

Roundtable on Sustainable Palm Oil Certification
R S P O

[✓] Initial Certification

Name of Management Organisation : **Andalas Agro Industri Palm Oil Mill – PT Andalas Agro Industri Subsidiary of TSH Resources Berhad**

Plantation Name : PT Laras Internusa – Laras Estate

Location : Village of Air Rau, Kinali Sub District, Pasaman Barat District, Sumatera Barat Province, Indonesia.

Certificate Code : **MUTU-RSPO/139**

Date of Certificate Issue : 06 December 2019 Date of License Issue : 06 December 2019

Date of Certificate Expiry : 05 December 2024 Date of License Expiry : 05 December 2020

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
IC	10 – 14 December 2018	Sandra Purba (Lead Auditor), Arif Faisal Simatupang, Brigitta Prita, Yudhi Yuniarto Tallutondok	Ganapathy Ramasamy	Ardiansyah

Assessment	Approved by MUTUAGUNG LESTARI on:
IC	06 December 2019

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 on March 12th, 2014 with registration number **ASI-ACC-055**

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Figure 1. Location Map of PT Laras Internusa and PT Andalas Agro Industri

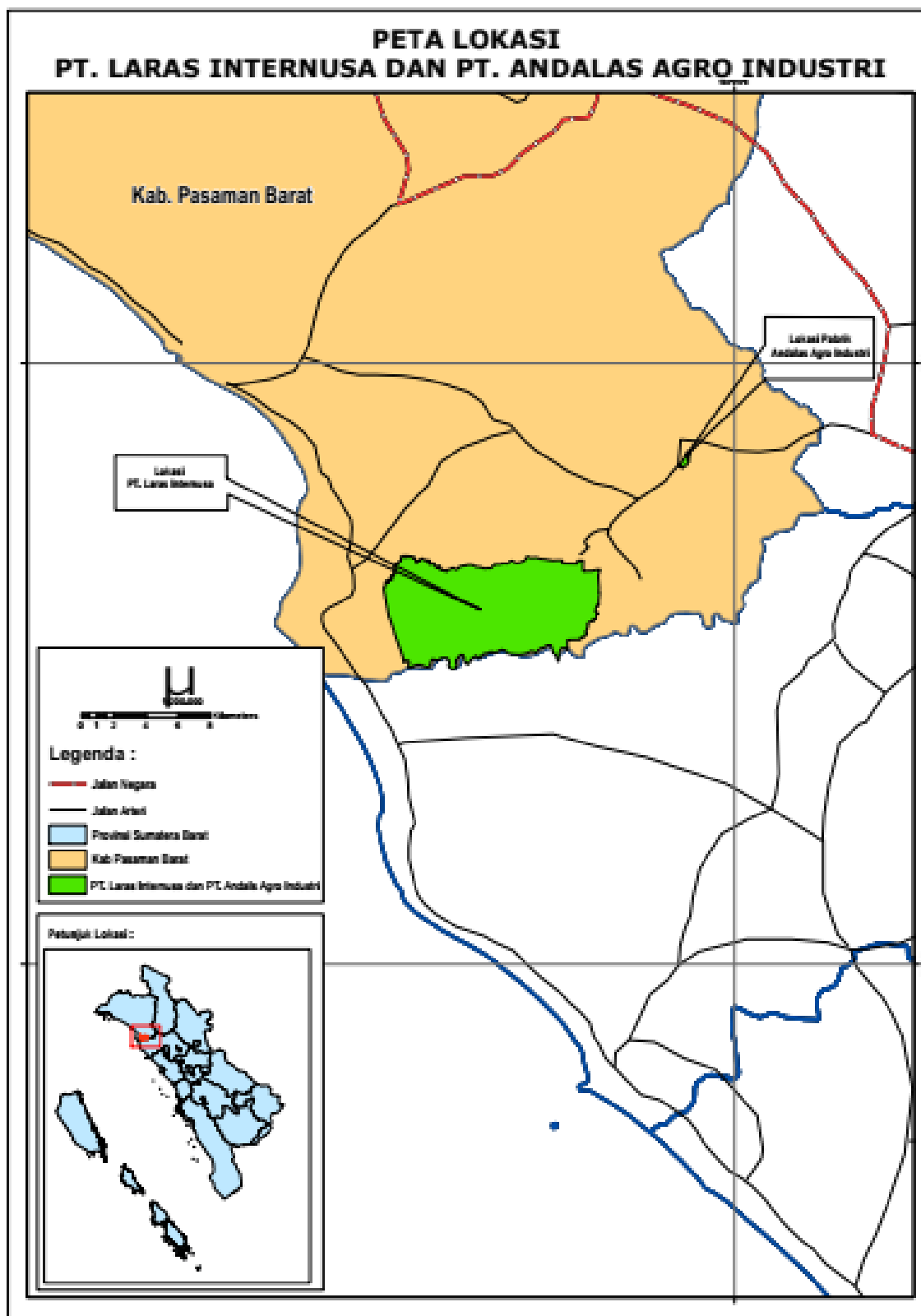


Figure 2. Operational Map of Laras Internusa Estate

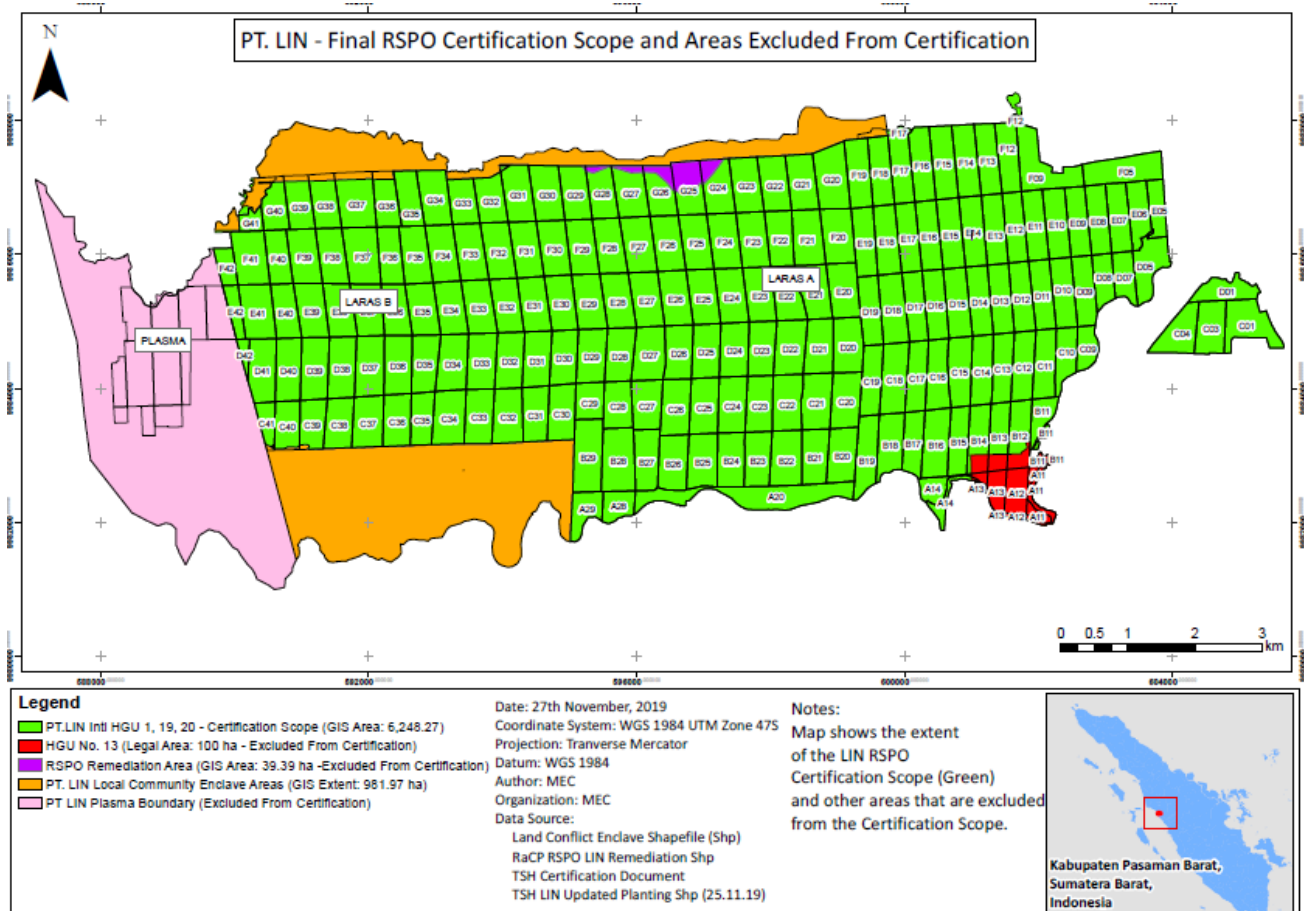
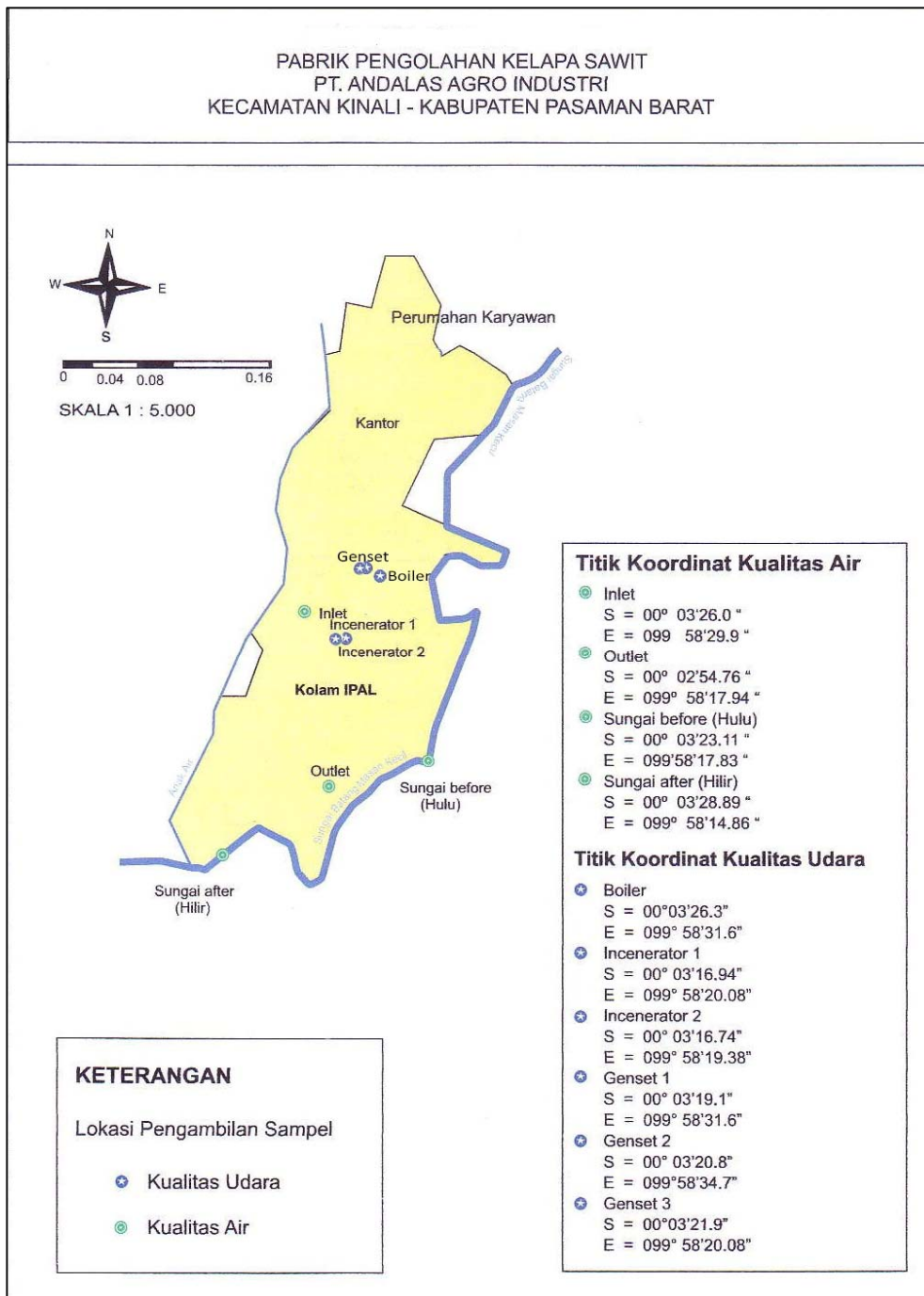


Figure 3. Operational Map of AAI POM



Abbreviations Used

AAI	:	Agro Andalas Industri
ASA	:	Annual Surveillance Assessment
BMP	:	Best Management Practices
BOD	:	Biological Oxygen Demand
BPJS	:	<i>Badan Penyelenggara Jasa Sosial</i>
CITES	:	Convention, International, Threatened, Endangered Species
CPO	:	Crude Palm Oil
CSPO	:	Certified Sustainable Palm Oil
CSR	:	Corporate Social Responsibility
EHS	:	Environmental, Health and Safety
EIA	:	Environmental Impact Assessment
FFB	:	Fresh Fruit Bunch
FPIC	:	Free, Prior and Informed Consent
GHG	:	Green House Gases
HCV	:	High Conservation Value
HGU	:	<i>Hak Guna Usaha</i> (Land Use Title/Right)
HIRAC	:	Hazard Identification Risk Assessment and Control
HSE	:	Health Safety and Environment
IPM	:	Integrated Pest Management
ISCC	:	International Sustainability and Carbon Certification
ISO	:	International Standard Organisation
ISPO	:	Indonesia Sustainable Palm Oil
IUCN	:	International Union for Conservation of Nature
KER	:	Kernel Extraction Rate
LIN	:	Laras Internusa
LSU	:	Leaf Sampling Unit
LUC	:	Land Use Change
MSDS	:	Material Safety Data Sheet
MUTU	:	Mutuagung Lestari
OER	:	Oil Extraction Rate
OHS	:	Occupational Health and Safety
OHSAS	:	Occupational Health and Safety Assessment Series
P&C	:	Principle and Criteria
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPE	:	Personnel Protective Equipment
P2K3	:	<i>Panitia Pembina Keselamatan dan Kesehatan Kerja</i> OHS Committee
RKL- RPL	:	Environmental Management and Monitoring Report
RSPO	:	Roundtable on Sustainable Palm Oil
RTE	:	Rare, threatened or endangered
SCCS	:	Supply Chain Certification System
SEIA	:	Social Environmental Impact Assessment
SIA	:	Social Impact Assessment
SPO	:	Sustainability Palm Oil
SOP	:	Standard Operating Procedure
SSU	:	Soil Sampling Unit
WHO	:	World Health Organization
WTP	:	Water Treatment Plant

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used	<ul style="list-style-type: none"> Indonesian National Interpretation Principle and Criteria RSPO 2013 for Indonesia July 2016, approved RSPO Governors 30 September 2016. 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) RSPO Certification System for Principles and Criteria, 14 June 2017 	
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	PT Andalas Agro Industri, a subsidiary of TSH Resources Berhad	
1.2.2	Contact person	Thambirajan Pillai	
1.2.3	Organisation address and site address	<u>Head Office:</u> Menara TSH No.8, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur Malaysia <u>Liasion Office:</u> TSH Resources berhad Office PT. Karya Unggulan Cemerlang, Central Park Office Tower (APL Tower), 11 th Floor, Unit 5 Podomoro City. Jl. Letjen S. Parman Kav. 28, Jakarta 11470 Indonesia.	
1.2.4	Telephone	+603 - 20840888	
1.2.5	Fax	+603 - 20840808	
1.2.6	E-mail	thambirajan.pillai@tsh.com.my	
1.2.7	Web page address	www.tsh.com.my	
1.2.8	Management Representative who completed the application for certification	Thambirajan Pillai	
1.2.9	Registered as RSPO member	1-0173-14-000-00 on 17th November 2014	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base One (1) mill : AAI POM (PT AAI) and one (1) estate : Laras Estate (PT LIN)	
1.3.2	Type of certificate	<i>Single</i>	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Andalas Agro Industri POM	Air Rau Village, Sub District of Kinali, Pasaman Barat District, Province of Sumatera Barat, Indonesia	S 00° 3' 14" E 99° 58' 21"
1.4.2	Location of Certification Scope of Supply Base		

	Name of Supply Base	Location	Coordinate	
			Latitude	Longitude
	Laras Estate	Sidodadi Village, Sub District of Kinali, Pasaman Barat District, Province of Sumatera Barat, Indonesia	S 00° 6' 40"	E 99° 54' 42"
1.5	Description of Area Statement			
1.5.1	Tenure			
	• State		7,337.144 Ha	
	• Community		- Ha	
1.5.2	Area Statement			
	• Total area		6,315.78	Ha
	• Mature area		5,293.27	Ha
	• Immature area		582.22	Ha
	• Building		53.16	Ha
	• Infrastructure (roads)		117.73	Ha
	• Drainage		133.89	Ha
	• Unplanted (conservation , riparian & Soil Erosion)		111.00	Ha
	• Nursery		24.51	Ha
1.6	Planting Year and Cycles			
1.6.1	Age profile of planting year			
	Planting Year	Hectarage (Ha)		
		Laras Estate	Total	
	1991	110.26	110.26	
	1992	1,024.99	1,024.99	
	1993	346.92	346.92	
	1994	68.19	68.19	
	1997	287.13	287.13	
	1998	551.67	551.67	
	2007	564.31	564.31	
	2008	159.53	159.53	
	2009	1,202.40	1,202.40	
	2010	186.52	186.52	
	2011	161.06	161.06	
	2012	319.14	319.14	
	2013	122.17	122.17	
	2014	188.98	188.98	
	Total Mature	5,293.27	5,293.27	
	2015	94.39	94.39	
	2017	320.41	320.41	
	2018	167.42	167.42	
	Total Immature	582.22	582.22	
	TOTAL	5,875.49	5,875.49	
1.6.2	New Planting area after January 2010		1,072.26	Ha
1.6.3	Planting Cycle		2 nd Cycle	
1.7	Description of Mill and Supply Base			

1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Andalas Agro Industri POM	60	149,950.97	31,636.64	21.09	6,450.43	4.30
*Production data source from December 2017 to November 2018							
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/ year)	Yield (tonnes/ ha/year)	Supplied to Mill	
						FFB (tonnes/ year)	%
		Laras Estate	6,315.78	5,875.49	141,011.76	24	141,011.76
	TOTAL	6,315.78	5,875.49	141,011.76	24	141,011.76	100
*Production data source from December 2017 to November 2018							
1.7.3	FFB description from other source						
	Name of sources/Organisation (RSPO certified / non-certified)	Type of Organisation	number of smallholders	Production Area (Ha)	Supplied to Mill		
					FFB (tonnes/year)		
	Smallholder Scheme (KUD MLKS) / non certified	Associate smallholders of PT LIN	1,050	224	1,203.04		
	Remediate area and HGU 13 / non certified	Associate area of PT LIN	-	139.39	6736.49		
	Others (community) / non certified	Independent supplier	-	-	999.68		
	TOTAL					8,939.21	
*Production data source from December 2017 to November 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 on ASA-1							
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 on ASA-1							
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)			
	Laras Estate	6,315.78	5,875.49	146,800	25			
	TOTAL	6,315.78	5,875.49	146,800	25			
	*Projected FFB production for 06 December 2019 to 05 December 2020							
1.8.4	Estimate of Certified Palm Product Claim							
	Name of Mill	Capacity (tonnes/hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel		Supply Chain Module
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	
	Andalas Agro Industri POM	60	146,800	32,290	22	6,600	4.5	MB
	*Projected FFB production for 06 December 2019 to 05 December 2020							
1.9	Other Certifications							
	Others			-				
1.10	Time Bound Plan							
1.10.1	Time Bound Plan for Other Management Units							
	Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status		
	MILL	Time Bound Plan						
	Malaysia							
	Kunak POM	2018	Maju Sawit Estate	2018	Sabah, Malaysia	Certified		
			Wakuta Estate	2018	Sabah, Malaysia	Certified		
			LKSK Estate	2018	Sabah, Malaysia	Certified		
			Landquest Estate	2018	Sabah, Malaysia	Certified		
			RT Estate	2019	Sabah, Malaysia	-		
	Lahad Datu POM	2017	Gumantong Estate	2017	Sabah, Malaysia	Certified		
			OYH Estate	2017	Sabah, Malaysia	Certified		
	Sabahan POM	2019	Sabahan Estate	2019	Sabah, Malaysia	-		
	Indonesia							
	Andalas Agro Industri POM	2019	Laras Internusa Estate	2019	Sumatra Barat, Indonesia	Certified		
			LARAS C (liability area and HGU 13)	2020	Sumatra Barat, Indonesia	Delay LUCA		
	Sarana Prima Multi Niaga POM	2017	Sarana Prima Multi Niaga Estate	2017	Kalimantan Tengah, Indonesia	Certified		
			Mitra Jaya Cemerlang Estate	2020	Kalimantan Tengah, Indonesia	-		
	Farinda Bersaudara POM	2019	Farinda Bersaudara Estate	2019	Kalimantan Timur, Indonesia	Delay LUCA		
			Teguh Swakarsa Sejahtera Estate	2019	Kalimantan Timur, Indonesia	Delay LUCA		

			Munte Waniq Jaya Perkasa Estate	2019	Kalimantan Timur, Indonesia	-
			Perkebunan Sentawar Membangun Estate	2021	Kalimantan Timur, Indonesia	-
	Andalas Wahana Berjaya POM	2020	Andalas Wahana Berjaya Estate	2020	Sumatra Barat, Indonesia	Delay LUCA
			Bulungan Citra Agro Persada Estate	2021	Kalimantan Utara, Indonesia	-
			Andalas Wahana Sukses Estate	2021	Kalimantan Utara, Indonesia	
1.10.2	Progress of Associated Smallholders and Out growers for Certifiable Standard					
	LIN has scheme of smallholder which is KUD MLKS that will be determine to certify after PT AAI and PT LIN has obtain the RSPO certificate.					

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
IC	<p>1. Sandra Purba (Lead Auditor). 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 verified legal compliance, land use rights, FPIC, social and SCCS.</p> <p>2. Arif Faisal Simatupang (Auditor). Bachelor of Agriculture, from Department of Agriculture Agronomy, Faculty of Agriculture, University of Gadjah Mada. He has successfully completed an RSPO endorsed P&C Lead Auditor Training, RSPO SCCS endorsed Lead Auditor Training, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Training, Management System Certification ISO 9001-2008 Lead Auditor Training, Environmental Management System ISO 14001 Lead Auditor Training, ISO 17021 and ISO 17065 Awareness Training, Management of High Conservation Value (HCV) Training, Social Accountability SA 8000 Training. He has four years of working experience as a Field Assistant on oil palm Plantation Company in Indonesia. Since 2014, he works as an auditor of RSPO and ISPO in the aspects of legal, social, best management practices of mill and estate, OHS, employment, and environmental. In this audit he is responsible for assessing the aspects of legal compliance, grievance mechanism, and worker welfare.</p> <p>3. Yudhi Yuniarto Tallutondok (Auditor). Indonesian citizen, Bachelor of Fisheries, Padjadjaran University. Have 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&C, Lead Auditor of ISO 9001:2015, ISO 14001:2015, ISO 22000:2009, ISO 19011:2011, Social Accountability 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 the ISPO and RSPO scheme since 2017 for agronomy, OHS, labor, social and legality aspects. In this audit activity performs the assessment of Best Management Practices and OHS.</p> <p>4. Brigitta Prita (Auditor). 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 & Proforest; SA 8000 training, and SCCS Training. She has been audit experience ISPO & RSPO since April 2013 in the environmental, conservation, waste management and worker welfare aspects. During this audit, she verify environment and HCV.</p>
2.2	Assessment Methodology, Assessment Process and Locations of Assessment
2.2.1	Figure of person days to implement assessment
IC	<p>Number of auditors : 4 auditor</p> <p>Number of days for IC at site : 4 days</p> <p>Number of working days for IC at site : 16 Working days</p>
2.2.2	Assessment Process
IC	<p>The assessment was conducted by measuring the sufficiency of consistency implementation done by the PT Andalas Agro Industri and PT Laras Internusa against requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF revised in July 2016 (Endorsed by the RSPO Board of Governors meeting on 30th September 2016 and RSPO Supply Chain Certification Standard For organizations seeking or holding</p>

certification Adopted by the RSPO Board of Governors on 21 November 2014 revised on 14 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.

Auditor team have travel from the airport to the site for about 3 hours then conducted opening meeting as arrived. Document verification was conducted by centralized at LIN office. The documents were being provided well by management unit. At the site was relatively in poor of communication line but the company had provided wifi line.

Some opportunities for improvement of the results **IC** 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**.

Auditors at this **IC** assessment observed the improvement of the findings from this initial assessment. All the information obtained been recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **IC**.

The assessment program please find Appendix 2.

2.2.3	Locations of Assessment
IC	<p>AAI POM – PT Andalas Agro Industri</p> <ol style="list-style-type: none"> Water Treatment Plant. Field observation related management of water for process and domestic. POME. Observation and interview with operator related management of liquid waste. Schedule waste store. Field observation related management of hazardous waste. Chemical store. Field observation and interview related management of chemical. Oil store. Field observation related management of oil. Masang Kecil River. Observation related conditions of river area and others. Housing of POM. Field observation and interview related infrastructure in housing area, management of domestic waste, emergency area, education, medical and others. 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). Process Station, Observations and interviews with operators regarding the fulfilment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership. Boiler Station, Observations and interviews with operators regarding the fulfilment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership. Engine Room Station, Observations and interviews with operators regarding the fulfilment of Operator License, periodic health checks, PPE provision, HIRAC socialization, wage payment, Labor Insurance membership. Workshop. Observation and interview with the welder related to license, worker welfare and OHS implementation (medical checkup, PPE). Hydrant No 3. Simulate fire fighting when an emergency occurs. <p>Laras Estate – PT Laras Internusa</p> <ol style="list-style-type: none"> Block of C1/C2, BPN Pole no.: 53, BPN 52, border with community area. Observation to boundary. Block of G34/G35. Observation to land dispute area, there is no interfere between PT LIN and community Block of E42, BPN Pole No.: 03. Observation to HGU boundary with smallholder scheme Block of C/B35. Observation to land dispute area, there is no interfere between PT LIN and community Block of A11, Batang Masang river riparian area. Observation related to riparian area management (outside of HGU). Water Management Block E27. Observation for peat subsidence and water management. Spraying, Block F37. Observation and interview related to employment aspects, OHS implementation (medical check up, PPE), and workers' knowledge about work procedure. Manuring, Block F32. Observation and interview related to employment aspects, OHS implementation

	<p>(medical check up, PPE), and workers' knowledge about work procedure.</p> <ol style="list-style-type: none"> 9. Harvesting Activity, Block E26. Observation and interview related to employment aspects, OHS implementation, and workers' knowledge about work procedure 10. Road Maintenance, Blok E10/11. Observations regarding mechanical road maintenance. 11. Replanting Area, Blok C17/18. Observations related to mechanical and non-combustion replanting activities and the making of drainage systems 12. Housing area (Laras A Division). Field observation and interview related infrastructure in housing area, management of domestic waste, emergency area, education, medical and others. 13. Crèche (Laras A Division). Field observation and interview related management of infrastructure in crèche. 14. Chemical Store (Laras A Division). Field observation and interview related management of chemical. 15. Fertilizer store (Laras A Division). Field observation and interview related management of fertilizer. 16. Chemical Mixing (Laras A Division). Field observation and interview related management of chemical, PPE Storage, washing of PPE and others. 17. Oil store (Laras A Division). Field observation related management of oil. 18. Fuel tank (Laras A Division). Field observation related management of fuel. 19. Schedule waste store (Laras A Division). Field observation related management of hazardous waste. 20. Workshop (Laras A Division). Field observation and interview related activities in workshop area. 21. Fertilizer packaging and ash mixing (Laras A Division). Field observation and interview related fertilizer packaging and ash mixing activities. 22. Generator house (Laras A Division). Field observation related conditions of generator house. 23. Housing area (Laras B Division). Field observation and interview related infrastructure in housing area, management of domestic waste, emergency area, education, medical and others. 24. Crèche (Laras B Division). Field observation and interview related management of infrastructure in crèche. 25. Chemical Mixing (Laras B Division). Field observation and interview related management of chemical, PPE Storage, and others. 26. Landfill Block G40 (Laras B Division). Field observation related management of domestic waste. 27. First aid Post (Laras B Division). Field observation and interview related activities in First Aid Post. <p>Stakeholders consultation:</p> <ol style="list-style-type: none"> 1. Government institution : Manpower Agency of Pasaman Barat Regency, Environmental Agency of Pasaman Barat Regency, Land Office of Pasaman Barat Regency, and Plantation Agency of Pasaman Barat Regency. 2. Bipartit Cooperation (LKS Bipartit) of PT LIN, Bipartit Cooperation (LKS Bipartit) of PT AAI, Labor Union of PT LIN, Labor Union of PT AAI and Gender Committee of PT LIN 3. Local contractors : PT Sawit Maju Sejahtera – Local Contractor of Mill Engineering, CV Fawwas – Local Contractor of FFB transporter, CV Anugerah Mandiri – Local Contractor of Replanting, and CV MMRD – Local Contractor of Infrastructure 4. Surrounded villages and ex-landowners: <ul style="list-style-type: none"> - PT LIN (<i>Kejorongan Koja, Kejorongan Alamanda</i>) - PT AAI (<i>Kejorongan Anam Koto Selatan</i>) - Ninik Mamak Sanggo Marajo (Jorong Bunut, Kinali) and Pucuk Adat Kinali. 5. Board of Smallholders Scheme and farmers
2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
IC	<p>Consultation of stakeholders for PT Andalas Agro Industri and PT Laras Internusa was held by:</p> <ol style="list-style-type: none"> 1. Public announcement in RSPO website on 02 November 2018. 2. Public announcement in Mutucertification website on 02 November 2018. 3. Public consultation with government agencies of Pasaman Barat Regency (Plantation Agency, Labor Agency, Environmental Agency, National Land Agency) on 11 December 2018. 4. Public consultation by interview with locals of the nearby village and local contractor on 12 December 2018. 5. Consultation meeting and interview with Internal Stakeholder (labour union, bipartit cooperative, workers cooperative and gender committee) on 12 December 2018.

	6. Consultation with NGO (Sawit Watch, WALHI and WWF) via email on 08 December 2018. Public consultation meeting with internal stakeholders were doing by direct interview in office of company, meanwhile direct interview of public consultation with local stakeholders conducted by visits to villages. Numbers of input from stakeholders consultation were clarified by PT Andalas Agro Industri and PT Laras Internusa.
2.3.2	Stakeholder contacted
	Please find appendix 1
2.4	Determining Next Assessment
	The next visit ASA-1 will be conducted at eight – twelve months after certificate issuance.

3.0 ASSESSMENT FINDINGS.

3.1 Summary of Assessment Report of the RSPO Certification.

MUTUAGUNG LESTARI has held an assessment of **Andalas Agro Industri Palm Oil Mill – PT Andalas Agro Industri Subsidiary of TSH Resources Berhad** operation consisting of one (1) mill and one (1) oil palm estates.

During the assessment, there were seven (7) Nonconformities were assigned against Major Compliance Indicators; one (1) nonconformity were assigned against Minor Compliance Indicator; and zero (0) non-conformance against supply chain requirement for CPO mill and seven (7) opportunities for improvement were identified.

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

MUTUAGUNG LESTARI found that **Andalas Agro Industri Palm Oil Mill – PT Andalas Agro Industri Subsidiary of TSH Resources Berhad** complied with the requirements of Indonesian National Interpretation of RSPO Principles and Criteria 2013 by INA-NITF (Indonesian National Interpretation Task Force) July 2016, endorsed by the RSPO Board of Governors 30th September 2016, and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors June 2017 (Module E for CPO Mill).

Therefore, MUTUAGUNG LESTARI Recommends RSPO Certification of compliance issued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social, and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.		
1.1.1	The company has had procedure regarding the list and provision of information in SOP of Information Request (ST-SOP07-02 Rev 02, April 2015). In the procedure listed the information that can be accessed consist of land use rights, complaint book, the data of area and production, evidence of land tenure, Environmental Impact Assessment (EIA), High Conservation Value (HCV) identification report, Social Impact Assessment (SIA) identification reports, community empowerment program reports, guiding committee of occupational health and safety report, the document of improvement program, documents of human rights policy. Respond for information requested will addressed by company no longer than 7 days.	
1.1.2	Record of information is stored in the information book on each management unit. In the book shows that there is no incoming information request, but proposals or invitation to attend a meeting held by stakeholders. However, the company has submitted mandatory reports regularly to the related agencies such as employment report, environment management report, and plantation development report.	
	Status: Comply	
1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		
1.2.1		

The company has had procedure regarding the list and provision of information in SOP of Information Request (ST-SOP07-02 Rev 02, April 2015). In the procedure, the list of information that can be accessed consist of land use rights, complaint book, the data of area and production, evidence of land tenure, Environmental Impact Assessment (EIA), High Conservation Value (HCV) identification report, Social Impact Assessment (SIA) identification reports, community empowerment program reports, guiding committee of occupational health and safety report, the document of improvement program, documents of human rights policy.

The company has conducted dissemination related on information that can be accessed by stakeholders. The stakeholder that given the information were that all contained in list of stakeholder updated every six months. In consultation with agencies in Regency of Pasaman Barat, as well as surrounding community known that the list of information has been disseminated. Based on consultation with smallholder cooperative, they already understood the mechanism of payment, debt deduction, as well as the debt balance.

Status: Comply

1.3

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

Listed in human rights & business policies, document no.: ST-POL09-02, 1 April 2016, which explains that one of the company's commitments is to respect reasonable business behaviour and prohibit frauds, and support the promotion of integrity and accountability, prevent and eradicate corruption more efficiently and effectively. The policy written in Indonesian.

The company has socialized the policy to workers routinely during morning roll call, for e.g. on 1 August 2017 attended by 55 workers. When interviewing suppliers, contractors, and cooperative boards, it was told that policies related to business ethics were known.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

2.1.1

The company shown evidences of its compliance toward the applicable regulation related to the aspects of legality, employment, OHS, environment, good agricultural practices, and good manufacturing practices. For example the submission of mandatory report, such as annual employment report to Manpower Agency, OHS report, environmental report, etc.

In consultation with Plantation Agency, Labour Agency, Environmental Agency, and National Land Agency of Pasaman Barat Regency, known that the company has complied with the relevant regulations and have implemented good management practices and mandatory reporting.

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 check-up, machine operated by persons authorized, and socialized safe work practice. Based on the results of document review and interviews with mill workers, for example at boiler stations, known that boiler operators have licenses to operate boilers in accordance with Minister of Manpower Regulation No. 1 of 1988.

2.1.2 and 2.1.3

The company has a mechanism to assess compliance with the law and regulation, in accordance with the SOP of Internal Audit of Sustainability (No. ST-SOP09-04 Rev 4 dated November 2017). Starting with inventorying and make a list of the rules applicable in regional, national, and international. Has shown list of regulation related to the aspects of employment, environment, HCV, OHS, and legality of land-use. Those lists were include of regional, national, and ratified international regulations. The compliance audit conducted annually to asses whether there are new regulation related operational activity that need to be comply. The last audit conducted on 5 November 2018, several new law of 2018 identified such as Labour Minister Decree No. 5 of 2018 related OHS.

2.1.4

The company has conducted and documented evaluation adherence to rules, regulations and other requirements, with the results all of regulations have been comply. For example, had update of Governor Regulation of minimum wages of 2018 that been implemented.

Status: Comply

2.2

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

2.2.1, 2.2.2

The scope of this certification is **6,315.78 Ha** which the company (PT AAI and PT LIN) can show the land title for the total cultivated area amount of **7,337.144 Ha** (1,021.36 Ha exclude from this certification scope), consist of:

1. Decree of Agrarian Ministry, Head of BPN No.: 37/HGGU/BPN/94 on granted of HGU on behalf of PT Sangga Guna area of 7000 Ha on land located in Nagari Kinali, District of Kinali, Pasaman Barat Regency, valid until 31 December 2029, and certificate no.: 1 issued on 21 March 1995 valid until 2029. The HGU had been and registered under PT Laras Internusa on 12 March 2005, registration no.: 230/2005 and 137/2005.
2. Decree of BPN West Sumatra Regional Office No.: 1-540.1-23-2009 dated February 3, 2009 regarding the granting of HGU of PT Laras Internusa on land located in Nagari Kinali, District of Kinali, Pasaman Barat Regency, valid for 35 years, for an area of 136 ha. HGU Certificate No.: 20 valid until February 16, 2044 for the area of 136 ha.
3. Decree of BPN Head of West Sumatra Regional Office no.: 2-540.1-23-2009 concern on the granting of HGU under PT Laras Internusa on land located in Nagari Kinali, Kinali District, Pasaman Barat Regency, and West Sumatra Province, dated on 3 February 2009. HGU Certificate no.: 19 valid until February 16, 2044 (35 years), 173 Ha.
4. BPN Decree no. 1 / HGB / BPN / 2004 concern on granting of HGB under PT Andalas Agro Industri on land located in the Pasaman Barat Regency, West Sumatra province covering an area of 28,1437 ha dated January 8, 2004, valid 30 years. HGB certificate no. 4 ended September 24, 2034, issued date January 24, 2014 for an area of 281,437 m2 (28.1437 ha).

Both PT LIN (plantation) and PT AAI (POM) has owned the business permit, as following:

- Decree of West Pasaman Regent No.: 188.45/256/BUP-PASBAR/2007 dated 9 May 2007 on IUP-B under PT LIN for area of 4000 ha, located in Langgam Katiagan Village, Kinali District, West Pasaman Regency.
- Decree of West Pasaman Regent no.: 188.45/597/BUP-PASBAR/2008 concerning the granting of IUP-B to PT LIN for an area of 3000 Ha located in Langgam Katiagan Village, Kinali District, West Pasaman Regency, dated 30 December 2008
- Decree of West Pasaman Regent no.: 188.45/446/BUP-PASBAR/2010 concerning the granting of plantation permit to PT LIN covering an area of 136 ha located in Sidodadi Village, Kinali District, West Pasaman Regency, August 24, 2010
- Decree of West Pasaman Regent No.: 188.45/445/BUP-PASBAR/2010 concerning the granting of plantation permit to PT LIN for area of 173 Ha located in Sidodadi Village, Kinali District, West Pasaman Regency, August 24, 2010
- Decree of West Pasaman Regent no.: 188.45 / 1225 / BUP-PASBAR / 2013 concerning the granting of IUP-P to PT Andalas Agro Industri, covering an area of 30 hectares and capacity of 60 tons / hour, on December 24, 2013.

Based on the HGU map of PT LIN, namely land map no.: 01.03.17.2007 scale 1: 20,000 for the area of 7000 ha which is over-lay with the company' operational map and field visit, known that there an over-planting out of the HGU in blocks of A13, A12, A11 and partially blocks of B13 and B12. Based on the review of operational map and land map no. 1 it is known that the location of the PT LIN' office and other buildings is outside the HGU.

In this matter, PT LIN has not been able to show ownership or leasing documents, the history of the period of ownership / ownership of land and legal land concession rights over those areas used. **NCR No.: 2018.01**

As describes in the company' SOP no.: ST-SOP06-03 rev 3 that the boundary poles monitoring carried out in monthly basis and maintenance done based on the monitoring report. Sighted the HGU poles map on the land map no.: 01.03.19.2007 scale of 1:10.000 for area of 136 ha and 173 ha, issued on 8 Jan 2007, number of poles 19, and land map no.: 01.03.17.2007 scale of 1:20.000 for area of 7000 Ha, issued on 27 December 2007, total of poles 43.

Based on field observation to the HGU boundary no.: 53 and 52 observed that the poles are available in the field and

maintained well.

2.2.3, 2.2.4, 2.2.5, 2.2.6

The entire land dispute has been resolved and settled by the company, the settlement made in participatory way, involves all affected parties. The records of settlement and receipt of compensation already verified by the auditor. For example:

- Settlement of land dispute an area of 983.99 Ha within the HGU which is controlled by the community in block of A and B40 to A and B30 and blocks H40 to H34. A meeting was held on November 21, 2018 involving *Ninik Mamak*, community leaders and management of the MLKS cooperative with the conclusion:
 - a. Block of B30-B41 (380 Ha) will be discussed with PT LIN's shareholders to be allocated as smallholder area under the MLKS cooperative;
 - b. *Ninik mamak* and community leaders will socialize to the community regarding the area in the HGU which is controlled by the community (block of A and H);
 - c. Field review to the area according to the map scale 1: 60000, namely block A (245.47 ha), Block B (381 Ha) and Block H 357.22 ha).
 Minutes and agreements signed by Basri Dt Bando Basa (*Ninik Mamak*), community leaders, Head of Cooperative, and Cooperative secretary. The total that been paid is 149 ha with a total occupancy of 92 people; the rest is still in the process of measurement and payment.
- Settlement of claims of land in PT LIN's HGU by Mr Jasmir group, based on the court's high decision no.: 31/PDT/2016/PDG, as well as decision of Supreme Court number 2965K/Pdt/2016 stated that the area was legally owned by PT LIN.
- There is evidence of dispute settlement of 68 hectares (location and boundaries cannot be shown by claimers) by the community of Kojia. PT LIN won based on the verdict of the West Pasaman district court no.: 14/Pdt.G/2017/PN.Psb dated 20 November 2017.

The company has two (2) SOP for land dispute and land conflict settlement namely:

- SOP of external conflict resolution no. ST-SOP21-00, April 2016 which regulates the mechanism of conflict resolution, which includes negotiation, mediation, arbitration, judicial evaluation (until the final results are received by all parties).
- SOP no. : PMA-SOP16-01 document dated March 24 2018, which stated that the settlement is carried out in a participatory manner, namely deliberation and measuring and mapping together with the affected parties involving village heads / sub-district heads and signing an agreement.

The company considered to monitor the land dispute and conflict settlement. **OFI**

During field observations, there were no indications the use of violence and paramilitary in resolving land conflicts and in securing company operations, it also was conveyed by stakeholders (community leaders, *Ninik Mamak* and traditional leaders) that the company always sought to conduct deliberations in land dispute resolution.

2.2.1	Status: Non Conformity No. 2018.01 with Major Category	
2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior, and informed consent.		
2.3.1, 2.3.2, 2.3.4 Most of PT LIN operation area is state land which is the former land of communal as described in the land book no.: 1 (certificate), for an area of 7000 Ha, the map is shown in situation figure no.: 05/199. The area auctioned originating from the PT Tri Sangga Guna with a document copy of the auction minutes no. 33/2005 dated February 25, 2005. In the last sheet written that, the buyer is Richard C. Adam SH, LL.M as the attorney of PT Laras Internusa. Currently there is no plan to land expansion by PT LIN and PT AAI, but there are negotiation processed through the FPIC method that carried out by PT LIN on areas in HGU certificate no.: 1, which currently controlled by the community since before taking over by PT LIN from PT TSG. Namely: Settlement of land dispute an area of 983.99 Ha within the HGU which controlled by the community in block of A and B40 to A and B30 and blocks H40 to H34 has been done. A meeting was held on November 21, 2018 involving <i>Ninik Mamak</i> , community leaders and management of the MLKS cooperative with the conclusion: <ul style="list-style-type: none"> • Block of B30-B41 (380 Ha) will be discussed with PT LIN's shareholders to be allocated as smallholder area under 		

the MLKS cooperative;

- *Ninik mamak* and community leaders will socialize to the community regarding the area in the HGU which is controlled by the community (block of A and H);
- Field review to the area according to the map scale 1: 60000, namely block A (245.47 ha), Block B (381 Ha) and Block H 357.22 ha).

Minutes and agreements signed by Basri Dt Bando Basa (*Ninik Mamak*), community leaders, Head of Cooperative, and Cooperative secretary. The total that has paid is 149 ha with a total occupancy of 92 people; the rest is still in the process of measurement and payment.

The HGU area of 309 Ha is a land of freehold title that is compensated for as many as 65 plots (HGU No.: 20) and 84 plots (HGU No.: 19). Payment of compensation been carried out by PT LIN to the landowners witnessed by the BPN. Can be shown the recapitulation of the list of land rights release statement explaining the name of the right holder, certificate (number and date), location of land (village / *nagari* / district), hectares, situation map/picture and release of rights (listed in SK HGU document).

The auditor verifies the statement of land right release, for example: statement of agreement and evidence of compensation payment for an area registered no.: 196 / PHAT / BPN-2006, 2 Ha and under no.: 86 / PHAT / BPN-2006, 2 Ha. Stated that hand over the rights to PT LIN and received compensation as agreed upon, the signing carried out directly by the landowner and PT LIN representative witnessed by the Head of BPN of Pasaman Regency on June 5, 2006.

Based on interviews with ex-land owners in *Kejorongan* Koja (2 person, namely village head and *ninik mamak* of *Kejorongan* Koja), mentioned that compensation have been made clean and clear by the company, the determination of compensation was carried out based on the BPN provisions of West Pasaman. The entire document written in Bahasa and been understood by the all parties.

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 shows PT AAI & PT LIN long-term budget documents for the period 2019 - 2023 which informs CPO revenues, PK revenues, empty shell & EFB, Cost of FFB, Cost of sales, gross profit, loss before taxation, loss after taxation, FFB purchased (MT), processed FFB (MT), Processing capacity / hour, percent of capacity, CPO Production, OER (%), PK Production, KER (%), CPO Price / MT, PK Price / MT and FFB Price / MT . The company also shows a budget evaluation in 2018 for harvesting, upkeep-mature, up-keep immature and other activities.

3.1.2.

The company shows the replanting program for the next 5 years of PT Laras Internusa for the period 2017 - 2023, which informs replanting blocks, planting years, area, replanting year, month, and total hectares. The area of replanting for the 2017-2023 period is 604.79 ha. The company shows the management plan for peat in the form of infrastructure in the 2018-2019 period such as road side pruning activities, main road, collection road, main drain, collection drain on mineral & peat soils and evaluation of the 2017 annual budget that informs monthly budget information for harvesting activities, up -keep mature, keep-immature up, and more.

The company has conducted a peat land level assessment contained in the Internal Drain-ability document. Assessment of PT Laras Internusa. The assessment was carried out by MEC (Malaysia Environment Consultant) in August - October 2018 and finalized in the form of a report issued in November 2018. Based on the report it is known that PT Laras Internusa's operational area is still suitable for replanting.

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 procedures for oil palm cultivation and palm oil processing which are available in Indonesian. Oil palm cultivation procedures include land clearing, water and soil conservation, integrated pest management, plant upkeep, harvesting and transportation whereas for palm oil processing procedures include FFB receipts, FFB grading, FFB processing, and CPO quality sampling.

Based on interviews with management revealed that a copy of the procedure was in each unit. When the audit activity takes place, the company can show the entire procedure to the auditor.

The results of field observations and interviews with employees in the estate and mill revealed that each employee understood their respective working procedures, for example for harvester in Laras A and Laras B Estate 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 explain the time of use between turbines and generators.

Internal control includes checking of the work of local contractors such as CV Fawwas who is a local contractor for FFB transportation. The results of the internal audit in September 2018 also stated that the process of transporting FFB by CV Fawwas was in accordance with company procedures.

Based on field observations for pesticide application in Block F37 show that supervisors always carry work procedures to be used as references if something goes wrong. The results of field observations at pesticide mixing sites are known that procedures are available and used as a reference in mixing pesticides before use. The results of interviews with management representatives revealed that each foreman and warehouse officer had responsibilities towards their employees in working in accordance with applicable procedures.

4.1.2 and 4.1.3

The company has the Manual Quality Assurance with the number QM-SOP01-29 which established 01 May 2017. The procedure outlines several things such as the company's management system, company operational requirements, internal audit planning, and coordination, reporting and follow-up on audit results.

The results of interviews with management known that the implementation of internal audits is conducted annually on a regular basis covering the implementation of all estate procedures, administration of bank cash and trade payables, inventory, wage and personnel administration, vehicle assets, heavy equipment, machinery and follow-up previous internal audit reports.

When the audit activity takes place, the company can show the results of the internal audit document carried out on September 2018 by the Quality Management Department. The company has taken corrective action on internal audit findings and declared fulfilled by the Quality Management Department on 7 and 12 September 2018.

4.1.4

The AAI POM received the FFB from main estate, smallholder scheme, and from the independent suppliers. The company has SOP document no.: ST-SOP19-00 issued on June 2015. In the SOP explained regarding to the mechanism for verification of certified and non-certified FFB, balancing product of CPO/PK certified and non-certified (FFB daily report and mass balance report), responsibility of mill manager and documentation.

	Status: Comply	
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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; 4.2.2 and 4.2.3

The company has a fertilizer procedure with the number OPE-SOP09-10. The procedure explains that fertilizer recommendations made based on the results of analysis of leaf and soil samples. Based on the company's Palm Oil

Cultivation Guidelines, explained that leaf sampling and analysis are carried out once a year and soil sampling is carried out every five years.

During the audit activity the company shows the following documents on the results of soil and leaf analysis:

- Results of soil analysis by PT. Laboratorium Analytical & QC Nusa Pusaka Kencana (Asian Agri Group) on May 2018 for 16 soil samples. Test parameters include moisture content, cadmium, lead, oil content, exchange cat-ion, calcium, magnesium, iron, manganese, aluminum, potassium, cation exchange capacity, and base saturation.
- Results of leaf analysis by Musim Mas Analytical & QC Test Laboratory on May 2018 for 56 leaf samples. Test parameters include N, P, K, Mg, Ca, B, Cu, and Zn.

In the procedure for soil and leaf sampling it is explained that soil and leaf sampling is carried out every year as a basis for compiling fertilizer recommendations the following year.

Based on the results of leaf samples analysis in 2018, the company issued fertilizer recommendations for the first semester of 2019 as follows: Urea with a plan of 971.55 tons; MOP 977.89 tons; PRP 879.98 tons; GML 980.49 tons; Kieserite 5.20 tons; Borate 56.54 tons; Zincop 5.96 tons; and NPK Blue 515.97 tons

During the audit activity the company can show fertilization monitoring that explains the application dosage, application tonnage, and fertilizer use/tons FFB, for example: Laras A Estate realization of fertilization in 2018 (January – November Period) for Urea with a dose of 1.5 Kg/tree with a total application of 1,345.35 tons.

4.2.4.

The company shows the waste utilization document with the following details:

1. Liquid Waste.
The company does not use liquid waste because mill and estate are not in the same area. In addition, > 90% of the plantation area is peat soil.
2. Decanter Solid and Bunch Ash
The company use factory solid waste as organic fertilizer such as solid decanters and bunch ash. During the audit, the company showed decanter solid and bunch ash application documents for the January-November period. From the document it is known that up to now the company has applied solid decanter of 3,851.74 tons and 628.08 tons for bunch ash.
3. Fiber and shell are used as boiler fuel.

	Status: Comply	
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4.3

Practices minimize and control erosion and degradation of soils.

4.3.1

The company has a PT Laras Internusa Soil Analysis Report with a scale of 1: 75,000 dated May 1, 2015. The document equipped with legend soil map units, roads, rivers, cities, estate boundary, and division boundary.

4.3.2

The company has a management strategy for planting in slope areas contained in the TSH Palm Oil Cultivation Guidelines. The document describes the management area on sloping area, among others: conservation terrace (for slopes 0 - 2°), terrace with a width of 4 meters (for slopes of 6° - 12°), terrace with a width of 3 – 3.5 meters (for slopes of 20° - 25°), planting cover crops and empty fruit bunch applications.

Based on field observations at Laras A and Laras B Estate revealed that there were no sloping areas in PT Laras Internusa, this was in accordance with the company's topographic map, which stated that the entire area in PT Laras Internusa was a flat area.

4.3.3

The company shows the realization of road maintenance in the form of Road Maintenance Maps for the period January - November 2018 with a scale of 1: 50,000. The map explains the progress of road maintenance using rubble stone by CV. Anugerah Mandiri. From the map, known that for the years 2018 to November the road that maintained reaches 44,048.29 meters.

Based on interviews with the management are known that the company did not prepare a road maintenance plan for a period of 1 year but 1 month. In this case, the company shows a road maintenance plan for the period of December 2018, in the document known that the company requires 36 rubble stone trips for estate road maintenance and 5 laterite trips for community road maintenance.

4.3.4

The company has a water management procedure with the number OPE-SOP14-03 which describes the measurement and monitoring of water level, silt pit, implementation, and flood mitigation strategies. In addition, the company also has a procedure for measuring the decrease in peat soil with the number ST-SOP15-01, which explains how to measure the decrease in peat soil carried out every month, the technique of installing peat sticks, sampling, and technical measurements and subsidence observations. In the procedure it was explained that peat soil was said to be damaged if the cumulative decrease in peat surface was >35 cm / 5 years. In this case, the company shows the document for the Water Level Assessment Record for the period of October 2018. From these data, known that the height of water table ranges from 30 - 60 cm while the height of ground water ranges from 20 - 50 cm. From rainfall data, known that in October there were 27 rainy days with 637 mm of rainfall.

4.3.5

The results of the review document area and the company's long-term plan are known that the company has replanted in 2017 - 2018, the company still has a replanting plan for 2019-2020. In this case the company has conducted a peat land level assessment contained in the Internal Drain-ability document. Assessment of PT Laras Internusa. The assessment was carried out by MEC (Malaysia Environment Consultant) in August - October 2018 and finalized in the form of a report issued in November 2018. Based on the report it is known that PT Laras Internusa's operational area is still suitable for replanting.

4.3.6

Strategies for fragile and other problem soils are included in the semi-detailed soil survey report. The report describes the level of land suitability along with the actions that need to be taken to raise the level of land suitability. Based on the report it is known that the limiting factors in land in the company's operational areas include low nutrient content, steep slope land, sandy soil, low-flood lands and peat soils.

Some recommended strategies include:

- Increasing the organic content of the soil through recycling nutrients, namely the application of EFB and POME, laying the frond in the joint and between the staples.
- Carry out fertilization based on the results of leaf and soil analysis that is carried out regularly.
- Making a terrace system on steep slopes, planting Munauna bracteata and laying the frond parallel to the direction of the contour,
- Application of water management to low-lying areas and flood-prone areas, through the creation of drainage systems, piezometer monitoring, land subsidence monitoring (subsidence) and water level monitoring

The results of the study of land type map documents and field observations in Laras A and Laras B Estate are known that there are no fragile types of soil in the company's operational area. peat land is the dominant type of land in the area of the company

Status: Comply

4.4

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

4.4.1.

The company shows a Water management and monitoring plan that was updated on May 12th, 2018 with details:

- Identification of drainage line in Staff and Employee Housing.
- Create and maintain drainage line in Estate and Mill housing.
- Identification of all riparian areas on the rivers in PT LIN.
- Testing river water quality.
- Make / maintain riparian marking on the riparian area in PT LIN.

- Monitoring identification, maintenance of marking and maintenance of warning boards on riparian and river water quality.
- Identification of all locations and depths of drill wells at PT LIN
- Testing clean water in the drill well.
- Monitoring subsidence pole on peat lands.

Records of the implementation of water management have been listed in the report on the Semester I RKL / RPL for 2018, HCV documents and efficiency of water use for processing in Mill and domestic documents.

The company was conducted water surface testing by *UPTD Laboratorium Kesehatan Provinsi Sumatera Barat* dated on September 25, 2018 located in downstream & upstream of Batang Koja; downstream & upstream of Batang Masang; downstream & upstream of Batang Kinali; and downstream & upstream of Batang Bunut. The rivers was flowing through the estate.

Based on analysis testing result, the parameter dated on September 25th, 2019 such as: TSS Parameter in Batang Koja downstream & Upstream is 25 mg/l & 16 mg/l; Batang Kinali downstream is 8 mg/l & 3 mg/l and Batang Bunut downstream & upstream is 14 mg/l & <2 mg/l. Based on the testing result, the parameter didn't exceed the threshold which is 50 mg/l.

4.4.2.

The company shows the procedure of the boundaries of riparian and HCV areas with document number ST-SOP11-03 rev 03 dated February 28th, 2018. Based on field observations in Block A 40 *Sungai Masang* (Outside Land Use Title) have allowed oil palm trees at a distance of 50 meters from riparian boundaries so that they do not replanting / cutting of palm oil is carried out.

4.4.3.

The company showed permit of disposals of waste water into river/ water bodies review of PT Andalas Agro Industry in accordance with decision of West Pasaman District number 188.45/407/BUP-PASBAR-2017 date on June 6th, 2017 valid for 1 year. There is letter from West Pasaman Regent with number 660/412/P2KLH/VI/DLH-2017 date on June 12th, 2017 regarding the follow up disposal wastewater permit. Besides that, there is a letter from the Environment Agency of West Pasaman date on December 10th, 2018 it state PT AAI has fulfilled the requirements for the issuance of a permit to discharge wastewater (*IPLC*) and during audit activities the permit is still in the process of being issued By Environmental Agency of West Pasaman District (**OFI No.1**).

The company has carried out liquid waste testing conducted every month in the 2018 by the *UPTD Health Laboratory* of the Health Office of West Sumatra Province (LP 502 IDN). Based on the test parameters it is known there are parameters (BOD₅ & COD) that exceed the threshold set by Environment Minister No.5 Year 2014. However, the company has evaluated and listed in the Semester 1 *RKL / RPL* document in 2018. Parameters that exceed the threshold is caused by the performance of aerobic and anaerobic bacteria has not been maximized to decompose the organic waste material that enters the wastewater and the dredging process carried out by the company to reduce sediment in the WWTP ponds.

The company has taken actions to improve the above matters such as; making circulation of wastewater from anaerobic pond 7 to anaerobic ponds 4 thus prolonging the residence time of wastewater in WWTP, increasing the oxygen content in wastewater by completing the aeration pond by installing 16 units of aerator in each ponds (Ponds no. 9, 10, 11 and 12) routinely dredging ponds, changing inlet & outlet flow so that the retention time is longer and collaborating with Environment Agency consultants to treat WWTPs. Based on the explanation above, it is known that from July to October 2018, the test results parameters have been below the specified thresholds.

The company has reported the results of testing liquid waste every 3 months, for example: Quarterly Report III of 2018 (July - September 2018) dated October 22nd, 2018 to the Department of Environment of West Pasaman Regency and to the Office of Environment of West Sumatra Province on November 7th, 2018.

4.4.4.

The company has a WTP work instructions with document number WI-PD-09 Revision 03 January 3rd, 2018 PT AAI Palm Oil Mill at point "m" is explain the initial record printed on the flow meter to find out the use of water to the mill and housing daily.

The company has an extension permit letter for the use of surface water resources according to the Decree of the Governor of West Sumatra No. 611-961-2016 with the location for taking water is *Sungai Batang Masang Kecil*, the volume of water withdrawal is $\pm 14,000 \text{ m}^3$ / month. The validity period of the permit is valid for 3 years. The average water use for processing in Mill is 3.294 m^3 and water use efficiency for processing is 0.226 m^3 / ton FFB.

Status: Comply

4.5

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

4.5.1 and 4.5.2

The company has an integrated pest management procedure that explains how to control pests in biology, chemistry and manually. In addition, the company also has a Cultivation Guidebook which also explains related to Pest and Disease control. In the book, an early warning system is explained, for example, periodic detection for leaf eater caterpillar and rat censuses are done every 2 months.

The company is committed to implementing integrated pest management (IPM), this is demonstrated by utilizing beneficial plants and natural predators. In this case, the company shows documents related to planting and maintenance of beneficial plants for the period of 2018, for example, in Laras A has installed 303 barn owl box while Laras B has installed 139 barn owl box.

The interview with the management revealed that the company routinely conducted training for IPM employees, for example IPM training conducted on May 8, 2018 at the Laras A Meeting Room and was attended by 32 employees. Documentation, material and attendance lists are available during the audit activity.

During the audit activity, the company shows pest monitoring documents period of September 2018 for Laras A Estate and Laras B Estate. Based on document verification, it was found that there were no pests that exceeded the threshold, for example the results of the Leaf Eater Caterpillar census on September 15, 2018 in Block D39 Laras B Estate are known that the percentage of attacks reached 9.41 caterpillars / frond. The company in this case applied for trunk injection on September 22, 2018 with the full treatment method.

The results of field observations in Laras A and Laras B Estate are known that the company has installed barn owl box and conducted monitoring every week. The results of interviews with management representatives are known that observations were made on several aspects, for example: the presence of owl, and traces of vomit.

Status: Comply

4.6

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

4.6.1; 4.6.2 and 4.6.5

The company has a policy on safety in using chemicals listed in the procedures for managing hazardous material and hazardous waste with the number ST-SOP08-00 and weed, pests, and diseases control procedures with the number OPE-SOP05-13. In the procedure, explained about the use of PPE for employees and management of used pesticide containers.

Based on interviews with management revealed that to avoid the development of resistance, the company used a rotation spraying system and use different types of pesticides in each rotation. During the audit, the company showed a chemical justification document for the period of 2018 at Laras A and Laras B Estate by identifying trade names, active ingredients, active ingredients, LD50, WHO classification, Type, shape, character, application method, function and justification.

The company also has a pesticide use program contained in the annual budget document, while the realization is reported in the Estate Manager's monthly report. The document explains the trademark and active ingredients of pesticides, target weeds, dosages per hectare, monthly use of materials and recapitulation, and the extent of application.

Based on field observations and interviews with pesticide applicators on Laras Estate are known as follows:

- Employees have understood work procedures that are safe in using chemicals such as spraying techniques, target

- weeds for each pesticide, use of PPE and actions taken when poisoning occurs.
- Regular employees get direction from supervisor before work and also get regular internal training by the company.
 - The company provides facilities for mixing pesticides, storing work tools and PPE as well as places for bathing employees when completing the application of pesticides.
 - Employees bring food from home, the company in this case provides clean water and soap to clean hands before eating, and the location of the place to eat must be different from the location of the application of pesticides.
 - The company provides PPE for each employee free of charge and if broken will be given a replacement PPE with the provision of returning the broken PPE.
 - Supervisors always carry a first aid kit that will be used as first aid when there is a work accident. The results of checking are known that the contents of the first aid kit are complete and ready to use.

The company has a policy on safety in using chemicals listed in the procedures for managing hazardous material and hazardous waste with the number ST-SOP08-00 and weed, pests, and diseases control procedures with the number OPE-SOP05-13. In the procedure, explained about the use of PPE for employees and management of used pesticide containers.

4.6.3

The company has an integrated pest management plan listed in the Division's work document and document Pest control activity plan consisting of detection and identification of pests, rat census, census of leaf eater caterpillar, application of chemical rat control and planting of beneficial plants (*Turnera subulata* and *Cassia cobanensis*).

4.6.4

The company shows the Pesticide List document in the 2018 Classification that identifies trademarks, active ingredients, LD 50 (mg / kg), WHO classification and product classification. The company has a policy to minimize the use of Paraquat dichloride listed in the Internal Memo from Director on December 5, 2018. In the memorandum, it is explained that The company is committed to no longer using pesticides with the active ingredient Paraquat dichloride since December 5, 2018

The results of the pesticide use document study show that the company still uses pesticides made from Paraquat dichloride from 2015 to 2018. From the document it is known that year to year use of Paraquat dichloride shows a significant decrease while for use in 2018 only to consume the company's stock because the company also has a commitment since 2017 based on a Letter from the Director of PT LIN on July 25, 2017. Since December 5, 2018 the company no longer uses Paraquat dichloride.

Based on field observations and interviews with pesticide applicators on Laras A Estate revealed that spraying activities used Glyphosate, while the results of physical verification in the chemical warehouse are in accordance with the inventory records at Laras Estate, it is known that pesticides are available with Basta, Garlon, Agristik, Lindomin, and Amiphosate.

4.6.6

The company has a pesticide storage procedure that is listed in the procedure for mixing and storing chemicals with the number ST-SOP08-00. The procedure describes chemical management in accordance with applicable regulations, preventing and overcoming pollution or environmental damage caused by chemicals, administration and use of PPE for implementing chemical management officers and facilities during an emergency.

During the audit activity, the company shows a monitoring document of pesticide container used for Laras Estate Period of August 2018. From the monitoring known that until August 2018 there were 24 containers of used pesticides. The results of field visits at the employee housing complex also found no use of used pesticide packaging used for other purposes.

4.6.7 and 4.6.9

The company shows training documents to employees and scheme smallholder related to the use and handling of pesticides as follows:

- Training on spray techniques and handling of pesticides on November 6, 2018 is located at Estate office. Documentation, material and attendance lists are available during the audit activity.

- Training on spray techniques and handling of pesticides on December 9, 2018 is located at Estate office. Documentation, material and attendance lists are available during the audit activity.

Based on field observations and interviews with pesticide applicators on Laras Estate are known as follows:

- Employees have understood work procedures that are safe in using chemicals such as spraying techniques, target weeds for each pesticide, use of PPE and actions taken when poisoning occurs.
- Regular employees get direction from supervisor before work and also get regular internal training by the company.
- The company provides facilities for mixing pesticides, storing work tools and PPE as well as places for bathing employees when completing the application of pesticides.
- Employees bring food from home, the company in this case provides clean water and soap to clean hands before eating and the location of the place to eat must be different from the location of the application of pesticides.
- The company provides PPE for each employee free of charge and if damaged will be given a replacement PPE with the provision of returning the damaged PPE.
- Supervisors always carry a first aid kit that will be used as first aid when there is a work accident. The results of checking are known that the contents of the first aid kit are complete and ready to use.

The results of field observations on spray activities in Block F37 show that supervision always carries MSDS as a safe guide to work. The same thing was found during a field visit in the area of fertilizer and pesticide warehousing where every material was equipped with MSDS. Besides that the company provides personal protective equipment (PPE) to pesticides applicator including: helmets, safety goggles, masks, aprons, gloves and boots.

4.6.8

Based on the document verification, field observations, and management interviews, known that the company did not apply the application of pesticides through the air.

4.6.10.

The company shows the procedure for managing schedule waste with the document number ST-SOP12-00 in October 2014. The company shows the procedure for management and handling of chemicals with a document number ST-SOP08-01 rev 01 approved on January 24th, 2018. In point 6.10 regarding the disposal of chemicals and packaging.

Based on interviews with warehouse staff, there has been training on the disposal of schedule waste, the Officer has understood the mechanism of disposal of pesticide packaging waste.

Due to the license of schedule-waste storage just issued on November 30th, 2018, the company not yet sent hazardous waste to transporter. However, the company has an agreement with PT Horas Miduk in regard of next schedule waste transporting.

PT Laras Internusa Estate transported was last carried out on February 12th, 2018 in collaboration with PT Horas Miduk with vehicle number B 9006 FYT. The type of schedule waste delivered is used pesticide p 230 kg (Manifest NF0027189).

4.6.11

The company shows the results of the employee health examination conducted on September 15, 2018 by Doctor Widodo. Examination was carried out for 179 employees who were chemical workers and high-risk workers. Examination includes physical examination, SGOT, SGPT, and cholinesterase. From the results of the examination it was found that there were 168 employees who were declared healthy to work and there were 11 people who experienced a decline in their health level with the recommendation of transferring jobs and resting. The company in this case shows a job transfer form for 11 employees.

4.6.12

Based on interview with female pesticide applicators its stated that they never been checked related to the pregnancy. Although the applicators are not in pregnance but based on this situation, it can't ensure that the female applicator will not in pregnancy or breastfeeding. The company also enable to show the system to identify female sprayers who are pregnant and breastfeeding. Futhermore the company cannot show the document that stated the female sprayers are not pregnant or are breastfeeding their babies.

Based on this consideration, it can be concluded that the company is not able to show the evidence that no work with pesticides undertaken by pregnant or breast-feeding women. **NCR No. 2018.02 with Major Category.**

4.6.12 **Status: Non conformance NCR No. 2018.02 with Major Category**

4.7

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

4.7.1

Policy on OHS of CH has issued by the Managing Director on October 2015. The policy indicates company commitment towards OHS implementation through:

- To communicate policy and OHS procedures to all employees and stakeholders which have interest.
- To comply with government OHS related regulations.
- To ensure implementation of OHS as a part of operational process.
- To identify, appraising, and control of continuous improvement in order to avoid work accident.
- To manage and monitor OHS indicators and conducting a continuous improvement.

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. Based on interview result the workers are given guidance through socialization, notice boards, and morning briefings before the work. Based on the above explanation, the workers has known about OHS policy.

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.), P2K3 monthly meeting notes and three-monthly P2K3 reports. Furthermore, Evaluation of OHS program, achievements and its monitoring was presented in P2K3 monthly meeting notes and three-monthly P2K3 reports. Based on observation Laras Estate and Andalas Agro Industry POM, it was found first aid box, and fire extinguishers stations were satisfactory maintained. Regular checklist monitoring were also available. Moreover, simulation of hydrant were considered satisfactory.

4.7.2

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

- Document of HIRAC for Mill with the number OSH-LIN-RISK01-01, issued by the Secretary of P2K3 on January 23, 2018.
- Document of HIRAC for Estate with the number OSH-LIN-RISK02-01, issued by the Secretary of P2K3 on January 23, 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 that presented in MSDS and HIRADC document. For example, based on observation towards Harvester in Laras 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 September 15, 2018. Employee health checks include audiometry, cholinesterase 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 shown document of PPE distribution to all workers in estates and mill, which signed by Assistants, Chief of P2K3 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.

The company has included every employee in a training program to improve employee skills in accordance with the applicable legal requirements. During the audit activity, the company can show mill and estate training certificates and licenses. However, based on the results of field observations and interviews with mill employees at the engine room station, it is known that the company uses 3 generator sets (600 KVA, 200 KVA and 80 KVA) and 3 turbine (100 HP, 268 HP and 800 HP).

The company has prepared training programs for 2018, one of which includes training for workers exposed to high noise levels. The company shows the training documents for generator and turbine operators which was held in November 2018 which includes the plantation area and mill. The company in this case does not yet have officers who are OHS Experts in the Electricity Sector in accordance with what is required in *Permenaker* number 12 of 2015 article seven. **NCR No. 2018.03 with Major Category.**

4.7.4

Unit management has OHS Committee, which presented in several documents. For example, Decree Letter from Head of Manpower and Transmigration Agency of West Sumatera Province dated August 30, 2018 for PT Laras Internusa and Decree Letter from Head of Manpower and Transmigration Agency of West Sumatera Province dated June 30, 2018 for PT Andalas Agro Industry. The P2K3 secretary 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 of Andalas Agro Industry POM dated on September 25, 2018.

4.7.5

The company has fire prevention procedures with document number ST-SOP02-04 revision 4 dated July 18, 2016. In the procedure is mentioned that one of the tools to extinguish the fire is a Hydrant. Further explained that each palm oil mill must have a Hydrant system that is inspected every month, but based on the results of field observations and simulation of Hydrant use in the mill area it is known that the Hydrant is not ready to use for example: the hose did not have a nozzle, leaking, and can't connect with Hydrant. **NCR No. 2018.04 with Major Category.**

Based on field observations and interviews with harvesting and upkeep foremen at Laras Estate revealed that the foremen had attended first aid officers training conducted on December, 2013, 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.

Based on verification of the first aid kit checklist document period November 2018 revealed that the company had provided 59 first aid kits for the estate area and 8 first aid kits for the mill area, which were ready for use.

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*), insurance on death (*JKM*), retirement insurance (*JP*) and health insurance (*JKS*). Meanwhile for piece-worker, the company 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 September - November 2018 is presented, for example:

- Health insurance period September 2018 of **PT Laras Internusa** has been paid on September 7th 2018. Payment receipt has been verify by auditor.
- Health insurance period October 2018 of **PT Laras Internusa** has been paid on October 10th 2018. Payment receipt has been verify by auditor.
- Health insurance period November 2018 of **PT Laras Internusa** has been paid on November 9th 2018. Payment receipt has been verify by auditor
- The company routinely disseminates information to contractors to fulfil social responsibilities to workers related to health and workforce insurance (*BPJS Ketenagakerjaan* and *BPJS Kesehatan*) in accordance with the contents in the Work Agreement (SPK) for example for CV Elok Bersama which has provided BPJS Health and Employment facilities to 28 employees and CV Anugerah Mandiri to 47 employees.

4.7.7

The company has records of work accidents for estate units and mill for the period January - October 2018. Records of work accidents use the LTA method. From the results of document verification, it was found that there was 1 work accident in April with 14.65 Lost Time Injury Frequency.

4.7.3 Status: Non conformance No. 2018.03 with Major Category

4.7.5 Status: Non conformance No. 2018.04 with Major Category

4.8

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

4.8.1

The Company have developed an annual training program that has covered all existing estate and mill activities, that has included training on OHS aspects and emergency response, addressed to all workers, as well as contractors and scheme smallholder.

4.8.2

Based on verification of the training documentation, almost all the training programs of 2018 have been conducted. For Estate covering harvesting, maintenance, manuring, spraying, integrated pest management, fire extinguishers, OHS, first aid response, etc. meanwhile the training for Mill included receiving, purchases, cashiers, weighbridge station, all processing stations, electricity, workshops, WTP, laboratories, etc. While for contractors include OHS, HIRAC, safe working attitude, and use of PPE. Field observations and/or interviews with workers in Mill and Estate, as well as contractors known that they have received regular training or socialization from the company.

The company has prepared training programs for 2018, one of which includes training for workers exposed to high noise levels. The company shows the training documents for generator and turbine operators which was held in November 2018 which includes the plantation area and mill.

Status: Comply

PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity
5.1

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

5.1.1.
PT LIN

The company showed changes to environmental permits of PT Laras Internusa (Estate) activities in Kinali District, West Pasaman Regency according to the decision of the West Pasaman Regent No.188.45 / 726 / BUP-PASBAR / 2015 with a core area of 7,000 ha (Land Use Title in 1994) and approved since August 13th, 2015. As well as reporting matrix related to physical, chemical and biological components every 6 months to agencies related.

PT AAI

The company shows environmental permits for the activities of the Palm Oil Processing (PT AAI) in Kinali District, West Pasaman Regency in accordance with SK 503/15 / DPMPTSP / V-2018 by the Head of Investment and Integrated Services one Door West Pasaman with a land area of 28.1437 ha is located at Air Rau Jorong VI Koto Selatan Nagari Kinali, Kinali Sub-District and Pasaman Barat District. The scope of this environmental activity includes the addition of boilers, turbines, storage tanks, WWTP ponds, road repairs and the addition of workers housing. Approved on May 24th, 2018.

The approval of the environmental management document (DPLH) of the Palm Oil Processing Plant of PT Andalas Agro Industri, Kinali District in accordance with SK No.660 / 039 / Peng. DPLH / DLH / 2018 by the Head of the West Pasaman Regency Environmental Service on May 16th, 2018. Based on the explanation above, the company has Environmental documents in the form of *AMDAL* and *DPLH*.

5.1.2 & 5.1.3.

The company shows a report of *RKL/RPL* Semester I 2018 for PT LIN & PT AAI. The document has explained the impacts managed and monitored

PT LIN → Land quality, river water quality, Land & Office fire hazards, air & noise quality, changes in physical-chemical properties and soil fertility, plant pests & diseases, management of schedule waste, decreased environmental, vegetation and animal sanitation, workers opportunities and business, disruption of work health & safety and social conflict. The company has conducted evaluations every six months (semester 1 2018) for each parameter of the test results, for example the land quality, river water, aquatic biota, plankton, & benthos.

PT AAI → WWTP wastewater, air quality, surface water quality, social component of society (population, economy, social culture, community health, public perception, public facilities & infrastructure).

There is evidence of PT AAI *RKL/RPL* report for Semester I 2018 on August 24th, 2018 to Environment Agency of West Sumatra Province and Pasaman Barat District on August 21st, 2018 and evidence of PT LIN *RKL/RPL* report on July 24th, 2018 to the Environment Agency West Sumatra Province and Pasaman Barat District on July 19th, 2018.

Status: Comply

5.2

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

5.2.1

The company shows the HCV assessment report carried out by consultants Malaysian Environmental Consultants Sdn Bhd on September 14-20th, 2013; November 7-11th, 2014 and was re-upgraded on November 16-18th, 2015. So the final report was completed on December 21st, 2015. Lead Auditor is Kishokumar Jeyaraj has been registered to HCV Lead Assessor. The assessment area is 7,309 ha (Land Use title core) and 1000 ha (Plasma Location Permit) so that the total assessment area is 8,316 ha. The total area allocated for HCV Management is 247,394 ha (Potential HCV 4).

The HCV assessment was first finalized in October 2014 and reviewed in November 2015. Based on these results, it was detected that all areas previously identified as potential HCVs were occupied by the local community since 1989 onwards. Those area that occupied by local community exclude scope certification area. A precautionary approach was taken in 2014 in demarcating the HCV has potentially HCV 4. A document as a historical record of the findings; in reality this 1989 development project has effectively HCV presence.

The reference of the assessment for generic common guidance (CG) for the identification of HCV on October 2013. A public consultation was made on November 19th, 2015.

Based on field observations in Block A40-A41 & B41-B30 Laras B (HCV Potential) 4) it is known that the area has become an occupational area and is a flood-prone area. For an explanation of occupational area of ± 900 ha, it is explained in the legality indicator. Block A11-A14 *Sungai Batang Masang*, leaving 50 meters of palm oil in the riparian area (Outside land use title).

5.2.2 & 5.2.4.

Based on HCV document reports finalized in December 2015, the company did not have HCV area. However, the company has carried out conservation monitoring reports at PT LIN in October 2018 with details: 51 species of wildlife are divided into 33 species of birds, 11 mammals, 7 reptiles, 3 amphibians, and 8 butterflies. Important species found (IUCN) such as beavers (*Lutra sumatrana*) in the category (Endangered / EN) and *Leptoptilos javanicus* in the category (Vulnerable / VU) and protected wildlife according to government regulation No. 92 of 2018 there are 6 types such as, *Accipiter soloensis*, *Spilornis cheela*, *Egretta alba*, *Leptoptilos javanicus*, *Childonias leucopterus*, *Rhipidura javanica*, *Felis catus*, *Lutrinae* and *Crocodylus porosus* (including CITES in Appendix I category). Generally these animal habitats are located on the edge between plantations and rivers. Whereas for plants that belong to the category of Endangered is *Swietenia mahogany* and the vulnerable category is *Pterocarpus indicus*.

The company shows a management plan for wildlife in the 2019 period that describes activities, documents, PIC, frequency and month it does for example:

- Socialization of the prohibition on hunting wildlife in the PT LIN area once a year & PT AAI 4 months.
- Install and repair hunting ban boards in the PT LIN & AAI area once a year
- Provision of sanctions violating hunting restrictions in the PT AAI & LIN area once a month.
- Security patrols ensure there are no hunting activities every 1 month
- Monitoring the prohibition of hunting activities in the company's area every 3 months.

5.2.3.

The company has a policy for protecting RTE species is stated in environmental policy no. ST-POL08-02 REV: 02 dated October 2015. The company has socialized the prohibition on raise wildlife which was held on November 21st, 2018 located in workers line-site in division of E 23 and F8, attended by 63 workers.

5.2.5.

Based on HCV document reports finalized in December 2015, the company did not have HCV area. Based on interviews with Jorong Kojo, Alamanda and Jorong Koto VI Selatan did not have community areas that were used as HCV areas. Based on HCV documents, since 1989 potential areas of HCV have been occupied by village communities. This is explained in the land legality indicator.

Status: Comply

5.3

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

5.3.1.

The company shows the waste sources at PT AAI & PT LIN include, used machine, boiler dust, decanter solid, EFB, fibre, shell, used tires, scrap metal, used filters, domestic waste, used rags, used batteries, electrical waste, Used pesticide packaging, liquid waste and others.

The company shows the Pollution plan for PT AAI & LIN updated on May 12th, 2018 which informs management issues, targets, activities, documents, PIC and frequency with details:

- a. Annual pesticide reduction.
- b. Reduction of nitrogen fertilizer once every 1 year.
- c. Monitoring the use of fuel and regulating vehicles in Estate and mill every 3 months
- d. Inventory of fuel usage every 1 month.
- e. Program for planting forest principal in the company area every 1 year.
- f. Arrangement of collection of organic & inorganic waste in Estate and Mill.
- g. Manage POME every 1 month.
- h. Monitoring the management of domestic wastewater every 1 year.
- i. Monitoring carbon release compared to carbine absorption in companies every 6 months.

5.3.2.
PT LIN.

The company shows a letter of cooperation agreement on the transportation and management of schedule waste between PT LIN and PT Horas Miduk on April 2nd, 2018 valid for 1 year. PT Horas Miduk has obtained permission with details:

- a. Company as schedule waste collection (Permit Ministry of Environment No. 06.4.06 of 2014 is valid for 5 years).
- b. Company as schedule waste transporting (Recommendation NN.B-14610 / Dep.IV / LH / PDAL / 12/2014 is valid for 5 years).
- c. Company as utilizers (Permit No.SK.361 / Menlhk / Setjen / PLB.3 / 5/2016 & No.SK.453 / Menlhk / Setjen / PLB.3 / 9/2017).

Schedule waste management permit for PT Laras Internusa storage according to the decision of the Head of the one-door Integrated Services and Investment Service of West Pasaman District with number 503/03 / DPMPSTP / XI-2018 dated on November 30th, 2018 is valid for 5 years.

Because the schedule waste storage permit was only valid on November 30th, 2018, the company has not sent schedule waste to transporters, but the company has a cooperation agreement with PT Horas Miduk for the future to transport schedule waste.

PT AAI.

The company shows a cooperation agreement on schedule waste management agreement between PT Andalas Agro industry and PT Horas Miduk with number 744 / AAI-HM / X / 2018 dated October 2th, 2018 is valid for 1 year. PT Horas miduk has obtained permission with details:

- a. Company as schedule waste collection (Permit Ministry of Environment No. 06.4.06 of 2014 is valid for 5 years).
- b. Company as schedule waste transporting (Recommendation NN.B-14610 / Dep.IV / LH / PDAL / 12/2014 is valid for 5 years).
- c. Company as utilizers (Permit No.SK.361 / Menlhk / Setjjen / PLB.3 / 5/2016 & No.SK.453 / Menlhk / Setjjen / PLB.3 / 9/2017).

Schedule waste temporary storage permit in accordance with the decision of the West Pasaman Regent number 188.45 / 333 / BUP-PASBAR / 2015 is valid from April 1st, 2015 is valid for 5 years.

The Company showed the transportation of schedule waste to PT Horas Miduk on September 29th, 2018 with vehicle No B 9006FYV details:

- Manifest NF 0029189 used oil as much as 1800 litres or 8 drums.
- Manifest NF 0029190 used filters as much as 45 kg or 4 sacks.
- Manifest NF 0029191 rags/ used gloves as much as 60 kg (5 sacks).

Ministry of Transportation, Directorate General of Land Transportation with number SK.5112 / A.J.309 / DJPD / 2017 / 320160060BB-0002 for B9006 FYV is valid until November 22nd 2018.

There are reports third quarter (schedule waste) between July and September 2018 for PT AAI submitted to the Environment Agency West Pasaman on October 22nd, 2018 and the Environmental Office of West Sumatra Province dated November 7th, 2018.

5.3.3.

Solid waste management company such as fibre, shell and EFB for boiler fuel. Boiler dust and solid decanter for fertilizer in PT LIN.

Based on field observations in the area of PT Andalas Agro Industri - Mill found that:

- There are Thinner cans located in the area around the furnace.
- There is paint packaging cans located in the boiler area and workshop.
- Chemical packaging (Nalco) is located in the Excavator area.

This is not in accordance with the procedure for managing hazardous waste with document number ST-SOP12-00 on October 2014.

Based on field observations in the Laras B Housing area and in the landfill Block G40 are known that domestic waste has not been managed in accordance with the procedure for Waste Landfill No. ST-SOP01-01 document in October 2015. For example, in point 6.2.3, waste must be collected and disposed of to landfills at least 2 times a week and points 6.1.6 & 6.1.7.

Based on field observations in the Laras B First Aid Post, the Company has not carried out medical activities but on field visits it's found the medical waste (needles, threads and infusion bottles) that have not been managed properly in accordance with applicable regulations. **Based on the explanation above, this is Nonconformity No.2018.05 in the Minor category.**

5.3.3	Status: Non conformance No. 2018.05 with Minor Category
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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 shells use for the period January - October 2018 is 0.5 ton / ton FFB, fibre efficiency is 0.11 tons / ton FFB, and EFB efficiency is 0.23 tons / ton FFB. Total diesel use in Mill for the period January - October 2018 for 80 kW generator is 26,650 liters, for generator 200 kw is 34,425 liters; and 600 kW generator set at 58,040 liters.

Status: Comply

5.5

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

5.5.1 & 5.5.2.

The company does not do land clearing, land clearing is done by manual systems and green stacking practice. Company policy related to "zero burning" is contained in the ST-POL08-02 Date October 2015 environmental policy document and in procedure land clearing and preparation no. OPE-SOP01-13 Rev 13 dated March 29th, 2016.

Based on field observations in the replanting area of Block C17 Laras A, there is no burn activities and they opened land using heavy equipment (manually).

Status: Comply

5.6

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

5.6.1 & 5.6.2.

The company shows the Pollution plan for PT AAI & LIN updated on May 12th, 2018 which informs management issues, targets, activities, documents, PIC and frequency with details:

- Annual pesticide reduction.
- Reduction of nitrogen fertilizer once every 1 year.
- Monitoring the use of fuel and regulating vehicles in Estate and mill every 3 months
- Inventory of fuel usage every 1 month.
- Program for planting forest principal in the company area every 1 year.
- Arrangement of collection of organic & inorganic waste in Estate and Mill.
- Manage POME every 1 month.
- Monitoring the management of domestic wastewater every 1 year.
- Monitoring carbon release compared to carbine absorption in companies every 6 months.

The company also conducts air emissions testing at the Andalas Agro Industry VFD on June 26, 2018 by the Industrial Research and Standardization Agency which has been accredited by KAN LP 607 IDN located in the boiler area no.2; generator set number 1 & no.2; incinerator 1 & 2 with the following details:

Boiler 2.

- Based on the test result of Particulate, SO₂, NO₂, HCl, Cl₂, NH₃, HF, & opacity not exceeding the quality standards stipulated by regulation of the environment minister No. 7 of 2007 Appendix I.

Generator 1 & 2.

- Based on the test results of the total particulate, SO₂, NO₂, & CO parameters not exceeding the quality standard stipulated by regulation of the environment minister No.13 of 2009 attachment I.

Incinerators 1 & 2.

- Based on the results of particulate on incinerators 1 & 2 and HCl incinerator 2 above the quality standards set by decision of the environment minister No.13 year 1995 Appendix V B. The company has conducted the evaluation described in indicator 5.1.3.

5.6.3.

The company has been calculate the GHG emissions using the lates RSPO PalmGHG calculator (3.0.1), all the data inputed are accurate. The calculation are including LUC emissions. Net GHG emissions produce by the mill is: 11.42 tCO₂e/tCPO.

The company shows greenhouse gas calculations using the Palm GHG Version 3.0.1 for period of 2017, the calculation use is option no.: 1.

Summary of Net GHG Emissions.

Emissions per Product	tCO ₂ e/tProduct
CPO	11.42
PK	11.42

Production	t/yr
FFB processed	144,509
CPO Produced	30,481.79

Extraction	%
OER	21.09
KER	4.23

Land use	ha
OP Planted area	5,982.77
OP planted on peat	5,819.84
Conservation (forested)	0
Conservation (Non-forested)	0
Total	11,802.61

Summary of field emissions and sinks

	Own Crop			Group		3 rd Party	
Emissions	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e	tCO ₂ e/ha
Land conversion	41,441.15	6.93	0.29	0	0	0	0
*CO ₂ Emissions fertiliser	9,920.55	1.66	0.07	0	0	0	0
**N ₂ O Emissions	50,848.5	8.5	0.35	0	0	0	0
Fuel Consumption	820.29	0.14	0.01	0	0	0	0
Peat Oxidation	317,763.81	53.11	2.2	0	0	0	0
Sinks	-	-	-	-	-	-	-
Crop sequestration	-39,280.71	-6.57	-0.27	0	0	0	0
Conservation Sequestration	0	0	0	0	0	0	0
Total	381,513.59	63.77		0	0	0	0

Summary of Mill Emissions and Credits

	tCO ₂ e	tCO ₂ e/tFFB
Emissions		
POME	373,221.38	0.26
Fuel consumption	383	0
Grid electricity	0	0
Utilization	0	0
Credits	-	-
Export of grid electricity	0	0
Sales of PKS	-1,400.17	-0.01
Sales of EFB	0	0
Total	36,304.22	0.25

Palm oil Mill Effluent (POME) Treatment

Divert to compost	0 %
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Divert to anaerobic digestion	100 %
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POME Diverted to Anaerobic Digestion

Divert to anaerobic pond	100 %
Divert to methane capture (flaring)	0 %
Divert to methane capture (electricity generation)	0 %

The company shows vibration quality testing carried out on 3-4 May 2018 by the UPTD of Occupational Safety and Health of West Sumatra Province with the results:

Measurement location	Results (mm/second)	Threshold	Note
Engine room	2.16	< 5.2 mm/second	Qualify
Turbine engine room	1.87		Qualify

Threshold: Decision of the environment minister no.49 year 1996 appendix II.

The company shows testing of ambient and noise air quality at PT Andalas Agro Industry on June 26th, 2018 by the Padang Industrial Research & Standardization Center accredited by KAN LP 607 IDN with the following details:

Test results parameters	Unit	Threshold	Test Analysis		
			In front Office	Loading Ramp	Workers housing
SO ₂	mg/nm ³	Max 900	<0.019	0.07	<0.019
NO ₂	mg/nm ³	Max 400	0.011	0.016	0.015
HC	mg/nm ³	Max 160	7.85	9.16	<6.54
CO	mg/nm ³	Max 30.000	1,145.19	2,290.39	<1,145.19
TSP	mg/nm ³	Max 230	82.35	77.57	35.82
Noise	Db (A)	Max 700**	43.7	61	49.4

Threshold: government regulation No.41 year 1999 and Decision Environment Agency No.48 Year 1996 (Noise).

Based on the explanation above the parameters of the test results, it does not exceed the threshold according government regulation No.41 of 1999 and Minister of Decree No.48 of 1996.

Status: Comply

PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills
6.1

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

6.1.1, 6.1.2

The social impact assessment for PT AAI and PT LIN carried out on 7 -11 March 2014 and 16-18 November 2015, sighted the report of SIA revision on February 1-3, 2017, conducted by MEC Sdn Bhd conducted.

Data collecting carried out by dialogue, field observations, in-depth interviews with respondents and focused group's discussions. The assessment involved both internal and external parties at PT LIN and PT AAI, public consultation held on December 19, 2015. External stakeholders contacted:

- Local communities namely *Jorong* Sidodadi, Koto Gadang Jaya, Bangun Rejo, Alamanda, Mandiingin and Anam Koto Selatan (PT AAI).
- Village and sub-district governments

- PT LIN and PT AAI workers
- Gender and marginalized groups.

Observed an attendant list of a public consultation on November 19, 2015 in Kinali Sub-District which was attended by 38 of external and 22 from the company's internal parties.

The assessment process has covered all potential factors and impacts, such as land submission and compensation, land ownership patterns, transmigration history, the socio-economic conditions of the transmigration and local communities, the social culture of the community, the existence of communal land, and the construction of plasma.

For internal, it includes facilities, wages, training, migrant workers.

6.1.3 and 6.1.4

The company shows the social management plan for the 2018, which explain related to impact findings (internal and external), root causes, recommendations and description of mitigation taken by the company. However, the company has not been able to show the plans of social impact management and monitoring and its implementation to avoid or to reduce negative impacts and increase positive impacts, which prepared through a process of consultation with affected parties, documented and scheduled including the responsibility for implementation. **NCR No.: 2018.06**

SIA has been conducted since 2014 and the report finished on March 2017. The Company arranged SIA Management Plan for 2018, related to this case the company encouraged to conduct a review in minimum once for 2 years. **OFI**

6.1.5

The SIA assessment has been includes the impact on the smallholder scheme, evidenced by the document of public consultations to the smallholder's farmers. Furthermore, in the SIA report, also explained that the assessment involved interested internal and external parties such as the recipient community of plasma recipients and land compensation.

6.1.3	Status: Non-conformance No. 2018.06 with Major Category
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6.2

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

6.2.1, 6.2.2

The company has had a SOP of Request of Information and External Communication (No. ST-SOP07-03 Rev 03 dated 30 November 2018) as well as Policy of Transparency. The procedure and policy explain the open and transparent method of communication and consultation with stakeholders, workers, grower, local communities, or other affected parties. Community Development is person in charge of communication and consultation, including the dissemination of company's procedures and policies.

6.2.3

To ensure procedures been communicated to all stakeholders, the company has stakeholder list that updated semester. Stakeholder list consists of regency, sub-district and village government, worker unions, gender committee, cooperative, contractors, traditional leaders, etc.

Records of communication with stakeholders are in minutes of meeting of regular/incidental meeting, as well as log book of communication. Based on consultation with stakeholders (agencies, villagers, contractors, labour union, gender committee, etc.), known that the stakeholders have understood the mechanism and PIC of communication and consultation to the company. There are no obstacles in communicating with person in charge. Based on review of documents, known that the stakeholders are routinely sent letters of communication or proposal, and has been addressed by management.

Status: Comply

6.3

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

6.3.1.

The company has had a mechanism for dealing with complaints from internal and external stakeholder, in SOP of Handling of Worker Complaint and SOP of Handling of External Complaint. The procedures has set the resolve disputes effectively, timely manner (2 weeks), ensuring anonymity of complainants and whistle-blowers. Those procedures has been disseminated to all workers in 24 October 2018, as well as to contractors and villagers on 6 January 2018. Based on interview to the stakeholders, they agreed with the system of complaints submission.

6.3.2.

Records of complaints from internal and stakeholder has been documented. There were some complaints from workers related to demand of housing maintenance, which has been addressed by management. Other than that, there are land grievance that has been addressed, described in detail on Criterion 2.2.

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

Most of PT LIN operation area is state land which is the former land of communal as described in the land book no.: 1 (certificate), for an area of 7000 Ha, the map is shown in situation figure no.: 05/199. The area auctioned originating from the PT Tri Sangga Guna with a document copy of the auction minutes no. 33/2005 dated February 25, 2005. In the last sheet written: Buyer: Richard C. Adam SH, LL.M as the attorney of PT Laras Internusa.

Currently there is no plan to land expansion by PT LIN and PT AAI, but there are negotiation process with the FPIC method that is being carried out by PT LIN on areas in HGU certificate no.: 1, which are currently controlled by the community since before taking over by PT LIN from PT TSG.

However, the company has not been able to show a procedure for identifying legal rights, customary rights or traditional rights, and procedure to identify parties who entitled to compensation by referring to the decision of the Constitutional Court. **NCR No.: 2018.07**

6.4.2, 6.4.3

The company has SOP of external conflict resolution no. ST-SOP21-00, April 2016, which regulates the mechanism of conflict resolution, which includes negotiation, mediation, arbitration, judicial evaluation (until all parties receive the result). Sighted a compensation payment policy set out in Decree No. LIN-001 / LC / IX / 13 dated September 12, 2013, concerning the compensation value of community' plant in the HGU area.

The records of settlement and receipt of compensation has been verified by the auditor. For example:

- Settlement of land dispute an area of 983.99 Ha within the HGU which is controlled by the community in block of A and B40 to A and B30 and blocks H40 to H34. A meeting was held on November 21, 2018 involving *Ninik Mamak*, community leaders and management of the MLKS cooperative with the conclusion:
 - a. Block of B30-B41 (380 Ha) will be discussed with PT LIN's shareholders to be allocated as smallholder area under the MLKS cooperative;
 - b. *Ninik mamak* and community leaders will socialize to the community regarding the area in the HGU which is controlled by the community (block of A and H);
 - c. Field review to the area according to the map scale 1: 60000, namely block A (245.47 ha), Block B (381 Ha) and Block H 357.22 ha).

Minutes and agreements signed by Basri Dt Bando Basa (*Ninik Mamak*), community leaders, Head of Cooperative, and Cooperative secretary. The total which been paid is 149 ha with a total occupancy of 92 people, the rest is still in the process of measurement and payment.
- Settlement of claims of land in PT LIN's HGU by Mr. Jasmir and group, based on the court's high decision no.: 31/PDT/2016/PDG, as well as decision of Supreme Court number 2965K/Pdt/2016 stated that the area was legally owned by PT LIN.
- There is evidence of dispute settlement of 68 hectares (location and boundaries cannot be shown by claimers) by the community of Kojia. PT LIN won based on the verdict of the West Pasaman district court no.: 14/Pdt.G/2017/PN.Psb dated 20 November 2017.

6.4.1	Status: Non-conformance No. 2018.07 with Major Category	
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 The company has provisions on minimum wage of West Sumatera Province of 2018, based on Governor Decree No. 562-879-2017 dated 31 October 2017. Based on payment documents and interview with all workers in Mill and Estate, as well as Labor Unions, known that they were already paid in accordance with minimum wages of 2018, including for the provision of overtime payment. The company have opportunity for improvement regarding clarifying the title of the extension of the temporary worker agreement (<i>PKWT</i>), because the title was update of agreement (OFI).		
6.5.2 PT AAI (Mill) and PT LIN (Estate) has had Company Regulation in Bahasa that has been revers to the regulation, and approved by Pasaman Barat Regent. The Company Regulation has been disseminated to the workers through Labor Union and Bipartit Cooperative. The Company Regulation sets all aspects of employment, i.e. leave and work permit, wages, employee welfare and social security, official travel, employee mutations, promotion, layoffs and employee complaints, etc.		
6.5.3, and 6.5.4 Based on list of infrastructures, as well as field observation known that the company has provide adequate housing, mosque, sport, water supplies, medical, educational, waste, and security facilities. To improve food access, established Cooperative of Laras Maju that supplies adequate, sufficient and affordable price.		
	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 The Company has Policy of Freedom of Association and Organization (No. ST-POL04-02 Rev 02 dated October 2015) set that that the Company respected the rights of every staff and workers to form and join the Labour Union of their choice and to negotiate collectively. Based on interview with Labour Union and workers known that they are free to form or joint the labour union, there is no coercion and intervention on the forming and organization's board election.		
6.6.2 Has been shown the records of meetings between company and Labor Union as well as Bipartit Cooperative. From the document shown that the workers have the freedom to give opinion and negotiation.		
	Status: Comply	
6.7 Children are not employed or exploited.		
6.7.1 The company has had Policy of Child Labor (No. ST-POL07-02 Rev. 02 dated 16 October 2015) set that the company's commitment not to employ children under 18 years old, exceptions to the type of work that is part of the school curriculum or included in light work. This is in accordance with Act No. 13 year 2003 regarding Manpower. That policy has been disseminated to all worker (24 and 27 October 2018) and contractor (6 January 2018). Consultation with both of them, they have understood about those policies.		
Document review of list of workers known that there is no worker under 18 years old in Mill and Estate, and has been verified by field observation on activities in Mill and Estate. Public consultation on Manpower Agency of Pasaman Barat Regency known that the company did not employ children under 18 years old, based on inspection or complaint from stakeholder.		
	Status: Comply	

6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		
6.8.1 The company has had Policy of No Discrimination and Equal Job Opportunity (ST-POL03-02 Rev 02 dated 16 October 2015) set that the company's commitment to provide equal job opportunity according to ability, as well as no discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age. That policy has been disseminated to all worker (24 and 27 October 2018).		
6.8.2 and 6.8.3 Based on list of workers, as well as interview with stakeholders (workers in Mill and Estate, Labor Union, Bipartite cooperative, Gender Committee) known that there is no discrimination conducted by the company based on race, caste, religion, gender, union membership, age, etc. The workers come from local or outside regions, religion, ethnicity, or gender. Each worker has the opportunity to work according to ability, and get an assessment for promotions on a regular basis. Job opportunity are submitted openly on the website or submitted to the village officials.		
	Status: Comply	
6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.		
6.9.1, 6.9.2 The company has a policy regarding no harassment or abuse, as well as reproductive right in the work place, set in Policy of Sexual Harassment (No. ST-POL05-02 Rev 02 dated 2 October 2015) and Policy of Reproductive Rights (No. ST-POL06-02 Rev 02 dated 2 October 2015). Those policies has been disseminated to the workers (5 and 9 October 2018) and contractors (6 January 2018). The policies regulates the creation of a positive work environment without violence and sexual abuse, and regulates reproductive rights such as menstruation leave, maternity and breastfeeding leave, as well as female workers on agrochemical.		
6.9.3 The submission mechanism of grievance related harassment, abuse, or reproductive rights, as well as protection of whistle-blower of anonymity has been set in SOP of Handling of Worker Complaint, or through Gender Committee.		
Based on document review and interview with Gender Committee, as well as female workers in Mill and Estate, known that the company's policies has been disseminated. The workers known the mechanism of complaint submission in written or through Gender Committee. So far, there have been no cases of sexual violence or abuse in the company environment. Routine pregnancy checks have been carried out for female workers that worked related on chemical, if anyone who is pregnant will be transferred to a light job that is not related to chemical.		
	Status: Comply	
6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.		
6.10.1, 6.10.2 and 6.10.4 Pricing mechanisms for FFB of plasma, or local businesses are specified in the work agreement. For example, the pricing of plasma FFB is determined based on the pricing of the Plantation Agency. A monthly FFB pricing letter is available from the Plantation Agency. Interview with Mandiangan Cooperatives (plasma) known that the letter of pricing from the Plantation Agency is obtained from the website of the Agency, or attachments of FFB payments. Review of FFB plasma payment documents for the period October 2018, as well as interview with Cooperative, it is known that FFB prices are paid according to the provisions and on time.		
6.10.3 Based on the review of work contracts and interviews with representatives of plasma cooperative and contractor, it is known that the work contracts has explained the pricing of each work unit. The parties have understood the provisions of work contracts, the contracts has been made fairly, transparently and legally. Payment of work has been done in a timely manner, in accordance with the provisions in the contracts.		

Status: Comply	
6.11	
Growers and millers contribute to local sustainable development wherever appropriate.	
6.11.1	
<p>PT AAI and PT LIN has prepared CSR programs for the 2018 period, explain the type of activity, budget, schedule of implementation and target. There are 4 fields of activity, namely: social, education, sports and youth and the religious field.</p> <p>During interview with stakeholders in <i>Jorong Koja</i>, <i>Jorong Anam Koto Selatan</i> and <i>Jorong Alamanda</i> told that the company had provided contributions and assistance to the community. Based on the document review, it can be seen that the provision of assistance and contributions has been made based on community aspirations in the form of proposals submitted to the company, for example:</p> <ul style="list-style-type: none"> On September 20, 2018 proposal submitted by <i>Kejorongan</i> Sidodadi related to construction of Mosque, has been responded by PT AAI on December 11, 2018 by providing 10 sack of cement. Providing infant weighing equipment and sphygmomanometer to the Kinali health centre on December 7, 2018 from PT LIN. <p>Based on interview with external stakeholder (<i>Jorong Koja</i>, <i>Jorong Anam</i> and <i>Jorong Alamanda</i>) known that the CSR has done only by proposal and not by direct consultation. Company consider improving communication and consultation with the community in preparing CSR programs not only by proposal. OFI</p>	
6.11.2	
<p>The company has assigned the personnel's who responsible for managing the smallholder area consisting of Manager, Field Assistant and Foreman. Based on interviews with the MLKS cooperative management (chairman and secretary) and farmer representatives, stated that the company had managed the smallholder area in same way method as in the company' area.</p>	
Status: Comply	
6.12	
No forms of forced or trafficked labour are used.	
6.12.1, 6.12.2, 6.12.3	
<p>The results of verification of employee list, work agreements, interviews with stakeholders (Manpower Agency, Labor Union, Bipartite Cooperative, and the workers), as well as field observations are known that there is no force labour such as human trafficking, no freedom to resign and penalties, threats against family member, or migrant workers at the non-management level. All workers have work agreements that set the rights and obligations of the parties.</p>	
Status: Comply	
6.13	
Growers and millers respect human rights	
6.13.1	
<p>The company have Policy of Human Rights and Business Ethics (No. ST-POL09-02 Rev 01 dated 1 April 2016), set the protection of human rights, and committed to removing human rights violations. The policy has been disseminated to the workers (29 October 2018) and contractors (6 January 2018). Based on review of employee list, work agreements, interviews with stakeholders (Manpower Agency, Labor Union, Bipartite Cooperative, and the workers), as well as field observations are known that there is no indication of human rights violation.</p>	
Status: Comply	
PRINCIPLE #7 Responsible development of new plantings	
7.1	
A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	
7.1.1; 7.1.2; 7.1.3; 7.1.4 and 7.1.5	
<p>The company did not conduct land clearing above in 2010, the last land clearing in 2006. Documented in the form of a</p>	

Revised Social Impact Assessment with an area of 7,309 (Land use title core) and 1,000 ha (plasma). In SIA, it was stated that the SIA Assessment was carried out in March 2014 which was carried out in the *Jorong* around the land use title area and PT LIN location permit. The company shows the SIA assessment documents carried out in the revised 2014-2015 with an assessment date in February 2017.

The company showed a list of documents attended by a public consultation on November 19th, 2015 in Kinali Sub-district which was attended by 38 stakeholders and 22 from the company's internal parties. In the SIA document, it was explained that the method of data collection was done by field observations, in-depth interviews and focus group discussions.

Status: Comply

7.2

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

7.2.1 and 7.2.2

The company shows a map of soil types with a scale of 1: 75,000 which explains that there is a type of peat soil covering an area of 6,423 ha and mineral land covering an area of 886 ha. The map has geographic references. For the management of peat soil, it has been explained in the indicator 4.3.4

Status: Comply

7.3

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

7.3.1; 7.3.2; 7.3.3; 7.3.4 & 7.3.5.

The company shows PT Laras Internusa Land Use Change Analysis with details:

- Date of HCV report issue November 19th, 2015.
- Total management area 8,336.16 ha (1000 ha is plasma area).
- The total area of raw liability (ha) is 766.11 ha.
- Total area of conservation liability (ha) 394.87 ha.
- Organization who conducted LUC Analysis is Malaysian Environmental Consultants Sdn. Bhd.
- Organization who conducted a review is Daemeter.
- Complete data was received on July, 22nd 2016.
- Report Date (review) report was prepared on May 08th, 2016.
- Results of LUC Analysis methodology review is Pass with clarification.

A letter is available from rspocompensation@rspo.org (Dilon) to PT LIN on August 22nd, 2016 stating PT LIN - **Pass with clarification**. However, on January 23rd, 2018, an e-mail from Ainaa Amira (rspocompensation@rspo.org) was available asking about the status of the clarification LUCA document. The company then sent back evidence of email between Mr. Arvind (TSH Group) and Mr. Dillon regarding LUCA on February 14th, 2018 and was responded by Mr. Dillon on February 16th, 2018. Then the company asked to send back the LUCA document on November 20th, 2018. A reply from Khing Suli (khing.suli@rspo.org), on November 20th, 2018 which said "I have only managed to locate the communication between Dillon Sarim and then late Ainaa Amira to Mr. Selwendaran up to Jan 2018. As you can see in the trails of emails, Ainaa has been asked for an update in Jan 2018 with regards to the LUCA clarification findings. However, she has not been able to find the subsequent emails. She has attached all the information and she is like to assist her in helping to finalize the LUCA review reports for TSH ". Then the company sent an email back on December 7th, 2018. But until now there has been no evidence from RSPO compensation regarding the LUCA document's approval. **This area is exclude from certification scope.**

Based on HCV document reports finalized in December 2015, the company did not have HCV area. Based on interviews with Jorong Kojo, Alamanda and Jorong Koto VI Selatan did not have community areas that were used as HCV areas. Based on HCV documents, since 1989 potential areas of HCV have been occupied by village communities. This is explained in the land legality indicator.

Status: Comply

7.4	Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.
7.4.1 and 7.4.2	The company shows a map of soil types with a scale of 1: 75,000 which explains that there is a type of peat soil covering an area of 6,423 ha and mineral land covering an area of 886 ha. The map has geographic references. For the management of peat soil, it has been explained in the indicator 4.3.4.
	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.
	<p>Currently there is no plan to land expansion by PT LIN and PT AAI, but there are negotiation processes with the FPIC method that is being carried out by PT LIN on areas in HGU certificate no.: 1 which are currently controlled by the community since before taking over by PT LIN from PT TSG. A meeting was held on November 21, 2018 involving <i>Ninik Mamak</i>, community leaders and management of the MLKS cooperative with the conclusion:</p> <ol style="list-style-type: none"> Block of B30-B41 (380 Ha) will be discussed with PT LIN's shareholders to be allocated as smallholder area under the MLKS cooperative; <i>Ninik mamak</i> and community leaders will socialize to the community regarding the area in the HGU which is controlled by the community (block of A and H); Field review to the area according to the map scale 1: 60000, namely block A (245.47 ha), Block B (381 Ha) and Block H 357.22 ha). <p>Minutes and agreements were signed by Basri Dt Bando Basa (<i>Ninik Mamak</i>), community leaders, Head of Cooperatives and Cooperative secretary. The total which has been paid is 149 ha with a total occupancy of 92 people, the rest is still in the process of measurement and payment.</p>
	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.
	<p>Based on land book no.: 1 (certificate), the map is shown in situation figure no.: 05/199 has been indicated that PT LIN operation area is state land which is the former land of communal.</p> <p>Currently there is no plan to land expansion by PT LIN and PT AAI, but there are negotiation processes with the FPIC method that is being carried out by PT LIN on areas in HGU certificate no.: 1 which are currently controlled by the community since before taking over by PT LIN from PT TSG. A meeting was held on November 21, 2018 involving <i>Ninik Mamak</i>, community leaders and management of the MLKS cooperative with the conclusion:</p> <ol style="list-style-type: none"> Block of B30-B41 (380 Ha) will be discussed with PT LIN's shareholders to be allocated as smallholder area under the MLKS cooperative; <i>Ninik mamak</i> and community leaders will socialize to the community regarding the area in the HGU which is controlled by the community (block of A and H); Field review to the area according to the map scale 1: 60000, namely block A (245.47 ha), Block B (381 Ha) and Block H 357.22 ha). Minutes and agreements were signed by Basri Dt Bando Basa (<i>Ninik Mamak</i>), community leaders, Head of Cooperatives and Cooperative secretary. The total which has been paid is 149 ha with a total occupancy of 92 people, the rest is still in the process of measurement and payment. <p>The company has developed the smallholders scheme with an allocation of 1,000 hectares, 224 hectares has been planted with 1050 participants.</p>
	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 & 7.7.2.

The company does not do land clearing, land clearing is done by manual systems and green stacking practice. Company policy related to "zero burning" is contained in the ST-POL08-02 Date October 2015 environmental policy document and in procedure land clearing and preparation no. OPE-SOP01-13 Rev 13 dated March 29th, 2016.

Based on field observations in the replanting area of Block C17 Laras A, there is no burn activities and they opened land using heavy equipment (manually).

	Status: Comply	
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7.8
New plantation developments are designed to minimise net greenhouse gas emissions.
7.8.1 & 7.8.2.

The company did not conduct land clearing above in 2015, the last land clearing in 2006. The company has identified sources of greenhouse gases and calculations of greenhouse gas emissions produced. There are also greenhouse gas mitigation activities to minimize greenhouse gas emissions.

	Status: Comply	
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PRINCIPLE #8 Commitment to continuous improvement in key areas of activity
8.1
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The company annually implements the RSPO Internal Audit, last held on 29-30 October 2018, all nonconformities have been followed up by management. The company has been managing hazardous waste in accordance with procedure of management of hazardous waste.

	Status: Comply	
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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
5.1	Applicability of the general chain of custody requirements for the supply chain
5.1.1	<p>The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the end product manufacturer, there is no further requirement for certification.</p> <p>Will be verified in ASA-1, currently the mill not yet certified. During ST2, the auditor has been check related to the mill readiness for RSPO SCCS - MB implementation.</p>
	Status: Comply
5.1.2	<p>Traders and distributors require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor shall pass on the certification number of the product manufacturer and the applicable supply chain model.</p> <p>The unit is palm oil mill, not a trader or distributor.</p>
	Status: Comply
5.1.3	<p>Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.</p> <p>Registered in RSPO palm-trace under PT Andalas Agro Industri, No.: RSPO_PO1000004340, RSPO membership as a subsidiary of TSH Sdn Bhd membership number: 1-0173-14-000-00 on 17th November 2014.</p>
	Status: Comply
5.1.4	<p>Processing aids do not need to be included within an organization's scope of certification.</p> <p>Will be verified in ASA-1. Currently the mill not yet certified and there is no processing aid.</p>
	Status: Comply
5.2	Supply chain model
5.2.1	<p>The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.</p> <p>Will be verified in ASA-1. Currently the mill not yet certified. During ST2, the auditor has been check related to the mill readiness for RSPO SCCS - MB implementation.</p>
	Status: Comply
5.2.2	<p>The site can use one (1) or a combination of supply chain models as audited and certified by the CB.</p> <p>Will be verified in ASA-1. Currently the mill not yet certified. During ST2, the auditor has been check related to the mill readiness for RSPO SCCS - MB implementation.</p>
	Status: Comply
5.3	Documented procedures
5.3.1	<p>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.</p>

The mill has prepared the system for RSPO SCCS implementation, sighted the company' SOP namely procedure of "*rantai pasok keseimbangan massa*" document no.: ST-SOP19-00 issued on June 2015. In the SOP explained regarding to the mechanism for verification of certified and non-certified FFB, balancing product of CPO/PK certified and non-certified (FFB daily report and mass balance report), responsibility of mill manager and documentation.

Update and adjust the SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents. OFI

Besides, related to readiness for implementing SCCS, the mill has registered in RSPO palm-trace under PT Andalas Agro Industri, No.: RSPO_PO1000004340, has assigned the PICs and has provided sufficient training to the personnel who will be involved in RSPO SCC implementation, such as security, WB operator, production clerk, mill assistant and head of mill adm.

Currently the mill not yet certified. During ST2, the auditor has been check related to the mill readiness for RSPO SCCS - MB implementation.

Status: Comply

5.3.2

The site shall have a written procedure to conduct annual internal audit

Will be verified in ASA-1, currently the mill not yet certified. Based on Supply Chain Procedure, internal audit will conducted once a year.

Status: Comply

5.4

Purchasing and goods in

5.4.1

The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier

Will be verified in ASA-1, currently the mill not yet certified.

Status: Comply

5.4.2

The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents

Will be verified in ASA-1, currently the mill not yet certified.

Status: Comply

5.5

Outsourcing activities

5.5.1

In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. A CPO mill and independent mill cannot outsource processing activities like refining or crushing.

Will be verified in ASA-1, currently the mill not yet certified.

Status: Comply

5.5.2

Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:

- The site has legal ownership of all input material to be included in outsourced processes;
- The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.
- The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.
- d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance

Will be verified in ASA-1, currently the mill not yet certified

	Status: Comply
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.
	Will be verified in ASA-1, currently the mill not yet certified.
	Status: Comply
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
	Will be verified in ASA-1, currently the mill not yet certified.
	Status: Comply
5.6	Sales and goods out
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
	Will be verified in ASA-1, currently the mill not yet certified.
	Status: Comply
5.7	Registration of transactions
5.7.1	Supply chain actors who: <ul style="list-style-type: none"> are mills, traders, crushers and refineries; and take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable
	Will be verified in ASA-1, currently the mill not yet certified. Registered in RSPO palm-trace under PT Andalas Agro Industri, No.: RSPO_PO1000004340.
	Status: Comply
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"> Shipping Announcement / Announcement: When RSPO certified volume is sold as certified, the volumes of products that are in the yield scheme (Figure 2 and 3, refer Annex 1) shall be registered as a Shipping Announcement / Announcement in the RSPO IT Platform. The declaration time to do Shipping announcement / Announcement is based on members' own standard operating procedures. Trace: When RSPO certified volumes are sold as RSPO certified to actors in the supply chain beyond the refinery, the volume shall be traced at least annually. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way at least annually. Remove: RSPO certified volumes sold under other scheme or as conventional, or in case of underproduction, loss or damage shall be removed. Confirm: Acknowledge the purchase of RSPO certified volume by confirming Shipping Announcements / Announcements.
	Will be verified in ASA-1, currently the mill not yet certified.
	Status: Comply
5.8	Training
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
	Training plan are mentioned in SOP, which will be conducted once a year. Currently the mill not yet certified.

	Status: Comply
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. Based on interview with key personnel for implementing RSPO-SCCS known that they not fully aware understand of SCCS, training has been done once to all mill workers. Its become OFI..	
	Status: Comply
5.9	Record keeping
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.	
	Status: Comply
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. Based on supply chain procedure, retention times for all record is more than 2 years.	
	Status: Comply
5.9.3 The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.10	Conversion factors
5.10.1 Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.11	Claims
5.11.1 The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.	

Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.12	Complaints
5.12.1 The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.13	Management review
5.13.1 The organization is required to hold management reviews annually at planned intervals, appropriate to the scale and nature of the activities undertaken	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.13.2 The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Changes that could affect the management system. • Recommendations for improvement. 	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply
5.13.3 The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes. • Resource needs. 	
Will be verified in ASA-1, currently the mill not yet certified.	
	Status: Comply

3.2.2. Module E – CPO Mills: Mass Balance Requirements

Clause	Requirement
E.1	Definition
E.1.1	<p>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and 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.</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. Currently the mill not yet certified. During ST2, the auditor has been check related to the mill readiness for RSPO SCCS - MB implementation.</p>
	Status: Comply
E.2	Explanation
E.2.1	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. 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.</p> <p>Will be verified in ASA-1, currently the mill not yet certified. The estimation certified product has been informed in this report which are:</p> <ul style="list-style-type: none"> • FFB: 146,800 MT • CSPO: 32,290 MT • CSPK: 6,600 MT
	Status: Comply
E.2.2	<p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform).</p> <p>Registered in RSPO palm-trace under PT Andalas Agro Industri, No.: RSPO_PO1000004340, RSPO membership as a subsidiary of TSH Sdn Bhd membership number: 1-0173-14-000-00 on 17th November 2014.</p> <p>The reporting will be verified in ASA-1.</p>
	Status: Comply
E.3	Documented procedures
E.3.1	<p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ol style="list-style-type: none"> Complete and up to date procedures covering the implementation of all the elements in these requirements; The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard. <p>The mill has prepared the system for RSPO SCCS implementation, sighted the company' SOP namely procedure of "<i>rantai pasok keseimbangan massa</i>" document no.: ST-SOP19-00 issued on June 2015. In the SOP explained regarding to the mechanism for verification of certified and non-certified FFB, balancing product of CPO/PK certified and non-certified (FFB daily report and mass balance report), responsibility of mill manager and documentation.</p> <p>Update and adjust the SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents. OFI</p>

Besides, related to readiness for implementing SCCS, the mill has registered in RSPO palm-trace under PT Andalas Agro Industri, No.: RSPO_PO1000004340, has assigned the PICs and provided sufficient training to the personnels who will be involved in RSPO SCC implementation, such as security, WB operator, production clerk, mill assistant and head of mill adm.

Currently the mill not yet certified. During ST2, the auditor has been check related to the mill readiness for RSPO SCCS - MB implementation.

OFI	Status: Comply
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E.3.2

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

The mill has prepared the system for RSPO SCCS implementation, sighted the company' SOP namely procedure of "*rantai pasok keseimbangan massa*" document no.: ST-SOP19-00 issued on June 2015. In the SOP explained regarding to the mechanism for verification of certified and non-certified FFB, balancing product of CPO/PK certified and non-certified (FFB daily report and mass balance report), responsibility of mill manager and documentation. Update and adjust the SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents. **OFI**

OFI	Status: Comply
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E.4	Purchasing and goods in
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E.4.1

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

Will be verified in ASA-1, currently the mill not yet certified

	Status: Comply
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E.4.2

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

Will be verified in ASA-1, currently the mill not yet certified

	Status: Comply
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E.5	Record keeping
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E.5.1

- The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis.
- All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)

Will be verified in ASA-1, currently the mill not yet certified.

	Status: Comply
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3.3 Conformity Checklist of Certificate and Trademark Use

1.	Evidence of permission or approval certificate and trademark from Certification Body which submitted by Client	X or√
IC	Will be verified in ASA 1.	√
	Status: NA	
2.	Implementation of certificate and trademark used by Client comply with size and type (shape) against Guideline of trademark Use	X or√
IC	Will be verified in ASA 1.	√
	Status: NA	
3.	Implementation of Certificate and Trademark is not used on product	X or√
IC	Will be verified in ASA 1.	√
	Status: NA	
4.	Controlling of Certificate and Trademark, including withdrawing inappropriate trademark.	X or√
IC	Will be verified in ASA 1.	√
	Status: NA	

3.4 Summary of RSPO Partial Certification.

Compliance of the uncertified management units of TSH Sdn Bhd Group 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.

TSH Sdn Bhd Group Time Bound Plan (TBP) is explained in table 1.10. TSH Sdn Bhd Group has nineteen (19) management units with seven (7) mills. TSH Sdn Bhd Group has informed the TBP progress, MUTU has considered that TSH Sdn Bhd Group is complied with the RSPO requirement for TBP. The Time Bound Plan was revised and declared by TSH Sdn Bhd Group on November 2019.

MUTU has verified partial certification for un-certified unit's subsidiary of TSH Sdn Bhd Group based on their Time Bound Plan. There are three (3) uncertified mills and twelve (12) uncertified estates of TSH Sdn Bhd Group. MUTU Auditor verified positive assurance against the company internal audit and supporting evidence as well as any information from others sources.

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
2.1.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Company statement: The company has conduct an internal audit for uncertified units under its membership.</p> <p>Auditor comment: The internal audit for 7 units has been verified by the auditor which was conducted in Aug 2019 for the units below: PT Andalas Wahana Berjaya PT Farinda Bersaudara PT Teguh Swakarsa Sejahtera PT Munte Waniq Jaya Perkasa PT Perkebunan Sentawar Membangun PT Bulungan Citra Agro PT Andalas Wahana Sukses RT Plantation Sdn Bhd</p>
2.1.2	No replacement after dates defined in Nis Criterion 7.3 of: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	<p>Company statement: The company has been reporting disclosure and zero liability to RSPO. Progress result of review LUCA at follow up by email to RSPO.</p> <p>Auditor Verification : PT MJC, AWB, AWS, BCAP, FDB, LIN, MJC, MWJP, RT Plantation and TSS has sent the LUCA report to RSPO on 2016. However currently the status is need further clarification from TSH Sdn Bhd Group management, the clarification has been sent to RSPO on October 2019.</p>
2.1.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	<p>Company statement: There are no new development plans since 2014 (TSH Sdn Bhd registered as RSPO member in 2014), there are units that have been planting since 2010.</p>

		Auditor Verification : The TSH Sdn Bhd Group registered as RSPO member in 2014, all the new planting and LC has been stop after it registered to RSPO. For the units that has been planted since 2010 without NPP, saction will applied.
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.	Company statement: There is land conflict, but there is documented evidence that land conflict has been process for resolution. Auditor verification : There are no land conflicts in the 7 units, the company has procedures for resolving land conflicts: <ul style="list-style-type: none"> Regarding land conflicts explained in the Land Dispute SOP (PMA-SOP16-01) the latest revision was issued on March 24, 2018. The SOP explained the Implementation of the Concept of Free, Prior, and Informed Consent. TSH Resources also has SOP PMA-SOP04-03 dated 3 August 2019 regarding Land Transfer. This document explains the stages of land acquisition from mapping, village involvement, verification of documents to payment of compensation.
2.1.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	Company statement: There is no labour disputes Auditor verification : There were no significant labor conflicts in the areas of PT MJC, AWB, AWS, BCAP, FDB, LIN, MJC, MWJP, RT Plantation and TSS The seven units have Company Regulations determined based on the results of deliberations with workers' representatives. TSH Sdn Bhd group follows a system to resolve complaints and internal complaints, which is stated in HR-SOP23-02 dated January 26, 2018. Related to complaints and external complaints, explained in the communication procedure with code: ST-SOP07-04 issued on May 28, 2019 .
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.	Company statement: All legal requirement for palm oil plantation has been comply Auditor verification : <ol style="list-style-type: none"> PT Andalas Wahana Berjaya has been built since 2006 with a HGU issued in October 2018 covering an area of 3096.7574 hectares and there has been no addition of new areas. Until now, PT Andalas Wahana Sukses has

		<p>not obtained the HGU, but has obtained a location permit and Plantation Business Permit.</p> <p>c. PT Bulungan Citra Agro Persada already has a HGU covering an area of 13,214.9 hectares and there is no new development area.</p> <p>d. PT Farinda Bersaudara has a HGU and there are no additional new development.</p> <p>e. PT Laras Internusa has been built since 2004 with a 7,309 Ha concession and no additional new area.</p> <p>f. PT Munte Waniq Jaya Perkasatelah has a HGU covering an area of 8015.69 Ha and there is no additional new development.</p> <p>g. RT Plantation has been built since 2013 with an area of 2,601 ha and there are no additional new development area</p> <p>h. PT Teguh Swakarsa Sejahtera has HGU covering an area of 10,282 hectares and there are no additional new development area.</p>
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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 IA.

NCR No.	: 2018.01	Issued by	: Sandra Purba
Date Issued	: 13 December 2018	Time Limit	: 12 December 2019
NC Grade	: Major	Date of Closing	: 14 November 2019
Standard Ref. & Requirement	: 2.2.1 Documents showing legal ownership or lease, history of land tenure ownership/control, and the actual legal use of the land shall be available.		
Non-Conformance Description & Evidence observed (filled by auditor):			
Based on the map of PT LIN's HGU field, namely land map no.: 01.03.17.2007 scale 1: 20,000 for the area of 7000 ha which is over-laying with the company' operational map and field visit, its known that there an over-planting out of the HGU in blocks of A13, A12, A11 and partially blocks of B13 and B12, based on the review of operational map and land map no. 1 it is known that the location of the PT LIN' office and other buildings is outside the HGU.			
In this matter, PT LIN has not been able to show ownership or leasing documents, the history of the period of ownership / ownership of land and legal land concession rights over those areas used.			
Root Cause Analysis (filled by organization audited):			
Document of land titles of office sites and other buildings are stored in HQ – Jakarta (by Dept Legal) due to its confidentiality and high importance.			
Correction (filled by organization audited):			
The copies of the land title document has been kept and stored in PT LIN' office.			
Corrective Action (filled by organization audited):			
Keep a copy of the document of ownership in PT Laras Internusa's office. Sustainability staff (Documentation Coordinator) will collect, store and monitor the company's permit documents in accordance with the regulations & the validity period.			
Assessor Evaluation and Conclusion (filled by auditor):			
Verification on August 27, 2019, The company has presented land ownership documents for an office area of 2 Ha certificate (freehold title) no. : 635, issue date June 15, 1993, located in Langgam Village, on behalf of Hendro Tjokrosetio. There was a letter of release of land rights on June 5, 2006 from Hendro Tjokrosetio to PT Laras Internusa witnessed by the Head of the Pasaman Regency, West Sumatra.			
Presented the certificate of HGU no. 13 on behalf of PT Tri Sangga Guna, date issued 29 Nov 1999 valid until 29 Nov 2034, area of 100 Ha, located in Pasaman regency for area in block of A13, A12, A11 and partially blocks of B13 and B12. Presented the agreement between Jubilee Great Finance Limited and PT LIN as a PT TSG's debt settlement agreement. Shown the letter from management of PT LIN no. 016/LIN-CD/IV/2019 which explain related to HGU 13, that currently the certificate is in the process of arranging a change of ownership to PT Laras Internusa. These blocks will be excluded from the scope of RSPO certification.			
Verification on November 14, 2019, The company shows a map of the boundary of areas to be excluded from the certification issued on 13 Nov 2019, the area to be excluded is: plasma areas, HGU no. 13 (B14, B13, B12, B11, A14, A13, A12 and A11), occupied			

area/controlled by the community (B30 up to B41, A30 up to A40, G41, G40, G40, G39, G38, G37, G36, G33, G32 H34 up to H40), and RSPO remediation area (, G29, G20, G27, G26, G25, G24), with total: 1,021.36 Ha. Based on the evidence above, the NC on this indicator stated fulfilled.

Verified by : **Sandra Purba**

NCR No.	: 2018.02	Issued by	: Yudhi Yuniarto Tallutondok
Date Issued	: 13 December 2018	Time Limit	: 12 December 2019
NC Grade	: Major	Date of Closing	: 09 September 2019
Standard Ref. & Requirement	: 4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women.		

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

Based on interview with female pesticide applicators its stated that they never been checked related to the pregnancy. Although the applicators are not in pregnancy but based on this situation, it can't ensure that the female applicator will not in pregnancy or breastfeeding. The company also enable to show the system to identify female sprayers who are pregnant and breastfeeding. Furthermore the company cannot show the document that stated the female sprayers are not pregnant or are breastfeeding their babies.

Based on this consideration, it can be concluded that the company is not able to show the evidence that no work with pesticides undertaken by pregnant or breast-feeding women

Root Cause Analysis (filled by organization audited):

There are no procedures available to identify female workers (spray and fertilization) who are pregnant and breastfeeding. Medical staff did not record the use of contraceptive pills and the fertile period of employees spray and fertilizer because workers do the installation of contraceptives in puskesmas outside the company.

Correction (filled by organization audited):

Procedures have been developed to identify female workers (spray and fertilizing) who are pregnant and breastfeeding. Medical personnel carry out pregnancy checks for spray and fertilizer workers every month and make records.

Corrective Action (filled by organization audited):

Medical personnel do a pregnancy check up for spray and fertilizer workers every month and make a record, and the results are submitted to the General K3 Expert to be followed up if there is a transfer of work if found to be pregnant and breastfeeding.

Assessor Evaluation and Conclusion (filled by auditor):

Auditor Evaluation 9 September 2019,

The company sent the following proofs of improvement:

1. Health Care Assistance Policy and Procedure with document number HR-SOP20-01. In point 8.12.5 it is explained that the company calls for women workers who are married and still in the fertile period to have a pregnancy check-up at the clinic every 1 month.
2. Work mutation sample form for 6 employees based on the results of health checks in May - August 2019. The 6 employees were transferred to manual work and not related to chemicals.
3. Results of pregnancy examinations for 135 employees of Laras A Estate for the period June, July and August 2019. During the inspection it was found that there were 1 person in breastfeeding condition.
4. Results of pregnancy examinations for 96 employees of Laras B Estate in the June, July and August 2019

periods. During the examination, it was found that there were 7 people in pregnancy.

Based on the foregoing, the auditor stated that the discrepancy was stated in accordance with the observation notes in the following assessment.

Verified by : **Yudhi Yuniarto**

NCR No.	: 2018.03	Issued by	: Yudhi Yuniarto Tallutondok
Date Issued	: 13 December 2018	Time Limit	: 12 December 2019
NC Grade	: Major	Date of Closing	: 09 September 2019
Standard Ref. & Requirement	: 4.7.3 Records of Occupational Health and Safety (OHS) program (see 4.8) and Personal Protective Equipment (PPE) training in accordance with the result of hazard identification and risk analysis shall be available to all workers		

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

During the audit activity, the company can show mill and estate training certificates and licenses. However, based on the results of field observations and interviews with mill employees at the engine room station, it is known that the company uses 3 generator sets (600 KVA, 200 KVA and 80 KVA) and 3 turbine (100 HP, 268 HP and 800 HP).

The company has prepared training programs for 2018, one of which includes training for workers exposed to high noise levels. The company shows the training documents for generator and turbine operators which was held in November 2018 which includes the plantation area and mill. The company in this case does not yet have officers who are OHS Experts in the Electricity Sector in accordance with what is required in *Permenaker* number 12 of 2015 article seven.

Root Cause Analysis (filled by organization audited):

Electrical OHSAS Experts, operators for lifting equipment and road grader operators have not been included in the company's training plan.

Correction (filled by organization audited):

- Training has been conducted for Electrical OHSAS Experts, and operators of power and production equipment for PT AAI (attached to the AK3 electric and AK3 diesel certificates).
- Certified training has been conducted for operator of lifting equipment (road graders) for PT Laras Internusa.

Corrective Action (filled by organization audited):

Providing certified training for Electrical OHSAS Experts, operators of power and production equipment and operators of lifting equipment as required by applicable regulations.

Auditor's response on August 27, 2019

Corrective action to be reviewed again. Corrective action is an action taken by the company so that in the future the same mistake will not be repeated by linking it to the corrective action and root problem analysis.

OHS Expert monitors licenses (validity period) and programs training annually to include training of OSH-certified operators.

Assessor Evaluation and Conclusion (filled by auditor):

Auditor Evaluation on August 27, 2019

The company sent some evidence of improvement including:

1. Sertifikat Electrical OHSAS Experts oleh Kementerian Ketenagakerjaan RI atas nama Syahrial Efendi dengan nomor sertifikat Ser.00281/AK3-LIST/V/2019 tertanggal 17 Mei 2019.
2. Sertifikat Operator of OHS Motor Diesel Kelas I oleh Kementerian Ketenagakerjaan RI atas nama Robertus Reski Andrianus Halawa dengan nomor sertifikat Ser.400/OPM.K3/PTP/2019 dan nomor lisensi 5953/PM/PTP/IV/2019 tertanggal 8 April 2019 dan berlaku sampai dengan 8 April 2024.
3. OHS certificate for operator of lifting equipment untuk Alat berat Jenis Motor Grader oleh Lembaga Pelatihan dan Pengembangan Profesi DELTA atas nama Andi Supriadi dengan nomor sertifikat 023/I/K3./ALATBERAT/2019 tertanggal 30 Januari 2019.
4. Dokumentasi dan materi pelatihan Operator K3 Angkat – Angkut.

The company shows some evidence of improvement including:

1. Electrical OHSAS Experts Certificate by the Indonesian Ministry of Manpower on behalf of Syahrial Efendi with certificate number Ser.00281 / AK3-LIST / V / 2019 dated May 17, 2019.
2. Certificate Operator of OHS Motor Diesel Class I by the Indonesian Ministry of Manpower on behalf of Robertus Reski Andrianus Halawa with certificate number Ser.400 / OPM.K3 / PTP / 2019 and license number 5953 / PM / PTP / IV / 2019 dated April 8, 2019 and valid until 8 April 2024.
3. OHS certificate for operator of lifting equipment for Motor Grader heavy equipment by the DELTA Professional Development and Training Institute on behalf of Andi Supriadi with certificate number 023 / I / K3 / ALATBERAT / 2019 dated 30 January 2019.
4. Documentation and training material for operator of lifting equipment.

Based on the foregoing, the auditor stated that the discrepancy was stated not yet fulfilled because there were still a number of things that needed revision first such as corrective action.

Auditor Evaluation on September 9, 2019,

Based on the corrective actions that have been re-analyzed by the company, the non-conformity is declared as being fulfilled.

Verified by : **Yudhi Yuniarto Tallutondok**

<i>NCR No.</i>	: 2018.04	<i>Issued by</i>	: Yudhi Yuniarto Tallutondok
<i>Date Issued</i>	: 13 December 2018	<i>Time Limit</i>	: 12 December 2019
<i>NC Grade</i>	: Major	<i>Date of Closing</i>	: 09 September 2019
<i>Standard Ref. & Requirement</i>	: 4.7.5 A procedure for emergency and work accident shall be available in Indonesian Language; and the workers, who have attended First Aids training, are available in the working areas		
<i>Non-Conformance Description & Evidence observed (filled by auditor):</i> The company has fire prevention procedures with document number ST-SOP02-04 revision 4 dated July 18, 2016. In the procedure it is explained that one of the fire extinguishers is a Hydrant that is inspected every month, but based on the field observations and simulation of Hydrant use in the Mill Area is aware that the Hydrant is not ready for use, for example: the hose does not have a nozzle, the hose is leaking, and the hose cannot be connected to the Hydrant.			
<i>Root Cause Analysis (filled by organization audited):</i> <ul style="list-style-type: none">- Hydrant can be accessed by all Mill employees because the hydrant box is not sealed.- Monitoring has been carried out every month, but at the time of the audit there was a hydrant used for the housekeeping mill and other equipment transferred to other hydrant boxes.- Lack of employee awareness related to the function of the hydrant			

Correction <i>(filled by organization audited):</i> <ul style="list-style-type: none"> - Equipped with equipment according to the hydrant standard such as adding a nozzle, replacing the hose with a new one and hose connector with a hydrant, and sealing the hydrant box. - Hydrant simulation and socialization have been carried out 	
Corrective Action <i>(filled by organization audited):</i> OHS Expert will inspect all fire fighting equipment every month and make improvements to fire fighting equipment that is not in accordance with the standards.	
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Evaluation on September 9, 2019 The company sent the following proofs of improvement: <ol style="list-style-type: none"> 1. Documentation of repair and checking functions of 6 Hydrant scattered in the factory operational area on January 29, 2019. 2. Hydrant box documentation that has been equipped with a seal so that not just any employee can access the box. 3. Fire fighting simulation and training on August 22, 2019 located in the factory area. At the time of the audit the company was able to show the material, documentation and attendance list of the simulation (attended by 24 employees). <p>Based on the foregoing, the non-conformity is stated to have been fulfilled by observing notes on the next assessment.</p>	
Verified by	: Yudhi Yuniarto Tallutondok

NCR No.	: 2018.05	Issued by	: Brigitta Prita
Date Issued	: 13 December 2018	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 5.3.3. A documented waste management plan to avoid or reduce pollution and its implementation shall be available.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Based on field observations in the area of PT Andalas Agro Industri - Mill found that: <ul style="list-style-type: none"> • There are Thinner cans located in the area around the furnace. • There is paint packaging cans located in the boiler area and workshop. • Chemical packaging (Nalco) is located in the Excavator area. <p>This is not in accordance with the procedure for managing hazardous waste with document number ST-SOP12-00 on October 2014.</p>			



Paint packaging



Thinner



Chemical packaging

Based on field observations in the Laras B Housing area and in the landfill Block G40 are known that domestic waste has not been managed in accordance with the procedure for Waste Landfill No. ST-SOP01-01 document in October 2015. For example, in point 6.2.3, waste must be collected and disposed of to landfills at least 2 times a week and points 6.1.6 & 6.1.7.



Housing Area

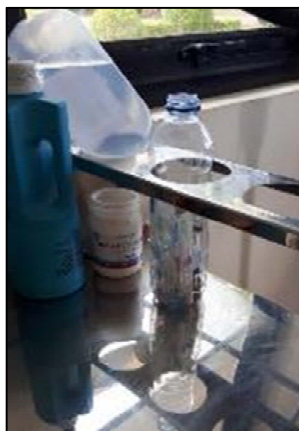


Landfill



Landfill

Based on field observations in the Laras B First Aid Post, the Company has not carried out medical activities but field visits have found medical waste (needles, threads and infusion bottles) that have not been used and have not been managed properly in accordance with applicable regulations.



Syringe



Thread expired on Dec 2017



Infuse bottle

Root Cause Analysis (filled by organization audited):

During the audit:

1. Painting work was not completely finished at the time of the audit, so paint cans and thinners were still in the work area. There are workers who do not understand that used Nalco packaging is hazardous waste. 2. Currently in the progress of cleaning up rubbish in a residential area. 3. There has not been any collaboration with third parties handling the transportation and destruction of medical waste.	
Correction (filled by organization audited): 1. After finishing work, the maintenance officer brings the used packaging (paint cans, thinner) into hazardous waste storage. 2. Waste is collected and disposed to landfill least twice a week. 3. Cooperation has been carried out with third parties handling the transportation and destruction of medical waste.	
Corrective Action (filled by organization audited): 1. Socialization regarding managing of hazardous waste every 6 months by OHS Assistant. 2. The Estate assistant is responsible twice a week for cleaning and disposing of domestic waste in its place. 3. Monitoring the validity period of CLA for transportation and management of medical waste by OHS Assistant.	
Assessor Evaluation and Conclusion (filled by auditor):	
Verified by	:

NCR No.	: 2018.06	Issued by	: Sandra Purba
Date Issued	: 13 December 2018	Time Limit	: 12 December 2019
NC Grade	: Major	Date of Closing	: 9 September 2019
Standard Ref. & Requirement	6.1.3 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.		
Non-Conformance Description & Evidence observed (filled by auditor): The company shows the social management plan for the 2018, which explain related to impact findings (internal and external), root causes, recommendations and description of mitigation taken by the company, however the company has not been able to show the plans of social impact management and monitoring and its implementation to avoid or reduce negative impacts and increase positive impacts which prepared through a process of consultation with affected parties, documented and scheduled including the responsibility for implementation.			
Root Cause Analysis (filled by organization audited): The company has made a Social Impact Assessment, but at the time of the audit the plan/program and its implementation were still in the stage of preparation.			
Correction (filled by organization audited):			

A Social Management Plan report has been set out in which there is a plan to reduce negative impacts and increase positive impacts.

Corrective Action *(filled by organization audited):*

The Department of Public Relations and the estate will monitor community satisfaction every 2 years and respond to any complaints, through informal meetings received from community members.
Sustainability dept. will provide socialization related to the preparation of the Social Management Plan to the Department of Public Relations and Estate.

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

Verification 9 Sept 2019,

The company has shown evidence of correction, namely the social impact assessment plan for the 2018/2019 period (per 2 years), the preparation is based on the results of the 2015 SIA assessment that has been through public consultation with the community / affected parties. Scope plans include: worker housing, water and sanitation, education facilitation, health facilities, wages and working conditions, occupational health and safety, gender issues, grievance mechanisms, labor unions, public facilities, social responsibility, land dispute and smallholders land/cooperatives . The plan includes categories, issues, actions taken, actions to be taken, targets, time frames and person in charge.

Based on this evidence, the discrepancy was declared fulfilled.

Verified by : **Sandra Purba**

NCR No.	: 2018.07	Issued by	: Sandra Purba
Date Issued	: 13 December 2018	Time Limit	: 12 December 2019
NC Grade	: Major	Date of Closing	: 9 September 2019
Standard Ref. & Requirement	6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be available, referring to decision of the Constitution Court.		
Non-Conformance Description & Evidence observed (filled by auditor): Currently there is no plan to land expansion by PT LIN and PT AAI, but there are negotiation processes with the FPIC method that is being carried out by PT LIN on areas in HGU certificate no.: 1 which are currently controlled by the community since before taking over by PT LIN from PT TSG. However, the company has not been able to show a procedure for identifying legal rights, customary rights or traditional rights, and procedure to identify parties who entitled to compensation by referring to the decision of the Constitutional Court.			
Root Cause Analysis (filled by organization audited): The Land Handover Procedure is still in the stage of preparation by Community Development Dept.			
Correction (filled by organization audited): The procedure has been prepared and approved.			
Corrective Action (filled by organization audited): Every year Community Development will review the suitability of this procedure and revise the improvements if			

necessary.

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

Verification 9 Sept 2019,

The company shows evidence of correction, namely SOP for land release doc no. PMA-SOP04-03, rev 3 dated 30 August 2019, the SOP has explained procedures for identifying legal rights, customary rights or use sanctuary rights, and procedures for identifying people entitled to compensation.

The SOP has explained that the one responsible for implementing is the community development manager.

Based on this evidence, the non-conformity is fulfilled.

Verified by : **Sandra Purba**

NCR No.	: 2018.08	Issued by	: Sandra Purba
Date Issued	: 13 December 2018	Time Limit	: 12 December 2019
NC Grade	: Major	Date of Closing	: 9 September 2019
Standard Ref. & Requirement	Certification System clause 4.5.4 Requirements for uncertified management units: (e) CBs shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a)-(d) above by the CB based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach: (f) A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by the organization. This would require evidence of the self-assessment against each requirement;		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The company has set a time bound plan for RSPO certification for uncertified units under TSH Sdn Bhd, there are three (3) mills and nine (9) estates, namely Sabahan POM and estate, FDB POM and estate, AWB POM and estate, TSS Estate, RT Estate, BCAP Estate, MWJP Estate, AWS Estate, and MJC estate. However, the company has not been able to show a declaration of compliance to the partial requirements through the self-assessment document of those units.			
Root Cause Analysis <i>(filled by organization audited):</i> At the time of the audit, not all units had a partial audit, the partial audit was planned to conducted after the ST2 of PT AAI/PT LIN.			
Correction <i>(filled by organization audited):</i> A partial audit was conducted by the sustainability department in August 2019 for all uncertified unit under TSH Group.			
Corrective Action <i>(filled by organization audited):</i> A partial audit will be conducted annually for units that have not yet been or are in the RSPO certification process.			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification 9 Sept 2019, The company has sent evidence of correction in the form of partial audit results for RSPO uncertified units under the TSH Group, namely: AWB, AWS, BCAP, FDB, LIN, MJC, MWJP, RT and TSS. The audit has covered all partial			

indicator requirements required by the RSPO.

The Sustainability Dept. has stipulated that a partial audit will be carried out annually.
The company has also set a time bound plan for these units. Based on the evidence, the non-conformity is stated to be fulfilled.

Verified by : **Sandra Purba**

3.5.2. Opportunity for Improvement

No	Ref. Std.	Description
1	Major 2.2.4 Minor 2.3.2 Major 6.4.3	Ensure and monitor the process of settlement of land occupancy in the HGU area certificate no: 1: block A 40/B40 to A30/B30 and block H40 to H34.
2	Minor 4.4.3	Ensure and coordinate with the Environmental Agency regarding the issuance of a permit for pome Disposal.
3	Minor 6.1.4	Ensure the implementation of a review if the SIA management plan has been set per 2 years.
4	Major 6.5.1	Clarifying the title of the extension of the temporary worker agreement (<i>PKWT</i>).
5	Minor 6.11.1	Improve communication and consultation with the community in the preparation of CSR programs.
6	SCCS CoC 5.3, E.3.1, E.3.2	Update and adjust the SOP for SCCS systems that contain all RSPO SCCS standards and systems requirements in the latest documents.
7	SCCS CoC 5.8	Training to the key personnel specified in implementing SCCS.

3.5.3. Noteworthy Positive Components

No	Ref. Std.	Description
1		The company was awarded the 2014 Company Performance Rating Program (PROPER) with a rating of Blue.
2		Personnel who have adequate understanding regarding the application of RSPO requirements.
3		Commitment to implementing sustainability standards for oil palm plantations.



3.6 Summary of Arising Issues from Public and Auditor Verification

Public Issues (Institution/ NGO/Community)	Auditor Verification
Manpower Agency of Pasaman Barat Regency No negative issue related the employment. The company has complied with labor related regulations including mandatory reporting.	There is no negative issue. The company has complied with labor related regulations including mandatory reporting.
Environmental Agency of Pasaman Barat Regency <ul style="list-style-type: none"> - There is a land pollution issue in 2017 but has been resolved. - POME's disposal permit to the water body has entered the decision making period, there are shortcomings related to the improvement of the company. - The hazardous temporary warehouse permit was only issued two months ago, so that a mandatory report has not been submitted. - No other environmental issues. 	Describes in criteria 2.1 and principle 5.
Land Office of Pasaman Barat Regency <ul style="list-style-type: none"> - Has not submitted mandatory reporting regarding HGU - There is no land dispute settlement involving the agency. - For companies now are take over and HGU on behalf of old companies. It should be a transfer of rights and must be registered with the BPN to change the name of the rights, ie the subject of the certificate is replaced but the object is the same. This has been conveyed to management, to avoid conflict with the community. 	Describes in criteria 2.1 and 2.2
Plantation Agency of Pasaman Barat Regency <ul style="list-style-type: none"> - Related to the issue that the company does not accept FFB other than plasma, it is the company's right. - Plasma development should be around 1200 ha, 200 ha realization, 1000 ha said the company has been budgeted for 2019, constraints due to land with peat areas. - It is necessary to develop CSR programs that are in the economic empowerment of the community, such as oil palm seedlings, livestock, agriculture, etc. 	Describes in criteria 2.1 and 6.11
Bipartit Cooperation (LKS Bipartit) of PT LIN Bipartit Cooperation (LKS Bipartit) of PT AAI Labor Union of PT LIN	

Public Issues (Institution/ NGO/Community)	Auditor Verification
Labor Union of PT AAI <ul style="list-style-type: none"> - Treatment of PPE is provided once a year, sometimes if it is damaged and there is no stock, there are employees who buy it themselves - The stipulation of premium of harvester has been too long. - Harvest salary slips are not detailed pruning results, but are found on the salary list. It is a problem for the foreman to explain to harvesters. There is a desire to be detailed. - Fuel allowance for harvest foremen and clerk has been very long and unbalanced for now. - Many of the harvesting clerk in Laras B have not yet received their decree. 	<ul style="list-style-type: none"> - For harvest premiums, there are updates every year depending on the height of the plant. - Harvester salary slips will be considered by management. Management shows separate data regarding pruning results. - Fuel allowance was submitted at the Labor Union meeting 2 months ago and is being considered by management. - The decree has been demonstrated by the management of repairs, and ensures that all employees have received the decree of office.
Gender Committee of PT LIN <ul style="list-style-type: none"> - The company has socialized corporate policies related to human rights, non violence, and protection of women's reproductive rights. - No cases related to human rights, violence, or harassment. Every female employee has been granted menstrual leave rights, before and after childbirth. There have been mechanisms to monitor pregnant and lactating female workers not working in chemicals. 	<p>The company has socialized corporate policies related to human rights, non violence, and protection of women's reproductive rights. There is no cases related to human rights, violence, or harassment. Describes in criteria 6.8 and 6.9.</p>
PT Sawit Maju Sejahtera – Local Contractor of Mill Engineering CV Fawwas – Local Contractor of FFB transporter CV Anugerah Mandiri – Local Contractor of Replanting CV MMRD – Local Contractor of Infrastructure <ul style="list-style-type: none"> - The making of agreement is done in a participatory manner. The Contractor understands the provisions in agreement such as volume, price, duration, payment method, aspect of OHS and environment. Dispute settlement methods available. - Payment has been made on time in accordance with the provisions in the agreement. No obstacles related to cooperation with the Company, because the Company is open to consulting related work issues. 	<p>There is no negative issue. The Company shows compliance related these aspects, describes in criteria 6.10 and 6.11.</p>
Surrounded villages and ex-landowners: <ul style="list-style-type: none"> - PT LIN (Kejorongan Koja, Kejorongan Alamanda) - PT AAI (Kejorongan Anam Koto Selatan) - The company (PT LIN and PT AAI) has maintained the relationship and communication to the communities' representative, both sampled villages stated that they are 	<p>There is no negative issue related communication. Describes in criteria 6.8 and 6.9.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>aware regarding to the company's officer who are responsible for communication and consultation to the company, and aware regarding to communication and consultation mechanism as well.</p> <ul style="list-style-type: none"> - During the operation of PT LIN and PT AAI there is no any of report on pollution submitted to <i>Kepala Kejorongan</i> by communities. - The representative of <i>Kejorongan</i> told that most of villagers were recruited as workers in PT LIN and PT AAI - There was a land dispute between PT LIN and <i>Kejorongan Kaja</i>, which currently has been settled by both parties. Stated that the compensation to the ex-land owner has been done by negotiation without violence, all the compensation has been paid fairly. - The <i>Kejorongan</i> Head suggesting related to CSR program preparation shall be more communicated and consulted to the communities. 	
<p>Ninik Mamak Sanggo Marajo (Jorong Bunut, Kinali) and Pucuk Adat Kinali.</p> <ul style="list-style-type: none"> - Socialization, consultation and communication has been done by the PT LIN to the <i>ulayat</i> representative before the process of take-over from PT TSG, the <i>ulayat</i> representative and communities are fully agreed and accept the PT LIN to manage the area. - The <i>Ninik Mamak</i> and <i>Pucuk Adat</i> stated that all the agreement between company and communities has been implemented such as smallholder scheme development and recruitment of communities around as workers, however the <i>Ninik Mamak</i> are suggest to accelerate the process of smallholder scheme and normalize the Batang Masang river in order to deal with flooding in the plasma area as agreed. - There is no any complaint during public consultation 	<p>There is no negative issue related communication. Describes in criteria 6.8 and 6.9.</p>
<p>Board of Smallholders Scheme and farmers</p> <ul style="list-style-type: none"> - The smallholder scheme allocated based on Pasaman Barat Regent' decree is 1000 Ha, currently has been developed and planted area of 224 ha. - The agreement of smallholder scheme are valid for 30 years, share of value shall be done after 48 months (after planting) - The agreement are prepared in transparent, the company submit the report of activity to cooperative unit board in three monthly and report of harvesting in monthly basis, mentioned that there is no differentiate of maintenance of palm between smallholder area and PT LIN 	<p>There is no negative issue related FFB payment. Describes in criteria 6.8, 6.9, 6.10</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<ul style="list-style-type: none"> - The cooperative unit board suggesting that the PT LIN shall do the normalization of Batang Masang River to prevent the flooding over smallholder scheme area, these issue has been communicated to company' management since 2017, - The cooperative management expects the company to accelerate the process of added plasma areas in accordance with the result of discussion and deliberation, namely the area in the HGU which is controlled by the community (380 Ha). 	

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	Formal Sign-off of Assessment Findings
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>PT Andalas Agro Industri Head of Sustainability</p>  <p><u>Thambirajan Pillai</u> Tuesday, 12 November 2019</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Sandra Purba</u> Tuesday, 12 November 2019</p> </div> </div>

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

No	Institution/NGO/Community	Address	Phone/E mail	Form of Communication	Date of Contact	Response	
						Yes	No
1	Manpower Agency of Pasaman Barat Regency	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
2	Environmental Agency of Pasaman Barat Regency	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
3	Land Office of Pasaman Barat Regency	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
4	Plantation Agency of Pasaman Barat Regency	Pasaman Barat Regency, West Sumatra, Indonesia		Via Telephone	11 December 2018	✓	
5	Bipartit Cooperation (LKS Bipartit) of PT LIN	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
6	Bipartit Cooperation (LKS Bipartit) of PT AAI	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
7	Labor Union of PT LIN	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
8	Labor Union of PT AAI	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
9	Gender Committee of PT LIN	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
10	PT Sawit Maju Sejahtera – Local Contractor of Mill	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
11	CV Fawwas – Local Contractor of FFB transporter	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
12	CV Anugerah Mandiri – Local Contractor of Replanting	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
13	CV MMRD – Local Contractor of Infrastructure	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 December 2018	✓	
14	<i>Kejorongan</i> Koja	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	12 December 2018	✓	
15	<i>Kejorongan</i> Alamanda	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	12 December 2018	✓	
16	<i>Kejorongan</i> Anam Koto Selatan	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	12 December 2018	✓	
17	<i>Ninik Mamak</i> Sanggo Marajo (<i>Jorong</i> Bunut, Kinali) and Pucuk Adat Kinali.	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	12 December 2018	✓	
18	Board of Smallholders Scheme and farmers	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	12 December 2018	✓	
19	Sawit Watch, WALHI and WWF	Jakarta, Indonesia		Email	08 December 2018		✓
20	Workers: - Harvesters: 3 workers - Chemical operators: 7 workers - Fertilizer operators: 6 workers - Store keeper: 2 workers - Workshop personnel: 3 workers - Crèche officer: 2 workers - First aid unit: 2 workers - Housing: 1 occupant - Processing operators: 5 workers - WWTP officer: 1 workers	Pasaman Barat Regency, West Sumatra, Indonesia		Direct Interview	11 – 13 December 2018	✓	

Appendix 2. Assessment Program

DATE	10 – 14 Dec 2018	
PROGRAM	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Monday, 10 Dec 2018		
06.15 – 08.00	Jakarta – Padang	All auditor
09.00 -13.00	Padang – PT Andalas Agro Industri	
13.00 – 14.00	Break	All auditor
14.00 – 15.00	Opening Meeting	All auditor
15.00 – 17.00	RSPO Document Review , basic info, operational maps, partial certification, TBP	
Tuesday, 11 Dec 2018		
08.00 – 12.00	Field Observation to Kebun of PT Laras Internusa <ul style="list-style-type: none">Manuring, Spraying, Harvesting, Best Agricultural Practices, Worker Welfare (payments, complaint mechanism) and safety aspectHazardous Waste Material Management, Worker facilities (housing, health clinic, clean water, etc), Land Fire facilities, Storage, Land Application ect..Conservation Area and Legal operational Stakeholders consultation to Government Institution and related NGO	<ul style="list-style-type: none">YYTBPASDPAFS
12.00 – 14.00	Break	
14.00 – 17.00	<ul style="list-style-type: none">Continuing of field observation and stakeholder consultation (if any)Clarification of Field ObservationCompletion Checklist.	All Auditor
Wednesday, 12 Dec 2018		
08.00 – 12.00	Field Observation to Andalas Agro Industri Palm Oil Mill <ul style="list-style-type: none">FFB received, sortation, Processing, worker welfare, Occupational Health and Safety (OHS/K3), Supply Chain etc.WWTP/IPAL, Hazardous Waste Material, Chemical storage, Fire Fighting Facilities and environment aspect Public consultation to Local contractor, FFB Supplier, internal stakeholder (labour union, gender committee and cooperative employees) Stakeholder Consultation to the nearest village/community leader, Plasma Farmer and cooperative.	<ul style="list-style-type: none">YYTBPASDPAFS
12.00 – 14.00	Break	
14.00 – 17.00	<ul style="list-style-type: none">Continuing of field observation and stakeholder consultation (if any)Clarification of Field ObservationCompletion Checklist.	All Auditor
Thursday, 13 Dec 2018		
08.00 – 12.00	<ul style="list-style-type: none">Continuing of field observation and stakeholder consultation (if any)Clarification of Field ObservationCompletion Checklist.	All Auditor
12.00 – 14.00	Break	

14.00 – 15.00	Closing meeting preparation	All Auditor
15.00 – 17.00	Closing meeting	
Friday, 14 Dec 2018		
06.00 – 10.00 11.50 -	Site – Padang Padang - Jakarta	All Auditor