

**Roundtable on Sustainable Palm Oil Certification
RSPO**

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management : Pangkatan Palm Oil Mill –
Organisation : PT Pangkatan Indonesia, M.P. Evans Group PLC
Plantation Name : PT Pangkatan Indonesia; Pangkatan Estate
PT Sembada Sennah Maju; Sennah Estate
PT Billah Plantindo; Billah Estate
Location : Village of Perkebunan Pangkatan, Sub District of Pangkatan, District of
Labuhanbatu, Province of Sumatera Utara, Indoensia
Certificate Code : **MUTU-RSPO/051**
Date of Certificate Issue : 10 January 2015 Date of License Issue : 19 October 2015
Date of Certificate Expiry : 18 October 2017 Date of License Expiry : 18 October 2015

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-3	10 – 14 August 2015	Ardiansyah (LA), Octo HPN Nainggolan, Moh.Arif Yusni, M Rinaldi	Tony Arifiarachman	Taufik Margani

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-3	25 September 2015

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FIGURE

Figure 1. Accessibility Map of PT Pangkatan Indonesia, PT Bilah Plantindo, PT Sembada Sennah Maju

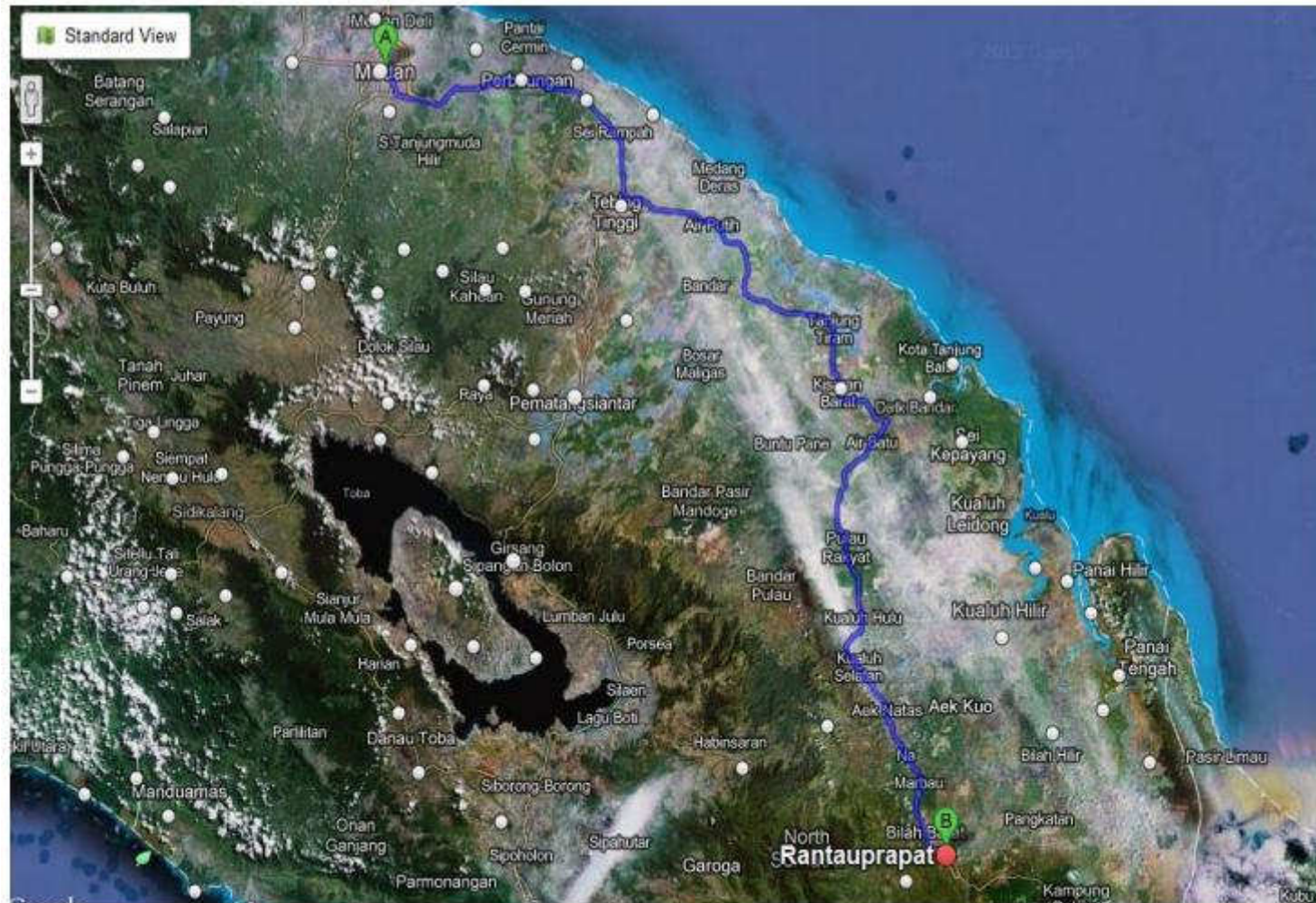


Figure 2. Location Map of PT Pangkatan Indonesia, PT Bilah Plantindo, PT Sembada Sennah Maju

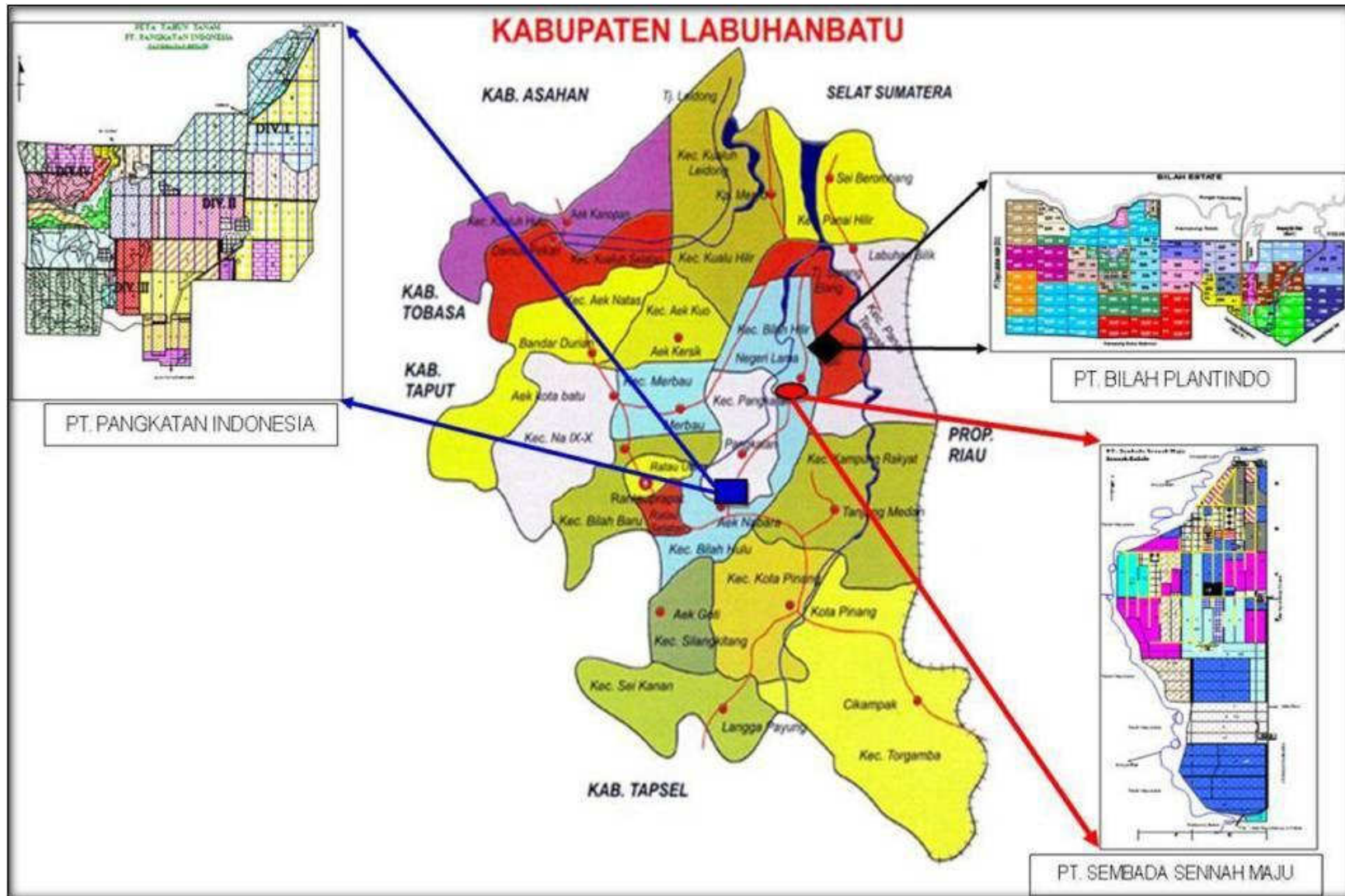


Figure 3. Operational Map of PT Pangkatan Indonesia

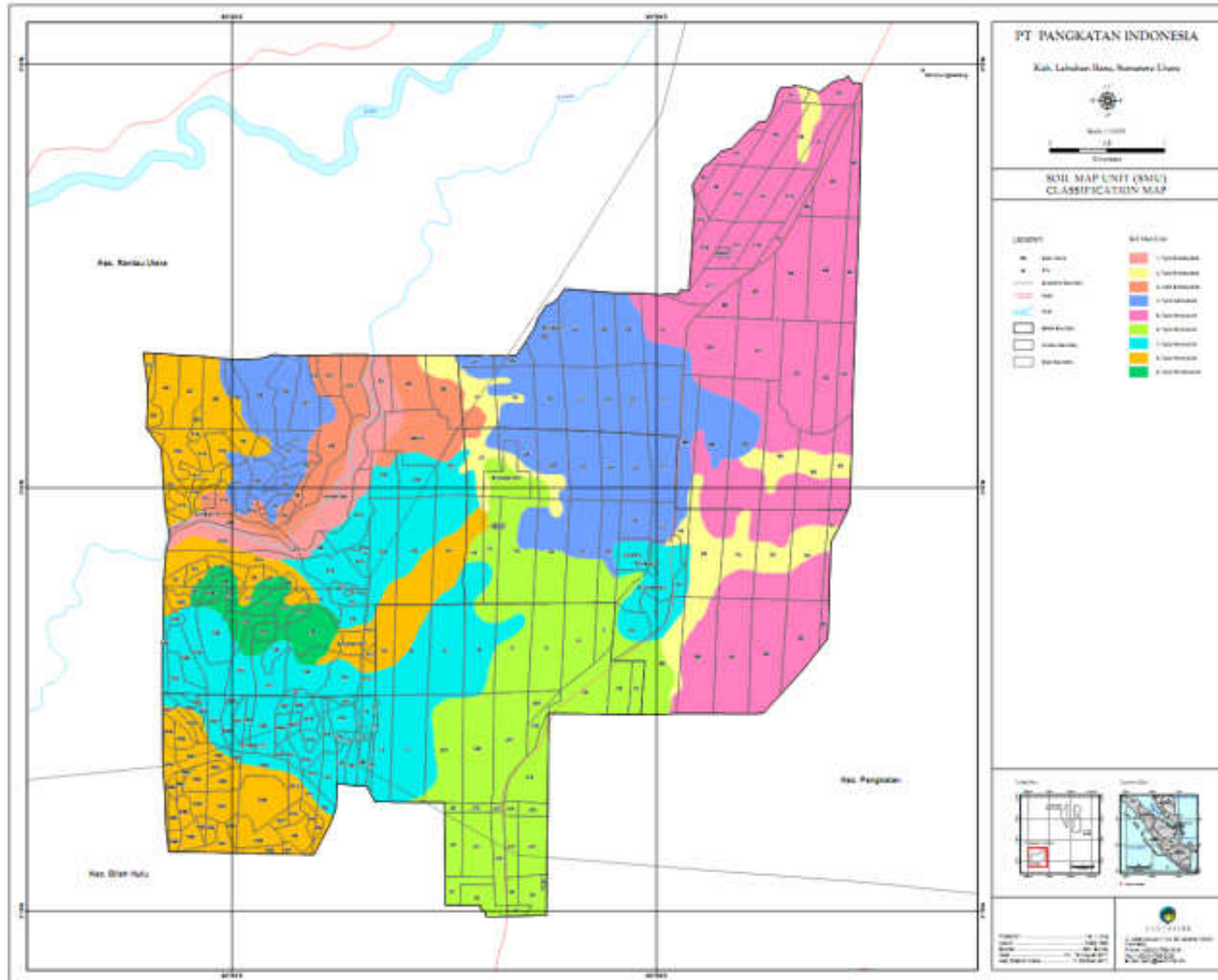


Figure 4. Operational Map of PT Sembada Sennah Maju

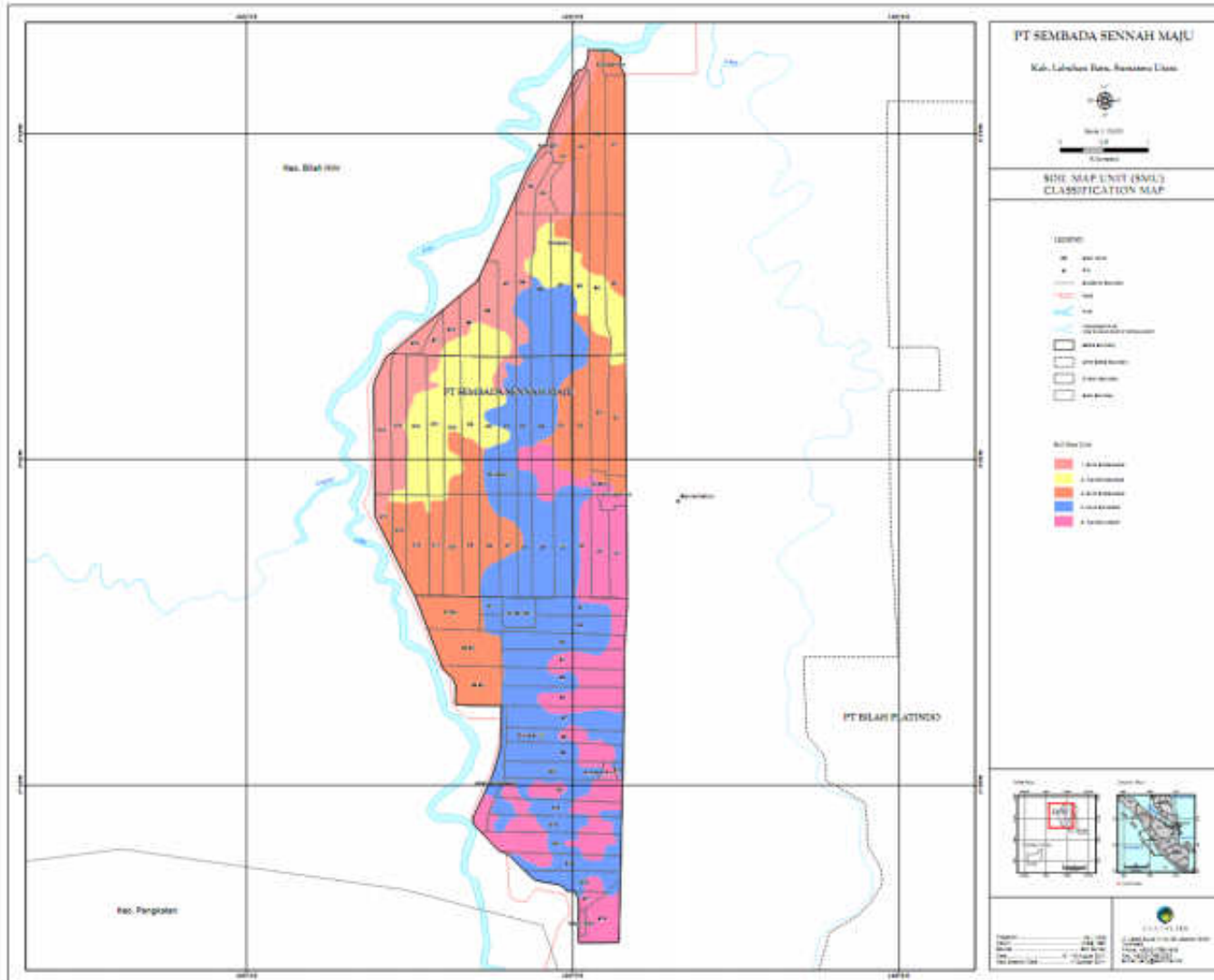
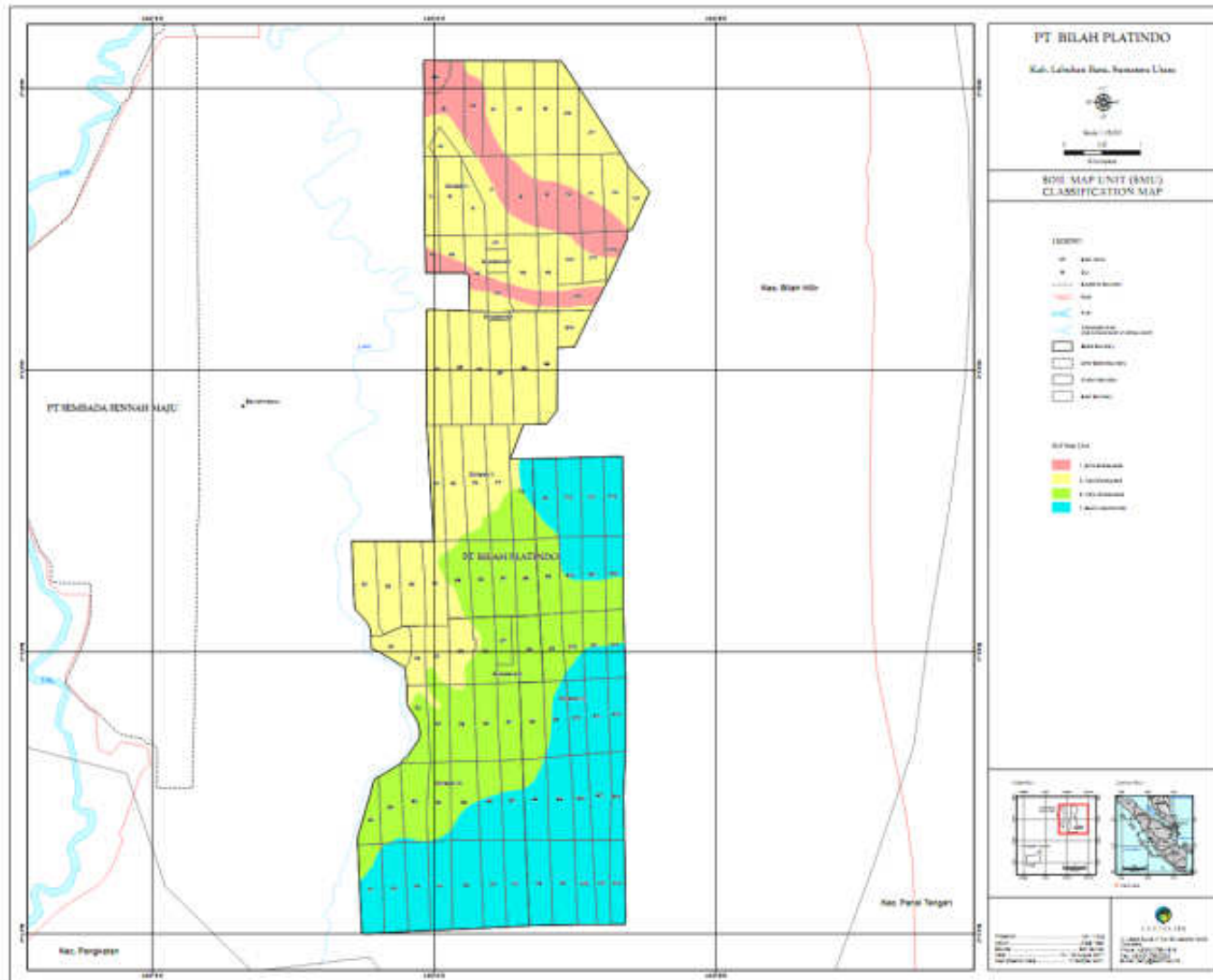


Figure 5. Operational Map of PT Bilah Platindo



Glossary

ASA	:	Annual Surveillance Assessment
BHL	:	Daily Worker
BKM	:	<i>Buku Kerja Mandor</i> (Foreman Activity Book)
BLH	:	Badan Lingkungan Hidup (<i>Environmental Agency</i>)
BOD	:	Biological oxygen demand
BPJS	:	<i>Badan Penyelenggara Jasa Sosial</i> (Social Security Agency)
BPN	:	<i>Badan Pertanahan Nasional</i> (National Land Agency)
CPO	:	Crude palm oil
CSR	:	Company Social Responsibility
FFA	:	Free Fatty Acid
FFB	:	Fresh Fruit Bunch
GHG	:	Green House Gas
HCV	:	High Conservation Value
HGB	:	<i>Hak Guna Bangunan</i> (Building Use Title)
HGU	:	<i>Hak Guna Usaha</i> (Land Use Title)
IPM	:	Integrated Pest Management
ISCC	:	International Sustainability and Carbon Certification
ISPO	:	Indonesian Sustainable Palm Oil
Jamsostek	:	Jaminan Sosial Ketenagakerjaan (<i>Worker Social Insurance</i>)
MSDS	:	Material Safety Data Sheet
NGO	:	Non Government Organization
P2K3	:	<i>Panitia Pembina Kesehatan dan Keselamatan Kerja</i> (occupational health and safety adviser committee structure)
PI	:	Pangkalan Indonesia
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipement
PT PI	:	PT Pangkatan Indonesia
PT BP	:	PT Bilah Plantindo
PT SSM	:	PT Sembada Sennah Maju
P & C	:	Principal and Criteria
SCCS	:	Supply Chain Certification Standard
SIA	:	Social Impact Assessment
SOP	:	Standard Operations Procedure
OHSMS	:	Occupational Health and Safety Management System
OHS	:	Occupational Health and Safety
RSPO	:	Roundtable on Sustainable Palm Oil
UKL-UPL	:	<i>Upaya Pengelolaan Lingkungan dan Upaya Pemantauan Lingkungan</i> (Environment management and Monitoring Plan)
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 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 PANGKATAN INDONESIA - M.P. Evans Group PLC	
1.2.2	Contact person	Abdul Aziz Muhshi (Manager Sustainability & Certification)	
1.2.3	Organisation address and site address	Address: GEDUNG GRAHA AKTIVA SUITE 1001, JLN HR RASUNA SAID KAV 03, BLOK X-1, KUNINGAN JAKARTA SELATAN INDONESIA	
1.2.4	Telephone	+62 21 5292 0338	
1.2.5	Fax	+62-21-52920339	
1.2.6	E-mail	ChandraK@mpevans.co.uk	
1.2.7	Web page address	www.mpevans.co.uk	
1.2.8	Management Representative who completed the application for certification	Gunasekaran Uthiradam (<i>Group Manager</i>)	
1.2.9	Registered as RSPO member	Number of registration 1-0027-06-000-00, 8 October 2006.	
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base : <ul style="list-style-type: none"> • Pangkatan POM and Pangkatan Estate (PT Pangkatan Indonesia) • Bilah Estate (PT Bilah Plantindo) • Sennah Estate (PT Sembada Sennah Maju). 	
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
			Latitude Longitude
	Pangkalan	Perkebunan Pangkatan Village, Pangkatan Sub District, Labuhanbatu District.	N 02° 06' 44" E 99° 56' 44"

1.4.2	Location of Certification Scope of Supply Base				
	Name of Supply Base	Location	Coordinate		
			Latitude	Longitude	
	Pangkalan Estate, PT Pangkatan Indonesia	Perkebunan Pangkatan Village, Pangkatan Sub District, Labuhanbatu District.	N 02° 04' 13" - 02° 07' 54"	E 99° 55' 07" - 99° 58' 09"	
	Bilah Estate, PT Bilah Plantindo	Perkebunan Bilah Village, Bilah Hilir Sub District, Labuhanbatu District.	N 02° 18' 23" - 02° 12' 01"	E 100° 05' 25" - 100° 07' 30"	
	Sennah Estate, PT Sembada Sennah Maju	Perkebunan Sennah Village, Bilah Hilir Sub District, Labuhanbatu District.	N 02° 18' 31" - 02° 12' 57"	E 100° 02' 44" - 100° 04' 17"	
1.5 Description of Area Statement					
1.5.1	Tenure				
	• State		7,335.50 Ha		
	• Community		- Ha		
1.5.2	Area Statement				
		PT Pangkatan Indonesia (Ha)	PT Bilah Plantindo (Ha)	PT Sembada Sennah Maju (Ha)	TOTAL (Ha)
	• Total area	2,586	2,956	1,813	7,355
	• Mature area	2,177	2,403	1,462	6,042
	• Immature area	256	453	219	928
	• Mill	15	-	-	15
	• Emplishment / Workers Quarter	21	22	15	58
	• Infrastructure	62	78	63	203
	• Nursery	4	-	6	10
	• Occupation	-	-	-	-
	• Others area	1	-	36	37
	• HCV	50	-	12	62
1.6 Planting Year and Cycles					
1.6.1	Age profile of planting year				
	Planting Year	Hectarage (Ha)			
		PT Pangkatan Indonesia	PT Bilah Plantindo	PT Sembada Sennah Maju	Total
	1996	15	-	205	220
	1997	146	93	-	239
	1998	89	31	-	120
	1999	98	-	-	98
	2000	103	-	-	103
	2001	-	24	-	24
	2002	109	-	-	109

2003	248	-	105	353			
2004	348	151	-	499			
2005	179	123	141	443			
2006	281	190	474	945			
2007	96	111	-	207			
2008	110	137	203	450			
2009	-	128	253	381			
2011	-	308	-	308			
2012	213	87	-	300			
2013	256	-	-	256			
2014	-	136	60	196			
2015	-	41	71.29	112.29			
Land Clearing for replanting 2015	-	189	87.71	276.71			
TOTAL	2,433	2,856	1,681	6,970			
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 (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Pangkalan	40	145,223.54	34,202.31	23.58	8,521	5.89
<i>*Production data source from September 2014 – Agustus 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/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Pangkalan Estate	2,586	2,433	49,728.84	20.44	49,728.84	100
	Bilah Estate	2,956	2,856	51,167.59	17.92	51,167.59	100
	Sennah Estate	1,813	1,681	38,938.74	23.16	38,938.74	100
	TOTAL	7,355	6,970	139,835.17	20.06	139,835.17	100
<i>*Production data source from September 2014 – Agustus 2015</i>							
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location		Supplied to Mill		
					FFB (tonnes/year)		
	OUTGROWER	-	-		5,887.05		
	TOTAL						
<i>*Production data source from September 2014 – Agustus 2015</i>							

1.7.4	Type of Product	FFB, CPO, PK					
1.8 Estimate Tonnage of Certified Product							
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim 10 January 2015 to 18 October 2017 (tonnes/year)		Actual certified product 10 Januari 2015 to 11 Agustus 2015 (tonnes/year)			
	• FFB Production	146,788		84,924.92			
	• CPO Production	34,965		19,520.60			
	• Palm Kernel (PK) Production	8,807		4,897.30			
1.8.2	Estimate of Certified FFB Claim						
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Pangkalan Estate	2,586	2,433	51,093	21.0		
	Bilah Estate	2,956	2,856	52,836	18.5		
	Sennah Estate	1,813	1,681	40,344	24.0		
	TOTAL	7,355	6,970	144,273	20.7		
	<i>*Projected FFB production for September 2015 – August 2016</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 (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Pangkalan	40	144,273	34,048	23.60	8,512	5.90
	<i>*Projected CSPO and CSPK production for September 2015 – August 2016</i>						
1.9 Other Certifications							
	ISCC	ISCC Certificate from ASG Cert Nomor EU-ISCC-Cert-DE119-62154280 with validity period 09 August 2015 to 08 August 2016.					
	Others	ISPO Certificate (Indonesian Sustainable Palm Oil) Nomor 824 501 13007 from TUV Rheinland Indonesia with validity period 21 January 2014 to 20 January 2019					
1.10 Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units						
	Unit Manajemen		Estate (Supply Base)	Rencana Tata Waktu	Lokasi	Status	
	Pabrik	Tata Waktu					
	Pangkalan (PT Pangkatan Indonesia)	2012	PT Pangkatan Indonesia (Pangkalan Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012	
			PT Bilah Plantindo (Bilah Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012	
			PT Sembada Sennah Maju (Sennah Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012	

Benua Puhun (PT Prima Mitrajaya Mandiri)	2013	Rantau Hempang Estate (PT Teguh Jayaprima Abadi)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
		Mahakam Estate (PT Teguh Jayaprima Abadi)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
		Bukit Jering estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
		Kaman Hilir estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
		Loleng estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
		Benua Puhun estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
		Muara Wis estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
Tuing (PT Gunung Palwan Lestari)	2015	PT Gunung Pelawan Lestari	2015	Bangka	Planning
-	-	PT Simpang Kiri Plantation Indonesia	-	<i>This is an independent estate in the sense that it sells its FFB to a POM not owned by MP Evans. It is therefore unclear if the estate can be certified if the POM does not become certified</i>	-
-	-	PT Evans Lestari	2025	Musi Rawas – South Sumatera	-
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard				
	Pangkalan POM only carry out a purchase agreement with a third party (FFB collector)				

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-3	<ol style="list-style-type: none"> 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 SCCS. Octo HPN Nainggolan (Auditor). Indonesian citizen, Bachelor of Agriculture, majoring of Social Economics of Agriculture (Agribusiness). Seven years working experience since 2004 at oil palm Plantation Company in Indonesia and followed several trainings namely: Training of Conservation of Natural and Biological Resources in supporting HCV, Basic Plantation Management Program, Plantation Integrated Pest Management training, 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 Wildasia, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, supply chain certification system training and RSPO-RED Renewable Energy Directive Lead Auditor training. During the assessment the auditor verified the environment, social aspect and HCV requirement. Moh. Arif Yusni(Auditor). A bachelor of Agriculture, majoring of Plant Pest and Diseases (Plant Protection). He has a working experience for 2 (two) years in oil palm Plantation Company in Indonesia. Trainings attended namely: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course certification of ISO 9001:2008 Quality Management System (QMS), Training IHT Awareness RSPO, Training QMS 19011, IHT Awareness 17011 and 17065 and RSPO Lead Auditor Training. Now he worked at Professional Certification Body. He has been several times following audit related to sustainable palm oil certification system as an observer and auditor. At this assessment, he conducted assessment on OHS aspect. M Rinaldi (Auditor). Associate of Oil Palm Plantations, Bogor Agricultural Institute. He have 4 years experience working as a staff operational plantations at oil palm plantation companies in Indonesia. He has attended the RSPO Awareness training, Lead Auditor/Auditor ISPO training, Auditor/Lead Auditor ISO 9001-2008 training, HCV training and Health and Safety Officer training. During this audit, he assigned to verify of Best Management Practices and employees welfare.
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ASA-3	Number of auditors : 4 auditor Number of days for ASA-3 at site : 3 days Number of working days for ASA-3 at site : 12 Working days
2.2.2	Assessment Process
ASA-3	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the Pangkatan Mill – PT Pangkatan Indonesia to the requirements of RSPO Principles and Criteria (P&C) for 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 (Module 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) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results ASA-3 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-4).</p>

	<p>Improvement of findings from main assesment findings were observed by auditors at this ASA-3 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-3.</p> <p>The assessment program please find Appendix 2</p>
<p>2.2.3</p>	<p>Location of Assessment</p>
<p>ASA-3</p>	<p>Management units involved in this activity consists of 3 (three) Estates which supply FBB materials to 1 (one) palm oil mill. In order to conduct the assessment auditor team applies the formula $0.8 \sqrt{y}$ to determine the management units that are being focus of sample locations and takes into account emerging issues considered to be fundamental and critical originate from stakeholders. Based on this formula, auditor team selects 1 palm oil mill (Pangkalan POM) and two Estate (Pangkalan estate and Sennah estate) as the sample locations.</p> <p>Pangkalan POM:</p> <ol style="list-style-type: none"> 1. Processing of FFB. Observation and Interview related to FFB processing activities flow.observation result shows that processing activities conform to existing procedures. 2. Warehouse. Observation and interview related to chemical substance and oils management. Visit result indicates that there are B3 signs, Fire Extinguisher, First Aid box, MSDS and traps for avoiding spillage. Interview result demonstrates that warehouse operator has routinely received medical check up. 3. WTP. Observation of water management and recording water utilization. Observation result shows that there are three units of flow meter which function properly. Flow meters recording is performed every shift change and after the process completed. PPE is provided for free. 4. Compost. Observation of composting process and its wastewater. The composting process is carried with the assistance of wastewater from pond 3 by using sprayer for the central part and hand sprayer for the edges. Wastewater resulted from composting process is channeled into collection pond and wastewater spillage are not detected. 5. IPAL. Observation of wastewater management. There are 3 ponds they are cooling pond, pond 3 and collection pond. Wastewater from collection pond is applied to the land. Measuring instrument for wastewater flow channeled to the land and wastewater flow utilized for composting process are available. <p>Pangkalan Estate:</p> <ol style="list-style-type: none"> 1. HGU Poles <ol style="list-style-type: none"> a. Block B2, Division I. HGU Pole No. 1 is in good condition. It borders with community estate b. Block A2, Division I. HGU Pole No. 21 is in good condition. It borders with community estate c. Block J5, Division III. HGU Pole No. 5 is in good condition. It borders with community estate d. Block J3, Division III. HGU Pole No. 9 is in good condition. It borders with community house e. Block J8/4, Division III. HGU Pole No 10 is in good condition. It borders with community estate f. Block Q4, Division IV. HGU Pole No 17 is in good condition. It borders with community estate 2. HCV Management at Block O2, Division IV. It is Kundur River riparian. Field visit result visit demonstrates riparian is still covered by natural vegetation and a few of its area has been planted. Planted area receives special treatment such as free from chemical usages and replanting prohibition. Trees located in riparian area are marked with red paint. 3. Sei Tiram Housing in Division 3 & 4. Observation of facilities quality provided by company for its employee and interview with childcare worker regarding wage and complaint submission. 4. Division 3 & 4 Office. Observation of socialization model provided to employee related to integrity code and ethical behavior written in document of Anti Bribery & Corruption Code of Conduct. The document is displayed on announcement/information board and it is available in two languages (English and Indonesian). 5. Pangkalan Housing Emplacement. Observation of facilities quality provided by company for its employee and interview with childcare worker regarding wage. 6. Pangkalan Cooperative. Interviewing cooperative steward and observing availability of adequate and easily accessed foodstuffs to be bought by employees 7. Landfill in Division 2, Block U-5. Observation of domestic waste management. 8. Polyclinic Observing polyclinic condition (examination room, inpatient room, and pharmacy). Interview with paramedics related to regular medical check up, workplace accident, health program, and medical waste

- management.
9. **Agrochemical Mixing Station.** OHS implementations, include: eyewash, emergency wash, Hazardous and Toxic Substances (B3) symbol, MSDS, PPE, emergency phone number, work instruction of agrochemical mixing, rag, and Fire Extinguisher.
 10. **Fire Fighting Station.** Fire fighting equipments and infrastructures, include ; fire extinguisher tank and tractor equipped with pump machine, hose, nozzle.
 11. **Diesel fuel tank.** OHS implementation, include; symbols of flammable Hazardous and Toxic Substances (B3), dangers, and environment contamination hazards, diesel fuel capacity, work instruction for diesel fuel loading/unloading, spillage handling equipment (rag), PPE and fire extinguisher.
 12. **Hazardous and Toxic Substance (B3) Waste Warehouse.** Auditor observed storage facility of hazardous and toxic substance (B3) waste. Warehouse has restricted access, accessible only by warehouse custodian. Closed water flow and waste oil trap are installed surrounding warehouse to prevent B3 waste contaminating environment. B3 waste symbol has been installed in accordance with regulation.
 13. **Oil, Agrochemical, and Fertilizer Warehouse.** OHS implementations, include: availability of flammable and poisonous B3 symbol, MSDS, Work Instruction for agrochemical withdrawal, oils and fertilizer, PPE, and fire extinguisher.
 14. **Division IV Block N2.** *Vertiver grass* is utilized in erosion preventive cultivation at ditch edge.
 15. **Division IV Block. N5.** Observation and interview with sprayer worker regarding pesticide usage, safe work procedure which is in accordance with SOP, PPE utilization, waging system, employment, training, medical check up, First Aid training and First Aid box, workplace accident insurance, HCV socialization, policy socialization, worker union and employee facilities.
Observation related to pest control of *Oryctes sp.* By using *Pheromone trap*.
 16. **Division IV Block N4.** Observation related to sloping area management by creating terrace and LCC cultivation which type is *Muccuna bracteata*.
 17. **Division II Block S1.** Observation related to soil fertility maintenance practices by compost application made of empty fruit bunch.
 18. **Block U5, W1 and V6.** Observation related to pest control by utilizing *Beneficial Plant* which types are *Turnera subulata*, *Casia tora* and *Antigonon leptosus*
 19. **Block U3.** Observation related to liquid waste application which is in accordance with SOP and waste leakage/spillage handling procedure. Observation related natural predator utilization namely owls for controlling rats. Observation and interview with harvester related harvest procedure which is in accordance with SOP, fruit criteria determination, employment, PPE, employee facilities, waging system, policy socialization, accident insurance and worker union.

Sennah Estate

1. **HGU Pole.**
 - HGU Pole No. 8. The pole is in good condition. It borders with PT Sinar Pendawa
 - HGU Pole No. 14. The pole is in good condition. It borders with Bilah river
 - HGU Pole No. 10. The pole is in good condition. It borders with community estate
 - HGU Pole No. 11. The pole is in good condition. It borders with community estate
 - HGU Pole No. 12. The pole is in good condition. It borders with community estate
 - HGU Pole No. 13. The pole is in good condition. It borders with community estate
2. **Block E8-9. Observation of HCV area management** which is swamp converted to temporary habitat. The condition is still swamp and there are some oil palm trees which do not receive treatments. There are HCV area information board and caution board. Fauna monitoring is conducted once every four months by appointed officer.
3. **Block E13-14. Observation of HCV area management** which is swamp converted to temporary habitat. The condition is still swamp. Fauna monitoring is conducted once every four months by appointed officer.with natural vegetation. There are HCV area information board and caution board.
4. **Housing in Division 2.** Observation of facilities quality provided by company for its employee and interview with childcare worker regarding wage.
5. **Division 2 Office.** Observation of socialization model provided to employee related to integrity code and ethical

- behavior written in document of **Anti Bribery & Corruption Code of Conduct**. The document is displayed on announcement/information board and it is available in two languages (English and Indonesian).
6. **Sennah Housing Emplacement.** Observation of facilities quality provided by the company to its employee and interview with childcare worker related to wage and complaint submission. Interview with contractor's worker who is building housing related to workplace accident insurance facility, wage, OHS and information and complaint submission.
 7. **Landfill in Division 2, Block E-13.** Observation of domestic waste management.
 8. **Division II Block D1.** Observation and interview with harvester related to harvest procedure which is in accordance with SOP, fruit criteria determination, employment, PPE, employee facilities, waging system, policy socialization, accident insurance and worker union. Observation and interview with harvest clerk related to fruit grading, fruit calculation, transport administration, transport vehicle requirement.
 9. **Division II Block D9/10 and Division I C9,C10,C13 and C14.** Observation of replanting activities in 2014 and 2015 related to land-clearing method and oil palm residues utilizations namely tree trunks for nutrient recycling. Observation related to cover crop cultivation activities in replanting area by utilizing *Muccuna bracteata*
 10. **Division I A1.** Observation and interview with fertilizer worker related to safe work procedure which is complied with SOP, PPE utilization, waging system, employment, training, medical check up, First Aid training and First Aid box, workplace accident insurance, HCV socialization, policy socialization, worker union and employee facilities.
 11. **Location 3 Polyclinic** Observing polyclinic condition (examination room, inpatient room, and pharmacy). Interview with paramedic related to regular medical check up, workplace accident, health program, and medical waste management.
 12. **Agrochemical Mixing Station.** OHS implementations, include: eyewash, emergency wash, Hazardous and Toxic Substances (B3) symbol, MSDS, PPE, emergency phone number, work instruction of agrochemical mixing, rag, and Fire Extinguisher.
 13. **Fire Fighting Station.** Fire fighting equipments and infrastructures, include ; fire extinguisher tank and tractor equipped with pump machine, hose, nozzle.
 14. **Diesel fuel tank.** OHS implementation, include; symbols of flammable Hazardous and Toxic Substances (B3), dangers, and environment contamination hazards, diesel fuel capacity, work instruction for diesel fuel loading/unloading, spillage handling equipment (rag), PPE and fire extinguisher.
 15. **Hazardous and Toxic Substance (B3) Waste Warehouse.** Auditor observed storage facility of hazardous and toxic substance (B3) waste. Warehouse has restricted access, accessible only by warehouse custodian. Closed water flow and waste oil trap are installed surrounding warehouse to prevent B3 waste contaminating environment. B3 waste symbol has been installed in accordance with regulation.
 16. **Oil, Agrochemical, and Fertilizer Warehouse.** OHS implementations, include: availability of flammable and poisonous B3 symbol, MSDS, Work Instruction for agrochemical withdrawal, oils and fertilizer, PPE, and fire extinguisher.
 17. **Block A3/4.** Observation related to drainage system in lowland area.
 18. **Village Office of Sennah Estate.**
 19. **Visit to residence of FFB Transport Contractor.**

Stakeholders Visit:

1. **Government Authorities in Labuhanbatu Regency (Manpower and Transmigration Agency, Plantation Agency).** Interview related to compulsory report, waste management, environmental contamination issues, Manpower Social, and land holding legality.
2. **Villages Surrounding Company (Sennah Estate Village, Sidorukun Village, Tebing Tinggi Pangkatan Village).** Interview related to CD/CSR program, social interaction between company and communities surrounding plantation area, land dispute settlement progress and environmental contamination issues.
3. **Internal Stakeholders (Independent Worker Union, Cooperative, Employee).** Interview related to company responsibility to employee.
4. **Local contractor (CV Kurnia Jaya Mandiri).** Interview related to company responsibility toward cooperation agreement with local business and company contribution to local communities.

2.3 Stakeholder Consultation and Stakeholders Contacted

2.3.1	Summary of stakeholder consultation process.
ASA-3	<p>Consultation of stakeholders for PT Pangkatan Indonesia; PT Bilah Plantindo dan PT Sembada Sennah Maju was held by:</p> <ul style="list-style-type: none"> • Public announcement at web mutucertification.com on 23 July 2015. • Public consultation meeting with local stakeholders conducted by visits to villages (Perkebunan Sennah Village, Tebing Tinggi Pangkatan Village, Sidorukun Village) on August 11th, 2015. • Public consultation meeting with local NGO conducted by visits to NGO (Pijar Keadilan) on August 11th, 2015. • Public consultation meeting with goverment agency Labuhanbatu District (Plantation Agency; Manpower Agency) on August 11th, 2015 • Public consultation meeting with gender committe, labour union, cooperative and local contarctor on August 11th, 2015. • Public consultation by email with NGO (Sawit Watch, Walhi, WWF) by email on August 4th, 2015 <p>Numbers of input from stakeholders were clarified by PT Pangkatan Indonesia; PT Bilah Plantindo dan PT Sembada Sennah Maju.</p>
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit (ASA-4) will be determined one year after this ASA-3 (September 2016).

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Pangkatan POM – PT Pangkatan Indonesia, MP EVANS Group PLC operation consisting of one (1) mill and three (3) oil palm estates.

During the assessment, there were one (1) Nonconformities were assigned against Major Compliance Indicator and and seven (7) 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 that had been reviewed and accepted by Auditors in form of documentation evidence(s) e.g. (document record/photographic). Those corrective action taken that consist of one (1) Major non-conformity had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Pangkatan POM – PT Pangkatan Indonesia, MP EVANS Group PLC complied with the requirements of RSPO Principles and Criteria (P&C) for 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 (Module E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Continued.

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>Company already had a list related to shareable information in SOP regarding Information Transparency (PI/SOP/Umum-02) which explains types of document that can or can not be transparent for example documents that can be transparent are UKL/UPL document, land-use rights, CSR and GRK data. Company also has disseminated the document list to stakeholders for example PT PI has socialized SOP regarding Information Transparency to relevant stakeholders on 23rd of December 2014 which participated by 25 persons consisting community figures from surrounding villages, teachers, youth figures furthermore it also has conducted socialization to NGO and Government Authorities (Environmental Agency, Forestry and Plantation Agency, Manpower Agency) on 12th of August 2015. Based on interview with surroundings community figures, it is confirmed that the community has been socialized and has knowledge of documents which are accessible to public.</p>		
<p>Company is enable to demonstrate document of “Request for Information Book”. All incoming information requests are recorded in the Request for Information Book including its response for example on Sennah estate there is a request for documents on 24th of March 2015 from Forestry and Plantation Agency related to CSR data, Plantation Business Development Report and it is already responded by the company. Company also has scheduled its response to information requests in SOP regarding Information Transparency which deadline for response is within two weeks.</p>		
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.

Certificate holders have a list related to shareable information in SOP regarding Information Transparency (PI/SOP/Umum-02) which explains types of document that can or can not be transparent for example documents that can be transparent are UKL/UPL document, land-use rights, CSR and GHG data.

Certificate holders also have disseminated the document list to stakeholders for example PT PI has socialized SOP regarding Information Transparency to relevant stakeholders on 23rd of December 2014 which participated by 25 persons consisting community figures from surrounding villages, teachers, youth figures furthermore it also has conducted socialization to NGO and Government Authorities (Environmental Agency, Forestry and Plantation Agency, Manpower Agency) on 12th of August 2015.

Based on interview with surrounding community figures, it is confirmed that the community has been socialized and has knowledge of documents which are accessible to public.

Status: Comply

1.3

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

Certificate holder already had commitment to ethical conduct in all business operation and transaction in Anti-Bribery and Corruption Code of Conduct policy that is ratified on 29th of July 2013 by *Managing Director* in which contains the explanation related to anti-corruption, personal and company funds utilization as well as cooperation with third party. The policy has been disseminated to all employees either in the estates or mill for example on 20th of March 2015 in Pangkatan POM the socialization is delivered to 18 persons consisting operational employees.

Based on field visit to division office, there has been a display of anti-corruption policy on information board and also based on interview with the employees, it is confirmed that they have knowledge of the policy.

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.

Management units of Pangkatan Estate, Sennah Estate and Bilah Estate have demonstrated its compliance with applicable laws and regulations, include:

- Having Land Use Title (HGU) according to Law No.5 of 1960 (concerning agrarian) and Government Regulation No.40 of 1996 (concerning Right to Cultivate/HGU, Right to Build/HGB and Right to Right to Use Land).
- Having Plantation Business License in accordance with Law No.18 of 2004 (on plantation) and Regulation of Minister of Agriculture No.98 of 2013 (on plantation business license)
- Having had class II grade (good) plantation business appraisal in accordance with Regulation of Minister of Agriculture No.7 of 2009.
- Having and Implementing ISPO (Indonesian Sustainable Palm Oil) certification in accordance with Regulation of Minister of Agriculture No.19 of 2011.
- Executing environmental impact assessment in accordance with Law No. 32 of 2009, Government Regulation No. 27 of 2012.
- Hazardous waste Temporary Storage license in accordance with Government Regulation No.18 of 1999.
- Having licenses for its machines in the Mill
- Having applied minimum wage, conducting regular medical check up to employee, creating Guiding Committee of Occupational Safety and Health (P2K3) which inaugurated in accordance to Law No.13 of 2003 (on Manpower)
- In every company Bipartit Cooperative Forum) is created which consists of representatives from the company and employees, this is in accordance with Law No.13 of 2013 on Manpower and Regulation of Minister of Manpower and Transmigration No.32 of 2008 on procedures of the establishment and membership of Bipartite Cooperation Institute

Interview result with the relevant authority namely Environmental Agency, Forestry and Plantation Agency and Manpower Agency in Labuhanbatu Regency, Province of North Sumatera reveals that the three plantation management units (PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo) have complied with and conformed to applicable laws and regulations in term of its plantation management.

Interview result with company finds out that Hazardous Waste Temporary Storage license is being process and waiting for approval from relevant authority (Environmental Agency in Labuhanbatu Regency).

Certificate holders already have documented system related to requirements of applicable laws as stated in Standard Operating Procedure (SOP) on Implementation of applicable Laws and Regulations by the company (PT Pangkatan Indonesia, PT Billah Plantindo and PT Sembada Sennah Maju) dated 2nd of May 2011 compiled by Managers Group and ratified by President Director. This procedure explains the purpose of warranting implementation of applicable laws and regulations in every oil palm plantation and mill operational activity. There are also explanations regarding responsible personnel for administering and updating applicable regulation and law list compiled by Legal Manager and Manager of Sustainability and Certification such as Regulation of Minister of Agriculture No.11 on 2015 on ISPO.

A mechanism against regulatory compliance implementation has been applied by the company. Result of document review and interview with RSPO manager finds out that there is Notification Letter from Legal/HR Manager on 2nd of February 2015 to local estate unit chief concerning information of mandatory regulation such as Presidential Regulation No.12 of 2013 on Health Insurance.

Result of document observation finds out that Management Units of PT Pangkatan Indonesia and PT Sembada Sennah Maju have demonstrated its compliance with regulatory changes namely:

- Related to Plantation Sector Minimum Wage which experience changes (increase) every year in accordance with Governor regulation.
- Conducting plantation business appraisal and ISPO certification which is valid from 21st of January 2014 to 20th of January 2019 in accordance with Regulation of Minister of Agriculture No.11 of 2015.
- In every company, Bipartit Cooperative Forum has been established which consists of representatives from the company and employees, this is in accordance with Law No.13 of 2013 on Manpower and Regulation of Minister of Manpower and Transmigration No.32 of 2008 on procedures of the establishment and membership of Bipartite Cooperation Institute

Status: Comply

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.

From ASA-2 activity to ASA-3 RSPO activity, any changes of land ownership does not exist in PT Pangkatan Indonesia, PT Sembada Sennah Maju, PT Bilah Plantindo. All area administered by management units already acquired land rights. Result of field visit, interview with stakeholders (surrounding community and authority) as well as interview with management shows that management unit do not expand its operational area.

Management units regularly monitor HGU boundary pole once every 6 months. Result of latest monitoring (June 2015) shows that all HGU poles are in good condition and well maintained. Result of field visit to BPN (National Land Agency) poles of PT Pangkatan Indonesia No. 1 (Division I, Block B1); BPN pole No. 5 (Division III, Block J5); BPN pole No. 9 (Division III, Block J3); BPN pole No. 10 (Division III, Block J8); BPN pole No. 17 (Division I, Block Q4); BPN pole No. 21 (Division I Block A3) are in good condition.

From ASA-2 audit activity (December 2014) to ASA-3 audit being performed (August 2015) any land dispute between company and community does not exist. This is also confirmed by the result of public consultation with surrounding villagers (Tebing Tinggi Pangkatan Village, Sidorukun Village, Sennah Estate Village) which indicates that any land dispute does not exist within the plantation area.

MP Evans Plc has committed to prohibit mercenaries utilization and it is explained in *Anti-Bribery and Corruption Code of*

Conduct which is ratified by Managing Director on 29th of July 2013.

Status: Comply

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.

From ASA-2 audit activity (December 2014) to ASA-3 audit being performed (August 2015) management units do not expand its plantation area. Area administered by company has been established since a long time ago, it even have existed in colonial era of Netherlands. This is also confirmed by result of public consultation with surrounding villagers (Tebing Tinggi Pangkatan Village, Sidorukun Village, Sennah Estate Village) and relevant authority which indicates that the company has run its plantation since a long time ago.

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.

PT Pangkatan Indonesia and PT Sembada Sennah Maju possess management plans described in “Financial Projection” document in which the long-term plan period of 2011-2035 is being explained that contains the plan of hectare area, production data including FFB, CPO and PK, CPO and PK extraction, operational costs to sales data and CPO and PK price estimation. Based on audit documentation and interview result, it is revealed that the certificate holders do not have plasma or smallholders scheme.

The certificate holders also possess Monthly Progress Report document in which the comparison between plan and actual state either in term of production or costs are explained. For example in the report on July 2015 in pangkatan mill CPO production estimation until July 2015 is 18,796,000 Kg and the actual production is 19,229,953 Kg thus there is difference as much as 433,953 kg.

Company has compiled replanting program plan period of the next 5 years. Replanting program plan document is traceable in the company long-term plan document period of 2012 – 2024. While replanting plan is being evaluated every year by considering condition and achievement target of previous year. Based on field visit to Sennah Estate, it is revealed that in 2015 replanting has occurred and plants overthrow has been completed.

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.

Existing operation procedure in the company has not experienced any changes from the previous assessment. Based on field visit and interview with sprayer and harvest workers, it is revealed that they have knowledge of work procedure which is in accordance with existing SOP.

To ensure that operational activities within the company are effective and in accordance with established procedure the company has internal monitoring mechanism namely internal audit which is performed once every 6 months. The latest operational internal audit that have been carried out for example:

- In Sennah Estate from 16th to 18th of January 2015 inspection on cash in bank administration, procurement and inventory administration, vehicle and heavy equipment activities, maintenance and fertilization administration, harvest and transport administration, attendance and finger print
- In Pangkatan mill on 6th of January 2015 inspection on cash in bank administration, procurement and inventory administration as well as vehicle activities, FFB receipt and processing, CPO and PK sounding and dispatching as well as internal audit report follow up

Certificate holders record all of its operational activities in *Monthly Progress Report* which is compiled by every management

unit, the document explains all operational activities, employee data, comparison between target and actual state, material utilization, equipment employment report up to operational costs. There are examples of latest *Monthly Progress Reports* on July 2015 in pangkatan estate, sennah estate and pangkatan mill

Result of field visit and interview with the harvest foreman shows that they also record their operational activities in Foreman Activity Book (BKM) which is reported everyday. The BKM describes job type, worker quantity and every employee achievement.

Pangkalan POM only receives FFB from collectors who make cooperation in accordance with FFB trading agreement letter. Pangkatan POM already had FFB supplier list that consists of:

- Ramp GN: Batu City, NA IX District, North Labuhan Batu (70 Km)
- Ramp AA: Sidorukun, Pangkatan District, Labuhan Batu (5 km)
- Ramp 188: Sidorukun, Pangkatan District, Labuhan Batu (35 km)
- Ramp Nazwa: Sidorukun, Pangkatan District, Labuhan Batu (5 km)
- Ramp CV Ultra: Pamingke, Aek Natas District, North Labuhan Batu (100 km)

Status: Comply

4.2

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

Company possess fertilization procedures (PI/SOP/AGRO-09, 1st January 2011), that demonstrate that fertilization recommendation is created based on leaves sample analysis by considering soil capability in providing nutrients, lost nutrients due to washing, plant condition, climate as well as fertilization implementation last year. The SOP also describes fertilization application procedures, surveillance during fertilization up to used fertilizer sack management. Based on interview with fertilizer worker and foreman in Sennah estate, it is revealed that worker has understood work scheme according to procedure.

Company has performed soil and leaves analysis in accordance with Guidebook of Oil Palm Cultivation in which described that leaves analysis is performed periodically once a year (samples are drawn 2 months after fertilization in semester 1 completed) and soil analysis is performed once every 5 years. There is latest leaves and soil analysis sample for determining Ash nutrients, N, P, K, Mg, Ca and B as well as the existing soil texture. For example in pangkatan estate leaves analysis is performed on 11th of march 2015 and soil analysis is performed on 25th of September 2014.

Company already recorded all fertilizer usages in Monthly Progress Report which is compiled every month. In which described the fertilizer type, total fertilizer recommendation for a year and total applied fertilizers. For example on Monthly Progress Report in Sennah estate on July 2015 indicates:

Type of fertilizer	Total fertilizer recommendation 2015 (ton)	Total applied fertilizer (ton)
Urea	416.15	237.00
TSP	33.10	33.10
RP	395.40	243.00
MOP	444.75	257.40
Dolomite	172.85	70.85
Borate/ HGFB	10.39	6.55

Moreover, Company has performed nutrient recycling strategy by using some methods include:

Pangkalan Estate

- Based on field visit to Division II block S1, it is revealed that management unit has applied compost made of empty fruit bunch. There is a record regarding its usage in monthly progress report on July 2015 with application plan in 2015 as much as 19,311 ton and realization is 6,734.03 ton.
- Based on field visit to block U3, management unit is applying liquid waste by channeling liquid waste using the existing flatbed. There is a record of Land Application monitoring that describes all blocks fertilized by liquid waste, dosage per year up to channeled waste quantity, for example until July 2015 liquid waste that have been channeled is 36,050.87

M3

Sennah Estate

Based on field visit to replanting area 2015, overthrown tree trunks are collected in artificial trench (flatform).

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

Existing detailed land survey and topography map in the company is still similar with the one from previous assessment.

Certificate holders maintain roads by using mechanical methods namely road *grader* and *roller*. Company possess road maintenance plan in the document of “Plan and Realization of Road Maintenance Works” for example in Pangkatan estate there is a plan of road maintenance in April and May 2015 and it has been performed on June and July 2015 through the length of 11,562 meters. Based on field visit to sennah estate and pangkatan estate, roads owned by company is in good condition and well maintained.

Based on detailed land survey, Peat land does not exist in PT Pangkatan Indonesia and PT Sembada Sennah area but it does in PT Bilah Plantindo area and it will be observed in the next visit related to drainability assessment in peat land which is being performed during replanting in accordance with *RSPO peat management*. **OFI 2**

Certificate holders have conducted some activities on fragile area, include:

Pangkalan Estate

Based on field visit to pangkatan estate in division IV block N4, terracing and cover crops cultivation utilizing *Mucuna bracteata* have been applied on sloping area.

Sennah Estate

- Based on field visit, lowland areas in sennah estate already have drainage system consisting inside-block drainage, connector drainage and disposal drainage furthermore it also have 5 floodgates aiming to control water level from the existing drainages.
- Company cultivates *Legume Cover Crop* which type is *Mucuna Bracteata* on replanting area in 2015 covering 31 Ha on July 2015 aiming to increase soil fertility.

Status: Comply

4.4

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

PT Evans Indonesia have Environmental Sustainability and Biodiversity policy which explains “PT Evans Indonesia aware that operational activities of oil palm plantation and milling have impacts to environment, both local and global. In this respect, company commits to be sustainable oil palm plantation and milling company that notice *Best Environmental Practices* so that environmental sustainability and diversity can be preserved.

Practices to maintain quality and availability of water that are performed by management units are:

- Managing riparian in accordance with SOP No. Document: PI/SOP/Uumum-15. Based on field visit to Kundur River riparian, on Block O2 in PT Pangkatan Indonesia it is revealed that riparian area is still covered by natural vegetation.
- Prohibiting the use of chemical substances to water sources such as: ditches, rivers and so forth in accordance to SOP No. Document: PI/SOP/Uumum-16. Result of interview with sprayer worker in Pangkatan Estate shows that worker already aware of spraying prohibition on the riparian.
- Performing surface and ground water quality test every 6 months. Result of the test in Semester I 2015 shows that all water quality parameters have complied with standard quality.
- Avoiding disposal of liquid waste into water bodies, yet utilizing the liquid waste for composting and applying it to land (LA) in accordance with permit from the Regent of Labuhanbatu Number 503.660/161/BLH-LB/2015 dated 22nd of May 2015. Pangkatan POM management unit tests waste water quality every month and test Results throughout 2014 until July 2015 do not indicate waste water quality parameters which do not meet standard quality.

- Monitoring of water usage for oil palm mill utilities. Based on monitoring result it is revealed that water usages in Pangkatan Mill is 0.8 M³/ Ton FFB, while set budget is 1 M³. Result of field visit to Pangkatan POM shows that management unit have water flow meter (flow meter) indicating water usage quantity.

Status: Comply

4.5

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

Based on pest and disease detection conducted by company, there are pest attacks above control threshold for example rat attacks on March 2015 in replanting area of **Division II, Block D9/10 and Division I, C9,C10,C13 and C14**. Company conduct control measure by using Klerat (*brodifakum*). Result of document review and field visit when audit being performed it is revealed that rats control measure is effectively applied which rats attack below control threshold. While other pest and disease attacks above economic threshold do not exist during 2015 until the audit activity completed. As anticipation to prevent Palm Oil Leaf Eating Caterpillar attack, the company cultivates and maintain beneficial plants (*Turnera Subulatan* *Antigonon leptosus*) furthermore there are also 76 Gupon in PT Pangkatan Indonesia and 41 Gupon in PT Sembada Sennah Maju which is being regularly monitored every month.

Certificate holders are capable to demonstrate that integrated pest management trainings have been conducted, include:

- Training Integrated Pest Management is held on 24th of April 2015 with 36 participants in PT Pangkatan Indonesia.
- Rats detection training is held on 23rd of April 2015 in PT Sembada Sennah Maju with 29 participants.

Status: Comply

4.6

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

Certificate holders already have Pesticide Commission Book 2013 which describes all type of pesticides, active substances, pests or weeds control targets and distribution license from Pesticide Committee. Based on field visit to chemist activities in Pangkatan Estate and Sennah Estate while interview with foreman is performed, it is revealed that pesticide usage application is suitable with existing weeds. Spraying is performed by using Glyphosate active substance with Metsulfuron-Methyl mix for maintaining oil palm circle and path which are dominated by narrow-leaved weeds and a few of broadleaved weeds.

Company has recorded pesticide usages every month in a document which describes pesticide type, active substances, total usages, usage quantity, total usage of active substances, production and active substances/ton of FFB.

Company has minimized pesticide usages for controlling pests and plant diseases, methods for controlling pests and plant diseases is by conducting regular detection or census for observing existing pest attacks level and plant diseases. Pesticide is used if pest attacks level and plant diseases resulted from census are above its threshold for example threshold for rat attacks is 5% of total censused trees and in order to ensure that pesticide usage is suitable with target company identifies weed type and adjust controlling agent type that is being used. Result of document verification reveals that applied herbicide type is suitable with target or its kind (appropriate usage).

Until ASA-3 audit being performed, management units still use pesticide with paraquat as its active substance, but company has committed to reduce the usage of paraquat. Result of document inspection reveals that paraquat application in the last 3 (three) year (2012 -2015) tends to decrease

Pesticide usage is applied by trained personnel which is in accordance with pesticide usage best practices

- Company already had MSDS (*Material Safety Data Sheet*) for each agrochemical substance (Pesticide) that describes handling and storage guidance, treatment when accident occurs (First Aid Measures), hazard identification, measures against spillage and leakage, personal protection equipment, physical and chemical characteristics, reactivity and stability, Toxicology information, Ecology information, waste disposal and transport.
- Related to pesticide usage doses, company refers to recommended doses which are described on the label of each pesticide type. Result of document inspection reveals that usage doses applied by company is in accordance with its recommendation

- c. Based on field visit to Pangkatan Estate and Sennah Estate it is revealed that pesticide operator have been equipped with safety equipment such as mask, gloves, apron and safety shoes that are appropriate with incurred hazard identification
- d. Result of interview with workers finds information that the workers already have knowledge of potential hazard that may arise and its compulsory preventive measures.
- e. Company has conducted trainings to pesticide operators on 19th of September 2012 in Evans Group Indonesia, there are available certificates such as certificate No 521.4/182.34/PLA, S/IX/2012 and certificate No 521.4/182.34/PLA,S/IX/2012.
- f. Based on visit to agrochemical warehouse, it is revealed that all utilized agrochemicals are separated from other substances. Warehouse has been equipped with PPE, OHS symbols, *emergency shower* and *eye washer*, there is also *Material Safety Data Sheet*, the arrangement already separates liquid and solid materials.
- g. Related to pesticide packaging waste management certificate holders possess SOP of B3 waste management that describes B3 waste management procedure as specified in UU (law). Based on field visit pesticide packaging waste is stored in authorized B3 waste TPS. The waste is not reused.
- h. Based on field visit to spraying activities, Company applies pesticide by using *Knapsack/sprayer* and do not apply pesticide by air

Medical check up is regularly performed by 2 methods, namely internal and external methods. Internal medical check up is performed once a month by company paramedic in Polyclinic of each estate and External medical check up is performed once a year. Latest external medical check up is performed on 17th of February 2015 in Anugerah Ibu Specialist Clinic to 31 fertilizer and chemist workers in PT Pangkatan Indonesia and 29 employees in PT Sembada Sennah Estate, results reveals that they are in healthy condition. Based on interview with female workers in spraying activities in Pangkatan and Sennah Estate it is revealed that workers understand the prohibition for pregnant and breastfeeding women to work in spraying activities, if the workers are pregnant or breastfeeding then they will be mutated to manual maintenance activities which is not related to agrochemical.

Status: Comply

4.7

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

Management units already had a policy concerning Occupational Health and Safety (OHS) which is ratified by president director on 02nd of January 2011 aiming to ensure the compliance to all laws and regulations related to Occupational Health and Safety (OHS). As implementation of the policy company already had procedures related to OHS, Work Plan concerning OHS and performing campaign and socialization. Result of interview with employees in Pangkatan POM, Sennah Estate and Pangkatan Estate indicates that the commitment is disseminated every morning circle and by displaying posters and warnings concerning safe work practices, furthermore it is also delivered through trainings related to OHS.

Company already had risk analysis document for occupational health and safety program. The document is compiled to identify and analyze potential hazards that can arise in each company working area as well as to give recommendations in order to minimize workplace accident occurrence. Based on document review and field visit to mill and estates it is revealed that company has conducted socialization of risk analysis document to all employees.

Company has developed OHS training program based on its Risk Analysis. Based on field visit and interview with employees it is revealed that management units have provided PPE for its employees, for example for PPE given to harvest workers are shoes, helmet, eyeglasses and gloves. Result of field visit also reveals that harvest foremen in PT Sembada Sennah Maju and PT Bilah Plantindo have been equipped with First Aid box and in Pangkatan POM First Aid box is also found. Based on interview with foremen it is revealed that foremen understand first aid measures in handling workplace accident in the field, for example if a worker is pierced by thorn then the measure shall be taken is to clean the wound continued with first aid action then foreman takes the injured worker to polyclinic for further treatment done by the estate nurse. Moreover company already had MSDS (Material Safety Data Sheet) for each agrochemical substance (Pesticide) that describes handling and storage guidance, accident occurrence handling (First Aid Measures), hazard identification, measures against spillage and leakage, personal protection equipment, physical and chemical characteristics, reactivity and stability, Toxicology information, Ecology information, waste disposal and transport.

Management units have formed occupational health and safety adviser committee structure (P2K3) in each management

unit (Pangkalan POM, PT Pangkatan Indonesia, PT Sembada Sennah Maju) and it is already endorsed by Manpower and Transmigration Agency in Regency of Labuhanbatu. Result of interview with relevant authority reveals that management units have submitted its P2K3 report at routinely every 3 months to Disnakertrans. P2K3 report covers all OHS activities include: P2K3 recommendation, investigation result of workplace accident, summary of workplace accident, P2K3 activities report, employees medical check up report, minutes of P2K3 meeting which is performed every month.

Result of document inspection and interview with employees reveals that management units have conducted medical check up to high risk employees once a month that is conducted by company doctor and by external party once a year. Medical check up period of 2015 performed by external party is conducted on 17th of February 2015 to employees in high risk area or division for example employees in mill and spraying workers, medical check up result reveals that there are no employees who are ill caused by work.

Company has Reporting and Handling Procedure of Workplace Accident in the Field (PI/SOP/K3-14 approved by Senior Manager on 03rd of May 2011. This procedure aims to give guidance in investigation reporting and workplace accident review. During 2015 there are no workplace accident in the area of PT Pangkatan Indonesia, Pangkatan POM.

Company already had Emergency Situation Handling Procedure in document No PI/SOP/Umum-10 dated 28th of December 2011 aiming to give emergency response guidance, procedure and responsibility of necessary relief actions in each oil palm estate and mill if emergency situation that can disturb company operational activities is occurred. Company has provided emergency response facilities in work area, such as First Aid and evacuation route and sign that is understandable to employees.

Company has registered all of its employees for accident insurance to BPJS (Social Security Agency), receipt of insurance payment to BPJS on July 2015 is available. Result of document inspection and interview with employees reveals that all employees have been registered for accident insurance program.

Management units consistently monitor workplace accident which result gives information concerning: month of occurrence, cases amount, accident location, accident type, impacts, loss of working hour, causes, follow up, and result. Monitoring of workplace accident is performed each month. Accident evaluation is also conducted each month and being discussed in P2K3 meeting that is routinely held each month. Result of document verification, and interview with employees throughout 2015 until July 2015 indicates that workplace accident do not occur in the company operational area.

Status: Comply

4.8

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

PT Pangkatan Indonesia and PT Sembada Sennah Maju have established training program in 2014 for staff and workers. The training is based on each work unit. Type of established training covers: OHS, Conservation, Technique, Administration. Furthermore, management unit also have provided trainings to communities surrounding plantation namely training on oil palm fertilization methods. Result of interview with employees (harvest worker, fertilizer worker, and chemist operator) it is revealed that company has scheduled and conducted training programs to employees.

Record of trainings to employees is documented in EMT (*Employee Training*) document in which demonstrated records of trainings to all employees (workers, staff and Daily Basis Paid Workers). Moreover, contractors also have been involved in training activities such as trainings related to OHS.

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.

From ASA-2 audit activity (December 2014) to ASA-3 audit activity is being conducted(August 2015) management units do not exhibit any changes to operational activities, so that the existing environmental document is still the same with the one in ASA-2 namely:

- Revision Document of UKL-UPL of PT Pangkatan Indonesia endorsed by A Letter of Environmental Agency of Labuhan Batu Regency Number: 660/299/BLH-LB/AM/2010 dated 8th of July 2010.
- Revision Document of UKL-UPL of PT Bilah Platindo endorsed by A Letter of Environmental Agency of Labuhan Batu Regency Number: 660/223/BLH-LB/AM/2012 dated 14th of May 2012.
- Revision Document of UKL-UPL of PT Sembada Sennah Maju endorsed by A Letter of Environmental Agency of Labuhan Batu Regency Number: 660/222/BLH-LB/AM/2012 dated 14th of May 2012.

Management units have performed monitoring and management of environment in accordance with its environmental document and it is being reported to relevant authority. Receipts of report submissions of environmental monitoring and management implementations are available include:

- Report of UKL-UPL implementation of PT Pangkatan Indonesia Semester I 2015 reported to BLH in Regency of Labuhan Batu and Disbun in Regency of Labuhanbatu on 10th of August 2015.
- Report of UKL-UPL implementation of PT Bilah Plantindo Semester I 2015 reported to BLH in Regency of Labuhan Batu and Disbun in Regency of Labuhanbatu on 11th of July 2015.
- Implementation report of UKL-UPL of PT Sembada Sennah Maju Semester I 2015 which is reported to BLH in Regency of Labuhan Batu and Disbun in Regency of Labuhanbatu on 29th of July 2015.

Based on interview with surrounding communities (Tebing Tinggi Pangkatan Village, Sidorukun Village, Sennah Estate Village) and relevant authorities (Plantation Agency and Environmental Agency in Labuhanbatu) it is revealed that company activities never generate negative impact to surrounding communities and environment.

Status: Comply

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

Result of HCV identification that is performed by each company has been executed by personnels who is competent in their field. HCV assessment covers all company area based on HGU furthermore biology and wild fauna records inspection is also involved. Applied method in the assessment is using HCV Indonesia Toolkit 2008 furthermore map that describes HCV area in company operational activities scope is available.

Result of document review shows that document of **Management and Monitoring Plan of HCV in Palm Oil Plantation** that describes HCV management plan is available. Result of interview with spraying worker and chiefs of surrounding villages in Pangkatan Estate and Sennah Estate reveals that stakeholders already understood and have knowledge of compulsory measures to protect and preserve conservation area in company operational activities scope.

Management plans have been well implemented, this is demonstrated by result of field observation carried out by auditor team namely:

- Pangkatan Estate
In the field observation result of Division IV, Block O-2 auditor team finds:
 - There is warning board (signboard) of spraying and chemical usages bans on riparian
 - Information board of HCV I.3 concerning endangered and endemic species concentration
 - Sei Kundur river riparian is still well conserved and
 - There is red mark on 7 oil palm trees on the riparian indicating prohibited threshold of chemical usage.
- Sennah Estate.
In the field observation result of Division II, Block E-8, E-9, E-13, E-14 auditor team finds:
 - Information board of HCV I.4 concerning important temporary concentration
 - There is warning board (signboard) of spraying and chemical usages bans on riparian, bans of animal hunting, bans of burning.

When auditor team is conducting field observation there are posters of protected animals which are displayed in conservation area, but actually some of pictured animals no longer exist in conservation area of certificate holders. Posters concerning protected animals information is in accordance with actual condition and this becomes **opportunity for improvement** for the certificate holders **(OFI.4)**

Certificate holders perform HCV patrol for monitoring HCV area condition or protected animals. This is demonstrated by security officer patrol which is recorded in HCV area patrol that indicates activity date, HCV area condition, officer name and signature. HCV patrol officers (all security officers) already received trainings concerning protection condition of HCV area.

There is information chart concerning measures taken when protected animals is directly found or exist. Result of interview with protected animals conservation monitoring officers (company security officers) it is explained that officers conduct patrol routinely in HCV area in order to ensure that protected animals hunt and capture do not occur. Until surveillance-03 is being performed worker who hunt, capture or keep protected animals does not exist.

Certificate holders show a document of Reporting and Review of HCV Action Plan Period of November 2013 – October 2014 which describes management review and evaluation of HCV area monitoring and management. The document is compiled by Estate Management, Chief Assistant of Sustainability & Certification.

There is monitored species record (Reptiles and mammals) as evaluation material for next management. Monitoring document of Habitat Data Sheet as shown in monitoring activity in Sennah Estate (block E-13 and E-14) on 22nd of April 2015 by HCV officers. Result of interview with HCV officers in Sennah Estate reveals that monitoring, reporting and evaluation procedures in designing next plans are well described and demonstrated.

HCV area which directly borders local communities is a cemetery. HCV area is still maintained by company since it still has influence to local communities. This is also supported by interviews result with stakeholders who promote company program of maintaining the cemetery as conservation area and the program being expected to be preserved.

Status: Comply

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

Company has identified Waste Sources specified by Mill Manager on 02nd of January 2015 that indicates location, waste source, waste type and handling, for example:

Location	Waste Source	Waste Type	Handling
Laboratory	Used Paper	Solid	Collected and disposed to Landfill
	Chemical container	solid	Container is washed three times and sent to Hazardous waste storage warehouse
Engine Room	Oil spillage	Liquid	Collected and sent to Hazardous waste storage warehouse
	Used Radiator	Solid	Collected and sent to Hazardous waste storage warehouse
	Used Gloves	Solid	Collected and sent to Hazardous waste storage warehouse
	Fumes	Gas	Chimney construction for transferring combustion fumes out of room (emission test once every 6 month)
Thresher Station	Empty fruit bunch	Solid	Sent to composting area to be used as compost feedstock
	Used oil	Liquid	Collected and sent to Hazardous waste storage warehouse
Clarification	Effluent	Liquid	to be used in sprinkling of compost and LA
	Shells	Solid	To be used as boiler fuel
	Used gloves	solid	Collected and sent to Hazardous waste storage warehouse

Management units have implemented waste management in accordance with the existing plan, for example:

- Based on field visit to Pangkatan POM it is revealed that shells waste is used as boiler fuel.
- Based on field visit to WWTP pond in Pangkatan POM and liquid waste application area in PT Pangkatan Indonesia, Division 2, Block V6 and V7 it is revealed that liquid waste has been applied to the land.
- Based on field visit to composting area it is revealed that empty fruit bunch from Pangkatan POM is to be used as

composting feedstock by watering it with liquid waste from WWTP pond.

- Result of field visit and interview with workers it is revealed that domestic waste is collected and disposed periodically to landfill once a week
- Based on field visit to Hazardous waste storage in PT Sembada Sennah Maju and PT Pangkatan Indonesia it is revealed that all Hazardous waste produced by the company is collected in Hazardous waste storage and then sent to authorized third party.

Hazardous waste produced by management units is managed by storing it in authorized Hazardous waste storage and then sending it to the authorized third party. Evidence of cooperation between management units and authorized third party namely CV Wira Gemilang Abadi as transporter and CV Noor Annisa Chemical as final collector is available. While for Medical hazardous waste, management units cooperate with Rantau Prapat District Hospital for clinical waste extermination. Result of interview and document inspection shows that management unit of PT Pangkatan Indonesia has reported hazardous waste management activities routinely every 3 months.

Management units have monitored and documented the applied waste management for example:

- Hazardous waste: Hazardous waste balance sheet that indicates quantities of incoming and outgoing waste from Hazardous waste storage and the official report of Hazardous waste shipment from Hazardous waste storage to final collector are available.
- POME: result of liquid waste quality analysis every month and data of liquid waste usage are available.
- Emission: result of emission quality analysis from generator and boiler every 6 months is available.

Status: Comply

5.4

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

Management units have utilized renewable energy by using shells in order to reduce the use of diesel fuel as source of power generation. Based on monitoring result on May 2015 it is revealed that renewable energy generated by turbine is 220,520 kWh. By renewable energy utilization, fossil fuel energy usages can be reduced by amount of 73,506.67 liter or 6.31 liter/ ton of FFB in May 2015.

Result of field visit to Pangkatan Mill shows that shells and fibers are used as fuel for boiler.

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.

Company possess SOP of land clearings (PI/SOP/AGRO-02) dated 1st of January 2011 that describes land clearings system without using fire (*Zero Burning*).

Based on field visit to pangkatan estate in cultivation year of 2013 block N4, N5 and Sennah estate in cultivation year of 2015 block C13, C14, there are still pile of cut logs of oil palm furthermore replanting activities by means of burning are not found.

Status: Comply

5.6

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

In order to reduce pollution and emissions company identifies pollution and emissions source as well as its handling measures which is described in the document of Waste Management. Efforts that have been performed by management unit to reduce pollution and emissions include inspection and maintenance of work equipments on a regular basis, utilizing solid waste (shells) as boiler fuel, utilizing solid waste (empty fruit bunch) as composting feedstock and applying liquid waste on the land. Moreover management unit also have calculated generated Greenhouse Gas Emission by using *PalmGHG Calculator RSPO Versi 2.1.1* in period of 2014. Furthermore calculation result is being reported to RPSO on 13th of August 2015.

As implementation evidence of pollution and emissions management, management units have monitored emissions quality periodically (once every 6 months) including Emission Test, Ambient Air Test, Noise and Odor Tests. The tests are performed in the Laboratory of Occupational Safety and Health Office in Medan.

- Boiler emission analysis result in Pangkatan POM Period of Semester I 2015 shows that all test parameters have met the quality standard.
- Generator emission analysis result in Pangkatan POM Period of Semester I 2015 shows that all test parameters have met the quality standard.
- Result of ambient air test in Pangkatan POM Period of Semester I 2015 shows that all test parameters have met the quality standard.

Result of interview with employees in Pangkatan POM shows that generator and boiler are always routinely maintained such as oil changes for generator and chimney cleanings for boiler.

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.

Certificate holders are able to demonstrate that social impact analysis in the form of UKL-UPL (Environmental Management Plan and Environmental Monitoring Procedure) Assessment and Social Impact Assessment have been conducted. The activity is performed by 2 persons who are competent in their fields on 27th – 29th of May 2011. Social impacts generated by company includes social and cultural Right, economic development, Natural Resource, Education and infrastructure.

Implementations of social impacts management and monitoring by certificate holders have involved some stakeholders, for example:

- 17 Workers (Sprayer, president of worker union, harvester) attendance list of public consultation is available
- 26 villagers (Sennah Estate Village, Kampung Sennah Village, Negeri Lama Villah)
- Record of interviews and meetings concerning applied mechanism in involving stakeholders are available. Record of meeting and interview are available in the form of pictures and attendance list.

In effort in promoting positive impacts and mitigating negative impacts certificate holders have performed review and consultation with stakeholders who directly affected through regular meetings. This is demonstrated and well documented in document of **Management and Monitoring Plans of Social Impact Assessment** for period of November 2014 – October 2019 in which implementation time frame is indicated. Responsible personnels for social impact plans implementation are Estate manager and Sustainability & Certification Manager.

Certificate holders have performed evaluation each year which is written in document of **Report and Review of Action Plan of Social Impact Assessment** such the one in Period of November 2013 to October 2014. There are some advices delivered from annual review result they are:

1. Trainings and External socialization should be continued in order to maintain the existing good relationship
2. Continues to commit to the implementation of management and monitoring of social impacts in PT Pangkatan Indonesia
3. Increasing cooperation with surrounding communities.

Result of interview with stakeholders (villagers surrounding plantation) reveals that company has regularly performed meetings for asking advices and considerations in planning social impact.

Result of document review and interview with chief of villages surrounding plantation reveals that there are no smallholders scheme.

	Status: Comply	
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.		
<p>Procedures of open and transparent methods possessed certificate holders do not experience any changes namely SOP of Information Transparency and SOP of communication and Consultation. Certificate holders have disseminated the SOP to relevant stakeholders for example in PT Pangkatan Indonesia it is socialized on 23rd of December 2014 participated by 25 persons from community figures, teacher, youth figures and it is also socialized to NGO and government authorities (Environmental Agency, Forestry and Plantation Agency, Manpower Agency) on 12th of August 2015. Based on interview with surrounding communities and NGO, it is revealed that they have knowledge of complaints submission mechanism in accordance with procedure.</p> <p>Certificate holders already had responsible officers for communication with stakeholders they are:</p> <ul style="list-style-type: none"> • Responsible officer for consultation and communication with surrounding communities is Estate Manager in each estate. • Responsible officer for consultation and communication with local government apparatuses is Chief Representative. <p>This is traceable in document of “<i>Job Profile</i>” of Estate Manager in which external relationship is described.</p> <p>Certificate holders already had document of stakeholders list consisting of village, district, military office, hospital, labor organization, government authorities, NGO and Contractor. Its stakeholder list is being changed according to the changes in stakeholders such as the change of name and telephone number of district chief or government authorities.</p>		
	Status: Comply	
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.		
<p>Procedure related to complaint especially in the company does not experience any changes from previous assessment. The record of complaint is in document of Internal & External Complaints, based on the book there are some complaints in 2015 for example in sennah estate there is complaint on 22nd of June 2015 from transport worker concerning damaged roads in the front of house and it has been fixed on 12th of July 2015.</p> <p>Based on interview with employees, surrounding communities and NGO, there is no dispute in communication between company and communities and complaint submission mechanism is in accordance with procedure is noted.</p>		
	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.		
<p>Result of interview with parties of surrounding villages (Tebing Tinggi Pangkatan Village, Sidorukun Village, Sennah Plantation Village) reveals that customary land/rights ownership in the operational area of the three plantation in this audit scope (PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo) do not exist. It is informed that management units have established for a long time, even since colonial era of Netherlands it is already there.</p>		
	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.		
<p>Certificate holders demonstrate employees classification in circular letter of HRD B23-001-00 dated 1st of January 2012 on Employment Provision – Employee Status Designation which is divided into such as:</p> <ul style="list-style-type: none"> • Permanent monthly based paid worker • Permanent daily based paid worker • Daily Workers 		

- Non permanent worker (contract employee)

Waging system applied by certificate holders is using computerized calculation of Lintramas Plantation Director. Decree No.017/SK.UPAH/PI-HR/III/2015 which is appointed on 30th of March 2015 concerning Permanent Daily Employee Wage of PT Pangkatan Indonesia 2015 in Labuhanbatu Regency by Director is available it is determined (sixth dictum) that "the decree is effective as of 1st of January 2015. The decree refers to North Sumatera Governor's Decree Number.188.44/69/KPTS/Tahun 2015 dated 30th of January 2015 that set sectoral minimum wage in Labuhanbatu Regency 2015 in accordance with Indonesian Business Field Clarification sectors of Agriculture, plantation, Labor and Fishery (Oil Palm Plantation Sector) which amount is Rp. 2,012,500,- (two million and twelve thousands five hundreds rupiahs).

Payroll documentation provided by certificate holders' unit is available that is Monthly General Worker and Harvester Payroll Earning Summary which indicates work type, employee identity number, employee's name, amount of work day, wage, allowance, deduction, manpower Insurance, tax, premium, overtime incentive, bonus, gross income and signature. The payroll documentation also has been endorsed by Mill Manager, Office Assistant and Payroll staff.

When Surveillance-03 is being conducted auditor team performing interview with Payroll Administration Staff and it is revealed that the officer is able to demonstrate calculation of daily wage and overtime incentive by entering the amount of overtime in accordance with the applied regulation concerning overtime incentive.

Certificate holders have demonstrated that there are employment agreement between the company and worker union in each company which is endorsed by Manpower and Transmigration Agency in Labuhanbatu Regency. The employment agreement has conformed to the applicable manpower regulation in Indonesia and has been written in understandable language for employees, its validity period is from 19th of November 2014 to 19th of November 2016.

The same thing is also demonstrated in contract employee which is written in understandable language for employees (Indonesian) and signed by both parties (company and employee).

Result of field visit to Daycare, where auditor team performing interview and document review reveals that there is nonconformity that is employee waging system realization for childcare worker in Daycare is complied with the applicable Employment Agreement. Workers register their attendance from 06.30 to 12.00, but they stay continuing their work and only receive proportional payment ($5/7 \times$ Daily Wage Rp 80,500,-). This becomes **nonconformity No.2015.01 to Major category**.

During surveillance-03 auditor team conducted field observation to workers housing in Pangkatan Estate and Sennah Estate. Auditor team found that company provides adequate and decent facilities to employees which is:

- Decent housing: available for every employee's family, electricity, well maintained house.
- Clean water is provided through artesian well.
- Medical needs which is estate polyclinic equipped with company doctor and nurse.
- Educational facilities which are Kindergarten (TK) and transport for school kids (school bus) from Elementary School (SD), Junior High School (SMP) to Senior High School (SMA).
- Comforts which are worship house (small mosque), sport ground, Daycare, Meeting Hall.
- Sanitation facilities (Septic Tank is still being repaired in some places).

From interview result with employees in PT Sembada Sennah Maju and PT Pangkatan Indonesia it is revealed that currently adequate food sources can be accessed by buying foodstuffs in cooperative at each company or in district city (Aek Nabara). Result of field observation to Pangkatan Multipurpose Cooperative (PT Pangkatan Indonesia) where auditor team conducted interview with cooperative stewardship and observe food supplies for sale especially to employees indicates that food supplies are available for employees to meet their basic needs such as (rice, sugar, eggs, cooking oil).

Auditor Verification 18th of August 2015

Management units have demonstrated agreement letter to BHL (including *baby nurse*/workers in Daycare), the reporting evidence of BHL's agreement letter to relevant authority, baby nurse working hours and minutes of meeting between

representatives from company and baby nurse. Based on the evidences, nonconformity 2015.01 to Major category is declared to be full compliance by observation.

14 th of September 2015

Management unit of Sennah estate have demonstrated that BHL workers (including workers in Daycare) have been paid in accordance with employment agreement. There is evidence that wages payment period of August 2015 has been performed on 5th of September 2015 which paid wages corresponding with working days. Based on the evidences, **nonconformity 2015.01 to Major category is declared to be full compliance.**

6.5.2 Status: Non-conformity No. 2015.01 with Major category is 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.

Certificate holders have possessed Freedom of Association Policy for employees which is endorsed by President Director of PT Evans Indonesia on 02nd of January of 2011. The policy explains that PT Evans Indonesia **respects rights and freedom of association and speech of every manpower according to human rights.**

Result of interview with worker union president in PT Pangkatan Indonesia and PT Sembada Sennah Maju reveals that the company has implemented its freedom of association policy to employees, this is demonstrated by the establishment of Worker Union and Biparitit Cooperative Forum in each estate.

Every meeting that is performed either by internal of worker union or by company has been well recorded and documented. This is shown by the result of document review and interview with worker union president in Pangkatan Estate and Sennah Estate which describes that all this time worker union and company always performs meeting when new information or policy needs to be discussed together.

Status: Comply

6.7 Children are not employed or exploited.

Result of employees list document inspection shows that there are no employee who is under 18 years old. Based on field visit to Sennah Estate and Pangkatan Estate there are no employee who is under 18 years old, furthermore employees also understand that minimum age for employees to be hired is 18 years old.

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.

Company has possessed policy concerning anti discrimination. Based on observation of employee list document and interview with employees it is revealed that the hired employees have diverse educational, ethnic and religious backgrounds.

Explanations from Pangkatan Estate and Sennah Estate Managers informes that employees recruitment is based on company requirement without considering ethnic, religious, racial and class backgrounds. All prospective employees have rights to employment opportunity according with their educational background and company requirement. Moreover result of interview with employees also reveals that there is no indication of discrimination against employees.

Based on observation result of employee selection results document and interview with employees as well as management it is revealed that recruitment procedure has been well performed by the company. Company is able to demonstrate evaluation of work performance assessment form of contract employee in which the assessed aspects include Discipline, Work Quantity, Work Quality, cooperation, work attitude and responsibility with assessment criteria 1 (lowest -10 highest) . Assessment activity is performed once a year by each supervisor or boss.

Status: Comply

6.9

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

Procedure related to special complaint in the company does not experience any changes from previous assessment. The record of complaints is documented in **Book of Internal & External Complaints**, throughout 2015 special complaints either in pangkatan estate, sennah estate or pangkatan mill do not exist. Based on interview with employees, it is indicated that employees understand complaint mechanism in accordance with procedure. The result of interview and document review indicates that sexual harassment and abuse in the work place do not exist.

Status:

6.10

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

Certificate holders already possessed cooperation agreement with local business which is jointly arranged and agreed as well as describes about scope of work, work facilities procurement, price and payment method, work addition or reduction, time period, manpower insurance and employment, workplace accident, provision of work execution, work transfer, negligence and penalty as well as dispute settlement. For example Work Agreement Letter no SSM/SNE/07/2015/2015/0001-ATBS on agreement of FFB transport work between PT Sembada Sennah Maju and CV Milala, the agreement describes that payment is made in the mid of the month for activities dated 01th-15th and it is made at the end of the month for activities dated 16th-30th/31th. There is evidence of payment for FFB transport period of 01th-12th of July 2015 that indicates that it has been made on 15th of July 2015 with transfer receipt as proof.

Based on interview with contractors, it is indicated that cooperation agreement letter has been jointly arranged and agreed furthermore the payment is always timely made in accordance with the agreement.

Since January 2015 Pangkatan POM has received FFB from collectors who have cooperated. The given price from Pangkatan is set by Evans Group and being informed to all collectors. The set price for the next day is being informed to collectors every evening by miller through text from cellphone, for example the text to Ramp Alfat Gani on Monday dated 10th of August 2015 at 19.13 which informed that set price for the next day on Tuesday dated 11th of August 2015 is 1,135/ Kg.

Price deal mechanism has been agreed by both parties which is indicated in cooperation agreement letter. Based on Oil Palm FFB purchase agreement it is revealed that article 4 mentioned

- 4.1: FFB price will be set by Purchaser and will be informed to supplier one day prior to its shipment before 18.00 WIB.
- 4.2: Supplier will give confirmation of FFB price quotation before 19.00 WIB and give information to purchaser regarding FFB quantity that will be transported on the next day.
- 4.3: FFB price already included Income Tax (PPH), which is collected in accordance with applicable laws and regulations.
- 4.4: FFB price of each FFB quantity that have been received in Purchaser's PKS (Oil Palm Mill) will be paid to sellers twice in a week that is every Tuesday and Friday by making transfer to supplier's designated account.
- 4.5: supplier will send invoice to purchaser for transaction dated from 1st to the last date of each month, at the latest 3 work days from the last transaction in the previous month.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Certificate holders already had CSR program that has been consulted with communities on 23rd of December 2014 in PT.PI and on 27th of December 2014 in PT Sembada Sennah Maju. The established CSR program covering educational activity, training and socialization, infrastructure, Sports, economic improvement of surrounding communities, religious till public health activities. For example, PT Pangkatan Indonesia already possessed a program of 2015 in education such as scholarship award, providing school facilities; in training area such as providing training to farmers group; in infrastructure such as creating water well, village hall construction. CSR program which is convenient with the consultation result being specified such as the plan of implementation time and being communicated back to relevant stakeholders.

There is evidence of CSR program implementation which is recorded in recapitulation document in which indicates

implementation time, type of assistance, cost, purpose. For example in PT.PI during 2015 there are 27 CSR activities for example on 03rd of July 2015 providing assistance for mosque construction in Sidodadi village and in PT Sembada Sennah Maju there are 18 CSR activities for example on 22nd of June 2015 providing funds to brigades of islamic youth student movement in North Sumatera. Based on interview with surrounding communities, assistance have been routinely provided to communities for example training to farmers on oil palm cultivation furthermore infrastructure construction.

Based on document review, field visit and interview, company does not have plasma or smallholders scheme.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

The company is enable to demonstrate Employment Agreement between company and employees, which indicates duties and responsibilities, work time, wage and faciities as well as validity period of work agreement. Result of interview with employees in Pangkatan Mill, Pangkatan Estate and Sennah Estate provides information that there is no employee who is forced to work and contract substitute is not available. Employees understand their rights and responsibilities as written in employment contract that has been signed. Moreover result of document verification and field visit revealed that foreign worker or migrant do not exist in PT Pangkatan Indonesia

Status: Comply

6.13

Growers and millers respect human rights

Certificate holders already had policy of Corporate Social Responsibility which is endorsed by president director on 27th of April 2015 in order to respect human rights. The policy explains about respecting human rights and respecting race, nationality, culture, religion and prohibition of force labor, ensuring that all employees receive fair remuneration, fair management and have opportunity to career development. The policy has been disseminated to all employees either in the estates or mill for example on 20th of March 2015 in Pangkatan PKS the socialization is delivered to 18 persons consisting operational employees.

Based on field visit to division office, there is a display of Corporate Social Responsibility policy on information board and also based on interview with employees, it is confirmed that they have knowledge of the policy.

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.

From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.

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.

From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.

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.

From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.	
	Status: Comply
7.4	
Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.	
From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.	
	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.	
From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.	
	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.	
From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.	
	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.	
From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.	
	Status: Comply
7.8	
New plantation developments are designed to minimise net greenhouse gas emissions.	
From ASA-2 to ASA-3 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo do not develop new estate nor expand the existing plantation. Yet company performed replanting.	
	Status: Comply
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.	
There are RSPO internal audit reports for Pangkatan dated 10th of June 2015 that describes internal audit result based on field visit to composting area, facilities, interview and document checking. Result of internal audit identifies some audit findings, for example:	
<ol style="list-style-type: none"> 1. In field visit PPE is found in bad condition 2. Result of field visit to hazardous waste indicates hazardous waste storage washbasin does not exist 3. Document verification shows that Land Application permit is almost expired and identification of waste source is not yet updated 	

All the non conformity have been corrected by company on 17th of June 2015.

Status: Comply

3.2 Summary of Assessment Report of Supply Chain Requirements

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>Pangkalan Mill already possessed procedure of RSPO Sustainability Manual Mill that defines supply chain system used in Pangkatan Mill.</p> <p>Status: Comply</p>																																																										
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>Certification body includes certified product estimation that can be produced for the next 1 year in RSPO certificate.</p> <p>Status: Comply</p>																																																										
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> <ul style="list-style-type: none"> RSPO IT Platform member registration number: RSPO_PO1000000283 Certified CPO sold to each buyer period of 10th of January to 11th of August 2015 <table border="1"> <thead> <tr> <th>Date</th> <th>Buyer</th> <th>Volume (Ton)</th> </tr> </thead> <tbody> <tr> <td colspan="3">ETRACE</td> </tr> <tr> <td>16th of January 2015</td> <td>PT Multimas Nabati Asahan, Medan</td> <td>50</td> </tr> <tr> <td>27th of April 2015</td> <td>PT SMART, Belawan</td> <td>700</td> </tr> <tr> <td colspan="3">GREENPALM</td> </tr> <tr> <td>2/24/2015</td> <td>FELLESKJØPET ROGALAND AGDER SA</td> <td>500</td> </tr> <tr> <td>2/25/2015</td> <td>ABDON MILLS AB / FINAX BAKERY</td> <td>200</td> </tr> <tr> <td>2/25/2015</td> <td>F.B.F S.P.A</td> <td>30</td> </tr> <tr> <td>3/02/2015</td> <td>ANDROS UK LTD</td> <td>25</td> </tr> <tr> <td>3/05/2015</td> <td>D.H. BROTHERS INDUSTRIES (PTY) LTD</td> <td>25</td> </tr> <tr> <td>3/05/2015</td> <td>SK CHILLED FOODS LTD</td> <td>85</td> </tr> <tr> <td>3/09/2015</td> <td>ROCKLINE INDUSTRIES LTD</td> <td>25</td> </tr> <tr> <td>4/02/2015</td> <td>DR. STRAETMANS</td> <td>5</td> </tr> <tr> <td>4/02/2015</td> <td>SOLENT INTERNATIONAL LIMITED</td> <td>100</td> </tr> <tr> <td>4/27/2015</td> <td>ARYZTA LLC</td> <td>1.000</td> </tr> <tr> <td>5/19/2015</td> <td>PROCTER & GAMBLE</td> <td>500</td> </tr> <tr> <td colspan="2">Total</td> <td>2,495</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Certified CPO sold to each buyer period of 10th of January to 11th of August 2015 <table border="1"> <thead> <tr> <th>Date</th> <th>Buyer</th> <th>Volume (ton)</th> </tr> </thead> <tbody> <tr> <td colspan="3">ETRACE</td> </tr> </tbody> </table>		Date	Buyer	Volume (Ton)	ETRACE			16th of January 2015	PT Multimas Nabati Asahan, Medan	50	27th of April 2015	PT SMART, Belawan	700	GREENPALM			2/24/2015	FELLESKJØPET ROGALAND AGDER SA	500	2/25/2015	ABDON MILLS AB / FINAX BAKERY	200	2/25/2015	F.B.F S.P.A	30	3/02/2015	ANDROS UK LTD	25	3/05/2015	D.H. BROTHERS INDUSTRIES (PTY) LTD	25	3/05/2015	SK CHILLED FOODS LTD	85	3/09/2015	ROCKLINE INDUSTRIES LTD	25	4/02/2015	DR. STRAETMANS	5	4/02/2015	SOLENT INTERNATIONAL LIMITED	100	4/27/2015	ARYZTA LLC	1.000	5/19/2015	PROCTER & GAMBLE	500	Total		2,495	Date	Buyer	Volume (ton)	ETRACE		
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GREENPALM		
3/13/2015	CO-OP CLEAN CO LTD	100
4/10/2015	UNILEVER SUPPLY CHAIN COMPANY AG	100
4/15/2015	ROBERT MCBRIDE LTD	100
4/16/2015	UNILEVER SUPPLY CHAIN COMPANY AG	100
4/29/2015	CMC CONSUMER MEDICAL CARE GMBH	38
5/5/2015	EURO CAKES S.P.A	55
5/6/2015	UNILEVER SUPPLY CHAIN COMPANY AG	7
5/6/2015	UNILEVER SUPPLY CHAIN COMPANY AG	100
5/6/2015	UNILEVER SUPPLY CHAIN COMPANY AG	200
5/11/2015	BEIERSDORF AG	100
5/11/2015	BEIERSDORF AG	100
Total		1.000
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> <p>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b. 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>		
<p>a. Pangkatan Mill – PT Pagkatan Indonesia have some procedures related to supply chain system implementation – Supply Chain:</p> <ul style="list-style-type: none"> ❖ SOP of RSPO Sustainability Manual Mill No.DSL/Manual RSPO/4.1/9 Revisi-1 dated 1st of December 2014. ❖ Procedure (SOP) of CPO and PK tender (No.PI/SOP/MD-01 1st of January 2013: <ul style="list-style-type: none"> ➢ (4.1.2) Mill delivers Daily report which consists of production data, certified and non-certified CPO and PK transport and stocks ➢ (4.1.16) Marketing Department will issue “SALES CONTRACT” signed by Director or Authorized Representative of Director ➢ (4.1.20) Marketing Department shall publish/inform Miller regarding CPO/PK type/classification being sold whether it is Certified or Non-Certified ➢ (4.1.21) Marketing Department prepares “Delivery Order / DO” for CPO and PK transport by miller <p>b. Management Function & Job Description, such as:</p> <ul style="list-style-type: none"> • Mill Manager. is chairman of Sustainability Management Team (SMT) which overall responsibility is ensuring that RSPO system is executed, implemented and maintained. Being responsible for maintaining all RSPO documentation and information • Assistant/Head Assistant/Clerk of Sustainability & Certification. <ul style="list-style-type: none"> ➢ Being responsible for maintaining all RSPO documentation and information ➢ Ensuring that all RSPO information which is need for audit ➢ Ensuring that all RSPO verification information which is needed have been correctly recorded and being reported for all certified and non certified FFB, CPO, Palm Kernel • Weighbridge Operator <ul style="list-style-type: none"> ➢ Examining all consignment records of FBB truckloads which are received from all plantation to installed mill in order to gain all necessary information ➢ Inputting information of consignment record that enter mill's weigher through computerized reporting system ➢ Assuring if FFB consignment that enter the mill is certified or non certified ➢ Inputting all incoming FFB data into daily report ➢ Weighbridge officer assures that the covering letter of weighed FFB are marked or stamped indicating if it is certified or non-certified (Sustainable or Non-Sustainable). 		

Result of interview and field visit to Pangkatan POM indicates that weighbridge operator already understood procedure of stamp embellishment of “RSPO certified” to FFB sourced from nucleus estate and prohibition of awarding stamp embellishment of “RSPO certified” to FFB sourced from third parties.

Status: Comply

E.3.2

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

PT Pangkatan has SOP/4.1/1 Revision 2 dated 1st of February 2014 concerning FFB reception station. This document describes:

- 4.2.2.1.5: weighbridge officer ensure that incoming FFB to mill have been marked or stamped as certified or non-certified (sustainable or non-sustainable).
- After SPB is marked or stamped as certified or non-certified then it is being sent back to the estate.

Pangkalan POM also have documented procedure of certified and non-certified FFB receipt and processing namely SOP RSPO Sustainability Manual Mill No.DSL/Manual RSPO/4.1/9 Revision-1 dated 1st of December 2014 on point (3) Supply Chain Verification:

- Every FFB loads delivered to mill shall be provided with FFB delivery covering letter which contains information of *Estate Name/Division/Block, Shipping Date, FFB Source, Transportation and vehicle number, Estimated weight and bunches quantity actual weight actual if it already weighed at plantation.*
- Weight record of sustainable FFB can be provided with information of *Certification Code, Mill Name, Supply Chain Model.*
- Examination of FBB's delivery covering letter adequacy and other letters is performed by security officer at the entrance door then the load is being weight by weighbridge officer and weightbridge ticket is being issued and recorded in computerized system *LINTRAMAX System* that contains information of FFB origin (origin of estate/division/block/, vehicle number, vehicle type, bunches quantity, weight, date, reception time, SPB number, Total Certified Product).
- Weighbridge officer assure that FFB delivery covering letter of incoming FFB to mill have been marked or stamped as certified or non-certified and it is being sent back to estate
- FFB quality checking is performed with grading method and then continued with processing activities in accordance with applicable procedure. Processed products which are CPO and Kernel are being included in daily production report

Status: Comply

E.4 Purchasing and goods in

E.4.1

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

Pangkalan POM have documented certified and non-certified FFB volume that are received by using weighbridge ticket data and LINTRAMAX system.

- **Certified and non-certified FFB received period of 10th of January 2015 to 11th of August 2015**

Month	FFB		
	RSPO Certified	Non Certified	Total
10th – 31th of January 2015	9,125.41	148.03	9,273.44
February 2015	8,546.30	576.09	9,122.39
March 2015	10,591.02	1,350.06	11,941.08
April 2015	10,634.81	226.80	10,861.61
May 2015	11,096.24	503.98	11,600.22
June 2015	11,725.41	655.32	12,380.73
July 2015	15,958.48	2,316.45	18,274.93
1st – 11th of August	7,247.25	2,345.69	9,592.94

Status: Comply

E.4.2

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

SOP of RSPO Sustainability Manual Mill No.DSL/Manual RSPO/4.1/9 Revision-1 dated 1st of December 2014 point 8.0 concerning Validity Period of Certificate indicates that Pangkatan Mill will inform Certification Body when production quantities exceed its forecast quantities and request for additional volume.

Based on the result of document verification in the mill administration department it is revealed that from the issuing date of certificate (10th of January 2015) to 9th August 2015 production quantities of Pangkatan POM has been at threshold of forecast production quantities:

- CPO production quantity in Pangkatan mill is 19,520.60 ton, while the forecast production quantity for one year is 34,965 ton.
- Kernel production quantity in Pangkatan mill is 4,897.30 ton, while the forecast production quantity for one year is 8,807 ton.

Status: Comply

E.5

Record keeping

E.5.1

- 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.**
- 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.**
- 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.)**

- Pangkalan POM has recorded and balanced all receipt of RSP certified FFB and deliveries of RSPO certified products.
- Pangkalan POM has deducted CSPO and CSPK stock from production record every time RSPO certified products are delivered (CSPO and CSPK).
- Pangkalan POM only sells CSPO and CSPK from positive stock. Untill audit activity is being performed CSPO stock is 34,265 Ton and CSPK stock is 8,807 Ton

Business activity document is retained for 10 years according to SOP of Document Retention (No Dokumen PI/SOP/Umm-08) dated 2nd of May 2011.

Month	Certified Product Produce	
	CSPO	CSPK
10th – 31th of January 2015	2,131.81	591.50
February 2015	2,052.91	501.13
March 2015	2,439.12	624.26
April 2015	2,496.14	609.95
May 2015	2,545.09	632.23
June 2015	2,648.67	616.32
July 2015	3,583.35	886.32
1st – 11th of August	1,623.51	435.59
TOTAL	19,520.60	4,897.30

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.

Pangkalan POM do not outsource its palm kernel crushing to any independent crush. palm kernel is being managed by selling it to third party.

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 √
ASA-3	Since the RSPO certificate achieved on October 19th 2012, PT Pangkatan Indonesia, PT Billah Plantindo, and PT Sembada Sennah Maju have neither use the certificate logo whether <i>on-product</i> or <i>off-product</i> yet.	√
	Status: NA	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or √
ASA-3	Since the RSPO certificate achieved on October 19th 2012, PT Pangkatan Indonesia, PT Billah Plantindo, and PT Sembada Sennah Maju have neither use the certificate logo whether <i>on-product</i> or <i>off-product</i> yet.	√
	Status: NA	
3.	Implementation of Certificate and Logo is not used on product	X or √
ASA-3	Since the RSPO certificate achieved on October 19th 2012, PT Pangkatan Indonesia, PT Billah Plantindo, and PT Sembada Sennah Maju have neither use the certificate logo whether <i>on-product</i> or <i>off-product</i> yet.	√
	Status: NA	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or √
ASA-3	Since the RSPO certificate achieved on October 19th 2012, PT Pangkatan Indonesia, PT Billah Plantindo, and PT Sembada Sennah Maju have neither use the certificate logo whether <i>on-product</i> or <i>off-product</i> yet.	√
	Status: NA	

3.4 Summary of RSPO Partial Certification

Total management unit yang diobservasi: 1. PT Gunung Pelawan Lestari 2. PT Simpang Kiri Plantation Indonesia 3. PT Evans Lestari		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or√
	<p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> The company obtained the Izin Lokasi (IL) dated October 27th 2004 from the Bupati Bangka. Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka AMDAL was received on March 28th 2008 from the Bupati Bangka. The Izin Lokasi (IL) was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 <p>PT Evans Lestari</p> <ul style="list-style-type: none"> Izin Lokasi (IL) dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. Izin Usaha Perkebunan (IUP) dated November 21st 2012 from the Bupati Musi Rawas was obtained. AMDAL dated February 14th 2013 from the Bupati Musi Rawas was obtained. There are no current plans to commission a mill for this location. 	
	Status: Comply	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or√
	<p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> The company obtained the Izin Lokasi (IL) dated October 27th 2004 from the Bupati Bangka. Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka The Izin Lokasi (IL) was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 <p>PT Evans Lestari</p> <ul style="list-style-type: none"> Izin Lokasi (IL) dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. 	
	Status: Comply	
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√
	<p>There are a few open cases currently being dealt between the company and the respective Dinas Ketenagakerjaan (Manpower Department) for the respective operational units.</p> <p>The company has implemented standard operation procedures (SOPs) to handle such matters. A documented process in resolving labour disputes was reviewed. Evidence of complaints lodged, reviewed, and closed by mutual agreement were sighted. Interview with the local labour union and gender committee representative for the Benua Puhun operations, revealed that there was no labour</p>	

	dispute during the audit period with the exception of a few on-going complaints that's being handled through the established process	
	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.	X or√
	The company already have SOP Land Compensation	
	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.	X or√
	<p>The audit team sighted documents housed in the PT Evans Indonesia head office in Jakarta. Document and interviews confirm the following actions were completed:</p> <ul style="list-style-type: none"> • NPP Notification: PT Evans Indonesia – PT Teguh Jayaprima Abadi (PT TJA) was done on February 26 to March 25, 2013 with no negative comments. • NPP Notification: PT Evans Indonesia – PT Prima Mitrajaya Mandiri (PT PMM) was done on February 26 to March 25, 2013 with no negative comments. <p>Status of other land holdings:</p> <p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> • The company obtained the Izin Lokasi (IL) dated October 27th 2004 from the Bupati Bangka. • Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka • AMDAL was received on March 28th 2008 from the Bupati Bangka. • The Izin Lokasi (IL) was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. • The company has plans in place to commission a 3rd palm oil mill in 2014, known as PKS Tuing with a target RSPO certification for 2015. • HCV assessments were carried out in May 2013 by Aksenta. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> • There is currently 1 operational estate with 2,654 Ha • HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 • HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 • There are no current plans to commission a mill for this location as all existing crop is being sold to an external mill not owned by PT. Evans Indonesia. <p>PT Evans Lestari</p> <ul style="list-style-type: none"> • Izin Lokasi (IL) dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. • Izin Usaha Perkebunan (IUP) dated November 21st 2012 from the Bupati Musi Rawas was obtained. • AMDAL dated February 14th 2013 from the Bupati Musi Rawas was obtained. There are no current plans to commission a mill for this location. • HCV assessment by Fakultas Kehutanan Institut Pertanian Bogor was carried out in March 2013. • See also 2.3.6 above <p>Proposed plans for future NPP notifications to take place for 2013/2014:</p> <ul style="list-style-type: none"> • PT. Evans Lestari • PT. Gunung Pelawan Lestari <p>Both NPP is forecasted to take place either Q4, 2013 or Q1, 2014</p>	
	Status: Comply	
7.5	No new plantings are established on local peoples' land without their free, prior and informed	X or√

	<p>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.</p>	
	<p>No negative stakeholder comments were received during the 30-days consultation period either by CUC or the auditee prior to this main assessment or during the audit. However, the audit team has captured and followed up on 3 issues.</p> <p>Issue #1 In PT. Gunung Pelawan Lestari, no issues were recorded from any interested parties during the ASA1 audit in PKS Pangkatan in August 2013. However the Koperasi Gunung Muda Sejahtera, not in favour for oil palm cultivation even the compensation process activated. The company is currently engaged in an on-going negotiation with the Koperasi to identify solutions.</p> <p>Issue #2 A grievance complaint against the parent company, MP Evans Group PLC, that was published on the RSPO website. The grievance was filed on February 13, 2013 and posted on the RSPO grievance and complaint website. See link: http://www.rspo.org/en/status_of_complaint&cpid=34 The nature of the complaint: Alleged breach of Principle 2. Synopsis of complaint, that the company has:</p> <ul style="list-style-type: none"> • Carried out illegal logging on 540 Ha. • Planted on land outside the concession area. • Planted on land outside the HGU. <p>The audit team sighted several key correspondences with the regard to this complaint as described below. The member had met with the RSPO on 26th July 2013 and the relevant documents pertaining to these allegations were made available. The member had officially responded to RSPO on several occasions between March 2013 to August 2013, providing clarification concerning their land holdings and steps taken to ensuring compliance with local regulatory requirements. The last communication to RSPO, dated August 13th 2013, explains its position and progress made.</p> <p>Background and History Several estates make up this main assessment audit for PKS Benua Puhun. These estates went through the NPP notification under 2 groups:</p> <ul style="list-style-type: none"> • PT Teguh Jayaprima Abadi (PT TJA) Rantau Hempang Estate, Mahakam Estate • PT Prima Mitrajaya Mandiri (PT PMM) Bukit Jering Estate, Kaman Hilir Estate, Loleng Estate, Benua Puhun Estate, Muara Wis Estate <p>Both PT TJA and PT PMM obtained their respective "Izin Lokasi (IL)", "Izin Usaha Perkebunan (IUP)" and AMDAL as follows:</p> <p>PT TJA Izin Lokasi: Obtained June 27th 2006 for 5,100 Ha's and September 6th 2007 for 13,550 Ha from the Bupati Kutai Kartanegara</p> <ul style="list-style-type: none"> • Izin Usaha Perkebunan: Obtained January 16th 2007 and December 4th 2007 from the Bupati Kutai Kartanegara. • AMDAL: Obtained September 24th 2008 and March 16th 2009 from the Bupati Kutai Kartanegara. <p>PT PMM</p> <ul style="list-style-type: none"> • Izin Lokasi: Obtained June 26th 2007 for 21,500 Ha's from the Bupati Kutai Kartanegara. • Izin Usaha Perkebunan: Obtained July 26th 2007 from the Bupati Kutai Kartanegara. 	

- AMDAL: Obtained September 24th 2008 from the Bupati Kutai Kartanegara.

All these documents had approved concession areas as KBNK (Kawasan Budidaya Non-Kehutanan), meaning Non-Forest Land.

However, in 2011, the Forestry Ministry came out with a new map, zoning forest areas. There was a conflict with the governmental regulations between the local government (Kalimantan Timur Province) and the central government (Forestry Ministry of Republic Indonesia) over different map zoning of forest areas by the respective authorities.

Based on survey done by the Forestry authorities in 2011, some of the land area that make-up PT. TJA and PT. PMM are not classified as non-forest area and are now within forest areas or Hutan Produksi (HP) as opposed to the IL, IUP and AMDAL listed above. The company was advised by Central Government Forestry Ministry authorities that approximately 1,140 Ha's are in forest area. The company had followed up the matter with the Forestry Ministry (Kementerian Kehutanan) and was advised that there are several stages in the process before the land is finally classified as forestland.

On 6th July 2012, The President of The Republic of Indonesia issued the amendment of The Peraturan Pemerintah no. 10 year 2010, namely Peraturan Pemerintah no. 60 year 2012.

From the flow chart of PP no. 60 of 2012, any company affected by this, differences in map zoning of forest areas, has a limited time to initiate forestland release through a process, starting with an application.

On September 10th 2012, the company proactively made their application based on PP no. 60/2012 for both PT. PMM and PT. TJA for 1,140 Ha. A partial approval for 616 Ha's was received followed by another revised application dated March 20th 2013 for the remaining area.

On September 19th, the RSPO has written back to the member, MP Evans, with recommendations from the Grievance Panel.

At the time of this audit, the process for land swap according to PP No. 60 year 2012 is still an on going process. However, the audit team sighted an official document from the Forestry Ministry, dated August 2nd 2013, where approximately 276,240 Ha's in Kalimantan Timur has been classified as "Perubahan Fungsi Kawasan hutan". Under this category, there is approximately 199,402 Ha's or Hutan Produksi (HP) which is forestland, has been converted to HPK (Hutan Produksi Konversi) which is forestland that is allowed to be converted. The concession areas that make-up PT. TJA and PT. PMM fall under this category.

The company had subsequently made the necessary application for the entire 1,140 Ha on August 29th 2013; confirmed receipt by the Forestry Ministry on August 30th 2013. The application is a process to help change the status of HPK (Convertible Forest Area) to APL (Areal Penggunaan Lain) or "Area for Other Land Use" for the 1,140 Ha's and is currently under review.

Note: Non-Forest Areas are typically called APL or KBNK.

In addition, the audit lead to a meeting with RSPO Indonesia office, Ibu Kusumadewi, who had also reviewed the documents presented by MP Evans Group PLC and believed the latest information favours the company in addressing the recommendations made by the grievance panel.

The management will be officially responding to RSPO's letter dated September 19th 2013 and it is hoped the evidence provided, will help close the grievance complaint.

Issue #3

Also, in 2012, during the main assessment for PKS Pangkatan, the audit team identified a complaint that involved the minority shareholder partner.

The local partner lodged the complaint to RSPO, local authorities and the police. The complaint highlights that the company's East Kalimantan operations (PT Prima Mitrajaya Mandiri) was planted on forest area, impacting approximately 762 Ha's.

This complaint, closely follows the complaint received by RSPO in February 2013 discussed above. Although the izin (permit) provided did not fall into forest category, MP Evans has taken the 762 ha's in question out of their application for HGU and is not part of PT Prima Mitrajaya Mandiri (PT. PMM). The Kadastral map of HGU for PT Prima Mitrajaya Mandiri shows the exclusion of the forest areas which are logged over / degraded forests and amounts to about 762 ha's. Again, this area although

	<p>included in the Ijin Lokasi map but has been excluded from HGU. Given the latest information and findings in Issue #2, the company's actions in making the necessary application to the Forestry Ministry dated August 29th 2013, where it is clear that 1,140 Ha's between PT. TJA and PT. PMM is now categorized as HPK land, will help address both complaints (Issue #2 and Issue #3). In addition, based on sighted correspondences and interviews, the company is in the process of closing the complaint and concerns raised by the minority partner. The audit team concluded that significant progress has been made in resolving and closing this particular grievance complaint and the established process in resolving such matters is working. The progress of this issue will be reviewed during the next surveillance audit in 2014.</p>	
	Status: Comply	
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√
	The company already have SOP Land Compensation	
	Status: Comply	

3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-2 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		<i>During annual surveillance assessment – 2 there is no non conformance identified.</i>					<ul style="list-style-type: none"> • Root cause: • Corrective action • Preventive action: • Auditor conclusion: 		

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-3 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2015.01	6.5.2	<p>Employment Agreement and Waging System Realization.</p> <p>The result of interviews and document reviews it is revealed that realization of waging system of childcare workers in Daycare has not been complied with applicable employment agreement. Workers register their attendance from 06.30 to 12.00, but they stay continuing their work and only receive proportional payment (5/7 x Daily Wage Rp 80,500,-).</p>	Major	Senna h Estate	12th of October 2015	Certificate holders shall demonstrate that waging system has been realized in accordance with regulation.	<p><i>Root Cause:</i> Realization of waging system of landfill workers has not been complied with applicable employment agreement.</p> <p><i>Corrective Action + Evidence:</i> Auditor Verification 18th of August 2015 Management units have demonstrated SPK to BHL (including baby nurse/workers in Daycare), the reporting evidence of BHL's SPK to relevant authority, baby nurse working hours and minutes of meeting</p>	Full Compliance	18th of August 2015

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>between representatives from company and baby nurse. Based on the evidences, nonconformity 2015.01 to Major category is declared to be full compliance by observation.</p> <p>14 th of September 2015 Management unit of Sennah estate have demonstrated that BHL workers (including workers in Daycare) have been paid in accordance with employment agreement. There is evidence that wages payment period of August 2015 has been performed on 5th of September 2015 which paid wages corresponding with working days. Based on the evidences, nonconformity 2015.01 to Major category is declared to be full compliance.</p> <p><i>Preventive Action</i> Wage payment is corresponding with work hours or in accordance with applicable employment agreement.</p>		

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	1.2.1	Document availability for public Documents that is accessible to public is disseminated to all relevant stakeholders
2	4.3.5	Drainage Assessment Assessment of peat lands exhaustibility is being performed during replanting in accordance with RSPO peat management

3	4.7.3	Secure Placement for Work Equipment Risk identification of secure work equipment storage and its implementation.
4	5.2.2	Animal Poster Information of protected animals in the form of poster according to actual condition.
5	5.3.2	B3 Waste Landfill License Follow-up of license process of B3 Waste Landfill in PT Pangkatan Estate
6	6.5.3	Quality of Employee Facilities Monitoring consistency and realization of housing facility improvement to well function condition.
7	6.11.1	Local Development Program Specific elaboration of CSR program according to consultation and communication with relevant stakeholders

3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1		Company' commitment of implementation of sustainable oil palm management principles
2		Personal (Staff) competency in in their respective fields
3		The company has well managed the environment
4		Company' commitment of providing fairly good document
5		The company has provided drinkable clean water (<i>Reverse Osmosis</i>) for employees
6		Oil palm processing unit Pangkatan Mill has applied (hygiene) well treatment to every station
7		Monitoring of HGU boundary poles is well maintained.
8		ISPO and ISCC certificates are available
9		Having good relationship with communities

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

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
<p>Implementation : Tuesday, 11th of August 2015 (Villages surrounding Plantation and Relevant Authorities)</p>		
<p>Method being used by auditor team in order to collect information from stakeholders is direct interview with relevant parties.</p>		
<p>Manpower and Transmigration Agency in Labuhan Batu Regency</p> <ol style="list-style-type: none"> 1. Company already had P2K3 structure which has been registered and endorsed by local Manpower Agency. 2. Secretary of P2K3 already had professional certificate of general OHS. 3. Relationship between company and the agency is well established 4. Reporting of P2K3 and employment have been well performed routinely 5. Company has implemented remuneration that is in accordance with applicable UMSK (Minimum Wages of Regional Sector) 6. Company reports every workplace accident occurrence to authority 7. Issues related to employment are not found 8. Company has performed reporting routinely: Report of P2K3 activities, Report of Workplace Accident, Employment Compulsory Reporting. 9. License certificates of equipment/ machines in PKS are periodically examined. 10. Operators of transport, steam engine, crane, etc have held relevant and valid SIO. 	<ol style="list-style-type: none"> 1. Company will Consistently perform P2K3 2. Company will maintain general OHS certificate 3. Company will maintain harmonious relationship with relevant authority 4. Company will maintain report continuity 5. Company continues to comply with wage regulation 6. Company will always minimize workplace accident and report workplace accident occurrence to agency 7. Company will comply with manpower regulation to prevent negative issues 8. Company will maintain reporting routinely: 9. Company will consistently fulfill permits/licenses 10. Company will constantly provide SIO to operators according to their job 	<p>This already complied with Criteria 1.1; 2.1; 4.7 and 6.5.</p>
<p>Forestry and Plantation Agency in Labuhan batu Regency</p>	<ol style="list-style-type: none"> 1. Company will maintain this matter 	<p>This already complied with Criteria 1.1; 2.1; 4.7; 6.7 and</p>

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
<ol style="list-style-type: none"> 1. Compulsory reporting to the agency have been performed periodically 2. Relationship between company and the agency is well established 3. Company is appointed as Fire Brigadier 4. The agency do not have knowledge of publicly open documents yet 5. Certificate from chief of relevant authority related to SPUP area of PT.Senah and statement of mill capacity in SPUP of PT. Pangkatan is temporary 6. Company will perform CSR activities for example in assisting road repair, construction of religious house however the company should improve CSR activities in area of communities economy empowerment and enhancement 7. The agency pleas not to hire underage workers 	<ol style="list-style-type: none"> 2. Company will maintain harmonious relationship with relevant authority 3. Company will remain to be Fire Brigadier 4. Dissemination to relevant agency has been performed 5. Company have taken effort to gain certificate from chief of relevant authority related to SPUP area of PT.Senah and statement of mill capacity in SPUP of PT. Pangkatan although it is temporary 6. Company continues to commit to its CSR program 7. Company already had SOP indicating prohibition of hiring underage worker 	<p>6.10.</p>
<p>Chief Ad Interim (PJS) of Sennah Estate Village:</p> <ol style="list-style-type: none"> 1. All this time the relationship between PT Sembada Sennah Maju and villagers in social areas is well established. 2. CSR (Corporate Social Responsibility) assistances have routinely provided by company to support communities 3. Village officials and villagers who almost all them are the company's employees have received socialization concerning the company policies in areas of environment, OHS, and social. 4. There is no land dispute in operational area of PT Sembada Sennah Maju because the plantation has been established since 1940s prior to village establishment. 	<ol style="list-style-type: none"> 1. Company will maintain good relationship with communities 2. Company continues to commit to its CSR program 3. Company will routinely perform the socialization program 4. Company will maintain good relationship with communities 	<p>This already complied with criteria 1.1; 2.2 and 6.10.</p>
<p>Sidorukun Village – Village Secretary</p> <p>Sidorukun Village is one of villages directly border with PT Pangkatan</p>		

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
<p>Indonesia. Sidorukun villagers are likely to be heterogeneous which ethnic majority is Javanese. Sidorukun Village consists of 9 hamlets/smaller villages. Interview between Auditor Team and Sidorukun Village Secretary was performed. The result of interview is presented as follow:</p> <ol style="list-style-type: none"> 1. All this time relationship between Sidorukun Villagers and company is well established. Company representative who frequently communicate with village representative are manager and chief assistant. 2. Company has contributed to social activities in Sidorukun Village. Realization of contributions are labor absorption (30%), providing extension of management and fertilization procedures of community oil palm plantation to surrounding communities, providing assistance for road work in the village, providing scholarship to student achievement, providing assistance to facilities and equipment of village office. 3. It is informed that there are no land dispute between company and communities surrounding Pangkatan estate. 4. Village officials have understood mechanism of application for assistance submitted to the company. 5. Village officials and communities surrounding the estate have been provided with socialization concerning the existence of biodiversity and conservation area. 6. Village officials consider that company has high commitment to management of social and environment and there are no report related to environmental contamination. 7. Company opens the opportunity to local contractor for participating in piecework contract as FFB transport, replanting. 8. Company had invited communities to socialization related to public accessible documents. 9. There are no any burning during replanting activities in PT Pangkatan Indonesia. 	<ol style="list-style-type: none"> 1. Company will maintain good relationship with communities and villages officials 2. Company continues to commit to its CSR program 3. Company will maintain good relationship with communities 4. Company will constantly provide socialization concerning mechanism of application for assistance 5. Company will constantly provide socialization concerning the existence of biodiversity and conservation area 6. Company will consistently preserve environment 7. Company does not discriminate contractors in accordance with tender mechanism 8. Company continues to perform socialization regarding transparency 9. Company commits to prohibit burning in replanting 10. Company strives to minimize environmental contamination 	<p>This already complied with Criteria 1.1; 2.2; 5.1; 5.2; 5.5; 6.1; 6.2 and 6.10.</p>

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
<p>10. There are no any environmental contamination issues caused by the company operational activities.</p>		
<p>Tebing Tinggi Pangkatan Village – Village Chief</p>		
<p>Tebing Tinggi Pangkatan Village is one of villages directly border with PT Pangkatan Indonesia. Tebing Tinggi Pangkatan villagers are likely to be heterogeneous which ethnic majority is Javanese. Interview between Auditor Team and Tebing Tinggi Pangkatan Village Chief was directly performed. The result of interview is presented as follow:</p> <ol style="list-style-type: none"> All this time relationship between Tebing Tinggi Pangkatan Villagers and company is well established. Company representative who frequently communicates with village representative are manager and chief assistant. Company has contributed to social activities in Tebing Tinggi Pangkatan Village. Realization of contributions are providing extension of management and fertilization procedures of community oil palm plantation to surrounding communities, providing nine kinds of basic needs assistance, providing assistance for improvement of road, religious facilities and meeting halls, providing assistance to religious activities. It is informed that there are no land dispute between company and communities surrounding Pangkatan estate. Village officials have understood mechanism of application for assistance submitted to the company. Village officials and communities surrounding the estate have been provided with socialization concerning the existence of biodiversity and conservation area. There are no any environmental contamination issues caused by the company operational activities. There are no any burning during replanting activities in PT Pangkatan Indonesia. 	<ol style="list-style-type: none"> Company will maintain good relationship with communities and villages officials Company will maintain good relationship with communities Company continues to commit to its CSR program Company will maintain good relationship with communities Company will constantly provide socialization concerning mechanism of application for assistance Company will constantly provide socialization concerning the existence of biodiversity and conservation area Company strives to minimize environmental contamination Company commits to prohibit burning in replanting 	<p>This already complied with Criteria 1.1; 2.2; 5.1; 5.2; 5.5; 6.1; 6.2 and 6.10.</p>

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
<p>Local Contractor / PUK (Business Unit Manager) Indonesian Transport Worker Federation (CV.Meliala).</p> <ol style="list-style-type: none"> 1. All this time cooperation between PT Sembada Sennah Maju and local contractor has been well established. 2. The signed cooperation agreement is undertaken transparently furthermore payment performed by company is always timely in accordance with cooperation agreement. 3. Company has performed socialization related to OHS to employees (FFB transport driver and Loader) to prevent workplace accident. 	<ol style="list-style-type: none"> 1. Company does not discriminate contractors in accordance with tender mechanism 2. Company commits to the running system 3. Company will maintain OHS report continuity 	<p>This already complied with Criteria 4.8 and 6.10.</p>
<p>Administrators of Sennah Mandiri Worker Union</p> <ol style="list-style-type: none"> 1. Company has provide opportunity to employees for establishing union. This is demonstrated by the forming of Worker Union stewardship for employees in PT Sembada Sennah Maju and it has been registered at Dinas Manpower and Transmigration Agency in Regency of Labuhanbatu. 2. All this time intimidation from company party on worker union stewards has never existed. 3. Meetings between company and worker union have been performed routinely once every 3 months which discussed about employment. 4. Partnership Agreement (PKB) between company and worker union is available in accordance to applicable regulation. 5. Company has applied wages according to applicable regulation, there is no complaint related to the application of UMSK. 6. Complaint and information submission has been understood by employees by means of complaint book. 7. Company does not hire worker under 18 years of age. 	<ol style="list-style-type: none"> 1. Company commits to its policy 2. Company does not interfere worker union 3. Company will always communicate with worker union 4. Company will continue to preserve it 5. Company continues to comply with wage regulation 6. Company will constantly provide socialization concerning complaint book 7. Company commits to it policy of prohibition for hiring underage worker 8. Company has registered Biparitif Cooperative Forum 	<p>This already complied with Criteria 6.3; 6.5; dan 6.6.</p>

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
<p>8. Currently Bipartit Cooperative Forum consisting company party and employees representatives has not yet formed.</p>		
<p>SPM (Independent Worker Union) in PT Pangkatan Indonesia (Chairman and Secretary)</p> <ol style="list-style-type: none"> 1. Company gives freedom of association. 2. Relationship between management and worker union is good, however sometimes there is still problem and every problem can be well solved in bipartite or tripartite way. 3. Management and employees representatives perform routinely meetings every year for discussing wages. The discussed wages refer to UMSK set by government. 4. Company has fulfilled rights of employees such as THR, housing. 5. PKB is distributed to employees. Procedure of overtime incentive calculation is also explained in PKB. 6. Socialization related to RSPO is being performed once a week. 7. There are no child worker issues in the company. 8. Socializaiton of HCV has been performed and there are protected animal posters in HCV area. 9. In term of career path there is opportunity for employee to be staff, however sometimes employees do not desire it. 10. Worker union routinely conduct meeting once every 2 months. 11. Company does not discriminate its employees. 12. There are 40 PKWT workers that are promoted to be SKU workers. 13. Promotion decrees (SK) is delivered to employees. 	<ol style="list-style-type: none"> 1. Company commits to its policy 2. Company obeys applicable regulation 3. Company continues to comply with wage regulation 4. Company continues to comply with wage regulation 5. Company is transparent in waging system 6. Company constantly provides socialization 7. Company commits to it policy of prohibition for hiring underage worker 8. Company constantly provides socialization 9. Company is open for career path and does not impose the career 10. Company does not interfere worker union 11. Company does not discriminate employees 12. If employees have good achievement then they will be permanent employees 13. Employees are adviced to understand their rights and responsibilities 	<p>This already complied with Criteria 4.8; 5.2; 6.2; 6.3; 6.5; 6.6; 6.7 and 6.8.</p>
<p>Secretary of Pangkatan Multipurpose Cooperative.</p> <ol style="list-style-type: none"> 1. PT Pangkatan Indonesia highly supports the formation of employees cooperative that assists and simplifies access to 	<ol style="list-style-type: none"> 1. Company assists capital needs with loan system to multipurpose cooperative in order to fulfill employees' daily 	<p>This already complied with Criteria 6.5.</p>

ISSUES FROM PUBLIK	MANAGEMENT RESPONSE	AUDITOR RESPONSE
foodstuffs supplies to employees. 2. All permanent and contract employees can be cooperative members and receive ease in buying foodstuffs.	needs 2. All company's employees can be cooperative members	
NGO Pijar Keadilan in Region of Labuhanbatu		
1. Relationship between company and NGO is well established 2. In social area company always provides assistance for example roads, bridge construction, school facilities improvement and creating water well in villages surrounding company 3. Environmental management in the company have been pretty good for example possessing conservation area, waste from landfill has been well processed. 4. Company cares about employees' well being 5. Promotion system conform to regulation	1. Company establishes good relationship with NGO 2. Company continues to commit to its CSR program 3. Company commits to preserve environment 4. Company strives to prosper its employees 5. Company performs employees recruitment in accordance with the company regulation	This already complied with Criteria 1.1; 5.1; 6.2 and 6.10.
Contract Workers in Pangkatan POM		
1. Employment Agreement (Specific Time Employment Agreement) which signed by company party and employees has been understood. 2. Rights and Responsibilities of each party have been implemented in accordance with employment agreement and applicable regulation (wages, allowance, etc)	1. Company is transparent in explaining agreement contents 2. Company conforms to government and company regulations	This already complied with Criteria 6.5.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

Hereunder sign by management representative from inspected company and audit team to acknowledge a field assessment and agree for all content explained in this assessment report, included of nonconformities issues.

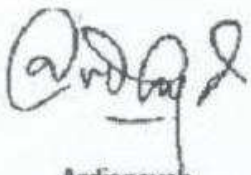
Signed on behalf of:

PT PANGKATAN INDONESIA
MP Evans Group PLC
Head of Operation Agronomy (SUMUT)



Gunasekaran Uthiradam
Senin, 14 September 2015

Mutuagung Lestari
Lead Auditor



Ardiansyah
Senin, 14 September 2015

APPENDICES

Appendix 1. List of Stakeholder Contacted in the RSP0 Certification Process

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Manpower and Transmigration Agency	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
2	Forestry and Plantation Agency	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
3	Sennah Estate Village	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
4	Sidorukun Village	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
5	Tebing Tinggi Pangkatan Village	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
6	Local Contractor / PUK (Business Unit Manager) Indonesian Transport Worker Federation	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
7	Sennah Mandiri Worker Union	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
8	SPM (Independent Worker Union)	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
9	Pangkatan Multipurpose Cooperative	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
10	NGO Pijar Keadilan	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
11	Contract Workers	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 11 th , 2015	√	
12	Sawit Watch		informasi@walhi.or.id and info@walhi.or.id	Questionnaire	August 04 th , 2015		√
13	Wahana Lingkungan Hidup Indonesia	-	informasi@walhi.or.id and info@walhi.or.id	Questionnaire	August 04 th , 2015		√
14	WWF Indonesia		wwf-indonesia@wwf.or.id	Questionnaire	August 04 th , 2015		√

Appendix 2. Assessment Program		
DATE / TANGGAL	10 – 14 August 2015	
ACTUAL DURATION <i>DURASI AKTUAL</i>	PROCESSES / CLAUSES TO BE AUDITED <i>PROSES / HAL YANG DIAUDIT</i>	AUDITOR
Monday/Senin, 10 August 2015		
05.30 - 08.00 10.30 - 15.30 16.30 - 17.30	JAKARTA → MEDAN MEDAN → RANTAU PRAPAT RANTAU PRAPAT → PT.PANGKATAN INDONESIA	ARD / ON / MAY / MR ARD / ON / MAY / MR ARD / ON / MAY / MR
Tuesday/Selasa, 11 August 2015		
07.30 – 08.00	OPENING MEETING • Brief Introduction, Audit scope confirmation, Standards Use, Audit Objectives and Audit Agenda Explanation	• ARD / ON / MAY / MR
08.00 – 12.00	• Stakeholders consultation to Related Government Institution (Labuhan Batu District Government and local NGO) • Stakeholders consultation to Company surrounded village and community leader (confirmation for meeting venue) and local contractor	• MAY / MR • ARD / ON
12.00 – 14.00	BREAK	
14.00 – 17.00	PANGKATAN POM : WWTP (IPAL), Operational, K3 (OHS), Supply Chain, Hazardous Waste Material (B3) management, CPO contractor	• ARD / MAY / MR/ ON
Wednesday/ Rabu, 12 August 2015		
08.00 – 12.00	Field Observation PT SEMBADA SENNAH MAJU • Manuring, Spraying, Harvesting, Best Agricultural Practices, Integrated Pest Management • Legal operational boundary and Conservation (HCV) Area • Worker Welfare (payments, complaint mechanism) • Worker facilities (housing, health clinic, clean water, etc) • Land Fire facilities, Chemical Storage, ect.. • Hazardous Waste Material management	• MR • ARD • ON / MAY • ON / MAY • MAY • MAY
12.00 – 14.00	BREAK	
14.00 – 17.00	• Continue Field Observation to PT SEMBADA SENNAH MAJU and field observation clarification	• ARD / ON / MAY / MR
Thursday/ Kamis, 13 August 2015		
08.00 – 12.00	Field Observation PT PANGKATAN INDONESIA • Manuring, Spraying, Harvesting, Best Agricultural Practices, Integrated Pest Management • Legal operational boundary and Conservation (HCV) Area • Worker Welfare (payments, complaint mechanism) • Worker facilities (housing, health clinic, clean water, etc) • Land Fire facilities, Chemical Storage, ect..	• MR • ARD • ON / MAY • ON / MAY • MAY

DATE / TANGGAL	10 – 14 August 2015	
ACTUAL DURATION DURASIAKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
	<ul style="list-style-type: none"> Hazardous Waste Material management 	<ul style="list-style-type: none"> MAY
12.00 – 14.00	BREAK	
14.00 – 16.00	<ul style="list-style-type: none"> Continue Field Observation to PT PANGKATAN INDONESIA and field observation clarification 	<ul style="list-style-type: none"> ARD / ON / MAY / MR
16.00 – 17.30	<ul style="list-style-type: none"> Continue checklist and audit finding preparation 	<ul style="list-style-type: none"> ARD / ON / MAY / MR
19.00 – 20.30	<ul style="list-style-type: none"> Closing Meeting 	<ul style="list-style-type: none"> ARD / ON / MAY / MR
23.00 – 04.30	<ul style="list-style-type: none"> PT PANGKATAN INDONESIA → RANTAU PRAPAT → MEDAN 	<ul style="list-style-type: none"> ARD / ON / MAY / MR
Friday/Jumat, 14 August 2015		
23.00 – 04.30	PT PANGKATAN INDONESIA → RANTAU PRAPAT → MEDAN	<ul style="list-style-type: none"> ARD / ON / MAY / MR
08.30 –	MEDAN → JAKARTA	<ul style="list-style-type: none"> ARD / ON / MAY / MR