (facilities and conflicts); Procedure of handling Complaints, OSH Best Management Practices: SOP from land clearing till harvesting; Long term and replanting program, Herbicide Application Program
12.00	Break
13.00	Field Assessment Environmental Aspects : Water management (Water courses, Water monitoring); Environmental waste

	<p>management; Environmental Impacts; Chemicals store</p> <p>HCV Aspects : HGU and Land Status Estates confirmation; Riparian zone; HCV Confirmation</p> <p>Social Aspect : Meeting Labour Union; NGO, Kepala Desa and Local Contribution/ CSR, OSH Implementation</p> <p>Plantation Aspects: Herbicide Application Programme, Integrated Pest management/ Pengendalian Hama Terpadu (PHT); Harvesting Site; Fertilizing Operations; Land Preparation and Assessment</p>
17.00	End of the day 2
02/11/ 11	Day 3rd Audit – Batangtoru & Hapesong estate
08.30	Continue agendas from previous day
12.00	Break
13.00	Reporting
16.00	Closing meeting
17.00	End of the day 3 : Departure from Batangtoru to Labuhan Batu
03/11/11	Day 4th
09.00	Opening meeting at Sei Baruhur & Sei Kebara (Team A) & Sei Sisumut & Aek Nabara Utara estates (Team B)
09.30	<p>Environmental System & Aspects: Environmental management plan; Water management (Water courses, Water monitoring); Chemicals stores.</p> <p>Best Management Practices: Mills : SOP from FFB receiving till CPO Dispatch; Continuous Improvements Program</p> <p>Social Aspect : Contractor review (Legal Agreements, Payments, Contractor worker wages); Social Impacts (facilities and conflicts); Procedure of handling Complaints.</p> <p>HCV Aspects : HGU and Land Status Estates confirmation; Riparian zone; HCV Confirmation</p> <p>Plantation Aspects: SOP from land clearing till harvesting; Long term and replanting program, Herbicide Application Programme.</p>
12.00	Break
13.00	<p>Field Assessments</p> <p>Environmental Aspects : Water management (Water courses, Water monitoring); Environmental waste management; Environmental Impacts; Chemicals store</p> <p>HCV Aspects : HGU and Land Status Estates confirmation; Riparian zone; HCV Confirmation</p> <p>Social Aspect : Meeting Labour Union; NGO, Kepala Desa and Local Contribution/ CSR, OSH Implementation</p> <p>Plantation Aspects: Herbicide Application Programme, Pengendalian Hama Terpadu (PHT);</p>

	Harvesting Site; Fertilizing Operations; Land Preparation and Assessment. End of the day 4
04/11/11	Day 5th Audit
08.30	Field Assessment at Pabrik Kelapa Sawit Sei Baruhur (PSBAR) (Team A)
08.30	Field Assessment at Pabrik Kelapa Sawit Sei Sisumut (PSSUT) (Team B)
12.00	Break
13.00	Reporting
17.00	End of the day 5
05/11/2011	Day 6th Audit
07.30	Closing meeting
09.30	Departure from Labuhan Batu to Medan
17.00	Departure Medan – Jakarta

Number of assessor participating: 5 auditors, totally 5 person

Number of days spent for the assessment on site : 6 days

Total number of person days used for the assessment on site: 30 days

Phase II : Certification Audit

Date/Time	Functions / areas / Department / activities to be audited (include related requirements)
28/11/2011	Day 1st Audit
05.45	Departure from Jakarta – Medan
09.10	Departure from Medan to Batangtoru
11.00	Opening meeting at Batangtoru
13.30	Document Review of previous findings at Batangtoru & Hapesong
17.00	End of the day 1
29/11/2011	Day 2nd Audit
08.00	Field visit at Batangtoru & Hapesong (NGO, Government, Local Community, Indegenous people, Union labors)
17.00	End of the day 2
30/11/2011	Day 3rd Audit
08.00	Continue visit at Batangtoru & Hapesong (NGO, Government, Local Community, Indegenous people, Union labors)
12.00	Break
13.00	Departure to Bagan Batu – Sei Baruhur mill and estate, Sei Kebara (Team A) Departure to Aek Nabara – Sei Sisumut mill and estate, Aek Nabara Utara (Team B) End of the day 3
01/12/2011	Day 4th
08.00	Sei Kebara Estate & Sei Baruhur estates (Team A)
08.00	Aek Nabara Utara & Sei Sisumut (Team B)

12.00	Break
13.00	Continue from morning agendas
17.00	End of the day 4
02/12/2011	Day 5th Audit
08.00	Sei Baruhur mill (Team A)
08.00	Sisumut Mill (Team B)
12.00	Break
13.00	Reporting
16.00	Closing meeting at Aek Nabara Utara office
19.00	Departure from Aek Nabara to Medan
03/12/2011	Day 6th Audit
09.00	Closing meeting in Medan
13.00	Departure Medan – Jakarta

Number of assessor participating: 4 auditors and 1 Technical Expert, totally 5 person

Number of days spent for the assessment on site: 6 days

Total number of person days used for the assessment on site : 30 days

Phase III : SCC and Partial Certification Audit for Sei Baruhur Mill

Date/Time	Functions / areas / Department / activities to be audited (include related requirements)
11/03/2014	Day 1st Audit
08.00	Opening meeting
08.30	SCC Documentation Audit
12.00	Break
13.00	SCC Implementation Audit
17.00	End of the day 1
12/03/2014	Day 2nd Audit
08.00	Partial Certification Audit
11.00	Closing Meeting
12.00	End of the day 2

Number of assessor participating: 1 auditors, totally 1 person

Number of days spent for the assessment on site: 2 days

Total number of person days used for the assessment on site : 2 days

Phase IV : Follow Up Audit

Date/Time	Functions / areas / Department / activities to be audited (include related requirements)
22/07/2014	Day 1st Audit
06.30	Departure from Jakarta to Medan
10.30	Opening meeting & Verification data for Sei Baruhur Mill
12.00	Break

13.00	Continue the audit of Sei Baruhur Mill	
17.00	End of the day 1	
23/07/2014	Day 2nd Audit	
08.00	Finalised report of Sisumut Mill and SCC Audit for Sisumut Mill	
12.00	Break	
13.00	Continue SCC audit and partial Certification audit	
16.00	Closing meeting	
17.00	End of the day 2	
<p>Number of assessor participating: 2 auditors, totally 1 person</p> <p>Number of days spent for the assessment on site: 2 days</p> <p>Total number of person days used for the assessment on site : 4 days</p>		

B. 4. Stakeholder Consultation

B.4.1. Summary of How Stakeholder Consultation was organized

Stakeholders Consultation and Company Responses

Issue	Company Responses	Assessor Findings
<p>Worker union :</p> <p>In SPS procedure, it is determined that the existence of the committee meeting of SPS is done every 2 months. Any problem relating to the workers will be settled in bipartite way.</p> <p>Every bi-monthly meeting is not conducted consistently</p> <p>Problem identification data of the members are not found</p>	<p>Socialization has been held for every new policy determined by company including the implementation of SOP to do bi-monthly meeting.</p>	<p>Conform</p> <p>Meeting evidences have been completed and list members have been updated</p>
<p>Chairman of Sei Baruhur Village</p> <p>So far, every delivery of proposal has no certainty granted or denied</p>	<p>Related to work instruction, it will be added a record-keeping of incoming and outgoing mail in a logbook.</p> <p>Every incoming proposal will be noted and ascertained to be given answers whether the proposal is granted, denied or postponed.</p>	<p>Conform</p>

<p>Local NGO</p> <p>The company has a conflict with the surrounding community at Pamela Estate that supply to the Sei Mangke Mill. Community has claimed, occupied and planted in the land for 352.79 hectares.</p>	<p>The area is out of certification scope (Sei Baruhur Mill)</p> <p>The company has identified and found that area occupied is in the territory of the concession company (within HGU company).</p> <p>The company has a plan to solve the problems with two (2) ways ie: some area will be brought to the court and some land will be excluded from HGU and release to the community</p>	<p>Conform</p> <p>The information will be address on partial certification scheme.</p>
<p>Contractor</p> <p>From observed sample contract and information from contractor, there is no clause which requires that the contractor meets the requirements of labor legislation.</p>	<p>The company has designed standard of contract document format</p>	<p>Conform</p>

B. 5. Date of Next Surveillance Visit

One (1) year after date certification audit

C. Assessment Findings

C. 1. Lead Assessor's Summary and Recommendation for Certification

The Perkebunan Nusantara III Head office in Medan (North Sumatera) has managed the certification process to the whole group. All system and documentation has been issued and controlled under one management of PTPN3 Head office.

The management (mill and estate) has tried and improved the commitment to the implementation of the principles and criteria of the RSPO NI-INA. The assessment has been carried out through field visit to head office, mill and estate.

The public announcement for certification has published on RSPO website prior 30 days from the audit certification to give the opportunity to stakeholders for comments and feedback. There is no a grievance or complaints received from the stakeholders during 30 days of public consultation period. Team auditors also conducted separate meeting with village head, local community and union labor team.

The preliminary audit was conducted on November 2011 with the assumption that there will be one (1) report for 2 (two) mills (Sei Baruhur Mill & Sei Sisumut Mill) and 6 (six) estates. During the process certification, RSPO has issued the standard that the report should be based on one (1) mill and supply bases (estate). The team audit has tried to split the report to be Sei Baruhur Mill and its supply bases (Sei Baruhur and Sei Kebara estates) and Sei Sisumut Mill and supply bases (Batang toru, Hapesong, Aek Nabara and Sisumut estates). Mostly social issues have been gathered for Sei Sisumut area. The scope of this report is for Sei Baruhur and supply bases (Sei Baruhur and Sei Kebara estates). The certification process is took a long time from audit to recommendation report since the company has a case with HCV at Muara Opu area which is belongs to scope of Sei Sisumut Mill. The recommendation report of Sei Sisumut mill now can be released since the proposal of compensation has been approved by RSPO Biodiversity and HCV Working Group (BHCV WG).

There are 7 NC major, 6 NC minor issued during preliminary audit. The company has followed up all NCRs. At certification audit, the team issued 6 NC minor. During the separated audit SCCS, there are 2 major Non conformities and 1 observation issued. The company has followed up all NCRs and there are three (2) remaining NCRs Minor and 2 (two) observations upon completion of corrective actions made by the company.

The team audit has conducted follow up audit as a response to the RSPO peer reviewed. The report has been revised and completed to ensure all principle and criteria fulfilled in the report.

There is commitment of management to make corrective action and for continuous

improvement.

PT. Perkebunan Nusantara III has demonstrated compliance with applicable law and regulations that relevant to Palm Oil operation.

The audit team found that PT.Perkebunan Nusantara III for Sei Baruhur Mill and estates (Sei Baruhur estate and Sei Kebara estate) is complying against RSPO P & C approved for Indonesia. Therefore the recommendation of the Lead Auditor that Certificatre of RSPO is awarded to PT. Perkebunan Nusantara III Sei Baruhur Mill and its estates.

Signed :



Tuti Suryani Sirait

Date : 4 August 2014

C. 2. Summary of the Findings by Criteria	
1	COMMITMENT TO TRANSPARENCY
1.1	<i>Palm oil growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.</i>
<p>Company has had a work instruction to ensure that incoming letter and outgoing letter are recorded. Incoming letter in the form of information request from stakeholder has been recorded and retention time defined.</p> <p>Organization should ensure the existence of documentation system for the process of incoming and outgoing letter as specified in the relevant Work Instruction because the following is found not in conformance. At head office, recording of external incoming letters is computerized.</p> <p>In some estate, incoming letters and communication records with stakeholders are combined, for example Sei Baruhur Estate (Clause 1.1-3). Document retention is not yet determined and adapted to needs.</p> <p>During the preliminary audit, through sampling, a letter of complaint from Marancar Village community was found related to environmental pollution and floods caused by company irrigation system so that a major finding was issued. Company has made a correction on the irrigation system by diverting the water channel so that it has not caused floods to the neighborhood. Related with the pollution, company would send water sample to BAPEDALDA to be tested to make sure in a scientific manner that pollution as accused by the community is investigated and followed up appropriately. During the certification visit, it was found that company had not completely followed up matters related to the effort of proving that the pollution was committed by company. During the audit, data on the result of water analysis sent to the external party to prove whether pollution exists or not in the river which is crossing the community settlement was not found yet.</p> <p><i>Compliance status: Minor non – conformity</i></p>	
1.2	Management documents are publicly available except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes

Company has a Work Instruction for Legal Identification and Evaluation and Compilation No. Doc. IK-3-11-01/01 .Rev. 02 effective 02-06-2011 which is established by Director Office Section 3.11, But in all Estates and Mills being audited it is not yet seen how to implement the instruction, where and Sei Baruhur Estate and Sei Kebara estate did not have B3 Waste Temporary Storage Site (TPS) Permit, while Sei Baruhur Mill B3 Waste TPS Permit had expired since March 2010. During follow up audit, it has found that Sei Baruhur Estate and Sei Kebara estate already have permit for Hazardous Waste Temporary storage. The letter permit of hazardous waste temporary storage in Sei Baruhur estate i.e. Decree of the Regent of Labuhan Batu Selatan No. 503/184/BPPTPM-LS/2014 dated 29 April 2014. The letter permit of hazardous waste temporary storage in Sei Kebara estate i.e. Decree of the Regent of Labuhan Batu Selatan No. 503/185/BPPTPM-LS/2014 dated 29 April 2014. Sei Baruhur Mill has extended the permit of Hazardous Waste Temporary Storage i.e. Decree of the Regent of Labuhan Batu Selatan No. 158.e year 2011 dated 30 November 2011.

During the interviews, where the organization had implement OHSAS Management System, Environmental Management System ISO 14001 and other systems, it was seen inconsistent with procedurally regulated provisions including in ensuring the compliance with legal and other requirements such as regulated in P&C RSPO.

During the preliminary audit, in Sei Baruhur Estate a documentation on social activities and community relations was found only containing an attendance list and photographs, while the information related to the meeting itself (minutes of meeting) was unknown so that a Major non-conformity was issued. Company has made a correction on the finding evidence by recollecting data of all meetings with the community, making a minutes of meeting and make a program to follow it up. Corrective action taken by company has been adequate so that the finding can be closed.

Compliance status: Compliance

2	COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.

Company head office has had a mechanism to identify laws and regulations that are relevant to company such as permits/legality, environmental, manpower, cultivation, fertilizing, fauna and

flora, mechanism to evaluate the implementation of compliance with statutory and regulatory requirements, mechanism to conduct adaptation to changes in regulations, which are regulated and specified in Work Instruction Legal Identification and Evaluation and Compilation No. Doc. IK-3-11-01/01 Rev. 02 effective 02-06-2011. Company has legal and permits departemen that ensures these mechanisms are being evaluated in all sites and the departemen would review the results of company evaluation and compliance with legal requirements.

Company has a list of laws and regulations applicable to company as recorded in document "List of Regulations/Laws No.doc: FM.3.11.01/01 for example Law No.5/1990 concerning Conservation of Natural Resource and its Ecosystem.

Company adopts Environmental Management System (EMS) ISO 14001, where the company is required to document environmental regulations, track changes in laws and regulations, and have its environmental compliance checked regularly by third party auditor.

Company has documented its evidence of compliance with applicable regulatory requirements in form "Legal Evaluation" No.doc: FM.3.11.01/02 and form "Recapitulation of Legal Compliance" No.doc: FM.3.11.01/02.

For example Sei Baruhur Estate has copies of HGU Permit (Rights to Use Land for Business) Decree No: 147/HGU/BPN/2004 issued on 04 November 2004 and it complies with Law No.5/1960 on Agrarian Basic Provisions.

Company has regulated the adaptation to changes in the regulations, but there is no evidence concerning the schedule and the results of evaluation on revision status or changes in the relevant regulations. This has been raised as a major non-conformity.

During the preliminary audit, evidence was not yet found with respect to the effort to conduct adaptation to changes in the regulations in the Sei Baruhur estate as required in Work instruction No. IK.3-11.01/01 revision dated 2 June 2009 nor the ensuring of relationship or relatedness of the compliance with the procedures, work instructions or related documents, and the document of List of Compliance with RSPO related regulations/laws was not yet available in Sei Baruhur Mill unit so that a major finding was issued. Company has made a correction on finding evidences by making adjustment to changes in laws and regulations by means of routine update and ensure that current changes are available and to revise form regulatory compliance evaluation by adding a column "reference" and distribute it to estates/units and districts and

make list of related laws and regulations and conduct evaluation and prepare plan to follow up their fulfillment.

During the certification visit, it was found that company had not completely ensures that legal and other requirements compliance identification and evaluation had referred to No. IK.3-11.01/01 Revision 02 dated 02-06-2009 such as not ensuring that a number of International regulations ratified by government have been identified such as Kyoto Protocol, Montreal Protocol. Company also did not have a program to follow up the compliance evaluation of legal and other requirements currently not yet fulfilled.

Compliance status : *Minor non – conformity*

2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights
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Company has a document showing land ownership through HGU (Hak Guna Usaha) based on Decree of National Land Agency Decree No.:02 dated 09 March 1981 issued by Head of Land Office of Government KDH TK.II Labuhan Batu with total land area of 25,593.74 Ha, where this land is managed by four (4) Estates i.e. Sei Baruhur Estate, Torgamba Estate, Sei Kebara Estate and Sei Dau Estate which are located under single Cooperate of PT Perkebunan Nusantara III (Persero), and the HGU of Decree No. 01 dated 31 January 1990 issued by Land Office of Bengkalis Regency, Riau Province with total land area of 547.6643 Ha. The total area of Sei Beruhur Estate is 6,060.27 Ha.

Decree No: 02 dated 09 March 1981 has expired on 31 December 2010 and under extension arrangement process.

Boundary pillars are used in the field to identify land boundaries and the boundary with village. Sei Baruhur Estate has 48 boundary pillars as the boundary markers of company areas. The boundary pillars were well maintained, when confirmed by visiting the site. Also, company had made the boundaries in the form of a canal, road or embankment to make a distinct boundary between company owned areas and areas belonging to the local community or other plantation companies. Several boundary pillars visited during major assessment included pillar no 139 located in block F.5 afdeling 1 bordered by Sikampak Aek Batu Village, Torgamba District, Labuhan Batu and the boundary pillar No. 177 in block E.33 afdeling 8 bordered by Beringin Jaya Village, Beringin Makmur subvillage.

Compliance status: Compliance	
2.3	Use of land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.
<p>There is SOP for Land Conflict Settlement (IK-3.09-03/02). So far the company and meetings with stakeholders provide information that there is no dispute in the period of 2004 until the present time in the area around the company. It has been stated in the SOP to prioritize deliberation over legal action.</p> <p>Compliance status: Compliance</p>	
3	COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY
3.1	There is an implemented management plan that aims to achieve long-term economic and financial viability
<p>Each estate has 5-year RJP (long-term plan); the 3-year period of 2009-2013 is contained in Company Work Plan and Budget (RKAP) according to a circular letter No. 3.04/SE/01/2011. The RJP realization at Sei Baruhur Mill for Pam Oil and Kernel yields in 2011 is totaled 28.21%; this is higher than the RJP value of 27.56%.</p> <p>RKAP document includes general operational activities such as maintenance, exploitation, fertilizing as well as tree planting for river border area classified as HCV and also community social aspect management which is, among other things, to create job opportunities and business opportunities for the population, for example in Torgamba Village and Beringin Jaya Village.</p> <p>Company has a long-term plan which is a basis for determining annual plan of each estate. Each estate makes 5-year replanting plan but in Sei Baruhur Estate such replanting plan is not yet available because the age of the oldest plants is TT 2004 and the youngest is TT 2010.</p> <p>Compliance status: Compliance</p>	
4	USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS
4.1	Operating procedures are appropriately documented and consistently implemented and monitored
<p>The company already has work instructions 3.01 (IK) on crops covering the entire operational activities of estates and mills. The work instructions was issued and approved by the office of</p>	

directors i.e. PT. Perkebunan Nusantara III Work Instruction Management System. The recent work instruction revision was published on 13 May 2011. Control of the estate operational activities according to Plant Work Instruction 3.01 includes plant seed management, pest and disease control, soil conservation, fertilization, harvesting, nature conservation, HCV management, and fruit transportation.

Interviews were conducted with the fruit harvesters and the estate's afdeling officers responsible for providing fertilizers and preparing fertilizer solution for each crop. They could explain properly according to the applicable procedures. The work instruction has been socialized to the estate smallest unit i.e. afdeling, which is evidenced by the availability of current work instructions in the afdeling office of Sei Kebara and Sei Baruhur estates.

The company revised the fertilizer work instruction in 2011 i.e. IK-3.01-19/01 revision 06 May 2011 regarding changes in the dose of fertilizer for those crops not yet producing palm oil. The work instruction has been disseminated to all estate managers in accordance with a circular letter dated 18 March 2011, for example, the socialization was conducted in the afdeling VII of Sei Baruhur Estate on 20 September 2011.

Work instructions for palm oil mill operational activities have also been available with current revision of 13 May 2011 covering the receiving of Fresh Fruit Bunches up to the production of CPO and PK. These also include work instructions on engineering sections, technology, finance, commercial, auctions, human resources, general, partnerships and environmental development, risk management, information technology, planning and assessment, development, and a work instruction on internal inspection unit with the recent date of 13 May 2011.

The company has an internal inspection unit that conducts internal audits at each mill and estate once every six months. Internal audits are also carried out for ISO 9001 and ISO 14000 systems. In addition to direct internal inspection carried out by group, each mill and estate has a small inspection unit that monitors the implementation of operational activities.

As a result of internal audit and self assessment especially for RSPO, internal audit reports were issued covering field findings contained in Nonconformance sheet.

Sei Baruhur Mill operational activities are recorded using a check sheet prepared by the foreman and inspected and approved by assistant production and this is done based on a quality plan, for example, in October 2011 the processed TBS was targeted at 15,080,200 and the realization

was 13,846,000.

Each Estate and Mill should have procedures and work instructions established by System Section 3.11 in the Office of Directors. But during the preliminary audit in the Sei Baruhur estate particularly Afdeling II on 3 November 2011, IK 3-01-19/01 revision 05 on Crop Fertilization that had been effective since 6 May 2011 was not found. The Afdelling II was still using an obsolete work instruction (IK) i.e. IK 3-01-19/01 revision 04. This has been raised as a Major Non-conformity no. 6

During audit certification, the Company has made the corrective action by : a. re-identifying personnel to be distributed with the relevant WI and b. distributing and ensuring the most recent WI to be available to the listed copy holders. The audit team found that document 'Plant Fertilization' (IK 3.01-19/01 rev. 05) has been distributed to each afdeling. This corrective action is found satisfied, therefore the NCR No. 6 can be closed.

During preliminary audit, the implementation records of Oryctes control in the estate with respect to the level of attack and control in September was found not based on the current WI of IK-3.01-17/14 rev. 6, 2011. This has been raised as a Minor non-conformity no. 12.

The company has made the corrective action by ensuring all work execution refers to the recent Work Instruction. During certification Audit, it was found that the activity is met with the relevant work instruction (IK-3.01-17/14 revision 6, 2011)

Compliance status: Compliance

4.2	Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield
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Each estate has a monthly record of fertilization dose and type of fertilizer used for each block. Data on recommended fertilization and realized fertilization is recorded in monthly reports with recapitulation in annual reports. In the annual reports it was found that the use of fertilizers already conformed to the recommended fertilization. Recent soil analysis was conducted on 15 October 2009 by PPKS, the type of soil in Sei Kebara estate is hapludult (yellowish red podzolic soil) and paleudilt type (yellow podzolic soil). Leaf analysis was also performed as a basis for the issuance of fertilizing recommendation by PPKS and the most recent recommendations were disseminated through a circular letter No. 01/SE/05/2011.

Fertilization was implemented in the field based on the 5T principles i.e. appropriate in type,

dose, time, location and sequence. There are three methods of sowing fertilizer, namely tamper, rocking and sticks. The most important thing according to the fertilization officers is the fertilizer should be scattered evenly in the circle weed and does not accumulate in one place, any lump occurred should be crushed. Urea fertilizer should be sowed between 50-100 cm from the base of the stem and 150-200 cm for other fertilizers.

The fertilization activity was conducted in accordance with the fertilization program prepared based on fertilizer recommendation issued by PPKS and disseminated through the directors' latest circulars. Fertilization was conducted no more than two months in order to achieve the balance of nutrients in the soil. The actual fertilization in the field was recorded in the fertilization plan and realization log books that includes extent of area, fertilizer amount, dosage, and maps of plant maintenance program approved.

In addition to using chemical fertilizers the estate also used organic fertilizer that included application on empty bunch, land application from PKS.

Sei Baruhur estate already has a map of statement area. Soil Types in the Sei Baruhur estate are generally of hapludult type (yellowish red podzolic soil) and paleudilt type (yellow podzolic soil) (based on the reports of productive palm oil fertilization recommendations by PPKS), and based on the PPKS recommendations a dose of 25 kg per oil palm was applied on empty bunches to improve the fertility of soil in the estate.

PPKS reports indicate that sporadic and mild criteria N and K nutrient deficiencies are prominent and the afdeling carried out recommended fertilization of appropriate type, dose, method, timing, and sequence.

Compliance status : Compliance

4.3	Practices minimize and control erosion and degradation of soils
<p>Each estate has topographic maps, marginal land maps, land system maps with scale of 1:35000, which details the boundaries of marginal land, land contours, and land topography. At Sei Kebara and sei Baruhur estates, generally the areas are found from flat to undulated land. There is no peat and fragile soils found at KSBAR and KSKAR.</p> <p>The estates have made efforts to mitigate erosion, among others, by planting land cover crops of <i>Mucuna Bracteata</i> to suppress weed growth, and mechanically by creating a horseshoe shaped erosion wall, terrace/contour before planting the main crops:</p> <ul style="list-style-type: none"> • Erosion wall was built on slopes <3 degrees • Horseshoe shaped erosion wall was made on slopes of 3-28% or 2-16 degrees 	

- Terrace/contour on area with slopes of 28-45 % or 16-24 degrees
- Land maintenance to minimize erosion
- Planting on low areas, LCC, to build drainage trench with the average water level of 60 cm from ground surface and drainage maintenance

Each estate has had current work instructions on Road Maintenance in Palm Oil Productive Plant (TM) Area IK-3.01-17/03 dated 01-08-2008. Each estate had a monthly road maintenance program including the planning and realization maps of roadwork reported each month. It is seen in the field that the maintenance program has run properly in accordance with the planning maps prepared by each estate; the road maintenance includes filling in potholes and damaged roads, drainage maintenance, and raising the road surface.

Compliance status: Compliance

4.4	Practices maintain the quality and availability of surface and groundwater.
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The Estates and Mills have implemented procedures to safeguard the quality and availability of surface water and groundwater in maintaining the continuity of activities of Estates and Mill in the scope of PT. Perkebunan Nusantara III (Persero). Riparian areas that exist in every Estate and Mill are maintained and their management and utilization refers to regulations applicable in each location of the company's activities.

IK-3-01-10/02 revision 00 has been established by the organization in the maintenance of riparian areas. The Work Instruction is set to protect river bank areas from farming activities that can disturb the river sustainability. The Work Instruction regulates rivers in residential areas, i.e. river border areas between 10-15 m to the left and right of the river, while the basic criteria for rivers outside the residential areas is at least 100 m from the left and right side of the river. In the case of the creek it is at least 50 m to the left and right of the creek located outside the residential areas.

In order to maintain the quality of surface water and ground water within the scope of the Sei Baruhur Estate and Mill, the BOD generated by Sei Baruhur Mill is monitored and measured periodically and reported to the relevant agencies. BOD is measured with reference to the Decree of the Minister of Environment No. 51/1995. From the records of the last 9 (nine) months, the generated BOD is still below the quality standard required by the regulations. The organization is also monitoring the use of water in mill to process one tonne of FFB. Sampling on September 2011, the use of water was 23,538 m³ to process 13,846 ton FFB. The efficiency of water use was 1.7 m³/ton FFB. The average of water consumption per month in 2011 to

process per tonne of FFB was 1,696 m³/ton FFB.

Compliance Status : Compliance

4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated

All estates have had work instructions on Palm Oil Pest Control (IPM) IK-3.01-17/14 and Palm Oil Plant Disease Control IK-3.01-17/15 dated 6 May 2011. However the control of rats of IK-3.01-17/14 does not reflect the integrated pest management principles because in the work instructions the control is done directly using klerat (brand of Syngenta, kind of Rodenticide, active ingredient is Brodivacum 0.05%).

During Preliminary audit, it was found in Sei Baruhur plantation has not been found records of monitoring for IPM program concerning to biological control agent. It was not comply with IK-3.01-17/14 rev.6 on 06-05-2011 that stated IPM consist of mechanical, biological and chemical control. The company has made the corrective action, as below:

- Establishing IPM team in every afdeling.
- Making and arranging IPM program.
- Performing biological control through planting the flowers at 8.00 A.M.
- Documenting the result of monitored area.

Training records IPM for employees in Sei Baruhur plantation have not been found and the company has made the corrective action as stated below:

- Enlisting employees who are in charge of IPM.
- Making IPM materials
- Performing IPM training.

The company has performed monitoring use of pesticide on oil palm (SE No.301/SE/19/2011), for example the active substance, Isopropil amina glifosat in Sei Baruhur plantation. However monitoring unit for toxicity of the pesticide has not been found (the active substance/LD 50 per tone of FFB per hectare). The company has made the corrective action such as :

- Performing monitoring program area (application) the use of pesticide active substance per

hectare in every afdeling according to the SE 3.01/SE/19/2011.

- Re-enlisting all realization and planning use of chemical substance in afdeling.
- Calculating the active substance used per hectare.

In Sei Baruhur estate, the monitoring records on IPM area for biological control such as the planting of *Turnera* (*bunga pukul delapan kuning*), *Turnera ulmifolia* (*bunga pukul delapan putih*) and *Antigonon leptopus* (*air mata pengantin*) and *Diplazium asperum* ferns serving as the host (nectar) to *Neostromboceros lucthi* as an alternative prey to predator insect of *ulat api* (*fire caterpillar*).

Each estate had plant pest and disease control reports starting from pest's census, action to do, up to the use of chemicals. Pest control was carried out based on the results of the census conducted in accordance with the work instruction concerning the extent of pest attacks which are classified into two levels, namely light and heavy; in the case of light attacks the chemical use is not recommended. Actual use of chemicals and recommended fertilizer use are also seen in the budget plan.

Compliance status: Compliance

4.6	Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented
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The use of agrochemical substances in Sei Kebara Estate and Sei Baruhur Estate has been recorded every 3 months in the evaluation use of chemical substance on oil palm cultivation. Records of the use agrochemical substances are noted daily by foreman including covering the application area, amount of use per ha and applicable rotation. Chemical substances that are used are glyphosat, marshall 5 G, decis 2,5 EC, dithane and petrokum. The company has policy for not using prophylactic and agrochemicals which are categorized as type IA or 1B WHO or chemical substances that are included in the Stockholm and Rotterdam Convention as well as paraquat. This policy is stated in the Director Circular No.3.01/KBN/MO/157/2014 issued on 12 March 2014.

All Estates: Sei Baruhur Estate, Sei Kebara Estate and Baruhur Mill have not yet established and not yet ensured that 'Agro Chemical Waste and Pesticide Package Waste have been managed, controlled and disposed with reference to the applicable regulations i.e. Government Regulation 18/1999 concerning B3 Waste Management.

This is because of incorrect understanding of B3 and B3 Waste used in the Estates and Mills in PT. Perkebunan Nusantara III (Persero) environment. In the identification of environmental aspects that have been determined in each Estate and Mill, B3 waste such as used pesticide packagings is sorted as solid waste which is treated not as B3 Waste in its treatment.

The stipulation of IK-3.03-01/02 dated November 2011 concerning Treatment of 'Agro Chemical-Pesticide Packaging Waste' as B3 Waste as a follow up is not yet implemented effectively and no revision yet on aspect of environmental impact where agro chemical and pesticide packaging waste still goes into solid waste category.

Estates: Sei Baruhur Estate, Sei Kebara Estate, and Sei Baruhur Mill will apply this IK after approval is obtained from Section 3.11 Head office.

During the preliminary audit, it was found that company could not ensure that Agro Chemical, Pesticide Packaging Waste had been managed, controlled and disposed with reference to the applicable laws and regulations i.e. Government Regulation No. 18/1999 concerning B3 Waste Management so that a Major finding was issued (NCR 07/01). Company has made correction by revising IK-3.03-01/02 by grouping all chemical packagings into B3 waste category.

During the certification audit, it was found that company had grouped Waste Agro Chemical, Pesticide Packaging Waste as B3 Waste according to IK-3.03-01/02 revised in November 2011. However, this IK was not yet applied in the company in a documented way because dissemination target in the estates as well as mills was not yet determined and no revision on environmental impact aspect where previously Agro Chemical, Pesticide Packaging Waste had been still grouped as solid waste. This has been raised as a Minor Non-conformity no. 6 during certification audit. The company has made the corrective by revising IK-3.12-01/14, IK-3.12-06/01 and IK-3.03-01/02. The corrective actions made such as distributing and disseminating the revised IK, writing letter to BLH for approval asking of the storage of B3>90 days, looking for B3 waste buyers who have permit, and putting B3 waste into the place where has storage permit. The socialization of the revised IK-3.12-01/14, IK-3.12-06/01 and IK-3.03-01/02 has been done to Sei Baruhur mill and Sei Baruhur & Sei Kebara estates.

Personnel in charge in the handling of pesticide have received training of the use of agrochemicals. This is available in the personnel training record for spraying held on 25 August

2011 with attendance list, minutes of meeting and photos.

The company has checked cholinesterase level in each employee's blood who works with chemical substances in Sei Baruhur Estate. The examination was done on 12 October 2011 cooperation with Center of Occupational Health and Safety Field.

The company has checked cholinesterase level on 15 November 2010 to the employees who work with chemical substance in Sei Kebara Estate. The medical examination showed that 11 employees had high level of cholinesterase in their blood. The company followed this by relocating those employees to non-section contained of chemical substances. On 29 November 2011, company made cholinesterase test on those 11's blood. The result showed that only 1 employee who suffered low-level poisoning and then he transferred to warehouse which do not have chemical substances.

The company has conducted socialization to the spraying worker in the morning call held every day in order to not conduct spray activity during pregnancy or lactating.

Compliance Status : Compliance

4.7

An occupational health and safety plan is documented, effectively communicated and implemented

1. Evidence of a documented health and safety policy and program and its implementation.

All sampled business units have obtained the Safety and Health Management System (SMK3) certification from the Ministry of Manpower of the Republic of Indonesia, with the achievement of Gold Flag. Thus, all Business Units of both Estate and Mill have developed and set the K3 (Occupational Safety and Health) Policy as this is an SMK3 passing requirement. The K3 policy was signed by the Unit Manager, P2K3 Secretary, and Chairman of the Trade Union – Estate. On average, the policy has been revised with respect to changes in the leadership structure of the company.

2. Accident insurance for workers is available.

As written in the CLA (Collective Labor Agreement) of Article 53, the Company provides insurance for the workplace accident such as Social Security for all workers. This insurance includes accident insurance (JKK), life insurance (JK), and old age insurance (JHT). When the audit was conducted, there are three items as evidence: 1). List of employees who are members

of Social Security, 2). Employee salary slip in which Social Security contributions are paid by the company, and 3). Proof of Cash Payment.

3. Periodic checks for employees working in stations or high risk works by doctor.

Periodic employee medical examination and monitoring for all Estates and Mills. This is not done for all employees, but prioritized for those working in areas with hazard and high risk only. For the Plantation Unit, they are the pesticide sprayers, their foreman, the workers handling chemicals and chemical fertilizers. In the Mill Unit, they are the workers working in the wastewater treatment area, the officers handling hazardous substances, the operators of generator, boiler, power plant, heavy equipment, welders, and workers in dusty areas.

In all Units of PT. Perkebunan Nusantara III, health monitoring activities are carried out by CV. Global Safety Indonesia, Medan, as a subcontractor to the Center for Occupational Safety and Health, Medan. This was conducted in all business units being sampled in November 2010. The periodic health examination is led by a physician who has received Hiperkes training, performed in conjunction with the monitoring and measurement of work environment factors of lighting, noise, work climate, and vibration aspects. The health factors include spirometry, audiometry, physical, and cholinesterase. The last inspection was carried out in November 2010. The activities were carried out in 2011, but the report on the results has not yet been received from CV. Global Safety Indonesia.

The latest test results show that there are some workers (11 people) who suffer from high level of cholinesterase in the blood that passes the threshold value, as found in the Sei Kebara estate. With reference to the Regulation of the Minister of Manpower No. 02/MEN/1980, Article 3, paragraph 6, the Company must conduct follow-up correction. In accordance with the recommendation of the examining physician, in this case, the workers will still be allowed to work but the examination must be carried out again 6 months afterwards. However, this is a nonconformity finding, because the Company did not yet examine the content of their blood as recommended, during the audit in December 2011. The company has followed this finding by examining the level of cholinesterase on 28 November 2011 at the KSBAR office to the 11 personnel who were exposed to get cholinesterase. From the examination result, only 1 personnel who were detected cholinesterase and then the company transferred him to manual section which do not have chemical substances.

4. A documented risk assessment for occupational health and safety program.

As a company that has implemented SMK3 in all Units, the activities of risk management or potential hazard and risk identification have been conducted for all existing activities, both in the

Estate and Mill units. The results of risk management have been recorded on the Hazard Identification, Risk Assessment and Control forms. Review on the results of risk management was conducted annually to ensure if they are still relevant to existing activities. The results of the review were signed by the Chairman of P2K3.

5. Records of health and safety training programs.

The Company maintained records of training conducted for the workers. All records were filed or kept by APK (Assistant Plantation Personnel Dept.). For example, records of General K3 Expert Certificate, First Aid training, attendance lists of emergency simulation.

Training of first aid was held in Sei Baruhur Estate, Sei Kebara Estate and Sei Baruhur Factory. There are evidence of training in the form of attendee list, minutes, and photos. First aid training of Sei Kebara estate was conducted on 18 August 2011.

Company has conducted fire emergency simulation, both in Estate and Mill area. For Sei Kebara Estate area it was carried out during the audit on 30 September 2011, while for Sei Baruhur Mill area it was conducted on 26 May 2011.

Training in handling of chemicals and pesticides (B3) were found in both the Sei Baruhur estate and Sei Kebara estate.

Training of B3 handling were performed on 25 August 2011 in KSKAR office by plant assistant to foreman, spraying officer, wipping land, and chemical warehouse officer.

Pelatihan penanganan B3 dilaksanakan pada tanggal 25 Agustus 2011 di kantor KSKAR oleh Asisten tanaman kepada mandor, tukang semprot, wipping land, dan petugas gudang kimia.

Training of B3 handling were performed on 17 September in KSKAR office

There is evidence of training in the form of attendee list and minutes of training

6. Emergency preparedness and response procedures.

Emergency preparedness has been established as the main program of P2K3 in all of the Business Units of PT. Perkebunan Nusantara III. This commitment is demonstrated by appointing Security Officers (security section) as a function of the main responsibility. This is also supported by the preparation of procedures, including: 1) Emergency Handling Procedure (doc.No: PK3-14), and 2). Evacuation Procedure (doc.No: PK3-11). All business units have also established an emergency response team contained in the Emergency Response Team Organizational Chart (doc.No: SD-10-01), Emergency Response Flowchart (doc.No. SD-10-03), and Evacuation Map (SD-11-01). Emergency response simulation activities, especially fires, are

already carried out at least once a year.

Equipment for dealing with emergency situation has also been prepared and placed in strategic locations, such as hydrant at the Mill, mobile water tank and portable pump units for the Estate, portable fire extinguishers (APAR), alarms, and “bakortiba” – in the form of drums filled with sand, wet burlap. Periodic inspection has been made for all equipment.

7. The workers who have received first aid training must be in operational activities in the field and mills.

The company has provided first aid training to some workers in Sei Kebara estate, Sei Baruhur estate, and Sei Baruhur Mill. It is prioritized for workers designated as members of the Emergency Response Team and the representatives of the “afdelling”. Both the Estate and Mill already assign workers who have been given first-aid training to operational departments.

8. Records of accidents must be stored properly and reviewed periodically.

The Company maintains records of work accident. The Company has established procedures governing how to handle, investigate, and report accidents and take corrective and prevention measures. In all Units, accident records are kept by APK. For example, in the Sei Baruhur Estate, there was an employee who had an accident, and all records related to this case had been completed, including: 1). Chronology of the work accident is known by Security Officers (Security Commander), 2). Referral Letter from APK to the Head Office or the Office of the Board of Directors enclosed with KK2, KK3, and KK4 forms, 3). Receipts of medical expenses, medical bills, and chronology of the accident. The records are filed into: payment records which are kept by the Assistant Administration (ATU) and records of occupational accident reports which are kept by the APK.

Compliance status: *Compliance*

4.8

All staff, workers, smallholders and contractors are appropriately trained.

The Company has established Skill and Competency Development procedures (No.Dok. PK3-09) as a reference in providing worker training. The procedure states that a training program should be based on the results of need analysis and identification carried out by head of each department, Estate Manager, and Mill Manager. In 2011 both Estate and Mill units developed training programs, which at least cover the following aspects:

- Training of General K3 Experts
- Training of Emergency Preparedness and Response
- Training of pesticide handling

- Training of water treatment
- Training on harvesting methods

The company has also conducted training for the casual workers as recorded by all Estate Units. As evidence, there is a list of attendees for training in fertilization and pesticide spraying methods.

Records of training that has been conducted are available and documented, such as certificates, attendance lists, training proposal, and training photographs, which are kept by the APK (Assistant Plantation Personnel Dept.).

During the preliminary audit, it was found that company had not been established employee training program in a documented manner so that Major was issued. Company has made a correction by developing training program according to the existing needs and preparing plans to follow up its implementation.

Compliance status: Compliance

5	ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY
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5.1	Aspects of estate and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate
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Aspects of estate and mill management including replanting activities that lead to positive and negative impacts on the environment have been identified in the EIA document for every Estate. In addition to the EIA documents, the organization has also conducted the Environmental Impact Assessment (EIA) by a 3rd party for any Estates and Mills.

Environmental Monitoring and Measurement, both RKL/RPL within the framework of the EIA and UKL/UPL has been done periodically by every Estate and Mill. Besides conducted internally, the organization also has environmental monitoring and measurement performed by the 3rd party in this case by the UPT Environmental Laboratory of the BLH of North Sumatra Province.

RKL/RPL report semester I - 2011 was submitted to Labuhan Batu Selatan Regency BLH on 05 October 2011 and North Sumatra Province BLH on 23 November 2011. RKL/RPL report semester I - 2011 was submitted to Labuhan Batu Selatan Regency BLH on 07 March 2012 and North Sumatra Province BLH on 10 April 2012. Environmental monitoring were done as follows:

- Liquid waste quality monitoring: records of liquid waste test result in July – December 2011.
- Measurement results comply with the quality standard stipulated in the regulations.

- Hazardous waste monitoring
- Solid waste monitoring: records of empty fruit bunch, shell and fiber utilization.
- Use report of oil fuel.
- Air quality monitoring: records of emission and ambient air test result in July and November 2011
- Analysis report of water surface quality in Sei Baruhur Estate in Desember 2011.
- Measurement results comply with quality standard set by regulations.
- Reaction from society with the presence of Sei Baruhur Estate and PKS Sei Baruhur.
- Suggestion and expectation from surrounding community.

Compliance status: Compliance

5.2	The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the estate or that could be affected by estate or mill management, shall be identified and their conservation taken into account in management plans and operations
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Sei Baruhur Estate

The company identified flora & fauna and High Conservation Value (HCV) area in their land area together with the Biological Resource and Biotechnological Research Center (PPSHT), Institute for Research and Community Service, Bogor Institute of Agriculture in September 2011. Identification of flora and fauna habitat and HCV area have been done for all areas of the company as recorded in the report "Identification of High Conservation Value (HCV) of Estate Sei Baruhur, PT. Perkebunan Nusantara III (Persero)".

In the report of the identification of flora & fauna and High Conservation Value (HCV) the flora and fauna species found have been established and identified by species of birds, mammals, reptiles and flora. For example, the species of birds such as Bush Honey Bird (*Anthreptes singalensis*), the species of mammals such as the Long-tailed Monkey (*Macaca fascicularis*).

Records of the results of flora & fauna and High Conservation Value (HCV) identification are already available in the document of "High Conservation Value Area Monitoring" Report and the Summary of High Conservation Value (HCV) Identification. Based on the report of identification of flora & fauna and High Conservation Value (HCV), there is no record stating the species of HCV1 area (global, regional or national forest area containing significant concentrations of biodiversity values) is present in the PT. FMP, but the HCV 1 potential areas have been identified to be along the river, and river banks and emplacement areas with HVC 1.1, HCV1.3, HCV 1.4, HCV 2.3, HCV 4.1 HCV 4.2 and HCV 5.

Internally the company already has a mechanism in natural resource management, HCV identification and management, as contained in the Work Instruction No. IK-03-01-25/01 “Nature Conservation Work Instructions” issued on 15.02.2010, IK-03-01-25/02 HCV Identification Work Instructions” issued on 15.02.2010 and “HCV Management Work Instructions” issued on 15.02.2010.

HCV management plans for all HCV areas have been identified in accordance with high conservation values to be preserved as seen in the company’s HCV monitoring and action plan document that includes measures to protect endangered species identified and their habitats, as recommended in the document of “High Conservation Value Area Monitoring” Report and the Summary of High Conservation Value (HCV) Identification by the Biological Resource and Biotechnological Research Center (PPSHT), Institute for Research and Community Service, Bogor Institute of Agriculture in September 2011.

The action plan includes plans to develop standard operating procedures for monitoring the identified HCV areas, restoration of habitat or vegetation in riparian zones, protection of water springs in order to maintain the ecological function of the river, and enrichment planting of trees such as recommended fruit trees, meranti, etc.

Long-term plans are set for 3 years i.e. in 2011, 2012 and 2013. Routine monitoring was carried out as reported in “HCV Monitoring Results” in September 2011.

To prevent improper hunting, HCV collection and destruction activities, the Company has conducted socialization to all and the communities through public consultation, posters and warning signs of the presence of protected species that are produced by the company and distributed in the estate environment. The posters are seen to contain information about all the species that are protected in the company area, types of restricted hunting activities and action taken against those who ignore these rules.

The company has assigned at least 5 people who are responsible for implementation of all planned environmental conservation activities including environmental management and monitoring plan for existing rare species and identified HCV areas. All personnel responsible for carrying out monitoring and management action plans are trained by Cosmos Integrity. Training for the identification, management and monitoring of HCV areas was conducted on 26-30 September 2011, as seen from the training records and reported in the company’s HCV documents.

Compliance status: Compliance

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

The organization has implemented 3R (Reduce, Reuse, and Recycle) programs on waste, and unused waste is disposed of in accordance with the applicable provisions and regulations. Use of shell as boiler fuels, fiber and others have been done and recorded properly.

Waste management programs established by the company are monitoring of liquid waste quality, disposal of B3 waste to other party which has license.

Hazardous waste especially of used chemical packaging has been designated as a hazardous waste referring to IK-3.03-01/02, issued in November 2011, to be controlled in accordance with the applicable rules and regulations. Produced B3 waste is placed on TPS warehouse. It has been equipped with label symbol according to their characteristic. Person in charge in LB3 warehouse is warehouse officer with responsibility for recording the incoming and outgoing of B3 waste and ensuring that TPS LB3 is locked.

Wastes generated are monitored, measured, analyzed, and treated with reference to the established regulations. Measurement and analysis of effluent, emission air and ambient air have been conducted periodically.

Air quality monitoring is done every 6 month for emission and ambient. Teh lastest testing was conducted on 6 July 2011 by UPT Environmental Laboratory BLH North Sumatra Provincial Government. Emission testing from generator in Sei Kebara Estate still meet quality standard based on Decree Kep Men LH 13 in 1995. Ambient air and its odor testing in Sei Kebara Estate with sampling point in the yard office and housing are still appropriate with quality standard based on PP RI 41 in 1999 and Kep Men LH 50 1996.

Air emission testing at boiler 1 and 2 in PKS Sei Baruhur was done on 4 November 2011. The test result shows that it still meets the quality standard based on Per Men LH No.7 in 2007. Emission generator testing in Sei Baruhur Factory still meets quality standard based on the Decree LH 13 in 1995. Ambient air testing with sampling point in the yard office and housing are still appropriate with quality standard based on PP RI 41 in 1999 and Kep Men LH 50 1996. Odor testing also meets with quality standard based on the Decree Kep Men LH 50 in 1996.

Effluent quality testing is done every month based on the Decree Kepm Men LH 29 in 2003 by UPT environmental laboratory BLH North Sumatra Provincial Government.

Compliance status: Compliance

5.4 Efficiency of energy use and use of renewable energy is maximized

The organization has conducted efficiency in the use of energy and renewable energy in Estates and Mills it owns. Monitoring records of renewable energy use have been in place and energy efficiency/ton of CPO, energy/ton of palm oil products has been recorded. Records of fossil fuel use, such as diesel oil, gasoline for genset, forklifts and motor vehicles, are done carefully and precisely for the efficiency implemented.

Analysis of efficiency in the use of renewable fuels, such as shell and fiber to the boiler at Mills has been well documented. Renewable energy efficiency such as on the boilers has been met from fiber and shell for processing TBS. From the records available, it can be seen the use of diesel and gasoline for each vehicle operated in the organization's transport activities.

The produced energy from boiler turbin to produce per ton CPO in 2011 was 2,81 kkal/ton CPO

The average produced power to produce 1 ton CPO is 80 kwh/ton CPO.

Compliance status: Compliance

5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.

The company has established IK 3.12-01/10 revision 01 dated 15 February 2010 regarding Emergency Response and Preparedness. Potential sources of fire both in the Estates and Mills have been identified and training and simulation have been carried out in order to see the extent of effectiveness of established procedures and readiness of personnel and equipment. From the existing records, no fire is used in preparing land for replanting in the scope of the organization.

Compliance status: Compliance

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

The organization in this case all the audited Estates: Sei Baruhur Estate, Sei Kebara Estate and Sei Baruhur Mill do not identify the sources of greenhouse gas of the Estates and Mills yet, and there is not yet a plan and program for the reduction of greenhouse gas emissions.

In the present conditions, in the established identification of environmental aspects and impacts, there is the identification of aspects related to motor vehicle exhaust gas emissions, i.e. an exhaust emission, which if not comply with the quality standards, improvements will be made on equipment that causes such emission.

Presently, greenhouse gas is one of the causes of global warming. In participating in Greenhouse Gas mitigation the Government has ratified the Kyoto Protocol and recently the Government gave its commitment to the international community to reducing carbon emissions by 26% by 2026.

The organization has developed the GHG identification schedule and emission reduction program, in accordance with the Program Schedule signed by the Director of Planning & Program, PT. Perkebunan Nusantara III (Persero) at the end of 2011. This is a follow-up of the nonconformances found during the audit with reference to the P&C RSPO.

During the certification audit it was found that Company had not been conducting identification concerning sources of greenhouse gases arising from the Plantation and Mill activities, such as fertilizing, transportation, and waste retention basin activities. The organization also did not have plans to reduce greenhouse gas emission caused by company activities and the company has revised IK-3.12-06/01 and added identification of the aspect of greenhouse gas sources by identifying all activities of estates/mills up to the waste generated. Company has identified all estate/mill activities up to the waste generated.

Monitoring of emission from pollution sources like boiler and genset is carried out every 6 months. The last test has been carried out in Semester II 2011. Measurement of emission air of genset shows that the result is below the quality standard of Decree of the Minister of Environment No. KEP-13/MENLH/3/1995. Measurement of emission air of boiler shows that the result is below the quality standard of Decree of the Minister of Environment No. Per-07/MENLH/2007 and Ambient air measurement results comply with Government Regulation No. 41/1999.

The records of greenhouse gas emission reduction efforts are in the form of shell and fiber Use report and empty fruit bunch use report. Consumption of shell and fiber in 2011 was

27,359,556 kg. Consumption of empty fruit bunches in 2011 for Sei Kebara estate was 33.274.010 kg. POME management is limited to waste utilization for land application only. The volume of waste produced is measured daily and recorded.

Compliance status: Compliance

6	RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS
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6.1	Aspects of estate and mill management that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement
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Identification of Estate and Mill social aspect has been conducted as seen in Amdal as well as SIA (Social Impact Assessment) documents performed by third Party, in this case the Research Institute of North Sumatera University by looking at positive impacts that are continuously developed and making plans to reduce negative impacts arising.

There is social impact management and monitoring plan with community participation in the report of UKL/UPL as well as RKL/RPL Documents to relevant agencies, which is conducted periodically in all Estates: Sei Baruhur Estate, Sei Kebara Estate, and Sei Baruhur Mill.

The company has follow up the recommendation of SIA by setting the CSR program annually which is called Program Kemitraan dan Bina Lingkungan (Partnership Program & Environment development). The company has set up the relevan SOP to support the programs, such as Funding program for environment devepoment / Penyaluran Bantuan Program Bina Lingkungan (IK-3.10-06/01, rev.04, 01/05/2012), Customer satisfaction measurement for Environment development Funding and CSR programs / Pengukuran Tingkat Kepuasan Pemberian PKBL & bantuan CSR terhadap Masyarakat Lingkungan. (IK.3.10-07/01, rev.01) and Social Impact Assesment/ Analisa Dampak Sosial (IK.3.10-06/01, rev.1.

The annual programs included CSR such as road and bridge maintenance and aid/ soft loan to enhance local community welfare.

The company only receives FFB's from main estate and suppliers only; therefore there is no outgrowers scheme in this certification scheme.

Compliance status: Compliance

6.2	There are open and transparent methods for communication and consultation between growers and/or mills, local communities and other affected or interested parties
<p>The company has had SOP for Information and Request Response (IK-3.00-13/01). A list of information that can be accessed by relevant stakeholders has been available. Any request for information that is not listed in the list will require asking for Top management consideration and approval. A list of stakeholders has been available for each unit and consists of, among others, Customary leaders /community leaders, Muspida and village chief, Company trade unions, Contractors and suppliers.</p> <p>Compliance status: Compliance</p>	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties
<p>Company has SOP Stakeholder Complaint Acknowledgement and Resolution No. 106899/TAP/PRO-CSR-HO/VI/13 that ensures deliberation is sought as a step to conflict resolution. Sampling is conducted on Mr. Jamhuri's land claims to 10.89 HA in the GBSM area. Company resolved the conflict on 10 May 2013 by giving a compensation of Rp. 190 millions. Documentation has been provided with a map complete with coordinates and signed by both parties.</p> <p>Relating to grievance, it has been regulated in Company Regulation Article 49 concerning Settlement of Dispute and Article 50 Settlement of Grievance. Company improves Internal Memo of Suggestion Box by creating SOP concerning Employee Grievance Settlement (No. TAP-PR/HRD-GN/063-0113-0), which is prepared by HR Operation Dept. & Social Impact Dept., verified by HR Div.Head and Sustainability Dept. Head, and approved by Managing Dir. It comes into force as per 18/01/2013.</p> <p>Mill is in the middle location of estate so that there is no community who stays on the ground around PKS, then there is no community who makes complaint to the factory.</p> <p>Surrounding community is made up of estate workers, Javanese, Batak, Minang and Mandailing. This heterogenic community does not have any complaint for the estates around the village.</p> <p>Compliance status: Compliance</p>	

6.4	<p>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stake holders to express their views through their own representative institutions</p>
<p>There is a work instruction no. IK-3-09-03/02 mention about the compensation procedures for the the local people. But the Work instruction was found incomplete as there is no step/process to identify the influence people to ensure the data of the people listed is valid. Also the transparency methods was not mention in the related work instruction so there is no certainty during the compensation process will be done properly.</p> <p>During the preliminary audit, data and procedure/work instruction were not found related to process of identification for the loss of community rights in ensuring fair and reasonable compensation so that Major was issued. Company has made a correction by carrying out dissemination and ensuring that IK-3.09-03/02 is documented. The corrective action conducted by company has been adequate so that the finding can be closed.</p> <p><i>Compliance status: Compliance</i></p>	
6.5	<p>Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages</p>
<p>The Company has payroll documentation for the entire grade from 1A up to 4D. The basis for the pay refers to the Decree of the Board of Directors of PT. Perkebunan Nusantara III No. 3.08/SKPTS/46/2011 on Employee Salary Increase of PT. Perkebunan Nusantara III (Persero) issued on 28 February 2011. The wage basis is in accordance with the Decree of the Governor of North Sumatra No.: 188.44/674/KPTS/2010 dated 24 November 2010 which stipulates that the minimum wages for plantation workers is Rp. 1.035.500 per month. This provision applies only for permanent employee category, both managements employee and operating employees. The company also hired temporary workers or casual labor (BHL). They were recruited by contractor companies. Thus, the employment agreement was signed between the Company and the contractors. Contractors called the Pemborong are responsible for the recruitment of casual workers. Their wages are decided by the Contractor management. There is no monitoring of whether the wage standard is already in accordance with the Provincial Minimum Wage (UMP). However, the Company already requires the Contractor those as specified in the contract. Payroll documents are made per month for staff personnel and other employees and available at</p>	

the District Office, Estate office, and Mill office. Salary component consists of: basic salary, allowances (fixed, electricity, rice, water, school, vacation, special, overtime, if any). Additionally, they receive a bonus according to the company's profits. On the feast day, they also receive a feast day allowance. Article 21 income tax is borne by the Company.

As for the payroll of the Contractor's employees, the Company does not regulate the amount. Provisions regarding the amount of salary are regulated or determined by the head of the contractor company itself. But from the interviews, for half a day work is roughly IDR 20,000, depending upon the type of worker. This wage is already appropriate.

(2). CLA

The company has a Collective Labor Agreement with the Plantation Trade Union (SP-Bun) that has been registered in the Office of Manpower of North Sumatra based on the Decree of the Head of Office of the Ministry of Manpower of North Sumatra Province No. KEP.218-5/W2/1998 dated 2 September 1998. The CLA document has been revised with respect to the Company's differences in the implementation. Revisions were made on the results of meetings and discussions between the Trade Union officials. Revisions were made every two years, and signed by their respective representatives on 1 February 2010, and valid for the 2010-2011 periods.

The entire estates and mills under PT. Perkebunan Nusantara III can be reached from the population settlement. So, the housing facility is just an option to take or not to take by employees. Those who do not want to occupy the housing facility will receive house rent allowance.

(2). Agreements with contractors:

The Company has documented contracts with the Contractor. From the sample contract, there is a special clause requiring that the contractor meets the requirements of employment law. The Company has designed a standard format of contract documents. Other obligations are covered in the article of General Obligations for contractors. However, there is no evidence that their compliance is monitored by the Company as a performance evaluation of suppliers/contractors. This is issued as an Observation finding.

Compliance status: Compliance

6.6	The employer respects the right of all personnel to form and join trade unions
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	of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel
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1. Records of the granting of freedom of association

The company has a policy to give freedom to join trade unions. This is listed in Article 5, 6, and 7 of the Collective Labor Agreement (CLA). In Article 5, paragraph 1 it is stated that the Board of Directors recognizes the organization of Plantation Workers Union of PT. Perkebunan Nusantara III as a legitimate/recognized trade union organization. In paragraph 3, it is stated that the Board of Directors will not interfere with or obstruct any matters related to the development of trade unions as long as they are not contrary to the applicable laws and regulations.

In line with this recognition, and to facilitate and make the negotiation that may exist easier, Bipartite Cooperation Agency has been established in each Estate and Mill unit, whose members include employee representatives and the company management representatives. Each of the agreements was registered and recorded in the local Office of Manpower and Transmigration.

2. Records of meetings with the union, if any.

In each Business Unit, the Plantation Trade Union carries out meetings with members of the Bipartite Cooperation Agency, but only occasionally according to issues related to or special cases that occur to members of trade unions. For example, meetings related to the schedule of guard duty in facing the Eid al-Fitr. There are no regular scheduled meetings. Each business unit maintains a record of the activities.

Compliance status: Compliance.

6.7	Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programs. Children are not exposed to hazardous working conditions
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The company has a policy governing the minimum age of workers, which should not be less than 18 years old. This is stated in Article 11 paragraph 1 of the CLA.

As stated in the list of company employees and from the employee's information, there are no workers under the age of 18 years old, both for casual workers and permanent workers. The

company has established regulations on hours of work on Article 17, 18, and 19 of the CLA. All these have referred to the relevant Regulation of the Minister of Manpower.

Compliance status: Compliance.

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

The company has a written policy on equal opportunity for all employees and workers as stated in Article 11 of the CLA. The evidence of implementation can be seen in the data of labor composition consisting of a diversity of ethnicity, religion, worker origin, and gender of workers. This can be seen from the Company Report of October 2011. The following table shows the number or percentage of labor by gender.

Business Unit	Employee		
	Male	Female	Total
Sei Baruhur Mill			
Sei Baruhur Estate (October 2011)	397 (78.6%)	103 (22.4%)	500 (100 %)
Sei Kebara Estate	699 (97.2%)	20 (2.8%)	719 (100 %)

Most of the daily wage workers are local workers, although about 2% came from other locations (outside), such as Medan. They were generally as an employee on structural position. The workers also consist of various religions such as Islam, Catholic, Protestant, and other religions. The company provides churches and mosques in all Estate and Mill Units. From interviews with some of the workers, there is no evidence that the company is discriminating certain workers.

Compliance status: Compliance

6.9 A policy to prevent sexual harassment and other forms of violence against women and to protect the reproductive rights is developed and applied

The company has a written policy relating to the prevention of sexual harassment and violence, as described in Chapter IV of the Code of Conduct: "Work Ethic" point C.12, as follows: "*do not commit immoral acts such as sexual harassment, defamation of superiors and subordinates as well as their family*".

The company conducted the socialization of sexual harassment policy in February 2011 for

employees and in September 2011 for Contractors workers (casual workers). However, the socialization done is not effective yet.

Company policy on sexual harassment and violence, and policy on the protection of reproductive rights is documented in the CLA 2010-2011 governing maternity leave, menstruation leave, and infant day care as contained in Article 26 and 27.

The company has a flow chart of a grievance mechanism fs on how to file complaints are also on display at strategic locations, such as in front of the Afdelling offices.

Compliance status: *Compliance*

6.10	Growers and mills deal fairly and transparently with smallholders and other local businesses.
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Company gets supply of Fresh Fruit Bunches (FFB) from CV. Sawit Lestari, CV. Rapfi Prima, UD. Dearma Tani and UD. Mandiri. They supply average of 30-50%. The company makes Letter of Agreement in its partnership which is in effect every 3 months. Sample of Letter of Agreement about FFB purchasing between District of Labuhan Batu II and CV. Sawit Lestari No. DLAB-II/SPJ/12/2014 on 27 January 2014. The agreement states that the company agrees to purchase 25 tonnes per day and according to the fruit quality standards, the fruits are not allowed to be very raw fruit, raw fruit, diseased fruit and empty fruit bunch. In addition, minimum fruits in each bunch are 8%, the maximum length is 2,5 cm of the stalk, minimum weight is 8 Kg and the maximum dura type fruit is 10%. The price of FFB is determined by the company and that price is changeable depends on developments or changes in CPO price and core which is decided by commercial section at PTPN III. The payment of FFB purchasing, the company makes payments every two weeks.

Compliance status: *Compliance*

6.11	Growers and millers contribute to local sustainable development wherever appropriate
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Oil palm estates and mills contribute to local community development as well as the payment of taxes to the local government. Here is the contribution of sampled Business Units in the form of taxes, patronized partners, as well as environmental development (data of 2011 up to September) :

- Sei Baruhur Mill, in the form of taxes (income tax of Article 22) Rp. 21.974.611, -

Compliance status: Compliance

7 RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

7.1 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management, and operations

N/A

8 COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations


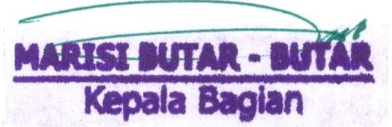
Internal Audit is carried out every year according to the Work Procedure No. PK-3.12-03 (Audit Management System). Internal Audit is done every year in integrative way which covers Quality Management System, Environmental Management System, SMK3 and RSPO. A meeting of management review is done every year. A meeting of evaluation performance is done every 3 months included production, costs and operational problems. Audit Internal is as Internal Monitoring Unit (SPI). In addition, monitoring is done by MR District every 3 months and the output is monitoring report submitted to CMR (Representative of Corporate Management). Result of Internal Audit shows mismatches where aspect of identification and environmental in 2013 are not available in the processing section including environmental objectives and targets because there is no evaluation evidence. The company has made correction through aspect of identification and environmental, environmental objectives and targets as well as evaluation have been available in the processing section. While in audit internal of SMK3, there are mismatches where light fire extinguishers (APAR) in the water treatment are not palced appropriately. The company has made corrective action that all APAR have been moved to the place according to the position in the map layout.

Compliance status: Compliance

D.Certified Organization's Acknowledgement of Internal Responsibility

D. 1. Formal Sign-Off of the Assessment Findings


I the undersigned, being the legal representative of the inspected company, agree with the contents of this report and accept the liability in execution of the instructions given in the report.

Name	Marisi Butar Butar
Position	Vice Management
Signature	 
Date : 23 July 2014	


D.2. Statement by the Certifier Body on Behalf of PT. Sucofindo SBU-SICS

We, the undersigned declare that the information and conclusions included in this report have been prepared in accordance with rule and standard of RSPO, P&C, and that the certification decision has been based upon this information.

Verified and Reviewed by:

Name	Nuzwardy S
Position	SLA / LA / Auditor
Signature	
Date	4 August 2014

Approval:

Name	Triyan M. Aidilfitri
Position	HSE Audit and Certification Department Head
Signature	
Date	4 August 2014

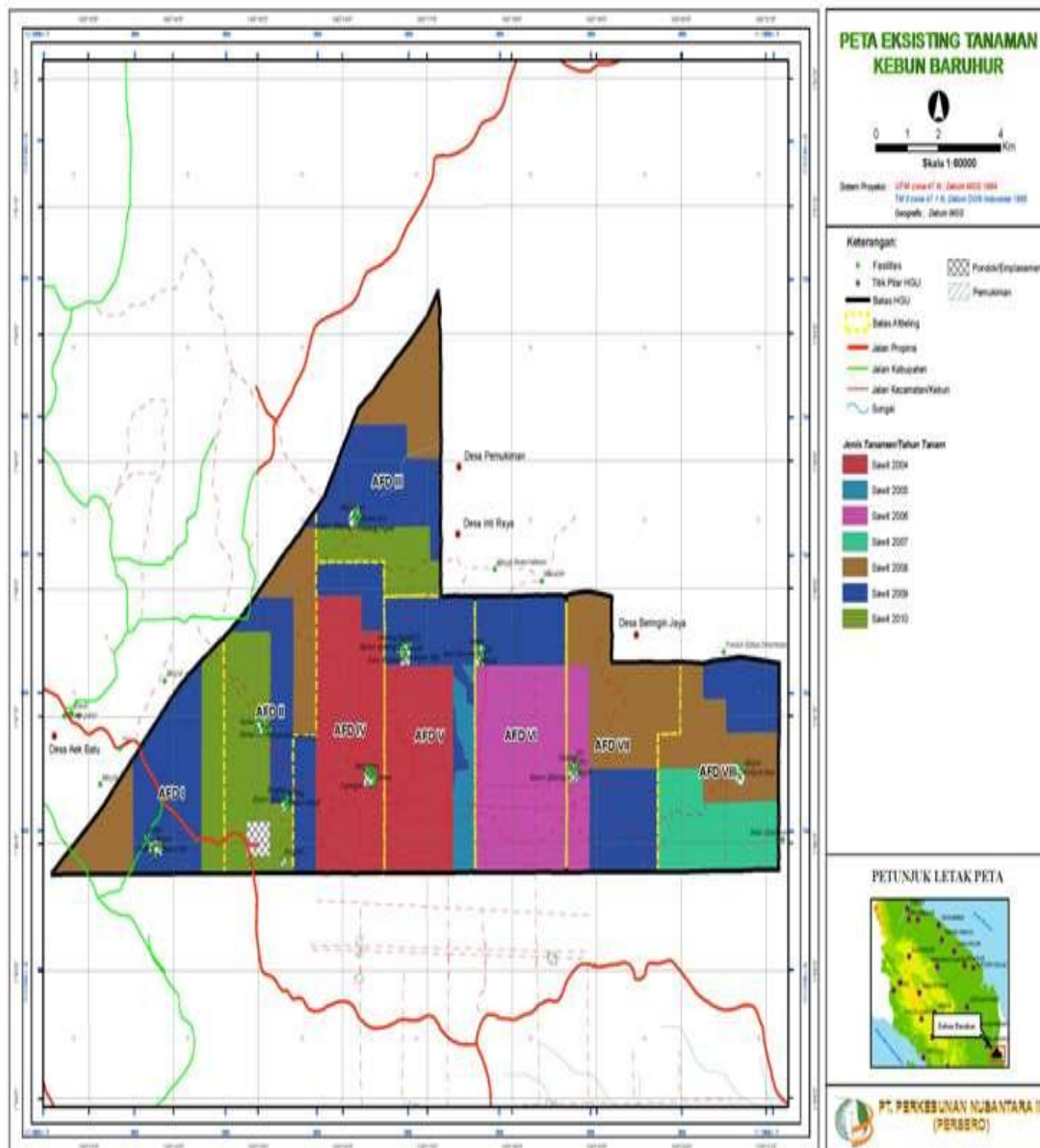
List of Abbreviation

BOD	Bio Oxygen Demand
PKO	Palm Kernel Oil
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
FFB	Fresh Fruit Bunch
FSMS	Food Safety Management System
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HACCP	Hazard Analysis and Critical Control Point
HCV	High Conservation Value
HCVA	High Conservation Value Areas
HGU	Hak Guna Usaha
IEMA	Institute of Environmental Management and Assessment
IPM	Integrated Pest Management
IRCA	International Register of Certified Auditor
MOU	Memorandum of Understanding
MSDS	Material Safety Data Sheet
NA	Not Applicable
NC	Non Conformity
NCR	Non Conformity Register
OSH	Occupational Safety and Health
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
RSPO NI	Roundtable on Sustainable Palm Oil National Interpretation
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SIO	Surat Izin Operator
SOP	Standard Operating Procedure
UKL	Upaya Pengelolaan Lingkungan
UPL	Upaya Pemantauan Lingkungan
WWTP	Waste Water Treatment Plant

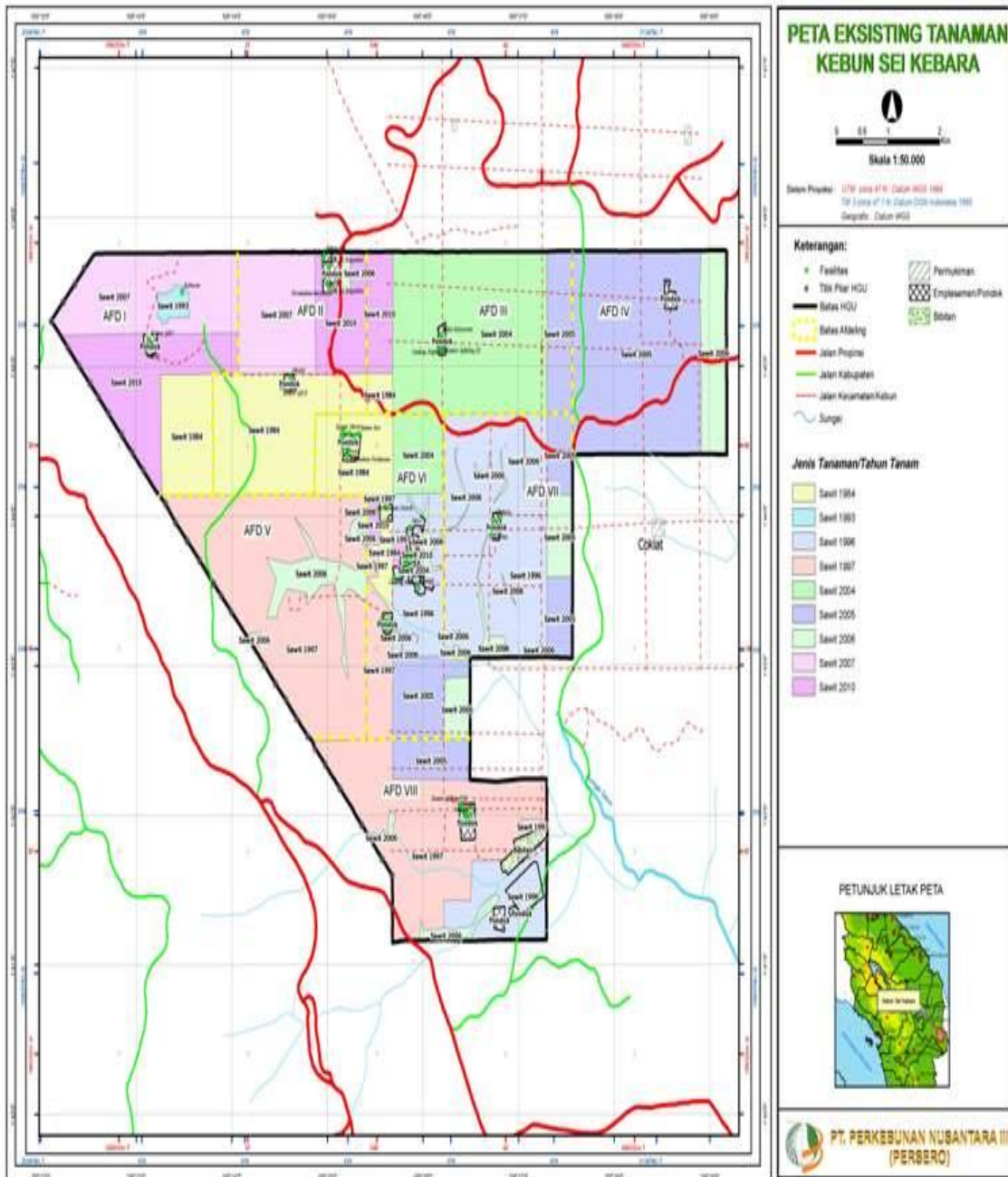
Appendix-1

Map

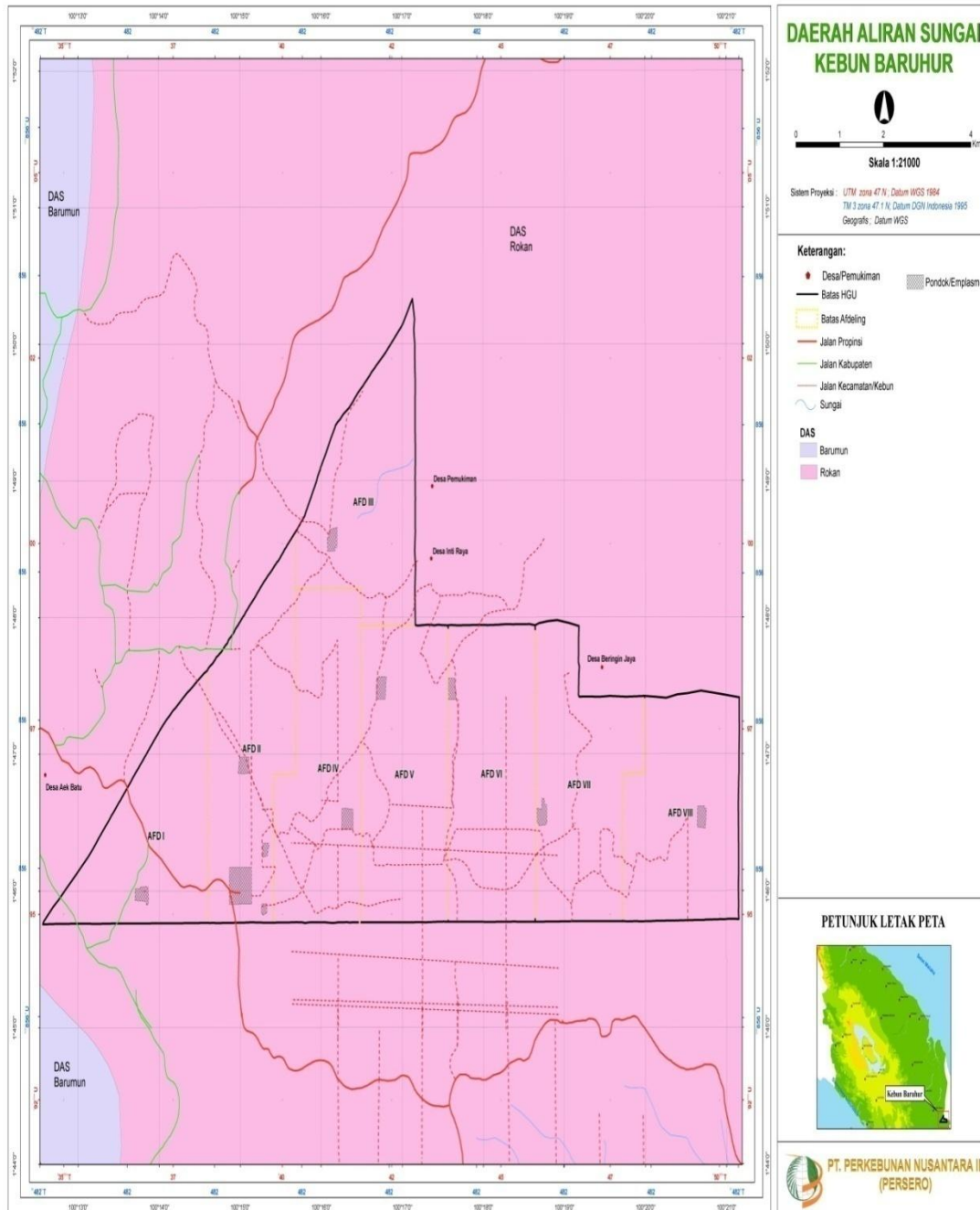
1. Block Area Map at Sei Baruhur Estate



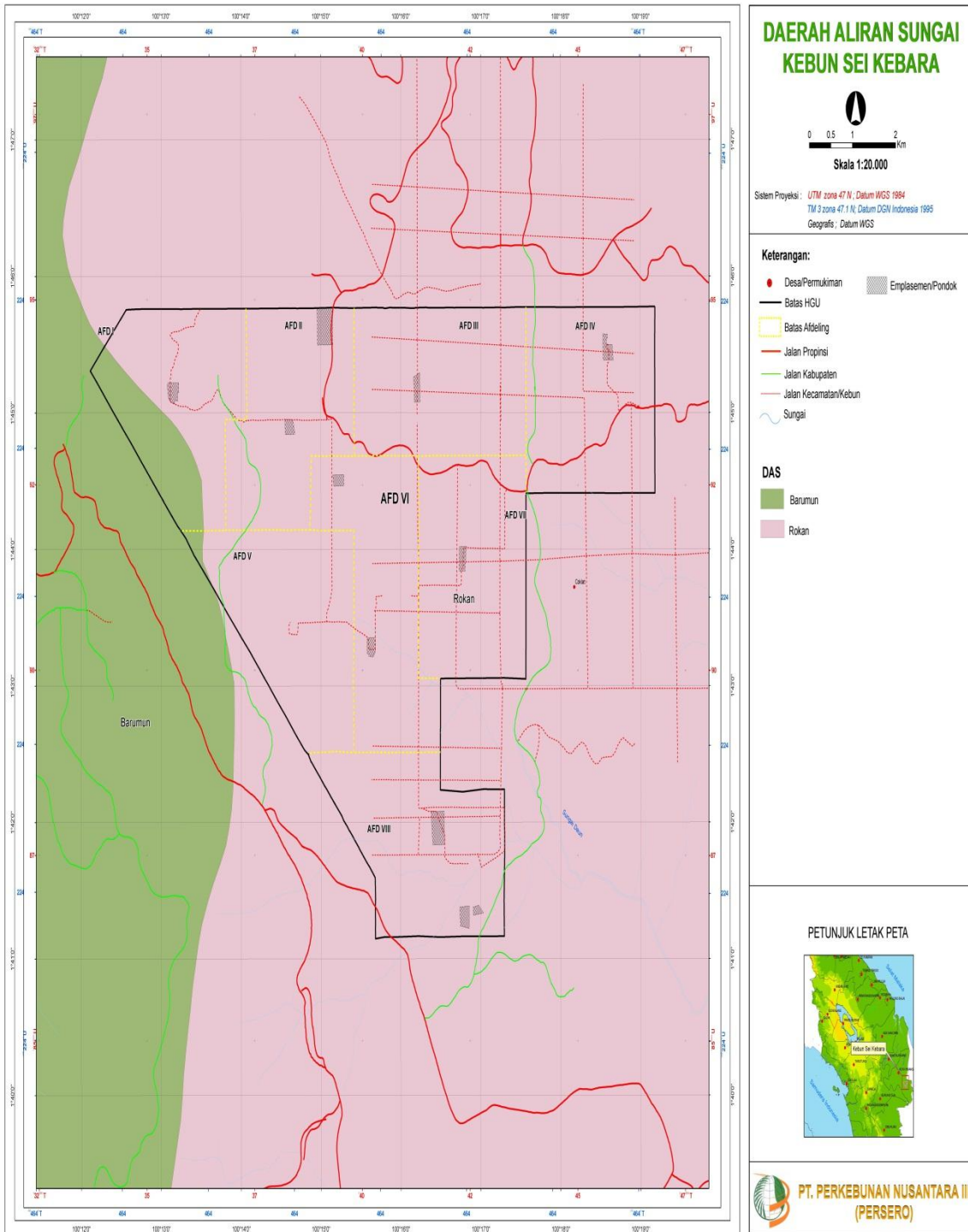
2. Block Area Map at Sei Kebara Estate



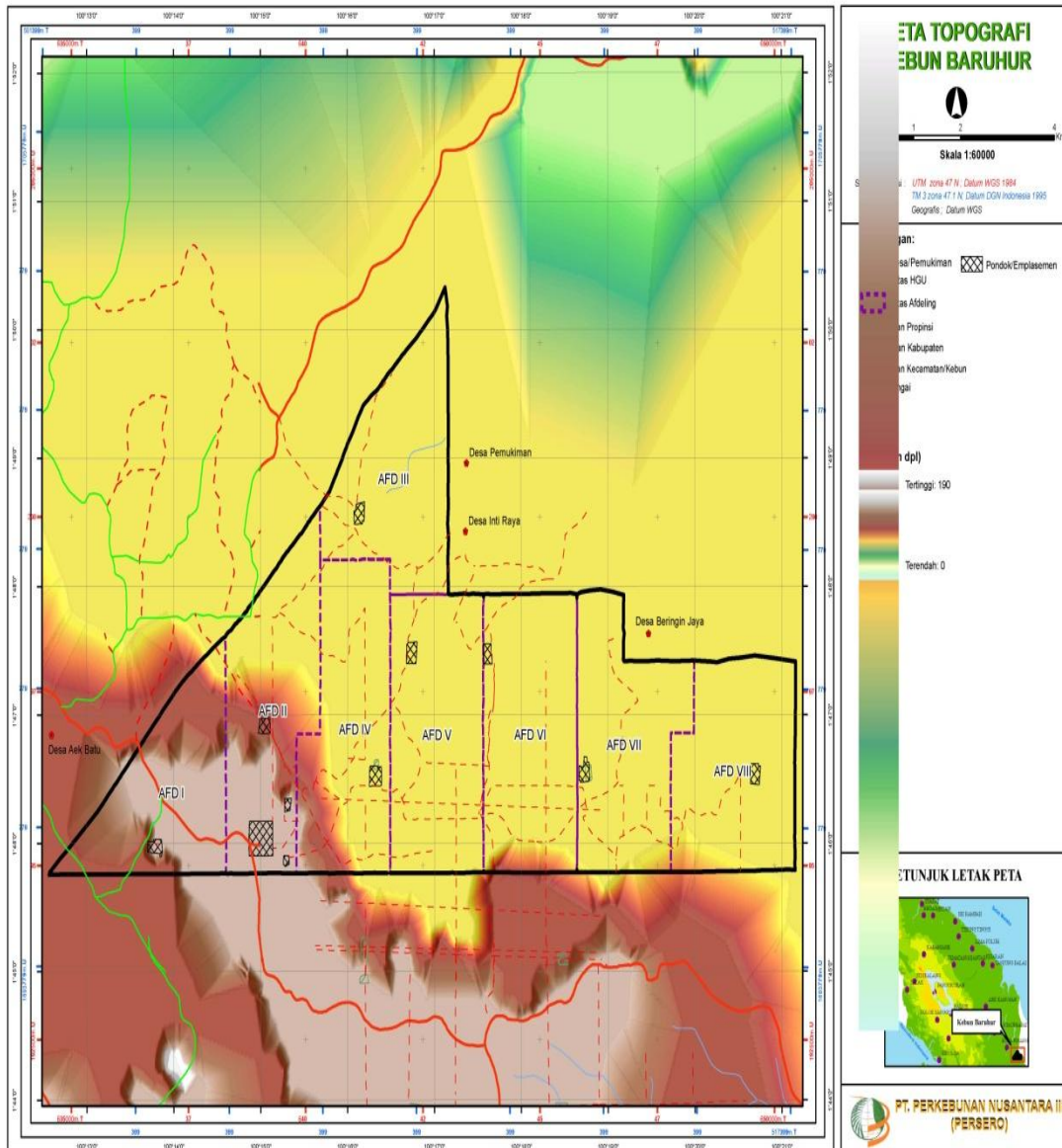
3. HCV Area Map at Sei Baruhur Estate



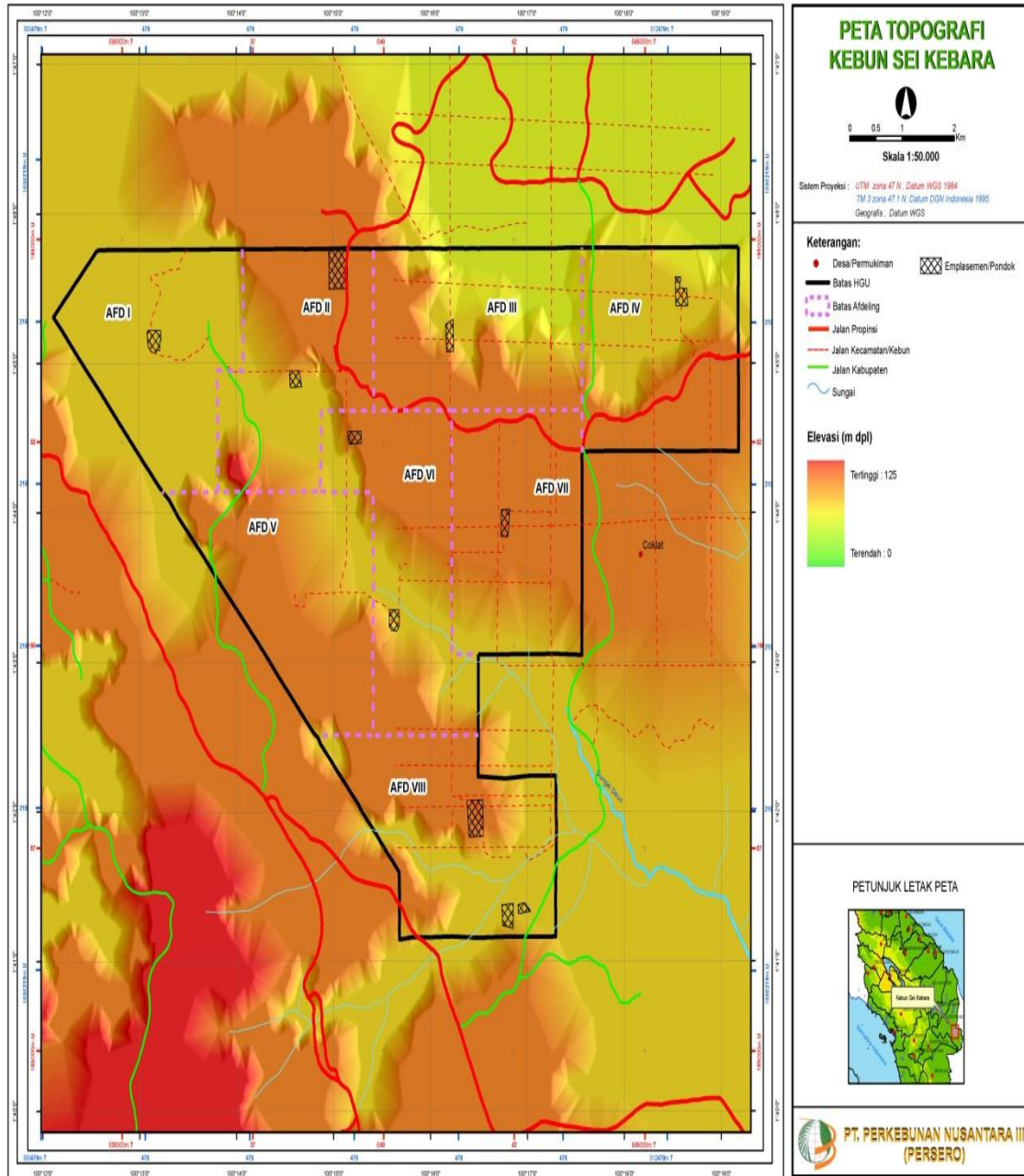
4. HCV Map Area at Sei Kebara Estate



5. Topography Map at Sei Baruhur estate



6. Topography Map at Sei Kebara estate



**APPENDIX - 2
NCR ATTACHMENT**

Preliminary Audit

C. 3. Non Conformity Registers					
NCR No.	P & C	Description of Nonconformities	Company response and proposed action to be taken	Result of Auditor Verification	Status *)
1	6.4 Major	There is no data and procedure or work instruction found regarding to identification process for the loss of community right in ensuring appropriate compensation process.	<p>Correction: Create and socialize documentation of IK-3.09-03/02 and ensuring the implementation of the documentation of IK-3.09-03/02.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • To indentify local community around the plantation particularly who has involved with compensation process. • Socializing the resolution conflict to the community. 	Data and procedure or work instruction have been available regarding to identification process for the loss of community right.	CLOSED

2	1.1 Major	Complaint record is found but there is no any respond record in answering the complaint. There is no evidence to resolve the problem. It is found in the Marancar Villange where minutebook has been submitted by local stakeholders signed by Subdistrict Head in June 2011 as for Environmental pollution and Flooding due to plantation irrigation system is bad quality and the company does not keep its promise.	<p>Correction :</p> <p>Responding the letter and minutebook from the community of Marancar Village and Arranging follow-up plan of irrigation facility improvement by involving the community in coordination with local government.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-identifying the proposed petition from the community of Marancar Village related to the improvement of irrigation facility. • Making improvement plan and coordinating with relevant parties. • Performing discussions together with the community of Marancar Village related to follow-up of implementation. 	NCR can not be closed and a new NCR arises.	OPEN
3	1.2 Major	Social activity documents and relationship with the community are just attendance list and photos so that the information can not be	<p>Correction:</p> <p>Completing meeting evidences such as</p>	Documents of social activities and community relationship have been	CLOSED

		known to be associated with the meeting (the minutebook), for instance, it is found that a meeting at Sei Baruhur Estate is only supported by photos and attendance list.	<p>minutebook, documenting all evidences of meeting result and making follow-up program.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting all meeting with the community. • Making minutebook of meeting result. • Documenting all evidences of meeting result and then making a follow-up program. 	available.	
4	2.1 Major	a) An evidence of an attempt to make adjustment to the changes in the regulation on the plantation units of Sei Baruhur has not been found as required in work instruction No. IK.3-11.01/01 Rev.02 on 02.06.2009.	<p>Correction :</p> <p>Making adjustment and change in regulations in the way of updating regularly and ensuring the most recent available change in regulations.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting all related regulations. • Evaluating and making follow-up its obedience plan. 	NCR can not be closed because it has not been updated to the new regulations, such as The Kyoto Protocol so that a new NCR arises.	OPEN

		<p>b) There is no ascertainment of relationship or connection in regulation obedience with procedure, work instruction or related document.</p>	<ul style="list-style-type: none"> • Updating the most recent regulation in recent. <p>Correction :</p> <p>Revising regulatory compliance evaluation form by adding the reference column and distributing it to the Estate/Mill and district.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting all related regulations. • Evaluating and making a follow-up its obedience plan, also identifying IK and related documents. <p>Correction :</p> <p>Making list of related regulation and making evaluation and arranging follow-up plan for the compliance.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting all related 		
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		c) List of obedience documents to the regulation related to RSPO in PKS Sei Baruhur unit have not been available.	<p>regulations.</p> <ul style="list-style-type: none"> Evaluating and making follow-up its obedience plan. Updating the most recent regulation in recent. 		
5	4.6 Major	Organization has not been able to ensure Agrochemical wastes, pesticide packagings have been managed, controlled and disposed by the reference to the regulation in force that is PP No.18 in 1999 on Waste Management B3.	<p>Correction :</p> <p>Revising IK-3.03-01/02 by including all chemical packagings into Waste B3.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> Arranging IK-3.03-01/02. Performing socialization to all workers in the field to control all ex-chemical packagings. 	IK has been reviewed but it can not yet be confirmed the effectiveness of enforced IK. Implementation in plantation/factory and necessary changes must be carried out to the impact aspects.	OPEN
6	4.1 Major	Organization has not ensured IK 3-01-19/01, revision 05, on “Plant Fertilization” which is effective on 6 May 2011 has been available in each Afdeling Plantation. Such as Afdeling II – Sei Baruhur Plantation.	<p>Correction :</p> <p>Distributing and documenting IK 3-01-19/01 to all Afdelings in accordance with documents of e-mail distribution.</p>	IK 3-01-19/01, revision 05, on “Plant Fertilization” in each Afdeling Plantation has been available.	CLOSED

			<p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-identifying personnel who get IK. • Distributing and ensuring the most recent IK which is available in all holders. 		
7	4.8 Major	Company does not establish training program for employees in documentary	<p>Correction :</p> <p>Conducting training program according to the necessities and arranging the implementation follow-up plan.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Identifying training necessities. • Conducting program and arranging the implementation follow-up plan. • Making report. 	Company has made improvements by conducting training program according to the necessities.	CLOSED
8	5.6 Minor	Organization has not made identification of the sources of greenhouse gases generated from plantation activities and PKS, such as fertilization activities, transportation, waste ponds. Organization has not also had plans to conduct reduction for greenhouse gas	<p>Correction :</p> <p>Making IK about identification mechanism of the sources of greenhouse gases, socializing and making</p>	It has not been decided by identifying all sources of greenhouse gas emissions from land clearing, planting, maintenance, harvesting,	OPEN

		emissions caused by company's activities.	<p>plans to reduce emissions caused by company's activities.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Arranging IK about identification mechanism of the sources of greenhouse gases • Identifying all existing operational activities in the plantation/factory. • Making planning program of greenhouse gas emission reduction. 	and office activities and any other activities.	
9	2.1 Minor	Organization has not ensured how the mechanism for compliance evaluation with legal requirements and other applicable regulations and associated with the organization's activities. Such as Sei Baruhur plantation do not have permit for TPS Waste B3 while PKS Sei Baruhur, their permit of TPS Waste B3 has been expired since March 2010.	<p>Correction :</p> <p>Completing the permit of TPS waste for KSBAR, PSBAR.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting all existing TPS waste B3. • Coordinating with section 3.03 to process the permit. • Distributing all permits of TPS waste B3 	The determined IK has not been consistent related to the absence of any requirement identified as ratified international legislation on global warming and the follow-up has not been performed.	OPEN

10	4.3 Minor	The recording of follow-up about broken bridge in Hapesong Afdeling V TT.1999 has not been found according to a report in 2011	<p>Correction :</p> <p>Following-up the plan for repairing the bridge in Afd.V</p> <p>Corrective actions :</p> <ul style="list-style-type: none"> • Arranging plan for repairing the bridge • Coordinating with related sections 	Record evidence has been found in the form of an e-mail to director of production about flash flood, official report about the withdrawal/retirement on fixed assets of non plant, a recording of statement letter from community that they do not mind of the collapsed bridge.	CLOSED
11	4.5 Minor	a) PHT program according to the IK-3.01-17/14 rev.6 on 06-05-2011 consist of mechanical, biological and chemical control, however in Sei Baruhur plantation have not been found records of monitoring for the extent of PHT concerning to biological control agent	<p>Correction :</p> <p>Performing PHT monitoring program in all afdelings with biological control, also recording and documenting its realization control.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Establishing PHT team in every afdeling. • Making and arranging PHT program. • Performing biological control through planting the flowers at 8.00 A.M. • Documenting the result of monitored 	Structures of Organization and PHT programs have been already available.	CLOSED

		<p>b) Training records PHT for employees in Sei Baruhur plantation have not been found.</p> <p>c) The company has performed monitoring use of pesticide on oil palm (SE No.301/SE/19/2011), for example the active substance, Isopropil amina glifosat in Sei Baruhur plantation. However monitoring unit for toxicity of the pesticide has not been found (the active substance/LD 50 per tone of FFB per hectare)</p>	<p>area.</p> <p>Correction :</p> <p>Arranging training program PHT to all PHT officers in Afdeling.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Enlisting employees who are in charge of PHT. • Making PHT materials • Performing PHT training. <p>Correction :</p> <p>Performing monitoring program area (application) the use of pesticide active substance per hectare in every afdeling according to the SE 3.01/SE/19/2011.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting all realization and planning use of chemical substance in afdeling. • Calculating the active 		
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			substance used per hectare.		
12	4.1 Minor	The implementation record of Oryctes control about invasion rate and its control in September is not based on the most recent IK that is IK 3.01-17/14 revisi 6 tahun 2011. The record has been found In the Sei Baruhur Afdeling II.	<p>Correction : Ensuring all work execution refers to the most recent IK.</p> <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Distributing the most recent IK. 	Work instruction has been already available.	CLOSED
13	4.7 Minor	<p>The company has performed annual health check periodically, especially to the workers who work in hazardous area. However, its actions are not effective. This is proved from the absence of cholinesterase examination, as found in Baruhur Sei plantation. Doctor recommendation shows there are several workers who may be detected but they still continue to work as long as health check is performed after 6 month. This should be done in May 2011, but it has not been done.</p> <p>The company can not give evidence that the workers have P3K training focusing on operational activities in the field.</p>	<p>Correction :</p> <ul style="list-style-type: none"> • Following-up the result of hyperkes and doctor recommendation especially to the workers who are detected by cholinesterase • Performing P3K training to the employees in the field. <p>Corrective Actions :</p> <ul style="list-style-type: none"> • Re-enlisting Hyperkes examination. • Re-enlisting the result of doctor recommencation. • Performing health check accoriding to 	Follow-up has not been effective.	OPEN

			<p>the recommendation.</p> <ul style="list-style-type: none"> Performing P3K training plan. 		
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Certification Audit

C. 4. Non Conformity Registers					
NCR No.	P & C	Description of Nonconformities	Company response and proposed action to be taken	Result of Auditor Verification	Status *)
1	1.1 Minor	Complete solutions associated with expressing the complaint on environmental pollution in the Marancar Village, Batang Toru plantation have not been found.	<p>Correction :</p> <p>Following-up letter from Marancar Village about environmental pollution by testing the water in the population to BAPEDALA.</p> <p>Corrective Actions :</p> <p>Following-up all incoming letters from stakeholders to be immediately followed-up according to IK 3.00-13/01. For example, water test at Marancar</p>	There has been no result of water analysis to ascertain whether the Marancar River is polluted or not.	OPEN

			Village to Health Agency in Tapanuli Selatan District (Letter No. KBGTU/X/399/2011, on 23 December 2011).		
2	6.9.1 Minor	<p>The company has determined a policy concerning to the protection of sexual harassment in Code of Conduct, Section IV. Furthermore, it is followed with social dissemination to all employees and labor contractor company (BLH). Nevertheless, not all workers have proof to be receiving the information. This is showed from attendance list in the dissemination.</p> <p>In North Aek Nabara plantation, where from the total of 724 employees (data taken in 11/10/2011) only 345 employees were present, and it has not yet been planned when the program will be socialized again.</p>	<p>Correction :</p> <ul style="list-style-type: none"> When audit is being carried out, most of employees of KANAU have not received social dissemination of sexual harassment protection as well as most of contractor personnel. <p>Corrective Actions :</p> <p>North Aek Nabara Plantation has performed social dissemination of sexual harassment to all employees of KANAU and contractor personnel working in KANAU.</p>	Performing the social dissemination of sexual harassment to all employees	CLOSED
3	4.7.2 Minor	The company has performed annual health check periodically, especially to the workers who work in hazardous area. However, its actions are not effective. This is proved from the absence of cholinesterase examination, as found in Baruhur Sei plantation where a sampling of 12 workers are taken, there are 11 detected workers. Doctor	<p>Correction :</p> <p>When audit is being carried back to the employees referred to (11 workers), it has not been done because The</p>	Company has made a written request to carry out the re-examination of the 11 workers.	CLOSED

		recommendation in 15 November 2010 states that they still continue to work as long as health check is performed after 6 month. This should be done in May 2011, but it has not been done.	North Aek Nabara Plantation assumes that health check of Hiperkes held/conducted by Section 3.12, The Director of Medan Office. Corrective Actions : The North Aek Nabara has requested a letter to the Section 3.12 to conduct/hold recheck to those 11 workers of KANAU.		
4	2.1.2 Minor	Organization has not ensured exactly how to identify and evaluate the compliance of regulation and other requirements which have referred to the set of IK. For instance: some still can not be curtained that many ratified international regulations have been identified, such as Kyoto Protocol and Montreal Protocol. Then, there is no follow-up program from evaluation in compliance the regulations and other requirements that have not been fulfilled at the present.	Correction : Documenting the most recent regulation such as Kyoto Protocol and Montreal Protocol and evaluating to make follow-up plan. Corrective Actions : Updating the most recent regulation and coordinating with section 3.11.	Responses are correct but they have not provided with evidences.	OPEN
5	5.6 Minor	Organization has not determined how to identify sources of greenhouse gases generated from plantation activity as well as from PKS, such as fertilizations, offices, transportations, and produced waste materials. Organizations must define how	Correction : Revising IK-3.12-06/01 by adding identification of aspects from sources	PSBAR: Company has identified from all plantation/PKS	CLOSED

		organizational plans reduce greenhouse gas emissions caused by company's activities.	of greenhouse gases. Corrective Actions : Identifying from all plantation/PKS activities to produced waste.	activities to produced waste. KSBAR: Company has identified from all plantation/PKS activities to produced waste. KSKAR: Company has identified from all plantation/PKS activities to produced waste.	
6	4.6.4 Minor	As a follow-up of the Preliminary Audit, organization has classified "Agrochemical wastes, pesticide packagings" as B3 waste according to the IK-3.03-01/02 revised in November 2011. However, the IK has not been effectively enforced on the organization in documentary. This is related to socialization targets that have not been determined in plantations and factory as well as there has been no revision to the aspect of environmental impacts where previously "Agrochemical wastes, pesticide packagings" are still classified as solid waste.	Correction : Revising IK_3.12-01/14,IK-3.12-06/01 and IK-3.03-01/02 Corrective Actions : Distributing and disseminating the revised IK. Writing letter to BLH for approval asking of the storage of B3>90 days. Looking for B3 waste buyers who have permit. Putting B3 waste into	PSBAR: Company has made social dissemination KSKAR: Company has made social dissemination	CLOSED

			the place where has storage permit		
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SCC Audit, Dated 11-12 March 2014

Major	SCCS E.1.2	Company has SOP about production delivery from factory to Belawan installation, PT. Sarana Agro Nusantara rev 05 on 01-05-2012. In that SOP and its implementation have not yet included provisions for reporting three monthly to the receipt and shipment of CPO and PKO	The company has the monthly and yearly reporting for receipt and shipment of CPO and PKO	Revise the related SOP and ensure to make the report on monthly, three monthly and yearly basis	Observation The evidence of the implementation will be seen on the next surveillance audit.
Obs	E.1.1	Company should perform re-training of personnel who are responsible for handling the SCC system.	The knowledge of SCC is limited for head office personal only.	Conduct SCC training to all person who incharge to SCC implementation.	Observation. Effectiveness of SCCS implementation will be seen in the next surveillance audit.
Major	E.1.1	The company has no person with having overall responsibility for and authority over the implementation of SCC requirements and compliance with all applicable requirements.	The companies revise the jobdesc and add the responsibility in authority for SCC implementation.	Revise the related jobdesc and at the task of SCC to the related personal	Closed Evidence such as revised of related job description

APPENDIX - 3

PT. Perkebunan Nusantara III – SEI BARUHUR MILL RSPO SUPPLY CHAIN CHECKLIST – MASS BALANCE MODUL

PT. Perkebunan Nusantara III – Sei Baruhur Mill (PSBAR) is implemented the supply chain system procedures as required in RSPO certification. The company has set the supply chain system categorized as Mass Balance scheme.

A. Documented Procedures	
1.1	<p>Complete and up to date procedures covering the implementation of all the elements in these requirements.</p> <p>Records/Evidence:</p> <p>IK-3.01-18/01 “Realization of Production in Planning and Control and Plant Rejuvenation”, Revision : 02, Date : 06-05-2011.</p> <p>IK-3.01-20/08 “Transporting of FFB to Factory”, Revision : 03, Date : 01-05-2012.</p> <p>IK-3.03-01/16 “Receiving of FFB in Palm Oil Mill” Revision : 03, Date : 06-05-2011.</p> <p>IK-3.03-04/01 “Sorting FFB of Palm Oil”, Revision : 06, Date : 06-05-2011.</p> <p>IK-3.07-45/01 “Procurement of FFB Raw Materials or Rubber” Revision : 02, Date : 01-02-2012.</p> <p>IK-3.03-01/24 “Production Storage”, Revision : 04, Date : 06-05-2011.</p> <p>IK-3.03-07/02 “Delivering Production from Factory to Belawan Installation, PT. Sarana Agro Nusantara, PT. IKN dan Private Parties”, Revision : 05, Date : 01-05-2012.</p> <p>IK-3.07-05/01 “CPO Non CSPO Sales”, Revision : 06, Date : 06-05-2011.</p> <p>IK-3.07-39/01 “CPO CSPO Sales”, Revision : 01, Date : 01-02-2012.</p> <p>IK-3.03-15/01 “Mechanism of Supply Chain (SCCS)”, Revision : 01, Date : 01-02-2012.</p> <p>The Decree of Directors of PT. Perkebunan Nusantara III Number: 3.03/SKPTS/01/2012 on 2 January 2012 on the application of Supply Chain Certification Systems at Palm Oil Mill of PT. Perkebunan Nusantara III.</p> <p>The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.</p>

	<p>Records/Evidence: The Decree of Directors of PT. Perkebunan Nusantara III Number: 3.12/SKPTS/16/2011 on 30 June 2011 on the Establishment of Responsible Personnel to the Implementation of SCCS in PT. Perkebunan Nusantara III</p> <p>Decree of Directors of PT. Perkebunan Nusantara III Number: 3.00/SKPTS/3.00/2011 on 30 June 2011 on the Guidelines of Document Management/Archives in PT. Perkebunan Nusantara III.</p> <p>The company has revise the related job description and at the task of SCC to the related personal.</p>
1.2	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBS.</p> <p>Records/Evidence:</p> <ul style="list-style-type: none"> • IK-3.01-18/01 “Realization of Production in Planning and Control and Plant Rejuvenation”, Revision : 02, Date : 06-05-2011. • IK-3.03-01/16 “Receiving of FFB in Palm Oil Mill” Revision : 03, Date : 06-05-2011 • CPO Production Report 29.063.450,00Ton/Year (with average OER: 24,12%) From Total CPO 40.589.660 ton • PK Production Report 5.991.900,00 Ton/Year (with average KER : 4,97% From Total 8.345.420 ton • CPO Dispatch Report 31.180.109 Ton/Year From total 42.706.310 MT (note: There is additional value from 2012, the remaining item put on the beginning of 2013). • PK Dispatch Report 5.711.304,00 Ton/Year From Total 8.064.830 ton <p>The company has revised the related SOP and ensures to make the report on monthly, three monthly and yearly bases.</p> <p>Conclusion : Observation</p>
B. Purchasing and goods in	
2.1	<p>The facility shall verify and the document the volumes of certified and non-certified FFBS received.</p> <p>Records/Evidence:</p> <p>IK-3.03-01/24 “Production Storage”, Revision : 04, Date : 06-05-2011.</p> <p>IK-3.03-07/02 “Delivering Production from Factory to Belawan Installation, PT. Sarana Agro Nusantara, PT. IKN dan Private Parties”, Revision : 05, Date : 01-05-2012.</p>

.2.2	<p>The facility shall inform the CB immediately if there is a projected overproduction.</p> <p>Records/Evidence:</p> <p>IK-3.03-15/01 “Mechanism of Supply Chain (SCCS)”, Revision : 01, Date : 01-02-2012.</p> <p>Point 6.9. Division of Technology maintains regular surveillance every month and evaluates the productivity achievement of certified CPO to the claim of CSPO. When analyzed, it will be happened an excessive production of CSPO to the claim of CSPO, so the division of technology shall report the excess of SCPO to the RSPO Certification Body.</p> <p>Poin 6.10. Division of Technology maintains regular surveillance</p>
C. Record keeping	
3.1	<p>The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>Records/Evidence:</p> <p>Decree of Directors of PT. Perkebunan Nusantara III Number: 3.00/SKPTS/3.00/2011 on 30 June 2011 on the Guidelines of Document Management/Archives in PT. Perkebunan Nusantara III.</p>
3.2	<p>Retention times for all records and reports shall be at least five (5) years.</p> <p>Records/Evidence:</p> <p>Appendix II on the Guidelines of Document Management/Archive, Retention document of document/archives by TP classification code “PROCESSING TECHNOLOGY” with period of storing document/archives related to SCCS minimum 5 years</p>
3.3	<p>The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>Records/Evidence:</p> <ul style="list-style-type: none"> • CPO Monthly & Three monthly & Annually Production Report • PK Monthly & Three monthly & Annually Production Report • CPO Monthly & Three monthly & Annually Dispatch Report • PK Monthly & Three monthly & Annually Dispatch Report <p>IK-3.03-04/01 “Sorting FFB of Palm Oil”, Revision : 06, Date : 06-05-2011.</p> <hr/> <p>All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</p>

	<p>Records/Evidence:</p> <p>Company makes sure to do daily, monthly, quarterly and yearly report to ensure CPO production originated from certain plantations.</p> <p>PK -3.03-08 “Pengiriman Produksi Jadi Pabrik ke Instalasi Belawan, PT. Sarana Agro Nusantara, PT. IKN dan Pihak Swasta”, Revision : 00</p> <hr/> <p>The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.</p> <p>Records/Evidence:</p> <p>IK-3.03-07/02 “Delivering Production from Factory to Belawan Installation, PT. Sarana Agro Nusantara, PT. IKN dan Private Parties”, Revision : 05, Date : 01-05-2012.</p>
3.4	<p>The following trade names should be used and specified in relevant documents, e.g. purchase.</p> <p>Records/Evidence:</p> <p>IK-3.07-05/01 “CPO Non CSPO Sales”, Revision : 06, Date : 06-05-2011.</p> <p>IK-3.07-39/01 “CPO CSPO Sales”, Revision: 01, Date: 01-02-2012.</p> <p>Product (CPO & PK) are delivered to Contractor (PT SAN - Storage service). Some of the product is sold directly to local consumer such as PT Musim Mas, PT Permata Hijau Sawit and Multi Nabati Asahan (MNA).</p> <p>The customer of PT PN III for CPO and PK products PT. Multi Nabati Asahan (MNA) The transporter of Sei Baruhur Mill are PT. Miduk Arta</p>
D. Sales and good out	
4.1	<p>The facility shall ensure that all sales invoice issued for RSPO certified products delivered include the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated); d) The quantity of the products delivered; e) Reference to related transport documentation.</p> <p>Records/Evidence:</p> <p>IK-3.03-07/02 “Delivering Production from Factory to Belawan Installation, PT. Sarana Agro Nusantara, PT. IKN dan Private Parties”, Revision : 05, Date : 01-05-2012.</p>

E. Training	
5.1	<p>The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p> <p>Records/Evidence: IK-3.08-11/01 "Human Resource Development", Revision : 09, Date : 01-05-2012</p> <p>The training of SCCS has been conducted to the personnel of PT. Perkebunan Nusantara III who have responsibility to the implementation of SCCS on 12 October 2011</p> <p>Conclusion : Observation</p>
F. Claims	
6.1	<p>The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims.</p> <p>Records/Evidence:</p> <p>IK-3.03-07/02 "Delivering Production from Factory to Belawan Installation, PT. Sarana Agro Nusantara, PT. IKN dan Private Parties", Revision : 05, Date : 01-05-2012.</p> <p>IK-3.03-01/16 "Receiving of FFB in Palm Oil Mill" Revision : 03, Date : 06-05-2011.</p> <p>IK-3.07-39/01 "Sales of CSPO", Revision : 01, Date : 01-02-2012.</p> <p>IK-3.03-15/01 "Mechanism of Supply Chain (SCCS)", Revision : 01, Date : 01-02-2012.</p>