

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

Stage-1 Stage-2 Surveillance Re-Certification

Name of Management Organisation : Bah Jambi Palm Oil Mill subsidiary of PT Perkebunan Nusantara IV

Plantation Name : Bah Jambi Estate and Marihat Estate

Location : Village of Bah Jambi I Sub District Jawa Maraja, District of Simalungun, Province of Sumatera Utara, Indonesia.

Certificate Code : MUTU-RSPO/109

Date of Certificate Issue : 23 February 2018

Date of License Issue : 23 February 2018

Date of Certificate Expiry : 22 February 2023

Date of License Expiry : 23 February 2019

| Assessment | Assessment Date | PT. Mutuagung Lestari Auditor | Reviewed by | Approved by |
|-----------------|--|--|--------------------|-------------|
| ST-1 | Bah Jambi POM and Estate 07 – 09 October 2015 | Octo HPN Nainggolan (Lead Auditor) Naila Karima, Sahat Simarmata, Joko Alam | Ganapathy Ramasamy | Ardiansyah |
| | Marihat Estate 22-25 January 2017 | Trismadi Nurbayuto (LA), Andi Pratama Pasaribu, Rizliani Aprianita Hasibuan, Yohanes Hardian, Satria Adi Putra (observer) | | |
| ST-2 | 29 May - 3 June 2017 | Trismadi Nurbayuto (LA), Andi Pratama Pasaribu, Fuji Lestari, Rizliani Aprianita Hasibuan, Yohanes Hardian. | | |
| NC Verification | 16 – 18 January 2018 | Ardiansyah (LA), Mahmud Firdaus, Benli Manurung | | |

| Assessment | Approved by MUTUAGUNG LESTARI on |
|------------|----------------------------------|
| ST-2 | 23 February 2018 |

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Figure 1. Location Map of Bah Jambi POM

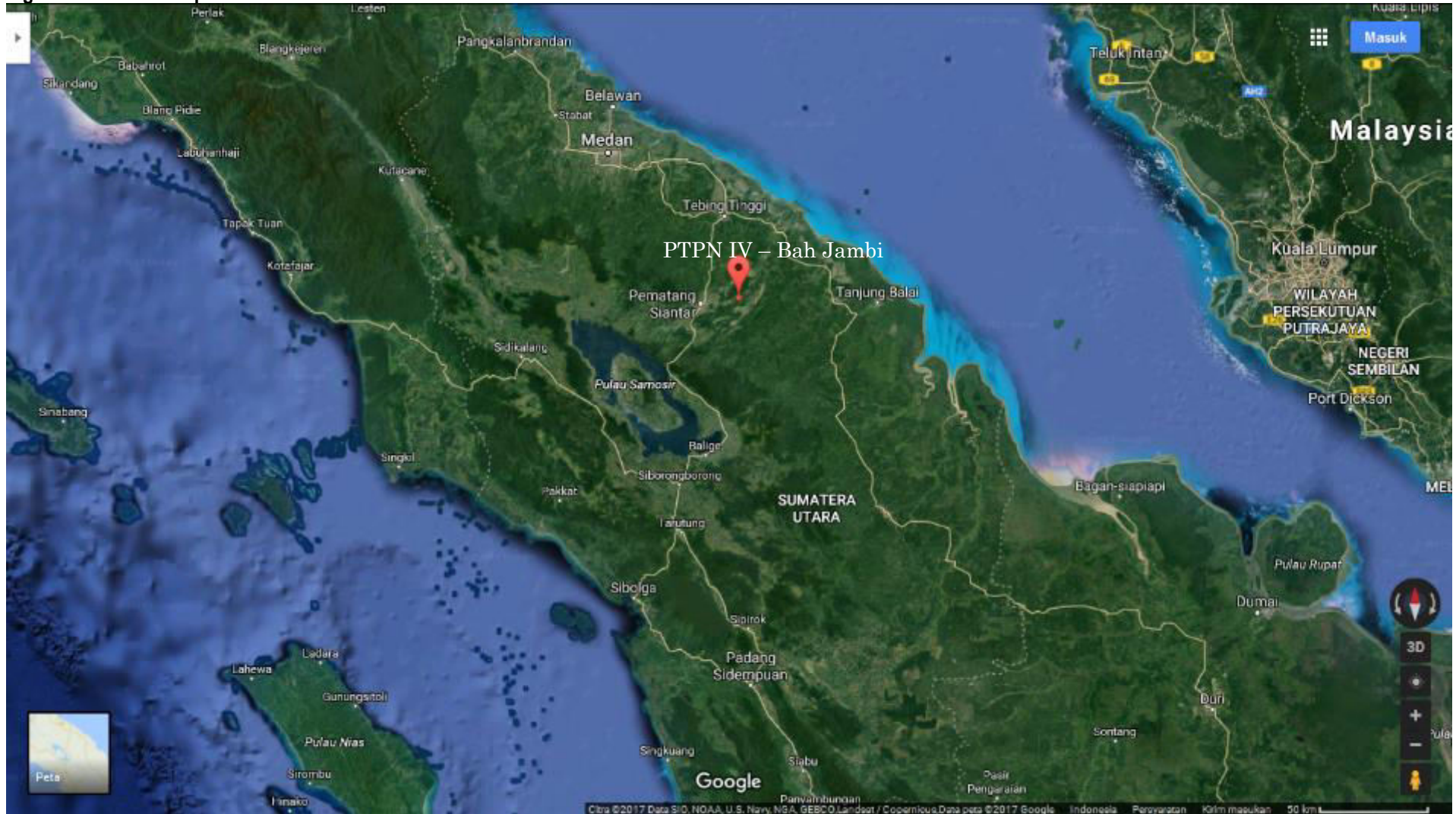


Figure 2. Location Map of Marihat Estate

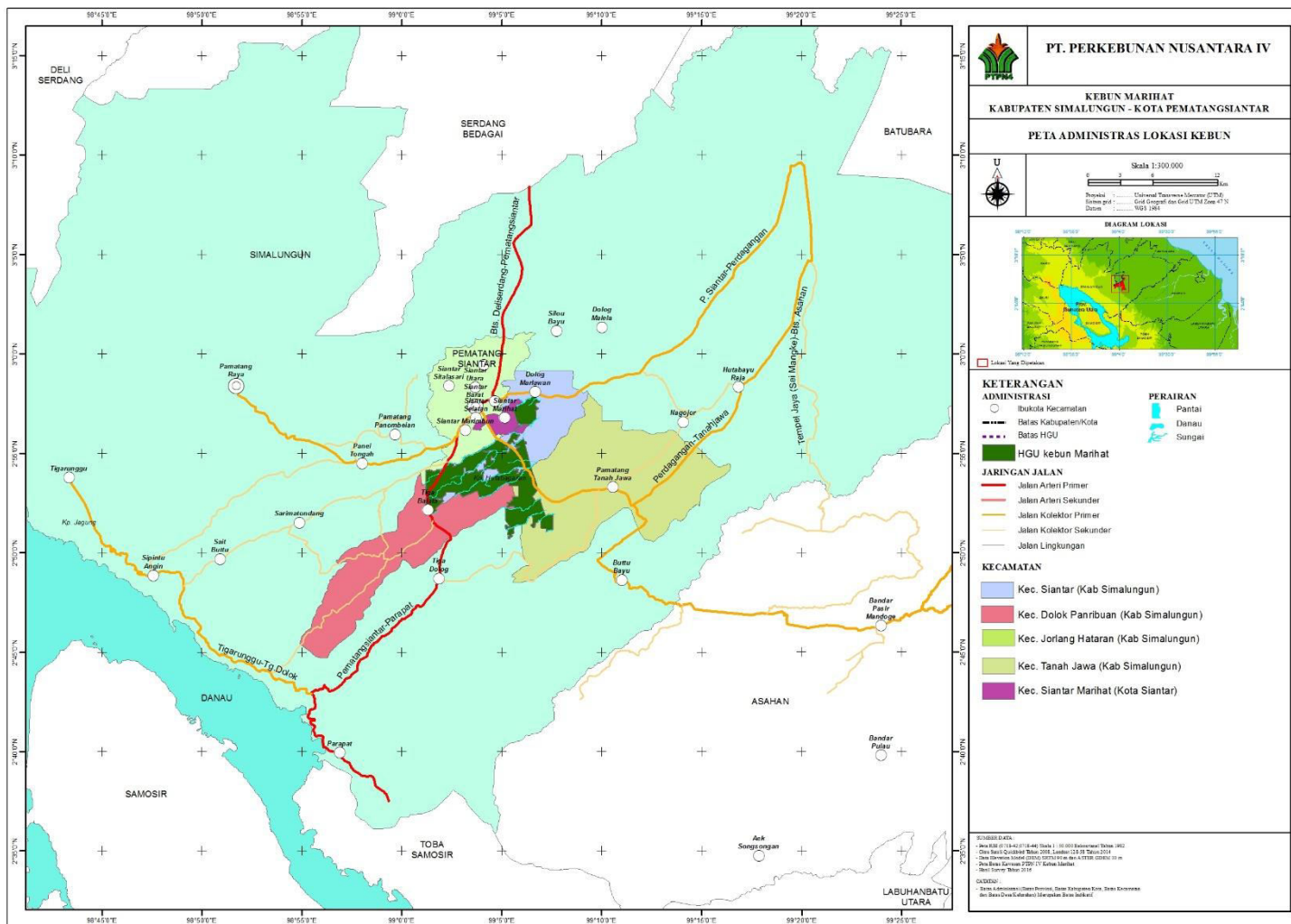


Figure 3. Operational Map of Bah Jambi Estate

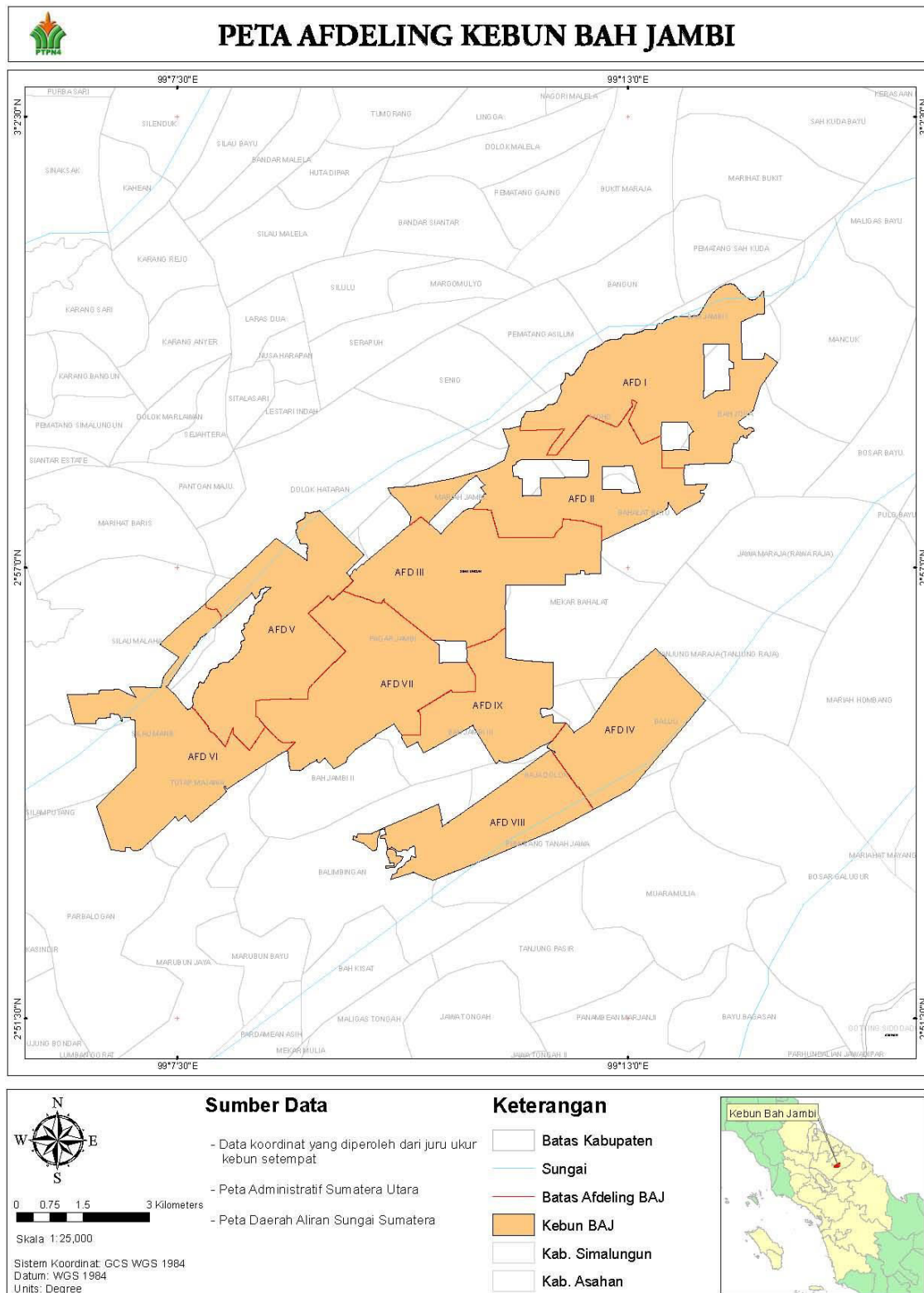
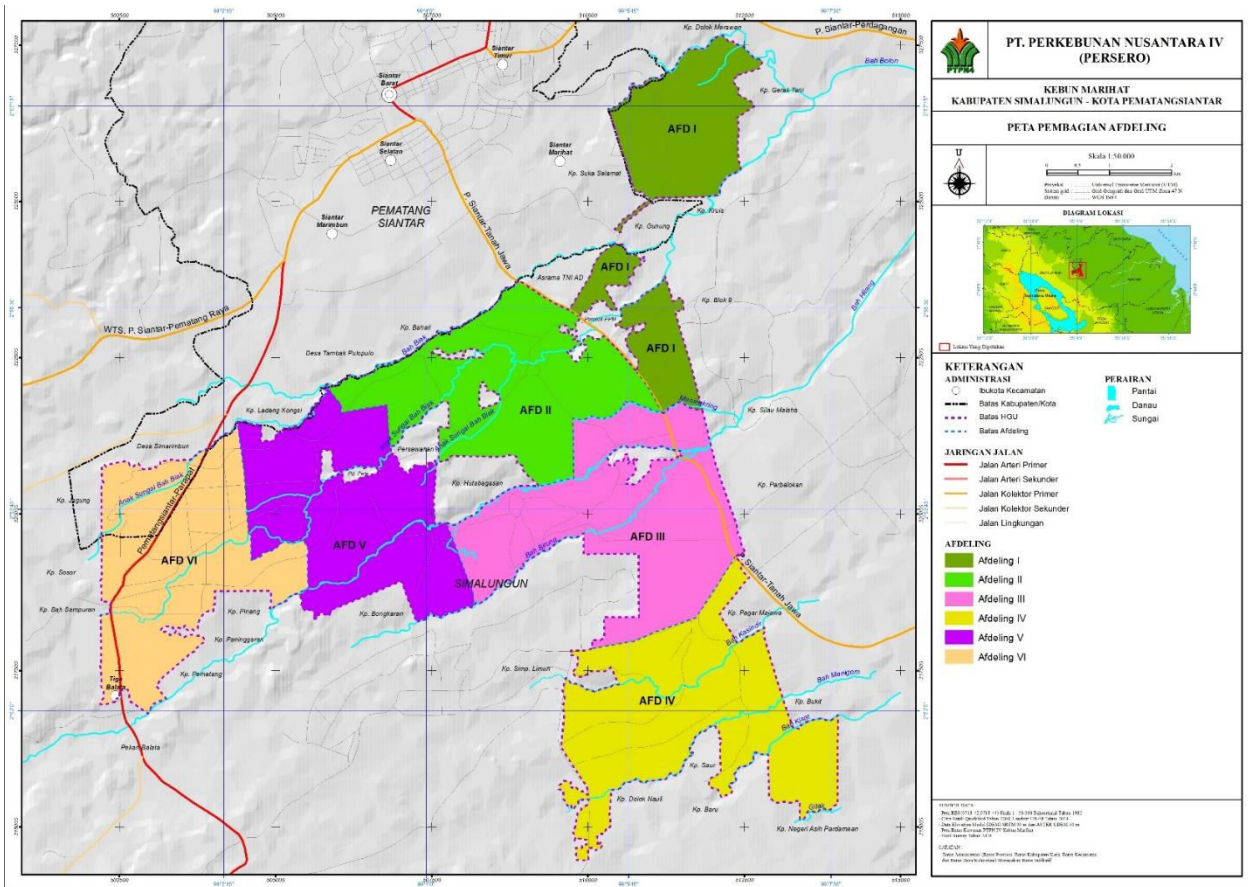


Figure 4. Operational Map of Marihat Estate



Abbreviations Used

| | | |
|-----------|---|--|
| ASA | : | Annual Surveillance Assesment |
| Bapedalda | : | <i>Badan Pengendalian Dampak Lingkungan Daerah</i> (Regional Environmental Impact Management Agency) |
| BOD | : | Biological Oxygen Demand |
| BPJS | : | <i>Badan Penyelenggara Jaminan Sosial</i> (Social Insurance) |
| CPO | : | Crude Palm Oil |
| CSR | : | Corporate Social Responsibility |
| EFB | : | Empty Fruit Bunch |
| FFA | : | Free Fatty Accid |
| FFB | : | Fresh Fruit Bunch |
| GHG | : | Green House Gass |
| GUU | : | <i>Group Unit Usaha</i> (Business Unit Group) |
| HCV | : | High Conservation Value |
| HGU | : | <i>Hak Guna Usaha</i> (Land Use Permit) |
| HIRAC | : | Hazard Identification Risk Assessment and Control |
| HR | : | Human Resources |
| HSE | : | Health Safety and Environmental |
| IOPRI | : | Indonesian Oil Palm Research Institute |
| IPM | : | Intergrated Pest Management |
| ISO | : | International Organization for Standardization |
| ISPO | : | Indonesian Sustainable Palm Oil |
| JHT | : | <i>Jaminan Hari Tua</i> (Pension Insurance) |
| JKK | : | <i>Jaminan Kecelakaan Kerja</i> (Work Accident Insurance) |
| JKM | : | <i>Jaminan Kematian</i> (Life Insurance) |
| LPUP | : | <i>Laporan Perkembangan Usaha Perkebunan</i> (Plantation Business Report) |
| MR | : | Management Representative |
| MSDS | : | Material Safety Data Sheet |
| NGO | : | Non Government Organization |
| OER | : | Oil Extraction Rate |
| OHS | : | Occupational Health and Safety |
| PIC | : | Person In Charge |
| PK | : | Palm Kernel |
| POM | : | Palm Oil Mill |
| PKO | : | Palm Kernel Oil |
| POM | : | Palm Oil Mill |
| POME | : | Palm Oil Mill Effluent |
| PP | : | <i>Peraturan Pemerintah</i> (Government Regulation) |
| PPE | : | Personal Protection Equipment |
| PPKS | : | <i>Pusat Penelitian Kelapa Sawit</i> (oil palm research center) |
| PTPN | : | <i>Perseroan Terbatas Perkebunan Nusantara</i> |
| RKAP | : | <i>Rencana Kerja dan Anggaran Perusahaan</i> (Work Plan and Corporate Budget) |
| RKL/RPL | : | <i>Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan</i> (Environmental Management and Monitoring Plan) |
| ROE | : | Return of Equity |
| ROI | : | Return On Investment |
| SIA | : | Social Impact Assessment |
| SOP | : | Standard Operational Procedures |
| SP-Bun | : | <i>Serikat Pekerja Perkebunan</i> (Labor Union) |
| Walhi | : | <i>Wahana Lingkungan Hidup</i> |

| | | |
|------|---|-----------------------------|
| WTP | : | Water Treatment Plant |
| WWF | : | World Wide Fund |
| WWTP | : | Waste Water Treatment Plant |

| | | | |
|------------|---|--|----------------------------------|
| 1.0 | SCOPE of the CERTIFICATION ASSESSMENT | | |
| 1.1 | Assessment Standard Used | <ul style="list-style-type: none"> • RSPO P & C Indonesian National Interpretation 2013, endorsed September 2016 • RSPO Supply Chain Requirement for CPO Mill, 2014 • RSPO Certification System June 2007, revised March 2011 | |
| 1.2 | Organisation Information | | |
| 1.2.1 | Organisation name listed in the certificate | PT Perkebunan Nusantara IV | |
| 1.2.2 | Contact person | Ade Reza Kurniawan | |
| 1.2.3 | Organisation address and site address | <p>Head Office: Jalan Letjen Suprpto No.2, 20151, Medan, Sumatera Utara, Indonesia</p> <p>Bah Jambi POM and Bah Jambi Estate: Bah Jambi I Village, Jawa Maraja Sub District, Simalungun District, Sumatera Utara, Indonesia</p> <p>Marihat Estate Silampuyang Village, Siantar Sub District, Simalungun District, Sumatera Utara, Indonesia</p> | |
| 1.2.4 | Telephone | (62-61) 415 4666 | |
| 1.2.5 | Fax | (62-61) 457 3117 | |
| 1.2.6 | E-mail | perencanaan@ptpn4.co.id | |
| 1.2.7 | Web page address | www.ptpn4.co.id | |
| 1.2.8 | Management Representative who completed the application for certification | Biduri Marahimin | |
| 1.2.9 | Registered as RSPO member | 1-0082-09-000-00, 29 June 2009 | |
| 1.3 | Type of Assessment | | |
| 1.3.1 | Scope of Assessment and Number of Management Unit | POM and its supply base: Bah Jambi POM, Bah Jambi Estate and Marihat Estate | |
| 1.3.2 | Type of certificate | Single | |
| 1.4 | Locations of Mill and Plantation | | |
| 1.4.1 | Location of Mill | | |
| | Name of Mill | Location | Coordinate |
| | | | Latitude Longitude |
| | Bah Jambi | Bah Jambi I Village, Jawa Maraja Sub District, Simalungun District, Sumatera Utara Province, Indonesia | N 02° 59' 18" E 99° 13' 13" |
| 1.4.2 | Location of Certification Scope of Supply Base | | |
| | Name of Supply Base | Location | Coordinate |
| | | | Latitude Longitude |
| | Bah Jambi | Bah Jambi I Village, Jawa Maraja Sub District, Simalungun District, Sumatera | N 02° 59' 08" E 99° 13' 02" |

| | | | |
|---------|--|---------------|---------------|
| | Utara Province, Indonesia | | |
| Marihat | Silampuyang Village, Siantar Sub District, Simalungun District, Sumatera Utara Province, Indonesia | N 02° 56' 49" | E 99° 05' 59" |

1.5 Description of Area Statement

| | | |
|-------|-------------|--------------|
| 1.5.1 | Tenure | |
| | • State | 11,988.29 Ha |
| | • Community | - Ha |

Note:
Bah Jambi Land Title 4,401.23 Ha
Dolok Sinumbah Title 6,332.97 Ha (2,173.40 Ha operated by Bah Jambi Estate)
Marihat Land Title 4,413.66 Ha

| 1.5.2 | Area Statement | Bah Jambi | Marihat | Total |
|-------|--------------------------------------|-----------|----------|--------------|
| | • Total area according to Land Title | 7,574.63 | 4,413.66 | 11,988.29 Ha |
| | • Total area certification scope | 7,396.63 | 4,370.66 | 11,767.29 Ha |
| | • Mature area | 3,571.80 | 3,739.25 | 7,311.05 Ha |
| | • Immature area | 1,810.48 | 214.95 | 2,025.43 Ha |
| | • Replanting Plan | 608.05 | 264.45 | 872.50 Ha |
| | • Emplishment/ Infrastructure/ Mill | 557.73 | 52.16 | 609.89 Ha |
| | • Unplantable Area | | | 0.00 |
| | - Riparian | - | - | 0.00 Ha |
| | - Slope Area | 62.13 | - | 62.13 Ha |
| | - Hiaten Area | 138.77 | - | 138.77 Ha |
| | • Nursery | 31.00 | - | 31.00 Ha |
| | • Occupation | 12.00 | - | 12.00 Ha |
| | • HCV | 604.67 | 99.85 | 704.52 Ha |
| | • Research Area of IOPRI** | 178.00 | 43.00 | 221.00 Ha |

*** Research Area of IOPRI excluded from certification scope*
Source: Areal Statement 02 January 2018

1.6 Planting Year and Cycles

| 1.6.1 | Age profile of planting year | | | |
|-------|------------------------------|----------------|---------|--------|
| | Planting Year | Hectarage (Ha) | | |
| | | Bah Jambi | Marihat | Total |
| | Mature Area | | | |
| | 1987 | - | 378.00 | 378.00 |
| | 1991 | - | 237.80 | 237.80 |
| | 1992 | - | 39.65 | 39.65 |
| | 1993 | 211.00 | 174.20 | 385.20 |
| | 1994 | 162.00 | 117.50 | 279.50 |
| | 1995 | 303.00 | 157.05 | 460.05 |
| | 1996 | 228.90 | 162.70 | 391.60 |
| | 1997 | 213.00 | - | 213.00 |

| 1998 | - | 157.00 | 157.00 | | | |
|--|---|--------------------------------|----------------------|--|----------------------|-------------------|
| 1999 | 149.00 | 522.15 | 671.15 | | | |
| 2000 | 280.00 | 24.00 | 304.00 | | | |
| 2001 | - | 145.00 | 145.00 | | | |
| 2003 | 178.00 | - | 178.00 | | | |
| 2004 | 218.50 | 383.95 | 602.45 | | | |
| 2005 | 179.00 | 316.35 | 495.35 | | | |
| 2006 | 310.50 | - | 310.50 | | | |
| 2007 | 272.50 | 464.40 | 736.90 | | | |
| 2008 | 290.20 | - | 290.20 | | | |
| 2009 | 331.90 | 7.00 | 338.90 | | | |
| 2010 | 174.30 | 345.50 | 519.80 | | | |
| 2011 | 70.00 | 107.00 | 177.00 | | | |
| Immature Area | | | | | | |
| 2015 | 820.78 | - | 820.78 | | | |
| 2016 | 616.75 | 214.95 | 831.70 | | | |
| 2017 | 372.95 | - | 372.95 | | | |
| TOTAL | 5,382.28 | 3,954.20 | 9,336.48 | | | |
| 1.6.2 | New Planting area after January 2010 | - Ha | | | | |
| 1.6.3 | Planting Cycle | 2 nd Cycle | | | | |
| 1.7 | Description of Mill and Supply Base | | | | | |
| 1.7.1 | Description of Mill | | | | | |
| Name of Mill | Capacity (tonnes/ hour) | FFB Processed (tonnes/year) | CPO | | Palm Kernel | |
| | | | Out put (tonnes) | Extraction (%) | Out put (tonnes) | Extraction (%) |
| Bah Jambi | 60 | 286,812.71 | 69,445.56 | 24.21 | 10,304.09 | 3.59 |
| <i>*Production data source from May 2016 – April 2017</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) | % |
| Bah Jambi | 7,396.63 | 5,382.28 | 103,846.18 | 19.29 | 103,846.18 | 100 |
| Marihat | 4,370.66 | 3,954.20 | 75,242.97 | 18.57 | 75,242.97 | 100 |
| TOTAL | 11,767.29 | 9,336.48 | 179,089.15 | 19.61 | 179,089.15 | 100 |
| <i>*Production data source from May 2016 – April 2017</i> | | | | | | |
| 1.7.3 | FFB description from other source | | | | | |
| Name of sources/Organisation (RSPO certified / non-certified) | Type of Organisation | number of smallholders | Production Area (Ha) | Supplied to Mill FFB (tonnes/year) | | |

| | | | | |
|---------------------------------|---------------------------------------|---|----------|-------------------|
| Balimbangan Estate (PTPN IV) | Assosiated Outgrower (non certified) | - | 3,981.94 | 19,385.53 |
| Marjandi Estate (PTPN IV) | Assosiated Outgrower (non certified) | - | 1,891.70 | 34,507.03 |
| Tonduhan Estate (PTPN IV) | Assosiated Outgrower (non certified) | - | 2,457.86 | 8,891.69 |
| Dolok Sinumbah Estate (PTPN IV) | Assosiated Outgrower (non certified) | - | 4,159.57 | 1,248.12 |
| Bah Birong Ulu Estate (PTPN IV) | Assosiated Outgrower (non certified) | - | 2,175.40 | 40,849.35 |
| Sei Kopas Estate (PTPN IV) | Assosiated Outgrower (non certified) | - | 6,934.72 | 1,460.94 |
| Research Area PPKS | Independent Outgrower (Non Certified) | - | 221.00 | 1,380.90 |
| TOTAL | | | | 107,723.56 |

**Production data source from May 2016 – April 2017*

| | | |
|-------|--------------------|--------------|
| 1.7.4 | Product categories | FFB, CPO, PK |
|-------|--------------------|--------------|

1.8 Estimate Tonnage of Certified Product

| 1.8.1 | Product type | Previous Certificate Claim to (tonnes/year) | Actual certified product to (tonnes/year) | Product Sold | | |
|-------|---------------|---|---|----------------|----------------|----------------|
| | | | | RSPO Certified | RSPO Certified | RSPO Certified |
| | • FFB | - | - | - | - | - |
| | • CPO | - | - | - | - | - |
| | • Palm Kernel | - | - | - | - | - |

**Actual FFB, CPO and PK produce and sold will verified during the next assessment*

1.8.2 Estimate of Certified FFB Claim

| Name of Estate(s) | Total Area (Ha) | Planted Area (Ha) | FFB (tonnes/year) | Yield (tonnes/ha/year) |
|-------------------|------------------|-------------------|-------------------|------------------------|
| Bah Jambi | 7,396.63 | 5,382.28 | 109,038 | 20.25 |
| Marihat | 4,370.66 | 3,954.20 | 79,004 | 19.49 |
| TOTAL | 11,767.29 | 9,336.48 | 188,042 | 20,14 |

**Projected FFB production for January – December 2017*

1.8.3 Estimate of Certified Palm Product Claim

| Name of Mill | Capacity (tonnes/ hour) | FFB Processed (tonnes/year) | CPO | | Palm Kernel | | Supply Chain Module |
|--------------|-------------------------|-----------------------------|------------------|----------------|------------------|----------------|---------------------|
| | | | Out put (tonnes) | Extraction (%) | Out put (tonnes) | Extraction (%) | |
| Bah Jambi | 60 | 188,042 | 46,408 | 24.68 | 9,026 | 4.80 | MB |

**Projected FFB production for January – December 2017*

1.9 Other Certifications

| | |
|------------------|---|
| ISO 9001:2008 | - |
| ISO 14001: 2004 | - |
| OHSAS 18001:2007 | - |
| ISCC | - |

| | | | | | | |
|---------------|---|------------------------|-----------------------------|------------------------|--|---------------|
| Others | | | | | | - |
| 1.10 | Time Bound Plan | | | | | |
| 1.10.1 | Time Bound Plan for Other Management Units | | | | | |
| | Management Unit | | Estate (Supply Base) | Time Bound Plan | Location | Status |
| | MILL | Time Bound Plan | | | | |
| | Pabatu | 2015 | Pabatu | 2015 | Serdang Bedagai, Sumatera Utara | Certified |
| | Dolok Ilir | 2015 | Dolok Ilir | 2015 | Simalungun, Sumatera Utara | Certified |
| | | | Laras | 2018 | Simalungun, Sumatera Utara | Audited |
| | Pulu Raja | 2015 | Pulu Raja | 2015 | Asahan, Sumatera Utara | Certified |
| | Adolina | 2017 | Adolina | 2017 | Serdang Bedagai and Deli Serdang, Sumatera Utara | Stage-2 |
| | Bah Jambi | 2017 | Bah Jambi | 2017 | Simalungun, Sumatera Utara | Stage-2 |
| | | | Marihat | 2017 | Simalungun, Sumatera Utara | Stage-2 |
| | | | Bah Birung Ulu | 2018 | Simalungun, Sumatera Utara | Stage-1 Audit |
| | | | Marjandi | 2018 | Simalungun, Sumatera Utara | Audited |
| | Dolok Sinumbah | 2018 | Dolok Sinumbah | 2018 | Simalungun, Sumatera Utara | Stage-2 |
| | | | Balimbingan | 2018 | Simalungun, Sumatera Utara | Audited |
| | Mayang | 2018 | Mayang | 2018 | Simalungun, Sumatera Utara | Preparation |
| | | | Bukit Lima | 2018 | Simalungun, Sumatera Utara | Preparation |
| | Gunung Bayu | 2018 | Gunung Bayu | 2018 | Simalungun, Sumatera Utara | Preparation |
| | | | Tanah Itam Ulu | 2018 | Simalungun, Sumatera Utara | Preparation |
| | Tinjowan | 2018 | Tinjowan | 2018 | Simalungun, Sumatera Utara | Preparation |
| | | | Aek Nauli | 2018 | Simalungun, Sumatera Utara | Preparation |
| | | | Padang Matinggi | 2018 | Simalungun, Sumatera Utara | Preparation |
| | Air Batu | 2018 | Air Batu | 2018 | Asahan, Sumatera Utara | Stage-1 Audit |
| | Berangir | 2018 | Berangir | 2018 | Labuhan Batu Utara, Sumatera Utara | Stage-1 Audit |
| | Sawit Langkat | 2018 | Sawit Langkat | 2018 | Langkat, Sumatera Utara | Stage-2 |
| | Pasir Mandoge | 2018 | Pasir Mandoge | 2018 | Asahan, Sumatera Utara | Stage-1 Audit |
| | | | Sei Kopas | 2018 | Asahan, Sumatera Utara | Stage-1 Audit |
| | | | Tonduhan | 2018 | Simalungun, Sumatera Utara | Stage-1 Audit |
| | Timur | 2019 | Timur | 2019 | Mandailing Natal, Sumatera Utara | Preparation |
| | | | Balap | 2019 | Mandailing Natal, Sumatera Utara | Preparation |
| | Ajamu | 2019 | Ajamu | 2019 | Labuhan Batu Utara, Sumatera Utara | Preparation |
| | | | Meranti Paham | 2019 | Labuhan Batu Utara, Sumatera Utara | Preparation |
| | | | Panai Jaya | 2019 | Labuhan Batu Utara, Sumatera Utara | Preparation |
| | Sosa | 2019 | Sosa | 2019 | Padang Lawas, Sumatera Utara | Preparation |

| | | | | | | |
|--------|--|------|---------------------------------|------|--------------------------|-------------|
| | PT Agro Sinergi Nusantara | 2020 | PT Agro Sinergi Nusantara | 2020 | Aceh Barat, Aceh | Preparation |
| | PT Perkebunan Sinergi Nusantara | 2020 | PT Perkebunan Sinergi Nusantara | 2020 | Morowali Utara, Sulawesi | Preparation |
| | <i>*Time bound plan January 2018</i> | | | | | |
| 1.10.2 | Progress of Associated Smallholders and Outgrowers for Certifiable Standard | | | | | |
| | Bah Jambi Mill does not accept FFB from outgrower. | | | | | |

| | |
|------------------------|---|
| 2.0 | ASSESSMENT PROCESS |
| 2.1 | Assessment Team |
| ST-2 | <ol style="list-style-type: none"> Trismadi Nurbayuto (Lead Auditor). Associate Degree from the Forestry Faculty IPB and Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, IPB. Specialists in the Environmental Social Impact Assessment (SEIA) and the High Conservation Value (HCV). He participated in HCV Management Training, ISPO Lead Auditor's training, RSPO Lead Auditor's training, RSPO Next Auditor training, OHS System Management from Manpower Ministry, ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Previously worked in the private oil palm plantations, and became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO). He has been involved in the activities of SEIA and Identification of HCV in Palm Plantation. During this audit, he assigned to verify BMP, Time Bound Plan & Partial Certification Andi Pratama Pasaribu. Indonesian citizen. Bachelor degree, majoring social economy. He has several of work experiences (more than 5 years) as the operational staff since 2008. He has been followed the Training of Lead Auditor Indonesian Sustainable Palm Oil (ISPO) which was held by ISPO Commission in 2013 and Training of Lead Auditor Roundtable on Sustainable Palm Oil (RSPO) by Proforest and Daemeter in 2016. He has been attended several kinds of training, such as High Conservation Value (HCV) Training, Lead Auditor ISO 9001:2008, Lead Auditor ISO 14001:2005, auditor OHSAS etc. He has some experiences of ISPO audit in Indonesian palm oil in best management practices, land legality, environmental, social and worker welfare aspect. During this audit, he verify legal, social conflict and supply chain aspect. Yohanes Hardian. Diploma of Forest Resource Conservation, Faculty of Forestry, Bogor Agricultural University, specialist in the environment aspect and wildlife. Has Worked as Staff Rehabilitation project at WWF Central Kalimantan region. Had attended training HCV, has been involved in several activity of HCV Identification of Oil Palm Plantation. Has worked as an environmental staff on Oil Palm Plantation. Have been trained as ISPO auditors and have attended training Auditor ISO 9001 and ISO 19011, Legal documents in-house training with the ISPO commission. Training SIA bu Remakr Asia 2016, Training Lead Auditor RSPO by Proforest- Daemeter 2016. Experience audit RPO And ISPO Since 2014. During this audit, he verified environment and GHG Aspect Fuji Lestari. Bachelor of Agribusiness Management, Polytechnic of Jember. She had followed training such as lead Auditor ISO 9001:2008, ISO 14001:2004, OHSAS 18001, ISPO Auditor training and followed several IHT related to environment, BMP etc. She has been involved in several audit activities related to sustainable palm oil certification since 2013 covering social aspect, health and safety aspect, worker welfare and best management practicess. During this audit, she assigned to verify social and worker welfare. Rizliani Aprianita Hsb. Indonesian Citizen. Bachelor and Magister of Agribusiness, Faculty of Agriculture. She had followed training such as lead Auditor ISO 9001:2008, ISO 14001:2004, OHSAS 18001, ISPO Auditor training and followed several IHT related to environment, BMP etc. She has been involved in several audit activities related to sustainable palm oil certification since 2015 covering social aspect, health and safety aspect, worker welfare and waste management aspect. During this audit, she assigned to verify OHSAS and worker welfare. |
| 2.2 | Assessment Methodology, Assessment Process and Locations of Assessment |
| 2.2.1 | Figure of person days to implement assessment |
| ST-2 | <p>Number of auditors : 5 auditor Number of days for ST-2 at site : 4 days Number of working days for ST-2 at site : 20 Working days</p> |
| NC Verification | <p>Number of auditors : 3 auditor Number of days for NC Verification at site : 2 days Number of working days for NC Verification at site : 6 Working days</p> |
| 2.2.2 | Assessment Process |
| ST-2 | The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the Dolok Sinumbah Mill subsidiary of PTPN IV to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria, July 2013 (endorsed by the RSPO Board of Governors meeting on 30 th September 2016) and RSPO Supply Chain Certification Standard for Organizations Seeking or Holding Certification Adopted by The RSPO Board or |

Governors on November 21st 2014 (Module E for CPO Mill).

The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) *interview*, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.

Some opportunities for improvement of the results ST-2 delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-1). All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of ST-2.

The assessment program please find Appendix 2

2.2.3 Locations of Assessment

ST-2 Number of units in this certification activity are two estates, which supply the raw material (FFB) to one palm oil mill. In conducting the assessment, the team of auditors used the $0.8\sqrt{y}$ formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are one palm oil mill (Bah Jambi POM) and two estates (Bah Jambi Estate and Marihat Estate).

Bah Jambi Mill

- **Security Gate.** Interview with security officer regarding to FFB receiving procedure, supply chain procedure and emergency response.
- **Processing station (weight bridges, loading ramp, sterilizer, tippler, clarification, engine room, boiler, dispatch station etc).** Observation and interview with operator regarding to worker welfare issues, OHS, medical check – up routine, payments, complaints mechanism etc.
- **Water Treatment Plant (WTP):** WTP is works fine, flow meter to measure the flow of water entering and water diverted was worked.
- **Waste Water Treatment Plant (WWTP):** Observation of wastewater management facilities and there are 5 well functioning pools
- **Land Application:** observation condition land application, in general, effluent bed is well maintained.
- **Workshop:** Interview with sample workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights. Implementation of waste management, storage, workshop management.
- **Chemical Warehouse.** There are 12 type of chemical, several of MSDS was completed. However there are no MSDS of Dithane M-45 and MSDS of Santafuran was available on English. The company is still using Paraquat.
- **Schedule Waste.** Auditor was observe licensed schedule waste, there are first aid with 10 item. However the secondary containment is still on building progress. Emergency shower was available with damage condition.
- **Fertilizer Warehouse.** There are 11 types of fertilizer, only one of MSDS on English form (Kieserite). While MSDS of Borate was no 16 item.

Marihat Estate

- **Bah Kasindir River blok 99 I/93 I Afdeling IV:** Observation of river border protection
- **Water Spring Afdeling 4 blok 93 I :** Observation of buffer boundary marks of springs and protection of river borders.
- **Mayangan Forest:** Observation of conservation area
- **Boundary Poles No. 24 - 26, Block 10U.** Observation availability and maintenance boundary poles.
- **Boundary Poles No. 20 and 21, Block 99R.** Observation availability and maintenance boundary poles.
- **Workshop.** Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities. Interview with sample

workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights

- **Hazardous waste warehouse.** Observations related the process of temporary storage before being sent to the third party, building condition, emergency response equipment, symbol and label of hazardous waste. Interview with sample workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights
- **Oil & Fuel Storage.** Observation about implementation of OHS, implementation of hazardous material management.
- **Hazardous Warehouse.** Observation about type of pesticide used, implementation of OHS, implementation of hazardous material management. Interview with sample workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights
- **Fertilizer Warehouse.** Observation about storage of fertilizer, implementation of OHS, implementation of hazardous material management.
- **Housing Afdeling II and III** Field observations the facilities and infrastructure provided for employee welfare, environmental hygiene and sanitation.
- **Central warehouse.** Observation and interview related employment, implementation of OHS, PPE, grievants mechanism
- **First Aid Post.** Observation of medical waste management. No medical waste was found, due to post function only for first aid.
- **PPE washing place.** Observation dan interview related to employment and hazardous waste management.
- **Immature Area in Block 16A-16B.** According to field observation, there are no indication open burning when land clearing activity. In addition, there are legium cover crop and terassing to prevent soil surface erosions.
- **Harvesting in Block 87L, Afdeling IV.** Auditor was observe and interview 4 permanent workers, the company was provide PPE's such as: safety glasses, helm, rubber boot. They were registered on BPJS Program (work accident and health insurance), however the foreman was no took first aid.
- **Manual weeding in Block 87I, Afdeling IV.** There are 5 permanent worker, they were pesticide applicator team. Routinely medical checkup was conducted every year in Balimbingan Hospital, the results was socialized by company. According to intervie result, all of PPE's was provide by the company such as: helmet, safety glasses, mask, rubber gloves, rubber boot and working cloth. However, their were explain that all PPE's and working tools is save in each houses.
- **Warehouse in Afdeling IV.** According to field observations, there are ex fertilizer container no places in licensed schedule waste. Its according to interview result with spraying workers.
- **Afdeling IV office.** There are first aid box, however < 21 pcs of contains.

Bah Jambi Estate

- **The boundary pole number 278,280,271 Afdeling 5:** obsevation the boundary pole BPN.
- **Bah Buluh River Afdeling 5:** Observation of river border protection.
- **Water spring Afdeling 3 (bronchos):** Observation of buffer boundary marks of springs and protection of river borders.
- **Bah Jambi river Afdeling 5:** Observation of river border protection.
- **Emplacement of Afdeing II, Afdeling III and Afdeling IX.** Observation and interview related employment. Verification related to the provision of facilities and infrastructure for workers.
- **Puskesbun.** Observation and interview related employment, implementation of OHS and management of medical waste.
- **Nursery in Afdeling 2.** Auditor was observe 18 upkeep workers, there are Pre Nursery and Main Nurserry. Based on minute of seed sorting on 28 April 2016. There are 10,370 reject seed, the latest stock is 312,169 seeds.
- **Scout Harvesting in Block 15W, Afdeling 2.** There are 5 harvesters with adequate PPE's, such as: helmet,

rubber boot, and also cloth gloves.

- **Harvesting in Block 09B, Afdeling 2.** There are 10 permanent workers, they has understood the responsible and work instruction. All workers has registered on health and accident insurances (BPJS), however according to interview with 2 workers they were explain that loose fruit picker is their family. All of loose fruit picker didn't have work agreement with company. All of PPE's was provided by the company every years, while rubber boot was damaged before one year; they were buy with own money.
- **Global telling (IPM) in block 15 U-15Z.** According to interview with Pest officer, the global telling was conducted every month for nettles and bagworm control. Therefore oryctes control was conducted every quarter month. While ganoderma census was conducted every year.
- **Manual weeding in block 16E.** There are 10 spraying workers team, according to interview with 5 workers their were explaining about pesticide applicator training by Pesticide Commisions of Sumatera Utara Province. Water sources for chemical mixing from silpit or water ways. While medical checkup result has been socialized by the company. all workers has been registered on BPJS program (health and work accident insurance).
- **Chemical Warehouse in Afdeling IV.** Based on observation results, there are 8 pcs apron, 8 pcs rubber gloves, 3 pcs googles, 5 pcs working cloth, and 4 pcs sprayer pump. However there are hazardous waste (used chemical containers) on warehouse.

Villages

- **Nagori Bah Joga.** Interview with head of villager and customary leader regarding to several issues due to plantation and mill operational such as land conflict issues, environmental, job opportunity, transparency etc.
- **Nagori Mariah Jambe.** Interview with head of villager and customary leader regarding to several issues due to plantation and mill operational such as land conflict issues, environmental, job opportunity, transparency etc.
- **Nagori Bah Jambi.** Interview with head of villager and customary leader regarding to several issues due to plantation and mill operational such as land conflict issues, environmental, job opportunity, transparency etc.

Bah Jambi Mill

- **Security Gate.** Interview with security officer regarding to FFB receiving procedure, supply chain procedure and emergency response.
- **Processing station (weight bridges, loading ramp, sterilizer, tippler, clarification, engine room, boiler, dispatch station etc).** Observation and interview with operator regarding to worker welfare issues, OHS, medical check – up routine, payments, complaints mechanism etc.
- **Workshop:** Interview with sample workers (mechanic) related to procedure of transparency, communication, complaint/grievance, welfare, workers benefit, worker agreement, workers status, salary payment system, medical surveillance, reproductive and human rights. Implementation of waste management, storage, workshop management.
- **Waste Water Treatment Plant (WWTP):** Observation of wastewater management facilities and there are 5 well functioning pools

Bah Jambi Estate

- **Harvesting in Block 09B, Afdeling 2.** There are 10 permanent workers, they has understood the responsible and work instruction. All workers has registered on health and accident insurances (BPJS), however according to interview with 2 workers they were explain that loose fruit picker is their family. All of loose fruit picker didn't have work agreement with company. All of PPE's was provided by the company every years, while rubber boot was damaged before one year; they were buy with own money.
- **Interview with chemical applicator** regarding to chemical application procedure, PPE usage, medical check up, gender issues, worker welfare, complaint etc.
- **Chemical Warehouse in Afdeling IV.** Based on observation results, there are 8 pcs apron, 8 pcs rubber gloves, 3 pcs googles, 5 pcs working cloth, and 4 pcs sprayer pump. However there are hazardous waste (used chemical containers) on warehouse.

Marihat Estate

- **Harvesting in Afdeling IV.** Auditor was observe and interview 7 permanent workers, the company was provide PPE's such as: safety glasses, helm, rubber boot. They were registered on BPJS Program (work accident and

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| | <p>health insurance), however the foreman was no took first aid.</p> <ul style="list-style-type: none"> • Chemical applicator. Interview regarding to chemical application procedure, PPE usage, medical check up, gender issues, worker welfare, complaint etc. |
| 2.3 | Stakeholder Consultation and Stakeholders Contacted |
| 2.3.1 | Summary of stakeholder consultation process. |
| ST-2 | <p>Summary of stakeholder consultation process Consultation of stakeholders for Bah Jambi POM subsidiary of PTPN IV was held by:</p> <ol style="list-style-type: none"> 1. Public announcement on the MUTU website (www.mutucertification.com) and RSPO website (www.rspo.org) at April 25th 2017. 2. Stakeholder consultations with NGOs have been conducted by sending questionnaires via email to several NGOs (WWF, Walhi, Sawit Watch) on May 26th 2017. 3. Public consultation meeting with internal stakeholders (worker union, committee gender, local contractor and local communities) by interviews at 30 May 2017. 4. Stakeholder consultations with government have been conducted by interview to several governments in Simalungun District on May 30th 2017. <p>Numbers of input from stakeholders were clarified by Bah Jambi POM subsidiary of PTPN IV</p> |
| 2.3.2 | Stakeholder contacted |
| | <i>Please find appendix 1</i> |
| 2.4 | Determining Next Assessment |
| | The next visit (ASA-1) will be determined 9-12 months after certified issued. |

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Bah Jambi POM – PT PT Perkebunan Nusantara IV operation consisting of one (1) mill and two (2) oil palm estates.

During the assessment, there were twenty (20) Nonconformities were assigned against Major Compliance Indicators ; eighteen (18) nonconformity(s) were assigned against Minor Compliance Indicators; and two (2) nonconformiites against supply chain requirement for CPO mill and two (2) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrections taken by the company are provided in section 3.5. The company has already prepared and implemented the correction(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s) e.g. (document record/photographic/etc...). Those correction(s) taken that consist of word (number) Major non-conformity(s) and word (number) Minor non-conformity(s) had been closed out shall be verified during next assessment.

MUTUAGUNG LESTARI found that Bah Jambi POM – PT Perkebunan Nusantara IV complied with the requirements of RSPO P & C Indonesian National Interpretation 2013, endorsed September 2016.

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is Issued.

| Ref Std. | VERIFICATION RESULT of MUTU-Certification | |
|---|---|--|
| PRINCIPLE #1 COMMITMENT TO TRANSPARENCY | | |
| <p>1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</p> | | |
| <p>1.1.1 The company has a stakeholder list of 2016. Based on an interview with management, known that the stakeholder document will be renewed if there is any change by phone. The company also has document list that can be accessed by public for each management unit.</p> <p>SOP related t to the information are available for each management unit. In Unit of Bah Jambi, SOP of Communication and Consultation with the community no. SPO 03 dated January 2, 2015 is available. The SOP states that processing and recording of communication and consultation with the community in the business unit / unit of the business group is directly managed by the HR and General Affair Assistant representing GUU to communicate with the stakeholders. For communication and consultation at the head office is directly managed by the PR in the secretary of the company. In Marihat Unit, SOP of Shelf life of Information and Response Request is available (No. SPO 06 Rev.02) effective from 02 January 2015. The SOP contains the purpose to control, documenting and recording all the information and response request of interaction result of PT Perkebunan Nusantara IV with stakeholder well on a certain document. community and non-governmental organization (NGO) that exist around the plantation and mill, so that it can be used when needed and can be traced properly.</p> <p>Based on interview with local people and government agency, known that stakeholder knows the way to access information of the company but the government agency of Simalungun Regency states that the company has not submitted yet the mandatory report as the applicable regulation.</p> <p>The result of document review of Management Unit of PTPN IV has not been able to show the receipt evidence of the</p> | | |

report to the related agency, such as:

- Bah Jambi POM and Plantation Unit
 - Mandatory report of Labor in 2016
 - Landfire Prevention and Monitoring report in 2016.
 - Plantation business progress report of Semester II July - December 2016.
 - HSE report of Quarter 1 Januari – March 2017
 - Utilization of Cultivation Right on Land Report

- Marihat Estate Unit
 - Landfire prevention and monitoring report in 2016
 - Utilization of Cultivation Right on Land Report

(Nonconformity 2017.01)

1.1.2

SOP related to the availabel information for each management unit. In Bah Jambi Unit, SOP of communication and consultation with local people is availabel with number SPO 03 dated on January 2, 2015. In Marihat Unit, SOP of request and response shelf life is available (No.SPO 06 Rev.02) valid since 02 January 2015.

Record of information request saved in a logbook. In the logbook, there is not information request and audit activity, there is only help request proposal from the local people.

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| 1.1.1 | Status: Nonconformity No.2017.01 with Minor category | Open |
| 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. | | |
| 1.2.1 | | |
| <p>The company has document list available in each management unit. In Bah Jambi unit, there are informations available for public, such as: general information of the company, vision and mision, profit of subsidiary, associate and affiliate entity, financial performance, risk management evaluation and management, accountant company, partnership program, environment development and company information. Based on interview with Management Representative , known that the documents can be accessed in the company's website but based on the verification result, there is not enough evidence states that the documents can be accessed by public. Nonconformity 2017.02</p> <p>Marihat Estate Unit has information list of 2017 that can be accessed by public , such as: Land Used Right Certificate, OHS plan, evaluation related to environmental and social impact analysis, HCV Documentation, reduction and prevention of polution plan, complaints document, negosiation procedure, certification document, audit report, and human right policy. They can be accessed with company agreement.</p> | | |
| 1.2.1 | Status: Nonconformity no. 2017.02 with Major Category | Open |
| 1.3 Growers and millers commit to ethical conduct in all business operations and transactions. | | |
| 1.3.1 | | |
| <p>PT Perkebunan Nusantara IV has document of Code of Conduct no.04.03/Kpts/06/XI/2013 dated on November 15, 2015. In the document, there is a policy about commitment and businessman manner, obligation and right of businessman, the ban (Corruption, Collusion, and Nepotism, bribe, politic activity, business dinner, gift, souvenir, and donation), ethics against the other stakeholders, obedience, and violation against the code of Conduct.</p> <p>There is an evidence of the documents in each management unit, such as:</p> <ul style="list-style-type: none"> • Socialitation of 15 employees of Bah Jambi Unit on January 2, 2016. • Socialitation of 106 employees of Marihat Unit, including the representative of contractor on April 21, 2017. <p>However, there is no adequate evidence that Bah Jambi management has socialized the code of conduct to the employees from all operational stage and contractor. Nonconformity 2017.03</p> | | |
| 1.3.1 | Status: Nonconformity No.2017.03 with Minor Category | Open |

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

The company has document of regulation list and evaluation report of complying against the law, regulation and other conditions related to the RSPO application. In the documents, information of applicable regulation, obedience description, obedience status (comply or not), evaluation result, and the information are available. The company applies the obedience against the regulation on these following aspects:

Legal aspect

The company has showed several document regarding to related regulation as follows;

- Bah Jambi and Marihat has had valid Land Use Title Certificate.
- Bah Jambi and Marihat has had Plantation Business Permit that signed by local Head of District.

OHS, Social and Worker Welfare

The company has met the regulation of labor such as labor union formation, and also having Collective Agreement, however, there are some requirements has not been fulfilled, such as:

- Based on verification document of work order no. BAJ/Tan/18/X/2016 dated on September 28, 2016 (Bah Jambi Estate with CV Umbara) and the document of work order no. 04.14/SPMK/058/IV/2017 dated on April 22, 2017 (Marihat Estate with CV Indokarya), known that harvesting is done by third party. That is not complied with regulation No.13 of 2003 clause 65 states that the work can be submitted to the other company is separately done from the main activities.
- Based on document verification results of the attendance list of security, security work list on March 2017 and interview with management known that security personnels work for 11-13 hours every day including on holiday. It is not in accordance with Regulation No. 13 Year 2003 article 79, Regarding the rest period.
- Regulation of Manpower Minister no. No. 09 Year 2010 concerning Operators Officers . The management unit of Marihat has shown letter no. MAT/04.11/38/III/2017 related to heavy equipment operator training on March 30, 2017. However, there is not enough evidence yet that the tractor operator already has a Tractor Operator license

Nonconformity no. 2017.04**2.1.2**

The company has regulation list which is available in each management unit. The list consists of Organization Regulatory of the company, labor, plantation and environment renewed by Management System Certification of Perkebunan Nusantara on April 2017, however, there is no evidence shows that the list has been renewed as the applicable regulation of renewal, such as:

- The regulation list of Bah Jambi Unit does not consist of: PP No.44 of 2015 about JKK and JKM, PP. No.45 of 2015 about retiring insurance, PP No.46 about JHT, Kepmenaker No.102 of 2004 about overtime work and the wage, UU No.5 of 1990 about conservation of biological resource and the ecosystem, PP No.37 of 2012 about watershed management, permenaker No.1 of 1976 about Hiperkes, etc.
- The regulation list of Marihat Unit does not consist of: PP No.44 of 2015 about JKK and JKM, PP No.45 of 2015 about retiring insurance, PP No.46 about JHT, UU No.5 of 1990 about conservation of biological resource and the ecosystem, PP No.37 of 2012 about watershed management, permenaker No.1 of 1976 about Hiperkes, etc.

Nonconformity no. 2017.05.**2.1.3**

The company has evaluation report of complies against the regulations, Regulation and other requirements related to the RSPO appliances that has been renewed on May 17, 2017 and having documentation system which consist of information and legal requirements that must be fulfilled through regulation identification related to the principal and criteria of RSPO and each regulation or the implementation will be noted.

2.1.4

The company has Obedience Evaluation Procedure against environment regulation and other requirements No. BAJ-PL-MR-07 dated on October 1, 2008 which prepared by document control staff, reviewed by ISO team leader, and approved by MR.

Procedure of PIC appointment to do the renewal , fill the obedience evaluation report form against environment regulation and other requirements (FLP-MR-07-01), evaluate the obedience per 6 vmonths and submit the report to MR to be reviewed. If the follow up is needed, MR can use preventive and correction request form (FPI-MR-04-01). The next is refer to preventive and correction request procedure (BAJ-PI-MR-04).

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| 2.1.1 | Status: Nonconformity no. 2017.04 Major Category | Open |
| 2.1.2 | Status: Nonconformity no. 2017.05 Minor Category | |

2.2

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

2.2.1

Bah Jambi and Marihat originated from Dutch plantations which were nationalized in the early days of the independence of the Republic of Indonesia under Law no. 86 of 1958 on the Nationalization of Dutch Owned Enterprises jo. PP no. 19 of 1959 concerning the Establishment of Dutch Owned Agriculture / Plantation Companies Subject to Nationalization. However, each unit has had Land Use Tittle as follows:

Bah Jambi

Operates an 7,554.63 Ha land which consist of 3 HGU certificates as follows:

1. HGU Certificate No. 2 dated on 24 April 2003 for **3,739.63 Ha** area located in Bah Jambi Village (valid until 31 Desember 2026).
2. HGU Certificate No. 6 dated on 27 December 2007 for **1,661.60 Ha** area located in Totap Majawa Village (valid until 26 December 2032).

Total area **5,401.23 Ha**.

Beside that, they also operated **2,173.40 Ha** area of Dolok Sinumbah (another PTPN IV unit) refer to HGU certificated No. 2 dated on 13 November 2003 for **6,332.97 Ha** located in Dolok Sinumbah Village (valid until 31 Desember 2026). Hence, the sum of area operated by Bah Jambi was **7,574.63 Ha**.

Marihat

Operated area based on HGU certificated No. 1 dated on 11 September 2006 for **4,413.66 Ha** located in Silampuyang Village (valid until 31 December 2031).

1. Bah Jambi: Based on document verification, the sum of legal area that operated has **7,574.63 Ha** (HGU Certificate No. 2/2003 covering an area of **3,739.63 Ha**, Certificate of HGU No. 6/2007 covering an area of **1,661.60 Ha** and part of HGU area of Kebun Dolok Sinumbah covering an area of **2,173.40 Ha**). It is not in accordance with the latest hectare statement (May 2017) stating that the operating area of Bah Jambi is **8,127.30 Ha**.
2. Marihat: Based on document verification, the sum of legal area that operated has 4,413.66 Ha (HGU certificate No. 1/2006 covering area 4,413.66 Ha and HGU certificate of Balimbangan covering 49 Ha). It is not in accordance with the latest hectare statement (May 2017) stating that the operating area of Marihat including facilities is 4,956.70 Ha. There were 494.70 Ha. Beside that, there were indicated of land usage for IOPRI facilities and military facilities that not shown it legal standing yet.

Both Bah Jambi and Marihat has sent the confirmation letter on May 29, 2017 (received on the same day) to the Legal and Land Affairs Division of PTPN Headquarters requesting an explanation regarding the difference in the area. However,

until the completion of the audit has not been shown adequate explanation and documentary evidence. Through this explanation, it raised **Non Conformity No. 2017.06**

2.2.2

Bah Jambi has identified of legal boundary poles on March, 6th 2012. Through the identification informed there were 813 boundary poles (288 available, 525 lost). Marihat also identified availability of their boundary poles on December 2016 and inventarized 261 boundary poles (126 available, 86 broken and 49 lost).

Bah Jambi unit has Not yet able to show the following documents The company has showed their SOP of Boundary Poles Maintenance (SPO 12.0 Revision 2 dated on January, 2nd 2015). Based on the SOP, the following facts are found:

1. Based on document verification, Bah Jambi unit has not shown several document as follows:
 - The latest boundary poles inventarization data including boundary poles installation not able to shown.
 - Periodic monitoring results of boundary (6 monthly) conducted by assistant afdeling.
 - Boundary poles monitoring from unit manager to the legal and land affairs.
 - Based on field visit to boundary poles number 270 and 271 afdeling V known that two poles unavailable on that place.
2. Marihat: based on boundary poles monitoring that held by HR & General Affair Department on December 2016 indicated 261 boundary poles (126 available, 86 broken and 49 lost).

In accordance with SOP above, Bah Jambi and Marihat has sent letter to the Legal and Land Affairs Division of PTPN Headquarters on May, 6th 2017. Until the audit finished, there were no response from the Legal and Land Affairs Division regarding to maitenance/installation of it un-marked boundary poles. **Based on that fact, it raised Non Conformity No. 2017.07.**

2.2.3 and 2.2.4

As explained in indicator 2.1.1, whole operating area of Bah Jambi and Marihat originated from Dutch plantations which were nationalized. Thus, no land compensation records are available. However, the management records land conflict documents. For example,

There are available cases of land disputes of Bah Jambi covering an area of 200 Ha located in Mariah Jambi Village, Sub-district of Hutabayu Raja, district of Simalungun which is settled legally. The case was decided by Simangulun District Court against the case Number 35 / Pdt.G / 2008 / PN.Sim dated October 6, 2008 stated that the lawsuit by the citizen is unacceptable (*niet onivankelijke verklaard*) on March 6, 2009.

Land dispute settlement documents are also available at Marihat's office. For example, land dispute case on 2001 between the company and the group claiming to be descendant of Lord Silampoejang. Several mediation stages have been done. For example, mediation on August 30, 2001, August 6, 2008, October 9, 2009 and last on June, 17 2016.

As same as case in Bah Jambi, the land dispute case in Marihat also decided by the court. On November 14, 2002, after passing through several field visits and court proceedings, PN Simalungun issued a court action lawsuit against PTPN - IV Kebun Marihat (Decision Number: 16 / Pdt.G / 2002 / PN-SIM) stating the lawsuit from the Panitia Pengembalian Tanah Tuan Silampuyang/PPTTS (Community Group Lord Silampoejang's Land Restoration Committee) is unacceptable (*Niet Ontvankelijk Verklaard*).

The Company has conducted a land conflict resolution process with processes involving all parties, including government agencies, Regional People's Representatives Assembly and the District Court. Process stages have been carried out by discussion, mediation until the settlement of conflicts in court. All documents are well documented and retained by the Law & Land Affair Department as well as the HR and General Affair Assistants in each unit. Until the audit is done, there is no occupation of land by other parties.

The Company already has a SOP on Land Conflict Handling (No. SPO 04 effective date 2 January 2015). This document explained about Procedure of Land Conflict Prevention, Conflict Handling Procedure with Best Solution for all parties, Handling through lawsuit to court and land conflict documentation.

In the procedures for preventing land conflict with stakeholders, the following approaches are taken:

- a. Monitoring and ensuring the legality of the land.
- b. Ensuring entire boundaries has been installed and maintain.
- c. Making good communication with stakeholders surrounding the plantation area.

The company has shown a map of disputed areas on a scale 1: 25,000. The map can be assumed as a participatory map because the map is also a map used by the court to decide the land dispute between PTPN IV and the plaintiffs.

2.2.6

There was policies explained in the Code of Conduct company that the company did not use force to maintain peace and order. Based on observations during the audit activities and results of consultations with relevant agencies, the head of village, community leaders and residents of surrounding communities, among others in the Nagori Bah Joga, Nagori Mariah Jambi, Nagori Bah Jambi, Nagori Silampuyang and Nagori Parbalogan there was no indication about the use of military or mercenary in maintaining peace and order operations in the area of plantation PTPN IV Bah Jambi and Marihat. (Nagori same as village:red)

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| 2.2.1 | Status: Nonconformity No 2017.06 with Major Category | open |
| 2.2.2 | Status: Nonconformity No 2017.07 with Minor Category | |

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 and 2.3.2
 Based on the HCV and SIA Assessment documents conducted under the auspices of Citra Cendikia and PT. Surveyor Indonesia in 2011 and approved in January 2012, Bah Jambi and Marihat has conducted field observations and data collection using questionnaires. Based on the data collected, it was concluded that there were no indigenous peoples around the company's operational area.

In the HCV and SIA assessment documents attachments have been provided in the form of photographs of the assessment process, attendance lists and questionnaires that have been collected. As for the process of land acquisition can not be detailed in detail because the land cultivated comes from the concession rights of the Dutch colonial government.

2.3.3
 Entire documents related to the legality land ownership of PTPN IV Bah Jambi and Marihat was filled in the office of the Business Unit The documents are in the Indonesian version, consists of Map Location Land, Map Operating Company and Map Location of Boundary Poles, and others.

2.3.4
 Plantation area was managed by PTPN IV Bah Jambi and Marihat, did not come from the land acquisition and compensation, but from thefrom Indonesian Government. In case of land dispute, the plaintiff has been accompanied by their legal counselor.

| | | |
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| | Status: Comply | |
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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 and 3.1.2
 The company shows long-term plan document of 2015-2019 approved on November 2014 by the director and commissioner. In the document, informations of estimated selling price of CPO, PK, PMO, and PKM, Dollar rate, CPO and PK rendemen, selling volume, ROE, ROI, Cash ratio, collection periods, total of financial stability, and replanting plant are available.

The company also has RKAP document of 2017 and achievement evaluation of 2016 in an annual report. Besides that, evaluation is always done monthly. In the management monthly report such as: Fresh Fruit Bunch, CPO, PK, and OER production realization report, and also the production cost.

The company has replanting plan document of 2015-2019. The company also has conducted annual review especially to replanting related to the Ganoderma attack. Evaluation conducted together with PPKS Medan. Form letter No.04.04/Se/07/IV/2014 dated on April 23, 2014 from production director of PT Perkebunan Nusantara IV to Manager Group of Unit I-IV and Manager of palm and tea unit, informs the land criteria and requirements of replanting palm such as:

- If the plant's productivity in the last 3 years consistently decreased under 14 ton FFB/Ha/year;
- The age of the plant is \geq 25 years;
- Plant population is $<$ 100 plants/Ha;
- Plants height is $>$ 15 meter;
- Land compactness;
- No fertilizing in 1 year before replanting

The document states that the planned replanting of Bah Jambi unit is 460 Ha and for Marihat unit covering 277 Ha. In 2017, the replanting plan for both units has been fully realized.

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.

Indicator 4.1.1

The company has shows oil palm agronomy and processing procedures (SOP) which issued by Director of PTPN IV on June 2013, presented as follows:

Oil Palm Agronomy Procedures

The oil palm agronomy procedure were consist of six parts which covers land preparation, land clearing, planting, nursery, harvesting, upkeep, manuring, etc. the following are SOP's brief description:

- No. SPO.01 about land development. This SOP covers land development management, land title, time table, layout design and mapping, land clearing, land preparation and preservation and infrastructure of road and bridge.
- No. SPO.02 about new planting. This SOP covers replanting, under replanting, peat management, land cover crops (legumes) and planting technique.
- No. SPO.03 about nursery. This SOP covers nursery management and pests and diseases management.
- No. SPO.04 about immature palm. This SOP covers upkeep management, manuring, weeding, integrated pest management, castration, sanitation and artificial pollination.
- No. SPO.05 mature palm. This SOP covers upkeep, manuring, road and bridge maintenance, manuring, oil palm leaf and soil sampling analysis, devices calibration, water deficit measurement, by-products application (EFB, compost, POME) and integrated pest and disease management.
- No. SPO.06 about harvesting, this SOP cover harvesting management, harvesting monitoring and fines, FFB transportation (extraction), bonus/award, agronomy technique which affect harvesting quality.
- Apart from the above, the company has also shows Director of PTPN IV Regulation No. 04.01/PER/13/VIII/2015 dated August 3rd 2015 about guidelines of harvesting awards. This regulation mentioned that standard of ripeness were minimum 5, 9 and 12 loosefruits on the palm circle for palm with classification ages of Immature-3 to mature-2, mature-2 to mature-5 and above mature -6, respectively.

Oil Palm Processing Procedures

The oil palm processing procedure were consist of eleven parts, describes as follows:

- No. SPO.01 about weight-bridge.
- No. SPO.02 about loading ramp.
- No. SPO.03 about sterilizer station.

- No. SPO.04 about thresher station.
- No. SPO.05 about EFB hopper.
- No. SPO.06 about pressing station. This SOP covers digester, press, oil gutter and sand trap tank.
- No. SPO.07 about purification station. This SOP covers vibrating screen, RO and CPO tank, balance tank, continuous setting tank, sludge and oil tank, self cleaning strainer, desanding cyclone (sand cyclone), sludge separator, oil purifier and vacuum drier.
- No. SPO.08 about oil dispatch tank.
- No. SPO.10 about FFB, CPO and palm kernel quality.
- No. SPO.11 about laboratory. This SOP covers laboratory equipment and devices, chemicals, sample analysis, production sampling and loss analysis, FFB quality analysis, POME analysis, sampling and water analysis.
- No. SPO.12 about maintenance and guideline of analytical balance usage.

Safe working practice and application of pesticides procedure was included on Working Instruction of OHSAS on Chemical Activity Number Dok. TAN-IK-04 dated 17 June 2015. While SOP for safe working practice in the mill has included on Mill Operational Procedure Number SPO-01 until SPO-21.

Based on SOP documents review, it could be concluded that the oil palm agronomy and processing SOP were still relevant with current situation and covers all main aspects from the field to the mill. All SOP's were available in Bahasa. Furthermore, based on observation to Bah Jambi Mill, Bah Jambi Estate, and Mariah Estate office, it could be concluded that the respective SOP's were satisfactory distributed by Planning Division team.

Based on field observation and interview in all oil palm processing stations, it could be concluded that the workers were understood and able to explain their work process as described in SOP. Furthermore, interview with estate workers for their work procedure knowledge were also satisfactory. For example, Harvester in Block 09B, Afdeling II, Bah Jambi Estate and Harvester in Block 87L, Afdeling IV, Marihat Estate. They were able to explain frond stacking technique and FFB ripeness criteria based on loosefruit parameter on the palm circle.

Indicator 4.1.2 and 4.1.3

Masterlist of procedure documents (softcopy and hardcopy) were saved and placed in PTPN IV Head Quarter in Medan under Division of Planning. However, in Business Unit Management, SOP distribution control was controlled by Division of Secretariat which carried out by document control officer. Procedure of SOP revision and distribution refers to ISO 9001.

Some mechanisms were carried out, monitored and recorded in several documents, for example as follows:

- Three Monthly Operational Work Plan which covers whole agronomy, processing and infrastructure planning and realization from the previous periods. This document is made by Plant Division Head and saved in Afdeling Unit Office.
- Daily Working Plan and its Realization which documented in Mandore Activity Book. This document records operational activity to be carried out, location of work, date and time, number and name of workers, notes and information.
- Monthly report on daily FFB production which covers tonnage of FFB production, FFB processed, CPO and PK production, OER, KER, harvesting rotation, CPO and PK quality, product distribution, time of production, sortation, etc.
- Monthly Management Report which covers cost budget and realization, manpower, facilities, production cost, FFB purchasing, etc.
- Monthly Mill Management Report which covers production quality (FFA, dirtiness, moisture content), loss, colour, limpidity, processing report, output, CPO balance, percentage of sortation, fuel consumption, time of processing and distribution.
- Book of Minutes of Monthly Meeting of Head Division and Assistant which held in Plant Division Head Office.
- Annual internal audit (RSPO and Operational). Audit reports cover audit schedule, list of attendance, findings, monitoring of findings and corrections taken. For example, according to RSPO and operational internal audit report in 21 January 2017 (Bah Jambi).

The company has Internal control procedure is specific to monitor application of SOP or Work Instruction. According to document verification there are Internal Audit Reports: Period of August 2016 – January 2017 in Bah Jambi Business Unit and Period of January – December 2016 in Marihat Business Unit. However, there are no evidence that all of correction has been documented. For example:

- There are low fronds in Afdeling VIII 03J, Afdeling VI 97K, Afdeling V 00C (Bah Jambi Estate).
- There are several Pest attack on January 2017, such as: nettle attacks in Bah Jambi Estate, Block 011B, 011C and 011D (Area: 95 Ha). It causes, there are effectiveness of Early Warning System.
- There are overtime hours more than 50 hours in Marihat Estate on December 2016 payroll. For example: overtime hours on behalf Pardamean Simatupang (security) 136 hours in December 2016; overtime hours on behalf Aryanto (Security) 98 hours on December 2016.

According to above explanation, it was raised as Non Conformity No. 2017.08.

4.1.4 Major

The company has Director Regulation Number: 04.01/PER/13.1/IV/2014 dated 30 April 2014 about FFB Purchasing Guidelines. This Guidelines was explain about: FFB Received Procedure, FFB Quality Procedure, FFB Price Formulation and Payment Procedure. However Bah Jambi POM was no purchase FFB from third party FFB Suppliers. Bah Jambi Palm Oil Mill has not purchase any FFB from smallholder or another palm oil plantation. Therefore, there is no record of FFB pracing mechanism implemented.

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| 4.1.3 | Status: Non Conformity No. 2017.08. with minor category. | Open |
|--------------|---|-------------|

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

Indicator 4.2.1; 4.2.2 and 4.2.3

Procedure of soil fertility management was presented in document No. SPO.05 about mature palms which covers palm management, road and bridge maintenance, manuring, manuring management, annual oil palm leaf and sampling, 3-5 yearly soil sampling, devices calibration, water deficit measuremen, by-products application (EFB, compost, POME). Soil fertility was monitored through leaf and soil sampling analysis which conducted by IOPRI Medan. The company has able to shows leaf and soil sampling analysis which were carried out in December 2016 in Bah Jambi Estate and Marihat Estate. Both analysis results were used for fertilizers dosage calculation on 2017 manuring program. IOPRI report has also informed soil macronutrients, micronutrients and fertility status in whole blocks which based on the latest soil sampling results. This information is presented in soil nutrition status map with scale of 1:25,000.

According to IOPRI report, fertilizer recommended are Urea (N), TSP (P), MOP (K), Calcium (Ca) and Dolomite (Mg). Fertilizer application has recorded in document of manuring budget and realization for immature and mature palm 2016. For example, up to April 2017, it was reported that Dolomite has 45 % applied from the budget. Bah Jambi Estate, Afdeling I has been realized NPK 14: 87,156.50 Kg; while Marihat Estate, Afdeling VI has been realized NPK 14: 195,501.25 Kg.

Indicator 4.2.4

Apart from fertilizer application, several methods were also provided to maintain soil fertility, such as by-products application (EFB, decanter cake/solid and POME). The company has able to shows program and realization of by-products application. For example, up to April 2017 it was reported that 175,150 Kg had been applied to Immature area in Afdeling III Bah Jambi Estate, respectively. According to Agronomist recommendation, EFB applied is about 200 kg/palm. Furthermore, record of land application by POME could be seen on Quarterly Environment Monitoring Report; for exampe on March 2017 has been applied: 18,360 m³ for area: 130 Ha, such as Afdeling I, Block 31 (72 Ha) and also Block 41 (58 Ha). Based on field observation, it was found that EFB were placed on the palm circle. This is comply with Agronomist recommendation and the SOP. Furthermore, POME is only applied on permitted Blocks area, e.g. Block 31 (72 Ha) and also Block 41 (58 Ha).

Marihat business unit is FFB suppliers to Bah Jambi POM, where all of RSPO standards are should be applied to all of unit. There are SOP No. 17 dated 2 January 2015 about Waste Utilization from POM, including solid waste utilization procedure. EFB should be applied to the land as organic fertilizer on each Afdeling, the priority application on immature area; the mature area can be applied, if any over production of EFB with doses 40 ton/Ha. However, according to daily

report verification, interview with afdeling assistant and also field observation to immature area in Marihat Estate, Afdeling IV, Block 16A-B. There are no EFB application program and or realization on this area. **It was raised as non conformity no. 2017.09.**

4.2.4

Status: Non Conformity No. 2017.09 with minor category

open

4.3

Practices minimize and control erosion and degradation of soils.

Indicator 4.3.1 & 4.3.2

The company has able to shows proper maps which informed soil properties within operational areas. The maps were presented in scale 1:38,000 in Bah Jambi and Marihat Estate. Based on maps analysis, it could concluded that slope condition was generally flat to undulating (slope 0-8 %) and there were no presence of hilly and steep areas (slope >40 %). Moreover, soil type map and soil surveillance map (scale 1:50,000) informed that soil type in Bah Jambi Estate was 100 % mineral soil, which consist of *Alluvial, Podsolik Coklat, Podsolik Merah Kuning (PMK), and Latosol*. Afdeling I is *Podsolik Coklat, PMK dan Alluvial*; Afdeling III is *PMK, Latosol dan Alluvial*, while Afdeling IX is *Podsolik Coklat, PMK and Alluvial*. Therefore soil type in Marihat Estate was 100% mineral soil, which consist of *Andic Dystropept (Podsolik Coklat)* and *Typic Dystropept (Podsolik Coklat Tua)*.

The main limitation identified on the report were on sandy soil textures and low fertility. Same analysis was also mentioned in IOPRI manuring report for fertilizer program in 2017. Based on explanation above, it could be concluded that there were no areas in Bah Jambi and Marihat categorized as fragile.

Indicator 4.3.3.

The company has able to shows road maintenance program which presented in document of Long-term Plan and Annual Work Company Budget. Activity budgeted are estimation of roads and bridge installation and roads maintenance and compaction. Activity realization were rocrded in several documents, for example as follows: there are realization road maintenance in Afdeling II, Bah Jambi Estate on March 2017, such as: Block 09A (1,650 m), Block 09B (800 m) and Block 10L (960 m). While road maintenance realization in Afdeling III, Marihat Estate on April 2017, such as: Block 93D (1,800 m), Block 93E (2,600 m) and Block 10B (1,300 m). According to field observation to several blocks in Bah Jambi Estate (Block 15W, Afdeling 2 and Block 09B, Afdeling 2) and Marihat Estate (Block 16A, Block 87L, Afdeling IV and Block 87I, Afdeling IV). All main road and collection road on good conditions.

4.3.4, 4.3.5, 4.3.6

Bah Jambi Estate has Land Type Map with a scale of 1: 38,000 created in 2011 through a cooperate with PT. Citra Cendekia - Medan. Based on the map can be known the types of soil in the area of Estate of Bah Jambi, ie *Alluvial, Podsolik Brown , Podsolik Red Yellow (PMK), and Latosol* and there is no peat soil type. Based on the study of identification document of HCV, it is known that the type of soil in the plantation unit of marihat is *Troportents soil mixed with Dytropepts* and there is no peat soil type found in the Marihat Estate area.

Status: Comply

4.4

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

4.4.1

The need for water in the housing is obtained from the spring from the river bank which is utilized to supply the clean water requirement in each afdeling housing besides there is a stream of tributaries that flows in the area of Bah Jambi Estate and Marihat Estate.

- Bah Jambi Estate area is located in the Bah Bolon basin area, and the small rivers found in the Bah Jambi Estate area are rivers Bah bolon, Bah Ilang, Bah Kasindir, Bah Jambi, Bah Toras, Bah Biding, Bah Bening, dan Ban Bah Lias.
- In the Marihat Estate stream of tributaries that flows in the area are rivers Bah Bolon, Bah Biak, stream flow Bah Biak, Bah Birong, Bah Kasinder, Bah Kikat, Bah Gilak, Bah Manigom, Bah Sampuran, Bah Mualgoit Biak.

4.4.2

According to document verification, that's known the TSS parameter result in Bah Jambi River is 26.3 mg/L. The company has SOP Management of riparian No.05 (rev-2) set at 2 January 2015 has explain the manajemen area for riparian. But base on field visit ie:

- Bah Jambi Estate: base on field visit at Bah Bulun River and Bah Jambi River found no boundary marks existed in the river border as a mark of the limit of chemical applications.
- Marihat Estate: base on field visit at spring Afdeling 4 knew around the spring water has done spraying with chemical and no boundary marks existed in the river border as a mark of the limit of chemical applications.

This is a non-conformity no. 2017.10

4.4.3

The company has land application license, Regent Decree Number 188.45/3435/LINGHUP-2015 dated 23 October 2015 valid to 22 October 2020. Total area 130 Ha in Block 39 and Block 41.

In managing liquid waste (POME) Bah Jambi Mill has a WWTP consisting of:

- 1 unit acidification pond
- 2 unit anaerobic pond
- 2 unit secondary anaerobic pond

Management unit has cooperate wit laboratory environment BAPEDALDA North Sumatera Province with with limit of BOD 5000 mg/l and pH 6-9. Based on test result for period october-december 2016 is BOD 109-307 mg/l . Therefore, the quality standard test of liquid waste does not exceed the established threshold.

4.4.4

The Company has a procedure in the use of water in the factory contained in the Guidelines and Working Instruction No.C-11 date June 2013. The use of water in the factory comes from the Bah Jambi river and the water usage is recorded in the water usage record of the PKS Bah Jambi. The average water usage for the FFB process is 1.40 m3 / ton FFB from budget of water use is 1,50 1.40 m3 / ton FFB. The management unit has record of rainfall from January – May 2017. The average of rainfall is 176 mm.

4.4.2

Status: Nonconformity no. 2017.10 with Major Category

open

4.5

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

Indicator 4.5.1.

The company has IPM plan on SPO Integrated Pest Management:

- Pest and disease on Immature Plants (Doc. No. SPO 04.3, dated 1 August 2007), this procedure explaining about: attack symptoms, census method, pest control for *Oryctes* sp, rats, wild boar, and *Apogonia expeditioris*.
- Pest and disease on Mature Plants (Doc. No. SPO 05.11, dated 1 August 2007), this procedure explaining about: nettles (*Thosea asigna*, *Setora nitens*, *Darna trima*, *Thosea bisura*, *Ploneta diducta*, and *Sucica pellide*), bagworm (*Mahasena corbetti*, *Metisa plana*, dan *Cremastopsyche pendula*), Early warning system, pest control (physical/mechanize, biologist, plant breeding, and chemical).

According to global telling verification on Bah Jambi Estate and Marihat Estate, and also according to interview with Afdeling Assistants. The global telling were conducted to control of nettle and bag worm attack on mature area; and also global telling for oryctes sp on immature area. However, there are no available documentation of rat control (global telling) on immature area in accordance to SPO 04.3. Therefore according to interview with plants clerk in Bah Jambi Estate that known, there are pest control (oryctes) and it has been spraying by Marshall. However, there are no record of early warning system as the basis of chemical application to control of oryctes. **It was raised as non conformity No. 2017.11.**

There are global telling for nettles and bagworm record on April 2017, Afdeling VIII Bah Jambi Estate (614 Ha): average of nettle attacks is 25 nettles/frond (high level). There are chemical control record with Cypermethrin: 0.25 liter/Ha. While in Afdeling IV Marihat Estate (51 Ha) average of nettle attacks is 28 nettles/frond (high level). Chemical control has been

conducted with Cypermethrin: 0.25 liter/ha.

Indicator 4.5.2.

The management unit was able to show record of IPM training dated 6-8 April 2015 from IOPRI to 33 persons from Afdeling assistant, pest officer and pest mandore from 11 business management unit. Marihat Estate has been conducted IPM training from staff to pest officer on 10 April 2017. However according to document verification: there are no evidence that IPM plan training has been conducted from staff to all of global telling workers in Bah Jambi Estate. **It was raised as non conformity No. 2017.12.**

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| 4.5.2 | Status: Non Conformity No. 2017.12 with minor category | open |
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**4.6
Pesticides are used in ways that do not endanger health or the environment**

4.6.1 and 4.6.3

Procedure No. SPO.05 Part 5.10-12 mentioned that chemical application on P&D population control were only allowed if the number of incidence attack were more than its economic threshold. Justification of pesticides used must be based on census analysis which conducted every month. The company has no regulation on specific pesticides used. However, list of pesticides used in 2016 were able to be provided. According to the list given and field observation to chemical warehouse in Bah Jambi Estate and Marihat Estate, there were 14 brand of pesticides used for IPM activity. The active substances on the pesticides list were Methyl Metsulfuron, Paraquat diklorida, Florokspir methyl heptyl ester and Isoprophyl amine glyphosate for weeds control; Karbaril, Acephate and Deltamethrin for leaf eating caterpillar control; Cypermethrin for rhinobettle control; Alkylphenol Exthoxylates and Diazion for Bag Worm. All pesticide used are listed in the book of pesticide commission 2016 issued by Department of Agriculture, Republic of Indonesia. The management unit has pesticide reduction program and record, for example: Caterpillar control, it just one application with active ingredient of Acephate 75%.

As mentioned above, uses of pesticides should be jaustify by census analysis. For example, monthly monitoring and control of *Oryctes rhinoceros* (rhinobettle) on Marihat Estate report in June 2016 informaed that the incidence in Afdeling VI were more than economic threshold (>2 %). Thus, chemical control by 5 g Marshal/palm and/or 100 ml Scud/ha were recommended and carried out by estate management to overcome this situation.

In order to avoid P&D (include weeds) resistance and prophylactic uses of pesticide, estate management had substitute dan rotate the use of pesticides for the same target. For example, in term of broad leaf control, the use of Gramoxone (Paraquat dichloride) could be substitute and/or rotate with Starane (Floroxypir metilheptil ester) and/or Ally (Methyl metsulfuron). Apart from chemical control, biological control has also adopted by the estate, such as conducting pheromone trap to control rhino beetle population and planting of *Turnera subulata* to control leaf eating caterpillar population. Application of pheromone trap has reported had significant effect to decrease rhino beetle incidence in each Afdeling (Bah Jambi and Marihat). According to field observation on each estate, there are several beneficial plant along Main Road.

Indicator 4.6.2.

There are no records of pesticides use including active ingredients used and their LD50, area treated, amount of active ingredients applied per Ha and number of applications during last year in Bah Jambi Estate and Marihat Estate. **It was raised as non conformity No. 2017.13.**

Indicator 4.6.4.

Bah Jambi Estate and Marihat Estate has a pesticides list categorized in Class 1A and 1B (according to circular letter from Director No. 04.04/SE/18/X/2016 dated 14 October 2016), and also there are record of Paraquat usage for last three years. However, there are no reduce program and eliminate the paraquat uses. **It was raised as non conformity no. 2017.14.**

Indicator 4.6.5.

There are SOP Schedule Waste No. SPO 02 dated 2 Januari 2015 and Work Instruction (No. Dok. 4.3-13-IK-33), dated 17 June 2015. Each of estate also has pesticide applicators certificate from Pesticide Commissions Province of Sumatera

Utara for all of Pesticides Applicators. However there are several **non conformity No. 2017.15.** such as;

- a. According to field observation to chemical warehouse in Bah Jambi Estate, the MSDS of Dithane was no informing 16 items according to chemical producers. While the MSDS of Santafuron was available on English form.
- b. According to interview with pesticide applicators in Bah Jambi Estate, on block 16E; and Marihat Estate on block 87 I. They were explain about PPE's is still save in their housing, besides that according to observation to chemical warehouse in Bah Jambi Estate (Afdeling III) and Marihat Estate (Afdeling IV) there are no evidence that all of PPE's has been save on chemical warehouses.
- c. Based on work instruction No. 4.3-13-IK-33 Rev.2 about chemical/wiping instruction. There are no information about water sources for chemical mixing. Besides that, point 2.4 about PPE's; there are no information about apron usage to prevention chemical exposure to the workers body.

Indicator 4.6.6.

According to field observation to chemical warehouse in Bah Jambi Estate, Afdeling IV. There are used chemical containers was no store in licensed schedule waste. Besides that, there are no monitoring of used chemical containers to ensure there are no others usage of this containers. **It was raised as non conformity No. 2017.16.**

Indicator 4.6.7.

There are SOP Schedule Waste No. SPO 02 dated 2 Januari 2015 and Work Instruction (No. Dok. 4.3-13-IK-33), dated 17 June 2015. Each of estate also has pesticide applicators certificate from Pesticide Commissions Province of Sumatera Utara for all of Pesticides Applicators. Based on field observation to Chemical warehouse in Bah Jambi Estate and Marihat Estate, that known there are facilities for cleaning up after work and also space for keeping PPE's and work tools. There are also warning sign for displayed in the area treated with highly toxic pesticide.

Indicator 4.6.8

According to the field visit on the spraying program, the company has applied pesticide by using *Knapsack*/spraying equipments (not spreaded from the air).

4.6.9

Pesticide operator have been trained on November 2016. The training provided includes a description of how to reduce the risk of exposure to pesticides. Based on the results of field visits to the chemical storage warehouse, it has been equipped with pesticide handling. The results of interviews with spraying team are known that workers have been trained and get a briefing on the safety of work before starting work.

4.6.10

The business unit has SPO no. 020 dated April 1, 2010 concerning Removal of hazardous waste Remnants, Chemical Containers and Wash Water Equipment. The containers in the form of jerry cans and plastic packs are collected in a separate warehouse or warehouse of hazardous waste, arranged regularly and labeled by type and size. After reaching a certain amount is submitted to companies that have hazardous waste transport permit. Each Division creates a record of managed waste. The Company has socialized the handling of pesticide waste contained in training activities of pesticide operators by the Fertilizer and Pesticide Supervisory Commission of North Sumatra Province. The company has socialized to spraying employees in training of limited pesticide operator certificate.

4.6.11

The company has list of pesticide operators. Medical check up of management unit of Marihat conducted on November 2016. Management unit of Marihat showed the results of medical check up (including cholinestrase) of spraying team and other employees in 2016 through PT Prima Medica Nusantara. Management unit showed evidence of follow-up of medical check up conducted in 2016, in the form of follow-up re-examination (re-consultation) to a company's doctor.

Based on interview with spraying team for example in block 16E Bah Jambi Estate, medical checkup result has been socialized by the company. There are information obtained that the worker had not indicate of skin disease and itches.

Based on document review and interviews with the management unit, the company has conducted health checks on pesticide applicators (year 2016) including cholinestrase test and follow-up of medical check up.

Management unit of Bah Jambi, has conducted a medical check up of pesticide operators on January 19, 2016. However, there is not enough evidence that the management unit has annual medical check up (year 2017). **Nonconformity no. 2017.17**

4.6.12

The management unit has a policy to preventing pregnant and breast feeding women from pesticide handling. For example, the policy has been socialized by circular letter MAT/SE/17/IV/2017. Unit management of Marihat showed recapitulation document of pregnant and lactating women from January to April 2017. There were no pesticide applicators in breastfeeding and pregnancy. Based on the results of interviews with management and HR and OHS officers, it is mentioned that to ensure that pesticide applicators are not in a pregnant state viewed from the recording of H1 leave. H1 leave must be given to pesticide applicator. Meanwhile, to ensure that there are breastfeeding mothers can be seen from the recording of H2. Based on that verification, there are no pregnant and lactating women which are conducting pesticide handling.

Management unit of Bahjambi showed recordings of pregnant and lactating mothers in 2012. However, there is not enough evidence that Bahjambi unit already have systems to ascertain or identify pregnant and lactating women for pesticide applicators. **Nonconformity no. 2017.18**

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| 4.6.2 | Status: Non Conformity No. 2017.13 with minor category | Open |
| 4.6.4 | Status: Non Conformity No. 2017.14 with minor category | |
| 4.6.5 | Status: Non Conformity No. 2017.15 with Major category | |
| 4.6.6 | Status: Non Conformity No. 2017.16 with Major category | |
| 4.6.11 | Status: Nonconformity No.2017.17 with Major Category | |
| 4.6.12 | Status: Nonconformity No.2017.18 with Major Category | |

4.7

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

4.7.1

OHS policy each units was authorized by unit Manager on November, 7 2016 for Bah Jambi unit and on January, 2 2017 for Marihat unit. This policy available on Bahasa easily understood by all workers and contractors.

Nonconformity no. 2017.19 :

Management unit of Bahjambi has conducted medical check up for high-risk workers in the Mill on March, 29 2016. However, there is no evidence of follow-up of audiometric results for 18 workers who decreased hearing power.

Based on the field visit at Bah Jambi Mill, found the conditions at risk:

- Officers at loading ramp only wear slippers
- Workers smoking at clarification and sterilizer stations.
- Boiler and engine rooms operators did not use earplugs
- There are no OHS guides in all stations
- First Aid Boxes in all stations and warehouses of Bah Jambi units are not in accordance with regulation no. 15 of 2008 and the foremen in all the field activities did not have a first-aid box.
- There is no awareness signage to the reparation activities in the clarification station area.
- There is no evacuation route available in the Bah Jambi mill.
- The result of field visit and simulation of fire in mill, known that there is only 1 hydrant hose, 1 nozzle in mill area from 7 point hydrant.

4.7.2

Procedures of OHS Risk Management (No. Doc 4.2.1). This document Is a guide to identify and assess all sources of hazards arising from the process of operational activities and control efforts. The Management Unit has Hazard Identification, Risk Assessment & Control (HIRAC) documents, but based on document review, field visits and interviews with management, it is known that:

- There is not enough evidence that the HIRAC document of Bah Jambi has been reviewed at least once a year or if found any abnormality in its application as set forth in Risk Management SOP (SOP No 4.2.1 dated 12

February 2014)

- HIRAC of Mill has not contained any activities hazardous waste warehouse, chemical warehouse and refueling tank.
- There is no risk control measures in the HIRAC document of the Bah Jambi unit.
- Marihat Unit already has a 2016 HIRAC document, but the document has not been specifically explained on the risk control measures of exposure to chemicals to the applicant's body using apron.

Related to this matter, the company has not been able to show evaluation and monitoring the implementation of risk identification. **Nonconformity no. 2017.20.**

4.7.3

Based on document verification and interview with workers, unit management has conducting OHS training related to applicable regulation, for example :

- Regulation of Manpower Minister no.9 year 2010 related to operator officer
- Regulation of manpower Minister no. 15 year 2008 related to first aid officer
- Regulation of Manpower Minister no.1 year 1988 related to boiler officer
- Etc.

Based on document verification, the management unit has provided earplug/ear muff to all workers in the mill with high noise level dated 31 December 2016. Therefore according to interview with boilerman and kernel operator, there are no complaint related to decreased hearing due to noise. The latest audiometric test was conducted on March 29, 2016. While the latest training of high noise levels has conducted on 5 May 2017.

Based on the results of the document verification, field visits and interviews with workers it is known that:

- Field visit at afdeling 4 block 87 L of Marihat unit it is known that harvester's shoes are in damaged condition and using a security helmet; In addition to the results of field visits at afdeling 4 block 87 I Marihat unit, known that the shoes of manual maintenance workers in damaged condition.
- The management unit of Bahjambi and Marihat had shown evidence of PPE provision. However, there is not enough evidence that the apron has been given to the spraying team.
- Field observation results, it is known that contractor workers in Mill did not use PPE, contractor drivers only use slippers.

Related to this, the auditor team considered that the company has not implemented a comprehensive OHS protection for workers and contractor workers. **Nonconformity no. 2017.21.**

4.7.4

The Unit Management already has OHS committee and a statement letter from the OHS service institution that there has been general OHS expert training for secretaries of OHS committee in Bah Jambi and Marihat units. However, there is not enough evidence that secretaries of OHS committee have the decision appoinment and authority of general OHS expert from the Ministry of Manpower of the Republic of Indonesia. **Nonconformity no. 2017.22**

4.7.5

Procedures of OHS Emergency Management (No. Doc 4.3.16, second revision effective date February, 15 2014), this procedure provide guidance on the steps of handling emergencies quickly and accurately to reduce the impact of any losses. Based on the result of field visit and document verification, it is known that:

- Unit management (Bah Jambi and Marihat) has not been able to show the recording of all land fire facilities. Related to this, the company has not been able to show evidence that monitoring facilities and infrastructure of land fires and implementation to ensure facilities and infrastructure of emergency response in ready condition. **Nonconformity no. 2017.23.**

4.7.6

Unit management has policies to include workers in BPJS employment and health. In addition, there is evidence of BPJS employment and health cuts in payroll documents. However, the unit has not been able to show evidence of payment of BPJS employment and health for all workers. **Non-conformity no. 2017.24.** Based on work agreement between company

and contractor verification, there are clause of obligation of contractor to registered their workers on Jamsostek/BPJS program. It will evaluate by management unit every year.

4.7.7

The entire of work accident that has been recorded and monitored by the company, the note is submitted in document of work accident report. Based on Guiding committee of occupational safety and health reports fourth quarter, there is a recording of occupational accidents than in October-December 2016 to inform how many days of work lost. However, the Bahjambi Unit has not been able to show the accident records that have been using Lost Time Accident (LTA) calculations.

Nonconformity no. 2017.25

| | | |
|-------|---|------|
| 4.7.1 | Status: Nonconformity no. 2017.19 with major category | open |
| 4.7.2 | Status: Nonconformity no. 2017.20 with major category | |
| 4.7.3 | Status: Nonconformity no. 2017.21 with major category | |
| 4.7.4 | Status: Nonconformity no. 2017.22 with major category | |
| 4.7.5 | Status: Nonconformity no. 2017.23 with minor category | |
| 4.7.6 | Status: Nonconformity no. 2017.24 with minor category | |
| 4.7.7 | Status: Nonconformity no. 2017.25 with minor category | |

4.8

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

4.8.1 & 4.8.2

Management unit of Marihat showed the internal training needs assessment form year 2017 and its planned implementation for February to November 2017, as follow :

1. Fertilization application
2. Mixing and spraying
3. Best Agricultural Practice
4. Hazardous materials
5. Etc

Management unit of Bahjambi has not been able to show evidence of training program for employee capacity improvement in 2016/2017, especially related to aspects in RSPO's principles and criterias. **Nonconformity no. 2017.26**

The company had training record for each worker in 2016, as example :

- Training heavy equipment operator ; certificate no. Ser.14429/OPK3/PAA-LT/XI/2015.
- Pesticide operators ; certificate no. 521.4/206.08/UPT.PTPH/XI/2016.
- Emergency response simulation of fire, earthquake was conducted on June, 27 2016
- etc

| | | |
|-------|---|------|
| 4.8.1 | Status: Nonconformity no. 2017.26 with Major category | Open |
|-------|---|------|

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

Previously the company has presented Environmental Evaluation Study document with the scope of Bah Jambi Estate of 9,060.50, Marihat Estate of 6,100.00 ha and Bah Jambi Palm Oil Mill, with production capacity of 60 tons of FFB / hour. This document has been approved by the Department of Agriculture dated 13 january 1993 No RC.220/59/B/I/93.

The Company has revised the environmental documents (RKL / RPL) of Plantation and Mill Bah Jambi in 2004 located Sub distric of Tanah Jawa, district of Simalungun , North Sumatera Provice. The scope of the operational area of oil palm plantation 8060.50 Ha and the capacity of Mill is 60 tons of FFB / hour. This document has been approved by letter no. 432 / Bpdl-2004 dated December 29, 2004 from the Regional Environmental Impact Management Agency of Simalungun Regency.

Marihat Environmental documents have been revised, namely Environmental Evaluation Document (DELH) Oil Palm Plantation Activities in Simalungun Regency by PT. Perkebunan Nusantara IV Unit Marihat. This document has been approved by letter no SK 188.45/12.1/sekret-2014 Passed on 23 January 2014. With a plantation area of ± 4413.66 ha.

5.1.2

Bah Jambi Estate and Mill has represents environmental documents that have included environmental impact assessments of replanting activities. Based on the Environmental Management Plan matrix the impact must be manage ie:

- Decrease in water quality
- Decrease air quality
- Erosion
- Decreased Soil fertility
- Effect on fisheries
- Land Dispute
- Protests resulting from the death of the resident fish
- Wild grazing
- Unrest caused by domestic waste
- Community income
- Employment Opportunity
- Replanting

The company also has an environmental management and monitoring plan contained in the Environmental Evaluation Document (DELH) at Marihat Estate and within the document there is a matrix Environmental management activities include

- Surface water quality
- Air quality
- Surface flow discharge
- Soil erosion
- Potential land fires
- Solid Waste Store
- Biological components such as the loss of land cover vegetation, wildlife habitat disturbance and marine biota disturbance.
- Employment and Business opportunity and community income
- Attitudes and Public Perceptions

5.1.3

Bah Jambi Estate and Mill has been implemented and reported in the RKL and RPL implementation report document for the 2nd semester of 2016 with evidence of the sender to the Environment Agency of Simalungun Regency with receipt dated 22 February 2017. Based on the result of document review known

- Bah Jambi Estate has implemented environmental management and monitoring (RKL / RPL) in second semester of 2016, but there are still environmental parameters that have not been managed and monitored and monitoring location according to RKL / RPL matrix eg Noise, Groundwater, Replanting
- Marihat Estate has implemented environmental management and monitoring (DELH) in second semester of 2016, but there are still environmental parameters that have not been managed and monitored and monitoring location according to environmental management and monitoring (DELH) matrix eg Increased surface water flow rate, Surface water quality (River Lost Bah, Biak, and Bah Birung), Soil Erosion and sendimentation, Employment opportunities and business opportunity, Attitudes and public perceptions

In addition, the preparation of the report has not been in accordance with Decree of the Minister of Environment no. 45 of 2005 on Guidelines for Preparation of RKL and RPL Implementation. **Nonconformity no. 2017.27**

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|-------|--|-------------|
| 5.1.1 | Status: Nonconformity no. 2017.27 with minor category | open |
|-------|--|-------------|

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

Bah Jambi Estate has identified HCV conducted by Citra Cendikia consultant agency which conducted field data collection on 08-10 July 2011 with methodology of Guidance of Identification of High Conservation Value Area in Indonesia 2008. Public consultation on HCV identification was conducted on October 1, 2011 i which was attended by 83 participants from various agencies (BLH, District Office, NGO, Security apparatus), local people and Workers. Result of HCV Identification of Unit Bah Jambi is 735.03 Ha (9.11%) of HGU. But the company has not presented any evidence of peer review by an HCV assessor listed as an Assessor License Scheme (ALS). **Nonconformity no. 2017.28.**

Notes: Total HCV area in Bah Jambi is 604.67 Ha, consist of 557.67 Ha riparian area (include planted area), 39,2 Ha are HCV 1 and 7.8 Ha are HCV 6.

Marihat Estate has identified HCV conducted by Surveyor Indonesia. HCV assessment has been conducted public consultation to community around on November 21, 2016. Implementation of socialization activity in meeting hall conducted to employees Marihat unit. The socialization was followed by 37 participants from the employees and surrounding communities. Result of HCV Identification of Unit Marihat is 99.85 Ha. this document has been peer review by an HCV assessor listed as an Assessor License Scheme (ALS).

5.2.2

Based on the results of HCV identification in Bah Jambi Estate known there are 10 species of birds that are protected and there are 7 species of mammals and there are protected plants namely Kayu Raja/Kayu Tualang (*Koompasia excelsa*). Based on the results of identification of HCV in Marihat Estate, there are 25 bird species protected by both government and IUCN provisions. For mammals there are 10 species that are protected, and for the reptile species there are 5 protected species. No protected plant species found.

Bah Jambi and Marihat Estate already have HCV management and monitoring plans, but not yet adequate such as the management and monitoring sites have not been specifically described with clear targets and timelines. **Nonconformity 2017.29.**

5.2.3

The management unit has no SOP. 09 dated January 2, 2015 on Identification and Protection of Flora and Fauna. Based on the results of field visits in housing complex at Bah Jambi Estate and Marihat Estate is not find employees who capture and keep protected wildlife. But based on the results of the document review it is known that there is no program to educate employees on a regular basis and there is no evidence that there has been any socialization of procedures and policies for the protection of rare animals and plants protected to all workers in the operational area of PTPN IV of Bah Jambi and Marihat. **Nonconformity no. 2017.30**

5.2.4

Bah Jambi and Marihat have not been able to show the results of monitoring of wildlife, protected plants and HCV as well as evidence of evaluation of management plans based on the results of monitoring. **Nonconformity no. 2017.31**

5.2.5

The area of HCV Bah Jambi associated with the local community is only a grave and springs, which are inside the plantation area. HCV is maintained by the company because it has an influence on employees and society. Based on the results of HCV identification in Marihat it is known that there is no HCV area on community land

| | | |
|-------|---|------|
| 5.1.1 | Status: Nonconformity no. 2017.28 with Major Category | open |
| 5.2.2 | Status: Nonconformity no. 2017.29 with Major Category | |
| 5.2.3 | Status: Nonconformity no. 2017.30 with Minor Category | |
| 5.2.4 | Status: Nonconformity no. 2017.31 with Minor Category | |
| | | |

5.3

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

5.3.1.

The management unit can show the documentation of identification of waste sources resulting from the operations of the Mill and plantation. Hazardous waste identification is described in the SPO of Hazardous Waste Management (No. SPO 02, dated 02 January 2015).

| Type of waste | Activities | Management |
|------------------------------------|---------------------------------|-----------------------------------|
| Used Lubricant | Maintenance machine and vehicle | Temporary storage Hazardous Waste |
| Used battery | Maintenance machine and vehicle | Temporary storage Hazardous Waste |
| Used chemical packaging | Manuring and processing in Mill | Temporary storage Hazardous Waste |
| Rags | Maintenance machine and vehicle | Temporary storage Hazardous Waste |
| Sacks of fertilizers and chemicals | Manuring and processing in Mill | Temporary storage Hazardous Waste |
| Used light bulb | Office and Housing | Temporary storage Hazardous Waste |

The company has SOP No. 20 about domestic waste management dated 20 January 2015. All of domestic waste will be dispose to the landfill on each estate units. Based on field observation to the Landfill area in Bah Jambi and Marihat Estates, there are signboard dated of landfill crated. The domestic waste has properly disposed.

5.3.2

The Company has licensed storage of Hazardous Wastes PTPN IV unit of Bah Jambi based on the decision of the Head of The Environmental Agency Simalungun Regency No 188.45/822/Sekrt-2014. Signed on 18 September 2014 and valid for 5 years.

The Company has sent hazardous waste to PT Amindy Barokah on 30 December 2016 with kind of waste among others; Used lubricants, used batteries, filter oil and contaminated packaging. For the year 2017 the company in cooperation with the licensed collector is PT Veronica Tannaga for the transportation and collecting of hazardous waste materials PT Perkebunan Nusantara IV. The term of employment is 12 months signed on 2 March 2017.

5.3.3

The Company has not been able to show the waste disposal and waste management plan to avoid or reduce pollution should be well documented and implemented, it is based on the results of document review and field visits are known:

- The Marihat Unit has delivered hazardous waste (used lubricants and pesticide packaging) to licensed carriers on January 26, 2016 and Bah Jambi Units on 11 January 2016, however the company stores hazardous waste over 180 days. This is not in accordance with the permits and PP. 101 of 2013.
- Based on field observations to Hazardous Waste Storage at Bah Jambi and Marihat Estate not yet equipped with hazardous waste label symbol, eye shower, adequate P3 box.
- Based on the results of field observations to the hazardous waste temporary storage Bah Jambi not available adequate secondary containment to avoid potential pollution to the environment.
- Based on interviews with employees living in Afd 2,3,9 at Bah Jambi unit as well as the result of field visits at afdeling 4 Marihat unit is known that waste management by burning.
- Field observation results to Chemical warehouse afdeling 4 Bah Jambi and afdeling 2 and 3 Marihat unit is known to contain hazardous waste containers that are not collected at licensed sites.
- Field observation results at Marihat unit know contain drums used lubricant in store in warehouse of used material

Nonconformity no. 2017.32

| | | |
|--------------|--|-------------|
| 5.3.3 | Status: Nonconformity no. 2017.32 with Minor category | open |
|--------------|--|-------------|

5.4

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

5.4.1

The Company has carried out monitoring in the monthly report of fuel used for CPO processing. The average use of renewable energies is 0.20 tons of shells and fiber/tonnes though FFB. Average electricity usage is 57.13 KWH / ton CPO.

| | | |
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| | Status: Comply | |
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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

Based on Oil Palm Plantation SPO under the title Land development, in the Land Clearing section 01.3 dated August 01, 2007 explains that explaining by way of land clearing by manual, mechanical and khemis system, work is done by way of overthrow and stacking.

5.5.2

Recording of zero burning implementation can be shown by business unit through Work Order Letter to PT Perdana Kania Citra with letter number 04.04 / SPMK / 148 / VII / 2015 dated July 27, 2015 for palm oil replanting work in 2015 covering 54 ha in afdeling IX unit Bah Jambi.

Status: Comply

5.6

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

5.6.1

The Company has a list of pollution activities with document number 01 / GLP / ENV / VI / 2016 for 2016 with details as follows:

| Activities | Source emission | emision | Calculation source |
|---------------------|---------------------------|--------------------------------------|--|
| Land Clearing | Degradasi biomassa | CO ₂ | Extent and year of opening year, vegetation before opening (calculation is done only on land opened after 1 January 2008). |
| Used fossil energy | Burning fuel for verhicle | CO ₂ | Type and amount of fuel used |
| Fertilizer | Used fertilizer | CO ₂ | Type and amount of fertilizer applied |
| Aplication chemical | Used pestiside | N ₂ O and CH ₄ | Type and amount of pesticide and herbicide use. |
| Mill Activities | Process CPO | CO ₂ and CH ₄ | Amount FFB process |

The company has monitor noise levels on sterilizer and boiler station. According to testing on the first half of year 2017, Sterilizer: 88.3 dBA and Boiler: 87.5 dBA.

5.6.2

The company shows greenhouse gas mitigation efforts. Implementation has been done is in doing replanting does not do the burning (zero burning). Based on the results of field visits in Afdeling 5 it is known that the replanting is done maunal and not found the burning land.

5.6.3

The Company has reported the calculation of GHG Bah Jambi unit to RSPO secretariat devaladevi@rspo.org and received on 2 June 2016. The calculation has been using RSPO GHG Calculator Version 3.0.

Summary Emissions

| Product | tCO ₂ e/t Product |
|---------|------------------------------|
| CPO | 14,34 |
| PK | 14,34 |

| Description | Unit | Value |
|----------------------------|------|---------|
| Total Planted area | Ha | 14677,5 |
| Total planted Area on Peat | Ha | 0 |
| Conservation area | Ha | 45 |
| OER | % | 8,62 |
| KER | % | 1,41 |

Mill Emissions and credits

| Description | tCO ₂ | tCO ₂ e/t FFB |
|---|------------------|--------------------------|
| Emmissions Sources | | |
| POME | 39178.38 | 0,13 |
| Fuel Consumption | 1097.8 | 0 |
| Grid Electricity Utilization | 0 | 0 |
| Credits | | |
| Export of Excess Eletricity to Housing & Grid | 0 | 0 |
| Sale Of PKS | -2006,4 | 0,01 |
| Sale Of EFB | 0 | 0 |
| Total | 38809,78 | 0,13 |

Plantation/ Field Emissions and sinks

| Description | own | | | Group | | |
|--|------------------|-----------------------|--------------------------|------------------|-----------------------|--------------------------|
| | tCO ₂ | tCO ₂ e/ha | tCO ₂ e/t FFB | tCO ₂ | tCO ₂ e/ha | tCO ₂ e/t FFB |
| Emission Source | | | | | | |
| Land Conversion | 84248.39 | 7,92 | 0,42 | 39881.82 | 9.88 | 0.42 |
| CO ₂ Emission from fertilizer | 373167.08 | 35.07 | 1.87 | 2653.94 | 0.66 | 0.03 |
| N ₂ O Emissions | 5447.36 | 0.51 | 0.03 | 1513.89 | 0.37 | 0.02 |
| Fuel Consumption | 1251.49 | 0.12 | 0.01 | 211.89 | 0.05 | 0 |
| Peat Oxidation | 0 | 0 | 0 | 0 | 0 | 0 |
| Sinks | | | | | | |
| Crop Sequestration | -81423.68 | -7,65 | -0.41 | 37802.68 | 37802.68 | 0.4 |
| Sequestration in Conservation area | -3136.14 | -029 | -0.02 | 0 | 0 | 0 |
| Total | 37955 | 35.67 | 1.9 | 6458.86 | 6458.86 | 0.07 |

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

The company has social impact analysis report of each management unit. The report of Bah Jambi Unit made in cooperate by CV Citra Cendekia in 2011. The report consists of social economy aspect, impact of: regional economic and regional development, accessibility and economic infrastructure, society income, opportuniy of being company partner, social aspect, education and health accessibility, social-culture aspect, social-institutional, vogue of local. communication term

of the company with local people, social responsibility, local people perception against the plantation, etc. Based on document verification and interview with related stakeholder, whole issues has been raised in SIA.

The social impact evaluation report of Marihat Unit conducted on December 2015 - February 2016 by Surveyor Indonesia. There are findings of social impact study result such as: aspects of social economy, social, social-culture, and communication term of company with local people.

In both report own by Bah Jambi Unit and Marihat Unit, there is positive and negative impact of the plantation operational activities.

6.1.2

Social impact analysis conducted by involving impacted party. Submitting data methode used in the report by conducting tergeted and open interview to find information about opinion, persepsion, and impacts experienced by local people around the plantaion of Bah Jambi Unit. The informant are such as religious or public figure, and head of village. Direct interview is based on quetionnaire. Respondance chosen randomly by the local people who are realted to the company, analysis and observation in the village against to the daily life style of people around the plantation. The minute of public consultation with informant and other documentations are available such as photos of the activity.

6.1.3

Marihat unit has social impact management program based on social impact analysis which done. The document was made on June 02, 2017 by Plt. Ass. HRA& Security. Information about social impact parameter which managed, impact resource, the purpose of management, management plan, time and location, and PIC are available in the report. The program made with clear and relevent timeline, and the PIC.

Bah Jambi Unit has not yet shown corrective Actionplan of negative impact and increasing the social positive impact, and also the monitoring of them which involving impacted party including the schedule and the PIC.

Nonconformity no. 2017.33.

6.1.4

The document of social impact management program own by Marihat Unit made based on the findings of social impact stated in social impact analysis report which conducted on December 2015-February 2016. Bah Jambi Unit has not yet conducted review/evaluation process per 2 years against the implementation of social management plan which has been decided before by involving participation of all stakeholders.

Nonconformity no. 2017.34.

6.1.5

Based on the interview with management and public consultation result with the representative of Nagori Silampuyang and Nagori Parbalogan, known that smallholder scheme in operational area is not available.

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|--------------|--|-------------|
| 6.1.3 | Status: Nonconformity no. 2017.33 with Major Category | Open |
| 6.1.4 | Status: Nonconformity no. 2017.34 with Minor Category | |

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

The company has communication and Consultation SOP No. SPO 03, dated on January 2, 2015. The SOP states that communication and consultation with local people in business unit/business group unit is directly managed by HRA assistance and represents GUU to cummmunicate with stakeholders. The communication and consultation conducted in head office is directly managed by PR in secretarial company. The SOP has been socialized on February 8, 2017.

6.2.2

The company has communication and Consultation SOP No. SPO 03, dated on January 2, 2015. The SOP states that communication and consultation with local people in business unit/business group unit is directly managed by HRA assistance and represents GUU to cummmunicate with stakeholders. The communication and consultation conducted in

head office is directly managed by PR in secretarial company.

6.2.3

The company has stakeholder list of 2016 which available in each management unit. Based on interview with management, it is know that the stakeholder list document is renewed if there is change by phone, however, there is no evidence shows that the stakeholder list has consisted of all impacted or related party, such as:

- Stakeholder list of Bah Jambi Unit consists of contractor, village, district, Police Office, and Danramil but the list has not yet consisted of all stakeholders such as: reporter/NGO; regency, province, and national government agencies; supplier, labor union, etc.
- Stakeholder list of Marihat Unit consists of village, distric, police office, Danramil, and regency government agency, but stakeholder list has not yet consisted of all stakeholders such as: reporter/NGO, contractor, supplier, province and national government agencies, labor union, etc.

Nonconformity no. 2017.35

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|--------------|--|-------------|
| 6.1.4 | Status: Nonconformity no. 2017.35 with minor category | Open |
|--------------|--|-------------|

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 open system agreed by all parties to receive complaint and solve problem effectively, ontime and proper. The open system stated in collective agreement between Business Unit party and the employees represented by SP-BUN and HR Assisstant. In collective agreement, PT Perkebunan Nusantara IV and labor union of PT Perkebunan Nusantara IV of 2016-2017 clause 64 states the problem solving procedure:

- Each complaint of the employee should be firstly discussed and solved with the supervisor;
- If clause 1 does not work, it will be brought to the LKS Bipartit forum, both in unit stage and company stage;
- If clause 2 does not work does not work, it will be brought to the industrial relation court to be solved.
- Industrial action conducted in appropriate with UU No.13 of 2013 and applicable requirements.

Besides that, the company has SOP of customer and environment complaint management No. SPO 13 dated on January 02, 2015. In the SOP, customer and environment complaint management procedure in head office and business unit, society fluctuation preventive procedure, and demonstration security in head office are available. Through the information gathered from several stakeholder during the audit, it known that entire complaint can handled by the unit. Based on interview with management, they will take responsibility for all incoming complaints until it clear.

6.3.2

The company has employee complaint facility by providing sugestion box placed in HR Ass. room. Besides that the employee can deliver theri complaint through SP-BUN that will be forwarded to HR Ass and then Manager. Complaints will be openly delivered to management.

The company has record book of complaint. In that book, there are some incoming complaints, example: on May 19, 2017, there is a complaint about the losing of 4 brige tracks infront of the warehouse by M. Arisan, Marganti and Suratman. The follow up of the report has been done on May 20, 2017 by finding the bridge track and putting them back.

| | | |
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| | Status: Comply | |
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6.4

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

6.4.1, 6.4.2 and 6.4.3

As explained in principle 2 that the operational area of PTPN IV, particularly the Bah Jambi and Marihat Business Units, is derived from erpacht lands which are nationalized under Law no. 86 of 1958 on the Nationalization of Dutch Owned Enterprises jo. PP no. 19 of 1959 concerning the Establishment of Dutch Owned Agriculture / Plantation Companies

Subject to Nationalization. Therefore, there is no record of either voluntary release processes or through the compensation process. PTPN IV also has no obligation to build plasma plantations for the surrounding community.

Based on verification of documents, explanation of the management representative and interviews National Land Agency in Simalungun District and the surrounding villages among others in the Nagori Bah Joga, Nagori Mariah Jambe in Bah Jambi and Nagori Silampuyang and Nagori Parbalogan in Marihat, obtained information that the area of oil palm plantations managed by PTPN IV Unit Bah Jambi and Marihat was a plantation area which had been nationalized by the government of the Republic of Indonesia from the Dutch plantations. There was no area which compensated from the ownership of the other party.

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

Management unit has Sumatera Utara Governor Decree No. 188.44/623/KPTS/2016 concerning the Minimum Wages of Sumatera Utara province in 2017. Workers wages in PTPN IV unit Bahjambi and Marihat based on Sumatera Utara Governor Decree no. 188.44/623/KPTS/2016. Verification results of auditors, harvesters have earned wages in accordance with minimum wage in accordance with Sumatera Utara Governor Decree No. 188.44/623/KPTS/2016. In addition, based on verification results, harvesting work is not calculated based on working hours but is calculated on the basis of work performance. Work performance is given in the form of a premi and is awarded if the worker gets more crops than the target set by the company.

Based on document verification, found some non-conformities, among others:

1. Based on document verification of overtime work order (bahjambi unit) on April 2017, it is known that there are workers who work overtime. However, there is not enough evidence that the management unit has calculated the worker's overtime hours. For example: on April 24, 2017, there were 3 workers working overtime, but not counting overtime hours.
2. Based on document verification results of the security placement list, assisstant book periode march-april 2017 and interview with management, it is known that security personnels average work for 12 hours every day including on holiday. Unit management paid overtime limits for only 50 hours (weekdays) and Sundays (only Marihat units paying weekday overtime) plus incentives as overtime substitute according to grade. However, the overtime paid is not in accordance with Manpower regulation no. 102 of 2004 about overtime and overtime wages and Collective Labor Agreement Article 21 stating that:
 - article 1: work done outside official working days and official working hours expressed as overtime except for premiums
 - article 3: Company that employ employees over working hours as referred to in aticle 1 shall pay the overtime.

Nonconformity no. 2017.36.

6.5.2

The company has a Collective Labor Agreement (CLA) of PTPN IV in 2016 - 2017. The collective labor agreement has been registered to the North Sumatera Provincial Manpower and Transmigration Office (Registration No 01 01/DFT/PKB/6/SU/I/2016) and was approved by Head of Manpower and Transmigration Decree No. KEP.18-6/DTK-TR/2016 about Registration of Collective Labor Agreement on 27 January 2016. The CLA has been in accordance with applicable employment legislation.

The Collective Labor Agreement document describes the matters in explanation that can be understood by the workers, as follows:

- Chapter I: Terms
- Chapter II: Work Relation
- Chapter III: Weekdays and Hours
- Chapter IV: Exemption From Liability of Work
- Chapter V: Groups of Wages, Allowances and Unit
- Chapter VI: Health Care And Treatment

- Chapter VII: Occupational Safety and Health (OHS) and the equipment.
- Chapter VIII: Social Security and Welfare of Workers
- Chapter IX: Coaching Expertise And Skills And Education Support
- Chapter X: Rules of Work
- Chapter XI: Resolution of Industrial Dispute
- Chapter XII: Work Termination / Dismissal
- Chapter XIII: Validity Period of CLA
- Chapter XIV: Miscellaneous Provisions
- Chapter XV: Final Provisions

Based on the results of field visits in the plantation area of afdeling 2 block 09B, it is known that there are harvesters who do harvest work with the help of their families without having work agreement with the management. Related to this, unit management has not been able to show evidence that all workers that working in the operational area already have a working relationship. **Nonconformity no. 2017.37 with Major category.**

6.5.3

The company has a list of facility and infrastructure for the employees' prosperty. Based on field visit and interview with employee representative in afdeling housing II, III and IX, Bah Jambi Unit, it is known that the facility and infrastructure has been fulfilled. A mosque is available in front of housing area. Day care is in afdeing III and IX is no more active because of no more children kept there by the employees. Electricity from PLN and the employees get allowance from the company to pay the electricity. The availability of clean water is sufficient, the employees make boreholes as the clean water resource. The water can be consumed by the employees. Medical services provided by the company such as Puskesmas is a health care facility (BPJS) at 1st stage for the employees. It is adressed in each afdeling. The employees and their family are listed as the member of BPJS Kesehatan thus they can get free facility in estate clinic. Educational facility is available in Elementary School of Afdeling. The children of employees who study in Junior and Senior high school not far from Afdeling are provided a unit of school bus. There is a voly field in Afdeling I, III, and IX as a sport center of the employees.

Marihat unit has facility and infrastructure for the employees' prosperty. Based on field visit and interview in the housing, it is known that the company has provided sufficient facility and infrastructure. The availability of clean water is sufficient, the employees make boreholes as the clean water resource. The clean water can be consumed by the employees. The company porvides a clinic as the first stage. The company also provides Kindergarten as the educational facility. The nearest Elemetary School, Junior High School and Senior High School is about 5-10 km. The company provides a school bus for the the employees' children.

6.5.4

Bah Jambi Unit has Workers Cooperation (Tenera Cooperation) in Emplacement, Afdeling I,IV,V,VI,VII,VIII,and IX with business unit of saving&loans and basic commodities. Based on the interview with employees representative of Afdeling II,III,and IX, it is known that the workers are helped by the Cooperation. The workers can buy the basic commodities and pay them after receiving salary with reasonable price. There is no difficulty to find basic commodities out of Cooperation. Shopping center is not far from the Afdeling housing that can be reach in 10-15 minutes.

Marihat Unit allow vendors to enter the housing area. There are some residence who are the vendors. Besides that, the nearest market is in 5-10 km from the housing. Based on the interview with HRA ass., it is known that Marihat Estate is not far from Pematang Siantar ± 7 Km. Most of the employees buy their needs to the market in Pematang Siantar, however there are some cafe around each employees' housing.

| | | |
|---|--|-------------|
| 6.5.1 | Status: Non Conformance No.2017. 36 with Major category | open |
| 6.5.2 | Status: Non Conformance No.2017. 37 with Major category | |
| 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

The company gives a license to the employees to join labor union in collective labor agreement of 2016-2017 clause 5 which states that director will not interfere or prevent all things related to the organization development, during it does not against the applicable regulation of labor. In organization recognition clause 1, the director (management) recognize that SP.BUN is the only one labor union for the employees which appropriate with UU No.21 of 2000 about labor union.

As the evidence of the implementation, Bah Jambi Unit labor union of plantation (SP-BUN) OF PT Perkebunan Nusantara IV in Bah Jambi has been established. Agreement letter with labor union is available No.02/Kpts/SP.BUN-PTPN-IV/V/2014 on May 12, 2014 about inauguration of the board SP-BUN PTPN IV of Bah Jambi Masa Bhakti 2014-2019.

Marihat Unit also has legitimation of SP BUN administrator and the member on January 3, 2017 No.SP.BUN MAT/X/01/II/2017 by Disnaker Kabupaten Simalungun.

6.6.2

The company has minutes meeting between the company with representative of employees available in each management unit, such as: in Bah Jambi unit, there was a meeting on March 21, 2017 was discussing about providing natura to the employees which exchanged with money. In Marihat Unit, there was a meetin on May 10, 2017 was discussing about improving work to reach maximal productivity. Each management unit has complete record of every meeting.

Status: Comply

6.7

Children are not employed or exploited.

6.7.1

Company has a policy of not using child labor that contained in RSPO-ISPO document no. Policy 03 revision 02 dated 2 january 2015. Review of employment register documents, it is known that there are no workers under the age of 18 years. The youngest workforce is known to be 19 years old. Based on field visits and interviews with workers and foremen in block 09 B afdeling 2 Bah Jambi and Block 2016A / 2016B and Block 87L marihat, it is known that there is no indication of child labor. The results of interviews with labor unions, Manpower Agency and workers, there are no issues related to the use of child labor.

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

Management unit has a policy regarding anti-discrimination, equal opportunity and treatment in employment are contained in SPO No. 04.revision 02 dated 2 january 2015. This policies of work equation which state that PT PTPN IV provides equal chance and opportunity as much as possible without discrimination for all workers to perform their jobs in order to achieve the company's vision and mission. Based on interviews with workers, it is known that workers are very diverse origin, ethnicity, background, education, gender, and religion.

6.8.2

Document review and interviews with management, it was explained that recruitment of the workers is based on identifying the needs of manpower. It is no discrimination involving gender, religious, ethnic origin and background all meet the criteria required by the unit management. All prospective workers have the right to employment in accordance with the requirements specified. Moreover, interviews with workers (harvester, sprayers, etc.), also revealed that there is no indicating of discrimination issue.

6.8.3

Workers have the same opportunity in improving career. Promotion of workers based on skills, abilities, health and quality required by the job position. The management unit has the workers archive, consists of recruitment appointment Decree Letter from Direction No. 04.15/Kpts/97/XI/2015. Based on interviews with workers and labor union, it is known that appointment process is based on performance assessment and medical check up.

Status: Comply

| | | |
|---|--|-------------|
| 6.9 | | |
| There is no harassment or abuse in the work place, and reproductive rights are protected. | | |
| 6.9.1 | | |
| <p>Management unit has a policy to prevent sexual assault and sexual harassment, which contained in SPO document number 06 revision 02 on January, 02 2015 related sexual harassment policy which states that PTPN IV is responsible for preventing sexual harassment in the workplace and taking correction to prevent sexual harassment related to jobs.</p> <p>Management unit of Bahjambi has of women empowerment in labor union (SP-Bun) structure. However, there is insufficient evidence that management unit has a structure or organization specifically addressing women's issues (gender committees). While the results of the review of complaint documents, there are reporting of sexual harassment on September 2, 2016. In addition, there are no evidence of socialization of structure or organization specifically addressing women's issues (gender committees).</p> <p>Nonconformity no. 2017.38 with Major category.</p> | | |
| 6.9.2 | | |
| <p>The policies on protection of reproductive rights are contained in CLA between the company and worker union in 2016-2017 in article 27 and article 28, which stated:</p> <ul style="list-style-type: none"> a. Menstruation leave for female employees as many as 2 days (on the first day and the second day) b. Maternity leave for one and a half months before giving birth according to doctors/midwives medical letter and one and a half months after giving birth. <p>The implementation, for example : there was menstruation leave document of woman workers at afdeling 5 on April 2017. Some woman workers had taken the menstruation leave (H1).</p> | | |
| 6.9.3 | | |
| <p>Management unit has a mechanism for dealing with complaints, which respects anonymity and protects the complainant that contained in the documents of Infringement Complaint Management System (Whistle Blowing System) PT Perkebunan Nusantara IV on 2013 in Article 10: Protection for whistle blower. While grievance mechanism for workers contained in Collective Work Agreement year 2016-2017. Based on interview with workers, they have already known complaint or grievance mechanism for workers.</p> | | |
| 6.9.1 | Status: Non-Conformance 2017.38 with Major category | open |
| 6.10 | | |
| Growers and mills deal fairly and transparently with smallholders and other local businesses. | | |
| 6.10.1 and 6.10.2 | | |
| <p>Based on document verification and interview with operational staff known that Bah Jambi Mill only received FFB from it own group of PTPN IV. Therefore, there were no FFB pricing mechanism determined.</p> | | |
| 6.10.3 and 6.10.4 | | |
| <p>Each unit has shown a copy of the FFB transport cooperation between the company and a third party (contractor). For example: SPK No. 04.04 / S.PERJ / 46 / VI / 2016 dated June 24, 2016 Land Preparation (Replanting) in 2016 between PTPN IV and CV Karunia Abadi; Activities are conducted in Afdeling VI Marihat area of 96 Ha. With a period of 196 days (June 23, 2016 s.d. 5 January 2017).</p> <p>Based on stakeholder consultation with contractors, it is known that all contracts are jointly and transparently agreed upon and agreed upon. This is evidenced by signatures by both parties and copies of contracts held by each party. The company has been shown proof of payment of Marihat FFB transport work period April 2017 paid via transfer on May 10, 2017. Payment is made via Bank Mandiri transfer.</p> | | |
| Status: Comply | | |
| 6.11 | | |
| Growers and millers contribute to local sustainable development wherever appropriate. | | |
| 6.11.1 | | |
| <p>The company has owned a program of increasing life and environment quality which stated in CSR RKAP needs data of 2017. Based on interview with MR, the mechanism is every last - early year, the local people through the head f Nagori request a help, the request will be verified by business unit to decide the urgency level and make the cost analysis. The</p> | | |

request considered as appropriate and urgent will be followed up to HRA director to be approved and assigned in RKAP CSR of the year..

Based on the interview with head of Silampuyang Village and Parbalogan Village, it is known that the company has played a role in developing infrastructure of the village such as road maintenance, religious facility, social activity, and safari ramadhan. Besides that, the company also always conducts annual survey to listed the needs which probably needed for the next year. That involves representative of local people.

6.11.2

Based on the interview with management and public consultation result with the representative of Nagori Silampuyang and Nagori Parbalogan, known that smallholder scheme in operational area is not available.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

6.12.1; 6.12.2 & 6.12.3

Based on document verification and interviews with labor union and management revealed that no migrant and forced workers, or substitution contract. Unit management showed that every worker has a appointment letter and they work according to appointment letter. Based on field visit block 09 B afdeling 2 Bah Jambi and blok 2016A/2016B dan blok 87L, there is no indication of forced labor and substitution contract. Workers have appointment letter and work according the letters.

Status: Comply

6.13

Growers and millers respect human rights

6.13.1

There is no certain policy which arrange the company commitment to respect the human right but the policies issued by the company are related to the human right has considered the clauses of human right such as: wage given is in accordance with minimum wage provision, not employed underage children, the same work opportunity, preventing sexual harassment, and respecting human right..

The rights of the employees are stated in collective agreements of 2015-2017 such as work day and time, exemption of work obligation, group, wages, allowance and compensation, health care, HSE, social and welfare assurance, coaching legalism and skill, educational allowance, work order, etc. Socialization evidence is availabel.

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.

Based on interview with Bah Jambi Estate Staff, the historical of this estate was started at year 1950; while according to interview with Marihat Estate Staff, the historical this estate was started at year 1928 from Netherland Company. There are no new development program during this assessment.

Status: Comply

7.2

Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

Based on interview with Bah Jambi Estate Staff, the historical of this estate was started at year 1950; while according to interview with Marihat Estate Staff, the historical this estate was started at year 1928 from Netherland Company. There are no new development program during this assessment.

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. | | |
| Based on the results of the management interview and document review, PTPN IV Unit Bah Jambi has been operating since 1950s and until now the plantation operational activities have been replanted and there is no new development. The Marihat Unit is a national heritage plantation that has been nationalized and has been operating since 1928. In 1980-1999 the Marihat Estate area changed its location into oil palm plantations and no new development | | |
| | Status: Comply | |
| 7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided. | | |
| As explained in principle 2 that the operational area of PTPN IV, particularly the Bah Jambi and Marihat Business Units, is derived from erpafch lands which are nationalized under Law no. 86 of 1958 on the Nationalization of Dutch Owned Enterprises jo. PP no. 19 of 1959 concerning the Establishment of Dutch Owned Agriculture / Plantation Companies Subject to Nationalization. There was no land expansion identified during the audit. | | |
| | 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. | | |
| As explained in principle 2 that the operational area of PTPN IV, particularly the Bah Jambi and Marihat Business Units, is derived from erpafch lands which are nationalized under Law no. 86 of 1958 on the Nationalization of Dutch Owned Enterprises jo. PP no. 19 of 1959 concerning the Establishment of Dutch Owned Agriculture / Plantation Companies Subject to Nationalization. Therefore, there is no record of either voluntary release processes or through the compensation process. PTPN IV also has no obligation to build plasma plantations for the surrounding community. | | |
| | 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. | | |
| As explained in principle 2 that the operational area of PTPN IV, particularly the Bah Jambi and Marihat Business Units, is derived from erpafch lands which are nationalized under Law no. 86 of 1958 on the Nationalization of Dutch Owned Enterprises jo. PP no. 19 of 1959 concerning the Establishment of Dutch Owned Agriculture / Plantation Companies Subject to Nationalization. Therefore, there is no record of either voluntary release processes or through the compensation process. PTPN IV also has no obligation to build plasma plantations for the surrounding community. | | |
| | Status: Comply | |
| 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice. | | |
| Based on the results of the management interview and document review, PTPN IV Unit Bah Jambi has been operating since 1950s and until now the plantation operational activities have been replanted and there is no new development. The Marihat Unit is a national heritage plantation that has been nationalized and has been operating since 1928. In 1980-1999 the Marihat Estate area changed its location into oil palm plantations and no new development | | |
| | Status: Comply | |
| 7.8 New plantation developments are designed to minimise net greenhouse gas emissions. | | |
| Based on the results of the management interview and document review, PTPN IV Unit Bah Jambi has been operating since 1950s and until now the plantation operational activities have been replanted and there is no new development. The Marihat Unit is a national heritage plantation that has been nationalized and has been operating since 1928. In 1980- | | |

| | |
|--|-----------------------|
| 1999 the Marihat Estate area changed its location into oil palm plantations and no new development. | |
| | Status: Comply |
| PRINCIPLE #8 Commitment to continuous improvement in key areas of activity | |
| 8.1 | |
| Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations. | |
| There are Annual internal audit (RSPO and Operational). Audit reports were covers audit schedule, list of attendance, findings, monitoring of findings and corrections taken. For example, according to RSPO and operational internal audit report in 21 January 2017 (Bah Jambi). | |
| The company also has continuous improvement record, such as: | |
| Environment Aspect | |
| There are routinely environment (water, air and soil)the quality test by accredited laboratory. | |
| Best Management Practices Aspect | |
| There are routinely soil and leaf foliar test as fertilizer recommendations. | |
| Social | |
| The company has CSR program year of 2017 and record of 2016, for example: funding for education aspect in several villages. | |
| | Status: Comply |

3.2. Summary of Assessment Report of Supply Chain Requirement

| 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>Bah Jambi Mill only receives FFB from his own group. The core FFB supplier Bah Jambi mill during the last year (May 2016 - April 2017) is Bah Jambi, Marihat, Bah Birung Ulu, Tonduhan, Sei Kopas and Marjandi. Based on the document review and field observations with operational staff it is known that the management unit has not been able to demonstrate the separation of certified and uncertified FFBs. Non-conformity No. 2017.39</p> <p>Status: Non-conformity No. 2017.39</p> |
| E.2 | Explanation |
| E.2.1 | <p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p> <p>Estimated tonnage of CPO and PK products will be verified at ASA-1 RSPO after the PKS Bah Jambi get RSPO certificate.</p> <p>Status: Comply</p> |
| E.2.2 | <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p> <ul style="list-style-type: none"> • Bah Jambi POM has signed on RSPO IT Platform member registration number: RSPO_PO100004181 • Certified CPO sold to each buyer period of Mei 2016 – April 2017: not certified yet • Certified PK sold to each buyer period of Mei 2016 – April 2017: not certified yet <p>Status: Non-Conformity No 2017.34 with Major Category</p> |
| E.3 | Documented procedures |
| E.3.1 | <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ol style="list-style-type: none"> Complete and up to date procedures covering the implementation of all the elements in these requirements; The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard. <p>Bah Jambi POM has not received the RSPO certificate, so the application of Mass Balance Supply Chain Model can not be fully implemented.</p> <p>Nevertheless, Bah Jambi POM already has Standard Operating Procedure of Supply Chain of Palm Oil No. SPO 07 dated January 2, 2015 (2nd revision) which explains:</p> <ol style="list-style-type: none"> 1. Model of supply chain Segregation and Mass Balance 2. FFBs from their own plantation, own group and third party which certified by RSPO / ISPO are marked by affixing |

- the stamp of CSPO (Certified Sustainable Palm Oil)
3. The shape and size of the stamp are 7 cm x 4 cm.
 4. Mill shall reporting their CPO, PK, PKO shipments to the marketing and processing sections of head office.
 5. The marketing department reports to the RSPO's Control and Claimer (Greepalm, UTZ / E-trace) by listing (contract number and buyer name, type of palm oil and derivatives, detailed transport document information).
 6. Flow charts of palm oil supply chain available.

SOP Record Control Reception and Delivery of Product No. SPO 16 dated January 2, 2015 (2nd revision) which explains:

1. Identification records.
 - a. The records shall completed with tittle/name in hard or soft copy.
 - b. FFB received and certified CPO, PK, PKO shipments shall documented based on monthly, quarterly, semester and annually
2. Records keeping.
3. Records protection.
4. Records taking.
5. Document retention:
 - a. Taking into account the prevailing laws and regulations and regulations.
 - b. Leaders' policy who is responsible for recording in their circumstances.
 - c. The retention period of all records and reports must be at least 5 years.

SOP of Information and Production Claim No. SPO 18 dated January 2, 2015 (2nd revision) which explains:

1. Mill makes a recapitulation of production records of segregation or mass balance of CPO, PK and PKO.
2. Pabrik membuat rekapitulasi catatan produksi segregasi atau mass balance CP, PK, PKO dan PKM
3. Mill manager shall set limits on the amount of CPO, PK and PKO that may be sold or marketed in accordance with the certified amount (RSPO SCCS) by the certification body.
4. Mill manager is responsible for ensuring that the production of CPO, PK and PKO does not exceed the amount that can be claimed
5. If any quantity of CPO, PK and PKO production are sold more than the certified amount, the unit manager as the representative of the company shall inform the relevant departments at the head office to inform officially to the Certification Body by letter or electronic mail
6. Reporting should be detailed in informing:
 - CPO, PK and PKO origin.
 - Implementation period.
 - Amount of CPO, PK and PKO produced.

Beside that, Control, Recording, Receipt and Delivery of Products Charts available.

Based on field observation, interview and document verification found that fact as follow:

1. The Company has not been able to show complete and update procedures that include the application of all elements in the SCCS requirements. For example, Supply Chain Certification System for CPO Mill 2014 and RSPO Rules on Market Communication and Claim June 2015.
2. The officer who is responsible and has full authority over the implementation of SCCS.
3. Based on the results of the interviews with the relevant officers (harvesting clerk, security at the FFB receiving post at the factory and weightbridge operators) have not understood the procedure of applying the supply chain model (SCCS). In addition, the Standard Operating Procedure of Oil Palm Supply Chain has not been fully implemented. For example, affix a CSPO stamp.

Based on audit note above, it raised **Non Conformity No. 2017.40**.

Status: Non Conformity No. 2017.40

E.3.2

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

SOP Record Control Reception and Delivery of Product No. SPO 16 dated January 2, 2015 (2nd revision) which explains:

1. Identification records.
 - a. The records shall completed with tittle/name in hard or soft copy.
 - b. FFB received and certified CPO, PK, PKO shipments shall documented based on monthly, quarterly, semester and annually
2. Records keeping.
3. Records protection.
4. Records taking.
5. Document retention:
 - a. Taking into account the prevailing laws and regulations and regulations.
 - b. Leaders' policy who is responsible for recording in their circumstances.
 - c. The retention period of all records and reports must be at least 5 years.

The management unit of Bah Jambi 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.

Interviews with Mill Manager (Head of Processing) indicate that the recording mechanism of certified and non-certified FFB can be explained well.

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.

PKS Bah Jambi has not received RSPO certificate but has had sample document on the receipt of raw material source (FFB) according to scope. The scope of suppliers included in certification activities are: Bah Jambi (BJA) Law and Marihat (MAT). The document example as follows:

- FFB delivery notes (PB-25) → dated on May, 29th 2017. Police number BK 9701 TN, 333 bunches, bruto 13,620 kg, tara 3,660 kg and netto 9.960 kg. It also consist data of harvesting clerk, harvesting block, planting year ans harvesting date.
- Weighbridge card. Consist data of transporting unit (police number, driver, plantation origin, date of received, bruto, tara, netto etc.
- Document results of the report weigh in Bah Jambi POM.
- Grading form.

Status: Comply

E.4.2

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

Bah Jambi POM did not certified yet. Thus there is no overproduction that shall reported to the CB's.

Status: Comply

E.5 Record keeping

E.5.1

- a. **The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.**
- b. **All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.**

c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)

The management unit of Bah Jambi 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 month by month and quarterly.

Status: Comply

E.5.2

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

Bah Jambi POM does not perform the processing by themselves nor outsource to independent palm kernel crusher.

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√ |
| ST-2 | Will be verify in the survailance assesement | √ |
| | Status: Comply | |
| 2. | Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use | X or√ |
| ST-2 | Will be verify in the survailance assesement | √ |
| | Status: Comply | |
| 3. | Implementation of Certificate and Logo is not used on product | X or√ |
| ST-2 | Will be verify in the survailance assesement | √ |
| | Status: Comply | |
| 4. | Controlling of Certificate and Logo, including withdrawing inappropriate logo. | X or√ |
| ST-2 | Will be verify in the survailance assesement | √ |
| | Status: Comply | |

3.4. Summary of RSPO Partial Certification.

Compliance of the uncertified management units of PT Perkebunan Nusantara (PTPN) IV against the rules for partial certification was determined through external assessment conducted by RSPO Accredited Certification Body in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below.

PT Perkebunan Nusantara (PTPN) IV Time Bound Plan (TBP) is explained in point 1.10. PT Perkebunan Nusantara (PTPN) IV has informed the TBP progress, MUTU has considered that PTPN IV is complied with the RSPO requirement for TBP. The Time Bound Plan was revised and declared by PTPN IV on October 2017.

MUTU has verified partial certification for un-certified unit's subsidiary of PTPN IV based on their Time Bound Plan. There is one (14) uncertified mills and twenty six (26) uncertified estates of PTPN IV, MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified company partial certification and concludes that:

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

| 2.1 Un-Certified Units or Holdings | | |
|---|--|--|
| Section | Requirement | Concerns to Discuss, if any |
| 2.1.1 | Did the company conduct an internal audit? If so, has a positive assurance statement been produced? | <p>Yes and positive assurance is produced for these units.</p> <p>Auditor verification There are external audit that has been conducted for management units of Adolina, Bah Jambi, Dolok Sinumbah, Air Batu, Berangir, Sawit Langkat, Pasir Mandoge and Timur</p> <p>And internal audit conducted for management units of Sosa, Ajamu, Timur, Mayang, Gunung Bayu and Tinjowan</p> <p>And positive assurance is produced for these units.</p> |
| 2.1.2 | <p>No replacement after dates defined in Nis Criterion 7.3 of:</p> <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. | <p>PTPN IV has submitted liability disclosure to RSPO. All management units of PTPN IV, based on company disclosure has no liability.</p> <p>PTPN IV has sent their liability disclosure and LUCAto the RSPO Compensation Panel (rspocompensation@rspo.org) in 2016. All the units are free from non-compliant land clearance.</p> <p>Auditor verification Auditor has verified the supporting evidence of above the company statement. The above statement in accordance with the supporting evidence provided.</p> |
| 2.1.3 | Any new plantings since January 1 st 2010 must comply | No new planting/land clearing after 1 st January |

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| | with the RSPO New Plantings Procedure. | <p>2010. All planting in PTPN IV management units are old plantation that was planted before November 2005.</p> <p>Auditor verification PTPN IV has sent their liability disclosure and LUCA to the RSPO Compensation Panel (rspocompensation@rspo.org) in 2016. All the units are free from non-compliant land clearance.</p> |
| 2.1.4 | Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6. | <p>There is no land conflicts.</p> <p>Auditor verification The company has SPO of conflict area management No.4 (revise 2) January 2, 2015 has explained that problem solving of conflict area is conducted by negotiation which involves leader of dispute area and determine the compensation done by negotiation until they reach agreement</p> <p>There is evidence of documented land dispute resolution for the uncertified units.</p> <p>Bah Jambi: land dispute has been settled through arbitrary way and won by PTPN IV</p> <p>Tonduhan Estate: Land dispute resolution process required to be documented including participatory mapping.</p> <p>Marjandi: All compensation processed must be documented and in accordance with FPIC principle. Land dispute map shall be available.</p> |
| 2.1.5 | Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3. | <p>There is no labor disputes.</p> <p>Auditor verification There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries.</p> <p>The company has a mechanism for dealing with complaints and dissatisfaction in the SOP of Internal Communication and Employee Grievance Handling (internal) (No. 19 (Revision 1) effective from January 2, 2015), SOP Handling Customer Complaints and Environment (external) (No. 13 (Revision 1) effective from January 2, 2015) and there are SOP of Communication and Public Consultation (No. SPO 03, revision 02, the effective date of January 2, 2015).</p> <p>The Company has a policy to protect the identity of the Whistle Blowing that stated in the documents of Infringement Complaint Management System (Whistle Blowing System) PT Perkebunan Nusantara IV on 2013 in Article 10: Protection For</p> |

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| | | Reporter. |
| 2.1.6 | Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2. | <p>The company has a complete list of regulations in 1st semester of 2016</p> <p>Auditor verification The company has a complete list of regulations in 1st semester of 2016 that includes local regulations, national regulation and international regulation.</p> <p>The procedure explains that the person responsible for the management of legal documents are the Head of General Affairs and Human Resources. The company has kept a list of rules and regulations in 1st semester of 2016 at the Head of General Affairs and Human Resources Department and has distributed to each division office in hardcopy and softcopy.</p> <p>Adolina POM: there is an ongoing process for worker's contract agreement refer to manpower regulation.</p> <p>Bah Jambi: there is a HGU overlap with Dolok Sinumbah, other unit of PTPN IV as well.</p> <p>Dolok Sinumbah: compliance to government regulation is in fulfillment process</p> <p>Bah Birung Estate: the company is processing the shifting commodity permit from rubber to palm oil. The regulation compliance list needs to be updated. HGU on process for certain location.</p> <p>Tonduhan Estate: The regulation compliance list needs to be updated.</p> <p>Bah Birung: the company is processing the shifting commodity permit from tea plantation to palm oil. . HGU on process for certain location.</p> <p>Sawit Langkat: ensuring the legal for all are of the management unit.</p> <p>Sei Kopas: the certification unit is required to included local regulation into their regulation compliance list. The implementation of the all concerned regulation must be demonstrated. Plantation business permit of some area is on process. HGU on process for certain location.</p> <p>Pasir Mandoge: extend of HGU permit on process.</p> <p>Berangir: Palm Oil Processing Business Permit, plantation operational reporting to the concerned</p> |

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| | | <p>local government institution, environmental plan and monitoring report is not yet available, still on process.</p> <p>Marjandi: Plantation business permit of some area is on process. Need further adjustment ction for the difference of operational area between the one stated in company HGU and company hectare statement.</p> <p>Air Batu: Need further adjustment ction for the difference of operational area between the one stated in company HGU and company hectare statement.</p> |
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3.5 Identification of Findings, Correction, Observations, Opportunity for Improvement and Noteworthy Positive Components.

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

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|---|---|------------------------|---------------------------|
| NCR No. | : 2017.01 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : ASA 1 |
| NC Grade | : Minor | Date of Closing | : 21 December 2017 |
| Standard Ref. & Requirement | : 1.1.1 There should be a list of information relating to criterion 1.2 that can be accessed by relevant stakeholders. | | |
| Non-Conformance Description & Evidence observed (filled by auditor):: The result of document review of Management Unit of PTPN IV has not been able to show the receipt evidence of the report to the related agency, such as: <ul style="list-style-type: none"> • Bah Jambi POM and Plantation Unit <ul style="list-style-type: none"> - Mandatory report of Labor in 2016 - Landfire Prevention and Monitoring report in 2016. - Plantation business progress report of Semester II July - December 2016. - HSE report of Quarter 1 Januari – March 2017 - Utilization of Cultivation Right on Land Report • Marihat Estate Unit <ul style="list-style-type: none"> - Landfire prevention and monitoring report in 2016 - Utilization of Cultivation Right on Land Report | | | |
| Root Cause Analysis: The negligence of the estate unit in carrying out routine reporting to the relevant offices, for the HSE Committee report of quarter 1 already exists but the document controller is late giving it to the auditor at the time of the audit. | | | |
| Correction: Submitting missing reports to related agencies or body. | | | |
| Corrective Action: Providing schedule monitoring of regular reporting that should be reported by the estate unit to the related agencies or body, such as report on the development of the plantation business, Land Use Right Utilization report, HSE Committee report must be reported each semester of each year, while Prevention and monitoring of land fires report and Obligatory Report of Labor conducted once in a year. The monitoring officer is PPD team and HR&General Assistant. | | | |
| Assessor Evaluation and Conclusion: Verified 26 October 2017 The Company shows some evidence of corrective action as follows: <ol style="list-style-type: none"> 1. The HSE Committee report of Bah Jambi Estate in August 2017 is reported to the Simalungun Regional Office of Manpower Department dated on September 18, 2017. The Quarter 1 & 2 HSE Committee Report of 2017 has been reported on July 12, 2017. 2. Plantation Development report of First Semester in 2017; Land Use Right Utilization report and Prevention and monitoring of land fires report of 2016 for Marihat Estate to the Simalungun District Plantation Office on September 26, 2017. 3. Prevention and monitoring of land fires report of 2016 & 2017; Plantation Business Development Report of Semester | | | |

II 2016 and semester I 2017; and Land Use Right Utilization report of semester II 2016 and semester I 2017 for Bah Jambi Estate to Agriculture Department of Simalungun Regency on 16 October 2017.

Verified 28 November 2017

1. Letter No. BAJ/SE/Intrn/33/XI/2017 dated on November 5 2017, subject: monitoring of document requirement and the report for related agencies with RSPO and ISPO, mentioned that Bah Jambi Business Unit pointed HR&General Affair and document controller team to conduct monitoring against the document requirement and the report that must be reported to related agencies.

2. Letter No. MAT/SE/Intrn/640/XI/2017 dated on November 6, 2017, subject: monitoring of document requirement and the report for related agencies with RSPO and ISPO, mentioned that Marihat Business Unit pointed HR&General and document controller team to conduct monitoring against the document requirement and the report that must be reported to related agencies.

Verified 21 December 2017

Kebun Bah Jambi Business Unit shown introduction letter of quarter report I, II, and III HSE Committee to Manpower and Transmigration Department of Sumatera Utara Province dated on November 20, 2017.

Conclusion:

Based on the evidence shown, the non-conformity closed.

Verified by : Trismadi N

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|--|--|------------------------|-----------------------------|
| NCR No. | : 2017.02 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 8 December 2017 |
| Standard Ref. & Requirement | : 1.2.1 Documents opened to the publik | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| The company has document list available in each management unit. In Bah Jambi unit, there are informations available for public, such as: general information of the company, vision and mision, profit of subsidiary, associate and affiliate entity, financial performance, risk management evaluation and management, accountant company, partnership program, environment development and company information. Based on interview with Management Representative , known that the documents can be accessed in the company's website but based on the verification result, there is not enough evidence states that the documents can be accessed by public. | | | |
| Root Cause Analysis: | | | |
| The website of the company as the public information source which cannot be accessed by the public. | | | |
| Correction: | | | |
| At the time of audit, there is management improvement on PTPN IV website thus it cannot be accessed by public. | | | |
| Corrective Action: | | | |
| HR&General Assisstant always coordinate with IT of head office if there is such a problem occur and provide general documents in estate unit thus they still can get the information if there is a problem with their public system. | | | |
| Assessor Evaluation and Conclusion: | | | |
| Verified 8 December 2017 | | | |

The company showed the corrective evidence:

1. Basic guidelines of work instruction with document no. 04.01.18 about providing data for stakeholders. It is explained that data and information provision about the company and stakeholders is to ease information which come in and out both for company and stakeholder business based on UU No.14 of 2008 about openness of public information.
2. Bah Jambi Business Unit and Mariha Business Unit shown assignment letter of document controller.
3. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, Toxic and Hazardous Waste management, family gank system, domestic waste management, Early warning system, GHG emission, Environmental Management Plan and Environmental Monitoring Plan management report, river borders and water source management once in six months by document controller in each business unit.
4. There are 96 types of information that can be accessed by the public, for example: Company Establishment Deed, Environmental Permit, Land Certificate, Management Report, and Financial Report.

Conclusion:

Based on the evidence shown, the non-conformity closed.

Verified by : Trismadi N

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|---|---|------------------------|--------------------|
| NCR No. | : 2017.03 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 1.3.1 The company's commitment to Ethical Conduct in all transactions and business operations. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor)</i> : | | | |
| <p>There is an evidence of the documents in each management unit, such as:</p> <ul style="list-style-type: none"> • Socialization of 15 employees of Bah Jambi Unit on January 2, 2016. • Socialization of 106 employees of Marihat Unit, including the representative of contractor on April 21, 2017. <p>However, there is no adequate evidence that Bah Jambi management has socialized the code of conduct to the employees from all operational stage and contractor</p> | | | |
| Root Cause Analysis: | | | |
| Lack of understanding against the implementation of the policies issued by the company. | | | |
| Correction: | | | |
| <p>a. It can be shown the documentation of the policy dissemination process to the integrity code and the ethical action to the contractor.</p> <p>The socialization of the policy has been conducted to contractors and other stakeholders.</p> | | | |
| Corrective Action: | | | |
| Conduct socialization the policy against the code of integrity and ethical action to the contractor. By checking documentation record of the code of conduct socialization program which is done by management to the contractor which work on scope of Bah Jambi Business Unit. | | | |
| Assessor Evaluation and Conclusion: | | | |
| Verified 26 October 2017 | | | |
| The company shows the corrective evidence in the form of socialization documentation/code of >500 of code of | | | |

conduct book distribution to all the employees from any level, and also to the contractor and teacher.

Verified 28 November 2017

1. The company has COC socialization program once in 6 months by document controller team in each business unit.
2. Bah Jambi and Marihat Business Unit show the assignment letter for document controller officer.
3. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, Toxic and Hazardous Waste management, family bank system, domestic waste management, Early warning system, GHG emission, Environmental Management Plan and Environmental Monitoring Plan management report, river borders and water source management once in six months by document controller in each business unit.

Conclusion:

Based on the evidence shown, the non-conformity closed.

Verified by : Trismadi N

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|---|---|------------------------|-----------------------------|
| NCR No. | : 2017.04 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 17 January 2018 |
| Standard Ref. & Requirement | : 2.1.1 There shall be evidence of compliance with the relevant laws and regulations | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| There are several non-compliance with regulatory such as : | | | |
| <ol style="list-style-type: none"> 1. Based on verification document of work order no. BAJ/Tan/18/X/2016 dated on September 28, 2016 (Bah Jambi Estate with CV Umbara) and the document of work order no. 04.14/SPMK/058/IV/2017 dated on April 22, 2017 (Marihat Estate with CV Indokarya), known that harvesting is done by third party. That is not complied with regulation No.13 of 2003 clause 65 states that the work can be submitted to the other company is separately done from the main activities. 2. Based on document verification results of the attendance list of security, security work list on March 2017 and interview with management known that security personnels work for 11-13 hours every day including on holiday. It is not in accordance with Regulation No. 13 Year 2003 article 79, Regarding the rest period. 3. Regulation of Manpower Minister no. No. 09 Year 2010 concerning Operators Officers . The management unit of Marihat has shown letter no. MAT/04.11/38/III/2017 related to heavy equipment operator training on March 30, 2017. However, there is not enough evidence yet that the tractor operator already has a Tractor Operator license. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| <ul style="list-style-type: none"> • Based on the results of the evaluation of the need for harvester known that the lack of harvester, where the norms of harvester per hectare has been determined so that it can be known the lack of harvester required by the plantation unit. • The existence of errors in the preparation of security shift schedule so there are security who work more than working hours that have been determined in regulation. • Tractor operators still operate tractors without having a machine operating license. | | | |
| Correction <i>(filled by organization audited):</i> | | | |
| <ul style="list-style-type: none"> • There has been a circular of operational director about levitation of gradually harvester and making requests letter for harvester in accordance with the needs of the plantation unit. | | | |

- Make a shift change schedule so that the security hours do not exceed the hours specified by the labor law.
- Work related to heavy equipment must have a heavy equipment operating license

Corrective Action (filled by organization audited):

- By increasing the amount of harvester and raising the capacity of the harvests so that no third party is required.
- Monitoring the schedule of security shift so that the security hours do not exceed the hours specified by the labor law.
- Monitoring by looking at training records that have been implemented so that they can be identified workers who have not received training in heavy equipment operations and will soon be proposed to receive training in heavy equipment operations (demand for training on heavy equipment operational attached).

Assessor Evaluation and Conclusion (filled by auditor):

Verification on October 26, 2017.

The Company shows some evidence of improvements as follows:

1. Memo Head of HR Section No. 04.11 / GMD-I / M.9183 / X / 2017 dated October 6, 2017 About Selection of Harvesters and Loaders which is addressed General Manager District I consists of 9 plantation (BAJ: 165 people, MAT: 114 people, DOS: 78 people, TON: 51 people, PAM: 207 people, SKO: 180 people, BAL: 25 people, ULU: 77 people, MAR: 27 people.
2. Letter of GM District I. GMD-I / Facs / 24 / X / 2017 dated October 12, 2017 which is addressed to all plantation managers at District I to submit the names of harvester that will make selection on October 14, 2017.
3. Memo Unit Manager Marihat No. MAT / M-VII / 2017 dated June 12, 2017; Subject: Reduction of Working Hours Security to 3 shifts / day and required to rest 1 day a week.
4. Example of shift / working hours security in Afdeling VI Kebun Marihat period 1-31 July 2017, it is known that has applied 3 shifts per day and 6 days per week.

Verification on November 20, 2017.

The Company has showed documents as follows:

1. The stages of acceptance of candidate employees Group 1A - 2 D.
2. Memo General Manager District - I No: GMD-I / KOL / M-149 / XI / 2017 dated November 7, 2017 on preparation of field selection of harvesting candidate 2018.
3. Employee test and interview schedule.
4. Memo Head of Human Resource Development No: 04.11 / GMD I / M-2385.1 / X / 2017 dated 31 October 2017 regarding PTPN IV Board of Directors' decree letter on selection committee for harvesting and loader candidates.
5. Basic guidelines and work instructions for acceptance and appointment of Group 1A - 2D employees.
6. Board of Directors' Decree No: 04.11 / Kpts / R / 54 / X / 2017 on Selection committee and Personal Assessors of harvesting and Loaders candidates in District Working Zones of I.

Verification on November 27, 2017.

1. The company shows the list of names of harvesters and loaders of FFB submitted in the selection process and submitted to permanent employees. Based on the data there are 85 employees who submitted to become permanent employees.
2. Unit Bah Jambi and Unit Marihat showed Determination Letter of document control officer.
3. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family gank system, domestic waste management, Early warning system, GHG emission, RKL-RPL management reporting, and water source every 6 months by the PPD Team in each business unit.
4. Monitoring SIO of unit Bah Jambi, there are 16 operators whose validity period will end in 2018 and 2019.
5. Unit marihat showed the results of monitoring of Operator License & Employee Skills Certificate Semester I of 2017,

there are 2 General Experts of OHS, and 14 operators of the haulage aircraft. However, there is no evidence that operators in Marihat Business Unit already have a License License (heavy equipment).

Major Verification on 17 January 2018

The management uni was shown several corrective action, such as:

- The Marihat Estate has one heavy equipment (tractor).
- Reference number 136/KET/SR-MDN/XII/2017 dated 22 December 2017 from PT Safindo Raya (OHS and Operator training services company) that operator (Syahrial) has been passed operator license training dated 20 – 23 November 2017.
- The Marihat Estate was shown record of interview and test result for 85 harvesters and loaders. Final decision for workers appointment from District Manager.

Auditor's Conclusion:

According to root cause analysis, correction and corrective action was shown. This NC was closed.

Verified by : Trismadi N & Benli

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|---|--|------------------------|--------------------|
| NCR No. | : 2017.05 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company has regulation list which is available in each management unit. The list consists of Organization Regulatory of the company, labor, plantation and environment renewed by Management System Certification of Perkebunan Nusantara on April 2017, however, there is no evidence shows that the list has been renewed as the aplicable regulation of renewal, such as: | | | |
| <ul style="list-style-type: none"> • The regulation list of Bah Jambi Unit does not consist of: PP No.44 of 2015 about JKK and JKM, PP. No.45 of 2015 about retiring insurance, PP No.46 about JHT, Kepmenaker No.102 of 2004 about overtime work and the wage, UU No.5 of 1990 about conservation of biological resource and the ecosystem, PP No.37 of 2012 about watershed management, permenaker No.1 of 1976 about Hiperkes, etc. • The regulation list of Marihat Unit does not consist of: PP No.44 of 2015 about JKK and JKM, PP No.45 of 2015 about retiring insurance, PP No.46 about JHT, UU No.5 of 1990 about conservation of biological resource and the ecosystem, PP No.37 of 2012 about watershed management, permenaker No.1 of 1976 about Hiperkes, etc. | | | |
| Root Cause Analysis: Document controller of estate unit does not need to update UU and regulation related to RSPO. | | | |
| Correction: Up date UU and regulations applicable in the company and related to the RSPO principles and criteria | | | |
| Corrective Action: Circular letter has been made from the relevant personal manager responsible for the control and updating of compliance evaluation document against applicabe laws and regulations. | | | |
| Assessor Evaluation and Conclusion: | | | |

Verified 26 October 2017

The Company shows a list of laws and regulations relating to the implementation of RSPO consisting of 55 Laws, 54 Government Regulations, 7 Presidential Regulations, 88 Ministerial Regulations, 46 Ministerial Decrees, 3 BAPEDAL Decisions, 3 National Standardization Bodies, and 2 Regional Regulations.

Verified 28 November 2017

1. The Company shows the List of Laws Regulations relating to the Implementation of RSPO in the Marihat and Bah Jambi Unit, which has incorporated Law No. 5 of 1990; PP no. 44 of 2015; PP no. 46 of 2015.
2. Letter of Bah Jambi Manager No. BAJ/SE /Intrn/3i/XI/2017 dated on November 6, 2017 and Letter of Marihat Manager No. MAT/SE/Intrn/698/XI/2017 dated on November 6, 2017. The PIC appointed by each unit is the General HR Assistant and the document controller Team.
3. Bah Jambi and Marihat Business Unit show document controller determination Letter.
4. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, Toxic and Hazardous Waste management, family gank system, domestic waste management, Early warning system, GHG emission, Environmental Management Plan and Environmental Monitoring Plan management report, river borders and water source management once in six months by document controller in each business unit.

Conclusion:

Based on root cause analysis, corrective and prevention action, this non-conformity has been closed.

Verified by : **Trismadi N**

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| NCR No. | : 2017.06 | Issued by | : Andi Pratama Pasaribu |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 7 December 2017 |
| Standard Ref. & Requirement | : 2.2.1 Documents showing legal ownership or lease, history of land tenure ownership/control, and the actual legal use of the land shall be available. | | |
| Non-Conformance Description & Evidence observed (filled by auditor): | | | |
| <ol style="list-style-type: none"> 1. Bah Jambi: Based on document verification, the sum of legal area that operated has 7,574.63 Ha (HGU Certificate No. 2/2003 covering an area of 3,739.63 Ha, Certificate of HGU No. 6/2007 covering an area of 1,661.60 Ha and part of HGU area of Kebun Dolok Sinumbah covering an area of 2,173.40 Ha). It is not in accordance with the latest hectare statement (May 2017) stating that the operating area of Bah Jambi is 8,127.30 Ha. 2. Marihat: Based on document verification, the sum of legal area that operated has 4,413.66 Ha (HGU certificate No. 1/2006 covering area 4,413.66 Ha and HGU certificate of Balimbangan covering 49 Ha). It is not in accordance with the latest hectare statement (May 2017) stating that the operating area of Marihat including facilities is 4,956.70 Ha. There were 494.70 Ha. Beside that, there were indicated of land usage for IOPRI facilities and military facilities that not shown it legal standing yet. <p>Both Bah Jambi and Marihat has sent the confirmation letter on May 29, 2017 (received on the same day) to the Legal and Land Affairs Division of PTPN Headquarters requesting an explanation regarding the difference in the area. However, until the completion of the audit has not been shown adequate explanation and documentary evidence.</p> | | | |
| Root Cause Analysis (filled by organization audited): | | | |
| <ol style="list-style-type: none"> 1. There was a discrepancy between the HGU and operating area. It has adjusted by the Legal and Land Affairs Division. | | | |

2. Legality of IOPRI facilities and military facilities still proceeded.

Correction (filled by organization audited):

Send letter to the Legal and Land Affairs Division in Headquarter in order to re-measurement land usage to avoiding administrative discrepancy.

Corrective Action (filled by organization audited):

Field assistant and HG-GA Division inventarize of land usage in accordance with HGU's and monitoring boundary poles to make sure there is no planted outside the HGU's area.

Assessor Evaluation and Conclusion (filled by auditor):

Verification on 26 October 2017

The company has shown some corrective evidence such as:

1. Letter No. BAJ/04.04/110/X/2017 dated on 5 October 2017 regarding to land usage adjustment.

| Description | Area (Ha) |
|-------------------------------------|-----------------|
| Planting Year 2009 - 2011 | 691 |
| Planting Year 2004 - 2008 | 1,300 |
| Planting Year 1997 – 2003 | 882 |
| Planting Year 1993 - 1996 | 921 |
| Planting Year 1990 - 1992 | 4,349 |
| Planting Year 2015-2016 | 1,657 |
| Replanting | 460 |
| IOPRI Area | 178 |
| Nursery | 31.00 |
| Housing Complex | 138.50 |
| WWTP | 6.00 |
| Air Strip | 44.00 |
| Electricity | 35.00 |
| Road and Bridge | 64.00 |
| Occupancy | 12.00 |
| Symbolize area | 6.00 |
| Low land | 62.13 |
| Conservation area | 42.00 |
| Cemetery, school, mosque and church | 33.00 |
| Hiaten area | 270.00 |
| Trenches | 930.63 |
| Total | 7,574.63 |

2. Joint Decree of Directors of PT Perkebunan VI (Persero) and the Board of Directors of PT. 06. Dir / KPTS / 31/1990 / No. 07.Dir / KPTS / 05/1990 dated August 20, 1990; on the Transfer of the Management of the Marihat Research Center. Deciding: (1) Transferring the management of Marihat research center from PT Perkebunan VI (Persero) and PT Perkebunan VII (Persero) to the Marihat Research Centre (IOPRI) still owns both companies. (2) All employees of Marihat Research Centre (IOPRI) status shall be determined by Regulation of the Minister of Agriculture. (3) Inventory Items of The Marihat Research Center which belongs to each PT Perkebunan VI and PT Perkebunan VII is only handed over clothing to AP3I, while the owners remain their respective owners. (6) This Decree shall come into force as from the date of stipulation, provided that everything shall be fixed as it shall in the future.
3. Letter of the General Chairman of the State Plantation Company VII No. 07.7 / I / 31/1982 dated January 20, 1982, Subject: Delivery Letter Letter from the State Plantation Company (PNP) VII to the Indonesian Army. Mentioned that:

since the issuance of HGU Certificate of Kebun Marihat PNP VII dated August 13, 1981 SH.30 / HGU / DA / 01 acreage area of residential complex of Army in Marihat has been removed from Marihat PNP VII area.

Verification on 8 December 2017

1. Marihat has been shown the hectare statement dated on November 29th 2017 as follows:
 - Mature area: 3,826.50 Ha
 - Replanting area: 277.00 Ha
 - Immature area: 215.00 Ha
 - IOPRI area: 43.00 Ha
 - Road and trenches: 15.00 Ha
 - Housing complex, worship facilities, cemetery etc: 37.16 Ha
 - Total area: 4,413.66 Ha
 - Notes: 543.04 Ha was an Indonesian Army Facilities.

2. Decree of Marihat Estate Manager. MAT / SE / Intrn / 72 / XII / 2017 dated December 2, 2017, Subject: Determination of Conservation Area at Marihat determined that a total of 99.85 Ha. Where some riparian area still a planted area. The management carried out is by not applying the chemical to the riparian.

Auditor's Conclusion:

Based on the evidence showed, this conformity has been closed.

Verified by : **Trismadi N**

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|--|--|------------------------|------------------------------|
| NCR No. | 2017.07 | Issued by | Andi Pratama Pasaribu |
| Date Issued | 3 June 2017 | Time Limit | ASA-1 |
| NC Grade | Minor | Date of Closing | |
| Standard Ref. & Requirement | 2.2.2 Legal boundaries are demonstrated clearly and maintained. | | |
| Non-Conformance Description & Evidence observed (filled by auditor):: | | | |
| <p>Bah Jambi unit has Not yet able to show the following documents The company has showed their SOP of Boundary Poles Maintenance (SPO 12.0 Revision 2 dated on January, 2nd 2015). Based on the SOP, the following facts are found:</p> <ol style="list-style-type: none"> 1. Based on document verification, Bah Jambi unit has not shown several document as follows: <ul style="list-style-type: none"> • The latest boundary poles inventarization data including boundary poles installation not able to shown. • Periodic monitoring results of boundary (6 monthly) conducted by assistant afdeling. • Boundary poles monitoring from unit manager to the legal and land affairs. • Based on field visit to boundary poles number 270 and 271 afdeling V known that two poles unavailable on that place. 2. Marihat: based on boundary poles monitoring that held by HR & General Affair Department on December 2016 indicated 261 boundary poles (126 available, 86 broken and 49 lost). <p>In accordance with SOP above, Bah Jambi and Marihat has sent letter to the Legal and Land Affairs Division of PTPN Headquarters on May, 6th 2017. Until the audit finished, there were no response from the Legal and Land Affairs Division regarding to maitenance/installation of it un-marked boundary poles.</p> | | | |
| Root Cause Analysis (filled by organization audited): | | | |
| <ol style="list-style-type: none"> 1. There was a negligence to monitoring legal boundary (boundary poles). | | | |

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| 2. There was no budget to maintain and replaced the boundary poles. | |
| Correction <i>(filled by organization audited):</i> | |
| <ul style="list-style-type: none"> • Send letter to the Legal and Land Affairs Division in Headquarter in order informed boundary poles monitoring result. • Do the monitoring of boundary poles properly. | |
| Appointed personal incharge who monitoring boundary poles. | |
| Corrective Action <i>(filled by organization audited):</i> | |
| Field assistant monitoring of boundary poles every six month according to it job description. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| Verification on 26 October 2017 | |
| The company has sent evidence such as: | |
| <ol style="list-style-type: none"> 1. Marihat Manager decree No: MAT/SK/01/XII/2016 dated on 1 December 2016 regarding to appointed boundary poles monitoring officer. 2. Manager of Bah Jambi letter No. BAJ/SE/28/VIII/2017 dated on 18 August 2017 to all field assistant regarding to boundary poles maintenance. However, there was no documentation evidence of monitoring result. 3. Manager of Marihat letter No. MAT/04.13/44/IV/2017 dated on 6 May 2017 to all field assistant regarding to boundary poles maintenance. However, there was no documentation evidence of monitoring result. 4. Boundary poles replacement program of Bah Jambi and Marihat dated on November 2017. However, there is no evidence of replacement progress. | |
| Auditor's Conclusion: | |
| The company can not show the evidence of boundary poles monitoring records (183 poles in Bah Jambi Estate & 126 poles in Marihat Estate). It non conformity still open. | |
| Verified by | : Trismadi N |

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| NCR No. | : 2017.08 | Issued by | : Trismadi Nurbayuto |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| The company has Internal control procedure is specific to monitor application of SOP or Work Instruction. According to document verification there are Internal Audit Reports: Period of August 2016 – January 2017 in Bah Jambi Business Unit and Period of January – December 2016 in Marihat Business Unit. However, there are no evidence that all of correction has been documented. For example: | | | |
| - There are low fronds in Afdeling VIII 03J, Afdeling VI 97K, Afdeling V 00C (Bah Jambi Estate). | | | |
| - There are several Pest attack on January 2017, such as: nettle attacks in Bah Jambi Estate, Block 011B, 011C and 011D (Area: 95 Ha). It causes, there are effectiveness of Early Warning System. | | | |

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| <p>There are overtime hours more than 50 hours in Marihat Estate on December 2016 payroll. For example: overtime hours on behalf Pardamean Simatupang (security) 136 hours in December 2016; overtime hours on behalf Aryanto (Security) 98 hours on December 2016.</p> | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i> The officer are late in providing data to auditor at the time of audit.</p> | |
| <p>Correction <i>(filled by organization audited):</i> Showing a corrective action of internal audit result.</p> | |
| <p>Corrective Action <i>(filled by organization audited):</i> Order the audit data on the folder, so that data can be demonstrated when an audit is performed.</p> | |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on 28 November 2017 The company was shown several corrective action, such as:</p> <ol style="list-style-type: none"> 1. Marihat Estate Manager Decree Number MAT/04.Dirut/R/01VII/2017 dated 26 July 2017; about: follow up of internal audit number 04.02/LHA/Rt/R/02/II/2017. Related to overtime in Marihat Estate, it has been coordination with the Human Resources in Head Office. Where the overtime incentive were provided in accordance to excess of work hours. 2. List of summaries of recommendation and inspection from internal audit, for example: related to Early Warning System has responded by the management unit. The monitoring of Pest&Disease and chemical usage control was coordination with District management and Plant Section. While related to underlying issues in Afdeling V OOC, the explanation of the management unit: it will be improved on pruning activity. 3. Human Resources and General Affair Director Decree Letters number 04/15/SE/16/VI/2016 dated 17 June 2016, Subject: Affirmation to all Group Managers, Section Heads, and Manager Units to socialize circular letter. All of Policies that are contrary with above decisions should be approved from the relevant Board of Directors. If any action that violates the provisions of the above circular letters, it shall be expressly sanctioned in the form of warning letters will affect to Performance Assessment. 4. Marihat Estate Manager Decree number MAT/04.Dir.SDM dan Umum/38/IX/2017 dated 30 September 2017. Subject: Overtime permits for Budget making on 4th quarter of 2017 and budget of 2018 in Central Office, Plant Office, Human Resources and General Affair Offices, transport and technical offices with total 34 workers. 5. Bah Jambi Estate and Marihat Estate was shown Appointment letter about document controller. 6. The company has socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit. <p>Auditor Conclusions: According to root cause analysis, correction and corrective action. This NC was closed.</p> | |
| Verified by | : Trismadi N |

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| NCR No. | : 2017.09 | Issued by | : Trismadi Nurbayuto |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | : 4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. | | |

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| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | |
| <p>Marihat business unit is FFB suppliers to Bah Jambi POM, where all of RSPO standards are should be applied to all of unit. There are SOP No. 17 dated 2 January 2015 about Waste Utilization from POM, including solid waste utilization procedure. EFB should be applied to the land as organic fertilizer on each Afdeling, the priority application on immature area; the mature area can be applied, if any over production of EFB with doses 40 ton/Ha. However, according to daily report verification, interview with afdeling assistant and also field observation to immature area in Marihat Estate, Afdeling IV, Block 16A-B. There are no EFB application program and or realization on this area.</p> | |
| Root Cause Analysis <i>(filled by organization audited):</i> | |
| Production of EFB from Bah Jambi POM can't meet the needs of Marihat Estate. | |
| Correction <i>(filled by organization audited):</i> | |
| EFB Production from Bah Jambi POM is not enough for application in Immature Area in Marihat Estate, because it has been used on the immature area of Bah Jambi Estate. | |
| Corrective Action <i>(filled by organization audited):</i> | |
| Clerk of Plant will coordination with Bah Bah Jambi Mill, when the budget was make. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| Verified by | : |

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| NCR No. | : | 2017.10 | Issued by | : | Yohanes hardian |
| Date Issued | : | 3 June 2017 | Time Limit | : | Before certificate issued |
| NC Grade | : | Major | Date of Closing | : | 7 December 2017 |
| Standard Ref. & Requirement | : | 4.4.2 Protection of water bodies and wetlands, including maintaining and preserving riparian areas and other water bodies buffer zones at or before replanting, must be shown. | | | |
| Non-Conformance Description & Evidence observed <i>(filled by audit):</i> | | | | | |
| <p>The company has SOP Management of riparian No.05 (rev-2) set at 2 January 2015 has explain the manajemen area for riparian. But base on field visit ie:</p> <ul style="list-style-type: none"> - Bah Jambi Estate: base on field visit at Bah Bulun River and Bah Jambi River found no boundary marks existed in the river border as a mark of the limit of chemical applications. - Marihat Estate: base on field visit at spring Afdeling 4 knew around the spring water has done spraying with chemical and no boundary marks existed in the river border as a mark of the limit of chemical applications | | | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | | | |
| There is still a lack of understanding and negligence on the implementation of RSPO principles and criteria policies issued by the company. | | | | | |
| Correction <i>(filled by organization audited):</i> | | | | | |
| Conducting marking of boundary of boundary of river as boundary mark must not apply chemical by doing red cross marking on tree which is in river border. | | | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | | | |
| Internal training programs related to water source protection will be conducted every 6 months. | | | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | | | |

Verificati on 26 October 2017

The Company shows some evidence of improvements as follows:

1. Decision Letter no. MAT / MU / Kpts / / VIII / 2017, August 2017; from Manager Estate Marihat on the Appointment of field officers in carrying out the management and monitoring of HCV areas at Marihat Unit: a.n. Suyono with 9 members.
2. Decree No. MAT / MU / Kpts / 1st / VIII / 2017, July 28, 2017; from the Jambi Estate Management Manager on the appointment of field officers in carrying out the management and monitoring of HCV areas in the Bah Jambi Unit: a.n. Suwardi with 10 members.
3. Documentation of RSPO socialization at Estate Bah Jambi by Head of Renstra on 9 October 2017 followed by 23 people.
4. Documentation of RSPO socialization at Marihat Estate on March 8, 2017 is followed by 46 people.
5. Documentation of signboard installation of a chemical application ban in the water source area at Afdeling III Unit Usaha Bah Jambi.
6. Documentation of signboard installation of chemical application ban on water source area and river border in Afdeling I, Afdeling II, Afdeling III, Afdeling IV, dan Afdeling VI.

Verification 28 November 2017

The Company shows some evidence of improvements as follows:

1. Bah Jambi: signboard ban on chemical applications at Umbul Sembat Blok 88A, B; Umbul David Blok 10B, Silulu Blok 10 K, Bronbosch besar blok 92T, Bronbosch kecil Blok 94 C, Sungai Batu Blok 88 L, Kasindir river at Blok 96 J, Bah Bolon river at Blok 03 F, Bah Hilang river at Blok 04 E, Bah Bolon river at Blok 96 Q, and Bah Lias river at Blok 92 A.I.
2. Marihat: signboard ban on chemical applications at spring: Blok 91B, 04I, 93H, 99I, 99Z, dan 96E; river at blok 91A, 99A, 91D, 91E, 05C-05F, 07E-11F, 93H, 87E, 99, 98I, 07X, dan 99 ADT/O55.
3. Records of socialization to chemists related to water source protection dated November 9, 2017. However, the recording of socialization to chemicals officers in Marihat Enterprises.
4. Business Unit Bah Bah and Business Unit Marihat shows Letter of Determination of document control officer.
5. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, Hazardous waste management, family gank system, domestic waste management, Early warning system, GHG emission, environment management reporting, river border management and water every 6 months by the PPD Team in each business unit.

Verification 8 December 2017

The Marihat Unit shows the Minutes of Implementation of pesticide handlers training on April 3, 2017, followed by Mandor 1 Afdeling 1-6, Mandor Khemis Afdeling 1-6, spray officers 5 people from each afdeling. Training to discuss about the handling of petisida from warehouse until after work. Where all are required to use adequate PPE such as: Apron, rubber gloves, helmets, glasses, masks, and rubber boots.

Auditor's Conclusion:

According to root cause analysis, correction and corrective action. This NC was closed.

Verified by : Trismadi N

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| NCR No. | : 2017.11 | Issued by | : Trismadi N |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. | | |
| Non-Conformance Description & Evidence observed (filled by auditor): | | | |
| The company has IPM plan on SPO Integrated Pest Management: | | | |

- Pest and disease on Immature Plants (Doc. No. SPO 04.3, dated 1 August 2007), this procedure explaining about: attack symptoms, census method, pest control for *Oryctes* sp, rats, wild boar, and *Apogonia expeditiyionis*.
- Pest and disease on Mature Plants (Doc. No. SPO 05.11, dated 1 August 2007), this procedure explaining about: nettles (*Thosea asigna*, *Setora nitens*, *Dama trima*, *Thosea bisura*, *Ploneta diducta*, and *Sucica pellide*), bagworm (*Mahasena corbetti*, *Metisa plana*, dan *Cremastopsyche pendula*), Early warning system, pest control (physical/mechanize, biologist, plant breeding, and chemical).

According to global telling verification on Bah Jambi Estate and Marihat Estate, and also according to interview with Afdeling Assistants. The global telling were conducted to control of nettle and bag worm attack on mature area; and also global telling for oryctes sp on immature area. However, there are no available documentation of rat control (global telling) on immature area in accordance to SPO 04.3. Therefore according to interview with plants clerk in Bah Jambi Estate that known, there are pest control (oryctes) and it has been spraying by Marshall. However, there are no record of early warning system as the basis of chemical application to control of oryctes

Root Cause Analysis (filled by organization audited):

- a. The failure to perform in accordance to global telling (SPO No. 05.11) about Pest and Diseases.

Lack of understanding of chemical usage for pest control.

Correction (filled by organization audited):

- a. The management unit has conducted a global telling and controlling for rat attacks at Immature Area.
- b. Oryctes census has been conducted as the basis of chemical control.

Corrective Action(filled by organization audited):

Early warning system (EWS) socialization, pest control (physical, mechanical, biological, plant breeding and chemical control) to related workers in accordance to SPO number 05.11.

Assessor Evaluation and Conclusion (filled by auditor):

Verification on 28 November 2017

The company was shown several corrective action, such as:

1. Rat attack census has been conducted in Marihat Estate, Afdeling III On October 2017. There are one rat attack at Block 07H, 07E, 07D, 07G, and 07F.
2. Rat attack census has been conducted in Bah Jambi Estate, Afdeling II On August 2017. There are no rat attack.
3. Oryctes attack census has been conducted in Bah Jambi Estate on 2016, there are 850 pcs of 38,825 plants (2.19%); SOP mentions if the attack above 2% then should be use Marshal.
4. The company has socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit.

Auditor Conclusions:

According to root cause analysis, correction and corrective action. This NC was closed.

Verified by : Trismadi N

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| NCR No. | : 2017.12 | Issued by | : Trismadi N |
| Date Issued | : 3 June 2017 | Time Limit | : ASA 1 |

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| NC Grade | : Minor | Date of Closing | : | |
| Standard Ref. & Requirement | : 4.5.2 Training of those involved in IPM implementation shall be demonstrated. | | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor)</i> : | | | | |
| <p>The management unit was able to show record of IPM training dated 6-8 April 2015 from IOPRI to 33 persons from Afdeling assistant, pest officer and pest mandore from 11 business management unit. Marihat Estate has been conducted IPM training from staff to pest officer on 10 April 2017. However according to document verification: there are no evidence that IPM plan training has been conducted from staff to all of global telling workers in Bah Jambi Estate</p> | | | | |
| Root Cause Analysis <i>(filled by organization audited)</i> : | | | | |
| <p>The lack of coaching and counseling programs in Estates.</p> <p>a.</p> | | | | |
| Correction <i>(filled by organization audited)</i> : | | | | |
| <p>IPM training has conducted to workers by Afdeling Assistant.</p> <p>a.</p> | | | | |
| Corrective Action <i>(filled by organization audited)</i> : | | | | |
| <p>Worker competencies evaluation to creating identification of training needs on next year.</p> | | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor)</i> : | | | | |
| Verification on 26 October 2017 | | | | |
| <p>IPM training in Bah Jambi Estate has been conducted on 16 July 2017 to 23 workers, this training was explained about nettles control, bagworm control and oryctes control. And then the management unit was appoint PIC as document controller.</p> <p>The company has also socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit.</p> | | | | |
| Auditor conclusion: | | | | |
| <p>There are no record of IPM training in Marihat Estate.</p> | | | | |
| Verified by | : | Trismadi N | | |

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|--|--|------------------------|---|-------------------------|
| NCR No. | : 2017.13 | Issued by | : | Trismadi N |
| Date Issued | : 3 June 2017 | Time Limit | : | ASA 1 |
| NC Grade | : Minor | Date of Closing | : | 28 November 2017 |
| Standard Ref. & Requirement | : 4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. | | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor)</i> : | | | | |
| <p>There are no records of pesticides use including active ingredients used and their LD50, area treated, amount of active ingredients applied per Ha and number of applications during last year in Bah Jambi Estate and Marihat Estate</p> | | | | |

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| <p>Root Cause Analysis <i>(filled by organization audited):</i> Lack of understanding about pesticide usage and calculation of LD 50.</p> |
| <p>Correction <i>(filled by organization audited):</i> LD 50 calculation on excel format.</p> |
| <p>Corrective Action <i>(filled by organization audited):</i> LD 50 calculation will be conducted every half of year by PPD team.</p> |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on 28 November 2017 The company was show several corrective action, such as:</p> <ol style="list-style-type: none"> 1. Pesticide toxic calculation in Bah Jambi Estate on quarter III 2017, for example: Metil: 0.03% per Hectare and Ally: 1.5% per Hectare. 2. Pesticide toxic calculation in Marihat Estate on quarter II 2017, for example: Metil: 0.03% per Hectare and Ally: 1.5% per Hectare 3. The company has socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit <p>Auditor Conclusions: According to root cause analysis, correction and corrective action. This NC was closed.</p> |
| <p>Verified by : Trismadi N</p> |

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| NCR No. : | 2017.14 | Issued by : | Trismadi N |
| Date Issued : | 3 June 2017 | Time Limit : | ASA 1 |
| NC Grade : | Minor | Date of Closing : | 28 November 2017 |
| Standard Ref. & Requirement : | <p>4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances.</p> | | |
| <p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Bah Jambi Estate and Marihat Estate has a pesticides list categorized in Class 1A and 1B (according to circular letter from Director No. 04.04/SE/18/X/2016 dated 14 October 2016), and also there are record of Paraquat usage for last three years. However, there are no reduce program and eliminate the paraquat uses.</p> | | | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i> Lack of kwnledge plant division on each unit related to Paraquat reduce usage and special condition usage.</p> | | | |
| <p>Correction <i>(filled by organization audited):</i> Make a program of Paraquat reducing usage.</p> | | | |
| <p>Corrective Action <i>(filled by organization audited):</i> Socializing to all workers related to paraquate reducing program annually.</p> | | | |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on 26 October 2017</p> | | | |

Bah Jambi Estate showing record of Paraquat usage since year of 2014: 526 litres; 2015: 500.22 litres; 2016: 489.80 litres; and 2017: 228.80 litres.

Verification on 28 November 2017

1. Reducing of paraquat usage program in Bah Jambi Estate since year of 2016: 4,158 litres; 2017: 3,176 litres; 2018: 2,875 litres; and 2020: 2100 litres.
2. Reducing of paraquat usage program in Marihat Estate since year of 2016: 1,200 litres; 2017: 1,000 litres; 2018: 900 litres; and 2020: 800 litres.
3. The company has socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit.

Auditor Conclusions:

According to root cause analysis, correction and corrective action. This NC was closed.

Verified by : **Trismadi N**

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| NCR No. | : 2017.15 | Issued by | : Trismadi N |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 20 January 2018 |
| Standard Ref. & Requirement | <p>4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).</p> | | |
| <p>Non-Conformance Description & Evidence observed (filled by auditor):</p> <p>However there are several non conformity No. 2017.15. such as;</p> <ol style="list-style-type: none"> a. According to field observation to chemical warehouse in Bah Jambi Estate, the MSDS of Dithane was no informing 16 item according to chemical producers. While the MSDS of Santafuron was available on English form. b. According to interview with pesticide applicators in Bah Jambi Estate, on block 16E; and Marihat Estate on block 87 I. They were explain about PPE's is still save in their housing, besides that according to observation to chemical warehouse in Bah Jambi Estate (Afdeling III) and Marihat Estate (Afdeling IV) there are no evidence that all of PPE's has been save on chemical warehouses. c. Based on work instruction No. 4.3-13-IK-33 Rev.2 about chemical/wiping instruction. There are no information about water sources for chemical mixing. Besides that, point 2.4 about PPE's; there are no information about apron usage to prevention chemical exposure to the workers body. | | | |
| <p>Root Cause Analysis (filled by organization audited):</p> <ol style="list-style-type: none"> a. Lack of understanding of the store keeper about MSDS. <p>Lack of understanding of pesticide applicators about pesticide handling.</p> | | | |
| <p>Correction (filled by organization audited):</p> <ol style="list-style-type: none"> a. Complete the MSDS on Bahasa format with 16 information item. b. Pesticide handling implementation in accordance to MSDS. | | | |

c. Providing apron and proper apron usage procedure.

Corrective Action *(filled by organization audited):*

Regularly pesticide handling training and PPE's usage every six month by PPD team.

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

Verification on 26 October 2017

The management unit was shown several corrective action, such as:

1. MSDS of Santafuron and Dithane on Bahasa format with 16 information items.
2. Chemical application work instrurcton number 4.3-13-IK-33 Revision 03 on Section 1.1. It was explain: water usage for chemical mixing is sourced from water springs, streams, rain water that are accommodated on special tank. This tank shouldn't contaminated by chemical. Section 2.4. PPE's for chemical applicator are helmet, safety googles, mask, apron, and rubber boots.
3. HIRAC Revision dated 7 July 2017 number FM-4.2.1-01 risk control for Chemical application are helmet, safety googles, mask, apron and rubber boots.

Verification on 28 November 2017

1. MSDS monitoring record in chemical and fertilizer store in Bah Jambi Estate on Semester I year of 2017.
2. Record of pesticide handling training dated 9 November 2017 in Bah Jambi Estate, it was explain about PPE's usage, PPE's and all of work tools and PPE's should places in store after work. And also prohibition of chemical application on riparian area.

Verification 8 December 2017

1. Record of PPE's and work tools places in store.
2. The company has socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit.

Major Verification on 17 January 2018

Based on field observation to Afdeling III Bah Jambi Estate, there are no avron for pesticide applicators. Therefore according to interview with them, they were explain that all of PPE's are still brought to home.

Document Verification on 20 January 2018

The management unit was show socialization record of PPE's handling to all pesticide applicators in Bah Jambi Estate dated 19 January 2018. There are also documentation of avron, safety glasess, maskr and rubber gloves in storage.

Verified by : Trismadi N & Benli

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| NCR No. | : 2017.16 | Issued by | : Trismadi N |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & | : 4.6.6 | | |

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| Requirement | Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | |
| According to field observation to chemical warehouse in Bah Jambi Estate, Afdeling IV. There are used chemical containers was no store in licensed schedule waste. Besides that, there are no monitoring of used chemical containers to ensure there are no others usage of this containers | |
| Root Cause Analysis <i>(filled by organization audited):</i> | |
| Lack of understanding of the officer related to chemical container used management. | |
| Correction <i>(filled by organization audited):</i> | |
| Transfer the chemical container to schedule waste and make the chemical container usage monitoring card. | |
| Corrective Action <i>(filled by organization audited):</i> | |
| Pesticide handling training will conducted every six month by PPD team. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| Verification on 26 October 2017 | |
| The management unit was shown several corrective action, such as: | |
| <ol style="list-style-type: none"> 1. Bah Jambi Estate Manager number BAJ/SE/Intrn/11c/VII/2017 dated 5 July 2017 about hazardous waste management. It has been socialized to Afdeling IV workers dated 13 October 2017. 2. Record of chemical container transfer to hazardous waste store (Sun Up 480 SL) from Afdeling IV on June 2017 and August 2017. | |
| Verification on 28 November 2017 | |
| <ol style="list-style-type: none"> 1. Record of pesticide handling training dated 9 November 2017 in Bah Jambi Estate, it was explain about PPE's usage, PPE's and all of work tools and PPE's should places in store after work. And also prohibition of chemical application on riparian area. 2. Monitoring record of hazardous waste every month on each estates. 3. The company has socialization program about Code of Conduct, pregnancy and breast feeding workers policy, wildlife and flora, administration system, Gender Committee, Hazardous Waste management, prohibition of family system, domestic waste management, IPM, Early Warning System, GHG Emission, RKL-RPL reporting, and water source management every six month by PPD team in each business unit. | |
| Auditor Conclusions: | |
| According to root cause analysis, correction and corrective action. This NC was closed. | |
| Verified by | : Trismadi N |

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|--|--|------------------------|------------------------------------|
| NCR No. | : 2017.17 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 4.6.11 Annual medical supervision specific to pesticide operators, and documented action to address health conditions related to it, must be shown. | | |

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| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | |
| Management unit of Bah Jambi, has conducted a medical check up of pesticide operators on January 19, 2016. However, there is not enough evidence that the management unit has annual medical check up (year 2017) | |
| Root Cause Analysis <i>(filled by organization audited):</i> | |
| Medical check up has been done but the medical examination results have not been out of the examiner's Hospital. | |
| Correction <i>(filled by organization audited):</i> | |
| Requesting to the HR department of the headquarters and the hospital concerned to immediately issue the results of employee health checks. | |
| Corrective Action <i>(filled by organization audited):</i> | |
| Make a program / plan of medical check up for all employees, especially those related to chemicals on a regular basis. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | |
| Verification on November 28, 2017 | |
| The company showed some improvement evidence: | |
| <ol style="list-style-type: none"> 1. Medical examination 105 team spraying Unit Bah Jambi 6 - 9 September 2017 by PT Prima Medica Nusantara. 2. Based on health examination result 105 people of spraying team of Bah Jambi unit, entirely within normal limits. For example a.n. Turman Silaban Afdeling VII, Kartini Tunip Afdeling VII. | |
| Auditor's Conclusion: | |
| According to root cause analysis, correction and corrective action. This NC was closed. | |
| Verified by | : Trismadi N |

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|--|--|------------------------|-----------------------------|
| NCR No. | : 2017.18 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 4.6.12 Documentation of work with pesticides should not undertaken by pregnant or breast-feeding women. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| Management unit of Bahjambi showed recordings of pregnant and lactating mothers in 2012. However, there is not enough evidence that Bahjambi unit already have systems to ascertain or identify pregnant and lactating women for pesticide applicators | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| The absence of monitoring of employee related to pesticide, where pregnant and lactating mothers should not do all the work related to pesticides. | | | |
| Correction <i>(filled by organization audited):</i> | | | |
| Monitoring all Pesticide-related occupational workers. | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| The PPD team socializes to the workers that pregnant and breastfeeding mothers should not do all the work related to pesticides every 6 months. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | |
| Verification on 28 November 2017. | | | |
| The company showed evidence of improvement: | | | |

1. Circular letter Unit Manager Bah Jambi no. BAJ / SE / Intrn / IIB / VII / 2017 dated July 5, 2017 on the placement of female employees as a team of pesticide handlers; mentioned that the afdeling assistant in showing the spraying team should coordinate with the plantation clinic to ensure no pregnant / breastfeeding female workers.
2. Records of pregnancy monitoring, childbirth, and lactation of female spraying workers in Afdeling I-IX in June and July of 2017 are known no spraying workers in the condition of being pregnant.

Auditor's Conclusion:

According to root cause analysis, correction and corrective action. This NC was closed.

Verified by : Trismadi N

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| NCR No. | : 2017.19 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 17 January 2018 |
| Standard Ref. & Requirement | : 4.7.1 A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. | | |
| Non-Conformance Description & Evidence observed (filled by auditor): Management unit of Bahjambi has conducted medical check up for high-risk workers in the Mill on March, 29 2016. However, there is no evidence of follow-up of audiometric results for 18 hearing-impaired workers. <ul style="list-style-type: none"> - Based on the field visit at Bah Jambi Mill, found the conditions at risk: - Officers at loading ramp only wear slippers - Workers smoking at clarification and sterilizer stations. - Boiler and engine rooms operators did not use earplugs - There are no OHS guides in all stations - First Aid Boxes in all stations and warehouses of Bah Jambi units are not in accordance with regulation no. 15 of 2008 and the foremen in all the field activities did not have a first-aid box. - There is no awareness signage to the reparation activities in the clarification station area. - There is no evacuation route available in the Bah Jambi mill. - The result of field visit and simulation of fire in mill, known that there is only 1 hydrant hose, 1 nozzle in mill area from 7 point hydrant. | | | |
| Root Cause Analysis (filled by organization audited): <ol style="list-style-type: none"> 1. The company has conducted a medical examination, but the medical examination results have not been out of the examiner's Hospital. 2. Implementation of the work safety and health policy in the mill has not been well implemented. 3. The absence of circular about the use of PPE when working. 4. The absence of monitoring first aid boxes. The absence of monitoring firedrill conditions. | | | |
| Correction (filled by organization audited): <ol style="list-style-type: none"> 1. Conduct an audiometric examination for 18 people who experience decreased hearing power. 2. Make signs banned smoking, mandatory use of PPE. 3. Make OHS guidance in each station 4. Complementing health equipments in First Aid Boxes in all stations and warehouses of Bah Jambi units, as well as medical supplies contained in the foreman's bag every afdeling. 5. Make the boundary of the machine repair area at the clarification station | | | |

6. Creating an evacuation path at the Mill
Completing the hydrant in the mill area

Corrective Action (filled by organization audited):

1. Follow-up medical examination will be performed, if recommended by the doctor.
2. Make monitoring plan and realization of medical check up for employees of mill and plantation.
3. Socialization of the implementation of OHS within the mill.
4. Make local circular letter for the obligation of use of PPE in the mill and plantation.
5. Make program monitoring condition of PPE before doing work.
6. Make a program of first aid box monitoring every month
7. Make monitoring firedrill conditions every month.

Assessor Evaluation and Conclusion (filled by auditor):

Verification on October 26, 2017

The company showed evidence of improvement:

1. The results of audiometric examination of 18 workers in the Mill dated March 29, 2016 known that there are 7 people who have decreased hearing power.
2. Spirometry examination results of 12 mill workers, 10 spraying teams dated March 29, 2017 under normal conditions.
3. Photo of repair line boundaries at the clarification station as a sign of prohibition from entering the area.
4. Socialization of fruit sorting and socialization of use of PPE on October 11, 2017 to 8 sorting officers.
5. Circular letter Unit Manager No. BAJ / SE / Intrn / 13 / VI / 2017 dated June 5, 2017 on the smoking ban at work.
6. Circular Letter Unit Manager No. BAJ / RS. Laras / 18 / VII / 2017 dated July 7, 2017 to Laras Hospital where 6 mill workers are required to be treated.
7. Photo of hose and nozzle hydrant no. 1 - 7 in the Mill.
8. Photo of Grading officer using boots, signboard of smoking ban in clarification, genset operator using earmuff, evacuation path and OHS signboard at the press station.

Verification on November 28, 2017

The Company shows evidence of improvements as follows:

1. The list of distribution of first aid kit/box in 14 locations.
2. The occupational safety and health form (inspection of drugs) there is 21 item information in the box.
3. Spirometry examination results of 12 mill workers, 10 spraying team dated March 29, 2016 under normal conditions.

Verification on December 21, 2017

The company showed evidence of improvement:

1. The results of audiometric examination of 20 workers of mill on March 8, 2017, based on the results of the examination there is 1 person who experienced a decrease in hearing a.n. Herman Wijaya.
2. The results of audiometric examination of 18 workers of mill dated March 29, 2016 known that there are 7 workers who have decreased hearing power. There is also a letter No. BAJ / RS. Laras / 18 / VII / 2017 dated July 7, 2017, that such persons will be treated.
3. Health examination result from Laras Hospital for all workers (blood chemistry test, routine urine, X-ray, and blood pressure) dated September 7, 2017. But not yet can be shown re-examination result by ENT specialist to the 7 workers. In addition, it can not be shown the follow-up from management to the worker, for example in the mutation to stations that have no noise or other. In addition, it will be re-verified during field re-visits, as there are some unreadable images.
4. Photos of first aid kit 1 foreman and 8 boxes of First Aid. However, there is no evidence to show that all of the

foremen have received first aid box according to Minister of Manpower Regulation no. 15 in 2008. Need to be confirmed on field verification.

Major Verification on 17 January 2018

The management unit was shown:

1. References from specialis doctor (Ear Nose Throat) dated 8 January 2018 explained that seven workers from Bah Jambi Estate was normal condition.
2. First aid kit distribution to 15 formens dated 17, 18, 20, 21, 23, 25 October 2017.
3. According to field observation in Bah Jambi Mill: all of loaders in loading ramp has used safety boot, there are no smoking in clarification station, all operator in high noise level has been used earplug, OHS guidance on each station was available, each of first aid kit has comply with regulation, there are signboard for machines maintenance activity, there are evacuation lines on processing station, seven hydrant has completed with nozzle and hose.

Auditor's Conclusion:

Based on the evidence of the improvements shown, the discrepancies have been met.

Verified by : **Trismadi N**

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| NCR No. | : 2017.20 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | 4.7.2 The entire operation may threaten the safety and health risks should be assessed. Measures and procedures to address the risks that have been identified should be documented and implemented. Entire precautions attached to the products should be monitored closely and applied to workers. | | |
| <p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>The Management Unit has Hazard Identification, Risk Assessment & Control (HIRAC) documents, but based on document review, field visits and interviews with management, it is known that:</p> <ol style="list-style-type: none"> 1. There is not enough evidence that the HIRAC document of Bah Jambi has been reviewed at least once a year or if found any abnormality in its application as set forth in Risk Management SOP (SOP No 4.2.1 dated 12 February 2014) 2. HIRAC of Mill has not contained any activities hazardous waste warehouse, chemical warehouse and refueling tank. 3. There is no risk control measures in the HIRAC document of the Bah Jambi unit. 4. Marihat Unit already has a 2016 HIRAC document, but the document has not been specifically explained on the risk control measures of exposure to chemicals to the applicant's body using apron. <p>Related to this matter, the company has not been able to show evaluation and monitoring the implementation of risk identification.</p> | | | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> 1. The existence of negligence in monitoring the implementation of HIRAC document in accordance with SOP No 4.2.1. 2. The lack of understanding of officers to document and review the risks that may arise throughout the operation that may threaten workers' health and safety. | | | |

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| Officer's omission in evaluating and monitoring risk identification implementation. |
| <p>Correction (filled by organization audited):</p> <ol style="list-style-type: none"> 1. Make evaluation and review at least once a year if found any abnormalities in the application of HIRAC. 2. Completing HIRAC of Bah Jambi POM by entering activity in hazardous waste warehouse, chemical warehouse and refueling tank. 3. Create risk control measures on the HIRAC document of the Bah Jambi plantation <p>Incorporate levels of risk control of exposure of chemicals to applicator bodies using apron into HIRAC of unit Marihat.</p> |
| <p>Corrective Action (filled by organization audited):</p> <ol style="list-style-type: none"> 1. Conduct evaluation and monitoring of Implementation Identify the risk (HIRAC) Bahjambi and Marihat units by PPD Team and HR & General Assistant. <p>Socialization the risk control measures contained in the HIRAC document to workers.</p> |
| <p>Assessor Evaluation and Conclusion (filled by auditor):</p> <p>Verification on October 26, 2017</p> <p>The company showed evidence of improvement:</p> <ol style="list-style-type: none"> 1. The result of HIRAC evaluation on July 4, 2017 where the level of risk of using cutter in harvest activity increased from High to Extreme. Based on the accident that occurred in Afdeling VIII dated July 3, 2017. 2. Records of the socialization of apron usage in Afdeling IV, Bah Jambi dated 21 August 2017 to 12 spraying workers. 3. HIRAC Revision of July 7, 2017 FM-4.2.1-01 explained that PPE of spraying team using helmets, glasses, masks, apron, and boots. 4. HIRAC document at Plant Division that has been equipped with risk control. However, HIRAC of Bah Jambi Mill has not been shown about the activities in hazardous waste warehouse, chemical warehouse and refueling tank. <p>Verification on November 28, 2017</p> <p>The Company shows evidence of improvements as follows:</p> <ol style="list-style-type: none"> 1. Results of HIRAC evaluation at Plant Division, there is a change Control of harvest risk using cutter must be given PPE. 2. HIRAC of Bah Jambi POM has been contained activities at fuel stations, chemical warehouses and hazardous waste warehouse dated August 28, 2017. This HIRAC document has been equipped with risk control in each activity. <p>Auditor's Conclusion: Based on the evidence of the improvements shown, the discrepancies have been met.</p> |
| <p>Verified by : Trismadi N</p> |

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|---|---|------------------------|-----------------------------|
| NCR No. | : 2017.21 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 18 January 2018 |
| Standard Ref. & Requirement | <p>4.7.3 Records of training Occupational Health and Safety program (see 4.8) and Personal Protective Equipment (PPE) in accordance with the results of hazard identification and risk analysis should be available to all workers.</p> | | |
| Non-Conformance Description & Evidence observed (filled by auditor): | | | |

Based on the results of the document verification, field visits and interviews with workers it is known that:

1. Field visit in afdeling 4 block 87 L of Marihat unit it is known that harvester's shoes are in damaged condition and using a security helmet; In addition to the results of field visits in afdeling 4 block 87 I Marihat unit, known that the shoes of manual maintenance workers in damaged condition.
2. The management unit of Bahjambi and Marihat had shown evidence of PPE provision. However, there is not enough evidence that the apron has been given to the spraying team.
3. Field observation results, it is known that contractor workers in Mill did not use PPE, contractor drivers only use slippers.
4. Related to this, the auditor team considered that the company has not implemented a comprehensive OHS protection for workers and contractor workers..

Root Cause Analysis (filled by organization audited):

1. Provision of PPE is given once a year so that if there is damage PPE have to wait for the next ration.
2. The collection of documents is not tidy so that evidence can not be given to the auditor while the evidence already exists but located elsewhere.
3. The lack of understanding about the usefulness of PPE as a protective device to minimize the danger of accidents at work

Correction (filled by organization audited):

1. Provide new PPE to workers.
2. Shows evidence that apron has given to the spraying team
3. Socialization the importance of using PPE

Corrective Action(filled by organization audited):

1. Make monitoring and checklist realization conditions of workers' PPE.
2. Make a circular letter related to obligation to use PPE for workers and contractors who work in the plantation and mill which also listed sanctions to be given if found not to use PPE when working.
3. Make a monitoring program on the condition of PPE before doing work by Afdeling Assistant.

Assessor Evaluation and Conclusion (filled by auditor):

Verification on November 28, 2017

The Company shows some evidence of improvements as follows:

1. Revision of Chemical Instruction / Wiping No. 4.3-13-IK-33 Revision 03 in section 1.1. mentioned that water is used clear water that comes from springs, streams and rain water that is accommodated in special place. Where water intake from springs and rivers must use tools that are completely clean and not contaminated by chemicals. In section 2.4 described PPE of spraying team using apron to prevent exposure of chemicals to the applicator's body. 2.6. PPE and chemicals work tools should not be taken home.
2. Circular Letter of Unit Manager of marihat dated August 7, 2017 MAT / SE / Intrn / 43 / VIII / 2017; related to the use of PPE in doing work activity, especially refer to work instruction Chemis / Wiping.
3. Records of given PPE for harvesting team at Marihat unit: 15 white helmets, 15 yellow helmets, 2 blue helmets and 15 orange helmets.
4. Documentation that the contractor (loader operator) has used safety shoes in the Mill area. And the recording of the use of PPE to the contractor on October 12, 2017.
5. Records of given PPE to 36 workers of spraying team in Unit Bah jambi on 27 September 2017.
6. Evidence of apron receipt to 8 workers of spraying team of Marihat Unit on July 5, 2017.
7. The Company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family gank system, domestic waste management, Early warning system, GHG emission, RKL-RPL management reporting, and river border and water source management every 6 months by the PPD Team in each business unit

Verification on 18 January 2018

- According to field observation and interview with several harvesters in Block 94A and 94C Afdeling III, Bah Jambi Estate that known all PPE's was provided by management unit, such as: rubber boots, gloves, helmet, and tools cover.
- According to field observation and interview with pesticide applicators in Block 05i, Afdeling II that known all workers has used avron. Therefore observation on harvesting activity in Block 10i, Afdeling IV. They were use rubber boot on good conditions.
- According to field observation to loading ramp station in Bah Jambi Mill, all of contractor workers has used rubber boot and helmet.
- According to interview with workers, they were explain that PPE's was provided once a year.
- The management unit was shown circular number BAJ/SE/Intrn/02/II/2018 dated 17 January 2018 and circular number MAT/SE/Intrn/03/II/2018 dated 18 January 2018 about PPE's replacement in Bah Jambi and Marihat Estate. OHS Inspector will monitor about PPE's condition every month and if any a damage, each of workers should be replace by own. This circular has been socialized to all workers on each Afdeling dated 17 January 2018.
- Record of PPE's provided to all workers in Afdeling I Bah Jambi Estate on January 2018.

Auditor's Conclusion:

According to corrective evidence, this non conformity has been closed. The effectivity of Circular on each estate, will observed on next surveillance.

Verified by : **Trismadi N & Mahmud**

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| NCR No. | : 2017.22 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 4.7.4 The responsible person/persons shall be identified. There shall be records of regular Meetings concerns of all parties about health and safety | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| The Unit Management already has OHS committee and a statement letter from the OHS service institution that there has been general OHS expert training for secretaries of OHS committee in Bah Jambi and Marihat units. However, there is not enough evidence that secretaries of OHS committee have the decision appoinment and authority of general OHS expert from the Ministry of Manpower of the Republic of Indonesia | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| Secretaries' OHS committee has received training but their general OHS expert certificate has not been out cause still in process at the Ministry of Labor. | | | |
| Correction <i>(filled by organization audited):</i> | | | |
| Decree Letter of general OHS expert for Secretaries' OHS committee has been out | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| Send a letter to the human resources department 3 months before Decree Letter of general OHS expert expired so that it can be done immediately the extension of his decree. Currently the Occupational Safety Expert is an Executing Employee, so there will be no mutation of work to another unit. | | | |

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

Verification on November 28, 2017.

The company shows:

1. Decree of the Minister of Manpower of the Republic of Indonesia no. KEP. 8222 / NAKER-BINWASK3 / IX / 2017 Appointment of Occupational Safety Expert on September 20, 2017 Renny Herawati S. Garingging (Marihat unit).
2. Decree of the Minister of Manpower of the Republic of Indonesia No. KEP. P.4773 / NAKER-BINWASK3 / IV / 2017 Appointment of Occupational Safety Expert on 4 April 2017 Oktaff Handry Lubis (Bah Jambi unit).
3. Decree of the Minister of Manpower of the Republic of Indonesia no. KEP. P.2501 / NAKER-BINWASK3 / IV / 2017 Appointment of Occupational Safety Expert on 4 April 2017 Irfan Irawan (Bah Jambi Mill).

Auditor's Conclusion:

Based on evidence of improvement, this discrepancy has been met.

Verified by : **Trismadi N**

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|---|--|------------------------|---------------------------------|
| NCR No. | : 2017.23 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | <p>4.7.5 There shall be procedures in case of accidents and emergencies along with the instructions that should be able to be clearly understood by all workers. Procedure in case an accident should be provided in a language that can be understood by the workers. Workers who have been trained to provide first aid should be present both in the field and in other operations, and equipment for first aid should always be available in the workplace. Note all accidents must be kept and reviewed regularly.</p> | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| <p>Based on the result of field visit and document verification, it is known that:</p> <ul style="list-style-type: none"> • Unit management (Bah Jambi and Marihat) has not been able to show the recording of all land fire facilities. Related to this, the company has not been able to show evidence that monitoring facilities and infrastructure of land fires and implementation to ensure facilities and infrastructure of emergency response in ready conditioncondition. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| <p>The presence of negligence from the officers in carrying out inventory of all facilities and infrastructure of fire prevention and monitoring of realization conditions of all facilities and infrastructure.</p> | | | |
| Correction <i>(filled by organization audited):</i> | | | |
| <p>1. Conducting data collection of facilities and infrastructure of fire prevention owned by the unit. Monitoring the condition of fire fighting equipment on a scheduled basis every 6 months.</p> | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| <p>Issued the circular letter to determine the PIC / Afdeling Assistant responsible for monitoring the completeness and realization of the facilities and infrastructure for the prevention of land fire.</p> | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> | | | |
| Verification on November 28, 2017 | | | |
| <p>The Company shows evidence of improvements as follows:</p> <ol style="list-style-type: none"> 1. List of facilities of infrastructure of land fires in the first semester of 2017 at Bah Jambi unit consists of 32 types, for example: chainsaw, nozzle, portable water tank. | | | |

2. List of facilities of infrastructure of land fires in the first semester of 2017 at Marihat unit consists of 32 types, for example: chainsaw, nozzle, portable water tank.
3. Circular letter of Monitoring landfire facilities in each unit are signed by the unit manager. It was determined that each assistant afdeling as the officer responsible for monitoring.

Auditor's Conclusion:

Based on evidence of improvement, this discrepancy has been met.

Verified by : **Trismadi N**

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| NCR No. | : 2017.24 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 4.7.6 All workers shall be provided with medical care, and covered by accident insurance. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Unit management has policies to include workers in BPJS employment and health. In addition, there is evidence of BPJS employment and health cuts in payroll documents. However, the unit has not been able to show evidence of payment of BPJS employment and health for all workers | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> Evidence of payment BPJS already exist in HR department but not yet distributed to unit. | | | |
| Correction <i>(filled by organization audited):</i> Ask the HR department to send evidence of payment BPJS to the unit. | | | |
| Corrective Action <i>(filled by organization audited):</i> The plantation unit is proactive in asking the required documents and relating to the health of the employees. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on November 28, 2017 The Company shows evidence of improvements as follows: <ol style="list-style-type: none"> 1. Evidence of payment of BPJS employment Marihat Unit on May 2017, paid on June 16, 2017. 2. Evidence of payment BPJS employment Bah Jambi unit on May 2017, paid on June 16, 2017. 3. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family gank system, domestic waste management, Early warning system, GHG emission, RKL-RPL management reporting, and river border management and water source every 6 months by the PPD Team in each business unit. | | | |
| Auditor's Conclusion: Based on the evidence of improvement shown, this discrepancy has been met. | | | |
| Verified by | : Trismadi N | | |

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| NCR No. | : 2017.25 | Issued by | : Rizliani Aprianita Hsb |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : |

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| Standard Ref. & Requirement | 4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on Guiding committee of occupational safety and health reports fourth quarter, there is a recording of occupational accidents in October-December 2016 to inform how many days of work lost. However, the Bahjambi Unit has not been able to show the accident records that have been using Lost Time Accident (LTA) calculations | |
| Root Cause Analysis <i>(filled by organization audited):</i> The presence of negligence of officers in doing documentation of accident record by not including the calculation of Lost Time Accident (LTA). | |
| Correction <i>(filled by organization audited):</i> Incorporate a Lost Time Accident (LTA) calculation in a work accident record. | |
| Corrective Action <i>(filled by organization audited):</i> The PPD team and the HR General asisstant monitored the recorded workplace accidents. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on November 28, 2017 There are reports of workplace accidents in the second quarter of 2017, where 1 operator name of Usman Adianto aged 46 years the middle finger of his left hand broke. Auditor's Conclusion: The Loss Time Accident can not be shown, that informed the amount of labor, the number of hours worked, the type of accident (First Aid, Medical, Fatality) the number of work lost days due to accidents, FR and SR calculations. | |
| Verified by | Trismadi N |

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|--|--|------------------------|----------------------------------|
| NCR No. | 2017.26 | Issued by | Rizliani Aprianita Hsb |
| Date Issued | 3 June 2017 | Time Limit | Before certificate issued |
| NC Grade | Major | Date of Closing | 28 Novmeber 2017 |
| Standard Ref. & Requirement | 4.8.1 Training Program related to aspects of the Priciple and Criteria RSPO | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Management unit of Bahjambi has not been able to show evidence of training program for employee capacity improvement in 2016/2017, especially related to aspects in RSPO's principles and criterias. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> Training has been done but the negligence in filing the document of training realization so that at the time of audit can not be shown. | | | |
| Correction <i>(filled by organization audited):</i> Shows evidence of realization of internal training that has been done by the unit. | | | |
| Corrective Action <i>(filled by organization audited):</i> The PPD Team and the HR General Assistant conduct monitoring of training programs related to the RSPO Aspect every 6 months. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on November 28, 2017 The Company shows some evidence of improvements as follows: 1. Training Programs in the plantation Unit and POM such as: OHS, Plants (IPM, EWS, Chemical), Processing (GHG | | | |

and SCCS), Human resources, General, Flora and Fauna.

2. Records of first aid training on 3 October 2017, records of HCV training on July 10, 2017, records of HDI training on July 16, 2017, records of waste management training on 1 August 2017, records of RSPO training October 9, 2017.
3. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family bank system, domestic waste management, early warning system, GHG emission, RKL-RPL management reporting, and river border management and water source every 6 months by the PPD Team in each business unit.

Auditor's Conclusion:

Based on evidence of improvement, this discrepancy has been met.

Verified by : **Trismadi N**

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|--|---|------------------------|---------------------------|
| NCR No. | : 2017.27 | Issued by | : Yohanes hardian |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 27 November 2017 |
| Standard Ref. & Requirement | : 5.1.3 There are environmental monitoring plan document and implementation report and also improvement plan according the monitoring results if it found discrepancy. This plan is reviewed at least 2 years. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the result of document review known that: | | | |
| <ol style="list-style-type: none"> 1. Bah Jambi Estate has implemented environmental management and monitoring (RKL / RPL) in second semester of 2016, but there are still environmental parameters that have not been managed and monitored and monitoring location according to RKL / RPL matrix eg Noise, Groundwater, Replanting 2. Marihat Estate has implemented environmental management and monitoring (DELH) in second semester of 2016, but there are still environmental parameters that have not been managed and monitored and monitoring location according to environmental management and monitoring (DELH) matrix eg Increased surface water flow rate, Surface water quality (River Lost Bah, Biak, and Bah Birung), Soil Erosion and sedimentation, Employment opportunities and business opportunity, Attitudes and public perceptions 3. In addition, the preparation of the report has not been in accordance with Decree of the Minister of Environment no. 45 of 2005 on Guidelines for Preparation of RKL and RPL Implementation | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| <ol style="list-style-type: none"> a. The existence of negligence in entering environmental parameters in accordance with manajemen and monitoring environment (RKL / RPL) matrix semester II year 2016 b. The lack of understanding of officers in preparing manajemen and monitoring environment (RKL / RPL) report in accordance with KEPMENLH No. 45 Year 2005 | | | |
| Correction <i>(filled by organization audited):</i> | | | |
| <ol style="list-style-type: none"> a. Already include environment parameters that have not been managed and monitored according to manajemen and monitoring environment (RKL / RPL) matrix b. Already created manajemen and monitoring environment report in accordance with manajemen and monitoring environment (RKL / RPL) matrix | | | |
| Corrective Action <i>(filled by organization audited):</i> | | | |
| To socialize the preparation of manajemen and monitoring environment (RKL / RPL) report in accordance with | | | |

KEPMENLH No. 45 Year 2005 by PPD team & General HR Assistant every 6 months.

Assessor Evaluation and Conclusion (filled by auditor):

Verify November 12, 2017

The Company has presented evidence of improvements as follows:

1. Certificate of Result of Water Test of Upper and Lower of the Bah Biak River No: 458 / BLH.SU-UPT.LL / C / IV / 2017 dated 28 April 2017 issued by UPT Environmental Environment Laboratory Environment Agency of North Sumatera Provincial Government.
2. Report on the Result of Water Test of Bah Birung River No: 1202 / SL / XII / 16 dated December 14, 2016 issued by the Testing Laboratory of PT. Mutuagung Lestari (KAN Accreditation: LP-001-IDN).
3. Document of implementation of erosion rate study

Auditor's Conclusion November 12, 2017

Based on the evidence of improvements that have been demonstrated, no research results have been made on surface water flow rises, surface water quality (Bah Hilang, Bah Biak dan Bah Birung), job opportunities and business opportunities, attitudes and perceptions of the community.

Verify November 20, 2017

The Company has presented additional improvement evidence in the form of a revised RKL - RPL document for the second half of 2016 and included adequate environmental monitoring parameters.

Verify November 27, 2017

The Company shows Letter of Introduction Letter No. MAT / SPS / 25 / I / 2017 dated January 18, 2017, as proof of receipt of RPL report of RPL Semester II of 2016. The report was reported on July 13, 2017 to the Environment Department of Simalungun Regency.

Auditor's Conclusion November 27, 2017

Based on this, the Nonconformity is stated to have been closed.

Verified by : **Trismadi N**

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|--|---|------------------------|------------------------------------|
| NCR No. | : 2017.28 | Issued by | : Yohanes hardian |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). | | |
| Non-Conformance Description & Evidence observed (filled by auditor): Bah Jambi Estate has identified HCV conducted by Citra Cendikia consultant agency which conducted field data collection on 08-10 July 2011 with methodology of Guidance of Identification of High Conservation Value Area in Indonesia 2008. Public consultation on HCV identification was conducted on October 1, 2011 i which was attended by 83 participants from various agencies (BLH, District Office, NGO, Security apparatus), local people and Workers. Result of HCV Identification of Unit Bah Jambi is 735.03 Ha (9.11%) of HGU. But the company has not presented any evidence of peer review by an HCV assessor listed as an Assessor License Scheme (ALS). | | | |
| Root Cause Analysis (filled by organization audited): Peer review by HCV assessor already exists but PPD is late giving it to the auditor | | | |

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| Correction <i>(filled by organization audited):</i> Shows peer review identification of high conservation value areas of Bah Jambi units | |
| Corrective Action <i>(filled by organization audited):</i> Document archiving is done neatly and regularly by the PPD Team and General HR Assistant. | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify November 28, 2017 Business Unit Bah Jambi show document Disclaimer (Peer Review) HCV Report signed by Rudy Ready Lamuru (approved HCV Assessor) on December 15, 2011. | |
| Auditor's Conclusion: Based on the evidence of improvement shown, this Nonconformity has been closed. | |
| Verified by | : Trismadi N |

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|---|---|------------------------|-----------------------------|
| NCR No. | : 2017.29 | Issued by | : Yohanes hardian |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 5.2.2 If rare, threatened or endangered (RTE) species, and or other HCV contained in plantations or affected by the operation of oil palm plantations or factories, it should be provided that the management plan is implemented to maintain or increase its value. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Bah Jambi and Marihat Estate already have HCV management and monitoring plans, but not yet adequate such as the management and monitoring sites have not been specifically described with clear targets and timelines. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> There is still a lack of understanding from the officers in making HCV management and monitoring plans | | | |
| Correction <i>(filled by organization audited):</i> Establish specific HCV management and monitoring plans by incorporating clear targets and timelines | | | |
| Corrective Action <i>(filled by organization audited):</i> To socialize the creation of a correct HCV management and monitoring plan. HCV management and Monitoring Program by PPD Team and Afdeling Assistant respectively. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify November 28, 2017 The company showed some improvement evidence: <ol style="list-style-type: none"> 1. HCV monitoring program at Marihat Estate and Bah Jambi consists of HCV items, location, management, methods, work tools and timeliness once a month. 2. HCV signboard identification record in Marihat Estate has 34 signboards. 3. HCV signboard identification records at Bah Jambi Estate have 38 signboards. 4. Appointment of field officers in monitoring HCV areas signed by each Estate Manager consists of 1 Chairman and 9 members. 5. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family gank system, domestic waste management, Early warning system, GHG emission, RKL-RPL management reporting, and water source every 6 months by the PPD Team in each business unit. | | | |
| Auditor's Conclusion: | | | |

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| Based on the evidence of improvement shown, this Nonconformity has been closed. | |
| Verified by | : Trismadi N |

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|---|--|------------------------|---------------------------|
| NCR No. | : 2017.30 | Issued by | : Yohanes hardian |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 5.2.3 There are socialization program of the status of protected, RTE species to all workers and record of sanction to individuals who work to the business unit if it is proven to catch, harm, collect or kill the species. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the results of the document review it is known that there is no program to educate employees on a regular basis and there is no evidence that there has been any socialization of procedures and policies for the protection of rare animals and plants protected to all workers in the operational area of PTPN IV of Bah Jambi and Marihat Plantation. | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> Failure of estate units to run regular employee training programs and socialization of procedures and policies for RTE species | | | |
| Correction <i>(filled by organization audited):</i> Conduct training and dissemination of procedures and policies for RTE species | | | |
| Corrective Action <i>(filled by organization audited):</i> Develop training and socialization programs on procedures and policies for RTE species every 6 months by the PPD team. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify November 28, 2017 The company showed some improvement evidence: <ol style="list-style-type: none"> 1. HCV training program for all workers in Marihat and Bah Jambi estate every year. 2. Records of HCV socialization and protection of flora and fauna are protected to all workers in Bah Jambi estate dated July 10, 2017. 3. Records of HCV socialization and protection of flora and fauna are protected to all workers in the Bah Jambi estate dated 11 April 2017. Auditor's Conclusion: Based on the evidence of improvement shown, this Nonconformity has been closed. | | | |
| Verified by | : Trismadi N | | |

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|--|--|------------------------|--------------------------|
| NCR No. | : 2017.31 | Issued by | : Yohanes hardian |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | : 5.2.4 If a management plan has been arranged, it should be provided documentation and ongoing monitoring reports on the status of RTE species and HCV operational affected plantations and palm oil mill and the results of the monitoring are used to follow up the management plan. | | |

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| <p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Plantations Bah Jambi and Marihat have not been able to show the results of monitoring of wildlife, protected plants and HCV as well as evidence of evaluation of management plans based on the results of monitoring.</p> | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i> Failure to monitor and evaluate HCV (and RTE species) regularly.</p> | |
| <p>Correction <i>(filled by organization audited):</i> Monitoring HCV (and RTE species) regularly in accordance with the monitoring recommendations on the HCV Report document as well as its evaluation.</p> | |
| <p>Corrective Action <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> 1. Document the evaluation of HCV (and species RTE) monitoring results regularly (6 months) in accordance with the monitoring recommendations in the HCV Report document. 2. Make a PIC assignment decree assigned to monitor HCV and RTE species | |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verify October 26, 2017 The company showed evidence of improvement:</p> <ol style="list-style-type: none"> 1. Results of monitoring of animals in Marihat Estate in the first semester of 2017 at Marihat Estate Afdeling I-VI still found protected species in each afdeling, for example heron bird. But has not been shown the status of protection based on IUCN (Rear / Threat / Endangered) 2. The result of monitoring of animals in Estate Bah jambi in the first semester of 2017 at Marihat Estate Afdeling I-VI still found protected species in each afdeling, for example eagle. But has not been shown the status of protection based on IUCN (Rear / Threat / Endangered) 3. SK Manager Estate No Marihat. MAT / MU / Kpts / / VIII / 2017, August 2017; on the appointment of field officers in carrying out the management and monitoring of HCV areas at Marihat Estate: a.n. Suyono with 9 members. 4. SK Manager Estate Bah Jambi No. MAT / MU / Kpts / 1st / VIII / 2017, July 28, 2017; on the appointment of field officers in carrying out the management and monitoring of HCV areas in the Jambi Estate: a.n. Suwardi with 10 members. 5. SE No. MAT / SE / 16 / IV / 2017 dated April 19, 2017 from Unit Marihat's manager on the prohibition of hunting, harm and destruction. However, other monitoring results have not been shown in accordance with the management and monitoring recommendations of HCV documents. <p>Verify November 28, 2017 Estate Bah Jambi and Marihat have completed the list of flora and fauna that are equipped with IUCN (RTE) based protection status.</p> <p>Auditor's Conclusion: The evaluation of the above monitoring results can not be shown, as the input of the management and monitoring program in the future.</p> | |
| Verified by | : Trismadi N |

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| NCR No. | : 2017.32 | Issued by | : Yohanes hardian |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |

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| NC Grade : | Minor | Date of Closing : | |
| Standard Ref. & Requirement : | 5.3.3 Must be available waste management plan which is documented and implemented to prevent and reduce pollution. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the results of document review and field visits are known: <ul style="list-style-type: none"> - The Marihat Unit has delivered hazardous waste (used lubricants and pesticide packaging) to licensed carriers on January 26, 2016 and Bah Jambi Units on 11 January 2016, however the company stores hazardous waste over 180 days. This is not in accordance with the permits and PP. 101 of 2013. - Based on field observations to Hazardous Waste Storage at Bah Jambi and Marihat Estate not yet equipped with hazardous waste label symbol, eye shower, adequate P3 box. - Based on the results of field observations to the hazardous waste temporary storage Bah Jambi not available adequate secondary containment to avoid potential pollution to the environment. - Based on interviews with employees living in Afd 2,3,9 at Bah Jambi unit as well as the result of field visits at afdeling 4 Marihat unit is known that waste management by burning. - Field observation results to Chemical warehouse afdeling 4 jambi and afdeling 2 and 3 Marihat unit is known to contain hazardous waste containers that are not collected at licensed sites. - Field observation results at Marihat unit know contain drums used lubricant in store in warehouse of used material | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> <ul style="list-style-type: none"> - There is still a lack of understanding of the officers of the Marihat Estate units against applicable Hazardous waste legislation - Officer's negligence in completing equipment that becomes standard for Hazardous waste storage - At the time of the secondary treatment audit found at the Hazardous waste storage Bah Jambi still in the process of repair. - There is still a lack of employees' understanding of how domestic household waste management works - Negligence of afdeling chemical warehouse officers to deliver used Hazardous waste packaging to licensed Hazardous waste storage - Negligence of warehouse officers to move oil drums to licensed Hazardous waste storage | | | |
| Correction <i>(filled by organization audited):</i> <ul style="list-style-type: none"> - Immediately contact a licensed waste collection contractor to immediately take Hazardous waste in the Hazardous waste storage - Complete the Hazardous waste storage with Hazardous waste label symbol, eye shower, adequate first aid kit. - Secondary treatment is already in the Hazardous waste storage Kebun Bah Jambi - The domestic waste management does not burn anymore but by collecting it at Landfill and stockpiled when it is full - Already delivering used Hazardous waste packaging to licensed Hazardous waste storage Already transferred oil drum to licensed Hazardous waste storage | | | |
| Corrective Action <i>(filled by organization audited):</i> <ul style="list-style-type: none"> • Conducting training and socialization on Hazardous waste management and handling • To socialize the handling of domestic waste / waste to employees • Monitoring of Hazardous waste will be conducted by Assistant Afdeling assisted by the PPD Team every month. <p>Make a circular related to domestic waste management by separating into organic, inorganic and Hazardous waste categories.</p> | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verify November 28, 2017 The Company shows evidence of improvements as follows: <ol style="list-style-type: none"> 1. Delivery Note of Hazardous waste from Marihat estate to PT Veronica Tannage dated 1 August 2017 consists of 7000 bags of ex-fertilizer, used oil 44 liters, 150 pcs of used jerry cans, 3 pcs of used batteries. 2. Letter of Introduction. C1.SPB / VIII / 2017 dated 1 August 2017. | | | |

3. Manifest Hazardous waste No. ARA 0000471; ARA 0000472 and ARA 0000473 for all such goods.
4. Photo documentation of eye shower, symbol of hazardous waste, first aid kit in Marihat unit.
5. Circular Letter no. MAT / SE / 19 / IV / 2017 dated April 20, 2017 to all assistants and employees, concerning: management of household and office waste as well as those related to environmental pollution. Where waste management is separated into organic, inorganic, and Hazardous Material. Every month waste is thrown into the landfill. This circular was socialized on July 18, 2017.
6. Results of Hazardous waste monitoring at Bah Jambi and Marihat estate, besides also shown SOP Hazardous waste management.

Auditor's Conclusion:

No evidence of improvement for non-conformity in Bah Jambi Unit.

Verified by : Trismadi N

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|--|--|------------------------|-----------------------------|
| NCR No. | : 2017.33 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | 6.1.3 There shall be a management plan and social impact monitoring to avoid or reduce negative impacts and enhance positive impacts were based on the analysis of social impact through the consultation process with the parties affected, documented and unscheduled including the responsibilities of implementation. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Bah Jambi Unit has not yet shown corrective Action plan of negative impact and increasing the social positive impact, and also the monitoring of them which involving impacted party including the schedule and the PIC. | | | |
| Root Cause Analysis: The existence of negligence in making plans and monitoring to reduce negative impacts and increase the positive social impact. | | | |
| Correction: Can show evidence of activities for plans to reduce negative impacts and increase social positive impact and update data and documents carefully and scheduled. | | | |
| Corrective Action: <ul style="list-style-type: none"> • Monitoring the management plan and documenting all socialization conducted by the company to the surrounding community related to these parameters. • Provide decree for PIC responsible for the monitoring. | | | |
| Assessor Evaluation and Conclusion: Verified 28 November 2017 The company shows evidence of improvement: <ol style="list-style-type: none"> 1. Socialization note with villages' stakeholders around Bah Jambi Business Unit on July 25, 2016, Nagori Silau Manik discusses: Nagori development program based on priority scale, Employment information in Jambi Estate, making proposal from Nagori to get CSR aid, prohibition of shepherding cow. Response: development programs include | | | |

infrastructure; related vacancy of workers will be recorded by the Nagori, will soon be made proposal submission of CSR, and will be disciplined cows from the field.

2. Minutes of Socialization with villages stakeholder around the Bah Jambi Business Unit dated July 26, 2016, **Nagori Moho** discussed about: Nagori development program based on priority scale, employment information in Jambi Estate, making proposal from nagori to get CSR aid, prohibition of shepherding cow. Response: development programs include infrastructure; related vacancy of workers will be recorded by the Nagori, will soon be made proposal submission of CSR, and will be disciplined cows from the field.
3. Socialization note with Villages Stakeholders around Bah Jambi Business Unit dated July 27, 2016, **Nagori Bah Jambi-I** discusses about: Nagori development program based on priority scale, employment information in Jambi Kebun, making proposal from nagori to get CSR aid, prohibition of shepherding cow. Response: development programs include infrastructure; related vacancy of workers will be recorded by the Nagori, will soon be made proposal submission of CSR, and will be disciplined cows from the field.
4. Decree of Business Unit Manager of Bah Jambi No. BAJ/MU/Kpts/02/1/2017 dated on 12 January 2017 about Appointment of Assistant & Krani Human Resources, General & Security as responsible in consultation and communication with the community related to RSPO Bah Jambi Business Unit
5. Matrix Social impacts to be monitored: Public and social facilities (plantations assist villages around the estate with road repairs, washing ditches through CSR programs and providing basic food items); Employment Opportunities (recruitment of labor from surrounding villages through the selection process); Business Opportunities (business units awaiting approval of proposals from headquarters, local residents are allowed to quote palm oil as livestock and broomsticks); villagers (the company creates a regional zone for cattle and non-permitted areas, but farmers are allowed to take grass in the estate).
6. The company shows the data of environmental assistance proposal and program of 2016 and 2017 Nagori / Huta around Bah Jambi Business Unit.

Conclusion:

Based on the evidence shown, the non-conformity closed.

Verified by : Trismadi N

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|--|--|------------------------|-----------------------|
| NCR No. | : 2017.34 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : ASA-1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | 6.1.4 The management plan and monitoring social impacts have been documented, to be reviewed at least every 2 years. If needed, the plan should be corrected. There shall be evidence that the review process involves the participation of all affected parties. | | |
| Non-Conformance Description & Evidence observed (filled by auditor): Bah Jambi Unit has not yet conducted review/evaluation process per 2 years against the implementation of social management plan which has been decided before by involving participation of all stakeholders. | | | |
| Root Cause Analysis: A management and monitoring plan has been made but document controller is late in giving it to the auditor at the time of the audit. | | | |
| Correction: <ul style="list-style-type: none"> • Establish annual social impact management and monitoring plans | | | |

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| Perform document storage in one special place so it is easy to immediately give it to the auditor. | |
| Corrective Action: | |
| <ul style="list-style-type: none"> • Make monitoring of the social impact management plan once in 6 months. • Make appointment decree of the PIC responsible for monitoring above | |
| Assessor Evaluation and Conclusion: | |
| Verified 28 November 2017 | |
| The company shows the evidence: | |
| <ol style="list-style-type: none"> 1. Circular Letter in each unit about field officers in the implementation of management and monitoring of social impacts related to RSPO. 2. The Company has documented the matrix of Social Impact Monitoring in Jambi Bah Unit of Semester I and II of 2017, but there is not enough evidence that the Jambi Business Unit has conducted a review / evaluation process every 2 years against the implementation of pre-established social plans involving participation of all stakeholders. | |
| Verified by | : Trismadi N |

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|---|---|------------------------|-----------------------|
| NCR No. | : 2017.35 | Issued by | : Fuji Lestari |
| Date Issued | : 3 June 2017 | Time Limit | : ASA 1 |
| NC Grade | : Minor | Date of Closing | : |
| Standard Ref. & Requirement | : 6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders | | |
| Non-Conformance Description & Evidence observed (filled by auditor):: | | | |
| <p>However, there is no evidence shows that the stakeholder list has consisted of all impacted or related party, such as:</p> <ul style="list-style-type: none"> • Stakeholder list of Bah Jambi Unit consists of contractor, village, district, Police Office, and Danramil but the list has not yet consisted of all stakeholders such as: reporter/LSM; regency, province, and national government agencies; supplier, labor union, etc. • Stakeholder list of Marihat Unit consists of village, distric, police office, Danramil, and regency government agency, but stakeholder list has not yet consisted of all stakeholders such as: reporter/LSM, contractor, supplier, province and national government agencies, labor union, etc. | | | |
| Root Cause Analysis: | | | |
| There is an errors in listing stakeholders so that there are still stakeholders who have not been listed in the list of stakeholders. | | | |
| Are there no internal audit mechanisms related to the list of stakeholders? | | | |
| Correction: | | | |
| inputting stakeholders that is not yet listed in the stakeholder list | | | |
| Corrective Action: | | | |
| Updating a list of stakeholders once a year. | | | |
| Who is in charge and responsible? | | | |

Assessor Evaluation and Conclusion:

Verified 28 November 2017

The company shows the evidence:

1. List of stakeholders of Bah Jambi Estate: Tanah Jawa Sub-district, Java Maraja and Bah Jambi, Villages: 15 villages for example: bah Joga, Moho, Bahalut Bayu, etc.; Agencies at Simalungun District: Police Office, District Attorney, Sector Police Office, local national army, National Narcotics Agency and National Land Agency; Journalist: 12 mass media, NGOs: 5; but has not included in the list of stakeholders: contractors, suppliers, trade unions and the Gender Committee.
2. List of stakeholders of Marihat Estate: Sub District: 6 wilayah, Village: 19 Villages, Simalungun District agencies: police office, the state prosecutor's office, Sector Police Office, local national army, National Narcotics Agency and National Land Agency; Journalist: 22 mass media, NGOs: 7; **but have not entered into the stakeholders: contractors, suppliers, unions and gender committees.**

Conclusion:

The list of stakeholders has not been informed: contractors, suppliers, trade unions, and gender committees

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| Verified by | Trismadi N |
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| NCR No. | : 2017.36 | Issued by | : Rizliani Aprianita Hasibuan |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 21 December 2017 |
| Standard Ref. & Requirement | : 6.5.1 There shall be evidence of wages documentation and working requirements in accordance with provision of employment conditions. | | |
| Non-Conformance Description & Evidence observed (filled by auditor): | | | |
| Based on document verification, found some non-conformities, among others: | | | |
| <ol style="list-style-type: none"> 1. Based on document verification of overtime work order (bahjambi unit) on April 2017, it is known that there are workers who work overtime. However, there is not enough evidence that the management unit has calculated the worker's overtime hours. For example: on April 24, 2017, there were 3 workers working overtime, but not counting overtime hours. 2. Based on document verification results of the security placement list, assisstant book periode march-april 2017 and interview with management, it is known that security personnels average work for 12 hours every day including on holiday. Unit management paid overtime limits for only 50 hours (weekdays) and Sundays (only Marihat units paying weekday overtime) plus incentives as overtime substitute according to grade. However, the overtime paid is not in accordance with Manpower regulation no. 102 of 2004 about overtime and overtime wages and Collective Labor Agreement Article 21 stating that: <ul style="list-style-type: none"> - article 1: work done outside official working days and official working hours expressed as overtime except for premiums - article 3: Company that employ employees over working hours as referred to in aticle 1 shall pay the overtime | | | |
| Root Cause Analysis (filled by organization audited): | | | |
| <ol style="list-style-type: none"> 1. There is an error in entering the data into the work orders of overtime because if viewed on the list of overtime issued on april by Bahjambi unit, known that on April 24, 2017 no overtime work done. The lack of understanding of the human resources of the unit in applying the prevailing regulations. | | | |
| Correction (filled by organization audited): | | | |
| <ol style="list-style-type: none"> 1. Improve the data entered into the work orders of overtime. Manage the security shift into 3 shifts so that overtime hours are provided in accordance with existing regulations. | | | |
| Corrective Action (filled by organization audited): | | | |

1. Perform examination of work orders of overtime regularly by workshop officer so it is not wrong in the administration. Monitoring the distribution of shift security guards so that no longer overtime that does not comply with the regulations.

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

Verification on November 28, 2017

The Company shows evidence of improvements as follows:

1. Work orders letter of overtime 9 workers dated April 24, 2017 name of Mangasih Napitupulu, Adi Suparmin, Iskandar, Luhut Panggabean, Hekron Silitonga, Heri Sysam, Idun Basri Harahap, Muliadi Arif, and Nurdin. Also included is a list of overtime documents for April 2017 for the entire name, which has been described in detail about the overtime hours and the value.
2. Work shift program of security at Marihat unit to 3 shifts per day. So that each security gets rest time 1 day every week.
3. Letter of Manager of Marihat unit to Director of Human Resources & General Affairs. MAT / 04.Dir.SDM and General / 38 / IX / 2017 dated September 30, 2017, related to: Overtime Permit. In relation to the increased work activities in the RKO quarter IV 2017 and RKAP 2018 requested permission for overtime hours in September 2017. Where the entire workers does not exceed 50 hours. Consist of 33 workers submitted for overtime.

Verification on December 21, 2017

The Company shows evidence of payment of salary and overtime period March - April 2017, for example name of Anggiat Siringo Ringo on March: Rp. 3,098,444; and on April: Rp. 1,134,016; -

Auditor's Conclusion:

Based on the evidence of improvement shown, this discrepancy has been met.

Verified by : **Trismadi N**

| | | | |
|---|--|------------------------|--------------------------------------|
| NCR No. | : 2017.37 | Issued by | : Rizliani Aprianita Hasibuan |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 18 January 2018 |
| Standard Ref. & Requirement | : 6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on the results of field visits in the plantation area of afdeling 2 block 09B, it is known that there are harvesters who do harvest work with the help of their families without having work agreement with the management. Related to this, unit management has not been able to show evidence that all workers that working in the operational area already have a working relationship | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> The lack of understanding of regulation in company. | | | |
| Correction <i>(filled by organization audited):</i> Prohibit the harvesters from doing work with the help of families who are not related to the company. | | | |
| Corrective Action <i>(filled by organization audited):</i> Making a circular letter/Policies prohibiting harvesters helped by family members in harvesting activities. | | | |
| Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on November 28,2017 | | | |

The Company shows some evidence of improvements as follows:

1. Letter of GM No, GMD-I / Facs / 24 / X / 2017 dated October 13, 2017 is required that all business units send the names of harvesters and loaders to be selected maximum of 6 October 2017.
2. Letter no. BAJ / Intern / 170 / IX / 2017 dated September 16, 2017, concerning Recruitment of harvesters and loaders. Mentioned that the harvest and loader candidates of 2018 are required to submit administrative completeness maximal of October 2, 2017, submission from Bah Jambi is 165 people.
3. List of names of candidates who will follow the selection of recruitment consists of 208 people.
4. Minutes of socialization related to ban family members to help workers done on October 12, 2017 at Bah Jambi Unit from Manager to all assistant afdeling.
5. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family gank system, domestic waste management, early warning system, GHG emission, RKL-RPL management reporting, and river border management and water source every 6 months by the PPD Team in each business unit.

Major Verification on 18 January 2018

According to field observation in Bah Jambi Estate, Afdeling IV there are no family gank system on harvesting activity, therefore based on interview with harvesters explained that each assistant has been socialized about prohibition of family gank system and it has been checked every muster morning. There are also record of interview and test result for 85 harvesters and loaders.

Auditor's Conclusion:

According to major verification and other evidence was verified by auditor team. This nonconformity has been closed.

Verified by : **Trismadi N**

| | | | |
|--|---|------------------------|--------------------------------------|
| NCR No. | : 2017.38 | Issued by | : Rizliani Aprianita Hasibuan |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 28 November 2017 |
| Standard Ref. & Requirement | : 6.9.1. A policy to prevent all forms of abuse and sexual and other violence must be implemented and communicated to all employees. | | |
| Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> | | | |
| Management unit of Bahjambi has of women empowerment in labor union (SP-Bun) structure. However, there is insufficient evidence that management unit has a structure or organization specifically addressing women's issues (gender committees). While the results of the review of complaint documents, there are reporting of sexual harassment on September 2, 2016. In addition, there are no evidence of socialization of structure or organization specifically addressing women's issues (gender committees). | | | |
| Root Cause Analysis <i>(filled by organization audited):</i> | | | |
| 1. The presence of negligence to document the complaints of sexual harassment reporting that occurred on September 2, 2016. There is no gender committees as a specific forum for dealing with women's issues. | | | |
| Correction <i>(filled by organization audited):</i> | | | |
| 1. Documenting sexual harassment reporting that occurred on September 2nd, 2016. Establish gender committees as a specific forum in addressing women's issues. | | | |

| |
|---|
| <p>Corrective Action <i>(filled by organization audited):</i> Socialization to the workers about the existence of gender committees as a specific container in dealing with women's issues and is a way to prevent abuse and violence against women.</p> |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification on November 28, 2017 The Company shows some evidence of improvements as follows: 1. Organizational Structure of Women Empowerment with Chairman: Murniati Saragih, Secretary: Monica Nainggolan, Treasurer: Sumaria and oversees 3 members. 2. Records of the socialization of women's empowerment on September 4, 2017 to 51 women workers and workers' wives. 3. The company has a COC socialization program, pregnant and lactating workers, flora and fauna, administration system, gender committee, hazardous waste management, family gank system, domestic waste management, Early warning system, GHG emission, RKL-RPL management reporting, and river border management and water source every 6 months by the PPD Team in each business unit.</p> <p>Auditor's Conclusion: Based on the evidence of improvement shown, this discrepancy has been met.</p> |
| <p>Verified by : Trismadi N</p> |

| | | | |
|--|---|--------------------------|----------------------------------|
| NCR No. : | 2017.39 | Issued by : | Andi Pratama Pasaribu |
| Date Issued : | 3 June 2017 | Time Limit : | Before certificate issued |
| NC Grade : | Major | Date of Closing : | 17 January 2018 |
| Standard Ref. & Requirement : | E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB. | | |
| <p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Bah Jambi Mill only receives FFB from his own group. The core FFB supplier Bah Jambi mill during the last year (May 2016 - April 2017) is Bah Jambi, Marihat, Bah Birung Ulu, Tonduhan, Sei Kopas and Marjandi. Based on the document review and field observations with operational staff it is known that the management unit has not been able to demonstrate the separation of certified and uncertified FFBs.</p> | | | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i> Lack of knowledge of supply chain personal in charge.</p> | | | |
| <p>Correction <i>(filled by organization audited):</i> Demonstrated FFB separation from certified and uncertified sources in accordance to supply chain procedure.</p> | | | |
| <p>Corrective Action <i>(filled by organization audited):</i> Conducting training and socialization of RSPO supply chain procedure.</p> | | | |
| <p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Major Verification on 17 January 2018 - Record of SCCS training to 34 workers dated 9 December 2017 including weight bridge operator, clerk, mill manager.</p> | | | |

- According to field observation and interview with weight bridge station and processing assistant, they can explaining about SCCS procedure. For example they can demonstrate about segregation of certified and uncertified oil palm product.

Auditor's Conclusion:

According to root cause, correction and corrective action. This nonconformity was closed.

Verified by : Trismadi N

| | | | |
|--|---|------------------------|-----------------------------|
| NCR No. | : 2017.40 | Issued by | : Andi Pratama Pasaribu |
| Date Issued | : 3 June 2017 | Time Limit | : Before certificate issued |
| NC Grade | : Major | Date of Closing | : 17 January 2018 |
| Standard Ref. & Requirement | <p>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:</p> <ol style="list-style-type: none"> a. Complete and up to date procedures covering the implementation of all the elements in these requirements; b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard. | | |
| <p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>Based on field observation, interview and document verification found that fact as follow:</p> <ol style="list-style-type: none"> 1. The Company has not been able to show complete and update procedures that include the application of all elements in the SCCS requirements. For example, Supply Chain Certification System for CPO Mill 2014 and RSPO Rules on Market Communication and Claim June 2015. 2. The officer who is responsible and has full authority over the implementation of SCCS. 3. Based on the results of the interviews with the relevant officers (harvesting clerk, security at the FFB receiving post at the factory and weightbridge operators) have not understood the procedure of applying the supply chain model (SCCS). In addition, the Standard Operating Procedure of Oil Palm Supply Chain has not been fully implemented. For example, affix a CSPO stamp. | | | |
| <p>Root Cause Analysis <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> 1. Failed to update the latest procedure in accordance to RSPO Supply Chain System. 2. Not yet appointed officer responsible and have full authority on SCCS implementation. 3. Lack of knowledge of field officer regarding to supply chain procedure. | | | |
| <p>Correction <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> 1. Update the supply chain procedure according to the RSPO requirements. 2. Appointed the personnel incharge who had responsibility and full authority on SCCS implementation. 3. Carry out the procedure of applying supply chain model (SCCS), such as stamped CSPO on delivery letters (TBS) for Marihat and Bah Jambi Estate which entered / processed in Bah Jambi Mill. | | | |

Corrective Action *(filled by organization audited):*

Conducting training and socialization of supply chain annually.

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

Verification on 21 December 2017

The company has showed the evidence of supply chain training that held on December, 9th 2017 who attended by 29 person.

Major Verification on 17 January 2018

The management unit was shown several corrective action, such as:

- a. SPO-078 dated 2 January 2018 – Revision 03 about Certified FFB and Uncertified FFB; CSPO & CSPK Handling, SPO-07A dated 2 January 2018 – Revision 03 about Certified PKO handling. All of SOP explaining about responsibility of weight bridge operator to record of Certified FFB, Production Clerk and Head of Assistant will monitor Certified FFB every month.
- b. CSPO monthly monitoring number FM-DP-04 dated 2 January 2018 explained about the number of quotas to be sold and physical of CSPO & CSPK monitoring number FM-DP-05 dated 2 January 2018.

Auditor's Conclusion:

According to root cause, correction and corrective action. This nonconformity was closed.

Verified by : **Trismadi N**

3.5.2 Opportunity for Improvement

| No | Ref. Std. | Description |
|----|-----------|---|
| 1 | 2.2.2 | Evaluate map of HGU boundaries distribution and boundaries inventory using GPS. |
| 2 | SCCS | Ensure personal competence of officers who will be responsible for SCCS implementation. |

3.5.3 Noteworthy Positive Components







| No | Description |
|-----------|--|
| 1 | The company's commitment to apply the principles of sustainable palm oil management. |
| 2 | Has obtained Certificate of ISO 9001 : 2008 and ISO 14001 : 2004 |
| 3 | Has obtained Certificate of ISPO |
| 4 | Has obtained Certificate of Occupational Health and Safety Management System |

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

| Public Issues (Institution/ NGO/Community) | Auditor Responses |
|--|---|
| <p>Labor Agency of Simalungun district</p> <ul style="list-style-type: none"> • HSE quarterly reports and reporting obligations have been reported regularly by the company. • There is no HSE structure yet • All employees are permanent employees • No issues of employment or industrial relations disputes during 2016. There are no reports of employment issues. • Wage based on minimum wage of North Sumatera province. • Employees have been included in BPJS employment and health. • No fatal accident diunit. Reports mentioned zero accident in 2017. | <p>Has been described in criterion 1.1, 4.7, 6.5, 6.6, 6.7.</p> <p>However based on field visit, there is harvester's family do harvest but does not have working relationship. This becomes noncompliance in indicator 6.5.2</p> |
| <p>Plantation Agency of Simalungun District</p> <ul style="list-style-type: none"> • Obligation report such as LPUP has submitted and received by the agriculture body • There is a land dispute issue in Silampuyang Village, chronologically the incident is kept by the company. • No negative issues such as land fires or environmental issues. • The Company does not develop or add new areas. • Evaluation of plantation business in 2015 and still in effect until the audit takes place. • No other issues such as employment issues. • The company has adequate fire infrastructure and facilities. • The Company has also provided assistance to surrounding communities. | <p>Has been described in criteria criterion 2.1; 4.1; 4.2 and 5.5.</p> <p>For the area that manage by Bah Jambi Estate, the company has shown the map and total area. All of operation area has in accordandce with Land Use Tittle and Plantation Business Permit.</p> |
| <p>Environment Agency of Simalungun District</p> <ul style="list-style-type: none"> • The Company has a hazardous Waste storage license • Companies routinely report mandatory reporting such as hazardous waste reports and RKL-RPL reports • No negative issues related to environmental management. • The company is applying for a new environmental permit. This is because environmental documents, new recommendations. • There is no issue of fire or environmental pollution or related to the management of the company's operations. | <p>However based on document verification and field visit, there are still some noncompliance in the criterion 5.1, 5.2, 5.3 and 5.6</p> |
| <p>Nagori Bah Joga</p> <ol style="list-style-type: none"> 1. The company has a good relationship with the villagers. 2. There was no land dispute issues between the company and villagers. | <p>Has described in criteria 2.2 and 6.11</p> |

| | |
|---|---|
| <p>3. The company has give their contribution through CSR program for the people.</p> <p>4. There was no customary people in the village.</p> | |
| <p>Nagori Mariah Jambe.</p> <p>1. The company has contributed to the local community through infrastructure development and spiritual community activities example construction of mosque and donation for social activities such as relief religious day, independence day, and others.</p> <p>2. There was a land dispute between the company and some villager that has been finalized in the court.</p> | <p>Has described in criteria 2.2</p> |
| <p>Nagori Bah Jambi</p> <p>The village are inside of operational area of Bah Jambi Estate which is mean almost all of villager are company employee. So there was no land dispute or environmental issues gathered.</p> | |
| <p>Labor Union (SP-Bun) bah Jambi</p> <ul style="list-style-type: none"> • There is no negative issues such as discrimination, the use of labor under 18 years or sexual abuse issues. • All the company policies has been disseminated to all workers. • Providing wages and overtime in compliance with applicable regulations. • workers complaints have been submitted and resolved by management. • there is a harvest activities undertaken by third parties • There were no fatal work accidents in 2016 • All employees have been included in the program BPJS employment and health. • Business unit has provided PPE for workers such as safety shoes, google glass. | <ul style="list-style-type: none"> • Has been descibed in criterion 2.1, 6.5, 4.7 |
| <p>Local Contractor (FFB transport)</p> <ul style="list-style-type: none"> • Business unit had socialized policies such as corporate codes and the use of labor over 18 years. • Contractor's workers has given PPE by the contractor. • The contractor have known and understand the contents of work agreement and have a copy. • The entire execution of the work and payment in accordance with the applicable agreement. | <ul style="list-style-type: none"> • Based on document verification, show that the rights and obligation of each party has been set in the contract. |
| <p>Nagori Silampuyang – Marihat Unit</p> <ul style="list-style-type: none"> • The company has partnerships with Nagori Silampuyang community. • Communication between community and company is good enough • The company plays an active role in CSR activities • There is no issue of land fires conducted by the company. • The company has socialized the prohibition of hunting to the community in the company area | <ul style="list-style-type: none"> • The company plays an active role in CSR activities |

| | |
|--|--|
| <ul style="list-style-type: none"> The Company has socialized the prohibition on the use of fire. | |
| <p>Nagori Parbalogan - Marihat Unit</p> <ul style="list-style-type: none"> Communication between community and company is good enough There is no issue of land fires conducted by the company. There are no indigenous tribes / indigenous people around the company. The inhabitants are from Javanese tribe. There are no environmental pollution issues conducted by the company There is no dispute with the surrounding community. | <ul style="list-style-type: none"> Has described in criteria 2.2 and 6.11 |
| <p>SP BUN Unit Marihat</p> <ul style="list-style-type: none"> Communication between workers and companies is good enough There are no issues related to employment Overtime still provided but limited to RKAP Members meeting are held every 3 months | <p>It has been complied with criteria 6.3.</p> |
| <p>Contractor – CV Kedaya</p> <ul style="list-style-type: none"> Contractor has an agreement letter with the company PPE and BPJS of contractors are the responsibility of the contractor There is a ban on the use of children under the age of 18 for contractor workers There are no issues related to employment and remuneration. | <p>It has been complied with criteria 6.10.</p> |
| <p>Cooperation of Sumber Rejeki</p> <ul style="list-style-type: none"> Koperasi is available for basic needs, savings, and loans AD / ART and Deed of Establishment of Koperasi Sumber Rejeki are available A mandatory deposit of Rp.5000 / month | <p>It has been complied with criteria 6.3.</p> |
| <p>Gender Committee– Marihat Unit</p> <p>The Company has fulfilled the protection of reproductive rights, such as their leave (H1 and H2), and prohibition for pregnant and lactating female workers to work on chemicals-related work.</p> | <p>It has been complied with criteria 6.9.</p> |

| | | | |
|--|--|--|--|
| 4.0 | CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY | | |
| 4.1 | Formal Sign-off of Assessment Findings | | |
| | <p>Hereunder sign by management representative from inspected company and audit team to acknowledge a field assessment and agree for all content explained in this assessment report, included of nonconformities issues.</p> <p style="text-align: center;">Signed on behalf of:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center; vertical-align: top;"> <p>PT Perkebunan Nusantara IV Head of Planning Department</p>  <p><u>Biduri Marahimin</u> Monday, 22 January 2018</p> </td> <td style="width: 50%; text-align: center; vertical-align: top;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Trismadi Nurbayuto</u> Monday, 22 January 2018</p> </td> </tr> </table> | <p>PT Perkebunan Nusantara IV Head of Planning Department</p>  <p><u>Biduri Marahimin</u> Monday, 22 January 2018</p> | <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Trismadi Nurbayuto</u> Monday, 22 January 2018</p> |
| <p>PT Perkebunan Nusantara IV Head of Planning Department</p>  <p><u>Biduri Marahimin</u> Monday, 22 January 2018</p> | <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Trismadi Nurbayuto</u> Monday, 22 January 2018</p> | | |

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. | Environmental Agency | District of Simalungun | - | Interview | 30 May 2017 | √ | |
| 2. | Social (Labor) Agency | District of Simalungun | - | Interview | 30 May 2017 | √ | |
| 3. | Plantation Agency | District of Simalungun | - | Interview | 30 May 2017 | √ | |
| 4. | Labor Union (SP-Bun) Bah Jambi | District of Simalungun | - | Interview | 30 May 2017 | √ | |
| 5. | Local Contractor (FFB transport) | District of Simalungun | - | Interview | 30 May 2017 | √ | |
| 6. | Nagori Bah Joga | | - | Interview | 30 May 2017 | √ | |
| 7. | Nagori Mariah Jambe | | - | Interview | 30 May 2017 | √ | |
| 8. | Nagori Bah Jambi | | - | Interview | 30 May 2017 | √ | |
| 9. | WWF | - | wwf-indonesia@wwf.or.id | Email | 26 May 2017 | | √ |
| 10. | Wahana Lingkungan Hidup | - | informasi@walhi.or.id | Email | 26 May 2017 | | √ |
| 11. | Sawit Watch | - | info@sawitwatch.or.id | Email | 26 May 2017 | | √ |
| 12. | Internal Stakeholders <ul style="list-style-type: none"> • 5 Harvesters in Bah Jambi Estate • 2 Global Telling Wrokers in Bah Jambi Estate • 10 Female spraying workers and 1 Female supervisor in Bah Jambi Estate. • 1 store keeper in Bah Jambi Estate. • 4 harvester and mandore in Marihat Estate • 5 Fertilizer workers and mandore in Marihat Estate • 1 global telling worker in Marihat Estate • 3 female spraying workers and mandore in Marihat Estate | District of Simalungun | | Interview | During audit Activity. | √ | |

Appendix 2. Assessment Program

| DATE | 29 th May – 3 rd June, 2017 | |
|--------------------------------------|---|------------------------|
| PROGRAM | PROCESSES / CLAUSES TO BE AUDITED | AUDITOR |
| Mon, 29th May 2017 | | |
| 06 – 08am | Flight from Jakarta to Medan | ALL TEAM MEMBER |
| 08 – 12am | Traveling from Medan to Location | ALL TEAM MEMBER |
| 14 – 15pm | Opening Meeting | |
| 15 – 17pm | Completing checklist Verification of Time Bound Plan and Partial Certification | ALL TEAM MEMBER TNB |
| Tue, 30th May 2017 | | |
| 08 – 12am | Stakeholder consultation to relevant agencies at Simalungun Regency | RZA |
| 08 – 12am | Stakeholder consultation to Communities | APP |
| 08 – 12am | Field Observations at Bah Jambi Estate: | |
| | - Legal boundary, HCV management area, land fire facilities | YHN |
| | - Manuring, Spraying, Harvesting, IPM, Workers safety | TNB |
| | - Workers facilities (housing, worship, health care, school, union, etc.) and Waste management (landfill, sanitary) | FJL |
| 12 – 14pm | Break | ALL TEAM |
| 14 – 16pm | Field Observations at Bah Jambi POM: | |
| | - SCCS, Mill Processing and OHS Implementation | TNB |
| | - POM waste management (hazardous, emission, pollution, POME, etc.) and Water management | YHN |
| | - Stakeholder consultation to local contractor (Transporter FFB, CPO and PK) and others | APP |
| | - Stakeholder consultation to labour union, gender committee, and FFB Supplier | FJL |
| 16 – 17pm | Verification of field visit and completing checklist | ALL TEAM |
| Wed, 31st May 2017 | | |
| 08 – 12 am | Verification of field visit and completing checklist | ALL TEAM |
| 12 – 14pm | Break | ALL TEAM |
| 14 – 15pm | Verification of field visit and completing checklist | ALL TEAM |
| 15 – 15.30pm | Traveling from Bah Jambi to Marihat Estate | ALL TEAM |
| 16 - 17pm | Opening Meeting in Marihat Estate | ALL TEAM |
| Thu, 1st June 2017 | | |
| Pancasila Day's | | |
| Fri, 2nd 2017 | | |

| | | |
|--------------------------------------|--|--|
| 08 – 12 am | Field Observations at Marihat Estate: <ul style="list-style-type: none"> - Legal boundary, HCV management area, land fire facilities - Stakeholder consultation to Communities - Manuring, Spraying, Harvesting, IPM, Workers safety - Workers facilities (housing, worship, health care, school, union, etc.) and Waste management (landfill, sanitary) - Stakeholder consultation to labour union & gender committee | YHN APP TNB RZA FJL |
| 12 – 14pm | Break | |
| 14 – 17pm | Verification of field visit and completing checklist | ALL TEAM MEMBER |
| Sat, 3rd June 2017 | | |
| 8 – 10am | Closing Meeting (Bah Jambi & Marihat) on Marihat Estate Office | ALL TEAM MEMBER |
| 10am – 14pm | Traveling from Location to Medan | |
| 16 – 18am | Flight from Medan to Jakarta | ALL TEAM MEMBER |