

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

[] Stage-1 [✓] Stage-2 [] Surveillance-02 [] Re-Certification

Name of Management Organisation : **Stabat POM – PT. Langkat Nusantara Kepong**, subsidiary of **Kuala Lumpur Kepong Bhd**
 Plantation Name : **PT. Langkat Nusantara Kepong**
 Location : **Gohor Lama Village, Sub District of Wampu, Langkat Regent, Province of North Sumatra, Indonesia**
 Certificate Code : **MUTU-RSPO/095**
 Date of Certificate Issue : **4 August 2017** Date of License Issue : **4 August 2017**
 Date of Certificate Expiry : **3 August 2022** Date of License Expiry : **3 August 2018**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
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Assessment	Approved by MUTUAGUNG LESTARI on:
ST - 2	4 August 2017

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FIGURE

Figure 1. Location Map of PT Langkat Nusantara Kepong

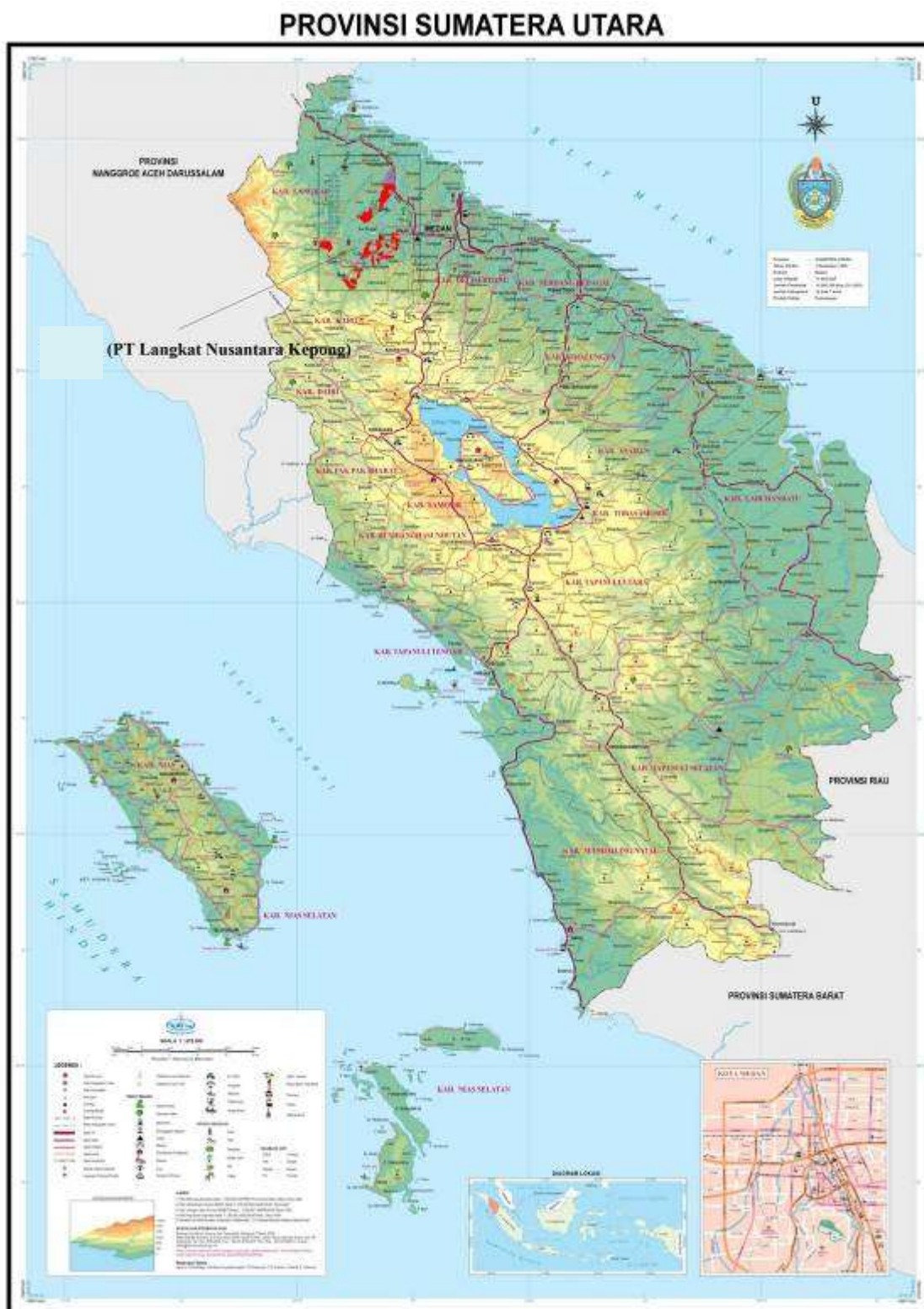


Figure 2. Operational Map of Padang Brahrang Estate

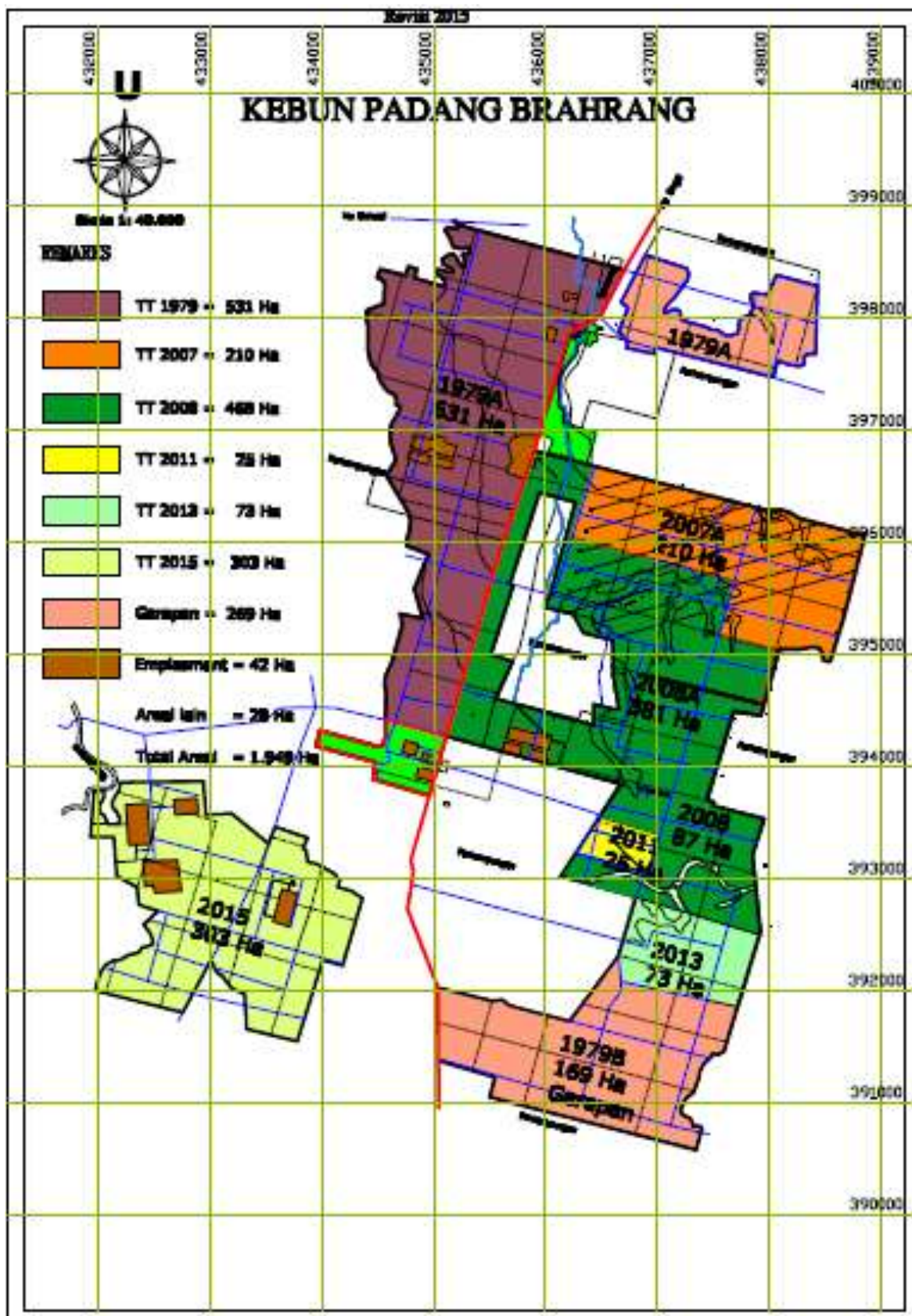


Figure 3. Operational Map of Tanjung Keliling Estate

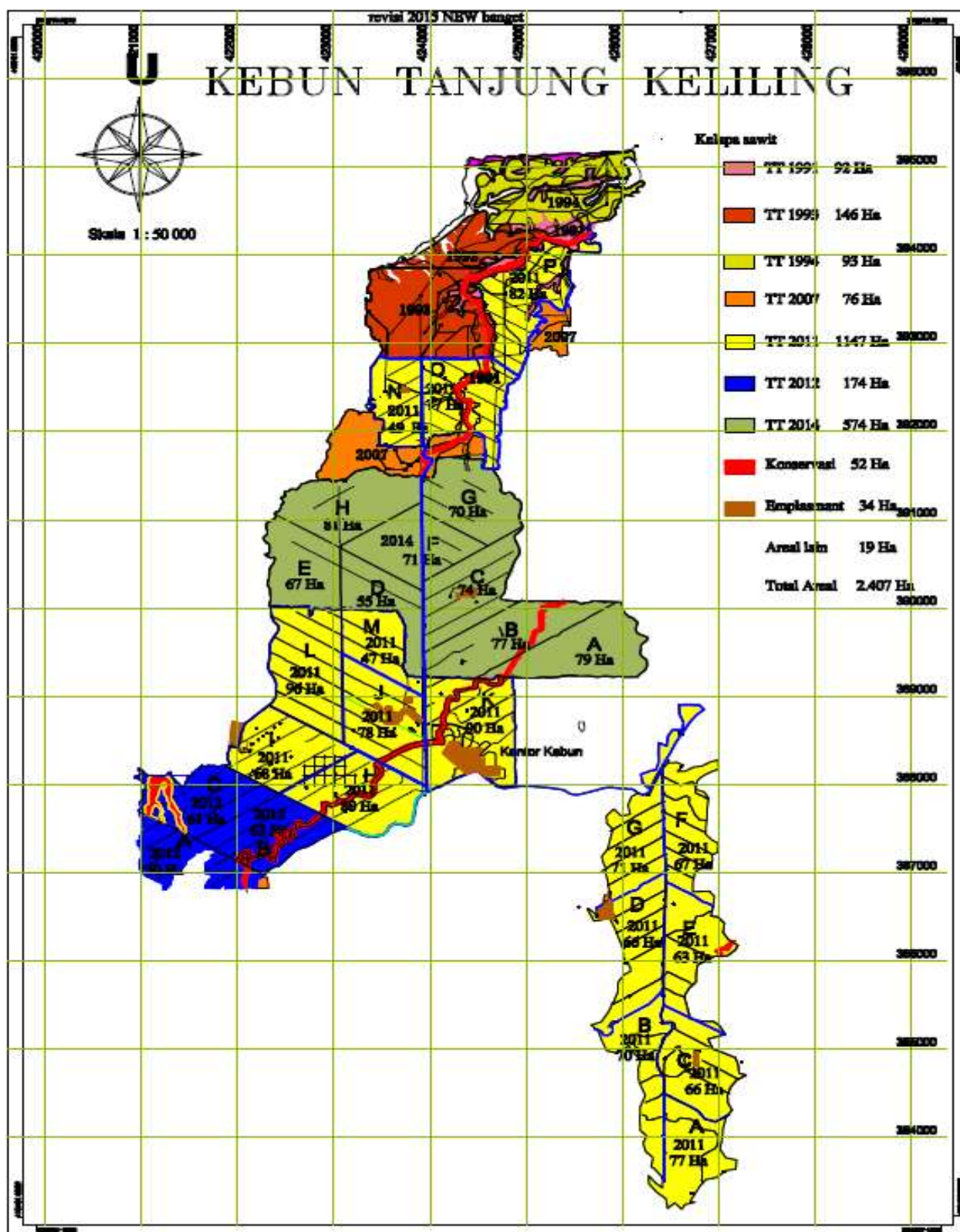


Figure 4. Operational Map of Maryke Estate

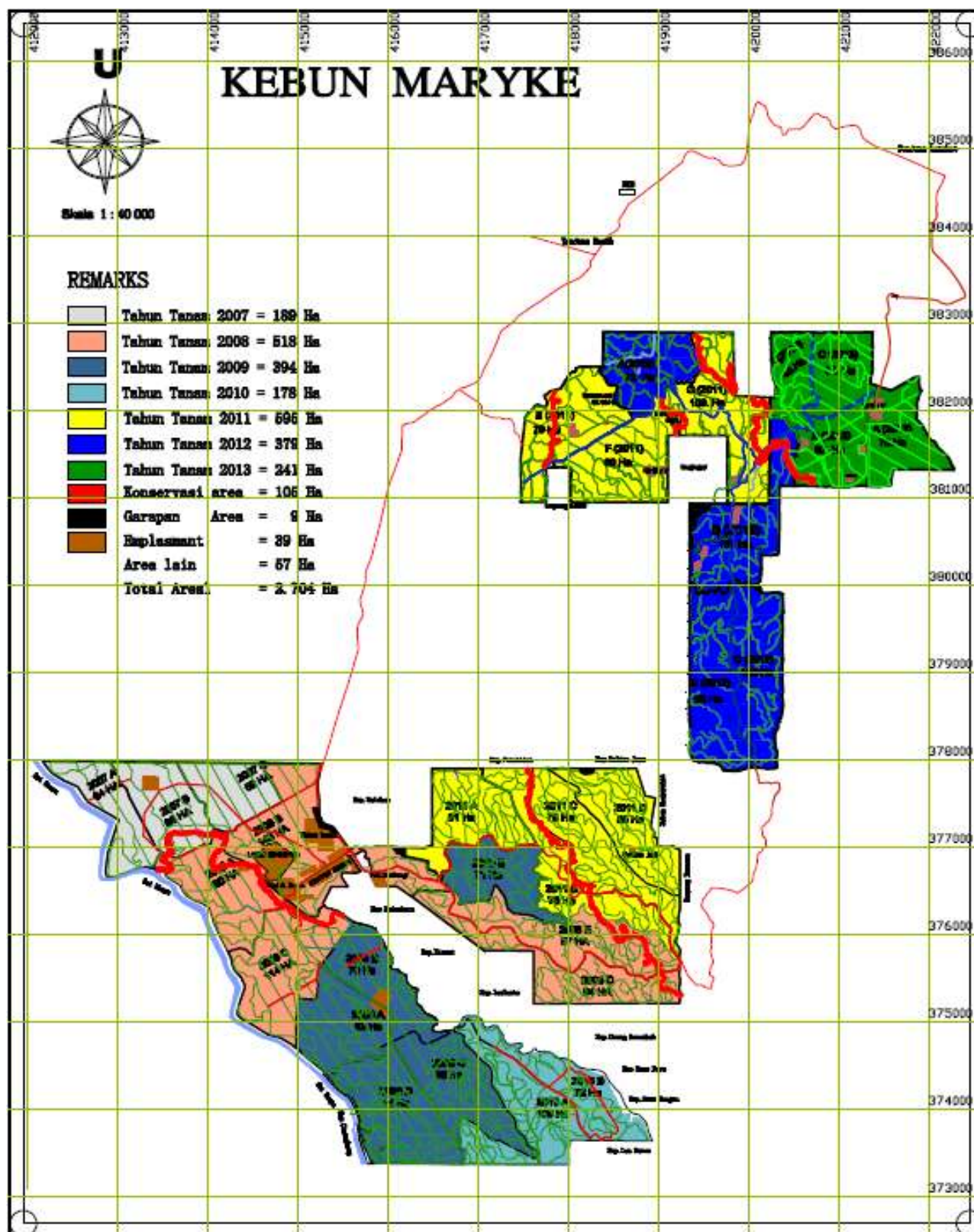


Figure 5. Operational Map of Bekiun Estate

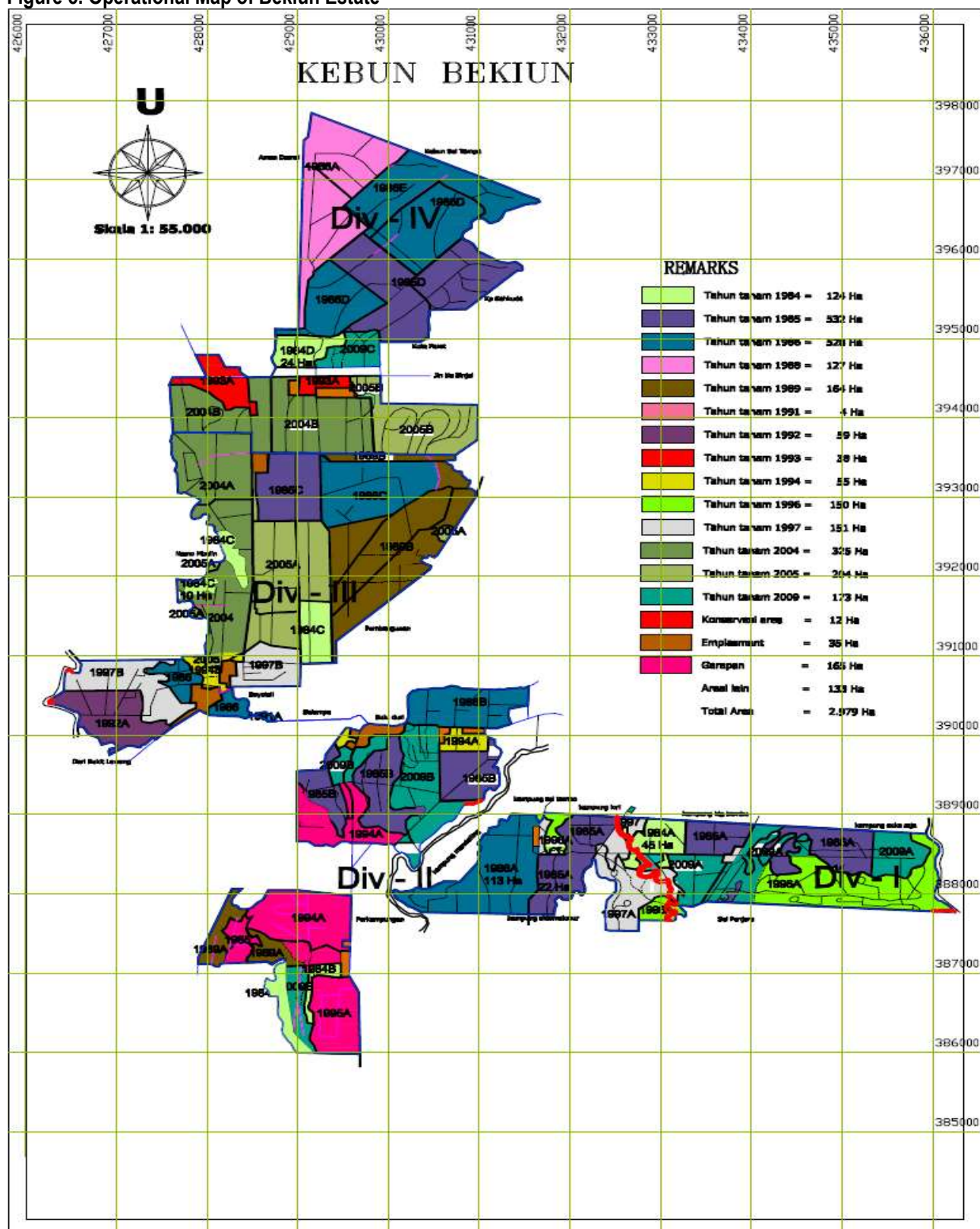


Figure 6. Operational Map of Basilam Estate

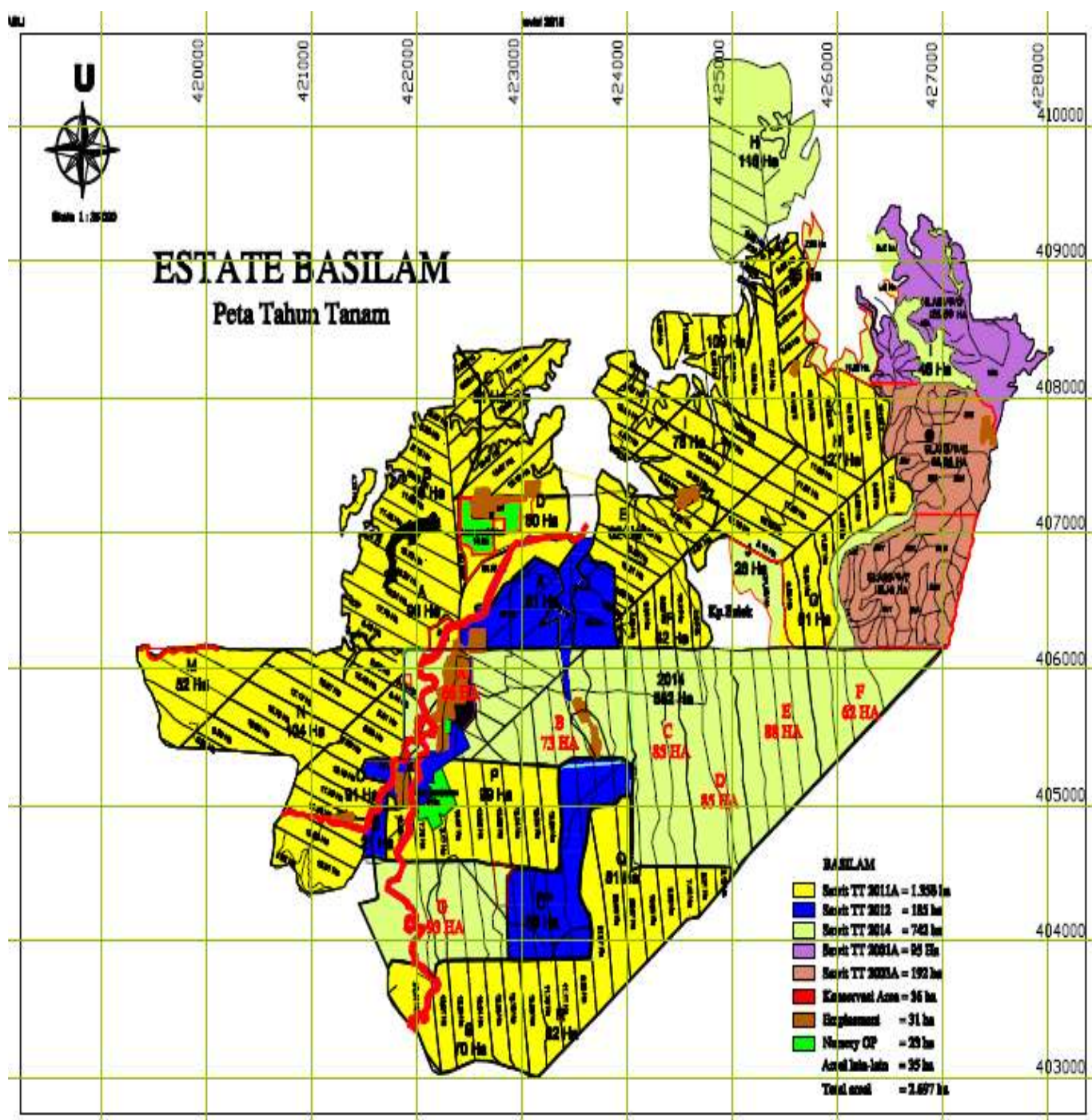


Figure 7. Operational Map of Gohor Lama Estate

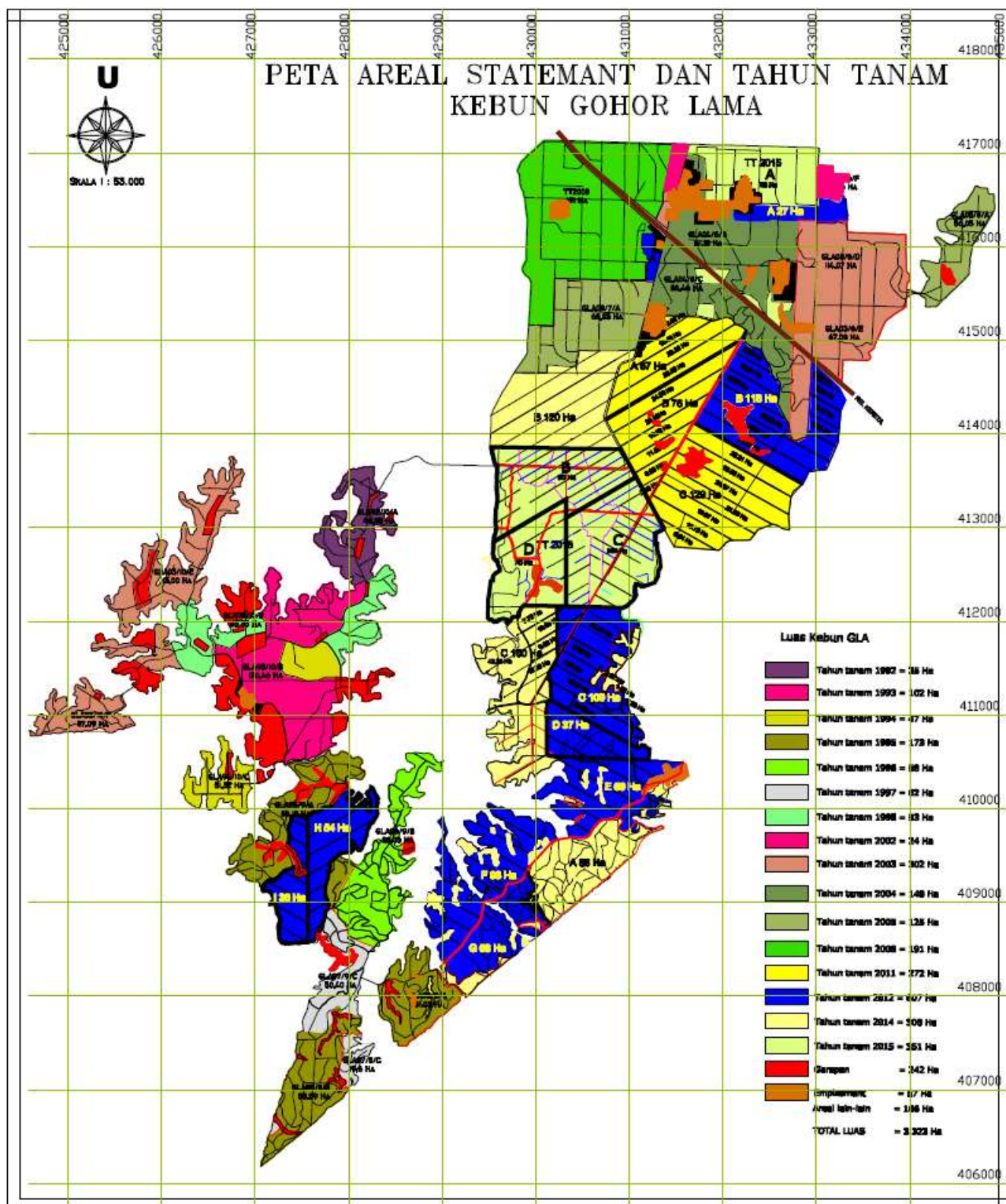
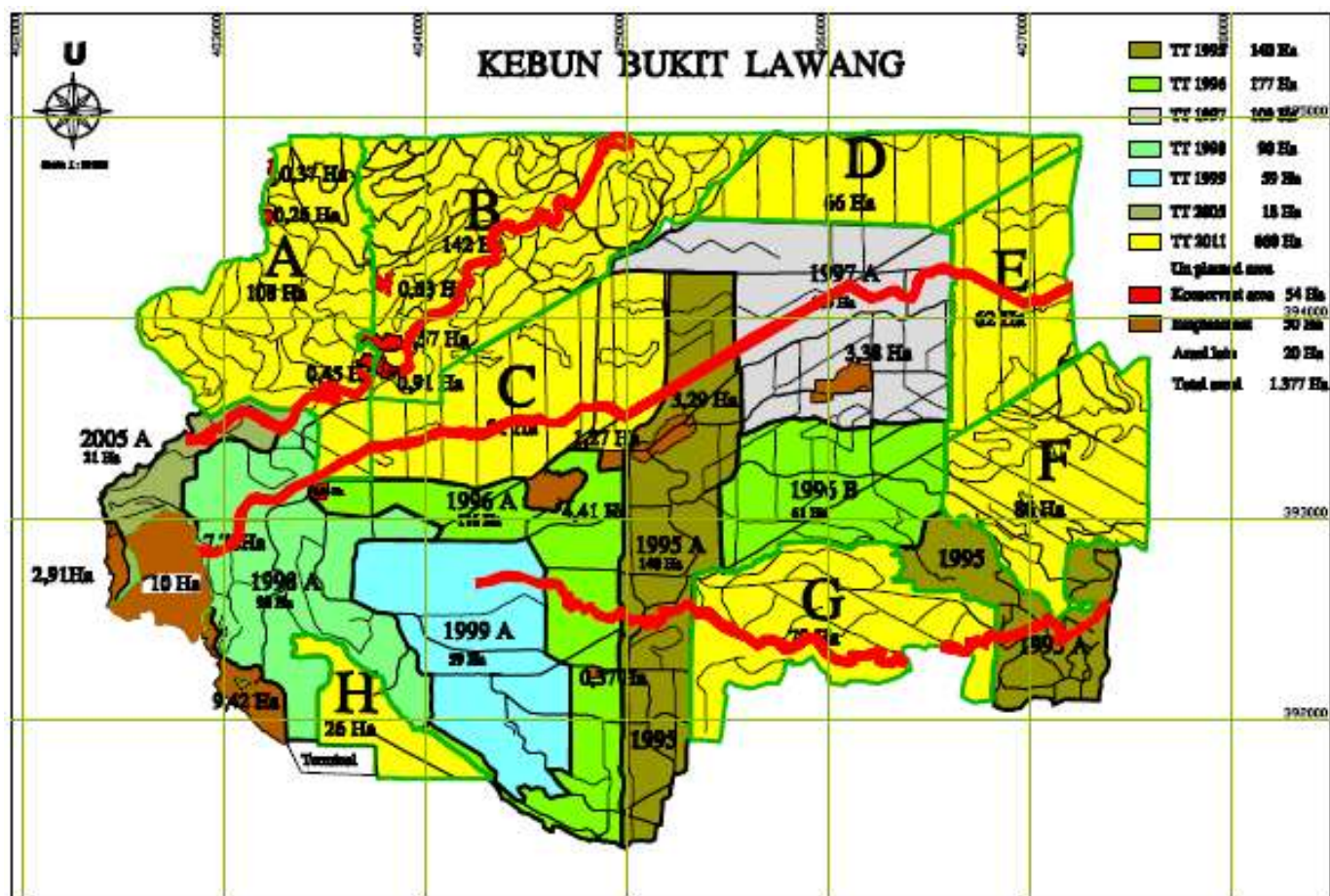


Figure 8. Operational Map of Bukit Lawang Estate



Glossary

ALS	:	Assessor Licence Scheme
ASA	:	Annual Surveillance Assessment
BOD	:	Biological Oxygen Demand
BPN	:	Badan Pertanahan Nasional (National Land Agency)
BPJS	:	Badan Penyelenggara Jaminan Sosial (social insurance)
CPO	:	Crude Palm Oil
CSR	:	Coorporate Social Responsibility
FFA	:	Free Fatty Acid
EFB	:	Empty Fruit Bunch
EFS	:	Encrypting File System
FFB	:	Fresh Fruit Bunch
GM	:	General Manager
HGU	:	Hak Guna Usaha (Land Tenure)
HRD	:	Human Resources Department
HCV	:	High Conservation Value
IPM	:	Integrated Pest Management
IUP	:	Plantation permit (Izin Usaha Perkebunan)
KER	:	Kernel Extraction Rate (Rendemen Kernel Kelapa Sawit)
KLK	:	Kuala Lumpur Kepong
LCC	:	Legume Cover Corps
LD	:	Lethal Dosage
LNK	:	Langkat Nusantara Kepong
MSDS	:	Material safety data sheet
NCR	:	Nonconformity Report
NGO	:	Non Government Organisation
OER	:	Oil Extraction Rate (Rendemen Minyak Kelapa Sawit)
OHS	:	Occupational Health and Safety
OFI	:	Opportunity for Improvement
PIC	:	Personel In Charge
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
P&C	:	Principle and Criteria
PPE	:	Personal Protective Equipment
PTPN	:	PT Perkebunan Nusantara
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rare, Threatened, Endangered
SCCS	:	Supply Chain Certification System
SIA	:	Social Impact Assessment
SOP	:	Standart Operating System
SPSI	:	Serikat Pekerja Seluruh Indonesia (Indonesian Trade Union)
SBSI	:	Serikat Buruh Seluruh Indonesia (Indonesian Worker Union)
ST-2	:	Stage-2 Assessment/Audit
TPS	:	Tempat Penyimpanan Sementara (Hazardous Scheduled Storage)
UKL/UPL	:	Upaya Kelola Lingkungan / Upaya Pemantauan Lingkungan (environment management and monitoring)
UMSK	:	Upah Minimum Sektor Kabupaten (Region Minimum Wages)
WHO	:	World Health Organization
WTP	:	Water Treatment Plant
WWTP	:	Waste-water Treatment Plant

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT									
1.1 Assessment Standard Used									
	<ul style="list-style-type: none"> • INDONESIAN NATIONAL INTERPRETATION OF RSPO PRINCIPLES AND CRITERIA 2013, Endorsed by the RSPO Board of Governors meeting on 30th September 2016 • RSPO Certification System (approved by RSPO Executive Board 26 June 2007) • 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) 								
1.2 Organisation Information									
1.2.1	Organisation name listed in the certificate	PT Langkat Nusantara Kepong - Kuala Lumpur Kepong Bhd							
1.2.2	Contact person	Stephen Tiong Mee Ing							
1.2.3	Organisation address and site address	RSPO registered Company Wisma Taiko, No 1 Jalan SP Seenivasagam Ipoh/Perak Darul Ridzuan, Malaysia 30000 Liasion Office: Gohor Lama Village, Sub District of Wampu, Langkat Regent, Province of North Sumatra, Indonesia							
1.2.4	Telephone	061-7720-0717, 061-794-0229							
1.2.5	Fax	061-7947412							
1.2.6	E-mail	pt.lnk@klk.com.my							
1.2.7	Web page address	www.klk.co.id							
1.2.8	Management Representative who completed the application for certification	Izham Syahputra (Sustainability/Training Manager)							
1.2.9	Registered as RSPO member	18 October 2004 No. Registrasi 1-0014-04-000-00							
1.3 Type of Assessment									
1.3.1	Scope of Assessment and Number of Management Unit	One (1) palm oil mill (Stabat POM) supplied by seven (7) estates: Stabat POM, Gohor Lama Estate, Bekiun Estate, Basilam Estate, Tanjung Keliling Estate, Bukit Lawang Estate, Padang Brahrang Estate, Maryke 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	<table border="1"> <thead> <tr> <th colspan="2">Coordinate</th> </tr> <tr> <th>Latitude</th> <th>Longitude</th> </tr> </thead> <tbody> <tr> <td>3° 45' 35" N</td> <td>98° 23' 35" E</td> </tr> </tbody> </table>	Coordinate		Latitude	Longitude	3° 45' 35" N	98° 23' 35" E
Coordinate									
Latitude	Longitude								
3° 45' 35" N	98° 23' 35" E								
	Stabat POM	Gohor Lama Village, Sub District of Wampu, Langkat Regent, Province of North Sumatra, Indonesia							
1.4.2	Location of Certification Scope of Supply Base								
	Name of Supply Base	Location	Coordinate						

		Latitude	Longitude
Padang Brahrang	Padang Brahrang Village, Sub District of Selesai, Langkat Regent, Province of North Sumatera, Indonesia	3° 35' 20.2" N	98° 25' 20.9" E
Bekiun	Bekiun Village, Sub-district of Kuala Langkat Regent, Province of North Sumatera, Indonesia	3° 31' 42.8" N	98° 21' 03.0" E
Tanjung Keliling	Tanjung Keliling Village, Sub District of Salapian, Langkat Regent, Province of North Sumatera, Indonesia	3° 30' 46.0" N	98° 19' 08.1" E
Maryke	Maryke Village, Sub District of Salapian, Langkat Regent, Province of North Sumatera, Indonesia	3° 24' 29.6" N	98° 14' 16.6" E
Gohor Lama	Gohor Lama Village, Sub District of Wampu, Langkat Regent, Province of North Sumatera, Indonesia	3° 46' 02.8" N	98° 23' 08.1" E
Basilam	Basilam Village, Sub District of Wampu, Langkat Regent, Province of North Sumatera, Indonesia	3° 40' 15.5" N	98° 18' 01.9" E
Bukit Lawang	Bukit Lawang Village, Sub District of Bahorok, Langkat Regent, Province of North Sumatera, Indonesia	3° 32' 50" N	98° 07' 40.5" E

1.5 Description of Area Statement

1.5.1	Tenure	
	• State	HGU (scope of certification) 17,434.501 Ha
	• Community	- Ha
1.5.2	Area Statement	
	• Total area	17,434.501 Ha
	• Mature area	13,180.15 Ha
	• Immature area	2,643.14 Ha
	• Mill and sludge area	18 Ha
	• Emplishment / Workers Quarter / workers facility	237.13 Ha
	• Infrastructure (road, boundaries, canal)	444.081 Ha
	• Nursery	23 Ha
	• Occupation :	
	- Occupied by government (Sub-district Office)	33 Ha
	- Electrical installation cable (PLN)	12 Ha
	- Occupied by community	585 Ha
	• HCV	198 Ha
	• Conservation	61 Ha

1.6	Planting Year and Cycles								
1.6.1	Age profile of planting year								
	Planting Year	Hectarage (Ha)							
		Padang Brahrang	Bukit Lawang	Tanjung Keliling	Maryke	Bekiun	Basilam	Gohor Lama	Total
	1979	631							631
	1984					124			124
	1985					532			532
	1986					528			528
	1988 A					127			127
	1989					164			164
	1991 A			92		4			96
	1992 A					59		35	94
	1993 A			146		38		102	286
	1994			93		55		47	195
	1995		140					173	313
	1996		177			150		58	385
	1997		109			151		62	322
	1998 A		90					53	143
	1999 A		59						59
	2001 A						95		95
	2002							24	24
	2003						192	302	494
	2004					325		148	473
	2005		18			204		125	347
	2007	210		76	189				475
	2008	468			518			191	1,177
	2009				394	173			567
	2010				178				178
	2011	25	660	1,144	595		1,288	272	3,984
	2012			173	379		255	617	1,424
	2013	73			241				314
	2014			578			742	298	1,618
	2015	303						351	654
	Total	1,710	1,253	2,302	2,494	2,634	2,572	2,858	15,823
1.6.2	New Planting area after January 2010			- Ha					
1.6.3	Planting Cycle			2 nd Cycle					
1.7	Description of Mill and Supply Base								
1.7.1	Description of Mill								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel			
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)		
	Stabat POM	70	215,330.82	52,063.845	24.18	8,774.99	4.08		
	<i>*Production data source from 12 months before assessment (Dec 2015-Nov 2016)</i>								
1.7.2	Description of Certification Scope of Supply Base								
	Name of Estate	Total Area	Planted	FFB	Yield	Supplied to Mill			

		(Ha)	Area (Ha)	(tonnes/year)	(tonnes/ha/y ear)	FFB (tonnes/year)	%
	Basilam	2,697	2,572	33,322.01	12.96	33,064.07	99.23
	Bekiun	2,979	2,634	36,044.81	13.68	21,763.34	60.38
	Gohor Lama	3,323	2,858	26,145.07	9.15	26,044.24	99.61
	Maryke	2,704	2,494	40,955.12	16.42	28,152.96	68.74
	Bukit Lawang	1,376.62	1,253	27,598.88	22.03	15,521.72	56.24
	Padang Brahrang	1,949	1,710	15,899.09	9.3	14,367.41	90.37
	Tanjung Keliling	2,406.881	2,302	28,688.85	11.9	25,142.81	87.64
	TOTAL	17,434.501	15,823	208,653.83	13.6	164,056.55	78.63
	*Production data source from 12 months before assessment (Dec 2015-Nov 2016)						
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location			Supplied to Mill FFB (tonnes/year)	
	Tanjung Beringin (4,157 Ha)	PT LNK	Tanjung Beringin Village, Sub District of Hinai, Langkat Regent, Province of North Sumatra, Indonesia			51,274.27	
	TOTAL					51,274.27	
	*Production data source from 12 months before assessment (Dec 2015-Nov 2016)						
1.7.4	Product type			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim to (tonnes/year)		Actual certified product to (tonnes/year)	
	• FFB Production						
	• CPO Production						
	• Palm Kernel (PK) Production						
	* Will be verified during the annual surveillance assessment						
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)	
	Basilam	2,697	2,572	35,655		14	
	Bekiun	2,979	2,634	38,568		15	
	Gohor Lama	3,323	2,858	27,975		10	
	Maryke	2,704	2,494	43,822		18	
	Bukit Lawang	1,376.62	1,253	27,875		22	
	Padang Brahrang	1,949	1,710	17,012		10	
	Tanjung Keliling	2,406.881	2,302	30,697		13	
	TOTAL	17,434.501	15,823	221,604		14	
	*Projected FFB production for 12 months of certificate						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)

	LNK Stabat POM	70	221,604	55,401	25	11,080	5
	* Projected FFB production for 12 months of certificate						
1.9 Other Certifications							
	Others			-			
1.10 Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units						
	MANAGEMENT UNIT		LOCATION	Coverage Area (Ha)	Time Bound	Status	
	P O M	Estate (Supply Base)					
	INDONESIA						
	Berau POM	Malindomas Perkebunan	Berau, Kalimantan Timur	7,971	2017	2017	
		Hutan Hijau Mas	Berau, Kalimantan Timur	7,288	2017	2017	
	Jabontara POM	Jabontara Eka Karsa	Berau, Kalimantan Timur	14,086	2017	Initial assessment on March 2017	
	MAP POM	Mulia Agro Permai	Baamang, Kalimantan Tengah	9,056	2018	2017	
		Menteng Jaya Sawit Perdana	Mentaya Hilir Utara, Kalimantan Tengah	6,399	2018	2017	
	KMA POM	Karya Makmur Abadi	Mentaya Hulu, Kalimantan Tengah	13,127	2018	2017	
	Steelindo Wahana Perkasa POM	Steelindo Wahana Perkasa	Belitung, Bangka Belitung	14,065	2012	Certified 1 January 2015	
	Parit Sembada POM	Parit Sembada	Belitung, Bangka Belitung	3,990	2013	Certified 2016	
		Alam Karya Sejahtera	Belitung, Bangka Belitung	6,012	2013	Certified 2016	
	Mandau POM	Mandau	Bengkalis, Riau	14,799	2012	Certified 2012	
	Nilo POM	Nilo	Pelalawan, Riau	12,860	2012	Certified 2014	
		KKPA	Pelalawan, Riau		2017		
Tapung Kanan POM	Sekarbumi Alamlestari	Kampar, Riau	6,200	2012	Certified 2013		
	KKPA	Kampar, Riau	1,294	2016	2019		
Gohor Lama POM (LNK Stabat)	Basilam	Langkat, Sumatera Utara	2,337	2014	Certified 2017		
	Gohor Lama	Langkat, Sumatera Utara	3,307	2014			

	Tanjung Beringin	Langkat, Sumatera Utara	4,157	2014	
	Maryke	Langkat, Sumatera Utara	2,827	2014	
	Bekiun	Langkat, Sumatera Utara	2,979	2014	
	Padang Brahrang	Langkat, Sumatera Utara	2,024	2014	
	Bukit Lawang	Langkat, Sumatera Utara	1,482	2014	
	Tanjung Keliling	Langkat, Sumatera Utara	2,360	2014	Certified 2017
Padang Brahrang POM	No longer in operation				
PENINSULAR MALAYSIA					
Batu Lintang POM	Pelam	Kulim, Kedah	2,526	2012	Certified 2013
	Batu Lintang	Serdang, Kedah	2,355	2012	Certified 2013
	Subur	Batu Kurau, Perak	1,290	2013	Certified 2013
	Ghim Khoo	Kulim, Kedah	434	2012	Certified 2013
Kekayaan POM	Kekayaan	Paloh, Johor	4,436	2011	Certified
	Landak	Paloh, Johor	4,451	2011	Certified
	Voules	Tenang, johor	2,977	2011	Certified
	Bandar Tenggara	Bandar Tenggara, Johor	950	2011	Certified
	New Pogoh	Tenang, johor	1,560	2011	Certified
	Fraser	Kulai, Johor	2,932	2011	Certified
	Paloh	Paloh, Johor	2,029	2011	Certified
	Sungai Bekok	Bekok, Johor	636	2011	Certified
	Ban Heng	Pagoh, Muar, Johor	631	2011	Certified
	See Sun	Renggam, Johor	589	2011	Certified
Paloh POM		Paloh, Johor			Outside Crop
Jerang Padam POM	Ayer Hitam	Bahau, Negri Sembilan	2,640	2012	Certified
	Batang Jelai	Rompin, Negri Sembilan	2,162	2012	Certified
	Jeram Padang	Bahau, Negri Sembilan	2,114	2012	Certified
	Kombok	Rantau, Negri Sembilan	1,915	2012	Certified
	Ulu Pedas	Pedas, Negri Sembilan	923	2012	Certified
	Gunung Pertanian	Simpang Durian, Negri Sembilan	686	2012	Certified
	Sungai Kawang	Lanchang, Pahang	1,889	2012	Certified
	Renjok	Telemong, Pahang	1,578	2012	Certified
	Tuan	Telemong, Pahang	1,353	2012	Certified
Tanjung Malim POM	Tanjung Malim	Tanjung Malim, Perak	1,544	2013	Certified 2013
	Kerling	Kerling, Selangor	619	2013	Certified 2013
	Sungai Gapi	Serendah, Selangor	603	2013	Certified 2013

	Bukit Kato				Certified 2013
	Kampar				Certified 2013
Tuan Mee POM	Tuan Mee	Sungai Buloh, Selangor	1,556	2012	Certified 2013
Kuala Pertang POM	Kerila	Tanah merah, Kelantan	2,191	2013	Certified 2014
	Pasir Gajah	Kuala Krai, Kelantan	2,107	2013	Certified 2014
	Sungai Sokor	Tanah Merah, Kelantan	1,603	2013	Certified 2014
Changkat Chermin POM	Lekir	Manjung, Perak	3,332	2012	Certified 2013
	Changkat Chermin	Manjung, Perak	2,540	2012	Certified 2013
	Raja Hitam	Manjung, Perak	1,497	2012	Certified 2013
	Allagar	Trong, Perak	805	2013	Certified 2013
	Glenealy	Parit, Perak	1,059	2013	Certified 2013
	Serapoh	Parit, Perak	936	2013	Certified 2013
	Kuala Kangsar	Padang Rengas, Perak	843	2013	Certified 2013
SABAH, MALAYSIA					
Mill 1		Tawau, Sabah		Outside Crop	
Mill 1	Jatika	Tawau, Sabah	3,508	2009	Certified 2009
	Sigalong		2,864	2009	Certified 2009
	Pangeran		2,855	2009	Certified 2009
	Sri Kunak		2,770	2009	Certified 2009
	Pang Burong		2,548	2009	Certified 2009
Pinang	Pinang	Tawau, Sabah	2,420	2009	Certified 2009
	Tundong		2,155	2009	Certified 2009
	Ringlet		1,834	2009	Certified 2009
Lungmanis	Lungmanis	Lahad Datu, Sabah	1,656	2010	Certified 2010
	Sungai Silabukan		2,654	2010	Certified 2010
Rimmer	Rimmer	Lahad Datu, Sabah	2,730	2010	Certified 2010
	Tungku		3,418	2010	Certified 2010
	Bukit Tabin		2,916	2010	Certified 2010

	Bornion	Bornion	Kinabatangan, Sabah	3,233	2010	Certified 2010
		Segar Usaha	Kinabatangan, Sabah	2,792	2010	Certified 2010
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard					
	LNK Stabat POM did not receive and process the FFB from external supplier. Tanjung Beringin Estate has been planned for certification in 2017.					

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ST-2	<p>1. Sandra Purba (Lead Auditor). Graduated from University of North Sumatra, majored in forestry. Have experience working in industrial forest company and oil palm plantations company for 6 (six) years, have been involve in several RSPO audit activities as auditor and lead auditor. Have been successfully passed the RSPO lead auditor training and auditor of RSPO Next, has been certified as General OHS Expert, have been attend and passed the several trainings of management system such as ISO 22000-2009, ISO 9001-2008/ SNI 19011-9001:2008 and ISO 14000:2008. Have been successfully passed the Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and SMK3 auditor training course. Currently she worked as auditor/lead auditor at Certification Body. In this audit she' assessing legal aspect, land dispute, SCCS and waste management.</p> <p>2. Ardiansyah (Auditor). Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has followed several activities for identified environmental impact such as preparing EIA document for plantation and plantation forest and also conduct strategic environmental assessment. He has followed several trainings namely: Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), Environmental Management System (ISO 14001:2004); OHS management system based on OHSAS, RSPO Lead Auditors Training Course endorsed by Proforest and Diameter, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and mapping for land cover analysis. In addition, several workshops have been followed are water resource management in Southeast Asian Region, Oil Palm Growers on Peat, GHG Calculation and rafflesia conservation. Several times following audit activities related to sustainable palm oil certification system as a lead auditor and as auditor. During this audit, he assigned to verify EIA aspect, HCV and GHG</p> <p>3. Moh Arif Yusni (Auditor). Bachelor of Agriculture, majoring of Plant Pest and Diseases (Plant Protection). He has a working experience for 2 (two) years in oil palm Plantation Company in Indonesia. Trainings attended namely: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and Auditor / Lead auditor Management System Certification (ISO 9001-2008). Now he worked at Professional Certification Body. He has been several times following audit related to sustainable palm oil certification system as an auditor. During the assessment he assigned to verify Best Management Practice aspect, IPM and FFB Processing.</p> <p>4. Leonada (auditor), Bachelor of Agriculture from Faculty of Agriculture of Bogor Agricultural University. He has experience as the operational staff of palm oil company in Indonesia. He was participating on several training such as Training of Auditor Indonesian Sustainable Palm Oil (ISPO), Lead Auditor ISO 9001:2008, Basic Management Depelovment Program Agronomy, IPM training, limited pesticide training (Kompes), training of pesticide and fertilizer waste management, training of OHS expert and is now working for independent certification body. In this assessment was observed and audit on social welfare workers and occupational Health and Safety aspect.</p> <p>5. Yohanes Hardian (auditor), Diploma of Forest Resource Conservation, Faculty of Forestry, Bogor Agricultural University, specialist in the environment aspect and wildlife. Worked as non Staff Silviculture at WWF Central Kalimantan region. Had attended training HCV, has been involved in several activity of HCV Identification of Oil Palm Plantation. He worked as an environmental staff on Oil Palm Plantation. Have been trained as ISPO auditors and have attended training Auditor ISO 9001 and ISO 19011, Legal documents in-house training with the ISPO commission. In this audit he' social aspect, transparency and complain mechanism</p> <p>This assessment was witnessed by Accreditation Services International (ASI), assessor team : Haye Semail as lead assesor and Kisho Kumar as technical expert.</p>
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ST-2	<p>Number of auditors : 5 auditor</p> <p>Number of days for ST-1 at site : 4.5 days</p> <p>Number of working days for ST-01 at site : 22.5 Working days</p>

2.2.2	Assessment Process
ST-2	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Langkat Nusantara Kepong to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 endorsed July 2016 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).</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>Number of units in this certification activity is 7 (seven) estates: Gohor Lama Estate, Tanjung Keliling Estate, Padang Brahrang Estate, Basilam Estate, Bekiun Estate, Maryke Estate and Bukit Lawang Estate, which supply the raw material (FFB) to 1 (one) Palm Oil Mill (LNK Stabat POM). In conducting the assessment, the team of auditors used the $0.8\sqrt{y}$ formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are LNK Stabat POM and 3 (three) estates Gohor Lama Estate, Tanjung Keliling Estate and Bukit Lawang Estate.</p> <p>Several opportunities for improvement of the results ST-2 delivered by the MUTU auditor to the management unit and the results are the subject that will be verified at the next assessment phase (ASA-1).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ST-2 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ST-2.</p> <p>The assessment program please find Appendix 2</p>
2.2.3	Location of Assessment
ST-1	During the ST-1, full document verification conducted with sampling one (1) mill and three (3) estates.
ST-2	<p>Number of unit in this certification activity is 1 (one) Mill and 7 (seven) Own Estates. The auditor team used the $0.8\sqrt{y}$ formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the auditor team determined that the sampling locations are one palm oil mill (LNK Stabat POM) and three estate (Gohor Lama Estate, Tanjung Keliling Estate and Bukit Lawang Estate).</p> <p>Detail of field visit locations described below :</p> <p>LNK Stabat POM:</p> <ul style="list-style-type: none"> • Security and weighbridge. Observation of FFB receive process and interview with key personnel regarding to implementation of SCCS requirement. • Grading and sortation. Observation on grading process and interview related to implementation of OHS aspect and labor aspect • Boiler station. Observation and interview with boiler operator related to renewable fuel using Fibres and shell and OHS aspect. • Power plant and Kernel Station. Observation and interview with power plant operator related to OSH aspect. • All processing station (Sterilizer, Thresher, Pressing, Digester, Clarifier). Observation on FFB processing • Workshop. Observation and interview related to implementation of OHS aspect and labor aspect • Chemical storage. Observation and interview related to implementation of OHS aspect, environment aspect, chemical handling training and labor aspect

- **Water treatment plant.** Observation and interview related to implementation of OHS aspect, environment aspect, chemical handling training and labor aspect
- **WWTP.** Observation and interview related to implementation of OHS aspect, environmental aspect and labor aspect

Gohor Lama Estate:

- **Block 2011C.** Observation of legal boundary in form of HGU pole No. XXXI.
- **Block 2012D.** Observation of legal boundary in form of HGU pole No. XV.
- **Block 2005A.** Observation of legal boundary in form of HGU pole No. XX.
- **Block 2003D.** Observation of legal boundary in form of HGU pole No. LX.
- **Block 2004A.** Observation related to the condition and management of effluent in the area of Land Application.
- **The buildings facilities of Gohor Lama Estate** (security office, meeting hall, laboratorium eks PTPN 2). To Observe safety and environment aspect.
- **Hazardous waste storage.** Observation of environment and safety aspect
- **Pesticide storage.** Observation of environment and safety aspect.
- **Chemical mixing location.** Observation of environment and safety aspect.
- **Fertilizer storage.** Observation of environment and safety aspect.
- **Oil storage.** Observation of environment and safety aspect.
- **Engine room.** Observation of environment and safety aspect.
- **Fuel storage.** Observation of environment and safety aspect.
- **Workshop.** Observation of environment and safety aspect.
- **Kindergarten.** Observation of employee welfare facility and social aspect
- **Housing of division 3.** Observation of employee welfare facility, environment and social aspect.
- **Clinic.** Observation of employee healthcare facility and environment aspect
- **Pruning activity division I.** Observation and interview related to pruning activity and child worker issue.
- **Block A OP2005 Division 1 & Block A OP1996 Division 3.** Observation on harvesting activity (harvesting technique, FFB maturity criteria, OHS aspect, labour aspect)
- **Block B OP2003 Division 1.** Observation on manuring activity (dosage, technique, OHS aspect, labour aspect)
- **Block C OP2011 Division 1.** Observation on Pest Control activity (Bagworm control) (Spraying technique, OHS aspect, labour aspect)
- **Block C OP2014 Division 2.** Observation on spraying activity (Spraying technique, OHS aspect, labour aspect)
- **Block B OP2005 Division 2.** Observation on EFB Mulching activity (dosage, OHS aspect, labour aspect)
- **Block OP 2016 Division 3,** observation on Land Preparation and soil conservation

Tanjung Keliling Estate:

- **Block 2012C.** Observation of legal boundary in form of HGU pole No. XLI, XL, HCV area in form of lake buffer zone.
- **Block 2011P and Block 2007A.** Observation of management in HCV area in form of Bendo River buffer zone.
- **Block 2012K.** Observation of management in HCV area in form of buffer zone of Blondong River .
- **Block A OP1993 Division 2 & Block E OP2011 Division 3.** Observation on harvesting activity (harvesting technique, FFB maturity criteria, OHS aspect, labour aspect)
- **Block A OP2007 Division 2.** Observation on manuring activity (dosage, technique, OHS aspect, labour aspect)
- **Block E OP2014 & G2014 Division 4.** Observation on spraying activity (Spraying technique, OHS aspect, labour aspect)
- **Housing.** Observation on employee housing facility in Division II (adequacy, sanitary, appropriateness) and the availability of other facilities (lightning, clean water, complain mechanism, ect)
- **Fertilizer and Agrochemical storage and mixing area.** Observation and interview of implementation of OHS, environment, labor, waste management, ect
- **Scheduled hazardous storage and fertilizer ex-packaging storage.** Observation of hazardous waste management and interview with storage man.

- **Workshop.** Observation and interview related to implementation of OHS aspect and labor aspect
- **Kindergarden.** Observation and interview to teacher regarding to labor aspect and complain mechanism
- **Clinic.** Observation of healthcare facility and environment aspect and interview with paramedic

Maryke Estate:

- **Block 2012A and Block 2011F.** Observation of management in HCV area in form of buffer zone of Kayu Raja and Kayu Raja Valley.
- **Block 2011E.** Observation of management in HCV area in form of buffer zone of Pondok 16 river and Tribune Valley.

Bukit Lawang Estate:

- **Block 2011A.** Observation of legal boundary in form of HGU pole No. L, IL and management HCV in buffer zone of Gerpang River.
- **Block 1998A.** Observation of management in HCV area in form of buffer zone of Tenang River.
- **Block 2011C.** Observation of management in HCV area in form of buffer zone of Gerpang River.
- **Hazardous waste storage.** Observation of environment and safety aspect
- **Pesticide storage.** Observation of environment and safety aspect.
- **Chemical mixing location.** Observation of environment and safety aspect.
- **Fertilizer storage.** Observation of observe environment and safety aspect.
- **Oil storage.** Observation of environment and safety aspect.
- **Engine room.** Observation of environment and safety aspect.
- **Fuel storage.** Observation of environment and safety aspect.
- **Workshop.** Observation of `environment and safety aspect.
- **Kindergarden.** Observation of employee welfare facility and social aspect
- **Emplacement 6.** Observation of employee welfare facility, environment and social aspect.
- **Clinic.** Observation of employee healthcare facility and environment aspect
- **Block A OP1996 Division 2.** Observation on harvesting activity (harvesting technique, FFB maturity criteria, OHS aspect, labour aspect)
- **Block D OP1998 Division 1** Observation on manuring activity (dosage, technique, OHS aspect, labour aspect)

Stakeholder:

- **Surrounding Villages** (Bingai, Sumber Mulyo and Mekar Jaya Village). Interviews related to the issue of environmental pollution, land conflict, the company's contribution to society and the impact of corporate activities.
- **Head of Wampu Subdistrict.** Interviews related to the issue of land conflict, the company's contribution to society and the impact of corporate activities.
- **Relevant agencies (National Land Agency, Labor Agency, Environment Agency, Plantation and Forestry Agency).** Interview regarding to the issues such as environmental pollution, worker welfare, land dispute, CSR, etc.

2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ST-2	Summary of stakeholder consultation process Consultation of stakeholders for PT Langkat Nusantara Kepong was held by: Public Notification (announcement) on RSPO website and mutu website on 28 October 2016 Communication to NGOs by email (questioner) on Public consultation meeting with relevant agencies on 13 December 2016 Public consultation meeting with internal and external stakeholders by interviews and local stakeholders conducted by visits to villages and interviews with local peoples on 13 December 2016, 15 December 2016 and 16 December

	2016. Numbers of input from stakeholders were clarified by PT Langkat Nusantara Kepong
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit (ASA-1) will be determined one year after the certificate issuance.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of LNK Stabat POM – PT. Langkat Nusantara Kepong, Kuala Lumpur Kepong Bhd operation consisting of one (1) mill and seven (7) oil palm estates.

During the assessment, there were nine (9) Nonconformities were assigned against Major Compliance Indicator(s); seven (7) nonconformity(s) were assigned against Minor Compliance Indicators; and twelve (12) opportunity(s) for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s). Those corrective action(s) taken that consist of nine (9) Major non-conformity(s) had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that PKS Gohor Lama – *PT. Langkat Nusantara Kepong, Kuala Lumpur Kepong Bhd* complied with the requirements of **RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, 2013 and RSPO Supply Chain Certification Standard November 2014 for CPO Mill.**

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **issued**.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
Minor 1.1.1	The company has list stakeholder in estate and POM. Stakeholder category i.a legal entity, worker union, supplier, local community, kontraktor, NGO, buyer etc. The documen list stakeholder explain name stakeholder, kontak person, address, telp number. Update stakeholder has done every year or if any new contac, new address or change phone number. The company provides information to the affected parties related issue about environment, social, and law. Base on SOP no 19 concerning the comunication, consultation, socialization with stakeholder, the company have communicate periodically. Socialization SOP no 19 has been done at 16 November – 6 Desember 2016 on around village in each estate.	
Major 1.1.2	The Company has a mechanism to respond to requests information from stakeholders regulated by SOP No 1 concerning Information Requests and Responses. Procedure explains that requests for information submitted in writing or orally for a period of response was 15 days. Provision of information relating to such reporting managemen and monitoring environment has been sent regularly every semester to the relevant agency in Langkat Regency. provision and demand information is stored in the Log Book Information Requests and Responses. There are examples of requests for information and requests for assistance, for example there is a request for information from the Student Campus LPP Yogyakarta on 5 August 2016 that is studying the development of management after operational cooperation by PT LNK and the company provide information about plantation management after operational cooperation by PT LNK	

	Status: Comply	
1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
Major 1.2.1 <p>The Company has a SOP No 1 concerning Information Requests and Responses. In the SOP Described All documents are stored and placed in rooms sustainability of each unit and the full supervision by the Manager in each management unit. The management unit Master List of Documents show that informs some types of documents which are free to the public and secret. Documents can be accessed by the public, for example Land Use Title, document EIA, report management an monitoring environment, document HCV, SIA, Guiding Committee Of Occupational Safety & Health, health report , chemical list, MSDS, HIRARC, audit internal dan exsternal RSPO, balance of Hazardous Waste Material .</p>		
	Status: Comply	
1.3 Growers and millers commit to ethical conduct in all business operations and transactions.		
Minor 1.3.1 <p>The Company has a policy set by the Chief Executive Officer dated 1 December 2014 on a code of integrity and ethical behavior that is the obligation to conduct business in ways that are honest and ethical and comply with legal regulations. The principles and standards of business ethics and conduct for all employees including about adherence to fair business practices, prohibition of corruption and bribery, disclosure of information in accordance with the regulations. The policy has been disseminated to the employees and the employees are recognized during the field visit.</p>		
	Status: Comply	
PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS		
2.1 There is compliance with all applicable local, national and ratified international laws and regulations.		
2.1.1, 2.1.2 <p>The Company has identified and compiled a list of all applicable laws and regulations that are relevant to its operations. Contained in the document "Laws and regulations that must be fulfilled for the estate and mill" updated on August 4, 2016. The list informs the PNC RSPO requirements, laws and regulations relevant chapters and compliance status. The list already includes the legality aspect, OHS aspects, employment aspect, HCV and social aspects and environmental aspects. Record of compliance with applicable regulations can be demonstrated, for example:</p> <ul style="list-style-type: none"> ○ OHS Aspect: regarding to OHS Act 1/1970 Article 3 the company has been providing PPE to the employees, provide training on OHS, conduct the medical examination routinely (spirometry, audiometry and cholinesterase for example on 28 and 30 May 2016, done by Royal Prima Hospital), work accident monitoring and provide first aid at work-site; the company has registering employees in an accident insurance, and pay wages in accordance with applicable regulations. ○ Environmental aspects: the company already has a licensed scheduled waste storage, periodically environmental monitoring and manage the liquid waste in WWTP and land application ○ Aspects of BMP: have used pesticides that are registered and licensed and conduct training for pesticide applicators ○ Legal Aspects: PT LNK has had of HGU (ownership and operational agreement) and IUP, described in indicator 2.2.1 		
2.1.2, 2.1.3 and 2.1.4 <p>Documented systems and mechanisms that explain the implementation of compliance and recording of any changes in regulations and laws contained in SOP No. 2, 4th revision Aug 8th 2016, describes among others:</p> <ul style="list-style-type: none"> - In section 1 explained that a person who responsible for managing the legal rule is the Manager / KTU: keep a list of regulations that officially, save the checklist of certificates and licenses, save the checklist periodic reports, ensuring the implementation of internal audit for compliance with applicable regulations, supervision date applies to all permits and evaluation of the regulations. 		

- Section 2 explains that the Legal Manager will monitor the changes and updating existing regulations, the changes and updating will be submitted to the legal coordinator of each region and legal coordinator will pass on to the operating center. Also mentioned that public relations will also monitor changes in legal, legal coordinator tasked to socialize on changes in regulations and operating center manager is responsible for implementation.
- Section 3 describes the mechanism for evaluating the compliance with laws and regulations, conducted annually through management review, by GM / MA / Legal Coordinator and sustainability team.

Management review for the period 2016/2017 has been planned to be implemented in June 2017 (based on the master checklist of sustainability program of PT LNK).

Based on interviews with management representatives mentioned that the updating regulations through mass media, communication with relevant agencies and through training and socialization.

Can be demonstrated the Legal Manager emails informing regulatory changes, such as an email dated January 19, 2016 to unit of PT LNK concerning regulatory updates of PP No 104 2015 regarding the procedure for zoning changes and functions of forests.

The company has had a SOP No. 2, however company has not been able to provide evidence that the SOP has been implemented in effectively, especially in term of update mechanism of applicable regulations and laws, for example, a list of regulation owned have not included / update the following regulations:

- Law No. 18/2004 on the estate has not been replaced by Law No. 39/2014
- To Regulation No. 39/2015 concerning the registration of pesticides
- PP 78/2015 concerning wages
- Presidential Decree No. 28 of 2016 on the implementation of BPJS

See nonconformity NCR No. 2016.01

2.1.4 | Status: NCR No. 2016.01 with minor category

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.

2.2.1

PT LNK is a subsidiary under the co-management of KLK Bhd and PTPN II (Persero), it based on the documents of Palm Plantation and Rubber Management Operation Agreement in North Sumatra Province on 9 June 2009. The scope of the agreement is mill and facilities in area of 20,700 Ha, has been approved by State Minister for BUMN No. S-300/MBU/2009 dated 7 May 2009, period of 30 years.

PT. LNK established by notary deed No. 27 dated 9 June 2009, identity company registration issued by Langkat Regent No. 02.14.1.10.00261 dated 5 November 2014 valid until 4 November 2019 on behalf of PT Langkat Nusantara Kepong. Based on the statement deed of shareholders decision of PT LNK No. 410 dated 19 July 2011, stated that 60 % of the shares owned by KLK Plantation Holdings SDN BHD.

The plantation area is an erfpacht rights converted into HGU by the Agrarian Law No. 5 year 1960, land tenure rights can be shown as follows:

- **Plantation Permit (IUP)**, by Langkat Regent Decree No.: 525-16/K/2015 dated 21 April 2015 for an area of 39,690.87 ha and processing unit with a capacity of 70 tons / hour
- **HGU**, which the scope of current certification is an area of **17,435.62 ha** (consisting of 17,343.33 ha has had HGU and 92.29 ha in the process). Below are the documents for the areas that included in the certification scope:
 1. Bekiun Estate, Decree of BPN No. 52/HGU/KEM.ATR/BPN/2015, dated May 20, 2015, a total of 2,979 ha, valid for 25 years (31 Dec 2030)
 2. Padang Brahrang Estate, Decree of BPN for the HGU No. 35/HGU/BPN/90 dated 24.12.1990, covering an area of 1949.00 ha valid until 31.12.2020
 3. Basilam Estate, BPN Decree No. 43/HGU/BPN/2002 dated 29/12/2002, the total area of 2,361.68 ha, valid until December 31, 2024
 4. Maryke Estate, BPN Decree No. 57/HGU/BPN/2000/A/B area of 2,703.602 ha dated 09/05/2003, valid until December 31, 2024

5. Tj Keliling Estate,
 - BPN Decree No. 43/HGU/BPN/2002 dated 29/11/2002, covering an area of 200 ha valid until December 31, 2024
 - BPN Decree No. 57/HGU/BPN/2000 dd 09/05/2003, the total area of 2,114.71 ha, valid until December 31, 2024
 - HGU process of the area of 92.29 ha, currently has been submit the application for issuance of HGU to Provincial BPN through application letter No. 20/X/929/XI/2016 dated November 21, 2016 to the Head of BPN of North Sumatra Province, the request has been completed by documents of compensation, IUP, technical feasibility, study maps, image of delineation, payment slip of fees and map fields. Until the initial assessment, the company has not been able to show documents of land tenure against the area of 92.29 ha, **it has become a MAJOR nonconformity, See NCR No. 2016.02.**
6. Gohor Lama Estate:
 - BPN Decree No. 43/HGU/BPN/2002 dated 29/11/2002, covering an area of 74.45 ha, valid until December 31, 2024
 - BPN Decree No. 57/HGU/BPN/2000 dated 09/05/2003, covering an area of 4,576.97 ha, valid until December 31, 2024
 - BPN Decree No. 119/HGU/BPN/2009, dated 08/09/2009, an area of 556.96 ha, valid until 8 Sept 2044
7. Bukit Lawang Estate, BPN Decree No. 55/HGU/BPN/94 covering an area of 1,417 ha, is valid for 25 years, the area turns into 1376.96 ha (based on the land book on 13 April 1995).
Related to the status function of the partly areas in Bukit Lawang Estate according to Decree of Menhut RI No.: SK.579/Menhut-II/2014 dated June 24, 2014, the company has been communicated with Forest Area Planning Director RI through letter number 20/X/612/X/2014 dated 22 Oct 2014. It has been raised as an observation note by the auditor. **#OFI**

Minor 2.2.2

The company can show the HGU coordinate maps for 6 estates (8 attachments of HGU certificate map) with the number of poles as much as 703 poles (for the entire HGU). The company can show evidence of monitoring in the form of poles checklist report. Mechanism of monitoring of BPN poles describes in SOP No. 46, revision dated 1 March 2014 stated that the monitoring performed every 6 months. For example, in August 2016 was carried out monitoring of poles jointly with BPN of Langkat. Field observations conducted to determine the condition of HGU poles, as follows:

- Gohor Lama Estate: pole no.: XXXI block 2011c (the boundary between HGU on the process with existing HGU), pole No.: XXXV block 2012D and No.: XX blocks 2005A (boundary with community rubber plantation) and pole No. LX block 2003D
- Tanjung Keliling Estate: Pole No.: XL and XLI at block 2012C, boundary between HGU area with community areas
- Bukit Lawang Estate: Pole no.: L, IL and XLV at Block 2011A boundary with community area

The entire boundary marker are available in the field, visible and well maintained.

2.2.3

Compensation process has been conducted on the HGU areas which is in the process, sighted the compensation document on area of 92.8 ha in Tj Keliling Estate. The evidence presented in the form of hand over official report of compensation between farmer groups "Demi Rakyat Petani (Derap)" on 1 August 2013.

2.2.4

The Company has made settlement of the entire of squatter disputes, the resolution processes among others:

1. **Bekiun Estate** 165 ha, covering 131 ha of which have been resolved, has performed deliberation for example on 27 June 2016, attended by 12 community representatives.
2. **Gohor Lama Estate**, squatter disputes covering 242 ha, 52 ha of which have been completed and returned to the company, and 190 ha is currently being completed.
3. **Maryke Estate** covering 9 ha has been resolved and excluded from HGU
4. **Padang Brahrang Estate**, squatter disputes which was originally 269 ha, an area of 100 ha has been resolved, the remaining covering 169 ha is in the process of persuasively approach and mediation by involving the various parties.

The Company has SOP No. 26 on land dispute settlement procedure, published on August 1, 2013. In the SOP

explained of the mechanisms of completion of land disputes and squatter disputes.

2.2.5

Mapping of the area disputants location have been conducted involving stakeholders (participatory), it can be shown the following maps:

- Map of squatter dispute in Bekiun Estate scale 1: 55,000, laocation in Div II an area of 53 ha and 112 ha
- Map of squatter dispute in Gohor Lama Estate scale of 1: 30,000 location in Div III, an area of 190 ha, the map attached with a list of names homeowners claim, dated December 16, 2016.
- Map of squatter dispute in Padang Brahrang Estate scale of 1: 40,000 shows the area currently under cultivation an area of 169 ha located in Block 1979B.
- Map of squatter dispute in Maryke Estate consists of two: a scale of 1: 25000 for the area of 3 ha located in Block 2012B, and a map scale of 1: 29000 which informs area of 6 ha located in block 2011a, block 2011BD and blocks 2008B.

2.2.6

The Company has a policy of maintain conciliation and order in the scope of operations, contained in the SOP No. 26 on land dispute settlement procedure, published on August 1, 2013.

Based on interviews with surrounding villagers such as Mekar Jaya, Sumber Mulyo, Bingai, Minta Kasih, Sidomulyo, Sidorejo and Perkebunan Bukit Lawang Village as well as relevant agencies (BPN, Police and sub-district Head of Gohor Lama), known that the company had made dispute resolution pros-actively, through persuasively approaches involving relevant parties, and there are no acts of violence related to it.

Major
2.2.1

Status: Closed

2.3

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

Major 2.3.1, Minor 2.3.2, Minor 2.3.3 dan Major 2.3.4

The company has SOP No 26 about the land dispute settlement procedure, published 1 august 2013. In SOP has explain about of the dispute settlement mechanism of land occupation and land disputes (squatter disputes). Based on HCV identification has done at 2014 and EIA report has explain that the area of PT LNK was rights erfpacht nationalized to the states rights. In that document explain there are no areas that are customary rights / indigenous peoples.

Based on reports of social impact assessment (SIA) PT Langkat Nusantara Kepong on 30 January - 9 February by Aksenta there are no areas of customary rights/ indigenous peoples. It also has been confirmed through interview with villager at Kelurahan Bingai, Sumber Mulyo Village, Mekar Jaya Village and Minta Kasih Village, Sukamulya tahun 26 Village and mentioned that the plantation has been exist before the establishment of the villages and there are no indigenous rights in the area of PT LNK.

Land managed by PT LNK legally under the ownership of PTPN II (Persero), is one of the Dutch colonial plantations were nationalized by Government of Indonesia on the basis Constitution Law (Undang Undang No: 86 Tahun 1958) about Erpacht right , Then erfpacht rights are converted to Land Use Tittle based Basic Agrarian Law (UU Pokok Agraria No. 5 tahun 1960) Therefore we can conclude there is no customary rights in the PT LNK.

Regarding on the changes of the management of the area covering 20,700 Ha has been describes on C6.1. The company considered to actively socialization the status of the area to the parties affected.

Status: Comply

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

3.1

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

Major 3.1.1

The company has long term plan written in the document of Estimate Financial Year for the next 5 years 2015/2016 to 2019/2020) that explain about:

- a. Wide area of mature plant, budget of estate production, projection of FFB/ha, projection of CPO/ha, production cost per ton FFB and CPO, administration cost, labor cost, upkeep, manuring, harvesting, roads and bridges, pest and disease, transportation, and other financial parameters such as profitability, revenue and FFB price
- b. Estimation Crop intake (FFB), CPO production, palm kernel production, processing cost, admin cost, training cost, environment cost, health cost, transport cost, For the plan of environmental management and corporate social activity, the company has allocated cost for: wells, insurance, medical and hospital, amenities and welfare, Occupational Health and Safety (OSH) and Sustainability, Corporate Social Responsibility (CSR).

Minor 3.1.2

Replanting program has been planned up to five years (2015/2016 to 2020/2021) in accordance with procedure. Gohor Lama Estate has 227 ha replanting programme in 2018/2019, Tanjung Keliling Estate has 335 ha in 2017/2018 and Bukit Lawang Estate in 2020/2021

Status: Comply

PRINCIPLE #4 Use of appropriate best practices by growers and millers
4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

4.1.1

PT Langkat Nusantara Kepong has a procedure for all operational activity for palm oil mill and Estate. In estate that's procedure covering activity from replanting/ land preparation to FFB transport and in Palm Oil Mill the procedure covering from FFB weighbridge to CPO & KO dispatch. The procedure is available in audit site and written in Bahasa. Based on field visit in mill and estate's is known that the socialization of SOP has been carried out through muster morning which are done before begin the operational activities. OHS aspect such as instruction of safe working has been describes in each activities, for eg. procedure for mill and estate signed by Human Resource Director dated on 1 February for Estate and 1 April for Mill.

4.1.2

The company has a procedure related to ensuring consistency of procedures implementation (SOP No. 50). Record of operational activity result of the estate is available in the Progress Report of Estate and POM were reported periodically (every month), Based on field observation in estate and POM shows that units also has been documented in the daily activities in a daily report, and monthly on progress report

4.1.3

To ensure the implementation of SOP by the company, there is a regular checking and monitoring activity such as Internal audit, its coverage operation activity of estate that conducted two times a year and audit internal RSPO is conducted every year. The records of internal audit year of 2016 has been documented. Non-compliance records of internal audit has been corrected and verified by the management. Based on field observations and document review known that the company cannot show the evidence of result of monitoring and evaluation performance of local contractor in accordance with work agreement, for example evaluation of PT Betani Langkat Palm (FFB application).

Non Conformance No 2016.03
4.1.4

The Company did not purchase FFB from third parties, the entire FFB processed in POM LNK Stabat derived from their own fields (Gohor Lama Estate, Padang Brahrang Estate, Bukit Lawang Estate, Tanjung Keliling Estate, Tanjung Beringin Estate, Bekiun Estate, Basilam Estate, and Maryke Estate).

The Company has SOP No. 52 on searches of origin field of outsider FFB received by mill, dated issue 1 November 2016, stated that the source of FFB derived from their own fields, estate smallholders (if any), independent farmers which is supported with the valid land titles/certificates. There is no purchases of FFB from the submission agent where the source is difficult to trace. Mapping of FFB supplier conducted with the assistance of AARI to indicate the location of each supplier.

Minor 4.1.3

Status: Non Conformance No 2016.03

4.2

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

4.2.1

Based on documents verification and interview with estate managers PT LNK has a procedure to manage and maintain soil fertility which described in SOP No 12. In the procedure explained the elements which determined soil fertility managements among others, Type of soil, micro climate, plant age, and realization of fertilizers, plant productivity and the result of leaf, soil and visual analysis. Result of field visit that's SOP has been well implemented such as conducted fertilization activity in accordance with the recommended doze, application of effluent and utilization of crop residues after replanting and planting of cover crops (LCC) on replanting area.

4.2.2; 4.2.3

The management unit routinely has been conducting of soil and leaf analysis periodically conducted by Applied Agriculture Research every year as reference for manuring recommendation. The Parameters of soils analysis are of the water content, pH, C-organic, total N, C / N and the parameters of leaf analysis are N, P, K, Mg, Ca, B and Cl. Based on field observation on manuring activity in Block A2007 Tanjung Keliling Estate, B2003 Gohor Lama Estate and H1999 Bukit Lawang Estate known that the company has been conducted fertilization activity in accordance with the recommended doze. In addition the company also documented the use of fertilizers for every tones FFB. Based on document verifications the fertilizing activity budget year 2015/2016 (October 2015 – September 2016) has been realized 100%.

4.2.4

The Company has a strategy of recycling nutrients, such as the use of the fronds (pruning), application of effluent and utilization of crop residues after replanting. Results of field visit in replanting area on Block OP 2016 Gohor Lama Estate show that crops residues after replanting are compiled in stacking area.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

The management unit has had maps of soil types distribution scale 1:75,000 which was composed by AARI (Applied Agricultural Resources Indonesia). This map describe about the information of soil classification, texture, depth, drainage, inhibitor factor, rocks, and conformance information for the development of palm tree plantation Based on the detail of soil map, the texture of soil at Gohor Lama Estate are dominant sandy clay with slope level 0-12° and there is peat area (42 Ha). In Tanjung Keliling Estate area the texture of Soil are Sandy Clay with slope level 0 – 6° and there is area with slope level 20°, and In Bukit Lawang Estate sandy clay with slope level 0 – 6° and there is area with slope level 25° and more than 25°.

4.3.2

The company has SOP 13 on erosion control, regarding to slope area management. Some of management strategy mentioned in the SOP is constructing terrace contour, conservation terrace, and individual terrace with silt pit and planting legume cover crop. result of field observation in area with slope (block OP2016 Gohor Lama Estate) known that it was managing by terracing contours and hooves (individual terrace).

4.3.3

Provided soil maps that inform about the classification of land, texture, depth, drainage and limitation factor, the company arrange a road maintenance program to ensure FFB produced from the Estate can be delivered to Stabat Mill, but the company need to ensure the realization of road maintenance programs with resources been monitored.

Based on the field observations its known if there is some road acces not well maintained due to the heavy rainfall, so that the road maintenance program is not optimal, it has been raised as an observation note to the management unit.

#OFI

4.3.4, 4.3.5, and 4.3.6

As stated in soil map of Kebun Gohor Lama, there is a small portion of peat area covering 42 ha. The area is located in localized basin. Although the physical properties of individual survey points were peat but the landscape of surrounding the area is not typical peat land unit. The map shows that the peat soil (Oa) is surrounded that having rolling terrain (6° - 12°) and with flat to undulating terrain (0° -6°). Soil depth stated in the map refers to effective soil depth for oil palm rooting activity whereby deep soil means the absence of parent material within rooting zone (up to 1.2m). With such condition, proper water management is generally not crucial although it is still necessary to drain low-lying area to avoid waterlog condition.

In SOP 12 about the Management of Soil Fertility for Optimal Productivity, the management of marginal land is described – sand, low organic material, podzolic, acid soil/peat, such as:

- Technical application such as empty fruit bunches for sandy land, low organic material, and silt pit for podzolic land.
- For acid land/peat: management of water level should be conducted to control the consistency of water level in 50 – 75 cm below soil surface as written in the agronomy guideline.
- Not to plant in peat area in the depth of > 3 m.

Status: Comply

4.4

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

4.4.1

The company has had a management plan of water management and HCV management refer to SOP No. 10. The management plan consist of establish the buffer zone in river and water spring, prohibit chemical use in buffer zone of water source and planting trees (enrichment) in buffer zone, monitoring the water use in mill, make sure there are no leaks in water installations and monitoring of water quality.

Based on field visit in buffer zone of Bendo River, Blondong River in Tanjung Keliling Estate; Kayu Raja River, Pondok 16 River, in Maryke Estate; and Tenang River, Begerpang River in Bukit Lawang Estate shows that the area has been installed with sign board related to prohibition of chemical use.

4.4.2

The company has had water courses and wetland map. Based on field visit, the effort that has been made by the company to rehalibitation in water courses is planting trees in some buffer zone and installed sign board of chemical use prohibition. But the company not yet shows the appropriate of maintaining and securing riparain and other buffer zone, such as:

- The results of field visits on the buffer zone of Bendo River (Tanjung Keliling estate) and Tenang River (Bukit Lawang Estate) shows buffer zone areas have not been covered by natural vegetation such as shrubs, while the company has had SOP No. 10 about the identification and maintenance of buffer zone area since 1 August 2013.
- The results of field visits in Block 1993a, Tanjung Keliling Estate discovered water sources used by workers housing division II. Based on interviews with residents of the housing, it is stated that the water source is a spring and does not dry all year. The Company has not made maintenance and restoration of buffer zones in the area.
- The results of field visits in Kayu Raja River (Maryke Estate) showed that the riparian areas have been marked on the oil palm tree in form of paint, but it is not in accordance with SOP No. 10 about the identification and maintenance of water border area stating that the marking is done by giving a red paint or red marker if no oil palm tree and labeling is done alternately in oil palm tree.

- The results of the field visit in Lake of Tanjung Keliling Estate shows that the buffer zone border is 20 meters, it is not appropriate Regulation of the Minister of Public Works No. 63 of 1993

Nonconformity No. 2016.04 with major category.

4.4.3

The company has a license of the use of effluent in accordance with Langkat Regent Decree No. 660.3-09 / K / 2016 dated 16 August 2016. The company has been monitored the effluent quality periodically especially on its BOD. For period of June – November 2016, result of all parameter tested is complied with the applicable national regulation. Based on field visit in Block 2004A, Gohor Lama Estate shows that the effluent applied in the area which is mentioned in the license.

4.4.4.

The company has been monitored the water consumption for processing FFB. According to the document review, the water consumption for processing FFB during period of January to October 2016 comply with budget set. According to the field observation to Water Treatment Process installation, flowmeter processing FFB is functionate, water consumption is recorded regularly. The officers has been wear appropriate PPE, officers have been provided with housing complex, electricity, medical facility and earn decent salary based on government regulation

Major 4.4.2	Status: Closed
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4.5

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

4.5.1

The company has SOP and program of IPM conducted by the company. The stages of IPM cover the pest detection, census to identify the type of the species and pest population, pest control by using chemicals to handle the attack exceeding the threshold and biology culture in order to keep the ecosystem balance. According result of census was conducted by the company, there pest infestation above control threshold are bagworms. Control measures carried out by the company are with canopy spraying using pesticide with active ingredient cypermethrin.

Integrated pest management program was implemented by the company are monitored and evaluated every month. The evaluation is in the form of a Matrix of pest attack that describes the type of pest; attack average; analysis of the attack level to the threshold; conclusion to determine control techniques if needed.

4.5.2

There is a record of integrated pest management training for scope of PT LNK on 4 June 2016 in Gohor Lama Estate. The trainer was from IOPRI Medan (Indonesian Oil Paam Research Institute). The training was attended by census operators, supervisors, and field assistants. Based on interview with workers, for example workers confirmed that workers has understood on IPM aspect i.e.: methodology census, type of pests and diseases and management controlling.

Status: Comply

4.6

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

4.6.1

Based on documents verifications and observation to chemical storage has shown evidence that the used pesticides have received permission from the government. The company can show the justification of pesticide used base on active ingredients, type of weed or plants pest and disease found in the operational area.

4.6.2; 4.6.3

Pesticides used by the company have been properly recorded at estate on “costing book” that describes the use of pesticides, work items (spraying of circle, harvesting path, and stacking of sheath) the amount of usage, LD50 and the

number of applications per hectare. Based on the documents verification and information, warehouses cards, the use of pesticides by the company was conducted in accordance with the recommended dose, pesticide use based on the result of census of pest and disease. Documents verification and interviews with management it is known that pesticide used based on the result of census plant pest and disease (see criteria 4.5).

4.6.4; 4.6.8

The Development Director of PT LNK issued memorandum No. 361/DD/SE/VI/2016 that not to use paraquat in 2016. Regarding to pesticides that are categorized as WHO Class 1A or 1B, there is Social and Environment Policy that stated minimized and eliminated as part of a plan, and shall only be used in exceptional circumstances. Based on document review, there is no usage of paraquat or WHO Class 1A or 1B pesticides. Results of interviews and field visits it is known that PT LNK did not apply the pesticide spraying by air.

Based on documents verifications for the previously year (January – November 2016) there is no Brodifacum used for rat investigation treatment.

4.6.5, 4.6.7 dan 4.6.9

The results of field visits and interviews with workers in Gohor Lama Estate, Tanjung Keliling Estate and Bukit Lawang Estate known that the employees didn't understand about safe work practices. This was evidenced by the employee cannot demonstrate the correct way to work in accordance with the procedures including how use and handling the risks in accordance with material safety sheets. The sprayer also not using personal protective equipment in accordance with specified hazard identification and material safety data sheet (MSDS) such as mask, gloves, safety shoes, apron and googles. It has been raised as a **non-conformance in indicator 4.7.2; 4.7.3 and 4.8.1**. However, the company has been provide the facility for cleaning after work and storage space for keeping PPE, including facilities of mixing area, shower room and eye washer.

4.6.10

The mechanism of handling pesticides ex-container described in Sustainability SOP No. 16 on the management of hazardous waste and SOP No. 17 on Plantation Waste Management.

The entire pesticide ex-containers has been managed in ways that do not endanger health or the environment, such as recording in the balance sheet of hazardous waste and storage is done at the licensed scheduled waste storage, for example, the period of Dec 2016 in scheduled waste storage of Tj Keliling Estate recorded and stored ex-jerry cans as many as 25 pcs. Disposal was conducted in cooperation with a licensed collector (CV Amindi Barokah), for example:

- Official handover letter of hazardous waste from Tanjung Keliling Estate dated December 6, 2016, attached with the manifest
- Official handover letter of hazardous waste from LNK Stabat POM dated December 5, 2016, attached with the manifest

4.6.11

The company carries out health checks to all employees of the pesticide according to the list of existing pesticide operator. The medical examination includes examining spirometry and cholinesterase as an example of 28 July – 30 May 2016. From the results of the medical examination there are some employees who have health problems which were then followed by doctor recommendation such as use of PPE, relocation of work sites and further medical examination on 5 December 2016 with the results showed normal conditions.

Based on interview to the applicator of pesticide in Gohor Lama Estate, Tanjung Keliling Estate and Bukit Lawang Estate known that there is no indication of irritation, skin disease and itches due to pesticide exposure. The worker has been socialized related to result of medical check up.

4.6.12

The Company has a procedure which states that female workers in conditions of pregnant and breast-feeding prohibited from doing work related to chemicals. The company carries out monthly checks to ensure that employees who work with chemicals (spraying) is not in the condition of pregnancy. Workers who are in the condition of pregnant transferred to other work not related to chemicals and the results of field visits not found their pesticide worker in pregnant or breast-

feeding.

Status: Comply

4.7

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

Major 4.7.1

The Company has a policy of safety and health approved by the Group Plantation Director dated 7 November 2014. Health and Safety Plan 2016 has been prepared covering all operational activities are implemented and monitored such as health screening, occupational accidents, examination first aid box, fire extinguisher, etc. Companies held a monthly meeting to evaluate the health and safety plan and discuss safety issues. From interviews with employees during a field visit known that policy, occupational safety and health plans have been presented to employees.

Major 4.7.2

Identification of hazards and risk control have been made to operational activities mill and estate. Accidents that occur and the precautions attached to products taken into consideration in determining the risk control. However, based on the results of field visits found some risks that have not been identified, such as:

- Hazards at work harvesting in the area below the power cable
- Risk of pruning activities without supervision.
- Danger on the job of pest control using sipermetrin at canopy spray activities.
- Storage of medicines in the clinic.
- Net Installation activities of loading empty bunch.
- Activity of fertilizer unload from trailer in the field.
- waste management activities at the WWTP.
- Control of the risks in employees transport activities using the trailer / truck.

Some of field implementation is also not refer to the risk control such as the use of gloves on fertilizing activities, PPE on empty bunch application, glasses harvester and cables chipped in engine room. It became a **nonconformance NC 2016.05**

Major 4.7.3

All workers involved in the operations have been given training in safe work practices, including training for operators of heavy equipment, boiler and welder. Training for workers at high noise levels has conducted by giving socialization and briefing related to use of PPE such as earmuff or earplug. The workers also regularly audiometric health checked. Personal protective equipment provided by the company in accordance with the risk of his job as the application of pesticides, the operation of the machine and the process of harvesting.

However, based on the results of field observation and verification of documents found a nonconformities:

- PPE is not in accordance with the MSDS such as masks, gloves and apron on the activities of fertilizer and chemis (Gohor Lama, Tanjung Keliling and Bukit Lawang)
- There is no evidence of the fertilizer in Tanjung Keliling Estate and Gohor Lama Estate has been provided PPE (shoes) by the company. This is according to the results of field visits in the Tanjung Keliling Estate and Gohor Lama Estate at fertilization known that the company has not provided PPE shoes.
- There is no use of PPE monitoring in the field. It is based on the results of field visits in the Tanjung Keliling Estate found in fertilizers activities, harvest and spray some of the PPE is not used by workers.
- Based on the results of field visit in Tanjung Keliling Estate found pesticide containers use for clean water container and positioning of clean water container adjacent to the pesticide container.

It became a **nonconformance NC 2016.06**

Major 4.7.4

The company has the personnel responsible for health and safety with a membership consisting of representatives of management and employees involved. The meeting discussed the occupational safety and health carried out monthly and documented to address health, safety and welfare of employees.

Minor 4.7.5

The Company has procedures occupational accidents and emergencies include natural disasters, chemical spills, fires etc. From the results of field visits known that employees have understood the procedure. Occupational accidents periodically reviewed and taken into consideration in drawing up documents hazard identification and risk control and first aid officers have also been provided in the field along with first aid equipment. But the company has **Opportunity for Improvement (OFI)** to complete warning sign boards in locations which are potentially dangerous.

Minor 4.7.6 & Minor 4.7.7

The company has been providing medical care to workers by providing clinical facilities and enroll all employees in a workplace accident insurance program and health, this is consistent with the results of clinic visits and interviews with employees during a field visit. The company also monitoring the work accident with fatality rate analysis, incident rate, frequency rate and severity rate.

4.7.2	Status: Closed
4.7.3	Status: Closed
4.7.5	Status: Opportunity for Improvement

4.8

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

Major 4.8.1

The company has a training program covering all aspects of the RSPO principles and criteria. The training has been carried out including to contractors, but on field visit revealed that workers do not understand that training and the company could not show the evaluation of the effectiveness of the training that has been conducted such as:

- Understanding of first aid
- Understanding of PPE and occupational risks
- Understanding of RSPO
- Understanding of handling chemicals

It became a **nonconformance NC 2016.07**

Minor 4.8.2

The Company has documented record of training followed by workers in the personal files of employees. The document describes the date, type of training, reference and signature approval of the sustainability team.

4.8.1	Status: Closed
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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.

5.1.1

The company has environmental document for both the plantation (estate) and mill consist of:

- Environmental document in form of *Studi Evaluasi Lingkungan* (SEL) for oil palm plantation in Bekiun Estate dan Padang Brahrang Estate which approve by secretary general of the Agriculture Ministry on 5 May 1993.
- Environmental document in form of *Analisa Mengenai Dampak Lingkungan* (AMDAL) for oil palm plantation in Padang Brahrang Estate which approve by Langkat Regent on 9 November 2005.
- Environmental document in form of *Dokumen Evaluasi Lingkunga Hidup* (DELH) for oil palm plantation in Maryke Estate, Tanjung Keliling Estate, Bukit Lawang Estate, Gohor Lama Estate and Basilam Estate which approve by Head of Environmental Agency on 3 October 2011.
- Environmental document in form of *Upaya Pengelolaan Lingkungan dan Upaya Pemantauan Lingkungan* (UKL-UPL) for palm oil mill of PT Langkat Nusantara Kepong which approve by Head of Environmental Agency on 14 December 2011.

The document has been describing the potential impact by the company' operation include positive and negative impact. Based on stakeholder consultation known that PT LNK has had environmental document in accordance with national regulation.

5.1.2

The company has recorded the implementation of mitigation for manage the environmental impact which described in RKL-RPL report. Based on document review and field visit shows that the company has been implemented the mitigation to decrease negative impact and increase positive impact such as waste management, emission management, road maintenance, erosion management, etc. However, the company has not been able to shown the record of environmental management in accordance with the environmental documents (EIA) of Padang Brahrang Estate such as:

- Management of aquatic biota
- Management of security and public order
- Management of public perception
- Management of Public Health

Nonconformity No. 2016.08 with minor category.

5.1.3

The company has record of monitoring of environmental impact which described in RKL-RPL report. Based on document review, the management unit has monitor the environmental impact such as emission quality, effluent quality, water surface quality. However, the company has not been able to shown the record of monitoring in accordance with the environmental documents (EIA) such as:

- Erosion
- Employment opportunity
- Road damage
- Aquatic biota
- Work accident

Nonconformity No. 2016.09 with minor category.

The company has reported the RKL-RPL report periodically, every semester to Environmental Agency of Langkat District. The PIC for the implementation of the management and monitoring plan is sustainability officer in each unit.

Minor 5.1.2	Status:	
Minor 5.1.3	Nonconformity No. 2016.08 with minor category.	
	Nonconformity No. 2016.09 with minor category.	

5.2

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

5.2.1

The company has been conduct HCV identification in all operation area. HCV identification activities carried out by RSPO Approve Assessor on 2014. The identification has involve the community and government agency on 27 June 2014. Based on the result of HCV identification it is known that there are 5 type of HCV consist of HCV 1.2; 1.3; 1.4; 4.2 and 6 covering 154.58 Ha. The report has been reviewed by peer review which is ALS.

5.2.2

The company has had a management plan of HCV and RTE that identified in the operational area. Based on field visit in Tanjung Keliling Estate, Maryke Estate and Bukit Lawang estate the HCV management that have been conducted are install sign board, marking in some riparian, planting trees in riparian, patrol in HCV area which still have natural vegetation and monitoring the spesies in HCV area. The Management Plan which owned by the company is inadequate as:

- Location of management is not specific with the target and a clear time frame.
- Not explain the management of HCV set-aside

- The riparian area are set not refer SOP No. 10 and National Regulations
Nonconformity No. 2016.10 with major category.

5.2.3

The company has a policy on flora and fauna biodiversity protection in SOP No. 15 issued on 1 March 2016. The policy regulates the prohibition to capture the plant and animal and the sanction applied for disobeying the procedure. The company has record of HCV socialization to workers and communities. Based in interview with workers in estates and mill, they already known about the HCV area and protected species. It is also explain that, some poster of protected species has been install in operation area.

5.2.4

The company has conduct monitoring routinely once a month. Based on record of monitoring in Tanjung Keliling estate and Maryke Estate it is shows that RTE species still found in HCV area, for example based on HCV monitoring result during 2016, it still encountered the population of Asian small-clawed otter (*Aonyx cinereus*), River turtle (*Chelydra serpentina*), Asian leopard cats (*Felis bengalensis*), Black winged-kite (*Elanus caeruleus*). Field visit in HCV area Maryke Estate (Kayu Raja River and Kayu Raja Valley) shows that RTE species is still found like *Presbytis thomasi* and the valley is growth by natular vegetation.

5.2.5

The results of field visits in Tanjung Keliling Estate indicates that there is HCV set aside which is lake. The company could not show evidence of an agreement that reached with the local communities related to the protection of the HCV set-aside. **Nonconformity No. 2016.11 with minor category.**

Major 5.2.2	Status:	
Minor 5.2.5	Closed	
	Nonconformity No. 2016.11	

5.3

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

Major 5.3.1

The company has identified the sources of waste and pollution and it mitigation plans, inform the type of waste, waste resources, action, targets, responsible, status and reference. There are as many as 14 types of waste generated by plantation activities and as many as 18 types of waste generated by mill.

Major 5.3.2

The entire chemical waste and ex-container of pesticide/chemical has been managed a responsible way in accordance with applicable national regulations. The company has two licensed scheduled waste storage in LNK Stabat POM (Langkat Regent Decree No. 660-03/k/2014, June 30, 2014 which is valid for 5 years) and Tanjung Keliling Estate (Langkat Regent Decree No. 660-09/K/2014 dated June 30, 2014).

Sighted a decree of extention of hazardous waste retention period of PT LNK No.: 660-369/BLH-Sekr.II/2016 dated August 31, 2016 explaining that the handling and storage of hazardous waste performed in accordance with Regulation No: 101/2014.

The entire of hazardous waste is managed in cooperation with licensed collector issued by Governor of North Sumatra and transporting recommendation by Ministry of Transportation which is still valid, namely CV. Amindy Barokah. Can be shown the cooperation agreements with CV. Amindy Barokah as a collector, storing and transporting of the hazardous wastes with agreement No.: 0645/LNK/XI/2015. The validity period of the agreement will expire on November 2, 2016.

The company demonstrates the balance sheet of hazardous wastes that informs the type of entry waste, forms, date of entry, the source, the amount entry waste, maximum storage, discharge dates, discharge amount, the discharge purpose, document number, the residual stored and information. For example the period of December 2016 in Tj Keliling Estate stored used oil as much as 42 liters and ex-jerry cans as much as 25 pcs.

Delivery records to the licensed collector can be demonstrated, for example:

- Minute of handover of hazardous waste from Tanjung Keliling Estate dated December 6, 2016 types of used oil, jerry cans former, chemicals ex-containers, oil ex-containers, used filters, cloth rags, sand polluted, light bulbs former, ex-knapsack (sprayer), and infectious waste. Attached with hazardous waste manifest, eg no.: 0011026 types of used oil as much as 524 liters.
- Minute of handover of hazardous waste from LNK Stabat POM dated December 5, 2016 for type of used oil, used filters, contaminated packaging, infectious waste and light-bulbs former. Eg manifest number 0011021 of used oil as much as 907 liters and number 0011024 for used filter as much as 82 kg.

Minor 5.3.3

Disposal plan, waste management and pollution mitigation has been arranged in the company's SOPs, among others:

- SOP of hazardous waste management in the SOP No.: 16 revision 1 dated 1 August 2013
- Domestic waste management described in SOP No.: 42 dated 1 August 2013
- SOP No. 33 on disturbance stationary sources
- SOP No. 18 dated 1 June 2016 legalized by the Development Director on waste management and explaining the utilization of waste at the factory.

SOPs have been prepared with the principle of avoiding and reducing the pollution and disposal method that does not impact on fires.

Hazardous waste, stored in a hazardous waste scheduled storage and managed in cooperation with a licensed collector (CV Amindi Barokah).

Infectious waste, is managed by collecting in hazardous waste scheduled storage and handed over to authorized collectors along with other wastes.

Domestic waste, is managed by providing a container used sacks in the housing and disposed into the landfill with schedule 2 times a week, each division has had a landfill with a distance more of the 500 m from the housing.

Waste-water is managed in the WWTP and flowed into land application, has been fully described in the indicator 4.4.4.

Solid waste (fiber, shells and empty bunch), managed by re-using, eg fiber and shells for boiler fuel, empty bunch applied to field.

Emissions, the monitoring performed routinely every six months and report to relevant agencies.

Based on field observations and interviews with management representatives known that the company has not implemented the waste management plan effectively, for example:

- ✓ Found ex-jerry cans pesticide (leak) stored in mixing area of Gohor Lama Estate
- ✓ Found pesticide ex-containers in the trash of warehouse area of Bukit Lawang Estate
- ✓ Has not been able to show the evidence of contaminated fertilizer plastic management
- ✓ Observations on the housing of Gohor Lama Division III known that the management of domestic waste has not been conducted

See NCR No.: 2016.12 with Minor category.

Minor 5.3.3	Status: NCR No.: 2016.12
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5.4

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

5.4.1

The company has shown record of waste utilization in form of shells and fibers as boiler fuel, to reduce the use of fossil fuel in the generator. There is record of fossil fuel used per ton CPO, analysis on fossil fuel efficiency use and renewable energy utilization for boiler fuel in mill. The visit to mill shows that fiber and shell is being used as boiler fuel.

Status: Comply

5.5

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

5.5.1& 5.5.2

The Company has had procedures for replanting which describe land clearing / preparation of replanting process without burning. The results of the document review, public consultation and field visits at Gohor Lama Estate shows that replanting activities have been conducting mechanically.

	Status: Comply	
5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
5.6.1		
<p>To reduce pollution and emission, the company has identified the pollution sources and emissions and the measures management. In addition, the company also identifying GHG sources which are accompanied by the overcome plan. The source of pollution from mill operation such as the use of fossil fuel in generator, management of effluent in WWTP, etc.</p>		
5.6.2		
<p>The company has been doing an effort to reduce pollution through engine maintenance activities, management of effluent and waste utilization. The company also conducts periodic environmental monitoring includes surface water quality, generator emissions, boiler emissions, ambient air and noise. This monitoring was conducted to evaluate the management that has been done. Field observations in WWTP showed that there is no indication of leakage in WWTP and effluent has been utilized to the plantations.</p>		
5.6.3		
<p>GHG calculation performed every period in once a year by using the method of Palm GHG Calculator Version 2.1.1. The Company has demonstrated the results of GHG calculation in period of 2015 and the delivery evidence of GHG calculation results to the RSPO which are reported on 31 August 2016.</p>		
<p>Result of calculation shows:</p>		
<p>Total mill emissions: 10453.15 tCO₂e (0.05 tCO₂e/ton FFB)</p>		
<p>Total own crop emissions: 4382.57 tCO₂e (0.23 tCO₂e/ha) (0.02 tCO₂e/tFFB)</p>		
	Status: Comply	
PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills		
6.1		
Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.		
Major 6.1.1		
<p>The Company has conducted social impact assessments summarized in the company's environmental assessment document (AMDAL, SEL, DELH, RKL-RPL) and SIA document by Aksenta on 2016. In SIA document has explain about social impact from operational company for local community, employee, and stakeholder. In each segment discussed the impact receiver on the stages of the company, the risk of the past, the risk of current and future risks. In the study also discussed cultural and religious communities, public education, source of livelihoods and cultural studies society around after the company's operations. Risks associated with the communities around the company are categorized into cattle that crisscross the Estate , land occupation and theft of FFB. Evidence of the social impact assessment involving the community has provided</p>		
Major 6.1.2		
<p>SIA documented assessment process and the participation of affected communities and relevant government agencies provided in the annex to the report SIA. For example the attendance list of visits and interviews in the Gohor Lama Village, Setungkit Situngkit Village and POM on February 5, 2016. There is also a list of stakeholders who are involved in the preparation of the SIA and the list of communities around the affected village in the form of mailing lists. This is evidenced by the example interviews with the Minta Kasih village and hamlet Sukamulya tahun 26 in Tanjung Keliling Estate is known that the preparation of the document SIA has involved the village.</p>		

Major 6.1.3

The company has planned reduction of the social impact of KLK referring to the results of the study SIA to identify issues of internal and external but the company has not shown the management plan and monitoring social impacts include internal issues and external issues in the specific location where the issue is found, including the implementation schedule and the person in charge, for example:

- Issues related to livestock grazing in plantations
- the retired ex PTPN2 who still lives in the house and not get SHT.
- Land disputes
- Feasibility employee housing
- Theft of fruit
- replanting
- The use of the access road company
- Employment Opportunity

See NCR No.: 2016.13

Minor 6.1.4 dan Minor 6.1.5

SIA document was finalized in May 2016 and there has been no evaluation. While the management plan and environmental monitoring document refers to the environment has been conducted regularly every 6 months and reported to the environment agency (BLHD) at Langkat Regency. At the time of audit activities, the company does not have a Smallholder scheme with communities around the company.

Major 6.1.3	Status: Closed
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6.2

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

Major 6.2.1

Documents list stakeholders (stakeholders) updated on August 18, 2016, comprised of legal entities, organizations of workers, service providers / suppliers, government sub-district / village / local community, contractors and others (police chief and koramil Stabat). The document also inform the contact person / address and contact number. Communication and consultation mechanisms described in SOP No. 19 on consultation, communication and outreach with stakeholders and publication date August 1, 2013. The SOP socialization has been done to the surrounding community and other stakeholders on June 16, 2016 with the number of participants as many as 46 people.

The Company has conducted socialization and communication to the surrounding villages such as basilam village, kebun balok village, situngkit village, bukit lintang village , bingai village, padang brahrang village, padang cermin village, gunung tinggi village, minta kasih village, timbang jaya village , sampe raya village, perk bukit lawang village. Held 16 November - 6 December 2016. Based on the results of interviews with the village as village administrative Bingai, Sidomulyo, Mekar Jaya there are no objections to SOP socialized.

Minor 6.2.2

Based on SOP No. 19, explained that the Public Relations Manager is responsible for communication, consultation and outreach with the community. The company can demonstrate SK appointment No. 01 / PKWTT / LNK-HO / X / 2015 concerning the appointment of the appointment as Manager of Public Relations for work sites Langkat and description of duties and responsibilities to mention that the PIC is responsible relationships are interactive with the stakeholders of the company and is responsible for managing the land acquisition. Based on the results of interviews with the village Bingai, Sido Mulyo village and the village of Mekar Jaya has understood how to obtain information by means of submitting a letter through the unit manager and always responded to every request from village

Minor 6.2.3

Based on a document review on the complaints book provided by the company note that the mechanism to address grievances has been effective enough to ensure that complaints and grievances have been addressed / resolved effectively. Based on the results of the study document there is no complaint regarding the existence of the Estate PT

LNK but a request for assistance submitted to the company and have been addressed for instance request for assistance on the bukit lawang estate, there is a demand for assistance in the form of clean water on December 5th, 2016 and has responded on December 6th, 2016 agreed to be given clean water in villages bukit lawang.

Status: Comply

6.3

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

Major 6.3.1

Mechanism for submission of complaints, grievance and reports described in SOP No. 20 on procedures for the submission of complaints / grievances dated February 1, 2016. The estate manager / assistant / supervisor / union / gender committees, GM / Director in charge of receiving complaints, noting complaints and investigate complaints, SOP socialization has been done to the surrounding community and other stakeholders on June 16, 2016 with the number of participants as many as 46 people. In point 4 SOP 20 explained that the complaints to the anonymous cases (whistleblower) channeled through a suggestion box and will be recorded in the log book of complaints secret key suggestion box in each Estate will be held by GM / Director, opening the suggestion box is done twice a month. In the section of protection of employees against retaliation explained that the company guarantees the identity sipenguluh / fink / reporter. Estate manager / assistant / supervisor / union / gender committees, GM / Director in charge of receiving complaints, noting complaints and investigate complaints. In the SOP has been informed If a resolution can't be reached, then the complaint can be brought to the RSPO Complaints System.

Major 6.3.2

The company has provided a book / logbook to record any complaints and communication and consultation process both for external and internal. Log book inform the time of the complaint, the stakeholders (parties complain / report), complaint / request for assistance, feedback, signatures, realization, signature. Based on a review of documents on the complaint book example Gohor Lama Estate, Tanjung Keliling Estate, Bukit Lawang Estate dan PKS Gohor Lama is known that the company has responded well all complaints, requests for information and requests for assistance were submitted from stakeholders. The decisions have been recorded in the logbook section realization, all interested stakeholders can access at any time to see the outcome. In addition the report also delivered via direct supervisor (foreman / RT). Examples of complaints and complaints in Gohor Lama Estate for the period January - September 2016 request for information known dominated employee housing repairs. Responses housing repair requests have been addressed by identifying the needs of the employees housing renovation materials (21 units) and has filed a request for it materials by virtue of GLA / LNK / 251 / XI / 2016 to the president director of PT LNK in Tanjung Morawa.

Status: Comply

6.4

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

Major 6.4.1

Company SOP No. 27 on the acquisition of land for oil palm cultivation issued on August 1, 2013, stated that prior to planting carried out field surveys to identify land status (HL, HP, forest other uses), land residents / communities, spacious and bounds.

Minor 6.4.2

The Company has a procedure for calculating and distributing fair compensation described in SOP No. 27 on the acquisition of land for oil palm cultivation, revision 1 dated August 31, 2016. The mechanism of compensation calculations in section 7 explains after public documents show evidence of land ownership there will be a negotiation method FPIC. In SOP stated that negotiations consider the differences between transmigran and local communities as well as gender.

Major 6.4.3

Land managed by PT LNK legally under the ownership of PTPN II (Persero), is one of the Dutch colonial plantations were nationalized by the Law No. 86 of 1958 (Right Erpacht). Then the right erpacht converted to leasehold by the Basic Agrarian Law No. 5 1960. Here is a brief history of land acquisition PTPN II (Persero) region langkat:

- In 1958 by Law No. 86 of 1958 jo Government Regulation No. 19 In 1959 the concession area in the former nationalized.
- Then to accommodate plantation companies are in the nationalization of the Government shall establish the VAT Baru (New State Plantation Center).
- In 1968 the state company that manages the estate changed its name to the State Plantation Company (PNP)
- In 1976 the State Plantation Company changed its name to PT Perkebunan (PTP).
- For plantation companies in the region are managed by PTP II langkat

Based on identification of HCV in 2014 (report Aksenta) and environmental documents of the company mentioned that the whole area of PT LNK is right erpacht nationalized State is entitled to, there are no areas that are customary rights / indigenous peoples in the area.

Status: Comply

6.5

Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Major 6.5.1 & Major 6.5.2

A Company set wages based on sectoral minimum wages of Langkat (Governor Decree No. 188.44/48/KPTS/2016). The company has had a work agreement that agreed upon by the company and employees detailing payments and conditions of employment such as working hours, overtime, entitlements etc. The Work agreement made in bahasa and understood by employees. Based on the results of verification of salary payroll documents and interviews with employees during a field visit in known that wages is appropriate with regulations. Overtime payment has also been appropriate and no wage cuts.

Minor 6.5.3 & Minor 6.5.4

Based on the results of verification of documents and field visits known that the company has provided housing, planning home improvement and new home construction in stages. The company also provides clean water, health facilities, education and workers welfare such as a worship and sports facilities. Employees can also easily access the resource of decent food.

Status: Comply

6.6

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

Major 6.6.1 & Minor 6.6.2

The Company has a policy of association freedom to all workers. The policy has been disseminated to workers based on documentary evidence and interviews with workers. The workers have formed unions and hold periodic meetings are well-documented of internal union meetings or meetings with the company.

Status: Comply

6.7

Children are not employed or exploited.

Major 6.7.1

The Company has a mechanism for hiring No. KLKA/CP-HR/001 dated 18 April 2011, which describes the minimum age of recruitment is 18 (eighteen) years old. However, from the results of field observations in Gohor Lama Estate found that child labor was helping his parent do the work in the field, so in this case the company has not been able to show the control mechanism to ensure that no child labor. It became **nonconformance NC 2016.14**

Major 6.7.1
Status: Closed

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.

Major 6.8.1, Minor 6.8.2 & Minor 6.8.3

The Company has a policy of equal opportunity and treatment in employment established by managing director on 1 October 2011. Based on interviews with employees during a field visit known that the company gave the same treatment regardless of race, religion, race, nationality, gender, sexual orientation, union membership, political affiliation, or age, including for workers who come from the local community or female workers. The process of selection, recruitment and promotion are based on skill, ability, quality and health in accordance with the needs on the job.

Status: Comply	
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6.9

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

Major 6.9.1 & Major 6.9.2

The Company has policies and mechanisms to prevent sexual harassment and violence that have been disseminated to employees. The Company has established a gender committee to deal with issues of sexual harassment and women workers' rights. The Company also has a policy to protect the reproductive rights of women including the prohibition of work for pregnant or lactating mothers work using chemicals and provide breaks for working women who are menstruating.

Minor 6.9.3

The Company has a mechanism for complaints of sexual harassment that respects and protects the anonymity of the complainant. This mechanism was communicated to the employee, but from the results of field visits found that some of the employees have not been understanding related to the mechanism. It becomes **Opportunity for Improvement (OFI)**.

Status: Comply	
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6.10

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

Minor 6.10.1, Major 6.10.2, Minor 6.10.3, Minor 6.10.4

The Company did not purchase FFB from third parties.

The entire FFB processed in POM LNK Stabat derived from its own fields in the scope of certification (Gohor Lama Estate, Bekiun Estate, Basilam Estate, Tanjung Keliling Estate, Bukit Lawang Estate, Padang Brahrang Estate, and Maryke Estate) and outside of scope certification (Tanjung Beringin Estate). The Company did not receive and process the FFB from outsider.

Status: Comply	
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6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Minor 6.11.1

The Company has prepared the CSR programs based on the results of public consultation for period of 2016-2017. Provided the evidence of public consultation conducted in November and December 2016 in Situngkit Village, Bukit Lintang Village, Bingai Village. However, the preparation of the program not yet involve all relevant village. Based on interview with communities such as Sumber Mulyo Village, Mekar Jaya Village and Sido Mulyo village (Sukamulya 26 years) mentioned that have not been involved in preparation of CSR programs. Based on the explanation, a nonconformity has been issued. **See NCR no 2016.15**

Minor 6.11.2

The company do not have smallholder scheme

Minor 6.11.1	Status: NCR no 2016.15	
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6.12

No forms of forced or trafficked labour are used.

Major 6.12.1, Minor 6.12.2 & Major 6.12.3

The Company has a policy that states do not use trafficked labor illegally or forcibly. The provision refers to the recruitment, employment agreements in accordance with the rules and there is no contract substitution or migrant worker/temporary. At field visit is not identified substitution and labor contracts traded illegally or forced in any form and there are no migrant/temporary worker.

	Status: Comply	
6.13		
Growers and millers respect human rights		
Major 6.13.1		
The Company has a policy of respecting human rights established by the Chief Executive Officer dated 1 December 2014 that have been disseminated to employees and contractors. It is also recognized employees and contractors during an interview on the field.		
	Status: Comply	
PRINCIPLE #7 Responsible development of new plantings		
7.1		
A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.		
The planting have been conducted since 1979. Therefore, there was no new planting nor expansion after November 2005.		
Major 7.1.1		
The company carries out the conversion of rubber and cocoa plant to plant oil palm from 2009 and was completed in 2015. In connection with the conversion activities of the company has been undertaking environmental impact assessments summarized in the document Environmental Evaluation (DELH) for Maryke Estate, Tanjung Keliling, Bukit Lawang, Gohor Lama dan Basilam estate for conversion activities rubber and cocoa plantations into oil palm plantation PT LNK. The document was approved by Decree of the Head of the Environment Agency Langkat Nomor.660.1245 / SEKRE.II-BLH / Year 2011 dated October 3, 2011. Prior to the documents DELH each estate has had environmental assessment document.		
Social impact assessment related to the conversion activity studied in the document SIA carried out by consultants Aksenta conducted in 2016 by reviewing the social studies are summarized in the company's environmental document. The review discusses the social impact of the company's operations for the surrounding communities, for employees of the company and the stakeholders. In each segment discussed the impact receiver on the stages of the company, the risk of the past, the risk of current and future risks. In the study also discussed udaya and religious communities, public education, source of livelihoods and cultural studies society around after the company's operations. Risks associated with the communities around the company are categorized into the entry to the Estate area, land occupation and theft of FFB. Evidence of the social impact assessment involving the community has available.		
Minor 7.1.2		
Documents and environmental impact assessment study of social enterprise include the effects of positive and negative environmental and social. The Company has adopted the results of the impact assessment in the management plan perusahaan environmental and social impacts. Environmental management plan outlined in the document management and monitoring environment (RKL-RPL refer to 5.1.1) The management plan has been implemented and to report environmental management have been reported regularly to environmental agency (BLHD) Langkat.		
Minor 7.1.3		
The company not have smallholder scheme		
	Status: Comply	
7.2		
Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.		

The management unit has had maps of soil types distribution scale 1:75,000 which was composed by AARI (Applied Agricultural Resources Indonesia). This map describe about the information of soil classification, texture, depth, drainage, inhibitor factor, rocks, and conformance information for the development of palm tree plantation Based on the detail of soil map, the texture of soil at Gohor Lama Estate are dominant sandy clay with slope level 0-12° and there is peat area (42 Ha). In Tanjung Keliling Estate area the texture of Soil are Sandy Clay with slope level 0 – 6° and there is area with slope level 20°, and In Bukit Lawang Estate sandy clay with slope level 0 – 6° and there is area with slope level 25° and more than 25°.

The company has SOP 13 erosion control, related to management in slope area. Several management strategy are constructing terrace contour, conservation terrace, and individual terrace with silt pit and planting legume cover crop. result of field observation in block OP2016 Gohor Lama Estate area with slope is managing by terracing contours and hooves (individual terrace)

Status: Comply

7.3

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

7.3.1; 7.3.2; 7.3.3; 7.3.4 & 7.3.5

PT LNK does not make any expansion over its operation area after November 2005. Document's review, field visit and interview with management revealed that planting year in PT LNK consist of 1979 – 2015. The planting year of 2005 – 2016 was replanting. Kuala Lumpur Kepong Berhad as a group of PT LNK has sent Disclosure of Zero Liability to RSPO in July 2014.

Based on interview, stated that the first land preparation was conduct on 1916.

Status: Comply

7.4

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

The management unit has had maps of soil types distribution scale 1:75,000 which was composed by AARI (Applied Agricultural Resources Indonesia). This map describe about the information of soil classification, texture, depth, drainage, inhibitor factor, rocks, and conformance information for the development of palm tree plantation Based on the detail of soil map, the texture of soil at Gohor Lama Estate are dominant sandy clay with slope level 0-12° and there is peat area (42 Ha). In Tanjung Keliling Estate area the texture of Soil are Sandy Clay with slope level 0 – 6° and there is area with slope level 20°, and In Bukit Lawang Estate sandy clay with slope level 0 – 6° and there is area with slope level 25° and more than 25°.

As stated in soil map of Kebun Gohor Lama, there is a small portion of peat area totalling about 42 ha. The area is located in localized basin. Although the physical properties of individual survey points were peat but the landscape of surrounding the area is not typical peat land unit. The map shows that the peat soil (Oa) is surrounded that having rolling terrain (6° -12°) and with flat to undulating terrain (0° -6°). Soil depth stated in the map refers to effective soil depth for oil palm rooting activity whereby deep soil means the absence of parent material within rooting zone (up to 1.2m). With such condition, proper water management is generally not crucial although it is still necessary to drain low-lying area to avoid waterlog condition.

Status: Comply

7.5

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

The planting have been conducted since 1979. Therefore, there was no new planting nor expansion after November 2005.

7.5.1

Based on reports of social impact assessment (SIA) PT Langkat Nusantara Kepong on 30 January d- 9 February by unknown Aksenta there are areas that become customary rights. And based on interviews with at Bingai Village, Sumber Mulyo, Mekar Jaya village is located in the Gohor Lama Estate known that the presence of the Estate has been there all the time and there is no customary rights located within the concession area of PT LNK.

Based on identification of HCV in 2014 (report Aksenta) and environmental documents of the company mentioned that the whole area of PT LNK is right erphact nationalized State is entitled to, there are no areas that are customary rights / indigenous peoples in the area.

Status: Comply	
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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 planting have been conducted since 1979. Therefore, there was no new planting nor expansion after November 2005.

Land managed by PT LNK is legally under the ownership of PTPN II (Persero), is one of the Dutch colonial plantations were nationalized by the GOI on the basis of Law No. 86 of 1958 (Right Erpacht). Then the right erpahct converted to leasehold by the Basic Agrarian Law No. 5, 1960.

Status: Comply	
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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.

7.7.1 & 7.7.2

Based on documents review and field visits at Gohor Lama Estate, Tanjung Keliling Estate, Maryke Estate and Bukit Lawang Estate, it is known that the company did not expand of the operational area and there is no more land clearing activity. The Company has manage the area since 1916.

Status: Comply	
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7.8

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

7.8.1 & 7.8.2

Based on documents review and field visits at Gohor Lama Estate, Tanjung Keliling Estate, Maryke Estate and Bukit Lawang Estate, it is known that the company did not expand of the operational area and there is no more land clearing activity. The Company has manage the area since 1916.

Status: Comply	
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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 identified areas that will be applied the continuous improvement, conducted through internal audit, performed every three months, for example, internal audit conducted on 31 Oct 2016 reportedly as many as 24 nonconformities in the Region Stabat and 29 nonconformities identified in the Region of Binjai.

The company has been implement the continuous improvement, such as:

- The company does not use the freelance labor, all employees has been appoint into permanent labor (labor aspect)
- The company has been use barcode application system for harvesting activity (BMP aspect)

The company has had a continuous improvement program, however has not shown its implementation such as repairs/maintenance of employee housing. It also confirmed during field visits to housing, interviews with employees and residents of the housing in Gohor Lama Estate, Bukit Lawang Estate and Tanjung Keliling Estate **See NCR No: 2016.16 with MAJOR category.**

Major 8.1.1	Status: Closed
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3.2 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module E) CPO Mills - Mass Balance Requirements																
E.1	Definition																
E.1.1																	
Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.																	
The company has had a SOP for supply chain of RSPO and ISCC certification SOP No. 2 issued on January 1, 2016. In the SOP has been described related to documentation system of sustainable CPO and PK, the necessary documents, among others:																	
<ul style="list-style-type: none">- Records of daily FFB reception from internal and external- Records of CPO daily production that clarified as of sustainable- Records of monthly summary of all FFB receipts and records production- Records of the entire CPO shipment- Records of monthly residual aligned- Annual Summary- Retention record a maximum of 10 years.																	
LNK Stabat POM currently receiving and processing the FFB from its own supply base within scope and outside scope certification, it has been verified during the receiving process of FFB at security and weigh-bridge, also based on the verification of FFB documents reception. In this case the LNK Stabat POM will apply to the requirement of the supply chain with MODUL E (MB).																	
	Status: Comply																
E.2	Explanation																
E.2.1																	
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.																	
The certified product that can be produced by LNK Stabat POM has been recorded, as follows:																	
<table><tr><th rowspan="2">Name of Mill</th><th rowspan="2">FFB Processed (tonnes/year)</th><th colspan="2">CPO</th><th colspan="2">Palm Kernel</th></tr><tr><th>Out put (ton)</th><th>Extraction (%)</th><th>Out put (ton)</th><th>Extraction (%)</th></tr><tr><td>PKS Gohor Lama</td><td>221,604</td><td>55,401</td><td>25</td><td>11,080</td><td>5</td></tr></table>		Name of Mill	FFB Processed (tonnes/year)	CPO		Palm Kernel		Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)	PKS Gohor Lama	221,604	55,401	25	11,080	5
Name of Mill	FFB Processed (tonnes/year)			CPO		Palm Kernel											
		Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)												
PKS Gohor Lama	221,604	55,401	25	11,080	5												
The actual tonnage produced will be verified in next annual surveillance report, determined after the mill has been granted the certificate.																	
	Status: Comply																
E.2.2																	
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).																	
Currently LNK Stabat POM has not produced the certified products, however LNK Stabat POM has been registered on RSPO IT Platform:																	
Member name: PT Langkat Nusantara Kepong																	

Account UID : RSPO_AC1000005698 Member ID : RSPO_PO1000005803	
	Status: Comply
E.3	Documented procedures
E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: <ol style="list-style-type: none"> Complete and up to date procedures covering the implementation of all the elements in these requirements; The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard. 	
<p>In the SOP for supply chain of RSPO and ISCC certification SOP No. 2, in the section of management responsibilities described the key personnel responsible for implementing the requirements of SCCS, among others:</p> <ul style="list-style-type: none"> - Manager will ensure the implementation and compliance with this SOP on their respective territories. - Internal audit team responsible for maintaining compliance with the SOP - Marketing Division is responsible for validating the supplier, issued a contract, arrange shipment and make claims <p>Explained related with critical control point, namely:</p> <ul style="list-style-type: none"> - On receipt of FFB at security posts and stations weighbridge - During the production process and storage - tank construction - Sales and delivery of products to customers refinery. 	
	Status: Comply
E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	
<p>The company has had a SOP for supply chain of RSPO and ISCC certification SOP No. 2 issued on January 1, 2016. In the SOP has been described related to documentation system of sustainable CPO and PK, the necessary documents, among others:</p> <ul style="list-style-type: none"> - Records of daily FFB reception from internal and external - Records of CPO daily production that clarified as of sustainable - Records of monthly summary of all FFB receipts and records production - Records of the entire CPO shipment - Records of monthly residual aligned - Annual Summary - Retention record a maximum of 10 years. 	
	Status: Comply
E.4	Purchasing and goods in
E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.	
<p>Currently LNK Stabat POM has not produced the certified products thus this indicator will be verified during the ASA-1. Documenting and recording of FFB received done through documents FFB receipt such as letters of FFB delivery and weigh-bridge ticket. Provided also reports of FFB reception by estate in daily and monthly. Verification of the separation of recording between certified and non-certified will be conducted during ASA-1</p>	

	Status: Comply
E.4.2	
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	
Currently LNK Stabat POM has not produced the certified products thus this indicator will be verified during the ASA-1. However in the SOP of supply chain of RSPO and ISCC certification SOP No. 2 has been describes regarding to informing the excess of certified product to the CB.	
	Status: Comply
E.5	Record keeping
E.5.1	
a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)	
Currently LNK Stabat POM has not produced the certified products thus this indicator will be verified during the ASA-1.	
	Status: Comply
E.5.2	
In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	
Currently LNK Stabat POM has not produced the certified products thus this indicator will be verified during the ASA-1.	
	Status: Comply

3.3 Conformity Checklist of Certificate and Logo Use (*only apply for Surveillance Assessment Report*)

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

3.4 Summary of RSPO Partial Certification

Compliance of the uncertified management units of Kuala Lumpur Kepong Bhd against the rules for partial certification was determined through Self-Assessment in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below.

Kuala Lumpur Kepong Bhd Time Bound Plan is explained in point 1.10. Kuala Lumpur Kepong Bhd has informed the Time Bound Plan progress, MUTU has considered that Kuala Lumpur Kepong Bhd is complied with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by Kuala Lumpur Kepong Bhd on 2016.

MUTU has verified partial certification for un-certified unit's subsidiary of Kuala Lumpur Kepong Bhd based on their Time Bound Plan. There are five (5) uncertified mills and twentyone (21) uncertified estates of Kuala Lumpur Kepong Bhd. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

- There are no significant land conflicts which have not been declared above.
- The company has follow RSPO requirement related to New Planting Procedure and Remediation and Compensation Procedure.
- There are no labour disputes that are not being resolved through an agreed process.
- All plantations established since 2005 have been done so in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above.

2.2 Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
2.2.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Positive assurance statement provided, which does not include the new mill found in the revised time bound plan..
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	The company has conducted HCV assessment in January – February 2012 for all subsidiaries where the assessment report confirms that there was no replacement of primary forest or containing HCV. The new mills and newly acquired land are still under consultant preliminary report.
2.2.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	No new planting reported for existing units. However, the newly acquired lands will adhere to the NPP procedures when it is ready.
2.2.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	SIA conducted reported that there are land conflicts at some of the uncertified units and the company is handling through FPIC and grievance procedures.
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	None noted. No stakeholder comments or complaints received
2.2.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	None noted. No stakeholder comments or complaints received

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

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

NCR No.	: 2016.01	Issued by	: Sandra Purba
Issued Date	: 17 Dec 2016	Due date	: ASA-1
Grade	: Minor	Closing date	:
Ref. Standard & Requirement	: 2.1.4 A system for tracking any changes in the law shall be available and implemented		
Non-Conformance Description & Evidence observed (filled by auditor): The company has had a SOP No. 2 which describes renewal mechanism of applicable legislation and relevant, however the company has not been able to provide evidence that the SOP has been implemented effectively, for example, the following regulations has not yet included/updated in the list: - UU No. 18/2004 has not been replaced by UU No. 39/2014 - Permentan No. 39/2015 concerning on the registration of pesticides has not included in the list - PP 78/2015 on wages - Presidential Decree No. 28 of 2016 on the implementation of BPJS			
Root Cause Analysis (filled by organization audited):			
Corrective Action (filled by organization audited):			
Preventive Action (filled by organization audited):			
Assessor Evaluation and Conclusion (filled by auditor):			
Verified by	:		

NCR No.	: 2016.02	Issued by	: Sandra Purba
Date Issued	: 17 Dec 2016	Time Limit	: 16 Dec 2017
NC Grade	: Major	Date of Closing	:
Standard Ref. & Requirement	: 2.2.1 Documents showing legal ownership or lease, history of land tenure ownership/control, and the actual legal use of the land shall be available.		
Non-Conformance Description & Evidence observed (filled by auditor): Based on review on the hectare statement of the entire area in the scope of certification, known that the the total area is 17,435.62 ha, whereas land ownership documents (HGU) showed that the total area is an area of 17,343.33 ha. PT LNK has been submit the application for issuance of HGU to Provincial BPN through application letter No. 20/X/929/XI/2016 dated November 21, 2016 to the Head of BPN of North Sumatra Province, however the area of 92.29 ha not yet has the land ownership documents.			
Root Cause Analysis (filled by organization audited):			
In Tj Keliling Estate there is an area of 92.29 Ha which do not have ownership documents yet, it due to: It takes time to get a certificate of HGU is relatively long because it is the responsibility of PTPN-2 as the owner of the			

land so that the management of PT.LNK is very dependent on the process undertaken by PTPN-2 in processing the certificate.

The change of management in PTPN affects the processing time of the certificate.

HGU certificate handling procedures in related institutions have not been effective

The process of issuing HGU certificates requires cross-sectoral coordination and coordination that has not worked well.

Corrective Action *(filled by organization audited):*

- The management of PT.LNK together with PTPN-2 has taken the procedure of obtaining the HGU certificate
- Certificate of HGU has been issued and the company has owned land rights of 92,29 Ha in Tj.Keliling

Preventive Action *(filled by organization audited):*

- Appoint one officer in charge of checking / monitoring all Reports and Permits that must be owned by the company, the expiry and time of renewal
- Create checklist boards of report and permits fulfillment in the estates and mill office
- The extension of the concession done 2-3 years before the concession expires.

Assessor Evaluation and Conclusion *(filled by auditor):*

Verification on 23 May 2017,

It has been shown a checklist of licensing of PT LNK, document of land checking by Committee-B, National Land Agency North Sumatra Province and decree of licensing and reporting Officer No.: 493.B / Dir.SDM / LNK / IX / 2016 dated September 16, 2016.

However, there has been no explanation of the difference between its hectareage which in the NCR is 92.29 Ha (according to the company statement areas) and the minutes of committee-B documents only 91.171 hectares. And have not shown the complete document with the date and letter number and also the field map issued by BPN.

Verification on 3 July 2017,

It has been shown the evidence of corrective actio in the form of:

Decree of National Land Region Head of North Sumatra Province No. 1 / HGU / BPN.12 / VI / 2017 dated June 21, 2017 on the granting of HGU on behalf of PTPN II covering 91,171 Ha

Explanation of differences area which previous on process area is 92.80 Ha and stated in the decree is 91,171 Ha, difference caused by difference of measurement (measuring instrument)

Verification on 13 July 2017,

Based on field verification, the company has shown a document in the form of map plot (No. 19/2016) scale of 1: 10,000 issued by the National Land Agency (BPN) of northern Sumatra and decree of National Land Agency Regional Head North Sumatra Provincial No 1 / HGU / BPN.12 / VI / 2017 dated June 21, 2017 on the granting of HGU on behalf of PTPN II covering 91,171 Ha.

Available proposal document of issuance of HGU certificate from PTPN II to National Land Agency district of Langkat dated July 12, 2017. The letter is a follow up to the regional head decree which requires the company to register the request for issuance of HGU certificate.

Based on this, the non-conformity concluded close with observation. The document of HGU certificate will be verified at the next audit visit.

Verified by : **Sandra**

NCR No.	:	2016.03	Issued by	:	Moh. Arif Yusni
Date Issued	:	17 December 2016	Time Limit	:	ASA-1
NC Grade	:	Minor	Date of Closing	:	
Standard Ref. & Requirement	:	4.1.3 Records of monitoring and any follow-up actions shall be available.			
Non-Conformance Description & Evidence observed (filled by auditor):					
The company could not show the results of monitoring and evaluation related to the performance of contractors in accordance with the labor agreement. For example PT Betani langkat Palm (distribution of empty bunch)					
Root Cause Analysis (filled by organization audited):					
Corrective Action (filled by organization audited):					
Preventive Action (filled by organization audited):					
Assessor Evaluation and Conclusion (filled by auditor):					
Verified by	:				

NCR No.	: 2016.04	Issued by	: Ardiansyah
Date Issued	: 17 December 2016	Time Limit	: 16 December 2017
NC Grade	: Major	Date of Closing	: 13 July 2017
Standard Ref. & Requirement	4.4.2 Protection of water courses and wetlands, including securing and maintaining appropriate riparian and other buffer zones, at the time of or prior to replanting shall be demonstrated		
Non-Conformance Description & Evidence observed (filled by auditor): The company could not show evidence of maintenance and restoration of the river banks and the buffer zone, such as: <ul style="list-style-type: none">The results of field visits in riparian of Bendo River (Tanjung Keliling Estate) and Tenang river (Bukit Lawang Estate) shows that riparian areas that have not been covered by natural vegetation such as shrubs, whereas the company has had SOP No. 10 about the identification and maintenance of water border area since August 1, 2013.The results of field visits in Block 1993A, Tanjung Keliling Estate discovered water sources used by workers in housing Division II. Based on interviews with residents, mentioned that the water source is a spring and does not dry all year, the Company has not carried the maintenance and restoration of buffer zones in that area.Not yet carried marking of riparian areas in accordance with SOP No. 10 about the identification and maintenance of border areas of water body, for example, based on field visit in Kayu Raja river and Pondok River 16 in Maryke EstateThe results of the field visit in the Lake of Tanjung Keliling Estate shows that border of protected area is 20 meters, it is not in-accordance with regulation (Peraturan Menteri Pekerjaan Umum No. 63 tahun 1993)			
Root Cause Analysis (filled by organization audited): <ol style="list-style-type: none">The results of identification of water sources was unclear and not all water sources which utilized have been identified.Boundary markers on the buffer zone of river have been made but not yet completely follow the river channel. In addition,			

that markings that have done once-year has been faded.

3. For water springs, buffer zones have not existed because in the initial HCV assessment for springs have not been identified and entered into HCV areas.
4. The understanding of estate officers on the protection of water and wetland areas is inadequate

Corrective Action *(filled by organization audited):*

1. Re-identification of all available water sources including those not identified at the time of the HCV assessment and establishing its management and monitoring plan.
2. Marking the boundaries of buffer zone of river, lake and spring water by painting palm trees or install red bamboo stamp in left-right of buffer zone according to SOP No. 10 and regulation.
3. For a spring water source in the 2nd Division of Tanjung Keliling is included as the HCV area and set the buffer zone as width as 0.3 Ha with marking by using red painting in palm trees.
4. Conducting training and socialization to HCV officers and workers

Preventive Action *(filled by organization audited):*

1. Conduct continuous socialization and training to all workers, especially spray workers and manuring workers related to boundary mark of buffer zone. For spray workers and manuring workers socialization will be held three times to ensure that they really know about any forbidden area that should not be sprayed or fertilized
2. Installat the signboar " *Dilarang Menyemprot*" and "*Dilarang Memupuk*" on the location that easy to read and isolated area at watershed to remind workers and communities about managing of buffer zone.
3. Conduct a monitoring in buffer zone every month to ensure that prohibition are obeyed
4. Conduct water quality testing by sampling on water sources that are identified regularly / priodically

Assessor Evaluation and Conclusion *(filled by auditor):*

6 February 2017

The management unit has shown evidence of corrective action:

- Water resource management plan that describes the location of water sources, management activities, PIC, target / status and regulatory reference
- Result of water resource inventory in each estate and mill, and location map of water source
- Records of socialization of conservation areas to spray workers and manuring workers at Tanjung Keliling estate on 10 January 2017, which was attended by 29 people, but there is **no record of socialization to workers in other estates**.
- Records of socialization of conservation areas to communities (Naman Jahe Village, Tahun 26 Village) on 11 January 2017.
- Documentation of markings and conditions on riparian at Maryke Estate (Kayu Raja River, Wampu River) and at Tanjung Keliling Estate (Glondong River). The border area has been marked with a red marker (stakes or on the palm tree) and the riparian conditions are already starting to Scrubby.
- Monitoring record on the riparian areas conducted every month. The record shown is the checklists at Bukit Lawang Estate (Penceng River, Tenang River and Gerpang River) and Bekiun Estate (Penjara River). Based on the record it is known that riparian are in good condition where border areas are overgrown with grass / shrubs and there are no idication

of spraying / fertilizing. **No record of checks for riparian and / or water sources in other estates.**

- Water quality test results in December 2016 in well (TPA Padang Brahrang, TPA Bekiun Div 3, TPA Bekiun Div 4, TPA Tanjung Keliling, TPA Maryke, TPA Bukit Lawang, TPA Gohor Lama, TPA Basilam Div 3, Stabat POM, Employee Housing at Tanjung Keliling, Basilam Employee Housing), rivers (Prisons River, Gerpang River, Durhaka River, Basilam River) and monitoring wells on effluent application (No. 1 and No. 2).

The management unit needs to re-examine the root cause and the preventive action against non-conformity finding. In addition, the management unit should complete the socialization record and monitoring record of the riparian for other estate. Based on the improvements submitted, **Nonconformity No. 2016.04 is open.**

3 March 2017

- The management unit has shown evidence of socialization of prohibition of fertilizing and spraying on riparian areas at Basilam Estate, Bekiun Estate and Maryke Estate on December 2016, January 2017 and February 2017. **No record of socialization for Bukit Lawang Estate that was made after the RSPO ST-2 audit process was conducted.**
- The management unit has demonstrated monitoring record of riparian areas at Tanjung Keliling Estate that implemented before the ST-2 audit process is conducted. **The management unit has not yet shown the monitoring records at Tanjung Keliling Estate, Maryke Estate and Basilam Estate that conducted after the RSPO ST-2 audit process was conducted.**

Based on the improvements submitted, **Nonconformity No. 2016.04 is open.**

3 April 2017

- The management unit has demonstrated the training record of SOP No. 10 (Riparian Area) and SOP No. 3 (Chemicals / PPE) conducted on 25 March 2017 at Division I of Bukit Lawang Estate. This activity was followed by 31 people (fertilizer foreman, chemist foreman, manuring worker, spary worker).
- The management unit has demonstrated monitoring record of riparian areas at Tanjung Keliling Estate (Bendo River, Glondang River, Kiung River) on January 2017. **The management unit has not yet shown the monitoring records at Maryke Estate and Basilam Estate that conducted after the RSPO ST-2 audit process was conducted.**

Based on the improvements submitted, **Nonconformity No. 2016.04 is open.**

6 April 2017

The management unit has demonstrated monitoring record of riparian areas at Maryke Estate (Kayu Raja River, POR River, Luu River, Titi Gundul River, Pondok 16 River and Wampu River) on January 2017. **The management unit has not yet shown the monitoring records at Basilam Estate that conducted after the RSPO ST-2 audit process was conducted.** Based on the improvements submitted, **Nonconformity No. 2016.04 is open.**

11 April 2017

The management unit has demonstrated monitoring record of riparian areas at Basilam Estate (Durhaka River, Buluh Kecil River,) on April 2017. Corrective action has been approved and need to be verified in the field to ensure the implementation.

13 July 2017 (field major verification)

Based on field visits to buffer zone in water courses in Tanjung Keliling Estate and Bukit Lawang Estate it is known that the company has made warning signboard in the riparian area such as Bendo River in Block 2007A, Penceng River in block 1995B and the spring water in block 1993A. In addition, there are markings using red pole and red paint on the oil palm tree as the boundary of the riparian area.

The company shows the HCV monitoring document in the form of checklist of riparian areas in lake and swamp. In the

record, there is information on the implementation date, monitored HCV area, inspection result (spraying, fertilization, signages, and water pollution), inspection of signature and HCV location (block). Available record for 5 January 5, 7 February, 9 March, 4 April, 6 May, and 7 June 2017. From the results of monitoring can be concluded that the activities in HCV area no poisoning activities, no fertilization and no water pollution.

Based on the corrective action evidence of major nonconformity both of documentation and implemetation on field, concluded that the NCR can be closed with observation. The effectiveness and consistency of corrective and preventive actions will be seen on surveillance audit.

Verified by	:	Ardiansyah
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NCR No.	:	2016.05	Issued by	:	Leonada
Date Issued	:	17 December 2016	Time Limit	:	16 December 2017
NC Grade	:	Major	Date of Closing	:	13 Juli 2017
Standard Ref. & Requirement	:	4.7.2 A documented risk assessment shall be available and its implementation shall be recorded.			
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on a documents review on hazard identification and risk control (HIRA) document as well as the field visit results, there is a potential hazard and risk control that have not been identified as: <ul style="list-style-type: none">• Hazards of harvesting activities under the electricity wires.• Risk of pruning activities without supervision• Hazards of the pest control using sipermetrin at the time of canopy spraying activities• Storage of medicines in the clinic.• Laying on of nets when loading of empty bunch in mill• Un-loading of fertilizer when the application in the field• Waste management activities in WWTP• Control of the risks on employee transport using the trailer/truck <p>It is also found several risk control implementations in the field which do not refer to the risk control have been determined such as the use of cloth gloves on the fertilization and spraying, transport of employees, PPE of empty bunch applications, safety goggles of harvesting, cables chipped in the pumps engine room etc</p>					
Root Cause Analysis <i>(filled by organization audited):</i> <ul style="list-style-type: none">• Identification of incomplete hazard sources encompasses all possible hazard sources so that they can not be established• Lack of understanding of hazard sources so that controls can not be made					
Corrective Action <i>(filled by organization audited):</i> <ul style="list-style-type: none">• Identification of hazard sources by asking the opinion of relevant officers and conducting field officer direct interviews (harvest, spray, fertilizer, loader, clinic officer, etc.). Subsequent action plans are prepared according to identified hazard sources.• Make a list of PPE for various activities in the Estate and factory					
Preventive Action <i>(filled by organization audited):</i> Discussion on hazardous sources in OHS meetings					

Assessor Evaluation and Conclusion *(filled by auditor):*
Verification 28 February 2017

The Company shows evidence of the following improvements:

- HIRARC Document Hazard Identification, Risk Analysis and Risk Control for the Estate and POM period 2016/2017
- List of personal protective equipment (PPE) on various activities in the Estate Updated December 22, 2016
- PPE data collection form by type of work and number of workers per Estate
- List of present understanding of RSPO understanding on December 23, 2016 in Gohor Lama estate attended by 42 employees
- List of present socialization function and contents of First Aid Box example date 21 December 2016 in Gohor Lama Estate attended 42 employees
- List of HIRAC socialization examples dated December 24, 2016 in the Gohor Lama Estate attended by 24 employees

Verification 16 March 2017

The Company shows evidence of the following improvements:

- Distribution list of PPE 2016 for all Estate units and POM of PT. LNK
- Socialization of identification of hazard sources and use of PPE, discipline of use of PPE and sanction of violation on 29 December 2016 in Maryke Estate followed by 56 people
- HIRAC Training December 8, 2016, followed by 60 people

Verification 22 March 2017

The Company shows HIRAC revision December 22, 2016 with the following additions

1. HIRAC Estate Spraying poison (No. 2 on Process / location: Seed treatment) and (No. 1 on Process / location: Care of immature plants). Sources of hazards Direction of Wind Dirt at the time of Pest Control on Canopy of Saplings Palm Trees. Risk control is done such as:
 - use PPE glasses, masks, rubber gloves, aprons, shoes
 - Spray in the direction of the wind
 - Clothes wear (long sleeves and trousers).
 - Bring clean water used for hand washing and emergencies
 - Bringing the first aid box
 - Conducting technical training for spray officers
2. HIRAC Estate Transporting / delivering workers using trailer / truck (No. 4 on Process / location: upkeep of immature crops) and (No. 3 on Process / location: Plant care yield). In the activities of transporting / delivering workers using a trailer / tractor, identified there is a source of danger:
 - Vehicles not treated: accident risk
 - Workers climbing trucks: risk of slipping / falling
 - Excess passenger: reverse vehicle risk
 - Workers stand on the drawbar: the risk of slipping and crashing
 - Workers sitting on mud guard tractor: crushed tractor
3. HIRAC Estate Unsupervised pruning work (Number 9 on Process / location: Immature plant upkeep)
 Identification of hazard sources: workers injuries / work accidents unnoticed by the foreman in the field. Precautions: provide guidance before work, regular monitoring and foreman carrying first aid kit, prohibition of unattended pruning. Risk mitigation measures: training etc.

4. HIRAC EFB Composting (Number 8 on Process / location: Plant care produces).
In these activities also identified the source of danger EFB Scattered. Control that has been done is the installation of nets.
5. HIRAC Estate Number 1 Handling of patient (on Process / location: Clinic).
In these activities there is a dangerous source of drug poisoning so that has been done by keeping the drug control in a special place. Measures to reduce the risk of ensuring storage in accordance with work instructions, making work instructions storage of drugs and provide training to officers.
6. HIRAC POM Activity to preserve the environment and state of the WWTP pond (Number 1 on Process / location: WWTP)
Identified hazards splashed ponds. Control is done to isolate the trenches and fences around. Action reduces risk by installing signs.
7. HIRAC Estate Number 3 Send fertilizer to area (on Process / location: Storage of fertilizer)
In the activity of sending fertilizer to identified areas of danger:
 - Exposure to chemicals
 - Overload
 - Workers sitting / standing on fertilizer sacks
 - Ergonomics
8. HIRAC Estate Number 3 Cuts FFB and No. 5 harvest FFB (at Process / location: Harvesting FFB)
In the activity of cutting the FFB, it was identified that there was a source of danger of being electrocuted due to power lines close to the palm staple. The corrective action that has been taken is to use rubber gloves then the action to reduce the risk is to avoid paying the stem near the power pole, not to do new planting in the area of electrical poles, conduct safety briefing and installation of signs.

Verification 14 May 2017

Revision of HIRAC dated 5 May 2017

1. **Penambahan dalam HIRAC Kebun Penyemprotan racun No. 1 Pada Pemeliharaan Tanaman Menghasilkan.**
Addition in HIRAC Estate No.1 Toxic Spraying On Productive Plant Maintenance. Sources of hazards Direction of Wind Dirt at the time of Pest Control on Canopy of Saplings Palm Trees. Risk control is carried out using the PPE glasses, masks, rubber gloves, shabo (face cover), shoes and apron that almost cover the arm. This is to anticipate if the wind direction is unstable.

Field Observation 12 July 2017

In the company's canopy pest control has provided different PPE with pest control for spray cycle. Additional PPE in the form of shabo and respirator mask which amounted to 4 pieces. At the time of field verification, no firm applied pest control on palm tree bark canopy. The company shows the difference of PPE used by the worker for spray cycle activity with pest control for tree bark canopies.



PPE for canopies spraying

2. Addition in HIRAC Estate Transporting / delivering workers using trailer / truck (Number 4 on Process / location: Care of immature crops) and (No. 3 on Process / location: Plant care yield).

Risk management performed:

- Tub height of at least 1 meter for the handle
- Create a special ladder to board a truck
- Make a ban standing on the drawbar
- Prohibit workers sitting on mud guard

Field Observation 12 July 2017

Based on site visits, the company has made improvements with truck modifications for the addition of high tubs, special ladders, warning / ban sitting in mudguards and stands on the drawbar as well as making ladders for climbing into trailers / trucks.

3. Addition in HIRAC EFB Composting (Number 8 on Process / location: Plant care yield).
In these activities also identified the source of danger EFB scattered. Control that has been done is the installation of nets. Install the nets by climbing stairs and using PPE shoes and helmets

Field Observation 12 July 2017

Based on the field visit, the company showed the document in the form of photo of truck carrying tankos which is equipped with safety net. During a visit to the mill, the auditor also noticed a truck carrying EFB already equipped with a safety net



EFB truck with net

4. HIRAC Estate Number 1 Handling of patients (on Process / location: Clinic)

In these activities there is a dangerous source of drug poisoning so that has been done by keeping the drug control in a special place. Measures to reduce the risk of ensuring storage in accordance with work instructions, making work instructions storage of drugs and provide training to officers

Field Observation 12 July 2017

Based on the results of field verification, the company indicated the Working Procedure of Drug Storage Procedures in the Chamber of Medicine made by the company doctor. The works instructions explains:

- Keep drugs away from children
- Store the medicine in its original packaging in a sealed container
- Do not mix the medicine in one container
- Keep medicine cool and away from the sun
- Do not store liquid medicine in the refrigerator unless specified on the drug package
- Avoid drugs in liquid form to frozen
- Arrange medicine based on: dosage form, therapy class, FIFO method
- Do not store expired drugs
- Do not uses drugs with a form of broken packaging
- Drugs stored in refrigerators are insulin, vaccines, suppositorides, or other drugs with ethical requirement

The works instructions has been socialized to the company's clinics where the socialization is delivered by a company doctor. Available recording of works instructions socialization as follows:

- List of present socialization at Tanjung Keliling Polyclinic on December 19, 2016 followed by 7 participants
- List of present socialization at Bukit Lawang clinic on 21 December 2016 followed by 2 participants
- List of present socialization at Gohor Lama Polyclinic on December 20, 2016 followed by 8 participants

5. HIRAC POM Activity to preserve the environment and the state of WWTP pond (Number 1 on Process / location: WWTP)

Identified hazards splashed ponds. Control is done to isolate the trenches and fences around. Action reduces risk by installing signs

Field Observation 12 July 2017

Based on the results of field visits in WWTP ponds it was found that the company had installed signs or warning, WWTP insulation by making a surrounding trench

6. HIRAC Estate Number 3 Cuts FFB and No. 5 harvest FFB (at Process / location: Harvesting FFB).

In the activity of cutting the FFB, it was identified that there was a source of danger of being electrocuted due to power lines close to the palm staple. The corrective action that has been taken is to use rubber gloves then the action to reduce the risk is to avoid paying the stem near the power pole, not to do new planting in the area of electrical poles, conduct safety briefing and installation of signs.

Field Observation 13 July 2017

Tanjung Keliling. Based on visits to harvest workers in the 1993A block 3rd division of capes it is known that workers have been equipped with rubber gloves. There is also a warning / ban placed in the harvest area that is at risk of exposure to electrical hazards.

The company shows documentation in the form of:

a. Records of harvesting signs near power lines

No	Division	Planted year	Blok	signs
1	II	1993	A	7

2	II	1994	A	5
3	II	2011	N	3
Total				15

b. Evidence of PPE handover. The company shows the PPE Estate expenditure documents for rubber gloves on behalf

1. Suhendrik 29 May 2017
2. Suwardi 9 June 2017
3. Suwono 9 June 2017
4. Syawaludin Siregar 9 June 2017
5. Sudarmanto 9 June 2017
6. Hendro Bismoko 29 May 2017

Gohor lama. Based on a visit to the harvest workers in the 1st Division office of Gohor Lama it was found out that the workers had been equipped with rubber gloves. There is also a warning / ban placed in the harvest area that is at risk of an electrical hazard, for example in block 2004B.

Evidence of PPE handover. The company shows the PPE estate expenditure documents for rubber gloves on behalf

1. Toni harmadi 26 June 2017
2. Suherman 20 June 2017
3. Rinto wijaya 20 June 2017
4. Muslimin 20 June 2017
5. Kasdi 20 June 2017
6. Jumino 20 June 2017
7. Irwan 20 June 2017
8. Budi Alamsyah 20 June 2017

Bukit Lawang. Based on visits to harvest workers in block 2 year planting 1998 it is known that workers have been equipped with rubber gloves. There are also warning / ban on the harvest area that is at risk of exposure to electrical hazards, for example on the roadside yany there is a power cable.

Evidence of PPE handover. The company shows the PPE estate expenditure documents for rubber gloves on behalf

1. Frenky S limbong 6 Juli 2017
2. Setyo prayetno 6 July 2017
3. Tumiran 6 July 2017
4. Sudyanto 6 July 2017
5. Jumadi 6 July 2017
6. Rian Azhari 6 July 2017
7. Miswanto 6 July 2017
8. Bambang harahap 6 July 2017

Conclusion:

Based on field verification results, document review and interviews with workers and employees, evidence of improvement and prevention has been accepted. As a result, non compliance can be closed with a note (CLOSED WITH OBSERVATION). The effectiveness and consistency of corrective and preventive actions undertaken by the company shall be seen at subsequent audit visits.

Diverifikasi oleh : Leonada & Mahmud Firdaus

NCR No.	: 2016.06	Issued by	: Leonada
Date Issued	: 17 December 2016	Time Limit	: 16 December 2017
NC Grade	: Major	Date of Closing	: 13 July 2017
Standard Ref. & Requirement	: 4.7.3 Records of Occupational Health and Safety (OHS) program (see 4.8) and Personal Protective Equipment (PPE) training in accordance with the result of hazard identification and risk analysis shall be available to all workers.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the field observation and verification of documents found the nonconformity, such as: <ul style="list-style-type: none">• PPE is not in accordance with the MSDS recommendation such as masks, gloves and apron on fertilizer and spraying activities• There is no evidence for the provision of PPE types of safety shoes in Tanjung Keliling Estate.• There is no monitoring of PPE use in the field. It is based on field visits in the Tanjung Keliling Estate, found on fertilization, harvesting and spraying activities some of the PPE is not used by workers.• Based on a field visit in Tanjung Keliling Estate found the use of pesticide ex-containers for water clean and placed adjacent to the mixed-agrochemical jerry cans.			
Root Cause Analysis <i>(filled by organization audited):</i> The causes of inconsistency in applying the assessment results, risk assessment and risk prevention that are characterized by inappropriate PPE management are: <ol style="list-style-type: none">1. The monthly or internal audit has not been focused on the application of safety related principles such as the use of PPE, the use of hazardous waste container for clean water, the placement of the jerry cans and others2. Doubt from some of the Estate Management in fulfilling the needs of PPE for prospective employees who are still in experimental stage. (Finding incomplete use of PPE occurs in experimental employees)3. Data collection on the need, type and amount of PPE required by the type of work on each Estate has not been effectively done.4. Monitoring of use and PPE violations to workers has not been effective5. PPE receipts are not administratively accurate6. Socialization related to the implementation of HIRARC on chemicals officers (Pests, herbicides and fertilizers) has not gone well.7. The compilation of HIRARC documents has not yet all covered the study of potential hazards that may arise in particular occupations. The above is caused by the lack of a written affirmation from the management of the company to manage the use of PPE for its discipline of use, usage documentation or focus in terms of field review or inspection every month to be done by Team / Sustainability Coordinator in each Estate.			
Corrective Action <i>(filled by organization audited):</i> To improve the findings of nonconformities above, the company has done: <ol style="list-style-type: none">1. Make a circular and reassignment to all managers to meet the obligations of the company to its employees, especially concerning the provision of PPE both to new employees (trainees) and old employees2. Creating a data collection of PPE needs per type of work, number and type in all units and in accordance with HIRARC and MSDS3. Provide the appropriate PPE for all employees according to the type of work4. Replacing PPE Shoes that already held by employees with PPE Shoes from the Company and made the Minutes of			

Delivery

5. Monitored the use of PPE during master morning and monthly sustainability team inspection through form Monitoring of Violation of Use of PPE
6. Draw all the toxic jerry cans used as a water container and replace it with fresh water jugs and make the News Story. The amount of jerry cans available at the job of Sprayer and Fertilizer is adjusted to the amount of labor
7. Conduct safety socialization / training, PPE training and chemistry training to related employees / officers based on HIRARC results.

Preventive Action *(filled by organization audited):*

- Installing PPE disciplinary warning signs in strategic places to be easily understood by the workers
- At safety meetings every month discussed of the use of PPE and monitoring of Work Accidents be the main agenda
- Conducting socialization and training to Warehouse Officer, hazardous waste Manager, Employee of Sprayer and Fertilizer
- Conducting Monitoring / inspection every month specifically matters related to PPE and monitoring in the field during morning muster
- Recording and arranging the use of Pesticide Containers in accordance with its provisions to prevent misuse of pesticide packaging, as well as monitoring when field inspection is carried out

Assessor Evaluation and Conclusion *(filled by auditor):*

Verification 22 March 2017

The Company shows evidence of improvements as follows

1. Letter no. 073.A / Presdir / SE / II / 2017 dated 13 February 2017 on the management and discipline of personal protective equipment. The letter describes the types of PPE that must be provided to all employees, field monitoring mechanisms etc.
2. PPE rearrangement form as of December 22, 2016
3. List of PPE distribution 25th February 2017
4. Example of PPE spray acceptance for spray foreman on 13 December 2016
5. Socialization of PPE on 12 May 2016
6. List of PPE for Estate
7. Records of infringement of PPE in the field dated January 25, 2017
8. withdrawal of used pesticide packaging used as dump on 8 February 2017 in Maryke's Estate
9. withdrawal event of pesticide used in Tanjung Keliling estate on December 16, 2016
10. re-use of used pesticide packaging as container of pesticide on 30 November 2016
11. Records of training on December 16, 2016 related to fertilizer MSDS

Verification 20 May 2017

The Company shows evidence of the following improvements:

Bekiun Estate:

- Proof of demand and dispensation dated February 18, 2017: 29 pairs of boots, helmets, cloth gloves, safety covers, glasses.
- Proof of demand and release of goods dated March 22, 2017: 22 pairs of gloves
- Record of acceptance of PPE sprayer use April 17, 2017: gloves and apron
- Records of acceptance of PPE fertilizer application February 22, 2017: shoes, glasses, gloves, masks
- Monitoring Data of PPE replacement for sprayers and fertilizers in 2017

Gohor Lama Estate:

- Records of receipt and use of harvested PPE for 2017: glasses, gloves, shoes
- Records of receipt and use of PPE maintenance for 2017: masks, boots, helmets, goggles, rubber gloves

Field Observation 13 July 2017

1. List of PPE in accordance with MSDS and Letter no. 073.A / Presdir / SE / II / 2017. The Company has listed PPE in accordance with MSDS and letter no. 073.A / presdir / SE / II / 2017. Based on verification in the sample field for

harvesters, it has been in accordance with the procedures.



2. Proof of handover of PPE shoes for harvesters, sprayers and fertilizers

TANJUNG KELILING ESTATE

The company shows the document PPE shoes expenses for the following worker

A. Sprayer:

1. Ridwan 6 June 2016
2. Sari Isna Prayogi 2 June 2017
3. Andreas samosir 2 June 2017
4. M. Marpaung 2 June 2017
5. Masliadi Kurniawan 2 June 2017

B. Fertilizer workers, contoh a/n :

1. Jelita Adelia 2 June 2017
2. Ardika aginta surbakti 2 June 2017
3. Mohammad aris 3 May 2017
4. Joko 2 June 2017
5. Wagiman 13 December 2016
6. Waras 13 December 2016

C. Pemanen, contoh a/n

1. Jumingin 2 June 2017
2. Daniel marpaung 13 December 2016
3. Bambang 11 January 2017
4. Jamali 13 December 2016
5. Supriadi 13 December 2016

GOHOR LAMA

The company shows the document PPE shoes expenses for the following worker

A. Maintenance workers :

1. Feri wibowo 3 February 2017
2. Dalan Malam 3 May 2017

B. Harvester:

1. Suherman 3 May 2017

2. Rinto wijaya 3 May 2017

BUKIT LAWANG

The company shows the document PPE shoes expenses for the following worker

A. Fertilizer workers. :

1. Yuswati 15 December 2016
2. Masmen 15 December 2016
3. Riki 5 July 2017

The result of fertilizer field visit is known to be found workers have been equipped with PPE such as: apron, glasses, helmet, mask, shoes and rubber gloves

B. Sprayers:

- M Syafi'i 5 July 2017
- Nurasiah 5 July 2017
- Legiyem 5 July 2017
- Tursinah 5 July 2017
- Rudiansyah 5 July 2017
- Rasman 4 July 2017

The results of field visits in block D2011 spraying activities found that workers have been equipped with PPE such as: apron, glasses, helmets, masks, shoes, rubber gloves and small towels

C. Harvester. :

- Ali nafiah 15 December 2016
- Feri kurniawan 15 December 2016
- Novansyah 15 December 2016
- Paryono 15 December 2016
- Abdul rahim 15 December 2016
- Ahmat julian 15 December 2016

Results of field visits on block 2 1998 found harvest workers have been equipped with PPE such as: shoes, gloves, helmets, sunglasses and safety cover.

- 3) Monitoring examination of the use of PPE in the field on harvesting, fertilizer and spray. The company shows a record of violations of the use of PPE. This book is carried by the foreman in each area. Every day the foreman checks for PPE, and if there are incomplete members using PPE, then the foreman will write down the name and type of violation in the book. An example of a monitoring record for division 3 workers (Tanjung Keliling Estate) of fertilization and spraying work on July 3, 2017. From the monitoring results, it is known that there are some workers who are incomplete using PPE and have been followed up by the concerned overseer by giving an appeal.



Record of PPE use

Based on the description above, the non compliance is sufficient to cover (CLOSED WITH OBSERVATION). The effectiveness and consistency of corrective and preventive actions undertaken by the company will be seen on subsequent audit visits

Verified By : **Leonada & Mahmud Firdaus**

NCR No.	2016.07	Issued by	Leonada
Date Issued	17 December 2016	Time Limit	16 December 2017
NC Grade	Major	Date of Closing	11 April 2017
Standard Ref. & Requirement	4.8.1 Records of training program related to the aspects of RSPO Principles and Criteria shall be available		
Non-Conformance Description & Evidence observed (filled by auditor): Company has not yet evaluated the effectiveness of employee training. Based on the results of field visits known that employees were trained, however employees still lack <i>understanding</i> associated with the training as an example: <ul style="list-style-type: none"> • Understanding of RSPO • An understanding of first aid • Understanding of PPE use and occupational risks • Handling of chemicals 			
Root Cause Analysis (filled by organization audited): The training has not been effective yet because there are no training materials and no training results have been evaluated yet			
Corrective Action (filled by organization audited): <ol style="list-style-type: none"> 1. Provide clear and more easily understood written training materials. 2. Provide training evaluation with simple questions in accordance with the training materials 			
Preventive Action (filled by organization audited): Provide training programs for new workers, workers who fail in training and refresh training			
Assessor Evaluation and Conclusion (filled by auditor): 6 February 2017 The Company shows evidence of improvements in the form of: <ol style="list-style-type: none"> 1. Provide training material for agriculture operational and SOP <ol style="list-style-type: none"> a. Training on Harvesting Operations of KLKA b. Training on Manuring Operations of KLKA c. Training on Spraying Operations of KLKA d. Harvest SOP e. Manure SOP f. Spray SOP 2. Provide question material and mill SOP 			

- a. question of Auto Feeder Tresher
- b. question of Operator Digester Press
- c. question of Operator Loading Ramp
- d. question of Operator Shovel
- e. question of Stasiun Sterilizer
- f. Mill and Technician SOP
3. Provide question material for estate
 - a. question of harvest
 - b. question of manure
 - c. question of spray
4. Provide material for HCV
5. Provide material for PPE
6. Provide material for chemical handling
7. Provide material for management of riparian area
8. Provide material for OHS
9. Provide material for RSPO
10. Provide material for training program in PT LNK
11. Provide training material for user of first aid box
 - a. Emergency Principle
 - b. Fracture and Dislocation
 - c. First aid box and first aid box facility in work place
12. Socialization and training record
 - a. RSPO understanding on 23 December 2016 was attended by 42 employees of Gohor Lama Estate
 - b. First aid box understanding on 21 December 2016 was attended by 42 employees of Gohor Lama Estate
 - c. PPE used understanding on 21 December 2016 was attended by 42 employees of Gohor Lama's Estate
 - d. Ex chemical container handling on 21 December 2016 was attended by 42 employees of Gohor Lama's Estate

22 March 2017

The company showed evidence of improvement

1. Training evaluation form
2. Identification training needs based on type of work include RSPO, first aid, PPE, risk, chemical, etc
3. Training program for 2017. **(program to understanding RSPO aspect such as HCV and first aid not include in the program)**
4. Circular letter No. 073.B/Dir.SDM/SE/II/2017 dated 13 February 2017 related to mechanism to improve competency of workers on training
5. Training record before Dec 2016/RSPO initial audit.
6. RSPO socialization dated 16 February 2017 in Padang Brahrang Estate.

Nonconformity is still open

11 April 2017

Evidence of improvements shown are:

- Training program and socialization for period 2016/2017 cover technical training for each activities, emergency respond training, OHS training, HCV training, workers welfare training, P&C RSPO, chemical management and first aid training. The program describes the target of the participants, the person in charge, the date of the realization and the status statement.
- Training material and documentation of RSPO understanding in Padang Brahrang, Bekiun, Tanjung Keliling, Maryke, Bukit Lawang, Gohor Lama and Basilam conducted in April 2017.
- Training evaluation record in form of post test to participant

The nonconformity is closed

Verified by	: Leonada

NCR No.	:	2016.08	Issued by	:	Ardiansyah
Date Issued	:	17 December 2016	Time Limit	:	ASA-1
NC Grade	:	Minor	Date of Closing	:	
Standard Ref. & Requirement	:	5.1.2 Environment management plan document to prevent negative impacts, its implementation report and revision (if the identification of impact requires changes in current company's practices) shall be available. The company's management shall appoint the responsible person(s) for the implementation of the document.			
Non-Conformance Description & Evidence observed (filled by auditor): The management unit has not shown the management of environmental impacts in accordance with the environmental documents (EIA) on Padang Brahrang such as: <ul style="list-style-type: none">o Management of aquatic biotao Management of security and public ordero Management of public perceptiono Management of Public Health					
Root Cause Analysis (filled by organization audited):					
Corrective Action (filled by organization audited):					
Preventive Action (filled by organization audited):					
Assessor Evaluation and Conclusion (filled by auditor):					
Verified by	:				

NCR No.	:	2016.09	Issued by	:	Ardiansyah
Date Issued	:	17 December 2016	Time Limit	:	ASA-1
NC Grade	:	Minor	Date of Closing	:	
Standard Ref. & Requirement	:	5.1.3 Environment monitoring plan document, its implementation report, and the corrective plan (if non-conformance arised from the monitoring result) shall be available. This plan is reviewed on two-yearly basis.			
Non-Conformance Description & Evidence observed (filled by auditor):					
The management unit has not shown the results of monitoring of the environmental impacts management in accordance with environmental documents owned (SEL, EIA, Delh, UKL-UPL) such as: <ul style="list-style-type: none">Monitoring the erosion rate					

<ul style="list-style-type: none"> ○ Monitoring of employment opportunities ○ Monitoring of road damage ○ Monitoring of aquatic biota ○ Monitoring of work accidents 	
Root Cause Analysis <i>(filled by organization audited):</i>	
Corrective Action <i>(filled by organization audited):</i>	
Preventive Action <i>(filled by organization audited):</i>	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
Verified by	:

NCR No.	:	2016.10	Issued by	:	Ardiansyah
Date Issued	:	17 December 2016	Time Limit	:	16 December 2017
NC Grade	:	Major	Date of Closing	:	15 March 2017
Standard Ref. & Requirement	:	5.2.2 Whereare, threatened or endangered (RTE) species and or other HCVs are present or affected by the plantation and mill operations, an appropriate measures that are expected to maintain or enhance them shall be implemented through a management plan			
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Management unit has had HCV management plan but not yet adequate such as: <ul style="list-style-type: none"> • The location of management has not been specific with clear targets and timelines. • Not yet explaining management for set-aside HCV • The designated riparian areas have not yet referred SOP No. 10 and the relevant National Regulations 					
Root Cause Analysis <i>(filled by organization audited):</i> <ul style="list-style-type: none"> • When HCV identification is conducted in all estates, not all areas included in the HCV criteria are well described. There is a area that belongs to HCV criteria areas such as springs but has not been identified. • The HCV Management and Monitoring Plan that has been described is not yet complete and is still general. This is due to insufficient understanding and knowledge from HCV executives / managers. 					
Corrective Action <i>(filled by organization audited):</i> <ol style="list-style-type: none"> 1. Reclaiming existing HCV areas in the field and revising the HCV assessment report on: <ul style="list-style-type: none"> - Area of HCV and its location - Object / Area that belong to HCV criteria but not yet identified. 2. From the HCV identification result, the HCV Area Management and Monitoring Plan is accompanied by the target / timeline and the realization. 3. For a set-sides HCV area, established cooperation with the local communities with a written agreement on the maintenance and management of HCV. 4. Marking the riparian areas, water reservoir and springs according to the applicable regulations. 5. In the case of maintaining the ecological function of the HCV area and its maintenance efforts are carried out continuous socialization through training / socialization programs, making information and prohibition signboards to be known to all 					

workers and communities.

Preventive Action *(filled by organization audited):*

Agar upaya pemeliharaan dan perawatan terhadap area HCV dapat berjalan dengan baik dan kontinue maka perusahaan melakukan :

- Continuous socialization of HCV management to workers and visits to the communities every 3 months.
- Monitoring the HCV and riparian area every month
- Redesigning HCV marks every 6 months, especially areas where the HCV marks are not clear or the information signboards is damaged.
- Establish cooperation with Natural Resources Conservation Office (BKSDA) for the HCV monitoring program that has been made and its remediation efforts

Assessor Evaluation and Conclusion *(filled by auditor):*

6 February 2017

The management unit has shown evidence of improvement:

- News of the change of area and the addition of HCV indicative areas in PT LNK signed by President Director and HCV Assessor on 23 January 2017. Based on the document, it is known that the HCV area is 345.55 Ha. This document also comes with details for each estates and map of the HCV area.
- HCV management plan of PT LNK explains HCV type, HCV description, threat identification, management action, success indicator and work plan (activity program, volume / activity location, time frame). Management activities undertaken by management unit are the installation of information and prohibition signboards; socialization to the communities and workers; make understanding with the communities; Establishing conservation area boundaries mark and along the river channel; monitoring every month; planting timber plants / beneficial in critical areas; complete the fire extinguisher equipment; routine patrols in fire prone areas and conduct fire control training.
- HCV monitoring plan of PT LNK explains objectives, activities, observations, PIC, execution time and status. Monitoring includes the monitoring of the HCV boundaries mark once a month, monitoring the water quality of the river every 6 months, monitoring vegetation every 6 months and monitoring the presence of important species in the quarters every 6 months. **The management unit has not shown the monitoring records that have been performed.**
- Memorandum of understanding between Tanjung Keliling Estate and Dusun Pulka related to sustainability management and hydrological function of lake and swamp located in Tanjung Keliling Estate. This agreement was signed on 24 January 2017.
- Documentation of markings and conditions on riparian area at Maryke Estate (Kayu Raja River, Wampu River) and at Tanjung Keliling Estate (Glondong River). The riparian area has been marked with a red marker (stakes or on the palm tress) and the riparian conditions are already starting to Scrubby.
- Documentation and attendance list of HCV socialization activities to communities (Village of Naman Jahe, Tahun 26, Namo Tongan, Gohor Lama, Perkebunan Maryke, Bukit Lapang, Pd Cermin, Sei Penjara, KB Balok, Basilam, Perkebunan Gel Langkat, Minta Kasih, Sampe Raya, B Ladang, Boyolali, Perkebunan Bekiun, Bingai Wampu, Pd Brahrang) and workers (Tanjung Keliling Estate and Bukit Lawang Estate). HCV socialization was conducted on 10 January 2017 to spray workers and fertilizer workers at Tanjung Keliling estate with 29 participants. While the HCV socialization activities in the village of Naman Jahe and Tahun 26 was conducted on 11 January 2017. For socialization in other villages conducted on 16 June 2016.

15 March 2017

The management unit has demonstrated the results of HCV monitoring that has been done such as monitoring of important species undertaken every month, monitoring the HCV boundaries markers in the form of riparian conducted

SPO – 4006a.7

every month, monitoring the quality of river water every 6 months. Based on the evidence submitted, **Nonconformity No. 2016.10 is closed.**

Verified by : **Ardiansyah**

NCR No.	2016.11	Issued by	Ardiansyah
Date Issued	17 December 2016	Time Limit	ASA-1
NC Grade	Minor	Date of Closing	
Standard Ref. & Requirement	5.2.5 Where HCV areas overlapped with an identified local community's land, there shall be evidence of a negotiated agreement that optimally safeguard their HCVs and the local community's rights		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company could not show evidence of an agreement accomplished with the local communities related to the protection of HCV set-aside in the form of the lake in Tanjung Keliling Estate			
Root Cause Analysis <i>(filled by organization audited):</i>			
Corrective Action <i>(filled by organization audited):</i>			
Preventive Action <i>(filled by organization audited):</i>			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Verified by			

NCR No.	2016.12	Issued by	Sandra Purba
Date Issued	17 December 2016	Time Limit	ASA-1
NC Grade	Minor	Date of Closing	
Standard Ref. & Requirement	5.3.3. A documented waste management plan to avoid or reduce pollution and its implementation shall be available		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company could not show the sufficient evidence that the waste management plans have been documented and implemented, for example: <ul style="list-style-type: none"> - Discovered agrochemical ex-jerry cans (leaky condition) unused stored in mixing area of Gohor Lama Estate - Discovered pesticide ex-containers in warehouse bins of Bukit Lawang Estate - Not yet able to show evidence of management of fertilizers packaging (plastic) contaminated 			

- Observations on the housing of Gohor Lama Division III known that has not been conducted the management domestic waste	
Root Cause Analysis <i>(filled by organization audited):</i>	
Corrective Action <i>(filled by organization audited):</i>	
Preventive Action <i>(filled by organization audited):</i>	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>	
Verified by	:

NCR No.	:	2016.13	Issued by	:	Yohanes Hardian
Date Issued	:	17 Desember 2016	Time Limit	:	16 December 2017
NC Grade	:	Major	Date of Closing	:	28 Feb 2017
Standard Ref. & Requirement	:	6.1.3 Plans for management and monitoring of social impact to avoid or reduce negative impact and promote positive ones, based on social impact assessment, through consultation with the effected parties, shall be available, documented and timetabled, including responsibilities for implementation.			
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The Company has not shown the management plan and social impact monitoring includes internal issues and external issues in the specific location where the issue is found, including a timetable for implementation and person in charge, for example: <ul style="list-style-type: none"> ○ Issues related to the cattle grazing in the area of plantation ○ The retired of ex PTPN2 who still resides in the housing and have not received a pension grant. ○ Land disputes ○ Feasibility of employee housing ○ Theft of FFB ○ Replanting ○ The use of the company' access road ○ Employment Opportunity 					
Root Cause Analysis <i>(filled by organization audited):</i> <ol style="list-style-type: none"> 1. The management of the estates is not well understood about how to manage and monitor the social issues faced 2. The company has made a management plan for social impact but not yet adequate and not yet referring to the issues encountered 3. Handling of social problems is still limited, conventional and reactive 					
Correction <i>(filled by organization audited):</i> <ol style="list-style-type: none"> 1. Managing the internal and external social impacts by preparing the systematically Social Impact Management and Monitoring Plan based on the results of the study covering internal and external issues at the specific location, the efforts undertaken, the person in charge and the target / status of implementation. 2. Carry out management plans both mechanically and systematically and monitor the results of management and realization of the issues identified by priority. 					

3. Handling social issues in accordance with other operational programs such as CSR program, Training, Health, Field Technical and Environmental Management
4. Improved social relations and communication with affected villagers through periodic visits.
Corrective Action (filled by organization audited):
1. Documenting the entirely settlement process of social issues that have been done and improve territorial supervision by the estate officer to detect as early as possible the things that have social impact
2. Persuasive approach through village apparatus, schools and community leaders around the estate
3. Matters relating to social issues are discussed in corporate management meetings as well as in the Group Discussion Forum
Assessor Evaluation and Conclusion (filled by auditor):
The Company has shown evidence of corrective action in the form of a social impact management plan fy 2016/2017 which has included issues related to cattle grazing in the plantation, retired ex PTPN2 who are still living in housing and have not received pension fee, Land dispute, employee housing feasibility, thievery, replanting, use of corporate road access, employment opportunities. The plan has been compiled based on consultation with the communities such as : Bingei Village on 16 Nov 2016, Padang Cermin Village on 18 Nov 2017, Perkebunan Bukit Lawang Village on 6 December 2016. The plan has been completed with the person in charge, parameters and schedule of implementation and evidence of communication with the village community related to the preparation of the SIA plan. There has also been documented evidence of implementation of management of social issues.
Thus the discrepancy can be declared fulfilled, the effectiveness of corrective action implementation will be verified in the next surveillance.
Verified by : Yohanes hardian

NCR No.	: 2016.14	Issued by	: Leonada
Date Issued	: 17 December 2016	Time Limit	: 16 December 2017
NC Grade	: Major	Date of Closing	: 22 March 2017
Standard Ref. & Requirement	6.7.1 There shall be documented evidence that minimum age requirements are met.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the results of field visits in Division 1 Gohor Lama Estate was found harvesters who are doing work of pruning assisted by aged children under 18 years. In this case the company has not been able to show the control mechanism on make sure no child labor.			
Root Cause Analysis <i>(filled by organization audited):</i> The occurrence of violations of the prohibition of bringing children to the spaciousness by employees caused: <ol style="list-style-type: none">1. The Company's policy of prohibition of carrying and employing minors is not well understood and well-heeded by workers.2. Implementation of policy and sanctions for violations has not been implemented inherent by management to workers3. Supervision to workers who work in the afternoon (overtime) in the field is still weak4. The absence of binding provisions signed by workers not to bring the children to work / space			
Corrective Action <i>(filled by organization audited):</i>			

To improve the findings that occur then the Company has undertaken:

1. Issuing a circular to all employees about the prohibition of bringing / expanding the children to field and signed by the President Director and each workers. The statement signed by the workers is stored together with the employee's Labor Registration Cards.
2. Issuing a circular by the President Director on sanctions for workers who bring children to work in the field
3. Socialize the policy on child labor and sanctions for workers who violate the policy.
4. Identify the worker who carries the children in the division 1 of Kebun Gohor Lama and socializes it back to the relevant points 1 and 2 above and gets sanction in the form of warning letter by his manager.
5. Recall to the worker about the ban in the morning muster, take control of the field by Field Staff and make provision to comply with the prohibition if it will do late afternoon.

Preventive Action *(filled by organization audited):*

1. Increase and place banners prohibition policies as information to all employees in strategic places.
2. Give a firm example by firing worker who have violated the rules 3 times according to the rules
3. Provide and improve Child Care Places in each Division.
4. Specific and periodic control by Field Staff and Assistant in field and give warning letter to Field Staff and Assistant Division if found workers bring children

Assessor Evaluation and Conclusion *(filled by auditor):*

6 February 2017

The company shows evidence of improvement in form:

1. Establish Prohibition Policy For Underage Child Workers from President Director (January 2013)
2. Letter of Instruction from the President Director on Prohibition of Taking Children at Work (24 August 2016)
3. Identify the worker who brought the child in the division 1 of Kebun Gohor Lama and socialized back to him about the 2 items above on December 14, 2016 attended by 88 employees
4. Form for Monitoring Record of Violation of Bringing or hiring Child Labor
5. A Circular Letter signed by the Director of Human Resources on Sanctions for workers who bring children to work in the field / Prohibition of bringing children to the workplace is set on January 23, 2017. Sanctions of infringement are warning letters, second offenses are repatriated and deemed absent and the third offenses is work termination
6. Socialization of child labor policies and sanctions for workers who violate them. The example of Gohor Lama's Estate on January 25, 2017 was attended by 116 people
7. The statement does not bring a children in the field of 6 workers on 25 January 2017
8. Questioner filled by workers for example 5 workers
9. Attendance list of socialization in Bukit Lawang Estate dated January 18, 2017 attended by 19 people

22 March 2017

The company showed evidence of improvement:

5. Circular Letter No. 095 / Pres.Dir / SE / II / 2017 dated 24 February 2017. In the circular mention about:
 - Workers are prohibited from bringing children to work sites
 - Workers sign the instruction letter of prohibiting bringing the child to work
 - Conducting socialization and supervision
 - Giving attention to daycare
 - Not allowed to bring children during overtime
6. the documentation of installation of signages of prohibition to bring the child to the location of the work of the Bukit Lawang Estate, Gohor Lama Estate, Maryke Estate, Padang Brahrang Estate.

Based on evidence of improvement shown, then NC No. 2016.14 is Closed with Observation

Verified by	: Leonada

NCR No.	:	2016.15	Issued by	:	Yohanes Hardian
Date Issued	:	17 December 2016	Time Limit	:	ASA-1
NC Grade	:	Minor	Date of Closing	:	
Standard Ref. & Requirement	:	6.11.1 Records of contributions to local development based on the results of consultation with local communities shall be available.			
Non-Conformance Description & Evidence observed (filled by auditor): The Company has prepared the CSR programs based on the results of public consultation for period of 2016-2017 for example conducted in November and December 2016 involve three villages. However, based document review and interview known that the preparation of the program not yet involve all relevant village such as Sumber Mulyo Village, Mekar Jaya Village and Sido Mulyo village (Sukamulya 26 years).					
Root Cause Analysis (filled by organization audited):					
Corrective Action (filled by organization audited):					
Preventive Action (filled by organization audited):					
Assessor Evaluation and Conclusion (filled by auditor):					
Verified by	:				

NCR No.	: 2016.16	Issued by	: Leonada
Date Issued	: 17 December 2016	Time Limit	: 16 Desember 2017
NC Grade	: Major	Date of Closing	: 13 July 2017
Standard Ref. & Requirement	8.1.1 The action plan for monitoring shall be available, based on a consideration of the social and environmental impacts and routine evaluation of the plantation and mill operations. As a minimum, these shall include, but are not necessarily be limited to: <ul style="list-style-type: none"> ○ Reduction in use of certain chemicals (Criterion 4.6); ○ Environmental impacts (Criteria 4.3, 5.1 and 5.2); ○ Waste reduction (Criterion 5.3); ○ Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); ○ Social impacts (Criterion 6.1); ○ Optimising the yield of FFB production (Criterion 4.2) 		

Non-Conformance Description & Evidence observed *(filled by auditor):*

The company has had a continues improvement program but has not showed its implementation such as employee housing repairs.

Root Cause Analysis *(filled by organization audited):*

Continuous improvement programs covering aspects of environmental and social management, education, OHS, Facilities / Infrastructure and Cultivation of Crops / Mill have been carried out but the proof of implementation has not been made systematically

Realization reports and supporting documentation of each activity are still made separately and archived into each RSPO principle

Corrective Action *(filled by organization audited):*

Perbaikan terus menerus dilakukan berdasarkan skala prioritas yang menyangkut aspek diatas yakni :

Continuous improvement is based on the priority scale that involves the above aspects

1. Making plans and evidence of internal social impact improvement in the form of an employee home improvement program.
2. Create Yield Improvement Project with target of 20 ton / ha FFB in the first year
3. Monitoring, Calculation and evaluation of Greenhouse Gases (with components of fertilizer use, pesticides, diesel, electricity, water)
4. Monitoring Work Accidents
5. Monitoring the use of waste plastic to know the reduction of pollution load
6. Land fire prevention program
7. Domestic waste management program in employee housing
8. Enhancement Program of Domestic waste facilities in all divisions.

Employee Home improvement program:

- Improvement of employees' houses in the form of rehabilitation and construction of new houses is done in stages adjusted to the company's financial condition (cash flow), the results of Board of Director meeting decisions and priority scale
- In the long-term PT.LNK program starting from 2017-2022 is planned to be rehabilitation and construction of new homes that have been specified every year
- In the year 2017 is planned for the initial stage of rehabilitation of 10 houses / estate (total 80 houses) in all Estates and the construction of new houses as many as 8 units in the Tanjung Beringin estate and 8 units in the Maryke Estate.

Preventive Action *(filled by organization audited):*

Continuous improvement is based on the priority scale that involves the above aspects:

1. Making plans and evidence of internal social impact improvement in the form of an employee home improvement program.
2. Create Yield Improvement Project with target of 20 ton / ha FFB in the first year
3. Monitoring, Calculation and evaluation of Greenhouse Gases (with components of fertilizer use, pesticides, diesel, electricity, water)
4. Monitoring Work Accidents
5. Monitoring the use of waste plastic to know the reduction of pollution load

6. Land fire prevention program
7. Domestic waste management program in employee housing
8. Enhancement Program of Domestic waste facilities in all divisions.

Efforts made to plan the above activities can work well are:

- Laporan dan dokumentasi dari kegiatan diatas diarsipkan secara khusus/tersendiri .
- Dalam Inspeksi/Audit setiap bulan disemua kebun, tindakan perbaikan terus-menerus dijadikan objek pemeriksaan oleh Tim dan Kordinator Sustainability
- Membuat dan mengirimkan laporan bulanan oleh Kordinator setiap kebun kegiatan diatas kebagian Tim sustainability
- Reports and documentation of the above activities are archived exclusively / individually.
- In Inspection / Audit every month in all estates, continuous improvement action is made object of inspection by Team and Sustainability Coordinator
- Create and submit monthly report by Coordinator of each activity estate above go to Team sustainability

Assessor Evaluation and Conclusion *(filled by auditor):*

Perusahaan telah menunjukkan bukti perbaikan berupa rencana dan implementasi perbaikan terus menerus untuk aspek-aspek dalam persyaratan 8.1.1 termasuk terkait dengan perbaikan perumahan karyawan, namun perlu disampaikan bukti realisasi pembangunan rumah baru periode 2016/2017 untuk setiap estate (jumlah dan bukti dokumentasinya).

The Company has shown evidence of improvement in the form of a plan and implementation of continuous improvement for aspects of the requirements of 8.1.1 including related to the improvement of employee housing, but it needs to be submitted evidence of realization of new home construction period 2016/2017 for each estate (amount and proof of documentation).

Verification 13 April 2017

It has been shown evidence of improvements in the form of old home improvement programs and construction of new homes for employees planned since October 2016 - September 2017, for example the total construction of new homes

Location/Estate	Units
Basilam	6
Maryke	12
Tj. Beringin	8/20
G. Lama	4/10
Maryke/Glugur lkt	8/16
	(20/46)

Evidence of realization shown in the form of photos of completed houses (new build and repair), for example foreman's house Div 1 Basilam, renovation process at Basilam, completed employee's house in Gohor Lama Estate, renovation of employee's house in Gohor Lama In October 2016, in the form of repair ceiling, roof and interior of the house.

Field Observation 13 July 2017

Gohor lama.

Based on field studies into housing (emplasmen and division 3) Gohor Lama saw that the company has renovated the old house building by replacing the roof, damaged wood and making the bathroom. In addition there are new buildings amounting to 4 houses for employees.

Tanjung Keliling.

Housing on a promontory has not been repaired or a new home, this is because the program from the company using a turn system. The 2017 priority is the stabat rayon which includes the basilam estate, Tanjung Beringin and Gohor Lama. Based on the financial year of PT LNK obtained information that for Tanjung Beringin will be scheduled in 2018.

Bukit Lawang

For Bukit lawang, the company has not yet done the construction of new homes for employees. However, the company has shown the budget for the construction of the house of employees as many as 8 units for the period 2017/2018

In addition, the company demonstrated other sustainable improvements, such as in the environmental field, the Belt press (wastewater control process, where the waste water from the waste pond before it is flowed to the Land application in the process to separate the water with mud, and the resulting dried mud as fertilizer Palm oil).

Based on field visits and documentation obtained by the auditor team, the non compliance are met to be CLOSED. The effectiveness and consistency of corrective and preventive actions undertaken by the company will be seen on subsequent audit visits

Diverifikasi oleh : **Sandra & Mahmud Firdaus**

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	1.1.1	Information Work Opportunities to the village communities around
2	2.1.1	Communication with BPN related with the status of the area
3	2.2.2	Installation of poles HGU in accordance with the coordinates of BPN
4	2.2.4	Progress settlement of all conflicts over the land / dispute squatter.
5	2.2.6	Ensuring there is no violence in securing and maintaining order in the plantation operations
6	4.1.1	Updates the company's operational the procedure
7	4.2.3	Management areas with low nutrient content in accordance with the results of soil and leaf analysis.
8	4.3.3	Realization of the road maintenance budget and supported with resources
9	4.5.1	Monitoring of pests and diseases of palm oil
10	4.7.5	OHS signboard
11	6.3.1	An external complaints procedure refers that to RSPO Complain Mechanism
12	6.9.3	Understanding of sexual harassment grievance mechanism

3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1		The company has been appoint all employees into permanent employees
2		Barcode application for harvesting activity

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

Public Issues (Institution/ NGO/Community)	Auditor Responses
National Land Agency, Regent of Langkat <ul style="list-style-type: none"> a) The renewal process of HGU of Tanjung Beringin Estate currently being would assessed by the committee B. b) The concession marker (pole) has been installed c) There is an occupation land (dispute squatter) however it can be resolved by the company through mediation and legal proceedings involving government officials, villager representative, DPRD and police d) Based on the Ministry of Forestry in 2014, there are some of area of Bukit Lawang Estate with forest area status, however, the HGU company has been issued prior to the determination of the status of forest areas 	<ul style="list-style-type: none"> a) The document of renewal process has been showed to auditor, the explanation on checklist Ind 2.2.1 b) During the field observation to boundaries pole, it has been confirmed by the auditor. The entire poles (sampled) available and maintained well c) Has been verified by the auditor, the entire area has made conflict resolution and some of them currently in mediation process and compensation process d) Document review of the land tenure owned by the company showed that HGU had been existing prior to decree of the Minister issued
Labor Agency, Regent of Langkat <ul style="list-style-type: none"> a) Harvesting activities or other specific work overtime did not applied, however the company has been implemented the system of premiums whose value is sometimes greater than the value of overtime. b) There is no labor brought in from other areas or migrant workers. Labor is came from the community around the company and there is no human trafficking. c) There is no issue of forced labor and discrimination against workers d) There is no issue of child labor under the age of 18 	<ul style="list-style-type: none"> a) Verification on wages payment document showed that the payment using premiums system not contrary to the applicable regulation b) Verification on employment data base showed that most of the employee come from surrounded village, it also has been confirmed during the public consultation c) Has been verified during the field observation and document review
Plantation and Forestry Agency, Regent of Langkat <ul style="list-style-type: none"> a) There is a land dispute in the area of company (Mekar Jaya villaage, subdistrict of Wampu), however has been resolved through mediation involving government officials and police b) Based on the Ministry of Forestry in 2014, there are some of area of Bukit Lawang Estate with forest area status, however, the HGU company has been issued prior to the determination of the status of forest areas 	<ul style="list-style-type: none"> a) Has been verified by the auditor, the entire area has made conflict resolution and some of them currently in mediation process and compensation process b) Document review of the land tenure owned by the company showed that HGU had been existing prior to decree of the Minister issued
Sumber Mulyo (Gohor Lama Estate) <ul style="list-style-type: none"> a) No land disputes with communities b) CSR program from the company in the improvement of rural roads and for other relief yet c) Lack of communication between communities and company such as permission to access the company' road for transporting sand quarry. d) Have not been involved in the preparation of documents 	<ul style="list-style-type: none"> a) It has been verified by the auditor, there is no land dispute with Sumber Mulyo Villager, currently there is dispute with Mekar Jaya Villager, and it has been on mediation process b) The company has been arrange the CSR program in parsipatory way, but it not involving the entire village (on progress of communication). The CSR program for 2017 has been explained in C6.11

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>HCV and SIA</p> <p>e) There is the issue of environmental pollution in the water course</p> <p>f) The villagers know how to ask for information through written submitted to the manager of the unit.</p> <p>g) Another complaint is a request for assist to overcome flooding in the village Sumber Mulyo and the company promised to make the waterways to reduce the effects of flooding.</p>	<p>c) The company control the usage of road to transport the sand quarry because of overloaded causing damage to the road</p> <p>d) Based on document, during the preparation of HCV and SIA document has been involving the communities but limited to village authorities</p> <p>e) it has been verified by the auditor that the source of contamination is not from the mill Stabat but come from other companies mill</p> <p>f) It has been meet with the company' procedure for communication</p> <p>g) ---</p>
<p>Desa Mekar Jaya (Gohor Lama Estate)</p> <p>a) Many employees working in the company from the village of Mekar Jaya.</p> <p>b) There is a land claim by the hamlets 6 and 8 in gohor lama estate PT LNK at division III</p> <p>c) Some people of Mekar Jaya Village objected of the land claim action which conducted on behalf of the village</p> <p>d) The villagers know how to ask for information through written submitted to the manager of the unit.</p> <p>e) The villager mention that the replanting and spraying activities disminishing the source of fodder</p> <p>f) The communities expect the EFB application far away from settlement</p> <p>g) There is no description information vacancies notified to the village authorities, the information obtained based on information from employees</p>	<p>a) Has been verified through employment document, it has been meet</p> <p>b) The dispute with Mekar Jaya Villager has been on mediation process, refer to C2.2</p> <p>c) Based on document verification, the land claim conducted by some of villager.</p> <p>d) It has been meet with the company' procedure for communication</p> <p>e) Replanting will conducting in gradually</p> <p>f) Based on field visit (Block B OP2005 Division 2) on EFB distribution, the application carried out on block that far from settlement</p>
<p>The village of Minta Kasih (Tanjung Keliling Estate)</p> <ul style="list-style-type: none"> - The support often given by the company is in the form of provision of clean water, to the people who are doing a feast - Having been invited to the HCV assessment process and the SIA conducted by Aksenta - There is information that the company is build a new mill in Tanjung Keliling Estate and its expected to absorb labor from villages - The villager mention that the replanting and spraying activities disminishing the source of fodder 	<p>Has been verified through CSR document has explain in indicator 6.11.1</p> <p>Based on document verification, HCV document an SIA document has been explain at criteria 5.2 and 6.1</p> <p>Based on field visit know the company build a new mill and under contruction.</p> <p>Animal feed issues have been explained in the document SIA criteria 6.1</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
August 17 assistance activities aided by the company	
Sido Mulyo village (Dusun Sukamulya 26 years) <ul style="list-style-type: none"> - Have not been invited in the preparation of document SIA and has been invited to socialization HCV - The village head complain for food assistance is distributed limited to employees only and not distributed to the people who really need - Related to the issue of grazing the villager should aware not grazing in the immature palm oil however for mature plants allowed - The villager propose for aid of seed Garcinia Atroviridis three weeks ago, however until the consultation conducted there has been no response. 	<p>Based on document, during the preparation of HCV and SIA document has been involving the communities but limited to village authorities Has been verified through CSR document has explain in indicator 6.11.1</p> <p>Animal feed issues have been explain in the document SIA criteria 6.1</p>
Purwodadi Dusun (village Sidorejo) <ul style="list-style-type: none"> - Help companies that have been accepted are land for village office Sidorejo - Related to the issue of grazing the villager should aware not grazing in the immature palm oil however for mature plants allowed - There is no land dispute in the village Sidorejo 	<ul style="list-style-type: none"> • Has been verified through CSR document has explain in indicator 6.11.1 • Animal feed issues have been examined in the document SIA criteria 6.1 • It has been verified by the auditor, there is no land dispute
Perkebunan bukit lawang village <ul style="list-style-type: none"> - The Company has been conducting socialization of complaints mechanism and how to requests for information - There are retired citizens who remained settled in employee housing estate in the Bukit Lawang Estate. Residents retired ready to leave the employee housing if the pension assurance (SHT) already paid by PTPN 2. - Issue related with the complaint of the citizens is problem in livestock housing. Cattle interfere with comfort of tourists who coming in the Bukit Lawang. - Expected the support of company related to waste management in a residential and tourist area in the form of vehicles transporting waste. 	<p>Socialization SOP no 19 has been done at 16 november – 6 desember 2016 on around village in each estate</p> <p>retired citizens issues have been explain in the document SIA criteria 6.1</p> <p>Animal feed issues have been examined in the document SIA criteria 6.1</p> <p>based on interviews with management known there are limitations for the transport of domestic waste unit</p>

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**4.1 Formal Sign-off of Assessment Findings**

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

Signed on behalf of:

Company Name
Sustainability / Training Manager

Mutuagung Lestari
Lead Auditor



Izham Syahputra
13 July 2017



Sandra Purba
13 July 2017

APPENDICES
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	National Land Agency, Regent of Langkat	Regent of Langkat, Sumatra Utara		Interview	13 December 2016	v	
2	Labor Agency, Regent of Langkat	Regent of Langkat, Sumatra Utara		Interview	13 December 2016	v	
3	Plantation and Forestry Agency, Regent of Langkat	Regent of Langkat, Sumatra Utara		Interview	13 December 2016	v	
4	Sumber Mulyo (Gohor Lama Estate)	Regent of Langkat, Sumatra Utara		Interview	13 December 2016	v	
5	Desa Mekar Jaya (Gohor Lama Estate)	Regent of Langkat, Sumatra Utara		Interview	13 December 2016	v	
6	The village of Minta Kasih (Tanjung Keliling Estate)	Regent of Langkat, Sumatra Utara		Interview	14 December 2016	v	
7	Sido Mulyo village (Dusun Sukamulya 26 years)	Regent of Langkat, Sumatra Utara		Interview	14 December 2016	v	
8	Purwodadi Dusun (village Sidorejo)	Regent of Langkat, Sumatra Utara		Interview	17 December 2016	v	
9	Perkebunan bukit lawang village	Regent of Langkat, Sumatra Utara		Interview	17 December 2016	v	
10	WWF	Jakarta, Indonesia		Email	29 November 2016		v
11	WALHI	Jakarta, Indonesia		Email	29 November 2016		v
12	Sawit Watch	Jakarta, Indonesia		Email	29 November 2016		v
13	Yayasan Ekosistem Leuser (YEL)	Regent of Langkat, Sumatra Utara		Email	29 November 2016	v	
14	Gender Committee	Regent of Langkat, Sumatra Utara		Interview	During the field observation	v	
15	Labor Union - Indonesian Trade Union (SPSI) - Indonesian workers Union (SBSI)	Regent of Langkat, Sumatra Utara		Interview	During the field observation	v	

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Appendix 2. Assessment Program

DATE	12 – 17 December 2016	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 12 Dec 2016		
10.40 – 13.05	Jakarta – Kualanamu	SP / ARD / LEO / YHR / MAY
13.30 – 15.30	Kualanamu – PT LNK (Gohor Lama Estate)	
Tuesday, 13 Dec 2016		
08.00 – 09.00	Opening Meeting	SP / ARD / LEO / YHR / MAY
09.00 – 12.00	Public consultation to related agencies of Langkat District (BPN, BLH, Disnaker, Disbun)	LEO
09.00 – 12.00	Public consultation to nearest village, community leader, local contractor, local NGOs	ARD/YHR
09.00 – 12.00	<ul style="list-style-type: none">• Verification of basic information• Time Bound Plan Verification• Document verification of Stabat POM, Gohor Lama Estate, Bukit Lawang Estate and Tanjung Keliling Estate	MAY SP MAY/SP
12.00 – 14.00	BREAK	SP / ARD / LEO / ARD / MAY
14.00 – 17.00	Continuing Public consultation to related agencies Continuing Public consultation to nearest village, community leader, local contractor, local NGOs Field observation to Stabat POM <ul style="list-style-type: none">• FFB receiving, grading, FFB processing, workshop• WWTP, hazardous waste management, chemical management• SCCS Audit progress confirmation	LEO ARD/YHR SP / MAY SP / ARD / LEO / YHR / MAY
17.00 – 17.30		
Wednesday, 14 Dec 2016		
08.00 – 12.00	Field observation to Gohor Lama Estate : <ul style="list-style-type: none">• Manuring, Spraying, Harvesting, best agricultural practices, water management, IPM, fruit bunch application, slopes area, Worker Welfare (payments, complaint mechanism)• Legal Boundaries, HCV and conservacy	MAY/SP ARD

DATE	12 – 17 December 2016	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
	<ul style="list-style-type: none">Hazardous Waste Material (B3) management, Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.	LEO/YHR
12.00 – 14.00	BREAK	SP / ARD / LEO / YHR / MAY
14.00 – 17.00	<ul style="list-style-type: none">Continuing field observation to Gohor Lama EstateDocument verification of Stabat POM and Gohor Lama Estate	SP / ARD / LEO / YHR / MAY
17.00 – 17.30	Audit progress confirmation	
Thursday, 15 Dec 2016		
08.00 – 12.00	Field observation to Tanjung Keliling Estate : <ul style="list-style-type: none">Manuring, Spraying, Harvesting, best agricultural practices, water management, IPM, fruit bunch application, slopes area, Worker Welfare (payments, complaint mechanism), Legal BoundariesHCV and conservacy (Tj Keliling dan Maryke)Consultation to nearest village, community leaderHazardous Waste Material (B3) management, Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect.	MAY/LEO ARD YHR SP
12.00 – 14.00	BREAK	SP / ARD / LEO / YHR / MAY
14.00 – 17.00	<ul style="list-style-type: none">Continuing field observation to Tanjung Keliling EstateDocument verification of Tanjung Keliling Estate	SP / ARD / LEO / YHR / MAY
17.00 – 17.30	Audit progress confirmation	
Friday, 16 Dec 2016		
08.00 – 12.00	Field observation to Bukit Lawang Estate : <ul style="list-style-type: none">Manuring, Spraying, Harvesting, best agricultural practices, water management, IPM, fruit bunch application, slopes area, Worker Welfare (payments, complaint mechanism), Legal BoundariesHCV and conservacy, consultation to nearest village, community leaderHazardous Waste Material (B3) management, Worker facilities (housing, health clinic, clean water, etc) and Land Fire facilities, Storage, ect..	MAY/SP ARD LEO/YHR
12.00 – 14.00	BREAK	SP / ARD / LEO / YHR / MAY

DATE	12 – 17 December 2016	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
14.00 – 17.00	Document verification of Bukit Lawang Estate	SP / ARD / LEO / YHR / MAY
17.00 – 17.30	Audit progress confirmation	
Saturday, 17 Dec 2016		
08.00 – 11.00	Closing Meeting Preparation	SP / ARD / LEO / YHR / MAY
11.00 – 13.00	Closing Meeting	SP / ARD / LEO / YHR / MAY
14.00 –	MHO – KNO (Medan)	SP / ARD / LEO / YHR / MAY
18.00 –	KNO - CGK (Jakarta)	SP / ARD / LEO / YHR / MAY