



**PT. MUTUAGUNG
LESTARI
ASSESSMENT REPORT**

***Roundtable on Sustainable Palm Oil Certification
R S P O***

[] Stage-1 [✓] Stage-2 [] Surveillance [] Re-Certification

Name of Management Organisation : PABATU Palm Oil Mill subsidiary of
PT Perkebunan Nusantara IV (PERSERO)

Plantation Name : Pabatu Estate

Location : Village of Pabatu/Naga, Sub District of Tebing Tinggi, District of Serdang
Bedagai, Province of North Sumatera, Indonesia

Certificate Code : **MUTU-RSPO/072**

Date of Certificate Issue : *16 September 2015* **Date of License Issue :** *16 September 2015*

Date of Certificate Expiry : *15 September 2020* **Date of License Expiry :** *15 September 2016*

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ST-1	11 - 12 November 2014	Octovianus Rusmin (Lead Auditor), Abdul Rahman, Andi Pratama Pasaribu, Sahat Simarmata, Sapto Hadi Winarno, Hariyadi (Technical Expert)	Ganapahty Ramasamy	Tony Arifiarachman
ST-2	9 – 12 February 2015	Ardiansyah (Lead Auditor), Ibnu Satria Prabudi, Yohanes Hardian, Agung Wibawa A		

Assessment	Approved by MUTUAGUNG LESTARI on:
ST-2	16 September 2015

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MUTU Certification Accredited by Accreditation Services International
on March 12th, 2014 with registration number **RSPO-ACC-007**



PT. MUTUAGUNG LESTARI ASSESSMENT REPORT

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Figure 1. Location Map of PT Perkebunan Nusantara IV, Pabatu Management Unit



Abbreviations Used

ASA	:	Annual Surveillance Assessment
BOD	:	Biological Oxygen Demand
BPJS	:	<i>Badan Penyelenggara Jaminan Sosial</i> (Social Assurance Body)
BPN	:	<i>Badan Pertanahan Nasional</i> (National Land Agency)
CSR	:	Corporate Social Responsibility
CPO	:	Crude Palm Oil
EWS	:	Early Warning System
FFB	:	Fresh fruit Bunch
GHG	:	Green House Gas
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha (Land Use Title)
HR	:	Human Resources
ICW	:	Investigation Corruption Watch
IUP	:	<i>Izin Usaha Perkebunan</i> (Plantation Business Permit)
LA	:	Land Application
NGO	:	Non Government Organisation
NPWP	:	<i>Nomor Pokok Wajib Pajak</i> (Taxpayer Registration Number)
OHS	:	Occupational Health and Safety
PK	:	Palm Kernel
PKB / CLA	:	<i>Perjanjian Kerja Bersama</i> (Collective Labour Agreement)
PPE	:	Personnel Protective Equipment
PPKS	:	<i>Pusat Penelitian Kelapa Sawit</i> (Oil Palm Research Center)
PTPN IV	:	PT Perkebunan Nusantara IV (Persero)
P & C	:	Principle and Criteria
POM	:	Palm Oil Mill
RKL-RPL	:	<i>Rencana Kelola Lingkungan – Rencana Pemantauan Lingkungan</i> (Environmental Management Plan – Environmental Monitoring Plan)
RSPO	:	Roundtable on Sustainable Palm Oil
SE	:	Surat Edaran (Circular Letter)
SI	:	Satuan Inspeksi (Inspection)
SIO	:	<i>Surat Izin Operator</i> (Operator License)
SPO	:	Sustainable Palm Oil
ST-1	:	Stage-01 (Pre Assessment)
ST-2	:	Stage-02 (Initial Assessment)
SOP	:	Standard Operational Procedure
SPK	:	<i>Surat Perintah Kerja</i> (Work Order Letter)
TORPEDO	:	<i>Teropong Demokrasi Indonesia</i>
WWTP	:	Waste Water Treatment Plant

1.0	SCOPE of the CERTIFICATION ASSESSMENT						
1.1	Assessment Standard Used	<ul style="list-style-type: none"> • <i>RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013.</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 					
1.2	Organisation Information						
1.2.1	Organisation name listed in the certificate	PT Perkebunan Nusantara IV (PERSERO)					
1.2.2	Contact person	Dhanny Hermawan					
1.2.3	Organisation address and site address	Head Office: Jalan Letjen Suprpto No.2, 20151, Medan, Sumatera Utara, Indonesia					
1.2.4	Telephone	(62-61) 415 4666					
1.2.5	Fax	(62-61) 457 3117					
1.2.6	E-mail	perencanaan@ptpn4.co.id					
1.2.7	Web page address	www.ptpn4.co.id					
1.2.8	Management Representative who completed the application for certification	Dhanny Hermawan					
1.2.9	Registered as RSPO member	1-0082-09-000-00 29 June 2009					
1.3	Type of Assessment						
1.3.1	Scope of Assessment and Number of Management Unit	One (1) unit of Palm Oil Mill supply by one (1) estate • Pabatu Mill and Pabatu Estate					
1.3.2	Type of certificate	Single					
1.4	Locations of Mill and Plantation						
1.4.1	Location of Mill						
	Name of Mill	Location	Coordinate <table border="1"> <tr> <th>Latitude</th> <th>Longitude</th> </tr> <tr> <td>N 3° 17' 10"</td> <td>E 99° 6' 33"</td> </tr> </table>	Latitude	Longitude	N 3° 17' 10"	E 99° 6' 33"
Latitude	Longitude						
N 3° 17' 10"	E 99° 6' 33"						
	Pabatu	Village of Pabatu/Naga, Sub district of Tebing Tinggi, District of Serdang Bedagai, Province of North Sumatera, Indonesia					
1.4.2	Location of Certification Scope of Supply Base						
	Name of Supply Base	Location	Coordinate <table border="1"> <tr> <th>Latitude</th> <th>Longitude</th> </tr> <tr> <td>N 3° 17' 11"</td> <td>E 99° 6' 38"</td> </tr> </table>	Latitude	Longitude	N 3° 17' 11"	E 99° 6' 38"
Latitude	Longitude						
N 3° 17' 11"	E 99° 6' 38"						
	Pabatu	Village of Pabatu/Naga, Sub district of Tebing Tinggi, District of Serdang Bedagai, Province of North Sumatera, Indonesia					

1.5	Description of Area Statement	
1.5.1	Tenure	
	• State	5,754.04 Ha
	• Community	- Ha
1.5.2	Area Statement	
	• Total area	5,754.04 Ha
	• Planted Area	4,872.00 Ha
	• Mature	4,230.00 Ha
	• Immature	412.00 Ha
	• Replanting	230.00 Ha
	• Mill	3.00 Ha
	• Infrastructure (roads and bridges)	514.00 Ha
	• Housing	174.04 Ha
	• Nursery	20.00 Ha
	• Public facility (PLN)	17.00 Ha
	• Other Area	65.67 Ha
	• HCV (riparian and commentary)	88.33 Ha
1.6	Planting Year and Cycles	
1.6.1	Age profile of planting year	
	Planting Year	Hectarage (Ha)
		Pabatu Estate Total
	1991	107
	1992	242
	1993	348
	1994	374
	1995	190
	1998	345
	1999	148
	2000	376
	2003	68
	2004	152
	2005	1,305
	2006	157
	2009	418
	2012	235
	2013	12
	2014	165
	Replanting 2015	230
	TOTAL	4,872

1.6.2	New Planting area after January 2010			-				Ha	
1.6.3	Planting Cycle			2 nd Cycle					
1.7	Description of Mill and Supply Base								
1.7.1	Description of Mill								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel			
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)		
	Pabatu	30	158,058.33	35,968.07	22.8	6,979.80	4.4		
<i>*Production data source from February 2014 to January 2015</i>									
1.7.2	Description of Certification Scope of Supply Base								
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/ye ar)	Supplied to Mill			
						FFB (tonnes/year)	%		
	Pabatu	5,754.04	4,872	91,020	18.68	91,020	100		
	TOTAL	5,754.04	4,872	91,020	18.68	91,020	100		
<i>*Production data source from February 2014 to January 2015</i>									
1.7.3	FFB description from other source								
	Name of sources	Organisation	Location	Supplied to Mill					
				FFB (tonnes/year)					
	Kebun Tinjowan	PT PN IV	-	558					
	Kebun Marjandi	PT PN IV	-	557					
	Kebun Marihat	PT PN IV	-	334					
	Cv. Makmur jaya	-	-	33,182					
	PT. Anzar mandiri	-	-	8,845					
	Cv. Putra ambarita s	-	-	23,662					
	Cv. Anugrah abadi	-	-	23					
	TOTAL					67,161			
<i>*Production data source from February 2014 to January 2015</i>									
1.7.4	Product categories			FFB, CPO, PK					
1.8	Estimate Tonnage of Certified Product								
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim to (tonnes/year)		Actual certified product to (tonnes/year)			
	• FFB Production			-		-			
	• CPO Production			-		-			
	• Palm Kernel (PK) Production			-		-			
	<i>Will be verified during the first Surveillance Assessment.</i>								

1.8.2	Estimate of Certified FFB Claim						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Pabatu	5,754.04	4,872	87,696	18		
	TOTAL	5,754.04	4,872	87,696	18		
	<i>*Projected FFB production for 12 months of certificate</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Pabatu	30	87,696	20,170	23	3,946	4.5
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>						
1.9	Other Certifications						
	Others			-			
1.10	Time Bound Plan						
1.10.1	Time Bound Plan for Other Management Units						
	Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status	
	MILL	Time Bound Plan					
	Pabatu	2015	Pabatu	2015	Kabupaten Serdang Bedagai, Sumatera Utara	Audited 2014	
	Dolok Ilir	2015	Dolok Ilir	2015	Kabupaten Simalungun, Sumatera Utara	Audited 2014	
			Laras	2015	Kabupaten Simalungun, Sumatera Utara	Audited 2014	
	Pulu Raja	2015	Pulu Raja	2015	Kabupaten Asahan, Sumatera Utara	Audited 2014	
	Adolina	2015	Adolina	2015	Kabupaten Serdang Bedagai dan Kabupaten Deli Serdang, Sumatera Utara	Audit Planned 2015	
	Bahjambi	2015	Bah Jambi	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015	
			Marihat	2016	Kabupaten Simalungun, Sumatera Utara	Audit Planned	
			Bah Birung Ulu	2016	Kabupaten Simalungun, Sumatera Utara	Audit Planned	
			Marjandi	2016	Kabupaten Simalungun, Sumatera Utara	Audit Planned	
	Dolok Sinumbah	2015	Dolok Sinumbah	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned	
			Balimbingan	2016	Kabupaten Simalungun, Sumatera Utara	Audit Planned	
	Mayang	2015	Mayang	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015	
			Bukit Lima	2016	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015	
	Gunung Bayu	2015	Gunung Bayu	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015	
			Tanah Itam Ulu	2015	Kabupaten Batubara, Sumatera Utara	Audit Planned 2015	

	Tinjowan	2015	Tinjowan	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015
			Aek Nauli	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015
			Padang Matinggi	2015	Kabupaten Simalungun, Sumatera Utara	Audit Planned 2015
	Air Batu	2015	Air Batu	2015	Kabupaten Asahan, Sumatera Utara	Audit Planned 2015
	Berangir	2015	Berangir	2015	Kabupaten Labuhan Batu Utara, Sumatera Utara	Audit Planned 2015
	Sawit Langkat	2015	Sawit Langkat	2015	Kabupaten Langkat, Sumatera Utara	Audit Planned 2015
	Pasir Mandoge	2015	Pasir Mandoge	2015	Kabupaten Asahan, Sumatera Utara	Audit Planned 2015
			Tonduhan	2016	Kabupaten Simalungun, Sumatera Utara	Audit Planned
			Sei Kopas	2016	Kabupaten Asahan, Sumatera Utara	Audit Planned
	Timur	2018	Timur	2018	Kabupaten Mandailing Natal, Sumatera Utara	Audit Planned
			Balap	2018	Kabupaten Mandailing Natal, Sumatera Utara	Audit Planned
	Ajamu	2017	Ajamu	2017	Kabupaten Labuhan Batu, Sumatera Utara	Audit Planned
			Meranti Paham	2017	Kabupaten Labuhan Batu, Sumatera Utara	Audit Planned
			Panai Jaya	2018	Kabupaten Labuhan Batu, Sumatera Utara	Audit Planned
	Sosa	2017	Sosa	2017	Kabupaten Padang Lawas, Sumatera Utara	Audit Planned
Source: Planning Division of PT PN IV						
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard					
	Progress of associates smallholders and out growers which supplied FFB to Pabatu POM will be verified during the first surveillance assessment.					

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ST-2	<p>1. Ardiansyah(Lead Auditor). Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has followed several activities for identified environmental impact such as preparing EIA document for plantation and plantation forest. He has followed several trainings namely: Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), Environment Management System (ISO 14001-2004); SMK3 based on OHSAS, RSPO Lead Auditors Training Course endorsed by Proforest and Diameter, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and mapping. During this assessment, he assigned to verify of legal aspect and FPIC.</p> <p>2. Ibnu Satria Prabudi (Auditor). A Bachelor of Agriculture Majoring in Agro-technology, Agriculture Faculty of Instiper Yogyakarta. Currently he has been working with an independent certification agency as auditor. Training he has followed are: Lead Auditor RSPO, Auditor ISPO, Awareness HACCP certification, Awareness SQMS Mc Donald, In House Training Green House Gas and Awareness ISO: 9001. He has been working with an independent certification body as auditor. During this assessment, he assigned to verify of OHS and worker welfare.</p> <p>3. Yohanes Hardian (Auditor). Associate of Forest Conservation, Bogor Agricultural Institute, major in environment and wildlife. He has attending HCV training and get involved on HCV identification project in several oil palm plantation. Had experience as a environment staff at oil palm plantation. He passed ISPO, ISO 9001 and ISO 19011 Auditor training. He attend ISPO's legal document ISPO in-house training which presented by ISPO Comission. During this audit, he assigned to verify of Transparency and BMP.</p> <p>4. Agung Wibawa Anindita (Auditor). Bachelor of Forestry (S-1), Study Program of Forest Management, Major of Forest Management, Faculty of Forestry, Bogor Agriculture Institute. Generally, his experience is related to natural resource management (specifically forestry, agriculture, and mining), environment management (EIA, environmental management and monitoring plan, implementation of environmental management and monitoring plan, Baseline Studi), and social economy and culture. Several trainings he was participating were EIA, Basic EIA (EIA A), EIA Compilation (EIA B), forming of independent young workforce of high institution (TKPMP - PT), Pemantapan Management and Monitoring Consultant (MMC) and Technical Assistance (TA), Introduction and documentation of ISO 14000, Internal AUDIT ISO 14000, Technical Committee of Assessment of Production Forest Management (PHAPL), Up Grading AUDITOR of Penilaian Kinerja Pengelolaan Hutan Produksi Lestari (PHPL), ASSESMENT OF HIGH CONSERVATION VALUE AREA (HCVA), AUDITOR Indonesia Sustainable Palm Oil (ISPO), AUDITOR Verifikasi Legalitas Kayu (VLK), dan competence of Auditor PHPL. Experience : conducting Assesment, specifically in EIA, Audit of PHPL & VLK, Asessment of HCVA, other occupations as consultant, and ISPO audit. At this audit, he assest aspect of enviroment dan waste management.</p>
2.2	Assessment Methodology, Assessment Process and Locations of Assessment
2.2.1	Figure of person days to implement assessment
ST-1	<p>Number of auditors : 6 auditor Number of days for ST-1 at site : 2 days Number of working days for ST-1 at site : 12 Working days</p>
ST-2	<p>Number of auditors : 4 auditor Number of days for ST-2 at site : 4 days Number of working days for ST-2 at site : 16 Working days</p>
2.2.2	Assessment Process
ST-2	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Perkebunan Nusantara IV Management Unit of Pabatu to the requirements of RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013 and Supply Chain Requirement for CPO Mill November 2014 (Module D / E for CPO Mill)</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the</p>

	<p>information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results ST-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-1).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ST-2 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of in the final report.</p> <p>The assessment program please find Appendix 2</p>
2.2.3	Locations of Assessment
ST-1	At Stage-01, team of auditors conducted studies and observations of the document at the location of the Pabatu Business Unit.
ST-2	<p>The number of the management unit on the program is 1 estate which supply the FFB to 1 POM. The auditor use the formula $0.8 \sqrt{y}$ to determine the focus of sample location and to consider the critical issue from the stakeholders yang. According to the formula, the auditor team decide the location for sampling in Pabatu POM and Pabatu Estate.</p> <p>Pabatu POM</p> <ul style="list-style-type: none"> • WWTP. The WWTP is in good condition. No indication of waste pond leakage and the effluent quality is regularly monitored. • Hazardous Waste Temporary Warehouse. The Auditor team is conducting the observation at the Warehouse, where several waste depots are located, including those for medical waste from the clinic and for hazardous waste. • POM Operational. The auditor team is conducting the observation and the interviews with two boiler operators and six mechanics concerning the following matters; PPE application; comprehension of hazard identification, risk assessment and risk control, dust collector cleaning activity, annual health check up, work flow explanation for boiler station, comprehension on First Aid Emergency handling, PPE control, the wages payment that is higher than the existing minimum wage, and public facilities that are provided by the company. The auditor team has also conducted an observation on the matters related to the operational activities at the POM; from the fruit receipt to the processing stage. All of said operational activities have complied with the appropriate OHS procedure. <p>Pabatu Estate</p> <ul style="list-style-type: none"> • Workshop. Observation is related to the Hazardous Waste Management, workers' competence, and provision of infrastructure and facilities for emergency response. • Chemicals Warehouse. Observation is related to the Hazardous Waste Management and provision of infrastructure and facilities for emergency response. • Leaching Facility for Used Chemical Containers. Observation is related to the treatment of hazardous chemical container waste and its liquid waste (water from the leaching process). • Hazardous Waste Warehouse. Observation is related to the Hazardous Waste Management and provision of infrastructure and facilities for emergency response. • Employee Housing Facilities at Afdeling 1 and 5. Observation is related to the sanitation activity at the housing complex, the management of domestic waste, and the facilities and infrastructure provided by the company. • Harvesting Activity at Afdeling 1 and 5. The on-site observation revealed that the harvesting activity has been carried out in accordance with the existing SOP. Harvesters have all understood the applicable procedure for work safety, harvest basis, as well as the existing wages system. • Herbicide Application Activity at Afdeling 1 and 5. Spray workers have been equipped with the appropriate personal protection equipment such as helmet, mask, apron, gloves, and boots. They have also understood perfectly both the target and the types of weeds that need to be exterminated. Furthermore, it is confirmed that there were no breastfeeding or pregnant female employees who were assigned to do such work. In relation to the wages system, all workers have also confirmed that it has complied with the existing regulation (the wages that they received are not below the <i>UMSP</i> – Provincial Sectoral Minimum Wage). All workers also undergo

	<p>regular health check up.</p> <ul style="list-style-type: none"> • Block 91B, Afdeling 1. Observation on the management of HCV area in the form of riparian. • Block 05AR, Afdeling 1. Observation on the management of legal boundaries. • Block 05AC, Afdeling 1. Observation on the management of legal boundaries. • Block 05BB, Afdeling 1. Observation on the management of legal boundaries. • Block 05AS, Afdeling 1. Observation on the management of legal boundaries. <p>NGO, Governmental Agencies, villagers and community surrounding company :</p> <ul style="list-style-type: none"> • The villages around the management unit (<i>Penonggol Village, Kedai Damar Village, and Naga Kesiangan Village</i>). The interviews conducted are concerning the management of the plantation, the company's compliance with the regulation, environmental issues, and land dispute issues. • The government institutions of Serdang Bedagai Regency (Environment Bodies, Land Agency, Agency of Social, Labor and Cooperative Units). The interviews conducted are concerning land issues, company's contribution, and the impacts generated by the activities of the unit management. • Labor union by interview • Gender Committee through interview • NGO's : WWF, Sawit Watch, WALHI through email
2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ST-2	<p>Summary of stakeholder consultation process.</p> <p>Consultation of stakeholders for PT. Perkebunan Nusantara IV (Unit Pabatu) was held by:</p> <ul style="list-style-type: none"> • Public Notification at rsपो website (www.rspo.org) 30 days before ST-2 was held on 9th January 2015 • Public consultation meeting with villagers and community near company on 10 February 2015 • Public consultation meeting with governmental agencies on Serdang Bedagai district, i.e plantation agency, national land agency, environmental agency on 10 February 2015 • Public consultation with national NGO's by email to Wahana Lingkungan Hidup, Sawit Watch, and world wild fund on 4 February 2015 <p>Numbers of input from stakeholders were clarified by <i>PT. Perkebunan Nusantara IV (Unit Pabatu)</i></p>
2.3.2	Stakeholder contacted
	Please find appendix 1
2.4	Determining Next Assessment
	The next visit (ASA-1) will planned on June 2016

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Pabatu POM – PT Perkebunan Nusantara IV operation consisting of one (1) mill and one (1) oil palm estate.

During the assessment, there were eight (8) Nonconformities were assigned against Major Compliance Indicators, four teen (14) nonconformities were assigned against Minor Compliance Indicators, two (2) nonconformities against supply chain requirement for CPO mill, and one (1) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s) e.g. (document record/photographic/etc...). Those corrective action(s) taken that consist of eight (8) Major non-conformities, eight (8) Minor non-conformities and two (2) supply chain non-conformities had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Pabatu POM – PT Perkebunan Nusantara IV complied with the requirements of **RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014.**

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is issued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
	<p>The company has its own policy regarding the public and the secured documents, which was authorized by the President Director on 1 April 2010, broken down into the following categories;</p> <ul style="list-style-type: none"> • The Company's Documents that are public, including; company's vision and mission, Balance Sheet, Productivity, Asset, CSR, and such. • The Company's Documents that are confidential, including; management reports, Mutual Working Agreement, Minutes of Meetings, and such. <p>The unit management keeps a log book containing all information requests from all stakeholders, which is labeled "The Book of Incoming and Outgoing Letters". Below are several examples;</p> <ol style="list-style-type: none"> 1. Request for assistance, coming from an NGO called "<i>TORPEDO</i>" (<i>Teropong Demokrasi Indonesia</i>), which is intended for a <i>Rakernas</i> (National Working Meeting) in Nias Regency. 2. Request for assistance, coming from ICW Post Newspaper (Investigation Corruption Watch), for their social service activities. 3. A letter from Forestry and Plantation Agency of Serdang Bedagai Regency dated 18 November 2014, containing a request to use the site as the location for two events, namely; Indonesia's Tree Planting Day and 2014 National Planting Month. <p>The unit management has documented all responses given to all information requests in the book of outgoing letters. The document elaborates on the information on the date, the subject and the purpose of the letters. Below are several examples;</p>	

1. The response given to the letter from Forestry and Plantation Agency of Serdang Bedagai Regency submitted on 18 November 2014, which was issued on 22 November 2014 by the Pabatu Unit Manager granting the approval on the use of the site for said event.
2. Outgoing letter dated 23 January 2014, sent to Tebing Tinggi Small Tax Office regarding the registration of the employees' NPWP (Taxpayer Registration Number).
3. Outgoing letter dated 30 January 2014, sent to the Regent of Serdang Bedagai, regarding the CSR Data from 2013.

Status: Comply

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.

Based on the interviews with the staff of the Estate's office, the other data related to environment, FFB pricing information, and such are also available and accessible by the stakeholders so long as there is prior request for such information submitted to the unit management. The company has not yet specified in the company's policy on the types of information that are accessible by public. Similarly, the unit management of PTPN IV has not either. Based on said explanation, there is **Non-conformance No. 2015 with Major category.**

Auditor's Observation

2 April 2015

The company has clarified on the types of information that are accessible by stakeholders. Such documents include all company's information that is considered generic such as vision and mission, balance sheet, productivity, asset, CSR, and such documents that can help build the company's image. On the other hand, the documents that are considered classified include management reports, minutes of meeting, agreement letter, and other confidential letters that are not accessible by public. Based on the submitted corrections, the **Non-conformance No. 2015.01 with Major category is Closed.**

1.2.1 Status: Non-conformance No. 2015.01 with Major category is Closed

1.3

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

The unit management of PTPN IV has released a notice of the PROGRAM of CLEAN GOVERNMENT INSTITUTIONS in 2014 for a CLEAN PTPN IV, which includes the following explanations;

- All staff members of PTPN IV are committed to realizing the Clean Government Institutions.
- All staff members of PTPN IV are committed to never accepting any form of gratifications in performing their jobs and authority, as well as to be free from any conflicts of interest. We are inviting our stakeholders to participate in conveying the information for any misconduct found to be violating said commitment and posting it online in www.ptpn4.co.id/wb/ or by email to pengaduan@ptpn4.co.id.
- All staff members of the company are prohibited from accepting and giving, both directly and indirectly, any forms of gift/souvenir and or any forms of entertainment to and from any partners in doing business or from company's competitors.
- All matters related to the guidelines for whistle blowing system, the gratification handling, and the conflict of interest, are available to be downloaded at www.ptpn4.co.id/good-corporate-governance/.

According to the result of public consultation with the local contractor and the workers, all parties have aware of the program of Free-Corruption State Company on the banner in front of office.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

There is compliance with all applicable local, national and ratified international laws and regulations.

Land Tenure and Land Concession:

The Unit Management is able to present the documents of such land tenure and concession, as described below;

- The Unit Management is able to present the certificate of Land Use Title No. 164 Year 2005 dated 16 September 2005,

which covers the land located at Pabatu I Village. The title is valid until 31 December 2026. Measuring Document No. 01/Pabatu/2005 dated 13 September 2005, for the **5,500.43 Ha** of land.

- The Unit Management is able to present the certificate of Land Use Title No. 1 Year 2007 dated 16 July 2007, which covers the land located at *Naga Kesiangan* Village. The title is valid until 16 July 2032. Measuring Document No. 01/Naga Kesiangan/2006 dated 26 June 2007, for the **145.46 Ha** of land.
- The Unit Management is able to present the certificate of Land Use Title No. 2 Year 2007 dated 17 July 2007, which covers the land located at *Naga Kesiangan* Village. The title is valid until 16 July 2032. Measuring Document No. 02/Naga Kesiangan/2006 dated 26 June 2007, for the **108.15 Ha** of land.
- The Unit Management is able to present the **Plantation Business License (IUP)** No. 522.2/15/BPPTSU/2/1.3/II/2013 dated 21 February 2013, issued by the Integrated Licensing Service Agency of North Sumatra Province. The *IUP* contains the following information;
 1. The area covers **5,754.04** Ha of land, cultivated with oil palm trees, located at *Kedai Damar* Village, *Gunung Hataran* Village, *Panonggol* Village, *Naga Kesiangan* Village, *Pabatu* Village, *Pabatu I* Village, *Pabatu II* Village, *Pabatu III* Village, and *Pabatu IV* Village, at *Tebing Tinggi* Sub-district, *Serdang Bedagai* Regency.
 2. The type of business is Product Processing Unit of Palm Oil Mill with the capacity of **30 tons FFB/Hour**.

According to the document review and field visit, PTPN IV Pabatu operational area is 5,754.04 Ha.

Occupational Health and Safety:

The Unit Management is able to present the Operator License, such as the ones of the following names;

- *Harun Siregar*, First Class Boiler Operator, Registration No. SIO 11.P3178-OPK3-PUBT-B.II/V/2011, dated 18 May 2011, valid until 18 May 2016.
- *Poniran Nasution*, Third Class Overhead Travelling Crane Operator, Registration No. SIO 10.2033/OTC/KK/XII/2010, dated 13 December 2010, valid until 13 December 2015.
- *Supriadi*, Third Class Overhead Travelling Crane Operator, Registration No. SIO 10.2012/OTC/KK/XII/2010, dated 13 December 2010, valid until 13 December 2015

The Unit Management is able to present the certificates of welding specialist, such as of the following names;

- *Marudut Sipahutar*, First Class Welder, Certificate No. S.461/BBLKI-MDN/XII/2010 dated 20 December 2010.
- *Septaye Simanjuntak*, First Class Welder, Certificate No. S 447/BBLKI-MDN/XI/2010 dated 06 December 2010.

Agronomics

1. The company is using the government licensed (registered) pesticides, which is in accordance with the Book of Pesticides for Agriculture and Forestry Year 2012, issued by the Directorate General for Agricultural Infrastructure and Facilities of the Ministry of Agriculture of the Republic of Indonesia. The following names are several brands of pesticides used;
 - a. Herbicides (*Kleen Up* 480 SL; active ingredient: *Glyphosate/sopropylamine*, Registration No. RI 819/4-2009/T)
 - b. Insecticides (*Marshal* 5G, active ingredient: *Carbosulfan*; Registration No. RI 1279/1-2008/T)
 - c. Rodenticide (*Klerat RM-0,005B*; active ingredient: *Brodifacoum*; Registration no. RI 666/9-2008/T)
 - d. Fungicides (*Dithane M-45 80 WP*, active ingredient: *Mancozeb*; Registration No. RI 010201197459)
2. In accordance with the *Permentan* (the Regulation of Agriculture Minister) No. 19/2011, PT. Perkebunan Nusantara IV (*Persero*) is not using the herbicides that contain active ingredient *Paraquat* in its activity to control the weeds.
3. Selection and Removal of the Poor Seeds are in accordance with the Government Regulation No. 44 Year 1995 on Seeding.
 - The company has selected the sprouts that did not meet the requirement (discarded) at the Pre-Nursery at the Pabatu Estate. There are 140 pieces of discarded sprouts consisting of 40 pieces of those that did not grow, 91 pieces cracked, and 9 pieces rotted. There is a Minutes of Event from the Elimination/Thinning Out of the Oil Palm Sprouts No. BB/PAB/BA.TO/01P/IX/2014 dated 6 September 2014, prepared by the Assistant Seeding and verified by the Head of Plant Agency.
 - The company has selected the 37 month-old seeds at the Main Nursery located at Afdeling I Pabatu Estate. The young palms that are discarded are those that are bent/malformed (35 stems) and dead (99 stems). All discarded seeds from the selection activity have been eliminated on 1 October 2014. There is a Minutes of Event from the Elimination/Thinning Out of the Oil Palm Sprouts for 134 stems. The young palms were disposed of by chopping them

- up. The Minutes of Event was prepared by the Head of Nursery, Head of Plant Agency, Head of Administration, and Head of Security; and was verified by the Unit Manager. The Minutes is complemented with the photos from the event.
4. The Use of the Legal Seeds (Excellent Quality and Certified).
- The company is using the seeds that come from seed producers that are already licensed by the Ministry of Agriculture, such as the Oil Palm Research Center (PPKS) of Medan, which is the certified oil palm sprout producer authorized by the Minister of Agriculture of the Republic of Indonesia.
- The seeds that are picked are the excellent and certified ones, labeled with Oil Palm Sprout Certificate No. 4438/KKS/Puslit/X/2014 DO No. 03461/MED/KS/X/2014 dated 20 October 2014. There are 12,423 of them, types D X P (including extra 303 seeds). The seeds come from the PPKS Medan as stated on the Fruit Dispatch Memo No. 04.04/SPB-P/PAB/14/X/2014 dated 23 October 2014, and were handed over by the Head of Plants of PPKS Medan and received by the Head of Plants of Pabatu Unit (the Minutes of Handover Event No. 04.04/BAST/PAB/14P/X/2014 dated 23 October 2014).
- The company is able to present the Oil Palm Sprout Box from PPKS Medan that is Blue Labeled No. B.106-LB.620/E8/PPKS/IX/2014 from the Center of Plant Nursery and Protection of Medan, Directorate General of Plantation, Ministry of Agriculture of the Republic of Indonesia.

Environment

1. The company has document of EIA which was approved by the Head of Serdang Bedagai District Environment Agency in document No. 660/158-B/LH/2009 dated September 17th 2009. The scope of the analysis is the estate for 5,754.76 Ha; POM with capacity for 30 Ton of FFB/Hour; Kernel Crushing Plant (PPIS) and power plant with capacity for 3 MW.
2. The company has hazardous waste storing permit based on the decree of the Head of Serdang Bedagai District Environment Agency No.18.32/660/365/2014 dated December 17th 2014 in term of the permit of hazardous waste storing for PTPN IV (Persero) Pabatu Business Unit.
3. Conducted monitoring of effluent quality every month and reported to Environmental agency every three month. Based on test result of effluent quality known that the result always meet to national regulation.

Based on the document study and interviews with workers, the followings were revealed;

1. PTPN IV Pabatu employs informal hired labors for its harvesting activities, which is its primary activity. This practice is not in accordance with the *Permennaker* (Regulation of Agriculture Minister) No. 19 Year 2013.
2. There is not enough proof to show that all heavy equipment operators have acquired Operator License from relevant institution. This practice is not in accordance with *Permennaker* No. 09 Year 2010.

Based on the above explanation, there is a **Non-conformance No. 2015.02 with Major category**.

The Unit Management has not been able to present the documented system containing general information and general requirements that the plantation companies need to comply with. Based on this explanation, there is a **Non-conformance No. 2015.03 with Minor category**.

There is a Decree of the Unit Manager of PTPN IV Pabatu Business Unit No. MU/Kpts/8/I/2015 from January 2015 on the establishment of the evaluation team and the dissemination of the laws and regulations / Government Regulation applied at Pabatu Business Unit. The Evaluation Team consists of Assistant HR and General Affairs as the chief; HR and General Affairs Administration as the secretary; and the Head of Workers Union (SP-BUN) Pabatu Unit with the entire board of daily administrators as the staff members.

Pabatu Business Unit has not been able to present the proof of adjustment to the regulation amendments such as the *PermenLH* (Regulation of the Environmental Minister) No. 14 Year 2013 on the symbols and labels for Hazardous Waste. Based on said explanation, there is a **Non-conformance No. 2015.04 with Minor category**.

Auditor Observation

2 April 2015

The Unit Management of PTPN IV Pabatu has presented the documented usage of the symbols and labels for Hazardous Waste, in compliance with the Regulation of the Environmental Minister No. 14 Year 2013. This means the **Non-conformance No. 2015.04 with Minor category is Closed**.

20 May 2015

The Unit Management has presented the Decree of Director of PTPN IV No. 04.15/Kpts/R/15/III/2015 dated 30 March 2015 on the arrangement as harvesters/loading personnel in probation period at the PTPN IV Business Unit. The Decree stipulates that 69 harvesters of Division I – Division VII are being supervised.

The Unit Management has presented the Memo No. KDM/SDM&Umum/M.01/ II/ 2015 dated 11 February 2015 assigning two employees as heavy equipment operators, namely *Susia Wantono* and *Misran Siregar*. The Unit Management has also presented the Conveying and Forklift Operator Licenses for *Misran Siregar* (Reg. No. 48946-OPK3-LT/ PAA/ III/ 20115) and *Susia Wantono* (Reg. No. 48947- OPK3-LT/ PAA/ III/ 20115). This means the **Non-conformance No. 2015.02 with Major category is Closed** and will be re-observed on the next visit.

2.1.1	Status: Non-conformance No. 2015.02 with Major category is Closed	
2.1.2	Status: Non-conformance No. 2015.03 with Minor category	
2.1.4	Status: Non-conformance No. 2015.04 with Minor category is Closed.	

2.2

The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.

The Unit Management of PTPN IV – Pabatu has presented its Land Use Title (*HGU*) that covers an area of 5,754.04 Ha consisting of the following parts;

- *HGU* Certificate No. 164 Year 2015 dated 16 September 2005 is to cover the 5,500.43 Ha of land located at Pabatu I Village.
- *HGU* Certificate No. 1 Year 2007 date 17 July 2007 is to cover the 145.46 Ha of land located at Naga Kesiangan Village.
- *HGU* Certificate No. 2 Year 2007 date 17 July 2007 is to cover the 108.15 Ha of land located at Naga Kesiangan Village.

The Unit Management is able to present its Plantation Business License (*IUP*) No. 522.2/15/BPPTSU/2/1.3/II/2013 dated 21 February 2013 which was issued by the Integrated Licensing Service Agency of the North Sumatra Province for its oil palm plantation activity on 5,754.04 Ha of land and for its processing mill with the capacity of 30 tons FFB per hour.

PTPN IV – Pabatu has its own procedure for the maintenance of legal boundary poles, namely SPO No. 12.0 Revision 02 dated 2 January 2015. Said procedure points out that the Assistant Afdeling is the one responsible for identifying the boundary poles located in each Afdeling to observe their locations and condition using the supplement 2 form. Such activity is carried out every 6 months and is reported to the manager.

The poles identification results located 260 poles which consist of the followings;

- Afdeling I: 20 boundary poles
- Afdeling III: 51 boundary poles
- Afdeling IV: 41 boundary poles
- Afdeling V: 31 boundary poles
- Afdeling VI: 72 boundary poles
- Afdeling VII: 45 boundary poles

There is the plan for maintenance and management of those boundary poles from the year 2014, which was done every 3 months (on February, May, August, and November). The on-site visit to Pabatu Estate revealed that all boundary poles (pillars) are in good condition, although some of the poles are not labeled with their identification numbers.

Based on this explanation, there is a **Non-conformance 2015.05 with Minor category**.

There were two cases of land dispute taking place in PTPN IV Pabatu in 2006 and 2012. Both conflicts were of the same object of land that is currently under tenure of PTPN IV. According to the result of public consultation with the *BPN* (National Land Agency) of Serdang Bedagai Regency, there was a claim made by the residents of Naga Kesiangan Village over an area of 254.33 Ha and has been settled with the involvement of several parties.

In 2012, the claim over the same land was made by a different group of people. The settlement for this dispute was intervened by the *BPN* and was made clear that the compensation for said area has been settled with the previous group.

Until the process of the audit (February 2015) there has been no other case of claims over land.

In 2012, there was a claim over an area of 254.33 Ha land made by the residents of Naga Kesiangan Village. The public consultation with the *BPJ* of Serdang Bedagai Regency confirmed that the company did not use any violence in reaching the settlement for said claim of land. Instead, the process was intervened by the *BPJ* and was made clear that the compensation for said area has been settled with the previous group.

Observation on 2 April 2015.

The Unit Management of PTPN IV Pabatu has presented both the schedule for boundary poles maintenance from the year of 2014 (plans and realization) and the documentation of pole number labeling, such as that of Pole No. 511.

This means that the **Non-conformance 2015.05 with Minor category is Closed**.

2.2.2 Status: Non-conformance 2015.05 with Minor category is Closed

2.3

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

The public consultation with the *BPJ* of Serdang Bedagai Regency and the local residents from the surrounding villages (Naga Kesiangan, Kedai Damar, and Penonggol) confirmed that there is no customary land in their area.

The result of document study also revealed that the PTPN IV – Pabatu area was originally under the possession of *Handels Vereniging Amsterdam* and was then taken over and nationalized by Indonesian Government from *BOCM* in 1957.

Status: Comply

PRINCIPLE #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.

The company has the documents of both short term and long term work plans. The annual budget is described in the Document of the Company's Work and Budget Plans (*RKAP*) and is authorized by the Business Unit Manager, while the Document of Long-Term Work Plan 5 years (2015 – 2019) is authorized by the Board of Directors and Commissioners.

The Document of the Company's Work and Budget Plans (*RKAP*) for the year of 2015 describes the following details;

- FFB Processed: 181,475 Tons
- CPO: 41,287 Tons
- CPO Extraction Rate: 22.75%
- PKO: 8,324 Tons
- PKO Extraction Rate: 4.59%
- Production Loads
- Non-production Loads.

As for the year of 2014, the following numbers are of the production realization of PTPN IV – Pabatu;

- FFB processed = 93,371.34 tons (86.36%);
- CPO= 23,175.901 tons (86.09%);
- PK = 4,326.792 tons (89.99%).

The replanting plan at the Pabatu Estate is described in the Document of Long-Term Work Plan (*RJP*) for the years of 2015 – 2019 of PTPN IV. Below are the years and the coverage areas planned;

- 2015: 230 Ha
- 2016: 107 Ha
- 2017: 590 Ha
- 2018: 374 Ha

Status: Comply

PRINCIPLE #4 Use of appropriate best practices by growers and millers
4.1
Operating procedures are appropriately documented and consistently implemented and monitored.

The company has its own Estate SOP that is described in the Basic Guidelines and Work Instructions of *PT. Perkebunan Nusantara IV (Persero)*. The document was prepared and authorized by the President Director in June 2013.

The document of the Basic Guidelines and Work Instructions consists of the following subjects;

- Work guidelines for seeding (A01);
- Replanting;
- Nursing of mature plants;
- Nursing of immature plants;
- Castration and sanitation;
- Assisted pollination;
- Mutation of immature plants (*TBM*) to mature plants (*TM*);
- Pest and disease control;
- Road and bridge maintenance;
- Fertilization management;
- Harvesting management;
- Harvesting premiums;
- Loading;
- Harvesting Penalty and Monitoring;
- Proposal of the Minutes of event for *TBM* promotion;
- FFB Transport.

The company has its own Mill SOP stated in the document of the Basic Guidelines and Work Instructions of *PT. Perkebunan Nusantara IV (Persero)*. The document was prepared and authorized by the President Director in June 2013.

The document of the Basic Guidelines and Work Instructions consists of the following subjects; basic guidelines for weighing bridge; loading ramp; boiling station (sterilizer); FFB thresher station; empty bunch hopper; pressing station; oil extraction station; storage tank station; kernel mill station; boiler station; water extraction station; power supply station; how to extract super CPO and golden CPO; quality guidelines and laboratory work guidelines; equipment; chemical ingredients; and sample analysis.

The company has its own mechanism for a routine inspection/monitoring on the operational activities, in the form of internal audit that is carried out once a year at minimum. Such internal audit is performed by the Internal Monitoring Task Force (*SPI*). The company has documented all the operational activities at each work unit, as seen in the below examples;

- **Pabatu Estate:** there are records of the daily work practices documented in the assistant book, including the employees' attendance, and summary of daily work reports (*KLKH*) on the plant maintenance. For example; manual weed control at Afdeling I using 4 *HK* per day on 1 – 4 September 2014.
- **Pabatu POM:** there are records of daily processing reports containing the description of the intake of processed FFB (incoming and leftover FFB) from both the nucleus estates and the third party; CPO and PK extraction rates; FFA (Free Fatty Acid); CPO transport; PK and shells; daily stock; the mill's processing hours; processing capacity; water usage; and so on.

The company keeps a record of the origin of the fruits during 2014, as described below;

- PT PN IV: Pabatu Estate, Tinjowan Estate, Marjandi Estate, and Marihat Estate.
- FFB purchased from the Third Parties: *CV Makmur Jaya*, *PT Anzar Mandiri*, *CV Putra Ambarita S* and *CV Anugrah Abadi*.

Status: Comply

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

According to the Document of *SPO* 05. Mature Plant Management (*SPO* No. 05.4 Leaf Sample and Soil Analyses), the leaf analysis is performed once a year, while the soil analysis once every 3-5 years or once a year if required.

The leaf analysis in 2014 was carried out at the *Agri Research Advisory Biotech Services* (ARABIS), Planters Grounds, 3¹/₅ mls Kajang-Serdang Rd., Kajang, Selangor 43000, Malaysia. ARABIS has advised that the *Fertilizer Recommendations Summary (Oil Palm) For the Year 2014* for Pabatu Estate, PT. Perkebunan Nusantara IV (Persero), for the estates at Afdeling 1 until Afdeling VII are 6 (six) types of fertilizers per year, for the following elements; SA, RP, TSP, MOP, Dolomite, and Borate.

Fertilizing I (February 2014) was for the elements of SA, RP, TSP, MOP, and Borate; Fertilizing II (May/June 2014) was for the elements of SA, RP, TSP, MOP, and Dolomite; and Fertilizing III (August 2014) was for the elements of SA, RP, and MOP.

The company keeps a record of the activities to preserve and improve the soil fertility; such as;

1. Plant Fertilizing (Document LM 89/Fertilizing Report). For example, the fertilizing activity on December 2014 at Pabatu Estate was using the following types;
 - Urea = 256 kg
 - RP = 613,5 kg
 - Borate = 303.5 kg
2. Empty Bunch Application. There is a record of such activity from the period of January – December 2014 at Pabatu Estate. For example, empty bunch application in December 2014 was for TM II (8,029,380 kg) and TM (6,742,820 kg).
3. Land Application. There is a realization of effluent transport (Land Application) from the year 2014 (period of January – December) at Pabatu Estate. For example, effluent transport on December 2014, namely at Afdeling I (467,740 kg), Afdeling IV (847,160 kg), and Afdeling VII (884,930 kg).

According to the field visit, the management unit has implemented effluent utilization for the manuring program on Afdeling I and the LCC planting on the immature plant area in Afdeling V.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

In order to minimize and to control the erosion and soil degradation, the Unit Management has put together an *SPO* for Oil Palm Trees, which contains the explanation on the Land Preparation and Preservation (*SPO* 01 Land Expansion). The following strategies are applied in the planting activities on the areas with certain sloping condition;

- Soil preservation on undulating to hilly areas is done mechanically by terracing, creating silt pits, and building fortifications. The terraces are contour terraces and individual terraces.
- On the land with 20 – 40% slope, individual terraces are built with one plant following the contour.
- On the land with >40° slope, no land clearing is done, no tree/vegetation cutting, and no planting.
- The terrace inspection is regularly performed to repair any damaged terraces.
- The construction of drainage trenches is done at the lowlands, flat land, or those prone to being inundated.
- At certain areas, namely flat/lowland, a blocked trench (long silt pit) is constructed.
- A special ditch is constructed at the side of the declining road before the bridge, so that the water flows through that ditch directly to the river and will not destroy the bridge's base construction.

According to the field visit to Afdeling I, Blok 91A, the terrace were created on the specific slope area to reduce the potential of erosion.

The company has a road maintenance program that is elucidated in the Bar chart of Road Maintenance Year 2014. Below are examples of such program; the chemical road maintenance from December 2014;

- Afdeling II: the realization of road repair until December 2014 = 1,275 meters.
- Afdeling V: the realization of road repair until December 2014 = 1,560 meters.

The company has both Land Map and Soil Type Map that were prepared by PT. Surveyor Indonesia and Indonesian Sustainable Palm Oil Foundation, Jakarta in July 2013. The Report of HCV Assessment for PTPN IV (Persero) Pabatu Estate at Serdang Bedagai Regency showed that the soil types are Brown Podzolic and Red-Yellow Podzolic, Alluvial and

Podzolic, and Alluvial. However, the maps have not included the illustration of marginal land. The Unit Management of PTPN IV has not been able to present the map that can demonstrate whether there is a marginal land. Based on such explanation, there is a **Non-conformance 2015.06 with Major category**.

Furthermore, the unit management has not been able to present the records of the marginal land management strategies. Based on this explanation, there is a **Non-conformance 2015.07 with Minor category**.

Auditor's Observation on 2 April 2015

The Unit Management of Pabatu Estate PTPN IV has presented "The Map of Soil Types Around the Pabatu Estate of PTPN IV" and the map suggested that there is no marginal area. Instead, there is a flat to undulating area with soil types of brown podzolic and alluvial. **Non-conformance 2015.06 with Major category is Closed.**

4.3.1	Status: Non-conformance 2015.06 with Major category is Closed	
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4.3.2	Status: Non-conformance 2015.07 with Minor category	
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4.4

Practices maintain the quality and availability of surface and ground water.

The Unit Management of PTPN IV Pabatu has the following plans for water management;

- (1) The Rehabilitation Program for the growth and nursery of the Chinese bamboo trees at the riparian.
- (2) The Monitoring of Water quality every 6 months.
- (3) Establishment of the riparian area as the HCV area.
- (4) Providing the place for storage and leaching of pesticides.

The results of the on-site visit and document study showed that the Unit Management of PTPN IV Pabatu has been practicing the water quality and availability protection, as described below;

- On-site visit to Block 91B Afdeling I showed that the Pabatu Unit Management has established the riparian area as the HCV area.
- On-site visit to Afdeling I showed that the special place for toxic used packaging leaching is already available.
- The effluent is not disposed of onto the water; instead it is used as land application at the plantation area, in compliance with the Decree of the Head of Environment Bodies No. 660/125/LH/2011 dated 4 April 2011. Based on monthly monitoring of effluent quality known that the effluent quality is always meet with national regulation.
- The result of interviews with the spray workers at Afdeling I suggested that all workers have recognized that it is prohibited to use any chemical substances at the riparian.

However, the Unit Management of PTPN IV Pabatu has not been able to present the result of water quality monitoring for Padang River (upstream and downstream) that should be in accordance with the *RPL* matrix. Based on this fact, there is **Non-conformance 2015.08 with Minor category**.

The on-site visit to Pabatu POM revealed that all water usage measuring tools (flow meter) are in good condition (1 unit at the boiler and another at WTP). The Unit Management has been monitoring the water usage on daily basis. The average water usage in 2014 was 1.33 – 1.41 m³/Ton FFB. This number is in accordance with the previously set standard, which is 1.2 – 1.5 m³/Ton FFB.

Observation on 2 April 2015

The Unit Management of PTPN IV Pabatu has presented the result of water quality monitoring at Padang River (upstream, middle stream, downstream) that was conducted on February 2015. The test result showed that all parameters that were tested have met the quality standard for environment. **Non-conformance 2015.08 with Minor category is Closed.**

4.4.1	Status: Non-conformance 2015.08 with Minor category is Closed	
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4.5

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

The Unit Management has monitored the IPM activity in accordance with the existing program. Below is the detailed record of such monitoring activity on December 2014;

1. Nettle Caterpillars

Afd.	Area (Ha)	Description	Monitoring Results on Week No.				Control
			I	II	III	IV	
I	674	Under Observation (Ha)	169	168	167	170	Controlled since week II using 5 liters of <i>Decis</i> insecticide (0.25 liters/Ha) and a mixture of 1.5 liters of <i>Emulgator</i> (0.075 l/Ha).
		Affected (Ha)	20	57	2	0	
III	673	Under Observation (Ha)	168	168	168	169	Controlled by using 3.25 liters of <i>Decis</i> insecticide (0.25 l/Ha) and 1.0 liter of <i>Emulgator</i> (0.075 l/Ha).
		Affected (Ha)	17	0	13	0	
V	696	Under Observation (Ha)	174	174	174	174	-
		Affected (Ha)	0	0	0	0	

2. Bagworms (*Mahasena corbetti*): Afdeling I until Afdeling VII. Total area monitored was 4,633 Ha, area under attack was 102 Ha, area controlled was 119 Ha, repeated control was given to 28 Ha using 36.76 liters of *Decis* (250 cc/Ha) and 10 liters of *Agristik* emulgator mixture (78 cc/Ha).

3. *Oryctes* sp. (rhinoceros beetles): this kind of pests only attacks the Immature Plants (*TBM-2*) at Afdeling VI. There is a record of monitoring result from the year of 2014 (period of January – December). For example, monitoring result from September 2014 is as follow; out of the total 114 Ha land at Afdeling VI, 31 Ha of it was monitored as the sample with 3,908 trees as sample trees. The result showed that the attack percentage averaged at 1.37%.

According to the field visit to Afdeling 1, the control over the caterpillar was effective based on the good leaf condition. The management unit also planted beneficial plant such as *Turnerasubulata*.

The Unit Management has given training of Integrated Pest Management (*PHT*) to the workers. There is a record of such training conducted by PTPN IV and Oil Palm Research Center (*PPKS*) on 4 – 5 May 2010 at Bah Estate, Jambi. The training was attended by 10 participants from Pabatu Estate. The certificate was also given to each trainee, such as Certificate No. 126/Sert/PPKS/V/2010 dated 5 May 2010.

Status: Comply

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

The company has a list of pesticides used in controlling the pests, diseases, and weeds, as seen below;

No	Brands	Active ingredients	Targets
1	Rally 20 WDG	Metsulfuron methyl	Ferns / Broad-leaf and narrow-leaf (grasses) weeds
2	Kleen Up 480AS	Glyphosate Isopropylamine	Broad-leaf and narrow-leaf (grasses) weeds
3	Lidomin 865 AS	2,4-D dimethylamine	Broad-leaf and narrow-leaf (grasses) weeds
4	Paratop	Paraquat	Broad-leaf and narrow-leaf (grasses) weeds
5	Ally 20 WDG	Metsulfuron methyl	Ferns / Broad-leaf and narrow-leaf (grasses) weeds
6	Sidafo 480AS	Glyphosate Isopropylamine	Broad-leaf and narrow-leaf (grasses) weeds
7	Sun Up	Glyphosate Isopropylamine	Broad-leaf and narrow-leaf (grasses) weeds
8	Till Master	Glyphosate Isopropylamine	Broad-leaf and narrow-leaf (grasses) weeds
9	Gempur	Glyphosate Isopropylamine	Broad-leaf and narrow-leaf (grasses) weeds
10	Decis 25 EC	Deltamethrin	Nettle caterpillars
11	Klerat RM-B	Bromadiolone	Rats
12	Marshal 5G	Carbosulfan	Rhinoceros beetles (<i>Oryctes rhinoceros</i>)
13	Sevin	Carbaryl	Nettle caterpillars and Rhinoceros beetles
14	Dithane	Mancozeb	Fungi

All of the abovementioned pesticides (active ingredients) have been licensed by the government and are registered in the Book of Pesticides for Forestry and Agriculture, which is periodically composed by the Pesticides Commission, Directorate General for Infrastructure and Facilities, Ministry of Agriculture of the Republic of Indonesia.

The following table illustrates the records of the dosage of pesticides used (herbicides) and the targeted species in December 2014;

Afd.	Pesticide Names	Active Ingredient Contents	Area of Control (Ha)	Amount of Usage	Dosage (per Ha)	Targets	Nos of Application
II	Rally 20 WDG	Metsulfuron methyl	1,577	18.10 ltr	0.17	Ferns, Broad-leaf and narrow-leaf (grasses) weeds	3 times
	Gempur 480 SL	Glyphosate Isopropylamine	1,577	506.10 kg	0.0062	Broad-leaf and narrow-leaf (grasses) weeds	3 times
III	Rally20 WDG	Metsulfuron methyl	1,613	11.79 ltr	0.26	Ferns, Broad-leaf and narrow-leaf (grasses) weeds	3 times
	Gempur 480 SL	Glyphosate Isopropylamine	1,613	490.43 kg	0.0011	Broad-leaf and narrow-leaf (grasses) weeds	3 times

The result of the interview with the spray workers revealed that they have been given the training on 6 October 2014 on the use of pesticides, which was attended by 26 participants. The dissemination of the SOP for spraying techniques to the spray operators was conducted at the morning briefing and the minutes of the event lists down the following items;

1. Ensure that the work tools are in perfect condition
2. Prior to starting the work, employees must wear their PPE (Personal Protective Equipment)
3. Water and herbicides are mixed according to the required dosage
4. The mixture is to be sprayed evenly onto the surface of the grass at the circle weed, harvesting path, and the spaces between paths (*introw*)
5. Ensure that the spraying direction is not against the wind
6. Once the work is completed, all working tools must be collected and cleaned and returned to the Afdeling's warehouse
7. Prior to leaving the work area, workers must wash hands thoroughly using clean water and soap.

Below is the list of the requirements to properly store the pesticides at the special warehouse;

- (1) The warehouse is 20 m X 20 m in dimension.
- (2) The PPE must be available at the premise, including; safety shoes, helmet, gloves, and mask.
- (3) There must be an MSDS (Material Safety Data Sheet) for every type of pesticides.
- (4) There is a special place for the purpose of mixing the pesticides.
- (5) There must a place to rinse.
- (6) There must be at least 1 unit of fire extinguisher.
- (7) The types of pesticide that are stored in this place (per January 2015) include; *By Fidan, Rally 20 WG, Gempur 480 SL, Agrestik, Garlon 670 EC, Amcothene 75 SP, Decis 2,5 EC, Marshall 5 G, Kapor Tohor, Sevin 85 SP, Feromonas, Anvil 50 SC, Dithen 45 M, and Elmugator.*
- (8) Warehouse Index Cards must be prepared to record all the incoming/outgoing pesticides to and from the storage room.
- (9) Pesticide containers are handled by each Afdeling. Half of the used packaging is used as mixing containers for the pesticides that are to be used; while the other half are piled up at each Afdeling. The Hazardous Waste that must be returned includes; Used Hand Sprayers, Used Mist Blowers, and used *Witco* jerry can (water purifier at the POM).

The company issued a circular No. PAB/SE/53/2014 on 20 January 2014 regarding the prohibition for any female workers that are pregnant and breastfeeding to be assigned to work at hazardous, toxic, and high risk stations. There is a sample of a maternity leave letter under document No. RS.Pab/SKCH/04/VIII/2012 for a worker named of *Nurhayati* on 8/8/2012.

However, during 2014 until February 2015 there was no such leave submitted by any worker. Based on the interviews with spray workers, it is revealed that they have all recognized the prohibition for any female workers that are pregnant and breastfeeding to be assigned to work with chemicals.

The on-site visit to Afdeling I and Afdeling V found that used pesticide packaging were not stored at a licensed Hazardous Waste Temporary Warehouse, instead some of them were piled up/dumped near the office of Afdeling V and the others were transported to the central warehouse. **Non-conformance 2015.09 with Major category.**

Pabatu Business Unit of PTPN IV keeps an RSPO Document No. 020 dated 01 April 2010, which is about the SPO for the Disposal of Hazardous Waste, Used Containers of Agrochemicals, and Water from Tool Leaching. The SPO explains the

following treatments to handle agrochemical waste, including pesticide packaging;

Internal treatment for chemical containers and agrochemical/pesticide packaging;

1. Containers such as jerry cans and plastic wrappings are collected at a separate warehouse or at hazardous waste warehouse; they are arranged in order and are given labels based on the types and sizes. When a certain amount of waste has been reached, they are handed over to a licensed Hazardous Waste transport company. If until a certain period of time, the waste is still not transported, the existing containers may be cut out/folded to save space. Each Afdeling keeps its own waste records of the managed pesticide/agrochemical packaging.
2. The leaching of chemical spraying tools.
The spraying tools are leached at the provided location (must not do it at the field). The water from the leaching is collected in the control pond and is sealed with safety cap. This water must not be used for other activities, except for the next spraying activity.

All waste from pesticide/agrochemical packaging that is transported by a licensed collector must be recorded in the Waste Balance Sheet.

The on-site visit to Afdeling I and Afdeling V found that used pesticide packaging were not stored at a licensed Hazardous Waste Temporary Warehouse, instead some of them were piled up/dumped near the office of Afdeling V and the others were transported to the central warehouse. Pabatu Business Unit of PTPN IV has not been able to demonstrate the comprehension of its workers and managers on the proper waste disposal that is in accordance with the procedure.

Non-conformance 2015.10 with Minor category.

The company has conducted a medical monitoring on its spray workers on April 2014 which was performed by the Center for Occupational Health and Safety of Medan. The spirometry test given to 21 workers resulted in the fact that there are 5 of them diagnosed with mild restriction, one with mild obstruction, one with medium restriction, and 14 of them are normal.

However, the company has not performed any cholinesterase test to check whether the spray workers are contaminated by chemicals. The Unit Management of PTPN IV Pabatu has not been able to prove that the use of chemicals does not put its employees' health at risk. **Non-conformance No. 2015.11 with Major category.**

Observation on 2 April 2015

The Unit Management of PTPN IV Pabatu has presented the mutual working agreement with the Center for Occupational Health and Safety of Medan in providing the service of test and health check for the employees, under document No. SPK.31/BK3-MDN/II/2015 dated 23 February 2015. The health check that was performed includes the check for cholinesterase, hearing ability, and lungs capacity. The list of the employees undergone such examination on 11 March 2015 consists of warehouse personnel, chemists, and machine room operators. **Non-conformance 2015.11 with Major category is Closed.**

20 May 2015

The Unit Management of PT IV – Pabatu has presented the proof of dispatch of Hazardous Waste, consisting of used bottles of *Rally* (26 pieces), used jerry cans of *Garlon* (18 pieces), and used jerry cans of *Scud* (8 pieces), on 27 March 2015 to the licensed Hazardous Waste Temporary Warehouse. However, the proof of the plan for the dissemination on Hazardous Waste Management (SOP) to the workers is not yet available.

05 June 2015

The Unit Management of PTPN IV – Pabatu issued a Circular No. PAB/SE/i8/V/2015 on 15 May 2015 informing all Afdelings/sections that after carrying out the works using chemicals, both continuously and periodically, said chemicals must be returned to the Hazardous Waste Temporary Central Warehouse for further process in accordance with the existing regulation. Based on this explanation, the **Non-conformance 2015.09 with Major category is Closed.**

4.6.6	Status: Non-conformance 2015.09 with Major category is Closed	
4.6.10	Status: Non-conformance 2015.10 with Minor category	
4.6.11	Status: Non-conformance 2015.11 with Major category is Closed	

4.7

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

The Unit Management is able to present the document of OHS Policy which was authorized by the top management and the representatives from workers union on 2 January 2014. The policy points out that PTPN IV Pabatu Business Unit has fully recognized the importance of the OHS for its employees, business partners, visitors, and other related parties. In addition to that, the company has also prepared the SOP concerning the implementation of the OHS. Furthermore, the unit management is able to present the OHS program that is included in the document of the Implementation of ISO 9001, ISO 14001, and OHS Management System Programs from the year of 2014. Said OHS program contains monitoring program, OHS targets and programs, OHS-MS internal audit, OHS-MS internal training, Inspection of Fire Extinguishers, and so on.

To ensure that all kinds of hazardous operation that can put the occupational health and safety at risk have already been assessed and identified to determine the risk control and their countermeasures, the Unit Management has prepared the document of risk analysis for all the work operations, both at the estate and at the mill.

To ensure that the OHS implementation is properly done on site, the Unit Management has established a specific organization that is responsible for such matter, namely the Guiding Committee of Occupational Health and Safety (*P2K3*). This organization has been authorized by relevant institutions as proven by the Decree of the Head of Social Service, Labor, and Cooperatives Agency of Serdang Bedagai Regency, under document No. 18.14/560/2229/P2K3/2014 on the Establishment of the Guiding Committee of Occupational Health and Safety (*P2K3*) at the Company on 20 November 2014.

There is an OHS Specialist in the organization, with a specific authority to provide the management with the inputs related to the OHS program plan, as well as the implementation, monitoring, and evaluation. The organization prepares the report of the program plan; implementation and the activities related to OHS on a quarterly basis (such as occupational accidents, dissemination, regular meetings, etc.) and submit it to relevant institutions as well as to the management.

The latest updated report prepared by the *P2K3* suggested that during the period of October – December 2014 there was no occupational accident. Said report has been submitted to relevant institutions on January 2015.

Based on the document observation, interviews, and on-site visit, the following matters are revealed;

- The Unit Management has not presented the proof of training for *P2K3* personnel at work.
- The field personnel (supervisors) do not carry the First Aid Kit box as the first aid emergency to work location, which is at Block 94B Afdeling V.

Based on the above explanation, there is a **Non-conformance No. 2015.12 with Minor category**.

Furthermore, to guarantee the availability of insurance to cover any possible accident, the Company has provided the insurance to cover occupational accident for the entire employees. There is proof of records of premium payment of *BPJS* for 1,085 employees which was done on 17 January 2015 via e-payment for *BPJSTK* for the amount of IDR 122,858,600.

The interviews with the workers both at the Estate (harvesters and maintenance) and at the Mill (boiler operators, engine room operators, and grading) has also confirmed that all workers have been provided with the membership cards for labor insurance program (not yet in the form of *BPJS-Kesehatan* card and / or *BPJS-Ketenagakerjaan* card, since the two types of card are still in the adjustment process. Instead, the workers were able to show their *JAMSOSTEK* cards).

The document observation and the on-site visit (interviews with the workers) suggested that the Unit management has presented several records of training of competence for forklift and conveyor operators at the field. However, there is not enough proof to help confirm that all heavy equipment operators have acquired their Operator License from relevant institutions. This finding is not in accordance with the *Permennaker* No. 09 Year 2010.

4.7.5 Status: Non-conformance No. 2015.12 with Minor category.

4.8

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

The Unit Management, through its Human Resource Department, routinely prepares the annual needs analysis for the education and training. Said analysis is then used as the basis for each work unit to submit their own needs analyses for internal and external trainings, in which they elucidate the fields of work that need said training, the skills required, the training needed, and the number of participants recommended.

The information gathered from each unit is then put together in the annual employee training program. The types of training

that are provided include the best practice training (both the estate's and the mill's operational activities), safety culture, and OHS and Environmental Requirements.

The company has documented the training activities that has been conducted and attended by its employees, in accordance with the established program plan. For example, the training that was given related to the OHS aspects.

The training for harvest quality improvement and EWS (Early Warning System) that was conducted at Pabatu Estate on 22 September 2014 was attended by 43 participants consisting of supervisors and employees.

1. OHS Training for steam turbine operators was held on 22 – 25 April 2014 at Simalungun. There are samples of certificates from the training for OHS Steam Turbine Operators named *Sofiyar, Maruli Nainggolan, Masri, Suyatno, Sucipto, Seniadi, Rohmadi Nul Karim, M. Adnin Hasrat, Riyadi, and Jusrin Sihite*.
2. Trainings for *Hiperkes* (Company Hygiene and Occupational Health) and Occupational Safety for the Company's doctors were held on 14 – 23 June 2012, 11-19 June 2013, and 13 – 22 June 2014 and were given by the *UPTD* (Regional Technical Implementation Unit) *Center for Hiperkes* and *Disnakertrans* (Labor and Transmigration Agency) of the Government the Special Region of Yogyakarta. There are certificates for the following names; *dr. Arichta Maria, dr. Rahmad Ofriyansyah Saragih* and *dr. Susilo Joko Priyanto*.

According to the result of interview with the FFB contractor's worker, the workers have been trained and socialized in term of the safety work procedure and PPE use.

Status: Comply

PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity

5.1

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

PTPN IV Pabatu has conducted the environmental impact identification that was described on the EIA document.

The document was authorized through a Decree No. 014/SEL/RKL-RPL/BA/X/94 issued on 27 October 1994 covering the 5,467 Ha of oil palm estate and cacao estate, and the POM with a capacity of 30 Ton FFB/Hour.

In 2009, PTPN IV Pabatu prepared an EIA Document for the activities of Oil Palm Plantation, Palm Oil Mill, and Pabatu Power Plant at Kedai Damar Village, Penonggol Village, Gunung Kataran Village, Pabatu I, Pabatu II, Pabatu III, Pabatu VI, Tebing Tinggi Sub-district, and Dolok Merawan Sub-district, Serdang Bedagai Regency, North Sumatera. The document was prepared by the Research Institute of the University of North Sumatra (2009) and was authorized by the Head of Environment Bodies of Serdang Bedagai Regency under file No. 660/158-B/LH/2009 on 17 September 2009. The coverage of the assessment includes the 5,754.76 Ha of oil palm estate; the POM with a capacity of 30 Ton FFB/Hour; the Palm Kernel Processing Mill (*PPIS*); and the 3MW power plant.

The Unit Management has not been able to present the environmental documents that contain the environmental impact assessment towards its primary replanting activity. Based on this explanation, there is a **Non-conformance No. 2015.13 with Minor category**.

The Unit Management has conducted the environmental management and monitoring that are included in the *RKL-RPL* Reports submitted every 6 months. There is proof of the submission of the 1st Semester of 2014 Report in the form of Letter Dispatch Memo (*SPS*) dated 06 November 2014 and was received by the Head of Environment Bodies of Serdang Bedagai Regency. However, the Report has not described the entire environmental aspects in accordance with the existing environmental document.

The environmental components that have not been described are as follow;

- River water quality
- Employment and business opportunities
- Community's revenue improvement
- Community's attitudes and perceptions

Based on this explanation, there is a **Non-conformance No. 2015.14 with Minor category**.

Observation on 2 April 2015

The Unit Management of PTPN IV Pabatu has presented the *RKL-RPL* Reports from the 2nd Semester of 2014, although the report has not included the explanation of the monitoring results of the following subjects;

- Surface water quality
- Employment and business opportunities
- Community's revenue improvement
- Community's attitudes and perceptions

Therefore, the **Non-conformance No. 2015.14 with Minor category is still Open.**

5.1.2 Status: Non-conformance No. 2015.13 with Minor category

5.1.3 Status: Non-conformance No. 2015.14 with Minor category

5.2

The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced

PTPN IV Pabatu has conducted the HCV Identification on July 2010, which was a collaboration of *PT. Perkebunan Nusantara IV (Persero)* with *PT. Surveyor Indonesia* and Indonesian Sustainable Palm Oil Foundation. The identification activity was using the Guidelines for High Conservation Value Area Identification in Indonesia issued by the Consortium for Indonesian HCV Toolkit Revision, June 2008 and has done public consultation with stakeholders. The identification resulted in the following data;

- The Pabatu Estate covers an area of 5,754.04 Hectares with the HCV identified consists of HCV 1, HCV 4, and HCV 6 covering an area of 88.3 hectares or 1.53% of the total area of Pabatu Estate. The HCV area consists of wellspring area, creek area, cliff/valley area, and forest area.
- The species that are categorized as endangered according to *IUCN* (International Union for Conservation of Nature) that are found in Pabatu Estate include the following kinds; Pangolins/scaly anteaters (*Manis javanica*), Black-capped kingfishers (*Halcyon pileata*), Brahminy kites/red-backed sea eagles (*Haliastur indus*), Banded Linsangs (*Prionodon linsang*), and Asian leopard cats/Bengal cats (*Felis bengalensis*).

The Pabatu Business Unit of PTPN IV has taken the following management actions in order to protect endangered species as well as protecting the HCV area;

1. Not practicing any chemical activities at the riparian. The on-site visit to Block 46 suggested that the warning signs to prohibit any trespassing and animal hunting are already displayed on the premise.
2. Protecting the species by displaying the warning signs prohibiting any hunting activities. The on-site visit to Block 91B revealed that such warning signs have been displayed on the premise.
3. Assigning special personnel to watch over the conservation area as well as providing assistance for the people who visit the area. The personnel responsible for the HCV area is *Hwin Dwu Putra*, who has been given the training of Identification, Monitoring, and Management of the High Conservation Value Area in 2012.
4. As for the areas that are prone to landslides, the Company planted the area with the trees specifically planted for this purpose, namely rain trees (*Samanea saman*), Chinese Bamboo trees, and hibiscus trees.

The result of the interviews with spray workers and field visit at Afdeling V revealed that the riparian area is being sprayed with chemicals. Based on this explanation, there is **Non-conformance No. 2015.15 with Major category.**

The Pabatu Business Unit of PTPN IV has not set up the program for regularly educating its employees on the status of the *RTE* species (Rare, Endangered, and Threatened) and the disciplinary measures to take for any findings of misconduct done by the employee at the Pabatu Business Unit, including capturing, injuring, collecting, or killing the *RTE* species. Based on this explanation, there is **Non-conformance No. 2015.16 with Minor category.**

Pabatu Business Unit of PTPN IV has not been able to present the results of *RTE* (Rare, Threatened, and Endangered) species and HCV area. Based on this explanation, there is **Non-conformance No. 2015.17 with Minor category.**

The Pabatu Business Unit of PTPN IV has not been able to present the agreement that had been negotiated to protect the

HCV and the local community rights if the identified HCV area is in fact the property belonging to local community. Based on this explanation, there is **Non-conformance No. 2015.17 with Minor category**.

Observation on 2 April 2015

The Unit Management of PTPN IV Pabatu has presented the Letter No. PAB/SE/12/I/2015 dated 2 January 2015 regarding the prohibition to use any chemicals at the riparian. However, the proof showing that the spray workers at Afdeling V have acknowledged such prohibition is still not available.

20 May 2015

The Unit Management has presented the letter from the Unit Manager of PTPN IV Pabatu Business Unit No. PAB/SE/12/I/2015 dated 2 January 2015 regarding the Prohibition to Use Any Chemicals at the Riparian Area. There is also a proof of dissemination on said prohibition; such the one held on 19 January 2015 at the Afdeling V Pabatu Office which was attended by 22 participants (consisted of heads of agency, office clerks, supervisors, and chemist staff). The dissemination included the explanation on the comprehension of spraying restrictions for the trees, administrative sanctions, and Circular Letter No. PAB/SE/12/I/2015. Based on this explanation, the **Non-conformance No. 2015.15 with Major category is Closed**

The Unit Management has a Work Instruction that was authorized by the Pabatu Business Unit Manager on 23 February 2015, which explains the following matters;

- The warning signs to prohibit any trespassing and hunting are displayed at the intersection/crossing points.
- Administrative sanction is imposed on in the form of preventive reprimand notice that will be given 2 times.
- If the same perpetrator committed the same act more than 2 times, said person will be apprehended by the authority.

The Unit Management has conducted the dissemination on the species that are endangered and threatened, such as the dissemination on 23 February 2015 that was held at the Office of the Head of Plants Agency and was attended by 19 participants (assistants and clerks). The materials given during the event included the comprehension on the species that exist in the area of Pabatu Business Unit; the species that are rare and endangered therefore need protection and preservation; the sanctions imposed on anyone who hunts such rare and extinct species; and the protection and maintenance of HCV signboards. Based on this explanation, the **Non-conformance No. 2015.16 with Major category is Closed**

5.2.2	Status: Non-conformance No. 2015.15 with Major category is Closed
5.2.3	Status: Non-conformance No. 2015.16 with Major category is Closed
5.2.4	Status: Non-conformance No. 2015.17 with Minor category
5.2.5	Status: Non-conformance No. 2015.18 with Minor category

5.3

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

The Pabatu Business Unit of PTPN IV has done the identification of the waste sources which comprise the following;

- Plantation Waste: the waste generated from the operational activities of oil palm plantation, such as used pesticide containers.
- Waste from the Mill: the waste generated from the operational activities of the mill, such as liquid waste from the processing, shells, fibers, dust, and empty bunches.
- Domestic Waste; the waste generated from the household and office activities, such as household waste, water from leaching process, and human waste.
- Waste from the Clinic: the waste generated from the clinic's activities, such as used drugs, syringes, hand spone, gauze pads and used bandages.
- Hazardous Waste: the waste generated from the activities involving hazardous materials.

The Unit Management of PTPN IV Pabatu keeps an SOP for the Disposal of the Hazardous Waste, Agrochemical Containers, and Water from Leaching Process, No. SOP: 02.0 effective date 1 April 2010. The procedure includes managing the internal treatment for chemical containers and agrochemical/pesticide containers; the handling of the leaching of chemical spraying tools; the handling of the disposal of hazardous waste at the Mill, and the Plant aspect such as used oil, used batteries, neon lamps, chemicals used in laboratory, and agrochemicals/pesticides.

The Unit Management of PTPN IV Pabatu has a license for storing Hazardous Waste in the form of a Decree of the Head of Environment Bodies of Serdang Bedagai Regency No. 18.32/660/365/2014 dated 17 December 2014 on the License of Hazardous Waste Temporary Warehouse for Pabatu Business Unit of PTPN IV (*Persero*). The license is valid for three years (until 17 December 2017). Every amount of hazardous waste that is delivered to and taken from the Temporary Warehouse must be recorded in the log book. The company is in a partnership with *PT. Primanru Jaya*, Sumatra branch office, as the hazardous waste end-collector, under the Mutual Working Agreement No. 04.05/S.Perj/01/IV/2014 dated 01 April 2014.

The on-site visit to Afdeling I and Afdeling III of Pabatu Estate suggested that not all chemicals that are used and their containers are being disposed meet the SOP. Meanwhile, half of the existing pesticide containers are used as mixing containers, and the other half are dumped on the ground. Based on this explanation, there is **Non-conformance No. 2015.19 with Major category**.

The result of on-site visit to the mill revealed that the waste generated from the mill is being treated according to the existing plan, namely;

- The effluent is treated at the WWTP pond and will be utilized for the estate.
- Solid waste such as shells and fibers is utilized as boiler's fuel.
- Solid waste such as empty bunches is reused for fertilizing.

Observation on 2 April 2015

The Unit Management has presented the proof of transport of used chemical containers, namely 25 pieces of used *Glyphosate* jerry cans and 26 pieces of used *Rally* from Afdeling I. However, the proof of treatment for used agrochemical containers at Afdeling V is still not available.

20 May 2015

The Unit Management of PT IV – Pabatu has presented the proof of transport of hazardous, such as used bottle containers of *Rally* (26 pieces), used jerry cans of *Garlon* (18 pieces), and used jerry cans of *Scud* (8 pieces), on 27 March 2015 to the licensed Hazardous Waste Temporary Warehouse. However, the proof to show that the plan for hazardous waste treatment (SOP) has been disseminated to the workers is still not available.

5 June 2015

The Unit Management of PTPN IV – Pabatu issued a Circular No. PAB/SE/i8/V/2015 on 15 May 2015 which informed all Afdelings/sections, who are using chemicals in their operational activities – both continuously and periodically, to return those chemicals to the Hazardous Waste Central Temporary Warehouse for further process in accordance with the applicable regulation. Based on this explanation, the **Non-conformance No. 2015.19 with Major category is Closed**.

5.3.2	Status: Non-conformance No. 2015.19 with Major category is Closed
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5.4

Efficiency of fossil fuel use and the use of renewable energy is optimised.

Pabatu Business Unit of PTPN IV has maximized the use of renewable energy as the substitute for fossil fuel usage. The Pabatu Unit is using shells and fibers as an alternative to diesel fuel. Moreover, the Pabatu Unit regularly monitors the use of said renewable energy and keeps the monitoring records of the use of diesel fuel for the operational of the mill.

According to the result of calculation, the company did not use renewable energy resource. Hence, the petroleum needed on October 2014 was 232,956.92 liter. Therefore, the retrenched petroleum fuel was 163,500 liter or 70%.

Status: Comply

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 uses a mechanical, zero burning land clearing in replanting activities being carried out. Thus, it doesn't have a documentation of combustion analysis in replanting. Based on the document study, the company has been carrying out zero-burning mechanical method. The company's commitment in carrying out zero burning land clearing can be seen in:

1. SOP of Agronomic stating that all activities of land clearing are conducted mechanically.
2. Work Agreement/SPK of Replanting where in article 15 on the Obligation of Parties mentioned that one of the obligations of the second party (contractor) is to understand the environmental aspects and their impacts. One of them is by not burning at the site.

According to the result of interview with the agencies and the locals, the replanting program of pabatu estate was conducted by using heavy equipments (zero burning).

Status: Comply

5.6

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

PTPN IV – Pabatu Business Unit has assessed all activities generating pollution (gases, particles, soot, and effluent). The results of assessment are contained in the Investigation Report and Green House Gas Calculation of Pabatu PTPN IV in December 2014. Based on the assessment it is known that pollution is resulted from:

- (1) Estate: Land clearing, manuring industry and its transport to the field, N₂O and CO₂ resulted from manuring application and production process at POM and other organic sources in the form of oil palm waste (POME and empty bunch), fossil fuels used particularly for FFB harvest.
- (2) POM: Fossil fuels used at POM, production of methane (CH₄) from POME.

To reduce pollution and emission PTPN IV – Pabatu Business Unit has identified the sources of pollution and emission as well as the steps of management that are described in SOP of Waste Management and SOP of Emission Mitigation of Green House Gas. The efforts performed by PTPN IV – Pabatu Business Unit which are described in the report of RKL/RPL of semester II 2013 and semester I 2014 and still trying to control the decrease of air quality, particularly the noise by:

- a. Maintaining and supervising production machines and tools for air circulation in the process room at POM as well as possible, which is expected to reduce potential for the noise both inside the process room and outside the POM.
- b. Maintaining crops around the mill.
- c. Providing personal protection equipment/PPE

Other efforts have been done by PTPN IV – Pabatu Business Unit to reduce pollution and emission are among others:

- a. routinely checking and maintaining equipment,
- b. utilizing solid waste (shells and fiber as fuels for boiler, and
- c. utilizing effluent to the land. Before being used, effluent is managed in advance through waste pond by using Multi Feeding system. In addition, the quality of effluent is routinely tested (every month) to avoid soil pollution.

PTPN IV - Pabatu Business Unit monitors pollution and emission periodically every 6 (six) months including Emission Test, Ambient Air Test, and Noise. The sampling result of ambient air, odor and quality of emission for semester 1/2014 showed that all parameters still meet the quality standards.

Status: Comply

PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills

6.1

Aspects of plantation and mill management, including replanting, 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 the continuous improvement.

PTPN IV – Pabatu Business Unit conducts environmental and social impacts analysis through EIA documents and social impacts analysis is conducted in cooperation with polling organization and consultants. This document has explained about positive and negative impacts of their business activities in plantation and palm oil mill. The compilation of document of social impact assessment was conducted by involving the locals.

PTPN IV – Pabatu Business Unit has social impact management and monitoring plan with public participation on a regular

basis. It is contained in (1) Document of RKL and RPL 2009 and (2) Social impact report of PTPN IV Unit Pabatu. However, PTPN IV – Pabatu Business Unit has no evidence of implementation of the document. Based on the explanation, there is **Non-Conformance No. 2015.20 with Major category.**

PTPN IV – Pabatu Business Unit has a Report of environmental management and monitoring namely report of RKL and RPL implementation on a regular basis per semester. The report has been submitted to Environment Service of Serdang Bedagai District.

PTPN IV – Pabatu Business Unit does not have scheme smallholding.

Observation

30 June 2015

PTPN IV – Pabatu Business Unit has demonstrated evidence of social impact monitoring with public participation. The monitoring is conducted by distributing questionnaires to residents of surrounding villages. There is documentation/photograph and records of social impact monitoring activity through the questionnaires. Based on the explanation, **Non-conformance No. 2015.20 with major category is closed.**

6.1.3	Status: Non-conformance No. 2015.20 with major category is Closed
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6.2

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

PTPN IV – Pabatu Business Unit has SOP on the Communication and Consultation with the community namely Document of RSPO No. SPO 03.0 dated on 1 April 2010. Based on the SOP, in communicating PTPN-IV Unit prioritizes the accuracy of applicable communication, facts, honesty and sincerity in communication, rules and terms of communication that ensure togetherness in running communication and become company's participation to the public.

Standard Operating Procedure on the Communication and Consultation describes the following procedures:

1. Procedure for communication and consultation between the company and community.
2. Procedure for handling conflicts through win-win solution.
3. Procedure for handling conflict through a lawsuit to the court, if consensus is not reached.

According to the result of public consultation with the government of Serdang Bedagai District, the locals (Kedai Damar Village, Penonggol Village, Naga Kesiangan Village) and the local contractor, the management unit communicated with them orally, in writing or via cell phone.

PTPNIV – Pabatu Business Unit has a list of stakeholders in 2014 dated 1 November 2014 consisting of name of agencies, position, numbers of contact persons (mobile) and working area. There are 39 stakeholders on the list.

PTPN IV – Pabatu Business Unit has an officer responsible for consulting and communicating with public. This position is held by Assistant of HRD and General Affairs which is responsible directly to the Manager. The assignment letter of Assistant of HRD and General in Pabatu Estate is in accordance with Decree of Directors No. 04.15/Kpts/R/47/VIII/2014 on 29 August 2014 on the mutation/promotion of employee in group IIA-IVD.

There is a recording evidence of the dissemination of HGU land use in the area/land-crossing of PLN lines at Block 05.BB Afdeling 1 Pabatu for planting new plants of oil palms. The evidence is an Invitation Letter No. PAB.I/X/038/VI/2013 dated 13 June 2013. The meeting was attended by 24 residents around the area, but there is no Minutes of Meeting. **Non-conformance No. 2015.21 with Minor category.**

PTPN IV – Pabatu Business Unit has recorded people's aspiration. The recording is noted in the form of expedition book and is followed-up.

Observation on 2 April 2015

The unit management has demonstrated the minutes of dissemination on arable land in SUTET tower area with the community of cultivators No. Pab.I/005/II/2015 on 12 February 2015. The event was attended by representatives of the unit management of PTPN IV Pabatu and cultivators in tower area at Afdeling 1. **Non-conformance No. 2015.21 with Minor**

category is Closed.

6.2.3 Status: Non-conformance No. 2015.21 with Minor category is Closed

6.3

There is a mutually agreed and documented system for dealing with complaints and grievances, which is Implemented and accepted by all affected parties.

PTPN IV – Pabatu Business Unit has an open system that is accepted by all affected parties to accept complaints and resolve disputes in an effective, timely and correct way. This open system among others is described in:

- Collective Agreement/PKB between Company and Workers represented by SP-BUN. The unit management is able to demonstrate the PKB of PTPN IV (Persero) with Worker Union of Estate of PTPN IV (Persero) for the period of 2014-2015. The procedure for the settlement of disputes is described in Article 64.
- SOP of land conflict handling No. SOP 04.0 No. revision 00 effective on 1 April 2010. The SOP describes the process of conflict handling in 2 ways namely win-win solution way and if the consensus is not reached, the conflict can be handled by lawsuit to the court.
- SOP of customer and environmental complaints handling No. SOP 05.0 revision 00 effective on 1 April 2010.

PTPN IV – Pabatu Business Unit has the documentation to the dispute resolution process and the results are available. For example, documentation of the dispute resolution process over the land covering an area of 254 Ha in the concession area belonged to PTPN IV – Pabatu Business Unit with the residents of Naga Kesiangan Village. The result is that the payment of cultivated plants compensation/GRTT has been done to the residents and the result has been documented by Pabatu PTPN IV Business Unit.

According to the result of public consultation with the government of Serdang Bedagai District, the locals (Kedai Damar Village, Penonggol Village, Naga Kesiangan Village) and the local contractor, the management unit has had system to receive complaint. Forum shall be held immediately when the complaint appear. When the complaint meet the condition of irreconcilable circumstance, it shall be mediated by the third party.

Status: Comply

6.4

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 stakeholders to express their views through their own representative institutions.

The unit management is able to demonstrate the mechanism of conflict resolution accepted by all parties contained in the document of SOP of land/area conflict handling No. SPO 04.0 No. revision 00 effective on 1 April 2010. The SOP describes the process of conflict handling in 2 ways namely win-win solution way and if the consensus is not reached, the conflict can be handled by lawsuit to the court.

The unit management can demonstrate the records of identification of compensation beneficiaries. There are 330 persons received the compensation on 19 June 2006. The list of beneficiaries is contained in the document of minutes of land disputes resolution. The minutes was signed by PTPN IV attorney, tenant attorney, chairman of the reform committee, secretary of the reform committee, the deputy chairman of reform committee, treasurer of the reform committee, deputy treasurer of the reform committee, head of Naga Kesiangan village and head of Tebing Tinggi sub-district. There are also signatures of 330 tenants as compensation beneficiaries.

The unit management can demonstrate minutes of land disputes resolution on 19 June 2006 signed by PTPN IV attorney, tenant attorney, and chairman of the reform committee, secretary of the reform committee, the deputy chairman of reform committee, treasurer of the reform committee, deputy treasurer of the reform committee, head of Naga Kesiangan village and head of Tebing Tinggi sub-district. The minutes contained among others:

- That PTPN IV land worked by villagers of Naga Kesiangan of Tebing Tinggi Sub-district in Serdang Bedagai District is covering an area of 254.33 Ha, consisting of cassava and maize belonged to tenants as well as the oil palms belonged to PTPN IV which is still harvested by the community will be returned to PTPN IV.

- That PTPN IV will provide compensation which the amount is determined by community and the reform committee and has been received by each tenant from PTPN IV. The amount of the compensation received by each tenant is listed on the receipt as payment slip.
- That the land worked by villagers of Naga Kesiangan of Tebing Tinggi Sub-district will be emptied while the paper documents of Right to Land issued by Head of Naga Kesiangan Village and or by Head of Tebing Tinggi Sub-district will be returned by tenants to PTPN IV no later than the end of July 2006.
- That the land worked by each tenant is never sold or transferred. If the land has been transferred to another party either before or after the settlement, then it is the responsibility of the tenants themselves.

According to the result of public consultation with the government of Serdang Bedagai District, the locals (Kedai Damar Village, Penonggol Village, Naga Kesiangan Village) and the local contractor, the management unit has identified the parties who have right to get land compensation with the assistance of village government apparatus.

Status: Comply

6.5

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.

The company has paid the employees in accordance with the applicable provision of Minimum Wages. The implementation of wage provision can be tracked in the payroll period of 2014, while for the payroll in 2015 has not been carried out (there will be adjustment in April 2015 by providing the difference in wages in 2014 and 2015). The provision on wages in 2014 is conducted based on the Decree of the Director of Human Resource and General Affairs No. 04.15/SE/12/IV/2014 referring to the provision of Minimum Wage of North Sumatera Province amounting IDR 1,505,850,-. Based on the observation of the document of employee payroll list for the period of December 2014 and January 2015 it is known that for workers with the lowest class (IA/) have a wage above the provision of Minimum Wage (IDR 1,585,500). According to the interview with the workers of the mill and estate, they have received standard wage.

The company already has Collective Labor Agreement arranged by the company and representatives of the worker union. In the document several things related to employment between company and workers have been agreed up, such as: Chapter IV: Employment, Chapter V: Weekdays and Hours of Work, Bab VI: Liberation from Obligation to Work, Chapter VII: Wages Group, Allowance and Unit, Chapter VIII: Health Care and Medical Treatment, Chapter IX: Occupational Health and Safety (OHS) and Equipment, Chapter X: Social Assurance and Welfare, Chapter XI: Skill Coaching and Education Assistance, Chapter XII: Rules of Work, Chapter XIII: Settlement of Industrial Disputes, Chapter XIV: Termination/Dismissal.

Document observation and field visit showed that the company has provided a fairly decent housing (some have been permanent), clean water, hospital and access to education (schoolchildren shuttle transportation). In addition, the company has also been providing sport facilities such as soccer field, basketball, badminton, volley ball and swimming pool as well as religious facilities such as mosque and church. The company also provided a daycare for working parents.

Status: Comply

6.6

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

The unit management already has a policy to ensure the right of all workers to establish and join worker union is well-accommodated. The policy has been described in PKB period of 2014 – 2015 which is implicitly contained in article 5.

The unit management can demonstrate documentation of the minutes of discussion conducted by the company with worker representatives (worker union). The minutes can be shown is from the period of October to December 2014 which discussed about the extension of Collective Labor Agreement that will expire. According to the result of interview with the member of labour union, the management unit let the workers to gather and unite.

Status: Comply

6.7
Children are not employed or exploited.

The unit management has a policy not to hire or exploit children. The policy includes:

- PT. Perkebunan Nusantara IV (Persero) also seeks to eliminate all worst forms of child labor practices as well as to improve the protection and enforcement effectively so it will better ensure the protection of children from such actions.
- PT. Perkebunan Nusantara IV (Persero) is actively and continuously monitoring and reporting on matters related to child labor policy violations by both internal and partnership working contractual obligation.
- PT. Perkebunan Nusantara IV (Persero) is responsible for preventing violations of child labor law policy. The company immediately takes corrective actions to stop child labor in any process of employment and work unit.

Based on the observation on the field during stage-2 assessment there are no workers below 18 years of age at the time of starting to work. According to the result of stakeholder consultation with the agency and the labour union, there was no underage workers.

Status: Comply

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 unit management has had a policy about equal employment opportunity policy explaining that:

- PT. Perkebunan Nusantara IV (Persero) eliminates all forms of discrimination of ethnic, religion, race, gender, age, disability at work, controlling time and between groups in the whole process of business/company management.
- PT. Perkebunan Nusantara IV (Persero) is actively and continuously conducting business transformation policy systematically and modern in the development of human resources.
- PT. Perkebunan Nusantara IV (Persero) is responsible for preventing the violations of equal employment opportunity policy, then immediately takes corrective action to stop discrimination practices in each process of work and company unit.

The result of field observation showed that the company has implemented the policy of equal right for all workers regardless of their ethnicity, religion, race and class. Based on the interview with the field assistant, he gained a pretty good career opportunity (the concerned person was formerly an employee/foreman, then due to his good performance he was promoted to field assistant/operational staff. According to the result of interview with the field assistant, the assistant got the good career opportunity (the employees used to be foreman and then was promoted to field assistant). According to the result of field visit and interview, the workers were constituted by several racesm religion and age.

Status: Comply

6.9
There is no harassment or abuse in the work place, and reproductive rights are protected.

The unit management already has a policy on the protection of the rights of female workers (reproductive right and appropriate treatment) explaining that:

- PT. Perkebunan Nusantara IV (Persero) expects that all employees have a working environment free of sexual harassment by management personnel, coworkers and by others within the working area.
- PT. Perkebunan Nusantara IV (Persero) considers sexual harassment is unlawful and a violation of the company policy.
- PT. Perkebunan Nusantara IV (Persero) is responsible for preventing harassment in the workplace, to take immediate action to stop sexual harassment related to work.

Based on the field observation during stage-2 assessment, it is known that the company has been implementing the policy of prevention of all forms of harassment and sexual abuse. From the interview with female workers, complaints of female workers have been embodied with specific organization for female workers while the reproductive rights for female have been described in collective labor agreement associated to menstrual leave and childbirth. In addition, the workers also informed that there has been dissemination about all forms of sexual harassments and mechanism for handling them.

Status: Comply

6.10
Growers and mills deal fairly and transparently with smallholders and other local businesses.

Based on the document observation it is known that the unit management can demonstrate document of Purchasing Agreement Letter of Fresh Fruit Bunches (FFB) of Oil Palm conducted by all parties by taking into account the principles of transparency, fair and legal. For instance, Document of Collective Agreement No. PAB/MJ/SP-TBS/01/I/2015 dated 2 January 2015 between Pabatu POM and CV Makmur Jaya. The document described the object of work, requirement of FFB quality, FFB quantity, procedure of implementation, Price and Payment (the payment is done every Monday, Wednesday and Friday of the current week), Tax, Term of Agreement (expire until 31 December 2015), Supporting Documents, Disputes (resolved through deliberation and if the agreement is not reached then the disputes will be solved by lawsuit – court) and Closing. The document has been legally agreed by all parties concerned.

The result of document observation of sales contract of FFB and the records of payment as well as from the interview with the contractors (FB sellers) showed that Pabatu POM has been able to show the example of FFB purchasing payment made in accordance with the agreement (on time).

Status: Comply

6.11
Growers and millers contribute to local sustainable development wherever appropriate.

PTPN IV – Pabatu Business Unit has a procedure of the Implementation of Social Environmental Responsibility No. 04.01/SE/01.1/I/2014 dated 6 January 2014 on the Implementation of Social Environmental Responsibility.

The company has not had Program and Annual Report of CSR. The existing CSR is in the form of responses to incoming proposals. There is a record of assistance request to the company. There is a record of assistance. According to the result of interview with the locals (KedaiDamar Village, Penonggol Village, Naga Kesiangan Village), the management unit has contributed to the nearby villages in form of the repairment on the village administrative government office, assistance on the religious feast and the job opportunity for the locals.

PTPN IV – Pabatu Business Unit does not have a scheme of tenants and has not had Record of Recapitulation of the company's contribution to local development based on the result of consultation with local people based on the principles of transparency, openness and participation. There are no records of meeting schedule between the company and community related to the company's contribution to the local development. **Non-conformance No. 2015.22 with Minor category.**

Observation on 2 April 2015

The unit management of PT IV Pabatu has demonstrated the evidence of contribution based on the result of consultation with local community, such as the proposal for road improvement. **Non-conformance No. 2015.22 with Minor category is closed.**

6.11.1	Status: on-conformance No. 2015.22 with Minor category is closed
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6.12
No forms of forced or trafficked labour are used.

To ensure that there are no labors illegally trafficked or forced in any forms, a collective labor agreement has been arranged where the workers are represented by worker union. In the document there is a regulation governing right and obligation of workers as well as employers in accordance with the provision of employment (referring to Act No. 13 year 2003 on Employment).

Based on the document observation, interview with management and stakeholders it is known that there are no migrant workers (foreign) or temporary workers. All employees working in the company has committed to the cooperation contract signed by both parties considering the right and obligation of all parties in accordance to applicable provisions (Collective Labor Agreement).

Status: Comply

6.13
Growers and millers respect human rights

Based on the document observation and management interview it is know that there are no specific policies governing the company's commitment to respect human rights. However, the policies related to workers' rights that have been issued have considered the provision of human rights such as: the policy on the remuneration in accordance with minimum wages, the policy on equal treatment regardless of ethnicity, religion, race and class, the policy on the protection of reproductive rights of female workers, the policy on the provision of health facilities, housing and education to the workers and their families (1 wife and 3 children) and so forth.

Status: Comply

PRINCIPLE #7 Responsible development of new plantings
7.1

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

PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.

Status: Comply

7.2

Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.

Status: Comply

7.3

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

PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.

Status: Comply

7.4

Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.

PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.

Status: Comply

7.5

No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.

Status: Comply

7.6

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

PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.

Status: Comply

7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.
PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.
<div> <div></div> <div>Status: Comply</div> <div></div> </div>
7.8 New plantation developments are designed to minimise net greenhouse gas emissions.
PTPN IV Pabatu Business Unit has been operated since 1957, and to date estate operations have carried out replanting of the 2th generation and there is no new development.
<div> <div></div> <div>Status: Comply</div> <div></div> </div>
PRINCIPLE #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.
<p>The unit management of PTPN IV – Pabatu always monitor the impacts resulted from its activities, such as:</p> <ul style="list-style-type: none"> • Monitoring the quality of boiler emission and generator every 6 months. • Monitoring the quality of effluent monthly • Monitoring the quality of ambient air every 6 months. <p>All the result of environment quality monitoring are evaluated to recognized the impacts and the restulf of monitoring which exceed the quality threshold shall be corrected.</p> <p>Furthermore, the management unit also conducts sustainable corrective actions over the social impacts in form of the CSR program, fund assistance and road maintenance/repairment.</p>
<div> <div></div> <div>Status: Comply</div> <div></div> </div>

3.2. Summary of Assessment Report of Supply Chain Requirement

Clause	(Module E) CPO Mills - Mass Balance Requirements
E.1	Definition
E.1.1	<p>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p> <p>Pabatu POM accepts fruits from its own estate and from the third parties who are in cooperation with the company.</p>
	Status: Comply
E.2	Explanation
E.2.1	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p> <p>Tonnage production of certified CPO and Kernel will be verified at the time of annual monitoring (ASA-01) and after Pabatu POM is certified.</p>
	Status: Comply
E.2.2	<p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p> <p>PT PN IV - Pabatu POM has registered to RSPO IT Platform with a caption: Member Name: PT Perkebunan Nusantara IV – Pabatu Business Unit Member ID: RSPO_PO1000002520</p>
	Status: Comply
E.3	Documented procedures
E.3.1	<p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ol style="list-style-type: none"> Complete and up to date procedures covering the implementation of all the elements in these requirements; 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 site procedures for the implementation of this standard. <p>SOP of Supply Chain No Document: PI – MR – 04 -01 Rev 00, on 17 November 2014 was ratified by Unit Manager. The procedure explains about:</p> <ul style="list-style-type: none"> Acceptance of FFB Production Expenditures CSPO Master Balance Stamp Training <p>According to the result of interview with the weighbridge operator, the Operator have aware of the procedure that the FFB covering letter and the weighbridge ticket from the nucleus estate should be stamped as CSPO once it achieves RSPO certificate.</p> <p>The established procedure has not yet explained about definition supply chain system used, person in charged for the implementation of Supply Chain. Based on the explanation, found Non-conformance No. 2015.23.</p>

Observation on 2 April 2015

The unit management of Pabatu POM has demonstrated SOP of Information Provision and production claim of CPO and PK No. 18 dated 2 January 2015. The procedure explains definition of supply chain system used and person in charges for ensuring the procedure runs. Based on the explanation the **Non-conformance No. 21015. 23 is closed**.

	Status: Comply
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E.3.2

The site shall have documented procedures for receiving and processing certified and non-certified FFBs.

Pabatu POM already has a documented procedure for the acceptance and processing of certified and non-certified FFB which is explained in the SOP of Supply Chain No. Document: PI – MR – 04 – 01 Rev. 00 dated 17 November 2014 ratified by Unit Manager. The procedure describes among others:

- Acceptance of FFB
- Production Expenditures
- CSPO Master Balance Stamp
- Training

The established procedure has not yet explained about definition supply chain system used, person in charged for the implementation of Supply Chain.

	Status: Comply
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E.4

Purchasing and goods in

E.4.1

The site shall verify and document the volumes of certified and non-certified FFBs received.

Pabatu POM has been able to demonstrate the mechanism of separation of certified and non-certified products and not with the model of recording used since the incoming of FFB. Application of the mechanism will become a material of observation of the auditor team for the next assessment visit.

	Status: Comply
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E.4.2

The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.

Pabatu POM has not had the system that describes the mechanism for informing CB if there is an excess production than projected. **Non-conformance No. 2015.24.**

Observation on 2 April 2015

The unit management of Pabatu POM has demonstrated SOP of Information Provision and CPO and PK production claim No. 18 dated 2 January 2015. This procedure describes that the number of CPO and PK production for one year should not excess the number claimed. If there is a number of CPO and PK found larger than claimed according to the number certified, then the unit manager as a representative of the company is obliged to inform relevant section at Medan Head Office which will inform officially to certification body. Based on the explanation, the **non-conformance No. 2015.24 is closed** and will be observed in the next visit (ASA-1).

	Status: Comply
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E.5

Record keeping

E.5.1

- a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.
- b. 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.
- c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)

Balancing record of the acceptance of RSPO-certified FFB and the delivery of RSPO-certified products will be verified when Pabatu POM obtain its RSPO certificate.

Status: Comply

E.5.2

In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.

Pabatu POM do not perform the processing by themselves nor outsource to independent palm kernel crusher. Pabatu POM only perform sales.

Status: Comply

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or √
ST-2	Will be verified during the next assessment (ASA-01)	√
	Status: Comply	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or √
ST-2	Will be verified during the next assessment (ASA-01)	
	Status: Comply	
3.	Implementation of Certificate and Logo is not used on product	X or √
ST-2	Will be verified during the next assessment (ASA-01)	
	Status: Comply	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or √
ST-2	Will be verified during the next assessment (ASA-01)	
	Status: Comply	

3.4. Summary of RSPO Partial Certification.

Management units that taken as samples for partial certification are Tanah Itam Ulu Management Unit, Pasir Mandoge Management Unit and Sawit Langkat Management Unit.		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or √
	PT Perkebunan Nusantara IV have been showed the evidences of compliance with the regulation: <ul style="list-style-type: none"> • Have gained the Land Use Right in form of HGU • Have gained the environment License document in form of AMDAL • Have conducted the zero burning in replanting activity • Have obtained the Plantation Business License in form of IUP 	√
	Status: Complied	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or √
	All the areal operated by the PT Perkebunan Nusantara IV are <i>Erfpatch rights</i> , the land tenure since the Netherland Colonial which have been nationalization by Indonesian government.	√
	Status: Complied	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or √
	PT Perkebunan Nusantara IV shows the procedures (No. Doc 07.02, 1 August 2012) regarding customer and environment complaint handling policy. Based on the SOP, complaint handling mechanisms can be divided into three types: <ul style="list-style-type: none"> • Any complaints from customers and the environment are recorded in written form and addressed to the managing director equipped with accurate data and delivered through the company secretary of Medan head office. • Units that received complaints from customer and environmental are allowed receiving customer complaints as stipulated in ISO procedure. • Handling of complaints from customers and the environment must be responded or resolved accurately and quickly and become the evaluation in the future to prevent from happening repeatedly. 	√
	Status: Complied	
6.4	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 stakeholders to express their views through their own representative institutions.	X or √
	There is no customary rights in all the areal operated by the PT Perkebunan Nusantara IV because the land are <i>Erfpatch rights</i> , the land tenure since the Netherland Colonial which have been nationalization by Indonesian government.	√
	Status: Complied	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or √
	There are no new planting and new development since November 2005 in all PT Perkebunan Nusantara IV operation area. The activity conducted is only replanting.	√
	Status: Complied	
7.5	No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or √
	There are no new planting and new development since November 2005 in all PT Perkebunan Nusantara IV	√

	operation area. The activity conducted is only replanting.	
	Status: Complied	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	There are no new planting and new development since November 2005 in all PT Perkebunan Nusantara IV operation area. The activity conducted is only replanting.	√
	Status: Complied	

3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.
3.5.1 Identification of Findings, Corrective Actions and Observations at ST-2 Assessment

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
2015.01	1.2.1	Document open for public The unit management of PTPN IV has not mention the type of information open for public in the company's policy in detail.	PT PN IV Pabatu	Major	Before certificate is issued	The unit management should demonstrate the type of information open for public in the company's policy.	<p>Root of the Problem: The company has not demonstrated the document containing information open for public.</p> <p>Problem Settlement: Showing the document containing information open for public.</p> <p>Preventive Action: Providing document containing information opens for public at the unit.</p> <p>Auditor Observation 2 April 2015 According to SPO policy on 1 August 2012 there is a policy of open and closed document. The open document contains general information such as vision and mission of the company, balance sheet, productivity, assets, CSR and so forth. Closed document contains information such as managemet reports, minutes of meeting, SI, SE, SPK and other confidential documents which is unaccessible for public. Other data related to environment, information of FFB price and so forth can also be</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							accessed by stakeholders as long as there is a request of information to the Unit Manager.		
2015.02	2.1.1	Obedience to the Regulation Based on the result of document review and interview, it is known that: 3. PTPN IV Pabatu hires piece-workers for harvesting which is the main activity in the plantation. It is not in accordance with the Regulation of Labor Ministry 19 Year 2013. 4. There is not sufficient evidence that all operators of heavy equipment have obtained Operator License from relevant agency. It is not in accordance with the Regulation of Labor Ministry No. 09 Year 2010.	Pabatu Estate	Major	Before certificate is issued	PTPN IV Pabatu should meet the applicable regulation.	Root of the Problem: The harvest workers have not promoted yet and operators have not obtained Operator License. Problem Settlement: Carrying out the process of harvest workers promotion according to the procedure established and carrying out training for heavy equipment operators. Preventive Action: Conducting routine evaluation regarding the fulfillment of rules and regulation. Auditor Observation 20 May 2015 The unit management has demonstrated the Decree of Board of Directors No. 04.15/Kpts/R/15/III/2015 dated 30 March 2015 regarding the determination as harvest/loading workers in probation at the PTPN IV-Pabatu Business Unit. The decree describes that there are 69 harvest workers at Div I – Div II. The unit management has demonstrated that the Memo from No.	Closed with observation	20 May 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							KDM/SDM&Umm/M.01/II/2015 dated 11 February 2015 has assigned 2 employees as operators of heavy equipment on behalf of Susia Wantono and Misran Siregar. The unit management has demonstrated the Operator License of forklift on behalf of Misnan Siregar (reg: 48946-OPK3-LT/PAA/III/20115) and Susiawantono (Reg: 48947-OPK3-LT/PAA/III/20115). Based on the explanation the finding No. 2015.02 is declared closed with observation.		
2015.03	2.1.2	Information System and Legal Requirement Should be Met by Plantation Company The unit management has not been able to demonstrate a documented system containing information and legal requirement should be met by plantation company.	PT PN IV Pabatu	Minor	ASA-1	The unit management must be able to demonstrate a documented system containing information and legal requirement should be met by plantation company.	Root of the Problem : Problem Settlement: Preventive Action:		
2015.04	2.1.4	Adjustment to the changes of regulation The unit management of PTPN IV Pabatu has not been able to demonstrate the adjustment to the changes of regulation such as Regulation of Environmental Ministry 14 year 2013.	PT PN IV Pabatu	Minor	ASA-1	The unit management of PTPN IV Pabatu must be able to demonstrate the adjustment to the changes of regulation.	Root of the Problem: The company has not been able to carry out the adjustment to the new regulations. Problem Settlement Carrying out the adjustment to the new regulations.	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Preventive Action: Carrying out a routine monitoring to the changes of regulations.</p> <p>Auditor Observation 2 April 2015 The unit management of PTPN IV Pabatu has demonstrated documentation on the use of symbols and hazardous waste labels according to the Regulation of Environmental Ministry No. 14 year 2013.</p>		
2015.05	Minor 2.2.2	<p>Maintenance of Legal Area Border Sign.</p> <ul style="list-style-type: none"> The unit management has not been able to demonstrate evidence of the recording of legal area border signs/HGU poles maintenance. The result of field visit at Pabatu Estate showed that the condition of boundary poles is good. However, there are several boundary poles that do not have identities (pole number). 	PT PN IV Pabatu	Minor	ASA-1	The unit management of PTPN IV Pabatu must be able to demonstrate the evidence of the maintenance of legal area boundary poles and must provide pole identities (pole number) according to legal document established.	<p>Root of the Problem: The company has not maintained the poles routinely yet.</p> <p>Problem Settlement: Creating a program of poles maintenance and its application.</p> <p>Preventive Action: Monitoring the poles according to the program.</p> <p>Auditor Observation: 2 April 2015 The Unit management of PTPN IV Pabatu has demonstrated the schedule of maintenance of boundary poles in 2014 (plan and realization) and document of pole number identification,</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							for example, pole No. 511.		
2015.06	4.3.1	Map of marginal land The unit management of PTPN IV has not demonstrated the map showing the presence or the absence of marginal land.	Pabatu Estate	Major	Before certificate is issued	The unit management of PTPN IV must be able to demonstrate the map showing the presence or absence of marginal land.	<p>Root of the problem: The company has not been able to demonstrate the map of marginal land.</p> <p>Problem solving: Showing the map of marginal land.</p> <p>Preventive Action: Providing the map of marginal land at the unit.</p> <p>Auditor Observation 2 April 2015 The unit management of PTPN IV Pabatu Estate has demonstrated "Map of Soil Type around PTPN IV Pabatu Estate". From the map it is known that there is no marginal area but only flat to choppy area with the type of brown ponsolik, alluvial soil.</p>	Closed	2 April 2015
2015.07	4.3.2	Implementation of Marginal Land Management Strategy The unit management has not been able to demonstrate the strategy record of marginal land management.	Pabatu Estate	Minor	ASA -1	The unit management of PTPN IV Pabatu must be able to demonstrate the record of marginal land management strategy.	<p>Root of the problem:</p> <p>Problem settlement:</p> <p>Preventive action:</p>		
2015.08	4.4.1	Implementation of Water Management Plan	Estate	Minor	ASA -1	The unit management of PTPN IV Pabatu must be able to show	<p>Root of the problem: The company has not carried out river</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		The unit management of PTPN IV Pabatu has not demonstrated the result of Padang River water quality monitoring (upstream and downstream) according to the matrix of RPL.				the result of surface water quality testing for the upstream and downstream of Padang River.	<p>water quality monitoring.</p> <p>Problem settlement: Carrying out river water quality monitoring.</p> <p>Preventive Action: Routinely carrying out river water quality monitoring.</p> <p>Observation on 2 April 2015 The unit management of PTPN IV Pabatu has demonstrated the result of Padang River water quality testing (upstream, midstream and downstream) conducted in February 2015. The result of the testing showed that the entire test parameters have met environmental quality standards.</p>		
2015.09	4.6.6	<p>All pesticide packaging should be disposed properly and not to be used for other purposes</p> <p>From the visit to Afdeling I and V it is known that pesticide packaging are not stored at a licensed Hazardous Waste Temporary Warehouse, but dumped on the ground near the office of Afdeling V and sent to the central warehouse.</p>	Estate	Major	Before certificate is issued	The unit management of PTPN IV Pabatu must be able to show that all pesticide packaging waste must be managed and treated as hazardous waste in accordance with the applicable hazardous waste regulation.	<p>Root of the problem: Workers do not understand procedure of hazardous waste management.</p> <p>Problem settlement: Managing waste in accordance with procedure of hazardous waste management.</p> <p>Preventive Action: Disseminating SOP of hazardous waste management to workers.</p>	Closed with observation	8 June 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Observation on 2 April 2015 The unit management has demonstrated the evidence of the delivery of agrochemical used packaging in the form of 25 used jerry cans of Glyphosate and 26 pieces of ex Relly from Afdeling I. <u>However, there is no evidence of agrochemical used packaging waste management at Afdeling V.</u></p> <p>20 May 2015 The unit management of PTPN IV – Pabatu has demonstrated the evidence of hazardous waste delivery in the form of 26 used bottles of Rally, 18 used jerry cans of garlon, 8 used jerry cans of scud on 27 March 2015 to a licensed Hazardous Waste Temporary Warehouse. However, there is no evidence available that the SOP of hazardous waste management plan has been disseminated to workers.</p> <p>05 June 2015 The unit management of PTPN IV – Pabatu has issued Circular Letter No. PAB/SE/i8/V/2015 on 15 May 2015 informing all afdeling/sections that are using chemicals ingredient as a part of their activities, either continuously or regularly, to return the chemicals to</p>		

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							Hazardous Waste Temporary Warehouse of central warehouse for further processing according to applicable regulation.		
2015.10	4.6.10	<p>Proper waste disposal in accordance with the procedure.</p> <p>The result of the visit to Afdeling I and V showed that used packaging of pesticide are not placed at a licensed Hazardous Waste Temporary Warehouse but dumped on the ground near the office of Afdeling V and sent to central warehouse.</p>	Estate	Minor	ASA 1	The unit management of PTPN IV Pabatu must be able to show that all pesticide packaging waste must be managed and treated as hazardous waste in accordance with the applicable hazardous waste regulation.	<p>Root of the problem: Workers do not understand procedure of hazardous waste management.</p> <p>Problem settlement: Managing waste in accordance with procedure of hazardous waste management.</p> <p>Preventive Action: Disseminating SOP of hazardous waste management to workers.</p> <p>Observation on 2 April 2015 The unit management has demonstrated the evidence of the delivery of agrochemical used packaging in the form of 25 used jerry cans of Glyphosate and 26 pieces of ex Relly from Afdeling I. <u>However, there is no evidence of agrochemical used packaging waste management at Afdeling V.</u></p> <p>20 May 2015 The unit management of PTPN IV – Pabatu has demonstrated the evidence of hazardous waste delivery in the form</p>	Closed with observation	8 June 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>of 26 used bottles of Rally, 18 used jerry cans of garlon, 8 used jerry cans of scud on 27 March 2015 to a licensed Hazardous Waste Temporary Warehouse. However, there is no evidence available that the SOP of hazardous waste management plan has been disseminated to workers.</p> <p>05 June 2015 The unit management of PTPN IV – Pabatu has issued Circular Letter No. PAB/SE/i8/V/2015 informing all afdeling/sections that are using chemicals ingredient as a part of their activities, either continuously or regularly, to return the chemicals to Hazardous Waste Temporary Warehouse of central warehouse for further processing according to applicable regulation.</p>		
2015. 11	4.6.11	<p>Specific annual medical surveillance for pesticide operators.</p> <p>The unit management of PTPN IV Pabatu conducted medical surveillance to spray workers in April 2014. The surveillance was conducted by Office of Occupational Health and Safety of Medan. However, the result of the</p>	Estate	Major	Before certificate is issued	The company must show the result of medical screening as the evidence that there is no threat of the use of chemicals on the health of spray workers.	<p>Root of the problem: The company has not conducted medical screening to ensure the use of chemicals does not threaten the health of spray workers.</p> <p>Problem solving: Conducting medial screening to ensure the use of chemicals does not threaten the health of spray workers.</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		surveillance has not demonstrated evidence that the use of chemicals does not threaten the health of spray workers.					<p>Preventive Action: Conducting routine medical screening including ensuring that the use of chemicals does not threaten the health of spray workers.</p> <p>Observation on 2 April 2015 The unit management of PTPN IV Pabatu has shown an agreement with the Office of Occupational Health and Safety of Medan regarding the testing service and labor medical examination No. SPK.31/BK3-MDN/II/2015 on 23 February 2015. The medical examination included the examination of cholinesterase, hearing power and lung capacity. There is a list of employees attending the medical examination on 11 March 2015 which among others consisted of warehouse employees, chemical workers and engine room operators.</p>		
2015.12	4.7.5	<p>First Aid Emergency Officers and Equipment at Workplace</p> <p>Based on the document observation and interview with the management, the unit management has not been able to demonstrate sufficient evidence that the company has trained the officers of First Aid</p>	Minor	Mill and Estate	ASA-1	The unit management must be able to show evidence of the availability of adequate First Aid Emergency officers and equipment at workplace in accordance with applicable provision.	<p>Root of the problem:</p> <p>Problem solving:</p> <p>Preventive Action:</p> <p>Observation on 2 April 2015 The unit management of PTPN IV</p>	Open	

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		Emergency at the workplace. The result of field observation at Block 94B Afdeling V showed that the field officer (foreman) does not bring First Aid Emergency box as a means of first aid in the workplace.					Pabatu has shown a list of the content of first aid box, documentation, certificate of company hygiene and occupational health on behalf of Salmiah Sihombing and minutes of PPE dissemination to Afdeling I employees. However, there is not sufficient evidence that the foreman of Afdeling V has brought first aid box.		
2015.13	5.1.2	Changes in the environmental development The unit management has not been able to demonstrated environmental document (report of RKL/RPL) containing the study of environment to replanting.	PT PN IV Pabatu	Minor	ASA-1	The unit management has to be able to demonstrate the study of environment regarding the activity of replanting in environmental document.	Root of the problem: Problem solving: Preventive action:		
2015.14	5.1.3	Report of RKL/RPL Implementation The report of RKL and RPL implementation made has not been in accordance with the matrix of the implementation. For example, it has not described: <ul style="list-style-type: none"> • The quality of river water • Job opportunity and business chance • The increase of public income • Public attitude and perception 	PT PN IV Pabatu	Minor	ASA-1	The unit management must demonstrate the report of RKL/RPL implementation according to the matrix as well as attach sufficient, appropriate supporting evidence.	Root of the problem: Problem solving: Preventive action: Observation on 2 April 2015 The unit management of PTPN IV Pabatu has demonstrated the report of RKL-RPL implementation in Semester II year 2014. However, the report has not described the result of the monitoring of: <ul style="list-style-type: none"> • The quality of surface water • Job opportunity and business 	Open	

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>chance</p> <ul style="list-style-type: none"> The increase of public income Public attitude and perception 		
2015.15	5.2.2	<p>Measures to maintain and/or to protect HCV should be implemented through management plan.</p> <p>A step to protect HCV among others is to ban the use of chemicals in the riparian (2 main staples on the left-right). From the interview with a spray worker at Afdeling V it is known that the riparian is sprayed with chemical ingredients.</p>	Estate	Major	Before certificate is issued	The unit management of PTPN IV Pabatu must protect HCV according to the management plan.	<p>Root of the problem: A thorough dissemination regarding protection measures of HCV area has not been conducted to all relevant workers.</p> <p>Problem solving: Conducting dissemination to all workers.</p> <p>Preventive action: Continuously disseminating the actions related to HCV management.</p> <p>Observation on 2 April 2015 The unit management of PTPN IV Pabatu has shown a Letter No. PAB/SE/12/I/2015 dated 2 January 2015 on the prohibition of the use of chemicals in the area of riparian. <u>However, there is no sufficient evidence that the spray workers at Afdeling V have been aware of the ban.</u></p> <p>20 May 2015 The unit management has shown a letter from Unit Manager of PTPN IV Pabatu No. PAB/SE/12/I/2015 on the</p>	Closed	20 May 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							Prohibition of the Use of Chemicals in the Area of Riparian. There is a dissemination evidence of the prohibition of the use of chemicals in the area of riparian. For example, dissemination on 19 January 2015 at the Office of Afdeling V Pabatu attended by 22 persons (head office, foreman, chemical employees). The dissemination among others describes the basic understanding about the main boundaries that are able to be sprayed, administrative sanction and Circular Letter No. PAB/SE/12/II/2015.		
2015.16	5.2.3	<p>Programs to educate the workforce regularly about rare and endangered species.</p> <p>PTPN IV – Pabatu Business Unit has not established programs to:</p> <ol style="list-style-type: none"> (1) Regularly educate the employees about rare and endangered species. (2) The disciplinary measures that deserve to be enforced according to the company provision and national law if an employee of PTPN IV Pabatu is found catching, hurting, collecting or killing the rare, endangered species. 	Estate	Minor	ASA-1	<p>PTPN IV – Pabatu Business Unit has programs to:</p> <ol style="list-style-type: none"> (1) Regularly educate the employees about rare and endangered species. (2) The disciplinary measures that deserve to be enforced according to the company provision and national law if an employee of PTPN IV Pabatu is found catching, hurting, collecting or killing the rare, endangered species. 	<p>Root of the problem: The company has not conducted dissemination related to rare and endangered species.</p> <p>Problem solving: Conducting dissemination to workers related to rare and endangered species.</p> <p>Preventive action: Making programs of dissemination about rare and endangered species.</p> <p>Observation on 2 April 2015 The unit management has demonstrated the work instruction on the maintenance of HCV signboard, SOP of Flora-Fauna</p>	Closed	20 May 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Protection and evidence of HCV training on behalf of Hwin Dwi Putra, but the unit management has not demonstrated:</p> <ul style="list-style-type: none"> • Programs to regularly educate/disseminate workers related to rare and endangered as well as protected species. • Disciplinary measures/sanction for workers who violate the efforts to protect rare and protected species. <p><u>20 May 2015</u></p> <p>The unit management has a Work Instruction ratified on 23 February 2015 which among others describes:</p> <ul style="list-style-type: none"> • Signboard of the ban of reaching and hunting is place at the track position. • Administrative sanction is given in the form of preventive warning 2 times. • If after the 2nd warning the person still hunt the species then he/she will be arrested by the security team. <p>The unit management has conducted dissemination about rare and endangered species. For example: Dissemination on 23 February 2015 at the office of the Head of Plant Service</p>		

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							attended by 19 participants (assistants and clerks). The subjects delivered were the basic understanding about species existing in Pabatu, rare and endangered species should be preserved, sanction for employees who hunt the rare and endangered species, maintaining and preserving the signboards of HCV.		
2015.17	5.2.4	Continuous HCV monitoring The unit management of PTPN IV Pabatu has not been able to demonstrate evidence of: <ul style="list-style-type: none"> The result of HCV monitoring (rare and endangered species and protected area) affected by the plantation or palm oil mill operations should be documented; The result of the monitoring should be used as an input for management plan. 	Estate	Minor	ASA-1	The unit management of PTPN IV Pabatu must demonstrate evidence of: <ul style="list-style-type: none"> The result of HCV monitoring (rare and endangered species and protected area) affected by the plantation or palm oil mill operations should be documented; The result of the monitoring should be used as an input for management plan. 	Root of the problem: Problem solving: Preventive action:		
2015.18	5.2.5	Evidence of the agreement that has been negotiated to protect the HCV and the rights of local community. The identification result in the area of PTPN IV – Pabatu Business Unit undiscovered the existence of HCV 1, HCV 4 and HCV 6. However, there is no evidence of record	Estate	Minor	ASA-1	The evidence/record that the agreement which was negotiated has been reached to protect the HCV and the rights of local community.	Root of the problem: Problem solving: Preventive action:		

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
		available that the agreement had been negotiated to protect HCV and the rights of local community optimally.							
2015.19	5.3.2	<p>All chemicals and the containers must be disposed of in a responsible manner.</p> <p>The result of the visit to Afdeling I and V showed that used pesticide packaging are not disposed to a licensed Hazardous Waste Temporary Warehouse, but dumped on the ground near the office of Afdeling V and sent to the central warehouse.</p>	Estate	Major	Before certificate is issued	All chemicals and the containers must be disposed in a responsible manner according to the applicable regulation of the chemicals and chemicals waste.	<p>Root of the problem: Workers do not understand procedure of hazardous waste management.</p> <p>Problem solving: Managing waste in accordance with procedure of hazardous waste management.</p> <p>Preventive Action: Disseminating SOP of hazardous waste management to workers.</p> <p>Observation on 2 April 2015 The unit management has demonstrated the evidence of the delivery of agrochemical used packaging in the form of 25 used jerry cans of Glyphosate and 26 pieces of ex Relly from Afdeling I. <u>However, there is no evidence of agrochemical used packaging waste management at Afdeling V.</u></p> <p>20 May 2015 The unit management of PTPN IV – Pabatu has demonstrated the evidence of hazardous waste delivery in the form</p>	Closed with observation	8 June 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>of 26 used bottles of Rally, 18 used jerry cans of garlon, 8 used jerry cans of scud on 27 March 2015 to a licensed Hazardous Waste Temporary Warehouse. However, there is no evidence available that the SOP of hazardous waste management plan has been disseminated to workers.</p> <p>05 June 2015 The unit management of PTPN IV – Pabatu has issued Circular Letter No. PAB/SE/i8/V/2015 on 15 May 2015 that informs all afdeling/sections using chemicals ingredient as a part of their activities, either continuously or regularly, to return the chemicals to Hazardous Waste Temporary Warehouse of central warehouse for further processing. It is according to applicable regulation.</p>		
2015.20	6.1.3	Social impact monitoring result. PTPN IV – Pabatu Business Unit has a document of social impact management and monitoring with public participation on a regular basis. However, there is no evidence of the implementation of the document.	PT PN IV Pabatu	Major	Before certificate is issued	PTPN IV – Pabatu Business Unit has a recording of the implementation of social impact management and monitoring with community participation on a regular basis.	<p>Root of the problem:</p> <p>Problem solving:</p> <p>Preventive action:</p> <p>Observation on 2 April 2015 The unit management of PTPN IV Pabatu has shown the list of selected partners/DRT. <u>However, there is no</u></p>	Closed	30 June 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p><u>evidence yet of social impact management and monitoring with community participation.</u></p> <p>30 June 2015 The unit management of PTPN IV Pabatu has shown the evidence of social impact monitoring with community participation. There is documentation/photographs and recording of the activities of social impact monitoring through questionnaires. Based on the explanation, the non-conformance No. 2015.20 with major category is declared closed.</p>		
2015.21	6.2.3	<p>Records of all actions taken in responses to stakeholder input.</p> <p>There is evidence of dissemination record of HGU land utilization in the area/land crossing of PLN line at Block 05.BB Afdeling I for the planting of new oil palm plants. The evidence is in the form of Invitation Letter No. PAB.I/X/038/VI/2013 on 13 June 2013. The meeting was attended by 24 participants from nearby area. However, there are no minutes of the meeting.</p>	Estate	Minor	ASA-1	The unit management of PTPN IV Pabatu must show the Minutes of the Dissemination Record of HGU land utilization in the area/land crossing of PLN Lines at Block 05.BB Afdeling I.	<p>Root of the problem: The company has not been able to show the dissemination record of HGU land utilization.</p> <p>Problem solving: Showing dissemination record of HGU land utilization.</p> <p>Preventive action: Saving the documentation of the dissemination well.</p> <p>Observation of 2 April 2015 The unit management has demonstrated</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							the minutes of dissemination of arable land of electricity transmission tower area (SUTET) with the cultivators. The minutes is No. Pab.I/005/II/2015 on 12 February 2015. The event was attended by unit representatives of PTPN IV Pabatu and the community of cultivators around the tower at Afdeling I.		
2015. 22	6.11.1	Record of company contributions to local development. Pabatu Business Unit of PTPN IV has had a Recapitulation Note of the contribution to local development. However, there is no evidence available that the company contributions are based on the consultation with local community.	Estate	Minor	ASA-1	Pabatu Business Unit of PTPN IV must demonstrate that the company contributions to local development are based on consultation with local community.	<p>Root of the problem:</p> <p>Problem solving:</p> <p>Preventive action:</p> <p>Observation on 2 April 2015 The unit management of PTPN IV Pabatu has demonstrated evidence that the company contributions are based on consultation with local community. For example, proposal submission for road improvement.</p>	Closed	2 April 2015
2015. 23	SCCS E3.1	SCCS Procedure Procedure established has not yet explained the definition from supply chain system used and the person responsible for the implementation of Supply Chain procedure.	Pabatu POM	Major	Before certificate is issued	The unit management should have procedure explaining the definition from supply chain system used and the person responsible for the implementation of Supply Chain procedure.	<p>Root of the problem: The company has not demonstrated SOP of supply chain.</p> <p>Problem solving: Demonstrating SOP of supply chain owned by the unit management.</p> <p>Preventive action:</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							<p>Distributing the SOP of supply chain to all business units.</p> <p>Observation on 2 April 2015 The unit management of Pabatu POM has demonstrated SOP of the Provision of Information and CPO and PK production claim No. 18 on 2 January 2015. The procedure explains the definition of supply chain system used and the person responsible for ensuring the procedure is implemented.</p>		
2015. 24	SCCS E4.2	<p>Production Excess Pabatu POM has not had a system explaining the mechanism of informing CB if the production exceed the projected value.</p>	Pabatu POM	Major	Before certificate is issued	Pabatu POM should have a system explaining the mechanism of informing CB if the production exceed the projected value.	<p>Root of the problem: The company has not demonstrated SOP of supply chain.</p> <p>Problem solving: Demonstrating SOP of supply chain owned by the unit management.</p> <p>Preventive action: Distributing the SOP of supply chain to all business units.</p> <p>Observation on 2 April 2015 The unit management of Pabatu POM has demonstrated SOP of the Provision of Information and CPO and PK production claim No. 18 on 2 January 2015. The procedure explains that the amount of CPO and PK production for</p>	Closed	2 April 2015

CAR No.	Ref. Std.	Findings	Location	Grade	Time Limit	Corrective Action	Observation	Status	Closing Date
							one year does not exceed the amount that can be claimed. If there is the amount of CPO and PK found exceeding the amount that has been certified, the unit manager as a representative of the company is obliged to inform relevant section at Medan Head Office. The head office then will inform the certification body.		

3.5.2 Opportunity for Improvement

No	Ref Std	Descriptions
1	Criteria 4.7	The company may improve performance by: 1. Reviewing back the document of risk analysis. 2. Conducting an extension of the license belonged to general OHS experts that will expire on 28 February 2015.

3.5.3 Noteworthy Positive Components

No	Ref Std	Descriptions
1	-	PTPN IV – Pabatu Business Unit has already obtained certificate of ISO 9001; ISO 14001 and SMK3.

3.6 Summary of Arising Issues from Public, Management and Auditor Response

Issues from Public (Institution/ NGO /Community)	Management Responses	Auditor Responses
<p>Regional Environment Bodies of Serdang Bedagai District (Head of Supervision and Control of Environmental Pollution)</p> <p>The auditor team directly interviewed the Head of Supervision and Control of Environmental Pollution, Environment Bodies of Serdang Bedagai District. Topic of discussion was related to environmental management undertaken. The results of interview are as follows:</p> <ol style="list-style-type: none"> 1. There have been public complaints related to pollution due to company activities. However, the company has made improvements related to it. <p>Positive Issue</p> <ol style="list-style-type: none"> 2. The company measures the quality of effluent every month and reports it every 3 months. 3. The company has been conducting hazardous waste management and reports it every 3 months. 4. The company has been routinely report the implementation of RKL/RPL, even though it is often late. 5. The result of ambient air quality and emission still meet applicable quality standard. 6. The company already has the license of LA and Hazardous Waste Temporary Warehouse. 	<p>Negative Issue :</p> <p>Pollution is caused by natural factors, not deliberate operations, which is the impact of high rainfall. It causes the infiltration of wastewater in the pond towards the ditch passing through community business place (fish farmers) at Pabatu Village.</p> <p>Positive Issues :</p> <p>The company puts forward the SOP (Standard Operating Procedure) established as well as applicable rules and regulation.</p> <p>The follow-up actions include:</p> <ol style="list-style-type: none"> 1. Deepening the waste pond. 2. Repairing Watergate to anticipate water flood into the river. 3. Placing personnel for monitoring water gate. 4. The utilization of waste to load the longbad (organic fertilizer). 	<p>The unit management must conduct waste management in accordance with the procedure established.</p> <p>It is in accordance with Criteria 4.4; 5.1; 5.6.</p>
Land Agency of Serdang Bedagai District (head of the office)		

Issues from Public (Institution/ NGO /Community)	Management Responses	Auditor Responses
<p>The auditor team directly interviewed the Head of Land Agency of Serdang Bedagai District. Topic of discussion was related to document of land tenure (HGU), land conflicts with the people around the plantation and the existence of customary/ulayat rights.</p> <p>Negative Issue:</p> <ol style="list-style-type: none"> 1. There has been a land claimed by the group of people of Naga Kesiangan Village to the concession area of PTPN IV – Pabatu Business Unit in the period of 2000 – 2003. The claim had been mediated by local government until the completion stage involved DPR RI and of the case ad been decided by DPR RI (based on the consideration given National Land Agency and Local Government) until the case was settled. <p>Positive Issue:</p> <ol style="list-style-type: none"> 1. PTPN IV – Pabatu Business Unit is a plantation that has been operated since the Dutch colonial era and has a positive impact for people around the plantation. 2. PTPN IV – Pabatu Business Unit has obtained Land Use Title/HGU since 1976. Currently the HGU owned by the company is an extension of the previous HGU. 3. There are no customary/ulayat rights in the area of Serdang Bedagai District. <p>Other Descriptions:</p> <ol style="list-style-type: none"> 1. The company is obliged to maintain the legal boundary poles in accordance with applicable provision. 2. If there are legal boundary poles in the untreated condition and or lost, the company can contact the Land Office to have the poles returned. 3. Definition of abandoned land is the land that is not in use in 	<p>Negative Issue :</p> <p>The group of people who claimed the concession area was a new group that was not satisfied with the compensation that has been accomplished by the company through each attorney, so the new group formed a new management to claim the area whose legal document was issued by the National Land for Pabatu Business Unit (PTPN IV).</p> <p>Positive Issue :</p> <p>The company is submissive and obey the applicable regulation.</p>	<p>It is in accordance with Criteria 2.2; 2.3.</p>

Issues from Public (Institution/ NGO /Community)	Management Responses	Auditor Responses
accordance with the permit granted by the authorities.		
<p>Social and Labor Service and Cooperative Unit of Serdang Bedagai District (Head of Supervision).</p> <p>The auditor team directly interviewed the Head of Employment Supervision of Social, Labor and Cooperative Unit of Serdang Bedagai District. Topic of discussion was related to Industrial Relation, OHS and Wages. The results of interview are as follows:</p> <p>Negative Issue:</p> <ol style="list-style-type: none"> 1. Awareness of the workers to OHS still needs to be improved. Disseminations and coaching are still to be pursued. <p>Positive Issues :</p> <ol style="list-style-type: none"> 1. In general, PTPN IV – Pabatu Business Unit has applied the principles of employment according to the applicable regulation. 2. Reports associated to employment such as the Report of Guiding Committee of Occupational Health and Safety, Labor Compulsory Report have been well-submitted by the company. <p>Other Description:</p> <ol style="list-style-type: none"> 1. The company should not do the chartering of the type of main work that affects primary production such as: harvesting. 2. The elements that form occupational relation based on the applicable regulation are the existence of Command, the Availability of Workers and the Provision of Wages. 	<p>Negative Issue :</p> <p>Company efforts to increase awareness of the workers against the OHS is still continuously conducted either through circular or directive communication by th emanagement at the time of meeting or ceremonial.</p> <p>Positive Issue :</p> <p>The company is submissive and obeys the applicable regulation applied. One of the regulations is about the principles of employment, as well as the reporting of P2K3 requested by the government, Standard of Minimum Wages and the application of Operator License/SIO for workers running eavy equipment, forklift and turbines.</p> <ol style="list-style-type: none"> 1. The implementation of OHS Month every year. 2. Dissemination of SMK3 on a periodical basis. 	<p>It is in accordance with Criteria 2.1; 4.7.</p>

Issues from Public (Institution/ NGO /Community)	Management Responses	Auditor Responses
3. The company shall provide wages for workers in accordance with applicable regulation. Local Government through the Governor of North Sumatera has set the District Minimum Wage as much as IDR 1,865,000,- in 2015. 4. Every person working with the forklift/conveying, heavy equipment and turbines must have Operator License/SIO.		
Kedai Damar Village The auditor team directly interviewed Mrs. Suparti (temporary person in charge of the Head of Kedai Damar Village). The topic of discussion was related to the relation between village and company as well as issues associated to the company. Negative Issue : <ol style="list-style-type: none"> 1. The company is expected to improve the road condition in residential area. 2. The company is expected to help improve the school building as a means of education in the estate area. Positive Issue : <ol style="list-style-type: none"> 1. The company provides facilities of building land to be the village office and power. 2. Villagers of Kedai Damar are largely the company's employees. 3. The company helps the village activities such as the celebration of Independence Day and religious activities. 	Negative Issue : It is the right and obligation of the company to manage the facilities especially road access and education. However, all of which is up to the Budget and Cost available for the utilization of urgent matters. The company will pay attention and improve facilities/damaged access as defined by the Head of Kedai Damar Village. Positive Issue : Those facilities are company's assets and maintained regularly. The company also helps the village activities both national and religious ones.	It is in accordance with Criteria 6.1; 6.5; 6.11.

Issues from Public (Institution/ NGO /Community)	Management Responses	Auditor Responses
<p>Penonggol Village The auditor team directly interviewed Mr. Supriadi (Head of Penonggol Village). The topic of discussion was related to the relation between village and company as well as issues associated to the company.</p> <p>Negative Issue :</p> <ol style="list-style-type: none"> 1. The company is expected to help improve the school building as a means of education in the estate area. <p>Positive Issue:</p> <ol style="list-style-type: none"> 1. The company provides facilities of building land to be the village office and power. 2. The company helps the village activities such as the celebration of Independence Day and religious activities. 3. Villagers of Penonggol are largely the company's employees. 	<p>Negative Issue :</p> <p>It is the right and obligation of the company to manage the facilities especially road access and education. However, all of which is up to the Budget and Cost available for the utilization of urgent matters. The company will pay attention and improve facilities/damaged access as defined by the Head of Penonggol Village.</p> <p>Positive Issue :</p> <p>Those facilities are company's assets and maintained regularly. The company also helps the village activities both national and religious ones.</p>	<p>It is in accordance with Criteria 6.1; 6.5; 6.11.</p>
<p>Naga Kesiangan Village. Interviewees :Bapak Joni Hardi-Head of Government Affairs, Ibu Suriani-Secretary of Bandar Rejo Farmer Group, and Bapak Boyadi-Village Staff.</p> <p>Biophysical Environmental Management: In general, environmental manaement has been good, but there are some things complained of by the residents living in Subvillage 3</p>	<p>The strong odor and chemicals evaporation from the waste water caused the roof of the houses which are generally made of zinc becomes fast porous. The efforts made by the company have been in accordance with applicable</p>	<p>The unit management should manage the waste in accordance with the procedure established and should avoid the negative impacts.</p>

Issues from Public (Institution/ NGO /Community)	Management Responses	Auditor Responses
<p>(Kampung Baris) located behind the POM. There are complaints about pollution such as:</p> <ol style="list-style-type: none"> (1) Strong scent caused by waste from POM. (2) Chemical evaporation from the waste water caused the roof of the houses which are generally made of zinc becomes porous. <p>There is dissatisfaction of the residents who joined Bandar Rejo Bersatu Farmer Group over Cultivated Plant Compensation/GRTT that had been done by PTPN IV Pabatu for a land covering 254 Ha at Afdeling 3. The dissatisfaction is caused by the lack of transparency of the GRTT payment. Total amount of the GRTT from PTPN IV Pabatu was IDR 2.5 billion but it was cut to pay the attorney (Bapak Syafri Cap) as much as IDR 1.1 billion. Each resident only received IDR 800,000 per member of the farmer group. The agreement of the handover of the money described that the money IDR 800,000 was the dues money to fight for the GRTT compensation that had failed.</p>	<p>regulation particularly about the flow and process of handling and waste management. However, the company will handle it more intensively and will cooperate with relevant agencies in order to find the best solution regarding the waste water.</p> <p>Bandar Rejo Bersatu Farmer Group is a new group chaired by Mr. Wendy Hutabarat, previously named Bandar Rejo Farmer Group chaired by Mr. Dharma Lasiman.</p> <p>At the time of GRTT was being carried out Bandar Rejo Farmer Group led by Dharma Lasiman accredited the acceptance of GRTT to Plaintiff Attorney Mr. M. Syafri Chap where the technical implementation of the handover of the money was fully understood and implemented only by the Plaintiff Attorney and the Boards of Bandar Rejo Farmer Group.</p>	<p>It is in accordance with Criteria 2.3 and 6.4.</p>

4.2	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.2	Formal Sign-off of Assessment Findings
	<p>Recipient sign to management representative from Issued company and audit team to acknowledge a final assessment and agree for document prepared in this assessment report, included of nonconformities issues.</p> <p style="text-align: center;">Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>PT PERKEBUNAN NUSANTARA 4 (Pernak) Head of Standardization and Certification Management Representative</p>  <p>Denny Permana 4 September 2018</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p>Arhaman 8 September 2018</p> </div> </div>

Appendix 1. List of Stakeholder Contacted in the RSPO Certification Process

No	Institution/NGO/ Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Environmental Agency	Serdang Bedagai District, North Sumatera	-	Interview	10 February 2015	√	
2	National Land Agency	Serdang Bedagai District, North Sumatera	-	Interview	10 February 2015	√	
3	Labor and Social Agency	Serdang Bedagai District, North Sumatera	-	Interview	10 February 2015	√	
4	Kedai Damar Village	Sub District of Tebing Tinggi, District of Serdang Bedagai	-	Interview	10 February 2015	√	
5	Penonggol Village	Sub District of Tebing Tinggi, District of Serdang Bedagai	-	Interview	10 February 2015	√	
6	Naga Kesiangan Village	Sub District of Tebing Tinggi, District of Serdang Bedagai	-	Interview	10 February 2015	√	
7	Aliansi Masyarakat Adat Nusantara	Indonesia	rumahaman@cbn.net.id	Email	04 Februari 2015		√
8	Sawit Watch Indonesia	Indonesia	info@sawitwatch.or.id	Email	04 Februari 2015		√
9	Wahana Lingkungan Hidup Indonesia	Indonesia	informasi@walhi.or.id ; info@walhi.or.id	Email	04 Februari 2015		√
10	WWF	Indonesia	wwf-indonesia@wwf.or.id	Email	04 Februari 2015		√
11	Local Contractor	Sub District of Tebing Tinggi, District of Serdang Bedagai	-	Interview	10 February 2015	√	
12	Labour union	Sub District of Tebing Tinggi, District of Serdang Bedagai	-	Interview	10 February 2015	√	

Appendix 2. Assessment Program

DATE		9 – 12 February 2015	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 9 February 2015			
06.00 - 08.30		JAKARTA → MEDAN	• ARD / ISP / YH / AWA
09.00 - 12.00		MEDAN → PTPN-IV (PABATU)	• ARD / ISP / YH / AWA
14.00 - 14.30		OPENING MEETING	• ARD / ISP / YH / AWA
14.30 - 17.00		Document observation and Verification review of previous visit non-comformance	• ARD / ISP / YH / AWA
Tuesday, 10 February 2015			
08.00 - 12.00		<ul style="list-style-type: none"> • Stakeholders consultation to Related Government Institution (Serdang Bedagai District Government and local NGO) • Stakeholders consultation to Nearest village and community leader 	<ul style="list-style-type: none"> • ISP / AWA • ARD / YH
12.00 - 14.00		BREAK	• ARD / ISP / YH / AWA
14.00 - 17.00		<ul style="list-style-type: none"> • Field Observation PABATU POM WWTP, Operational, OHS, SCCS, waste management and Workshop • interview with contractor 	<ul style="list-style-type: none"> • ARD / ISP • AWA / YH
Wednesday, 11 February 2015			
08.00 - 12.00		Field Observation : <ul style="list-style-type: none"> • Best Agricultural Practices (Manuring, Spraying, Harvesting, Nursery) • Worker Welfare (payments, complaint mechanism) • Hazardous Waste Storage (LB3), Hazardous storage • Legal boundry and Conservation area • Emplasmment • Land Fire facilities. 	
12.00 - 14.00		<ul style="list-style-type: none"> ➤ PABATU Estate, Afdeling I ➤ PABATU Estate, Afdeling V 	<ul style="list-style-type: none"> • ARD / YH • ISP / AWA
14.00 - 17.00		BREAK	• ARD / ISP / YH / AWA
		Continue Field Observation	• ARD / ISP
Thursday, 12 February 2015			
08.00 - 09.30		• Audit finding discussion and preparation	• ARD / ISP / YH / AWA
09.30 - 10.30		• CLOSING MEETING	• ARD / ISP / YH / AWA
11.00 -		• PABATU → MEDAN	• ARD / ISP / YH / AWA