

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

[√] Initial Certification

Name of Management : **Air Batu POM subsidiary of PT PERKEBUNAN NUSANTARA IV**
 Organisation
 Plantation Name : Air Batu Estate
 Location : Village of Air Batu, Sub District of Air Batu, Regency of Asahan, Province of Sumatera Utara, Indonesia
 Certificate Code : **MUTU-RSPO/129**
 Date of Certificate Issue : 24 May 2019 Date of License Issue : 24 May 2019
 Date of Certificate Expiry : 23 May 2024 Date of License Expiry : 23 May 2020

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
IC	05 – 08 June 2018	Arif Faisal Simatupang (Lead Auditor Witnessed), Sandra Purba (Lead Auditor Witnessing), Sofyan Hadi Lubis, Asystasya Aishah Silalahi	Ganapathy Ramasamy	Ardiansyah

Assessment	Approved by MUTUAGUNG LESTARI on:
IC	24 May 2019

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Figure 1. Location Map of PTPN IV Air Batu

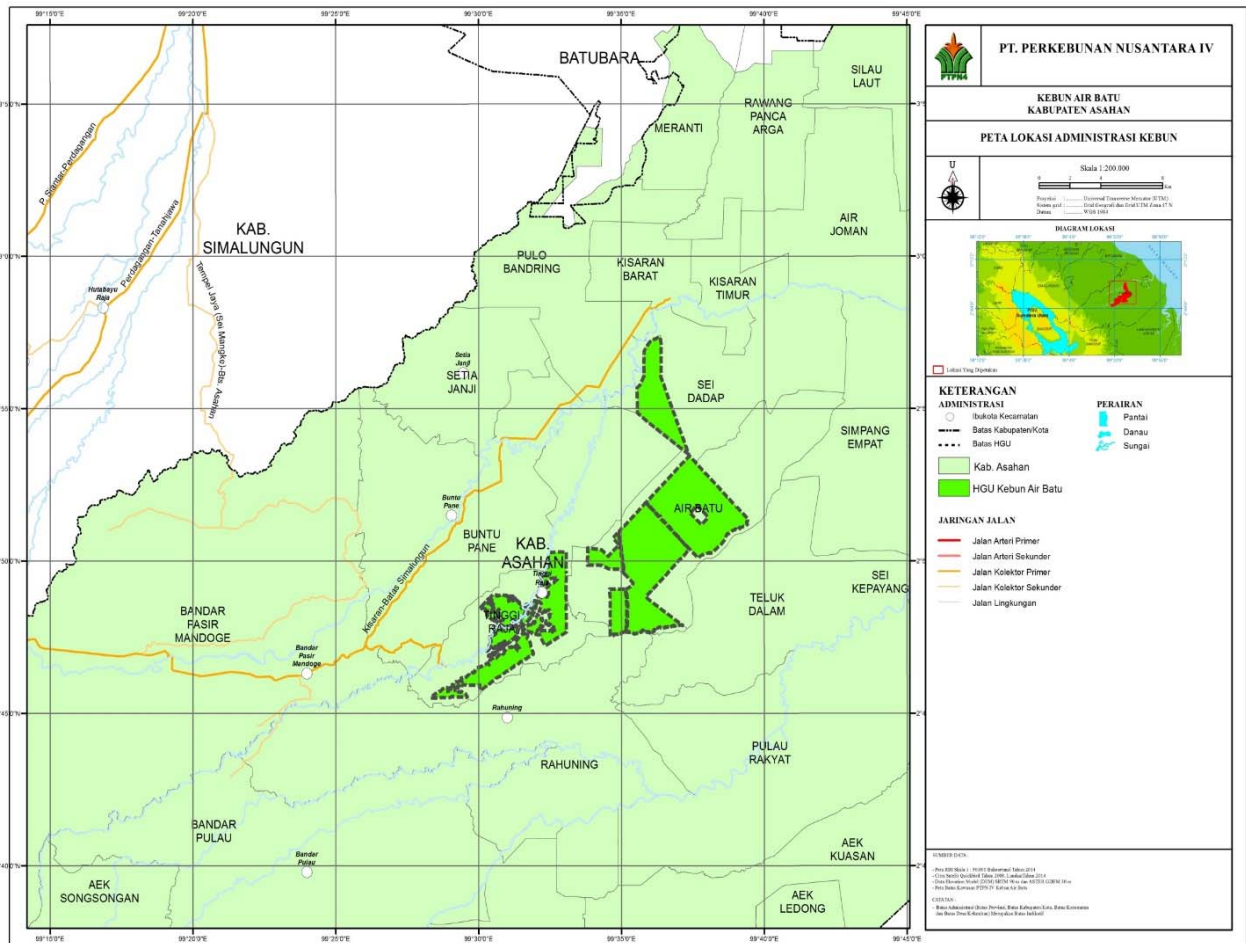
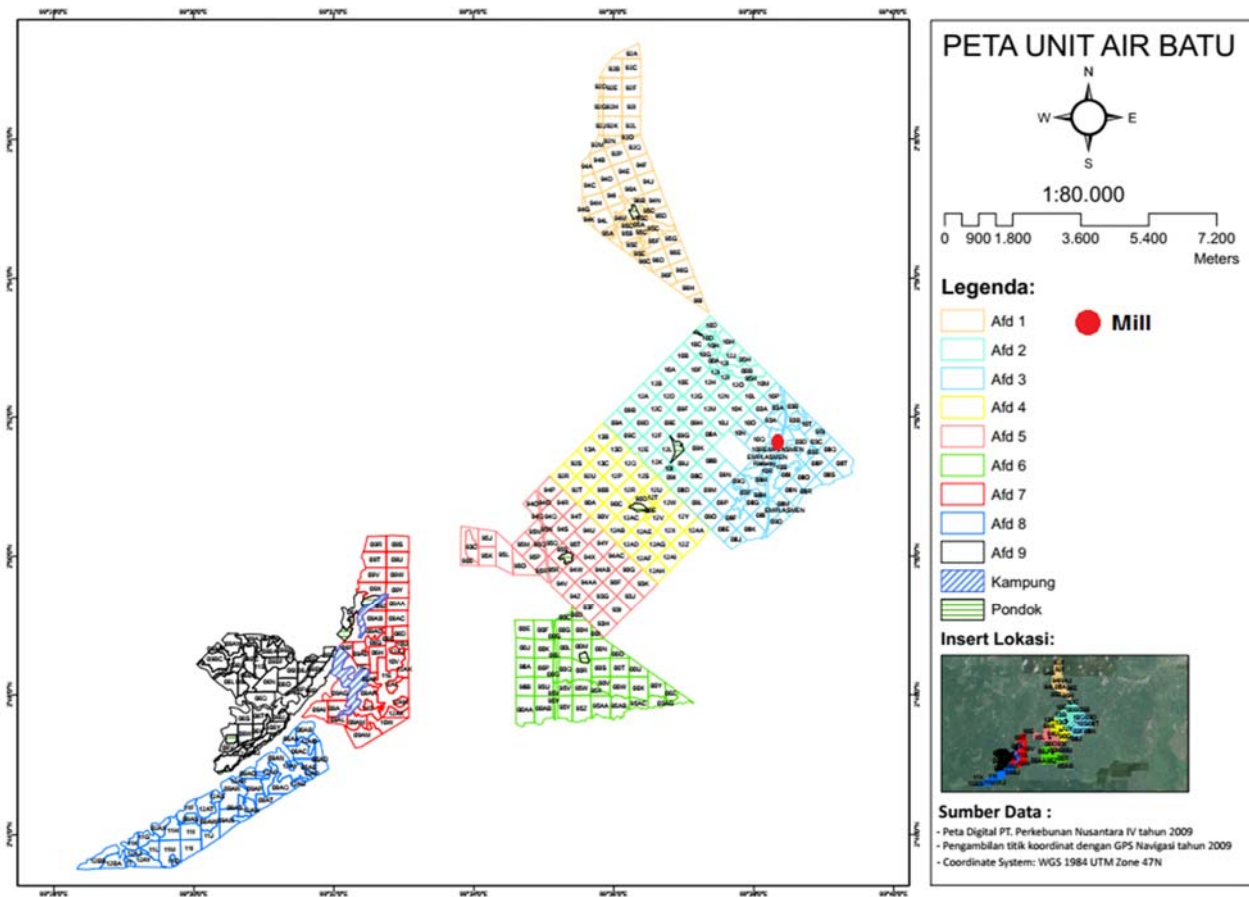


Figure 2. Operational Map of PTPN IV Air Batu



Abbreviations Used

AFD	:	Afdeling
APAR	:	<i>Alat Pemadam Api Ringan</i> (Fire Extinguisher)
ASN	:	Agro Sinergi Nusantara
BOD	:	Biological Oxygen Demand
CITES	:	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COC	:	Code of Conduct
CSR	:	Corporate Social Responsibility
CV	:	<i>Commanditaire Vennootschap</i>
EBA	:	Empty Bunch Area
EFB	:	Empty Fruit Bunch
FFB	:	Fresh Fruit Bunch
GHG	:	Green House Gas
GT	:	Global Telling
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> (Land Use Title)
HR	:	Human Resource
IPAL	:	<i>Instalasi Pengolahan Air Limbah</i>
IPM	:	Integrated Pest Management
ISPO	:	Indonesian Sustainable Palm Oil
IUCN	:	International Union for Conservation of Nature and Natural Resources
IUP	:	<i>Izin Usaha Perkebunan</i> /plantation business permit
LA	:	Land Application
LTA	:	Lost Time Accident
MCU	:	Medical Check Up
MSDS	:	Material Safety Data Sheet
NA	:	Not Applicable
NC	:	Non Conformance
NGO	:	Non Government Organization
NV	:	<i>Naamloze Vennootschap</i>
OER	:	Oil Extraction Rate
OFI	:	Opportunity for Improvement
OHS	:	Occupational Health & Safety
P&C	:	Principle and Criteria
PDK	:	<i>Pedoman Dasar Kerja</i> (work business guidelines)
PIC	:	Personal In Charge
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
PT KAI	:	<i>Perseroan Terbatas Kereta Api Indonesia</i> (state owned railway company)
PTPN	:	<i>Perseroan Terbatas Perkebunan Nusantara</i>
RAT	:	<i>Rapat Anggota Tahunan</i> (Annual Meeting)
RKL RPL	:	<i>Rencana Pengelolaan Lingkungan – Rencana Pemantauan Lingkungan</i> (Environment Management and Monitoring Plan)
RCMA	:	Rubber Cultuur Maatschapy Amsterdam
RSPO	:	Roundtable on Sustainable on Palm Oil
RTE	:	Rare, Threat, Endangered
SCCS	:	Supply Chain Certification System
SEL	:	<i>Studi Evaluasi Lingkungan</i> (Environmental Evaluation Study)
SOP	:	Standard Operational Procedure

SPBUN	:	<i>Serikat Pekerja Perkebunan (Worker Union)</i>
SPI	:	<i>Satuan Pengawas Internal (Internal Audit Committee)</i>
SPN	:	Sinergi Perkebunan Nusantara
TBP	:	Time Bound Plan
WHO	:	World Health Organization
WTP	:	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 RSP0 P&C 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSP0 BoG 30th September 2016. • RSP0 Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSP0 Board of Governors on 21 November 2014 revised on 14 June 2017 (Module D / E for CPO Mill) • RSP0 Certification System for Principles and Criteria, 14 June 2017 	
1.2	Organisation Information		
1.2.1	Organization name listed in the certificate	PT Perkebunan Nusantara IV – Kebun Air Batu	
1.2.2	Contact person	Dhanny Hermawan	
1.2.3	Organisation address and site address	Head Office: Jalan Letjen Suprpto No. 2, Kode Post 20151, Medan, Sumatera Utara, Indonesia. Site: Air Batu village, Air Batu Sub District, Asahan Regency, Sumatera Utara Province, Indonesia.	
1.2.4	Telephone	(62-61) 415 4666	
1.2.5	Fax	(62-61) 457 3117	
1.2.6	E-mail	perencanaan@ptpn4.co.id	
1.2.7	Web page address	www.ptpn4.co.id	
1.2.8	Management Representative who completed the application for certification	Khayamuddin Panjaitan	
1.2.9	Registered as RSP0 member	1-0082-09-000-00 - 29 June 2009	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base <ul style="list-style-type: none"> • Air Batu Mill, Air Batu Estate 	
1.3.2	Type of certificate	<i>Single</i>	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Air Batu Mill	Air Batu village, Air Batu Sub District, Asahan Regency, Sumatera Utara Province, Indonesia.	N 2°51' 35" E 99° 38' 18"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Air Batu Estate	Air Batu village, Air Batu Sub District, Asahan Regency, Sumatera Utara Province, Indonesia	N 2° 51' 36" E 99° 38' 19"

1.5	Description of Area Statement		
1.5.1	Tenure		
	• State	7,418.73	Ha
	• Community	-	Ha
1.5.2	Area Statement		
	• Total area	7,418.73	Ha
	• Planted Area	6,692.00	Ha
	• <i>Mature area</i>	<i>6,107.00</i>	<i>Ha</i>
	• <i>Immature area</i>	<i>585.00</i>	<i>Ha</i>
	• Replanting plan	215.00	Ha
	• Nursery area	6.00	Ha
	• Heaten	3.00	Ha
	• Roads and Trenches	305.73	Ha
	• Emplasmment	156.00	Ha
	• Irrigation	3.00	Ha
	• Waste Pond	2.00	Ha
	• Lowland	36.00	Ha
	<i>* HCV was include in planted area: 337.48 Ha</i>		
1.6	Planting Year and Cycles		
1.6.1	Age profile of planting year		
	Planting Year	Hectarage (Ha)	
		Air Batu Estate	Total
	Mature Area		
	1994	608.00	608.00
	1995	572.00	572.00
	1996	162.00	162.00
	1998	47.00	47.00
	2000	572.00	572.00
	2003	172.00	172.00
	2005	41.00	41.00
	2006	451.00	451.00
	2008	509.00	509.00
	2009	1,317.00	1,317.00
	2010	466.00	466.00
	2011	301.00	301.00
	2012	796.00	796.00
	2013	93.00	93.00
	Sub Total	6,107.00	6,107.00

Immature Area							
2015			165.00			165.00	
2016			420.00			420.00	
Sub Total			585.00			585.00	
TOTAL			6,692.00			6,692.00	
1.6.2	New Planting area after January 2010		- Ha				
1.6.3	Planting Cycle		2 nd Cycle				
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
Out put (tonnes)				Extraction (%)	Out put (tonnes)	Extraction (%)	
	Air Batu Mill	30	155,662.08	35,750.46	22.97	6,086.06	3.91
	<i>*Production data source from June 2017 to May 2018</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
FFB (tonnes/year)						%	
	Air Batu Estate	7,877.75	7,029.00	145,720.84	22.61	145,148.18	99.6
	<i>*Production data source from June 2017 to May 2018</i>						
1.7.3	FFB description from other source						
	Name of sources/Organisation (RSPO certified / non-certified)	Type of Organisation	Number of Smallholders	Supplied to Mill			
FFB (tonnes/year)							
	Bandar Selamat	PTPN III (RSPO Certified)	-	7,210.44			
	Sei Kopas	PTPN IV (RSPO Non Certified)	-	2,863.72			
	Pasir Mandoge	PTPN IV (RSPO Non Certified)	-	523.27			
	Meranti Paham	PTPN IV (RSPO Non Certified)	-	216.81			
	TOTAL			10,814.24			
	<i>*Production data source from June 2017 to May 2018</i>						
1.7.4	Product categories			FFB, CPO, PK			
1.8	Tonnage of 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		-		-		
1.8.2	Product selling						
	Tonnage of selling product			Period of actual selling product (dd/mm/yy) to (dd/mm/yy)			

	<ul style="list-style-type: none"> • CSPO sold as RSPO certified product • CSPK sold as RSPO certified product • CSPO sold under other scheme • CSPK sold under other scheme • CSPO sold as conventional • CSPK sold as conventional 	-	-	-	-	-	-	
1.8.3	Estimate of Certified FFB Claim							
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)			
	Air Batu Estate	7,418.73	6,692.00	161,972	24.20			
	<i>*Projected FFB production from June 2018 to May 2019</i>							
1.8.4	Estimate of Certified Palm Product Claim							
	Name of Mill	Capacity (tonnes/hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel		Supply Chain Module
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	
	Air Batu Mill	30	161,972	38,711	23.90	7,062	4.36	MB
	<i>*Projected FFB production from June 2018 to May 2019</i>							
1.9	Other Certifications							
	OHSAS 18001:2007		Certificate No. REG.SKM3.SUC.SK.889, period of June 2017 to June 2020					
1.10	Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units							
	Management Unit		Estate (Supply Base)	Time Bound	Location	Status		
	POM	Time Bound						
	Pabatu	2015	Pabatu	2015	Serdang Bedagai, Sumatera Utara	Certified		
		2018	PKC Pabatu	2018		Certified		
	Dolok Ilir	2015	Dolok Ilir	2015	Simalungun, Sumatera Utara	Certified		
			Laras	2018		Certified		
	Pulu Raja	2015	Pulu Raja	2015	Asahan, Sumatera Utara	Certified		
	Adolina	2018	Adolina	2018	Serdang Bedagai and Deli Serdang, Sumatera Utara	Certified		
	Bah Jambi	2018	Bah Jambi	2018	Simalungun, Sumatera Utara	Certified		
			Marihat	2018	Simalungun, Sumatera Utara	Certified		
			Bah Birung Ulu	2021	Simalungun, Sumatera Utara	Stage-1 Audit		
			Marjandi	2021	Simalungun, Sumatera Utara	IC		
			Marjandi out of scope 30 ha	2021	Simalungun, Sumatera Utara	-		
	Dolok Sinumbah	2018	Dolok Sinumbah	2018	Simalungun, Sumatera Utara	Certified		

		Out of scope certification (35,94 ha)	2021		-
		Balimbingan	2021	Simalungun, Sumatera Utara	Certified
Mayang	2018	Mayang	2019	Simalungun, Sumatera Utara	Certified
		Bukit Lima	2019	Simalungun, Sumatera Utara	-
Gunung Bayu	2018	Gunung Bayu	2019	Simalungun, Sumatera Utara	IC
		Tanah Itam Ulu	2019	Simalungun, Sumatera Utara	IC
Tinjowan	2018	Tinjowan	2018	Simalungun, Sumatera Utara	IC
		Aek Nauli	2018	Simalungun, Sumatera Utara	IC
		Padang Matinggi	2018	Simalungun, Sumatera Utara	IC
Air Batu	2018	Air Batu	2021	Asahan, Sumatera Utara	IC
		Air Batu out of scope of 459.02 ha	2021	Asahan, Sumatera Utara	-
Berangir	2018	Berangir	2018	Labuhan Batu Utara, Sumatera Utara	Certified
Sawit Langkat	2018	Sawit Langkat	2018	Langkat, Sumatera Utara	Certified
		Sawit Langkat out of scope of 301.5 ha	2021	Langkat, Sumatera Utara	-
Pasir Mandoge	2018	Pasir Mandoge	2021	Asahan, Sumatera Utara	-
		Sei Kopas	2021	Asahan, Sumatera Utara	-
		Tonduhan	2021	Simalungun, Sumatera Utara	-
Timur	2019	Timur	2021	Mandailing Natal, Sumatera Utara	-
		Balap	2021	Mandailing Natal, Sumatera Utara	-
Ajamu	2019	Ajamu	2021	Labuhan Batu Utara, Sumatera Utara	IC
		Meranti Paham	2021	Labuhan Batu Utara, Sumatera Utara	IC
		Panai Jaya	2021	Labuhan Batu Utara, Sumatera Utara	-
Sosa	2019	Sosa	2021	Padang Lawas, Sumatera Utara	-
PT Agro Sinergi Nusantara	2021	PT Agro Sinergi Nusantara	2021	Aceh Barat, Aceh	-
PT Sinergi Perkebunan Nusantara	2021	PT Sinergi Perkebunan Nusantara	2021	Morowali Utara, Sulawesi	-
1.10.2	Progress of Associated Smallholders and Out-growers for Certifiable Standard				
	The company has no agreement with any Associated Smallholders and Associated Out-growers				

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ST-2	<p>1. Arif Faisal Simatupang (Lead Auditor Witnessed). Bachelor of Agriculture, from Department of Agriculture Agronomy, Faculty of Agriculture, University of Gadjah Mada. He has successfully completed an RSPO endorsed P&C Lead Auditor Training, RSPO SCCS endorsed Lead Auditor Training, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Training, Management System Certification ISO 9001-2008 Lead Auditor Training, Environmental Management System ISO 14001 Lead Auditor Training, ISO 17021 and ISO 17065 Awareness Training, Management of High Conservation Value (HCV) Training, Social Accountability SA 8000 Training. He has four years of working experience as a Field Assistant on oil palm plantation company in Indonesia. Since 2014, he works as an auditor of RSPO and ISPO in the aspects of legal, social, best management practices of mill and estate, OHS, employment, and environmental. During the assessment he assigned to verify aspects of legality, transparency, social, and SCCS.</p> <p>2. Sandra Purba (Lead Auditor Witnessing). Graduated from Forestry Faculty Bachelor Degree, majored in Forest Product Technology. Have experience working in industrial forest company, mining and oil palm plantations company for 6 (six) years as EHS and Sustainability Assistant. Has been certified as General OHS Expert, attend and passed the several trainings of management system (OHS, environment and quality management), has been attend the training of waste management, GHG verifier and validator training, and conflict resolution and mapping training. Have been successfully passed the Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, RSPO lead auditor training course and auditor of RSPO Next, Social Accountability SA 8000 Training. Involve in many audit activities of similar scheme (ISPO) since April 2013 covering the Legal Aspect, Environmental aspect, Social Aspect, Health and Safety Aspect, conservation and Worker Welfare. During the assessment she role as witnesser Lead Auditor.</p> <p>3. Sofyan Hadi Lubis (Auditor). Sofyan Hadi Lubis (Auditor). Master's Program in Environmental and Natural Resource Management and Bachelor of Social Economic Agriculture. Has been involved as a researcher at the Research Centre of Forestry and Climate Change and Cooperation IPB-ETH Zurich Swiss-NUS Singapore regarding carbon stock analysis. The training has been followed, among other climate change mitigation and adaptation for agricultural productivity in Southeast Asia, Asian Carbon Update and Network and Climate Change Mitigation and Adaptation for Agricultural Productivity, Environmental Impact Assessment (EIA), Lead Auditor ISPO (Indonesian Sustainable Palm Oil), IHT-RSPO, ISO 9001, HCV, ISO 14001, Calculation of Greenhouse Gases (GHG), ISCC Plantation Audit and Land Use Assessment, Green Industry and ISCC EU and Plus Basic Training, Social Accountability SA 8000 Training. Furthermore, he also worked as a staff environmental consulting and currently working as an auditor in the certification body (PT Mutuagung Lestari). He has conducted audits for ISPO scheme, RSPO and ISCC in oil palm plantations as an auditor. During this audit, he verified related to best management practices aspect, long term plan, and GHG.</p> <p>4. Asystasya Aishah Silalahi (Auditor). Bachelor of Economy, Major of Agribusiness, Faculty of Economic and Management. She has one year experience in consultancy. She has followed training such as ISPO Auditor Training, Lead Auditor ISO 9001:2015, OHS General Expert, RSPO lead auditor training course, Social Accountability SA 8000 Training, and several in house training related to environmental, BMP, etc. Has been involved in several audit activities since 2016 related to sustainable palm oil certification covering waste management aspect, Social Aspect, Health and Safety Aspect, and Worker Welfare. During this audit, she assigned to verify of HCV, environment, OHS and worker welfare aspects.</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: 3 auditor Number of days for ST-2 at site : 4 days Number of working days for ST-2 at site : 12 Working days</p>
2.2.2	Assessment Process
ST-2	The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PTPN IV Air Batu to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th

	<p>September 2016 and Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on June 2017 (Module E for CPO Mill).</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ST-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-1). 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 assesment program please find Appendix 2</p>
<p>2.2.3</p>	<p>Locations of Assessment</p>
<p>ST-2</p>	<p>Air Batu Mill</p> <ol style="list-style-type: none"> 1. Process Station, Observations and interviews with operators regarding the fulfillment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership. 2. FFB Receiving / weighbridge. Observation and interview with the PIC of SCCS related the process and procedure of supply chain. 3. Hazardous Waste Storage. Observation about storage condition, hazardous waste stock, OHS implementation (alarm, shower, first aid box), firefighting facilities, oil trap and interview with the worker about worker welfare, training for worker, employee cooperative, and OHS implementation. 4. Chemical Storage. Observation about storage condition, MSDS, and OHS implementation. 5. Workshop. Observation about workshop condition and interview with workshop foreman about worker welfare, OHS implementation, and understanding about work risk. 6. Firefighting simulation. Hydrant simulation in kernel station and fire extinguishers. 7. Water treatment plant. Observation and interview regarding to water management, OSH, waste management and labour 8. Empty bunch area. Observation related to waste management 9. WWTP. Observation and interview regarding water management, OSH, waste management and labour 10. Grading Area : Observation of grading mechanism and interview of related personnel in charge (Grading Foreman and their staff), OHS aspect and worker welfare 11. Boiler Station. Observation and interview with Operator towards technical, maintenance, manpower, OHS aspect and worker welfare 12. Engine Room. Observation and interview with Operator towards technical, maintenance, manpower, OHS aspect and worker welfare <p>Air Batu Estate.</p> <ol style="list-style-type: none"> 13. Land Demarcation Aspect and Land Use Title (HGU) pole No. 22 and 59 (Afd II, Block 10J - enclave of Kampung Reasantun); No. 58 (Afd III Block 08J), No. 60 (Afd III Block 08E), No. 62 (Afd III Block 08J), No. 63 (Afd III Block 08K), No. 105 and 106 (Afd IV Block 12Z). Observation on aspect of land demarcation and maintenance of HGU pole. 14. POME Land Application, Block of 010P Division 3. Observation related to waste management 15. Well Monitoring, Block of 03B Division 3. Observation related to waste management 16. Riparian of Hesa River, block of 03E, division 3. Observation related to HCV management 17. Workers Housing, Division 3. Observation related to workers facility, complain mechanism, domestic waste management 18. Fertilizer Storage. Observation and interview regarding to OSH, waste management and labour 19. PPE Store. Observation and interview regarding to OSH, waste management and labour 20. Chemical Mixing & Washing Facilities. Observation and interview regarding to OSH, waste management and facilities. 21. Domestic Waste Landfill. Observation and interview regarding to domestic waste management

	<p>22. Chemical Storage. Observation and interview regarding to OSH, waste management and labour</p> <p>23. Riparian of Piasa River, Block of 06J, Division 9. Observation related to HCV management</p> <p>24. Spraying Activities, Block of AL09, Division 8. Observation and interview related to spraying procedure, PPE implementation, OHS implementation, conservation area, labor management and payment system.</p> <p>25. Harvesting Activities, Block of 016, Division 8. Observation and interview related to harvesting procedure, PPE implementation, OHS implementation, conservation area, labor management and payment system.</p> <p>26. EFB Application, Block of O16, Division 8. Observations and interviews related to the management of EFB, PPE implementation, OHS implementation, labor management and payment system</p> <p>Stakeholder Consultation</p> <ol style="list-style-type: none"> 1. Village Head of Sijabut Teratai 2. Village Head of Perkebunan Air Batu I/II 3. Labor Agency of Asahan Regency 4. Environment Agency of Asahan Regency 5. Plantation Agency of Asahan Regency 6. National Land Agency of of Asahan Regency (No Respon) 7. Worker Union (SPBUN) 8. Gender Committee 9. Worker Cooperative of KEKAR 10. Local Contractor of FFB transport (CV Putra Mandiri)
2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ST-2	<p>Summary of stakeholder consultation process</p> <ol style="list-style-type: none"> 1. Public announcement at web www.mutucertification.com on 30th April 2018 (http://mutucertification.com/wp-content/uploads/2018/05/Notification-of-RSPO-Initial-Assessment-of-Air-Batu-POM.pdf). 2. Public consultation by interview with government agencies in Asahan Regency (Plantation agency, National Land agency, Labor agency and Environment Agency) on 6th June 2018. 3. Public consultation by interview with locals of the nearby village (Sijabut Teratai and Perkebunan Air Batu I/II), and local contractor on 6th – 7th June 2018 4. Consultation meeting and interview with Internal Stakeholder (worker union, employee cooperative, and gender committee) on 6th – 7th June 2018 5. Consultation with NGO (<i>Walhi, Sawit Watch, AMAN</i>) via email on 30th May 2018. <p>Numbers of input from stakeholders were clarified by PTPN IV Air Batu</p>
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit ASA-1 will be determined eight to twelve month after date of certificate issued.

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

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

During the assessment, there were three (3) Nonconformities were assigned against Major Compliance Indicators; five (5) nonconformities were assigned against Minor Compliance Indicators; and three (3) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5.

MUTUAGUNG LESTARI found that Air Batu POM – PT Perkebunan Nusantara IV complied with the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th September 2016, and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors June 2017 (Module E 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		
<p>1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</p>		
<p>1.1.1 The Company has a list of stakeholders and information that is accessible by the public (according to PTPN IV Directors Decree No. 04.03 / KPTS / 02 / II / 2018). Officers responsible for consulting and communicating with stakeholders are the General HR Assistant and HR administration RSPO (according to Manager Decree No. ABA / SK / 01 / X / 2018 dated January 08, 2018).</p> <p>The company has a list of information that is accessible by the stakeholders, but based on document review and interviews with stakeholders, it is known that there is no evidence of socialization for a list of company information that accessible by stakeholders including mechanisms to access the information. NCR No. 2018.01 with Minor category.</p> <p>1.1.2 The mechanism for responding to stakeholders is explained in SOP No. 60 dated August 1, 2012 concerning Requests for Information and Responses. The responsible PIC are General HR Assistant and RSPO HR administration. Incoming information from stakeholders responded to 30 days and stored in the secretary room Manager and General HR Assistant. Based on auditor's verification of the register documents of incoming and outgoing mail, it is known that in period of 2017-2018 there are 2 requests for information from external stakeholders who have been responded on time by the company.</p>		
1.1.1	Status: Non conformity No. 2018.01 with minor category	

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.

1.2.1
 PTPN IV public documents are available (according to PTPN IV Directors Decree No. 04.03 / KPTS / 02 / II / 2018). Public document such as: profile company, annual report, HGU document, EIA document, CSR document and others.
 Public documents stored in each unit of department and can be accessed by request to General HR and RSPO administration.

Status: Comply

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

1.3.1
 Integrity code and ethical behavior policy / Code of Conduct / COC is available (according to Decree No: DK-54 / KPTS / XI / 2012; 04.03 / KPTS / 06 / XI / 2013 on November 15, 2013. COC in language Bahasa and has been communicated to workers and third parties (stakeholders) on April 17, 2018. COC policy is also communicated to workers during Morning Briefing.
 Based on interview with Grading workers, Engine Room workers, St. Boiler workers, Spraying workers and Harvest workers, known that they have understood the COC policy.
 Based on interview with third parties (stakeholders including contractor), they already know the Integrity code and ethical behavior policy / Code of Conduct / COC.

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
 The company has demonstrated compliance with applicable regulations on plantations, namely :
 - land use title (HGU) with a total area of **7,877.75 ha** and plantation business permit (IUP) for oil palm plantations covering an area of **8,030.41 ha** and palm oil mill with a capacity of **30 tons/hour**, in accordance with the detailed explanation in indicator 2.2.1.
 - Submission of the HGU Land Use Report to the National Land Agency on 4 June 2018.
 - Submission of the Plantation Business Development Report to the Plantation Agency on 4 June 2018.

Sighted the evidence of compliance with regulations, for example:

OHS

- Permanakertrans No PER/01/MEN/1976 about the obligation of hyperkes training for the company doctor. Hyperkes certificate of dr Muhammad Haffiz No 17.482/DH-VII/07 on June 2007
- Polyclinic permit PTPN IV Air Batu No 125/IV-DTK/2013 on 19th June 2013
- License for Boilerman Bo 15.7883.OPK3-PUBT-B.I/II/2015 valid until 16 February 2020
- Steam boiler permit No 27/01/KU/IV-DTK/III/2009 and monitoring surveillance has been conducted
- Diesel permit No 20/PTP/DTK-TR/VIII/2002 and monitoring surveillance has been conducted
- The result of air quality monitoring results (ambient emissions), and measurement of the level of impaired immobility (noise, odor and vibration) still in accordance with the standard quality threshold. Workers also provide with PPE
- Company already has emergency response team consist of fire prevention team. This has been in accordance with Labor Ministerial Decree No. 186 of 1999
- Et cetera

Worker Welfare

- The Company has been implemented the regulation related to labor, for example the minimum wage is in accordance with Decree of Sumatera Utara Governor (188.44/575/KPTS) about Minimum wage of Sumatera Utara Province of 2018.

2.1.2, 2.1.3

Mechanisms for compliance with regulations are in the procedure related on the identification of regulatory and compliance evaluation (No. PL-MR-07 Rev. 1 dated 1 April 2018). The monitoring, socialization and distribution of regulation to business unit were carried out by Sustainability Division of PTPN 4 Headquarter. The mechanism for assessing compliance is done by an internal compliance audit every 6 month. The company shows document of evaluation of regulatory compliance of 2017/2018. Document has arranged the regulation based on its aspect, among others related to legal of land and plantation business, agronomy and processing, manpower and occupational health and safety, as well as environmental and conservation aspect.

2.1.4.

The last internal compliance audit was conducted on 20 March 2018, for every aspect of legality related to plantations. An example of a regulatory update that has been implemented is the regulation on the latest regional wage determination in 2018.

However, based on a review of the List of Regulations Regarding the Implementation of RSPO-ISPO dated 20 March 2018, it is known that not yet fully legal regulations have been identified, namely not yet containing but not limited to :

- Government Regulation No. 37 of 2014 concerning soil and water conservation.
- Government Regulation No. 44 of 2015 concerning the implementation of accident insurance programs and death insurance.
- Government Regulation No. 45 of 2015 concerning the implementation of a pension guarantee program.
- Government Regulation No. 46 of 2015 concerning old age insurance.
- Minister of Agrarian and Spatial Planning Regulation No. 7 of 2017 concerning procedures for determining HGU.
- Minister of Manpower Regulation No. 38 of 2016 concerning OHS of power and production machinery.
- Minister of Manpower Regulation No. 5 of 2018 regarding OHS on the work environment.
- Minister of Health Regulation No. 416 of 1990 concerning water quality requirements and supervision.
- Decree of the Governor of North Sumatra No. 188.44/575/KPTS concerning the North Sumatra Province minimum wage in 2018.

This becomes Non-conformity No. 2018.02 on indicator 2.1.4 Minor

2.1.4	Status: Nonconformity No. 2018.02 with Minor category
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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

The history of land ownership was originally owned by the Dutch colonial company NV. RCMA (Rubber Cultuur Maatschapy Amsterdam) the Hengelo Plantation Unit since 1928. In 1958 nationalization was carried out by the Indonesian Government, undergoing several name changes, until 11 March 1996 to PTPN-IV (PT Perkebunan Nusantara) Air Batu unit.

The actual total management area based on the area statement of 2018 is **7,877.75 ha**, and all of them have legal land use title (Hak Guna Usaha/HGU) and plantation business permit (Izin Usaha Perkebunan/IUP). However, there is an area of 459.02 ha that does not have an environmental permit (explained in NCR 2018.07 on indicator 5.1.1 Major). This area is excluded from the scope of certification and has been included in the time bound plan, so that the current scope of certification is **7,418.73 ha** as stated in the area statement in this report.

The HGU and IUP explained below :

- Land use title / HGU Certificate No. 2 dated 17 July 2003 covering an area of **5,615.68 ha**, valid until 31 December

2026. **Notes:** HGU No. 2 is used for Division I to VI.

- Land use title / HGU Certificate No. 41 dated 16 May 2013 covering an area of **381.36 ha**, valid until 1 January 2034.
 - Land use title / HGU Certificate No. 42 dated 16 May 2013 covering an area of **1,155.25 ha**, valid until 1 January 2034.
 - Land use title / HGU Certificate No. 43 dated 16 May 2013, covering an area of **725.65 ha**, valid until 1 January 2034.
- Notes:** HGU No. 41, 42, and 43 are used for Division VII, VIII, and IX.
- Plantation business permit (IUP) No. 503/IUP/BPPPM/1632/XJ/2012 dated 27 November 2012 for oil palm plantations covering an area of **8,030.41 ha** and palm oil mill with a capacity of **30 tons/hour**.

2.2.2

The company can show evidences of legal land boundaries in the HGU map as an attachment to the HGU Certificate. The map shows the boundaries of the land and the location of the HGU poles. The HGU poles were monitored and maintained routinely twice a year. The last monitoring conducted in 4 June 2018. Total 325 poles identified as in good condition.

Based on observations of land boundaries and HGU poles No. 22 and 59 (Division II, Block 10J - inclave of Kampung Reasantun), No. 58 (Division III Block 08J), No. 60 (Division III Block 08E), No. 62 (Division III Block 08J), No. 63 (Division III Block 08K), No. 105 and 106 (Division IV Block 12Z), it is seen that the HGU poles have been maintained. The boundary of the company's area with the community has also been clear with the existence of a boundary drainage. There is no indication of land dispute or planting outside the HGU.

2.2.3, 2.2.4, 2.2.5

Based on area statements, management interviews, and stakeholder consultations with Apparatus of Village of Sijabut Teratai and Village of Perkebunan Air Batu I/II, Plantation Agency of Asahan Regency, as well as field observation, there was no indication of land disputes. There are statements of old land disputes in the extension of the HGU Decree, but have been excluded in the HGU map to be inclave, for example inclave of Reasantun Village, is excluded/outside the current HGU area.

2.2.6

Even though there are no land disputes, the company has a preventive effort to avoid disputes or conflicts contained in the procedures for handling land and land conflicts (No. 04 Rev. 03 dated 2 January 2017), namely by not using violence in handling land conflicts, prioritize win-win solutions, using third party mediation, to legal proceedings.

Status: Comply

2.3

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

2.3.1; 2.3.2, 2.3.3, 2.3.4

In accordance with the explanation in the previous indicator, the history of land ownership was originally owned by the Dutch colonial company NV. RCMA (Rubber Cultuur Maatschapy Amsterdam) the Hengelo Plantation Unit since 1928. In 1958 nationalization was carried out by Indonesian Government, undergoing several name changes, until 11 March 1996 to PTPN-IV (PT Perkebunan Nusantara) Air Batu unit. The company has also obtained first HGU until the extension of the HGU. Since nationalization, the company has not made new land expansion/land compensation from the community.

It can be concluded that the company does not obtain land from compensation with the community or the release of customary rights, and there is no map of legal rights or customary rights (if any) before. This has been confirmed based on the results of consultations with the Village Head of Sijabut Teratai, Village Head of Perkebunan Air Batu I/II, as well as Plantation Agency of Asahan Regency, that there have been no customary rights in the area of the company, and the company has never expanded land or new land compensation.

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.

3.1.1
 Long Term Plans for period of 2015-2019 are available. The document describes FFB production projection, OER, production cost, price estimate, financial indicator and estimated replanting. Personnel in charge (PIC) are Unit Manager and then evaluated annually in annual meetings. Evaluation results are as follows:

- Increased FFB production from specified projections
- OER reduction from the specified projection
- Decrease FFB price from specified projection

Interview with Manager and Assistant Division and verification of Land Map is known that there is no peat land identified in Air Batu Estate. This has been explained in **criterion 4.3**

3.1.2
 Based on Long-Term Plan period of the 2015-2019 document and interview with the Manager, known that the replanting plan was carried out in 2015 of 184 ha, 2017 of 610 Ha, 2018 of 608 Ha, and 2019 of 572 Ha. Based on realization of replanting, the certification unit postpone the replanting program on 2017 because the productivity of FBB still more than the economic threshold.

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
 SOPs for Cultivation and Palm Oil Mill. For example:

- SOP's on Harvesting explained at SPO's no. 06.0 / 2017 (page 214) and SPO's no 06.1 / 2017 (page. 221), and Work Business Guidelines (PDK).
- SOP's on FFB Transportation explained at SPO's no. 06.2 / 2017 (page 226), and Work Business Guidelines (PDK).
- SOP's on Fertilization explained at SPO no. 03.0 / 2017 (page 96), SOP no. 04.1 / 2017 (page 123), SPO no. 05.2 / 2017 (page 159), and Work Business Guidelines (PDK).
- SOP's on IPM explained at SPO no. 03.1 / 2017 (page 111), SPO no. 04.3 / 2017 (page 133), SPO no. 05.11 / 2017 (p. 194), and Work Business Guidelines (PDK).
- SOP's on Soil and Leaf Analysis explained at SPO no. 05.4.
- SOP's on safe working practices and application of pesticides explained at Director Letter No. 04.04 / SE / 18 / X / 2016 and SPO's No. 23 related to pesticides management.
- SOP's for riparian zone management explained at SPO's No. 05 / 2015. Riparian zone management is carried out by: markings, signboard and socialization to the community. For riparian that have been planted with oil palm, vegetation is maintained and is prohibited from spraying with chemicals. For riparian that have not planted with oil palm, vegetation is maintained and enrichment of plants.
- SOP's spraying explained at SPO no. 04.2 (page 130) and the Work Business Guidelines (PDK).
- SOPs for Palm Oil Mill explained at SPO no. 01-12 approved on April 2010 (example: SOP's on Weighbridge explained at SPO's no. 01, SOP's on Loading ramp explained at SPO's no. 02, SOP's on Sterilizer explained at SPO's no. 03, SOP's on Dispatch explained at SPO's no. 08, SOP's on FFB, CPO quality explained at SPO's no. 09, SOP's on laboratory and sample analysis explained at SPO's no. 11
- SOP's on OHS including use of PPE's explained at OHS Manual Document no. 4.1.1 / 2014 and OHS procedure no. 4.3.15 / 2014.
- SOP's on measuring and monitoring mill effluent explained at SPO no. ABA-PL-DP-01 / October 2008.

Interviews with Harvesting, Spraying Workers and Loading Ramp, it is known that they have understood SPOs Cultivation and Palm Oil Mill. They got the understanding from Briefing Morning, Socialization and Training.

4.1.2

Monitoring of SOPs implementation is carried out periodically (2 time a years) by SPI HO, last conducted in January 2018. The SOPs implementation also checked periodically (ones a years) by the RSPO internal audit dated 30 May - 2 June 2018. From supervision and internal audit result, if any NC then given warning or sanction and made plan for improvement.

4.1.3

From monitoring and internal audit results founded any NC. NC have been evaluated and follow up action.

4.1.4

Based on document review and interview with the Mill' Manager, it is known that the January until present (main audit assessment), no FFB from contractors and local community received by Air Batu Factory.

Status: Comply

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

Available of fertilizer SOPs which is explained in SPO 03.0 (page 96), SOP 04.1 (page 123), SPO 05.2 (page 159), and Work Business Guidelines (PDK).

SOP implementation is described in the Annual Maintenance document and Fertilization Report. Fertilizers used for the period January to December 2017 are Dolomite 1,893,133.25 kg and NPK 3,871,170.25 kg.

4.2.2

The auditor has seen records of fertilizer application, for example for period of 2017. Records of fertilizer implementation are documented in Barcard Documents & foreman's books. For example:

- In Division 7 there is implementation of Dolomite dated 24-10-2017, located Block C of 2,285 kg, Doses 1.25 kg / tree, workers number are 7 peoples. Implementation of NPK fertilizer dated 9-9-2017, located Block 06C of 3,656 kg doses 2 kg / tree, workers number are 7 peoples.
- In Division 8 there is implementation of NPK fertilizer dated 15-11-2017, located Block 06 AA & 06 AB of 8,046 kg, Dose 2 kg / tree, and workers number are 14 peoples.

4.2.3

SPO's related to leaf and soil analysis activities are available (SPO no. 05.4). Leaf analysis conducted ones a years and soil analysis one times of 5 years.

The company has carried out land and leaf analysis activities in line with the established procedures. Soil analysis activities were carried out in 2014 and leaf and visual analysis activity in 2017. Soil and leaf analysis results were included in fertilizer recommendations every year.

4.2.4

The company able to demonstrate recycled recordings EFB, POME, Fiber and Shell.

- The total EFB application for the last 12 months is 32,814,300 kg.
- The total POME application for the last 12 months is 86,785,290 m3.
- The total use of fiber for boiler fuel for the last 12 months is 20,249,892 kg.

Based on the field visit, it is known that EFB is used as organic fertilizer on the soil. POME is applied to land that has obtained permit from the local government. Fiber and Shell as boiler fuel.

During the audit not yet replanting activities in the place.

Status: Comply

4.3 Practices minimize and control erosion and degradation of soils.

4.3.1
The soil type information is explained in the Map of Land type 1: 50,000 and HCV document in 2011. From the map and the document known that the no peat land in the Air Batu Estate. The soil type is dominated by Red Yellow Podsolc soil type which is part of Ultisol.
Interviews with Manager and Division Assistants as well as field visits to Division 8, 9, and 4, no peat land in the area.

4.3.2
The sloping planting strategies described in SPO 01.4 related to Land Preparation and Preservation were validated on August 01, 2007. The slope planting strategy was carried out by making terrace. Based on the Slope Map Scale 1: 50,000 and interviews with Estate Managers, no area with high-slope (> 40%) in the Air Batu Estate.
Based on field visit, no indication of high slope the area (> 40%) and no peat land.

4.3.3
Road maintenance program is documented in Barchad Maintenance of the Road.
The company has carried out road maintenance in line with the program specified. January 2018 till the audit the total length of roads that have been maintenance are 100 meters in Division 3, 850 meters in Division 4, and 100 meters in Division 9.

4.3.4;4.3.5;4.3.6
Interview with Estate Manager and Assistant Division 2, it is known that the peat land were not identified at the Air Batu Estate. This information is strengthened by a Land Map Type 1: 50,000 Scale and HCV document in 2011, no peat land in the area. The soil type in the area has been explained in the **indicator 4.3.1**.

Based on field visit, no indication of peat lands on the area.

Status: Comply

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

4.4.1, 4.4.2
The identification of water sources and water bodies is indicated in a map scale of 1: 1000000, can be shown source management program and water quality period 2017/2018, among others: water quality testing of streams and springs periodically, monitoring and enrichment in the area of riparian, installing signboard for the preservation of the area and maintaining water resources and disseminating to employees and communities related to environmental conservation and river basins.

Sighted the records of riparian management implementation, among others installation and maintenance of riparian boundaries and chemical application boundaries, installation of warning sign ban, planting of plants in riparian areas, planting trees and bamboo plants in the border of Piasa river. Observed in the Piasa river and the Hesa river that the company had set the chemical application boundary of 20 m from the river bank, painted on the palm stem (red paint) along the border. Enrichment program is to be more towards planting woody plants in river border. **OFI**

Can be shown the report of surface water quality test (upstream and downstream of river Hesa), for example test report

of semester 2 year 2017 done by accredited laboratory, the reference used is Permenkes RI No. 416 / MENKES / PER / IX / 1990 (has been expired), its not yet appropriate where the surface water quality testing shall be conducted in accordance with Government Regulation 82/2001 (class 1 standard - water utilized by the community), and there were some of parameter not tested such as TDS, TSS, total coliform and fecal coliform, besides there are test results that are not in accordance with the quality threshold such as BOD in upstream of 4.25 and downstream of 7.12 (BOD quality standard is 2). **Its become NCR No 2018. 03 on 4.4.1 Minor**

4.4.3

Wastewater management done by mill in a series pond, consisting of fat pit, deoling pond, seeding pond, anaerobic pond, aerobic pond, sedimentation pond. Wastewater quality testing is conducted monthly by accredited laboratory, for example report of test of period Jan - March 2018, referring to KepmenLH No 29 year 2003, there is no parameter which exceeding quality threshold.

All generated POME are applied to land, the company has a wastewater utilization permit for land application through decree of Regent Asahan No .: 660.1 / 0855 / LH / 2015 dated 14 August 2015 to a land area of 108 Ha. Based on field observation in block 010P Afd 3 sighted that the location of application has been in accordance with the permit owned.

4.4.4

The company has monitored the use of water for processing, Monitoring of the water discharge that is utilized done by installing flow-meter, observed in mill that all installed flow-meters are functioning properly.

Based on the monitoring report of 2018, the water usage budget is 1.2-1.5 M3 / ton FFB, with an actual average usage ratio of 1.61 M3 / ton FFB. During the period of 2018, operations of the mill stagnated (the process is only done every 2 days - 3 days), this causes the ratio of water use is higher than the budget set by the company.

Permit of surface water usage for FFB processing in mill observed during audit namely decree of Governor of Sumatra Utara Province No.: 610/115/DPMPPTSP/5/XII.1/II/2017, issued on 28 Feb 2017 valid for 3 years, intakes from Hesa river.

4.4.1	Status: Non Conformity No. 2018.03 with Minor Category
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4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.
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4.5.1

Procedures for controlling Integrated Pest Management (SPO 05.11) are available.
 The plans and implementation of IPM handling are recorded on the Global Telling (GT) observation document. From the Global Telling document of 2018, there were no potential pest attacks.
 Based on field visit to block 016 Division 8 and interview with workers, no potential pest attacks.

4.5.2

All Integrated Pest Management officers have received training, for example Division 6 and 8, the training conducted on April 10, 2017. Based on interview with workers, no potential pest attacks.

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

4.6.1

Prohibition policy to use of pesticides categories in class 1A or 1B by WHO or listed in the Stockholm and Rotterdam Conventions, and including Paraquat are available (in line with Letter of Directors No. 04.04 / SE / 18 / X / 2016).

Based on document review, interviews with estate managers and chemical storage staff, it is known that the company does not use of pesticides categories in class 1A or 1B by WHO or listed in the Stockholm and Rotterdam Conventions, and including *Paraquat*. Pesticides used in period of 2017-2018 based on regulation, with active ingredients *Gliposat* and

Methyl Metsufuron. The company also can demonstrate the pesticide used according to species target and doses, for example Afdeling 8 :

- Application date: Mei 02, 2018
- Active ingredients pesticides: *Gliposate and Methyl Metsufuron*
- Doses used: *Gliposate 4500 cc and Methyl Metsufuron 250 gram*
- Application area: 693 Ha
- Block application: 2009AR.
- Pesticide operators: 5 operators

Based on field visit to Spraying Activities, Block of AL09, Division 8, pesticide operator has to know the specific targets of pesticide and appropriate dosage.

4.6.2

The company able to demonstrate documents related to the use of pesticides (including active ingredients used and LD50, treatment area, total active ingredients per Ha and workers applications). Pesticides used for 2017-2018 are pesticides of active ingredients *Gliposat and Methyl Metsufuron*. From the document, it is known that there is a pesticide reduction from 2017-2018, for example: Pesticides of *Elang (Gliposat)* of 5,695.1 liters.

4.6.3;4.6.4

Based on interview with the Manager Estate and Assistant Division, it is known that the Batu Air Estate conducted spraying for pest management control. But in 2017-2018 there was no use of pesticides for pest management control, because the results of Global Telling's observations were not indicative of pest attacks.

4.6.5; 4.6.7

SPO's no. 23 related to the management and pesticides storage are available. SOPs in *Bahasa Indonesia* and have been communicated to workers.

Based on field visit to pesticide storage, known that chemicals are stored at a secure store, MSDS, PPE are provided in place. The company also provided facilities for cleaning up after work and facilities for keeping pesticides PPE after use. Based on interview and field visit to Spraying Activities, Block AL09, Division 8, known that the pesticide operator have obtained PPE (Glasses, Masks and Body Protective Clothing, Rubber Gloves and Safety shoes). The operator not bring the food to applied area and no indication of nausea, vomiting and diarrhea on the operators.

4.6.6.

Based on field visit to hazardous waste storage, known that hazardous waste are stored at a secure store, MSDS, PPE are provided in place. Workers in charge of hazardous waste storage has been trained.

4.6.8

The Company does not apply air spraying applications – NA

4.6.9

Company showed training documentation for pesticide handling, such as

- On 4th November 2016 attended by 10 participants
- On 19th November 2017 attended by 8 participants.

Based on interview with spraying worker, it is known the worker has received training related to pesticide training. Besides, the worker also understand about work procedure for pesticide handling.

4.6.10

All of the hazardous waste produced including pesticide ex-containers are stored in licensed scheduled-waste storage before collected by the bounded and licensed transporter. The company has license through SK Bupati Asahan No. 660.1 / 0937 / LH / 2015 concerning temporary storage permits for hazardous and toxic waste materials PTPN IV unit of Air Batu, Asahan Regency, North Sumatra, on August 3, 2015, valid for 3 years. Allowable storing period is 90 days.

Recording is done routinely in waste balance sheet, for example sighted the record period until May 2018. Reporting the

balance sheet of hazardous waste to related institutions has been conducted, for example for the first quarter of 2018 has been reported on April 4, 2018 to DLH of Asahan Regency.

4.6.11

Company has conducting medical check up for worker who work with chemicals on 17th – 20th October 2017 to 126 estate and mill worker. Type of analysis were consist of physical parameter and cholinesterase (blood check). According to last MCU record, it is known that all workers are in good condition were considered normal and fit to conduct agrochemical works. Observation and interview to workers are done for example in Division V Block H30, sighted that there were no indication of skin disease and itches.

4.6.12

Company has a prohibition policy for pregnant and lactating female worker to work which are related to agrochemical. Implementation of this policy is monitoring the menstrual leave took by female worker every month. Based on the monitoring document, field observation, and interview with spraying worker, there is no pregnant and lactating female worker.

Status: Comply

4.7

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

4.7.1

Company has an OHS policy approved by Air Batu Manager on January 2018. The policy explain that company implement the OHS Management System and obey all OHS regulation. Management unit also provide OHS program and training program for all worker. This policy has socialized to all worker.

OHS program is outlined in activities program of OHS Committee Air Batu Estate. Some of the program, such as monthly meeting, quarterly report, OHS inspection, emergency response training, et cetera. The implementation of these programs is in form of report, minutes of meeting, activities photos, and list of attendees. For example: minute of meeting OHS monthly report, OHS Committee Quarterly report, documentation of Emergency response training, and medical surveillance. The evaluation of these programs is discussed in OHS monthly meeting.

Based on interview with worker in estate and mill, it is known that they understand about this policy and aware about OHS in workplace.

Company has conducted audiometric testing on 28 February 2017 to workers working at high noise areas in Mill. Based on audiometric testing result, it is known that there is one worker has decreased hearing. The worker has been transferred to grading and sortation area. Company kept baseline audiogram and occupational and medical history records kept for every employee. Company has training plan about PPE usage including workers exposed to high noise level. Also based on interview with worker in mill, it is known that supervisor/foreman give socialization about PPE usage.

4.7.2

The company has the identification of hazards and risk sources for estate and mill listed in the Risk Management document for the 2017. Those document are available in all unit' office, review and update are done annually.

However, based on the document review and field observations it is known that not all operational activities have identified the sources of hazards, for example (but not limited to):

- Estate: mixing chemicals, office work, EFB application, land applications, activities in the warehouse of chemicals, storage of harvest equipment, transport of FFB from estate to mill, global telling census.
- Mill: activities in hazardous waste storage, activities in the office, empty bunch area.

It becomes **Non Conformity No 2018. 04 with Major category.**

4.7.3

Company has OHS training program, for example OHS socialization to all worker. The socialization is done when muster

morning. Based on interview with worker in estate and mill, it is known that they understand about OHS in workplace, for example regarding work hazard and how to prevent the work accident.

Based on field observation in harvest and manuring activities and in Boiler station, it is known that the worker used PPE in accordance with procedure. For example, the boiler man was using helmet, earmuff, safety shoes, mask. PPE is provided by company. Management unit also showed minutes of PPE handover, for example:

- Helmet, gloves, mask, boots to worker of Afdeling III on 17th January 2018
- Safety shoes, helmet, ear muff, ear plug, masks, gloves, welding mask to 38 processing worker on 17th January 2018

4.7.4

Company has OHS Committee and the secretary is OHS General Expert. OHS committee conduct monthly meeting and documented it in form of minute of meeting and list of attendees, such as

- 12th March 2018 about Mill housekeeping and OHS facilities. The meeting is attended by 14 participants
- 10th April 2018 about fire extinguishers placement and OHS signage. The meeting is attended by 16 participants
- 11th May 2018 about PPE usage. The meeting is attended by 19 participants.

OHS committee also make a report quarterly and has been submitted to Manpower Agency of Sumatera Utara, such as 1st Quarter of 2018 report submitted on 17th April 2018.

However, company could not showed evidence that OHS committee has been approved by Manpower Agency. It becomes **Non Conformity No 2018. 05 with Major Category.**

4.7.5

The company has an emergency handling procedure document number 4.3.16. This document describes the handling of emergencies for fires, natural disasters, and riots. Based on interview with worker in estate and mill, it is known that they know the mechanism to handling emergencies situation. Based on field observation to mill, already provided evacuation route and assembly point.

Company also has a first aider who has attended first aid training on 26th – 28th January 2016. In addition, the foreman in the field acts as an operational first aid officer. Based on the results of interviews with the foremen, it is known that they understand related to the first handling of workplace accidents. The first aider in the field is foreman himself. Company also provides emergency response and first aid facilities in workplace accidents and has been monitored every month. However, based on field observation, it is known that

- In hazardous waste storage and general workshops, there are items that have expired, namely Povidon Iodine and Alcohol.
- The contents of the First Aid Box at Water Treatment Plant Station and Afdeling 3 office are incomplete, for example there is no first aid guide, plaster, mitela cloth.

In this regard, the company has not been able to show the effectiveness of periodic supervision on emergency response facilities in the form of first aid equipment. It becomes **non conformity No 2018. 06 with minor category.**

4.7.6

Company shows the evidence of employee's social security and health programs such as evidence of payment of labor social security, for example

- Work accident insurance period April 2018 paid on 24th April 2018 for 885 worker
- Medical insurance period April 2018 paid on 8th May 2018

Besides, company provide polyclinic in estate to guarantee worker health services. Based on interview with local contractor of FFB transportation, it is known that accident insurance and health services for contractor worker is provided by the contractor. There is no work accident which need claim of work accident insurance.

4.7.7

Company shows documents related to work accident records using LTA metric for 2017. LTA record showed the frequency rate and severity rate.

- | | |
|-------|--|
| 4.7.2 | Status: Non Conformity No 2018. 04 with Major Category |
| 4.7.4 | Status: Non Conformity No 2018. 05 with Major Category |
| 4.7.5 | Status: Non Conformity No 2018. 06 with Minor Category |

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

4.8.1

Company has training identification for all workers (staff and daily workers) for period of 2018 for operational training. The aspect in the training program are such as environment, labor best management practice aspect, etc. Some of training program, namely:

- Awareness of worker regulation, work and health insurance
- Chemist training
- Upkeep training
- Et cetera

Based on interview with worker in estate and mill, they have trained related to their work, such as harvesting best practice, training for manuring, and spraying, first aid training. The training has been documented into minutes of meeting, list of attendees, and photo activity. Worker also aware about how to reduce chemical exposure while working, for example wear PPE while working, attend the medical surveillance and medical surveillance is conducted regularly.

4.8.2

Company has showed the documentation of training or socialization whether it is internal or external training in form of minutes of meeting, list of attendees, and photo activity. For example,

- Pest Management training on 10th April 2017 attended by 14 participants
- Chemist training and OHS on 31st May 2018 attended by 74 participants
- Global telling officer training on 10th August 2017

Based on interview with worker in estate and mill, it is known that they have received training from Air Batu management and understand the training material.

Status: Comply

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

5.1

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

5.1.1, 5.1.2

Air Batu mill and plantation already have an environmental document namely RKL-RPL document no. 131 / XII / LHP / RKL-RPL 2004 was approved on 28 December 2004 by the Head Office of Environment and Tourism, Asahan Regency. This document is a revised of the previous RPL document prepared based on the Environmental Evaluation Study (SEL) which was approved on February 9, 1994 no. RC 220/275 / B / II / 1994. In accordance with the RKL / RPL document, the scope of the assessment area is 7,418.73 Ha for oil palm plantations and 30 tons FFB / hour for mill capacity. However, there was an area of 459.02 Ha which not yet covered in the RKL/RPL document, since the total managed area (HGU) is 7,877.75Ha. **Its become NCR 2018. 07 Major**

The document has covers all the operations of plantation and mill, management and monitoring parameters to be carried out among others:

1. Physical-chemical components: air quality, noise, water quality (including aquatic biota and plankton and benthos) of river locations around estate and mill, groundwater quality (Hessa river location, monitor wells and community wells), soil (soil sampling)

- 2. Social components: regional economy, employment opportunities, business opportunity, community income, public and social facilities, security and order, public perception
- 3. Community health: disease vectors, disease prevalence

Can be shown evidence of implementation of environmental management and monitoring plan in the document of RKL / RPL implementation report per semester, for example for period of semester 2 of 2017 is reported to related institution on 27 Jan 2018.

In the report have been describes on the implementation of environmental management and environmental monitoring based on the matrix on RKL/RPL and includes replating activities, however there were an in-appropriate matters, namely:

- The Company has not yet evaluation related to the monitoring result of river water that has been tested which exceed the threshold and the quality standard reference has not been in accordance with the direction of environmental documents (PP 82/2001)
- The company has not shown any evidence of monitoring for aspects of the social and public health component.

It is become NCR 2018. 08 Minor

5.1.3

A review of the monitoring and environmental monitoring results are conducted every semester in conjunction with the reporting of environmental monitoring and management. There is no non-conformance from the environment monitoring result.

5.1.1	Status: Non Conformity No 2018. 07 with Major Category	
5.1.2	Status: Non Conformity No 2018. 08 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

HCV assessment was conducted in 2011 by PT Surveyor Indonesia, for PTPN IV of Air Batu Plantation Unit, covering an area of 8030.41 Ha. Assessment is done using HCV toolkit 2008 led by lead assessors who have been approved by RSPO. Total HCV area is 337.48 ha, consists of HCV1.1, HCV 1.2, HCV 4.1, HCV 4.2, HCV 6. HCV identification involves the surrounding community by public consultation conducted on September 3, 2011.

Based on field observation to HCV area namely riparian of Piasa River, Block of 06J, Division 9 and riparian of Hesa River, block of 03E, division 3 it was observed that the area was planted with palm oil, however the company has been managed the area by installing the spraying borders.

5.2.2, 5.2.3, 5.2.4, 5.2.5

Based on HCV report, there are species that categorized as protected species based on PP 7/99, CITES and IUCN, namely: *Ciconia episcopus*, *Corvus enca*, *Haliastur indus*, *Acridotheres javanicus*, *Enchant velatus*, *Egretta intermedia*, *Ardea cinerea*, *Picoides macei*, *Gallixrex gallicrex*, *Halycon pileata*, *Pardoxurus hermaphrodites*, *Tupaia javanica*, *Manis javanica*, *Felis bengalensis*, *Iomys horsfieldi*, *Opiophagus hanah*.

Management and monitoring plans have been established, evidence of implementation can be demonstrated through documents and observed during field visit, eg monitoring of RTE species carried out every 2 times a year, HCV sign and warning board has been installed in riparian of Hesa River and Piasa river, has been done marking of chemical application boundary in the river banks (20 m from the riverbanks), field observation showed no indication of spraying up to the river bank. The Company has monitored the presence of flora/fauna, for example for the period of sem 1/2018 conducted in March 2018.

Routine inspections and monitoring are carried out to ensure that no interference with HCV and RTE areas, it is in accordance with the auditor's observations.

The protection policy of RTE species and sanctions for employees harassing, capturing, harming and collecting RTE

species is defined in the letter of the Unit Manager No.: ABA / SE / 13 / VI / 2016 set on June 3, 2016 with sanctions in accordance with PP 7/1999.

Based on interviews with employees, mentioned that sanctions have been understood. No employee has been involved in catching, collecting and harming fauna of the RTE species during observation to the Afdeling III emplacement.

There are no overlapping HCVs with community areas, all HCVs identified in company's HGU.

Status: Comply

5.3

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

5.3.1

The Company has identified waste sources within its operational area, comprising hazardous waste, organic waste, inorganic waste, gas emissions, solid waste and liquid waste.

There is an SOP hazardous waste management system, document of SOP-02 dated 2 Jan 2017 3rd revision, describes in relation to scheduled-waste storage requirements, hazardous waste identification, balancing sheet of hazardous waste, hazardous waste packing, placement, retention of hazardous waste and delivery to licensed collectors.

5.3.2

Transporting and collecting of hazardous waste was done by PT Indowastek, the last delivery was made in August 2017. The company is currently in the process of preparing the agreement with CV Harribaik, as representative of PT Indowastek (based on letter number 102 / SP-IW / V / 2018 dated May 21, 2018), there is a warrant commenced work letter number 04.14 / SPMK / 091 / V / 2018, dated May 24, 2018 stating that due to currently on process of signing the agreement, so that the work guidelines referring to this document. All hazardous waste sent to PT PLIB (as destruction company). Interview with the management representative stated that CV Harribaik is only a representative of PT Indowastek in auction process in the implementation of all activities will be conducted by PT Indowastek. Can be shown the permits on behalf of PT Indowastek: transport recommendation from KLHK no. : S.536 / VPLB3 / PPLB3 / PLB.3 / 8/2016 dated August 4, 2016, recommendations for 7 transport units, recommendations valid for 5 years and license as hazardous collector according to SK Gub SU No. 188.44 / 966 / KPTS / 2014 concerning hazardous and toxic waste-hazardous waste collection permit on a provincial scale, as well as license for the transport of special goods to transport hazardous material according to Decree of the Directorate General of Land Transportation No. : SK.3734 / AJ.309 / DJPD / 2016 / 120711047BB dated 22 August 2016. Sighted the second agreement letter number 0229 / SK / MKT / PLIB-PPLB3 / V / 2016 between PT Indowastek and PT Pengolahan Limbah Industri Bekasi stating that PT PLIB as a waste processing company from PT Indowastek.

All of the hazardous waste produced is stored in licensed scheduled-waste storage, through SK Bupati Asahan No. 660.1 / 0937 / LH / 2015 concerning temporary storage permits for hazardous and toxic waste materials PTPN IV unit of Air Batu, Asahan Regency, North Sumatra, on August 3, 2015, valid for 3 years. Allowable storing period is 90 days.

Recording is done routinely in waste balance form, for example sighted the record period until May 2018. Reporting the balance sheet of hazardous waste to related institutions has been conducted, for example for the first quarter of 2018 has been reported on April 4, 2018 to DLH of Asahan Regency.

5.3.3

Waste management plans are described in the SOPs of waste management, among others: SPO-02 on hazardous waste handling, SPO-14 on air pollution management, SPO-20 on domestic waste management and SPO-17 on waste mill management.

Evidence of waste management implementation can be shown both in document and field observation. The implementation has been in accordance with the company' SOP.

Based on interviews with employees at AFD 3 mentioned that domestic waste is discharged to the place that has been

provided, there is a landfill in Afd 3. Company should monitored the domestic household waste management (**OFI**).

All of the hazardous waste produced is stored in licensed scheduled-waste storage before collected and transported by the licensed transporter (has been explained in 5.3.2).

All POME is utilized by the company to be applied to the land, the company has a land application permit in accordance with decree of Regent Asahan No. : 660.1 / 0855 / LH / 2015 dated 14 August 2015.

EFB management is carried out with re-use to the land, it can be shown the report of the utilization of EFB period 2017 to May 2018. Fiber and shell utilized by the mill as renewable fuel for boiler, can be shown the recording utilization of fiber and shell produced during the period 2017, as much as 22.906.76 ton fiber and 9,817.16 tons of shells.

Status: Comply

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

5.4.1
The company has reduced the use of fossil fuels by utilizing shells and fiber as renewable energy sources, can be shown the recording of fiber and shell use during the period of 2017, as much as 22,906,7 tonnes of fiber and 9,817.16 tons of shells, all of which is utilized as boiler fuel. Can be shown records of diesel usage during the last three years (2016, 2017 and 2018) and charts, until the period of 2018 sighted that the use of diesel for processing activities decreased by 40%.

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.

There is no fire use at the time of land clearing (replanting), all replanting steps are carried out by mechanical system. The Company has a policy of burning ban in all its operational activities. Based on field observation to the operational area and worker's line-site there is no found any of fires and burning practices.

Status: Comply

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

5.6.1
The Company has identified the types and sources of gas emissions and pollution from the operations of the plantation and mill, the types of gas emissions and pollution generated such as SO₂, CO₂, NO₂, H₂SO₄, CH₄, CO, dust (particulates) as well as noise and odor. The company has conducted the air quality test for ambient and emissions, the test are done by *Balai Teknik Kesehatan Lingkungan dan Pengendalian Penyakit (BTKLPP) Kelas I Medan*, based on the quality test result for example result of semester II year of 2017 there is no parameter that exceeds the threshold set according to PPRI no.: 41/1999.

5.6.2
Mitigation plans for emission reductions have been established and implemented by the Company, including, sighted the evidence of implementation:

- No opening new land other than replanting, replanting activity is done by mechanical system and implement zero burning
- Conducting planting, monitoring and management of protected areas, such as observed in riparian area of Piasa River and Hesa river
- Optimizing the use of fertilizer by implement SOP effectively, not using urea and reuse of wastewater and EFB to enrich soil nutrition
- Conduct emissions testing and noise testing in processing station every six month, vehicle maintenance and efficient driving socialization

- Provide ear muff and ear plug to workers who working in noise exposed area
- Conducting regularly machinery maintenance
- Optimizing the use of pesticides for spraying
- Planting cover crop in replanting area and immature area
- Utilization of fiber and shells as a substitute for fossil fuel.

5.6.3

The Company has calculate the GHG, the calculation result of the 2017 are reported in this summary report, the calculation is done using RSPO PalmGHG Calculator V.3.0.1, the calculation done with included LUC emission option, total emission per ton/CPO is 32,793 tCO2e. the summary of calculation as below:

Mill production

Description	Unit	Value
Crude Palm Oil (CPO) Production	t	32793
Palm Kernel (PK) Production	t	5770

Mill extraction

Description	Unit	Value
Oil Extraction Rate, OER	%	22.91
Kernel Extraction Rate, KER	%	4.03

POME

Description	Unit	Value
POME divert to compost		0
POME to anaerobic digestion	%	100
POME to anaerobic pond	%	100

Summary of emission

Product	tCO2e/t Product
CPO	6.2
PK	6.2
PKO	0
PKE	0

Description	Unit	Value
Total Planted Area	Ha	7244
Total Planted Area on Peat	Ha	0
Conservation Area	Ha	333.85
OER	%	22.91
KER	%	4.03

Mill emission and credit

Description	tCO2	tCO2e/t FFB
Emissions Sources		
POME	28052.96	0.2
Fuel Consumption	358.15	0

Grid Electricity Utilisation	1.61	0
Credits		
Export of Excess Electricity to Housing & Grid	0	0
Sale Of PKS	-12694	-0.09
Sale Of EFB	0	0
Total	15718.72	0.11

Estates emission and sink

Description	tCO2e	tCO2e/ha	tCO2e/t FFB	tCO2e	tCO2e/ha	tCO2e/t FFB	tCO2e	tCO2e/ha	tCO2e/t FFB
Emission Source									
Land Conversion	69561.1	9.6	0.49	0	0	0	0	0	0
CO2 Emissions from Fertiliser	4754.54	0.66	0.03	0	0	0	0	0	0
N2O Emissions	214571.86	29.62	1.5	0	0	0	0	0	0
Fuel Consumption	358.58	0.05	0	0	0	0	0	0	0
Peat Oxidation	0	0	0	0	0	0	0	0	0
Sinks									
Crop Sequestration	-65934.69	-9.1	-0.46	0	0	0	0	0	0
Sequestration in Conservation Area	0	0	0	0	0	0	0	0	0
Total	223311.39	30.83	1.56	0	0	0	0	0	0

Emission Source	tCO2e
PK from own mill	35764.95
PK from other sources	0
Fuel consumption	0
Total crusher emissions	0

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.

6.1.1 & 6.1.2

Company has document of Social Impact Assessment which describe social impact of plantation and mill operation. The Social Impact Assessment was done July – September 2011, collaboration with PT Surveyor Indonesia. Potential impact factors have been identified and summarized in the Village Potential Identification table which explains the names of villages identified, potential natural resources, human resources, economic and social institutions, and interactions with plantations. Aspects identified include

- Socio-economic aspects: regional and regional development, impact on economic accessibility and infrastructure, impact on community income, opportunity to become a partner company,
- Social aspects: impact on educational accessibility, impact on health accessibility,
- Socio-cultural aspects: impact on social institutions, impact on community customs,
- Community communication patterns

- Corporate social responsibility

Social impact assessment is carried out by open interviews with surrounding villages, including the Village of Air Batu Plantation 3/9, Sei Alim Ulu, Air Teluk Hessa, Air Batu Plantation 1/2 Plantation, Pinanggiripan, Lake Sijabut, Sijabut Teratai, Piasa Ulu. Attached photo documentation of interview activities with surrounding villages. At the end of the assessment activity, a public consultation with affected parties was conducted on September 23, 2011 which was attended by 50 participants. The parties can express their opinions about the company and then respond to the company. Minutes of meeting are available from the results of public consultations.

Based on interview with village head of Sijabut Teratai and Perkebunan Air Batu I/II and review of SIA document, there is no significant changes in the village, so the social impact identification still relevant with current condition. There is no social issue/social impact which is not identified.

6.1.3

The company has a social impact management and monitoring plan. The social impact management plan is included in the Social Impact Analysis report and a social impact monitoring plan is made every year. The last social impact monitoring plan for the 2018 that was approved by the Airbatu Unit Manager. This plan was made based on consultations with representatives of the surrounding community, for example showed questionnaires on the attitudes, perceptions, and expectations of the community around PTPN IV Air Batu from the village of Air Batu Plantation 1/11, Sei Alim Ulu, Air Batu Plantation III / IX.

Based on interview with the representative of surrounding village, it is known that there is no issue with the company. If there are any issues, it will be solved by the mechanism they have. Company also has implemented the management plan, such as giving CSR and partnership with local contractor.

6.1.4 & 6.1.5

The company has an evaluation for the social impact management program in the Social Impact Management Program Evaluation document made on January 2, 2018. Evaluation is made every year. This evaluation was made based on the involvement of the surrounding community by distributing questionnaires to community representatives, for example questionnaires from Sijabut Teratai Village, Air Batu Plantation III / IX, and Air Batu I / II plantations. Evaluation is carried out on social impact management programs.

The result of social monitoring is management and monitoring plans will remain the same as before to maintain social relations that have been going well. Because based on questionnaire shared, there is no negative issue and relationship with company is fine.

There is no smallholder scheme in PTPN IV Air Batu.

	Status: Comply	
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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.

6.2.1; 6.2.2

SOPs related to Communication & Community Consultation (SPO No. 03, Rev 02, dated January 2, 2015) are available. The officer responsible for Communication and Consultation with the Community is HR and General Assistant (according to Manager Decree No. ABA / SK / 01 / X / 2015 set by the Unit Manager dated October 1, 2015). Based on interviews, known that the Human Resources officers had understood the working mechanism.

6.2.3

List of stakeholders and communication records have been explained in indicator 1.1.1 and 1.1.2

Based on auditor's verification of the register documents of incoming and outgoing mail and relevant stakeholders, in

period of 2017-2018 there are 2 requests for information from external stakeholders who have been responded on time by the company.

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.**

6.3.1
Internal complaints handling procedures are contained in the SOP for Internal Communication and Employee Complaint Handling (No. 19 Rev. 2, dated 02 January 2015). The procedure stipulates that employee complaints are delivered verbally and in writing to the Worker Union. Then the committee of the Worker Union checks the issues complained and wherever possible the problems are resolved at the level of the Worker Union. If the employee is not satisfied with the solution at that level, then the employee can make a written complaint addressed to the Head of the relevant section equipped with accurate data. If necessary, Management will protect the name of the employee who submitted the complaint (anonymously). The results of interviews with worker unions, as well as workers in the estate and mill, it was known that the procedure had been socialized, and they had known the method of complaint through Worker Unions or suggestion boxes.

The mechanism for handling external complaints is contained in the SOP for Handling Customer and Environmental Complaints (No. 13 Rev. 01 dated 2 January 2015). Includes complaints from customers and the surrounding environment that is received by the Head Office, complaints received by the business unit, handling community social upheavals, to safeguarding demonstrations at the Head Office. As a result of interviews with Village Head of Sijabut Teratai and Village Head of Perkebunan Air Batu I/II, it was known that the SOP had been socialized and understood by stakeholders, such as through suggestion boxes or websites.

The company has provided means for the submission of internal and external complaints in the form of :

- Customer complaint management system (whistle blowing) on the website www.ptpn4.co.id/wb/
- Suggestion box installed in front of the office, for handling employee and external complaints.
- Worker Union - for handling general employee complaints.
- Women's Empowerment Section of Worker Unions, for handling complaints related to gender and reproductive rights.

Even so, the company has opportunity to make improvements by add the RSPO Complaint System mechanism in internal and external complaints handling procedures. **(OFI)**.

6.3.2
Based on the complaints data obtained from the incoming letter or suggestion box, for 2017 and to 2018 there is no complaint letter submitted. As a result of consultations with Worker Union, as well as employees in the Estate and Mill, there were no complaints from employees in general or related to gender/reproductive rights. Interviews with local contractors of FFB transporter of CV Putera Mandiri, Village Head of Sijabut Teratai and Perkebunan Air Batu I/II, so far there have been no significant complaints and were formally submitted. If there is something that needs to be consulted or discussed, they will contact the Division Assistant or the Unit Manager.

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.**

6.4.1; 6.4.2 and 6.4.3
In accordance with the explanation in the criteria 2.2 and 2.3, the history of land ownership was originally owned by the Dutch colonial company NV. RCMA (Rubber Cultuur Maatschapy Amsterdam) the Hengelo Plantation Unit since 1928. In 1958 nationalization was carried out by Indonesian Government, undergoing several name changes, until 11 March 1996 to PTPN-IV (PT Perkebunan Nusantara) Air Batu unit. The company has also obtained first HGU until the extension of the

HGU. Since nationalization, the company has not made new land expansion/land compensation from the community. Based on interview with the management, it is also known that the company does not have a short-term or long-term plan for new land expansion by compensating the land rights to other parties. So the company does not have procedures related to land identification and compensation.

However, the company has a preventive effort to avoid disputes or conflicts contained in the procedures for handling land and land conflicts (No. 04 Rev. 03 dated 2 January 2017), namely by not using violence in handling land conflicts, prioritize win-win solutions, using third party mediation, to legal proceedings.

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.

6.5.1

Company showed wage documentation for estate and mill worker, for example

- Security with registration number NK 10309. Basic wage is paid in accordance with applicable regulation.
- Processing worker with registration number NK 04015016. Basic wage and overtime payment is paid in accordance with applicable regulation.

Minimum wage that applied in PTPN IV Air Batu is based on Decree of Sumatera Utara Governor No 188.44/575/KPTS about minimum wage for Sumatera Utara Province. The minimum wage is IDR 2,132,188.68. Follow up of this decree, management of PTPN IV issued circular letter No 04.11/SE/11/III/2018 about adjustment of basic wage and special allowances. Based on interview with worker union representative, it is known that there is an agreement between worker union and management of PTPN IV regarding minimum wage.

Based on interview with worker in estate and mill, company has paid wages and overtime payment in accordance with applicable regulation. Based on interview with harvesters, it is known that there is no force labor. If they've got the target, they will get the premium pay.

6.5.2

Company has Collective Labor Agreement period of 2016 – 2017 that has been ratified by Manpower Agency of Sumatera Utara Province No KEP.18-6/DTK-TR/2016. It explain explains about company and workers duty and rights, such as wage system, assessment of worker performance, promotion, demotion, leave rights, etc.

Based on interview with worker, they understand the contain of collective labor agreement in general. They understand their rights and obligation as worker.

Based on interview with worker union and company representatives, until the audit was conducted there was no new collective labor agreement. The collective labor agreement formulation process is still ongoing. Based on Chapter XIII article 73 concerning the validity period and extension of the Collective Labor Agreement, it is known that as long as the new agreement has not been reached after the expiration, the provisions in this agreement remain valid until the achievement of a new agreement.

Company also appointment letter for new worker, for director letter no 04.15/Kpts/R/13/III/2016 approved by Human Resource and General Director. The letter explain about the position, class, and rights that will be obtained each month in accordance with the collective labor agreement and other facilities in accordance with the applicable classes and provisions.

6.5.3 & 6.5.4

Based on field observation in housing complex, it is known that the company has been providing housing facilities, lighting, water, daycare, places of worship, school buses, clinics and educational facilities. Based on field observation to worker housing in Afdeling 3, it is known that housing is adequate. One house is occupied by one family, there are 2 rooms, 1 bathroom, kitchen, water supply, and electricity.

Company also facilitates all workers to access adequate food supply by establishing worker cooperative. Moreover, there are some kiosk in housing complex. And also there is weekly market near the plantation. Personnel can get the staple food with reasonable price. The Company also provides rice support to all permanent worker.

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.**

6.6.1; 6.6.2

Company showed policy related to rights to form and join worker union, listed in collective labor agreement chapter 5 about Organization Recognition. The policy explain that Director recognize SPBUN as worker union and will not interfere or prevent anything related to development of worker union. The policy is available in Bahasa Indonesia.

There is a worker union in PTPN IV Air Batu. The worker union has registered to Social and Manpower Agency of Sumatera Utara Province with registration number 567/50/DSTKM/2001.

Based on interview with worker union representative, it is known that meeting of worker union has been documented in form of minute of meeting and list of attendees. For example meeting documentation on 10th January 2017 about socialization of collective labor agreement attended by 25 participants.

Status: Comply

**6.7
Children are not employed or exploited.**

6.7.1

The company has a policy of Child Labor Number 03 Revision 02 dated January 2, 2015. The policy states that PTPN IV supports child rights and seeks to implement it within the company. The minimum age to work in a company is 18 years.

Based on field observation, there were no child laborers and family members (children) who helped work in the field. In addition, based on document review of worker data, it is known that there are no workers under the age of 18. Also, auditor team did not sighted any harvesters accompanied by the wife or children during the field observation.

Status: Comply

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

6.8.1; 6.8.2

The Company has an Employment Opportunity Equality Policy Number 04 Revision 02 dated January 2nd, 2015. The policy states that PTPN IV removes all forms of discriminatory practices of ethnicity, religion, race, gender, age, disability in work, period and inter-group control in the entire business process of the company. The policy is available in Bahasa Indonesia.

Based on document review of employee list documents, it is known that employees who are accepted in the Air Batu come from different sexes, religions, and tribes. In addition, there were no complaints from employees regarding workers' discrimination. Based on interviews with workers in the estate, it was found that many workers came from residents of the surrounding villages. Interview with board of worker union and gender committee, it is known that there is no complaint about discrimination, including female worker.

6.8.3

Appointment for new worker is consider education, skills, conduct, work experience, character, working period and class of employees concerned. Recruitment also done in accordance with the available procedure. For example copy of ID card, family card. Company also showed the appointment letter for new harvester as permanent worker no 04.15/Kpts/R/13/III/2016. It explain worker's rights and obligations and other facilities in accordance with applicable

regulation.	
Status: Comply	
6.9	
There is no harassment or abuse in the work place, and reproductive rights are protected.	
6.9.1, 6.9.2, 6.9.3	
<p>The company has a Sexual Harassment policy revised 02 dated January 2nd, 2015. The policy states "PTPN IV is committed to providing opportunities for all employees to work in an environment free of sexual harassment". Based on interview with worker in estate and mill, it is known that the worker is know and understand about this policy. During interview with board of worker Gender Committee, there is no issue or complaint related to sexual harassment on the workplace. Company also set the gender committee for handling the harassment issue around female workers. Gender committee shall be informed to all worker, especially female worker in order to prevent the sexual harassment issue. (OFI)</p> <p>Based on interview with female worker in estate, company provide provides 3 months maternity leaves and menstrual leaves for female workers. Workers who are pregnant and lactating is prohibited to involve in chemical activities. In addition, the CH give special breast-feeding time for female worker.</p> <p>It is also known that female worker know the mechanism to submit complaint. Complaint can be submitted to board of worker union, gender committee, or their foreman.</p>	
Status: Comply	
6.10	
Growers and mills deal fairly and transparently with smallholders and other local businesses.	
6.10.1 – 6.10.4	
<p>Based on document review and interview with the Mill Manager, it is known that for the period of January to present (ST2 assessment), there were no FFB from contractors or the local community received by Air Batu Mill, so there was no mechanism and implementation of pricing in the company.</p>	
Status: Comply	
6.11	
Growers and millers contribute to local sustainable development wherever appropriate.	
6.11.1, 6.11.2	
<p>The company can show the program and the realization of CSR for period of 2018, consisting of the village facilities development program and environmental development activities as much as 6 programs, for e.g. program of fish seeds in the program "<i>sejuta benih ikan air tawar</i>" in the village of Piasa Ulu.</p> <p>There is no smallholder scheme in Air Baru operation unit.</p>	
Status: Comply	
6.12	
No forms of forced or trafficked labour are used.	
6.12.1; 6.12.2; 6.12.3	
<p>Based on document review, field observation, and interviews with worker and stakeholders, it is known that there is no migrant labor, including forced labor and illegal labor. The recruitment is done according to the company's procedure. All workers have work agreement that explain about the obligation and rights of the worker, and other provision. They work based on the contract and work order. Based on field observation and interviews with the workers in Estate and Mill, it is known that there is no discrimination among them. They came from local and nonlocal worker. Based on field observation in estate, auditors did not sighted any harvester accompanied by their wife or children. Based on interview with board of worker union, there is no issue related to force labour. And there is no inter area workers.</p> <p>Based on interview with the harvester and committee of worker union, there were no complaint about working hours. The payment is based on tonnage. Until the audit is conducted, the harvesters have never gotten results below the basis.</p>	

	Status: Comply	
6.13		
Growers and millers respect human rights		
6.13.1		
<p>Company has policy on human rights which explain that company respect to workers' human rights written in Human Rights Policy on 2nd January 2015. The policy has been socialized to the workers and contractor. Based on interview with worker in estate and mill and local contractor of FFB Transportation, they know and understand about workers rights. And also, from consultation with internal stakeholder (worker union), it is known that there is no complaint related to human rights violation. If there is a complaint, the complaint can still be resolved by amicable way between employees.</p>		
	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.		
7.1.1 , 7.1.2 , 7.1.3		
<p>Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present.</p>		
	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.		
7.2.1-7.2.2		
<p>Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present.</p>		
	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.		
<p>Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present. Furthermore disclosure has reported to the RSPO on August 2nd 2018.</p>		
	Status: Comply	
7.4		
Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.		
<p>Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present.</p>		
	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.		

7.5.1	Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present.
	Status: Comply
7.6	Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.
7.6.1; 7.6.2; 7.6.3; 7.6.4; 7.6.5; 7.6.6	Based on documents review and interviews with Management Representative, Head of Villages and Relevant Agencies in Asahan Regency, it is known that the company had been there from the time of the Dutch governance and there are no land clearing activities in new areas from 2005 to the present.
	Status: Comply
7.7	Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.
	Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present.
	Status: Comply
7.8	New plantation developments are designed to minimise net greenhouse gas emissions.
	Based on documents review and interviews with Management Representative, as well as stakeholder consultation, it was known that the operational area has been managed since 1928 and now has entered the third cultivation cycle. There are no land clearing activities for new area from 2005 to the present.
	Status: Comply
PRINCIPLE #8 Commitment to continuous improvement in key areas of activity	
8.1	Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.
	The company monitors RSPO implementation by conducting annually RSPO Internal Audit conducted, namely on 30 th May – 2 nd June 2018. As well as Improvements on non-conformities that arise during stage 1 assessment.
	The company also makes continuous improvements to aspects of best agricultural practices for example: conducting biological pest control, using pesticides that registered in pesticide commissions. The company has also conducted monthly and annual management meetings in order to evaluate the achievement of FFB production, yields, prices and profits in 2017. For social aspect , by involving the surrounding community in managing social impacts
	Status: Comply

3.2. Summary of Assessment Report of Supply Chain Requirement

3.2.1 General chain of custody requirements for the supply chain

Clause	Requirement
5.1	Applicability of the general chain of custody requirements for the supply chain
5.1.1	<p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification.</p>
	<p>The company has not received an RSPO certificate, so there has been no distribution or trade in certified products. But for now and in the future, 100% of CPO is sent to bulking owned by the company in Medan using a third party, namely PT KAI (state owned railway company). The company has an agreement with PT KAI No. 04.09/S.Perj/03/II/2018 dated January 29, 2018. While for Palm Kernel (PK) is transported 100% by a third party, namely CV. Dini Arta Lestari based on work agreement No. 04.05/S.Perj/02/II / 2018 dated February 8, 2018. In the agreement there is a clause stating that the carrier must comply with RSPO regulations and requirements.</p> <p>Will be verified in ASA-1</p>
	Status: Comply
5.1.2	<p>Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.</p>
	<p>The company has not received an RSPO Certificate so there is no trade in certified products. However, the management said that in the future there are no plans to purchase certified products from licensed traders.</p> <p>Will be verified in ASA-1</p>
	Status: Comply
5.1.3	<p>Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p>
	<p>The company shows evidence on the https://palmtrace.rspo.org website that the company has registered at the RSPO IT platform, but is in the process of being processed within three working days. The Air Batu Mill member ID is RSPO_PO1000004939.</p>
	Status: Comply
5.1.4	<p>Processing aids do not need to be included within an organization's scope of certification.</p>
	<p>There is no processing aids, the mill only convert FFB into CPO/PK.</p>
	Status: Comply
5.2	Supply chain model
5.2.1	<p>The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p>

Will be verified in ASA-1	
	Status: Comply
5.2.2 The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	
Will be verified in ASA-1	
	Status: Comply
5.3	Documented procedures
5.3.1 The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified.	
Written procedure to ensure the implementation of all the requirement specified in the SCCS standard and system has been set on documents of : <ul style="list-style-type: none"> - SOP No. 07 A dated 2January 2018 related handling of certified FFB - SOP No. 07 B dated 2January 2018 related handling of certified CPO and PK - SOP No. 07 C dated 2January 2018 related handling of certified PKO in kernel crushing plant <p>The procedures have covered the implementation of all the elements of the supply chain model requirements, including also related to SCCS training records, as well as the person responsible for implementing SCCS. For example the Planning Section is responsible for informing the excess production from certificate quota to the Certification Body. Chairman of the SCCS Chief Engineer registers a certified mill to RSPO PalmTrace and informs them through memos to the Marketing Department. The Chief Engineer is also responsible for sending CPO and certified PK mill.</p>	
	Status: Comply
5.3.2 The site shall have a written procedure to conduct annual internal audit	
The site had a written procedure related annual internal audit of SCCS in SOP of RSPO Internal Audit (No. SPO 21 dated 2 January 2015).	
	Status: Comply
5.4	Purchasing and goods in
5.4.1 The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier	
Will be verified in ASA-1	
	Status: Comply
5.4.2 The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents	
Will be verified in ASA-1	
	Status: Comply
5.5	Outsourcing activities
5.5.1 In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.	

Will be verified in ASA-1	
	Status: Comply
<p>5.5.2 Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ol style="list-style-type: none"> The site has legal ownership of all input material to be included in outsourced processes; The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance 	
Will be verified in ASA-1	
	Status: Comply
<p>5.5.3 The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.</p>	
Will be verified in ASA-1	
	Status: Comply
<p>5.5.4 The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products</p>	
Will be verified in ASA-1	
	Status: Comply
5.6	Sales and goods out
<p>5.6.1 The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer</p>	
Will be verified in ASA-1	
	Status: Comply
5.7	Registration of transactions
<p>5.7.1 Supply chain actors who:</p> <ul style="list-style-type: none"> are mills, traders, crushers and refineries; and take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable 	
<p>The company shows evidence on the https://palmtrace.rspo.org website that the company has registered at the RSPO IT platform, but is in the process of being processed within three working days.</p>	
Transaction report will be verified in ASA-1.	

	Status: Comply
5.7.2	<p>The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:</p> <ul style="list-style-type: none"> • Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures. • Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually. • Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. • Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements.
	<p>The company shows evidence on the https://palmtrace.rspo.org website that the company has registered at the RSPO IT platform, but is in the process of being processed within three working days.</p> <p>Transaction report will be verified in ASA-1</p>
	Status: Comply
5.8	Training
5.8.1	<p>The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff</p>
	<p>Training of supply chain has already budgeted in 2018, which arranged by Division of Strategic Planning. Implementation and PIC understanding towards SCCS training subject will be verified on the audit surveillance 1 assessment.</p>
	Status: Comply
5.8.2	<p>Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed</p>
	<p>Training of supply chain has conducted in 14 – 15 February 2018, which arranged by Division of Strategic Planning. The results of observations and interviews with the fruit receiving operator (weighbridge), it is known that the operator understands the mechanism for receiving fruit for the MB system</p>
	Status: Comply
5.9	Record keeping
5.9.1	<p>The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements</p>
	<p>The records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements will be verified in ASA-1.</p>
	Status: Comply
5.9.2	<p>Retention times for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock</p>

The retention times for all records and reports will be verified in ASA-1.	
	Status: Comply
5.9.3 The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	
Transaction report will be verified in ASA-1.	
	Status: Comply
5.10	Conversion factors
5.10.1 Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries	
Will be verified in ASA-1.	
	Status: Comply
5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	
Will be verified in ASA-1.	
	Status: Comply
5.11	Claims
5.11.1 The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.	
Transaction report will be verified in ASA-1.	
	Status: Comply
5.12	Complaints
5.12.1 The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	
The mechanism for handling stakeholder complaints is contained in the SOP for Handling Customer and Environmental Complaints (No. SPO 13 dated 2 January 2015). The procedure set complaints resolving from customers and the surrounding community that is received by the Head Office, complaints received by the business unit, as well as handling community social upheavals.	
	Status: Comply
5.13	Management review
5.13.1 The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	
The Management Review will be conducted one year after SCCS implementation. It will be verified at ASA-1.	

	Status: Comply
5.13.2	<p>The input to management review shall include information on:</p> <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement.
The content of Management Review will be verified in ASA-1.	
	Status: Comply
5.13.3	<p>The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs.
The output of Management Review will be verified in ASA-1.	
	Status: Comply

3.2.2 (Module E) CPO Mills - Mass Balance Requirements

Clause	Requirement
E.1	Definition
E.1.1	<p>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p> <p>Air Batu Mill received FFB from its own Estate, namely Air Batu Estate, and third parties among others Estates in group of PTPN IV (certified and not certified), as well as outsider/independent suppliers. However, the company implemented the MB system, related to bulking, the company group in Medan also received fruit from third parties non certified.</p>
	Status: Comply
E.2	Explanation
E.2.1	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p> <p>The estimate of tonnage of CPO and PK that could potentially produced by the Air Batu Mill in the next 12 month (after obtain RSPO certificate) is describes below:</p> <p>FFB : 161,972 MT CPO : 38,711 MT PK : 7,062 MT</p> <p>Actual tonnage of certified product will be verified in ASA-1.</p>
	Status: Comply
E.2.2	<p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p> <p>The company shows evidence on the https://palmtrace.rspo.org website that the company has registered at the RSPO IT platform, but is in the process of being processed within three working days. The Air Batu Mill member ID is RSPO_PO1000004939.</p> <p>Reporting and other requirement will be verified in the ASA-1 (after certified).</p>
	Status: Comply
E.3	Documented procedures
E.3.1	<p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ol style="list-style-type: none"> a. Complete and up to date procedures covering the implementation of all the elements in these requirements; b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.

Written procedure to ensure the implementation of all the requirement specified in the SCCS standard and system has been set on documents of :

- SOP No. 07 A dated 2January 2018 related handling of certified FFB
- SOP No. 07 B dated 2January 2018 related handling of certified CPO and PK
- SOP No. 07 C dated 2January 2018 related handling of certified PKO in kernel crushing plant

The procedures have covered the implementation of all the elements of the supply chain model requirements, including also related to SCCS training records, as well as the person responsible for implementing SCCS. For example the Planning Section is responsible for informing the excess production from certificate quota to the Certification Body. Chairman of the SCCS Chief Engineer registers a certified mill to RSPO PalmTrace and informs them through memos to the Marketing Department. The Chief Engineer is also responsible for sending CPO and certified PK mill.

Status: Comply

E.3.2

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

Procedures for receiving and processing certified and non-certified FFBs contained in SOP No. 07 A dated 2 January 2018 related handling of certified FFB. in the procedure described the FFB certified and non-certified marked in the FFB delivery letter, then inputted in the system.

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.

Will be verified in ASA-1.

Status: Comply

E.4.2

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

Will be verified in ASA-1.

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.)

Will be verified in ASA-1.

Status: Comply

3.3. Conformity Checklist of Certificate and Trademark Use

1.	Evidence of permission or approval certificate and trademark from Certification Body which submitted by Client	X or√
ST-2	Will observe in the surveillance audit	
	Status: Comply	
2.	Implementation of certificate and trademark used by Client comply with size and type (shape) against Guideline of trademark Use	X or√
ST-2	Will observe in the surveillance audit	
	Status: Comply	
3.	Implementation of Certificate and trademark is not used on product	X or√
ST-2	Will observe in the surveillance audit	
	Status: Comply	
4.	Controlling of Certificate and trademark, including withdrawing inappropriate trademark.	X or√
ST-2	Will observe in the surveillance audit	
	Status: Comply	

3.4. Summary of RSPO Partial Certification.

Compliance of the uncertified management units of PTPN IV 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 presented as follows:

- a. PTPN IV Time Bound Plan (TBP) is explain in Table Section 1. Currently PTPN IV has runs 18 Mills and 32 Estates, which all were operated in Indonesia. PTPN IV has informed the TBP progress through Head Office in Indonesia. Based on the information from PTPN IV management unit in March 2018, there are acknowledge that majority shareholder owned by PTPN IV, i.e. PT Agro Sinergi Nusantara (PT ASN) and PT Sinergi Perkebunan Nusantara (PT SPN) were now included on the TBP. The former and the later were in cooperation with PTPN I in Aceh Barat Regency, Province of Aceh and PTPN XIV in Morowali Regency, Province of Sulawesi Tengah.
- b. MUTU has verified partial certification for un-certified unit's subsidiary of PTPN IV based on their Time Bound Plan. PTPN IV gives the positive assurance based on the partial certification declaration only. Supporting document such as internal audit of partial certification report for Unit (Mill/Estate) Ajamu, Gunung Bayu, Tinjowan, PT ASN, PT SPN, Sosa, Timur, Tanah Itam Ulu and Pasir Mandoge, were available.
- c. MUTU Auditor has verified company partial certification and concludes that:
 - The company has conducting internal audit for partial certification.
 - The time bound plan has covers all subsidiaries under PTPN IV.
 - There is no written documentation for time bound plan which is isolated lapses.

2.1 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?	<p>Company statement: The company conduct internal audit of partial certification for the uncertified unit on its group.</p> <p>Auditor verification: The company shows latest internal audit for six units, with summary as follows:</p> <ul style="list-style-type: none"> • Ajamu: comply for all Indicator verified. • Gunung Bayu and Tinjowan: comply for all Indicator verified. • PT ASN: not comply for Criteria 2.1 and several documents were need to be compiled. • PT SPN: only Criteria 6.4 has identified as comply, while last were noted to be evaluated by management. • Sosa: comply for all Indicator verified. • Timur: comply for all Indicator verified. • Tanah Itam Ulu, Pasir Mandoge and Sawit Langkat: comply for all Indicator verified.
2.1.2	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. 	<p>company statement: There are no replacement in primary forest and HCV.</p> <p>Auditor Verification : Land use change analysis (LUCA) for PT SPN was still ongoing. However, this matter has noted on internal audit of partial certification.</p>
2.1.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	<p>company statement: There is no new planting after January 2010</p>

		<p>Auditor Verification : This matter has verified on internal audit of partial certification with conclusion that there is no new planting after January 2010. Furthermore, based on information from annual communication of progress (ACOP) and internet browsing, it could be concluded that there are no new planting conducted by PTPN IV after January 2010.</p>
2.1.4	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.	<p>company statement: There is no land conflict in any subsidiaries under the company.</p> <p>Auditor verification : Based on the internet browsing and other relevant information from stakeholder, it could be concluded that there are no land conflict are being resolved by the company</p>
2.1.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>Company statement: There is no labour disputes in any subsidiaries under the company</p> <p>Auditor verification : Based on the internet browsing and other relevant information there are no land conflict which are being resolved by the company.</p>
2.1.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p>Company statement: There is no legal non-compliance occur in all subsidiaries under the company.</p> <p>Auditor verification : Legal non-compliance were identified on PT SPN in Morowali Regency, Province of Sulawesi Tengah. Several legal document which not able to shows or need to be verified further during internal audit are land title and environment impact assessment.</p>

3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

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

NCR No.	: 2018. 01	Issued by	: Sofyan Hadi Lubis
Date Issued	: 8 June 2018	Time Limit	: ASA 1
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 1.1.1. List of information related to criterion 1.2 that can be accessed by relevant stakeholders shall be available.		
Non-Conformance Description & Evidence observed (filled by auditor):			
The company has a list of information that is accessible by the stakeholders, but based on document review and interviews with stakeholders, it is known that there is no evidence of socialization for a list of company information that accessible by stakeholders including mechanisms to access the information.			
Root Cause Analysis (filled by organization audited):			
Correction (filled by organization audited):			
Corrective Action (filled by organization audited):			
Assessor Evaluation and Conclusion (filled by auditor):			
Verified by	:		

NCR No.	: 2018. 02	Issued by	: Arif Faisal Simatupang
Date Issued	: 8 June 2018	Time Limit	: ASA 1
NC Grade	: Minor	Date of Closing	:
Standard Ref. & 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):			
Based on a review of the List of Regulations Regarding the Implementation of RSPO-ISPO dated 20 March 2018, it is known that not yet fully legal regulations have been identified, namely not yet containing but not limited to : <ul style="list-style-type: none"> - Government Regulation No. 37 of 2014 concerning soil and water conservation. - Government Regulation No. 44 of 2015 concerning the implementation of accident insurance programs and death insurance. - Government Regulation No. 45 of 2015 concerning the implementation of a pension guarantee program. - Government Regulation No. 46 of 2015 concerning old age insurance. - Minister of Agrarian and Spatial Planning Regulation No. 7 of 2017 concerning procedures for determining HGU. - Minister of Manpower Regulation No. 38 of 2016 concerning OHS of power and production machinery. - Minister of Manpower Regulation No. 5 of 2018 regarding OHS on the work environment. - Minister of Health Regulation No. 416 of 1990 concerning water quality requirements and supervision. 			

- Decree of the Governor of North Sumatra No. 188.44/575/KPTS concerning the North Sumatra Province minimum wage in 2018.	
Root Cause Analysis (filled by organization audited):	
Correction (filled by organization audited):	
Corrective Action (filled by organization audited):	
Assessor Evaluation and Conclusion (filled by auditor):	
Verified by	:

NCR No.	: 2018. 03	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 8 June 2018	Time Limit	: ASA 1
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 4.4.1 A water management plan must be provided.		
Non-Conformance Description & Evidence observed (filled by auditor):			
Can be shown the report of surface water quality test (upstream and downstream of river Hesa), for example test report of semester 2 year 2017 done by accredited laboratory, the reference used is Permenkes RI No. 416 / MENKES / PER / IX / 1990 (has been expired), its not yet appropriate where the surface water quality testing shall be conducted in accordance with Government Regulation 82/2001 (class 1 standard - water utilized by the community), and there were some of parameter not tested such as TDS, TSS, total coliform and fecal coliform, besides there are test results that are not in accordance with the quality threshold such as BOD in upstream of 4.25 and downstream of 7.12 (BOD quality standard is 2).			
Root Cause Analysis (filled by organization audited):			
Correction (filled by organization audited):			
Corrective Action (filled by organization audited):			
Assessor Evaluation and Conclusion (filled by auditor):			
Verified by	:		

NCR No.	: 2018. 04	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 8 June 2018	Time Limit	: 8 June 2019

NC Grade	: MAJOR	Date of Closing	: 18 July 2018
Standard Ref. & Requirement	: 4.7.2 Risk assessments must be available, documented and records of implementation		
Non-Conformance Description & Evidence observed (filled by auditor):			
<p>The company has the identification of hazards and risk sources for estate and mill listed in the Risk Management document for the 2017.</p> <p>However, based on the document review and field observations it is known that not all operational activities have identified the sources of hazards, for example (but not limited to):</p> <ul style="list-style-type: none"> • Estate: mixing chemicals, office work, EFB application, land applications, activities in the warehouse of chemicals, storage of harvest equipment, transport of FFB from estate to mill, global telling census. • Mill: activities in hazardous waste storage, activities in the office, empty bunch area. 			
Root Cause Analysis (filled by organization audited):			
<p>Insufficient understanding from the officer about functions of identifying and controlling risks for all operational activities so that there are still activities that do not have HIRAC documents. Because the officer appointed is not the special officer in arrange of risk management for operational activities.</p>			
Correction (filled by organization audited):			
<p>Arrange HIRAC documents for estate operational activities that have not been assessed by OHS general officer.</p>			
Corrective Action (filled by organization audited):			
<ul style="list-style-type: none"> - Make monitoring of risk assessment documents for all estate operational activities by OHS officer - Providing socialization about risk management documents / HIRAC to officers who are responsible for making these documents 			
Assessor Evaluation and Conclusion (filled by auditor):			
Verification on 18 July 2018			
<p>Company showed correction evidence of Risk Management document for activities that have not been identified as hazard sources and risk controls, for example</p> <ol style="list-style-type: none"> 1. Activities in Hazardous Waste Storage 2. Office activities 3. Activities in empty bunch area 4. Activities in land application 5. Activities in chemical material storage 6. Activities in harvesting tool storage 7. Activities in global telling census 8. Activities of FFB transport from estate to mill 9. Activities of spreading empty bunch 10. Activities of chemical mixing 			
<p>Based on root cause analysis, correction evidence, and corrective action provided, the non conformity no 2018. 04</p>			

is closed.	
Verified by	: Asystasya Aishah Silalahi

NCR No.	: 2018. 05	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 8 June 2018	Time Limit	: 8 June 2019
NC Grade	: MAJOR	Date of Closing	: 18 April 2019
Standard Ref. & Requirement	: 4.7.4 Officers responsible for safety and health programs must be identified and records of regular meetings are available to discuss occupational health and safety issues		
Non-Conformance Description & Evidence observed (filled by auditor):			
Company could not showed evidence that OHS committee has been approved by Manpower Agency.			
Root Cause Analysis (filled by organization audited):			
There is no appointed PIC for RSPO document control.			
Correction (filled by organization audited):			
Showed OHS committee team that approved by Manpower Agency			
Corrective Action (filled by organization audited):			
Monitored required document related to implementation of RSPO principle and criteria by document control officer			
Assessor Evaluation and Conclusion (filled by auditor):			
Verification 18 April 2019			
Company showed evidence corrective such as OHS committee approval from Manpower Agency for 31 mill/estates in PTPN IV, including Air Batu through decree No KEP 120-7/DTK/SU/2018 on 29 June 2018. Based on explanation, this non conformity is closed.			
Verified by	: Asystasya Aishah Silalahi		

NCR No.	: 2018. 06	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 8 June 2018	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 4.7.5 Emergency response and work accident procedures must be available in Indonesian and there are workers who have received Accident First Aid (P3K) training in the work area.		

Non-Conformance Description & Evidence observed (filled by auditor):	
<p>Company also provides emergency response and first aid facilities in workplace accidents and has been monitored every month. However, based on field observation, it is known that</p> <ul style="list-style-type: none"> • In hazardous waste storage and general workshops, there are items that have expired, namely Povidon Iodine and Alcohol. • The contents of the First Aid Box at Water Treatment Plant Station and Afdeling 3 office are incomplete, for example there is no first aid guide, plaster, mitela. <p>In this regard, the company has not been able to show the effectiveness of periodic supervision on emergency response facilities in the form of first aid equipment.</p>	
Root Cause Analysis (filled by organization audited):	
Correction (filled by organization audited):	
Corrective Action (filled by organization audited):	
Assessor Evaluation and Conclusion (filled by auditor):	
Verified by	:

NCR No.	: 2018. 07	Issued by	: Asystasya Aishah Silalahi
Date Issued	: 8 June 2018	Time Limit	: 8 June 2019
NC Grade	: MAJOR	Date of Closing	: 18 April 2019
Standard Ref. & Requirement	: 5.1.1 An environmental impact analysis document must be available.		
Non-Conformance Description & Evidence observed (filled by auditor):			
<p>Air Batu mill and plantation already have an environmental document namely RKL-RPL document no. 131 / XII / LHP / RKL-RPL2004 was approved on 28 December 2004 by the Head Office of Environment and Tourism, Asahan Regency. This document is a revised of the previous RPL document prepared based on the Environmental Evaluation Study (SEL) which was approved on February 9, 1994 no. RC 220/275 / B / II / 1994. In accordance with the RKL / RPL document, the scope of the assessment area is 7,418.73 Ha for oil palm plantations and 30 tons FFB / hour for mill capacity. However, there was an area of 459.02 Ha which not yet covered in the RKL/RPL document, since the total managed area (HGU) is 7,877.75Ha.</p>			
Root Cause Analysis (filled by organization audited):			
<p>The absence of officers for monitoring the changes to existing documents in Air Batu unit due to lack of understanding from the management of the plantation regarding the implementation of RSPO principles and criteria.</p>			

Correction (filled by organization audited):

Revising the environmental documents / prepare the environment document against the discrepancies hectares.

Corrective Action (filled by organization audited):

Develop the monitoring system to update the changes of document of Air Batu unit
Assigned the PIC / officer who is responsible to update the changes of document of Air Batu

Assessor Evaluation and Conclusion (filled by auditor):

Verification on April 12, 2019:

- PTPN IV' Strategic Planning Section has submitted the statement letter to exclude the area of 459.02 Ha from the certification scope. In this regard, the company has coordinated with DLH, however the process of environmental documents preparation requires a long time.
- PTPN IV' Strategic Planning Section shows the Time Bound Plan update as of April 2019, which shows that the area of 459.02 Ha has been planned to be certified in 2021.
- However PTPN IV' Strategic Planning Section has not yet shown evidence of socialization to the Air Batu Management Unit (plantation and mill) related to the excluding the area from the certification scope (which includes mapping the location and separating the blocks/area), to prevent the mixing of FFB from the certified blocks and non-certified block, so that the CPO/PK are not claimed as certified products. So this non-conformity is stated to have not been fulfilled.

Verification on April 18, 2019:

- There are maps of the area that excluded from the scope, located in Afdeling VII and Afdeling VIII.
- The Strategic Planning Section shows evidence of socialization to management unit of Air Batu dated April 16, 2019 related to the excluding the area of 459.02 Ha. The unit shows the list of blocks excluded from the scope, namely:

-
- Afdeling VII:
 - Block 12AJ covering an area of 14 ha
 - Block 12AK covering 11 ha
 - Blok 12AL covering 31 ha
 - Block 12AM covering an area of 15 ha
 - Blok 12AN covering 36 ha
 - Other areas covering 90.75 ha
- Total area of 197.75 ha

- Afdeling VIII:
 - Block 12AO covering 15 ha
 - Blocks 12AP covering 11 ha
 - Block 12AQ covering 17 ha
 - Block 12AR covering 17 ha
 - Block 12US covering 28 ha
 - Block 12AT is 12 ha
 - Blok 12AU covering 11 ha
 - Block 12AV covering 15 ha
 - Blok 12AW covering 16 ha

<ul style="list-style-type: none"> - Blok 12AX covering 15 ha - Block 12AY covering 15 ha - Block 12AZ covering 9 ha - Block 12BA covering 16 ha - Block 12BB covering 55 ha - Block 12AO covering 15 ha - Other areas covering 31.27 ha <p>Total area of 261.27 ha</p> <p>This nonconformity is stated to be fulfilled.</p>			
<table border="0"> <tr> <td style="width: 150px;">Verified by</td> <td style="width: 10px;">:</td> <td>Arif Faisal</td> </tr> </table>	Verified by	:	Arif Faisal
Verified by	:	Arif Faisal	

NCR No.	: 2018. 08	Issued by	: Sandra Purba
Date Issued	: 8 June 2018	Time Limit	: ASA 1
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 5.1.2 An environmental management plan must be available to prevent negative impacts and report on its implementation and revision, if an impact is identified that must change the company's ongoing activities. The management of the company must appoint the person responsible for the implementation of the environmental management plan activities.		
Non-Conformance Description & Evidence observed (filled by auditor):			
<p>Can be shown evidence of implementation of environmental management and monitoring plan in the document of RKL / RPL implementation report per semester, for example for period of semester 2 of 2017 is reported to related institution on 27 Jan 2018.</p> <p>In the report have been describes on the implementation of environmental management and environmental monitoring based on the matrix on RKL/RPL and includes replating activities, however there were an in-appropriate matters, namely:</p> <ul style="list-style-type: none"> - The Company has not yet evaluation related to the monitoring result of river water that has been tested which exceed the threshold and the quality standard reference has not been in accordance with the direction of environmental documents (PP 82/2001) - The company has not shown any evidence of monitoring for aspects of the social and public health component. 			
Root Cause Analysis (filled by organization audited):			
Correction (filled by organization audited):			
Corrective Action (filled by organization audited):			
Assessor Evaluation and Conclusion (filled by auditor):			

Verified by	:	
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3.5.3 Opportunity for Improvement

No	Ref. Std.	Description
1	5.3.3	Monitoring of domestic household waste management
2	6.3.1	The scope of the RSPO Complaint System mechanism in procedures for handling internal and external complaints.
3	6.9.1	Socialization of the Women's Empowerment Section to all workers




3.5.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1	-	The company's commitment to implementing RSPO principles and criteria

3.6 Summary of Arising Issues from Public and Auditor Verification

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>Manpower Agency of Asahan Regency</p> <ul style="list-style-type: none"> • Company has implemented the minimum wage of Sumatera Utara Province • There are no employment issues in the company, for example related to the use of child labor, employee harassment issues, or discrimination. • There are worker union and bipartite in the company. Worker Union and Bipartite have been registered in the manpower agency. 	<p>Auditor has verified the compliance on P&C of RSPO worker welfare aspect:</p> <ul style="list-style-type: none"> • 6.5.1 about minimum wage • 6.6 about worker union • 6.7.1 and 6.8 about child worker and discrimination
<p>Agriculture agency of Asahan Regency</p> <ul style="list-style-type: none"> • Company already has the documents of land rights in the form of concession and permits for business activities • There are no negative issues such as fires, conflicts / disputes with local communities and other business interruptions • Company has CSR program and implement the program to surrounding village 	<p>Auditor has verified the compliance on P&C of RSPO on criteria & indicator:</p> <ul style="list-style-type: none"> • 2.2 about land rights • 6.11 about CSR program
<p>Environmental Agency of Asahan Regency</p> <ul style="list-style-type: none"> • The Company already has environmental permit documents that area still valid. • Mandatory reports related environmental has been submitted regularly. • Currently there are no cases of environmental pollution 	<p>Auditor has verified the compliance on P&C of RSPO on environmental aspects:</p> <ul style="list-style-type: none"> • 5.1 about environmental permit • 5.3 about management and monitoring plan implementation
<p>Village Head of Sijabut Teratai</p> <p>The company has empowered the surrounding community, the use of local labor, and participatory CSR programs. There are no land dispute or environmental cases.</p>	<p>The CH has provided evidence of community development programs. The results of the assessment there are no cases of land disputes or environmental pollution that affect the village community.</p>
<p>Village Head of Perkebunan Air Batu I/II</p> <p>The company has empowered the surrounding community, the use of local labor, and participatory CSR programs. There are no land dispute or environmental cases.</p>	<p>The CH has provided evidence of community development programs. The results of the assessment there are no cases of land disputes or environmental pollution that affect the village community.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>Worker union of Air Batu</p> <ul style="list-style-type: none"> • Worker union has been registered to Manpower Agency • There is an agreement about minimum wage between worker union and management of PTPN IV • PPE is provided by company • Company provides work and health insurance for all workers • There are no employment issues in the company, for example related to the use of child labor, employee harassment issues, or discrimination 	<p>Auditor has verified the compliance on P&C of RSPO worker welfare and OHS aspect:</p> <ul style="list-style-type: none"> • 4.7.3 about PPE • 4.7.6 about work insurance and health facility • 6.5.1 about minimum wage • 6.6 about worker union • 6.7.1 and 6.8 about child worker and discrimination
<p>Gender Committee</p> <ul style="list-style-type: none"> • There is no issue related to child worker, discrimination, human rights violence, or sexual harassment. • Company give special time for female worker to breastfeeding. • Company give menstrual leave (2 days) and giving birth leave (3 months) for all female worker. 	<p>Auditor has verified the compliance on P&C of RSPO worker welfare aspect:</p> <ul style="list-style-type: none"> • 6.9 about reproductive rights for worker
<p>Worker Cooperative</p> <p>Cooperative is named "<i>Koperasi Konsumen Usaha Bersama Mandiri</i>". Cooperative is engaged in consumption and saving and loan.</p> <ul style="list-style-type: none"> - The member of cooperative is as many as 60 members. - RAT for period of 2017 will be conducted on April 2018 and RAT for period of 2016 has been conducted on 16th April 2017. <p>Company lend a building for cooperative activities.</p>	<p>No negative issues or problems related to collaborate including payments. The company has carried out the RSPO standard.</p>
<p>Local Contractor of FFB Transportation CV Putra Mandiri</p> <p>The company has collaborated with local contractor. Until now there are no negative issues or problems related to collaborate including payments.</p>	<p>No negative issues or problems related to collaborate including payments. The company has carried out the RSPO standard.</p>

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	Formal Sign-off of Assessment Findings
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div data-bbox="418 800 820 1123"><p>PTPN IV Air Batu Mill Management Representative</p><p>Khayamuddin Panjaitan 18 April 2019</p></div> <div data-bbox="1019 800 1318 1102"><p>Mutuagung Lestari Lead Auditor</p><p>Arif Faisal Simatupang 18 April 2019</p></div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	National Land Agency	Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018		✓
2	Plantation Agency	Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018	✓	
3	Environment Agency	Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018	✓	
4	Labor Agency	Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018	✓	
5	Sijabut Teratai Village	Air Batu Sub-District, Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018	✓	
6	Perkebunan Air Batu I/II Village	Air Batu Sub-District, Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018	✓	
7	Worker Union (SPBUN)	PTPN IV Airbatu	-	Direct Interview	06 June 2018	✓	
8	Gender committee	PTPN IV Airbatu	-	Direct Interview	06 June 2018	✓	
9	Worker Cooperative	PTPN IV Airbatu	-	Direct Interview	06 June 2018	✓	
10	Local Contractor of FFB transporter	Air Batu Sub-District, Asahan Regency, North Sumatera Province	-	Direct Interview	06 June 2018	✓	
11	Walhi	-	informasi@walhi.or.id	Email	30 th May 2018		✓
12	Sawit Watch	-	info@sawitwatch.or.id	Email	30 th May 2018		✓
13	AMAN	-	rumahaman@cbn.net.id	Email	30 th May 2018		✓
14	Air Batu Mill Weightbridge Operator – 1 worker Grading – 3 workers Process – 6 workers Boiler – 2 workers Engine Room – 2 workers Chemical storage – 1 worker Hazardous waste storage – 1 worker Workshop – 1 worker	PTPN IV Airbatu	-	Direct Interview	05 June 2018	✓	
15	Air Batu Estate HGU pole – 1 Staff and worker PPE Storage – 1 worker Daycare – 2 orang Sterilizer storage – 2 worker Pesticide storage – 2 worker	PTPN IV Airbatu	-	Direct Interview		✓	

TPS LB3 – 2 worker Harvesting – 5 workers Spraying – 5 workers Drain Block – 1 operator						
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Appendix 2. Assessment Program

DATE	05 – 08 June 2018	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Tuesday, 5 June 2018		
06.00 – 08.00	Jakarta → Medan	All Auditor
08.30 – 12.00	Medan → PT PN IV Unit Air Batu	
12.00 – 14.00	Break	All Auditor
14.00– 15.00	Opening meeting <ul style="list-style-type: none"> • Auditee Speech (Introduction of PIC, Profile of Certified Management Unit) • Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Transparency and Confidentiality Clarification) 	Unit Manajemen All Auditor
15.00– 17.00	Observasi Lapangan PKS Air Batu <ul style="list-style-type: none"> • SCCS verification • Supply Chain verification (FFB Receiving, Weighbridge, FFB Sorting, Processing Activity, Despatch CPO) • Observation of Chemical Storage, Hazardous Waste Storage, Fire Control Facility • Observation of WTP, EBA, IPAL, POME LA 	Faisal / Sandra Lubis Tasya Tasya
Wednesday, 6 June 2018		
08.00 – 12.00	Stakeholder Consultation with relevant agencies in Asahan Regency Stakeholder Consultation with affected village Field Observation Air Batu Estate <ul style="list-style-type: none"> • Observation of Agronomy Aspect (Harvesting & Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application) • Observation of Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management • Observation of Workers Facilities (Housing, School, Worship Place, etc. • Implementation of conservation area /HCV • Implementation of Legal Aspect (Land Ownership, Legal Boundaries) 	Tasha Faisal / Sandra Lubis Lubis Faisal / Sandra Faisal / Sandra
12.00 – 14.00	Break	All Auditor
14.00 – 17.00	Stakeholder Consultation with gender committee, Labor Union, worker cooperative, local contractor Verification of stakeholder consultation result and field observation. Document review	Tasya / Lubis All Auditor All Auditor
Thursday, 7 June 2018		

DATE	05 – 08 June 2018	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
08.00 – 12.00	Stakeholder Consultation with gender committee, Labor Union, worker cooperative, local contractor Document review	Tasya / Lubis All Auditor
12.00 – 14.00	Break	All Auditor
14.00 – 17.00	Document review	All Auditor
17.00	Deadline for submitting documents / audit evidence	Unit Manajemen
Friday, 8 June 2018		
09.00 – 11.00	Closing Meeting: <ul style="list-style-type: none"> • Presentation of audit findings (Noteworthy Positive Component, Non Conformities, OFI, Timeline of CAR's, Conclusion) • Comments, Responses and Questions 	All Auditor
11.00 -	PT PN IV Unit Air Batu → Medan Medan → Jakarta	All Auditor