

PT. MUTUAGUNG LESTARI ASSESSMENT REPORT

TABLE OF CONTENT

FIGURE	1
Figure 1. Accessibility Map of PT Pangkatan Indonesia, PT Bilah Plantindo, PT Sembada Sennah Maju	1
Figure 2. Location Map of PT Pangkatan Indonesia, PT Bilah Plantindo, PT Sembada Sennah Maju	2
Figure 3. Operational Map of PT. Pangkatan Indonesia	3
Figure 4. Operational Map of PT. Sembadah Sennah Maju.....	4
Figure 5. Operational Map of Bilah Plantindo	5
Glossary.....	6
 1.0 SCOPE OF THE CERTIFICATION ASSESSMENT	 7
1.1 Assessment Standard Used	7
1.2 Organisation Information.....	7
1.3 Type of Assessment.....	7
1.4 Locations of Mill and Plantation	7
1.5 Description of Area Statement	8
1.6 Planting Year and Cycles	8
1.7 Description of Mill and Supply Base	9
1.8 Estimate Tonnage of Certified Product.....	10
1.9 Other Certifications	10
1.10 Time Bound Plan	10
 2.0 ASSESSMENT PROCESS.....	 12
2.1 Assessment Team.....	12
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	12
2.3 Stakeholder Consultation and Stakeholders Contacted.....	15
2.4 Determining Next Assessment.....	15
 3.0 ASSESSMENT FINDINGS	 16
3.1 Summary of Assessment Report of the RSPO Certification	16
3.2 Summary of Assessment Report of Supply Chain Requirements.....	45
3.3 Conformity Checklist of Certificate and Logo Use (<i>only apply for Surveillance Assessment Report</i>)	52
3.4 Summary of RSPO Partial Certification	53
3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components	578
3.6 Summary of Arising Issues from Public, Management and Auditor Response	61
 4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	 73
4.1 Formal Sign-off of Assessment Findings.....	73
 APPENDICES	 74
Appendix 1. List of Stakeholder Contacted in the RSPO Certification Process	74
Appendix 2. Assessment Program.....	75

FIGURE

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

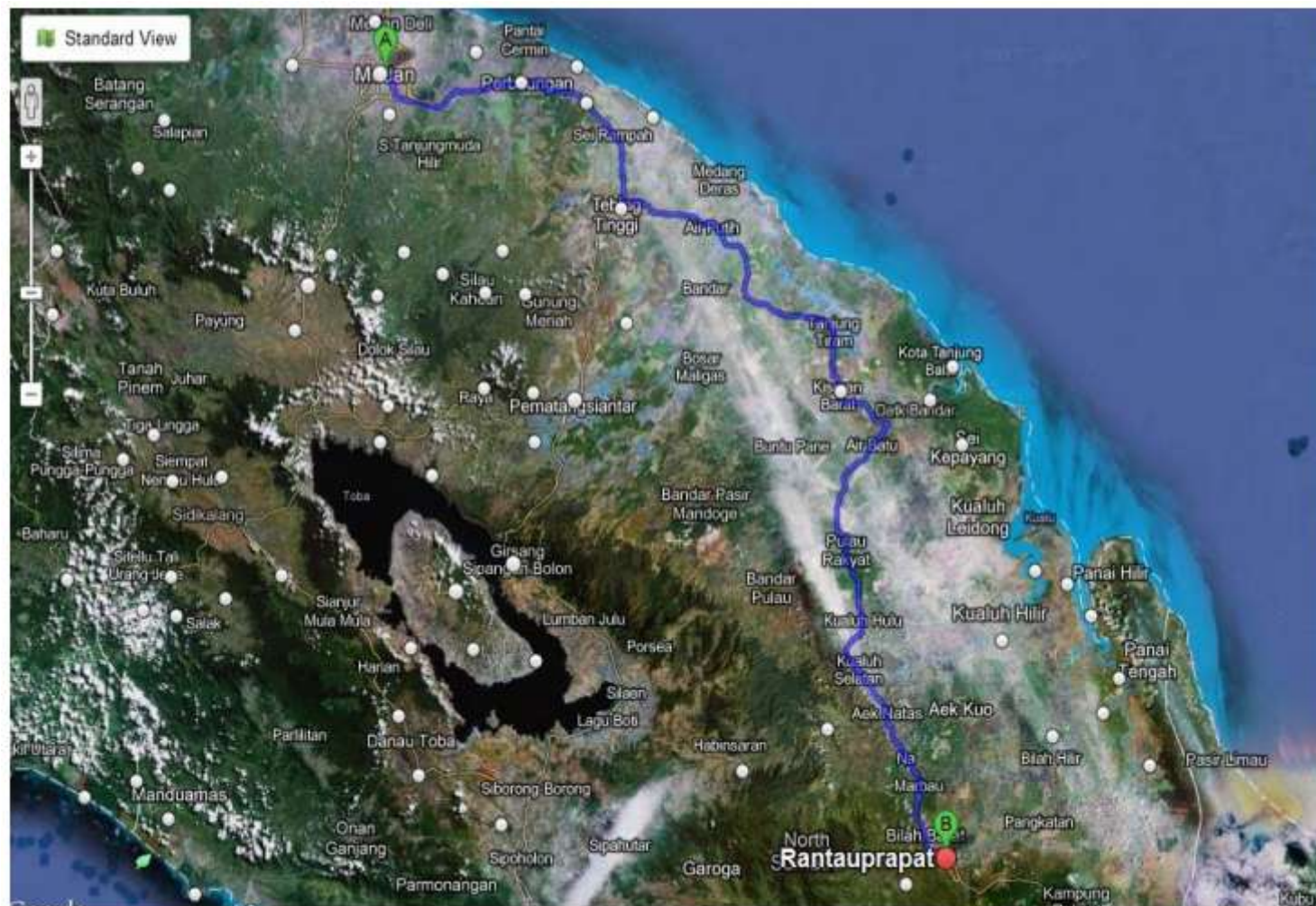


Figure 2. Location Map of PT Pangkatan Indonesia, PT Bilah Plantindo, PT Sembada Sennah Maju

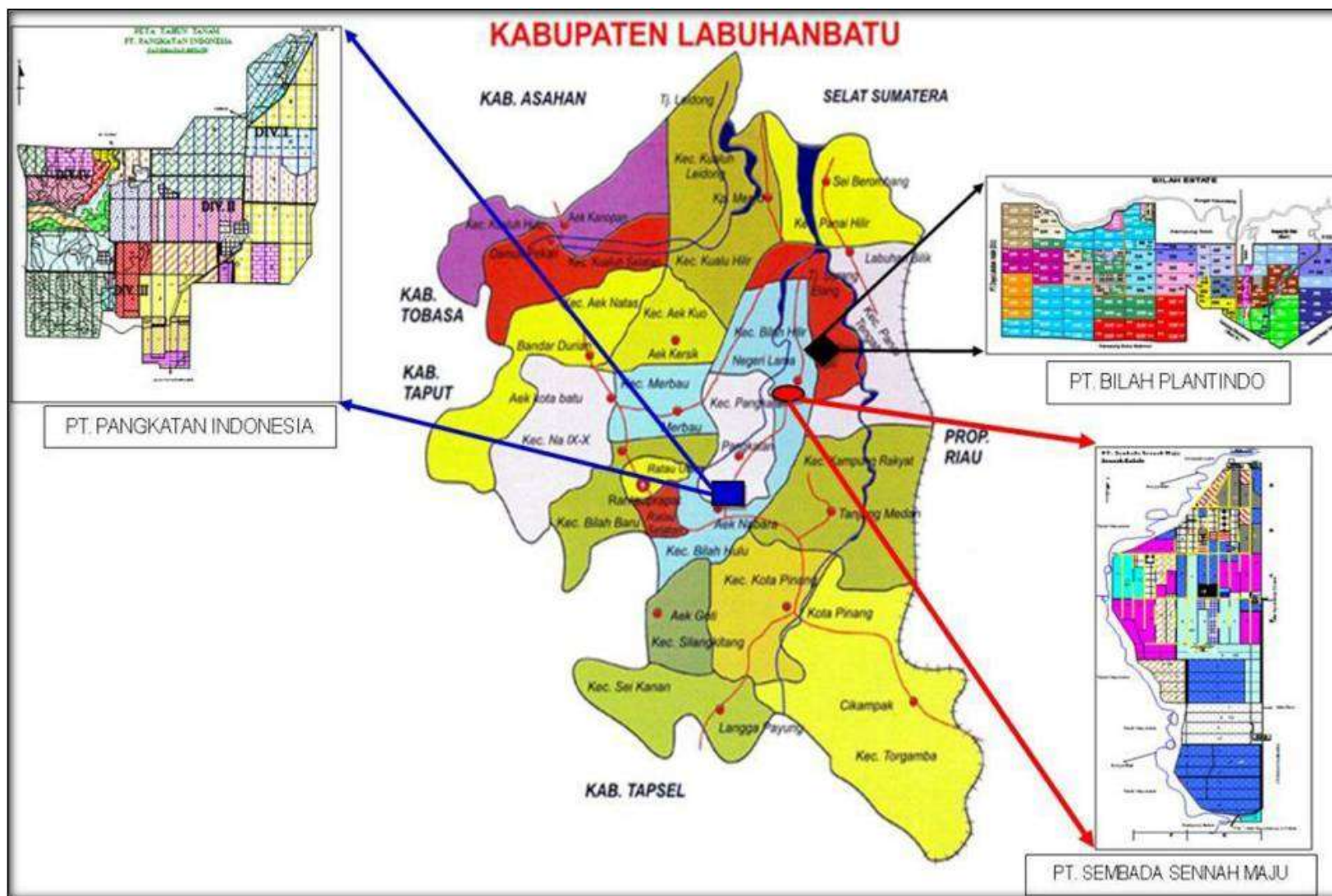


Figure 3. Operational Map of PT Pangkatan Indonesia

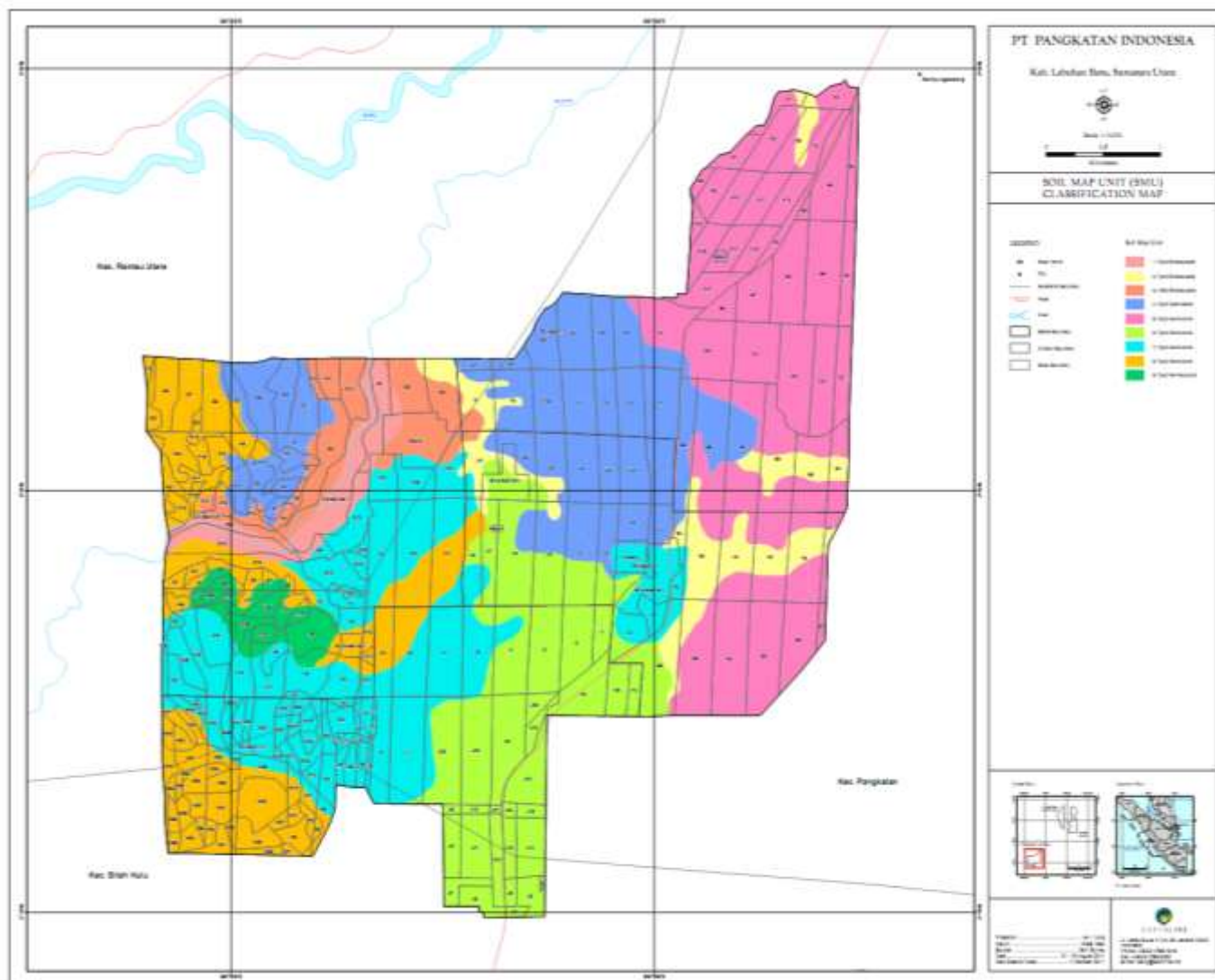


Figure 4. Operational Map of PT Sembada Sennah Maju

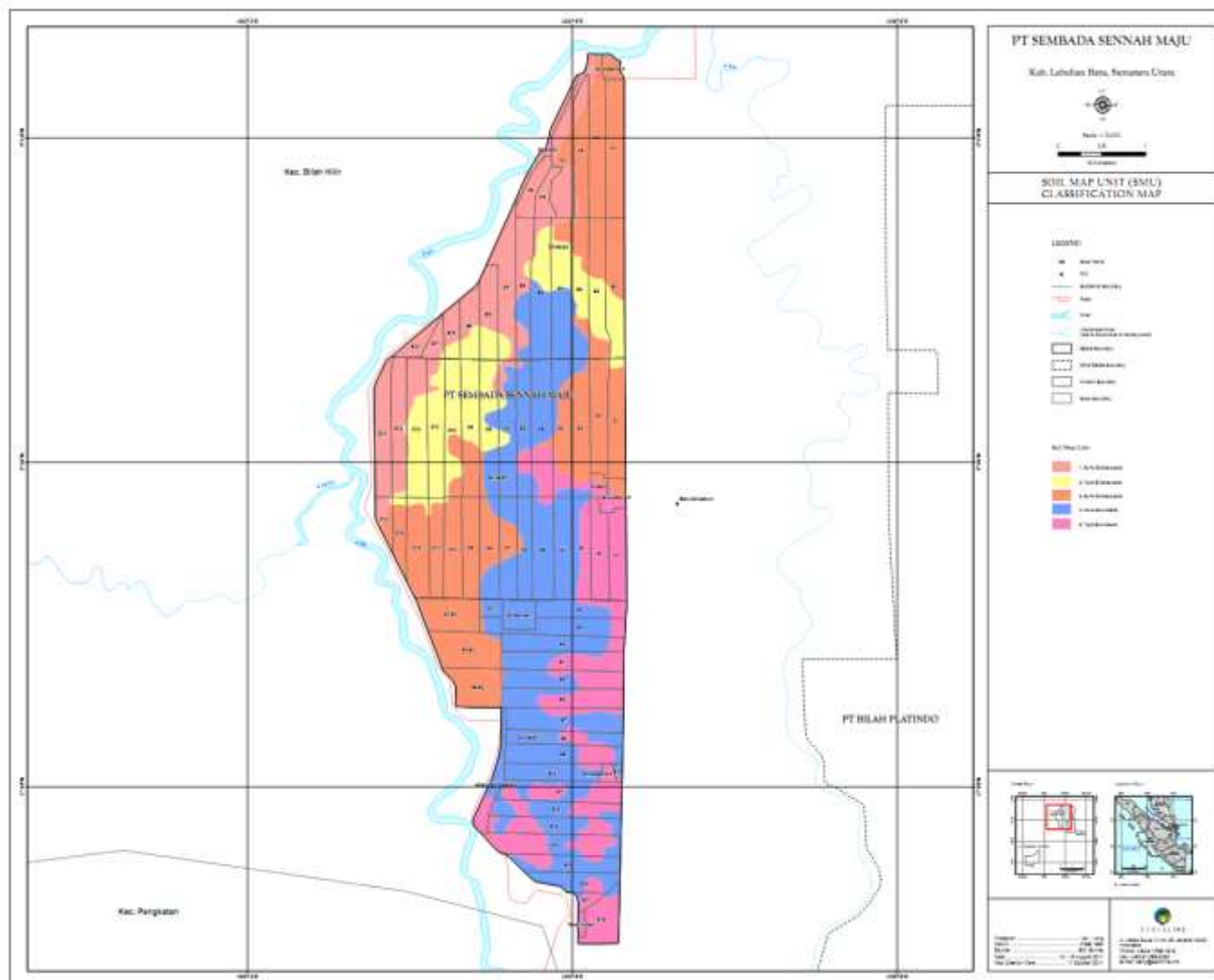
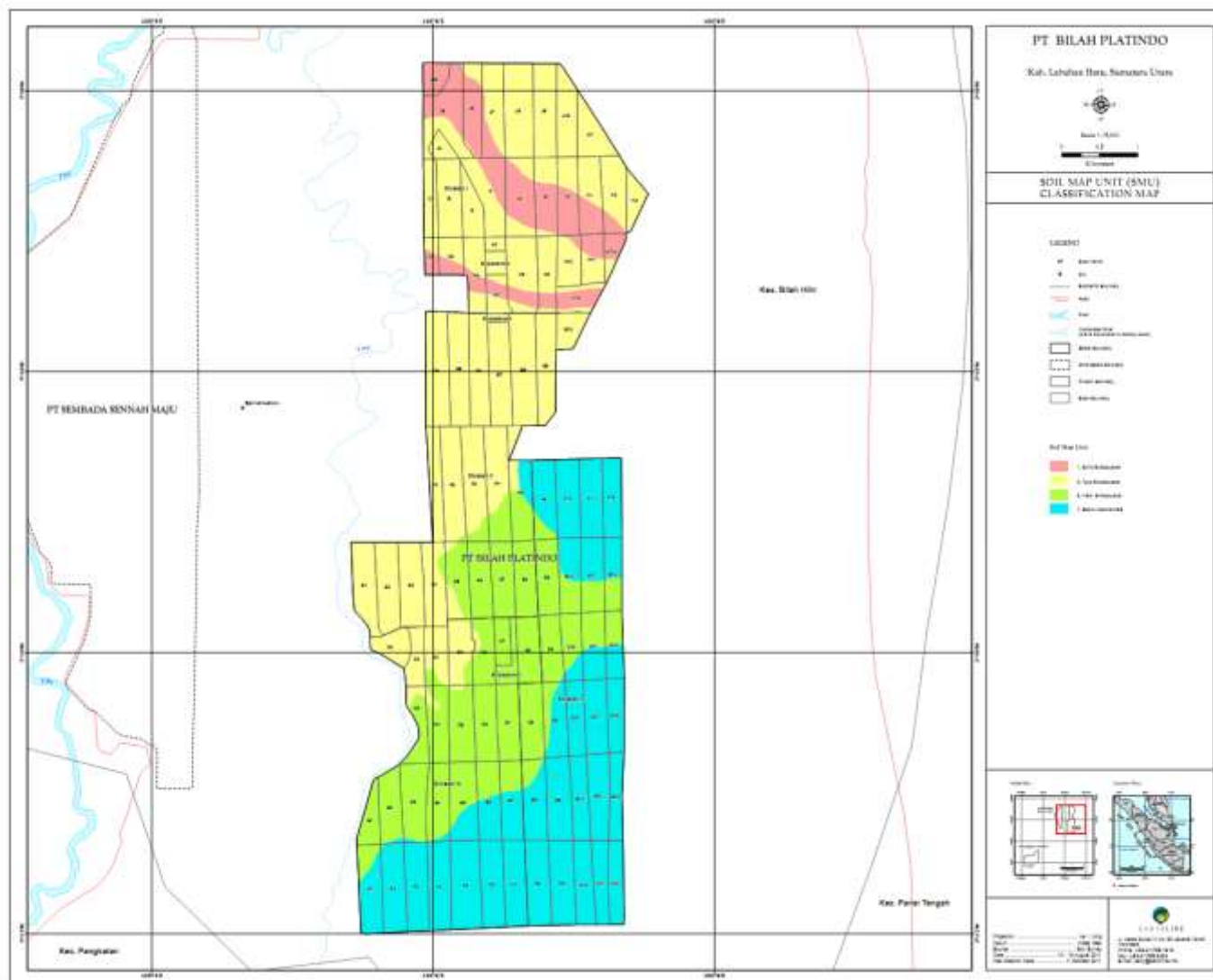


Figure 5. Operational Map of PT Bilah Plantindo



Glossary

ASA	:	Annual Surveillance Assessment
BOB	:	Barn Owl Box
BOD	:	Biological oxygen demand
BPJS	:	<i>Badan Penyelenggara Jasa Sosial</i> (Social Security Agency)
BPJN	:	<i>Badan Pertanahan Nasional</i> (National Land Agency)
BLRS	:	Bah Lias Research Station
COC	:	Code of Conduct
CPO	:	Crude palm oil
CSR	:	Corporate Social Responsibility
EFB	:	Empty Fruit Bunches
FFA	:	Free Fatty Acid
FFB	:	Fresh Fruit Bunch
GHG	:	Green House Gas
HCV	:	High Conservation Value
HGB	:	<i>Hak Guna Bangunan</i> (Building Use Title)
HGU	:	<i>Hak Guna Usaha</i> (Land Use Title)
HIRAC	:	Hazard identification Risk Analysis and Control
IPM	:	Integrated Pest Management
ISCC	:	International Sustainability and Carbon Certification
ISPO	:	Indonesian Sustainable Palm Oil
Jamsostek	:	Jaminan Sosial Ketenagakerjaan (<i>Worker Social Insurance</i>)
kWh	:	Kilowatt hour
LB3	:	Limbah Berbahaya dan Beracun (Hazardous Waste)
MRP	:	Monthly Progress Report
MSDS	:	Material Safety Data Sheet
NGO	:	Non Govenrment Organization
P2K3	:	<i>Panitia Pembina Kesehatan dan Keselamatan Kerja</i> (occupational health and safety adviser committee structure)
PI	:	Pangkalan Indonesia
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipement
PT PI	:	PT Pangkatan Indonesia
PT BP	:	PT Bilah Plantindo
PT SSM	:	PT Sembada Sennah Maju
PPE	:	Personal Protective Equipment
P & C	:	Principal and Criteria
SCCS	:	Supply Chain Certification Standard
SPMP	:	Serikat Pekerja Mandiri Pangkatan (Labor Union)
SPMB	:	Serikat Pekerja Mandiri Bilah (Labor Union)
SIA	:	Social Impact Assessment
SOP	:	Standard Operations Procedure
OHS	:	Occupational Health and Safety
RKL&RPL	:	Rencana Kelola Lingkungan & Rencana Pemantauan Lingkungan (<i>Environmental Management Plan & Environmental Monitoring Plan</i>)
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rate, Threatened or Endangered
UKL-UPL	:	<i>Upaya Pengelolaan Lingkungan dan Upaya Pemantauan Lingkungan</i> (Environment management and Monitoring Plan)
UPDKS	:	<i>Ulat Pemakan Daun Kelapa Sawit</i> (Leaf-eating caterpillars)
WTP	:	Water Treatment Plan
WWTP	:	Waste Water Treatment Plant

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT			
1.1 Assessment Standard Used		<ul style="list-style-type: none"> <i>RSPO Principles and Criteria (P&C) for for the Production of Sustainable Palm Oil - April 25th, 2013.</i> <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 	
1.2 Organisation Information			
1.2.1	Organisation name listed in the certificate	PT PANGKATAN INDONESIA - M.P. Evans Group PLC	
1.2.2	Contact person	Abdul Aziz Muhshi (Manager Sustainability & Certification)	
1.2.3	Organisation address and site address	Address: GEDUNG GRAHA AKTIVA SUITE 1001, JLN HR RASUNA SAID KAV 03, BLOK X-1, KUNINGAN JAKARTA SELATAN INDONESIA	
1.2.4	Telephone	+62 21 5292 0338	
1.2.5	Fax	+62-21-52920339	
1.2.6	E-mail	ChandraK@mpevans.co.uk	
1.2.7	Web page address	www.mpevans.co.uk	
1.2.8	Management Representative who completed the application for certification	Gunasekaran Uthiradam (<i>Group Manager</i>)	
1.2.9	Registered as RSPO member	Number of registration: 1-0027-06-000-00, 8 October 2006.	
1.3 Type of Assessment			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base : <ul style="list-style-type: none"> Pangkalan POM and Pangkatan Estate (PT Pangkatan Indonesia) Bilah Estate (PT Bilah Plantindo) Sennah Estate (PT Sembada Sennah Maju). 	
1.3.2	Type of certificate	Single	
1.4 Locations of Mill and Plantation			
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Pangkalan	Perkebunan Pangkatan Village, Pangkalan Sub District, Labuhanbatu District.	N 02° 06' 44" E 99° 56' 44"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Pangkalan Estate,	Perkebunan Pangkatan Village,	N 02° 04' 13" - 02° 07' 54" E 99° 55' 07" - 99° 58' 09"

(PT Pangkatan Indonesia)	Pangkalan Sub District, Labuhanbatu District.		
Bilah Estate, (PT Bilah Plantindo)	Perkebunan Bilah Village, Bilah Hilir Sub District, Labuhanbatu District.	N 02° 18' 23" - 02° 12' 01"	E 100° 05' 25" - 100° 07' 30"
Sennah Estate, (PT Sembada Sennah Maju)	Perkebunan Sennah Village, Bilah Hilir Sub District, Labuhanbatu District.	N 02° 18' 31" - 02° 12' 57"	E 100° 02' 44" - 100° 04' 17"

1.5 Description of Area Statement

1.5.1	Tenure	
	• State	7,355 Ha
	• Community	Ha

1.5.2 Area Statement

		PT Pangkatan Indonesia (Ha)	PT Bilah Plantindo (Ha)	PT Sembada Sennah Maju (Ha)	TOTAL (Ha)
	• Total area	2,586	2,956	1,813	7,355
	• Mature area	2,291	2,225	1,406	5,922
	• Immature area	142	630	275	1,047
	• Mill	15	-	-	15
	• Emplishment / Workers Quarter	21	22	15	58
	• Infrastructure	62	78	63	203
	• Nursery	4	-	6	10
	• Occupation	-	-	-	-
	• Graveyard	1	-	-	1
	• School Facilities	-	1	-	1
	• Swamp area	-	-	18	18
	• Boundary trench	-	-	16	16
	• Government building	-	-	2	2
	• HCV	50	-	12	62

1.6 Planting Year and Cycles
1.6.1 Age profile of planting year

Planting Year	Hectarage (Ha)			
	PT Pangkatan Indonesia	PT Bilah Plantindo	PT Sembada Sennah Maju	Total
1987		96		96
1989		132		132
1990		193		193
1993		172		172
1994		135		135
1995		115	81	196
1996	15		163	178

	1997	146	93		239		
	1998	89	31		120		
	1999	98			98		
	2000	103			103		
	2001		24		24		
	2002	109			109		
	2003	248		105	353		
	2004	348	151		499		
	2005	179	123	148	450		
	2006	281	190	453	924		
	2007	96	110		206		
	2008	110	137	203	450		
	2009		128	253	381		
	2011		308		308		
	2012	213	87		300		
	2013	256			256		
	2014		136	60	196		
	2015		230	159	389		
	Replanting 2016	142	264	56	462		
	TOTAL	2,433	2,855	1,681	6,969		
1.6.2	New Planting area after January 2010		-		Ha		
1.6.3	Planting Cycle		2 nd Cycle				
1.7 Description of Mill and Supply Base							
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Pangkalan	40	159,460.30	36,679.01	23.22	8,977.88	5.63
<i>*Production data source from 12 months before assessment (August 2015- July 2016)</i>							
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Pangkalan Estate	2,586	2,433	54,111.39	23.62	54,111.39	100
	Bilah Estate	2,956	2,855	52,877.64	23.77	52,877.64	100
	Sennah Estate	1,813	1,681	39,577.54	28.15	39,577.54	100
	TOTAL	7,355	6,969	146,566.57	24.75	146,566.57	100
<i>*Production data source from 12 months before assessment (August 2015- July 2016)</i>							
1.7.3	FFB description from other source						
	Name of sources	Organisation		Location		Supplied to Mill	
						FFB	

				(tonnes/year)			
	OUTGROWER (Non-Certified)	-	-	12,550.37			
	TOTAL			12,550.37			
	<i>*Source Production Data on 12 months before assessment (August 2015- July 2016)</i>						
1.7.4	Jenis Produk	FFB, CPO, PK					
1.8 Estimate Tonnage of Certified Product							
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim 19 October 2015 to 18 October 2016 (tonnes/year)	Actual Certified Products Period 19 October 2015 to 22 August 2016 (tonnes/year)				
	• FFB Production	144,273	113,699.62				
	• CPO Production	34,048	26,542.15				
	• Palm Kernel (PK) Production	8,512	6,099.43				
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Pangkalan Estate	2,586	2,433	60,341	24.80		
	Bilah Estate	2,956	2,855	71,257	24.96		
	Sennah Estate	1,813	1,681	49,686	29.56		
	TOTAL	7,355	6,969	181,284	26.00		
	<i>*Projected FFB production for 12 months of certificate</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (ton)	Extraction (%)	Out put (ton)	Extraction (%)
	Pangkalan	40	181,284	42,602	23.5	9,971	5.5
	<i>*Projected CSPO and CSPK production for 12 months of certificate</i>						
1.9 Other Certifications							
	ISO 9001:2008			-			
	ISO 14001: 2004			-			
	OHSAS 18001:2007			-			
	ISCC			ISCC No. EU-ISCC-Cert-DE119-62164280 with validity period 09 August 2016 to 08 August 2017			
	Others			- ISPO Certificate (Indonesian Sustainable Palm Oil) Nomor 824 501 13007 from TUV Rheinland Indonesia with validity period 21 January 2014 to 20 January 2019 - Performance Rating in Environmental Management Program for year 2014/2015 that issued from Enviromental Ministry			
1.10 Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units						
	Management Unit		Estate (Supply Base)	Time Bound	Location	Status	
	Mill	Time					

				Plan		
	Pangkatan (PT Pangkatan Indonesia)	2012	PT Pangkatan Indonesia (Pangkalan Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012
			PT Bilah Plantindo (Bilah Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012
			PT Sembada Sennah Maju (Sennah Estate)	2012	Labuhanbatu – North Sumatera, Indonesia	Certified 19 October 2012
	Benua Puhun (PT Prima Mitrajaya Mandiri)	2013	Rantau Humpang Estate (PT Teguh Jayaprima Abadi)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
			Mahakam Estate (PT Teguh Jayaprima Abadi)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
			Bukit Jering estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
			Kaman Hilir estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
			Loleng estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
			Benua Puhun estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
			Muara Wis estate (PT Prima Mitrajaya Mandiri)	2013	Kutai Kertanegara – East Kalimantan	Certified 26 June 2014
	Tuing (PT Gunung Palwan Lestari)	2015	PT Gunung Pelawan Lestari	2015	Bangka	Planning
	-	-	PT Simpang Kiri Plantation Indonesia	-	<i>This is an independent estate in the sense that it sells its FFB to a POM not owned by MP Evans. It is therefore unclear if the estate can be certified if the POM does not become certified</i>	-
	-	-	PT Evans Lestari	2018	Musi Rawas – South Sumatera	-
1.10.2	Progress of Associated Smallholders and Outgrowers for Certifiable Standard					
	Pangkalan POM only carry out a purchase agreement with a third party (FFB collector – independent supplier)					

2.0 ASSESSMENT PROCESS	
2.1 Assessment Team	
ASA-4	<p>1. Trismadi Nurbayuto (Lead Auditor). Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, Bogor Agricultural University. Specialists for Environmental Social Impact Assessment (SEIA) and High Conservation Value (HCV). Has attended several training such as: HCV, OHSAS Auditor by Manpower Ministry, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training, RSPO Lead Auditor training, RSPO Next training and Auditor/Lead auditor Management System Certification (ISO 9001-2008). Previously worked in the private oil palm plantations, became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO) until 2014. He has been involved in the SEIA and Identification of HCV in several Plantations. During this assessment he was observed and audit on legal, social and SCCS aspect.</p> <p>2. Muhammad Rinaldi (Auditor). Diploma of Oil Palm Plantations, Bogor Agricultural University. He have 4 years experience working as a staff operational plantations at oil palm plantation in Indonesia. He has attended the RSPO Awareness training, Auditor ISPO training, ISO 9001-2008 training, training of ISO 14000, HCV training and OHS Management System training. During this assessment he was observed and audit on OHS and worker welfare aspect.</p> <p>3. Rudi Ramdani (Auditor). Bachelor of Agriculture Majoring in Agronomy, Agriculture Faculty of Bogor Agriculture Institute. He has working experienced more than two years as an operational staff in a private oil palm plantation company in Indonesia. Several training he has followed namely: Indonesian Sustainable Palm Oil auditor, Awareness RSPO, Management System Certification (ISO 9001-2008) training, and implementation of SMK3. During this assessment he was observed and audit on best management practices and IPM aspect.</p> <p>4. Sofyan Hadi Lubis (Auditor). Master in Environmental and Natural Resource Management from Bogor Agricultural University (IPB) and Bachelor of Social Economic Agriculture from Gadjah Mada University (UGM). Participated on several environmental management workshops, climate change mitigation training and adaptation for agricultural productivity in Southeast Asia, Carbon Forum Asia Update. He has also been involved as a research team at the research center for development and climate change policy - Ministry of Forestry and Research Team in cooperation program IPB-ETH Zurich Switzerland - NUS Singapore. He has followed auditor training, such as Indonesia Sustainability Palm Oil (ISPO), ISO 9001-2008, ISO 14001, Awareness RSPO, HCV, Green House Gasses (GHG) Calculation, and LUC by ISCC. During this assessment was observed and audit on environment and conservation, GHG, and transparencies aspect</p>
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	
2.2.1	Figure of person days to implement assessment
ASA-4	<p>Number of auditors : 4 auditor</p> <p>Number of days for ASA-4 at site : 3 days</p> <p>Number of working days for ASA-4 at site : 12 Working days</p>
2.2.2	Assessment Process
ASA-4	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the Pangkatan Mill – PT Pangkatan Indonesia to the requirements of RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill)</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results ASA-4 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (Re-certification).</p> <p>Improvement of findings from main assesment findings were observed by auditors at this ASA-4 assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ASA-4.</p>

The assessment program please find Appendix 2

2.2.3	Location of Assessment
ASA-4	<p>Management units involved in this activity consists of 3 (three) Estates which supply FBB materials to 1 (one) palm oil mill. In order to conduct the assessment auditor team applies the formula $0.8 \sqrt{y}$ to determine the management units that are being focus of sample locations and takes into account emerging issues considered to be fundamental and critical originate from stakeholders. Based on this formula, auditor team selects 1 palm oil mill (Pangkatan POM) and two Estate (Pangkatan estate and Bilah estate) as the sample locations.</p> <p><u>Pangkatan Mill</u></p> <ol style="list-style-type: none"> Security Post. Auditor was interview security related seal install on CPO and PK truck before it send. Despatch Oil. Auditor was interview Despatch oil operator related his responsible and job description. Weighbridge station. Auditor was interview operator, that known operator will stamp with RSPO to FFB ticket from own sources. And also she will stamp on Delivery Orders according to RSPO Contract. Management Process. Observation and interview with personnel related to FFB's processing into CPO, capacity each station, personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, trainings from company and worker welfare. Machine room/ turbine. Observation and interview with operator related to the efficiency of fuel utilization, personnel understanding over the applicable SOP, infrastructure in mill, the implementation of occupational health and safety, medical examination, trainings from company and worker welfare Boiler Room. Observation and interview with operator related to personnel understanding over the applicable SOP, fire emergency response facilities and infrastructure in mill, first aid kits, the implementation of occupational health and safety, company's facilities, medical examination, trainings from company and worker welfare. Loading Ramp. Observation and interview with sortation personnel related to personnel understanding over sortation procedure, the implementation of sortation, fruit criteria, fruit separation with ripeness and rawness criteria. Workshop. Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities. Warehouse. Observations of PPE Stockpile St. Boiler. Based on field observation in POM, fibers and shell is used as fuel to reduce fossil fuel consumption and maximize renewable energy WWTP. Based on field observation in WWTP pond, was not found leaks and overtopping to ditch and rivers WTP. Based on field observation in WTP, operator conducted record of use water by flow meter. The company has record water consumption for the processing of FFB period January to July 2016. Based on field observation in chemical stored, agrochemical containers was stored in hazardous waste stored well. Based on field observation on Pangkatan housing complex, it is known that the garbage had been collected and disposed at the landfill once a week by garbage trucks. <p><u>Bilah Estate</u></p> <ol style="list-style-type: none"> Public Cemetery in Division 1, Block I6. Auditor was observe public cemetery, it was identified as potential HCV by assessors. However a company just state as others area. BPN Pole No. 5U in Division 1, Block I13. Auditor was observe pole with good condition and maintained, it bordering with Sidomakmur Village. BPN Pole No. 31U in Division 1, Block J4. Auditor was observe pole with good condition and maintained, it bordering with Sidomulyo Village. BPN Pole No. 8S in Division 3, Block A12. Auditor was observe pole with good condition and maintained, it bordering with Sukamakmur Village. Landfill on Division 4, Block C6. Auditor was observe landfill condition, it has separated between organic waste and an organic waste. Block I9 Division 1. Observation and field interviews spraying activities. The team consists of male workers sprayer. Workers have been equipped with adequate PPE (goggles, masks, gloves, apron, boots). The workers understand the work flow of spraying and the potential hazards that exist. Foreman has been equipped with a box

- of first aid kit and understand first aid handling. There is a warning boards spraying jobs that have been run.
21. **Block F7 / F8 Division 2.** Observations and interviews with workers harvesting field. Workers have been able to explain fruit maturity standard. Workers equipped with adequate PPE (boots, helmets, gloves). Foreman has been equipped with first aid kit box.
 22. **Division 3 Block A8 and B8 / B9 Division 2.** Field observations replanting crop area in 2016. The company has applied technical land preparation without burning, *Mucuna bracteata* planting at peat soil and water management in the form of making stop bund, peg monitoring water levels and subsidence.
 23. **Block B6 Division 4.** Observations and interviews on the field of MOP fertilization activities. Workers understand the dose and the technical working fertilization and equipped with adequate PPE (masks, gloves, boots). Foreman has been equipped with first aid kit box.
 24. **Block B4 and D8 Division 3.** Observation sluice out the entry of water into the estate and water management.
 25. **Block D11 Division 3.** Observation peat subsidence stakes.
 26. **Block B7.** Observation owl nest box. Nest box in an active state which is based on the results of monitoring in July there is one adult owl. There are many former rat bone below the nest.
 27. Based on field observation in chemical stored, agrochemical containers was stored in hazardous waste stored well.
 28. Based on field observation on Bilah housing complex (Division I and II), it is known that the garbage had been collected and disposed at the landfill once a week by garbage trucks.

Pangkalan Estate

29. **BPN Pole No. 2 in Division 2, Block F1.** Auditor was observe pole with good condition and maintained, it bordering with Tebing Tinggi Village.
30. **BPN Pole No. 18 in Division 1, Block D5.** Auditor was observe pole with good condition and maintained, it bordering with Kampung Padang Village.
31. **BPN Pole No. 16 in Division 3, Block M3.** Auditor was observe pole with good condition and maintained, it bordering with Sidorukun Village.
32. **BPN Pole No. 6 in Division 3, Block J1.** Auditor was observe pole with good condition and maintained, it bordering with Pondok Batu Village.
33. **HCV 1.3 on Division 2, Block S1.** Auditor was observe crocodile habitats, there are available signboard prohibition of hunting.
34. **HCV 1.3 on Division 4, Block O18.** Auditor was observe buffer zone of Kundur River, there were some species of monkey such as *Trachypitecus auratus*, *Macacca fascularis*, and some species of bird such as: *Pycnonotus aurigaster*, *Gopelia striata*, and *Halcyon smyrnensis*.
35. **Fire Tower and Terracing area on Division 4, Block O2.** Auditor was observe terracing area, there were mucuna for soil conservation. And also auditor was observe fire tower with a height of 10 m
36. **Block V2 Division 2.** Observation and field interviews with workers and nursery foremen associated workflow reception sprouts, planting, maintenance, seed selection until transplanting to the field. There is also the seed of *Mucuna bracteata* and vetiver grass and watched the fire tower. Selection of salvage seeds is done by chopping the seedlings. There are seeds of topaz aged 1 year 2 months for seedlings embroideries.
37. **Block V2, Division 2.** Observations and interviews with workers of harvesting. Workers have been able to explain fruit maturity standard. Workers equipped with adequate PPE (boots, helmets, gloves). Foreman has been equipped with first aid kit box.
38. **Block V3 Division 2.** Observation owl nest box. Nest box in an active state which is based on the results of monitoring in July there is one adult owl. There are many former rat bone below the nest.
39. **Block U3 Division 2.** Observe land application of wastewater and interviews with workers. Workers can explain the app's workflow liquid waste to the land. Workers have been equipped with adequate PPE (boots, rubber gloves). There is no indication wastewater runoff out the application block.
40. **Block V7 and V8 Division 2.** Observation point monitoring wells wastewater applications.
41. **Block N1 Division 4.** Observation bunch compost application in the area of immature oil palm with a dose of 50 kg per each. Workers have been equipped with adequate PPE (boots, gloves, apron).
42. **Block M1 Division 1.** Observe application of Dolomite fertilizer with dose of 0.75 kg per each. Workers can explain

the technical application of fertilizer along with a ban-ban, such as technical fertilizer near the trench.

43. **Block U3 Division II.** Based on field observation to Block U3 Division II, mill effluent was applied in the block allowed by related government and there was not pollution
44. **Composting area.** Based on field observation to the composting area, there are no pollution caused by composting activities
45. **Block O18 Division IV.** Based on field observation in Block O18 Division IV, riparian has maintained, found forest tress, and monkey species.

Internal and External Stakeholder

46. **Pondok Batu Village.** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.
47. **Kampung Padang Village.** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.
48. **Perkebunan Bilah Village.** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.
49. **Governance Institutions** (Government Agencies Labuhanbatu District consisting of the National Land Agency; Plantation and Forestry Agency; Enviromental Agency, Labour Agency). Interviews related to regulatory compliance, the issue of environmental pollution, land conflict issue and company contributions to the area.
50. **Worker Union (SPM PT Pangkatan Indonesia and SPM PT Bilah.** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.
51. **Committee Gender PT Bilah Platindo and PT Bilah.** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.
52. **Local Contractor (FFB suplayer, EFB & compost transportation and Cuting Grass).** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.
53. **Non-Government Organization.** Auditor was interview with head of village, based on interview that known there are no available land conflict issues.

2.3 Stakeholder Consultation and Stakeholders Contacted

2.3.1 Summary of stakeholder consultation process.

ASA-4	<p>Consultation of stakeholders for PT Pangkatan Indonesia; PT Bilah Plantindo dan PT Sembada Sennah Maju was held by:</p> <ul style="list-style-type: none"> • Public announcement at web mutucertification.com on 05 August 2016. • Public consultation meeting with local stakeholders conducted by visits to villages (Perkebunan Bilah Village, Kampung Padang Village, Pondok Batu Village) on August 23-24th, 2016. • Public consultation meeting with goverment agency Labuhanbatu District (Plantation Agency; Labour Agency; National Land Agency; Enviromental Agency) on August 23th, 2016 • Public consultation meeting with gender committe, labour union, cooperative and local contarctor on August 23-24th, 2016. • Public consultation by email with NGO (Sawit Watch, Walhi, WWF) by email on August 9th, 2016 <p>Numbers of input from stakeholders were clarified by PT Pangkatan Indonesia; PT Bilah Plantindo dan PT Sembada Sennah Maju.</p>
--------------	---

2.3.2 Stakeholder contacted

Please find appendix 1

2.4 Determining Next Assessment

The next visit (**RC**) will be determined one year after this **ASA-4** (June-2017).

3.0 ASSESSMENT FINDINGS

3.1 Summary of Assessment Report of the RSPO Certification

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

During the assessment, there were four (4) opportunities for improvement were identified.

MUTUAGUNG LESTARI found that Pangkatan POM – PT Pangkatan Indonesia, MP EVANS Group PLC complied with the requirements of RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25th, 2013 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1	Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
1.1.1	The company had list of stakeholders such as employees, Government District, Local Communities, Labor union, Internal / External Audit and so on. Information (periodic reports) submitted to the Government District related to environment such as mill effluent report, hazardous waste reports, emission and ambient quality reports, surface water quality reports, and so on. The officer who responsible for providing information is Head of Administration / Manager. According to interview with Government District, the company submit report as periodically. According to interviews with government agencies, local communities and local contractors, they have to know type and how to obtain information from the company.	
1.1.2	Any requests for information from stakeholders are recorded on the logbooks of information request. 2015 to 2016 there have been seven requests for information on Pangkatan Estate and eleven on Bilah Estate. The information request has been responded in accordance mechanisms established by the company. The officer who responsible for handling request information is Head of Administration / Manager. Records of requests and responses of stakeholder information is stored at the Department of Sustainability and Certification POM and Estate.	
	Status: Comply	
1.2	Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	
	The company have list related to shareable information in SOP regarding Information Transparency (PI/SOP/Ummum-02) which explains types of document that can or cannot be transparent for example documents that can be transparent are UKL/UPL document, SIA document, CSR document and GHG document, etc. The SOP has socialized to related stakeholder and document is stored at the Department of Sustainability and Certification POM and Estate.	
	According to interviews with government agencies, local communities and local contractors, they have been getting socialization and information transparency and has to know type and how to obtain information from the company.	
	Status: Comply	

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

The company has a commitment to ethical conduct in all business operation and transaction in Anti-Bribery and Corruption. Code of Conduct policy that is ratified on July 29, 2013 by *Managing Director* in which contains the explanation related to anti-corruption, anti-bribery, complicit of interest, etc. The policy has disseminated to Pangkatan and Bilah employees with Indonesia language. According to interviews with management representatives, they already know the contents of COC, among others the prohibition of corruption, bribery and drugs.

Status: Comply	
-----------------------	--

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS
2.1
There is compliance with all applicable local, national and ratified international laws and regulations.
2.1.1 & 2.1.4

Company has a List of Laws and Regulations in the field of OHS, environmental and labor are renewed on May 1, 2016 with the addition of 4 regulations in the field of OHS, 4 regulations in the field of Enviromental and 6 regulation in the field of employment. The Company has had the entire copy of the regulations in the sofffile form stored in the Department of S & C.

The Company can show compliance with changes in regulations, for example:

- Has have a extension of Hazardous Waste Temporary Storage License in Pangkatan Estate based on Labuhanbatu Regent Decree No. 503.660/257/BLH-LB/WAS/2015, dated August 14, 2015 as a replacement for the old license that has been expired. This is in accordance with Government Regulation No. 101 of 2014 related to hazardous waste management
- Have been paying the wages of employees in accordance with Decree of Sumatera Utara Governor No. 188.44/89/KPTS/2016 dated February 25, 2016 related to Sectoral Minimum Wage Labuhanbatu District in 2016.
- Has had 2 OHS electrical technicians in accordance with Regulation of Labour Ministry No.12 in 2015.

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

- Having Land Use Title (HGU) according to Law No.5 of 1960 (concerning agrarian) and Government Regulation No.40 of 1996 (concerning Right to Cultivate/HGU, Right to Build/HGB and Right to Right to Use Land).
- Having Plantation Business License in accordance with Law No.18 of 2004 (on plantation) and Regulation of Minister of Agriculture No.98 of 2013 (on plantation business license)
- Having had class II grade (good) plantation business appraisal in accordance with Regulation of Minister of Agriculture No.7 of 2009.
- Having and Implementing ISPO (Indonesian Sustainable Palm Oil) certification in accordance with Regulation of Minister of Agriculture No.11 of 2015.
- Having environment documents legalized by relevant government
- Having Hazardous Waste Storage legalized by relevant government
- Having utilization of mill effluent on land legalized by relevant government.
- Executing environmental impact assessment in accordance with Law No. 32 of 2009, Government Regulation No. 27 of 2012.
- In every company Biparitit Cooperative Forum) is created which consists of representatives from the company and employees, this is in accordance with Law No.13 of 2013 on Manpower and Regulation of Minister of Manpower and Transmigration No.32 of 2008 on procedures of the establishment and membership of Bipartite Cooperation Institute
- Regent Decree No. 522.525/47/HUTBUN/2016 dated 15 February 2016 about Plantation Business Assessment of PT. Pangkatan Indonesia as Class II (Good).

- Regent Decree No. 522.525/48/HUTBUN/2016 dated 15 February 2016 about Plantation Business Assessment of PT. Sembada Sennah Maju as Class II (Good).
- Regent Decree No. 522.525/49/HUTBUN/2016 dated 15 February 2016 about Plantation Business Assessment of PT. Bilah Platindo as Class II grade (Good).

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

2.1.2 & 2.1.4

Procedures that ensure the system about legal requirements contained in SOP of Implementation of Applicable Regulations No. PI/SOP/UMUM-01 on May 2, 2011. In that document explained the person in charge is Legal Manager assigned to seek legislation that must be applied in operational activities and to coordinate with RSPO manager to evaluate the new regulation.

Staff RSPO/S&C is responsible for ensuring the list of laws and other regulations have been adopted by all staff/employees and contractors in the company.

2.1.3

The Company has conducted an internal audit/evaluation of the changes regulatory with the last evaluation has been conducted on July 1, 2016 and documented in Implementation of Laws and Regulations. For example evaluation of Labour Ministry Regulation No. 6 in 2016 about Holiday Allowance that has been paid to all workers.

Status: Comply

2.2

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

2.2.1

All Company has land use title from relevant agency, such as:

- Land Use Title Certificate No. 2 dated 17 September 1997 for PT. Pangkatan Indonesia with area 2.586,03 Ha.
- Land Use Title Certificate No. 1 dated 24 October 1989 for PT. Bilah Platindo with area 1,641 Ha.
- Land Use Title Certificate No. 31 dated 9 December 2010 Extend of HGU for PT. Bilah Platindo with area 1,315.07 Ha.
- Land Use Title Certificate No. 1 dated 13 March 2002 for PT. Sembada Sennah Maju with area 1,813.4 Ha.

From ASA-3 activity to ASA-4 RSPO activity, any changes of land ownership does not exist in PT Pangkatan Indonesia, PT Sembada Sennah Maju, PT Bilah Plantindo. All area administered by management units already acquired land rights. Result of field visit, interview with stakeholders (surrounding community and authority) as well as interview with management shows that management unit do not expand its operational area.

2.2.2.

Management units regularly monitor HGU boundary pole once every 6 months according to SOP No. PI/SOP/Ummum-14 dated 2 May 2011 about Legal Boundary Make and Maintenance. Result of latest monitoring (June 2016) shows that all HGU poles are in good condition and well maintained. Result of field visit to BPN (National Land Agency) poles of PT Pangkatan Indonesia No. 2 (Division 2, Block F1); BPN pole No. 18 (Division 1, Block D5); BPN pole No. 16 (Division 3, Block M11); and BPN pole No. 6 (Division 3, Block J1) are in good condition. And also field visit to PT. Bilah Platindo BPN Pole No. 5U (Division 1, Block I13); BPN Pole No. 8S (Division 4, Block A12), and BPN Pole No. 31U (Division 1, Block J4) are in good condition.

2.2.3

From ASA-3 to ASA-4 audit being performed (August 2016) any land dispute between company and community does not exist. This is also confirmed by the result of public consultation with surrounding villagers (Kampung Padang Village, Pondok Batu Village, and Perkebunan Bilah Village) and National Land Agency of Labuhanbatu District which indicates that any land dispute does not exist within the plantation area.

2.2.4 & 2.2.5

The company has Land Acquisition SOP No. PI/SOP/Umm-21 dated 28 December 2011 and also Memorandum Ref 002/GM/II/2015 dated 3 February 2015 about Claim and Conflict of Land. Generally this SOP and Memorandum was explain about participatory mapping on land acquisition with some testifier. However result of public consultation with surrounding villagers and authority such as: (Kampung Padang Village, Pondok Batu Village, and Perkebunan Bilah Village) and National Land Agency of Labuhanbatu District which indicates that any land dispute does not exist within the plantation area.

2.2.6

MP Evans Plc has Corporate Social Responsibility policy signed by President Director dated 27 April 2015, one of the points explain: To synergize company resource, communities and governments to create harmony in communication and consultation; and not to use of mercenaries and paramilitary to resolve the problem. According to interview with workers, communities/villagers that was explain: company don't use intimidation and violence by paramilitary or mercenaries to maintain order.

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.

The company was show Memorandum Ref 002/GM/II/2015 dated 3 February 2015 about Claim and Conflict of Land, in this memorandum has explain if there is a problem with the land claim will be solved with FPIC. However during last year, the management units do not expand its plantation area. Area administered by company has been established since a long time ago, it even have existed in colonial era of Netherlands. This is also confirmed by result of public consultation with surrounding villagers (Pondok Batu Village, Kampung Padang Village, Perkebunan Bilah Village) and relevant authority which indicates that the company has run its plantation since a long time ago.

2.3.2; 2.3.3; & 2.3.4.

According to interview with villagers (Pondok Batu Village, Kampung Padang Village and Perkebunan Bilah Village) and National Agencies of Labuhanbatu District. During last year are no land conflict issue or expand of plantation area.

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

The Company has established long-term work plan in the form of "Financial Projection" describing the work plan for the period 2011-2024. The plan outlines the: realization of land use along with a map of the location and operation of the company and geographic boundaries and georeferen, plans acreage (including replanting), breeding, production of ffb, the percentage extraction of CPO and PK production of CPO and PK, operating costs up sales data and the estimated price of CPO and PK, as well as capital expenditure budget for infrastructure and social facilities as well as CSR programs and the development of infrastructure for workers.

Based on the study of documents and interviews of management, it is known that the company does not have a plasma or tenant farmers scheme. Field observations to the nursery area in block 5, Division 2 Pangkatan Estate known that the sprouts that are currently performed nursery is topaz and BLRS.

Based on interviews with financial staff from headquarters MP revans Group and a review of documents, obtained information that the plans are long-term (financial projection) and the achievement of each year is always evaluated at the end of the current year by the management during the discussion of the achievement and the annual budget, which is the result set forth in the document production - 2017-2024 budget predictions.

3.1.2

The long-term work plan also includes the area of the estate that are in peatland, namely Bilah Estate. The company also has analyzed the level of bleaching to peatland with the conclusion that the peat land area of replanting is still worth planting. The company has been monitoring groundwater levels in peat, the rate of decline (subsidence) of peat, manufacture bund stop regulating water level, water management of in and out to the estate. Based on field observations to the main outlet at the block B4, Bilah Estate, known companies have made major floodgate permanent.

The company has set a responsible officer in sustainable business improvement as much as 3 of internal sustainability team. In addition, there are also internal audit teams operating from headquarters MP Evans Group which undertook an internal audit of two times a year. The results of the internal audit further into communication materials management for further action. Information updated by way of posting information on the office area and plant gardens.

The company has the RSPO Sustainability manual (DSL / Manual RSPO / 3.1 / 9, dated December 10, 2014), which also outlines the Internal Audit Procedure related RSPO management system and operational requirements set by PT Evans Indonesia; audit planning and coordination; conduct internal audits; reporting and follow-up as well as references (RSPO sustainability Manual; SOP Estate; documentation and records, reporting non-conformance, audit schedule list). While the entire SOP operations is provided at the headquarters of the real, while at the division office provided SOP agronomy, general SOP and SOP of safety. And for Pangkatan POM supplied SOP document processing, general SOP and SOP of safety.

Officers who are responsible for providing the delivery of information if there is a technical renewal of the cultivation, processing and the other is a staff assistant each, delivered through field training. It is stated in the decryption duties and responsibilities of a position. The company has had a program and training records in 2016. The company showed a document monitoring training activities in 2016 to Bilah Estate, therein mentioned that the providers of training in accordance with the material is Assistant associated foreman, clerki S & C, senior assistant and section head, the person in charge is the manager of the estate.

Company shows replanting program (revised) of the HOA for the period 2012-2024 in 3 company (PT Pangkatan Indonesia, PT Bilah Plantindo, PT Sembada Sennah Maju) and its realization until the month of July 2016 for 905 Ha. Discussion annual achievement of replanting stated in the monthly report of the estate manager, for example, for replanting in Bilah Estate 2016 s / d in August 2016 realized 264 Ha, 2015 covering an area of 230 hectares. The company plan to use certified germinated seed from PPKS (Marihat) and Sum Bio (BLRS).

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

The company has had a SOP cultivation and processing that has been covering the entire scope of operations in the fields and factories. SOP arranged in Indonesian and is available in the scope of the estate office, Pangkatan POM office and division. Based on field interviews with officials at the sorting station of POM known officer can clearly explain the work procedures based on SOP. SOP process for each station is already installed in each station. provided an example of a daily report dated August 23, 2016 sorting and workers can explain it well, sorting criteria specified.

There are also examples of reports indicating that the procedure has been run, namely: Daily Production Figure dated

August 22, 2016 within which to inform, among others: the stock ffb (253.88 tonnes), ffb received 808.10 tons, 819.78 tons ffb process, the stock tbs carry forward tomorrow 242.20 tons, throughput of 40 t / h, though the hours 20.48 hours, CPO extraction rate 22.99%, 5.08% PK extraction rate, cage processed 78 units, the average weight of the cage 10, 51 tons; stock CPO, PK stock, despatched CPO and PK.

4.1.2

Available list SOP Agronomy (12 SOP) SOP General (32 SOP) SOP K3 (14 SOP) SOP Technology and Information (8 SOP) SOP Purchasing (9 SOP, including the SOP of the note revision / SOP / 3.1 / 5 / Purchasing.I). Revised note the changes in the SOP regarding revision notes / SOP / 3.1 / 5 / Purchasing.I). As for the other mechanisms:

- SOP regarding revision notes / SOP / 3.1 / 5 / Purchasing.I).
- Available programs and realization of training per division for 2016.
- The company has RSPO Sustainability manual (DSL / Manual RSPO / 3.1 / 9, dated December 10, 2014), in which also outlines about: Internal Audit Procedure terkait RSPO management system and operational requirements set by MP Evans Indonesia; audit planning and coordination; conduct internal audits; reporting and follow-up as well as references (RSPO sustainability Manual; SOP Estate; documentation and records, reporting non-conformance, audit schedule list).
- It has been established 3 staff of the division Sustainability and Certificationn to perform internal operational audits and certifications in the fields and factories.
- Audit SOP implementation is done by the internal audit team of S & C.
- Available in the document DSL / Manual RSPO / 3.1 / 9 on the application form conformity report health, safety, environment and management system.

4.1.3

The Company has a monthly progress Report on operations at the estate and Pangkatan POM. There are examples of MRP for Bilah Estate which contains information about hectare statement, the staff statement, labor statement, monthly rainfall, yearly rainfall, crop statement, stock receipt, fertilizer stock, fertilizer application, mature expenditure, immature expenditure, vvehicle, visitors, manager comment, photographs

There are also internal audit report of the team of sustainability and sustainability certification for the North Sumatra region: Pangkatan Mill on 27-28 May 2016; Bilah Estate on 25-26 May 2016; Sennah Estate 23-24 May 2016; and Pangkatan Estate dated May 20-12, 2016. The results are stored in the internal audit and the estate office and POM office.

4.1.4

The company was show Memorandum Ref 004/GM/III/2015 dated 20 March 2016 about FFB Purchasing. Pangkatan POM only receives FFB from collectors who make cooperation in accordance with FFB trading agreement letter. Pangkatan POM already had FFB supplier list that consists of:

- Ramp Gani (GN)
- Ramp Abang Ade (AA)
- Ramp 188
- Ramp Trulin Bangun (Nazwa)
- Ramp Hasim (HSN)
- Ramp Pendi Marico (MT)
- Ramp Ramp dewi (DW)

	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

The Company has a related SOP soil fertility management as follows:

- SOP cultivation of legumes (BP / SOP / AGRO-04).
- SOP soil and water conservation (BP / SOP / AGRO-05).
- SOP fertilization (BP / SOP / AGRO-09).

Based on observations and interviews in the field in Pangkatan Estate nursery area, and the area of immature plantations in Bilah Estate known SOP has been implemented. Realization of the SOP as follows:

- Planting legumes: based on field observations in the area TBM 2016 Bilah Estate known companies have done *Mucuna bracteata* planting. Realization till April 2016 as many as 25 475 staple for replanting the following blocks: B8, B9, B10, B11, B12, F11, F12, C3, C4, D3, D4. Others, in the nursery area Pangkatan Estate also has had *Mucuna bracteata* nurseries. Block N1 Division 4 Pangkatan Estate applicates compost empty bunch palm oil at a dose of 50 kg per subject.

4.2.2

Records of fertilization provided in the document realization of work programme of each division and evaluated achievements in the document manager monthly progress report every month. Realization of fertilization until July 2016 for the 1st half of 2016 are summarized in the documents mentioned above, for example for Bilah Estate follows:

Mature Plant	Program (Ton)	Realization (Ton)
Urea	306,84	306,84
CIRP	288,58	288,58
MOP	337,70	337,70
CuSO ₄	-	-
Borate	4,68	4,68
ZnSO ₄	-	-

Immature Plant	Program (Ton)	Realization (Ton)	Carry Over (Ton)
Urea	29,97	29,97	-
MOP	32,29	22,69	9,6
Dolomite	15,91	6,52	9,39
Borate	2,67	2,67	-
TSP	28,47	28,47	-

Note fertilization and production of ffb contained in the report documents the performance of the division.

4.2.3

The setting of periodization of leaf samples arranged in documents Cultivation Guidelines Palm Oil MP Evans Indonesia Group on page 12 stated from age TBM 3 and subsequently every year, while for SOP soil samples in Cultivation Guidelines Palm Oil PT MP Evans, page 9 regarding fertilization per 5 years.

There are examples of the results of soil and leaf analysis as follows:

- Soil analysis: documents available soil test results from accredited laboratory dated 18-22 July 2016 for Bilah Estate, Block J-6 Division I, block F-6 Division II, D-10 Division III block, block B-5, Division IV for elements : moisture, cadmium, lead, oil content, base saturation, exchange cation, Fe, Al, Mn, Ca, Mg, K.
- Analysis of leaf: foliar analysis report documents available PT Bilah Plantindo from accredited laboratory dated July 22, 2015 for 40 samples with Ash elements, N, P, K, Mg, Ca, B, Cu, Zn, Mn.

4.2.4

The company has been practiced to maintain soil fertility, such as use of mill effluent as liquid fertilizer on the soil, use of

mill effluent as EFB composting material, use of fiber and shell as boiler fuels and use of EFB as composting on land. Based on field observation to Block U3 Division II, mill effluent was applied in the block allowed by related government and there was not pollution. During the visits to the composting area, there are no pollution caused by composting activities. Based on field observation in POM, fibers and shell is used as fuel to reduce fossil fuel consumption and maximize renewable energy. Based on field observation on Block N1 Division IV, EFB used to immature area 5 kg / palm tree. Workers understand the tasks and responsibilities of work, and has been using PPE when working.

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

The Company has a semi-detailed soil survey documents report for PT Pangkatan Indonesia, PT Bilah Plantindo and PT Sembada Sennah Maju dated August 10 to 18, 2016 informing about the kind and type of soil in all the 3 estate. The map has been equipped with a location about the company and the legend of the river, the surrounding city, the estate boundaries, soil types, and georeferen.

4.3.2

The strategy of planting in areas with terracing of slopes set in oil palm cultivation guidelines PT MP Evans, Land Preparation Chapter, Sub Chapter VI terracing of steep slope areas of 20-25 °. During the visits to the area in Pangkatan Estate known immature plan do ffb compost application with staple dose of 50 kg per palm. The Company has a management policy for areas with a slope > 25 ° are not planted and treated as a guideline within the conservation area of oil palm cultivation.

Technical management in sloping areas arranged in Oil Palm Cultivation Guidelines as follows: starting from the choppy area (2-6 °), undulating (6-12 °), hills (12-20 °), steep (20-25 °) do terracing between 4 ms / d 3.5 m area is steep, with a backdrop of 10-15 °. Regulated under oil palm cultivation guidelines.

Technical conservation land in the area slopes and riparian and marsh area are also outlined in the Handbook for Palm Oil Cultivation MP Evans Group.

Based on field observations to oil palm nursery area in block V Division 2 Pangkatan Estate, known to the company has been doing breeding *Mucuna bracteata* and vetiver gras as a cover crop and retaining surface erosion. In addition, using compost fertilizer of oil palm empty bunch as was done in block NI Division 4 Pangkatan Estate. In the area of replanting in Bilah Estate, known to the company applying recycled oil palm biomass leftover chopped staple that is inserted into the trench made in the path discontinue of stacking path.

4.3.3

The company has had a road maintenance program and planning tools used, namely road grader and roller. The realization of the plan described in the document planned and actual road maintenance Work Program each Division. Field observations in Pangkatan Estate and Bilah known road conditions are in appropriate conditions. Available treatments road map realization of each division for the period of 2016. For example, for Bilah Estate in July 2016 to do maintenance of roads for the Division 2 along the 1400 m, and Pangkatan Estate Division 1 of 1000 m.

The company has the SOP Soil and water conservation, and also in the Cultivation Guidelines of Oil Palm MP Evans Indonesia Group, there are sub chapter on techniques: manufacture of silt pits, foothill drain, rorak / trenches, ditch clogged (Close Ended Conservation Trenches), terrace Contur, plant conservation and water management. Based on the field observation at immature plant Bilah Estate known companies have implemented technical CECT and is used as a place to put the waste material chipping oil palm.

4.3.4

As for the technical management of swamp area / peat, has referred to the technical application of peat in the RSPO. Peat in Bilah Estate is a kind of shallow with a depth ranging from 1-2.5 meters based on the semi-detailed soil survey, so it does not require transportation management of ffb through the water, as mentioned in SOP BMP peat RSPO. Bilah Estate has 3 peat subsidence monitoring points are on the block D11, Division 3, Division 3 B10 and B6 blocks Division 4. Measurement of peat subsidence 1 times a year. The Company has also implemented secondary manufacturing of the trenches with a ratio of trench and oil palm is 2: 1.

Subsidence monitoring results in three monitoring points as follows:

Block	Year	Result (cm)
B6, Divisi 4	2013 -2014	0,4
	2014-2015	0,4
	2015-2016	0,3
B10, Divisi III	2014-2015	0,6
	2015-2016	0,5
D11, Divisi 3	2012-2013	0,5
	2013-2014	0,4
	2014-2015	0,4
	2015-2016	0,3

Based on the measurement results are known subsidence rate of decline in the peat soil still under provisions established in Regulation 150 of 2000 concerning land damage control for the production of biomass, which set the average rate of decline is 7 cm in 5 years.

Management of land subsidence peat done by creation of a network in the form of trench fins per second staple crop, drainage in the collection drain, main drain, outlet drain in the form of floodgates, manufacture stop bund, mounting peg subsidence, peg monitoring water levels in the block and in collection drain and outletvdrain, planting cover crops (*Mucuna bracteata*). There are drainage network map Bilah Estate with scale of 1: 50,000.

Based on field observations at the outlet water gate to the river of Kenduang, known ruler measuring is 2.4 m. At the time of observation, the water levels on the inside as high as 70 cm. Efforts to reduce ground level by maintaining the level of ground water through installation of stop bund in collection drain, cover crop maintenance, keeping the ground water level in the block and in the garden exit sluice, ditch maintenance gardens, planting of vetiver grass. In addition, based on the semi-detailed soil survey results are known peat in shallow peat Estate is a bar with a distribution depth of 1-2.5 m, in the form of peat dome, and there is no river into the plantation. There is one river that is outside the concession area and has been maintained along the border by making 4 pieces floodgates to control the entry and exit of water to the plantation.

Based on field observations at the entrance to the river water out gardens Kenduang, long known ruler measuring 2.4 m. At the time of observation, the water levels on the inside as high as 70 cm. Efforts to reduce ground level by maintaining the level of ground water through the installation of stop bund in collection drain, cover crop maintenance, keeping the ground water level in the block and in the estate exit sluice, ditch maintenance, planting of vetiver grass. In addition, based on the semi-detailed soil survey results are known peat in Bilah Estate is shallow peat with a distribution depth of 1-2.5 m, in the form of peat dome, and there is no river into the estate. There is one river that is outside the concession area and has been maintained along the border by making 4 pieces floodgates to control the entry and exit of water to the estate.

There are plans and realization of the cover crop *Mucuna bracteata*. For example, for the month of July 2016 Division 3 Bilah Estate has planted as many as 31,640 staple in replanting area block B8, B10, B11. Field observations in the immature area of Bilah Estate known has contained a cover crop *Mucuna bracteata* in the area.

4.3.5

The Company has analyzed bleaching on peat and peat land management, such as it is: a map of drainage network, map of phisometer Bilah Estate, scale of 1: 10,000 (dated July 1, 2016) as many as 54 units, a map of the area of replanting Bilah Estate in 2016 as well as the observation of high advance water peat for areas replanted in block F9, F10, A7, A8, A9, A10, A11, A12 for the period 2015 and F11, F12, B8, B9, B10, B11, B12 for the period 2016 to the observations there are no flooded areas in the area of peat, so it's worth planting. Here are the results of monitoring :

- Subsidence: the results of monitoring of peat Division 3 blocks B10 for years 2014 to 2015 = 0.6 cm; 2015-2016 = 0.5 cm. Division III block D11: 2013-2014: 0.5 cm; 2014-2015: 0.4 cm; 2014-2015: 0.4 cm; 2015-2016 = 0.3 cm.
- High groundwater table peat: has conducted monitoring of water level peat in peatlands using phisometer. Based on the results of the monitoring period of January-August 2016 note that for the month of August 2016 for instance, block A8 date 3 = 50 cm dpa, 10 = 60 cm.
- Based on field trips to immature area at Bilah Estate of 2016 planting, in peatland known groundwater levels in the range of 70 cm, this is due to lack of rainy days in the previous month, namely: in July 2016 as many as nine days of rain with monthly rainfall reaches 174 cm.
- Rainfall data period January - July 2016 shows the condition of dry months, for example, for in the month of July 2016 amounted to 174 cm with 9 days rainy days (dry months). The company carries out installation of stop bund and closed the exit door of drain collection networks, to maintain a high ground water level in the plantation.

4.3.6

Fragile land management strategies in companies described in the SOP Soil and water conservation as well as the guidelines for oil palm cultivation. On sandy soils do composting FFB as known through field visits in Immature area of Pangkatan Estate, N1 block of Division 4, with a dose of 50 kg per plant.

Records of the management of the sandy soil and peat by the company include: the application of compost EFB for the sandy area (see indicator 4.2.4); Records of monitoring groundwater levels at Bilah Estate, peat sunsidence monitoring recording Bilah Estate; recording application liquid waste; recording planting vetiver grass in the moat area and slope are summarized in the document planned and actual planting of vetiver gras, for example for Bilah Estate Division 1 s / d in March 2016 has been planted as many as 185 and 115 staple in block H5,6,7 and J7-8. Likewise, planting cover crop *Mucuna bracteata* in the area and the area replanted immature.

Based on the field observation at the Bilah Esate, block A8 Division 3, planting year 2015 known companies have planted *Mucuna bracteata* and vetiver grass to be planted at prone area to landslides and trenches.

Status: Comply

4.4

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

4.4.1

The company has implemented water management well, it can be seen from field observation in WWTP, was not found leaks and overtopping to ditch and rivers. Based on field observation in composting area, has provided leachate ponds flowed into WWTP, then applied in the block allowed by related government. Based on implementation report of RKL/RPL 1st semester of 2016, the company has been mill effluent quality testing and surface water quality testing. The test results still appropriate with related regulations and has been reported to related agency. According to interviews with environmental agency, until now there has been no report from the public related to environmental pollution caused by waste management mill and estate.

4.4.2

The company has implemented riparian protection, it can be seen from field observation in Block O18 Division IV, riparian has maintained, found forest trees, and monkey species. The company has also socialization to workers, local contractor and surrounding communities to protect riparian and restrictions on spraying in the riparian. According to interview with

workers, local contractor and surrounding communities, our obligation to riparian protection have been understood.

4.4.3

The company has implemented water management well, it can be seen from mill effluent report conducted periodically. Result test period January to July 2016 still appropriate with related regulation (BOD < 5000 mg/l). According to interview with related agency, companies conduct mill effluent test periodically and until now there has been no report from the public related to environmental pollution caused by mill effluent. Based on field observation to Block U3 Division II, mill effluent was applied in the block allowed by related government and there was not pollution. Workers understand the tasks and responsibilities of work, and has been using PPE when working.

4.4.4

Based on field observation in WTP, operator conducted record of use water by flow meter. The company has record water consumption for the processing of FFB period January to July 2016. Average water consumption 0.80 m³ / tFFB

Status: Comply

4.5

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

4.5.1

The Company has developed a plant pest and disease control program for each Division. There are examples of documents and realization of the IPM program for Pangkatan Estate:

- Report observations of leaf eater pest where there is no attack that exceeds the threshold.
- Report the results of the census program of ganoderma for Division 1 area of 533 hectares, as many as 3,635 palm; Division 2 covering an area of 643 hectares, as many as 1,269 of palm, Division 3, 409 Ha as many as 3,011 palm, Division 4 covering an area of 237 ha, 210 palm. Total attack percentage 3.57% of the total acreage.
- Records management of ganoderma in Pangkatan Estate: ganoderma handling records of the period 2015-2016 for Pangkatan Estate, for example, in 2015 the Division 1 are: total 1,002 palm attacked, dismantled 686 palm, the remaining 316 have not dismantled the principal. 2016 to Division 1, the palm infected is 172, 129 palm stapled.
- Oryctes sp monitoring program conducted each week in 2 ways, namely; installation of pheromone and winking.
- Program census mice per 4 months, for example for PGE month of August 2016 for the field PG161A with results exceeding 5% and need to be decreased.

Potential pests in Pangkatan Estate and Bilah Estate based on the detection and census are: Oryctes sp, rats and ganoderma. As for the technical control as follows:

- UPDKS: planting of beneficial plant, as Antigonon leptosus.
- Oryctes sp: ferotrap installation on the TBM and winking area.
- Mouse: the use of owls. For Bilah Estate based on the results of monitoring in July 2016 known there are 35 barn owl boxes occupied by the tail 38 adult, 4 tail chicks and 6 tail chicks in captivity.
- Pangkatan Estate: BOB use, monitoring the last in July 2016 finds that there are 67 units BOB, 41 BOB active, 70 breeding, tail 33 puppies, 16 eggs.
- Ganoderma: the overthrow of principal and isolation point of planting.
- Based observation at block V3 Pangkatan Estate, Division 2 and Division 2 Bilah Estate, block F8 known owl nest is active.

Native species are used as biological control, namely: the planting program beneficial plant Cassia tora, Antigonon sp, and Mucuna bracteata. Reduction of chemicals in the control of pesy and disease from the previous year is a decrease

in the use of rat poison. Rat poison since 2014-2016 decreased as follows:

Estate	2015 (kg)	2016 (kg)
PGE	1.104	575,35
BLE	1.680,7	1.287,8

Based on the review of the document is known there is no prophylactic use of pesticides. Plant pest control plan has been reviewed, such as the use of pheromones in the area of the immature. Guidelines for oil palm cultivation owned company has set a threshold for pests and plant diseases. While recording of plant and disease control was recorded in the realization of the program of work of each division as well as recording their follow.

4.5.2

The company has done Integrated pest control training and always be refreshed by each related staff to the worker at the time of implementing the program for the census. There are examples of letter of appointment of a team to control the pest and disease, like Pangkatan Estate on July 1, 2016, as many as 8 worker by the company on July 1, 2016 (Irwan, Sutrisno, Bambang Herman, Ariadi, Ranu Priadi, Eko syahputra, Sandr, Bambang Heriyanto). Field Interview with officer on behalf of Ranu Priadi at block No. 39, known can explain the relevant technical detection and census rat, moth, disease and crop nutrient deficiency.

Status: Comply

4.6

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

4.6.1

The security policy of use of chemicals regulated under SOP weeds, pests and diseases control (PI / SOP / AGRO-07, dated May 2, 2011), regulating the types of weeds, pests, technical control, the type and dose of pesticide use, use of PPE, area-area spray field, the type of equipment used, the handling of work tools, safety, prohibition of eating and drinking during work. As for the determination of the type of pesticide used is set in the document Guidelines for cultivation of oil palm PT MP Evans Indonesia, Chapter Pest and Plant Disease, which for weed control has been set regarding the types of weeds and type of active ingredient and dose of pesticide to be used, while for pests too. For example, to spray the harvesting path is used metyl metsulfuron and paraquat with a dose of 0,0054 per ha metyl and paraquat 0,10 l / ha, while for pests, applied ferotrap for *Oryctes* sp control.

Actions to avoid pest resistance such as : the cultivation of *Mucuna bracteata* planting, the use of beneficial plant, the use of owls as natural enemies of the pest rodents, setting spraying weeds with identifying the type of dominant weeds in the field, etc.

The company has justified chemicals ever and still in use, which consists of 40 types of pesticides, the active ingredient, LD50, its classification, type, systemic nature, method of application. Based on field observations known companies use pesticides with glyphosat as active ingredient, and the active ingredient of floroksipir methyl heptyl ester for broadleaf weeds on spraying activities of harvesting path and use ferotrap in the area of immature plants.

4.6.2

The Company has established a program of pesticide application for weed control, which consists of circle spraying program, spray of harvesting path, inter row, both by chemical and manual control. Records of pesticide use was recorded in the document of realization of the program of work every division. There is recording details of the use of pesticides in the document of pesticide toxicity monitoring unit, which inform about: area, LD50, the active ingredient per ha, the number of applications. Examples of weed control for *Stenoclena* sp fern with pesticide of paraquat in Bilah Estate area of 1,213 hectares, a total of 234.3 liters, the active ingredient of 27.6 g / l, the total amount of 6.466 mg of active ingredient, LD50 371.53 mg / kg body weight.

4.6.3

The Company has established an integrated pest control program in the program of work of each division. Census of plant and disease programmed every 3 months. The program has been realized as described in the integrated pest program realization per division, for example: census rat on the block G10, Division 2 Bilah Estate in June 2016 was 12.5%, control in July 2016 with an application to block G10, rotation 1 dated August 20 2016 using rat poison as much as 6 kg, edible feed rate is still above 20%, then the application of rat poison rotation to-2 on August 10, 2016 with uneaten feed rate has reached 15%. Application stopped because the bait eaten has been under critical point of 20%. Based on the study documents note that there is no prophylactic use of pesticides.

4.6.4

The Company has prepared the document justification of chemicals used, which also inform about: the brand of pesticide, active ingredient and the percentage content, LD50, and classification group. Example: Benquat 276 SL, the active ingredient paraquat diclorida, % ingredients aktif 276 mg / l, LD50 150 mg / kg, including WHO grade class II. The Company has a policy of minimizing pesticide and paraquat, Brodifakum: Memorandum Reduction Paraquat, (No. 001 / GM SUMUT / VI / 2011 (dated December 5, 2014)

Inside The memorandum explained that:

- Paraquat is a herbicide active ingredients that are toksik for the wearer and their use is limited only.
- Paraquat is typically used for spraying weeds, plant stenochlena ferns and weeds.
- The company is committed to reducing the use of paraquat, which is currently conducting experiments, so every estate will soon complete spraying using paraquat.
- Each estate can make record use of paraquat to determine and control the use of paraquat in the field of operational activities.

The company has had record usage trends and Brodifakum paraquat and justification:

Estate	2015 (kg)	2016 (kg)
PGE	1,104	575.35
BLE	1,680.7	1,287.8

Use of Paraquat 2014-2016 :

Estate	2014 (l)	2015 (l)	2016 (l)
Pangkalan Estate	776.41	555	485
Bilah Estate	1,508.45	1,776.98	1,861.8

Against the use of pesticide active ingredient paraquat, company documents show the identification of weeds in the field to weed control area contained fern weeds *Stenoclena sp.* The company showed justification of paraquat used in the 2016 s / d in July 2016, through email dated July 31, 2016 from Bilah Estate Manager, that there are demand for increased use of paraquat for weed *Stenoclena sp.* in order to addressing issues covering 1,274 hectares. This is done to support the mechanical fertilization program (EMDEK) and resolve the problems *Stenoclena sp.* As for the use of rat poison, the company could present a rat census results.

The results show that the justification for the use of all types of pesticides 2 has been in accordance with the conditions of weeds and pests in the field.

OFI : Companies are encouraged to review the weed management strategies to reduce the use of pesticide active ingredient paraquat.

Physical inventory verification of the pesticide over the realization period of 2016 based on stock data warehouse and data from the system Lintramax, pesticides for the movement of 1 January to 31 July 2016 of Pangkatan Estate is known

that all of the pesticide used has registered in the book of pesticide from Agriculture Ministry.

4.6.5 & 4.6.9

The company has a SOP No. BP/SOP/UMUM-17 (PT.BP), No. PI/SOP/UMUM-17 (PT.PI) dated May 2, 2011 related to the storage and mixing of chemicals that explain chemical storage, chemical warehouse conditions and use of PPE when dealing with chemicals.

The Company has Monitoring of Training Activity in 2016 for Bilah Estate and Pangkatan Estate which includes the plan of training, including for spray workers with the type of training in agronomy (spraying activity) and training about waste management. Company can show proof of training to spray workers on May 16, 2016 in Bilah Estate conducted by Head of Assistant to 17 spray workers and on May 19, 2016 conducted by Head of Assistant to 19 spray workers

Based on interviews with 6 spray workers, 2 spray foreman and 2 warehouse clerk at the Bilah Estate and Pangkatan Estate, it is known that the workers can explain the workings procedure, the dangers in spray activity and handling of chemicals, such as spraying tools and PPE after the activities should be cleaned in a special place that is in the Mixing House, for the pesticides containers that not used and damaged will be sent to Hazardous Waste Temporary Storage.

Based on visits to the pesticide warehouse, there was equipped with MSDS. Based on interviews with workers and foremen as well as documents verification, it is known that the use of dose /Ha in accordance with the pesticides label/MSDS. For example the use of pesticides (Trendy) dose is 12.5 gr/Ha while the product label/MSDS for use in oil palm plantations is 75-100 gr/Ha.

Based on spray activities, it is known the workers using PPE in the form of long-sleeved shirts, boots, mask with carbon, goggles, rubber gloves, apron that is in accordance with the identification of risk. Workers also explained that the PPE is damaged can be replaced with a report to the foreman/assistant. As well as the foreman can show PPE Checking Books is used as a recording for PPE condition that used by the workers, the inspection is done every day.

4.6.6

Based on field observation in chemical stored, agrochemical containers was stored in hazardous waste stored well. At the bottom of the hole so that the containers cannot be used for other purposes. Periodically pesticide containers delivered to the collectors and transporters licensed LB3. According to interviews with related agency, companies reported pesticide containers (logbook and manifest) periodically. Until now was not found pesticide containers used for other purposes, like flower pots or bins.

4.6.7

Work instructions of pesticide application stated in the SOP weed control, pest and plant disease (PI / SOP / Agro-07), therein described on the technical work and job security factor pesticide use. There are training records pesticide for active ingredient paraquat and archives limited pesticide user certificates for Pangkatan Estate and Bilah Estate attended by 102 participants on 26 April 2016 in cooperation with PT Behn Mayer Agricare and pesticide Commission. Example certificate on behalf of: Iwan Prasetya 521 / 78.20 / UPT.PTPH / IV / 2016 dated April 26, 2016.

4.6.8

Based on field observations known there is no application of pesticides by air. The company uses a knapsack spray equipment such as solo and micron herbicides.

4.6.10

According to interviews, hazardous waste operator understood procedures of agrochemical waste management, which are stored in Hazardous Waste Stored licensed and handed over to the Hazardous Waste's collectors periodically, then

submitted to relevant agency. The company able to show recorded evidence agrochemical waste management, such as logbook and manifest hazardous waste period Juni to Augustus 2016. Based on interview with related agency, hazardous waste management has conducted well and responsible.

4.6.11

The Company has shown a list of spray workers in the document of Employees List on July 2016 that inform the number of employees, position, the employee's name, sex, place and date of birth. Based on these documents, it is known that there are 26 man workers in Bilah Estate and there are 39 man workers in Pangkatan Estate.

The company showed annual medical checkup results with type of checkup is physical examination, blood test, urine checks, pulmonary function tests and cholinestrase levels were conducted on March 22, 2016 by a specialist clinic "Anugrah Ibu" to all workers spray according to the document of List Workers. The result showed that all workers are still in a normal condition.

Based on interviews with spray workers and foremen, explained that all workers periodic health examination that is conducted every month by the company paramedic for a physical checkup and medical checkup every year for detailed examinations such as taking blood and urine, spirometry examination. Workers also explained there was not workers that sick caused by pesticides exposure.

4.6.12

Company have a Memorandum about Prohibition Employees Pregnant and Breastfeeding (No. 006 / GM / VII / 2015 dated July 1, 2015) which was approved by the Group Manager of North Sumatra, explains that women workers who are pregnant and Breastfeeding prohibited doing spraying and fertilizing activities, and the foreman/assistant had to divert the work to activities that do not use chemicals. Based on field visits and document review, it is known there is no spray workers with the female gender.

Status: Comply

4.7

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

4.7.1

Company has a OHS Policy that authorized by the President Director on January 2, 2011 which is available in Indonesian language. Company also has made the work program related to OHS for year 2016. Implementation that has been realized, among others:

- Conducting monthly meetings
- Reporting of P2K3 activities regularly every three months.
- Conducting medical checkup for workers
- Conduct training related emergency response and working technic
- Examination of emergency response tool regularly every month

The Company has conducted an evaluation of the OHS program plan in the meeting of OHS for example the Bilah Estate was conducted on July 22, 2016 and in Pangkatan Estate on July 28, 2016, which was followed by board of P2K3 with the result that all the activities have been implemented according to the plan. The OHS plans, available to the public which can be proved by the inclusion of the work plan on the P2K3 report that submitted to the of Labour Agency.

4.7.2

Company has identified a risk in every type of operational activity in Plantation and Mill. The entire identification is recorded in documents Hazard Identification and Risk Assessment are evaluated every year (last update is performed in 01 July 2016). Besides that, Company has MSDS that describes the descriptions of chemicals, method of handling, hazard identification, the type of PPE use, handling emergencies. Companies may improve the quality of detailing HIRAC with

PPE used in accordance with Product Labels/MSDS. **OFI**

4.7.3

The company has conducted training activities and recorded in the form of photos, the minutes, attendance and certificate/operator license. Example training of fertilization activities in the Bilah Estate on January 20, 2016, to 20 workers North Division that conducted by Field Assistant, Training of spraying activities in Pangkatan Estate on May 19, 2016 conducted by Head of Assistant to 19 workers. In addition, there is evidence in the form of a training certificate such as training of OHS Electrical Technician, Boiler Operator License and Heavy Equipment License.

The company shows PPE distribution list, for example:

- Evidence of giving boots to 93 workers in Bilah Estate Division 1 on March 28, 2016
- Evidence of the PPE provision to Spary employees in the form of apron, rubber gloves, masks, goggles to 18 workers Bilah Estate on January 13, 2016
- Evidence of the PPE provision in Pangkatan Mill in the document PPE Handover with the type of earplug on March 30, 2016 for WTP operator and on February 19, 2016 for a boiler operator.

Based on interviews with spray workers, sortation workers, boiler operators and fertilization worker, the company has provided training in how to safe work so as not to endanger the workers and the workers have been using PPE in accordance with risk identification. Workers also explained that if the PPE is damaged can be replaced with new ones. As well as the foreman can show PPE Checking Books is used as a recording for PPE condition that used by the workers, the inspection is done every day.

4.7.4

The person who responsible for the implementation of OHS listed in P2K3 structure. The P2K3 structures has been created on every management units. The entire structure has been approved by the Labour Agency of Labuhanbatu District. Based on interviews with the Labour Agency, company has P2K3 structure are in accordance with regulations.

Company has conducted a meeting to discuss about OHS in P2K3 meetings that conducted every month for example in Pangkatan Estate has conduct a meeting on 27 May 2016, 28 June 2016 and 29 July 2016.. This is in accordance with Labor Ministry Decree Number. 155 in 1984. In the meeting discussed about the mechanism of to inform of workplace accidents, occupational accidents analysis, and implementation of health checks and inspections of emergency response tool. Based on interviews with worker unions, the company regularly conducts the meetings to discuss about OHS.

4.7.5 & 4.7.7

Company has Procedure of Work Accident Handling that approved by Senior Manager dated March 3, 2013 which describes the flow for handling workplace accidents and procedures for handling emergencies (PI/SOP/umum-10, dated January 1, 2011 was approved by the President Director) explaining provision of emergency information, handling of fire emergencies, explosions and natural disasters.

The company can show a list of the type of emergency response tool that includes boxes and bags of first aid kit. All equipment is monitored every month and recorded in the card of monitoring tools condition. During the visit in the Mill, the workers can demonstrate how to use the hydrant well. The company must re-ensure the quality of fire-fighting equipment.

OFI

Company also conduct emergency response training for appointed officers, for example: First Aid training on July 12, 2016 in Pangkatan Estate to 95 workers (foreman, clerk, and assistant) and Training of Firefighting on January 30, 2016 in Pangkatan Mill for 37 workers. Based on field visits and interviews, it is known that all foremen in every activity has equipment the first aid kit and foremen can explain the use of every first aid kit.

The company shows the Safety Performance Indicators for 2015 and 2016 which describes the number of workplace accidents, the number of days lost and calculation of Frequently Rate and Severity Rate. Based on these documents, in 2015 there were 3 minor accidents and in 2016 there were 1 minor accident. The accidents has been identified the accident cause and the follow-up to minimize the recurrence of the accident that recorded on Report of Investigation and Assessment of Occupational Accidents

The entire recording of occupational accidents have been reported to the authorities in the Report of P2K3 which has been reported regularly every three months. Labour Agency explained that the company always report the P2K3 activities including work accident reports in accordance with regulations

4.7.6

Based on the field visit, the company has a clinic and there are two paramedics on duty at the clinic. In addition the company also cooperated with BPJS Kesehatan to protect medical care of the workers. There is evidence of payment to BPJS on August 10, 2016.

Company can show proof of dues payment of accident insurance for all workers period July 2016. Based on interviews with workers, explained that the workers has have a membership card of BPJS Ketenagakerjaan. Related to work accident insurance for daily paid worker is available memorandum from Human Resources departement No. 004/HR-EI/2013 on January 1, 2013 which describes the accident protection guarantees for daily paid workers. In the Memorandum explains that the company will guarantee daily paid workersin accordance with laws and regulations.

For 2015 and 2016 there were no workplace accident insurance claims because workplace accidents that occur are minor accidents that can be handled by paramedics.

Status: Comply

4.8

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

4.8.1

Company has a Employee List that includes a list of staff, permanent employees, contract worker and daily paid worker. Employees list always updated every month by the Head of Administration.

Company shows Monitoring of Training Activity in 2016 for Bikah Estate, Pangkatan Estate and Pangkatan Mill which includes the plan of training about OHS, HCV, Agronomy/ processing & work instructions, company policies, administration, waste management, energy saving, separation of garbage. The training program is based on the needs from particular operational activity type. With participants from workers till the staff level. The Company does not have cooperation with smallholders.

4.8.2

The Company has conducted training activities and recorded in the form of photos, the minutes, attendance list and certificate/operator license. For example:

- Certificate of Electrical Technician for 2 workers in Pangkatan Mill that is Sumarli (Ser.00835/TK3-LIS/IV/2015) and Krisman (Ser.00836/TK3-LIS/IV/2015) with a validity period from 10 April 2015 - 10 April 2018
- License of Boiler Operator for 4 workers Pangkatan Mill, for example, in the name of Abdul Salam with certificate No. Ser.12.1416-OPK3-PUBT-B.I/X/October 15, 2012 with a validity period until October 15, 2017
- Evidence of OHS, HCV, environment, ISPO, RSPO and ISCC training in Bilah Estate to employees of division III by S&C clerk on June 9,2016 followed by 61 workers.
- Supply chain Training in Pangkatan Mill on July 21, 2016 to 7 staff Pangaktan Mill and on May 28, 2016 for Head of Administration and Weight Bridge Clerk.

Frequency of training has been adjusted to training program, for example, workers on sortation activities are given training about OHS 3 times a year (February, June, October) and has been realized as much as two times on January 20, 2016 and June 22, 2016.

Based on interviews with foremen and workers on spraying activities, fertilization, sortation activities and the boiler operators, explained that the Company has provided regular training about OHS, operational activities and the HCV area/ environmental.

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

The company (Pangkalan) has UKL/UPL document with scope area 2,586.03 ha and POM capacity 40 t/hour, which has been approved by related agency on July 08, 2010. Meanwhile, Bilah also has UKL/UPL document with scope area 2,961 ha, which has been approved by related agency on May 14, 2014. According to interview with related agency, the environment document still valid and used as reference in environment management.

5.1.2

The company has been carrying out environmental management according to plan environmental documents. The monitoring results are recorded in the implementation report of RKL&RPL in 1st semester of 2016 and reported to related agency. Environmental management has been implemented for example: wastewater treatment plants at the WWTP and not dumped into the river, constructing shelters lines in the area of compost, fiber and shells are used as fuel, garbage is collected at TPAS, the use of ear plugs, making the building LB3, provide assistance to communities around and acceptance of the local workforce.

Based on field observation to Block U3 Division II, mill effluent was applied in the block allowed by related government and there was not pollution. During the visits to the composting area, there are no pollution caused by composting activities. Based on field observation in POM, fibers and shell is used as fuel to reduce fossil fuel consumption and maximize renewable energy. Based on field observation at St. Boiler, operators have to use ear plugs when working. Based on field observation, Hazardous Waste Stored condition is good and there was not environmental pollution. According to interviews with local contractors and surrounding communities, there are many people around who worked in the factory and estate. Communities also often received financial assistance services.

5.1.3

The company has been carrying out environmental monitoring according to plan environmental documents, such as emission and ambient air quality test, surface water test, mill effluent test, etc. The monitoring results are recorded in the implementation report of RKL&RPL in 1st semester of 2016 and reported to related agency for example: air quality test, surface water test, etc.

The company carries out environmental monitoring every six months and evaluate the success of management to be undertaken. The results of such monitoring be used as guidelines for environmental management and monitoring further and reported to related agency.

Status: Comply

5.2

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

5.2.1

The company has HCV identification documents created in October 2011 by cooperation Pangkatan and Envirollogic consulting. Based on these documents, total area identified as HCV in Pangkatan 37.139 ha and Bilah 0.03 ha. Based HCV identification documents, identified species and no identified protected flora. The assessment uses HCV Toolkit Indonesia in 2008.

5.2.2

HCV / RTE management conducted by the company, among others, provide a warning signboard HCV and species RTE, and socialize protection HCV and species RTE to internal and external including contractors. Based on HCV report period 2014/2015, identified HCV and five species RTE in Pangkatan and identified HCV 6 and was not species RTE in Bilah.

5.2.3 & 5.2.4.

The company has conducted training HCV and species RTE to workers periodically. Based on monitoring report period 2014/2015 and filed observation to HCV area and Housing Complex was not activities hurt, catch or kill species RTE and forest encroachment.

The monitoring results of HCV period 2014/2015 to provide input for next HCV/RTE management plan, example socialization example socialization periodically and monitoring HCV/RTE signboard on the site.

5.2.5

HCV associated with the local community only a grave. HCV is located within the concession company and maintained by the company. According to interview locals, HCV is located within the concession company.

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 a list of waste products in 2016, such as the pesticides containers, medical waste, household waste, used oil, EFB, shell and fiber, mill effluent etc. The waste products are sourced from estate activities, housing activities, mechanics in the workshop activities, and palm oil processing factory activities.

5.3.2

Based on field observation in chemical stored, agrochemical containers was stored in hazardous waste stored well. At the bottom of the hole so that the containers cannot be used for other purposes. Periodically pesticide containers delivered to the collectors and transporters licensed LB3.

The results of interviews with related agency, companies reported pesticide containers (logbook and manifest) periodically. Until now was not found pesticide containers used for other purposes, like flower pots or bins.

Based on interviews, hazardous waste operator understood procedures of agrochemical waste management, which are stored in Hazardous Waste Stored licensed and handed over to the Hazardous Waste's collectors periodically, then submitted to relevant agency. The company able to show recorded evidence agrochemical waste management, such as logbook and manifest hazardous waste period Juni to Augustus 2016. Based on interview with related agency, hazardous waste management has conducted well.

5.3.3

Implementation of waste management has conducted well and responsible, it can be seen from field observation in Hazardous Waste Storage, hazardous waste container has been stored properly. Periodically pesticide containers delivered to the collectors and transporters licensed LB3. Based on field observation on Pangkatan and Bilah housing complex, it is known that the garbage had been collected and disposed at the landfill once a week by garbage trucks.

Based on field observation in POM, fibers and shell is used as fuel to reduce fossil fuel consumption and maximize renewable energy. Based on field observation in Pangkatan housing and division I and II Bilah, there was not activities of burning garbage, garbage had been collected and disposed at the landfill once a week by garbage trucks.		
	Status: Comply	
5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.		
5.4.1 Based on field observation in palm oil mill, the fibers and shell is used as fuel to reduce fossil fuel consumption and maximize renewable energy. The energy generated from the use of fiber and shell for example in June 18.90 Kwh / tFFB.		
	Status: Comply	
5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.		
5.5.1 The Company has issued Guideline Oil Palm Cultivation MP Evans Indonesia, where technically open land without burning is in Chapter II clearings, Section 2 zero burning and land clearing procedure (no.BP SOP / SOP / AFR / 03) concerning zero burning tillage (4.2 points zero burning land clearing system). There is no land clearing by burning. Field observations in the area of replanting in the Bilah Estate known companies had implementing technical of land clearing without burning, by way of making a discontinue trench in the stacking path as a place to put the chopped staple felled palm. Moreover, in the area of oil palm nursery in Pangkatan Estate, known there are fire monitoring tower.		
5.5.2 Based on field observations in the area of oil palm nursery in Pangkatan Estate, known there are monitored fire tower. In addition, field observations in the area of replanting in the BilahEstate known companies had implementing technical land clearing without burning, by way of making a discontinue trench in the stacking path as a place to put the chopped staple felled palm.		
	Status: Comply	
5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
5.6.1 Pollution or emissions such as sourced fertilizer and spray activities, fossil fuel consumption, generator activities, boiler activities, use fibers and shell, transportation, processing TBS, POME etc.		
5.6.2 GHG emissions management efforts, such as use of fertilizers and agrochemical appropriate dose, EFB and mill effluent applications on the land, use of fiber and shell as boiler fuels, and conducted emissions testing on periodically and so on. Based on implementation report of RKL&RPL in 1 st semester of 2016, the company has been monitoring air emissions periodically. The result are compliant with relevant regulation (see 4.4.3). Based on field observation to Block U3 Division II, mill effluent was applied in the block allowed by relevant government and there was not pollution.		
5.6.3 Based on implementation report of RKL&RPL in 1 st semester of 2016, the company has been monitoring air emissions periodically. The Company has reported the results of GHG emissions calculation period 2015 to the RSPO Secretariat on July 21, 2016. GHG emission calculations period 2015/2016 using PalmGHG version 2.1.1.		
	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 and 6.1.2

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

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

6.1.3

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

6.1.4

Certificate holders have performed evaluation each year which is written in document of **Report and Review of Action Plan of Social Impact Assessment** such the one in Period of November 2014 to October 2015. There are some advices delivered from annual review result they are:

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

6.1.5

Result of interview with stakeholders (villagers surrounding plantation) reveals that company has regularly performed meetings for asking advices and considerations in planning social impact. Result of document review and interview with chief of villages surrounding plantation reveals that there are no smallholders scheme.

Status: Comply	
-----------------------	--

6.2

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

6.2.1

Procedures of open and transparent methods possessed certificate holders do not experience any changes namely SOP of Information Transparency and SOP of communication and Consultation No. PI/SOP/Umum-20 dated 27 April 2015. The company was conduct public consultation. Certificate holders have disseminated the SOP to relevant stakeholders

for example in PT Pangkatan Indonesia it is socialized on 30 December 2015 to community figures, teacher, youth figures. While socialization of SOP to the villagers of PT. Bilah Platindo was conduct on 29 December 2015. Based on interview with surrounding communities and authority, it is revealed that they has knowledge of complaints submission mechanism in accordance with procedure.

6.2.2

The Company already had responsible officers for communication with stakeholders they are:

- Responsible officer for consultation and communication with surrounding communities is Estate Manager in each estate.
 - Responsible officer for consultation and communication with local government apparatuses is Chief Representative.
- This is traceable in document of "Job Profile" of Estate Manager in which external relationship is described.

6.2.3

Certificate holders already had document of stakeholders list consisting of village, district, military office, hospital, labor organization, government authorities, NGO and Contractor. Its stakeholder list is being changed according to the changes in stakeholders such as the change of name and telephone number of district chief or government authorities. Based on stakeholders consultation at Kampung Padang Village. They were complaint about replanting impact, on rainy season caused flooding to communities land. According to document verification, that known the company has respond with letter No. 173/VIII/2016 dated 16 August 2016 to the Head Village of Kampung Padang. The company is willing to make a trench, as long there is permission from the land owner that will be affected by a trench.

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

The company has SOP No. PI/SOP/Umum-05 dated 25 April 2013 about internal and external complaint. And also has procedure of communication and Consultation No. PI/SOP/Umum-19 dated 27 April 2015. This procedure was explain too about all reporter/communicating will anonymity of complainants guaranteed, and legally protected identify. This procedure was inform about RSPO Complaints System.

6.3.2

The record of complaint is in document of **Internal & External Complaints**, based on the book there are some complaints in 2016 for example in Pangkatan Estate there is complaint on 10 August 2016 about replanting activity were impacted to flooding on communities land. It has respond by company dated 16 August 2016 by letter No. 173/VIII/2016.

Based on interview with employees, surrounding communities and NGO, there is no dispute in communication between company and communities and complaint submission mechanism is in accordance with procedure is noted.

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 & 6.4.3

The company has Land Acquisition SOP No. PI/SOP/Umum-21 dated 28 December 2011 and also Memorandum Ref 002/GM/II/2015 dated 3 February 2015 about Claim and Conflict of Land. Result of interview with parties of surrounding villages (Pondok Batu Village, Kampung Padang Village and Perkebunan Bilah Village) reveals that customary land/rights ownership in the operational area of the three plantation in this audit scope (PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo) do not exist. It is informed that management units have established for a long time,

even since colonial era of Netherlands it is already there.

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 has implemented the payment of wages for employees refers to the minimum wage at Labuhanbatu District in accordance with Decree of Sumatera Utara Governor's 188.44/89/KPTS/Tahun 2016 tanggal 25 Februari 2016 is explained Minimum Wage is set at Rp. 2,250,000. Based on document verification of Salary Slip July 2016 is known that wages payment is in accordance with the Minimum Wages. Based on interviews with Worker Union, Labour Agency and workers, explained that the Company has paid wages according to the minimum wage set by the government and there is no issue about payment or worker welfare. Pangkatan Mill was gift over time to some workers, for example: on July 2016 there are one worker from office department has over time 3 hours. Over time rates is IDR 13,403, over time wages in the first hour and second hour are different according to National Regulation.

6.5.2

Employment law contained in the Collective Labour Agreement for PT.Pangkalan Indonesia, PT. Bilah Platindo and PT.Sembada Sennah Maju for the period 19 November 2014 till 19 November 2016. Entire Collective Labour Agreement has been agreed by company representatives and the Worker Unions and was approved by the Labour Agency. In addition, any permanent workers, contract workers and daily paid worker has been equipped with Letter of Agreement Working that describes the assignment of responsibilities, work hours, wages and facilities. Documents Letter of Agreement Work and Collective Labour Agreement are available in Indonesian.

Besides the minimum wage, the company pays the premium on certain activities. The premiums is listed in the Deal besides Collective Labour Agreement that applicable from December 1, 2014 and has been agreed by the workers representatives and the company. The document set premiums for harvesters and loss fruit picker activities, paramedics, transport FFB, pruning activities.

Based on interviews with workers, Woker Unions and labour Agency, in the last one years there were no issues or violations committed by Company related to worker welfare included in payment.

6.5.3

Based on visits to the housing employees, Company has been providing employee homes, worship places, clinics, schools (primary and kindergarten), sports facilities (soccer field, badminton and volleyball) and also daycare in appropriate conditions. In addition, the company provides transportation for student who attend school in the village around the company. Electricity in housing employees have been provided from the state-owned electricity company (PLN) and the clean water supply provided by the company through the artesian well.

Based on interviews with workers and worker unions, explained that the number of homes provided by the company have been sufficient for all workers.

6.5.4

Based on interviews with workers and field visits, it is known that in each management unit has been equipped by the Cooperative employees who sell basic necessities.

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

Policy related to the freedom of made a worker association is still same as previous assessment that contained in Policy of

Freedom of Association for Employees which has been approved by the President Director of PT Evans Indonesia dated January 2, 2011.

Evidence of this policy, each management unit has been established Worker Unions which have been approved by the Labour Agency of Labuhanbatu District with record evidence Number Kep.16/MEN/2001 dated February 15, 2001 for the Workers United in PT.Pangkalan Indonesia and Number. 04/SPBM/VIII/2011 dated August 8, 2011 for the Workers United at PT. Bilah Platindo. In 2015, there were changes in the structure of the Worker Unions board for the period 2015-2019.

Worker Union agreements and/or labor laws that explain payments and working conditions listed in the document Collective Labour Agreement which was signed by representatives of employer and workers and has been approved by the Labour Agency of Labuhanbatu District.

6.6.2

Company showed Minutes of the meeting between the Company and the Worker Unions, for example in the Bilah Estate are the minutes of the last meeting conducted on 28 April 2016 attended by 6 representatives of employer and 6 representatives of Worker Unions to the discussion of recruitment from children of workers, issue dependents of Health Insurance. Based on interviews with worker unions, explained that communication with the Company are good and for the minutes of the meeting also owned by Worker Union

Status: Comply

6.7

Children are not employed or exploited.

6.7.1

Policy related to requirement of worker age can be traced through the SOP of Admissions and Selection of New Non Staff Employees (document number: SOP/UMUM-23 dated July 30, 2012). In SOP is explained that the minimum age of workers who accepted is 18 years.

Based on Employee List in July 2016 which describes the worker's date of birth, it is known that all workers have over 18 years. As well as the visits and interviews with workers, not encountered any worker who is under 18 years. Workers have been aware that the minimum age for employment is 18 years old and at the time of acceptance of work must be equipped with an ID card.

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

Policy related to does not discriminate the workers does not change from the previous assessment that listed in the policy of equality of employment opportunity that approved by the President Director dated on January 02, 2011. Based on visit to the office in Bilah Estate, Pangkatan Estate and Pangkatan Mill, it is known that the policy has been mounted on the wall in front of the office space in order to be easily known by stakeholders and employees.

Based on the list of employees in July 2016, it is known that workers come from diverse ethnic, religious, national origin, age and sex. Based on interview with Worker Union and gender committee, the company did not discriminate against workers on the work reception or promotions.

6.8.3

Company can show identity recording when applying for a worker, for example, an identity of Syahraini with the form of ID card, Education Certificate, family card, Curriculum Vitae, Marriage Certificate and Certificate of Good behavior from the police.

Acceptance and promotion procedures there are no changes from the previous assessment. The procedures is contained in SOP Acceptance and Selection of New Employees Non Staff (No. Document: PI/SOP/UMUM-25) with effective date on January 1, 2011.

Company can demonstrated rise and appointment of new employees based on assessment. Assessment is recorded in the Work Evaluation Form that assess some factor example quantity of work (attendance, timeliness), quality of work (skills, knowledge and communication), work behavior (discipline, initiative, adaptation to work environment), work relationship (with staff and fellow employees). Based on interviews with Worker Union and gender committee, the COMPANY did not discriminate the workers from acceptance till promotions.

Status: Comply

6.9

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

6.9.1

Policy regarding sexual harassment is still the same as the previous assessment that listed in Sexual Harassment Policy approved by the President Director dated January 2, 2011. The policy is communicated by way socialized and mounted on the offices and clinics.

The Company has established a Gender Committee in each management unit for oversee and fostering the women workers and worker's wife. Based on interviews with women workers, workers have known board of the Gender Committee.

6.9.2

Policy related to reproductive rights for women workers there are no changes from the previous assessment that listed in the Reproduction Policy authorized by the President Director, dated September 2, 2013.

Based on interviews with a Gender Committee and women workers that workers can explain the reproductive rights that given by the company include leave of menstruation are given 2 days with the information from paramedic and day off for childbirth are given for period 1.5 months before giving birth and 1.5 months after giving birth.

6.9.3

Complaints and response mechanism is not change from previous assessment that listed on the SOP Internal and External Complaint with Document Number PI/SOP/Uum-05. In the SOP describes the type of sexual harassment, reporting devoted to the supervisor or directly to the manager/Head of Assistant in order to avoid undesirable things such as feelings of shame and so not many people know about the incident.

Based on interviews with women workers, the workers can explaining the mechanism of reporting sexual harassment is reported to the chairman of gender committee. Chairman of Gender Committee also explained that any complaint regarding sexual harassment is reported through the Gender Committee and decided together with the head of Management Unit.

Based on document verification of Complaints Book and interview with Gender Committee, there are no complaints related to sexual harassment and violence

Status: Comply

6.10

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

6.10.1

According to interview with management that known, FFB price was set by head office, this information will transfer to the supplier by message every afternoon for next day. According to interview with supplier, explained: supplier was free to decide will send of FFB or not yet. During last year there were no complaint from supplier related FFB Prices or payment system.

6.10.2.

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

- 4.1: FFB price will be set by Purchaser and will be informed to supplier one day prior to its shipment before 18.00

WIB.

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

6.10.3.&6.10.4

The company already possessed cooperation agreement with local business which is jointly arranged and agreed as well as describes about scope of work, work facilities procurement, price and payment method, work addition or reduction, time period, manpower insurance and employment, workplace accident, provision of work execution, work transfer, negligence and penalty as well as dispute settlement. For example **Work Agreement Letter** with Supplier on agreement of FFB purchasing work between PT Pangkatan Indonesia and Ramp Dewi, the agreement describes that payment is made in the mid of the month for activities dated 01th-15th and it is made at the end of the month for activities dated 16th-30th/31th. There is evidence of payment for FFB purchasing dated 1 August 2016 that indicates that it has been made on 15 August 2016 with transfer receipt as proof.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

6.11.1

Based on interviews with local communities, the needs of community's priorities are employment, the other thing is the improvement of public facilities and funds. Company's labor come from surrounding communities and outside the region. The company also has empowered local contractors through the cooperation contract. The company has also helped repair rural roads, masque and sport equipment by CSR programs.

According to interview with locals, companies are very helpful in providing employment and business opportunities. Workers came from the local community 70% and 30% from outside the region

6.11.2

There is no scheme smallholders.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1 & 6.12.2

Based on the verification documents and interview with Worker Unions and Labour Agency, it is known that workers in PT.PI and PT.BP are permanent worker, certain time workers and daily paid workers all workers has been equipped with the Working Agreement that has been agreed together.

6.12.3

Based on interview with Labour Agency, there are 3 foreign workers in PT.PI,PT.BI and PT.SSM. The Company has shown that all foreign workers have been equipped with the requirements according to the regulations. Company showed Permit Entry of Foreign Workers (IMTA) issued by Labor Ministry.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1

The Policy related to respect for human rights is unchanged from the previous assessment that stated in Corporate Social Responsibility Policy was ratified on 27 April 2015 by the President Director. Based on visit to the office in Bilah Estate, Pangkatan Estate and Pangkatan Mill, it is known that the policy of respect for Human Rights has been mounted on the wall in front of the office space in order to be easily known by stakeholders and employees.

Based on interviews with workers, Worker Unions and Labour Agency, there are no issues regarding the worker welfare, there is no discrimination against workers and company has granting of right in accordance with the agreement

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

The Company does not undertake the development of a new plantation or doing the estate expansion of existing ones.

Document and implementation of environmental has been recorded at 5.1

Status:	
----------------	--

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

The Company does not undertake the development of a new plantation or doing the estate expansion of existing ones. The Company has conducted semi-detailed soil surveys as a basis the suitability of land for oil palm cultivation does. See indicator 4.3.1.

Status: Comply	
-----------------------	--

7.3

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

7.3.1; 7.3.2; 7.3.3; 7.3.4 & 7.3.5

The Company does not undertake the development of a new plantation or doing the estate expansion of existing ones.

Document and implementation of HCV&RTE has been recorded at 5.2

The company was no send document of disclosure and liability assessment, it cause the plantation was established since colonial era of Netherlands.

Status: Comply	
-----------------------	--

7.4

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

7.4.1 & 7.4.2

The Company does not undertake the development of a new plantation or doing the estate expansion of existing ones.

The Company has conducted semi-detailed soil surveys as a basis the suitability of land for oil palm cultivation. See indicator 4.3.2, 4.3.5 and 4.3.6.

Status: Comply	
-----------------------	--

7.5

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

The Company does not undertake the development of a new plantation or doing the estate expansion of existing ones.

	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. From ASA-3 to ASA-4 activities, PT Pangkatan Indonesia, PT Sembada Sennah Maju and PT Bilah Plantindo don't develop new estate nor expand the existing plantation. Yet company performed replanting.	
	Status:	
7.7	Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.	
7.7.1 & 7.7.2	The Company does not undertake the development of new plantations or expanding of existing gardens. Clearing of land for replanting has been carried out by technically without burning.	
	Status: Comply	
7.8	New plantation developments are designed to minimise net greenhouse gas emissions.	
7.8.1 & 7.8.2	The Company does not undertake the development of a new plantation or doing the estate expansion of existing ones. However, the company has reduced GHG emission such as conducted replanting with zero burning procedure, use of fertilizers and agrochemical appropriate internal research recommendation, EFB and mill effluent applications on the land, use of fiber and shell as boiler fuels, and conducted emissions testing on periodically, reported the results of GHG emissions calculation period 2015 to the RSPO Secretariat on July 21, 2016, and so on.	
	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.	
8.1.1	The company implements the technical preparation of land without burning in replanting area, such as the manufacture of discontinuous trenches on stacking track and used as the laying area of the rest of the chopped palm. It is as an alternative to reduce the potential pests horn beetle <i>Oryctes sp</i> as well as efforts to re-use the nutrients. The management company is also in efforts to reduce the use of pesticide active ingredient paraquat, as stated in the Memorandum Reduction Paraquat, (No. 001 / GM SUMUT / VI / 2011 (dated December 5, 2014). The company has conducted continuous improvement action, for example on environmental aspect, which is periodically monitoring emissions quality and monitoring mill effluence, etc. There are RSPO internal audit reports for Pangkatan dated 30th of June 2016 that describes internal audit result based on field visit to composting area, facilities, interview and document checking. Result of internal audit identifies some audit findings, for example: 1. In field visit PPE is found in bad condition 2. Result of field visit there were legal boundaries was damage. All the non conformity have been corrected by company on 31 July 2016.	
	Status: Comply	

3.2 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module E) CPO Mills - Mass Balance Requirements									
E.1	Definition									
E.1.1	<p>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p> <p><u>RSPO Certified Product</u></p> <ul style="list-style-type: none">• FFB Consignment from the Pangkatan Estate, Division 1, Field PG051E Planting Year 2005, No. Vehicle BK 8624 YK, with the number of bunches 305 with an estimated weight of bunches (Gross 9.59 ton, Tare 4.18 ton. Netto: 5.41 ton), this form has stamped with code SCCS Model Mass Balance (as statement that TBS is sourced from the plantation RSPO Certified)• FFB Consignment from the Bilah Estate, Division 2, Field BI082G Planting Year 2008, No. Vehicle BM 8009 DD, with the number of bunches 679 with an estimated weight of bunches (Gross 10.93 ton, Tare 2.99 ton. Netto: 7.94 ton), this form has stamped with code SCCS Model Mass Balance (as statement that TBS is sourced from the plantation RSPO Certified)• FFB Consignment from the Sennah Estate, Division 2, Field SN052D Planting Year 2005, No. Vehicle BK 8827 YG, with the number of bunches 578 with an estimated weight of bunches (Gross 13.30 ton, Tare 4.13 ton. Netto: 9.18 ton), this form has stamped with code SCCS Model Mass Balance (as statement that TBS is sourced from the plantation RSPO Certified) <p><u>Non Certified Product</u></p> <ul style="list-style-type: none">• FFB Consignment from Ramp Dewi (DW): Number: FFB16012622W Vehicle number BK 8733 YH, with the number of Bunches 569 with an estimated weight of Bunches (Gross 13.17 ton, Tare 4.05 ton. Net 9.12 ton), this form was stamped without code is not sourced from the plantation RSPO Certified and the FFB result of the purchase of the other party / outside. It is based on the explanation of weighbridge officer.									
	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>CPO and PK data generated by Pangkatan Palm Oil Mill period of 19 October 2015 until of the ASA 04 (22 August 2016) and estimates for the year are described in the table below.</p> <table><tr><th>Products</th><th>Tonnage estimation Of Certified Products 19 October 2015 to 18 October 2016 (ton)</th><th>Actual certified products Period of 19 October 2015 to 22 August 2016 (ton)</th></tr><tr><td>FFB</td><td>144,273</td><td>113,699.62</td></tr><tr><td>CPO</td><td>34,048</td><td>26,542.15</td></tr></table>	Products	Tonnage estimation Of Certified Products 19 October 2015 to 18 October 2016 (ton)	Actual certified products Period of 19 October 2015 to 22 August 2016 (ton)	FFB	144,273	113,699.62	CPO	34,048	26,542.15
Products	Tonnage estimation Of Certified Products 19 October 2015 to 18 October 2016 (ton)	Actual certified products Period of 19 October 2015 to 22 August 2016 (ton)								
FFB	144,273	113,699.62								
CPO	34,048	26,542.15								

PK	8,512	6,099.43
----	-------	----------

Based on above data that known, Actual production of FFB, CPO and PK (period from 19 October 2015 till 22 August 2016) is still below of last year estimation.

Status: Comply

E.2.2

The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).

- **RSPO IT Platform member registration number: RSPO_PO1000000283**
- **Certified CPO sold to each buyer period of 19 October 2015 to 22 August 2016**

Buyer	Date	Volume (Ton)	Claim
PT Musim Mas	12/04/2016	800	Non
	02/08/2016	1,200	Non
PT. Multimas Nabati Asahan	08/11/2015	1,000	Non
	19/11/2015	600	Non
	24/11/2015	500	Non
	14/12/2015	500	Non
	30/12/2015	600	Non
	02/02/2016	500	Non
	17/06/2016	1,000	RSPO
	26/07/2016	1,700	RSPO
PT. Nubika Jaya	22/01/2016	400	Non
	11/05/2016	1,000	Non
PT. Permata Hijau Palm Oleo	26/01/2016	21	Non
PT. Pacific Medan Industri	22/03/2016	700	Non
PT. Pacific Palmino Industri	27/10/2015	700	Non
	10/12/2015	700	Non
	21/12/2015	600	Non
	08/01/2016	1,000	Non
	20/01/2016	800	Non
	16/02/2016	1,000	Non
	01/03/2016	600	Non
	15/03/2016	800	Non
	21/04/2016	800	Non
PT. Sari Dumai Sejati	17/05/2016	1,000	Non
	21/10/2015	1,000	Non
	21/06/2016	1,000	Non
PT. SMART, Tbk	09/08/2016	500	Non
	11/11/2015	700	Non
	26/01/2016	700	Non
	23/02/2016	500	Non
	31/05/2016	1,000	Non
	13/07/2016	1,600	Non
	20/07/2016	1,500	Non

Total CSPK Sold during 19 October 2015 to 22 August 2016 is 2,700 ton.

- **Certified Palm Kernel sold to each buyer period of 19 October 2015 to 22 August 2016**

Date	Buyer	Volume (Ton)	Claim
------	-------	--------------	-------

20/10/2015	MM : PT. MUSIM MAS	200	Non
27/10/2015	SMART : PT. SMART TBK	120	Non
03/11/2015	NJ : PT. NUBIKA JAYA	200	Non
17/11/2015	MNA : PT. MULTIMAS NABATI ASAHAN	180	Non
19/11/2015	SMART : PT. SMART TBK	120	Non
30/11/2015	MNA : PT. MULTIMAS NABATI ASAHAN	80	Non
07/12/2015	MM : PT. MUSIM MAS	150	Non
14/12/2015	MM : PT. MUSIM MAS	150	Non
18/12/2015	MNA : PT. MULTIMAS NABATI ASAHAN	150	Non
28/12/2015	AJP : PT. AGRO JAYA PERDANA	1,500	Non
28/12/2015	MNA : PT. MULTIMAS NABATI ASAHAN	200	Non
04/01/2016	MNA : PT. MULTIMAS NABATI ASAHAN	150	Non
11/01/2016	MNA : PT. MULTIMAS NABATI ASAHAN	200	Non
18/01/2016	MNA : PT. MULTIMAS NABATI ASAHAN	75	Non
26/01/2016	MNA : PT. MULTIMAS NABATI ASAHAN	75	Non
29/01/2016	MNA : PT. MULTIMAS NABATI ASAHAN	150	Non
29/01/2016	NJ : PT. NUBIKA JAYA	11	Non
02/02/2016	MNA : PT. MULTIMAS NABATI ASAHAN	100	Non
10/02/2016	MNA : PT. MULTIMAS NABATI ASAHAN	120	Non
16/02/2016	MM : PT. MUSIM MAS	200	Non
23/02/2016	SDS : PT. SARI DUMAI SEJATI	80	RSPO
01/03/2016	MM : PT. MUSIM MAS	150	RSPO
08/03/2016	SMART : PT. SMART TBK	75	Non
15/03/2016	SDS : PT. SARI DUMAI SEJATI	150	RSPO
22/03/2016	MNA : PT. MULTIMAS NABATI ASAHAN	150	Non
05/04/2016	MNA : PT. MULTIMAS NABATI ASAHAN	190	Non
19/04/2016	SMART : PT. SMART TBK	170	RSPO
03/05/2016	SMART : PT. SMART TBK	140	RSPO
10/05/2016	SMART : PT. SMART TBK	150	RSPO
10/05/2016	SMART : PT. SMART TBK	150	RSPO
17/05/2016	SMART : PT. SMART TBK	170	RSPO
30/05/2016	SMART : PT. SMART TBK	200	RSPO
31/05/2016	SMART : PT. SMART TBK	120	RSPO
07/06/2016	MNA : PT. MULTIMAS NABATI ASAHAN	100	RSPO
21/06/2016	SDS : PT. SARI DUMAI SEJATI	230	RSPO
28/06/2016	SDS : PT. SARI DUMAI SEJATI	300	RSPO
13/07/2016	SDS : PT. SARI DUMAI SEJATI	100	RSPO
19/07/2016	MNA : PT. MULTIMAS NABATI ASAHAN	250	RSPO
20/07/2016	SDS : PT. SARI DUMAI SEJATI	150	RSPO
26/07/2016	MNA : PT. MULTIMAS NABATI ASAHAN	350	RSPO
02/08/2016	MM : PT. MUSIM MAS	150	RSPO
16/08/2016	MNA : PT. MULTIMAS NABATI ASAHAN	250	Non

Total CSPK Sold during 19 October 2015 to 22 August 2016 is 3,110 ton.

	Status: Comply
E.3	Documented procedures

E.3.1

The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:

- 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.**

- a. Pangkatan Mill – PT Pagkatan Indonesia have some procedures related to supply chain system implementation – Supply Chain:
 - ❖ SOP of RSPO Sustainability Manual Mill No.DSL/Manual RSPO/4.1/9 Revisi-1 dated 1st of December 2014.
 - ❖ Procedure (SOP) of CPO and PK tender (No.PI/SOP/MD-01 1st of January 2013:
 - (4.1.2) Mill delivers Daily report which consists of production data, certified and non-certified CPO and PK transport and stocks
 - (4.1.16) Marketing Department will issue “SALES CONTRACT” signed by Director or Authorized Representative of Director
 - (4.1.20) Marketing Department shall publishe/inform Miller regarding CPO/PK type/classification being sold whether it is Certified or Non-Certified
 - (4.1.21) Marketing Department prepares “Delivery Order / DO” for CPO and PK transport by miller
- b. Management Function & Job Description, such as:
 - Mill Manager. is chairman of Sustainability Management Team (SMT) which overall responsibility is ensuring that RSPO system is executed, implemented and maintained. Being responsible for maintaining all RSPO documentation and information
 - Assistant/Head Assistant/Clerk of Sustainability & Certification.
 - Being responsible for maintaining all RSPO documentation and information
 - Ensuring that all RSPO information which is need for audit
 - Ensuring that all RSPO verification information which is needed have been correctly recorded and being reported for all certified and non certified FFB, CPO, Palm Kernel
 - Weighbridge Operator
 - Examining all consignment records of FBB truckloads which are received from all plantation to installed mill in order to gain all necessary information
 - Inputting information of consignment record that enter mill's weigher through computerized reporting system
 - Assuring if FFB consignment that enter the mill is certified or non certified
 - Inputting all incoming FFB data into daily report
 - Weighbridge officer assures that the covering letter of weighed FFB are marked or stamped indicating if it is certified or non-certified (Sustainable or Non-Sustainable).

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

	Status: Comply
--	-----------------------

E.3.2

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

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

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

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

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

Status: Comply

E.4 Purchasing and goods in

E.4.1

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

Pangkalan POM has been able to demonstrate the mechanism of separation of certified and non-certified products in the records model made starting from incoming FFB until processed FFB in the documents of **Production Monthly Report of Incoming & Processed FFB** which describe recording mechanism of the separation of certified and non-certified products, such as incoming FFB data, processed FFB data, CPO and Kernel production data, CPO and kernel extraction data, which were verified daily by Mill Manager.

Separation of certified products non-certified products which are contained in the SOP Weigh bridge of SOP/4.1/13 dated 1 February 2014. It was using LINTRAMAX Program.

Delivery:

- After receiving of Delivery Order (refer to contract), the CPO and Kernel is ready to send in accordance with the contents of the contract
- Production of certified and non-certified palm oil which is mixed shipped by tanker labeled CSPO Mass Balance
- Production of certified and non-certified product that has been mixed shipped by truck labeled CSPK Mass Balance

Certified and non-certified FFB received period of 19 October 2015 to 22 August 2016

Month	FFB		
	RSPO Certified	Non Certified	Total
19-31 October 2015	6,513.12	487.08	7,000.20
November	11,070.92	12.35	11,083.27
December	11,821.74	-	11,821.74
January	9,582.07	-	9,582.07
February	9,675.64	-	9,675.64
March	9,140.77	-	9,140.77
April	9,345.67	-	9,345.67
May	10,782.55	-	10,782.55

June	11,768.88	-	11,768.88
July	15,015.26	-	15,015.26
1-22 Aug	8,983.00	1,159.28	10,142.28
Total	113,699.62	1,658.71	115,358.33

Status: Comply

E.4.2

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

The Pangkatan POM has procedures SOP RSPO Sustainability Manual Mill No.DSL/Manual RSPO/4.1/9 Revisi-1 dated 1 Desember 2014 point 8.0 about validity of Certificate, this procedure was explain about Pangkatan Mill will be inform to Certification Body, if any over production from FFB, CPO and PK projection. The company will be report to CB and request of add volume.

Pangkalan POM acknowledged and claimed the certified product for a year for **CPO** product: **CPO 26,542.15 ton** and **Palm Kernel: 6,099.43 ton** period of 19 October 2015 till 22 August 2016.

The data revealed that the production of CPO and Kernel, which can be claimed by Pangkatan POM had not exceeded the projected volume. The management of Pangkatan POM has a commitment to provide information to PT Mutuagung Lestari in case there is an exceeding production of CPO and Palm Kernel from the projected volume.

Status: Comply

E.5

Record keeping

E.5.1

- The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.**
- All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.**
- The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)**

- Pangkalan POM has recorded and balanced all receipt of RSP certified FFB and deliveries of RSPO certified products.
- Pangkalan POM has deducted CSPO and CSPK stock from production record every time RSPO certified products are delivered (CSPO and CSPK).
- Pangkalan POM only sells CSPO and CSPK from positive stock. Untill audit activity is being performed CSPO stock is 31,442.32 Ton and CSPK stock is 5,745.71Ton

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

Month	Certified Product Produce	
	CSPO (ton)	CSPK (ton)
19-31 October 2015	1,507.14	362.13
November	2,613.84	637.68
December	2,833.67	724.67
January	2,307.36	550.97
February	2,289.26	559.25
March	2,228.52	512.80
April	2,238.29	516.82
May	2,516.65	560.69

June	2,629.17	628.46
July	3345.40	578.85
1-22 Aug	2,032.85	467.12
TOTAL	26,542.15	6099.43

There are some example Delivery Order of CPO and PK, such as:

Delivery Order NO. PK No. PG-PK/2016 dated 8 August 2016 for 150 ton PK from PT. Musim Mas.

Delivery Order No. PG-CPO/A 000326 dated 28 July 2016 for 1,700 ton CPO from PT. Multimas Nabati Asahan (Wilmar).

Ticket No. CPO16006766 dated 23 August 2016 to PT. Multimas Nabati Asahan according to DO No. PG-CPO/A000326 (28 July 2016). With vehicle No. BK 8139 CF with Gross: 36,360 ton, Tare: 11,380 ton and Netto: 24,980 ton.

Ticket No. PK16000194W dated 20 August 2016 to PT. PT. Musim Mas according to DO No. PG-PK/A000336 (28 July 2016). With vehicle No. BK 9513 CB with Gross: 34,340 ton, Tare: 10,340 ton and Netto: 24,000 ton.

Status: Comly
E.5.2

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

Pangkalan POM does not perform the processing by themselves nor outsource to independent palm kernel crusher. Pangkatan POM only performs sales.

Status: Comply

3.3 Conformity Checklist of Certificate and Logo Use

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

3.4 Summary of RSPO Partial Certification

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

	gender committee representative for the Benua Puhun operations, revealed that there was no labour dispute during the audit period with the exception of a few on-going complaints that's being handled through the established process	
	Status: Comply	
6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	X or√
	The company already have SOP Land Compensation	
	Status: Comply	
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	X or√
	<p>The audit team sighted documents housed in the PT Evans Indonesia head office in Jakarta. Document and interviews confirm the following actions were completed:</p> <ul style="list-style-type: none"> • NPP Notification: PT Evans Indonesia – PT Teguh Jayaprima Abadi (PT TJA) was done on February 26 to March 25, 2013 with no negative comments. • NPP Notification: PT Evans Indonesia – PT Prima Mitrajaya Mandiri (PT PMM) was done on February 26 to March 25, 2013 with no negative comments. <p>Status of other land holdings:</p> <p>PT Gunung Pelawan Lestari</p> <ul style="list-style-type: none"> • The company obtained the Izin Lokasi dated October 27th 2004 from the Bupati Bangka. • Izin Usaha Perkebunan (IUP) dated September 20th 2004 from the Bupati Bangka • AMDAL was received on March 28th 2008 from the Bupati Bangka. • The Izin Lokasi was subsequently renewed and approved on May 5th 2010 and again on April 8th 2013 from the Bupati Bangka. • The company has plans in place to commission a 3rd palm oil mill in 2014, known as PKS Tuing with a target RSPO certification for 2015. • HCV assessments were carried out in May 2013 by Aksenta. <p>PT Simpang Kiri Plantation Indonesia</p> <ul style="list-style-type: none"> • There is currently 1 operational estate with 2,654 Ha • HGU: 37/HGU/DA/88 for 1,504 Ha was obtained on April 19th 1988 • HGU: 83/HGU/BPN/97 for 1,150 Ha was obtained on July 23rd 1997 • There are no current plans to commission a mill for this location as all existing crop is being sold to an external mill not owned by PT. Evans Indonesia. <p>PT Evans Lestari</p> <ul style="list-style-type: none"> • Izin Lokasi dated October 30th 2012 from the Bupati Musi Rawas for approximately 20,000 Ha was obtained. • Izin Usaha Perkebunan (IUP) dated November 21st 2012 from the Bupati Musi Rawas was obtained. • AMDAL dated February 14th 2013 from the Bupati Musi Rawas was obtained. There are no current plans to commission a mill for this location. • HCV assessment by Fakultas Kehutanan Institut Pertanian Bogor was carried out in March 2013. • See also 2.3.6 above <p>Proposed plans for future NPP notifications to take place for 2013/2014:</p> <ul style="list-style-type: none"> • PT. Evans Lestari • PT. Gunung Pelawan Lestari <p>Both NPP is forecasted to take place either Q4, 2013 or Q1, 2014</p>	

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

- Izin Lokasi: Obtained June 26th 2007 for 21,500 Ha's from the Bupati Kutai Kartanegara.
- Izin Usaha Perkebunan: Obtained July 26th 2007 from the Bupati Kutai Kartanegara.
- AMDAL: Obtained September 24th 2008 from the Bupati Kutai Kartanegara.

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

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

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

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

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

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

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

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

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

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

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

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

Issue #3

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

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

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

	<p>which are logged over / degraded forests and amounts to about 762 ha's. Again, this area although included in the Ijin Lokasi map however has been excluded from HGU.</p> <p>Given the latest information and findings in Issue #2, the company's actions in making the necessary application to the Forestry Ministry dated August 29th 2013, where it is clear that 1,140 Ha's between PT. TJA and PT. PMM is now categorized as HPK land, will help address both complaints (Issue #2 and Issue #3).</p> <p>In addition, based on sighted correspondences and interviews, the company is in the process of closing the complaint and concerns raised by the minority partner.</p> <p>The audit team concluded that significant progress has been made in resolving and closing this particular grievance complaint and the established process in resolving such matters is working. The progress of this issue will be reviewed during the next surveillance audit in 2014.</p>	
	Status: Comply	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	The company already have SOP Land Compensation	
	Status: Comply	

3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components
3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-3 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2015.01	6.5.2	Employment Agreement and Waging System Realization. The result of interviews and document reviews it is revealed that realization of waging system of childcare workers in Daycare has not been complied with applicable employment agreement. Workers register their attendance from 06.30 to 12.00, however they stay continuing their work and only receive proportional payment (5/7 x Daily Wage Rp 80,500,-).	Major	Sennah Estate	12th of October 2015	Certificate holders shall demonstrate that waging system has been realized in accordance with regulation.	<p><i>Root Cause:</i> Realization of waging system of landfill workers has not been complied with applicable employment agreement.</p> <p><i>Corrective Action + Evidence:</i> Auditor Verification 18th of August 2015 Management units have demonstrated SPK to BHL (including baby nurse/workers in Daycare), the reporting evidence of BHL's SPK to relevant authority, baby nurse working hours and minutes of meeting between representatives from company and baby nurse. Based on the evidences, nonconformity 2015.01 to Major category is declared to be full compliance by observation.</p> <p>14 th of September 2015 Management unit of Sennah estate have demonstrated that BHL workers (including workers in Daycare) have been paid in accordance with employment agreement. There is evidence that wages payment period of August 2015 has been performed on 5th of September 2015 which paid wages corresponding with working days. Based on</p>	Full Compliance	18th of August 2015

							<p>the evidences, nonconformity 2015.01 to Major category is declared to be full compliance.</p> <p><i>Preventive Action</i> Wage payment is corresponding with work hours or in accordance with applicable employment agreement.</p>		
--	--	--	--	--	--	--	--	--	--

3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-4 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		<i>During annual serveillance assement – 4 there is no non conformance identified.</i>							

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	4.6.4	Companies are encouraged to review the weed management strategies to reduce the use of pesticide with paraquat active ingredient.
2	4.7.2	Companies may improve the quality of detailing HIRAC with PPE used in accordance with Product Labels/MSDS.
3	4.7.5	Company to re-ensure the quality of fire –fighting equipment
4	6.5.2	Company considering make the Employment Agreements with daily paid worker in beginning of each year. (Observation)

3.5.4

No	Descriptions
1	Company' commitment of implementation of sustainable oil palm management principles
2	Personal (Staff) competency in in their respective fields
3	The company has well managed the environment
4	Company' commitment of providing fairly good document
5	Oil palm processing unit Pangkatan Mill has applied (hygiene) well treatment to every station
6	Has have ISPO Certificate No. 824 501 13007 with validity until 20 January 2019 and ISCC No. EU-ISCC-Cert-DE119-62164280 with validity until. 8 August 2017
7	<i>Performance Rating in Environmental Management Program for year 2014/2015 that issued from Enviromental Ministry</i>

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

Issues from Public	Management Response	Auditor Response
<p>Labor and Transmigration Agency of Labuhan Batu district.</p> <ol style="list-style-type: none"> 1. Mandatory reporting is always routinely performed eg P2K3 reports second quarter was reported in July. 2. One recent years there are no workplace accidents, the company received a certificate zero accident in 2015. 3. The minimum wage has followed minimum wage of 2016. 4. There are no labor issues for the last 1 year. 5. The Company has reported the number of daily workers. 6. PPE has been completed in accordance with the standards. 7. Company has P2K3 (OHSAS) structure for each management unit in accordance with the regulations. 8. There is a structural change P2K3 for Pangkatan POM. 9. There are foreign workers totaling 3. The permits for foreign labour compliance with regulations. 10. There are no AKAD labor. Companies prefer workers from local residents. 11. During the first years, the government agencies do not ask for information to the company. Any information requested at the time of evaluation visits to companies. 12. Operating license letter (SIO) owned is still in force today. 13. BPJS already registered for all workers. 	<ol style="list-style-type: none"> 1. The company will maintain continuities report. 2. The company will maintain no workplace accidents, the company received a certificate zero accident. 3. The company continues to comply with the rules of remuneration. 4. The company will maintain. 5. The company will maintain on reporting number of daily worker to the Labour Office. 6. The company will maintain the use of PPE in accordance with the standards. 7. The company will implement OHSAS consistently. 8. The company will Report to the Labour office if there is a change of OHSAS structure. 9. The company will maintain. 10. The company will maintain and put priority workers from local residents. 11. The company will maintain. 12. The company will maintain applicability of operating license letter. 13. The company will maintain and register. 14. The company will maintain. 15. The company will maintain. 16. The company will maintain. 17. The company will maintain. 18. The company will maintain. 	<p>Companies are encouraged to apply the improved coordination with the relevant agencies to ensure the obedience with all regulations in terms of employment.</p> <p>Aspects of adherence to the regulations will be the object of examination in the next stage audit.</p>

Issues from Public	Management Response	Auditor Response
14. THR payment in accordance with the regulations. 15. The company has had independent trade unions and has been registered to labor office. 16. The relationship between the company and the labor office went well. 17. Fire extinguishers have been provided with quite good. 18. Competence for firefighters has been good and there is always a fire extinguisher.		
Forestry and Plantation Agency of Labuhanbatu District <ul style="list-style-type: none"> • Mandatory report have been reported regularly, for example Progress Plantation Business Report always be reported every 6 months. • Plantation Business Assessment has been conducted with the determination for PT. Indonesia Pangkatan get class 1, for Sennah and Bilah get class 2 • Communication goes well • Tools and fire brigade personnel are sufficient • The Company regularly monitors fires and reporting every six months in Environmental Management Plan Report • No fires during the last 1 year • There is no change in the operational activities • CSR is already conducted and thats enough. The company has been doing CSR activities in the field of education, regional development. • There is socialization of information that can be accessed to the public. • There is no issue about environmental pollution and social community. 	<ul style="list-style-type: none"> • The company will maintain to reporting the Mandatory Report accordance with legislation • The company will maintain • The company will maintain the communication with stakeholder • The company will maintain • The company will maintain to reporting the Environmental Management Plan Report • The company will maintain • The company will maintain • The company will maintain the CSR program • The company will maintain the socialization about information that can be accessed to the public. • The company will maintain 	Based on field visit and document verification, this is in accordance with Criteria 1.1; 2.1; 4.7; and 6.10.

Issues from Public	Management Response	Auditor Response
Land Agency of Labuhanbatu District <ul style="list-style-type: none"> Renewals for the concession certificate No. 1 of 1989 (PT. Surya Makmur), which ended in December 2018 conducted by the Regional Office of North Sumatra Province. Arrangements should be extended by the certificate holder (PT. Surya Makmur). There is no land disputes throughout the area. No areas of indigenous land in the area of operations. To lend use Land Permit need not be known by the National Agency, however there must be agreement between the two sides 	<ul style="list-style-type: none"> The company will maintain The company will maintain The company will maintain The company already has a letter of agreement between the two sides. 	<ul style="list-style-type: none"> The renewals of Land Permit has been progressed Based on field visit and interview with village around the company, there is no land dispute in the operational area. The company has a letter agreement with PT.Surya Makmur about lend use of Land Permit.
Environmental Agency of Labuhan Batu District. <ol style="list-style-type: none"> So far there are no significant changes to manage and monitor factor in all 3 company, so that the environmental permit for the 3 company has been no change. Composting activities at PT Pangkatan Indonesia has been entered in the UKL / UPL document in 2010. Reporting UKL / UPL has been submitted regularly every 6 months by the company. 1st semester report was submitted in July 2016. Permit of hazardous waste storage for all 3 company has been extended. For permit of hazardous waste of PT SSM has been extended in June 2016. The company cooperates with 3rd party in managing hazardous waste. Reporting quarter of hazardous waste has routinely delivered by the company. 	<ol style="list-style-type: none"> The company will maintain. The company will maintain. The company will retain Reporting UKL / UPL has delivered routinely per 6 months by company. The company will maintain. The company will maintain quarterly reporting of hazardous waste routinely delivered to the environment office. The company will maintain. The company will retain no environmental pollution due to the company's operations. The company will maintain the cleanliness. 	<p>Company is expected to maintain the performance that has been quite good.</p> <p>Management and monitoring of environmental effects must continue to be implemented consistently.</p>

Issues from Public	Management Response	Auditor Response
<p>6. Reporting 2nd quarter report submitted along with the 1st half of 2016 in the month of July 2016.</p> <p>7. Permit application liquid waste has been extended in May 2015. The company also has regularly reported the results of the monitoring of wastewater every 3 months. There are areas of the buffer zone in the area that serves to accommodate the WWTP effluent, in case of leakage. BOD effluent is eligible to apply to land (above 3,500 BOD tap below 5000).</p> <p>8. So far there are no complaints of environmental pollution caused by operational companies (3rd PT) on the public to BLHD.</p> <p>9. Plant clean. In general, estate management has been good. There were no reports of fire occurrence to BLHD. PT Pangkatan Indonesia gained 1st place in environmental management in order to celebrate the 2015 national environment.</p>		
<p>Pondok Batu Village (surrounding PT. Pangkatan Indonesia)</p> <ul style="list-style-type: none"> - Social interaction between company and villagers was good. - The company has gift some CSR, such as: Renovation of Mosque, Heavy equipment for roads maintenance, Renovaton of Sukamulia Elementary School, Integrated health post serving every month and Palm Oil Nursery training. - Head of village will be sending formal letter to funds help request. - The company has inviting head village on CSR 	<ul style="list-style-type: none"> • The company will defending between company and communities. • The company will defending it. 	<ul style="list-style-type: none"> • According to document verification, the company has realize CSR. • Accroding to document verification, the company has respond all request from communities. • According to document verification, the company has conduct public consultation at 30 December 2015. • According to document verification, the

Issues from Public	Management Response	Auditor Response
<p>program making.</p> <ul style="list-style-type: none"> - ± 30% resident of Sukamulia Sub Village was work on PT. Pangkatan Indonesia. - Until now there no issue and complaint from resident related to plantation and mill management. - Until now there no issue related land conflict between resident and company, it causes no new development by company. - There was no issue related land fire and environment contamination. - The company was socializing procedure of complaint. - The company has socializing HCV area. - The company has involve the communitas, when they are making CSR program year of 2016. - There are no intimidations or confrontation on maintain order, in addition there are no paramiliter using on problem solving. - There are no traditional right on company area. <p><u>Aspiration:</u></p> <ul style="list-style-type: none"> - Good relation shall be develope on the future. - The company can be developing opportunity chance and can gift local business opportunity, such as FFB supplier and FFB Transporter. - The company can give CSR on education sector - The company can gift salary to muadzin on mosque and preacher on church. 	<ul style="list-style-type: none"> • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will developing it. • Open recruitment according to company regulation. • The company will conduct CSR according to company regulation. 	<p>company has recruit local workers.</p> <ul style="list-style-type: none"> • According to document verification, there were no new development. • According to field observation and document verification, there are no evidence of land fire and environment contamination. • According to document verificatation and field observation, the company has install HCV signboard. • According to document verification, the company has policy related to prohibition of paramiliter using. • It's according to HCV document and legal verification. • Its according to document verification.

Issues from Public	Management Response	Auditor Response
	<ul style="list-style-type: none"> The company was gift salary to muadzin on mosque and preacher on church. 	
Kampung Padang Village (surrounding PT. Pangkatan Indonesia) <ul style="list-style-type: none"> - Social interaction between company and villagers was good. - ± 30 person of Kampung Padang were work on PT. Pangkatan Indonesia. - Until now there no issue related land conflict between resident and company, it causes no new development by company. - The company was socializing procedure of complaint. - The company has socializing HCV area. - The company has gift some CSR, such as: Renovation of Mosque, Heavy equipment for roads and trench maintenance; and Integrated health post serving every month - The company has involve the communities, when they are making CSR program year of 2016. - There are no intimidations or confrontation on maintain order, in addition there are no paramiliter using on problem solving. - There was no issue related land fire and environment contamination. - There are no traditional right on company area. 	<ul style="list-style-type: none"> The company will defending it. The company will defending it. The company will defending it. The company will defending it. The company will defending it. The company will defending it. The company will defending it. The company will defending it. The company will defending it. The company will defending it. 	<ul style="list-style-type: none"> According to document verification, the company has realize CSR. According to document verification, the company has recruit local workers. According to document verification, there were no new development. Accroding to document verification, the company has respond all request from communities. According to document verification, the company has conduct public consultation at 30 December 2015. According to document verification, the company has policy related to prohibition of paramiliter using. It's according to HCV document and legal verification.

Issues from Public	Management Response	Auditor Response
<p><u>Aspiration:</u></p> <ul style="list-style-type: none"> - The communities are allowed to graze cows in the mature plant area. - Job opportunity has submitted, however this time was never passed. - The company can gift opportunity business local, such as: FFB Supplier and FFB Transporter - The company can be gift well to the community. - Crocodile conserve must be consider safety of community, it cause crocodile was escape and arrested by the public. - The company can allowing community to catching fish on the river. 	<ul style="list-style-type: none"> • The company will take action according to company regulation. • The company was gift information opportunity job to the communities according to evidence. • The company will open recruitment according to company regulation • The company has developing water source for workers. • The company has conserve a crocodile according to community safety. • The company insists that catching fish activity in accordance to company regulations. 	<ul style="list-style-type: none"> • The company has policy to prohibiton of grace cows in the plantation area. • It's according to document verification. • It's according to document verification. • The company has CSR Program according to participatory of stakeholders. • According to field observation, crocodile habitats was closed. However it was boundary with Kundur River. • It's accrding to document verification.
<p>Perkebunan Bilah Village (Surrounding PT. Bilah Platindo)</p> <ul style="list-style-type: none"> - The company was established before Bilah Village. This village was developing from Negeri Lama Village. Nowadays all (four) sub village were in HGU area. - The company has realizing CSR program on Social, Education and Health sector. - Cemetery at Block I6 was no sacred. - All the workers in PT Bilah Platindo is Perkebunan 	<ul style="list-style-type: none"> • The company will defending it. • The company was HCV assessment on 2011. 	<ul style="list-style-type: none"> • Acording to document verification, the company has realize CSR. • Based on new area statement, this cemetery was others area.

Issues from Public	Management Response	Auditor Response
<p>Bilah Village resident.</p> <ul style="list-style-type: none"> - The company was socializing all SOP and HCV area, and we was received the copy of SOP. The latest meeting was conduct at 29 December 2015. - There was no issue related land fire and environment contamination. - There are no intimidations or confrontation on maintain order, in addition there are no paramiliter using on problem solving. - There are no traditional right on company area. <p><u>Aspiration:</u></p> <ul style="list-style-type: none"> - The company can lease some land to the village, it cause the village have some budget from the Central Government Program. 	<ul style="list-style-type: none"> • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • The company will defending it. • This is can't be approved, because this village was in HGU area. 	<ul style="list-style-type: none"> • It's according to woker list document verification. • According to document verification, the company has conduct public consultation at 29 December 2015. • According to field observation and document verification, there are no evidence of land fire and environment contamination. • According to document verification, the company has policy related to prohibition of paramiliter using. • It's according to HCV document and legal verification. • According to legal document verification, HGU must be accoring to its purpose.
<p>Worker Union (PM PT Pangkatan Indonesia)</p> <p>SPPM period 2015/2016 chaired by Mr Ginting scope Pangkatan Estate and Factory. The organizational structure has been reported to related agency, however not yet ratified.</p> <p>SPMP has an office located in the emplacement Pangkatan Estate, the activities carried out include forming PKB 2 years (2015 to 2017), the evaluation of PKB, socialization to the workers concerned RSPO and Rights</p>	<p>The company will maintain and establish cooperation with Workers union</p>	<p>Based on field visit and document verification, this is in accordance with Criteria 6.6.1 and 6.6.2</p>

Issues from Public	Management Response	Auditor Response
<p>& Obligations Workers, as well as meet regularly (the last meeting conducted on June 30, 2016).</p> <p>SPMP routine to disseminate to employees regarding to the Rights and Obligations of workers and how to report. Until now there are no reports coming from workers associated with the violation of workers' rights. The Company has granted the rights of workers in accordance with an agreement which stipulated in the PKB, for example: wages, overtime, fixed allowances, health insurance, PPE and other supporting facilities.</p>		
<p>Local contractor for EFB and Compost Transportation on Pangkatan Estate (Bp. Meswanto)</p> <p>Local contractor for cutting grass on Bilah Estate (Ibu Tety Yulianti)</p> <p>Local Contractor for FFB transportation on Bilah Esatet (Bp. Khairul)</p> <p>Letter Employment Agreement (SPK) signed by both parties and has been understood by contractors, including the deal price, payment terms and obligations of the contractor to workers and the environment.</p> <p>Wages, APD, insurance against work accidents for workers is the responsibility of the contractor. Wages and</p>	<p>The company will maintain</p>	<p>Based on field visit and document verification, this is in accordance with Criteria 4.1.4; 4.7.6; 6.5.1; 6.11.1 and 6.11.2</p>

Issues from Public	Management Response	Auditor Response
<p>PPE has been given to workers in accordance with the agreement. Until now there has been no incidence of severe occupational accidents suffered by workers.</p> <p>Contractors have gained RSPO socialization of Manager and Assistant regularly, such as the obligation to use PPE at work, ban on polluting the environment, the ban on hunting and killing animals, etc.</p> <p>The company has provided positive contribution to the surrounding community, including local contractors, eg employment and trying, increased income communities and local contractors, funding and roadwork.</p>		
<p>FFB Supplayer (Bp Marihot Sibarani)</p> <p>Letter Employment Agreement (SPK) signed by both parties and has been understood by the contractor including the price agreements (Rp..1545 / kg), time of payment (1 week 2 time payment) and obligations of the contractor to workers (wages, PPE, work accident insurance), the prohibition mencemaraikan environment, ban hunting and killing animals.</p> <p>Fresh Fruit Bunches (FFB) is supplied to Pangkatan POM come from farmers' fields around (203 farmers) who had clear ownership.</p>	<p>The company will maintain</p>	<p>Based on field visit and document verification, this is in accordance with Criteria 4.1.4; 4.7.6; 6.5.1; 6.11.1 and 6.11.2</p>

Issues from Public	Management Response	Auditor Response
<p>The company has provided positive contribution to the surrounding community, including local contractors, eg employment and trying, increased income communities and local contractors, funding and roadwork.</p>		
<p>Worker Union (SPM PT Bilah Platindo)</p> <p>SPBM 2015/2017 period chaired by Mr. S. Ginter scope PT Bilah Platindo, Bilah Estate. The organizational structure has been reported to Disnakertrans Kab. Labuhanbatu</p> <p>SBPM has an office located in the emplacement Bilah Estate, the activities carried out include forming PKB 2 years (2015 s / d 2017), the evaluation of PKB, socialization to employees in relation to the RSPO and the Rights and Obligations Workers, and conduct regular meetings (the last meeting held on August 23, 2016).</p> <p>SPMP routine to disseminate to employees regarding to the Rights and Obligations of workers and how to report. Until now there are no reports coming from workers associated with the violation of workers' rights. The Company has granted the rights of workers in accordance with an agreement which stipulated in the CBA, for example: wages, overtime, fixed allowances, health insurance, APD and other supporting facilities.</p> <p>Based on interviews, it is known that there are no underage workers, labor discrimination, sexual harassment, and violations of women's rights. Labor came from the surrounding community.</p>	<p>The company will maintain</p>	<p>Based on field visit and document verification, this is in accordance with Criteria 6.6.1; 6.6.2</p>

Issues from Public	Management Response	Auditor Response
<p>Committee Gender PT Bilah Platindo.</p> <p>Gender Committee began meeting regularly to find out the gender issue, and also to disseminate to women workers regarding the rights and obligations of women and how to report if there are problems. Until now no complaints / reports coming to commite gender-related violations of women's rights, for example sexual abuse, domestic violence, etc.).</p>	<p>The company will maintain</p>	<p>Based on field visit and document verification, this is in accordance with Criteria 6.9.1</p>

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

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

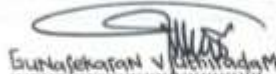
Signed on behalf of:

PT. Pangkatan Indonesia
MP Evans Group PLC
Head of Operation Agronomy (SUMUT)

Mutuagung Lestari

Lead Auditor

PT PANGKATAN INDONESIA


Sumatsekaran V. Krishnam
Thursday, 25/August/2016



Trismadi Nurbayuto
Thursday, 25/August/2016

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Manpower and Transmigration Agency	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
2	Forestry and Plantation Agency	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
3	National Land Agency	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
4	Environmental Agency	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
3	Kampung Padang Village	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
4	Pondok Batu Village	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
5	Perkebunan Bilah Village	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 24 th , 2015	√	
6	Local Contractor	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
7	Independent Worker Union at PT Bilah Plantindo	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 24 th , 2016	√	
8	Independent Worker Union at PT. Pangkatan Indonesia	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
10	FFB Supplier	Labuhanbatu District, Sumatera Utara Province, Indonesia	-	Interview	August 23 th , 2016	√	
12	Sawit Watch	Jakarta	informasi@walhi.or.id and info@walhi.or.id	Questionnaire send by email	August 09 th , 2015		√
13	Wahana Lingkungan Hidup Indonesia	Jakarta	informasi@walhi.or.id and info@walhi.or.id	Questionnaire send by email	August 09 th , 2015		√
14	WWF Indonesia	Jakarta	wwf-indonesia@wwf.or.id	Questionnaire send by email	August 09 th , 2015		√

Appendix 2. Assessment Program

DATE / TANGGAL		22 – 26 August 2016	
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR
Monday/Senin, 22 August 2016			
05.30 - 08.00	05.30 - 08.00	JAKARTA → KUALANAMU → MEDAN	• TNB / RRI / MRD / SHL
10.30 - 15.30	10.30 - 15.30	MEDAN → RANTAU PRAPAT	• TNB / RRI / MRD / SHL
16.30 - 17.30	16.30 - 17.30	RANTAU PRAPAT → PT.PANGKATAN INDONESIA	• TNB / RRI / MRD / SHL
Tuesday/Selasa, 23 August 2016			
07.30 – 08.00		OPENING MEETING	• TNB / RRI / MRD / SHL
08.00 – 12.00	07.30 – 08.00	<ul style="list-style-type: none"> Brief Introduction, Audit scope confirmation, Standards Use, Audit Objectives and Audit Agenda Explanation Stakeholders consultation to Related Government Institution (Labuhan Batu District Government and local NGO) Stakeholders consultation to Company surrounded village and community leader (confirmation for meeting venue), local contractor and worker union. 	<ul style="list-style-type: none"> RRI / MRD TNB / SHL
12.00 – 14.00	08.00 – 12.00	BREAK	
14.00 – 17.00	12.00 – 14.00	PANGKATAN POM : WWTP (IPAL), Operational, K3 (OHS), Supply Chain, Hazardous Waste Material (B3) management, CPO contractor	• TNB / RRI / MRD / SHL
Wednesday/ Rabu, 24 August 2016			
08.00 – 12.00	07.30 – 08.00	Field Observation PT BILAH PLATINDO <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, Best Agricultural Practices, EFB Mulching, Integrated Pest Management, Water management on peat area, Worker Welfare (payments, complaint mechanism). Legal operational boundary and Conservation (HCV) Area Hazardous Waste Material management, Worker facilities (housing, health clinic, clean water, etc), Land Fire facilities, Chemical Storage, ect. 	<ul style="list-style-type: none"> RRI / MRD TNB SHL
12.00 – 14.00	08.00 – 12.00	BREAK	
14.00 – 17.00	12.00 – 14.00	• Continue Field Observation to PT BILAH PLATINDO and field observation clarification	• TNB / RRI / MRD / SHL
Thursday/ Kamis, 25 August 2016			
08.00 – 12.00	07.30 – 08.00	Field Observation PT PANGKATAN INDONESIA <ul style="list-style-type: none"> Manuring, Spraying, Harvesting, Best Agricultural Practices, EFB Mulching, Integrated Pest Management, Land Application, and Worker Welfare (payments, complaint mechanism) Legal operational boundary and Conservation (HCV) Area Worker facilities (housing, health clinic, clean water, etc), Land Fire facilities, Chemical Storage, Hazardous Waste Material management, ect 	<ul style="list-style-type: none"> RRI / MRD TNB SHL

DATE / TANGGAL		22 – 26 August 2016	
PLANNED TIME <i>RENCANA WAKTU</i>	ACTUAL DURATION <i>DURASI AKTUAL</i>	PROCESSES / CLAUSES TO BE AUDITED <i>PROSES / HAL YANG DIAUDIT</i>	AUDITOR
12.00 – 14.00	08.00 – 12.00	BREAK	
14.00 – 16.00	12.00 – 14.00	<ul style="list-style-type: none">Continue Field Observation to PT PANGKATAN INDONESIA and field observation clarificationContinue checklist and audit finding preparationClosing MeetingPT PANGKATAN INDONESIA → RANTAU PRAPAT → MEDAN	<ul style="list-style-type: none">TNB / RRI / MRD / SHL
16.00 – 17.30			<ul style="list-style-type: none">TNB / RRI / MRD / SHL
19.00 – 20.30			<ul style="list-style-type: none">TNB / RRI / MRD / SHL
23.00 – 04.30			<ul style="list-style-type: none">TNB / RRI / MRD / SHL
Friday/Jumat, 26 August 2016			
08.30 –	08.30 – 11.30	KUALANAMU → JAKARTA	<ul style="list-style-type: none">TNB / RRI / MRD / SHL