

***Roundtable on Sustainable Palm Oil Certification  
RSPO***

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

**Name of Management Organisation :** Turangie POM –  
PT Perusahaan Perkebunan London Sumatra Indonesia

**Plantation Name :** PT Perusahaan Perkebunan London Sumatra Indonesia -Turangie Estate, Pulau Rambung Estate, Bungara Estate

**Location :** Sub District of Salapian, District of Langkat, Sumatera Utara Province, Indonesia

**Certificate Code :** **MUTU-RSPO/049**

**Date of Certificate Issue :** Januari 09<sup>th</sup>, 2015      **Date of License Issue :** Januari 09<sup>th</sup>, 2016

**Date of Certificate Expiry :** Januari 08<sup>th</sup>, 2020      **Date of License Expiry :** Januari 08<sup>th</sup>, 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
Stage-1	15 Februari 2014	Taufik Margani (Lead Auditor), Ibnu Satria Prabudi, Trismadi Nurbayuto (Auditor Under Trainee)	Octo Nainggolan	Tony Arifiarachman
Stage-2	17 - 22 Maret 2014	Taufik Margani (Lead Auditor), Ibnu Satria Prabudi, Henry Marpaung, Trismadi Nurbayuto, Kartini Noor Hafni (Technical Expert)	Ganapathy Ramasamy	Tony Arifiarchman
ASA-1	19 - 24 Oktober 2015	Muardi Marwas (Lead Auditor), Sandra Purba, Sofyan Hadi Lubis, Yohanes Hardian	Octo Nainggolan	Taufik Margani

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-1	5 January 2016

## **TABLE OF CONTENT**

### **FIGURE**

Figure 1. Location Map of Turangie POM	01
Figure 2. Operational Map of Bungara Estate	02
Figure 3. Operational Map of Pulau Rambung Estate	03
Figure 4. Operational Map of Turangie Estate	04
Abbreviations Used	05

### **1.0 SCOPE of the CERTIFICATION ASSESSMENT**

1.1	Assessment Standard Used	06
1.2	Organisation Information	06
1.3	Type of Assessment	06
1.4	Location of Mill and Plantations	06
1.5	Description of Area Statement	07
1.6	Planting Year and Cycles	07
1.7	Description of Mill and Supply Base	08
1.8	Estimate Tonnage of Certified Product	08
1.9	Other Certifications	09
1.10	Time-Bound Plan	09

### **2.0 ASSESSMENT PROCESS**

2.1	Assessment Team	12
2.2	Assessment Methodology, Assessment Process and Locations of Assessment	12
2.3	Stakeholder Consultation and Stakeholders Contacted	19
2.4	Determining Next Assessment	19

### **3.0 ASSESSMENT FINDINGS**

3.1	Summary of Assessment Report of the RSPO Certification	20
3.2	Summary of Assessment Report of Supply Chain Requirement	52
3.3	Conformity Checklist of Certificate and Logo Use	55
3.4	Summary of RSPO Partial Certification	56
3.5	Identification of Findings, Corrective Actions, Observations, Opportunity for Improvement and Noteworthy Positive Components	59
3.6	Summary of Arising Issues from Public, Management and Auditor Responses	77

### **4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

4.1	Formal Signing of Assessment Findings	82
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### **APPENDICES**

1.	List of Stakeholders Contacted in the RSPO Certification Process	83
2.	Assessment Program	84

Figure 1. Location Map of Turangie POM

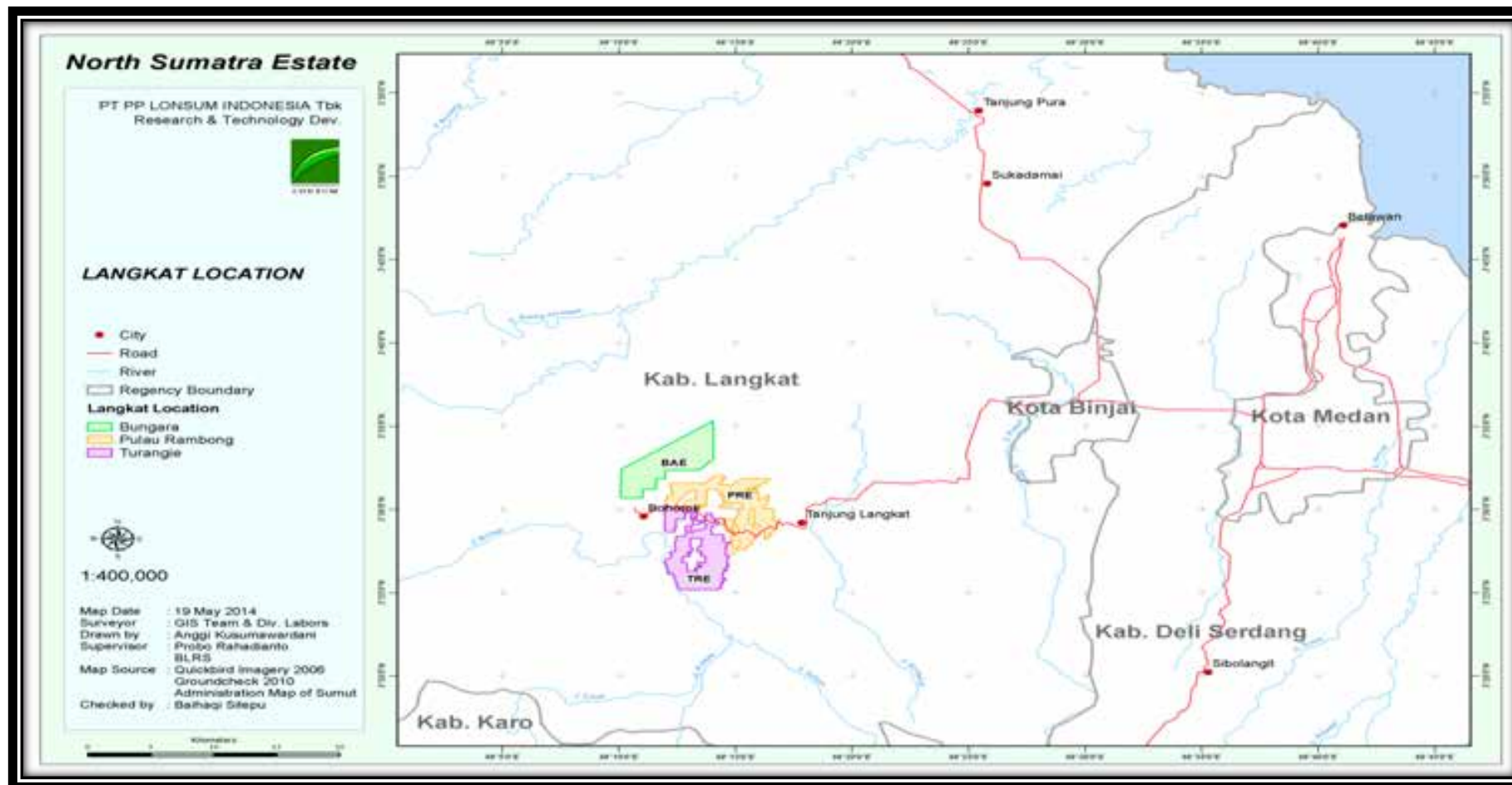


Figure 2. Operational Map of Bungara Estate

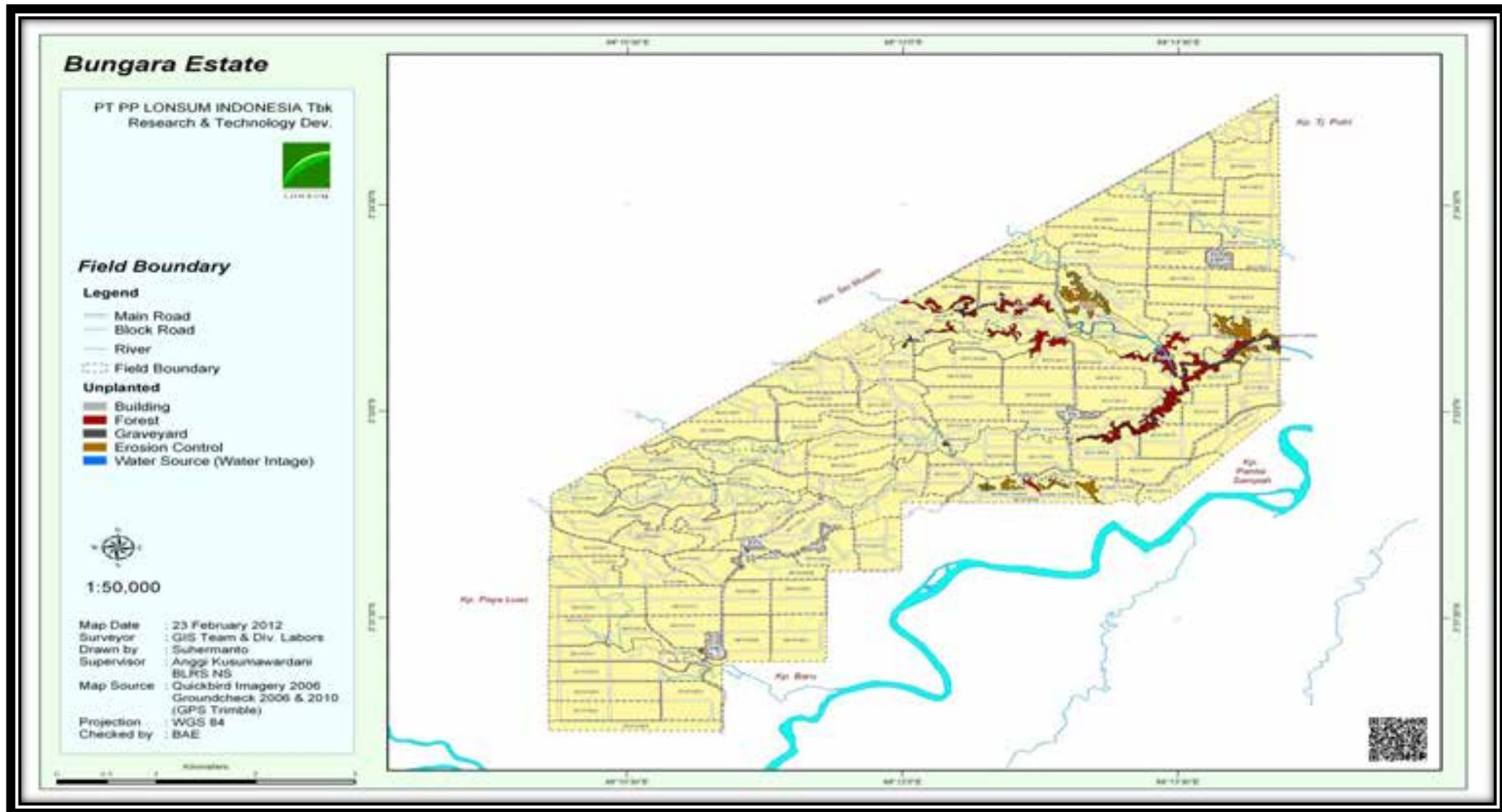




Figure 3. Operational Map of Pulau Rambung Estate

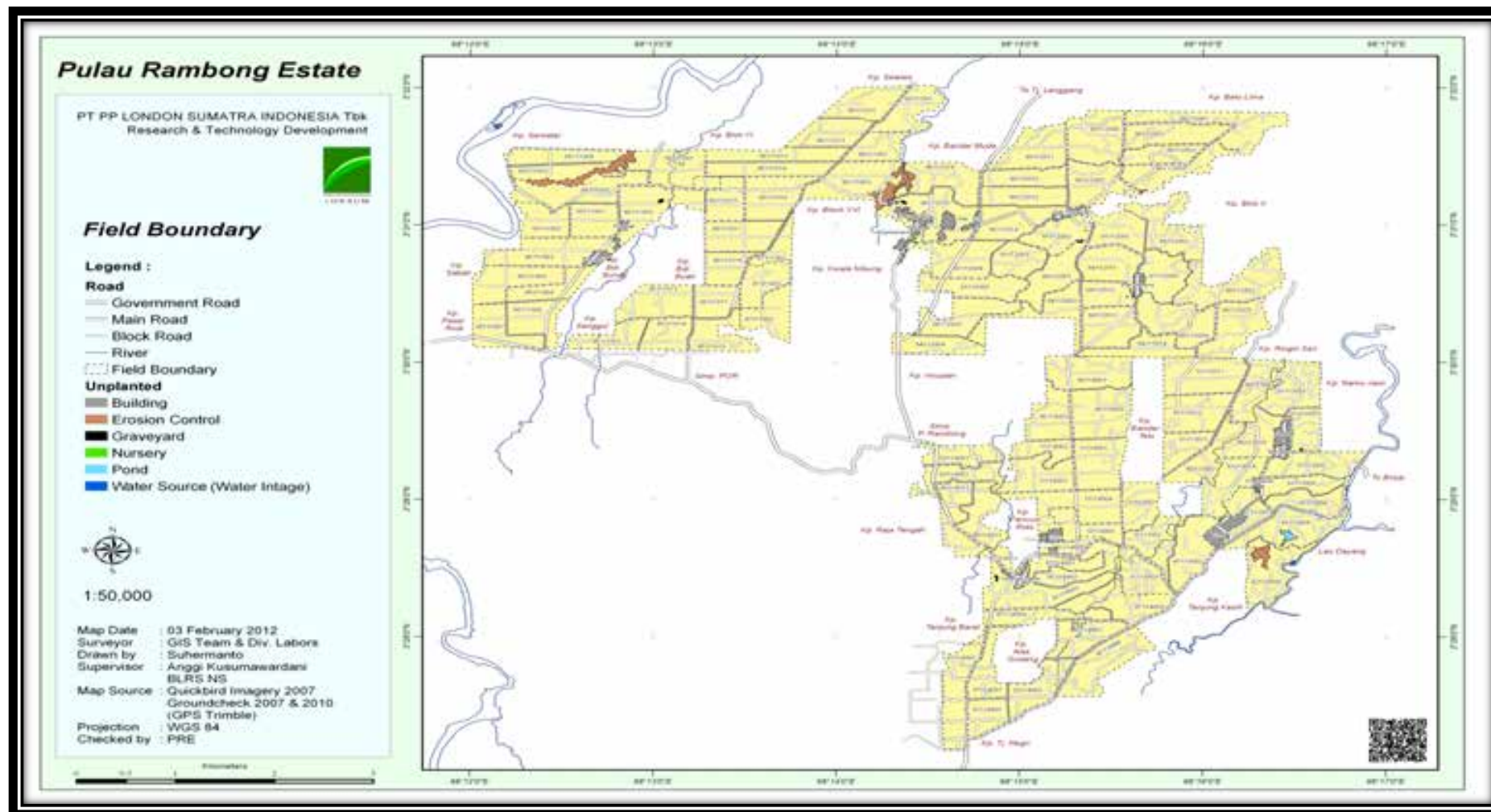
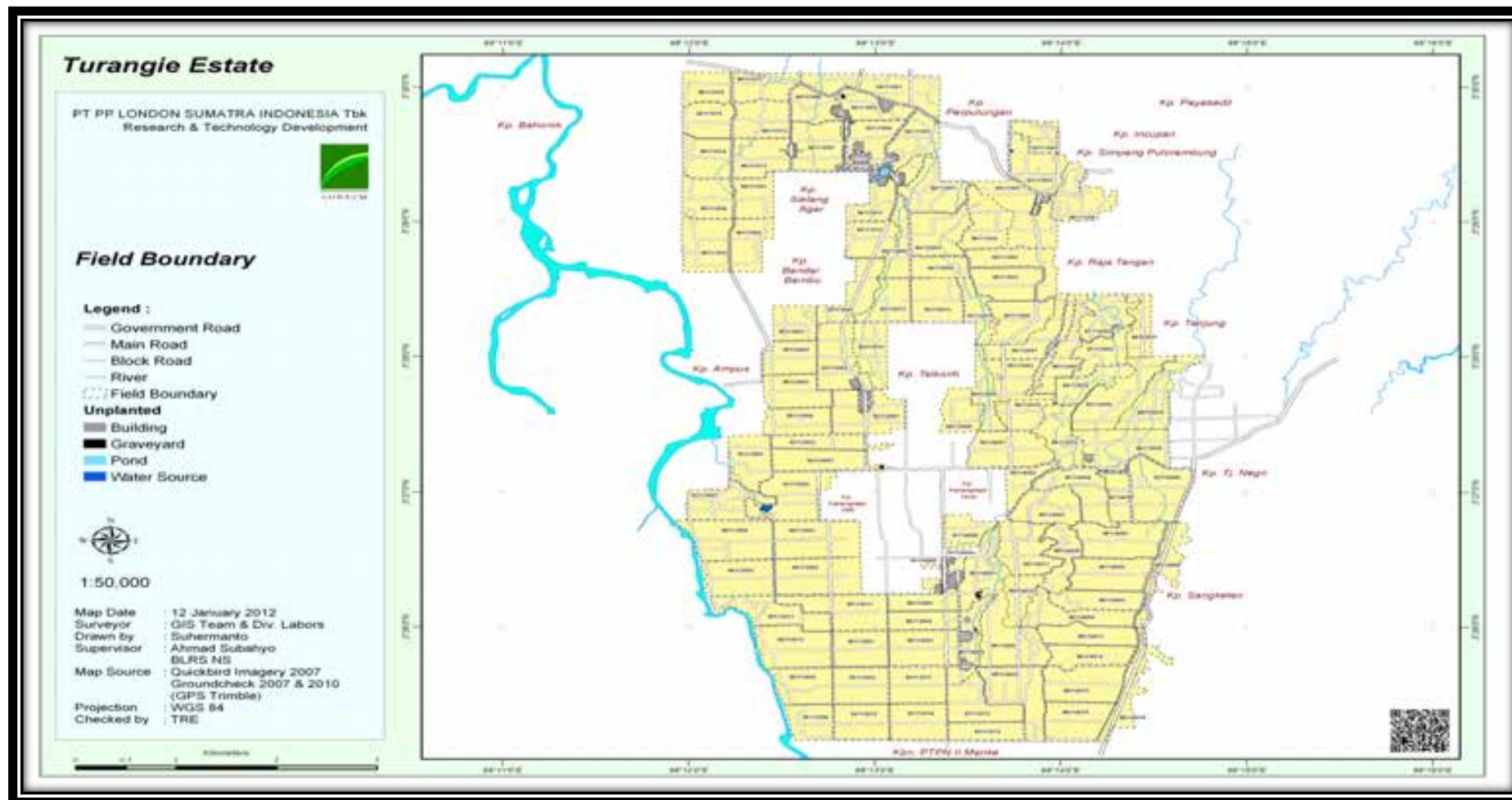


Figure 4. Operational Map of Turangie Estate



<b>Abbreviations Used</b>		
AMDAL	:	Analisis Mengenai Dampak Lingkungan ( <i>Environmental Impact Analysis</i> )
APD	:	Alat Pelindung Diri ( <i>Personal Protective Equipment</i> )
ASEAN	:	Association of South East Asian Nations
BARISTAN	:	Badan Riset dan Standardisasi Industri
BRE	:	Bungara Estate
BT	:	Bujur Timur
LB3	:	Limbah Bahan Beracun dan Berbahaya ( <i>Hazardous Waste Temporary Warehouse</i> )
BOD	:	Biological Oxygen Demand
CPO	:	Crude Palm Oil
GHG	:	Green House Gass
HGU	:	Hak Guna Usaha ( <i>Land Use Title</i> )
HIRARC	:	Hazard Identification Risk Assessment and Risk Control
IUP	:	Izin Usaha Perkebunan ( <i>Plantation Business Permit</i> )
IUP-B	:	Izin Usaha Perkebunan untuk Budidaya ( <i>Plantation Business Permit for Cultivation</i> )
IUP-P	:	Izin Usaha Perkebunan untuk Pengolahan ( <i>Plantation Business Permit for Processing</i> )
IPAL	:	Instalasi Pengolahan Air Limbah ( <i>Waste Water Treatment Pond</i> )
IPM	:	Integrated Pest Management
JAMSOSTEK	:	Jaminan Sosial Tenaga Kerja ( <i>Labour Social Assurance</i> )
K3	:	Keselamatan dan Kesehatan Kerja ( <i>Occupational Health and Safety</i> )
KER	:	Kernel Extraction Rate
LC	:	Land Clearing
Lonsum	:	London Sumatra
LS	:	Lintang Selatan
MN	:	Main Nursery
NKT	:	Nilai Konservasi Tinggi ( <i>High Conservation Value</i> )
OER	:	Oil Extraction Rate
P2K3	:	Panitia Pembina Keselamatan dan Kesehatan Kerja ( <i>Guiding Committee of Occupational Safety and Health</i> )
PHT	:	Pengendalian Hama Terpadu ( <i>Intergrated Pest Management</i> )
PK	:	Palm Kernel
PKB	:	Perjanjian Kerja Bersama ( <i>Collective Labour Agreement</i> )
PKS	:	Pabrik Kelapa Sawit ( <i>Palm Oil Mill</i> )
PPE	:	Personal Protective Equipment
PRE	:	Pulau Rambung Estate
RKL/RPL	:	Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan ( <i>Environmental Management Plan / Environmental Monitoring Efforts</i> )
RSPO	:	Rountable on Sustainable Palm Oil
SOP	:	Standart Operating System
TBS	:	Tandan Buah Segar ( <i>Fresh Fruit Bunches</i> )
TRE	:	Turangie Estate
UMR	:	Upah Minimum Regional ( <i>Regional Minimum Wage</i> )
WTP	:	Water Treatmen Procces
WWTP	:	Waste Water Treatment Pond

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used	<ul style="list-style-type: none"><li>• <i>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li><li>• <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></li></ul>	
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT Perusahaan Perkebunan London Sumatra Indonesia	
1.2.2	Contact person	Muhammad Waras	
1.2.3	Organisation address and site address	<u>Head Office</u> Jl. A. Yani No. 02 Medan, North Sumatera - Indonesia  <u>Estate &amp; Mill:</u> Sub District of Salapian, District of Langkat, Sumatera Utara Province, Indonesia	
1.2.4	Telephone	(061) – 4532300	
1.2.5	Fax	(061) – 4550421	
1.2.6	E-mail	<a href="mailto:Muhammad.Waras@londonsumatra.com">Muhammad.Waras@londonsumatra.com</a>	
1.2.7	Web page address	<a href="http://www.londonsumatra.com">www.londonsumatra.com</a>	
1.2.8	Management Representative who completed the application for certification	Muhammad Waras (Head of ECSR & HS Department)	
1.2.9	Registered as RSPO member	5 November 2004	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	<b>Palm Oil Mill and supply base</b> Turangie Mill, Turangie Estate, Pulau Rambung Estate and Bungara Estate	
1.3.2	Type of certificate	Single	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			LatitudeLongitude
	Turangie POM	Sub District of Salapian, Langkat District, North Sumatera Province	3° 28' 41" LU98° 16' 05" BT
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			LatitudeLongitude



	Turangie Estate	Sub District of Bahorok, Langkat District, North Sumatera Province	3° 29' 52" LU	98° 13' 04" BT
	Pulau Rambung Estate	Sub District of Salapian, Langkat District, North Sumatera Province	3° 09' 27" LU	98° 14' 24" BT
	Bungara Estate	Sub District of Bahorok, Langkat District, North Sumatera Province	3° 31' 57" LU	98° 11' 17" BT
<b>1.5</b>	<b>Description of Area Statement</b>			
1.5.1	Tenure			
	• State		9.032,40	Ha
	• Community			Ha
1.5.2	<b>Area Statement</b>			
			<b>Ha</b>	
		<b>Turangie</b>	<b>P. Rambung</b>	<b>Bungara</b>
		<b>Total</b>		
	<b>Total area</b>	3,156.45	3,098.47	2,777.48
	Mature area	2,835.73	2,688.27	2,531.97
	Immature area	0	0	0
	Mill and Emplishment	37.95	43.77	26.62
	Infrastructure	279.17	342.71	190.39
	Others area (conservation non planted area)	3.60	23.72	28.50
	* Conservation in planted area as 118,08 ha			
	* Sources: Statement Area, 2015			
<b>1.6</b>	<b>Planting Year and Cycles</b>			
1.6.1	Age profile of planting year			
	<b>Planting Year</b>	<b>Hectarage (Ha)</b>		
		<b>Turangie</b>	<b>P. Rambung</b>	<b>Bungara</b>
				<b>Total</b>
	1985	174.75	0	0
	1986	121.78	422.21	0
	1987	57.39	265.53	93.40
	1988	23.08	212.55	-
	1989	51.31	143.84	150.66
	1990	0	0	153.23
	1991	19.75	464.80	192.84
	1992	220.01	81.41	365.85
	1993	376.03	39.24	182.39
	1994	584.01	198.21	407.37
	1995	568.48	286.62	535.84
	1996	639.14	344.73	450.39
	1997	0	26.21	0
	2010	0	18.19	0

	2011	0	184.73	0	184.73		
	TOTAL	2,835.73	2,688.27	2,531.97	8,055.97		
1.6.2	New Planting area after January 2010			Ha			
1.6.3	Planting Cycle		2 <sup>nd</sup> Cycle				
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Turange POM	45	168,404	39,217	23.36	11,800	7.00
	TOTAL		168,404	39,217	23.36	11,800	7.00
	*Sources Production of data period October 2014 - September 2015						
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)	%
	Turangie	3,156.45	2,835.73	61,118.45	21.55	61,118,450	36.29
	P. Rambung	3,098.47	2,688.27	57,348.34	21.33	57,348,340	34.05
	Bungara	2,777.48	2,531.97	49,937.49	19.72	49,937,490	29.65
	TOTAL	9,032.40	8,055.97	168,404.28	20.90	168,404.28	100.00
	*Sources Production of data period October 2014 - September 2015						
1.7.3	FFB description from other sources						
	Name of sources	Organisation	Location			Supplied to Mill	
						FFB (tonnes/year)	
	-	-	-			-	
	No FFB from other sources						
1.7.4	Product categories			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim 09 January 2015 to 08 January 2016 (tonnes/year)		Actual certified product January to September 2015 (tonnes/year)	
	• FFB Production			199,551.00		124,467.00	
	• CPO Production			47,393.81		28,641.00	
	• Palm Kernel (PK) Production			12,970.81		8,551.00	
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Turangie	3,156.45	2,835.73	59,414.46	20.95		

	<b>Pulau Rambung</b>	3,098.47	2,688.27	51,750.04	19.16		
	<b>Bungara</b>	2,777.48	2,531.97	51,527.09	20.43		
	<b>TOTAL</b>	9,032.40	8,055.97	162,691.60	20.18		
	<i>*Projected FFB production for 12 months of certificate</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Palm Kernel Out put (tonnes)</b>	<b>Extraction (%)</b>
	Turange POM	45	162,692.60	38,639	23.75	11,388	7.00
	<b>TOTAL</b>		162,692.60	38,639	23.75	11,388	7.00
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>						
<b>1.9</b>	<b>Other Certifications</b>						
	ISO 9001:2008		-				
	ISO 14001: 2004		-				
	OHSAS 18001:2007		-				
	ISCC		-				
	Others		-				
<b>1.10</b>	<b>Time Bound Plan</b>						
1.10.1	<b>Time Bound Plan for Other Management Units</b>						
	<b>Management Unit</b>		<b>Estate (Supply Base)</b>	<b>Time Bound Plan</b>	<b>Location</b>	<b>Status</b>	
	<b>MILL</b>	<b>Time Bound Plan</b>					
	Turangie	2008	Turangie	2008	Langkat, North Sumatera	Recert 2014	
		2008	Bungara	2008	Langkat, North Sumatera	Recert 2014	
		2008	Pulo Rambung	2008	Langkat, North Sumatera	Recert 2014	
	Begerpang	2008	Sungai Merah	2008	Deli Serdang, North Sumatera	Recertification on progress	
		2008	Begerpang	2008	Deli Serdang, North Sumatera	Recertification on progress	
		2008	Si Bulan	2008	Serdang Bedagai, North Sumatera	Recertification on progress	
		2008	Rambung Sialang	2008	Serdang Bedagai, North Sumatera	Recertification on progress	
	Dolok	2008	Dolok	2008	Batubara, Asahan, Simalungun, North Sumatera	Recert 2014	
		2008	Bah Lias	2008	Simalungun, North Sumatera	Recert 2014	
		2008	Bah Bulian	2008	Simalungun, North Sumatera	Recert 2014	
	Gunung Melayu	2008	Gunung Melayu	2008	Asahan, North Sumatera	Recert 2014	
		2008	Sei Rumbiya	2008	Labuhan Batu, North Sumatera	Recert 2014	
		2011	Gunung Bais	2016	Musi Rawas, South Sumatera	Audit Planned 2016	

		2011	Riam Indah	2016	Musi Rawas, South Sumatera	Audit Planned 2016
		2011	Sei Gemang	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	Arta Kencana	2012	Arta Kencana	2015	Lahat, South Sumatera	Audit Planned 2015
		2012	Kencana Sari	2015	Lahat, South Sumatera	Audit Planned 2015
	Belani Elok	2013	Belani Elok	2014	Musi Rawas, South Sumatera	Audited 2014
		2013	Bukit Hijau	2014	Musi Rawas, South Sumatera	Audited 2014
		2013	Batu Cemerlang	2014	Musi Rawas, South Sumatera	Audited 2014
		2013	Ketapat Bening	2014	Musi Rawas, South Sumatera	Audited 2014
		2013	Sei Kepayang	2014	Musi Rawas, South Sumatera	Audited 2014
		2016	Area Non-HGU seluas 4,468.45 Ha	2016	Musi Rawas, South Sumatera	Dec-16
	Sei Lakitan	2014	Sei Lakitan	2016	Musi Rawas, South Sumatera	Audit Planned 2016
		2014	Riam Indah	2016	Musi Rawas, South Sumatera	Audit Planned 2016
		2014	Sei Gemang	2016	Musi Rawas, South Sumatera	Audit Planned 2016
		2014	Sei Punjung	2016	Musi Banyuasin, South Sumatera	Audit Planned 2016
		2014	Bangun Harjo	2016	Musi Banyuasin, South Sumatera	Audit Planned 2016
		2014	Suka Bangun	2016	Musi Banyuasin, South Sumatera	Audit Planned 2016
	Terawas	2015	Terawas	2016	Musi Rawas, South Sumatera	Audit Planned 2016
	Pahu Makmur	2016	Isuy Makmur	2016	West Kutai, East Kalimantan	Audited 2015
		2016	Pahu Makmur	2016	West Kutai, East Kalimantan	Audited 2015
		2016	Kedang Makmur	2016	West Kutai, East Kalimantan	Audited 2015
	Update time bound, September 2015					
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>					
	The company haven't smallholders					

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>	
<b>2.1</b>	<b>Assessment Team</b>	
<b>ST-2</b>	<ol style="list-style-type: none"> <li><b>1. Taufik Margani. (Lead Auditor).</b> Bachelor of Science in Forestry, majoring in Forest Management. Specialist in Ecology and Environmental. He has led several audits for Sustainable Forest Management in Indonesia (under LEI- Indonesian Ecolabel Institute and FSC- Forest Stewardship Council) and he is a Lead Auditor for FSC chain of custody and Forest Management. Other experience: He is IRCA Lead auditor IRCA registered for Environment Management System and Quality Management System. Since 1999 he has been working for independent certification body and has conducted Environment Management System audits in Indonesia and Malaysia. Currently he is the General Manager of Resources Management Certification</li> <li><b>2. Ibnu Satria Prabudi (Auditor).</b> A Bachelor of Agriculture Majoring in Agro-technology, Agriculture Faculty of Instiper Yogyakarta. Currently he has been working with an independent certification agency as auditor. Training he has followed are: Lead Auditor RSPO, Auditor ISPO, Awareness HACCP certification, Awareness SQMS McDonald, In House Training Green House Gas and Awareness ISO: 9001. He has followed several audit activities related to certification system of sustainable palm oil (RSPO certification) as observer and Auditor. He has been working with an independent certification body as auditor</li> <li><b>3. Trismadi Nurbayuto (Auditor Trainee).</b> Associate Forestry from the Forestry Faculty of IPB and Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, IPB. Specialists in the Environmental Social Impact Assessment (SEIA) and the High Conservation Value (HCV). He participated in HCV Management Training, Indonesian Sustainable Palm Oil (ISPO) Auditor, In House Training RSPO; training of ISO 9001:2008 Quality Management System, ISO 22000:2005 Food Safety Management System, and ISO 14001:2004 Environmental Management System. Previously worked in the private oil palm plantations, became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO) until 2014. He has been involved in the activities of SEIA and Identification of HCV in Palm Plantation. Currently has been several times following audit activities related to sustainable palm oil certification system as an auditor.</li> <li><b>4. Henry Marpaung (Auditor).</b> Bachelor of Agricultural Sciences Department of Management Agribusines. Hee has worked as a research assistant at the Center for Study of IPB; In 2004 - 2009 he served as the QMS management representative PT Surveyor Indonesia; and during the years 2000 -2010 as a consultant QMS, EMS and OHSAS PT Surveyor Indonesia. Training have been followed: Training SMK3, IRCA Lead Auditor Training 9001, Course Assessment HCV, and OHSAS 18001 Lead Auditor Training. Today he became a professional consultants and external auditors in PT Mutuagung Lestari since 2010. In the main assessment, he has assessing the K3 and Best practice aspects.</li> <li><b>5. Kartini Noor Hafni (Technical Expert).</b> Bachelor of Chemistry, Faculty of Engineering, University of North Sumatera (USU) in 1990. Master of Engineering in Environmental Engineering, Institute of Technology Bandung. 1996. Work experience as a Project Team Leader and Tertiary Secondary Waster Water Pipe in Medan by PU Cipta Karya. Experts and Team Leader for the project UKL and UPL Environmental Water Treatment Plan by CV Inti Pratama Hijau Consultant, Planning Manager GTSSLGSR for reconstruction projects in Banda Aceh, Expert and Environmental Supervisor some projects Governmental Organization (Foundations of Natural Clear) North Sumatra; Researchers in the environment for several projects in Waste Water Treatment in North Sumatra. Training've followed them are ISPO by the Ministry of Agriculture on Sept 2013, the Environmental Auditor Competence and others associated with the environmental aspect or field. Current role of audit activities are as expert and advise the team.</li> </ol>	
<b>ASA-1</b>	<ul style="list-style-type: none"> <li><b>Muardi Marwas (Lead Auditor).</b> Bachelor of Agriculture Bogor Agriculture Institute. Attended RSPO and ISPO Assessment in Indonesia. Hehad been trained Auditor/Lead auditor Management System Certification (ISO 9001-2008), Awareness HACCP certification, training of RSPO auditor and training of RSPO Lead Auditor, ISPO Lead</li> </ul>	



	<p>auditor training, awareness green house gas and Witteness Distribution Quality Management Process (DQMP) APMEA. Currently he works for Independent Certification Body. He had involved activities RSPO and ISPO certification assessment as an auditor. During the assessment the auditor verified legality and land dispute aspects.</p> <ul style="list-style-type: none"> <li>• <b>Sandra Purba (Auditor).</b> Bachelor of Forestry, Department of Forest Products Technology, Faculty of Agriculture, University of North Sumatra. Have experience working in oil palm plantations Company. She had attended such training: Training Expert of OHSAS General, Training ISPO Auditor and Auditor/Lead auditor Management System Certification (ISO 9001-2008). During the assessment the auditor verified Occupational health &amp; Safety and social aspects.</li> <li>• <b>Sofyan Hadi Lubis (Auditor).</b> Master's Program in Environmental and Natural Resource Management, Institutut Pertanian Bogor (IPB) and Bachelor of Social Economic Agriculture, Gadjah Mada University(UGM). Participated in several environmental management workshops, climate change mitigation training and adaptation for agricultural productivity in Southeast Asia, Carbon Forum Asia Update. He has also been involved as a research team at the Centre for Research, Development and Climate Change Policy (Puspijak) Ministry of Forestry of Indonesia-Bogor and Research Team in cooperation program IPB-ETH Zurich Switzerland - NUS Singapore. He has followed Auditor training ISPO and Auditor/Lead auditor Management System Certification (ISO 9001-2008), Awareness RSPO, GHG Calculation and High Conservation Value and Training ISCC LUC. Furthermore, he also worked as a staff environmental consulting firm. During the assessment the auditor verified environment and GHG aspects.</li> <li>• <b>Yohanes Hardian (Auditor).</b> He is bachelor of forest resource conservation from Bogor Agriculture University. He is an expert on the environment and wildlife. He followed training program such as HCV training. Furthermore, he was involved on the HCV identification program on several palm oil estate. He was working as environment staff of palm oil estate. In this program, he shall assess the aspect of enviornment. During the assessment the auditor verified conservation and social labour.</li> </ul>
<b>2.2</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ST-2</b>	<p>Number of auditors : 4 Auditor  Number of days for ST-2 at site: 5 days  Number of working days for ST-2: 20 Working days</p>
<b>ASA-1</b>	<p>Number of auditors for ASA-1: 4 Auditor  Number of days for ASA-1 at site: 6 days  Number of working days for ASA-1 di lokasi : 24 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ST-2</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT. London Sumatra, Tbk Turangie POM to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008) and RSPO Supply Chain Certification Standard for CPO Mill, November 2011.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>ST-2</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>S-1</b>).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ST-2</b> will be observation at</p>

	<p>the next assessment phase (<b>ASA-1</b>). All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ASA-1</b>.</p> <p>The assessment program please find Appendix 2</p>
<b>ASA-1</b>	<p>Penilaian dilakukan dengan mengukur tingkat kecukupan terhadap implementasi dan konsistensi yang dilakukan oleh PT. PP London Sumatra Indonesia, Tbk terhadap persyaratan <b>RSPO Principles and Criteria (P&amp;C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 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 D / E for CPO Mill)</b></p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>ASA-1</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>ASA-2</b>).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ASA-1</b> will be observation at the next assessment phase (<b>ASA-2</b>). All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ASA-2</b>.</p> <p>The assessment program please find Appendix 2</p>
<b>2.2.3</b>	<b>Locations of Assessment</b>
<b>ST-2</b>	<p>Intake of sample sites conducted by a team of auditors is based on:</p> <ol style="list-style-type: none"> <li>1. The amount of the minimum sample location is determined by the formula <math>0.8 \sqrt{y}</math>.</li> <li>2. The location was chosen to represent each operational area.</li> <li>3. Consideration of issues arising from the review of documents that are fundamental and crucial and public consultation.</li> </ol> <p>Locations visited are presented as follows:</p> <p><b>Location 1. Palm Oil Mill (Turangie POM).</b> Observation and interview process FFB into palm oil (CPO) and palm kernel associated with the implementation of Supply chain models (SCCS), observation of environment aspect of each station control, FFB to be CPO process including control of the Environmetal aspect at workshop, Boilers, etc.</p> <p>Observation activities in POM done in several locations:</p> <ol style="list-style-type: none"> <li>a. Process. Observations and interviews with workers in the activities of the MCC (Sorting, Sterilizer, Boilers, Workshop), the workers understand the procedures and work instructions for each process. And periodic medical examinations of employees at high risk has been done. Workers have received training and socialization of safe working practices.</li> <li>b. Emergency Response Equipmnet. There are hydrant fire extinguisher and placed in locations with a high risk in the factory is ready user. P3K box is available at the office, laboraturim, process, workshop and Hazardous Waste Storage.</li> <li>c. Workshop. Observation of maintenance activities, welding, PPE workers.</li> <li>d. Hazardous Waste Storage. Observation of Hazardous Waste storage management.</li> <li>e. Water Waste Treatment Plant. Observation of Water Waste Management in Turangie POM. Before it is applied to land applications, there are no leaks in the water waste pond.</li> </ol> <p><b>Location 2. Kaluci Rivers, Pulau Rambung Estates (PRE).</b> Observations and interviews with HCV Officer in</p>

Riparian area (HCV4.1) and the maintenance, utilization river water by company.

**Location 3. Piam Rivers, Pulau Rambung Estates.** Observations and interviews with HCV Officer in Riparian area (HCV4.1) and the maintenance, utilization river water by company.

**Location 4. Hazardous Waste Storage, Pulau Rambung Estates (PRE).** Observations about management Hazardous Waste, and recording of Hazardous waste, etc.

**Location 5. Fuel Storage, Pulau Rambung Estates (PRE).** Observations and interviews regarding the control of the environmental aspects of the fuel storage area.

**Location 6. Workshop, Pulau Rambung Estate (PRE).** Observation of maintenance activities, welding, PPE workers.

**Location 7. Car Wash, Pulau Rambung Estates (PRE).** Observations and interviews regarding the control of the environmental aspects of the car wash area.

**Location 8. Fire Extinguishers, Pulau Rambung Estates (PRE).** Fire extinguishers is ready to use.

**Location 9. Chemical Wash Area, Pulau Rambung Estates (PRE).** Observations and interviews regarding the control of the environmental aspects of the chemical wash area.

**Location 10. Polyclinic, Pulau Rambung Estates (PRE).** Observations and interviews regarding the control of the hazardous waste, recording clinic waste and medical check up for workers.

**Location 11. Worker Houses, Pulau Rambung Estates (PRE).** Observations of control domestic waste and fire extinguishers in worker houses.

**Location 13. Fertilizer warehouse, Pulau Rambung Estates (PRE).** Observations and interviews regarding the control of the environmental aspects of fertilizer warehouses and using fertilizers.

**Location 14. Polka Rivers, Pulau Rambung Estates (PRE).** Observations and interviews with HCV Officer in Riparian area (HCV4.1) and the maintenance, utilization river water by company.

**Location 15. Final Disposal Garbage, Division IV Turangie Lama, Pulau Rambung Estates (PRE).** Observations about handling domestic waste (organic waste and anorganic waste).

**Location 16. Groundwaters pump, Div IV, Pulau Rambung Estates (PRE).** Observations about utilization of groundwaters, recording and measuring and monitoring water quality.

**Location 17. Blok 86101, Pulau Rambung Estates (PRE).** Observations and interviews harvesting activities, the use of PPE and implementation of health and safety, minimum wage.

**Location 18. Blok 97200, Pulau Rambung Estates (PRE).** Observations and interviews about Hilly Land Management, Soil and Water Conservation Management.

**Location 19. Titi Dobi Rivers, Pulau Rambung Estates (PRE).** Observations and interviews with HCV Officer in Riparian area (HCV4.1) and the maintenance, utilization river water by company.

**Location 20. HGU Boundary markers Blok 87, Pulau Rambung Estates (PRE).** Observations about maintenance boundaries area and boundaries markers. Ensuring the concession boundary numbers according to the results of monitoring.

**Location 21. HGU Boundary markers Blok 87, Pulau Rambung Estates (PRE).** Observations about maintenance boundaries area and boundaries markers. Ensuring the concession boundary numbers according to the results of monitoring.

**Location 22. Pompan Rivers, Bungara Estates (BAE).** Observations and interviews with HCV Officer in Riparian area (HCV4.1) and the maintenance, utilization river water by company.

**Location 23. Umbul Water Spring, Terawan Estates (TRE).** Observations and interviews with HCV Officer in Riparian area (HCV1.1) and the maintenance, utilization water spring.

**Location 24. Graves, Bungara Estate.** Observation and interviews about management of HCV6.

**Location 25. Blok Field 94110002, Bungara Estate (BAE).** Observations about maintenance boundaries area and boundaries markers. Ensuring the concession boundary numbers according to the results of monitoring.

**Location 26. Hazardous Waste Storage, Bungara Estate (BAE).** Observations about management Hazardous Waste, and recording of Hazardous waste, etc.

**Location 27. Fuel Storage, Bungara Estate (BAE).** Observations and interviews regarding the control of the environmental aspects of the fuel storage area.

**Location 28. Workshop, Bungara Estate (BAE).** Observation of maintenance activities, welding, PPE workers.

**Location 29. Car Wash, Bungara Estate (BAE).** Observations and interviews regarding the control of the environmental aspects of the car wash area.

**Location 30. Fire Extinguishers, Bungara Estate (BAE).** Fire extinguishers is ready to use.

**Location 31 Chemical Wash Area, Bungara Estate (BAE).** Observations and interviews regarding the control of the environmental aspects of the chemical wash area.

**Stakeholders consultations with :**

1. Head of Village Pancur Ido and community leaders.
2. Head of Village Bandar Tebu and community leaders.
3. Head of Village Bungara and community leaders.
4. Forestry and Plantation Department of Langkat District
5. Manpower and Transmigrations Departmnet of Langkat District
6. Environment Board of Langkat District
7. Land Agency of Langkat District

In addition to consultation with a visit to stakeholders, also be sending letter to stakeholders prior to implementation of the ST-2 to get the input from WALHI, Sawit Watch and Aliansi Masyarakat Adat Nusantara (AMAN).

<b>ASA-1</b>	<p><b>Bungara Estate</b></p> <ul style="list-style-type: none"> <li>- <b>Location 1. Harvesting Activities, Field 93,111,003 Div 1 BAE.</b> Field observations at harvesting to see employees' understanding of the SOP and the workings of harvest activities and the implementation of OHS aspect. Conducting interviews with workers, workers can explain harvesting techniques and safe working manner, can explain the criteria harvest, have understood the basic wage and premium calculation, OHS and employment aspect has been applied in accordance with national policies and regulations.</li> <li>- <b>Location 2. Activity of Spraying, Field 94,111,001 Div 1, BAE.</b> Field observations on the activities of the spraying to see employees' understanding of the SOP and the workings of spraying. Foreman can be explained on the dose, the target and the material used at the time, the mixing is done by the foreman in the warehouse division. Sprayers can explain the spraying technique and understand the boundary markers spraying ban. Appropriate of PPE and first aid equipment has been available on field.</li> <li>- <b>Location 3. Warehouse chemical, fertilizer warehouses, sheds oil, diesel fuel tank.</b> Observations implementation of OHS: MSDS available in full accordance with the type of chemicals are stored, adequate OHS warning, PPE available. Environmental aspects: a former container has been stored in the waste schedule store, the mixing is done in a special area, there is a bund wall to avoid contamination leave the warehouse. Separation of liquid and solid materials has been done. Warehouse clerk can explain the stages of work, duties and responsibilities.</li> <li>- <b>Location 4. Warehouse Storage of Schedule Waste;</b> Control of the environment aspects that has been done such as, there were already completeness MSDS and PPE and there is a balance of schedule waste. There are eye wash for cleaning the eye.</li> <li>- <b>Location 5. Workshop.</b> Observation activities of maintenance and repair in the workshop, the officer in charge can explain the stages of work, OHS aspect has been applied for example warnings provided with adequate, appropriate PPE has been used. Hazardouse waste management has done well, used oil is stored in the schedule waste store, work tools have been stored well as gas cylinders have been tied up and given a seat.</li> <li>- <b>Location 6. Clinic.</b> Observation activities carried out in the clinics and there are nurses who already have hygiene certificate, there is an examination room and medical waste has been managed well</li> <li>- <b>Location 7. Housing.</b> Based on observation company has provided permanent housing facilities for employees, other housing facility which is water while electricity is already provided by Government electricity.</li> <li>- <b>Location 8. Areas of water conservation and water infiltration.</b> Management efforts in the conservation area 2 Border River near Stingy housing. Most areas in the form of secondary forests, natural and have been determined to be protected. Border river has been planted oil palm and has produced.</li> <li>- <b>Location 9. HGU boundary.</b> Governance according concession area owned, no cultivation and management outside the concession. Boundary area of company plantation area with community area is in form of Legal BPN pole that is scattered at several coordinates.</li> </ul> <p><b>Pulau Rambung Estate</b></p> <ul style="list-style-type: none"> <li>- <b>Location 10. Harvesting, Field 19112004 Div 1 PRE.</b> Field observations at harvesting to see employees' understanding of the SOP and the workings of harvest activities and the implementation of K3. Conducting</li> </ul>
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interviews with workers, workers can explain harvesting techniques and ways of working that are safe, workers can explain the criteria harvest, have understood the basic salary and remuneration calculation, K3 and employment aspect has been applied in accordance with national policies and regulations.

- **Location 11. Spraying. Field 94112004 Div 1, PRE** Field observations on the activities of the spray to see employees' understanding of the SOP and the workings of spraying. Foreman can be explained on the dose, the target and the material used at the time, the mixing is done by the foreman in the warehouse division. Sprayers can explain the spraying technique and understand the boundary markers spraying ban. Appropriate PPE and equipment First Aid Emergency locally available labor.
- **Location 12. Warehouse chemical, fertilizer warehouses, sheds oil, diesel fuel tank. Observations implementation of OHS PRE**  
MSDS available in full accordance with the type of chemicals are stored, adequate warning OHS, PPE available. Environmental aspects: a former container had been stored in hazardous waste temporary warehouses, the mixing is done in a special area, there is a bund wall to avoid contamination leave the warehouse. Separation of liquid and solid materials has been done. Warehouse clerk can explain the stages of work, duties and responsibilities.
- **Location 13. Hazardous waste temporary warehouses** Control of environmental aspects are among others, already there is completeness MSDS and protective gear are diri.serta balance hazardous material. There is eyewash for cleansing the eyes.
- **Location 14. Workshop PRE** Observation activities of maintenance and repair in the workshop, the officer in charge can explain the stages of work, K3 aspect has been applied for example warnings provided with adequate, appropriate PPE has been used. LB3 management has done well, used oil is stored in the hazardous waste temporary warehouse, work tools have been stored well as gas cylinders have been tied up and given a seat.
- **Location 15. Titi Dobi river field 11113003.** The Company has conducted activities in riparian planting and the company does not undertake chemis applications in the border river. There are signs signs as a chart of the socialization of conservation areas that have been installed companies
- **Location 16. Langkup River field 91112002.** The Company has conducted activities in riparian planting and the company does not undertake chemis applications in the border river.
- **Location 17. Nursery Activity:** Employees conduct weeding grass and other weeds both in and around polybag manually. Nursery activities for commercial purposes (traded) under the supervision unit Bah Lias Research. Recording "Spending Seed" belongs foreman showed that all seed sold is not used for internal.162 seeds sold on 04.24.2015. Recording of "Acceptance sprouts from BLRS" indicates that the stock of 19 950 sprouts sprouts have been received from BLRS.
- **Location 18. Harvesting field 11114001.** Workers harvesting has provided equipment and personal protective equipment by the company. Workers harvesting crops able to demonstrate techniques well. FFB is not allowed harvested immature. 3 Brondolan in FFB indicator disc becomes feasible harvested. Employees harvest have earned salary according to the minimum salary regional , and has Labour Social Assurance
- **Location 19. Applications Composting Field 87114004** Empty fruit bunches that have been through the

composting process at the factory applied to the field in accordance with the dosage recommendations of the research team. Dose application in the block is 28 tonnes / ha. The application is able to replace the use of Anorganic Fertilizers.

- **Location 20. Supplying plant in block 1114002.** There is a supplying activity of plantation block that is planted in 2011.

### Turangie Mill

- **Location 21. Stasiun Reception, Stasiun Perebusan, Stasiun Tipler, Stasiun Press, Stasiun Clean Oil Tank, Stasiun Furifayer, Stasiun Fibre Scrub.** Officers in each station have been wearing PPE.
- **Location 22. Sorting TBS.** TBS selection is done at least 100 bunch for one sorting taken at random; the frequency of sampling at least one truck from each farm / division every day processing; note sorting results recorded in a daily sheet sorting
- **Location 23. Boiler and Engine Room.** According to the results of field observations, fiber and shell are used as fuel for boilers. Fiber and shells stored properly so it does not cause pollution and the potential for fire. Boiler operators has been facilitated by the PPE., regional minimum wage, has been facilitated by housing, water, electricity, health centers, health insurance, and has had operator licence.
- **Location 25. Hazardous Waste Storage.** According to the result of observation on mill hazardous waste storage, it has complied the permitted coordinate, away from the flood potential area, away from settlement, equipped with hazardous waste symbol, fire extinguisher, *showereye wash*, has had oil trap and waste water treatment pond. According to the result of interview with the hazardous waste storage officer, the officers have been facilitated with PPE, they have received well salary (referring the minimum wage standard), they have been also facilitated with housing complex, clean water, electricity, medical center and health insurance.
- **Location 26. Water Treatment Process.** According to the result of field observation to WTP, the *flowmeter* of the inlet and outlet water debit is well functioned. According to the result of interview with the officer in WTP, they mill water usage recording is conducted with the monitoring of the flowmete data (early and final). The officers have been facilitated with PPE, they have received well salary (referring the minimum wage standard), they have been also facilitated with housing complex, clean water, electricity, medical center and health insurance.
- **Location 27. Waste Water Treatment Plant.** According to the result observation, the WWTP condition is well maintained, the electric *flowmeter* is well functioned and there is an effluent debit monitoring in m<sup>3</sup>, there is no leakage and overflow the environment such as to trench and river, the effluent quality test is regularly tested. The officers have been facilitated with PPE. They have received well salary (referring the minimum wage standard), they have been also facilitated with housing complex, clean water, electricity, medical center and health insurance.
- **Location 28. Workshop.** According to the result of observation, the hazardous waste has been dispatched on the licensed hazardous waste storage. The officers have been facilitated with PPE, they have received well salary (referring the minimum wage standard), they have been also facilitated with housing complex, clean water, electricity, medical center and health insurance.
- **Location. Banker Composting System.** Observasi about composting system.

	<b>Stakeholders Consulted:</b> <ul style="list-style-type: none"> <li>- Simpang Raya Village.</li> <li>- Tanjung Lembang Village.</li> <li>- Labor Agency District of Langkat.</li> <li>- Environment Bodies District of Langkat.</li> <li>- National Land Agency District of Langkat.</li> </ul>
<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-1</b>	<p>Proses Konsultasi Publik dilakukan melalui 2 cara yaitu :</p> <ol style="list-style-type: none"> <li>1. Public Notification at web mutucertification.com on October 05<sup>th</sup>, 2015.</li> <li>2. Public consultation with GGO (Wahana Lingkungan Hidup, Sawit Wacah Indonesia dan "Aliansi Masyarakat Adat Nusantara").</li> <li>3. Publik consultation meeting with local stakeholders conducted by visits to villages (Pulau Rambung Village and Tanjung Lembang Village) on October 20<sup>th</sup>, 2015 and Simpang Raya Village on October 21<sup>th</sup>, 2015.</li> <li>4. Public consultation with government agency District of Langkat (Plantation Agency, Labor Agency, Environment Bodies, National Land Agency) on October 05<sup>th</sup>, 2015.</li> </ol> <p>Numbers of input from stakeholders were clarified by PT PP London Sumatra Indonesia.</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<i>Please find appendix 1</i>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit ASA-2 will be determined one year after the events of ASA-1 and or after the date of certification issued.

### 3.0. ASSESSMENT FINDINGS

#### 3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Turangie POM – PT. PP. LONDON SUMATRA INDONESIA, Tbk operation consisting of one (01) mill and there (03) oil palm estates.

During the assessment, there were five (05) nonconformities were assigned against Major Compliance Indicators covers Major 3.1.1; Major 4.7.4; Major 5.2.2; Major 6.1.3; Major 8.1; one (01) nonconformity was assigned against Minor Compliance Indicators Minor 2.2.2; and zero (0) nonconformance against supply chain requirement for CPO mill and four (04) 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 prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidences e.g. document record/photographic. The corrective actions taken for of five (05) Major non-conformitys and one (01) Minor non-conformity had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Turangie POM – PT. PP. LONDON SUMATRA INDONESIA, Tbk complied with the requirements of **RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 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 D / 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.		
Based on the document study, it is known that the company has a mechanism, as follows:		
<ul style="list-style-type: none"><li>- Provision of information is recorded in the SOP of the "Communication". The document explains the procedures for communicating with staff and external parties that is interested on environmental management issues and or implementation of sustainable palm oil (SPO).</li><li>- Provision of information No. EMS-P05 which was passed on 10 August 2009. The procedure describes about the type of legal information (location permit, Plantation Business Permit (PBP) or LUT), the environment (environmental policy, environmental management document, Environmental Management and Monitoring Plan, evaluation of environmental aspects and impacts, permits the utilization of mill's waste, hazardous waste storage permit); social (document of social activities and relationships with the community, policies and OHS programs , continuous improvement (reduction in the use of chemicals, waste management and environmental and social impact).</li><li>- The shelf life for document No. EMS-F09a, it is known that the shelf life of the document about request and response to information from stakeholders is set for 5-year shelf-life.</li></ul>		

The party that is responsible for providing and updating information / document is Head of Environment and CSR Coordination and Company Secretary, and then it is distributed to the Head of the Department of Agronomy Area Manager, Estate, Mill, Research and stakeholders. If there is a new regulation, the Head of Environment and CSR Coordination and Company Secretary will provide input to the Department of Agronomy Area Manager, Estate, Mill, Research and parties concerned and they are responsible for communicating the regulatory changes to the main operational staff and employees.

List of stakeholders that are owned by the company (Bungara Estate, Rambung Island and Turangie Mill), those are: District Revenue Agency of Langkat (Regent, police chief, commander); Bureau (DPRD, sekda, relevant agencies, subdistrict head, police chief, village head); Local communities (Marga Silima sub district. Bahorok, Marga Silima subdistrict Langkat Hulu, Mabmi, Puja Kusuma); Workers Union (Indonesian Workers Union DPU of Bungara, Turangie, Rambung Island); Indonesian Workers Union (IWU) for "DPC of Bahorok subdistrict", "DPD IWU of Langkat district"; Local NGO (NGO Pelita, NGO of Law and Political Struggle).

Based on the results of interviews with the management of Turangie Estate and Rambung Island Estate and Estate as well as consultation with the village and community leaders around the company is known that the mechanism of providing information or communication has been socialized to internal staff and the surrounding community.

Recording of providing information to the agency by the company, those are, reporting of estate routine management activities, those are:

- LPUP Reports for first and the second half period of 2013 accepted by Plantation Agency dated June 6<sup>th</sup>, 2014.
- LPUP reports for first and second half period of 2014 accepted by Plantation Agency dated February 9<sup>th</sup>, 2015.
- LPUP report of estate unit for first half period of 2015 accepted by Plantation Agency dated October 16<sup>th</sup>, 2015.
- LPUP report of mill unit for first half of 2015 accepted by Plantation Agency date September 11<sup>th</sup>, 2015.
- Implementation of Environmental Management and Monitoring Plan Report in first half of 2015 (period January - June 2015) is received by Environmental Agency District of Langkat dated July 10<sup>th</sup>, 2015
- Implementation of Environmental Management and Monitoring Plan Report in first half of 2015 (period January - June 2015) were reported by email to Environmental Ministry dated August 9<sup>th</sup>, 2015; and self-monitoring reports for effluent, second quarter (period April - June, 2015) accepted by Environmental Agency dated July 10<sup>th</sup>, 2015.

While the results of the document study on the recording list of stakeholder information requests and responses, it is not found requests for information in 2015. Records contain only about demand for financial assistance, clean water and heavy equipment lending. Suppose the demand for clean water dated July 29, 2015 by Pancur Ido community and it has been responded on July 31, 2015 by providing clean water (IDR. 750,000.00).

	<b>Status: Full Compliance</b>	
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## 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.**

Documents that can be accessed by the public are recorded on the mechanism No. EMS-P05 of type of information that was passed on August 10<sup>th</sup> 2009. The types of documents or information that can be accessed include legal information (such as location permit, IUP, HGU), the environment (environmental policy, environmental management document, Environmental Management and Monitoring Plan, evaluation of environmental aspects and impacts, permits the utilization of mill's waste, hazardous waste storage permit); social (document of social activities and relationships with the community, policies and OHS programs, continuous improvement (reduction in the use of chemicals, waste management and environmental and social impact). The documents are kept by Environment Manager for five years.

	<b>Status: Full Compliance</b>	
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**1.3**
**Growers and millers commit to ethical conduct in all business operations and transactions.**

Ethics in business conduct is established by the company in the documents letter of conflict of interest from the president director of Indo Agri, which states that the company does not justify the action to include personal interests and conflicts of interest in every business operations and transactions will be done with regard to each position in company operating activities, each employee / worker (staff and employees) must fill out an affidavit regarding the willingness to comply the directors regulations.

Based on interviews with employees, for example harvesters in Bungara Estate, it is known that such policies have been submitted regularly in every morning assembly activities and during meetings with unions.

<b>Status: Full Compliance</b>
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**PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**
**2.1**
**There is compliance with all applicable local, national and ratified international laws and regulations.**

The responsible party to provide, update and store information, including documents related to regulations is a Head of Environment and CSR Coordination and Company Secretary, and then it is distributed to the Head of the Department of Agronomy Area Manager, Estate, Mill, Research and bulking Manager. If there is a new regulation, the Head of Environment and CSR Coordination will provide input to Head of the Department of Agronomy Area Manager, Estate, Mill, Research and bulking Manager. Head of the Department of Agronomy Area Manager, Estate, Mill, Research and Bulking Manager responsible for communicating the regulatory changes to the main operational staff and employees.

Mechanism No. EMS-P02 on Legal Requirements also explained that the Head of Engineering and Processing is responsible for ensuring that all permits and licenses related to the mill operational renewed before expired.

Based on the results of interviews with the management of Turangie Estate and Rambung Island Estate and Estate as well as consultation with the village and community leaders around the company is known that the mechanism of providing information or communication has been socialized to internal staff and the surrounding community.

The Company has conducted an internal audit of mill and estate once a year to ensure compliance with procedures; last audit was conducted on 30 September 2015 by internal auditors who have received training. The company also has showed evidence of compliance with applicable laws and regulations, those are :

- It has the environmental document (PEL) No. RC 220/699/13 / IV / 94, for Oil Palm, Rubber estate and Palm Oil Mill.
- It has a permit for temporary hazardous waste storage is in the Turangie Mill, Pulau Rambung Estate, Bungara Estate and Turangie Estate.
- Reporting effluent management on a regular basis, eg. Effluent period of April - June reported to District of Environmental Agency dated July 10, 2015.
- Reporting effluent management on a regular basis, for example dated July 10, 2015.
- Fire monitoring for Bungara Estate Report dated October 5, 2015 and Pulau Rambung Estate September 2015 to Environmental Agency District of Langkat.
- Reporting the development of plantations (PUP) to the Plantation Office District of Langkat, eg. For Plantation Development in first and second half 2014 is received on February 09, 2015; the first half of 2015 (Estate Unit) was received on October 16, 2015 and mill unit in September 11, 2015.
- Reporting the implementation of Environmental Management and Monitoring Plan in first half of 2015 to Environmental Agency District of Langkat dated July 10, 2015.

Based on interviews with relevant agencies, it is known that the company has had environmental documents (PEL,

Environmental Management and Monitoring Plan 1994) that has been passed and when the ASA-1 performed the audit of the documents in the revision process. Interview results, it was also obtained information that the company regularly reports environmental management and monitoring, including reports of fires and plantation development.

The Company has evaluated a list of rules that must be met by palm oil plantations. Update of company regulation was recorded on the document EMS company-F02 on Requirement of Legal Documents include: Regulation of Agriculture Ministry of 24 in 2011; Regulation of Environmental Ministry 14 in 2013; Regulation of Agriculture Ministry 11 year 2105; Statute no. 39 year 2014 on the plantation; Regulation of Environmental and Forestry Agency No. 97 year 2014 about the delegation of authority in permitting and non-licensing in environmental fields, North Sumatra Governor Regulation No. 188.44 / 972 / KPTS / 2014 on wages; "Langkat" Regional Regulation No. 1 year 2014 about watershed management, and Region Regulation No. 4 of 2013 on the Management of Groundwater.

**Status: Full Compliance**

## 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.**



PT PP London Sumatra, Unit langkat have had land legal documents (tenure and land cultivation) those are Land Use Title and Plantation Business Permit. Land rights by PT PP London Sumatra Indonesia Tbk Langkat unit, based on the Land Use Title that have been obtained since 1978. The document is still valid and as evidence of ownership in accordance with the applicable legislation.

- Turangie Estate. HGU Certificate No. 56/HGU/BPN/1997 dated June 2, 1997. The validity period for 25 years until 31 December 2023. **Area of 3,445.322 hectares.**
- Pulau Rambong Estate. HGU Certificate No. 56/HGU/BPN/1997 dated June 2, 1997. The validity period for 25 years until 31 December 2023. **Area of 1673.60 ha.**
- Bungara Estate. HGU Certificate No. 2, September 23, 1997 for an **area of 2,777.48 hectares** in Plantations Bungara village, Sub District of Bahorok, District of Langkat, Sumatra Utara Province and it is valid for 25 years until December 31 2023.
- HGU certificate on behalf of **Namotongan** Division with an **area of 1,136 ha** based on decree letter HGU District of Langkat No.56/HGU/BPN/97 is valid until December 31, 2023 and it has been renewed in accordance with the decree of the head of BPN No.92/HGU/BPN/2005 on Granting Land Use Title Renewal, located in District of Langkat, Sumatra Utara Province which is valid until December 31st 2053.

Until the surveillance took place, the HGU of company was still valid and land tenure that is done by the company did not change. There are no additional areal. The occupied area is 9,032.402 hectares.

Inspection of boundary conditions in the field, it showed that management area appropriate to Plantation Business License, no cultivation and management over HGU. Estate boundary with the outside area outside are BPN Legal Boundary Poles, scattered at some point coordinates.

PT London Sumatra has a policy (Policy Manual Chapter. 3 dated 26 September 2005) to maintain the "boundary pole" in accordance with the LUT documents. Boundary Poles maintenance is performed periodically, at - least once a year. Observation in Pulau Rambung Estate legal boundaries 9, 13 and 15, it was well maintained.

Results of field visits (Bungara and Rambung Island Estate), it was noted that the maintenance of boundary poles have not been conducted in accordance with owned legal documents (map of land use title) and there are several poles identity that can not be read. LUT's poles in the block 92113012, and 92113006 in Bungara Estate were illegible. Based on these explanations, it was found **non-conformance 2015.01 with Minor category**.

**Auditors Verification dated December 23, 2015.**

The Company had maintained the HGU poles, repainting the poles (black - white). HGU Pole in block 92113012, and 92113006 Bungara Estate has been maintained.

Based on the results of public consultation with community leaders of Simpang Pulo Rambung Village, Tanjung Lenggang, Sampe Rayu Village and BPN District of Langkat, it is known that there is no land conflict with community and other companies.

**Status: Full Compliance**

### 2.3

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

The Company has been operating since 1906, with rubber as commodity. Based on the results of public consultation with community leaders of Simpang Pulo Rambung Village, Tanjung Lenggang, Sampe Rayu Village and BPN District of Langkat, it is known that there are no customary rights or legal rights of other landowners.

**Status: Full Compliance**

## PRINCIPLE #3 Commitment to long-term economic and financial viability

### 3.1

**There is an implemented management plan that aims to achieve long term economic and financial viability.**

The Company has set and develop programs and long-term planning period of 5 years from 2016-2020, the plan is to inform about the total area planted (mature and immature plants), BJR, production (tonnes), yield (tons / ha), replanting, capex (forecast), and a master plan for the infrastructure project, social facilities, public facilities and costs (cost / ton), for example, budget 2020 for the PRE and BRE, as follows:

- PRE: Ha mature area of 1941.32 hectares is planned; FFB production of 44.582 tons; yield of 22.96 tonnes / ha; replanting plan 315.08 ha; capex worth IDR. 2,640,634,518. -
- BRE: mature area of 1890.54 ha; FFB production of 42.149 tons; 22.29 yield ton / ha; replanting 254.46 ha.
- POM : CPO production of 39, 266 tonnes, OER 23.75%; PK 11, 408 tonnes; KER 6.9%

The company has had a Long Term Plan document (forward study) take into account the production of FFB, CPO Production, Kernel Production Kernel, OER, KER, along with operational costs of the period from 2016 to 2020, but the plan did not cover the financial indicators (income vs. expenses). Based on these explanations, it was **found non-conformance 2015.02 with Major categories**.

**Auditor Verification dated December 21, 2015.**

The Company has a long-term plan (executive summary forward study of 2015 until 2020) which includes cost of production for Bungara Estate, Turangie Estate, Pulo rambung Estate and Turangie POM. And also covered cost for

environmental (e.g. air quality, wastewater, river testing, hazardous waste management, EIA reports, conservation (e.g. rehabilitation, conservation of buffer zone) and social management (consulting public).

The company has set a plan of replanting (replanting) during the next 5 years (2006-2020), replanting activities are planned to begin in 2018 cover area of 92.90 hectares for PRE and 174.70 ha for BAE. Based on the field it is known that when the audit was conducted, the company has not undertaken replanting activities.

<b>Status: Full Compliance</b>
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#### **PRINCIPLE #4 Use of appropriate best practices by growers and millers**

##### **4.1**

##### **Operating procedures are appropriately documented and consistently implemented and monitored.**

Based on the document study, it is known that the company has had Standard Operating Procedures (SOPs) for plantations and palm oil mills, those are:

- SOPs are equipped with work instructions of Plant Maintenance. SOP / IK on Plant Maintenance is divided into 2 types of documents, those are Immature Plant (TBM) and Mature Plant (TM). In addition, the company was also able to show procedure of Fertilization and Plant Care.
- SOP RTD 5.1: Making Oil Palm Fertilizer Recommendations February 2006 period, which includes : Fertilization Recommendations to produce crops based on leaf analysis results, information from field inspection, production and baseline characteristics; Selection of plant samples; Analysis is carried out every year; The tissue samples / midrib selection, preparation of tissue samples; Laboratory analysis; Measurement of growth; Field inspection; Levels of nutrient deficiency and its calculation; Calculation of potential production response and classification of nutrient deficiency and fertilizer dose adjustment.
- SOPs are equipped with work instructions on the Observation and IPM. SOP and or IK is divided into 3 types of documents namely: Observation and Control of OPT on Immature plants, Observation and Control of OPT on crops to produce as well as SOPs and or procedures on Early Observation and Control OPT in Oil Palm Plantation.
- SOP OP 5.2.1 Overview of Pest and Disease Management November 2004 period, at point 6 explains the early detection and rapid response with the simple detection method and formal detection.
- SOP OP 5.2.7 Rat Control in Oil Palm in point 3 state that census of rat attacks were carried out routinely by special detectors before harvest or part of detectors for a specific pest's census.
- SOP No. POM-SOP / 01, (revised 00) established on May 1, 2014 on FFB acceptance in the scales.
- SOP No. POM-SOP / 01, (revised 00) established on May 1, 2014 on a survey / sorting FFB. SOP explained the sorting procedure of FFB.
- Working Instruction Quality (POM-WI/16) poin 16.3.0 Oil Quality.FFA = < 3%, Moisture< 0,2%, Dirt < 0,02%, etc.

Based on interviews with mill management, it is known that the results of FFB sorting recorded on "Daily Sorting Form for Own FFB" will be delivered to the estate to be followed up in accordance with the provisions and FFB that do not qualify in sorting will still be processed. Through interview it was also known that FFB that goes to POM every day is not processed completely, due to the processing for the next day.

Officers sorting have been equipped with Personal protective equipment such as safety shoes and helmets, wages earned in accordance with applicable regulations, facilitated housing, water, electricity, health centers and health insurance.

Based on the results of field observations, it was noted that the specifications of FFB when sorting is done in accordance with the standards held by the company.

Example of CPO processing results dated October 20, 2015, as follows: FFA: 3:31%, Moisture: 0:16%, Dirt: 0.021%, and so forth. Based on these data it is known that the result of CPO processing is not in accordance with established standards, eg CPO quality parameters, those are FFA <3%; Moisture <0.2% and Dirt <0:02. If it was found such of these conditions, the plant manager will conduct evaluations and meetings with managers to discuss the results of the quality of



FFB, CPO, Sorting, etc, for example meeting on 24 November 2015 that was attended by mill and estate managers.

Based on Daily Sorting Form for Own FFB, it was known that all graded FFB derived from the primary estate, those are Pulau Rambung Estate, Bungara Estate and Turange Estate (it did not receive FFB from the outside).

Based on interviews with the head of Sampe Raya Village, Head of Sampe Raya Hamlet, Head of Suka Rakyat Village, Secretary of Suka Rakyat village, and Head of Suka Rakyat Hamlet, it was known that the villagers were not selling FFB to the company; this is because the company does not receive FFB from the outside.

**Status: Full Compliance**

#### 4.2

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

Activities to maintain and improve soil fertility through Inorganic fertilization, application of compost and effluent applications. The report of fertilizers used was noted in the document "Recommendations and fertilizer realization" manuring 2015 "describes the location, the amount of trees, the dose of fertilizer, manure volume and the date of application. Manuring 2015 was implemented based on the recommendations of the Department of Research.

Leaf sampling unit has been carried out every year and Soil Sampling units was conducted every five years by BLRS (Lonsum Research Department) to monitor changes in nutrient status, to determine the need for fertilizer recommendations. Fertilizer Recommendations this year (2015) refers to the results of the leaf sampling unit on January 16, 2014.

Here are realization of inorganic fertilizer:

Estate	Urea (kg)		CIRP (kg)		KCL (kg)		NPK 15 (kg)	
	Recom	Real	Recom	Real	Recom	Real	Recom	Real
Bungara	2,650	2,600	4,075	4,075	2,700	2,700	615,250	542,885
Pulau Rambung	2,760	2,760	3,761	3,761	2,600	2,600	714,777	441,704

Description: Rekom(Recommendation), Real(Realization)

Based on the results of field observations in Block 87114004, Pulau Rambung Estate has made the application of compost at a dose of 28 tonnes / ha. Compos application is able to replace all the urea in the block.

Results of field observations in Wastewater Processing Installation note that the WWTP conditions in a well-maintained, there are no leaks and overtopping into a ditch or river and there are already monitoring the discharge of liquid waste that is used as a composting and land application. When the audit was carried out, no inorganic fertilizer application was conducted due to the drought / no rain.

**Status: Full Compliance**

#### 4.3

**Practices minimize and control erosion and degradation of soils.**

The Company has a map of soil types from Rispa Soil Survey Map with ground check in 2006. The maps are available for the entire Estate in scale 1: 50.000. From these maps, it is known that the type of soil in the PT. PP London Sumatra is: yellow podsol, yellow red podsol, red brown podsol, yellow brown podsol, and alluvial. It was explained that the type of identified soil is not a marginal or no fertile land, where all the soil treated with fertilizers, empty bunch of applications, treatment of terraces, and planting species leguminose (legume crops). Based on available land maps, and the current activities of field visits and information in consultation with the parties (stakeholders) in the area of PT PP London Sumatra in three estates, those are PRE, TRE and BRE, it is found that there is no peat areas.



Management of areas prone to erosion and soil conservation was conducted in the cultivation area and the soil conditions with a certain slope to minimize the danger of erosion. Management areas and soil conservation > 20 is as follows

- Implementation of Zero Burning
- Planting LCC for immature plant (TBM and initial TM)
- Making the contour terraces.
- Structuring the palm fronds on terrace and follow the contours to restore the structure, aggregates and soil nutrients as well as barriers to erosion
- Planting crops such as grass from species *Vetiver*.

Results of field observations on Pulau Rambung Estate in block Field 19112004 Div 1 PRE and in Bungara estate Field 93111003 Div 1 BAE, it was known that the company has conducted land management that is applied to minimize erosion and land degradation that is the placement of midrib around the trees and planting grass species *vetiver*.

Maintenance of roads in the Langkat estate was good enough. Road maintenance program includes analysis of road needs to transport FFB, the type of road (main road or road collection), hoarding and hardening of roads, maintenance of roads, building bridges etc. Based on the results of field visits in Langkup river at Pulau Rambung, there was erosion embankment to prevent erosion of the river wall.

Status: Full Compliance

#### 4.4

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

Companies can show identification and monitoring the presence of rivers and springs associated with the availability of surface water and groundwater. Monitoring and measuring the quality of river water and groundwater have been conducted with the results of the evaluation are still in the water quality standards (PP 82/2001) - the latest data of Environment Management and Monitoring Plan Semester I, 2015.

The Company has had SOP for Riparian Management (OP-5-13) and it is described management measures on riparian areas that is no chemical spraying activities in the riparian area. By providing a sign of red or white paint on the palm oil trees as boundary for chemical and manual treatment. The Company has a water management program undertaken by the company; those are including ground water and river water that was in the area of estate and POM. The water management program is to perform actions such as:

- Planting plants (enrichment planting) on the right and the left border of the riparian at least 5 palm trees or around 50-100 meters left and right of the river.
- The act of non-chemical fertilizer that is by using organic fertilizers or application of empty bunch along the riparian.
- Installation of boundaries sign and some notification boards on riparian area to avoid the degradation of riparian protected areas that affect water quality.
- Monitoring and measurement the condition of riparian by monitoring growth percentage of crops planted (enrichment planting)
- The placement of the leaf midrib around palm oil crops and let *neprolephis* plants grow in circle and palm oil trees to minimize surface erosion and land degradation
- Monitoring and measurement the quality of groundwater through some samples of monitoring wells and also the quality of river water in the estate and around the mill.

Based on the results of field visits in the Titi dobi and Langkup river, it was known that the company had conducted planting of mahogany crops in riparian area.

The Company has been regularly conducting surface water quality monitoring program in estate operational area (every 6 months). Surface water quality monitoring is done by surface water quality testing conducted by laboratories which have been accredited by the National Accreditation Committee (Sucofindo Laboratory). The evaluation results of water quality testing is as follows:

**a. Bungara Estate**

Sampling location for the surface water was conducted in upstream and downstream of the river crossing in the plantation area by the number of sample is 12 sample points. There are 8 samples at upstream and 4 samples in downstream. One river has several tributaries in the upper reaches. The test results of some parameters are still below the threshold of environmental quality standards (Government Regulation 82 in 2001, Class II). Some rivers are used by people around the estate to do activities of bathing and washing. Some sources of pollutants are derived from the activities of people who live near to river streams.

**b. Turangie Estate**

Sampling location for the surface water was conducted in upstream and downstream of the river crossing in the plantation area by the number of sample is 14 sample points in 7 rivers. The test results of some parameters are still below the threshold of environmental quality standards (Government Regulation 82 in 2001, Class II). Some rivers are used by people around the estate to do activities of bathing and washing. Some sources of pollutants are derived from the activities of people who live near to river streams and also community's stockyard.

**c. Pulo Rambong Estate**

In the area of Pulo Rambong Estate, there are 6 rivers across (medium and small rivers). One small river tipped on the river in the Turangie Estate that is Rumah Kuning river. Monitoring the quality of surface water in Pulo Rambong Estate was carried on upstream and downstream of the river crossing in the area of plantation with 12 sample points. The test results of some parameters are still below the threshold of environmental quality standards (Government Regulation 82 in 2001, Class II). Some rivers are used by people around the estate to do activities of bathing and washing. Some sources of pollutants are derived from the activities of people who live near to river streams and also activities of the weekly market which is held on the estate area

Based on a review of documents on Monthly Test Report (LHU), noted that the Management Unit has conducted testing of wastewater in the inlet and outlet pond regularly. The parameters tested are pH, Cu, Pb, Cd, Zn, Oils & Fats, BOD and COD. Based on these test results is known that the quality of wastewater is still in accordance with the quality standards (in accordance with the Environmental Ministry Decree No. 28 of 2003 ).

Based on interviews with management unit and Environment Agency District. Langkat known that the company has conducted testing the quality of wastewater and report to the Environment Agency, District. Langkat, July 10, 2015. The results of the interview were also obtained information that there are no reports of issues that is coming from the other party about the negative impact on the environment as a result of mill effluent processing.

Based on the review of monitoring documents of the mill water usage, it was known that the average water consumption for processing FFB in January - September 2015 was 1.23 m<sup>3</sup> / tonne of FFB with a budget standard of average water consumption was 1.25 m<sup>3</sup> / tonne of FFB. Based on the above data it is known that the use of the water in mill was still in accordance with standard budget of average water consumption.

Based on field observations in WTP POM, it is known that flowmeter of outlet water discharge is functioning properly. The results of interviews with WTP officers, it was known that the recording of plant water usage is done with the data observations of flowmeter since beginning and the end, the water source is the Kaluci river. The officer has been equipped by the Personal Protective Equipment (masks, gloves, etc.), wages earned in accordance with the existing provisions, get some facilities like housing facility, water, electricity, health centers and health insurance.

Based on interviews with officials in WTP, water which is used for the processing in mill comes from surface water (river)

Kaluci. To that end, the company (POM and Estate) has had surface water use permit issued by the Integrated Permit Services. The company has to pay the levy of APU periodically, eg payment in August 2015 for TRE, PRE and BAE to the Regional Cash Prov. SUMUT dated August 29, 2015 amounted to IDR 5,581,521.00 (through Bank Mandiri).

**Status: Full Compliance**

#### 4.5

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

The Company has integrated pest management program, for example, there are documents and the realization of the integrated pest management. IPM programs were conducted by using the Early Warning System which includes Pest Detection, Ganoderma Detection, Leaf Eater Detection etc. The company has carried out observation and control of OPT. Record of implementation of plant maintenance can be traced through the document. There are examples of documents Summary Form for Leaf Eater Detection in Pulau Rambung Estate 2015, the type of pest is caterpillar, for example : field 91111003 cover area of 27.67 ha, 3,075 palm oil crops, SPH 111, amount of the stricken crops is zero. Summary for Detection of Leaf Eater in Bungara estate block 95114002, area of 30.85 SPH block 122, amount of the stricken crops is zero.

The Company is also implementing mice pest control by using owl in Pulau Rambung estate. There are 45 owl nests and based on monitoring documents, it was found 7 nests in poor condition and has been included in repair program. Base on field visit it was known that the company has planted "bunga pukul delapan", such as in division with Pajak in Block 87112002, there were 10 crops and "air mata pengantin" 12 crops.

Pesticide spraying personnel have had this training, based on limited pesticide training document dated August 30, 2012 which was followed by 52 participants (STAFF BLRS, Krani Warehouse, spraying supervisor and spraying personnel). Besides that, training in the use of spraying equipment and how to mix spraying ingredients have also been routinely conducted by PT PP London Sumatra. There is example of certificate No. 521.4 / 166-23 / PLA.S / VIII / 2010 on behalf of Risma Yanti and Priyanto, who has participate in training of limited pesticide usage by the Fertilizer and Pesticide Control Commission, Sumatra Utara Province.

**Status: Full Compliance**

#### 4.6

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

The Company has already recorded the use of pesticides that provide information about the pesticide product name, active ingredient, the active ingredient, the number of applications, the total active ingredient, FFB production and active ingredient / tonne of FFB, usage rotation, the target species and usage dose. This record is available in all langkat estate unit. The company also uses types of pesticides that are allowed by the government.

Based on SOP OP 5.2.1 Overview of Pest and Disease Management November 2004 period, at point 6 explains the early detection and rapid response by using 2 methods:

- Simple Detection: Supervisor has to report anything that looks at the harvesting path. It should be written on the bottom sheet of their reports, which is related to pests and diseases.
- Official Detection: it was carried out by a specific pest and disease detector through all blocks with systematic way, depends on pests and diseases attack or other forms of palm oil crops disease.
- Sheet detection must show: nutrient stress, rats, pigs, hedgehogs, leaf-eating / bagworm, Basal Stem Rot, other diseases with an intensity of 1 (rarely) to 5 (severe).

SOP OP in 5.2.7 Rat Control in Oil Palm in point 3 state that census of rat attacks were carried out routinely by using a

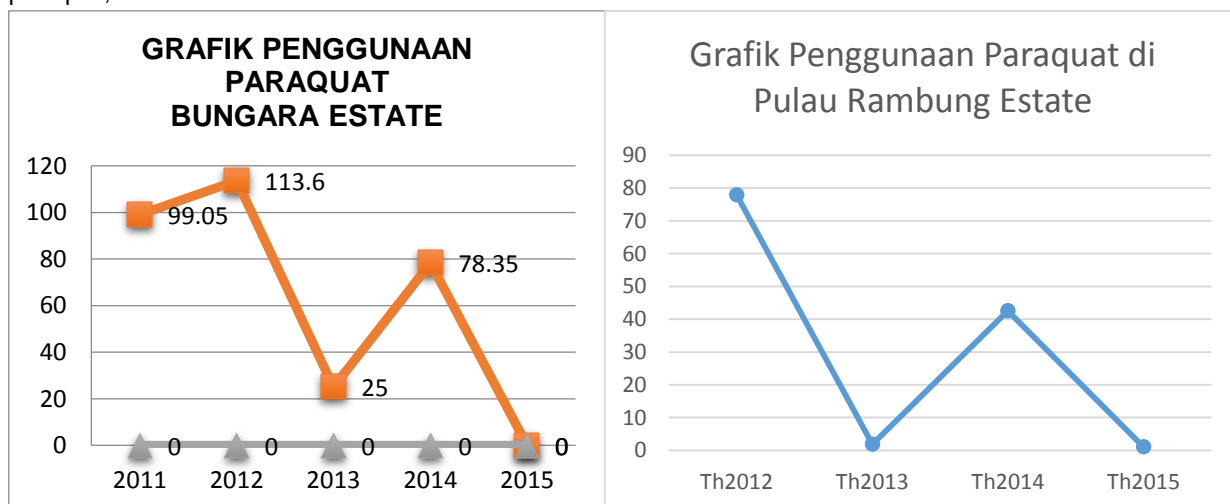
specific detector before harvesting or by using part of detector which is used for a special pest's census.

In SOP OP 5.2.4 Oil Palm leaf eater Control said detection interval is:

- 1 month once on the field that there is a mild attack of more than 5% (12 rotation)
- 2 months for a field that was attacked a year ago (6 rotations)
- 3 months for a field that has not been attacked the previous year (four rotations)

The company has carried out observation and control of OPT. Record of implementation of plant maintenance can be traced through the document. There are examples of documents Summary Form for Leaf Eater Detection in Pulau Rambung Estate 2015, the type of pest is caterpillar, for example : field 91111003 cover area of 27.67 ha, 3,075 palm oil crops, SPH 111, amount of the stricken crops is zero. Summary for Detection of Leaf Eater in Bungara estate block 95114002, area of 30.85 SPH block 122, amount of the stricken crops is zero. The company have used registered active ingredients, those are :

Pesticides Type 1A and 1B WHO used by the Company are Gramoxone (Paraquat active ingredient). There was recapitulation documents of Paraquat usage in 2 Estates that was visited visited. It showed a trend decline in the use of paraquat, those are:



Based on the results of field visits on Pulau Rambung and Bungara estate, it was known that when doing spraying activities, personnel have understood about the SOP and spraying working instruction. Supervisor can explain on the dose, the target and the material used at the time, the mixing is done by the supervisor in the warehouse division. Sprayers can explain the spraying technique and understand the spraying ban area. Appropriate PPE and First Aid equipment were locally available. Based on the results of the document study, it was known that the company has carried out training and socialization in handling hazardous waste. It was attended by staff and spraying personnel on 6 September 2014.

In the SOP OP 5.2.2 describes the storage area that should have a concrete floor. Liquid pesticide containers must be stored in a "bund" of spill anchoring; bund capacity must be equal to the volume of the largest container plus 10%. Then the water from the washing / rinsing must be channeled into the ditch "infiltration flow" or absorption. Ditch was made with a length of 10 m, depth of 1 m and a width of 0.5 m which is filled with stones.

Based on the results of field observation to the Hazardous Waste Warehouse, control of environmental aspects that has been done are: there are already complete Material Safety Data Sheet equipment and personal protective equipment and there is also balance of Hazardous waste. There are eye wash for cleaning the eye. Former container has been stored in the Hazardous waste temporary storage, there is a bund wall to avoid contamination leave the warehouse. Separation of

liquid and solid materials has been done. Clerk of hazardous waste warehouse can explain the stages of work, duties and responsibilities. Based on field observations and interview with management, it was not found the application from the air and the company does not have a smallholders farmers.

To monitor the health of personnel who were working on activities related to chemicals (spray and warehouses), the company has conducted periodic medical check up in every year, particularly medical check up related to cholinesterase. The medical examination period in 2015 was done in collaboration with a specialist clinic Anugerah Ibu on May 19, 2015 with patient details are 38 personnel from BAE and 43 personnel from PRE, the entire results of the examination both summary and detailed results are stored and maintained in the office of each unit. Report test results showed levels of CHE entire personnel is still in its normal stage. Based on interviews with spraying personnel in BAE and PRE, it was known that the company has conducted routine medical examination, and examination results have been disseminated to personnel.

The Company has established OHS policies which have been listed in the decree of Directors No. 001 / DIR / IX / 2014 on policy guidelines of sustainable management, in which are listed on the guarantee and protection to the reproductive rights of employees and do not employ children and also protect employees from sexual harassment, Based on the results of field observations on spraying activities, it is known that the company does not employ pregnant women and / or breastfeeding women on activities related to chemicals. Interview with paramedic company mentions that routine monitoring has been done to prevent pregnant women working on activities related to chemicals, monitoring is done through the leave report H1 and also through periodic health examinations of employees.

**Status: Full Compliance**

#### 4.7

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

The Company has established OHS policies which have been listed in the decree of Directors No. 001 / DIR / IX / 2014 on policy guidelines for sustainable management, those are:

- Comply with laws and regulations and other requirements related to OHS
- Produce a product that is safe, lawful and high quality by maintaining OHS sustainability.
- Preventing accidents and occupational diseases, the spread of HIV / AIDS in the workplace continuously
- Providing budget, facilities and infrastructure as well as adequate human resources in order to carry out the OHS activities.
- Communicate the importance of OHS protection to employees and stakeholders
- Provide a safe and healthy workplace and maintain emergency preparedness and response
- Providing equal opportunities for all employees to organize, and develop a career
- Ensure and protect the reproductive rights of employees and do not employ children and to protect employees from sexual harassment.

In applying these policies, the company has set a work program of OHS for period of 2015, those are:

- Identify the source of danger potential and programmed training in January
- OHS Trainings (AK3 general, steam operator and lift transport operators, training for welder, electrician training, fire extinguisher tube Refill)
- First Aid Training.
- Extension of the AK3 certificate.
- OHSAS Triennial External audit.
- Surveillance OHSAS
- Simulation of fire extinguisher and fire
- Management review meeting



The Company has established and identifies dangers, hazards and types of controls that will be carried out, the company can show documents of ISBPR period of 2015. The document informs descriptions of activities, potential hazards, risk assessment before control (opportunities, effects and risk level), risk control, risk assessment after control (opportunities, effects and risk level) and the person in charge. The risk assessment is based on a matrix of opportunities, the accident rate, the frequency of accidents and hazards / losses incurred. Based on the document study on the document of ISBPR PRE, POM and BAE note that all activities have been identified its potential dangers and a source of danger.

Auditor has verified the documents and field visits, the company has been included in the document ISBPR related to the potential danger of irritation caused by spraying activities with the risk level E (Low), the control is by using clothes for sprayer and rubber gloves as well as the action of spraying in a safe way (not against the wind direction).

Based on field visit for example the spraying and harvesting activities as well as activities in the warehouse, it is known that the company has implemented risk control that are assigned to each activity eg provision of PPE and safe work training.

The Company has conducted safe work training practices for each job site, evidence such as certificates of training activities and the minutes (minutes) has been stored and maintained properly. Evidences that were shown in auditor training, are:

- Certificate of training, eg POM steam instrument operator training certificate steam no certificate No. 912 / OPK3 / BI / VII / 2015 dated July 3, 2015; No SER.9111 / OPK3 / B.I / VII / 2015; Lift and transport instrument certificate No. 13.P.08.5690-OPK3 SIO-PAA / I / 2014 and No. SIO 13.P.08.5718-OPK3-PAA / I / 2014
- Certificate of competence, such as Certificates of competence for welder no 02.1201.1.0104.1.2006 certificate dated October 2, 2006.
- Certificate of firemen conducted on June 27, 2014, 3 personnel from PRE and 3 personnel from Turangie Mill, in collaboration with the Fire Department of Medan
- The simulation activities of emergency response, such as fire fighting in Bungara Estate was conducted on July 4, 2015 the number of participants were 20 personnel and fire emergency response Simulations for PRE was performed on August 20, 2015 the number of participants were 21 personnel.

Based on the field visit, it is known that the company has provided personal protective equipment (PPE) that is suitable to all workers, such as for harvesters are given helmets, gloves, safety shoes, corsets and glasses. To spraying personnel has been given an apron, a helmet, goggles, and boots and rubber gloves. Based on interviews with employees, it was known that the replacement of PPE has been done routinely, any damaged of PPE can be directly replaced by a report to the supervisor first.

For example the location of field visits in harvesting BAE Field 93111003 and spraying in field 94111001 field afdeling 1.

The Company has identified those responsible person for OHS, the company can show the following documents:

- Decree of Transmigration and Labor Agency, District langkat No. 566-905.4 / Transmigration and Labor Sgency / 2014 regarding the determination of GCOHS (P2K3) Pulau Rambung Estate, on 12 August 2014 the Secretary of GCOHS on behalf of Nurhaimi that have been OHS expert with certificate No: Ser.12.1522 / PK3 / U / V / 2012 dated May 4, 2012 published by Labor and Transmigration Ministry of Indonesia.
- Decree of Transmigration and Labor Agency No. 566-967.4 / Transmigration and Labor Agency / 2015 concerning the establishment of GCOHS in Bungara Estate stipulated date 23 Sept 2015, but the secretary of GCOHS registered in the name of Ir. H Mara Ulfan Siregar, hasn't been expert of OHS. Based on these explanations, it found **a Non Conformance 2015.03 with Major categories.**

### **Auditor Verification dated December 21, 2015.**

Secretary P2K3 already has registered as an expert of health & safety manajement, which is the name of the appropriate certificate Nicky Putri Pratama certificate number 13.321/AK3/U/IX/2013 dated September 3, 2013 and the letter of appointment number KEP.3000/M/DJPPK/IX/2013 dated September 3, 2013

The old organizational structure has been revised in accordance Letter 01/BAE/Disnaker/XI/2015 dated November 30, 2015 and registered with the Labor Agency

Based on the explanation of the non-conformance 2015.03 has been closed.

- Decree of Transmigration and Labor Agency No. 566.938.4 / Transmigration and Labor Agency / 2014 concerning the establishment of GCOHS in Turangie Palm Oil Mill, set on August 22, 2015. As previously GCOHS Secretary on behalf of Sahat Tunggul has been replaced by Edy Suhartono, no certificate Ser. 12.1525 / PK3 / U / V / 2012, changes to the structure has been reported to Transmigration and Labor Agency as well as GCOHS reporting activities.

GCOHS meetings held regularly in every month, the company can show the minutes of the meeting, the meeting discussed the implementation of the GCOHS program, program and monthly targets, constraints in program implementation and its evaluation and discussion of accidents that occur in the current month. Minutes of the meeting has been stored properly, for example, meeting minutes of POM on October 9, 2015 with 16 participants, GCOHS meeting in BAE dated October 5, 2015, 18 participants, meeting of PRE held on October 3, 2015, and attended by 20 participants.

Procedures related to occupational accidents and emergency response have been developed, such as SOP of Handling Emergency occupational accidents, issued on 15 September 2011 no document P-12, revision 1 dated 3 December 2013 and the SOP of emergencies, issued on 15 September 2011 no documents P-10 revision 1 dated December 3, 2013.

First Aid officer training period of 2015 has been carried out by paramedics who had been certified Hiperkes on April 11, 2015 with 11 participants (krani and supervisor). It was available attendance list and training minutes.

First Aid Officers has been set by the company, PRE with No License: 081 / IV / WAS / 2015 which is valid until 2018, BAE with no license: 085 / IV / WAS / 2015 is valid until 2018, POM Turangie with no license: 079 / IV / WAS / 2015 will expire in 2018.

Each supervisor activities have been trained and equipped with the standard of first aid equipment, the supervisor can explain the actions of first aid in case of accident. For example the location of field visits when harvesting was conducted in BAE Field 93111003 and spraying activities was conducted in field 94111001 afdeling1.

The company has provided medical care to all its employees by providing First Aid posts in each unit served by a paramedic who has been Hiperkes certified. In addition the company also has to include employees in Labor Health Assurance (BPJS) program. To monitor the health of employees who are working on high risk activities, the company has a high risk of periodic medical examinations (audiometry and cholinesterase) every year. The medical examination period in 2015 was done in collaboration with a specialist clinic Anugerah Ibu on 18-19 May 2015. Details of medical check up are:

- Audiometric examination of 44 employees, through the document study was found that in the results of medical check up, there was 1 employee who experience bilateral conductive mild hearing loss, based on the evaluation, it was recommended for monitoring and compliance in using PPE at work.
- CHE examination conducted on May 19, 2015, and 38 employees from BAE were checked and 43 employees from PRE. Examination results showed everything in normal level and no abnormalities.

Companies can show payment evidence and payment details for all employees (DRP and MRP), payments made through Bank Mandiri Branch Medan, for example, payment in September 2015 was held on October 19, 2015, with details of BAE as many as 341 employees, PRE as many as 359 employees, TRE and TRM as many as 491 employees. Associated with the provision of PHL labor accident insurance, the company has issued an internal memo No. 004 / HR / HS / II / 2013 on 12 Feb 2013 about labor insurance of PHL which states that every PHL employee which is not registered in the social security program (JKK and JKM), in case of occupational accidents or death happened, the company will pay the claim in accordance with the standard rules that were arranged by PT Jamsostek.

Based on field observations and interviews with workers, which is conducted by sampling, it is known that the company

has implemented OHS policy. Labor states that a medical examination has been conducted regularly in every year and the results have been communicated to employees. Provision of occupational accident insurance has been made to register the personnel become participants of labor assurance (BPJS), such as the location of field visits in harvesting activities in BAE Field 93111003 and spraying activities in field 94111001 afdeling 1.

Companies can show documents of occupational accident recapitulation report that are reported each month to EHS office, Branch Medan, the document is to inform the date of the incident, the victim's name, sex, age, due to an accident (death, permanent disability, unable to work for a while, minor injuries), accidents factor (injuries, the source of the accident, type of accident, mechanical condition, malicious acts), the estimated loss (material and working days) and cause an accident.

- The accident report as of August in Bungara Estate reported on 2 September 2015 with a zero-accident status
- PRE accident report per September was reported as 2 cases of accidents with 4 total working days lost, type of minor accidents.
- Summary of POM occupational accidents period of August 2015 the number of cases as many as one type of severe accidents and 5 working days lost.

The Company has reported the accident at PRE and Turangie POM to Labor Insurance Company (BPJS), reporting stage I and II was done on August 23, 2015; the report has attached a brief description of occupational accidents.

	<b>Status: Full Compliance</b>	
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#### 4.8

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

Penyusunan program pelatihan dilakukan secara terpusat oleh HR kantor cabang Medan, perusahaan dapat menunjukkan program pelatihan yang akan dilakukan untuk periode tahun 2015, tercatat sebanyak 75 jenis pelatihan untuk staff dan karyawan PT PP Lonsom Tbk, antara lain :

Preparation of training programs conducted centrally by HR Medan branch office, the company can demonstrate that the training program will be conducted for a period of 2015, there were 75 types of training for staff and employees of PT PP Lonsom Tbk, those are:

- Training of personal protective equipment for the electricity lines
- Training for New TMA Trainee
- Security Training
- Training and Development of OHS Heavy Equipment Operator

The Company has made the realization of training programs, those are:

- Training of personal protective equipment for the electricity lines, performed twice on March 5 and March 19, 2015 with 174 participants.
- Training for New TMA Trainee held on March 30 - 10 April 2015, with 126 participants.
- Security Training conducted 2 times on July 27 - August 7, 2015 and August 10- 21, 2015 with 480 participants.
- Training and Development of OHS Heavy Equipment Operators performed on April 8-10, 2015

Training records for each worker (DRP, MRP and Staff) has been recorded in the employee document of summary training in 2015 that informs the name of the training that has been followed, the type of training, number of days and the name of the trainer. For example Supervisor 1 PRE No. ID 198800310 has followed the training: Dissemination of Personal Protective Equipment for the electricity line, boiler operator TOM has no id 198400249, Competency Enhancement Training for Boiler Operator Certification, VI Force and BAE security field with no id 200600166 been followed Security Training.

Based on the field visit, it is known that the company has conducted regular training, interviews with labor stated that the supervisor and assistant have conducted training before carrying out the activities.

<b>Status: Full Compliance</b>
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**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.**

PT. PP London Sumatra have prepared environmental documents in the form of presentation of Environmental Evaluation (PEL) No. RC 220/699/13 / IV / 94, for Oil Palm and Rubber estate and Palm Oil Mill and Crumb Rubber, Langkat Estate, Group of Bahorok Subdistrict - Langkat district of North Sumatra province, compiled by the Research Center for Natural Resources and Environment University of North Sumatra Medan years 1993, which was passed on April 18, 1994. Palm Oil Production Capacity 45 ton FFB / hour and Crumb Rubber Production 20 tons KK / Day. The potential impacts that must be managed and monitored are: erosion, water pollution by effluent, Plant Pests and Diseases, Social Conflict, and job vacancy.

Based on the actual conditions at this time there are different activities that have not been identified in the PEL document / Environmental Management and Monitoring Plan (RKL / RPL) in 1994 and haven't become a reference endorsed by relevant agencies, such as: replanting activities is done according to plan of each estate (eg BAE in 2014, PRE and TRE 2015), and composting with a capacity of 300 tons / day in the POM. Related to this thing, company has applied for an environmental permit changes to the Environmental Agency June 30, 2014. Then the letter was issued by Environmental Agency District. Langkat Number: 660-1229 / Environmental Agency-Sekre.II / 2014 on 12 September 2014 which states that:

- PT. PP London Sumatra Indonesia, Tbk is obligated to request changes in the environmental permit, to replace the PEL approval letter and an Environmental Management and Monitoring Plan approval which is equivalent to the environmental permit.
- In relation to the things above, the environmental permit of PT PP London Sumatra Indonesia Tbk, is currently in the process of waiting for the issuance of the decree of langkat regent related to Environmental permit. Thus the company has to conduct environmental management and monitoring reports periodically to the Environment Agency District. Langkat and related agencies in every six months.

The Company has a reference to social management in the form of PEL and Environmental Management and Monitoring Plan (RKL / RPL) 1994 (includes social and environmental impact assessment). In addition the company also has a social impact report in January 2014 for Estate and Mill (include assessment of the impact to education, occupation, religion and culture). In fact company is currently conducting a study on changes in estate activity, particularly in the Social Analysis of public health impact.

Related to the above things, the company has collaborated with consultants and coordinating with Environmental Agency District. Langkat on 12 September 2014. However, until the implementation of audit ASA-1, the company has not been able to show positive progress on the planned revision of the environmental and social documents. Based on these explanations, it was found a **Non - Conformance 2015.06 with Major categories**

**Auditor Verification dated December 23, 2015.**

Social impact monitoring plan recorded in the document PEL is being prepared by a consultant service provider, PT Sucofindo, Medan. Based on the letter from the consultant services provider known that the environmental document is currently in the process of drafting and waiting time for hearings and discussions in the EIA commission Langkat district.

Along with that, the company also has applied for the discussion of environmental documents to Environment Bodies Langkat District, received on December 22, 2015.

Implementation of social impact monitoring plan will be recorded later on the report of RKL / RPL semester along with data / evidence of measurable monitoring. Based on the explanation, the NC No. 2015.05 has been closed by observation report on the implementation of RKL / RPL at next audit.

The company has had a Environmental and Social Impact Management Plan which is managed in Environmental Evaluation Presentation (PEL) and Environmental Management and Monitoring Plan 1994. Then related to the implementation of environment management and monitoring has been recorded on the document of Environment Management and Monitoring Plan (RKL / RPL) first half of 2015, for example erosion management by LCC planting, single terracing (hooves), the management of water pollution by effluent, measured by installing gauges of debit and pool maintenance and measurement of effluent quality periodically, and management of pest plants by utilizing natural enemies (IPM) and pests census. The company has also been reported Environmental Management and Monitoring Plan including composting activities inside, which is addressed to the Environmental Agency District of Langkat in every 6 months, as the reporting date of July 10, 2015.

In addition, the company also has conducted the quality of surface water (Upper and Lower of Buthek River) which was conducted by the Laboratory of SUCOFINDO Medan on water quality of Buthek River located near POM Turange. The test results indicate that it still conform to the standard quality in Government Regulation 82 of 2001, class II.

Status: Full Compliance

## 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**

Perusahaan telah merevisi dokumen identifikasi NKT yaitu dokumen Hasil Identifikasi HCV PT. PP Lonsum (Wilayah Sumatera Utara) oleh Siklus Alam Indonesia Lestari (SAIL) Consulting. Dengan Tim: Sutopo, S.Hut, M. Sayidina A, Amd; Sulfan Ardiansyah, S.Hut; dan Gilang Prastya, S.Hut (seluruh tim teregister di RSPO). Peer Riviewer Laporan identifikasi NKT dilakukan oleh Dr. Jarwadi Budi Hernowo (Independent Consultant). Dengan hasil tidak ada temuan baik mayor ataupun minor. Kegiatan identifikasi dilakukan pada 1-3 Mei 2014, dengan temuan NKT Sebagai berikut:

The Company has revised HCV identification documents; those are documents of HCV Identification Result PT. PP Lonsum (North Sumatra) by Siklus Alam Indonesia Lestari (SAIL) Consulting. The team is: Sutopo, S.Hut, M. Sayidina A, Amd; Sulfan Ardiansyah, S.Hut; and Gilang Prastya, S.Hut (all teams registered in RSPO). Peer Reviewer of HCV identification report was conducted by Dr. Jarwadi Budi Hernowo (Independent Consultant). The result is no findings of either major or minor category. Identification of activities were conducted on 1-3 May 2014, with the findings of HCV as follows:

- Turange Estate: based on the identification that was found in HCV 4.1 and HCV 6 with a total area of 44.99 ha.
- Pulau Rambung Estate: based on the identification results that was found in HCV 4.1, HCV 4.2, and HCV 6 with a total of 42.55 ha
- Bungara Estate: based on the identification results that was found in HCV4.1, HCV 4.2 and HCV 6 with a total of 86.454 ha.

In the area of PT. PP London Sumatra Indonesia Tbk (Turangie region) it can not be found protected plant category under Government Regulation (PP No.7 of 1999), or plant category which is included in the CITES Appendix assessment list. While based on the status of scarcity in the IUCN Red List, there are no endangered species or protected that belong to the important categories such as: VU / Vulnerable (Vulnerable), En / Endangered, or Cr / Critically Endangered (Threatened), there is only one species that are only included in the category LC / Least Concern (low risk), those are: Pulau (Alstonia scholaris) and benuang (Octomeles sumatrana).



As for the number of wildlife species that are protected under PP 7 In 1999 as many as 3 primary types from the class of birds, and there are 2 types included in CITES Appendix II (mammals 1 and reptiles 1). If seen by the IUCN red list, the species generally only the status of LC / Least Concern (low risk) and it was not identified the species categorized as threatened (threatened species).

Local Name	Scientific	Status		
		IUCN	CITES	PP
Monyet ekor panjang	<i>Macaca fascicularis</i>	LC. 3.1	II	-
Burung madu kelapa	<i>Anthreptes malacensis</i>	LC. 3.1	-	D
Kipasan belang	<i>Rhipidura javanica</i>	LC. 3.1	-	D
Cekakak belukar	<i>Haclyon smymensis</i>	LC. 3.1	-	D
Biawak	<i>Varanus salvator</i>	LC. 3.1	II	

Steps of HCV management have been listed in SOP No. OP5.10 about HCV. As a corporate responsibility towards the conservation and biodiversity, management was carried out as follows:

- Identify the areas that have a high conservation value
- Identify the flora and fauna in the company concession area
- Determination of conservation and management area
- Installation of HCV signs
- Rehabilitation of areas, biological enrichment, and monitoring and evaluation.
- Not to apply chemicals in the riparian area

Based on the results of the visit at the riparian of Titi Dobi river, Division Bandar telu (Pulau Rambung Estate) and Riparian 2, Division Batu Putih (Bungara Estate) it was known that ban area sign for chemical application has not been done completely in accordance with the applicable SOP. Based on these explanations, then it was found **Non Conformance NCR 2015.04 with Major categories.**

**Auditor Verification dated December 23, 2015.**

Border River Titi Dobi, Bandar Telu Division (Pulau Rambung Estate) dan border river Sungai 2, Batu Putih Division (Bungara Estate) already done marking limit the application of chemicals as a whole in the form of red and white. There is also a socialization to force employees spray / spraying dated December 21, 2015 (available list of attendees). Based on the explanation of the non-conformance 2015.04 **has been closed.**

The company has the documents o HCV training program for staff who will be conducted in november 2015. And for employees of HCV socialization activities, it is carried out during the morning loop and based on interviews with spraying workers in Pulau Rambung and Bungara estate, employees understand the rules of spraying prohibition in riparian. Other management activities are to monitor the condition of disruption and monitoring the extent of HCV. For example:

- PRE in Riparian of Titi Dobi River/ Piam River (HCV4.2) area 11.22 ha, and it is known there are no distractions.
- BAE in Riparian of Pondok Bawah river (HCV4.1 & HCV4.2) area of 7.45 ha, and it is known that there are no distractions.

The company has conducted monitoring of flora and fauna and has been reported in the document of Environmental Management and Monitoring report, 1st half and there is an evaluation that there is no disturbance of the HCV area. Based on the document study document it was known that HCV area located in the LUT area and based on the results of the HCV identification study, It was not identified areas that become local community rights.

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

The Company has identified waste products that are recorded in the report of Environmental Management and Monitoring Plan in first half of 2015, are as follows:

**POM Waste**

Type of Waste	Sumber Limbah
Empty Bunch	Threshing Station
Shell	Kernal Station
Fiber	Kernal Station
Boiler Ash	Multicyclon Boiler
Condensate water	Sterilizer Station
Sludge	Clarification Station
Reagen Water	WTP Station
Sample waste of CPO	Laboratory

**Estate Waste**

Type of Waste	Waste Source
Oli Bekas dan Minyak Kotor	Workshop
Used Filter	Workshop
Used wet battery	Workshop
Used dry battery	Workshop
Used gloves	Workshop
Used chemical containers	Production activity
Used pesticide containers	Spraying activity
Used Tonner/Catridge	Office
Medical waste	First Aid activity

All chemicals and containers have been managed responsibly, those are: used chemical packaging which is derived from production activities and spraying activities that are stored in the licensed hazardous waste temporary storage and handed over to the authorized collector. Then hazardous waste management was reported to the relevant agencies later.

The company has a waste management plan for POM, those are: empty bunch from threshing station were converted into compost to substitute organic fertilizer, shells and fibers from the kernel station kernel is processed as a boiler fuel, ash boiler from multicyclon boiler is processed into compost to substitute organic fertilizer, sludge from clarification station were processed in WWTP. Company has a estate waste management plan, those are: used oil, use filters, used battery, used gloves from the workshop were stored on temporary hazardous waste storage and handed over to the collector, the used chemical/pesticide packaging which is derived from production activities and spraying activities were stored on Temporary Hazardous Waste and handed over to the collector, medical waste from first aid activities were stored on hazardous waste temporary storage and handed over to the collector.

**Status: Full Compliance**
**5.4**
**Efficiency of fossil fuel use and the use of renewable energy is optimised.**

The Company has leveraged the use of renewable energy, those are fiber and shells as fuel boiler, for example in July 2015 fiber that was used 1,940 tons and 836 tons of shells that generate 17:46 Kwh / ton FFB; August 2015 fiber that was

used 1,882 tons and 815 tons of shells that produce 17.71 kWh / ton FFB; September 2015 fiber that was used 1,880 tons and 824 tons of shells that generate 18:15 Kwh / tonne of FFB.

**Status: Full Compliance**

### 5.5

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

The Company has a Standard Operating Procedure documents for Oil Palm Procedure PT. LONSUM per September 2006 which contains a collection of Index Operation Procedure (OP) for the cultivation of oil palm. In this document there is SOP with Index OP 2.8 about: Land Preparation - Strategies and Parameters, associated with land clearing without the use of fire and also it has been discussed about:

- At point 3 page 2 OP 2.8 describes the stages of land preparation, it states that the use of fire / burning of land is prohibited in all areas of new development and may be allowed only for special conditions that was approved by BLRS (Bah Lias Research Centre) in replanting (planting back), but the specific condition about burning during land clearing approved by BLRS which is not done at the site of PT. Lonsum, because based on SOP.OP 2.8, published in March 2008 (by Managing Director Operations) on the preparation of land (Land Preparation - Strategies and Parameters) it was explained that "The use of fire for any reason is prohibited, such as land preparation activities in the area of new development and or replanting. "

Based on the observation of the document (Cooperation Agreements with contractors) and field trips to replanting Block, it is known that the company does not use burning techniques for replanting land preparation. Based on field observations in Bungara Estate and Pulau Rambung, the availability of facilities and infrastructure for example, a tank of fire brigade equipped with a pump and hoses are in good condition and ready for use, inspection of fire extinguisher in accordance with the schedule, and other equipment such as sand drum, burlap, gaff hooks, buckets, shovels, hoe, stretcher, and first aid were available in the office division.

**Status: Full Compliance**

### 5.6

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

The Company has identified the source of the emissions that was recorded in the report of Environmental Management and Monitoring Plan in first half of 2015, those are: Dust from boiler is managed by the installation multicyclon system to catch dust and exalt flue of boilers more than 10 times of diameter, the exhaust emissions from the boiler is managed by perform maintenance of the machine regularly, control of the fuel adequacy , emission quality testing for boilers and report test results to the relevant agencies on a regular basis, the noise from the boiler is managed by the maintenance of the machine regularly, training and socialization, the use of PPE, testing of raw noise level and test results were reported to the relevant agencies, the gas exhaust emission of generator is managed by the maintenance of the machine regularly, emission testing for generators and report the test results to the relevant agencies, the noise of the generator is managed with the use of PPE, testing of noise levels and report the test results to the relevant agencies, the gas exhaust emissions of heavy equipment is managed by the regular machine maintenance and greening alongside a road, the noise of heavy equipment is managed with regular machine maintenance, and transportation of the gas exhaust emissions are managed with regular engine maintenance.

The Company has conducted an inventory of greenhouse gas (GHG) for the mill and estate. GHG sources that were listed for the estate comes from air conditioning, transport, generators, boilers, electrical energy usage (PLN), the use of heavy equipment, agrochemical and fertilizer. The company also has conducted an inventory of sources of pollutants / emission

in the work environment, eg emission / pollutants originating from the Boiler, which is the type of pollutants / emission levels produced in the form of dust, gas exhaust emissions and noise; emission / pollutants that were originating from the generator that is the type of emission / pollutants such as gas exhaust emissions and noise; emission / pollutants that were resulting from heavy equipment such as gas exhaust emissions and noise and emission / pollutants that were resulting from transport activities in the form of gas exhaust emissions.

Based on the results of field observations to the POM and Estate, it was not found scars and burning activity.

The company has been testing the quality of emissions regularly as a form of emissions mitigation. Air quality testing include the testing of emissions of the generator, boiler emissions testing were conducted at the Laboratory Baristan, Medan on June 15, 2015. The test results are known still in accordance with the quality standards set.

Based on these test results is known that air quality is in accordance with the quality standards that has been set. Based on interviews with management unit and Environmental Agency District. Langkat, it was known that the company has conducted air quality testing and it was reported periodically, eg dated July 10, 2015 as recorded in the report of Environmental Management and Monitoring Report first half of 2015. The results of the interview were also obtained information that was stated there are no issues and reports received from other parties about the negative impact on the environment due to the mill waste management.

The Company has computed GHG in 2014 by using PalmGHG Calculator ver. 2.1.1. The total estimated emissions produced by 12,504.30 tCO<sub>2</sub> for estate and transport produced 31,959.96 tCO<sub>2</sub>, and it has been reported to the RSPO on June 10th 2015.

**Status: Full Compliance**

**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.**

The Company has a reference to social management in the form of PEL (Environmental Evaluation Presentation / EEP) and Environmental Management and Monitoring Plan 1994 (includes social and environmental impact assessment). In addition the company also has a social impact report in January 2014 for the Estate and Mill (include assessment of the impact of education, occupation, religion and culture). In fact company is currently conducting a study on changes in activity in the estate, and particularly the Social Analysis of public health impact.

Related to the above things, the company has collaborated with consultants and coordinating with Environmental Agency District. Langkat on 12 September 2014. However, until the implementation of audit ASA-1, the company has not been able to show positive progress on the planned revision of the environmental and social documents. Based on these explanations, it was found a **Non - Conformance 2015.06 with Major categories**

The Company has had a Social Impact Monitoring Plan stipulated in the Environmental Evaluation Presentation (PEL) and document of Environmental Monitoring and Management Plan (RKL / RPL) in 1994. Thus, the explanation in the report on the implementation of Environmental Management and Monitoring Plan 1<sup>st</sup> Semester, 2015 explained descriptively, not yet delivered measurable monitoring evidence of the social conflict, that is a dispute between settlers and natives and employment which related to increasing in community's income and rural economy. Based on these explanations, it was found **Non - Conformance 2015.05 with Major categories.**

**Auditor Verification dated December 23, 2015.**

Social impact monitoring plan recorded in the document PEL is being prepared by a consultant service provider, PT

Sucofindo, Medan. Based on the letter from the consultant services provider known that the environmental document is currently in the process of drafting and waiting time for hearings and discussions in the EIA commission Langkat district. Along with that, the company also has applied for the discussion of environmental documents to Environment Bodies Langkat District, received on December 22, 2015.

Implementation of social impact monitoring plan will be recorded later on the report of RKL / RPL semester along with data / evidence of measurable monitoring. Based on the explanation, the NC No. 2015.05 and NC No. 2015.06 has been closed by observation report on the implementation of RKL / RPL at next audit.

On the social impact report it has been recorded plans to reduce negative impacts and enhance positive impacts, those are, provide employment opportunities for the local population in accordance with the available needs, maintenance of village roads, providing health facilities, improving education facilities, and others.

Social impact analysis was done by involving the affected parties through interview in the village Pancur Ido, Kuta Gajah Village, Empus Village, Rambun Village, Turangie Village, Kutambaru Village, Numutongan Village.

<b>Status: Full Compliance</b>
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## 6.2

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

Communication and consultation procedures stated in the SOP document on "Communication" (EMS-P05). SOP is effective from the date of August 10, 2009 to Turangie Estate, Pulau Rambung Estate, Bungara Estate, and POM Turangie. The documents described in the procedures for communicating with staff and external interested parties on environmental management issues and or implementation of sustainable palm oil (SPO).

PT PP London Sumatra Indonesia has determined the officer who responsible for the handling and control issues that arise based on communication and consultation with the community, the officer in charge is in the position of Public Relations Staff, as follows:

- Pulau Rambung Estate: Public Relations Staff with no ID 198900325 with determination memorandum no. : 026 / PR / DIV / XII / 2013 dated 26 Dec, 2013.
- Turangie Mill: job descriptions based on documents issued on March 11, 2009, the officer in charge of communicating with the external (public, contractors and agencies) is Mill Manager.
- Bungara Estate: staff job descriptions based on documents issued on March 11, 2009, the officer in charge of communicating with the external (public, contractors and agencies) is Estate Manager.

Based on the results of the public consultation with rural communities around the plantations eg Tj Lengang village, Sp. Pulo Rambung, Sampe Raya and Suka Rakyat mentioned that so far the relationship and communication with the company quite well, representatives of management respond to any communication requests from stakeholders when there are problems related to environmental management or implementation of sustainable palm oil (SPO).

The Company has a list of stakeholders for PT. PP London Sumatra Indonesia (Bungara Estate and Pulau Rambung and Turangie Mill) in the period 2015, the list includes local governments, relevant agencies, local communities, local NGOs, contractors, suppliers, Workers Union (SPSI) and local communities. The stakeholder list has informed contact phone, contact name and contact address. Note the entire communication and consultation with stakeholders have been recorded and maintained by the company in the document of requests list and responses from stakeholders. Document studies on the list of requests for information it is known that there are no incoming mail to request information either in BAE, PRE and Turangie Mill.

<b>Status: Full Compliance</b>
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**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.**

The Company has established communication and consultation mechanisms for both internal and external which is stated in the procedure EMS-P05 Communication explains about: The company method to communicate with the relevant stakeholders (internal and external) on the problems and the environmental management or implementation of sustainable palm oil (SPO).

The Company is actively seeking effective communication methods, use of new appropriate technologies and in consultation with the stakeholders in setting goals and aim of improving. In the procedure was mentioned that the company will guarantee the confidentiality of the complainant if it is necessary.

The company has provided media to deliver complain to the stakeholders of the company, any complaints can be submitted in the form SPO-01 List of requests and responses from stakeholders (external complaint), the documents study on the list of external complaint PRE, BRE and Turangie Mill period 2015 it is known that there are no complaints coming from the stakeholders of the company.

Based on the results of the public consultation with the community around the estate, it was known that the company has delivered complaints mechanism to the public. Community representatives and village officers that was in the interview can explain how to make a complaint and the officer can mention that it has been provided by the companies who responsible for accepting the complaints. Till ASA-1 activities were carried out there are no complaints related to the estate operational activities.

**Status: Full Compliance**

**6.4**

**Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

The Company has been operating since 1906, with rubber as commodities. Based on the results of public consultation with community leaders in Simpang Pulo Rambung Village, Tanjung Lenggang Village, Sampe Rayu Village and National Land Agency in Langkat District, it is known that there is no a customary right or legal rights of other landowners.

Land conflict resolution mechanisms are available in SOP Oil Palm - Development Procedures OP 2.2 Land Acquisition and Compensation that have been reviewed and revised, dated December 2012. The procedure describes the mechanisms and steps that must be carried out as the process of compensation that has been done and furnished by its completion evidence.

**Status: Full Compliance**

**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.**

DRP employee wages (Daily Rated Personnel) and MRP (monthly Rated Personnel) shall be determined by mutual agreement BKD PPS North Sumatra Province on the wages of plantation workers in group of companies BKS-PPS. The agreement between BKS PPS with regional administrator union federations of agriculture and plantations (FSP PP FD SPSI) dated January 26, 2015 by fixing the lowest wage of IDR. 1, 952, 640 and provide rice in addition to remuneration according to the composition of his family.

Based on this, it has been published IM HR Director No. 001 / HRD / C-SAL / III / 2015 dated March 3, 2015 on salary increasing of MRP and DRP period of 2015, as follows:

- **DRP** → The basic salary: IDR. 1,952,640, -, overtime: 1/173 x (basic salary + rice)
- **MRP** → The basic salary is based on grade and years of service, for example, for the lowest grade (G) and the lowest employment period will receive the basic wage of IDR. 2, 186, 000. -, coupled with the supply of rice and overtime and premiums.

The company has Internal Memo No 001 / HRD / C-PW / III / 2015 dated March 2th, 2015 on non-permanent employees wage period in 2015 based on the regulations on minimum wages Langkat district period of 2015 amounting IDR.1,952,640. - / month which is equivalent to IDR 78,106 / day.

Payments of employees' wages have been done through a bank transfer system BRI, and will be given a slip as payment evidence before or after salaries are paid. The Company shows an example of employee wages slip which is informing period of wages, name, division, basic salary, over time, the cutting component (JHT, loans, health assurance, pension guarantee, as well as payment to Labor Union (SPSI), "PHBI" (dues for celebration of Islamic religion) and dues for "BAPOR" ( annual sport event).

Based on interviews with employees in the field, for example, spraying personnel and harvester, it is known that the company had made a payment of wages in accordance with applicable regulations.

The Company has had a collective labor agreement (CLA) in the period of 2015-2017 between BKS PPS with PP.FSP.PP-SPSI that has been endorsed by the Director General of fostering industrial relations and labor social security No. Kep. 88 / PHIJSK-PKKAS / PKB / VI / 2015 of the registration of a collective labor agreement dated June 18, 2015. In the CLA, it has been discussed the recognition of the organization, recruitment, wages, working time, social security and social assistance, working equipment and safety , old age security and the rules regarding termination of employment.

PHL labor management based on "Perjanjian Kerja Harian Lepas (nonpermanent employment agreement) signed by each head of delegation with management representatives, for example PKHL No. 01 / BAE / Cont-PKHL / X / 2015 and No. 03 / PRE / Cont-PKHL / XII / 2013. Things are set in PKHL document :

- (Article 1) type of work, working hours, duties and responsibilities: PHL only work 19 days a month for the activities of pruning, weeding, manuring, spraying and other non-routine work
- (Article 2) The relationship of work and wages: PHL working relations in accordance with Decree No. Kep-100 / MEN / VI / 2004 on PKWT, the relationship ends when there are violations of the rules and if the job is no longer available, if the company employs more than 21 consecutive days for 3 months, the agreement will turn into PKWTT.
- (Article 3) Social Security and terms: companies will include PHL in 'social security program (JKK and JKM)

Based on interviews with workers in the field, for instance with PHL spraying personnel, employees said that between the company and PHL workers has had an agreement that has been agreed upon. Employees said that already know the contents of the agreement and signed the agreement as well.

The company has provided facilities and infrastructure to support the welfare of employees; the company can show a list of facilities and infrastructure which has been already available, such as: housing, places of worship, sports facilities, health services, security post, water treatment, educational facilities and lighting facilities. Based on field visits in mind that infrastructure and facilities that have been provided by the companies have been quite adequate.

The Company has identified and monitored a place that can be accessed by workers to get decent food, adequate and reasonably priced. Companies can show layout and map for the location of the closest market in estate. There are 4 markets which is quite closed to the location of the employee housing, for example, which is closest to a distance of 2 km, 4 km and the farthest with a distance of 11 Km.

**Status: Full Compliance**

**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.**

In the collective labor agreement (CLA) in the period 2015-2017 between BKS PPS with PP.FSP.PP-SPSI that has been endorsed by the Director General of fostering industrial relations and labor social security No. Kep. 88 / PHIJSK-PKKAS / PKB / VI / 2015 of the registration of a collective labor agreement dated June 18, 2015, article II of the recognition of the organization, it has been mentioned that the company recognizes the existence of labor unions (FSP.PP-SPSI), it states that employers and labor unions work together in maintaining discipline and peace in the company.

It is also available IM No. 006 / HRD / CIR / I / 2014 dated January 7, 2014 on the policy of freedom of association and the worker's age. Mentioned that in accordance with article 04 of Labor Law, freedom of association is given to the workers and in accordance with article 68 that the company requires a minimum age of workers is 18 years old.

**Pulau Rambung Estate**

The Company has the structure and personnel PUK SPSI SPPP Pulau Rambung Estate period 2011-2015 include the chairman (Jeki Sembiring), Vice of chairman (Ismail), vice of chairman (Safikin), Secretary (Salim), deputy secretary (M. Saleh Ginting), Treasurer (Muharram Fauziah) and vice of treasurer (Yasokhi Hulu) set on February 17, 2011 by the Executive Branch of the Labor Union Federation of Agricultural and Plantation in Langkat District.

**Bungara Estate**

Decree No. KEP-03ORG / PC SPPP-LKT / V / 2012 on the attestation of PUK SPSI committee, Bungara estate 2012-2017 period. Currently elected chairman on behalf of Siswanto who is assisted with 8 members to help the committee.

Based on interviews with administrators of Workers Union SPSI, it is known that the company has facilitated the activities associated with SPSI. For example, companies providing transport and giving permission to be paid to the management activities of DPC and / or DPD.

Based on the document study and the structure of worker union membership, and it also based on the results of consultations and interviews with administrators, it was known that the current number of employees who are members of workers unions PRE are 315 people and BRE's employee are 300 people. Employees have also learned that the company has given freedom to all employees to join association.

Based on interviews with the management SPSI BAE and PRE it was known that meetings to discuss the issue of industrial conducted by the board of local leaders (DPD) with representatives of the company management the PUK SPSI company only accept the aspirations of employees and then will be forwarded to the leaders of the branch and would be discussed in the local leader meeting. The whole minutes of these meetings are stored in the office of DPD.

<b>Status: Full Compliance</b>
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**6.7**

**Children are not employed or exploited.**

The Company has recorded and maintains a list of employees for estate and mill, recapitulation of employee data stored by database, Medan branch offices. List of employees informed Id number, name, job title, region, division, date of birth, grade (rank), date of joining, date of retirement, years of service, religion, sex, Number of ID card (local origin), number of social security and education as well as the number of dependents.

Based on the document study, the company does not employ children under the age of 18 years old, according to the IM No. 006 / HRD / CIR / I / 2004 dated 7 Jan, 2004.

Based on the results of field observations, it was noted that the company does not hire employees under 18 years old in accordance with national regulations and company policies. For example the location of field visits in harvesting activities

in BAE Field 93111003 and spraying activities in field 94111001 afdeling 1.

**Status: Full Compliance**

### 6.8

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

The Company has a policy of sustainable management that has been stated in the Decree of Directors No. 001 / DIR / IX / 2014 on policy guidelines for sustainable management which includes providing equal opportunity for all employees to organize, associate and develop a career.

Based on a review of documents on the labor list, it is known that in carrying out operational activities of estate and mill, the company does not do distinction based on race, religion, and gender and origin area.

Based on site visits and interviews with workers, it was stated that all employees are treated equally and no discrimination.

The Company has established and set the system of governing the management of human resources. A department who is responsible for managing the system of HRD unit which is based in the Medan branch office. The company shows procedures relating to human resources, as follows:

- IM No. 021 / HRD / CIR / VI / 2015 dated June 23, 2015 on the nomination of PHL becomes DRP / PKWT, it was explained that the nomination of PHL into DRP / PKWT refers to ratio composition of the amount of labor DRP in each locations by coordinating with HR units / HR planning. Candidates who will be appointed must be qualified to pass the health test, aged, in accordance with applicable regulations, honesty and discipline and can stay in the estate. Appointment of precedence on PHL who have worked more than 20 days in a month by considering the capabilities and behavior.
- IM No. 007 / HRD / HRUnit / IV / 2015 dated April 22, 2015 on control of the salaries payment of PHL, DRP, MRP and PKWT. It was explained that the payment of salaries is done by attendance checking, the premium was paid based on the rate set by the HRD, overtime work is adjusted to HR policies and wage cuts was made in accordance with IM HRD.

Labor law, workers union agreement or employment contract immediately detailing payments and conditions of employment (eg working hours, deductions, overtime, sickness, holiday entitlement, reason for dismissal, notice period of termination, etc.) has been regulated in Perjanjian Kerja Bersama (Collective Labor Agreement) between the company and workers union (SPSI), PHL workers management based on PKHL (nonpermanent employment agreement) that is signed by each head of delegation with representatives of management, for example PKHL No. 01 / BAE / Cont-PKHL / X / 2015 and No. 03 / PRE / Cont-PKHL / XII / 2013.

**Status: Full Compliance**

### 6.9

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

The Company has Internal Memo No. 028 / HRD / CIR / IV / 2011 from the Human Resources Director to the All EM and All Mill Managers April 1, 2011 on complaint procedures in which to discuss the complaint handling mechanisms in stages. This includes in case of sexual harassment and various forms of violence against women and to protect their reproductive rights. The mechanism is initiated with a written report from the victim, the direct supervisor has the responsibility in resolving complaints first level, managers have a responsibility in the completion of the second level, Senior Manager (SM) has a responsibility in the third level, the director at the fourth level, HR is responsible to designate representatives who will be involved directly in the second level complaint resolution process, SM and Director at the completion of bipartite level.

Based on interviews with employees, for example, spraying personnel and warehouse personnel of Bungara Estate is

known that the company has communicated the policy relating to the prohibition of harassment and sexual violence. An implementation is carried out by forming organization for women empowerment under the workers union.

The Company has a policy of sustainable management that has been stated in the Decree of Directors No. 001 / DIR / IX / 2014 on guidelines for the sustainable management policy which includes the protection of reproductive rights throughout employees. Implementation of the policy is to conduct routine checks in every month for spraying personnel in order to do early detection of employee's pregnancy. In addition the company has also implemented D1 and D2 leave entitlements for female employees.

Based on interviews with paramedic in company, said that a routine examination for early detection in order to know the presence of female workers who are pregnant and breastfeeding as the responsibility of the paramedics. A visit to the clinic of Bungara Estate, paramedics can demonstrate monitoring books D1 and D2 female employees.

Based on field observations on the spraying activities, it was known that there is no indication of female workers who are pregnant or breastfeeding.

The Company has Internal Memo No. 028 / HRD / CIR / IV / 2011 from the Human Resources Director to the All EM and All Mill Managers April 1, 2011 on complaint procedures in which to discuss the complaint handling mechanisms in stages. This includes in case of sexual harassment and various forms of violence against women and to protect their reproductive rights. The mechanism is initiated with a written report from the victim, the direct supervisor has the responsibility in resolving complaints first level, managers have a responsibility in the completion of the second level, Senior Manager (SM) has a responsibility in the third level, the director at the fourth level, HR is responsible to designate representatives who will be involved directly in the second level complaint resolution process, SM and Director at the completion of bipartite level. In the document has been mentioned that the complainant identity is protected, such a mechanism has been introduced to employees during morning assembly activities and during meetings with workers unions.

<b>Status: Full Compliance</b>
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#### 6.10

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

Based on Daily Sorting Form for Own FFB, it was known that all graded FFB derived from the primary estate, those are Pulau Rambung Estate, Bungara Estate and Turange Estate (it did not receive FFB from the outside).

Based on interviews with the head of Sampe Raya Village, Head of Sampe Raya Hamlet, Head of Suka Rakyat Village, Secretary of Suka Rakyat village, and Head of Suka Rakyat Hamlet, it was known that the villagers were not selling FFB to the company; this is because the company does not receive FFB from the outside.

<b>Status: Full Compliance</b>
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#### 6.11

##### **Growers and millers contribute to local sustainable development wherever appropriate.**

In order to develop local area, the company has set a CSR and charity program period 2015 to the entire unit PT PP Lonsum, POM Turangie and estate suppliers. Programming has been done based on the results of stakeholder meetings with the community around the estate who implement the program on June in each year by inviting government leaders, community leaders, youth leaders, religious leaders, traditional leaders and cultural as well as local journalists, for example Stakeholder meeting on July 24, 2014 , the agenda are: socialization mechanism of communication with the company and the expression of aspiration, discussions and gather statements and suggestions of stakeholders. There are the minutes and the attendance list with a total of 55 villagers, company representatives, community leaders, NGOs, farmer groups, Workers Union and subdistrict heads and religious leaders. CSR programs are arranged in grouped of corporate action that is Lonsum Smart, Lonsum Action, Healthy Lonsum, Lonsum Independent and Lonsum Live. It was shown in the CSR program, it has informed the activities, target locations and the plan of implementation date, and actual implementation. For example the planned activities are: Independent Lonsum Scholarship (junior high school),



rehabilitation of school buildings, teachers' salaries aids, donations and contributions, rehabilitation of village roads, clean water (artesian well), health care of pregnant women and infants, Development and extension of farmers , corn cultivating

Some realization in local development, are:

- In the religious field, provision of rehabilitation for worship house (Masjid Al Hidayah) in the village of Sematar on June 29, 2015, number CSR: 086-mdn / IM-ECSR / VI / 2015; provision of building the Church (Church GBKP Namotongan) dated June 18, 2015 in the village of Runggun Marike; support the implementation of the MTQN in Subdistrict Bahorok date January 9, 2015 with number CSR 007 / ECSR-mdn / I / 2015.
- In sports field in the form of procurement of tents complete set, dated March 11, 2015 in the village of Bandar telu
- In the field of art and culture in the form of provision of procurement for multipurpose building Bahorok district, 27 Feb 2015 by number ECSR: 044-mdn / IM-ECSR / III / 2015.

Based on the results of the public consultation with the community around the estate, it was mention that the company has contributed to the improvement of the economy and standard of community living. Assistance provided by the company in accordance with the needs of the community.

No farmer in PRE and BAE

	<b>Status: Full Compliance</b>	
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#### 6.12

##### **No forms of forced or trafficked labour are used.**

Based on interviews with workers, it was known that the company did not do coercion and no labor traded. The entire employees work voluntarily and they are bound by the agreement and / or contract.

Based on interviews with employees, it was known that there is no contract substitution made by the company; the entire contract was carried out based on the agreement in recruitment. Every employee knows their position that has been offered by the company.

No migrants work in estate and mill, all workers are from around the plantation.

	<b>Status: Full Compliance</b>	
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#### 6.13

##### **Growers and millers respect human rights**

The Company has a policy to respects the human rights that have been stated in the Decree of Directors No. 001 / DIR / IX / 2014 on policy guidelines of sustainable management, stating that the company respects all the human rights and impose sanctions on those who violate human rights.

The policy has been communicated to all employees submitted by the workers union, socialization was conducted during morning assembly.

	<b>Status: Full Compliance</b>	
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#### **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.**

PT. PP London Sumatra have prepared environmental documents in the form of presentation of Environmental Evaluation (PEL) No. RC 220/699/13 / IV / 94, for Oil Palm and Rubber estate as well as and Palm Oil Mill and Crumb Rubber, langkat estate, Group Subdistrict of Bahorok - Langkat district of North Sumatra province, compiled by the Research

Center for Natural Resources and Environment ,University of North Sumatra Medan years 1993, which was ratified on 18 April 1994.

Based on the interviews with the Environmental Agency District. Langkat, it is known that the document of PEL and Environmental Management and Monitoring Plan was valid and to be effective for PT. London Sumatra Indonesia Tbk and it has involved the participation of stakeholders including representatives of the parties / communities affected.

The Company also has a social impact report in January 2014 for estate and mill (including assessment of the impact in education, occupation, religion and culture). On the social impact report, it has been recorded plans to reduce negative impacts and enhance positive impacts, those are, provide employment opportunities for the local population in accordance with the needs available, maintenance of village roads, providing health facilities, improving education facilities, and other impacts. Social Analysis Impact which is done by involving those affected by the interview method in Pancur Ido Village, Kuta Gajah Village, Empus Village, Rambun Village, Turangie Village, Kutambaru Village, Numutongan Village.

**Status: Full Compliance**

## 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.**

The Company does not have estate development plan (extensive additions and plant capacity). The Company will only conduct replanting activities in 2018.

Replanting activities that will be carried out, considering the principles of conservation of soil and water, based on preliminary land survey:

- Soil analysis that was conducted by the Lonsum Research Department. The activity was conducted in every 5 years. Soil sampling was done by the method of representation (1 sample represents 10 Ha).
- Map of soil types from Rispa Soil Survey Map with ground check in 2006. The maps are available for the entire Estate in scale 1: 50.000. From these maps, it is known that the type of soil in the PT. PP London Sumatra is: yellow podsolic, yellow red podsolic, red brown podsolic, yellow brown podsolic, and alluvial.

**Status: Full Compliance**

## 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.**

Based on the results of the documents study and field visits, no new planting over 2005, and the planting was done in the replanting land.

**Status: Full Compliance**

## 7.4

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

The Company does not have an estate development plan (extensive additions and plant capacity). The construction of the estate at this time in accordance with legal documents that have been owned. The Company will only conduct replanting activities in 2018.

Map of soil types from Rispa Soil Survey Map with ground check in 2006. Map for all estate in scale 1: 50.000, informs that the type of soil are: yellow podsolic, yellow red podsolic, red brown podsolic, yellow brown podsolic, and alluvial. The identified soil type is not a marginal or no fertile soil. Fertilization, empty bunch of applications, treatment of terraces, and planting leguminose species (legume crops).

Planting management strategy on a particular slope area can be given through the procedure:

- SOP OP 5:10 High Conservation Value in which to discuss the management and monitoring program including riparian management and erosion-prone areas.
- SOP OP 543 on Frond Placement on the Slope and Terrace, mechanism of midrib placement on a sloping block devoted to resist the soil erosion, facilitates the entrance, as well as fertilizer trap that was brought by the water.
- SOP soil conservation while conduct replanting activity is by making the sediment trap measuring 22 x 4 meters with a height of 35 cm, which is placed in each area that has a slope of > 15% and > 45%. Monitoring sediment trap in the area of replanting is done every day.

In the Environmental Management and Monitoring Plan, it was also mentioned Legume cover crop planting, terracing, contour, and hooves.

**Status: Full Compliance**

### 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.**

The Company does not have estate development plan (extensive additions and plant capacity). The Company will only conduct replanting activities in 2018.

**Status: Full Compliance**

### 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.**

The Company does not have estate development plan (extensive additions and plant capacity). The Company will only conduct replanting activities in 2018.

**Status: Full Compliance**

### 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.**

**The company didn't conduct new land clearing since 2005**

The Company has a Standard Operating Procedure documents for Oil Palm Procedure PT. LONSUM per September 2006 which contains a collection of Index Operation Procedure (OP) for the cultivation of oil palm. In this document there is SOP with Index OP 2.8 about: Land Preparation - Strategies and Parameters, associated with land clearing without the use of fire and also it has been discussed about:

- At point 3 page 2 OP 2.8 describes the stages of land preparation, it states that the use of fire / burning of land is prohibited in all areas of new development and may be allowed only for special conditions that was approved by BLRS (Bah Lias Research Centre) in replanting (planting back), but the specific condition about burning during land clearing approved by BLRS which is not done at the site of PT. Lonsum, because based on SOP.OP 2.8, published in March 2008 (by Managing Director Operations) on the preparation of land (Land Preparation - Strategies and Parameters) it was explained that "The use of fire for any reason is prohibited, such as land preparation activities in the area of new development and or replanting. "

Based on the observation of the document (Cooperation Agreements with contractors) and field trips to replanting Block, it is known that the company does not use burning techniques for replanting land preparation. Based on field observations in Bungara Estate and Pulau Rambung, the availability of facilities and infrastructure for example, a tank of fire brigade

equipped with a pump and hoses are in good condition and ready for use, inspection of fire extinguisher in accordance with the schedule, and other equipment such as sand drum, burlap, gaff hooks, buckets, shovels, hoe, stretcher, and first aid were available in the office division.

**Status: Full Compliance**

## 7.8

### **New plantation developments are designed to minimise net greenhouse gas emissions.**

Calculation of carbon stocks will be carried out when there is a new plantation development after August 1, 2014. Based on the observation area statement PT PP Lonsum Tbk (PRE, BAE and TRE), there are no estate development after August 1, 2014. However, the company has done the calculation and estimation of Greenhouse Gases and has plans to minimize greenhouse gas emissions recorded in the document of GHG emission sources management.

Based on the study on the document of GHG emissions sources management, it is known that the company already has a mitigation of GHG emissions as follows: apply a zero burning policy, management of proper fertilization, the use of fiber and shell to replace fossil fuels, regular maintenance of engine as emission sources, do emission calculations regularly, periodically testing the quality of emissions and GHG calculations.

The Company has computed GHG in 2014 by using PalmGHG Calculator ver. 2.1.1. The total estimated emissions produced by 12,504.30 tCO<sub>2</sub> for estate and transport produced 31,959.96 tCO<sub>2</sub>, and it has been reported to the RSPO on June 10th 2015.

**Status: Full Compliance**

## **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.**

The company has implemented the improvement / sustainable enhancement, those are:

- BMP: modification of a knapsack spraying equipment becoming micron herbicides (using battery) to produce a more accurate spraying dose, more economical and more safety when it was sprayed to cycle and path. Interviews with employees' states that the use of the spray equipment as safer and more convenient compared to sprayer cap; reduced use of paraquat pesticide.
- HCV: the company has enriched the planting of hardwoods such as mahogany in areas of HCV
- Environment: management of WWTP, waste water quality testing and periodically reporting to the Environmental Agency Langkat district, such as air quality testing and report test results to the Environmental Agency, Langkat district. Langkat periodically, store Hazardous Waste in licensed temporary storage, monitoring and periodically reporting hazardous waste management to Environmental Agency, Langkat district. Implement zero burning policy, proper fertilization, the use of fiber and shells as fuel for boilers, engines examination periodically and perform calculations of Greenhouse Gases.
- Conducted emissions reduction with capacitor bank installation, thermal daerator, bunch splitter and boilers, aerated bunker composting (methane avoiding).
- The use of chemicals such as paraquat has been controlled and showed a declining trend in the usage. Monitoring is carried out for controlling and reducing the use of chemicals that minimize waste and in accordance with applicable regulations.

The Company has conducted an ISPO internal audit regularly once a year, the last audit activities carried out on 30 September 2015 by an internal auditor who have received training ISPO. At the time of the audit, it has been published by

4 NCR in BAE, 4 PRE and 2 NCR in the POM with a deadline of compliance by December 30, 2015.

The Company has a reference of social management in the form of PEL and Environmental Management and Monitoring Plan year 1994 (includes social and environmental impact assessment). In addition the company also has a social impact report in January 2014 for the mill and estate (include assessment of the impact of education, occupation, religion and culture). In fact company is currently conducting a study on changes in activity in the estate, particularly the Social Analysis of public health impact.

Related to the above things, the company has collaborated with consultants and coordinating with Environmental Agency District. Langkat on 12 September 2014. However, until the implementation of audit ASA-1, the company has not been able to show positive progress on the planned revision of the environmental and social documents. Based on these explanations, it was found a **Non - Conformance 2015.06 with Major categories**

**Auditor Verification dated December 23, 2015.**

Social impact monitoring plan recorded in the document PEL is being prepared by a consultant service provider, PT Sucofindo, Medan. Based on the letter from the consultant services provider known that the environmental document is currently in the process of drafting and waiting time for hearings and discussions in the EIA commission Langkat district. Along with that, the company also has applied for the discussion of environmental documents to Environment Bodies Langkat District, received on December 22, 2015.

Implementation of social impact monitoring plan will be recorded later on the report of RKL / RPL semester along with data / evidence of measurable monitoring. Based on the explanation, the NC No. 2015.05 has been closed by observation report on the implementation of RKL / RPL at next audit.

**Status: Full Compliance**



**3.2. Summary of Assessment Report of Supply Chain Requirement**

Clause	(Module D) CPO Mills – Identity Preserved Requirements
D1	Definition
D.1.1	<p><b>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</b></p> <p>POM Turangie only accept and process the FFB from primary estate (certified). Data of FFB reception at the plant showed that the period 2014 - 2015, FFB was only derived from primary estate. Mill does not accept FFB from smallholders and independent farmer. When FFB is received, "the document of Palm Oil Fruit Delivery Receipt (SPBS) was given stamp as FFB of RSPO Certified. The company use CSPO Supply Chain procedure (EMS-P17) April 10, 2014, Supply chain Module D and E refers to standard of SCCS Nov 2011,</p>
	<b>Status: Full Compliance</b>
D.2	Explanation
D.2.1	<p><b>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&amp;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.</b></p> <p>Estimation of CPO production and PK 2016 is a FFB projection of 162,691 tonnes, OER 23.75, CPO projection of 38,639 tonnes, 11,388 tonnes Kernel Projection. FFB comes from Bungara Estate, Turangie Estate and Pulau Rambung Estate.</p> <p>Bungara Estate 51,527.097 kg FFB, 2,531.97 ha, 20.35 tonnes / ha  Turangie Estate 59,414,459 kg of FFB, 2,835.73 ha, 20.95 tonnes/ ha  Pulau Rambung Estate 51,750,039 FFB, 2,688.27 ha, 20.23 ton / ha</p>
	<b>Status: Full Compliance</b>
D.2.2	<p><b>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).</b></p> <p>Mill has met all of the registration and reporting requirements for the right supply chain through the organization that manages the RSPO supply chain (RSPO IT platform or book and claim).</p>
	<b>Status: Full Compliance</b>
D.3	Documented procedures
D.3.1	<p><b>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements</b></p>

specified in these requirements. This shall include at minimum the following:

- a. Complete and up to date procedures covering the implementation of all the elements in these requirements;
- 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.

POM Turangie documented procedures, regard to guidelines of FFB acceptance / CPO and Kernel delivery for POM in North Sumatra (Issued 15/05/2013). These guidelines ensure the FFB admission process, FFB security checks, weighing and recording, sorting, FFB process becomes CPO and Palm Kernel, storage, transportation of CPO and Kernel.

- Points of supply chain model requirements, Module D (segregation), (for example the certificate and non-certificate FFB, FFB balance sheet is received, processed into CPO and CPO shipments);
- Personal who is responsible and understanding to implement the requirements of supply chain standards (SCCS).

FFB received is certified from their own estate to produce CPO certified by segregation models (SG); then practice in the field, there will no FFB non – certified so that all products produced is certified. Statement about certified SCCS CPO issued by the President of EMS Representative dated May 15, 2013 to all Mill Manager, Fullfillment and Control Manager includes POM Turangie. In the statement, the supply chain system is segregation (SG), CPO production comes from its own estate that has been certified and in the process of transporting, storing and after arrive in processing station it will not be mixed with non-certified RSPO.

**Status: Full Compliance**

### D.3.2

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

POM Turangie only accept and process the FFB from primary estate (certified). When FFB is received, "the document of Palm Oil Fruit Delivery Receipt (SPBS) was given stamp as FFB of RSPO Certified. The company use CSPO Supply Chain procedure (EMS-P17) April 10, 2014, Supply chain Module D and E refers to standard of SCCS Nov 2011.

When conducting an inspection to the mill, FFB certified documentation verification is done by using a sign "FFB Certified RSPO" FFB comes from the certified estate, for example SPBS No. 8121103J15086 of Pulo Rambong Estates, 20/10/2015. SPBS No. 8122101J15101 of Bungara estate, 20/20/2015.

**Status: Full Compliance**

### D.4

**Purchasing and goods in**

#### D.4.1

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

POM Turangie only accept and process the FFB from primary estate (certified). When FFB is received, "the document of Palm Oil Fruit Delivery Receipt (SPBS) was given stamp as FFB of RSPO Certified.

**Status: Full Compliance**

#### D.4.2

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

SCCS guidelines for POM Turangie have been set, the mechanism of information to the certification agency when there is excess production than projected. It has been managed in point 3:20 (notice to the RSPO Certification Institution).

The period from January to September 2015, FFB certified processed 124,476 tonnes, 28,641 tonnes of processed certified CPO, Kernel certified processed 8,551 tons. The production does not exceed the projected production of certified product.

- January 2015, FFB certified 13,501 ton, CPO certified 3,145 ton, PK certified 974 ton
- February 2015, FFB certified 11,874 ton, CPO certified 2,817 ton, PK certified 826 ton
- March 2015, FFB certified 11,568 ton, CPO certified 2,756 ton, PK certified 789 ton
- April 2015, FFB certified 16,787 ton, CPO certified 3,927 ton, PK certified 1,181 ton
- May 2015, FFB certified 13,916 ton, CPO certified 2,984 ton, PK certified 912 ton
- June 2015, FFB certified 13,916 ton, CPO certified 3,202 ton, PK certified 947 ton
- July 2015, FFB certified 14,921 ton, CPO certified 3,459 ton, PK certified 1,027 ton
- August 2015, FFB certified 14,475 ton, CPO certified 3,330 ton, PK certified 1,034 ton
- September 2015, FFB certified 14,460 ton, CPO certified 3,286 ton, PK certified 1,028 ton

**Status: Full Compliance**

#### **D.5 Record keeping**

##### **D.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.**

The Company has recorded and balance all FFB certified RSPO acceptance and shipment of RSPO certified palm oil, KPO, and kernel in three-monthly basis.

**Status: Full Compliance**

#### **D.6 Processing**

##### **D.6.1**

**The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage**

POM Turangie only accept and process the FFB from primary estate (certified When FFB is received, "the document of Palm Oil Fruit Delivery Receipt (SPBS) was given stamp as FFB of RSPO Certified.

**Status: Full Compliance**

##### **D.6.2**

**The objective is for 100 % segregated material to be reached**

POM Turangie only accept and process the FFB from primary estate (certified When FFB is received, "the document of Palm Oil Fruit Delivery Receipt (SPBS) was given stamp as FFB of RSPO Certified.

**Status: Full Compliance**

**3.3. Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-1</b>	The company does not use RSPO logo.	√
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-1</b>	The company does not use RSPO logo.	√
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-1</b>	The company does not use RSPO logo.	√
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-1</b>	The company does not use RSPO logo.	√

**3.4. Summary of RSPO Partial Certification.**

<p>Total observed management unit (0.5 <math>\sqrt{Y}</math>) where Y is the total management units listed in non certified RSPO.  Management unit name: PT. PP Lonsum (Pahu Makmur POM - Kutai Barat) targets it will be certified in 2015 and PT. PP Lonsum (Gunung Bais POM - Musi Rawas) have certified target in 2016.</p> <p><b>Observation date : September 19, 2014</b></p>		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	<p><b>Pahu Makmur POM - Kutai Barat</b>  Based on the results of an internal audit, it was found that:</p> <ul style="list-style-type: none"> <li>- It has the appropriate permissions such as: IUP, IUP-B, IUP-P, SPUP, ITUP, permit / approval in principle.</li> <li>- Have had the right to land / in the process, the appropriate certification, such as HGU, HGB, HP, Use Title, or conversion rights of the west (erfpacht).</li> </ul> <p><b>Gunung Bais POM – Musi Rawas</b>  Based on the results of an internal audit, it was found that:</p> <ul style="list-style-type: none"> <li>- It has the appropriate permissions such as: IUP, IUP-B, IUP-P, SPUP, ITUP, permit / approval in principle.</li> <li>- Have had the right to land / in the process, the appropriate certification, such as HGU, HGB, HP, Use Title, or conversion rights of the west (erfpacht).</li> </ul> <p>Legal process of Gunung Bais POM, Musi Rawas will be verified back in the next assessment.</p>	
	<b>Status: Full Compliance</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	<p><b>Pahu Makmur POM - Kutai Barat</b>  Based on the results of an internal audit, it is known that the company has had LUT as basic to posses and use the land.</p> <p><b>Gunung Bais POM - Musi Rawas</b>  Based on the results of an internal audit, it is known that the company has not had LUT as evidence to posses and use of land.  Legal process in Gunung Bais POM, Musi Rawas District will be verified back in the next assessment.</p>	
	<b>Status: Full Compliance</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	<p><b>Pahu Makmur POM – Kutai Barat</b>  Based on the results of an internal audit, it was found that:  Means and mechanisms for complaints from stakeholders in accordance with SOP of Lonsum group</p> <p><b>Gunung Bais POM – Musi Rawas</b></p>	



	Based on the results of an internal audit, it was found that: Means and mechanisms for complaints from stakeholders in accordance with SOP Lonsum group	
	<b>Status: Full Compliance</b>	
<b>6.4</b>	<b>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.</b>	<b>X or√</b>
	<b>Pahu Makmur POM – Kutai Barat</b> Based on the results of an internal audit, it was found that: There is documentation / records of negotiations regards to compensation and loss of legal or traditional rights of local communities.  <b>Gunung Bais POM – Musi Rawas</b> Based on the results of an internal audit, it was found that: There is documentation / records of negotiations regards to compensation and loss of legal or traditional rights of local communities.	
	<b>Status: Full Compliance</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	<b>Pahu Makmur POM – Kutai Barat</b> Based on the results of an internal audit, it was found that: No new plantings in the area of primary forest or HCV since November 2005.  <b>Gunung Bais POM – Musi Rawas</b> Based on the results of an internal audit, it was found that: No new plantings in the area of primary forest or HCV since November 2005.	
	<b>Status: Full Compliance</b>	
<b>7.5</b>	<b>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.</b>	<b>X or√</b>
	<b>Pahu Makmur POM – Kutai Barat</b> Based on the results of an internal audit, it was found that: No new plantings are done in the land of the local community without prior approval from them, according to FPIC.  <b>Gunung Bais POM – Musi Rawas</b> Based on the results of an internal audit, it was found that: No new plantings are done in the land of the local community without prior approval from them, according to FPIC	
	<b>Status: Full Compliance</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>

	<p><b>Pahu Makmur POM – Kutai Barat</b> Based on the results of an internal audit, it was found that: Local people are compensated for any land acquisitions and relinquishment of land rights, which is approved willingly, according to FPIC.</p> <p><b>Gunung Bais POM – Musi Rawas</b> Based on the results of an internal audit, it was found that: Local people are compensated for any land acquisitions and relinquishment of land rights, which is approved willingly, according to FPIC.</p>	
	<p><b>Status: Full Compliance</b></p>	

**3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**
**3.5.1 Finding identification, Corrective Action, and Observation during (ST2) Assessment**

CAR No.	Ref. Std.	Findings	Location	Grade	Dead Line	Corrective Actions	Observation	Status	Closed Date
2014.01	Major 2.1.1	<b>Compliance with applicable law and regulations.</b> The company is still unable to present the record evidence of the fire monitoring result and the report of plantation business growth from the 1 <sup>st</sup> and the 2 <sup>nd</sup> semesters of 2013, which need to be periodically submitted to relevant agencies, as specified in the <i>Agriculture Ministry Regulation No. 19/2011 (Guide)</i> and <i>Agriculture Ministry Regulation No. 98/2013 on the Guidelines for Plantation Business Permit</i> .	Estate	Major	Prior to Certificate issuance	The company must be able to present the evidence of compliance with the applicable and relevant law requirements regarding reporting obligation.	<b>Root causes :</b> 1. The report of plantation business growth is already included in the <i>RKL &amp; RPL</i> reports submitted every semester to relevant agencies. The proof of receipt has been verified by auditors, although it has not yet followed the reporting standard set by Plantation Agency of Langkat District. On this regard, said agency has admitted that it has not conducted any dissemination for the standard reporting of plantation business growth. On the other hand, the plantation business growth report has been annually submitted to local <i>BPS</i> via email by the Operational Administration Department. 2. Land and forest fire monitoring has been conducted in accordance with the provision included in OHS Management System ( <i>SMK3</i> ) and has been reported to <i>Disnakertrans</i> of local district. However, it has not yet referred to the Regulation of Environment Minister, nor has it been ever reported to local <i>BLH</i> . All that because up to this moment, there has never been any	Closed	12 June 2014

							<p>fire took place at Langkat Operational Estate.</p> <p><b>Corrective Actions:</b></p> <ol style="list-style-type: none"><li>1. Initiating coordination with relevant agencies over the reporting of plantation business growth and land &amp; forest fire monitoring. (Attached is the letter of such coordination with relevant agencies).</li><li>2. Conducting the reporting that is in accordance with the format and period that are set. (Attached is the letter and receipt from relevant agencies).</li></ol> <p><b>Preventive Actions:</b></p> <ol style="list-style-type: none"><li>1. Assigning a staff-level Sustainability PIC at each estate and mill.</li><li>2. Improving the capacity building of each of said Sustainability PIC.</li><li>3. Including the format for Plantation Business Reporting into the official standard form of "Sustainability Data Management".</li></ol>		
2014.02	Major 2.1.2	<p><b>Adjustment of Regulation Amendments.</b></p> <p>The company has owned a procedure for identifying and updating the laws and regulations (Legal Requirements Documents, EMS-PO2 dated 10 April 2009). However, the company is still unable to present the evidence of the procedure for the time</p>	Estate & Mill	Major	<p><b>Prior to Certificate issuance</b></p>	<p>The company must ensure that each amendment is identifiable and that there are adjustment efforts related to the compliance with all applicable laws and regulations.</p>	<p><b>Root causes:</b></p> <ol style="list-style-type: none"><li>1. The procedure, which describes the mechanism for regulation amendments and adjustment efforts related to all applicable laws and regulations, does not specifically explain the procedure for the time arrangements and personnel-in-charge assignment to assure every amendment.</li></ol>	Closed	27 June 2014

		<p>arrangements and personnel-in-charge assignment mechanism to assure every amendment of the regulations.</p> <p>For example; a Governor's Decree on Provincial Minimum Wage; and Agriculture Ministry Regulation No. 98/2013 on the guidelines for plantation business permit.</p>					<p>2. Such mechanism is periodically performed every year, to evaluate the level of compliance with applicable laws and regulations. However, no specific explanation was available at the time of the audit that described the procedure for the time arrangements and personnel-in-charge assignment to assure the compliance with said regulations.</p> <p><b>Corrective Actions:</b></p> <ol style="list-style-type: none"> <li>1. Revising the procedure regulating the time arrangement mechanism and personnel-in-charge assignment.</li> <li>2. Evaluating the compliance with the regulations and other applicable requirements.</li> </ol> <p><b>Preventive Actions:</b></p> <ol style="list-style-type: none"> <li>1. Assigning a staff-level Sustainability PIC at each estate and mill.</li> <li>2. Improving the capacity building of each of said Sustainability PIC.</li> <li>3. Conducting sustainability trainings and workshops and other training related to applicable laws and regulations.</li> </ol>		
2014.03	Minor 2.1.2	<p><b>Mechanism for the evaluation of the implementation of compliance with applicable law.</b></p> <p>The company has conducted the evaluation/assessment on the list of regulations that must be complied with by the oil palm plantation in its processing</p>	Estate/Mill	Minor	S1	<p>The company must ensure that the mechanism for the evaluation is done with attentions to the validity period and the compliance with applicable laws and</p>	<p><b>Observations on 10 October 2014.</b></p> <p><b>Root causes:</b></p> <p>The evaluation is periodically performed every year, to assess the level of compliance with the applicable regulations and requirements. However, at the time of the audit, a</p>	Closed	10 October 2014



		<p>activity. There are 131 regulations that have been identified, although there is not enough evidence to show that the evaluation done has considered the validity period for said regulations. <u>Example:</u></p> <ul style="list-style-type: none"> <li>- Agriculture Ministry Regulation No. 7/2007 and Agriculture Ministry Regulation No. 1/2007 on Pesticides, that have been replaced by Agriculture Ministry Regulation No. 24/2011;</li> <li>- Kepbapedal No. 5/1995 on the Symbols and Labels for Hazardous Waste that is replaced by Environment Ministry Regulation No. 14/2013.</li> </ul>				regulations.	<p>number of new regulations have not made it to the regulation evaluation such as <i>Agriculture Ministry Regulation No. 24 Year 2011</i>; <i>Environment Ministry Regulation No. 14 Year 2013</i>; <i>Agriculture Ministry Regulation No. 98 Year 2013</i>; and Governor's Decree on the Provincial Minimum Wage for North Sumatera.</p> <p><b>Corrective Actions;</b> Conducting the evaluation and compliance with applicable regulations and other requirements.</p> <p><b>Preventive Actions;</b></p> <ol style="list-style-type: none"> <li>1. Conducting a routine evaluation to identify the level of compliance with and awareness of applicable regulations.</li> <li>2. Assigning a staff-level Sustainability PIC at each estate and mill.</li> <li>3. Improving the capacity building of each of said Sustainability PIC.</li> <li>4. Conducting sustainability trainings and workshops and other training related to applicable laws and regulations.</li> </ol>		
2014.04	Major 2.2.2	<p><b>The signposts marking the area boundaries are clearly demarcated and are well maintained.</b></p> <p>There is a company policy instructing the maintenance of HGU boundaries poles, which is specified in the document of</p>	Estate	Major	Prior to certificate issuance	The company must ensure that the legal evidence / signposts of area boundaries have been clearly demarcated and are well maintained.	<p><b>Observation on 10 October 2014.</b> <b>Root causes:</b> The company has done the HGU poles maintenance and also the regular monitoring. However, the monitoring conducted on the installation of HGU poles was not based on the name in the HGU map.</p>	Closed	10 October 2014

		<p>Manual Operations Policy Chapter 3 dated 26 September 2005.</p> <p>The maintenance of legal boundaries (<i>HGU</i> poles) is done periodically, but then no explanation available in said document that describes the periodically time arrangements mentioned.</p> <p>Furthermore, the document observation and the field visit (to Bungara and Pulau Rambung Estates) have both suggested that the maintenance of boundary signposts has not done in accordance with the available legal documents (Land Use Title map); there are a number of poles that are not well maintained.</p>					<p><b>Corrective Actions:</b> Re-crosschecking and overlaying the estate map with the <i>HGU</i> poles map.</p> <p><b>Preventive Actions:</b></p> <ol style="list-style-type: none"> <li>1. Conducting the monitoring and the maintenance of the <i>HGU</i> poles on a regular basis, at least once a year.</li> <li>2. Assigning a staff-level Sustainability PIC at each estate and mill.</li> <li>3. Improving the capacity building of each of said Sustainability PIC.</li> </ol> <p>Based on the above observations, the auditor team is able to accept the conveyed corrections. This shall be re-observed on the next visit.</p>		
2014.05	Major 4.4.1	<p><b>Protection of surface water and soil.</b></p> <p>The company is able to present the identification and monitoring of the existence of river and wellspring, related to the surface water and ground water supply.</p> <p>The monitoring and measuring of the quality of river water and ground water have revealed that the quality of said water still meets the standard for water quality (<i>PP</i> 82/2001) – The latest data was</p>	Estate	Major	Prior to certificate issuance	The company must protect the water current, including conserving and maintaining the riparian area.	<p><b>Observation on 2 September 2014</b></p> <p><b>Root causes:</b></p> <ol style="list-style-type: none"> <li>1. Said area is of 1987, 1991, and 1992 planting years. According to the company's SOP, the following treatments shall be given to the riparian areas where oil palm trees have already been planted; limited chemical treatment, and interplanting with forest crops.</li> <li>As for the area rehabilitation and enrichment, both actions are to be done during replanting.</li> <li>2. During replanting activity on said area.</li> </ol>	Closed	2 September 2014

		<p>from RKL/RPL reports of 2<sup>nd</sup> Semester of 2013.</p> <p>The SOP for Riparian Management is available (OP.5.13) to explain the management actions taken over the riparian area that is part of HCV.</p> <p>The company presented the management efforts done for the riparian, namely; planting vetiver grass and other solid-wood trees at Riparian of Pondok Bawah River, and other actions.</p> <p><b>However, the company does not have sufficient evidence of evaluation and follow-up actions from the results of riparian monitoring as part of water management efforts.</b></p> <p>Another example is shown at the riparian of Kaluci River (or Lau Dayang River), Pian River (or Titi Dobi River).</p>					<p>3. A small part of Titi Dobi's current (1 – 1.5 m wide) has been replanted in 2011, as a buffer zone is covered with Leguminous Cover Crops (LCC) so that most of the plants have dried out.</p> <p><b>Corrective Actions:</b> Replanting the buffer zone area with plants for local species, such as bamboo, <i>nangka</i>, and some other similar plants.</p> <p><b>Preventive Actions:</b></p> <ol style="list-style-type: none"> <li>1. Assigning a staff-level Sustainability PIC at each estate and mill.</li> <li>2. Improving the capacity building of each of said Sustainability PIC.</li> <li>3. Conducting evaluation on the identification of water current/river classification, as well as the evaluation and revision of the SOP related to riparian protection.</li> </ol>		
2014.06	Minor 4.7.3	<p><b>Risk Analysis and PPE Implementation.</b></p> <p>The company has done the hazard identification and risk management on spraying activity, in the form of Risk Identification and PPE Implementation Document, which consists of head cover, mask, safety shoes, and glove.</p> <p>However, the document has not included the risk management for skin rash irritation on the spray</p>	Estate	Minor	S1	<p>The company must perform a risk analysis for occupational health and safety program, which covers skin rash irritation (example: spraying activity); and must effectively implement it.</p>	<p><b>Observation on 2 September 2014</b></p> <p><b>Root causes:</b> The hazard identification and risk management at spraying activity have been done but they did not include the irritation risk on skin.</p> <p><b>Corrective Actions:</b></p> <ol style="list-style-type: none"> <li>1. Revising the hazard identification and risk management</li> <li>2. Disseminating said matter to relevant employees using PPE.</li> </ol>	Closed	2 September 2014

		workers, including the use of required PPE. For example; field visit to monitor the spraying activity at Block 93 11 10 12 at Bungara Estate (BAE).					<b>Preventive Actions:</b> <ol style="list-style-type: none"> <li>1. Assigning a staff-level Sustainability PIC at each estate and mill.</li> <li>2. Improving the capacity building of each of said Sustainability PIC.</li> <li>3. Disseminating and improving the awareness of the workers towards hazard mitigation and high-risk control.</li> </ol>		
2014.07	Minor 5.1.1	<b>Revision of environmental management documents</b> The company has a guideline of environmental management in a form of Presentation of Environmental Evaluation ( <i>PEL</i> ) and documents of Environmental Monitoring and Management ( <i>RKL/RPL</i> ) from the year of 1994.  The environmental monitoring and management are done periodically for the Palm Oil Mill and Oil Palm Estate (last report was from the 2 <sup>nd</sup> Semester period for July – December 2013)  Based on the current actual condition, there are differences between activities that haven't been identified in the 1994 <i>PEL</i> documents ( <i>RKL/RPL</i> ) and haven't become reference that are authorized by relevant	Estate & Mill	Minor	S1	The company must do some adjustments (revision) to the environmental management documents should there be any changes in the operational area or in company's activities.	<b>Root causes:</b> There are several operational activities, both at the estate and at the mill, that haven't been identified in the company's environmental document ( <i>PEL</i> )  <b>Corrective Actions:</b> <ol style="list-style-type: none"> <li>1. Building an intensive coordination with local Environment Bodies and the State's Environmental Ministry.</li> <li>2. Proposing an environmental license request to the Regent by attaching the Addendum of <i>RKL</i> and <i>RPL</i>.</li> </ol> <b>Preventive Actions:</b> <ol style="list-style-type: none"> <li>1. Assigning a staff-level Sustainability PIC at each estate and mill.</li> <li>2. Improving the capacity building of each of said Sustainability PIC.</li> <li>3. Disseminating and improving the awareness of the workers towards environmental management.</li> </ol> <b>Auditor's Observations:</b>	Closed	15 September 2014

		<p>agencies; such as replanting activities that are done according to the plan set by each estate (for example; BAE in 2014, PRE and TRE in 2015); composting with a capacity of 300 tons per day at the POM; the entire estate is of oil palm trees and there are no plant conversion from rubber trees.</p>					<p><b>15 July 2014</b> The result of the document observations submitted suggested that there isn't enough evidence of impact assessment documents available that can accommodate the actual mill's and estate's activities, and or any recommendation from relevant agencies suggesting that the documents of Environmental License and <i>RKL-RPL</i> Addendum are already available.</p> <p><b>15 September 2014</b> The company is able to present the following evidence:</p> <ol style="list-style-type: none"> <li>1. Reference Letter from the composing consultant (PT Sucofindo) stating that the document of <i>RKL-RPL</i> Addendum that is in accordance with the actual condition of the mill and estate's activities is still in process.</li> <li>2. Letter from Environment Bodies of Langkat District No. 660-1229/BLH-Sekre.II/2014 dated 12 September 2014 that states the followings; <ol style="list-style-type: none"> <li>a) Your company must submit the proposal of environmental license request to replace the <i>PEL</i> Approval Letter No. RC.22016991BIIV11994 and the <i>RKURPL</i> Approval Letter No. RC.22016991BIIV11994 which are on a par with the environmental license.</li> </ol> </li> </ol>		
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							<p>b) In relation to that, the environmental license for PT PP London Sumatera Indonesia, Tbk is currently in the process, awaiting the issuance of a Decree of Langkat Regent on environmental license.</p> <p>Therefore, your company is obligated to do the environmental management and monitoring, and submit the report to the Environment Bodies of Langkat District and other relevant agencies every six months.</p> <p>Based on the result of said observations, the auditor team is able to accept the submitted improvements. Another observation shall be done on the next visit.</p>		
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**3.5.2 Finding identification, Corrective Action, and Observation during (ASA-1) Assessment**

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
2015. 1	2.2.2	<p><b>Signs of legal boundaries are clearly demarcated and maintained.</b></p> <p>Maintenance of the legal boundaries (LUT Poles) is done on a periodic basis, results of field visits (Bungara and Pulau Rambung Estate), it was noted that the maintenance of boundary pole have not been conducted in accordance with legal documents (map of Land Use Title) and there are several boundary pole identity that can not be legible.</p> <p>LUT identity pole in the block 92113012, and 92113006 illegible, Bungara Estate.</p>	Estate	Minor	ASA-2	Companies must be able to ensure legal evidence / legal boundaries signs that are clearly demarcated and maintained	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b> Maintenance the boundary pole once a year using paint so easily worn out and cracked by climate</li> <li>• <b>Corrective Action (+Evidence)</b> Make improvements, making assign according to the code of BPN, and re-checking it thus clearly demarcated and visibly maintained.</li> <li>• <b>Preventive Action:</b> Regular maintenance and repairing, if found pole boundary that are damaged or not clearly visible. To socialize, increase awareness and provision of budget for upkeep boundaries.</li> </ul> <p><b>Auditors Verification dated December 23, 2015.</b> The Company had maintained the HGU poles, repainting the poles (black - white). HGU Pole in block 92113012, and 92113006 Bungara Estate has been maintained.</p>	Closed	Dec 23, 2015.
2015. 2	3.1.1	<b>The plan aimed to achieve financial security in long term.</b>	Estate and Mill	Major	23 December 2015	Companies must be able to show	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b></li> </ul>	Closed	Dec 21, 2015.

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
		The company has had a Long Term Plan document (forward study) take into account the production of FFB, CPO Production, Kernel Production, OER, KER, along with operational costs of the period from 2016 to 2020, but the plan did not cover the financial indicators (income vs. expenses).	(Financial Department)			evidence that it has had a long-term plan that has included indicators of financial information (income vs. expenses).	<p>Long-term plans covered Cost / FFB and Cost / CPO, overhead costs, the company's assets, accounts payable and others is available in Jakarta (Head office). Long-term plans are Private &amp; Confidential Data so inaccessible and duplicated (limited access) and the authority of the head office.</p> <ul style="list-style-type: none"> <li>• <b>Corrective Action (+Evidence)</b> Demonstrating a long-term plan that has included indicators of financial information (income vs. expenses).</li> <li>• <b>Preventive Action:</b> Coordinating with head office staff, regarding to long-term plan to meet the principles and criteria</li> </ul> <p><b>Auditor Verification dated December 21, 2015.</b> The Company has a long-term plan (executive summary forward study of 2015 until 2020) which includes cost of production for Bungara Estate, Turangie Estate, Pulo rambung Estate and Turangie POM. And also covered cost for environmental (e.g. air quality, wastewater, river testing, hazardous waste management, EIA reports, conservation (e.g. rehabilitation,</p>		

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
							conservation of buffer zone) and social management (consulting public).		
2015. 3	4.7.4	<p><b>Person who is responsible for OHS</b></p> <p>Bungara Estate has had GCOHS structure which has been endorsed by relevant agencies, but the secretary of GCOHS registered on the structure hasn't been an OHS expert. This is not in accordance with Regulation of Labor Ministry No. 4 1987 on GCOHS</p>	Estate	Major	23 December 2015	<p>The company should be able to show evidence that the secretary of GCOHS has been listed as OHS expert.</p>	<ul style="list-style-type: none"> <li>• <b>Root Causes:</b> Staff who is the secretary Guiding Committee Of Occupational Safety &amp; Health certified experts of health &amp; safety management transferred to another unit, secretary Guiding Committee Of Occupational Safety &amp; Health substitutes have been registered to follow expert training health &amp; safety management but not yet implemented.</li> <li>• <b>Corrective Action (+Evidence)</b> Appoint a substitute secretary Guiding Committee Of Occupational Safety &amp; Health personnel which has been certified expert of health &amp; safety management.</li> <li>• <b>Preventive Action:</b> <ul style="list-style-type: none"> <li>- Ensuring that every board Guiding Committee Of Occupational Safety &amp; Health already have the required competence.</li> <li>- Anticipating mutations listed in the management staff Guiding Committee Of Occupational Safety &amp; Health by preparing competent replacement personnel in</li> </ul> </li> </ul>	Closed	Dec 21, 2015.

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
							<p>accordance with the requirements in the management structure Guiding Committee Of Occupational Safety &amp; Health</p> <p><b>Auditor Verification dated December 21, 2015.</b> Secretary P2K3 already has registered as an expert of health &amp; safety manajement, which is the name of the appropriate certificate Nicky Putri Pratama certificate number 13.321/AK3/U/IX/2013 dated September 3, 2013 and the letter of appointment number KEP.3000/M/DJPPK/IX/2013 dated September 3, 2013</p> <p>The old organizational structure has been revised in accordance Letter 01/BAE/Disnaker/XI/2015 dated November 30, 2015 and registered with the Labor Agency Based on the explanation of the non-conformance 2015.03 has been closed.</p>		
2015. 4	5.2.2	<b>HCV Management</b> Steps in HCV management have been listed in SOP No. OP5.10 of HCV including riparian management by not doing the application of chemicals in the area. Based on the results of the visit to riparian of Titi Dobi river, Division Bandar Telu (Pulau Rambung Estate) and	Estate	Major	23 December 2015	Perusahaan harus dapat menunjukan langkah - langkah untuk menjaga sempadan sungai, salah satunya dengan penandaan batas aplikasi bahan	<ul style="list-style-type: none"> <li><b>Root Causes:</b> Instructions and a boundary marker chemical applications require improvements and additions due to the large number of applications boundary marker chemicals that have been damaged or lost.</li> </ul>	Closed	Dec 23, 2015.



NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
		Riparian 2, Division Batu Putih (Bungara Estate) It was known that it hasn't been installed ban area sign for chemical application as stated in the applicable SOP.				kimia sesuai dengan SOP yang telah ditetapkan.	<ul style="list-style-type: none"> <li>• <b>Corrective Action (+Evidence)</b> Fix the boundary markers and complete the application instructions of the chemical in accordance with established procedures.</li> <li>• <b>Preventive Action:</b> <ul style="list-style-type: none"> <li>- Perform maintenance on the boundary markers and guide the application of chemicals along the border river.</li> <li>- Socializing and briefings to officers regarding marking sprayer application of chemicals along the border river</li> </ul> </li> </ul> <p><b>Auditor Verification dated December 23, 2015.</b> Border River Titi Dobi, Bandar Telu Division (Pulau Rambung Estate) dan border river Sungai 2, Batu Putih Division (Bungara Estate) already done marking limit the application of chemicals as a whole in the form of red and white. There is also a socialization to force employees spray / spraying dated December 21, 2015 (available list of attendees). Based on the explanation of the non-conformance 2015.04 has been closed.</p>		
2015. 5	6.1.3	Implementation of Social Impact Monitoring Plan	Mill & Estate	Major	23 December 2015	Companies must implement social monitoring plan that	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b> <ul style="list-style-type: none"> <li>- Document Preparation Environment is still in progress</li> </ul> </li> </ul>	Closed	Dec 23, 2015.

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
		<p>The Company has had a Social Impact Monitoring Plan stated in the Environmental Evaluation Presentation (PEL) and document Monitoring and Environmental Management (RKL / RPL) in 1994.</p> <p>Explanation in the Environmental Management and Monitoring Plan ( 1<sup>st</sup> Semester of 2015 descriptively explained, that it has not <b>submitted data / evidence of measurable monitoring</b> of the social conflicts (disputes between settlers and natives) and employment (increasing in people's income and rural economy).</p>	(Social Division)			has been prepared in social document.	<ul style="list-style-type: none"> <li>- Substitution stewardship of the Environment Bodies, so that the policy change and the need to start the study from the beginning.</li> <li>• <b>Corrective Action (+Evidence)</b> Submit evidence of the progress of the preparation of environmental documents</li> <li>• <b>Preventive Action:</b> Increase Awareness related EIA</li> </ul> <p><b>Auditor Verification dated December 23, 2015.</b> Social impact monitoring plan recorded in the document PEL is being prepared by a consultant service provider, PT Sucofindo, Medan. Based on the letter from the consultant services provider known that the environmental document is currently in the process of drafting and waiting time for hearings and discussions in the EIA commission Langkat district. Along with that, the company also has applied for the discussion of environmental documents to Environment Bodies Langkat District, received on December 22, 2015.</p> <p>Implementation of social impact monitoring plan will be recorded later on</p>		

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
							the report of RKL / RPL semester along with data / evidence of measurable monitoring. Based on the explanation, the NC No. 2015.05 has been closed by observation report on the implementation of RKL / RPL at next audit.		
2015. 6	8.1  5.1.1 6.1.1	<p><b>Follow-up to the revision of the environmental and social documents (PEL (Environmental Evaluation Presentation) and Environmental Management and Monitoring Plan (RKL/RPL))</b></p> <p>The Company has a reference to social management in the form of PEL and RKL / RPL 1994 (includes social and environmental impact assessment). In addition the company also has a social impact report in January 2014 for Mill and Estate (include assessment of the impact in education, occupation, religion and culture). In fact company is currently conducting a study on changes in activity in the estate, and particularly the Social Analysis of public health impact.</p> <p>Related to the above things, the company has collaborated with consultants and coordinating with Environmental Agency District. Langkat</p>	Mill & Estate (Sustainability Division)	Major	23 December 2015	Companies must demonstrate positive progress on the revision of the environmental and social documents (PEL and RKL / RPL).	<ul style="list-style-type: none"> <li>• <b>Root Cause:</b> <ul style="list-style-type: none"> <li>- Document Preparation Environment is still in progress</li> <li>- Substitution stewardship of the Environment Bodies, so that the policy change and the need to start the study from the beginning.</li> </ul> </li> <li>• <b>Corrective Action (+Evidence)</b> Submit evidence of the progress of the preparation of environmental documents</li> <li>• <b>Preventive Action:</b> Increase Awareness related EIA</li> </ul> <p><b>Auditor Verification dated December 23, 2015.</b> Social impact monitoring plan recorded in the document PEL is being prepared by a consultant service provider, PT Sucofindo, Medan. Based on the letter from the consultant services provider known that the environmental document</p>	Closed	Dec 23, 2015.

NCR No	Ref Std	Findings	Area	Grade	Time Limit	Corrective Action	Observation	Status	Closed Date
		on 12 September 2014. However, until the implementation of audit ASA-1, the company has not been able to show positive progress in revision of the environmental and social documents.					<p>is currently in the process of drafting and waiting time for hearings and discussions in the EIA commission Langkat district. Along with that, the company also has applied for the discussion of environmental documents to Environment Bodies Langkat District, received on December 22, 2015.</p> <p>Implementation of social impact monitoring plan will be recorded later on the report of RKL / RPL semester along with data / evidence of measurable monitoring.</p> <p>Based on the explanation, the NC No. 2015.05 has been closed by observation report on the implementation of RKL / RPL at next audit.</p>		

### 3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	1.1.2.	<b>Information feedback</b> The Company expected to set a time period for responding to requests of information on the procedures (Observation)
2	2.1.4	<b>Information Systems</b> The company is expected to appoint a period of time to evaluate and update the implemented regulations (Observation)

No	Ref Std	Descriptions
3	4.7.5	<b>First Aid Equipment in work location</b> Improve monitoring to the availability of First Aid equipment at the work site.
4	<b>Module D. Point D.3.1</b>	Company is encouraged to review the procedure of Supply Chain EMS-P17, relate to a change in Certification Scheme for RSPO Supply Chain. SCCS scheme set Module D - CPO Mills: Identity preserved and Module E - CPO Mills: Mass Balance.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>BADAN LINGKUNGAN HIDUP KABUPATEN LANGKAT ENVIRONMENTAL AGENCY, LANGKAT DISTRICT</b></p> <ul style="list-style-type: none"> <li>The company proposed EIA revisions to Region Environmental Agency related to the addition of the scope of composting activities and replanting and mill capacity.</li> <li>Effluent monitoring reports, monitoring wells and soil conditions as required by the permit of Land Application (LA) has communicated regularly along with Environmental Management and Monitoring Plan.</li> <li>In general, there is no indication of pollution and environmental damage caused by plantations activities PT. PP Lonsum.</li> <li>The company has had a licensed of temporary storage area for hazardous waste, issued by the relevant agencies.</li> <li>The Company has regularly reported hazardous waste management activities in every 3 months.</li> </ul>	<p>In accordance with discussions with the region Environmental Agency and the Ministry of Environment of Indonesia, EIA documents can not be revised, because the document is a document environmental feasibility which includes early environmental setting, so that these activities is an addendum to document Environment / Evaluation of environmental document related to changes in major commodities and changes in environmental management even though changes in environmental management (avoiding methane / composting is a continual improvement activities and are not required to do an addendum to the document, it just sufficiently reported in the statement of the semester). Whereas replanting activities are activities in the primary cycle of the plantation and has been studied in previous environmental documents. Document environmental evaluation is still in progress by the EIA consultant.</p> <p>The Company remains committed to manage and perform environmental monitoring continuously according to regulations and keep submitting reports to relevant agencies on a regular basis.</p>	<p>The Company has submitted a report of Environmental Management and Monitoring Plan ,Hazardous waste to the relevant agencies. Based on the observation of company documents, company was able to show report handover evidence. This is in accordance with the criteria of 5.1.</p> <p>In company area there are issues of water pollution and environmental damage caused by plantations activities. The Company has had liquid waste management through an application of effluent in estate area. The Company has conducted Hazardous waste management and reporting to related agency. This is in accordance with the criteria of 4.6</p>

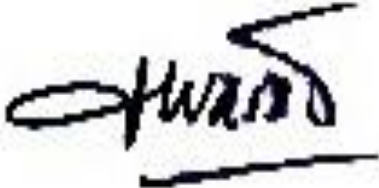



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>DEPARTMENT OF LABOR AND TRANSMIGRATION, LANGKAT DISTRICT</b></p> <p>GCOHS periodic reports and report of occupational accidents has been submitted regularly to the entire unit in PT. PP Lonsum. As far as the monitoring of Transmigration and Labor Agency, the content of the report is quite good and in accordance with the provisions.</p> <p>PT. PP Lonsum already have certified operators, in addition to the tools available in the POM Turangie already has permission.</p> <ul style="list-style-type: none"> <li>- OHS Officer at PT. PP Lonsum has licensed.</li> <li>- The minimum wage in 2015 in langkat district, as far as monitoring by Labor and Transmigration Agency, PT. PP Lonsum has followed the prevailing rules of wage. In general, welfare and facilities for workers compliance with the standards.</li> </ul>	<p>The company will continue to manage and monitor the safety and health on a regular basis and still submit a report to the relevant agencies on a regular basis.</p> <p>The Company will continue to abide the existing labor regulations.</p>	<p>The Company has submitted the employment report to the relevant agency. Based on the document observation company was able to show the report handover evidence. The Company has conducted training of safe work practices for each job site, evidence such as certificates of training activities and the minutes (minutes) has been stored and maintained properly. This is in accordance with the criteria of 4.7</p>
<p><b>BADAN PERTANAHAN NASIONAL KABUPATEN LANGKAT NATIONAL LAND AGENCY, LANGKAT DISTRICT</b></p> <ul style="list-style-type: none"> <li>• Today in PT. PP Lonsum, It was not detected wastelands.</li> <li>• There is no issue regarding the land conflict between PT. PP Lonsum with the company around or community land.</li> </ul>	<p>Acceptable and appropriate explanation of the agency</p>	<p>Company's LUT is still valid and the land tenure that was undertaken by the company did not change. Results of visits in order to check boundary conditions in the field, show that the management area in accordance with concessions, no cultivation and management outside of LUT. Estate boundary with the area outside of NLA legal poles scattered at some point. Beside that there is no conflict with community land and other companies. This is in accordance with the criteria of 2.2</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<b>Sp. Pulo Rambung Village</b> <ul style="list-style-type: none"> <li>- The company has had a good relationship with the village community Sp. Pulo Rambung, regular meetings are often conducted either formal or informal, and communication runs smoothly so far.</li> <li>- Officers of Sp. Pulo Rambung Village (Village head, etc.) mentioned that there were no significant pollution impacts that disrupt community's lives as a result of operational activities. Frequent disturbing thing is the growing population of flies and mosquitoes as a result of the application empty fruit bunch on land adjacent to the village, but the company has conducted fogging to the Sp. Pulo Rambung village.</li> <li>- Village officer mentions that the company has never discussed the CSR program to be conducted each year to determine the needs of rural communities, but so far CSR aid that has been done by the company has help the community.</li> <li>- The Company has never socialize complaint delivery mechanism</li> <li>- The company always informs the village if there are any vacancies.</li> <li>- Existing CSR program (examination of pregnant women, heavy equipment support and educational assistance) should remain to be done.</li> </ul>	<p>The company remains to establish good communication with stakeholders in both the formal and informal activities. Meeting that was held are not always in the form of formal stakeholder meetings, but through a variety of religious, sports, social gathering, dissemination and other activities. In these activities were also delivered good information mechanism for complaints / requests / or job vacancy as well as to gather information and aspirations of stakeholders as input for the company's CSR programs.</p> <p>The communication evidence recorded in documents of SPO 01 that was recording an external communications related to requests for information / assistance / complaints and others.</p> <p>the company's CSR activities tailored to the capabilities of the company. Most of the CSR program is also aligned with the MDGs program, according to the direction of the government</p>	<p>Based on the results of field visits and document observations, there is no conflict with community land and other companies. This is in accordance with the criteria of 2.2</p> <p>The company has had good cooperation with community around. The company has also facilitated the development of the surrounding villages. In addition the company was providing employment opportunities for the villagers. The existence of the company has a positive impact on the village. The company has contributed to the development of community. This thing is in accordance with the criteria 6.11</p>
<b>Sampe Raya Village</b> (Village head) <ul style="list-style-type: none"> <li>- Sampe Rayu village (Hamlet V) adjacent to Bungara Esate</li> <li>- There is no claims and land conflict.</li> <li>- There are no disputes and fights between villagers and</li> </ul>	<p>The company remains to establish good communication with stakeholders in both the formal and informal activities. Meeting that was held are not always in the form of formal stakeholder meetings, but through a variety of religious, sports,</p>	<p>Based on the results of field visits and document observations, there is no conflict with community land and other companies. This is in accordance with the criteria of 2.2</p> <p>The company has had good cooperation with community around.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>companies</p> <ul style="list-style-type: none"> <li>- Aid is often given by the company were the help of heavy equipment and water supply while other aspects was less.</li> <li>- None of the villagers who worked in Bungara Estate</li> <li>- there are no reports of villagers which is related to pollution of soil, water and air</li> </ul> <p>The villagers do not understand how to deliver information and assistance to the company.</p>	<p>social gathering, dissemination and other activities. In these activities were also delivered good information mechanism for complaints / requests / or job vacancy as well as to gather information and aspirations of stakeholders as input for the company's CSR programs.</p> <p>The communication evidence recorded in documents of SPO 01 that was recording an external communications related to requests for information / assistance / complaints and others.</p> <p>the company's CSR activities tailored to the capabilities of the company. Most of the CSR program is also aligned with the MDGs program, according to the direction of the government</p>	<p>The company has also facilitated the development of the surrounding villages. In addition the company was providing employment opportunities for the villagers. The existence of the company has a positive impact on the village. The company has contributed to the development of community. This thing is in accordance with the criteria 6.11</p>
<p>Suka Rakyat Village (Village Head; Village Secretary, Hamlet Head)</p> <ul style="list-style-type: none"> <li>- Suka Rakyat village (Hamlet V) adjacent to Bungara Esate</li> <li>- There is no claims and land conflict.</li> <li>- There are no disputes and fights between villagers and companies</li> <li>- Aid is often given by the company; those were the help of heavy equipment and water supply while other aspects were less.</li> <li>- None of the villagers who worked in Bungara Estate</li> <li>- There are 30 illagers working in Bungara Estate</li> <li>- there are no reports of villagers which is related to</li> </ul>	<p>The company remains to establish good communication with stakeholders in both the formal and informal activities. Meeting that was held are not always in the form of formal stakeholder meetings, but through a variety of religious, sports, social gathering, dissemination and other activities. In these activities were also delivered good information mechanism for complaints / requests / or job vacancy as well as to gather information and aspirations of stakeholders as input for the company's CSR programs.</p> <p>The communication evidence recorded in documents of SPO 01 that was recording an</p>	<p>Based on the results of field visits and document observations, there is no conflict with community land and other companies. This is in accordance with the criteria of 2.2</p> <p>Forms of social commitments are, provide employment opportunities to the local community, funding and services. This thing is in accordance with the criteria 6:11</p> <p>There are no reports coming from the villagers related to the pollution of soil, water and air. This is in accordance with criteria 2.2.2.4; 4.3; 4.9; etc.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>pollution of soil, water and air</p> <ul style="list-style-type: none"> <li>- The villagers do not understand how to deliver information and assistance to the company.</li> </ul>	<p>external communications related to requests for information / assistance / complaints and others.</p> <p>the company's CSR activities tailored to the capabilities of the company. Most of the CSR program is also aligned with the MDGs program, according to the direction of the government</p>	

4.0	<b>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</b>
4.1	<b>Formal Sign-off of Assessment Findings</b>
	<p>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.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end; margin-top: 100px;"> <div style="text-align: center;"> <p>PT PP London Sumatra, Tbk Perwakilan Management</p>  <p><b><u>Muhammad Waras</u></b> Friday, 23 October 2015</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><b><u>Muardi Marwas</u></b> Friday, 23 October 2015</p> </div> </div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1.	Plantation Agency District of Langkat (No Respondent)	Imam Bonjol No. 6 Stabat Street	(061) 8910066	Interview	Oktober, 20 <sup>th</sup> 2015		√
2.	Labor Agency Langkat District	Diponegoro Stabat Street	(061) 8910557	Interview	Oktober, 20 <sup>th</sup> 2015	√	
3.	Environment Bodies District of Langkat	Imam Bonjol No. 4 Stabat Street	(061)8910770	Interview	Oktober, 20 <sup>th</sup> 2015	√	
4.	National Land Agency District of Langkat	Amir Hamzah, District of Langkat	(061) 8910577	Interview	Oktober, 20 <sup>th</sup> 2015	√	
5	Pulo Rambung Village	Sp. Pulo Village district of Langkat	-	Interview	Oktober, 20 <sup>th</sup> 2015	√	
6	Tj. Lengang Villange	Tj. Lengang, District of Langkat	-	Interview	Oktober, 20 <sup>th</sup> 2015	√	
7	Sampe Raya Village	Sampe Raya Village	-	Interview	Oktober, 21 <sup>th</sup> 2015	√	



**Appendix 2. Assessment Program**

DATE	19 - 24 Oktober 2015				
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR			
		MM	SP	YH	SHL
Senin, 19 Oktober 2015					
06.00 - 08.30	Travel from Jakarta – Kualanamu	√	√	√	√
09.00 - 12.00	Travel from Kualanamu – Kebun (Turangie POM)				
14.00 – 14.30	<b>Opening Meeting</b>				
14.30 – 17.00	Review of Previous Visit Non-conformance (ST2 RSPO dan S-01 ISPO) <b>Field Observation dan</b> Completing of Check List : <ul style="list-style-type: none"><li>Records of requests for information and responses (1.1;1.2)</li><li>Communication, information and consultasion with stakeholders (6.2; 6.3; 6.4; 7.5; 7.6)</li><li>Completing of basic info data</li></ul>				
Selasa, 20 Oktober 2015					
08.00 – 12.00	Stakeholder Consultation to government agency Ditrect of Langkat (Plantation Agency, Labor Agency, Environment Bodies, National Land Agency			√	
	Stakeholder Consultation with contractor/local supplier, committee gender, Indonesia Trade Union.		√		√
	Review of Previous Visit Non-conformance (ST2 RSPO dan S-01 ISPO)	√			√
	<b>Break</b>	√	√	√	√
14.00 – 17.00	Verifikasi dokumen : <ul style="list-style-type: none"><li>Legality</li></ul>	√			
	<ul style="list-style-type: none"><li>Agronomi dand best management practices</li></ul>	√			
	<ul style="list-style-type: none"><li>Best managemen practices for Mill</li></ul>				√
	<ul style="list-style-type: none"><li>Social Worker</li></ul>			√	
	<ul style="list-style-type: none"><li>Occupational Health &amp; Safety Aspect</li></ul>		√		
	<ul style="list-style-type: none"><li>Environmental Aspect</li></ul>				√
	<ul style="list-style-type: none"><li>Social and CSR</li></ul>		√		
	<ul style="list-style-type: none"><li>HCV, Conservation</li></ul>			√	
	<ul style="list-style-type: none"><li>SCCS</li></ul>	√			
Rabu, 21 Oktober 2015					
08.00 – 12.00	<b>Field Observation to Turangie Estate:</b> <ul style="list-style-type: none"><li>Manuring, Spraying, Harvesting, (best managemen practices)</li><li>Transporting TBS</li></ul>			√	

	<ul style="list-style-type: none"> <li>Infrastructure Observation ( <b>Hazardous Waste Storage, housing</b>, health clinic, clean water, etc )</li> </ul>			√	
	<ul style="list-style-type: none"> <li>Conservation Area/HCV/ dan checking stilt BPN</li> </ul>			√	
	<b>Field Observation to Turangie POM</b> <ul style="list-style-type: none"> <li>Production Processing, Fire Protection &amp; Emergency Team (Interview &amp; Simulation).</li> <li>Land Application &amp; Hazardous Waste Management/Hazardous Storage</li> <li>SCCS Verification</li> <li>Workers interview (Worker Rights: payments, complaint mechanism, etc)</li> </ul>		√		√
	<b>Break</b>	√	√	√	√
14.00 – 17.00	<ul style="list-style-type: none"> <li><b>Next observation to Turangie Estate</b></li> <li><b>Next observation to Turangie Mill</b></li> </ul>	√	√	√	√
	<b>Next document verification :</b> <ul style="list-style-type: none"> <li>Legality, BMP, Occupational Health &amp; Safety Aspect , Environmental Aspect, Social and CSR dan SCCS</li> </ul>	√	√	√	√
<b>Kamis, 22 Oktober 2015</b>					
08.00 – 12.00	<b>Field Observation to Bungara Estate:</b> <ul style="list-style-type: none"> <li>Manuring, Spraying, Harvesting, (best managemen practices)</li> <li>Transporting TBS</li> </ul>	√	√		
	<ul style="list-style-type: none"> <li>Infrastructure Observation ( <b>Hazardous Waste Storage, housing</b>, health clinic, clean water, etc )</li> </ul>		√		√
	<ul style="list-style-type: none"> <li>Conservation Area/HCV/ dan checking stilt BPN</li> </ul>			√	
	<b>Break</b>	√	√	√	√
14.00 – 17.00	<b>Next Field Observation to Bungara Estate:</b>	√	√	√	√
	Review of Previous Visit Non-conformance (ST2 RSPO dan S-01 ISPO)	√	√	√	√
	Verifikasi dokumen: Legalitas, BMP kebun/pabrik, K3, Lingkungan, sosil, ketenagakerjaan, HCV/konservasi dan SCCS	√	√	√	√
<b>Jumat, 23 Oktober 2015</b>					
08.00 – 12.00	Observasi Lapangan ke PKS Turangie: Observasi kegiatan proses penerimaan TBS, pengolahan TBS, pengelolaan limbah PKS, IPAL dan penerapan aspek lingkungan, Supply chain system dan K3 di pabrik	√			√

	Review of Previous Visit Non-conformance (ST2 RSPO dan S-01 ISPO)		√	√	
	<b>Documnt Verification:</b> Legality, BMP, Occupational Health & Safety Aspect , Environmental Aspect, Social and CSR dan SCCS	√	√	√	√
	Break	√	√	√	√
14.00 – 16.00	Auditor Team Discussion (Preparation for Audit Conclusion)	√	√	√	√
16.00 – 17.00	Closing meeting	√	√	√	√
<b>Sabtu, 24 Oktober 2015</b>					
07.00 – 11.00	<b>Travel from Kebun – Bandara KNO</b>	√	√	√	√
11.00 -	<b>Travel from KNO – Jakarta</b>	√	√	√	√