

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

**[ ✓ ] Initial Certification**

Name of Management Organisation : Sei Intan Palm Oil Mill – PT Perkebunan Nusantara V  
 Plantation Name : PT Perkebunan Nusantara V - Sei Intan Estate  
 Location : Village of Kembang Damai, Sub District of Pagaran Tapah Darussalam, District of Rokan Hulu, Province of Riau, Indonesia  
 Certificate Code : **MUTU-RSPO/133**  
 Date of Certificate Issue : 17 June 2019                      Date of License Issue : 17 June 2019  
 Date of Certificate Expiry : 16 June 2024                      Date of License Expiry : 16 June 2020

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
IC	26 to 29 November 2018	Sandra Purba (Lead Auditor), Arif Faisal Simatupang, Yudhi Yuniarto Tallutondok, Brigitta Prita	Ganapathy Ramasamy	Octo HPN Nainggolan

Assessment	Approved by MUTUAGUNG LESTARI on:
IC	17 June 2019

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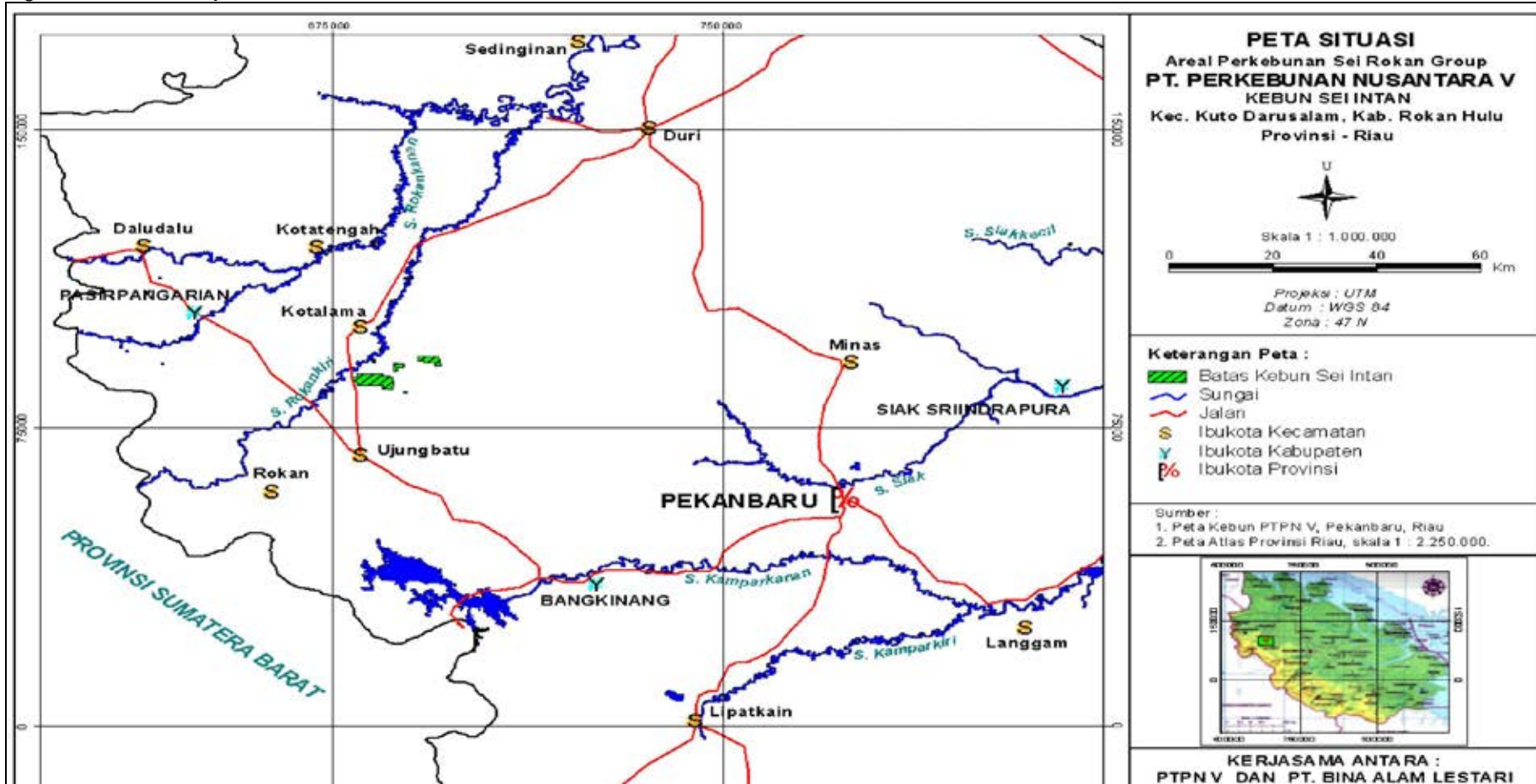
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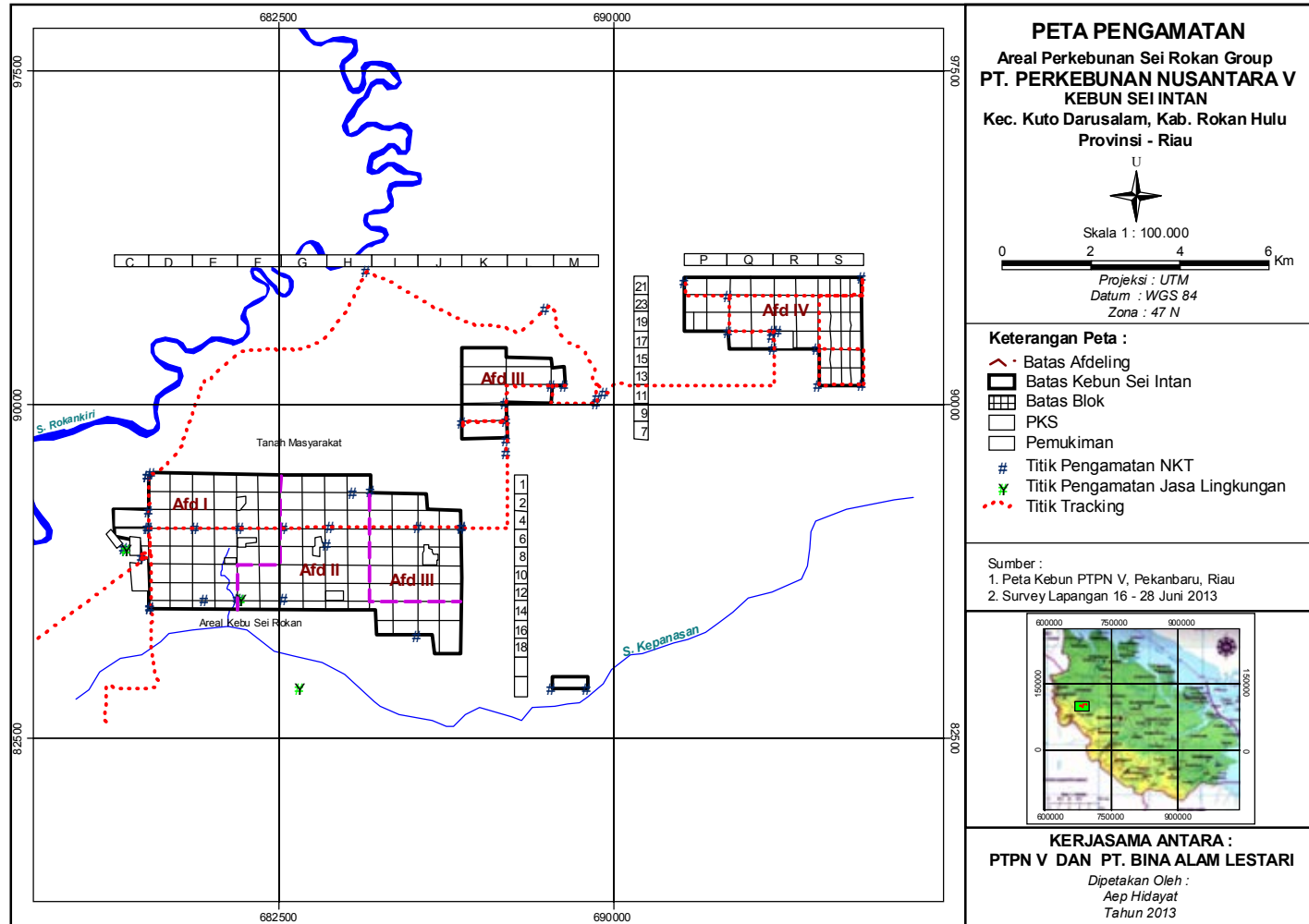
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Figure 1. Location Map of Business Unit of Sei Intan



**Figure 2. Operational Map of Business Unit of Sei Intan**



**Abbreviations Used**

AMDAL	:	<i>Analisis Manajemen Dampak Lingkungan</i>
BAPEDALDA	:	<i>Badan Pengendali Dampak Lingkungan Daerah</i>
BOD	:	Biological oxygen Demand
BPJS	:	<i>Badan Penyelenggara Jaminan Sosial</i>
BPN	:	<i>Badan Pertanahan Nasional</i>
BLH	:	Environmental Agency
COD	:	Chemical Oxygen Demand
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
CV	:	Commanditaire Vennootschap
DISNAKERTRANS	:	<i>Dinas Tenaga Kerja dan Transmigrasi</i>
EFB	:	Empty Fruit Bunch
FFB	:	Fresh Fruit Bunch
GAPKI	:	<i>Gabungan Pengusaha Kelapa Sawit Indonesia</i>
GHG	:	Greenhouse Gases
HCV	:	High conservation value
HGU	:	<i>Hak Guna Usaha</i>
HIRAC	:	Hazard Identification Risk Assesment Control
HIRADC	:	Hazard Identification Risk Assesment Determining Control
IOPRI	:	Indonesian Oil Palm Research Institute
IPM	:	Integrated Pest Management
IK	:	Work Instruction
ISPO	:	Indonesian Sustainable Palm Oil
JHT	:	<i>Jaminan Hari Tua</i>
JKK	:	<i>Jaminan Kecelakaan Kerja</i>
JKM	:	<i>Jaminan Kematian</i>
JP	:	<i>Jaminan Pensiun</i>
KAN	:	<i>Komite Akreditasi Nasional / National Accreditation Committee</i>
KER	:	<i>Kernel Extraction Rate</i>
KUD	:	Koperasi Unit Desa
LA	:	Land Application
LD50	:	Lethal Dose 50
LSU	:	Leaf Sampling Unit
MSDS	:	Material Safety Data Sheet
NGO	:	Non-Governmental Organization
OER	:	<i>Oil Extraction Rate</i>
OHS	:	Occupational Safety and Health
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i>
PDBL	:	<i>Penyaluran Dana Bina Lingkungan – kind of CSR that managed by Head Office of PTPN V</i>
PERMENKES	:	<i>Peraturan Menteri Kesehatan</i>
PERMENAKER	:	<i>Peraturan Menteri Tenaga Kerja</i>
PMKS	:	<i>Pabrik Minyak Kelapa Sawit (POM)</i>
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personal Protective Equipment
PTPN	:	<i>Perseroan Terbatas Perkebunan Nusantara / State Owned Plantation Company</i>
RKL/RPL	:	Environmental Management Plan / Environmental Monitoring Plan
RTE	:	Rare, threatened and endangered species
RSPO	:	Roundtable on Sustainable Palm Oil
SBU	:	<i>Satuan Bisnis Usaha</i>
SCCS	:	<i>Supply Chain Certification System</i>

SEL	:	Environmental Evaluation Study
SIA	:	Study Impacts Assessment
SOP	:	Standard Operating Procedure
SPK	:	<i>Surat Perjanjian Kerja (Agreement Letter)</i>
SK	:	<i>Surat Keputusan</i>
SSU	:	Soil Sampling Unit
UKL	:	<i>Upaya Pengelolaan Lingkungan Hidup</i>
UPL	:	<i>Upaya Pemantauan Lingkungan Hidup</i>
WHO	:	World Health Organization
WI	:	<i>Work Instruction</i>
WTP	:	Water Treatment Plan
WWTP	:	Waste Water Treatment Plant

<b>1.0</b>	<b>SCOPE of the CERTIFICATION ASSESSMENT</b>		
<b>1.1</b>	<b>Assessment Standard Used</b>	<ul style="list-style-type: none"> <li>• Indonesian National Interpretation Principle and Criteria RSPO 2013 For Indonesia July 2016, approved RSPO Governors 30 September 2016.</li> <li>• RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 revised on 14 June 2017 (Module D / E for CPO Mill)</li> <li>• RSPO Certification System for Principles and Criteria, 14 June 2017</li> </ul>	
<b>1.2</b>	<b>Organisation Information</b>		
1.2.1	Organization name listed in the certificate	PT Perkebunan Nusantara V – Kebun Sei Intan	
1.2.2	Contact person	Wiwik Widiati	
1.2.3	Organisation address and site address	RSPO registered company: Jalan Rambutan, No. 43, Pekan Baru, Riau, Indonesia - 28294	
1.2.4	Telephone	(0761) 66565	
1.2.5	Fax	(0761) 66558	
1.2.6	E-mail	<a href="mailto:ptpn5@ptpn5.co.id">ptpn5@ptpn5.co.id</a>	
1.2.7	Web page address	<a href="http://www.ptpn5.co.id">www.ptpn5.co.id</a>	
1.2.8	Management Representative who completed the application for certification	Wiwik Widiati	
1.2.9	Registered as RSPO member	1-0211-16000-00, 14 May 2016.	
<b>1.3</b>	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base: Sei Intan POM and Sei Intan Estate	
1.3.2	Type of certificate	Single	
<b>1.4</b>	<b>Locations of Mill and Plantation</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Sei Intan POM	Kembang Damai Village, Pagaran Tapah Darussalam Sub District, Rokan Hulu District, Riau Province, Indonesia	N 00° 47' 1.7"      E 100° 36' 41"
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Sei Intan Estate	Kembang Damai Village, Pagaran Tapah Darussalam Sub District, Rokan Hulu District, Riau Province, Indonesia	N 00° 46' 50"      E 100° 36' 36.5"
<b>1.5</b>	<b>Description of Area Statement</b>		
1.5.1	Tenure		
	<ul style="list-style-type: none"> <li>• State</li> </ul>	3,286.40 Ha	

	• Community	-	Ha		
1.5.2	<b>Area Statement</b>				
	• Total area	3,286.40	Ha		
	• Mature area	2,228.00	Ha		
	• Immature area	867.22	Ha		
	• Mill/ Emplishment/ Infrastructure/Drain/Road	188.55	Ha		
	• HCV	2.63	Ha		
1.6	<b>Planting Year and Cycles</b>				
1.6.1	Age profile of planting year				
	<b>Planting Year</b>	<b>Hectarage (Ha)</b>			
		<b>Sei Intan</b>	<b>Total</b>		
	<b>Mature</b>				
	1997	179	179		
	1998	40	40		
	2004	23	23		
	2011	1,052	1,052		
	2012	934	934		
	<b>Sub Total</b>	<b>2,228</b>	<b>2,228</b>		
	<b>Immature</b>				
	2017	680.92	680.92		
	2018	186.30	186.30		
	<b>Sub Total</b>	<b>867.22</b>	<b>867.22</b>		
	<b>TOTAL</b>	<b>3,095.22</b>	<b>3,095.22</b>		
1.6.2	New Planting area after January 2010	-	Ha		
1.6.3	Planting Cycle	2 <sup>nd</sup> Cycle			
1.7	<b>Description of Mill and Supply Base</b>				
1.7.1	Description of Mill				
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>		
			<b>CPO</b>		
			<b>Out put (tonnes)</b>		
			<b>Extraction (%)</b>		
			<b>Palm Kernel</b>		
			<b>Out put (tonnes)</b>		
			<b>Extraction (%)</b>		
	Sei Intan POM	30	175,962.95		
			35,986.72		
			20.44		
			7062.91		
			4.03		
	*Production data source from 12 months before assessment (Dec 2017 – Nov 2018)				
	**The differences of production FFB and FFB processed due to the unripe FFB from the previous date.				
1.7.2	Description of Certification Scope of Supply Base				
	<b>Name of Estate</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>		
			<b>FFB (tonnes/year)</b>		
			<b>Yield (tonnes/ ha/year)</b>		
			<b>Supplied to Mill</b>		
			<b>FFB (tonnes/year)</b>	<b>%</b>	
	Sei Intan Estate	3,286.40	3,095.22	54,727.38	17.7
	<b>TOTAL</b>	<b>3,286.40</b>	<b>3,095.22</b>	<b>54,727.38</b>	<b>17.7</b>
	*Production data source from 12 months before assessment (Dec 2017 – Nov 2018)				
1.7.3	FFB description from other source				
	<b>Name of sources/Organisation</b>	<b>Type of Organisation</b>	<b>Number of smallholde</b>	<b>Production Area (Ha)</b>	<b>Supplied to Mill FFB</b>



(RSPO certified / non-certified)		rs		(tonnes/year)
Smallholder partnership	Associated smallholder – non certified	47	95.3	370.72
Third parties (supplier and dealer)	Independent dealer	-	-	44,596.53
SEI ROKAN (RSPO certified)	PTPN V	-	-	38,271.51
SEI BERLIAN (RSPO certified)	PTPN V	-	-	1,494.05
KUD Subur Makmur (Non-certified)	Independent smallholder	-	-	3,607.58
KUD Gemah Ripah (Non-certified)	Independent smallholder	-	-	13,353.18
KUD Intan Makmur (Non-certified)	Independent smallholder	-	-	292.48
KUD Citra Gemilang (Non-certified)	Independent smallholder	-	-	3,855.19
KUD Sapta Manunggal (Non-certified)	Independent smallholder	-	-	9,060.37
KUD Tujuh Permata (Non-certified)	Independent smallholder	-	-	4,349.51
KUD Sawitra (Non-certified)	Independent smallholder	-	-	503.25
<b>TOTAL</b>				<b>119,754.37</b>

*\*Source Production Data on 12 months before assessment (Dec 2017 – Nov 2018)*

1.7.4 Product categories **FFB, CPO, PK**

**1.8 Tonnage of Product**

1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim ..... to ..... (tonnes/year)	Actual certified product ..... to ..... (tonnes/year)
	• FFB Processed		
	• CPO Production		
	• Palm Kernel (PK) Production		

*\*Will be verified during the first surveillance assessment.*

1.8.2 Product selling

Tonnage of selling product	Period of actual selling product (dd/mm/yy) to (dd/mm/yy)
• CSPO sold as RSPO certified product	
• CSPK sold as RSPO certified product	
• CSPO sold under other scheme	
• CSPK sold under other scheme	
• CSPO sold as conventional	
• CSPK sold as conventional	

*\*Will be verified during the first surveillance assessment.*

1.8.3 Estimate of Certified FFB Claim

Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)
Sei Intan Estate	3,286.40	3,095.22	57,464	19

<b>TOTAL</b>		<b>3,286.40</b>	<b>3,095.22</b>	<b>57,464</b>	<b>19</b>			
<i>*Projected FFB production for 12 months of certificate (17 June 2019 – 16 June 2020)</i>								
1.8.4	Estimate of Certified Palm Product Claim							
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>		<b>Supply Chain Module</b>
				<b>Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Out put (tonnes)</b>	<b>Extraction (%)</b>	
	Sei Intan POM	30	57,464	12,067	21	2,873	5	MB
<i>*Projected CSPO and CSPK production for 12 months of certificate (17 June 2019 – 16 June 2020)</i>								
1.9	<b>Other Certifications</b>							
	Others			ISPO year of 2017 (TUV Nord)				
1.10	<b>Time Bound Plan</b>							
1.10.1	<b>Time Bound Plan for Other Management Units</b>							
	<b>Management Unit</b>		<b>Estate (Supply Base)</b>	<b>Time Bound Plan</b>	<b>Location</b>	<b>Status</b>		
	<b>MILL</b>	<b>Time Bound Plan</b>						
	Tandun	2016	Tandun Estate, Sei Berlian Estate and Sei Lindai Estate	2016	Tapung Hulu District, Kampar District, Riau Province, Indonesia	Certified		
	Sei Rokan	2016	Sei Rokan Estate	2016	Rokan Hulu District, Riau Province, Indonesia.	Certified		
	Sei Tapung	2019	Sei Tapung	2019	Riau, Indonesia			
			Sei Siasam	2019	Riau, Indonesia			
			Plasma Sei Tapung	2022	Riau, Indonesia			
	Sei Intan	2019	Sei Intan	2019	Riau, Indonesia			
			Plasma Sei Intan	2022	Riau, Indonesia			
	Tanjung Medan	2019	Tanjung Medan	2019	Riau, Indonesia			
	Tanah Putih	2021	Tanah Putih	2021	Riau, Indonesia			
			Plasma Tanah Putih	2023	Riau, Indonesia			
	Lubuk Dalam	2019	Lubuk Dalam	2019	Riau, Indonesia			
			Plasma Lubuk Dalam	2022	Riau, Indonesia			
	Sei Buatan	2022	Sei Buatan	2022	Riau, Indonesia			
			Air Molek I	2023	Riau, Indonesia			
			Air Molek II	2019	Riau, Indonesia			
			Plasma Sei Buatan	2022	Riau, Indonesia			
	Sei Galuh	2019	Sei Galuh	2020	Riau, Indonesia			
			Plasma Sei Galuh	2023	Riau, Indonesia			
	Sei Pagar	2020	Sei Pagar	2020	Riau, Indonesia			
			Plasma Sei Pagar	2023	Riau, Indonesia			
	Sei garo	2020	Sei Garo	2020	Riau, Indonesia			
			Plasma Sei Garo	2023	Riau, Indonesia			
	Terantam	2019	Terantam	2019	Riau, Indonesia	Certified		
			Tamora	2020	Riau, Indonesia			

		Sei Kencana	2021	Riau, Indonesia	
	*Sources: document of PTPN V TBP on Oct 2018				
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>				
	The smallholder under Sei Intan planned to be certified on 2022.				

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Assessment Team</b>
<b>IC</b>	<ol style="list-style-type: none"> <li><b>Sandra Purba (Lead Auditor).</b> Graduated from Forestry Faculty Bachelor Degree, majored in Forest Product Technology. Have experience working in industrial forest company, mining and oil palm plantations company for 6 (six) years as EHS and Sustainability Assistant. Has been certified as General OHS Expert, attend and passed the several trainings of management system (OHS, environment and quality management), has been attend the training of waste management, GHG vericator and validator training, and conflict resolution and mapping training. Have been successfully passed the Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, RSPO lead auditor training course and auditor of RSPO Next, SCCS LAT and SA8000. Involve in many audit activities of similar scheme (ISPO and MSPO) since April 2013 covering the Legal Aspect, Environmental aspect, Social Aspect, Health and Safety Aspect, conservation and Worker Welfare. During this audit, she verify legality, HCV, GHG and environmental.</li> <li><b>Arif Faisal Simatupang (Auditor).</b> Bachelor of Agriculture, from Department of Agriculture Agronomy, Faculty of Agriculture, University of Gadjah Mada. He has successfully completed an RSPO endorsed P&amp;C Lead Auditor Training, RSPO SCCS endorsed Lead Auditor Training, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Training, Management System Certification ISO 9001-2008 Lead Auditor Training, Environmental Management System ISO 14001 Lead Auditor Training, ISO 17021 and ISO 17065 Awareness Training, Management of High Conservation Value (HCV) Training, Social Accountability SA 8000 Training. He has four years of working experience as a Field Assistant on oil palm Plantation Company in Indonesia. Since 2014, he works as an auditor of RSPO and ISPO in the aspects of legal, social, best management practices of mill and estate, OHS, employment, and environmental. During the assessment he assigned to verify Transparency, OSH and workers welfare.</li> <li><b>Yudhi Yuniarto Tallutondok (Auditor).</b> Indonesian citizen, Bachelor of Fisheries, Padjadjaran University. Experience of working over three years since 2013 as plantation operations staff in private palm oil plantation companies in Indonesia. Training have been followed including Auditor of Indonesian Sustainable Palm Oil (ISPO), Lead Auditor of Roundtable on Sustainable Palm Oil (RSPO) P&amp;C, Lead Auditor of ISO 9001:2015, ISO 14001:2015, ISO 22000:2009, ISO 19011:2011, Social Accountbilty 8000, Basic Management Development Program Agronomy, Fire Anticipation on Land and Forest, Potential Mapping and Conflict Resolution in Production Forests, Awareness ISO 17021 and ISO 17065. Has participated in audit activities for ISPO and RSPO scheme since 2017 for agronomy, OHS, labor and social aspects. In this audit activity he supprot to assess BMP and long term plan.</li> <li><b>Brigitta Prita (Auditor).</b> Citizen of Indonesia. Bachelor of Forestry, Department of Forest Resources Conservation and Ecotourism. She had attended Training ISPO by Commission ISPO on June 2013, Training ISO 9001:2008 Quality Management System on January 2014, In House Training 17021 and 17065 management system and Product Quality, Training High Conservation Value by IPB on September 2015, In House Training HCV on August 2016, In House Training Roundtable Sustainable Palm Oil on January 2014; In House Training ISO 14000:2004 Environmental Management System; Training Lead Auditor RSPO by Daemeter &amp; Proforest; Lead Auditor SCCS by BM Trada; and SA 80001 Social and Worker Welfare. She has been audit experience ISPO &amp; RSPO since April 2013 in the environmental, conservation, waste management and worker welfare aspects. During this audit, she supply chain Certification Standard and social aspect.</li> </ol>
<b>2.2</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>IC</b>	Number of auditors : 4 auditor Number of days for <b>IC</b> at site : 4 days Number of working days for <b>IC</b> at site : 16 Working days
<b>2.2.2</b>	<b>Assessment Process</b>
<b>IC</b>	The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Perkebunan Nusantara V – Sei Intan to the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, endorsed September 2016 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014, Rev. June 2017

(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 Initial Assessment delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (ASA-1).

Improvement of findings from surveillance assessment findings were observed by auditors at this Initial Assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of Initial Assessment.

**The assessment program please find Appendix 2**

**2.2.3 Locations of Assessment**

**IC** The number of management units of this activity consists of four estates that supply material FFB to the Sei Intan Palm Oil Mill. In conducting the assessment, auditor team using formula  $0.8 \sqrt{y}$  to determine the sample of and consider the issue of problems arising from the stakeholders as fundamentally and critical. Based on this formula, the team of auditors determine the location of sample is 1 unit mill, 1 estates (Sei Intan Estate)

**Sei Intan POM**

1. **Security Post and Weigh-bridge.** Observation and interview related FFB receiving, recording in accordance with SCCS requirements
2. **Grading Area.** Observation of grading mechanism and interview of related personnel in charge (Grading Foreman and their staff), understanding about sortation procedure, worker welfare and OHS implementation (medical checkup, PPE).
3. **Process Station,** Observations and interviews with operators regarding the fulfillment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership.
4. **Boiler Station,** Observations and interviews with operators regarding the fulfillment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership.
5. **Engine Room Station,** Observations and interviews with operators regarding the fulfillment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership.
6. **Workshop.** Observation and interview with the welder related to license, worker welfare and OHS implementation (medical checkup, PPE).
7. **Hydrant .** Simulate fire fighting when an emergency occurs.
8. **Schedule waste store.** Field observation and interview related management of schedule waste.
9. **EFB Area.** Field observation related management of EFB.
10. **Water Treatment Plant.** Field observation related management of water for process and domestic.
11. **WWTP.** Field observation and interview related management of liquid waste.

**Sei Intan Estate**

12. **Riparian of Kepanasan River, block of 14/12 E, Division of 1.** Observation regarding to riparian and HCV area.
13. **BPN Pole No.: 152, 177, 176, 15, 16.** Observation to HGU boundaries, all the sampled poles are available in place and well maintained.
14. **Chemical store.** Field observation and interview with management of chemical material.
15. **Fuel store.** Field observation and interview with management of fuel.
16. **Fuel tank.** Field observation and interview with management of
17. **Post Safety Unit.** Field observation related management and activity in Post Safety Unit.
18. **Fire extinguisher.** Field observation related management of fire extinguisher.
19. **Schedule waste temporary store transit.** Field observation and interview related management of schedule waste.
20. **Workshop.** Observation and interview related activities in workshop
21. **Land application Block 8D Afdeling 1, distribution basin number 5.** Field observation and interview related

management of liquid waste.

22. **Well Monitor Non LA block 10 C.** Field observation related management of ground water.
23. **Water Intake Sei Rokan River.** Observation related management of water for process.
24. **Kindergarten Tunas Harapan.** Field observation and interview with teacher related condition and activity in kindergarten.
25. **Housing of Afdeling IV.** Field observation and interview related condition, infrastructure, domestic waste, emergency response system and others.
26. **Landfill.** Field observation related management of domestic waste.
27. **Post Safety Unit.** Field observation related management and activity in Post Safety Unit.
28. **Rinse Room for Spray activities.** Field observation related management of pesticide
29. **Harvesting of FFB, Block 6D Division 1.** Observation and interview on procedure implementation, safety dan worker welfare aspect.
30. **Spraying circle and path, Block 10E Division 1.** Observation and interview related procedure implementation, safe working practices, and OHS and worker welfare aspects.
31. **Barn Owl Box, Block 10D Division 1.** Observation of biological treatment the infestation of rats by installing and monitoring barn owl boxes.
32. **Replanting of 2018, Block 6C Division 1.** Observation on mechanical land preparation, as well as soil and water conservation.
33. **Pest detection, Block 6E Division 1.** Observation of pest early warning system, and the understanding of the worker related the identification of pest types.

**Stakeholder Consultation**

1. Surrounding communities (Kembang Damai Village and Kota Lama Village). Interviews related to the issue of environmental pollution, land conflict issue, the company's contribution to society and the impact of corporate activities.
2. Head of Cooperative Gemah Ripah.
3. Government Institutions of Rokan Hulu Districts (Environmental Agency, Labor Agency and Agriculture Agency). Interviews related to regulatory compliance, the issue of environmental pollution, land conflict issue and company contributions to the area.

<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>IC</b>	<p>Consultation of stakeholders for PTPN V – Sei Intan Estate held by:</p> <ol style="list-style-type: none"> <li>1. Public announcement in RSPO website and Mutuagung website on 18 October 2018.</li> <li>2. Public consultation with government agencies of Rokan Hulu District (Agriculture Agency, Labor Agency, and Environmental Agency) on 27 November 2018.</li> <li>3. Public consultation by interview with locals of the nearby village (Kembang Damai and Kota Lama Village) and local contractor on 28 November 2018.</li> <li>4. Consultation meeting and interview with Internal Stakeholder (labor union, and gender committee) on 28 November 2018.</li> <li>5. Consultation with NGO (WWF, Sawit Watch, Wahana Lingkungan Hidup Indonesia, Jaringan Kerja Penyelamatan Hutan Riau, dan Jaringan Masyarakat Gambut Riau) via email on 19 November 2018.</li> </ol> <p>Numbers of input from stakeholders were clarified by PT Perkebunan Nusantara V – Sei Intan</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<b>Please find appendix 1</b>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit ( <b>ASA-1</b> ) will be determined one year after date of certificate issued

**3.0 ASSESSMENT FINDINGS**

**3.1 Summary of Assessment Report of the RSPO Certification**

MUTUAGUNG LESTARI has conducted an assessment of Sei Intan POM – PT Perkebunan Nusantara V operation consisting of one (1) mill and one (1) oil palm estate.

During the assessment, there were five (5) Nonconformities were assigned against Major Compliance Indicators; seven (7) nonconformities were assigned against Minor Compliance Indicators; and three (3) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidence.

MUTUAGUNG LESTARI found that Sei Intan POM – PT Perkebunan Nusantara V complied with the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013, endorsed September 2016 and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014, Rev. June 2017 (Module E for CPO Mill).

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is issued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>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.</b>		
<p><b>1.1.1</b> The Company had list of stakeholders such as employees, Government Regency, Local Communities, Labor union etc. Information (periodic reports) submitted to the Government Regency related to environment such as mill effluent report, hazardous waste reports, employment reports, health, safety and accident report etc. The officer who responsible for providing information is Human Resources Administrative Assistant. According to interviews with government agencies, local communities (Kota Lama and Kembang Damai) and local contractors, they has been know type and how to obtain information from the company. The company are conducting stakeholder meeting once a year to communicate and consulting the SOP and policies. The latest are done on October 3, 2018. Stakeholder meeting is carried out in employee housing by inviting all stakeholders.</p> <p><b>1.1.2</b> There is a procedure for information and transparency (39-IK/BSP/PTPN-V/2016). Any requests for information from stakeholders are recorded on the logbooks of information request stored at Estate Office. The information request has been responded in accordance mechanisms established by the Company. It's declared either when interviews with government agencies, local communities and local contractors. The officer who responsible for handling request information is Human Resources Administrative Assistant. Records of requests and responses of stakeholder information is stored at Estate Office.</p>		
<b>Status: Comply</b>		
<b>1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or</b>		

**where disclosure of information would result in negative environmental or social outcomes.**

**1.2.1**

The Company have list related to shareable information in List of Internal and External Document (FOR/MR/4.01) which explains types of document that can or cannot be transparent, for example documents that can be transparent are UKL/UPL document, SIA document, CSR document and GHG document, etc. The SOP has socialized to related stakeholder and document is stored at the Department of Sustainability and Certification POM and Estate. According to interviews with government agencies, local communities and local contractors, they have been getting socialization and information transparency and has been know type and how to obtain information from the company. The company are conducting stakeholder meeting once a year to communicate and consulting the procedure and policies.

**Status: Comply**

**1.3**

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

The company has a code of ethics policy issued in March 2016 by the Managing Director which states that in developed a sustainable palm oil industry, PTPN V is committed to upholding business ethics, avoiding fraud, bribery and nepotism based on noble values that grow and develop within the company, namely honesty, integrity, cooperation, discipline and responsibility.

The socialization to employees and contractors/suppliers was carried out on October 3, 2018 with 24 participants.

Based on interviews with employees, they stated that they had understood related to the code of ethics and company integrity code.

**Status: Comply**

**PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

**2.1**

**There is compliance with all applicable local, national and ratified international laws and regulations.**

**2.1.1**

**OHS and Employment**

- The company has undertaken prevention and control measures as listed in Safety Act no. 1 of 1970 Article 3, among others by monitoring the implementation of occupational safety and health, conducting accident investigations, hazard risk analysis, medical checkup, machine operation by persons authorized and socialized safe work practices. Based on the results of document review and interviews with factory workers, for example at boiler stations, it is known that boiler operators have licenses to operate boilers in accordance with Minister of Manpower Regulation No. 1 of 1988.
- The Company has implemented the Riau Governor Decree number 373/V/2018 dated on May 15, 2018 concerning the Sectoral Minimum Wage of Riau Province in 2018. In this decree it was explained that sectoral minimum wage for the Palm Oil Plantation and Palm Oil Industry sector with a value of IDR. 2,617,500 /month.
- Employment Mandatory Report of PT Perkebunan Nusantara V - Sei Intan for the year 2018 on March 1, 2018 with registration number 560/DISNAKERTRANS.PK/W/III/178/2018. The report was send to the Labor Agency of Rokan Hulu Regency.

**Outsourced Workers**

The company is known to use worker from third parties, namely CV Rezky Arensa for activities:

1. Harvesting with the number of employment agreement 113 / 5.DSRO / SPER / NP / 279 / V / 2018 dated 29 June 2018.
2. Mature Upkeep with the number of work agreement 143 / 5.DSRO / SPER / NP / 486 / V / 2018 dated July 9, 2018.
3. FFB Transportation with the number of employment agreement 100 / 5. DSRO / SPER / NP / 280 / V / 2018 dated 29 June 2018.

Based on the above, several things are known as follows:



1. The company has not been able to show proof of registration of the employment agreement to the agency responsible for labor in the district / city where the work is carried out as required by Permenakertrans No. 19 of 2012 Article 20.
2. The company uses an outsourced workforce for harvest activities which incidentally is not a supporting activity but the main activity (based on the GAPKI Decree No. SK / 002 / PPG / II / 2013 concerning the Flow of Work Implementation Process Activities in the Oil Palm Plantation Business Sector), so that it is not in accordance with Permenakertrans No. 19 of 2012 Article 3 and Article 17  
**NCR No. 2018.01 with Major Category.**

### **Operator License Extension**

There is an operator license that has expired as follows:

1. Electricity K3 technician with the initials MD certificate number Ser.0477 / TK3-LIST / X / 2011 with a validity period of 5 years.
2. Tractor operator (lift-up aircraft) with HS initials license number 13.P.08.27612-OPK3-PAA / X / 2013 with a validity period until 29 October 2018
3. Road Roller operators with the initials DS license number 13.P.08.27600-OPK3-PAA / X / 2013 with validity period up to 29 October 2018.

**NCR No. 2018.01 with Major Category.**

### **HGU**

The company has not been able to show evidence of reporting on the use of annual HGU to the National Land Agency in accordance with the requirements of Minister of Agrarian and Spatial Planning No. 7 of 2017. **NCR No. 2018.01 with Major Category.**

### **Environment**

The company has implemented regulation related environment such as: regulation of government number 27 year 2012; Discussion of Environment Minister Number 28 year 2003; Permit of hazardous waste store; Regulation of government Number 82 year 2001 and others.

### **Agronomy**

In the agronomy aspect, the company use only pesticides (BM Promax, Sun Up 480 SL, Amcofur 20 WP) that had been registered on National Pesticides Commission, Ministry of Agriculture of Indonesia

#### **2.1.2; 2.1.3; and 2.1.4**

The organization has identified and listed the relevant rules and regulation which applied to the mill and estate operational activity, namely consist of acts, presidential rules, presidential instruction, presidential decree, decree and rules of ministries. Based on document verification, it was observed that the organization yet not comply with the requirements below, and has been raised as **NCR No.: 2018.02.**

- Not yet evaluate the compliance to the relevant regulation and rules listed (presidential rules, presidential instruction, presidential decree, decree and rules of ministries)
- Not yet identify and evaluate the relevant regulation and rules which issued by the governor, regent, sub district, villages head and rules of BAPEDALDA.
- There was a national regulation which not listed and evaluated yet, such as: UU No 39 year of 2014, Inpres no 8 year of 2018, Permen ATR No 7 year of 2017, Permenaker no 12 year of 2015, Permenkes No 32 year of 2017.

The organization has an SOP to identify and evaluation the compliance to the applicable regulation namely SOP No.: 36.IK/BSP/PTPN-V/2016, explained that identification and listing of regulation carry out by Head and Assistant of General Affair Legal and compliance, Head of Licensing and Agrarian, Assistant of Management Representative and Assistant of Estate and Mill. However, there was no mechanism to ensure the implementation and compliance to the applicable rules and regulation. **NCR No.: 2018.03.**

Not yet prepared and documented the system which explain the methodology and mechanism of updating the rules and regulation and its schedule/frequency. **NCR No.: 2018.04.**

<p>2.1.1 2.1.2 2.1.3 2.1.4</p>	<p><b>Status: Non conformance NCR No. 2018.01 with Major Category</b>  <b>Status: Non conformance NCR No. 2018.02 with Minor Category</b>  <b>Status: Non conformance NCR No. 2018.03 with Minor Category</b>  <b>Status: Non conformance NCR No. 2018.04 with Minor Category</b></p>	
<p><b>2.2</b>  <b>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.</b></p>		
<p><b>2.2.1</b>  The organization able to show the land title and permit for the total cultivated area of <b>3,286.40 Ha</b>, namely:</p> <ol style="list-style-type: none"> <li>Document of HGU based on decree of Head of BPN no.: 107/HGU/BPN/99 dated 14 October 1999 on grant of HGU on the land located in Kampar Regent, Province of Riau. In the document describes that the area has been excluded from forest area as much as 13,942.158 Ha based on Decree of Forest Ministry on 21 April 1992 No.: 390/Kpts-II/1992 and granted the HGU to PTPN V as much as 13,942.158 Ha valid for 35 years. Can be shown the HGU Certificate no.: 03, 05, 04 and 02 for the total area of 13,942.158 Ha valid until 19 April 2036.</li> <li>Plantation permit of PTPN V no.: 525/Ekbang/08.07 dated 24 May 2004, issued by Governor of Riau, in the appendix it has been describes the total area permitted area of 3286.40 Ha and mill capacity of 30 ton FFB/hour.</li> </ol> <p>Based company' hectare statement and field visit to the operational area it was observed that the company are done cultivation in accordance with the land title owned.</p> <p><b>2.2.2</b>  Sighted the map of land plot scale of 1:30000 issued by BPN on 14 Dec 1998 for the area of 6006.301 Ha (Unit of Kebun Sei Intan and Sei Rokan), the map includes informs the list of coordinate for each HGU poles as much as 116 poles. In the document of "IK Pengawasan Areal HGU" no.: 210-IK/PGL/PTPN-V/2013 describes that the designated officer in each division are responsible to monitor the poles (condition and position) at least once a month. Based on field visit it was observed that all sampled poles are available on site and the coordinate are accordance with the map.</p> <p><b>2.2.3; 2.2.4; 2.2.5; and 2.2.6</b>  The company has SOP of land dispute settlement document no.: 30-SOP/UMM/PTPN-V/2016 and work instruction no.: 01-IK/UMM/PTPN-V/2013. The settlement and resolution will be done by the approach, negotiation and communication to the affected parties involving the village head and relevant institutions. Based on hectare statement, field visit and communication/consultation to the villager representative in Village of Kota Lama and Village of Kembang Damai, as well as BPN of Rokan Hulu it is shown that there is no land conflict within the Sei Intan operational area.</p> <p>In the company' SOP explained that the conflict resolution and settlement are done by the communication and consultation to the affected parties involves the village head and relevant institutions. The company also not using violence in maintaining peace in their area, it is confirmed by stakeholders, workers and field observation that there is no para-militaries and mercenaries used by company.</p>		
<p><b>Status: Comply</b></p>		
<p><b>2.3</b>  <b>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.</b></p>		
<p><b>2.3.1; 2.3.2; and 2.3.3</b>  PTPN V unit of Sei Intan has been operated since 1982 under management of PTP V, since 1996 has been merged and changed to PTPN V (holding). In the HGU decree of Sei Intan - PTPN V stated that the area controlled is the forest area that was excluded based on Decree of Minister of Forestry dated 21 April 1992 number 390 / Kpts-II / 1992 covering 22,407 Ha and has obtained changes in land use based on the Governor's decree of Riau on 23 Jan 1985 number Kpts.87 / I / 1985, there were no customary and traditional rights within the HGU owned by the company. Shown in a map of land plots with a scale of 1: 30000 issued by BPN on 14 December 1998, for land plot number 23, number 178 and number 12 in 1998 for an area of 6006,301 Ha (Sei Intan and Sei Rokan).</p> <p>The company since the last 20 years has not conducted land expansion and land acquisition in accordance with PTPN V's commitment that the current development is not intensification (area expansion) but is intensified (using intensively existing areas).</p>		

Based on interviews with community representatives in the Kota Lama and Kembang Damai Villages, the company has been established since 1981/1982, the community is currently the second and third descendants of the previous landowners.

There is an SOP for land acquisition for the addition of company assets in document number 05-IK / UMM / PTPN-V / 2010, explained that after the assessment of land feasibility, land acquisition is carried out if it has been approved by the board of commissioners to make payments and negotiations in accordance with applicable regulations.

The company can show evidence of payment of *sagu hati* to the Kota Lama communities as many as 118 families in order to settle the claim for compensation on 12 November 2002. Sighted a statement dated 3 September 2002 stating that Kota Lama Village (and others 2 villages Pagaran Tapah and Koto Intan) chose to accept *Sagu Hati* options). Collective agreement documents are available between PTPN V plantations and Pagaran Tapah village, Intan City and Kota Lama Village number: 10.5705.SIN / KB / XI / 2002 dated 12 November 2002 represented by the community of Pagaran Tapah Village, Koto Intan and Kota Lama with the President Director PTPN V. All the document are written in Bahasa Indonesia.

**Status: Comply**

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

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

**3.1.1**

The company has had document of long term management plan of 2015 to 2019. The document describes operational and financial indicators, such as estimates of FFB production, OER/KER, cost production, as well as financial indicator (price and cost). The document also describes the production indicators from owned estate and third parties. The responsible personal in charge for management plan Director of PTPN V. Estate Manager then conducted annually review at the annual meeting. On the document also describes the summary of previous long term management program of 2010 to 2014.

On the document, there is no specific issue related the management plan for fragile soil, because based on soil analysis report, as well as soil maps and field observation, there is no peat soil or marginal/fragile soil on operational area.

Currently the company is managing a scheme smallholder of Cooperative of Nenek Eno Senamanenek covers an area of 95.3 ha, where the contractual agreement is under progress (OFI on indicator 6.10.2). The long-term plan for the scheme smallholder is included in the plan for Estates, because the scheme smallholder is managed in full managed form.

**3.1.2**

The company has had five years replanting program of 2015 to 2019. On those years, replanting program planned on 2017 (700 ha) and 2018 (187 ha). The realization of replanting of 2017 were 680,92 ha. The program of 2018 is still on progress, and will be updated on area statement of 2019. The evaluation of replanting program conducted yearly on monthly report of December 2017, such as the outstanding program of 2017 (20 ha) will be conducted on 2018.

As described in criterion 4.3, there is no peat soil, marginal or fragile soil in operational area. So there is no long term plan related those peat, marginal or fragile soil.

**Status: Comply**

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

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

**4.1.1**

The company has had procedures and work instructions related agronomy and processing, as well as SCCS. The procedures and work instructions of agronomy consist of land clearing, land cultivation, nursery, water and soil

conservation, oil palm upkeep, pesticides application, manuring, pest and disease control, harvesting, as well as FFB transport to mill. Meanwhile the procedures and work instructions of FFB processing consist of engine/station maintenance, processing every station, quality control, waste control, POME Land Application, as well as SCCS. Also available policies and SOP related OHS that apply to Estate and Mill. Each SOP of Estate and Mill also includes safe work practices and OHS aspects such as the use of PPE, as well as permit work system such as by ensure the licenses.

Based on field observation on estate and mill, known that all of operational activities has been conducted in accordance with related procedures or work instructions. At each station or warehouse, procedures are displayed on the wall. The workers can demonstrate and explain the working procedures in their working locations.

**4.1.2**

The mechanism of monitoring the implementation of procedures conducted through yearly financial audit, and yearly operational audit by internal audit committee from Head Office. Another monitoring conducted through Monthly Manager Report, that includes management review of all aspects of operational activities by evaluate the conformity between realization and target.

**4.1.3**

The finding of internal audit has been addressed by company, shown in document of Report of Operational Internal Audit dated 23 May 2017, all (7) findings has been addressed and conformed by the company. Another records through Monthly Manager Report, that shows the data of operational activities, as well as management review of conformity between target and realization of specific variable of operational activities.

**4.1.4**

The company has an SOP for the determination of raw material suppliers (14-SOP / TBS / PTPN-V / 2016) and IK No.: 2-IK / TBS / PTPN-V / 2016 which explains that the potential supplier should submit the application along with documents requirements, the company evaluates the documents indicated, and if it accepted then the purchase of FFB done in accordance with the agreement.

The company can show a list of FFB suppliers that deliver FFB to Sei Intan POM as per 2018, consist of KUD and third party dealers, the document detailing supplier names, category of suppliers, location coordinates (latitude and longitude), dealer number, supplier address, and legal status .

Based on field observations to POM, observed that the company only receives FFB from registered suppliers and has an agreement.

**Status: Comply**

**4.2**

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

**4.2.1**

The company has had procedures and work instructions related soil fertility maintenance, such as leaf and soil sampling (No. 82-IK/TAN/PTPN-V/2010), drafting the manuring recommendation (No. 81-IK/TAN/PTPN-V/2010), as well as manuring activity (No. 18-SOP/TAN/PTPN-V/2010).

During the audit, there is no chemical fertilizer activity, because the program of 2018 had fully implemented on October 2018. However the company shown the documentation of leaf and soil sampling, fertilizer recommendation, and record of implementation in accordance with the recommendation (location, time, and dosage).

**4.2.3**

The soil, leaf and visual analysis conducted periodically in accordance with work instruction of drafting of fertilizer recommendation, which aimed to ensures optimal and sustained yield. The WI describes that the LSU conducted yearly simultaneously with visual analysis, while SSU conducted every five years, and used as consideration to arrange fertilizer recommendation.

The latest LSU and visual analysis record based on Report of Fertilization Recommendation of PTPN V Sei Intan Estate of

2018, issued by Indonesian Oil Palm Research Institute (IOPRI), accredited by KAN (National Accreditation Committee). Meanwhile latest SSU record based on Report of Soil Analysis (No. 513/LHP/Lab DITSL/XII/2017 dated 15 December 2017) from Laboratory of Soil Science, Bogor Agricultural Institute.

Based on field observation known that the oil palm trees were in good and reasonable condition, there is no indication of nutrients deficiency. Review of document of yield performance indicate that the productivity were resulting from adequate and sufficient upkeep and fertilization. The data could be seen at crop production in this report.

**4.2.2**

The records of fertilization consist of types of fertilizer, ha application, amount of application, and amount of application per ha. The type of fertilizer used were, NPK, Urea, RP, TSP, MOP, Dolomite, and Borate. The was also detail of fertilizer application, shows of application of every types fertilizer per blok, as well as dosage per tree. The location, time, and dosage of application has been in accordance with the recommendation, for instance application of NPK in Block 12 D Division I, on August 2018 dose 1.25 kg/tree.

**4.2.4**

Other strategy to maintain soil fertility, the company also had conducted nutrient recycling strategy, verified by document review and field observation, among others :

- POME Land Application, verified based on field observation at Block 8D Division 1. The records of application has been conducted in daily and monthly basis.
- EFB mulching application, based on interview with management and review of budget of 2019, the EFB mulching application will be conducted on 2019 at planting year of 2018.
- Residues/organic material after replanting. The company use organic material of the tree (thrunk, frond) as the nutrient recycle. The thrunks were chipped to increase the decomposition time, and suppress the population of oryctes. It is has been verified based on agreement of replanting as well as field observation on replanting of 2018 at Block 6C Division 1.
- Kernel and fibre were used for fuel of boiler, verified based on documentation and field observation at the mill.

**Status: Comply**

**4.3**

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

**4.3.1**

The company has had the maps that describes the soil condition in operational area. The making of maps (scale 1:100,000) were in cooperation with PT Bina Alam Lestari (consultant). Those maps are :

- Map of soil type. The soils in the operational area are *Dytropepts*, *Kahapludults*, *Hapludox*, and *Tropaquepts*.
- Map of slope class. The slope class of operational area was 0 – 8 % (flat)
- Map of topography. The contours shown that the area was flat.
- Map of geology. The soils were formed from old aluvium, formation of Minas, formation of Petani, and formation of Telsa.

**4.3.2; 4.3.4; 4.3.5; and 4.3.6.**

Based on those maps and field observations during the audit, known that all operational area consist of mineral soil, there is no peat soil nor marginal/fragile soil. The topography is flat, and there is no application of contour terrace.

**4.3.3**

The routine road upkeep was manual upkeep, set in yearly budget. Based on review of yearly budget of 2017 and document of receiving of gravel and sand, known that on 2017 received 1,405 m<sup>3</sup> of mixed sand and gravel for hardening road. Based on field observations, the company has 1 unit of road grader, 1 unit of vibro compactor, and 1 unit of backhoe loader. Based on field observation also known that the main and collection road were in good condition for FFB transport and oil palm upkeep.

**Status: Comply**

**4.4**

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

**4.4.1**

The company has showed management of water include in reporting of Environmental Management Plan / Environmental Monitoring Plan for semester I 2018 such as Testing of surface water ever 2 times a year, well monitoring every 2 times a year, testing of liquid waste every one month, efficiency of water for domestic & processing using and others.

The implemented of water management has been noted in *RKL/RPL* and Mill document report such as: average of process water using for January to October 2018 is 19,112 m<sup>3</sup>/months; testing of monitoring well in block land application, Non LA, and Housing area, testing of liquid waste by Accredited Laboratories and others. Based on explanation, the company has showed management plan of water and has been implemented.

Based on website on 18 August 2018, there was an issue related to water pollution caused by the Sei Intan Mill, the verification has been done by the auditor during IC. Result of the field visit it in Rokan River, observed that there was no indication of water pollution.

Based on interview with Environmental Agency, there is no issues regarding environmental pollution; field observation in Rokan River and the results testing of surface water (upstream & downstream Rokan river) on semester I 2018 (April 18<sup>th</sup>, 2018) by Syslab accredited by KAN LP 516 IDN parameter of TDS; TSS; Ph; BOD; and others didn't exceed the thresholds (regulation government No. 82 year 2001).

The testing results of water biota (Plankton & Benthos) in upstream and downstream Rokan River on 2017 there is still abundance of protozoa (22 individual/liter.); zooplankton (89 & 67 individual/liter) and plankton (268 & 246 individual/liter) and index of diversity is 2,8248 & 2,9928 individual/liter.

**4.4.2**

The company has HCV map with scale of 1: 75.000; map legend; map source and others. Based on field observation in block 14/12 E riparian area Kepanasan its known border area for riparian it's 2 palm oil in left and right riparian. It's not accordance with President Discussion number 32 year 1990 article 16 and government regulation number 26 year 2008 its stated at least the border is 50 meter from left and right from riparian area. **It's become NCR No.2018.05 with Major category.**

The implemented of water management has been noted in *RKL/RPL* and Mill document report such as: average of process water using for January to October 2018 is 19,112 m<sup>3</sup>/months; testing of well-monitoring in block land application, Non LA, and Housing area, testing of liquid waste by Accredited Laboratories and others. Based on explanation, the company has showed management plan of water and has been implemented.

**4.4.3**

The company has extension of permit for utilization of waste water (Land Application) with number 660/BLH-PPP/32/2015 date on March 20<sup>th</sup>, 2015 issued by Environmental Agency District of Rokan Hulu. It's valid from March 20<sup>th</sup> 2015 until March 20<sup>th</sup> 2020. The company has conducting liquid waste analysis by accreditation laboratories every 1 month such as:

Parameter	Unit	Test results of 2018									Threshold
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	
pH	-	7.67	7.8	8.39	7.91	8.25	8.1	7.96	7.65	8.31	6 - 9
BOD5	mg/l	135.9	432.9	528.5	301.9	201.3	262	306	371.25	144.8	5000
COD	mg/l	615.2	1288	1184	1100	886.8	592	762	3109	482.7	10000

Threshold: Governor Regulation No 35 year 2007 & Decision of Environmental Minister 28 year 2003.

Based on the testing results there aren't parameter (pH, BOD & COD) extend the threshold by Governor Regulation No 35 year 2007 and decision of Environmental Minister number 28 year 2003. Based in field observation at land application Block 8 D division 1 (Tub distribution number 5), its known liquid waste has been streamed to land application. There is no liquid waste run off. Based on interview with operator, maintenance of land application has been conducted every day.

**4.4.4**

The average of water usage for January until October 2018 for processing is 19,112 m<sup>3</sup>/months. The efficiency for Processing is 1.31 m<sup>3</sup>/ton FFB. Based on field visit to water intake area (Sei Rokan River), the company has taken water from river and has been paid retribution of surface water for September 2018 dated on October 29<sup>th</sup>, 2018 to Board of

income Provincial Riau.

**4.4.2 Status: Non conformance NCR No. 2018.05 with Major Category is Closed.**

**4.5**

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

**4.5.1**

The company has had policy related on integrated pest management that describes on SOP and WI. Those procedures/WI shown that the pest and disease control conducted in integrated pest management manner. For example conducted pest detection/census (early warning system). As well as the pest control conducted by biological, mechanical and chemical, where chemical control only apply if the infestation increase above the economic threshold.

The evidences of IPM implementation among others Early Warning System based on pest detection program (global telling) every week for infestation of leaf eater caterpillar, rat, termite, and ganoderma. Records of weekly census of those pests only shown on May and June 2018, that there were rats infestation above economic threshold. Field observation of pest detection/census in Block 6E Division 1, the worker shown understanding of methodology of census and identification of pest.

Biological control has been conducted by planting beneficial plant (*Antigonon leptopus* and *Turnera subulata*) shown in main road and collection road, to suppress infestation of leaf eater caterpillar. Moreover has been installed 22 units of barn owl boxes to suppress rat infestation. Field observation of barn owl box in Block 10D Division 1, indicate the occupation of barn owl. Also known based on field observation on harvesting FFB, we well as loading ramp, shown that there is no indication of rats infestation on FFB harvested. The oil palm fronds indicate there is no infestation of leaf eater caterpillar.

**4.5.2**

Based on document review and field observation of pest detection in Block 6E Division 1, known that the workers shown the understanding related the methodology of census and identification of pest. The training of IPM was conducted on 14 June 2018.

**Status: Comply**

**4.6**

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

**4.6.1**

The company shown justifications that the pesticides used has been in accordance with the regulations, that is registered on Pesticides Commission, Ministry of Agriculture. Those pesticides also has specific dosage and target, as well as have minimal impact on non target species (narrow spectrum). The pesticides used on 2018 are :

- Sun Up 480 SL ; a.i *Glyphosate* ; target for broad leaf weed i.e *Synedrella nodiflora*, narrow leaf weed i.e *Paspalum conjugatum* . Register No. RI 0103011987815 valid thru 25 September 2018. Management show justification that purchasing of this pesticide was conducted before the validity period expires.
- Amcofur 20 WP; a.i *Metyl metsulfuron* ; target for broad leaf weeb i.e *Ageratum conyzoides*. Register No. RI 010301203817 valid thru 31 December 2020.
- BM Promax 75 SP ; a.i *Acephate*; target for leaf eater caterpillar i.e *Metisa plana*; reg. No. RI 010301203817 valid thru 31 December 2020.

Field observation on Block 10 E Division 1, the company use Sun Up 480 SL a.i of *Glyphosate*, to control narrow leaves with dose 1 l/ha blanket in accordance with product label, however the supervisor conduct calibration that the pesticide used only for area of circle and path.

The company only use pesticides that has specific target descibes above. There is no use of broad spectrum pesticide such as *Paraquat dichloride*.

**4.6.2**

The pesticide utilization of 2018 has been documented, describes monthly use of pesticides, active ingredients, LD50, area treated, amount of active ingredient applied, ratio of active ingredient per ha and ratio of active ingredient per ton FFB. For instance the use of Sun UP 480 SL, a.i Glyphosate month of October 2018 for area 2,171 ha, amount of a.i 480 l, ratio of a.i/ha 221 ml/ha.

#### **4.6.3**

The company has had routine program of pesticide application for circle and path spraying of 2018. The program describes block of application, ha application, as well as type of pesticide. As describes on criterion 4.5, that the company has had policy related on integrated pest management that describes on SOP and WI. Those procedures/WI shown that the pest and disease control conducted in integrated pest management manner. Where conducted early warning system, use of biological, mechanical and chemical control that only apply if the infestation increase above the economic threshold.

The program to reduce pesticides usage was integrated with the program of IPM (EWS, pesticides only used if the infestation increase above economic threshold, usage of biological control, etc ), prohibited of prophylactic usage, and routine program of weed control. To monitor the usage of pesticide, has been described that the company has documented the pesticide utilization, that show pesticide use, include usage of active ingredient per hectare applicaton.

#### **4.6.4**

Based on the pesticides has been used, the company did not use pesticides of WHO 1A, 1B or Paraquat. The company's policy shown in document of guidance to drafting yearly budget of 2018 endorsed by Director, at the section of pesticide recommendation, shown that there is no WHO 1A, 1B, or Paraquat that were recommended. Also verified by observation on pesticide warehouse, there is no such pesticides. Interview with spraying worker and supervisor, known that the company no longer used paraquat since 2016.

Records shown that pesticide use for pest control only applied on May and June 2018, where rats infestation increased above economic threshold. Based on identification on product label, the pesticides described were not prophylactic type, nor based on field observation on spraying circle and path (Block 10E Division 1), the application method was not kind of prophylactic method. The workers could demonstrated that the application only for circle and path that have much weeds, and leaving those that have no weeds.

#### **4.6.5; 4.6.7; and 4.6.8**

Based on field observation spraying circle and path (Block 10E Division 1), known that the workers are well trained. They use knapsack sprayer that in good condition, the nozle has been calibrated, as well as personal protective equipment has been provided accordance in MSDS and HIRAC, such as boots, apron, rubber gloves, mask, and safety goggles. The workers had demonstrate safe working practices accordance with the existing procedures, such as not working on hard wind, handling the working tools and PPE after work on specific warehouse includes rooms for cleaning up after work, as well as understanding emergency response in the event of an accident. The supervisor has brought appropriate first aid kit. Based on interview with stakeholders and field observations, the company never conduct pesticide application aerially.

#### **4.6.6**

Based on field observations, the pesticides are stored in pesticide warehouses. All precautions have been implemented to reduce the possibility of pollution and risks to workers, such as provide the chemical trap and bund-wall as well as provide MSDS and first aid kit. After work, knapsack sprayer and PPE are stored in a special storehouse includes rooms for cleaning up after work on every Divisions. The pesticides waste stored and recorded in hazardous waste temporary warehouse, trasported and managed by licensed third party.

#### **4.6.9**

The company shown records of training of handling limited pesticide on 16-17 June 2014, as well as training of spraying method on 13 June 2018, participated by Field Assistant, Pesticide Storage Clerk, Spraying Supervisors, as well as spraying workers. No scheme smallholder worker involve, because the company has no scheme smallholder.

#### **4.6.1.0.**

The company has showed procedure of hazardous management with document number 014-SOP/PGL/PTPN V/2010



and Work instruction PTPN V Number 185-IK/PGL/PTPN-V/2010 for controlling spill of chemical material. There is manifest for hazardous waste on October 3<sup>rd</sup>, 2018 with vehicle number B9192 GXR such as Chemical containers for pesticide with manifest number BC 0045487 as much as 5 kg. Based on explanation, the chemical containers has been manage properly

**4.6.11**

The company shows the data of Medical Check Up Result on July 2018 for estate and mill worker. Medical check-up include physical examination, cholinesterase and spirometry. The examination results show that all employees are fit and ready to work, there is no indication of chemical exposure. Based on the results of interviews with spraying worker, it is known that the results of the examination have been informed to workers in private and workers feel no complaints or indications of skin disease or itches.

**4.6.12**

Based on interviews with workers in spraying activities in Sei Intan Estate, it is known that workers have understood the prohibition of pregnant and lactating women to work in spray activities, if any are pregnant or lactating workers transferred to manual care activities and not related to agrochemicals.

**Status: Comply**

**4.7**

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

**4.7.1**

Policy on OHS of company has issued by the Chairman of OHS Committee on January 18<sup>th</sup> 2018. The policy indicates CH's commitment towards OHS implementation through:

- Be fully aware that OHS is one of the means to achieve a safe, comfortable and efficient workplace to encourage company productivity.
- Meet all forms of government regulations and regulations regarding OHS.
- Prioritize OHS in all aspects of work, in order to prevent and reduce work-related accidents and diseases.
- Prevent and reduce work-related accidents and diseases by caring for / supervising work tools provided and cultivating disciplined and clean and OHS-minded life and maintaining security stability including fire, blasting and environmental pollution.
- Carry out work according to work procedures and instructions, support and socialize OHS in all workplaces.

The results of field observations and interviews with plantation employees and factories are known that the company has routinely conducted socialization regarding the company's OHS policy. The employee explained that the socialization was carried out during the morning briefing before work and the installation of OHS warning boards in several strategic places that were easily seen by employees

The work plan of the OHS Program for January to December 2018 covers the areas of extension & training, supervision field, evaluation field; Field of research, Health Sector; PIC; Cost Forecast, Timeline of completion (Jan-Dec 2018) and description.

Evidence of OHS work program implementation has recorded in training report, medical check-up report, records of purchasing of OHS related equipment's (PPE, first aid kit, fire extinguisher, hydrant, etc.), OHS Committee monthly meeting notes and three-monthly OHS Committee reports. Furthermore, Evaluation of OHS program, achievements and its monitoring was presented in OHS Committee monthly meeting notes and three-monthly OHS Committee reports. Based on observation at Mill and Estate, it was found first aid box, fire extinguishers and hydrant stations were satisfactory maintained. Regular checklist monitoring were also available. Moreover, simulation of hydrant were considered satisfactory.

**4.7.2**

The Company has the hazard identification risk and control (HIRAC), as follows:

- Document of HIRAC for Sei Intan Mill, issued by the Secretary of OHS Committee on January 1<sup>st</sup> 2018.
- Document of HIRAC for Sei Intan Estate, issued by the Secretary of OHS Committee on January 1<sup>st</sup> 2018.

The HIRAC has covers all working activities on the mill and estates. The analysis has covers risk hazard identification, sources of hazard risk, frequency (routine, non-routine, emergency), potential risk identification (sources and impacts), control management, risk analysis of severity level and value level. Crosscheck to the field, the compliance of application of product requirements which presented in MSDS and HIRADC document. For example, based on observation towards harvester at estate, it was found that respirator used by applicators were in accordance with MSDS and HIRADC requirement.

During audit activities the company can show documents related to the results of high-risk employee health checks carried out on July, 2018. Employee health checks include audiometry and spirometry. The results of the interview with the employee revealed that the employee had obtained information on the results of the medical examination, the company also kept records of the results of medical examinations in the estate/mill office and the doctor as the person in charge.

#### **4.7.3**

The Company has conduct several training and socialization related to OHS, for example as follows:

- Risk Management Training held on April 20, 2018 took place at the estate office. Training by Secretary of OHS Committee and attended by employees as many as 53 employees. Material, documentation and attendance list are available during audit activities.
- Emergency Response Training held on March 3, 2018 took place at the estate office. Training by Secretary of OHS Committee and attended by employees as many as 61 people. Material, documentation and attendance list are available during audit activities.

The CH has shown document of PPE distribution to all workers in estates and mill, which signed by Assistants, Chief of OHS Committee and the respective workers. Based on field observations and interviews with harvesters, pesticide applicators and factory operators, they have been equipped with PPE in accordance with procedures owned by the company for example, PPE for harvesters such as helmets, glasses and boots.

#### **4.7.4**

Unit management has OHS committee (P2K3), which presented in several documents. For example Decree Letter from Head of Manpower and Transmigration Agency of Riau Province dated October 1, 2018 for PT Perkebunan Nusantara V – Sei Intan. The Secretary of OHS Committee was a Licensed OHS Expert License. The monthly meeting of OHS committee well conducted and documented. For example, there was a minutes of meeting of OHS committee dated on November 9, 2018.

#### **4.7.5**

Procedure of emergency management is presented in document No. 22-SOP/PGL/PTPN-V/2013. Emergency situation identified were fire, explosion, contamination, natural disasters, turmoil, demonstration and work accident. The procedure has describes definition, management emergency action chart line, emergency team, planning and action, training and simulation.

Based on interview with mill and estate workers are known that the company already know the procedure about OHS. To facilitate evacuation in the event of an emergency, the company has established an evacuation route. The evacuation route is available in offices and mill. Besides that, it has been equipped with maps and other markers and adequate sign boards. To the visitors who come will be socialize safety induction as a guide health and safety in the visit process.

Based on field observations and interviews with harvesting and upkeep foremen at estate revealed that the foremen had attended first aid officers training conducted on May 21, 2018, the foremen could explain each of the uses of first aid kit items, further explained that routine first aid checks are carried out every month.

#### **4.7.6**

The company has registered all of its employees as member of government scheme on health and workforce insurance (*BPJS Ketenagakerjaan* and *BPJS Kesehatan*). Permanent worker daily and/or monthly basis got Insurance on work accident (*JKK*), old age benefit (*JHT*), dead insurance (*JKM*), retirement insurance (*JP*) and health insurance (*JKS*). Meanwhile for piece-worker, the CH has only responsible for work accident insurance and dead insurance. However, most of non-permanent workers were family member of permanent workers (as wife). Hence, its health insurance was

under their husband. Record of insurance payment for example in August – October 2018 is presented, for example:

- Health insurance period August 2018 of **PTPNV – Sei Intan** has been paid on August 25<sup>th</sup> 2018. Payment receipt has been verify by auditor.
- Health insurance period September 2018 of **PTPNV – Sei Intan** has been paid on September 22<sup>th</sup> 2018. Payment receipt has been verify by auditor.
- Health insurance period October 2018 of **PTPNV – Sei Intan** has been paid on October 22<sup>th</sup> 2018. Payment receipt has been verify by auditor.

The company is known to use worker from third parties, namely CV Rezky Arensa for maintenance activities of harvesting (number of employment agreement 143/5.DSRO/SPER/NP/486/V/2018 dated July 9, 2018) and transportation of FFB (number of employment agreement 100/5.DSRO/SPER/NP/280/V/2018 dated 29 June 2018), but in this case have not been able to show proof of evaluation of CV. Rezky Arensa is related to health services protected by work accident insurance for all CV Resky Arensa employees. **NCR No. 2018.06 with Major Category.**

**4.7.7**

The company has provide lost time accident matric. From the data it is known that during the 1st semester of 2018 no work accidents occur in all management units. This LTA recorded by Human Resources Administrative Assistant in each unit.

<b>4.7.6</b>	<b>Status: Non conformance NCR No. 2018.01 with Minor Category</b>
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**4.8  
All staff, workers, smallholders and contractors are appropriately trained.**

**4.8.1 and 4.8.2**

The company has the following 2018 employee training program:

- OHS training for spraying, harvesting and office areas planned to be held in November 2018.
- Emergency response simulation planned to be held in October 2018.
- HCV training planned to be held in December 2018.

During the audit activity, the company shows the document on the realization of employee training conducted in 2018 as follows:

- Training in detection of pests and diseases on 14 June 2018 took place in the Estate office with 35 participants. Documentation, material and attendance lists are available when the audit activity takes place.
- Training on risk analysis and source of danger on 20 April 2018 at the Estate office with 29 participants. Documentation, material and attendance lists are available when the audit activity takes place.

Based on field observations and interviews with mill and estate employees known that each employee has been given regular training in accordance with their duties and responsibilities, this is evidenced by the explanation of the harvester can explain the criteria for fresh fruit bunches, cutting and arranging fronds, preparation of FFB at the fruit collecting point. While for mill employees in the engine room section can explain monitoring and checking tools and functions of generators and turbines, employees can also explain the time of use between turbines and generators.

Training Plan including Training for workers exposed to high noise levels. It is include in training OHS policy Socialization and SOP and work intruction socialization. Training for operator engine rooms is conducted in June 2018 and is programmed annually in the annual employee training program

	<b>Status: Comply</b>
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**PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity**

**5.1  
Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.**

**5.1.1.**

The company shows the Environmental Evaluation Study (SEL) document which was approved on February 9<sup>th</sup>, 1994

with Number Re.220 / 273 / B / II / 94 by the Agriculture Ministry of the Indonesian Republic. Coverage in SEL includes: 30 Tons of FFB Capacity / Hour, and Area for Sei Intan Location covering 9,171 Ha (Core Estate 3,114.50 Ha; Plasma Estate 6,000 Ha; and Other Areas 56.50 Ha).

Environmental Management Plan (RKL) & Environmental Monitoring Plan (RPL) of Palm Oil Plantation and Palm Oil Processing Plant were refined in the Ministry of Agriculture AMDAL central commission letter No. 1244 / AMDAL / I / 1994 dated January 31<sup>st</sup>, 1994 and approved on June 24<sup>th</sup>, 1994 with number 001 / RKL-RPL / BA / VI / 94 approved by the Indonesian Agribusiness Agency Republic of Indonesia.

A recommendation for revision of Environmental Management Plan (RKL) & Environmental Monitoring Plan (RPL) matrix by the Environmental Agency of Rokan Hulu District with number 660.2 / BLH-PDL / 200/2007 dated June 25<sup>th</sup>, 2007. Based on explanation above, the company has permit of environmental in the form of SEL and RKL/RPL document.

**5.1.2 and 5.1.3.**

Recommendations for revision of RKL & RPL Documents by the Environmental Agency of Rokan Hulu District number 660.2 / BLH-PDL / 200/2007 dated June 25<sup>th</sup>, 2007. Revision of the summary matrix Environmental management plans include:

1. Decreasing air quality
2. Processing of FFB in Mill
3. Utilization of waste water through a land application system.
4. Estate activities, Mill operations, workshop activities, WWTP processing, and used oil management.
5. Land clearing, nurseries, Mill processing & replanting activities.
6. Pest attacks, decreased water quality, increased dust levels, and damaged roads due to loads exceeding road capacity.
7. Labor acceptance in plantations and Mill.

The company shows the report of RKL/RPL implementation for semester 1 on period 2018, with monitoring aspect such as:

1. Air quality testing
2. Testing of liquid waste
3. Testing the quality of groundwater / monitoring wells.
4. Monitoring of river water quality located in upstream and downstream of the river.
5. Management of schedule waste
6. Plant disease pests
7. Land fires
8. The results of monitoring the socio-economic and cultural components consist of the level income community, community perceptions, and implementation of partnership & community development programs.

This document has evaluation for all aspects and recommendation for improvements include in RKL/RPL implementation document.

**Status: Comply**

**5.2**

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

**5.2.1.**

HCV assessment for SBU Sei Rokan covering an area of 19,716.64 ha and for Sei Intan Estate covering an area of 3,286.40 ha (an area that already has a Land Use title). The assessment was carried out by the consultant PT Bina Alam Lestari on June 16-23, 2013. The methodology is use HCV Toolkit on 2008, based on assessment the area of HCV in Sei Intan Estate is **2.63 ha** (SS anak sungai Kepanasan) HCV 4.1. Public consultation was held on June 12<sup>th</sup>, 2013 in PTPN V as many as 72 stakeholders. A peer review of the HCV report was conducted on August 21<sup>st</sup>, 2013 by Dr. Jarwasi Budi Hernowo (Independent Consultant).

Based on HCV document review. There are no RTE species were found. But, there are 4 species it has been protected by regulation of government Number 7 year 1999 such as *Ciconia episcopus*; *Halycon smymensis*; *Rhipidura javanica* and *Anthreptes malcensis*. There are 3 species include Appendix with category II such as: *Psittacula longicauda*, *varanus salvator* & *Naja sumatrana*.

**5.2.2 and 5.2.4.**

The company shows the HCV management and monitoring plan for 2019 period especially for HCV 4.1 such as:

- a. Inventory and identification of conditions for land cover in the riparian area.
- b. Monitoring the intensity of disturbances including the danger of fire in riparian area.
- c. Re-measurement of riparian width and marking of river boundary.
- d. Monitoring of changes in river border width
- e. Riparian protection both active and passive
- f. Monitoring of river water quality.
- g. Rehabilitation and enrichment of damaged riverbank areas
- h. Workers training regarding management and monitoring of riparian area.

The company has shown a HCV management and monitoring plan for 2019 period but has not included a management plan for the type of wildlife in Sei Intan Estate. This is a **nonconformity No.2018.07 and 09 with the Minor category.**

**5.2.3.**

Based on HCV documents, there are 4 protected species under Government Regulation Number 7/1999, but the company has not been able to show the status of protected, rare, threatened and endangered species socialization programs to all workers and records of sanctions given to individuals who work in company if proven catch, hurt, collect or kill the species. This is become Non-conformity **No.2018.08 with Minor Category.**

Based on field visit in HCV & Housing area; no found any workers who capture, harm and collect wildlife. The workers have known the prohibition on hunting and keep wildlife.

**5.2.5.**

Based on interviews with local community of Kembang Damai village and Kota Lama Sub district. It's known no community areas were used as HCV areas.

<b>5.2.2</b>	<b>Status: Non conformance NCR No. 2018.07 with Minor Category</b>	
<b>5.2.3</b>	<b>Status: Non conformance NCR No. 2018.08 with Minor Category</b>	
<b>5.2.4</b>	<b>Status: Non conformance NCR No. 2018.09 with Minor Category</b>	

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

**5.3.1.**

The company shows identification of waste sources for the 2018 period with details: ex sacks of fertilizer, inner plastic of fertilizer sack, used oil from generator, used neon/lights, wastewater, EFB, Shell, fiber, dash of incinerator, dash of boiler, domestic waste, ex cartridges, paper and others.

Sources of emissions include:

- a. CO2 Gas: Transportation of FFB, CPO Shipping, Operation of heavy equipment, operation of generator & electric pumps, management of WTP, boilers, laboratory activities, waste ponds and Mill processes.
- b. Gas NO2 & SO2: Activities in the laboratory.
- c. Gas CH4: Fertilizing activities and WWTP ponds.

The company has not been able to show evidence that all schedule waste produced has been identified and documented.

Based on field observations in WWTP, there were paint cans placed on the WWTP embankment, based on a document review in the schedule waste Management SOP, it was found that the paint packaging was not included in the schedule waste category. **This is a Nonconformity No.2018.10 with the Major category.**

**5.3.2**

The company show schedule waste storage permit number 660 / BLH-PPP / 40 dated April 7<sup>th</sup>, 2014 by the Environmental Agency of Rokan Hulu District located at coordinates 00°47'07,0" LU & 100°36'41.7" BT with a maximum storage limit of 90 days. This permit is valid from April 7<sup>th</sup>, 2014 to April 7<sup>th</sup>, 2019. There is an agreement to extend the Schedule waste storage with number 660 / BLH-PPP / 108 on April 14<sup>th</sup>, 2014 from 90 days to 180 days.

The Company shows a cooperation agreement for the transportation of schedule waste with PT Primanru Jaya with number of agreement SPK 17 / 5.PST / SPER / V / 2018 dated May 22<sup>nd</sup>, 2018 until February 15<sup>th</sup>, 2019, for the semester I Year 2018 - Semester II Year 2018. PT Primanru Jaya cooperates with PT Prasadha Pamunah Industrial Waste with contract number 100 / PPLI-LOA / I-2018 dated January 7<sup>th</sup>, 2018 for schedule waste processing and destruction such as paint sludge, used filters, filter bags, Contaminated packaging, TL & Fly Lights ash.

Minutes of the delivery of schedule Waste on October 3<sup>rd</sup>, 2018 with vehicle number B 9192 GXR with details:

Type of schedule waste	Manifest	Amount
Used oil	BC 0045482	76 kg
Used battery	BC 0045483	70 kg
Used Filters	BC 0045484	5 kg
Used light bulbs	BC 0045486	7 kg
Ex chemicals	BC 0045487	5 kg

Letter from the Ministry of Transportation of the Directorate General of Land Transportation with number SK / 865 / AJ.309 / DJPD / 2018 / 360030296BB concerning the implementation of permits to carry out dangerous goods in PT Primanru Jaya with vehicle number B 9192 GR valid January 17<sup>th</sup>, 2019.

Based on interview with officer of temporary storage, they have been training related environmental requirements. They have been know related handling of hazardous waste, environmental and others.

**5.3.3.**

**Liquid waste**

The liquid waste produced is entirely utilized in the application area in accordance with the permit for utilization of liquid waste.

**Solid waste**

Fiber, EFB and shells produced are partially used as fuel and some are applied to the field or estate.

**Domestic waste.**

Domestic waste in housing is collected and separated between organic and inorganic.

**Clinic waste**

The company does not produce clinical waste, because the Clinic is located outside the estate.

**Schedule waste.**

Schedule waste which is transported by licensed transporters, the last transportation on October 3<sup>rd</sup>, 2018.

<b>5.3.1</b>	<b>Status: Non conformance NCR No. 2018.10 with Major Category is Closed</b>
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**5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.**

**5.4.1.**

The average efficiency of empty usage for the period January - August 2018 includes 0.28 tons / FFB; fiber use efficiency of 0.25 tons / FFB and the use of shells is 0.14 tons / FFB. There are average efficiency of electricity usage for turbines at Mill is 2.36% and for generator is 0.22 %.

<b>Status: Comply</b>
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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 and 5.5.2.**

The company showed work instruction of PT Perkebunan Nusantara V with the document number 11-IK / TAN / PTPN-V / 2010 approved by the Production Director explained that the clumps of chopped oil palm stems should not be burned or zero burning. Based on field observations in division I replanting area its known that land clearing was done manually. There was no burning activity found.

**Status: Comply**

**5.6**

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

**5.6.1 and 5.6.2**

The company has identified pollution sources in mill and estate, the document informs the location (station / activity), sources of pollution and emissions, impacts (human, work equipment, environment) and impacts control. For example, from the boiler produces boiler ash, air emissions (CO<sub>2</sub>, NO<sub>2</sub>, and SO<sub>2</sub>) and chemical ash, POME produce CH<sub>4</sub> and from the engine room produces pollution in the form of noise.

The company has planned the GHG mitigation, the records of its implementation sighted and observed during audit, including:

- Conducting air quality testing in mill, plantation and residential areas, collaborate with an accredited lab every semester.
- The mill has been conduct the maintenance of production machines and vehicles regularly every month, sighted the report of engine maintenance checklist for November 2018.
- The company has planted woody plants to reduce emissions
- Efficient of use of fossil fuels by using fiber and shell as boiler fuel.
- Carried out POME management in WWTP and utilizes it for soil fertility by applying to the land (land application).
- Conduct audiometry checks routinely every year for mill employees who are exposed to noise.

Based on observations to Sei Intan POM, observed that employees have used appropriate PPE in high noise areas, namely ear muff and ear plug, the company has conducted noise level testing in work areas in mill, for example in boiler 87.5 dBA, kernel 97 dBA , clarification 88 dBA and press 91.7 dBA.

**5.6.3**

The company has not been able to show the result of GHG emissions calculations using the RSPO Palm-GHG calculator V3.0.1 or the latest version or other similar program that has been approved by RSPO. **NCR No.: 2018.11.**

**5.6.3 Status: Non conformance NCR No. 2018.11 with Minor Category**

**PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills**

**6.1**

**Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.**

**6.1.1. and 6.1.2.**

The company showed SIA documents conducted by the *Bina Alam Lestari* Team conducted in 2013. The SIA Compilation Team consisted of 4 people with the team leader who experienced in working on Social Impact Assessment studies since 2002. All villages surveyed were 12 villages in Rokan Hulu District, Riau Province. Located in Pagaran Tapah Village, Kembang Damai, Kota Lama, Tandun, Bono Tapung, Dayo, Sei Kuning, Suligi, Air Panas, Pandalian, Bengkolan Salak and Ngaso. Data collection through secondary data, primary data, focus group discussions and interviews with 2 approach (structured and semi-structured). Public consultation was held on June 12<sup>th</sup>, 2013 in PTPN V as many as 72 stakeholders.

**6.1.3.**

The monitoring report of the SBU Social Management Plan of Sei Rokan PTPN V, was carried out by CV Nadya Karya in 2016. Recommendations on social management plan for 3 years period with details:

1. Dissemination of land boundaries & land use title Estate by regular land socialization visits, enrichment of media socialization estate land and complaints services on land issues.
2. Contribution of village development, community empowerment, institutional strengthening, employment opportunities and business.
3. Education → Program for improving the quality of basic education, strengthening the assistance of teaching staff for elementary schools (kindergarten / elementary / middle school), and community learning center development programs.
4. Health.
5. Assistance to village facilities & infrastructure.
6. Donations and community relations.
7. Employment → strengthening corporate communication with workers.
8. Handling the environment → total community-based sanitation development program, handling environmental issues related to river pollution and borders; and environmental security systems in the estate area.
9. Relations with plasma → conduct services related to complaints about implementation related to complaints about implementing company partnerships with the community and calibration of FFB weighing instruments.

Based on document review, the company has not been able to show plans for management and monitoring of social impacts to avoid or reduce negative impacts and increase the positive impact based on the results of social impact analysis through a process of consultation with affected parties, documented and scheduled including the implementation responsibilities. **It's become Non-conformity No.2018.12 with Major Category.**

**6.1.4.**

Based on a document review, management plans and monitoring of social impacts has been made in 2018, so that the plan cannot be monitored every 2 years.

**6.1.5.**

The scope of audit didn't include smallholders. But in document SIA, has been interview 72 stakeholders include smallholders.

<b>6.1.3</b>	<b>Status: Non conformance NCR No. 2018.12 with Major Category is Closed.</b>
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**6.2**

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

**6.2.1 and 6.2.2**

The company shows the stakeholder list for the three estates and mill, informs the type of institution, area, contact person, address and telephone number, there are 42 parties registered as stakeholders for estate and mill.

The Company has SOP of Communication and Consultation no PK3-KBN-SIN-KOM-01 dated July 1, 2013, mentioned that the company are welcoming to communicate/consultation with the community / stakeholders, government agencies, NGOs / CSOs, and affected parties. The officer who responsible for communicating and consulting with the parties is Human Resources Administrative Assistant.

**6.2.3**

The company are conducting stakeholder meeting once a year to communicate and consulting the SOP and policies. The latest are done on October 3, 2018. Stakeholder meeting is carried out in employee housing by inviting all stakeholders. During the 2017/2018 there were no aspirations conveyed by stakeholders via telephone / e-mail and the book. Based on public consultation to the sampled village known that the community has been aware regarding to the mechanism for consultation and communication as well as its PIC.

Based on verification of complaints documents for external and internal periods of 2018 did not reveal any complaints by



the community or NGOs regarding river pollution by PKS waste.

The results of the communication with the relevant agencies are known that the Environmental Agency and the Manpower Agency of Rokan Hulu Regency have conducted field observations and re-testing of surface water quality on 28 August 2018. During the audit activities, the company can show the Minutes of the field visit.

**Status: Comply**

**6.3**

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

**6.3.1**

The company has communication procedures for consultation and coordination with stakeholders, document no.: PMT-KBN-SIN-MR-06 dated 18 July 2016, in clause 6.2 regarding external communication explained related to procedures for responding to external communication, if a response is required, and the plantation manager will send response to external parties no later than 1 month after receipt of the letter.

The mechanism for resolving disputes with employees is explained in the company' collective agreement document Chapter XI article 68 and 69 concerning settlement of complaints, protection and law defense of employee.

Explained in the code of conduct PTPN V clause 2.13 related to reporting of violations and protection of whistleblowers, in point 3 - the company guarantees protection for informer.

**6.3.2**

Based on interviews with management representatives and document verification, it is seen that until initial assessment there have been no complaints submitted by external stakeholders to the company, during interviews with community representatives in the Kota Lama and Kembang Damai Villages, there were no complaints. In addition, they told that communication between the villagers and the company is good, they are aware regarding to person in charge of consultation and communication.

There was an information in the mass media (internet) which has been discovered by the auditor before the audit on site, it was regarding to the complaint submitted by Kembang Damai village regarding the water pollution from mill effluent. It has been verified during document review, field visit and public consultation with representative of Kembang Damai village, and mentioned that there is no issue of pollution and other caused by the Sei Intan operational.

Until ST-2, there is no industrial dispute between company and workers, it was known based on consultation to Disnakertrans of Rokan Hulu Regency and workers representative.

**Status: Comply**

**6.4**

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

**6.4.1**

In the HGU decree of Sei Intan - PTPN V stated that the area controlled is the forest area that was excluded based on Decree of Minister of Forestry dated 21 April 1992 number 390 / Kpts-II / 1992 covering 22,407 Ha and has obtained changes in land use based on the Governor's decree of Riau on 23 Jan 1985 number Kpts.87 / I / 1985, there were no customary and traditional rights within the HGU owned by the company. Shown in a map of land parcels with a scale of 1: 30000 issued by BPN on 14 December 1998, for land parcels number 23, number 178 and number 12 in 1998 for an area of 6006,301 Ha (Sei Intan and Sei Rokan).

**6.4.2, and 6.4.3**

The company since the last 20 years has not conducted land expansion and land acquisition in accordance with PTPN V's commitment that the current development is not area expansion but to be more using intensively the existing areas.

There is an SOP for land acquisition for the addition of company assets in document number 05-IK / UMM / PTPN-V /

2010, explained that after the assessment of land feasibility, land acquisition is carried out if it has been approved by the board of commissioners to make payments and negotiations in accordance with applicable regulations.

The company can show evidence of payment of *sagu hati* to the Kota Lama communities as many as 118 families in order to settle the claim for compensation on 12 November 2002. Sighted a statement dated 3 September 2002 stating that Kota Lama Village (and others 2 villages Pagaran Tapah and Koto Intan) chose to accept *Sagu Hati* options). Collective agreement documents are available between PTPN V plantations and Pagaran Tapah village, Intan City and Kota Lama Village number: 10.5705.SIN / KB / XI / 2002 dated 12 November 2002 represented by the community of Pagaran Tapah Village, Koto Intan and Kota Lama with the President Director PTPN V. All the document are written in Bahasa Indonesia.

**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 and 6.5.2**

**Collective Labor Agreement**

The company has a Collective Labor Agreement period of 2018 - 2019 between PTPNV – Sei Intan and the Executive Board of Workers Union. The Collective Labor Agreement has been registered to Labor Agency of Riau Province with the number KPTS.247/V/2018 dated on 31 May 2018. The Collective Labor Agreement includes new employee recruitment, work time, wages, work contract, assistance when sick, absence, meal payment, overtime work and overtime wages, premium wage provisions, assistance while in detention, religious day allowance and bonus, social security and social assistance, work equipment and OHS, old age benefits, special provisions for vehicle workers motorized, contract workers, type of work, termination of employment, separation, obligations of the company and workers, ways to resolve labor disputes and strikes, transitional provisions, take effect and expiration of collective labor agreements, concluding.

The company is known to use worker from third parties, namely CV Rezky Arensa for activities:

1. Harvesting with the number of employment agreement 113 / 5.DSRO / SPER / NP / 279 / V / 2018 dated 29 June 2018.
2. Mature Upkeep with the number of work agreement 143 / 5.DSRO / SPER / NP / 486 / V / 2018 dated July 9, 2018.
3. FFB Transportation with the number of employment agreement 100 / 5. DSRO / SPER / NP / 280 / V / 2018 dated 29 June 2018.

**Minimum Wage**

- Riau Governor Decree number Kpts. 373/V/2018 dated on May 15, 2018 concerning the Sectoral Minimum Wage of Riau Province in 2018. In this decree it was explained that sectoral minimum wage for the Palm Oil Plantation and Palm Oil Industry sector with a value of IDR. 2,617,500 /month.
- Decree with number 5 / SDM / SK / 16 / VII / 2018 dated July 10, 2018 concerning the Salaries Structure of PT Perkebunan Nusantara V Employees in 2018. The decree describes the basic salary scale and the scale of permanent employee benefits with group IA - IID and IIIA - IVD in 2018.
- Decree with number 5 / SDM / SK / 15 / V / 2018 dated May 28, 2018 concerning Implementation Guidelines for Collective Labor Agreement of PT Perkebunan Nusantara V for the Period of 2018 - 2019. In the decree explained the guidelines for calculating the over target premium and fixed over target premium.

Based on field observations and interviews with estate and mill worker known that the company has paid employees' wages according to Riau Governor Decree number Kpts. 373/V/2018 dated on May 15, 2018.

Based on interviews with the management, known that the company never deducts wages from employees. The company pays employee wages in accordance with applicable regulations. During the audit activity, the company shows sample salary payment for estate and mill worker period of November 2018. From the results of document review, known that employees have received basic wages in accordance with the minimum wage stipulated by the local government.

Based on document verification shows that harvest employees are permanent employees and outsourced. For harvesters working hours based on employee attendance documents for the period September - October 2018, it is known that all employees work on average 7 hours - 8 hours a day with the target payment system for FFB. Based on interviews with

harvest workers in Block 6D Division 1, it was found that employees never worked until evening. Employees also never get forced to work on Sundays.

**6.5.3 and 6.5.4**

The company has provided facilities and infrastructure to support the worker welfare in each management unit, such as permanent housing, electricity sources through generator sets available in each housing, clean water through the provision of bore wells and the provision of clean water tanks in each unit, clinics available in each unit, there is a place for kindergarten and elementary school. Based on field visits in the housing area are known that there are several stalls belonging to employees that provide basic daily necessities at affordable prices.

**Status: Comply**

**6.6**

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

**6.6.1 and 6.6.2**

The company has a policy in association stated in the Collective Labor Agreement Article 5 which states that PTPNV - Sei Intan respects the rights and freedoms of every workforce to associate and issue opinions in accordance with human rights.

Based on document verification known that labor have been formed in management unit, for example the *Serikat Pekerja Tingkat Perkebunan PTPNV* that has been registered at Labor Agency of Riau Province with registration number 13/560/TK/2002 dated on November 12, 2002.

Based on interviews with Worker Union in each unit known that the company always support work programs of Worker Union, companies give rights to Worker Union in accordance with applicable regulations, while for election of Worker Union officials is carried out through member voting and no intervention from the company .

During audit activities, the company shows minutes of meetings between Worker Union and companies in the 2018 period as follows:

- Minutes of the meeting on 9 April 2018 took place at the Estate Office. The meeting discussed the replacement of workdays and national holidays in 2018. The meeting was attended by representatives of companies and Worker Union with a total of 7 people. Attendance list and documentation available at the time of the audit.
- Minutes of the meeting on July 1, 2018 took place at the Estate Office. The meeting discussed the formation of a committee commemorating the 73rd Indonesian Independence in 2018. The meeting was attended by representatives of companies and trade unions with a total of 17 people. Attendance list and documentation available at the time of the audit.

**Status: Comply**

**6.7**

**Children are not employed or exploited.**

**6.7.1**

The company has a policy regarding the age of workers listed in the Collective Labor Agreement Article 11 which states that the minimum age of workers received was 18 years.

Based on interviews with workers on estate and mill, known that each employee knows the minimum age at work, which is 18 years, further explained that this is routinely delivered at the morning briefing and through the installation of appeal boards in several places. This is in line with the results of verification of the employee list document which is known that the company does not employ under 18 year old workers.

Based on field observations of harvesting activities known that there are special female worker to collect loose fruit, there are no children found on the harvesting area. All harvester include the female worker are registered as company employees.

	<b>Status: Comply</b>	
<b>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.</b>		
<p><b>6.8.1; 6.8.2 and 6.8.3</b></p> <p>The company has a policy related to the equality of employment opportunities authorized listed in the Collective Labor Agreement Article 12. The policy explains that every worker gets the same opportunity regardless of all forms of discrimination, race, caste, nationality, ethnicity, religion, disability, gender, sexual orientation, union membership, political affiliation and age. The results of interviews with management are known that the policy will be reviewed if there are changes to the applicable regulations.</p> <p>During the audit activity, the company can show a record of the identity of the worker when applying for an employee. Available copies of ID cards, educational certificates, family cards, biography, marriage certificates and good conduct certificates from the police.</p> <p>Based on field observations at Mill office and Estate Office known that the policy is installed on the front office wall so that it is easily known to stakeholders and employees. Further explained by the management representative that the company routinely provides socialization regarding equality of rights to employees during the morning briefing. Whereas the results of field observations and interviews with employees in estate and mill operational areas were not identified as complaints related to discrimination.</p> <p>The company shows a list of employees for the period 2018 which describes the age, gender, religion, ethnicity, place and date of birth. Based on the document, known that workers come from various ethnicities, religions, regions of origin, ages, sexes and companies also do not have migrant workers. Based on interviews with Worker Union and Workers, it was explained that the company did not discriminate against workers from admission to promotion.</p>		
	<b>Status: Comply</b>	
<b>6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.</b>		
<p><b>6.9.1</b></p> <p>The company has a policy related to sexual harassment which was approved by President Director on March, 2016. The policy explained that PTPNV strongly opposed acts of sexual harassment and was committed to creating and ensuring a work environment free of acts of sexual harassment. The policy is communicated by means of information dissemination from company representatives and policies installed in offices and clinics. Based interviews with workers, known that the policy has been disseminated to employees, especially women who are aware of the policy on protecting women's rights.</p> <p>The company has formed a Gender Committee in management unit along with its management members that is Gender Committee of PTPNV chaired by Meira Ulfa. Based on interviews with the Gender Committee and female workers known that breastfeeding workers are not permitted to work using chemicals. Workers who are breastfeeding are also given the opportunity to breastfeed their children.</p> <p><b>6.9.2</b></p> <p>The company has a policy related to Reproductive that was approved by the President Director on March, 2016. The policy explains that PTPNV is committed to protecting women's reproductive rights and provides a guarantee of security and protection in maintaining and carrying out reproductive processes, namely:</p> <ol style="list-style-type: none"> <li>1. Special dispensation for female workers who are menstruating, pregnant and breastfeeding in accordance with the laws and regulations.</li> <li>2. Provide education and guidance on education about reproduction through health workers to workers and their families.</li> </ol> <p>The interview results with the management known that the policy is communicated by socialization to employees and the installation of banners in offices and clinics. Based on interviews with the Gender Committee and female workers, known</p>		

that workers can explain the reproductive rights of women who are given such leave for 2 days of menstruation and maternity leave for 3 months.

**6.9.3**

The company has procedures for internal and external complaints listed in the Collective Labor Agreement chapter 11 article 68 which explains the completion of each complaint both internally and externally well and quickly. Based on the procedure, all complaints can be submitted to the management and written complaints will be recorded in the incoming mail register. There is a clause that states the guarantee of the secrecy of the whistle blower and the reporting witness. To counter complaints, suggestion boxes are also provided as a means of delivering complaints.

Based on interviews with workers in the estate and mill, it is known that each worker knows the mechanism for submitting complaints. Complaints can be submitted to the Worker Union, Gender Committee or direct supervisor of the workers (foreman / assistant).

Based on interviews with Worker Union and the Gender Committee, known that there were no complaints especially related to immoral act, if there is a complaint, then will be recorded in the complaint book and a complaint resolution will be sought and the results will submitted to the workers.

**Status: Comply**

**6.10**

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

**6.10.2**

The company received FFB's from third parties (FFB supplier) that the pricing mechanism determined by company's internal mechanism. Those suppliers consist of seven (7) ex-scheme smallholder/plasma (cooperatives of Subur Makmur, Gemah Ripah, Intan Makmur, Citra Gemilang, Sapta Manunggal, Tujuh Pertama, and Sawita) and others independent (personal) suppliers. For ex-scheme smallholder/plasma, the agreement was over, related the credits has paid off. Now become independent smallholder, so the pricing mechanism no longer refers to Plantation Agency.

The company still in progress to cooperate with Cooperative of KNES (Koperasi Nenek Eno Senamanenek) in order to build scheme smallholder of KKPA Sei Intan (95,3 ha). The company has the opportunity to ensure the payment mechanism for the cooperative in an agreement (OFI).

**6.10.1, and 6.10.4**

The FFB price determined and socialized on daily basis to all suppliers. Based on review of agreement, payment slip, as well as interview, known that the FFB/and input/services pricing mechanism has been determined on agreement, as well as payment timing. For FFB suppliers, the payment will be conducted next day after delivery date. Verified based on payment slip of one FFB supplier dated 28 November 2018, has been in accordance with the price determined, that is Rp. 995 /kg.

Based on interview with Head of Cooperative of Gemah Ripah, one of personal FFB supplier, known that there is no obstacles related to FFB pricing and socialization, as well as the payment mechanism, transparency, and timing of payment. The payment is conducted next day after the FFB delivering date.

**6.10.3**

The company's FFB supplier and other work services bound by work agreements. For instance :

- Agreement No. 5.LSTA/SP/125/III/2018 for personal FFB supplier (initial name 'J').
- Agreement No. 100/5.DSRO/SPER/NP/280/VI/2018 for FFB transporter of CV Rezky Arensa.
- Agreement No. 142/5.DSRO/SPER/NP/486/VI/2018 for oil palm upkeep of CV Rezky Arensa.
- Agreement No. 95/TNM/SPERJ/NP/198/VII/2018 for replanting activities of CV Trio Antonius Bersaudara.

Based on review of those agreements, as well as interview with CV Rezky Arensa and Mr. 'J', known that the agreements were made by negotiable manner, fair, and legal. Signed by both party, has determined clause of rights and obligations of both parties, pricing and payment, as well as handling disputes. There is no significant issue or obstacles related the agreements and work implementation, as well as the payment timing.

<b>Status: Comply</b>	
<b>6.11 Growers and millers contribute to local sustainable development wherever appropriate.</b>	
<b>6.11.1, and 6.11.2.</b>	
<p>Based on consultation with Village Head of Kembang Damai and Kota Lama, known that the CSR programs were arranged by participation and consultation manner. The CSR programs covers aspects of education/scholarship, health, road improvement and village infrastructure, local contractors, FFB acceptance from surrounding communities, and employment acceptance. The company ever had scheme smallholder that are cooperatives of Subur Makmur, Gemah Ripah, Intan Makmur, Citra Gemilang, Sapta Manunggal, Tujuh Pertama, and Sawita, covers 6,000 ha. Now, the agreement was over, related the credits has paid off, and they become independent smallholder that still supply their FFB to the company.</p> <p>The contribution to local development based on documentation, interview with stakeholders consist of :</p> <ul style="list-style-type: none"> <li>- Local labor employment, based on list of employee.</li> <li>- CSR program conducted by management unit, consist of aspects of education/scholarship, health, road improvement and village infrastructure, etc.</li> <li>- PDBL 'Penyaluran Dana Bina Lingkungan' – kind of CSR that managed by Head Office of PTPN V Pekanbaru for scope of Riau. Based on documentation in area Sei Intan Estate has been conducted food aid and renovation of mosques of Pagaran Tapah and Kembang Damai Villages.</li> <li>- Empowering local contractor, i.e agreements of : <ul style="list-style-type: none"> <li>- Agreement No. 5.LSTA/SP/125/VII/2018 for personal FFB supplier (initial name 'J').</li> <li>- Agreement No. 100/5.DSRO/SPER/NP/280/V/2018 for FFB transporter of CV Rezky Arena.</li> <li>- Agreement No. 142/5.DSRO/SPER/NP/486/V/2018 for oil palm upkeep of CV Rezky Arena.</li> <li>- Agreement No. 95/TNM/SPERJ/NP/198/VII/2018 for replanting activities of CV Trio Antonius Bersaudara.</li> <li>- In progress to have scheme smallholder 'Plasma Sei Intan' with cooperative of KNES (Koperasi Nenek Eno Senamanenek) Village of Desa Muara Dilam, cover 95.3 ha area. The agreement has not arranged yet, regarding there is obstacles related the CPCL.</li> </ul> </li> <li>-</li> </ul>	
<b>Status: Comply</b>	
<b>6.12 No forms of forced or trafficked labour are used.</b>	
<b>6.12.1; 6.12.2 and 6.12.3</b>	
<p>Based on verification document of employee, work agreements, employment mandatory report and the results of interviews with local government, community and employees during field observations, there were several things, for example: no identification of contract substitutions, companies not using migrant workers, companies not trading labor or forms of forced labor because all workers already have work agreements with companies.</p> <p>Based on interviews with Mill and Estate employees it was found that there was no indication of forced labor. Employees explain that all rules in working at the company have been regulated in a Collective Labor Agreement that has been agreed upon between the company and the Workers' Union as representatives of workers.</p>	
<b>Status: Comply</b>	
<b>6.13 Growers and millers respect human rights</b>	
<b>6.13.1</b>	
<p>The company has policies related to human rights that was approved by the President Director on March, 2016. The policy describes respecting human rights and respecting race, nation, culture, religion and without forced labor, ensuring that all employees receive fair remuneration, fair management and opportunities to develop careers.</p> <p>This policy is delivered through routine socialization every year. Evidence of the socialization record can be seen in the RSPO, ISPO, ISCC training &amp; consultation document, vision, mission, policy, SOP, HCV, environment and social issues to</p>	

the village and surrounding communities which was conducted on October 10, 2018. This is similar to what was conveyed by employees, surrounding communities and local contractors who acknowledge that they have received regular socialization provided by the company.

Based on the results of interviews with the local government, surrounding communities and interviews with employees when field observations were not identified there were cases of human rights violations in the company's operational area.

**Status: Comply**

**PRINCIPLE #7 Responsible development of new plantings**

**7.1**

**A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**

**7.1.1; 7.1.1; 7.1.3; 7.1.4 and 7.1.5.**

The company did not conduct land clearing above in 2010, land clearing was first carried out in 1986, until now there is no new land clearing. The activities carried out by the company are replanting (*Second Cycle*).

**Status: Comply**

**7.2**

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

The company did not conduct land clearing activities in new areas from 2005 to the present.

**Status: Comply**

**7.3**

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

**7.3.1; 7.3.2; 7.3.3; 7.3.4; and 7.3.5.**

The company showed a disclosure of liability report for the Sei Intan unit on August 2<sup>nd</sup>, 2018 (date of submission) which states that land clearing was carried out in 1986 so there is no new land clearing. The activities carried out by the company are replanting (Second cycle) activities.

There is e-mail from PTPN V-unit Sei Intan to [rspocompensation@rspo.org](mailto:rspocompensation@rspo.org) on August 3<sup>rd</sup>, 2018 and has been responded by [rspocompensation@rspo.org](mailto:rspocompensation@rspo.org) on August 6<sup>th</sup>, 2018 stating that PTPN V - Sei Intan Unit did not plant over November 2005 with status No liability so that the certification process can proceed.

Based on interviews with the community of Kembang Damai village and Kota Lama District, no community areas were used as HCV areas.

**Status: Comply**

**7.4**

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

The company did not conduct land clearing activities in new areas from 2005 to the present.

**Status: Comply**

**7.5**

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

The company since the last 20 years has not conducted land expansion and land acquisition in accordance with PTPN V's commitment that the current development is not area expansion but to be more using intensively the existing areas.

In the HGU decree of Sei Intan - PTPN V stated that the area controlled is the forest area that was excluded based on Decree of Minister of Forestry dated 21 April 1992 number 390 / Kpts-II / 1992 covering 22,407 Ha and has obtained changes in land use based on the Governor's decree of Riau on 23 Jan 1985 number Kpts.87 / I / 1985, there were no customary and traditional rights within the HGU owned by the company. Shown in a map of land parcels with a scale of 1: 30000 issued by BPN on 14 December 1998, for land parcels number 23, number 178 and number 12 in 1998 for an area of 6006,301 Ha (Sei Intan and Sei Rokan).

**Status: Comply**

**7.6**

**Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

**7.6.1; 7.6.2; 7.6.3; 7.6.4; 7.6.5, and 7.6.6**

The company since the last 20 years has not conducted land expansion and land acquisition in accordance with PTPN V's commitment that the current development is not area expansion but to be more using intensively the existing areas. In the HGU decree of Sei Intan - PTPN V stated that the area controlled is the forest area that was excluded based on Decree of Minister of Forestry dated 21 April 1992 number 390 / Kpts-II / 1992 covering 22,407 Ha and has obtained changes in land use based on the Governor's decree of Riau on 23 Jan 1985 number Kpts.87 / I / 1985, there were no customary and traditional rights within the HGU owned by the company. Shown in a map of land parcels with a scale of 1: 30000 issued by BPN on 14 December 1998, for land parcels number 23, number 178 and number 12 in 1998 for an area of 6006,301 Ha (Sei Intan and Sei Rokan).

**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.**

**7.7.1 and 7.7.2.**

The company showed work instruction of PT Perkebunan Nusantara V with the document number 11-IK / TAN / PTPN-V / 2010 approved by the Production Director explained that the clumps of chopped oil palm stems should not be burned or zero burning. Based on field observations in division I replanting area its known that land clearing was done manually. There was no burning activity found.

**Status: Comply**

**7.8**

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

Unit of Sei Intan (PTPN V) is has been operating since 1981/1982, so it has no obligation to identify and calculate carbon stocks.

**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.**

**Agronomy**

The company has had policy related on integrated pest management that describes on SOP and WI. Those procedure/WI shown that the pest and disease control conducted based on result of detection/cencus (early warning system). The control system conducted by biological, mechanical and chemical control, where chemical control only apply if the infestation increase above the economic threshold. Based on the records known that chemical control only apply if any pest infestation above economic threshold. The company also did not apply pesticide prophylacticy or aerially.

**Legal**

For the legal and supply chain aspect, the company has continuously increased cooperation with local farmers and local



collectors in terms of buying and processing FFB. Related to this activity the company seeks to increase public awareness to produce FFB from lands that are legal and in accordance with applicable regulations.

<b>Status: Comply</b>
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**3.2 Summary of Assessment Report of Supply Chain Requirement**

**3.2.1. General chain of custody requirements for the supply chain**

Clause	Requirement
<b>5.1</b>	<b>Applicability of the general chain of custody requirements for the supply chain</b>
5.1.1	The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification. <b>Will be verified in ASA-1, currently the mill not yet certified.</b>
	<b>Status: Comply</b>
5.1.2	Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model. <b>The unit is palm oil mill, not a trader or distributor.</b>
	<b>Status: Comply</b>
5.1.3	Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform. <b>The mill has been registered in RSPO Palm-Trace with number id: RSPO_PO1000006147, RSPO membership under PTPN V with number 1-0211-16-000-00.</b>
	<b>Status: Comply</b>
5.1.4	Processing aids do not need to be included within an organization's scope of certification. <b>Will be verified in ASA-1, currently the mill not yet certified.</b>
	<b>Status: Comply</b>
<b>5.2</b>	<b>Supply chain model</b>
5.2.1	The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance. <b>Will be verified in ASA-1, currently the mill not yet certified.</b>
	<b>Status: Comply</b>
5.2.2	The site can use one (1) or a combination of supply chain models as audited and certified by the CB. <b>Will be verified in ASA-1, currently the mill not yet certified.</b>
	<b>Status: Comply</b>
<b>5.3</b>	<b>Documented procedures</b>
5.3.1	The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. <b>Established and prepare SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents. OFI</b>
	<b>Status: Comply</b>
5.3.2	The site shall have a written procedure to conduct annual internal audit

<b>Will be verified in ASA-1, currently the mill not yet certified</b>	
	<b>Status: Comply</b>
<b>5.4</b>	<b>Purchasing and goods in</b>
5.4.1 The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
5.4.2 The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents	
<b>Will be verified in ASA-1, currently the mill not yet certified</b>	
	<b>Status: Comply</b>
<b>5.5</b>	<b>Outsourcing activities</b>
5.5.1 In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.	
<b>Will be verified in ASA-1, currently the mill not yet certified</b>	
	<b>Status: Comply</b>
5.5.2 Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following: <ul style="list-style-type: none"> <li>a. The site has legal ownership of all input material to be included in outsourced processes;</li> <li>b. The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.</li> <li>c. The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</li> <li>d. The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance</li> </ul>	
<b>Will be verified in ASA-1, currently the mill not yet certified</b>	
	<b>Status: Comply</b>
5.5.3 The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.	
<b>Will be verified in ASA-1, currently the mill not yet certified</b>	
	<b>Status: Comply</b>
5.5.4 The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products	
<b>Will be verified in ASA-1, currently the mill not yet certified</b>	
	<b>Status: Comply</b>
<b>5.6</b>	<b>Sales and goods out</b>
5.6.1 The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form: The name and address of the buyer	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.7</b>	<b>Registration of transactions</b>

5.7.1	Supply chain actors who: <ul style="list-style-type: none"> <li>are mills, traders, crushers and refineries; and</li> <li>take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable</li> </ul>
Will be verified in ASA-1, currently the mill not yet certified.	
The mill has been registered in RSPO Palm-Trace with number id: RSPO_PO1000006147, RSPO membership under PTPN V with number 1-0211-16-000-00.	
	<b>Status: Comply</b>
5.7.2	The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform: <ul style="list-style-type: none"> <li>Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures.</li> <li>Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually.</li> <li>Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed.</li> <li>Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements.</li> </ul>
Will be verified in ASA-1, currently the mill not yet certified.	
	<b>Status: Comply</b>
5.8	<b>Training</b>
5.8.1	The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff
Will be verified in ASA-1, currently the mill not yet certified.	
	<b>Status: Comply</b>
5.8.2	Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed
Will be verified in ASA-1, currently the mill not yet certified.	
	<b>Status: Comply</b>
5.9	<b>Record keeping</b>
5.9.1	The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements
Will be verified in ASA-1, currently the mill not yet certified.	
	<b>Status: Comply</b>
5.9.2	Retention times for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock
Will be verified in ASA-1, currently the mill not yet certified.	
	<b>Status: Comply</b>
5.9.3	The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.

<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.10</b>	<b>Conversion factors</b>
<b>5.10.1</b>	
Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website ( <a href="http://www.rspo.org">www.rspo.org</a> ); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.10.2</b>	
Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.11</b>	<b>Claims</b>
<b>5.11.1</b>	
The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.12</b>	<b>Complaints</b>
<b>5.12.1</b>	
The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.13</b>	<b>Management review</b>
<b>5.13.1</b>	
The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.13.2</b>	
The input to management review shall include information on:	
<ul style="list-style-type: none"> <li>• Results of internal audits covering RSPO Supply Chain Certification Standard.</li> <li>• Customer feedback.</li> <li>• Status of preventive and corrective actions.</li> <li>• Follow-up actions from management reviews.</li> <li>• Changes that could affect the management system.</li> <li>• Recommendations for improvement.</li> </ul>	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>
<b>5.13.3</b>	
The output from the management review shall include any decisions and actions related to:	
<ul style="list-style-type: none"> <li>• Improvement of the effectiveness of the management system and its processes.</li> <li>• Resource needs.</li> </ul>	
<b>Will be verified in ASA-1, currently the mill not yet certified.</b>	
	<b>Status: Comply</b>

**3.2.2. Module E – CPO Mills: Mass Balance Requirements**

Clause	Requirement
E.1	<b>Definition</b>
E.1.1	<p><b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and sales volume of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>Will be verified in ASA-1, currently the mill not yet certified, however the mill has been planned to implement the SC-MB model after it obtained the RSPO certificate.</p>
	<b>Status: Comply</b>
E.2	<b>Explanation</b>
E.2.1	<p><b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. For an independent mill, the estimated tonnage of CPO and PK products must be recorded in the RSPO IT platform, supply chain certificate and public summary audit report. This figure represents the total volume of certified oil palm product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</b></p> <p>Will be verified in ASA-1, currently the mill not yet certified.</p>
	<b>Status: Comply</b>
E.2.2	<p><b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform).</b></p> <p>The mill has been registered in RSPO Palm-Trace with number id: RSPO_PO1000006147, RSPO membership under PTPN V with number 1-0211-16-000-00.</p>
	<b>Status: Comply</b>
E.3	<b>Documented procedures</b>
E.3.1	<p><b>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:</b></p> <ul style="list-style-type: none"> <li><b>a. Complete and up to date procedures covering the implementation of all the elements in these requirements;</b></li> <li><b>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.</b></li> </ul> <p>Established and prepare SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents. OFI</p>
OFI	<b>Status: Comply</b>
E.3.2	<p><b>The site shall have documented procedures for receiving and processing certified and non-certified FFBs</b></p> <p>Established and prepare SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents. OFI</p>
OFI	<b>Status: Comply</b>
E.4	<b>Purchasing and goods in</b>
E.4.1	<p><b>The site shall verify and document the volumes of certified and non-certified FFBs received.</b></p>

Will be verified in ASA-1, currently the mill not yet certified	
	<b>Status: Comply</b>
<b>E.4.2</b>	
<b>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</b>	
Will be verified in ASA-1, currently the mill not yet certified	
	<b>Status: Comply</b>
<b>E.5</b>	<b>Record keeping</b>
<b>E.5.1</b>	
<ul style="list-style-type: none"> <li>a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis.</li> <li>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.</li> <li>c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)</li> </ul>	
Will be verified in ASA-1, currently the mill not yet certified	
	<b>Status: Comply</b>

**3.3 Conformity Checklist of Certificate and Trademark Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and trademark from Certification Body which submitted by Client</b>	<b>X or √</b>
IC	Will be verified after the unit obtained certificate and will be verified at the first surveillance assessment.	
	<b>Status:</b>	
<b>2.</b>	<b>Implementation of certificate and trademark used by Client comply with size and type (shape) against Guideline of trademark Use</b>	<b>X or √</b>
IC	Will be verified after the unit obtained certificate and will be verified at the first surveillance assessment.	
	<b>Status:</b>	
<b>3.</b>	<b>Implementation of Certificate and Trademark is not used on product</b>	<b>X or √</b>
IC	Will be verified after the unit obtained certificate and will be verified at the first surveillance assessment.	
	<b>Status:</b>	
<b>4.</b>	<b>Controlling of Certificate and Trademark, including withdrawing inappropriate trademark.</b>	<b>X or √</b>
IC	Will be verified after the unit obtained certificate and will be verified at the first surveillance assessment.	
	<b>Status:</b>	



**3.4 Summary of RSPO Partial Certification.**

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

PT Perkebunan Nusantara V Time Bound Plan (TBP) is explained in table 1.10. PT Perkebunan Nusantara V has 12 (twelve) management units with 12 (twelve) mills. PT Perkebunan Nusantara V has informed the TBP progress, MUTU has considered that PT Perkebunan Nusantara V is complied with the RSPO requirement for TBP. The Time Bound Plan was revised and declared by PT Perkebunan Nusantara V on November 2018.

MUTU has verified partial certification for un-certified unit's subsidiary of PT Perkebunan Nusantara V based on their Time Bound Plan. There are ten (10) uncertified mills and 14 (fourteen) uncertified estates of PT Perkebunan Nusantara V. 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 is 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 are not being resolved through an agreed process
- All plantations established since 2005 have been done so in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above

<b>Un-Certified Units or Holdings</b>		
<b>Section</b>	<b>Requirement</b>	<b>Concerns to Discuss, if any</b>
2.1.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Yes and positive assurance is developed under PT Perkebunan Nusantara V.  <b>Auditor verification</b> Based on the document review, there is a company internal audit that was conducted on August 2018 and the positive assurance is at this table that is also been verified.
2.1.2	No replacement after dates defined in Nis Criterion 7.3 of: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<b>Unit of Sei Tapung, Tanjung Medan, Tanah Putih, Lubuk Dalam, Sei Buat, Sei Galuh, Sei Pagar, Sei garo, Terantam12.</b>  - RaCP is not applied to all unit under PT Perkebunan V because the last land clearing was conducted before November 2005. There is no evidenced the company (PT PN V) changed the primary forest and/or HCV area into palm oil plantation since November 2005. All planted area after November 2005 was come from replanting process without NPP replacement. This company

		<p>was old company under State Owned (Ministry of BUMN).</p> <p><b>Auditor verification</b> Based on internal audit results and evidence provided (communication to RSPO on liability disclosure) all uncertified units conduct land clearing before November 2005 and there is no new land clearing of new planting. Liability of disclosure has been sent to ke RSPO Compensation Team.</p>
2.1.3	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<p>There is non new planting/land clearing after 1<sup>st</sup> January 2010 in all business unit under PT Perkebunan Nusantara V, all areas has been clearing before November 2005.</p> <p><b>Auditor verification</b> Based on internal audit, documented time of land clearing and liability disclosure sent to RSPO, there is new planting/land clearing after 1<sup>st</sup> January 2010.</p>
2.1.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p>There is no land conflict.</p> <p><b>Auditor verification</b> Based on evidence provided, the company merely conducted planting on the area that has been compensated from the land owner by FPIC. The documentation of each land compensation/leasing is documented.</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. There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries.</p> <p><b>Auditor verification</b> There is no indication of labor disputes. There is no information from public source and RSPO website on any labour conflict for uncertified unit of the group subsidiaries and also from stakeholder consultation during initial audit of the Sei Intan.</p>
2.1.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p>The company has a list of regulation updated in November 2018.</p> <p><b>Auditor verification</b></p> <ul style="list-style-type: none"> <li>- Tandun Estate, Sei Berlian Estate, Sei Lindai Estate: HGU No 01, issued 01 Aug</li> </ul>

		<p>1997 – 31 Dec 2023</p> <ul style="list-style-type: none"> <li>- Sei Rokan and Sei Intan, HGU No 02, issued 21 April 2001 – 19 April 2036</li> <li>- Terantam ang Tamora, HGU No 159, issued on 2001 – 2036</li> <li>- Rokan, HGU No 1, issued on 2001 – 2036</li> <li>- Sei Berlian, HGU No 157 issued on 2001 – 2035</li> <li>- Kencana, Berlian and Terantam, HGU No 158, issued on 2001 – 2036</li> <li>- Sei Intan, HGU no 03, 04 and 05, issued on 2001 – 2036</li> <li>- Sei Tapung I, HGU No 154 and 155, issued on 2001 – 2036</li> <li>- Sei Galuh, HGU No. 153, issued on 2001 – 2036</li> <li>- Sei Garo, HGU No.: 175 (issued 2006-2041), 151 (issued 2001-2036), 176 (issued 2006-2041), 186 (issued 2009-2044), 187 (issued 2009-2044), 188 (issued 2009-2044), 189 (issued 2009-2044), 190 (issued 2009-2044), and 191 (issued 2009-2044).</li> <li>- Sei Pagar, HGU No 152, issued 2001-2036</li> <li>- Sei Sasam, HGU No 06 and 07, issued on 2001 – 2036</li> <li>- Tanjung Medan, HGU No.: 07, issued 2003 – 2038</li> <li>- Tanjung Putih, HGU No.: 01, issued on 1990-2024</li> <li>- Lubuk Dalam, HGU No 01, issued on 1996 – 2031</li> <li>- Sei Buatn, HGU No 01, issued on 1996 – 2031</li> </ul>
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**3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**

**3.5.1. Identification of Findings, Corrective Actions and Observations at Initial Assessment**

<b>NCR No.</b>	: 2018.1	<b>Issued by</b>	: Yudhi Yuniarto Tallutondok
<b>Date Issued</b>	: 29 November 2018	<b>Time Limit</b>	: Recommended 9 months
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 10 May 2019
<b>Standard Ref. &amp; Requirement</b>	: 2.1.1 Evidence of compliance with relevant legal requirements shall be available		

**Outsourcing Workforce**

The company is known to use labor from third parties, namely CV Rezky Arensa for activities:

1. Harvesting with the number of work agreement 113/5.DSRO/SPER/NP/279/V/2018 dated 29 June 2018.
2. Mature Upkeep with the number of work agreement 143/5.DSRO/SPER/NP/486/V/2018 dated July 9, 2018.
3. Transport of FFB with the number of work agreement 100/5. DSRO/SPER/NP/280/V/2018 dated 29 June 2018.

Based on the above, several things are known as follows:

1. The company has not been able to show the proof of employment agreement registration to the district/city Manpower Agency in place as required by the Regulation of the Minister of Manpower and Transmigration No. 19 of 2012 Article 20.
2. The company uses an outsourced workforce for harvest activities which incidentally is not a supporting activity but the main activity (based on the GAPKI Decree No. SK/002/PPG/II/2013 concerning the Flow of Work Implementation Process Activities in the Palm Oil Business Sector), so that This is not in accordance with the Regulation of the Minister of Manpower and Transmigration No. 19 of 2012 Article 3 and Article 17.

**Operator License**

There is an operator license that has expired as follows:

1. Electricity OHS Technician with MD initials and Ser.0477 / TK3-LIST / X / 2011 certificate number with a validity period of 5 years.
2. Tractor operator with HS initials and license number 13.P.08.27612-OPK3-PAA / X / 2013 with a validity period up to 29 October 2018.
3. Operator Road Roller with the initials DS and license number 13.P.08.27600-OPK3-PAA / X / 2013 with a validity period until 29 October 2018.

**HGU**

The company has not been able to show proof of the annual use of HGU to the National Land Agency as required by Minister of Agraria Regulation and Spatial Planning No. 7 of 2017

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

1. Management has not fully understood the company's obligation to register the work agreements to the Manpower Agency at Regency / Province.
2. The harvester have already entered retirement and the company is late in conducting harvesting / rejuvenation.
3. Responsible personnel do not routinely monitor the validity period of operator licenses.
4. Minister of Agriculture Regulation and Spatial Planning No. 7 of 2017 has not been socialized to the legal department of PTPN V's head office, as a division responsible for meeting the latest regulations. For information, reports on the use of HGU have been routinely reported in reports on the Development of Plantation Businesses that are routinely sent to Agriculture Agency.

**Correction** *(filled by organization audited):*

1. Registering a Work Agreement to the Manpower Agency of Rohul Regency with No. 560/Diskoptransneker-TKHI/2018/03 dated 28 February 2018. (Attached)
2. Fulfilling the need for harvester in stages, namely through an internal mutation scheme (Attached) and external recruitment adjusted to the company's ability.
3. Managing the extension of operator licenses to the Ministry of Manpower.
4. Make a report on the use of HGU in 2018 and send it to the National Land Agency with number 05/HKM/X/07/III/2019 dated March 22, 2019 (attached).

**Corrective Action** *(filled by organization audited):*

1. Appoint one of the employees responsible for reporting each work agreement letter to the Manpower Agency of Rokan Hulu District.
2. Coordination with the Head of Human Resources of the Head Office to identify the needs of harvesters and fulfillment of harvesters with the scheme of Internal Mutations and external recruitment in accordance with the needs and capabilities of the company
3. Ensure that all operators already have license and monitor the validity period with an employee expertise certificate (FORM/ADMI/4.08) form.
4. Ensure that reports on the use of HGU are sent annually to the National Land Agency by making a list of monitoring reports that must be sent to the relevant agencies.

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

**Auditor Evaluation May 10, 2019**

The company shows evidence of improvement as follows:

1. Report on the types of work supporting CV Rezky Arensa to the Manpower Agency with number 560 / Diskoptransnaker-TKHI / 2018/03 dated 28 February 2018.
2. Memo from the Head of HR with number G-5 / SDM / PST / M / 180 / XI / 2018 dated November 6, 2018 regarding the need for harvesting power in the 2019 RKAP. In the memo, it is explained that there will be mutation of excess harvesters in other estates and there are 244 new employees to receive new harvesters for 2019.
3. Decree (SK) of Directors with number 5 / SDM / SK / R / 01 / I / 2019 dated January 31, 2019 concerning the transfer of executive employees in PT Perkebunan Nusantara V. In the decree, it was explained that 3 executing staff from Sei Kencana Estate were transferred to Sei Intan Estate as a harvest power.
4. Memo from Estate Manager Sei Intan with number U-5 SIN / BB / M / 09 / II / 2019 dated February 16, 2019 regarding the extension of License Operators. In the memo, it was explained not to operate a tool / machine whose operator is being extended, in an urgent situation, it can borrow an operator from another unit that has a license.
5. Document extension of operator license for Employees on behalf of MD with No. License 2836 / TK3-List / III / 2019-P01 is valid until March 12, 2022 and DS. No. Reg.P.13.27600-OPK3-LP / PAA / III / 2019 Valid March 18, 2024. HS is not re-employed as a tractor operator and will be replaced with FT with No. 50585-OPK3-LT / PAA / IV / 2015 is valid until 10 April 2020.
6. Monitoring operator licenses for Sei Intan work units (Estate and Mill). Monitoring includes employee names, certificate / license numbers, validity periods and information.
7. Report on the Use of HGU in 2018 which is sent to the National Land Agency with number 05 / HKM / X / 07 / III / 2019

dated March 22, 2019. There is a receipt from the relevant agency.

Based on the above, the auditor states that the discrepancies are stated to have been fulfilled with observational notes on the next assessment.

**Verified by** : **Yudhi Yuniarto Tallutondok**

<b>NCR No.</b>	: 2018.2	<b>Issued by</b>	: Sandra Purba
<b>Date Issued</b>	: 29 Nov 2018	<b>Time Limit</b>	: ASA-1
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: February 22, 2019
<b>Standard Ref. &amp; Requirement</b>	: 2.1.2 A documented system, which includes written information on legal requirements, shall be maintained		

The organization has identified and listed the relevant rules and regulation which applied to the mill and estate operational activity, namely consist of acts, presidential rules, presidential instruction, presidential decree, decree and rules od ministries. Based on document verification, it was observed that the organization yet not comply with the requirements below:

- Not yet evaluate the compliance to the relevant regulation and rules listed (presidential rules, presidential instruction, presidential decree, decree and rules od ministries)
- Not yet identify and evaluate the relevant regulation and rules which issued by the governor, regent, sub district, villages head and rules of BAPEDALDA.
- There was a national regulation which not listed and evaluated yet, such as: UU No 39 year of 2014, Inpres no 8 year of 2018, Permen ATR No 7 year of 2017, Permenaker no 12 year of 2015, Permenkes No 32 year of 2017.

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

The PIC of the head office that will send regulatory updates to the unit of estate and mill has not been confirmed, so that updated data delivery regarding the list and evaluation of applicable laws and regulations relevant to plantation and mill operations from the head office's legal section has not been conducted before the audit.

**Correction** (filled by organization audited):

Regulatory updates have been made by the Legal Department, the Head Office as a PIC that conducts regulatory evaluations at the corporate level. For estate/mill, level the regulatory updates are carried out by the General Assistant. Which refers to IK-36 / BSP / PTPN-V / 2016. (IK attached).

The plantation unit and factory are coordinated with the legal section in the head office to submit the updated regulations and evaluations per newest law.

**Corrective Action** (filled by organization audited):

1. Coordinating the updating of regulations and it evaluation to the head office is carried out by the General Assistant
2. The mechanism and schedule of coordination to the head office is conducted every year in accordance with IK IK-36 / BSP / PTPN-V / 2016, through a coordination meeting between the legal department and the estate representative.

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

**Verification on 6 Feb 2019,**

The company shows a compliance evaluation document of PTPN V that has included evaluations of the latest regulations, for example Law No. 39 of 2014 concerning Plantation, Presidential Instruction No. 8 of 2018, ATR No. 7 in 2017, Permenaker No. 12 of 2015, No. 32 of 2017 .

**Verification on February 22, 2019,**

The company has shown evidence of improvement, namely:

- WI regarding the identification and evaluation of company compliance with statutory regulations no. : 36-IK / BSP / PTPN-V / 2016 which describes the stages of identification and evaluation of applicable laws and regulations that inform the stages of activities, the person in charge, documents out put and a measure of performance, it is stated that evaluation is conducted once a year
- Decree number U-6.SIN / SKEP / 02 / PP / SIN / 2018 concerning the establishment of a team for identification and evaluation of the laws and regulations in estate which stipulates that 28 people are in charge and responsible for updating the applicable regulations, divided into fields of identification, acquisition and updating fields, distribution fields and application evaluation fields

Based on the evidence sent, nonconformities are stated to be fulfilled

**Verified by** : **Sandra**

<b>NCR No.</b>	: <b>2018.3</b>	<b>Issued by</b>	: <b>Sandra Purba</b>
<b>Date Issued</b>	: <b>29 Nov 2018</b>	<b>Time Limit</b>	: <b>ASA 1</b>
<b>NC Grade</b>	: <b>Minor</b>	<b>Date of Closing</b>	:
<b>Standard Ref. &amp; Requirement</b>	: <b>2.1.3 A mechanism for ensuring compliance shall be implemented</b>		
<p>The organization has an SOP to identify and evaluation the compliance to the applicable regulation namely SOP No.: 36.IK/BSP/PTPN-V/2016, explained that identification and listing of regulation carry out by Head and Assistant of General Affair Legal and compliance, Head of Licensing and Agrarian, Assistant of Management Representative and Assistant of Estate and Mill. However, there was no mechanism to ensure the implementation and compliance to the applicable rules and regulation.</p>			
<b>Root Cause Analysis</b> (filled by organization audited):			
<b>Correction</b> (filled by organization audited):			
<b>Corrective Action</b> (filled by organization audited):			
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):			
<b>Verified by</b>	:		

<b>NCR No.</b>	: <b>2018.4</b>	<b>Issued by</b>	: <b>Sandra Purba</b>
<b>Date Issued</b>	: <b>29 November 2018</b>	<b>Time Limit</b>	: <b>ASA 1</b>
<b>NC Grade</b>	: <b>Minor</b>	<b>Date of Closing</b>	:
<b>Standard Ref. &amp; Requirement</b>	: <b>2.1.4 A system for tracking any changes in the law shall be available and implemented</b>		
<p>The company has an SOP to identify and evaluate company compliance with laws and regulations, document No: 36.IK / BSP / PTPN-V / 2016, but the SOP has not yet explained the methodology and mechanism for updating / updating regulations, sources, and frequency of implementation.</p>			
<b>Root Cause Analysis</b> (filled by organization audited):			
<b>Correction</b> (filled by organization audited):			

<b>Corrective Action</b> <i>(filled by organization audited):</i>	
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i>	
<b>Verified by</b>	:

<b>NCR No.</b>	: 2018.5	<b>Issued by</b>	: Brigitta Prita
<b>Date Issued</b>	: 28 November 2018	<b>Time Limit</b>	: Recommended 9 months
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: March 5 <sup>th</sup> 2019
<b>Standard Ref. &amp; Requirement</b>	: 4.4.2. Protection of water courses and wetlands, including securing and maintaining appropriate riparian and other buffer zones, at the time of or prior to replanting shall be demonstrated		

The company has HCV map with scale of 1: 75.000; map legend; map source and others. Based on field observation in block 14/12 E riparian area Kepanasan its known border area for riparian it's 2 palm oil in left and right riparian. It's not accordance with President Discussion number 32 year 1990 article 16 and government regulation number 26 year 2008 its stated at least the border is 50 meter from left and right from riparian area.



Riparian Anak Kepanasan River Afdeling I Blok 14/12 E

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

Work instruction and monitoring HCV area has not been effective due to the inaccurate method of socialization and insufficient frequency of socialization, considering HCV is a new knowledge for workers.

**Correction** *(filled by organization audited):*

1. Make a 200 m long embankment left and right of riparian area.
2. Installing chemist boundaries at a distance of 50 m from riparian area.

**Corrective Action** *(filled by organization audited):*

Socialization is by meeting in the classroom, in the form of installation of information boards and distribution of work instruction Number 37 to the Foreman and workers (attached the socialization plan) and putting chemist boundaries in the right places.

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

**Verification, February 6<sup>th</sup>, 2019.**

The company showed corrective action in the form of embankments in riparian area of 200 meters left and right and installed a



chemist limit of 50 meters. This will be verified again during surveillance audit.

**Verification, March 5<sup>th</sup>, 2019.**

The company shows training program period 2019 which informs the description of activities, months and information. For example chemist training and HCV area management. In addition, there is available information to workers, especially the foreman regarding the riparian area was held on September 1<sup>st</sup>, 2019. The company also shows HCV management & monitoring plans for 2019 such as measuring riparian boundaries & marking border boundaries, maintaining riparian boundaries, riparian border protection and so on.

Based on the explanation above, this Non-conformance is stated to be fulfilled and will be observed in surveillance audit.

**Verified by** : **Brigitta Prita**

<b>NCR No.</b>	: <b>2018.6</b>	<b>Issued by</b>	: <b>Yudhi Yuniarto Tallutondok</b>
<b>Date Issued</b>	: <b>29 November 2018</b>	<b>Time Limit</b>	: <b>Recommended 9 months</b>
<b>NC Grade</b>	: <b>Major</b>	<b>Date of Closing</b>	: <b>10 May 2019</b>
<b>Standard Ref. &amp; Requirement</b>	: <b>4.7.6 All workers shall be provided with medical care, and covered by accident insurance (see criterion 6.5.3)</b>		
<p>The company is known to use labor from third parties namely CV Rezky Arensa for mature activities up to (No SPK 143/5.DSRO/SPER/NP/486/V/2018 dated July 9, 2018) and transportation of FFB (No SPK 100/5.DSRO/SPER/NP/280/V/2018 dated 29 June 2018), but in this case the company has not been able to show proof of evaluation for CV. Rezky Arensa related to health services protected by work accident insurance for all of its employees.</p>			
<p><b>Root Cause Analysis (filled by organization audited):</b> The company has not yet implemented procedures regarding partner evaluations and has not been socialized to work partners..</p>			
<p><b>Correction (filled by organization audited):</b> Make a partners evaluation for CV Rezky Arensa for mature upkeep (No SPK 143 / 5.DSRO / SPER / NP / 486 / V / 2018 dated 9 July 2018) and transportation of FFB (No SPK 100 / 5. DSRO / SPER / NP / 280 / V / 2018 dated June 29, 2018), use the contract review form with the partner no FOR / ADMI / 4.10 form (attached)</p>			
<p><b>Corrective Action (filled by organization audited):</b> Ensure that all partners who do work at Sei Intan Estate and Mill are evaluated before doing work and after the work is done</p>			
<p><b>Assessor Evaluation and Conclusion (filled by auditor):</b></p> <p><b>Auditor Evaluation May 10, 2019</b> The company shows proof of improvement as follows:</p> <ol style="list-style-type: none"> <li>1. Evidence of contractors evaluation with CV Rezky Arensa partners for mature upkeep and transport FFB on December 10, 2018. In the evaluation there were 11 points which were the subject of discussion, one of which was related to the inclusion of CV Rezky Arensa employees in the BPJS Employment program.</li> <li>2. Membership Certificate of CV Rezky Arensa in the Labor Social assurance Program number 180000000536597 and company registration number 18215543 dated September 26, 2018.</li> </ol> <p>Based on the above, the auditor states that the non-conformity has been fulfilled with a note of observation in the next assessment.</p>			

<b>Verified by</b>	: Yudhi Yuniarto Tallutondok
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<b>NCR No.</b>	: 2018.7	<b>Issued by</b>	: Brigitta Prita
<b>Date Issued</b>	: 28 November 2018	<b>Time Limit</b>	: ASA 1
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	:
<b>Standard Ref. &amp; Requirement</b>	: 5.2.2 Where rare, threatened or endangered (RTE) species and or other HCVs are present or affected by the plantation and mill operations, an appropriate measures that are expected to maintain or enhance them shall be implemented through a management plan		
The company has shown a HCV management and monitoring plan for 2019 period but has not included a management plan for the type of wildlife in Sei Intan Estate.			
<b>Root Cause Analysis</b> (filled by organization audited):			
<b>Correction</b> (filled by organization audited):			
<b>Corrective Action</b> (filled by organization audited):			
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):			
<b>Verified by</b>	:		

<b>NCR No.</b>	: 2018.8	<b>Issued by</b>	: Brigitta Prita
<b>Date Issued</b>	: 28 November 2018	<b>Time Limit</b>	: ASA 1
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	:
<b>Standard Ref. &amp; Requirement</b>	: 5.2.3 Program(s) to socialize the status of protected, rare, threatened or endangered (RTE) to all workers shall be available, including records of appropriate sanction disciplinary measures to any individual working for the company who is found to capture, harm, collect or kill these species.		
Based on HCV documents, there are 4 protected species under Government Regulation Number 7/1999, but the company has not been able to show the status of protected, rare, threatened and endangered species socialization programs to all workers and records of sanctions given to individuals who work in company if proven catch, hurt, collect or kill the species.			
<b>Root Cause Analysis</b> (filled by organization audited):			
<b>Correction</b> (filled by organization audited):			
<b>Corrective Action</b> (filled by organization audited):			
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):			

<b>Verified by</b> :	
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<b>NCR No.</b> :	<b>2018.9</b>	<b>Issued by</b> :	<b>Brigitta Prita</b>
<b>Date Issued</b> :	<b>28 November 2018</b>	<b>Time Limit</b> :	<b>ASA 1</b>
<b>NC Grade</b> :	<b>Minor</b>	<b>Date of Closing</b> :	
<b>Standard Ref. &amp; Requirement</b> :	<b>5.2.4.</b> <b>Once the management plan is prepared, continuous monitoring documentation and report regarding the status of the RTE and HCVs are affected by the operations of the plantation and palm oil mill shall be available, and the results of monitoring are to be used to follow-up on the improvement of the management plan.</b>		
<p>Based on the document review, the Company has not been able to show documentation and continuous monitoring reports on RTE animals and HCV areas that exist in PTPN V - Sei Intan units and follow-up improvements for subsequent management plans.</p>			
<b>Root Cause Analysis</b> (filled by organization audited):			
<b>Correction</b> (filled by organization audited):			
<b>Corrective Action</b> (filled by organization audited):			
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):			
<b>Verified by</b> :			

<b>NCR No.</b> :	<b>2018.10</b>	<b>Issued by</b> :	<b>Brigitta Prita</b>
<b>Date Issued</b> :	<b>29 November 2018</b>	<b>Time Limit</b> :	<b>Recommended 9 months</b>
<b>NC Grade</b> :	<b>Major</b>	<b>Date of Closing</b> :	<b>May 8<sup>th</sup> 2019</b>
<b>Standard Ref. &amp; Requirement</b> :	<b>5.3.1</b> <b>A documented identified source of all waste and pollution, shall be available.</b>		
<p>The company has not been able to show evidence that all schedule waste produced has been identified and documented. Based on field observations in WWTP, there were paint cans placed on the WWTP embankment, based on a document review in the schedule waste Management SOP, it was found that the paint packaging was not included in the schedule waste category.</p>			



POME Pond

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

It's because the person in charge who was neglected in the inclusion of hazardous waste identification, to avoid this Management had appointed a team tasked with monitoring and management of hazardous waste.

**Correction** *(filled by organization audited):*

1. Placing traces of paint cans into hazardous storage (attached the picture, Logbook and hazardous waste balance sheet)
2. Reviewing hazardous waste identification list.

**Corrective Action** *(filled by organization audited):*

A once-year review is carried out to ensure that there is still new hazardous waste produced that has not yet been included in the list of hazardous waste produced. A review is carried out by the hazardous waste management team appointed by the Manager.

Attached: Decree for appointment of hazardous waste management and monitoring team.

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

**Verification, January 22<sup>nd</sup> 2019.**

The company shows evidence of improvement including:

1. Identification documents for sources of hazardous waste, especially paint cans, are managed by being submitted to hazardous storage.
2. Hazardous waste balance sheet dated January 6<sup>th</sup>, 2019 as many as 6 cans of paint (1 kg).

To avoid the same incident, repeated management of the Estate and Mill Sei Intan has formed a team for Handling hazardous waste and if this is repeated the management will provide sanctions in accordance with applicable regulations in the company.

**Verification, May 8<sup>th</sup>, 2019.**

The company shows the establishment of hazardous waste handling team dated February 11<sup>th</sup>, 2019 in accordance with Decree Number 01 SKEP / RSPO / 05.SIN / II / 2019 passed on February 12<sup>th</sup>, 2019. The task of the team is to identify, collect and record hazardous waste sources in the Company. Based on the explanation above, this non-conformance is stated to have been fulfilled and its will be verified in the next surveillance.

**Verified by** : **Brigitta Prita**

<b>NCR No.</b>	: 2018.11	<b>Issued by</b>	: Sandra Purba
<b>Date Issued</b>	: 29 November 2018	<b>Time Limit</b>	: ASA 1
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: February 22, 2019
<b>Standard Ref. &amp; Requirement</b>	<b>5.6.3</b> <b>A monitoring plan and results of regular reporting on emission and pollutants from estate and mill operations using appropriate methods, shall be available.</b>		
<p>The company has not been able to show the result of GHG emissions calculations using the RSPO Palm-GHG calculator V3.0.1 or the latest version or other similar program that has been approved by RSPO.</p>			
<p><b>Root Cause Analysis (filled by organization audited):</b>  Data of GHG emission sources from estate and mill have not all been collected properly, due to the PIC not yet specified</p>			
<p><b>Correction (filled by organization audited):</b>  Conducting the GHG calculation using RSPO PalmGHG V3.0.1 calculator</p>			
<p><b>Corrective Action (filled by organization audited):</b>  Ensuring that the PIC are collecting the related data and calculate the GHG emission every year</p>			
<p><b>Assessor Evaluation and Conclusion (filled by auditor):</b>  <b>Verification on 6 Feb 2019,</b></p> <p>The company shows the results of the GHG calculation using the RSPO PalmGHG calculator V3.0.1, however the company has not filled all the data in the tab calculator such as POME, electricity and compost data, so the results of the calculation cannot be shown in the application:</p> <p><b>Verification on Feb. 22 2018,</b></p> <p>The company has performed GHG calculations using the RSPO PalmGHG calculator V3.0.1, and all required input data has been entered, the auditor has verified the calculation of extraction, MCC, POME to calculation summary.</p> <p>Based on the evidence shown, discrepancies are stated to be fulfilled</p>			
<b>Verified by</b>	: Sandra		

<b>NCR No.</b>	: 2018.12	<b>Issued by</b>	: Brigitta Prita
<b>Date Issued</b>	: 29 November 2018	<b>Time Limit</b>	: Recommended 9 months
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: May 8 <sup>th</sup> 2019
<b>Standard Ref. &amp; Requirement</b>	<b>6.1.3</b> <b>Plans for management and monitoring of social impacts to avoid or reduce negative impacts and promote positive ones, based on social impact assessment, through consultation with the affected parties, shall be available, documented and timetabled, including responsibilities for implementation.</b>		
<p>Based on document review, the company has not been able to show plans for management and monitoring of social impacts to avoid or reduce negative impacts and increase the positive impact based on the results of social impact analysis through a process of consultation with affected parties, documented and scheduled including the implementation responsibilities</p>			

<p><b>Root Cause Analysis</b> <i>(filled by organization audited):</i></p> <p>The person in charge of monitoring the social work plan has been delegated to Assistant and has not been included in Job Description, so that the personnel doesn't know on their duties and responsibilities.</p>	
<p><b>Correction</b> <i>(filled by organization audited):</i></p> <ol style="list-style-type: none"> <li>1. Make a social management plan in accordance with the results of the 2016 social work plan monitoring for the 2017-2019 period.</li> <li>2. Implementing programs that have been made in scheduled social work plan including implementation responsibilities.</li> </ol>	
<p><b>Corrective Action</b> <i>(filled by organization audited):</i></p> <p>Management of Sei Intan Estate has formed a team whose task is to carry out social management and monitoring, to ensure that the Social Work Plan Program can be implemented.</p>	
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i></p> <p><b>Verification, March 4<sup>th</sup>, 2019.</b> The company shows a social management plan matrix in 2019 that informs the management plan, activities, PIC, target parties, implementation plan or period, for example: Socio-Economic: Planning programs and implementing Community Development assistance PTPN V, planning the use of local communities as Partners, planning coaching programs local community entrepreneurs. Activities are carried out once a year, once every 3 months and at least once a year with PC that has been pointed.</p> <p><b>Verification, May 8<sup>th</sup>, 2019.</b> The company has shown the establishment of a team responsible for monitoring social management plans in Sei Intan Estate with the number U-7.SIN / SKEP / 03 / PRKS / SIN / 2019 approved by Sei Intan Estate Manager on February 15<sup>th</sup>, 2019 as many as 9 members. Based on the explanation above, this non-conformance is stated to have been fulfilled.</p>	
<p><b>Verified by</b></p>	<p>: <b>Brigitta Prita</b></p>

**3.5.2. Opportunity for Improvement**

No	Ref. Std.	Description
1	Major 4.7.3	The company has the opportunity to ensure the lifetime of PPE (Safety Shoes) for each mill operational area.
2	Major 6.10.2	Clarify the FFB pricing mechanism for the KKPA plan Sei Intan.
3	SCCS	Establish and prepare a system for implementing traceability requirements for RSPO certified products (RSPO Supply chain system and standard).

**3.5.3. Noteworthy Positive Components**

No	Ref. Std.	Description
1		Has received an award for environmental management, namely the Proper with blue grade for the 2016-2017 period
2		Has obtained ISO 9001-2008 certificate
3		Has obtained an SMK3 certificate for the advanced level category in 2016
4		Has obtained an ISPO certificate in 2017

**3.6 Summary of Arising Issues from Public and Auditor Verification**

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p><b>Labor Agency of Rokan Hulu Regency</b></p> <ul style="list-style-type: none"> <li>- The Companies have implemented the payment of wages for employees refers to Riau Governor Decree number Kpts. 373/V/2018 dated on May 15, 2018 concerning the Sectoral Minimum Wage of Riau Province in 2018.</li> <li>- The company has a Collective Labor Agreement periode of 2018 - 2019 between PT Perkebunan Nusantara V and the Executive Board of Workers Union. The Collective Labor Agreement has been registered to Labor Agency of Rokan Hulu Regency.</li> <li>- All mandatory reports related to employment have reported well.</li> <li>- There are no issues of migrant workers, no child workers, no substitution contracts, no labor trade or forced labor forms.</li> <li>- All employees have employment agreements and there were no issues or violations committed by Companies related to worker welfare included in payment.</li> </ul>	<p>It has been verified and stated under principle 6 in the report</p>
<p><b>Agriculture Agency of Rokan Hulu Regency</b></p> <ul style="list-style-type: none"> <li>- There are no issues related to disruption of plantation business</li> <li>- The Communication goes well, all mandatory reports related to plantation operation have reported well.</li> <li>- There is no issues of land fires and Tools and fire brigade personnel are sufficient.</li> <li>- The company has been doing CSR activities in the field of education, regional development.</li> </ul>	<p>It has been verified and stated under Criteria 1.1; 2.1; 4.7; and 6.10 on The report</p>
<p><b>Environmental Agency of Rokan Hulu Regency</b></p> <ul style="list-style-type: none"> <li>- The company already has a Schedule Waste Storage license in Mill and Estate.</li> <li>- The Communication goes well, all mandatory reports related to plantation operation have reported well</li> <li>- The companies have all environment permit.</li> <li>- There are no complaints of environmental pollution caused by operational companies on the public.</li> </ul>	<p>It has been verified and stated under principle 5 on The report</p>
<p><b>Worker Union</b></p> <ul style="list-style-type: none"> <li>- Unions are always informed if there is new information.</li> <li>- Unions have representatives in each division.</li> <li>- Internal union meetings are held at least every 3 months and with the company once a month or if needed can be done at any time.</li> </ul>	<p>It has been verified and stated under principle 6 in the report</p>



Public Issues (Institution/ NGO/Community)	Auditor Verification
<ul style="list-style-type: none"> <li>- The wage paid by the company is in accordance with the province minimum wage.</li> <li>- The company supports trade union activities by providing secretarial space</li> <li>- Workers' Union assists companies in monitoring employee status in order to remain in accordance with applicable regulations.</li> <li>- There are no negative issues related to aspects of employment and industrial relations.</li> </ul>	
<p><b>Gender Committee</b></p> <ul style="list-style-type: none"> <li>- There is no issue of sexual harassment.</li> <li>- The Gender Committee has a work program for 2018.</li> <li>- The Gender Committee supervises every female employee who works with chemicals.</li> <li>- Female workers related to chemicals are routinely checked for pregnancy every month.</li> <li>- The company provides special breaks for female workers to breastfeed.</li> <li>- The company provides menstruation leave (2 days) and gives birth (3 months) to all female workers.</li> </ul>	<p>It has been verified and stated under principle 6 in the report</p>
<p><b>Local Contractor (CV Arensa)</b></p> <ul style="list-style-type: none"> <li>- The FFB supplying is based on agreement which prepared per 3 monthly, preparation are made in participatory, written in Bahasa and signed by both parties</li> <li>- Payment are done in timely according to the agreement (daily basis).</li> <li>- The FFB pricing is based on market price, informed to supplier in daily through text messages or by phone</li> <li>- No complaint and grievance</li> </ul>	<p>The FFB price determined and socialized on daily basis to all suppliers. Verified based on payment slip of one FFB supplier dated 28 November 2018, has been in accordance with the price determined, that is IDR. 995 /kg.</p> <p>It is has been describes in more detail in Criterion 6.10.</p>
<p><b>Head of Kembang Damai Village</b></p> <ul style="list-style-type: none"> <li>- The company has empowered the surrounding community, among others by building smallholder partnership, FFB receiving of communities, employment of villager, and participatory CSR programs.</li> <li>- There are no land dispute or environmental cases.</li> </ul>	<p>The Company has provided evidence of community development programs.</p> <p>The results of the assessment there are no cases of land disputes or environmental pollution that affect the village community.</p> <p>It is has been describes in more detail in Criterion 2.2, 6.10, 6.11</p>
<p><b>Head of Kota Lama Village</b></p> <ul style="list-style-type: none"> <li>- The company has empowered the surrounding community, among others by building smallholder partnership, FFB receiving of communities, employment of villager, and participatory CSR programs.</li> <li>- There are no land dispute or environmental cases.</li> </ul>	<p>The Company has provided evidence of community development programs.</p> <p>The results of the assessment there are no cases of land disputes or environmental pollution that affect the village community.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
	It is has been describes in more detail in Criterion 2.2, 6.10, 6.11
<p><b>Board of Smallholder Cooperative of Gemah Ripah</b></p> <ul style="list-style-type: none"> <li>- The cooperatives no longer scheme smallholder, related the agreement was over, because the credits has paid off, and become independent smallholder that still supply their FFB to the company. The FFB pricing refers to company's internal mechanism.</li> <li>- There is no obstacles related to FFB pricing and socialization, as well as the payment mechanism, transparency, and timing of payment. The payment is conducted next day after the FFB delivering date.</li> </ul>	<p>The FFB price determined and socialized on daily basis to all suppliers. Verified based on payment slip of one FFB supplier dated 28 November 2018, has been in accordance with the price determined, that is IDR. 995 /kg.</p> <p>It is has been describes in more detail in Criterion 6.10.</p>

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.

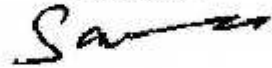
Signed on behalf of:

Sei Intan – PTPN V  
Estate Manager



Syahrul Qamar Lubis  
Friday, 10 May 2019

Mutuagung Lestari  
Lead Auditor



Sandra Purba  
Friday, 10 May 2019

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	WWF	Jakarta		Questionnaire by email	November 19, 2018		✓
2	Sawit Watch	Jakarta		Questionnaire by email	November 19, 2018		✓
3	Wahana Lingkungan Hidup Indonesia	Jakarta		Questionnaire by email	November 19, 2018		✓
4	Jaringan Kerja Penyelamatan Hutan Riau	Riau Province		Questionnaire by email	November 19, 2018		✓
5	Jaringan Masyarakat Gambut Riau	Riau Province		Questionnaire by email	November 19, 2018		✓
6	Environmental Agency, of District Rokan Hulu	Rokan Hulu Regency	-	Interview	November 27, 2018	✓	
7	Agriculture Agency of District Rokan Hulu	Rokan Hulu Regency	-	Interview	November 27, 2018	✓	
8	Labor Agency, of District Rokan Hulu	Rokan Hulu Regency	-	Interview	November 27, 2018	✓	
9	Labor Union of PT Perkebunan Nusantara V	Rokan Hulu Regency		Interview	November 28, 2018	✓	
10	Gender Committee	Rokan Hulu Regency	-	Interview	November 28, 2018	✓	
11	Sei Intan Mill: <ul style="list-style-type: none"> <li>• 1 WTP operator</li> <li>• 1 WWTP operator</li> <li>• 2 warehouse officer</li> <li>• 1 workshop officer</li> <li>• 3 security</li> <li>• 1 weighbridge operator</li> <li>• 2 sorter</li> <li>• 1 sterilizer operator</li> <li>• 1 boilerman</li> <li>• 2 laboratory workers</li> </ul>	Rokan Hulu Regency	-	Interview	November 28, 2018	✓	
12	Sei Intan Estate: <ul style="list-style-type: none"> <li>• 3 fire fighter workers</li> <li>• 2 harvester</li> <li>• 1 LA operator</li> <li>• 2 spray workers</li> <li>• 2 road maintenance workers</li> <li>• 3 transport workers</li> <li>• 1 staff research</li> <li>• 1 store keeper</li> <li>• 2 workshop workers</li> <li>• 2 hazardous waste operators</li> <li>• 2 paramedic</li> </ul>	Rokan Hulu Regency	-	Interview	November 27, 2018	✓	

	• 1 generator operator						
13	Head of Kembang Damai Village	Rokan Hulu Regency	-	Interview	November 28, 2018	✓	
14	Head of Kota Lama Village	Rokan Hulu Regency	-	Interview	November 28, 2018	✓	
15	Local Contractor (CV Arensa)	Rokan Hulu Regency	-	Interview	November 28, 2018	✓	
16	Board of Smallholder Cooperative of Gemah Ripah	Rokan Hulu Regency	-	Interview	November 28, 2018	✓	

<b>Appendix 2. Assessment Program</b>		
<b>DATE</b>	<b>26 – 30 November 2018</b>	
<b>PROGRAM</b>	<b>PROCESSES / CLAUSES TO BE AUDITED</b>	<b>AUDITOR</b>
<b>Monday, 26 Nov 2018</b>		
06.00 – 08.00	Jakarta – Pekan Baru	All auditor
09.00 -13.00	Pekan Baru – Sei Intan Estate	
13.00 – 14.00	Break	All auditor
14.00 – 15.00 15.00 – 17.00	Opening Meeting RSPO Document Review , basic info, operational maps, partial certification, TBP	All auditor
<b>Tuesday, 27 Nov 2018</b>		
08.00 – 12.00	<b>Field Observation to Sei Intan Estate</b> <ul style="list-style-type: none"> <li>Manuring, Spraying, Harvesting, Best Agricultural Practices, Worker Welfare (payments, complaint mechanism) and safety aspect,</li> <li>Hazardous Waste Material Management, Worker facilities (housing, health clinic, clean water, etc), Land Fire facilities, Storage, Land Application ect..</li> <li>Conservation Area and Legal operational</li> </ul> <b>Stakeholders consultation to Government Institution and related NGO</b>	<ul style="list-style-type: none"> <li>AFS</li> <li>BPA</li> <li>SPD</li> <li>YYT</li> </ul>
12.00 – 14.00	Break	
14.00 – 17.00	<ul style="list-style-type: none"> <li>Continuing of field observation and stakeholder consultation</li> <li>Clarification of Field Observation</li> <li>Completion Checklist.</li> </ul>	All Auditor
<b>Wednesday, 28 Nov 2018</b>		
08.00 – 12.00	<b>Field Observation Sei Intan POM</b> <ul style="list-style-type: none"> <li>FFB received, sortation, Processing, worker welfare, Occupational Health and Safety (OHS/K3), Supply Chain etc.</li> <li>WWTP/IPAL, Hazardous Waste Material, Chemical storage, Fire Fighting Facilities and environment aspect</li> </ul> <b>Public consultation to Local contractor, FFB Supplier, internal stakeholder (labour union, gender committee and cooperative employees)</b> <b>Stakeholder Consultation to the nearest village/community leader, Plasma Farmer and cooperative.</b>	<ul style="list-style-type: none"> <li>AFS</li> <li>BPA</li> <li>YYT</li> <li>SPD</li> </ul>
12.00 – 14.00	Break	
14.00 – 17.00	<ul style="list-style-type: none"> <li>Continuing of field observation and stakeholder consultation</li> <li>Clarification of Field Observation</li> <li>Completion Checklist.</li> </ul>	All Auditor
<b>Thursday, 29 Nov 2018</b>		
08.00 – 12.00	<ul style="list-style-type: none"> <li>Continuing of field observation and stakeholder consultation</li> <li>Clarification of Field Observation</li> <li>Completion Checklist.</li> </ul>	All Auditor
12.00 – 14.00	Break	

14.00 – 15.00	Closing meeting preparation	All Auditor
15.00 – 17.00	Closing meeting	
<b>Friday, 30 Nov 2018</b>		
08.00 – 12.00 12.00 - .....	Site – Pekan Baru Pekan baru – Jakarta	All Auditor