

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

### [✓] Surveillance

Name of Management Organization : **Air Batu POM PT Perkebunan Nusantara IV Subsidiary of PT Perkebunan Nusantara III**  
 Plantation Name : **Air Batu Estate**  
 Location : Village of Air Batu, Sub District of Air Batu, Regency of Asahan, Province of Sumatera Utara, Indonesia  
 Certificate Code : **MUTU-RSPO/129**  
 Date of Certificate Issue : 24 May 2019      Date of License Issue : 20 December 2022  
 Date of Certificate Expiry : 23 May 2024      Date of License Expiry : 23 May 2023

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-2 (Remote Audit)	14 to 15 July 2021	Rizliani Aprianita Hasibuan (Lead Auditor), Briyogi Shadiwa, Rahmat Abdiansyah, Erika Lucitawati	Moh Arif Yusni	Leonada
ASA-2 & ASA-3 (Onsite Audit)	01 to 04 August 2022	Briyogi Shadiwa (Lead Auditor), Rindu Galih Rezza Rachmansyah, Erika Lucitawati and Darwin Simatupang		

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-2 & ASA-3	20 December 2022

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**Figure 1. Location Map of PTPN IV - Air Batu**

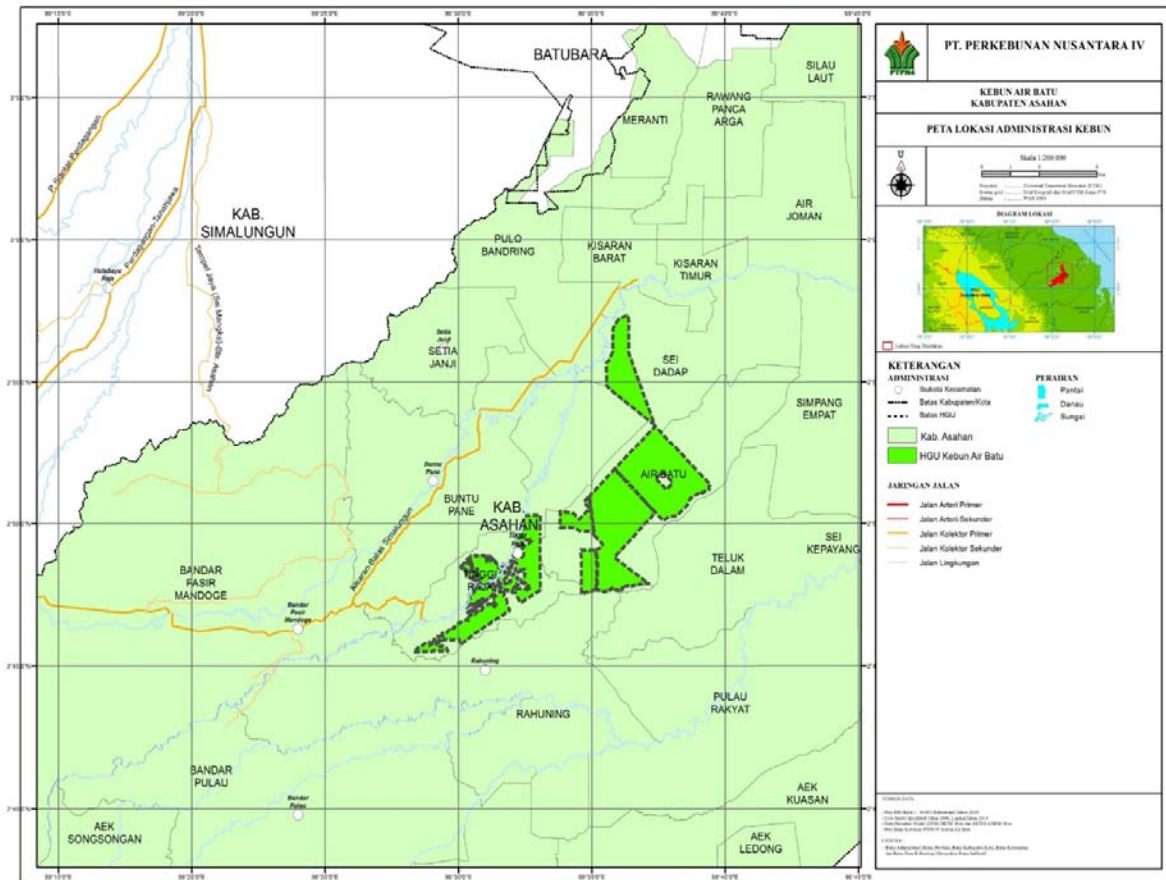
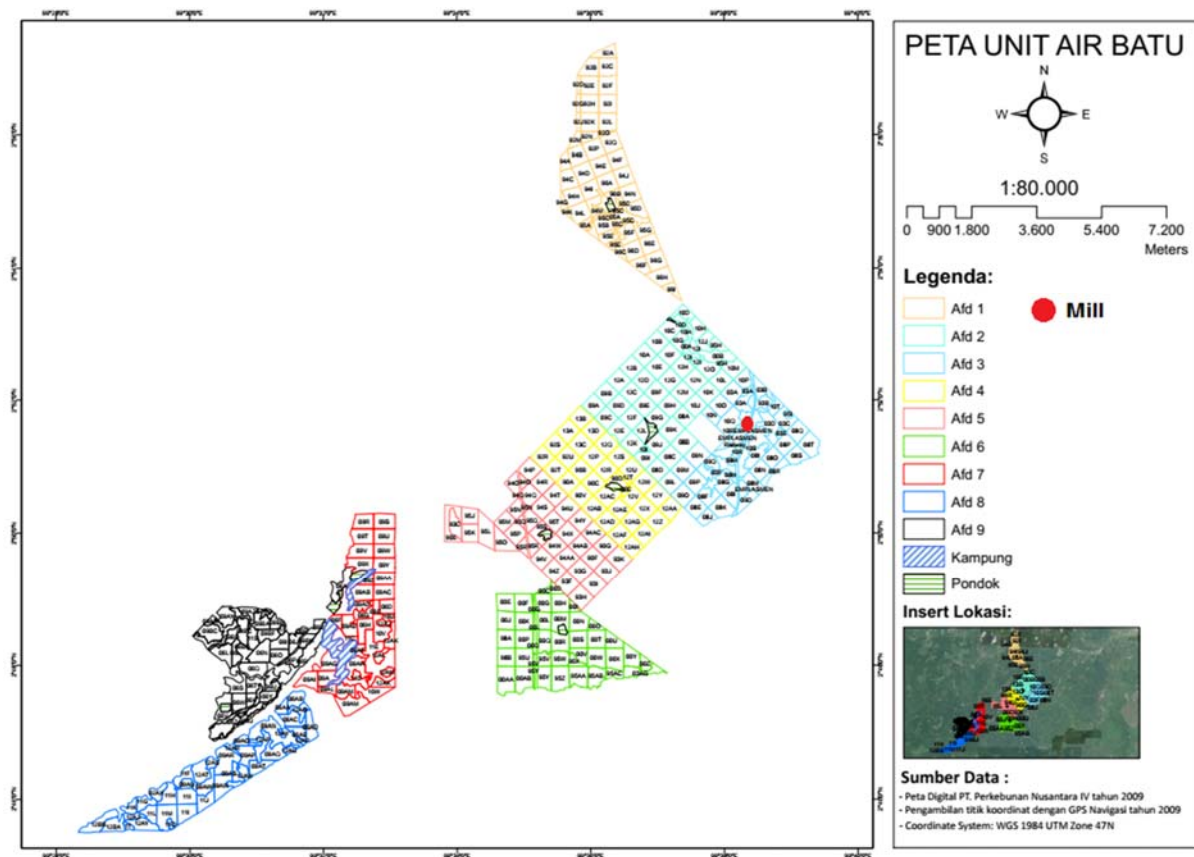


Figure 2. Operational Map of PTPN IV - Air Batu



**Abbreviations Used**

ACOP	:	The Annual Communication of Progress
AKAD	:	<i>Angkatan Kerja Daerah</i> or Migran Worker
AMDAL	:	<i>Analisis Mengenai Dampak Lingkungan</i> (Environmental Impact Assessment)
ASA	:	Annual Surveillance Assessment
Bapedalda	:	<i>Badan Pengendalian Dampak Lingkungan Daerah</i> (Regional Environmental Impact Management Agency)
BHL	:	<i>Buruh Harian Lepas</i> or Daily Contract Worker
BOD	:	Biological Oxygen Demand
BPJS	:	<i>Badan Penyelenggara Jaminan Sosial</i> / Social Security Agency
CB	:	Certification Body
CH	:	Certification Holder
CPO	:	Crude Palm Oil
CLA	:	Collective Labor Agreement
CSPK	:	Certified Sustainable Palm Kernel
CSPO	:	Certified Sustainable Palm Oil
CSR	:	Corporate Social Responsibility
EFB	:	Empty Fruit Bunch
EIA	:	Environment Impact Assessment
FFB	:	Fresh Fruit Bunch
GHG	:	Greenhouse Gas
GUU	:	<i>Grup Unit Usaha</i> (Business Unit Group)
HCV	:	High Conservation value
HGU	:	<i>Hak Guna Usaha</i> (Land Use Permit)
IPM	:	Integrated Pest Management
ISPO	:	Indonesian Sustainable Palm Oil
JHT	:	<i>Jaminan Hari Tua</i> or Old Age Insurance
JKK	:	<i>Jaminan Kecelakaan Kerja</i> or Work Accident Insurance
JKM	:	<i>Jaminan Kematian</i> or Death Insurance
JP	:	<i>Jaminan Pensiun</i> or Pension Insurance
KER	:	Kernel Extraction Rate
LA	:	Land Application
LSU	:	Leaf Sampling Unit
MSDS	:	Material Safety Data Sheet
OER	:	Oil Extraction Rate
OHS	:	Occupational, Health, and Safety
P2K3	:	<i>Panitia Pembina Kesehatan dan Keselamatan Kerja</i> / OHS Committee
P & C	:	Principle and Criteria
PDIK	:	<i>Pedoman dasar &amp; instruksi kerja</i> (Guidelines and work instruction)
PK	:	Palm Kernel
PKS	:	<i>Pabrik Kelapa Sawit</i>
PKWT	:	<i>Perjanjian Kerja Waktu Tertentu</i> or Contract/Temporary Worker
PLN	:	<i>Perusahaan Listrik Negara</i>
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PPD	:	<i>Petugas Pengendali Dokumen</i> / Document control officer
PPE	:	Personal Protective Equipment
PPh	:	<i>Pajak Penghasilan</i> / Income Tax
PPN	:	<i>Pajak Pertambahan Nilai</i> / Value-Added Tax

PPKS	:	<i>Pusat Penelitian Kelapa Sawit/Indonesian Oil Palm Research Institute</i>
PTPN	:	<i>Perusahaan Terbatas Perkebunan Nusantara</i>
RKL-RPL	:	<i>Rencana Pengelolaan Lingkungan-Rencana Pemantauan Lingkungan (Management and Monitoring Plan)</i>
RSPO	:	<i>Roundtable Sustainable Palm Oil</i>
SCCS	:	<i>Supply Chain Certification Standard</i>
SPBUN	:	<i>Serikat Pekerja Perkebunan (Plantation Labor Union)</i>
SPI	:	<i>Satuan Pengawas Internal or Internal Control Unit</i>
SIA	:	<i>Social Impact Assessment</i>
SIMPEL	:	<i>Sistem Informasi Pelaporan Elektronik (Electronic Report Information System)</i>
SIUP	:	<i>Surat Izin Usaha Perdagangan (Business License)</i>
SOP	:	<i>Standard Operational Procedures</i>
SSU	:	<i>Soil Sampling Unit</i>
WTP	:	<i>Water Treatment Plant</i>
WWTP	:	<i>Waste Water Treatment Plant</i>

1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used		
		<ul style="list-style-type: none"><li>Principles and Criteria for Sustainable Palm Oil Production 2018, The Indonesia National Interpretation, Endorsed by the RSPO Board of Governors on 20 April 2020.</li><li>RSPO Certification Systems for Principles &amp; Criteria and RSPO Independent Smallholder Standard, Endorsed by the RSPO Board of Governors on 12 November 2020</li></ul>	
1.2	Organisation Information		
1.2.1	Organization name listed in the certificate	AIR BATU POM - PT PERKEBUNAN NUSANTARA IV subsidiary of PT PERKEBUNAN NUSANTARA III	
1.2.2	Contact person	Pirgok Panggabean	
1.2.3	Organisation address and site address	Head Office: Jl Sei Batang Hari No.2, Medan – North Sumatera, Indonesia	
1.2.4	Telephone	+62 61-8452244	
1.2.5	Fax	+62 61-8455177	
1.2.6	E-mail	ptb@ptpn3.co.id	
1.2.7	Web page address	<a href="http://www.ptpn3.co.id/">http://www.ptpn3.co.id/</a>	
1.2.8	Management Representative who completed the application for certification	Pirgok Panggabean	
1.2.9	Registered as RSPO member	1-0030-06-000-00; 13 December 2006	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill (Air Batu Mill) and it's supply base Air Batu Estate	
1.3.2	Type of certificate	Single	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude (S)Longitude (E)
	Air Batu Mill	Air Batu Village, Air Batu Sub District, Asahan District, Sumatera Utara Province, Indonesia	N 02°51' 35"E 99° 38' 18"
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude (S)Longitude (E)
	Air Batu Estate	Air Batu Village, Air Batu Sub District, Asahan District, Sumatera Utara Province, Indonesia	N 02° 51' 36"E 99° 38' 19"
1.5	Description of Area Statement		
1.5.1	Tenure		
	• State	7,418.73 Ha	
	• Community	- Ha	
1.5.2	Area Statement		
		Total (ha)	

		<b>Total area</b>		<b>7,418.73</b>	
		Mature area		6,290.00	
		Immature Area		636.00	
		Nursery Area		6.00	
		Emplacement		161.00	
		Infrastructure		325.73	
*HCV area has been included in planted area (337.48 Ha)					
<b>1.6</b>		<b>Planting Year and Cycles</b>			
1.6.1		<b>Age profile of planting year</b>			
		<b>Planting Year</b>		<b>Hectarage (Ha)</b>	
				<b>Air Batu Estate</b>	
				<b>Total (Ha)</b>	
		1995		572	
		1996		162	
		1998		47	
		2000		572	
		2003		172	
		2005		41	
		2006		534	
		2008		426	
		2009		1317	
		2010		466	
		2011		301	
		2012		796	
		2013		93	
		2015		165	
		2016		420	
		2018		206	
		Sub Total Mature		6,290	
		2019		269	
		2020		367	
		Sub Total Immature		636	
		TOTAL		6,926	
1.6.2		New Planting area after January 2010		- Ha	
1.6.3		Planting Cycle		2 <sup>nd</sup> Cycle	
<b>1.7</b>		<b>Description of Mill and Supply Base</b>			
1.7.1		<b>Description of Mill</b>			
		<b>Name of Mill</b>		<b>Capacity (tonnes/ hour)</b>	
		<b>FFB Processed (tonnes/year)</b>		<b>CPO</b>	
				<b>Out put (tonnes)</b>	
				<b>Extraction (%)</b>	
		Air Batu		30	
		262,358.79		58,109.29	
				22.14	
				9,865.05	
				3.76	
<i>*Production data source from February 2021 to July 2022</i>					
1.7.2		<b>Description of Certification Scope of Supply Base</b>			
		<b>Name of Estate</b>		<b>Total Area (Ha)</b>	
		<b>Production Area (Ha)</b>		<b>FFB (ton/year)</b>	
		<b>Yield (ton/ha/ year)</b>		<b>Supplied to Mill</b>	
				<b>FFB (ton/year)</b>	
				<b>%</b>	
		Air Batu		7,418.73	
		6,290.00		206,034.59	
				21.83	
				206,034.59	
				100	
<i>*Production data source from February 2021 to July 2022</i>					
1.7.3		FFB description from other source			



	Name of sources/Organization (RSPO certified / non-certified)	Type of Organization	number of smallholder	Production Area (Ha)	Supplied to Mill			
					FFB (tones/year)			
	Air Batu Estate (Non Certified)	PTPN IV	-	459.02	5,410.18			
	Pulu Raja Estate (RSPO Certified)	PTPN IV	-	4,359.00	93.88			
	Ajamu Estate (RSPO Certified)	PTPN IV	-	4,231.00	1,098.92			
	Sei Kopas Estate (RSPO Certified)	PTPN IV	-	4,239.00	7,013.06			
	Sei Kopas Estate (Non Certified)	PTPN IV	-	763.00	7,213.22			
	Panai Jaya Estate (Non Certified)	PTPN IV	-	4,222.00	388.05			
	Berangir Estate (RSPO Certified)	PTPN IV	-	6,487.00	1,477.17			
	Tinjowan Estate (RSPO Certified)	PTPN IV	-	7,200.32	78.53			
	CV Abadi Jaya	Independent Supplier	-	-	19,207.01			
	PT Semut Merah Beriring	Independent Supplier	-	-	7,788.95			
	CV Doge Doge Star	Independent Supplier	-	-	3,692.35			
	CV Bumi Karya Mandiri	Independent Supplier	-	-	701.96			
	PT Fortuna Alam Makmur	Independent Supplier	-	-	1,992.31			
	TOTAL				56,155.59			
	*Production data source from February 2021 to July 2022							
1.7.4	Product categories		FFB, CPO, PK					
1.8	Tonnage of Product							
1.8.1	Past Annual Claim Certified Product		Last Year Projected Certified Volume (MT)		Last Year Actual Certified Volume (MT)			
	FFB Processed		210,022		210,796.15			
	CPO Production		48,073		47,845.59			
	Palm Kernel (PK) Production		8,175		8,139.96			
1.8.2	Product selling							
	Type of selling product		Actual selling product for last year (Feb 2021 to July 2022) (MT)					
	CSPO sold as RSPO certified product		11,132.55					
	CSPK sold as RSPO certified product		4,060.23					
	CSPO sold under another scheme		0					
	CSPK sold under another scheme		0					
	CSPO sold as conventional		36,418.85					
	CSPK sold as conventional		907.42					
1.8.3	Estimate of Certified FFB Claim							
	Name of Estate(s)	Total Area (Ha)	Production Area (Ha)	FFB (tones/year)	Yield (tones/ha/year)			
	Air Batu	7,418.73	6,290.00	130,000	20.67			
	*Projected FFB production for 12 months of certificate							
1.8.4	Estimate of Certified Palm Product Claim							
	Name of Mill	Capacity (tones/ hour)	FFB Processed (tones/year)	CPO		Palm Kernel		Supply Chain Module
				Out put (tones)	Extraction (%)	Out put (tones)	Extraction (%)	
	Air Batu	30	130,000	27,000	20.76	5,500	4.23	MB

<i>*Projected FFB production for 12 months of certificate</i>							
1.9		Other Certifications					
		ISO 9001:2015		-			
		ISO 14001: 2015		-			
		ISO 45001:2018		-			
		ISCC		-			
		Others		-			
1.10		Time Bound Plan					
1.10.1		Time Bound Plan for Other Management Units					
		Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status
		Mill	Time bound				
		Pulau Tiga (PTPN I)	2022	Pulau Tiga Estate	2022	Aceh Tamiang District, Aceh Province	Audited on 2022
		Tanjung Seumantoh (PTPN I)	2022	Lama Estate	2022	Aceh Timur District, Aceh Province	-
Baru Estate	2022			Aceh Timur District, Aceh Province	-		
Tualang Sawit Estate	2022			Aceh Timur Distrct, Aceh Province	-		
Julok Rayeuk Selatan Estate	2022			Aceh Timur District, Aceh Province	-		
		Cot Girek (PTPN I)	2022	Julok Rayeuk Utara Estate	2022	Aceh Utara District, Aceh Province	-
				Cot Girek Es-tate	2022	Aceh Utara District, Aceh Province	-
		Sawit Hulu (PTPN II)	2022	Sawit Hulu Estate	2022	Langkat District, Sumatera Utara Province	-
		Kwala Sawit (PTPN II)	2022	Kwala Sawit Estate	2022	Langkat District, Sumatera Utara Province	-
				Air Tenang Estate	2022	Langkat District, Sumatera Utara Province	-
		Sawit Seberang (PTPN II)	2022	Batang Serangan Estate	2022	Langkat District, Sumatera Utara Province	-
				Sawit Seberang Estate	2022	Langkat District, Sumatera Utara Province	-
				Tanjung Jati (Rayon) Estate	2022	Langkat District, Sumatera Utara Province	-
		Pagar Merbau (PTPN II)	2022	Tanjung Garbus Estate	2022	Deli Serdang District, Sumatera Utara Province	Audited on 2022
				Melati Estate	2022	Deli Serdang District, Sumatera Utara Province	-
				Patumbak Estate	2023	Deli Serdang District, Sumatera Utara Province	-
				Limau Mukur Estate	2023	Deli Serdang District, Sumatera Utara Province	-
				Tandem (Rayon) Estate	2023	Deli Serdang District, Sumatera Utara Province	-
		Sisumut (PTPN III)	2015	Sisumut Estate	2015	Labuhan Batu Selatan District, Sumatera Utara	October 15, 2015 (Certified)

				Province	
		Aek Nabara Utara Estate	2015	Labuhan Batu Selatan District, Sumatera Utara Province	October 15, 2015 (Certified)
Rambutan (PTPN III)	2016	Tanah Raja Estate	2016	Serdang Bedagai District, Sumatera Utara Province	Sept 1, 2016 (Certified)
		Gunung Monaco Estate	2016	Serdang Bedagai District, Sumatera Utara Province	Sept 1, 2016 (Certified)
		Silau Dunia Estate	2016	Serdang Bedagai District, Sumatera Utara Province	Sept 1, 2016 (Certified)
		Sarang Ginting Estate	2016	Serdang Bedagai District, Sumatera Utara Province	Sept 1, 2016 (Certified)
		Sei Putih Estate	2016	Serdang Bedagai District, Sumatera Utara Province	Sept 1, 2016 (Certified)
		Rambutan Estate	2016	Serdang Bedagai District, Sumatera Utara Province	Sept 1, 2016 (Certified)
		Bandar Betsy Estate	2022	Simalungun District, Sumatera Utara Province	-
Sei Daun (PTPN III)	2015	Sei Daun Estate	2015	Labuhan Batu Selatan District, Sumatera Utara Province	Sept 8, 2016 (Certified)
		Bukit Tujuh Estate	2015	Labuhan Batu Selatan District, Sumatera Utara Province	Sept 8, 2016 (Certified)
Torgamba (PTPN III)	2015	Torgamba Estate	2015	Labuhan Batu Selatan District, Sumatera Utara Province	Sept 7, 2016 (Certified)
Sei Meranti (PTPN III)	2016	Sei Meranti Estate	2016	Labuhan Batu Selatan District, Sumatera Utara Province	Sept 14, 2016 (Certified)
Sei Silau (PTPN III)	2017	Sei Silau Estate	2017	Asahan District, Sumatera Utara Province	Apr 3, 2017 (Certified)
		Pulau Mandi Estate	2017	Asahan District, Sumatera Utara Province	Apr 3, 2017 (Certified)
		Ambalutu Estate	2017	Asahan District, Sumatera Utara Province	Apr 3, 2017 (Certified)
		Hutapadang Estate	2017	Asahan District, Sumatera Utara Province	Apr 3, 2017 (Certified)
Sei Mangkei (PTPN III)	2017	Dusun Hulu Estate	2017	Batubara District, Sumatera Utara Province	Oct 2017 (Certified)
		Bangun Estate	2017	Simalungun District, Sumatera Utara Province	Oct 2017 (Certified)
		Gunung Para Estate	2017	Serdang Bedagai District, Sumatera Utara Province	Oct 2017 (Certified)
		Gunung Pamela Estate	2017	Serdang Bedagai District, Sumatera Utara Province	Oct 2017 (Certified)
		Sei Dadap Estate	2017	Asahan District, Sumatera Utara Province	Oct 2017 (Certified)
Sei Baruhur (PTPN III)	2018	Sei Baruhur Estate	2018	Labuhan Batu Selatan District, Sumatera Utara Province	April 2018 (Certified)

		Sei Kabara Estate	2018	Labuhan Batu Selatan District, Sumatera Utara Province	April 2018 (Certified)
Hapesong (PTPN III)	2020	Hapesong Estate	2020	Tapanuli Selatan District, Sumatera Utara Province	October 2020 (certified)
		Batang Toru Estate	2020	Tapanuli Selatan District, Sumatera Utara Province	October 2020 (certified)
Aek Nabara Selatan (PTPN III)	2014	Aek Nabara Selatan Estate	2014	Labuhan Batu District, Sumatera Utara Province	May 23, 2014 (Certified)
		Rantau Prapat Estate	2014	Labuhan Batu District, Sumatera Utara Province	May 23, 2014 (Certified)
		Merbau Selatan Estate	2014	Labuhan Batu Utara District, Sumatera Utara Province	May 23, 2014 (Certified)
		Membang Muda Estate	2014	Labuhan Batu Utara District, Sumatera Utara Province	May 23, 2014 (Certified)
		Labuhan Haji Estate	2014	Labuhan Batu Utara District, Sumatera Utara Province	May 23, 2014 (Certified)
		Bandar Selamat Estate	2014	Asahan District, Sumatera Utara Province	May 23, 2014 (Certified)
Aek Torop (PTPN III)	2014	Aek Torop Estate	2014	Labuhan Batu Selatan District, Sumatera Utara Province	June 17, 2014 (Certified)
Aek Raso (PTPN III)	2014	Aek Raso Estate	2014	Labuhan Batu Selatan District, Sumatera Utara Province	June 30, 2014 (Certified)
Pabatu (PTPN IV)	2015	Pabatu	2015	Serdang Bedagai, Sumatera Utara	Certified on September 2015
Dolok Ilir (PTPN IV)	2015	Dolok Ilir	2015	Simalungun, Sumatera Utara	Certified on September 2015
		Laras	2018	Simalungun, Sumatera Utara	Certified on December 2018
Pulu Raja (PTPN IV)	2015	Pulu Raja	2015	Asahan, Sumatera Utara	Certified on August 2015
Adolina (PTPN IV)	2018	Adolina	2018	Serdang Bedagai dan Deli Serdang, Sumatera Utara	Certified on April 2018
Bah Jambi (PTPN IV)	2018	Bah Jambi	2018	Simalungun, Sumatera Utara	Certified February 2018
		Marihat	2018	Simalungun, Sumatera Utara	Certified February 2018
		Bah Birung Ulu	2022	Simalungun, Sumatera Utara	Stage-1 Audit
		Marjandi	2019	Simalungun, Sumatera Utara	Certified on 20 may 2019 (1,802.0 Ha)
			2022	Simalungun, Sumatera Utara	Out of scope Certification 2 <sup>nd</sup> Stage Audit (30.0 Ha)
Dolok Sinumbah	2018	Dolok Sinumbah	2018	Simalungun, Sumatera	Certified on April

(PTPN IV)				Utara	2018 (3,757.0 Ha)
			2022	Simalungun, Sumatera Utara	Out of scope Certification 2 <sup>nd</sup> Stage Audit (35.94 Ha)
		Balimbingan	2018	Simalungun, Sumatera Utara	Certified on April 2018
Mayang (PTPN IV)	2021	Mayang	2019	Simalungun, Sumatera Utara	Certified on March 2019
		Bukit Lima	2022	Simalungun, Sumatera Utara	Preparation
Gunung Bayu (PTPN IV)	2019	Gunung Bayu	2019	Simalungun, Sumatera Utara	Certified on September 2019
		Tanah Itam Ulu	2019	Simalungun, Sumatera Utara	Certified on September 2019
Tinjowan (PTPN IV)	2019	Tinjowan	2019	Simalungun, Sumatera Utara	Certified on March 2019
		Aek Nauli	2019	Simalungun, Sumatera Utara	Certified on March 2019
		Padang Matinggi	2019	Simalungun, Sumatera Utara	Certified on March 2019
Air Batu (PTPN IV)	2018	Air Batu	2019	Asahan, Sumatera Utara	Certified on May 2019
		Air Batu	2022	Asahan, Sumatera Utara	Out of Scope certification 2 <sup>nd</sup> Stage Audit
Berangir (PTPN IV)	2018	Berangir	2018	Labuhan Batu Utara, Sumatera Utara	Certified on July 2018
		Berangir	2022	Labuhan Batu Utara, Sumatera Utara	Out of scope Certification 2 <sup>nd</sup> Stage Audit (10.0 Ha)
Sawit Langkat (PTPN IV)	2018	Sawit Langkat	2018	Langkat, Sumatera Utara	Certified on June 2018
		Sawit Langkat	2022	Langkat, Sumatera Utara	Out of scope Certification 2 <sup>nd</sup> Stage Audit (301.50 Ha)
Pasir Mandoge (PTPN IV)	2020	Pasir Mandoge	2020	Asahan, Sumatera Utara	Certified on October 2018
		Sei Kopas	2020	Asahan, Sumatera Utara	Certified on October 2018
		Tonduhan	2020	Simalungun, Sumatera Utara	Certified on October 2018
		Sei Kopas (HPK)	2022	Asahan, Sumatera Utara	-
Timur (PTPN IV)	2022	Timur	2022	Mandailing Natal, Sumatera Utara	-
		Balap	2022	Mandailing Natal, Sumatera Utara	-
Ajamu	2021	Ajamu	2019	Labuhan Batu Utara,	Certified on

(PT PN IV)				Sumatera Utara	September 2019
		Meranti Paham	2019	Labuhan Batu Utara, Sumatera Utara	Certified on September 2019
		Panai Jaya	2022	Labuhan Batu Utara, Sumatera Utara	Preparation
Sosa (PTPN IV)	2022	Sosa	2022	Padang Lawas, Sumatera Utara	Preparation
PT Agro Sinergi Nusantara (PTPN IV)	2022	PT Agro Sinergi Nusantara	2022	Aceh Barat, Aceh	Preparation
PT Sinergi Perkebunan Nusantara (PTPN IV)	2022	PT Sinergi Perkebunan Nusantara	2022	Morowali Utara, Sulawesi	Preparation
Tandun (PTPN V)	2016	Tandun Estate,	2016	Tapung Hulu District, Kampar District, Riau Province, Indonesia	Certified
		Sei Berlian Estate	2016	Tapung Hulu District, Kampar District, Riau Province, Indonesia	Certified
		Sei Lindai Estate	2016	Tapung Hulu District, Kampar District, Riau Province, Indonesia	Certified
		Sei Lindai 98 ha	2021	Tapung Hulu District, Kampar District, Riau Province, Indonesia	Certified
		Sei Berlian 866 ha	2023	Tapung Hulu District, Kampar District, Riau Province, Indonesia	-
Sei Rokan (PTPN V)	2016	Sei Rokan Estate	2016	Rokan Hulu District, Riau Province, Indonesia.	Certified
Sei Tapung (PTPN V)	2019	Sei Tapung	2019	Rokan Hulu District, Riau Province, Indonesia.	Certified
		Sei Siasam	2019	Rokan Hulu District, Riau Province, Indonesia.	Certified
		KUD Makarti Jaya	2022	Rokan Hulu District, Riau Province, Indonesia.	-
		KUD Karya Mukti	2022	Rokan Hulu District, Riau Province, Indonesia.	-
		KUD Dayo Mukti	2023	Rokan Hulu District, Riau Province, Indonesia.	-
		KUD Tani Sejahtera	2023	Rokan Hulu District, Riau Province, Indonesia.	-
Sei Intan (PTPN V)	2019	Sei Intan	2019	Rokan Hulu District, Riau Province, Indonesia	Certified
Tanjung Medan (PTPN V)	2022	Tanjung Medan	2022	Rokan Hilir District, Riau Province, Indonesia	-
Tanah Putih (PTPN V)	2019	Tanah Putih	2019	Rokan Hilir District, Riau Province, Indonesia	Certified
		Tanah Putih Plasma	2023	Rokan Hilir District, Riau Province, Indonesia	-

Lubuk Dalam (PTPN V)	2019	Lubuk Dalam	2019	Siak District, Riau Province, Indonesia	Certified
		Lubuk Dalam Plasma	2022	Siak District, Riau Province, Indonesia	-
Sei Buatan (PTPN V)	2022	Sei Buatan	2022	Siak District, Riau Province, Indonesia	-
		Air Molek 1	2023	Siak District, Riau Province, Indonesia	-
		Air Molek II	2023	Siak District, Riau Province, Indonesia	-
		KUD Karya Darma	2023	Siak District, Riau Province, Indonesia	-
		KUD Tunas Karya	2023	Siak District, Riau Province, Indonesia	-
Sei Galuh (PTPN V)	2023	Sei Galuh	2023	Kampar District, Riau Province, Indonesia	-
		Sei Galuh Plasma	2023	Kampar District, Riau Province, Indonesia	-
Sei Pagar (PTPN V)	2019	Sei Pagar	2019	Kampar District, Riau Province, Indonesia	-
		Sei Pagar Plasma	2023	Kampar District, Riau Province, Indonesia	-
Sei Garo (PTPN V)	2019	Sei Garo	2019	Kampar District, Riau Province, Indonesia	Certified
		Sei Garo Plasma	2023	Kampar District, Riau Province, Indonesia	-
Terantam (PTPN V)	2019	Terantam	2019	Kampar District, Riau Province, Indonesia	Certified
		Terantam 2 (725.44 ha)	2022	Kampar District, Riau Province, Indonesia	-
		Tamora	2023	Kampar District, Riau Province, Indonesia	-
		Sei Kencana	2023	Kampar District, Riau Province, Indonesia	-
		Sei Batu Langka	2023	Kampar District, Riau Province, Indonesia	-
Rimbo Dua (PTPN VI)	2018	Rimbo Satu	2018	Jambi Province	Certified
		Rimbo Dua	2018	Jambi Province	Certified
		Batang Hari	2022	Jambi Province	-
Bunut (PTPN VI)	2022	Bunut	2022	Jambi Province	-
Ophir (PTPN VI)	2022	Ophir	2022	Sumatra Barat Province	-
		Pangkalan 50 Kota	2022	Sumatra Barat Province	-
Aur Gading (PTPN VI)	2023	Durian Luncuk	2023	Jambi Province	-
Solok Selatan (PTPN VI)	2023	Solok Selatan	2023	Sumatra Barat Province	-
Tanjung Lebar (PTPN VI)	2022	Tanjung Lebar	2023	Jambi Province	-
		Bukit Cermin	2023	Jambi Province	-



	Bekri (PTPN VII)	2022	Bekri	2022	Lampung Province	Audited on February 2022
			Rejosari	2022	Lampung Province	Audited on February 2022
			Padang Ratu	2022	Lampung Province	Audited on February 2022
	Betung (PTPN VII)	2022	Betung	2022	Lampung Province	Certified
			Bentayan	2026	Lampung Province	-
	Talang Sawit (PTPN VII)	2023	Betung Krawo	2023	Musi Banyuasin District, Sumatera Selatan Province	-
	Sungai Lengi (PTPN VII)	2023	Sungai Lengi	2023	Muara Enim District, Sumatera Selatan Province	-
	Kertajaya (PTPN VIII)	2022	Kertajaya	2022	Lebak District, Banten Province	-
			Cisalak Baru	2022	Lebak District, Banten Province	-
			Bojongdatar	2022	Lebak District, Banten Province	-
	Cikasungka (PTPN VIII)	2022	Cikasungka	2022	Bogor District, Jawa barat Province	-
			Sukamaju	2022	Sukabumi District, Jawa barat Province	-
	Gunung Meliau (PTPN XIII)	2022	Gunung Meliau	2022	Sanggau District, Kalimantan Barat Province	-
	Rimba Belian (PTPN XIII)	2023	Rimba Belian	2023	Sanggau District, Kalimantan Barat Province	-
			Gunung Mas	2023	Sanggau District, Kalimantan Barat Province	-
			Sungai Dekan	2023	Sanggau District, Kalimantan Barat Province	-
	Parindu (PTPN XIII)	2023	Parindu	2023	Sanggau District, Kalimantan Barat Province	-
	Luwu (PTPN XIV)	2022	Luwu	2022	Luwu Timur, District, Sulawesi Tengah	-
			Keera-Maroon	2022	Luwu Timur, District, Sulawesi Tengah	-
			Malili	2023	Luwu Timur, District, Sulawesi Tengah	-
Asera			2023	Luwu Timur, District, Sulawesi Tengah	-	
Date Approval TBP on November 2021.						
1.10.2	Progress of Associated Smallholders and Out growers for Certifiable Standard					
	-					



<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Assessment Team</b>
<b>ASA-2 (Remote)</b>	<p><b>1. Rizliani Aprianita Hasibuan (Lead Auditor).</b> Indonesian Citizen. Bachelor and Magister of Agribusiness, Faculty of Agriculture. She had followed training such as RSPO Lead Auditor Training, SCCS training, lead Auditor ISO 9001:2008, ISO 14001:2004, SA 8000, OHSAS 18001, social audit training by RSPO (verité), ISPO Auditor training and followed several IHT related to environment, BMP etc. She has been involved in several audit activities related to sustainable palm oil certification since 2015 covering legal, social aspect, health and safety aspect, worker welfare, waste management aspect etc. During the assessment she assigned to verify Worker Welfare, Social and Third parties.</p> <p><b>2. Briyogi Shadiwa (Auditor).</b> Indonesian citizens. Associate Degree of Oil Palm Plantation, Bogor Agricultural University. He has work experience since 2009 in several private oil palm plantation companies in Indonesia as Assistant Agronomy and Agronomy Quality Control. The trainings that have been attended include: RSPO Lead Auditor Course by Checkmark, ISPO Auditor Training by LPP, Lead Auditor ISO 9001: 2015, RSPO Supply Chain Certification Training Course by Checkmark, Lead Auditor ISO 14001: 2015, SMK3 Awareness, OHSAS 18001 Awareness: 2007, SA 8000 Awareness, ISO 45001: 2018 Awareness and General OHS Expert Training. In this audit, he verified the Legal and SCCS aspect.</p> <p><b>3. Rahmat Abdiansyah (Auditor).</b> Indonesian citizen. Bachelor of Forestry from IPB University, with major in Forest Resources Conservation and Ecotourism. Has experience working in the Indonesian Palm Oil Farmers Organization and Indonesian private oil palm plantation companies. Participate in ISPO and RSPO Internal Auditor training in 2018, ISPO and P&amp;C Certification Systems IHT in 2019, IHT ISO 19011, ISPO Auditor Training in 2020, RSPO Lead Auditor Training in 2020, ISO 14001 and ISO 9001 Lead Auditor Training in 2020, and awareness of the RSPO Certification System and the RSPO P&amp;C in 2019 and 2020. During this assessment, he verified the aspects Best Management Practice, Long Term Plan, and OHS.</p> <p><b>4. Erika Lucitawati.</b> Indonesian citizen. Bachelor of Engineering with major in Environmental Engineering. Has one-year experience in waste water treatment plant company. The trainings that have been attended include In House Training of ISO 19011: 2018, ISO 17021: 2015, ISO 17065: 2012, ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018, and The Supervision of Occupational Health and Safety Training. Has participated in audit activities for the ISPO and RSPO scheme for environmental, GHG, conservation, and social responsibility aspect. In this audit activity performs the assessment of environmental, social, conservation and GHG aspects and is supervised by Lead Auditor.</p>
<b>ASA-2 &amp; ASA-3 (Onsite)</b>	<p><b>1. Briyogi Shadiwa (Lead Auditor).</b> Indonesian citizens. Associate Degree of Oil Palm Plantation, Bogor Agricultural University. He has work experience since 2009 in several private oil palm plantation companies in Indonesia as Assistant Agronomy and Agronomy Quality Control. The trainings that have been attended include: RSPO Lead Auditor Course by Checkmark, ISPO Auditor Training by LPP, Lead Auditor ISO 9001: 2015, RSPO Supply Chain Certification Training Course by Checkmark, Lead Auditor ISO 14001: 2015, SMK3 Awareness, OHSAS 18001 Awareness: 2007, SA 8000 Awareness, ISO 45001: 2018 Awareness and General OHS Expert Training. In this audit, he verified Best Management Practice, Occupational Health &amp; Safety, Legal, partial and SCCS aspect.</p> <p><b>2. Rindu Galih Rezza Rachmansyah (Auditor)</b> Indonesian citizen, Bachelor of Agriculture with major in Plant Pest and Disease. Has one year experience as Field Expert in Pesticide Company and 3 years' experience in Industrial Forest Management, Forest Rehabilitation and Reclamation on Indonesia Stated Owned Company as Assistant. Training which had attended including Lead Auditor ISO 9001, ISO 14001, ISO 17021, ISO 19011, SA 8000, Lead Auditor ISPO, Lead Auditor RSPO, RaCP &amp; NPP Awareness and OHSAS 18001:2007. Has involved in several audit activities related to sustainable palm oil since 2017 in the aspects of Best Management Practices (BMP), social, worker welfare and OHS. During this assessment has verified Worker Welfare, Social and Third parties aspect.</p> <p><b>3. Erika Lucitawati (Auditor).</b> Indonesian citizen. Bachelor of Engineering with major in Environmental Engineering.</p>

	<p>The trainings that have been attended include ISPO Lead Training, RSPO Lead Training, In House Training of ISO 19011: 2018, ISO 17021: 2015, ISO 17065: 2012, ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018, and The Supervision of Occupational Health and Safety Training. During this assessment, she verified environmental, social, conservation and GHG aspects.</p> <p><b>4. Darwin Simatupang (Auditor Trainee).</b> Indonesian citizen. Bachelor of Agriculture, majoring in Soil Science and Land Resource from IPB University. Has one year experience as agronomist in palm oil plantation company. Training has been attended including Indonesian Sustainable Palm Oil (ISPO), Lead Auditor of ISO 9001: 2015, Awareness ISO 17021: 2015, Awareness ISO 17065: 2012, Awareness ISO 14001: 2015, Awareness ISO 45001: 2018, Awareness ISO 19011: 2018. During this assessment has verified Best Management Practice and Occupational Health &amp; Safety aspect supervised by Lead Auditor.</p>
<b>2.2</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA- 2 (Remote)</b>	<p>Number of auditors: 3 auditor and 1 Auditor trainee</p> <p>Number of days for <b>ASA-2 remote audit</b> : 2 days</p> <p>Number of working days for <b>ASA-2 remote audit</b>: 6 Working days</p>
<b>ASA-2 &amp; ASA-3 (Onsite)</b>	<p>Number of auditors: 3 auditor and 1 Auditor trainee</p> <p>Number of days for <b>ASA-2 &amp; ASA-3 onsite audit</b> : 4 days</p> <p>Number of working days for <b>ASA-2 &amp; ASA-3 onsite audit</b>: 12 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA- 2 (Remote)</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Perkebunan Nusantara IV – Air Batu POM to the requirements of :</p> <ul style="list-style-type: none"> <li>• RSPO Certification Systems for Principles &amp; Criteria and RSPO Independent Smallholder Standard, Endorsed by the RSPO Board of Governors on 12 November 2020.</li> <li>• Indonesia National Interpretation of Principles and Criteria for Sustainable Palm Oil Production 2018, endorsed on 20th April 2020.</li> <li>• RSPO Notice to CB on RSPO P&amp;C On-site &amp; Remote Audits, on 24th March 2020.</li> <li>• Contingency RSPO Audit Procedure, on 25<sup>th</sup> August 2020.</li> <li>• Updated Audit Scenario 4 (Contingency RSPO Audit Procedure), on 5 August 2021.</li> </ul> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>ASA-2</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase <b>ASA-3</b>.</p> <p>Improvement of findings from main assesment findings were observed by auditors at this <b>ASA-2</b> assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>ASA-3</b>.</p> <p>Opening and closing meeting is conducted by online through Zoom Application. The meeting was attended by auditee from unit certification, supporting team from PT Perkebunan Nusantara – Air Batu POM Office and auditor team. The documents were presented through cloud storage. Generally, the remote audit went smoothly.</p> <p>The assessment program please find Appendix 2</p>
<b>ASA-2 &amp; ASA-3 (Onsite)</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Perkebunan Nusantara IV – Air Batu POM to the requirements of <b>Principles and Criteria for the Production of Sustainable Palm Oil 2018, Endorsed by the RSPO Board of Governors on 20th April 2020 and RSPO Certification Systems for Principles &amp; Criteria and RSPO Independent Smallholder Standard, Endorsed by the</b></p>

**RSPO Board of Governors on 12 November 2020.**

The audit program is included as Appendix 2. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

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

Some opportunities for improvement of the results **ASA-3** delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (**ASA-4**). All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **ASA-3**.

Until the deadline for fulfillment of major non-conformities on November 2, 2022, the unit certification has not been able to fulfill all major non-conformities so that the Air Batu certificate and license are suspended as of November 3, 2022. The license at palmtrace ends on November 23, 2022 because the license period has exceeded the extension deadline (referring to the RSPO provisions published in April 2022).

The unit of certification can fulfill all major non-conformances on December 16, 2022. Based on this, certificates and licenses can be reactivated. As a note, due to the suspension status, from 03 November to 19 December 2022 FFB, CPO and PK products produced during this period were declared RSPO uncertified.

The auditor's journey from the airport in Medan to the audit location takes about 6-7 hours. The opening meeting was held on August 1, 2022. As for the participants who attended the opening meeting included the Estate and Mill Managers, Support Team from Medan and other staff at PT Perkebunan Nusantara IV – Air Batu POM. Closing meeting was held on August 4, 2022 attended by the same participants as the opening meeting. Management PT Perkebunan Nusantara IV – Air Batu POM accept all the onsite ASA-3 audit results.

During the COVID-19 pandemic, there were several modifications to the audit activity due to health protocols. Audit process carried out with high safety protocol procedure that developed by Certification Body and the unit of certification. before an onsite audit carried out, there are several meetings to discuss health protocol procedures. There are several activities that are not possible to do face to face, such as public consultations with government agencies, communities, or previous landowners so that these activities are carried out by telephone. Furthermore, during field observation auditor only verification the activity and interview process carried separately by telephone. Document verification conducted separately through the electronic files.

Public Stakeholder Notification was made on Mutu Website. There is no written negative feedback receive. Stakeholder consultation involved internal and external stakeholders. Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings. The comments made by external stakeholders were also taken into account in the assessment.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wife of workers and staff were interviewed in informal meetings at their housing. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix I.

The assessment program please find Appendix 2

<b>2.2.3</b>	<b>Locations of Assessment</b>
<b>ASA-2 (Remote)</b>	Field observation will be conducted during on site audit.
<b>ASA-2 &amp; ASA-3 (Onsite)</b>	<p>The sampling location consider the issue arise from the review documents and stakeholder's consultation that are fundamental and crucial. On this assessment sample locations that visited and respondent that interviewed by team auditor are:</p> <p><b>Air Batu POM</b></p> <ul style="list-style-type: none"> <li>• <b>Security Post.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Weighbridge Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Sortation Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Loading Ramp Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Sterilizer Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Thresher Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Press Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Clarification Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Boiler Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Engine Room Station.</b> Observations and interviews related to work procedures, housekeeping, environmental management, employment, complaint mechanisms and OHS aspects.</li> <li>• <b>Empty Bunch Area.</b> Observations related to material handling, OHS and environmental management.</li> <li>• <b>Hydrant Simulation.</b> Observations and interviews with factory fire emergency response officers related to emergency response procedures, availability and state of emergency response equipment and handling officers in conducting simulations.</li> <li>• <b>Hazardous Waste Temporary Storage.</b> Observations and interviews with officers related to material handling, work procedures, OHS, wages and environmental management.</li> <li>• <b>Solar Tank.</b> Observations related to material handling, OHS and environmental management.</li> <li>• <b>WWTP.</b> Field observations related to WWTP entry, runoff, effluent testing. Officers are equipped with PPE and effluent discharge records.</li> <li>• <b>Water Source Reservoir and Water Intake.</b> Observations and interviews related to water management, recording of water use, health checks, PPE and waste management.</li> <li>• <b>Employee Housing.</b> Observation of the availability of infrastructure such as employee housing facilities, clean water facilities, educational facilities, religious facilities, health facilities and sports facilities.</li> </ul> <p><b>Air Batu Estate</b></p> <ul style="list-style-type: none"> <li>• <b>Harvesting Activity at Block L16 Afdeling 1 and Block R12 Afdeling 4.</b> Observations and interviews with workers related to work procedures, environmental management, OSH, employment and complaint mechanisms.</li> <li>• <b>FFB Transport at Block L16 Afdeling 1 and Block R12 Afdeling 4.</b> Observations and interviews with workers related to work procedures, environmental management, OSH, employment and complaint mechanisms.</li> <li>• <b>Immature Area of Planting Year 2021 at Block D21 Afdeling 1.</b></li> <li>• <b>Replanting Area for Planting Year 2022 at Block I96 and C12 Afdeling 1.</b></li> <li>• <b>HCV Area (Riparian) at Block A05 Afdeling 1 and Block E03 Afdeling 3.</b> Observations related to HCV management and potential pollution.</li> </ul>

- **Global Telling (Pest Census) at Block E09 Afdeling 2 and Block R06 Afdeling 9.** Observations and interviews with workers related to work procedures, environmental management, OSH, employment and complaint mechanisms.
- **Circle Path Spraying Activity at Block F09 Afdeling 2.** Observations and interviews with workers related to work procedures, environmental management, OSH, employment and complaint mechanisms.
- **Land Application at Block M10 Afdeling 3.** Observations and interviews with workers related to work procedures, environmental management, OSH, employment and complaint mechanisms.
- **Manual Weeding at Block E03 Afdeling 3.** Observations and interviews with workers related to work procedures, environmental management, OSH, employment and complaint mechanisms.
- **Nursery at Afdeling 3.** Observation related to nursery and seed maintenance.
- **Chemical warehouse.** Observations and interviews for material handling, OHS, and hazardous materials handling.
- **PPE storage.** Observations related to the management of agrochemical materials and waste, MSDS, emergency response facilities.
- **Fertilizer warehouse.** Observation of material handling, OHS, and handling of hazardous materials.
- **Employee Housing and Rinse House of Afdeling 2.** Observation of the availability of infrastructure such as employee housing facilities, clean water facilities, educational facilities, religious facilities, health facilities and sports facilities.
- **Landfills Afdeling 2.** Observations related to domestic waste management.
- **HGU Pole No. 137 & 138 (Division 7), and No. 134 & 101 (Division 6).** Observation related to area operational boundaries.

## 2.3 Stakeholder Consultation and Stakeholders Contacted

### 2.3.1 Summary of stakeholder consultation process.

Summary of stakeholder consultation process

Consultation of stakeholders for PT Perkebunan Nusantara IV – Air Batu POM was held by:

1. Public Notification on website MUTU International on July 18, 2022
2. Public consultation with NGOs (by email) such as WALHI, WWF, Sawit Watch and AMAN on August 1, 2022.
3. Public consultation by phone with government institution on August 2-4, 2022.
4. Public consultation meeting with communities on August 2, 2022.
5. Public consultation meeting with internal stakeholders and contractors on August 2-3, 2022.

Numbers of input from stakeholders were clarified by PT Perkebunan Nusantara IV – Air Batu POM.

### 2.3.2 Stakeholder contacted

Please find Appendix 1

## 2.4 Determining Next Assessment

The next visit (**ASA-4**) will be conducted eight (8) months to twelve (12) months after license issued.



### 3.0 ASSESSMENT FINDINGS

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

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

During the assessment, there was one (1) Nonconformity were assigned against Major/Critical Compliance Indicators, four (4) Nonconformity were assigned against Minor/Non-Critical Compliance Indicators and five (5) opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5.

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

MUTUAGUNG LESTARI found that Air Batu POM – PT Perkebunan Nusantara IV subsidiary of PT Perkebunan Nusantara III complied with the requirements of Principles and Criteria for Sustainable Palm Oil Production 2018, The Indonesia National Interpretation, endorsed by the RSPO Board of Governors on 20 April 2020 and RSPO Certification Systems for Principles & Criteria and RSPO Independent Smallholder Standard, Endorsed by the RSPO Board of Governors on 12 November 2020.

Therefore, MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification
<b>PRINCIPLE #1 BEHAVE ETHICALLY AND TRANSPARENTLY</b>	
<b>1.1</b>	<b>The unit of certification provides adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>
<b>1.1.1</b>	<p>Unit of Certification has Circular Letter No. 04.01 / SE / 02 / II / 2018 dated February 27, 2018 concerning Management of Company Data / Document / Information Provision which explains that the request for data / documents / information can be done by visiting the website of PT Perkebunan Nusantara IV (<a href="http://www.ptpn4.co.id/kip/">www.ptpn4.co.id/kip/</a>) or by request letter to the Head of the Corporate Secretary Section (if the request is to the unit, the district / unit manager must coordinate with the Head of the Corporate Secretary).</p> <p>Unit of Certification has a Decree of the Board of Directors of PT Perkebunan Nusantara IV No. 04.03 / Kpts / 02 / II / 2018 dated February 5, 2018 which was approved by the President Director. The decision states that there are 22 information (company profile, land permit, audited financial statements, licensing/permitting documents, waste management, disposal plan, etc.) that can be published and accessed in general and 27 information (company articles of association, bonus formula / production services, formula selling price of commodities, etc.) which cannot be published publicly.</p> <p>These documents are stored in each business unit and PTPN IV headquarters depending on the type of information. However, all these documents can be given to stakeholders if they submit a request for information to the company. This accessible information is provided and disseminated to stakeholders related to the company during both formal and informal meetings. In addition, requests for information can be made through the PTPN IV website so that all stakeholders can access it easily. The officer appointed to provide and update information is the General HR department.</p> <p>Unit of Certification showed the mandatory reporting documents and evidence of handover to the agency, for example <i>RKL-RPL</i> Implementation Report of First Semester of 2022 which have been delivered to Environmental Agency of Asahan Regency and Environmental Agency of North Sumatera Province on 28 July 2022, and Environment Ministry through environmental electronic reporting system (SIMPEL) with ID number of 1656720464-4910.</p>

**1.1.2**

Based on document review, Unit of Certification has an information service procedure for stakeholders that is explained in SPO 03 (Communication consultation with the community) Revision 03 which was effective on January 2, 2017 which explains that communication and consultation for the community in the immediate plantation unit is recorded by HR assistants and the general representing managers to communicate with the *Muspika*, traditional religious leaders and the community around the operational area, if there is a direct request for information known to the directors then it will be conveyed to the manager of the GUU (Business Unit Group) then it will be relayed back to the Directors and will be followed up on.

SOP of Information Request and SOP of Communication & Consultation have covered all the elements in indicator 1.1.1 above. The time period for responding to requests for information is 30 working days after the letter is received by management. For all records of requests will be stored in each business unit in accordance with the purpose of the request for information. Based on interviews result with internal and external stakeholders including workers, representatives of Village of Perkebunan Air Batu 1/II and Sijabut Teratai Village, and relevant agencies in Asahan Regency, it is known that they have known the mechanism for communication and request of information with the company.

**1.1.3**

Mechanism for requesting information and responses is contained in SOP of Information Request No. SPO 06 No. Revision 03 which was effective on August 1, 2017. The time period of responding to requests for information to stakeholders is a maximum of 30 working days. Unit of Certification has documented all incoming letters and the respond. Result of verification of logbook of incoming and outgoing letters, it is known that all incoming letters have been responded by Unit of Certification. From September 2021-August 2022, there were no requests for information from stakeholders in Unit of Certification, this is evidenced by the absence of a register of incoming letters related to requests for information within that period. Unit of Certification shows examples of incoming letters and their responses which has been in accordance with the time period established by Unit of Certification. For example, a letter from Regional Secretary of Asahan Regency No. 005/2255/V/2022 dated 25 May 2022 and has been responded to by letter No. ABA/X/57A/V/2022 dated 30 May 2022.

**1.1.4**

Unit of Certification also has communication and consultation procedure with community No. SOP 03 No. Revision 03 which was effective on January 2, 2017 which explains that communication and consultation for the community in the immediate plantation unit is recorded by HR assistants and the general representing managers to communicate with the *Muspika*, traditional religious leaders and the community around the operational area, if there is a direct request for information known to the directors then it will be conveyed to the manager of the GUU (Business Unit Group) then it will be relayed back to the Directors and will be followed up on. Based on interviews result with internal and external stakeholders including workers, local community representatives, and relevant agencies in Asahan Regency, it is known that they have known the mechanism for communication and request of information with the company.

**1.1.5**

Unit of Certification has detailed stakeholder information listed in the Company's Stakeholder document which informs the agency name, contact person, position and telephone number. Stakeholders consist of Government Agencies, Village Communities, NGO, Labor union, etc. This list will be updated if there are changes to stakeholders. Auditor verified by conducting a public consultation using the telephone number registered in the stakeholder list, and it was known that the number could be contacted by the auditor, such as village representatives, labor union representatives, local contractor, etc.

<b>Status: Comply</b>
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**1.2**

**The unit of certification commits to ethical conduct in all business operations and business transactions.**

**1.2.1**

The certification unit has a code of conduct which is stated in the Joint Decree of the Board of Commissioners and Directors of PT Perkebunan Nusantara IV No. DK-03 /KPTSIV/ 2019, No. 04.01 / KPTS / 07 / IV / 2019 signed by the Board of Commissioners and Directors of PT Perkebunan Nusantara IV dated 11 April 2019 concerning the Enforcement of the Code of Conduct of PT Perkebunan Nusantara IV. The code of conduct describes the following:

- Vision, Mission, Values and Company Commitment
- Commitment and Attitude of Business People
- Obligations and Rights of Business People

- Prohibitions for Business Actors
- Ethics with Other Stakeholders
- Compliance and Violation of Guidelines

This policy covers all operational activities of certification unit, including the prohibition of corruption, bribery and fraud in the use of funds and resources as well as compliance with reasonable business practices. Based on the results of interviews with workers in the mill and estate who stated that all of them had received socialization related to the company's code of conduct which includes prohibition of corruption, bribery and fraud in the use of funds and resources and adherence to reasonable business practices in all operational areas. The worker explained that it is not permissible to take actions that violate the company's code of conduct, for example committing crimes, gambling, domestic violence, bribery and so on. The company has socialized the company code of conduct policy to all employees.

Based on the explanation above, it can be concluded that the certification unit has committed to act ethically in all business operations and transactions in accordance with the code of ethics policy that has been approved by the company.

### 1.2.2

The certification unit has a system for monitoring compliance and implementation of the policy, as well as overall ethical business practices is carried out by means of internal audits. The Company has an Internal Supervisory Unit that conducts audit activities covering all plantation and mill operational activities. The company also showed the results of the Internal Audit for RSPO in 04-07 July 2022 and Internal Audit for Operational in 02-11 February 2022. The company also has an internal audit mechanism in order to implement the principles and criteria contained in the RSPO scheme. This is done to the certification unit internal and external (stakeholders and contractors). The internal audit that conducted by SPI and the RSPO internal audit, carried out annually covering all SPOs and all RSPO indicators.

In addition, the certification unit has set a PIC to evaluate third parties/vendors, including vendors who provide labor, namely head assistant of plantation and head assistant of administrative. One of the evaluations carried out is that third parties are required to comply with the provisions / regulations of the Ministry of Manpower and other agencies authorized / related to the implementation of the work.

In addition, there is a Whistle Blowing System that establishes the flow of complaints/reports of violations in all employees, without worrying, are willing to convey the possibility of fraudulent practices occurring within the certification unit. The complainer or whistleblower can be access certification unit website in [www.ptpn4.co.id/wb/](http://www.ptpn4.co.id/wb/) for submitted the complaint or grievance online. Based on the results of interviews with workers in the sampling units such as who stated that all of them was aware of Whistle Blowing System that has been implemented and can be accessed by all workers, including contract workers. In addition, there are statements from third parties in collaboration with the certification unit, namely that they have been given socialization related to the code of conduct and the Whistle Blowing System before ratifying the cooperation agreement. This is done to ensure that before collaborating with the certification unit, his party does not commit a violation or can report a violation when a certification unit commits a violation during the collaboration.

During the past year there have been no reports related to violations committed by internal/external parties and this is evidenced by the results of a document review related to reporting documentation for the Whistle Blowing System.

<b>Status: Comply</b>
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## **PRINCIPLE #2 OPERATE LEGALLY AND RESPECT RIGHTS**

### **2.1**

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

#### **2.1.1**

The unit of certification has list of regulation for January 2022, consist of :

##### **Environment**

- Environmental Evaluation Document (DELH) for the activities of the Plantation and Palm Oil Mill of PT. Perkebunan Nusantara IV Air Batu Business Unit with an area of 7,877.75 Ha with the location of the unit in Air Batu Subdistrict and Tinggi Raja Subdistrict, Asahan Regency, North Sumatera Province.



- Permit for the Temporary Storage of Hazardous and Toxic Waste based on the Decree of the Regent of Asahan number 503/LB3/DPMPTSP/0010/XI/2018 dated November 13, 2018 and is valid for 5 years.
- Land Application Permit in accordance with Decree of Regent of Asahan Number: 503/IPAL/DPMPTSP/0006/VI/2020 on June 4, 2020 with a validity period of 5 years.
- Regarding to OFI in previous assessment, unit of certification has shown Decree of Ministry of General Employment and People's Housing No. 285/KTPS/M/2021 concerning Granting of Water Resources Exploitation Permits to PTPN IV for Oil Palm Processing in the Hessa River, Asahan Regency, North Sumatra Province, which was issued on March 9, 2021.

#### **Worker welfare**

- Reporting of Employment Report for PT Perkebunan Nusantara IV – Unit Air Batu in 2021 via online on 14 December 2021 and must be reporting back on 14 December 2022.
- The implementation of the minimum wage in 2022 is in accordance with the Minimum Wage Decree of the City or Regency in Sumatera Utara Province established by the Governor of Sumatera Utara in 20 November 2021.
- Implementation of the structure and scale of wages for all levels of workers in accordance with Minister of Manpower Regulation No. 01 of 2017.

#### **Agriculture**

- Regulation of republic of Indonesia No. 44 year 2020 related Indonesia's Sustainable Oil Palm Plantation Certification System.
- The management unit already owns and uses pesticides registered with the Pesticide Commission.
- IPM activities according to the best IPM guidelines.

#### **OHS**

- The establishment of the P2K3 (OHS Committee) for PT Perkebunan Nusantara IV – unit Air Batu which were registered / approved by the Head of Manpower Agency of the North Sumatra Province.
- Has a license / competency for some special jobs that require more expertise such as OHS experts, *hiperkes*, boiler operators, diesel engine operators, welder, wheel loader operators and others in accordance with the requirements contained in the legislation.

#### **Legal**

- Have land rights in the form of HGU documents.
- Have a company permit document in the form of an IUP document.

#### **2.1.2**

Monitoring of legal compliance is presented in document of "*Laporan Evaluasi Kepatuhan terhadap Peraturan Perundang-undangan, Peraturan Dan Persyaratan Lainnya Yang Terkait Dengan Penerapan RSPO/ISPO*" or "Report of Legal/Law/Regulation Compliance Related to RSPO/ISPO Implementation" dated 7 January 2022. Evaluation divided into several type, such as:

- *Undang-undang* or Laws: consist of 73 Laws which only one is not applicable.
- *Peraturan Pemerintah* or Government Regulation: consist of 60 regulations which two are not applicable.
- *Peraturan Presiden* or President Regulation: consist of 11 regulations.
- *Keputusan Presiden* or President Decree: consist of 8 decrees.
- *Instruksi Presiden* or President Instruction: consist of 3 instructions.
- *Peraturan Menteri* or Minister Regulation: consist of 6 Minister of BUMN regulations; 12 Minister of Agraria and Head of National Land Agency (BPN) regulations; 18 Minister of Agriculture regulations; 44 Minister of Manpower regulations; 30 Minister of Environment regulations; 10 Minister of Forestry regulations; 1 Minister of Civil (PU) regulation; 1 Minister of Finance regulation; 5 Minister of Trade regulations; 2 Minister of Internal Affairs regulations; 4 Minister of Health regulations; 1 Minister of Cooperative regulation; and 2 Supreme Court (MA) regulations.
- *Keputusan Menteri* or Minister Decree: consist of 6 Minister of Agriculture decrees; 10 Minister of Environment decrees; 13 Minister of Manpower decrees; and 6 Minister of Forestry decrees.
- Others: consist of 15 Decrees of Head of Bapedal, Constitution Court, BPJS, Circular Letter and Director General Letter, etc.

Internal compliance audit of law is carried out by PTPN4 strategic planning department which evaluates compliance at all business units under PTPN IV and is carried out on January 2021.

Related to contractor evaluation compliance, the company has carried out monitoring as stated in Circular No. BER/SE/X/75/VII/2022 dated 04 July 2022. In the letter the company is obliged to conduct routine evaluations every 6 months to contractors to ensure compliance with regulations (manpower, OHS and environment). As evidence that the evaluation is appropriate, the company shows evidence of compliance as a reference for evaluating the evaluation. As an example of compliance with relevant regulations for CV Putra Mandiri such as List of workers for the period of June 2022 with all of whom are over 18 years of age at the time of work.

### 2.1.3

Procedure of Land Title (HGU BPN) Poles monitoring is presented in document No. SPO 12.0 (Rev. 02) dated 02 January 2015, that mentioned that monitoring shall be carried out every semester by Foreman 1 of Division, Division Staff, Legal Staff, Assistant and Unit Manager. The monitoring and maintenance were conducted every year. Based on field observation to poles No. 137 & 138 (Division 7), and No. 134 & 101 (Division 6), the poles sighted that each pole well maintenance and demarcated, and also each pole in accordance to GPS coordinate, this is in line with the consistency of improvements from the previous OFI regarding monitoring of HGU benchmarks.

	<b>Status: Comply</b>
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## 2.2

**All contractors providing operational service and supplying labour, and Fresh Fruit Bunch (FFB), comply with relevant legal requirements.**

### 2.2.1

In monitoring the use of third parties (contractors, suppliers and transporters) for plantation and mill activities, the certification unit has well documented the list of third parties, the number of workers they have, contact persons, work agreements, and ensuring other matters related to compliance with laws and regulations in Indonesia. At present the certification unit has 18 third parties (12 contractors, 5 FFB suppliers and 1 transporters CPO/PK).

In managing the contractor, the certification unit has a copy of the cooperation agreement in each unit. For example for agreement between two parties such as:

- Work Agreement Letter No. GMD-II/ABA/Pemel TM Afd II/084/IV/2022 dated 08 April 2022 between PTPN IV and CV Putra Mandiri for upkeep activity in the company (unit Air Batu). The agreement explains the types of employment, contract value, terms of employment, period of time and others. The company always conveys the company's Code of Ethics to the contractor.
- Work Agreement Letter No. 04.04/SPKP/ANGKUT-MUAT-BONGKAR-TBS/222/III/2022 dated 04 March 2022 between PTPN IV and CV GAS for FFB Transport in the company (unit Air Batu). The agreement explains the types of employment, contract value, terms of employment, period of time and others. The company always conveys the company's Code of Ethics to the contractor.

At the time the audit was carried out, certification unit third parties list document shown was in accordance with the actual, such as the contact number of each stakeholder contacted by the auditor as stated in the list. The explanation above can be concluded that the certification unit has managed and documented the list of contractors along with supporting documents.

### 2.2.2

In each work agreement between the certification unit and the third parties, there are several separate clauses related to fulfilling legal obligations in force in Indonesia as one of the obligations that must be fulfilled by the third parties. Some of these obligations are related to:

- Compliance with regulations and ethical codes that apply in the company
- Compliance with licensing from the competent authority in accordance with applicable laws and regulations, as well as guarantees that there will be no child labor, forced labor or the results of human trafficking.
- Compliance with labor regulations including providing health insurance and work safety insurance (BPJS).
- Concerning occupational safety and health (OHS) including the obligation to use PPE
- Regarding the obligation to preserve the environment

The company has an inspection mechanism for the use of labor for contractors who cooperate with the company, especially for the

fulfillment of labor regulations (employment relations, minimum wages, BPJS and others), OHS and environmental regulations as regulated in Circular No. ABA/SE/X/75/VII/2022 dated 04 July 2022. In the letter the company is obliged to conduct routine evaluations every 6 months to contractors to ensure compliance with regulations (manpower, OHS and environment).

As a follow-up to the implementation of the above mechanism, an evaluation in semester 1 of 2022 for all third parties (18 stakeholders) was carried out on July 04, 2022. For example, the evaluation results for 4 third parties namely CV GAS, CV Alif Utama, CV Fauzan Group, and CV Putra Mandiri. The result is that the four contractors have met 8 evaluation criteria carried out by the company including those related to compliance with labor regulations (employment relations, minimum wages, BPJS and others), compliance with OHS regulations, compliance with environmental regulations and others.

As evidence that the evaluation is appropriate, the company shows evidence of compliance as a reference for evaluating the evaluation. As an example of compliance with relevant regulations for CV Putra Mandiri, namely:

- List of workers for the period of June 2022 with a total worker of 16 people, all of whom are over 18 years of age at the time of work.
- List of wages for the period of June 2022 for all workers whose wages are above the 2022 minimum wage.
- Proof of worker participation for the BPJS (Health and Employment) program that is still active until the assessment is carried out.
- Provision and use of PPE at work, as evidenced by the understanding and use of PPE when working in upkeep (spraying) (results of field visits).

Based on the results of interviews with contractor workers in estates and mills, it is known that the workers have a working relationship with the contractor, are registered in the BPJS program, are given work tools up to PPE and the wages are above the minimum wage in 2022. This is in accordance with the results of the review of regulatory compliance documents by contractors (CV GAS and Putra Mandiri) shown by the company.

The certification unit has proven that all contracts have their own clauses regarding the fulfillment of applicable legal obligations, and are shown by the relevant third party.

### 2.2.3

In each work agreement between the certification unit and the third parties, there are clauses related to fulfilling legal obligations in Indonesia as one of the obligations that must be fulfilled by the contractor. Some of these obligations are related to disallowing child, forced and trafficked labor to be employed by the third party (contractors, suppliers and transporters), and where young workers are employed, the contracts include a clause for their protection. To ensure compliance with these clauses, the certification unit always requests the requirements for the completeness before the third parties does / starts work.

The results of the interview with the contractor workers revealed that there were no workers under the age of 18 and the work provided was in accordance with the agreement when the initial worker worked. This is in accordance with the results of document verification to contractors (CV GAS and Putra Mandiri) stating that no child laborers have worked up until now, there are no forced laborers / workers resulting from trafficking because all workers have understood the work agreement at the start of work and payment for the work is always equal.

The certification unit has proven that all contracts have clauses disallowing child, forced and trafficked labor to be employed by the third party, and where young workers are employed, the contracts include a clause for their protection.

	<b>Status: Comply</b>
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## 2.3

**All FFB supplies from outside of the unit of certification are from legal sources.**

### 2.3.1

During onsite assessment, the results of verification of documents such as weigh tickets, letters of introduction to fruit (SPB), basic info and interviews with management representative are known that FFBs that enter the Air Batu Palm Oil Mill are sourced from own estates (Air Batu Estate), other estate which managed by PTPN IV, and direct supplier such as CV Abadi Jaya, CV Doge Doge Star and PT Semut Merah Beriring. In addition to sending FFB belonging to their own plantations, these suppliers also act as indirect suppliers or collectors based on the results of a review of the agreement documents.

**2.3.2**

Based on onsite assessment, there is objective evidence as follows:

- The company shows records of FFB receipts for the period May 2020 to July 2022. In the recordings it is known that there are FFB from third parties such as: CV Abadi Jaya, PT Semut Merah Beriring and CV Doge Doge Star.
- Based on the results of public consultations with FFB suppliers on behalf of CV Abadi Jaya, it is known that these suppliers also act as collectors of FFB from other parties.
- The company shows proof of CV Abadi Jaya's agreement with the company (No.: ABA/CV.AI/SP-TBS/04/IX/2021) which contains information regarding the rights and obligations of the seller and buyer of FFB, including evidence of other information such as Company Registration Certificate, Address, Geolocation to Tax ID Number. However, the company has not been able to show evidence of further information related to FFB received by the collector as requested by indicator 2.3.1.

Based on that explanation, the company has not been able to show evidence of information for FFB obtained indirectly. **NC.2022.01**

**2.3.2** | **Status: Non conformance No. 2022.01 with minor category**

**PRINCIPLE #3 OPTIMISE PRODUCTIVITY, EFFICIENCY, POSITIVE IMPACTS AND RESILIENCE**
**3.1**

**There is an implemented management plan for the unit of certification that aims to achieve long-term economic and financial viability.**

**3.1.1**

The company already has a 5-year production projection which is contained in the 5-Year Long-Term Plan for the 2020-2024 Period. The Long-Term Plan contains projected area statements, FFB production, CPO production, nucleus, plantation costs, factory costs, oil prices, core prices, oil revenues and sales and core sales, expenses and profit and loss.

The company's annual report is available in the Minutes of Management Review Meeting, dated 11 July 2022 which informs the discussion on the achievement of annual performance from monthly estate production and others. Evaluation of the achievement of the current year's budget has been carried out at the end of each year, as a material consideration in the preparation of the next year's budget.

**3.1.2**

The company's replanting program is planned to start in 2017 to 2021 with the consideration that FFB production is starting to decline, harvesting difficulties and harvester output tend to decrease. Until the ASA-3 audit, the company has carried out replanting activities covering an area of 1,370 hectares. Based on the results of interviews with the management unit, it is known that until now the replanting program is still being carried out in stages. Meanwhile, the slowdown in program activities is influenced by the potential for production and prices which are still considered quite competitive. Furthermore, based on the results of field visits in the replanting area, it was found that all activities were carried out mechanically and there was no burning activity.

**3.1.3**

The Company has conducted a Management Review of PT Perkebunan Nusantara IV for the 2022 period which was carried out on July 11, 2022 the management review was carried out for 2022 performance.

The management review carried out discussed matters relating to company policies, organizational structure, operational conditions, aspects of transparency, internal audits and external audits, previous management reviews, statutory requirements, best practices, use of chemicals, energy efficiency, evaluation of mitigation, and greenhouse gases, waste management and pollution prevention efforts, safety aspects, and occupational health, environmental and social aspects of society and customer feedback. With an Action plan that becomes next year's resolution.

The certification unit shows sample management review documents, such as the RSPO internal audit report and the monthly PICA Report, which informs problem identification, corrective action, timeline, and person in charge.

**Status: Comply**

**3.2**

**The unit of certification regularly monitors and reviews their economic, social and environmental performance and develops and implements action plans that allow demonstrable continuous improvement in key operations.**

**3.2.1**

The certification unit already has a system to improve existing practices, in accordance with the latest information and techniques as well as a socialization mechanism for all workers following current technological developments. The unit of certification also develops guidelines for farmers by providing systematic training for continuous improvement. Some of the evidence that has been applied for continuous improvement include:

**Social and Environmental Aspect**

- Management and monitoring of fires in company border areas that benefit the community.
- The use of renewable energy accordance to reduce the use of fossil fuels.
- Waste management and monitoring through WWTP pond management, testing the quality of the effluent and reporting it to the Environmental Agency.
- Air quality management and monitoring through several action like road maintenance, air quality testing, routine maintenance of vehicles and machines and vehicle upgrades.
- Management and monitoring of surface and groundwater through testing the quality standard.
- Green House Gas Management and using land clearing with mechanical and zero-burning policy.

**BMP**

- The company has implemented biological pest control in this case by using host plants and barn owls to reduce the use of pesticides, especially insecticides and rodenticides.

**Worker Welfare**

- Unit certification has set minimum wage regulations for all workers based on the stipulation of minimum wages by the Governor of North Sumatera for 2022.
- Unit certification is also committed to avoiding acts of discrimination, sexual harassment, child labor or acts of human rights violations in the work environment.

**3.2.2**

The company has shown the auditor regarding the RSPO metric template that has been filled in according to the facts and data in the company's record documents, such as the number of workers, the area of production to the record of work accidents.

Verification on August 4, 2022

Based on the results of document verification, the company has shown a record of the last period's RSPO Metric Template. From the results of the review of the records, the data shown is still not in accordance with the supporting documents, for example:

	<b>Metric Template</b>	<b>Supporting Document</b>
<b>Production Area</b>	7.238 ha	7.277 ha
<b>FFB Production (Jan 21 – Des 21)</b>	175.250 ton	150.189 ton
<b>Training (Mill)</b>	5 training	13 training
<b>Training (Estate)</b>	6 training	37 training
<b>Lost Time Injuries (Estate)</b>	182	112

Based on this evidence, the non-conformity has not been met. **(Minor raised to Major)**.

<b>3.2.2</b>	<b>Status: Non conformance No.2020.1 with category Minor raised to Major</b>
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**3.3**

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

**3.3.1**

The company already has PTP Nusantara IV (Persero) Standard Operating Procedures (SPO) documents for Oil Palm Cultivation and Processing. The Management Unit explained that until the ASA 3 assessment was carried out there had been no changes (revisions) to all of the SOPs, namely:

- Standard Operating Procedures (SPO) for Cultivation, including: Land Development (SPO 01), New Plant Planting and Replanting (SPO 02), Nursery Management (SPO 03), Management of Immature Crops (SPO 04), Management of Mature Crops (SPO 05), and Harvest and Transportation Management (SPO 06). In the procedure, there is a guide in the form of a table that explains



information on fertilizing, harvesting and transporting maintenance activities.

- Standard Operating Procedures (SPO) for Palm Oil Processing, including: Weighbridge (SPO 01), Loading Ramp (SPO 02), Boiling Station (SPO 03), Threshing Station (SPO 04), Empty Bunches (SPO 05), Pressing Station (SPO 06), Oil Refining Station (SPO 07), Oil Storage Tank (Dispatch) (SPO 08), Quality of FFB, CPO, and Palm Kernel (SPO 10), Laboratory, Equipment, Chemicals and Sample Analysis (SPO 11), Care and Use of Analytical Balances (SOP 12).

Standard Operating Procedures are guidelines for the operations of plantation and mill units. Operational activities are recorded and documented by the company every day, then recapitulated in monthly and annual reports. Daily operational reports include FFB production, crop rotation, plant care, pests, fertilization, processed FFB, CPO and kernel production, palm oil and kernel yield, daily production quality (FFA, manure), to palm oil shipments. These daily reports are made in summary in the Manager's Monthly Management Report with the addition of other operational variables such as finance, production costs, list of receivables, list of assets, and so on.

### 3.3.2

To ensure that procedures have been implemented properly in the field and inspection of reports, a Verification Unit has been established to verify operational activities every month. During the field visit in Harvesting activity at Block L16 Division 1 and circle path spraying activity at Block F09 Division 2 Air Batu Estate it was known that the company carried out that activities according the procedure, as well as the results of field observation at processing area station Air Batu POM. However at the sorting station it was found that several contractor workers were smoking in a no smoking area and at the sterilizer station it was found that they were not using PPE based on the HIRAC identification that had been determined by the company. Furthermore, based on the results of observations at Air Batu Estate, block R12 Afdeling 4, it was found that contractor workers did not have a working relationship. Based on these facts, the company has not been able to demonstrate a mechanism related to monitoring the implementation of procedures consistently, especially regarding the fulfillment of obligations for contractor workers or third parties (for example: the use of PPE and the legality of workers). This is a **Non-conformity No. 2022.02**.

### 3.3.3

In carrying out monitoring of the implementation of operational activities, the company carries out several activities, for example:

- Carry out an internal RSPO audit on 27-29 June 2022 by the company's internal audit team. The results of the internal audit contained 4 non-conformities and have been corrected by the company. In addition, a management review has also been carried out on the results of the internal audit on July 11, 2022.
- Based on management's explanation, the Management Unit has a Verification Unit to conduct inspections of plantation and mill operational activities. The officer consists of 2 people and conducts verification every month. There is an Examination Findings document which includes the Type of Work, Budget Request Number (PAB), Work Order Number (SPK), Work Volume (Blocks, Ha, Number of Units), Audit Findings, and Assistant Responses.

**3.3.2 Status: Non conformance No.2022.02 with minor category**

### 3.4

**A comprehensive Social and Environmental Impact Assessment (SEIA) is undertaken prior to new plantings or operations, and a social and environmental management and monitoring plan is implemented and regularly updated in ongoing operations.**

#### 3.4.1 & 3.4.2

Until this assessment was carried out, Unit of Certification had not carried out any new planting. Unit of Certification already has an environmental document in the form of Environmental Impact Analysis Document (AMDAL) which has been approved by Head of Environment and Tourism Office of Asahan Regency through letter No. 131 / XII / LHP / RPL-RKL / 2004 concerning Approval of *RKL-RPL* Documents. However, *AMDAL* document that has been owned by PTPN IV Air Batu Unit is not in accordance with the permits held and the existing conditions in the field. In the environmental document, the plantation area and its supporting facilities are around 7,418.73 hectares, while the existing plantation area is 7,877.75 hectares. In addition, in the *RKL-RPL* document for POME management after being processed in WWTP and comply with quality standard, it is channeled into the Hessa River, while the existing conditions in POME are used for land applications. Whereas in connection with the aforementioned considerations, PTPN IV Air Batu Business Unit has improved and adjusted its environmental documents in accordance with applicable regulations, namely by preparing a DELH (Environmental Evaluation Document). Unit of Certification already has Environmental Evaluation Document (DELH) for the activities of the Plantation and Palm Oil Mill of PT. Perkebunan Nusantara IV Air Batu Business Unit with an area of 7,877.75 Ha with the location of the unit in Air Batu Subdistrict and Tinggi Raja Subdistrict, Asahan Regency, North Sumatera Province. Unit of Certification shows Decree of Head of Environmental Service of Asahan Regency Number 660.1 / 786 / LH / 2019

regarding the environmental feasibility of oil palm plantation and mill activities in Air Batu and Tinggi Raja Districts, Asahan Regency, North Sumatra Province by PTPN IV Unit Air Batu dated 21 May 2019. Management and monitoring plans that must be carried out include:

- Air quality and odor
- Increased noise
- Decreased surface water quality
- Decreased groundwater quality
- Decreased diversity of flora and fauna
- Open job opportunities and business opportunities
- Increase in people's income and local economy
- Changes in community perceptions and attitudes
- Public health disorders.
- Disruption of security and order
- Increased potential for land fires
- Increased waste and toxic and hazardous waste

Based on the study of environmental documents owned by Unit of Certification, it is known that all activities in Unit of Certification's area have been covered in these environmental documents. Results of monitoring are listed on regular environmental management and monitoring report which is in accordance with management and monitoring plan in environmental impact assessment document (DELH). For examples, Management and Monitoring Implementation Report of First Semester of 2022 which have been delivered to Environmental Agency of Asahan Regency and Environmental Agency of North Sumatera Province on 28 July 2022, and Environment Ministry through environmental electronic reporting system (SIMPEL) with ID number of 1656720464-4910.

Unit of Certification has carried out a social impact study which was conducted in July 2011 by team of consultants PT Surveyor Indonesia. The aspects assessed include socio-economic aspects, social aspects (education, health), socio-cultural aspects, customs, communication patterns, corporate social responsibility and community perceptions. Data collection in the field was carried out by direct interview method based on questionnaires to respondents which aimed to find out the community's perception of plantation activities and observations made on the patterns of daily life of the communities around the plantation in their interactions with the company. The villages involved in the assessment included Village of Air Batu 3/9 Plantation, Sei Alim Ulu, Air Teluk Hesa, Air Batu 1/2 Plantation, Pinagripan, Danau Sijabut, Sijabut Teratai and Piasa Ulu.

Based on document verification, it is known the management plan and monitor the social impact that has been implemented by the company base on participatory results with affected parties. All issues and impacts that arise from the results of social impact management and monitoring plan has been studied and reviewed, including:

- Public facilities and social facilities.
- Employment opportunity
- Business opportunity.
- Scholarship
- Socialization to community.
- Cattle farmers from surrounding village management.

Social and environmental management and monitoring plan has been developed with participation of affected stakeholders. The involvement of affected stakeholders in the assessment is that the surrounding community consists of surrounding village representatives including village representatives of Sijabut Teratai, Tanjung Asri, Tanjung Alam, Pinanggripan, bahung Sibatu-batu, Air Batu I/II Plantation, Air Batu III/IX Plantation, Sei Alim Ulu, and internal stakeholder including SPBUN, Gender Committee, and Worker Union with a total of 26 participants in 28 January 2022. Based on result of interview with surrounding community and internal stakeholders, it is known that company has identified and done management and monitoring towards environmental and social impact such as public facilities and social facilities, employment opportunity, business opportunity, etc. There is any issue from community which not discussed in SIA review.

### **3.4.3**

Unit of Certification has shown the Management and Monitoring Reports for First Semester of 2022 which have been delivered to Environmental Agency of Asahan Regency and Environmental Agency of North Sumatera Province on 28 July 2022, and Environment Ministry through environmental electronic reporting system (SIMPEL) with ID number of 1656720464-4910. Based on the document review, Management and Monitoring Report of First Semester of 2022 has contained result of several impact management and monitoring such as ambient air quality, noise level and wastewater quality. Based on document review result, environmental monitoring in First Semester of 2022 has been conducted based on environmental management and monitoring plan which had been made and all parameters have been complied towards relevant regulations.

Company has shown evidence of social impact management plan is implemented, reviewed and updated in participatory way based on result of Socialization/Consultation Result document regarding action plan and monitoring of social and environmental impacts in 2022 which were carried out on 28 January 2022 to surrounding village representatives including village representatives of Sijabut Teratai, Tanjung Asri, Tanjung Alam, Pinangripan, Bahung Sibatu-batu, Air Batu I/II Plantation, Air Batu III/IX Plantation, Sei Alim Ulu, and internal stakeholder including SPBUN, Gender Committee, and Worker Union. Based on this document, social and environmental impacts monitoring and management implementation which has been review such as public facilities and social facilities, employment opportunity, business opportunity, etc. There is any issue from community which not discussed in SIA review. Review of the management and monitoring plan has been conducted every two years. Previous management and monitoring review has been conducted on 16 November 2020.

<b>Status: Comply</b>
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### 3.5

#### A system for managing human resources is in place.

##### 3.5.1

The certification unit has procedures related to recruitment, selection, employment, promotion, retirement and termination of employment which are generally described in the Collective Labour Agreement written in Bahasa (has been ratified by Manpower Agency of Sumatera Utara Province with Decree No. 568/20-6/DTK/I/2022 in 19 January 2022 and valid until 31 December 2023). In general, these procedures describe:

- Recruitment of workers is based on needs and adjusted to the ability of the company.
- The age of the prospective worker is a minimum of 18 years at the time of recruitment of workers.
- Recruitment of workers is based on the ability, expertise and assessment of prospective workers.
- The company is authorized to carry out the placement, transfer and promotion of workers in accordance with applicable regulations.
- Termination of employment can occur when a worker retires, dies, resigns, and terminates an employment agreement due to a serious violation and others.

In addition to being publicly listed in Collective Labour Agreement, the certification unit has other procedures in the form of Policies, SOP, Internal Memorandums and others related to recruitment, transfer, promotion, retirement, termination of employment and others. These procedures have been documented to all workers and their representatives. One of the socializations given to workers was related to Company Policies and Regulations in 14 April 2022 which was attended by all workers on muster morning. For example, some procedures that are owned by the company include:

- The recruitment procedure is based on the workforce requirements according to the company's organizational development.
- The procedure for the appointment of employees listed in article 13
- Mechanism for promotion is described in articles 15 and 16
- The payroll system is listed in article 32 which states that the employee's payroll system is stated in categories.
- Retirement mentioned in chapter XII

The certification unit did not have workers with contract status for daily worker (BHL), the current employee status is contract workers (PKWT), permanent workers and Staff. All the rights for each employment status have been distinguished. Based on the results of interviews with workers in the estate and mill units and representatives of the worker union, it is known that the workers have understood the recruitment, selection, promotion and other employment procedures contained in the Collective Labour Agreement and in other procedures.

#### Related to the Day Laborers/Casual Workers



Based on the results of verification of employment documents and interviews with workers and management, it is known that currently there are only 3 statuses of workers working in the company, namely:

- Permanent workers are workers who have become permanent workers in accordance with the Decree of the Board of Directors of PTPN IV for the Appointment of Permanent Workers. Where workers with this status are divided into 2, namely Implementing Workers (Karpel) and Leadership Workers (Karpim).
- Contract workers (PKWT), are workers employed by the company on a contract basis for a certain period of time and only for harvest work. (this has become a non-compliance with indicator 6.2.7)
- Contractor workers are workers employed by contractors in collaboration with the company for operational activities in plantations and factories such as FFB transportation, plant maintenance and others.

For Day Laborers/Casual Workers, it is no longer used by the company and was not found during field observations, interviews or document verification. This is because the company only has 3 status workers at this time as described above.

From this explanation it can be concluded that the certification unit has procedures for recruitment, selection, employment, promotion, retirement and termination of employment must be documented / available to workers and their representatives in accordance with applicable laws and regulations.

### 3.5.2

The certification unit always documented all labor procedures that have been carried out properly such as recruitment, promotion, performance assessment, pension, and others. The following are some sample labor procedures that have been implemented and are well documented by certification unit, including:

- Work Agreement Letter No. ABA/S.Perj/167/VII/2022 and No. ABA/S.Perj/182/VII/2022 on 01 July 2022 between the company and workers for harvesting work activities for 3 months (until 31 October 2022). Where in the agreement explains the rules, scope, type of work, wages, social security, health insurance and others. The agreement has also been held by each party with the same legal force.
- Promotion of workers with NIK 388109001 (clerk) from group IC/04 to ID/00 in accordance with the Decree of the Senior Executive Vice President (SEVP) of PT Perkebunan Nusantara IV No. 04.07/Kpts/R/19/III/2022 dated March 31, 2022. This is based on the results of the assessment of the work performance of class 1A-IID employees for the period 2021 according to Memo No. 04.07/Kpts/R/19/III/2022 dated March 31, 2022. 04.07/KOL/eM-26/I/2022 dated 04 January 2022.
- Appointment of workers with NIK 4024298 (harvester) from contract workers (PKWT) to permanent workers in accordance with the Decree of the Board of Directors of PT Perkebunan Nusantara IV No. 04.11/Kpts/R/05/I/2020 dated January 30, 2020 regarding the Appointment of Group IA-IID Employees. This is based on the acceptance process that has been completed, namely from the stage of submitting a job application letter, selection process, announcement of selection results, medical check-up results until passing a probationary period of 3 months. The company has been able to show the supporting documents in accordance with the procedures they have.
- Letter No. ABA/X/116/VII/2022 dated 04 July 2022 regarding Retirement Employees with NIK 4016631 (upkeep worker) who has worked since 01 April 1996 and has retired on 01 August 2022. The company can show complete documents for pension management starting from the pension application, employment documents (ID Card, Family Card and others), proof of account management for pension payments and others.

The results of interviews with workers (harvesting, spraying and mill operators) its was known that the certification unit has carried out labor procedures starting from recruitment, selection, acceptance, promotion and retirement procedures in accordance with existing regulations, as well as all the application is assessed in accordance with the abilities and competencies of the employees. For example, workers who initially entered were selected before being accepted, workers who received promotion / class promotion had received an assessment from their superiors and workers who retired received all their rights as retirees. During January until July 2022 there were no labor issues that occurred at certification unit, this was in accordance by the results of consultations with the workers union, the Manpower Agency of Asahan Regency which stated that the application of existing labor procedures certification unit is in accordance with the regulations and since January 2022 until now there have been no labor issues.

Based on the description above, it can be concluded that the certification unit already has labor procedures implemented and records are maintained for each worker.

<b>Status: Comply</b>
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**3.6**
**An Occupational Health and Safety (H&S) plan is documented, effectively communicated and implemented.**
**3.6.1**

The Company has carried out a risk assessment to identify OHS problems from all Estate and Mill activities listed in the HIRAC Form. The HIRAC Estate and Mill forms are in separate HIRAC documents.

**Estate**

Companies can show HIRAC forms for Estate activities. Based on the verification results, it is known that all Estate activities have been covered in the HIRAC form. For estate activities that are non-conforming to previous assessments, such as activities under the electricity grid, global telling under the electricity grid, activities in the rinse house, storage of work tools at employees' homes, have been covered in the HIRAC document. The HIRAC document is the result of an evaluation conducted on 28 April 2022 and has been approved by the Unit Manager.

**Mill**

Companies can show HIRAC forms for Mill activities. Based on the verification results, it is known that all Mill activities have been covered in the HIRAC form. The HIRAC document is the result of an evaluation conducted on 23 July 2022 and has been approved by the Mill Manager. The activities that have been covered in the HIRAC document, for example, are as follows:

WWTP and rorak ditch, workshop, steam boiler station, engine room, press station, seed mill, clarification, loading ramp, stew, laboratory, etc.

The Company has identified OHS problems for the Factory and Plantation units which are contained in the HIRAC document No. FM-4.2.1-0. Based on the verification results, it is known that the document has identified risks, for example security stations, weighbridges, sterilizer, tipler, however potential hazards for grading activity at FFB sorting station not accommodated in the HIRAC document. The company has the opportunity to identify potential OHS risks for all work units. **OFI**

**3.6.2**

The company monitors the effectiveness of the OHS plan to handle OHS risks in people, which are shown as follows:

- OHS program 2022 issued by Estate/Mill Manager. The program consists of regulation compliance, medical check, monitoring of program implementation and reporting, training, and socialization, and inspection.
- Unit of certification shows Form of PPE Delivery in 19 March 2022. Based on interviews with Labor Union representatives from the estate and mill, OSH Committee, as well as some estate workers and mill operators, it could be concluded that the unit of certification has provided proper PPE, in accordance with its risk analysis. All broken and/or improper PPE could be replaced immediately.
- Meeting of P2K3 or OSH Committee has been conducted every month, for example as shown through minutes of meeting dated 11 June 2022 which was attended by 15 participants. The topics discussed risk management implementation plan for 2022, changes to the OHS structure, availability of first aid kits, monitoring of hydrant conditions and emergency response simulation plans.

**Status: Comply**

**3.7**
**All staff, workers, Scheme Smallholders, out growers, and contract workers are appropriately trained.**
**3.7.1; 3.7.2**

Certification unit has training identification and program for workers for period of 2021/2022 which was made based on the training needs of the workers during the period and was approved by the manager on 31 December 2021. The aspect in the training program are such as environment, labor best management practice aspect, and others. Some of training program, namely:

- Foreman's Functions and Duties
- Plant Protection Management
- Functions and Duties of DSS Officers (Documents System and Certification)
- Understanding the Use of SAP System (System Analysis and Product)

In addition, the certification unit has an identification and training program for relevant stakeholders (contractors and local communities). These programs include the following:

- Socialization of company policies such as code of conduct, human rights, no child worker and others.
- Training for best practices to smallholders.

- Training for OHS and PPE.

The certification unit has properly documented every training activity and socialization that has been carried out to workers and related stakeholders. The following is an example of training/socialization documentation that has been carried out during 2022, namely:

- SCCS training on 09 July 2022 which was attended by 9 people. (There is 3 person who has received a SCCS certificate from PT Kompas Enviro Institute on October 15, 2018).
- Socialization of company policies such as sustainability, human rights, environment and others on 27 January 2022 which was attended by 18 participants from related stakeholder (contractors and surrounding communities).
- Pest control and global telling training on August 3, 2022 in Afdeling IX which was attended by 9 participants.
- Socialization of HCV monitoring and management on February 14, 2022 to workers attended by 12 participants.

Based on field observations and interviews with workers (harvesters, pesticide applicators and mill operators), it is known that workers have understood their work in accordance with the procedures set by the company and their understanding of the duties and responsibilities for each job has been carried out quite well, because the certification unit has routinely conducted training every year according to the type of work each. Meanwhile, the results of interviews with representatives of contractors, contractor workers in field and the surrounding community revealed that they had received routine socialization related to company policies, code of conduct, PPE, communication procedures and complaints were routinely provided by the certification unit which causes stakeholders to understand the procedures and work methods that already exist in the certification unit operational area.

Based on the explanation above, it can be concluded that the certification unit has an identification and training program for all workers including stakeholders (contractors, suppliers, local communities and smallholders) related to the RSPO P&C and all of them have been well documented.

### 3.7.3

The certification unit showed a recording of the socialization of sustainability policies and supply chain systems on 09 July 2022 and was attended by officers who handle certified and uncertified products such as FFB sourcing, administrative systems, to product handling. Based on the results of interviews with weighbridge officers, it is known that the officers have been able to explain well about the supply chain system and FFB traceability, this is in line with the consistency of opportunities for improvement in the previous assessment where the person in charge has a better understanding of the SCCS system.

**Status: Comply**

## 3.8

### Supply Chain Requirements for Mills

#### 3.8.1 & 3.8.2

Air Batu POM is used SCC Module E (Mass Balance) its supply based from certified and non-certified FFB (Group plantation PTPN IV). Based on latest assessment, there's no changed information related to SCCS scheme module on Air Batu POM (Mass Balance).

#### 3.8.3.

During onsite assessment, estimates of CPO and PK produced by Air Batu Palm Oil obtained from the projection based on actual data before audit activities, here's the detail:

	Last Year Projected Certified Volume (3 March 2021 – 23 November 2022) (MT)	Last Year Actual Certified Volume (Feb 2021 – July 2022) (MT)	Estimation for the next 12 months
FFB Processed	210,022	210,796.15	130,000
CPO Production	48,073	47,845.59	27,000
PK Production	8,175	8,139.96	5,500

#### 3.8.4.

Air Batu POM - PT Perkebunan Nusantara IV has registered in RSPO membership 1-0082-09-000-00 since 29 June 2009.

Air Batu POM has been registered in IT platform palm trace RSPO <https://palmtrace.rspo.org/web/rspo/member-directory> which information as follows:

- Member Name: Air Batu Palm Oil Mill
- Member ID: RSPO\_PO1000004280
- License ID: CB116471
- Total Certified Area: 7418.73 ha

Based on onsite assessment, there's no changed information related to RSPO Membership on Air Batu POM.

### **3.8.5.**

Based on onsite assessment, there's no changed information related to Supply Chain Procedures on No. document 04.03/UNIT/SUS/P/001 dated 1 Augustus 2018, revised 1 March 2020. The procedures established and covering all elements of the supply chain model requirements, records and reports of compliance with supply chain requirements including responsibilities of each key personnel involved, definition, the FFB reception process, weighing, checking quality, processing, monitoring refined products, mass balance calculations, delivery of the product. The procedure is according to latest RSPO SCCS (RSPO Supply Chain Certification Standard on 1 February 2020). This procedure includes delivery of certified FFB from the estate to receipt of certified FFB at Mill, delivery of certified CPO / PK from mill and others.

The procedure also describe each personnel in charge:

- Field assistant managed certified FFB in estate.
- Mill manager registered mill in RSPO IT platform and documented book keeping.
- Weighbridge operator recapitulated amount of FFB received from certified/non-certified area.
- Staff of planning and strategic department monitored a certification period and quota.

Based on the results of interviews with weighbridge officers, it is known that the officers have been able to explain well about the supply chain system and FFB traceability yang refers to procedures previously established by the company.

### **3.8.6.**

Based on onsite assessment, documents of supply chain procedures for Mass Balance models No. document 04.03/UNIT/SUS/P/001 dated 1 Augustus 2018, revised 1 March 2020 covering all audit for sustainable palm oil including SCCS. In the SOP mentioned that internal audit is done annually. Internal audit of SCCS conforms to the requirements in the RSPO SCCS and the RSPO market communications and claims documents and effectively implements and maintains the standard requirements.

During assessment, the latest internal audit was held on 11 July 2022 for all business unit and there is 2 nonconformity related to supply chain indicators. All non-conformities has been closed before onsite assessment done.

Based on the results of the verification of the recording of the management meeting review held on 18 July, 2022, one of the discussions is related to the implementation of SCCS, which will always be reviewed every month related to mass balance.

### **3.8.7.**

The unit of certification has basic guidance and work instruction of PTPN IV regarding Certified Palm Oil Product Handling (document number 04.03/KS/SUS/P/001 revised dated on March 1, 2020. This procedure has covered the implementation of certified and non-certified handling, personnel in charge, book keeping and announce and confirm trades in the RSPO IT platform etc.

Personnel in charge:

- Field assistant managed certified FFB in estate.
- Mill manager registered mill in RSPO IT platform and documented book keeping.
- Weighbridge operator recapitulated amount of FFB received from certified/non-certified area.
- Staff of planning and strategic department monitored a certification period and quota.

The procedures established and covering all elements of the supply chain model requirements, records and reports of compliance with supply chain requirements including responsibilities of each key personnel involved, handling of FFB certified, receiving FFB certified at Mill, handling of CPO, CSPK, CSPO & CSPK delivery, monitoring stock of CSPO & CSPK, record keeping, control of CSPO, CSPK, CSPO & CSPK (Certified Products) not appropriate, RSPO IT Platform, traceability, market communication and claim.

Based on document verification on latest assessment, here's the detail of FFB receipt record:

Period	Certified FFB	Uncertified FFB
Feb 2021 to July 2022 (18 Months)	210,796.15 Ton	46,394.03 Ton

### 3.8.8.

During onsite assessment, unit management shows the receipt of submission of CSPO and CSPK which informs, such as: The name and address of the buyer; The name and address of the seller; Shipment / delivery date; A description of the product RSPO certified MB model; The date on which the documents were issued; And the quantity of the products delivered (weighbridge record).

The company shows documentation of certified products, such as sales contracts, shipping announcements, delivery orders, etc. These documents describe the names and contacts of the buyers and sellers, delivery dates, product descriptions, quality, quantity, member ID, and others. For examples: Product delivery record No. 0251/HOLDING/CPO-L/N-IV/IX/2021 for CSPO, buyer name (PT Industri Nabati Lestari) and address of buyer, shipping date on September 24th, 2021, volume as amount as 500 MT and stamped of RSPO Certified MB.

### 3.8.9 & 3.8.10.

Air Batu mill shows the contractors CLA for CPO transporters for 2021/2022 period, such as:

No	Transporter name	Type	Address	Contract number
1	PT Wahana Adidaya Pratiwi	CPO transporter	Jalan Putri Merak Jingga/Gudang No. 2-A Kota Medan	04.05/S.Perj/Pem/02/II/2022
2	CV Karya Mandiri	PK transporter	Dusun I Blok II No. 3B Desa Sei Rampah Kec. Sei Rampah Kab. Serdang Bedagai	04.05-Peng/S.perj/02/II/2022

During onsite assessment, there's no new contractor who handled certified product. The contractor's agreement period valid thru December 31th, 2022, for examples namely CV Karya Mandiri with agreement document No.: 04.05-Peng/S.perj/02/II/2022. Based on the document verification, it informs that the contractor is willing to be audited at any time by an independent certification body.

### 3.8.11.

Based on interview with management representative, its known there were no new contractors.

### 3.8.12.

During onsite assessment, Air Batu Palm Oil Mill has record of all CSPO and CSPK, as well as presented in the table bellows:

**Crude Palm Oil**

Period (Feb 21 – July 22)	CPO Production (MT)		CPO Delivery (MT)		
	Certified	Uncertified	Certified (Physical)	Other Scheme	Conventional
Total	47,845.59	8,263.70	11,132.55	-	36,418.85

Based on those records, there's CPO sold as certified product as amount as 11,132 MT.

**Palm Kernel**

Period (Feb 21 – July 22)	PK Production (MT)		PK Delivery (MT)		
	Certified	Uncertified	Certified (Physical)	Other Scheme	Conventional
Total	8,139.96	1,725.09	4,060.23	-	907.42

Based on those records, there's PK sold as certified product as amount as 4,060.23 MT.

**3.8.13 & 3.8.14.**

Air Batu POM has performed FFB processing to produce CPO and PK only. Conversion factors are based on total processing extraction, through average of all FFB processed.

**3.8.15.**

Air Batu Mill has only implemented RSPO mass balance supply chain system. Separation has only conducted through administrative recording.

Procedure of CSPO and CSPK handling is presented in document No. 07B (Rev. 03) dated 02 January 2017 about Certified CPO/PK Handling. The procedure mentioned that if Mill uses the Mass Balance (MB) model with the Fixed system Inventory Periods which means RSPO stock may be negative in period 3 month, must be balanced. Record of certified and non-certified product is using application namely "Weigh Bridge Scale" (WBS V.1.0.0.0.0). Information of RSPO certified and non-certified product is shows through CSPO or CSPK Stamp.

**3.8.16.**

During onsite assessment, whole transaction of CSPO/CSPK has been declared in RSPO IT Platform. For examples:

- CSPK volume sold as physical as amount as 4,060.23 ton.
- CSPO volume sold as physical as amount as 11,132.55 ton.
- CSPO volume sold as credits as amount as 21,124 ton.

From shipping announcement verification, known that shipping announcement carried out not more than 3 months after dispatch. For example, in 22 March to 1 April 2022, where there was a sale of 1,000 ton of CSPO with details of 36 recordings of weighing cards on that date to PT Industri Nabati Lestari, and this was in accordance with the transactions made at RSPO Palmtrace. Where, the shipping announcement was made on 12 April, 2022 and confirmed by the recipient on 7 July, 2022.

**3.8.17**

Based on announcement and transaction report documents review, it concluded that all RSPO certified products submitted are in compliance with the RSPO Rules on Market Communications and Claims.



Based on management representative interview and document review, the mill not use trademark on its sales activities and communication.

**Status: Comply**

#### **PRINCIPLE #4 RESPECT COMMUNITY AND HUMAN RIGHTS AND DELIVER BENEFITS**

##### **4.1**

##### **The unit of certification respects human rights, which includes respecting the rights of Human Rights Defenders.**

##### **4.1.1; 4.1.2**

A human rights policy document that defines basic human rights, including reproductive rights, privacy rights, women's rights and children's rights. Issued on 2 January 2015. The policy describes respecting human rights and respecting race, nation, culture, religion and without forced labor, ensuring that all employees receive fair remuneration, fair management and opportunities to develop careers. The company has socializing this policy to all workers and contractor on each unit. In addition, the policy explicitly states that the company has a commitment to safeguard human rights and prohibits retaliation against Human Rights Defenders (HRD).

The commitment of the certification unit in respecting human rights has been quite well implemented in the absence of issues and incidents of human rights violations that occurred in the operational area of plantations and mill. This is evidenced by document study on complaints and grievance document (internal and external) that so far there have been no incidents or issues of human rights violations occurring in the operational area of the certification unit. This policies has been socialized to surrounding community in 27 January 2022, for examples socialization of all company policies, code of ethics, communication procedures and complaint handling.

Based on the results of interviews with community representatives (Sijabut Teratai and Perkebunan Air Batu Village), it is known that so far from 2021 until now (July 2022) there has never been any intimidation/act of violence committed by the certification unit against workers, communities, contractors, or other parties who cooperate with the company. If there is a problem, usually the unit of certification will negotiate in a good manner and without resorting to violence. This is in line with the results of interviews with representatives of the workers union and gender committee who stated that there had never been any incidents or issues related to human rights violations that occurred in the certification unit operational areas.

Based on the explanation above, during the past year there were no issues / incidents of human rights violations that occurred in the vicinity or the operational area of the certification unit so that there were no acts of intimidation / violence carried out by the certification unit including contracted services such as security services that were contracted and others.

**Status: Comply**

##### **4.2**

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

##### **4.2.1; 4.2.2**

There is no changes related documented system for dealing with complaints and grievance. Company have Procedure for conflicts, complaints, grievance has been maintained and contained in documents as follows:

- SOP for Internal Communication and Handling of Employee Complaints (No. 19 Rev. 2, effective from 02 January 2015). The procedure states that employee complaints are submitted verbally and in writing to the Labor Union. Then the Labor Union Management examines the problem being complained of and as far as possible the problem is resolved at the Labor Union level.
- SOP for Handling Customer and Environmental Complaints (No. 13 Rev. 01 dated January 2, 2015). Includes complaints from customers and the surrounding environment received by the head office, complaints received by business units, handling of social unrest in the community, securing demonstrations at the head office. A flow chart is available.

Based on the results of the review of the list of documents for incoming and outgoing letters in 2022 (January-July), it is known that, there is no complaint submitted by the relevant stakeholders to the certification unit. This is evidenced by the logbook in 2022 (January-July) there has been no letter of grievance and complaint submitted by stakeholders during the period. This document in accordance with statements from stakeholders interviewed when the audit was carried out, with the Agencies in Asahan Regency, representatives of the surrounding communities (Sijabut Teratai and Perkebunan Air Batu Village) and contractors (CV Abadi Jaya, CV Putra Mandiri, and CV Batara) who collaborated with the certification unit stating that they had never sent a letter for complaint to certification unit.

Based on an interview with the Surrounding Community (Sijabut Teratai and Perkebunan Air Batu Village), it was found that the

certification unit had conducted socialization to the Village regarding the mechanism for submitting complaint to the certification unit. If there is a submitting complaint, the village will send a letter or tell the complaint to the certification unit and the response of the request will be provided by the certification unit. In accordance with this explanation, the certification unit already has a record of complaint and there is no existing complaint. Certification unit have person that served as communicators between the company and community so that people who cannot read / write can be informed by the related communicators. In order to conduct consultation and communication with the community, a delegation is appointed with the given authority (in this case, public relation staff for internal/external parties).

Based on this explanation, it can be concluded that the certification unit has procedures/communication systems, complaints and conflict resolutions available for all affected parties, can resolve disputes effectively, in a timely and appropriate manner, and ensure the protection of the identity (anonymity) of the complainant, human rights defenders, community representatives, whistleblowers, if requested, as long as the report is supported by sufficient preliminary evidence.

This system ensures there is no risk of retaliation or intimidation and follows the RSPO policy of respect for human rights and it can be concluded that the certification unit has procedures to ensure the system is understood by affected parties, including those who cannot read and write that are well documented.

#### **4.2.3; 4.2.4**

In Indonesia, giving freedom to the reporting party to obtain legal and technical assistance from an independent party is allowed and there is none regulation/procedure in certification unit that forbids it. This was further strengthened by the results of interviews with surrounding communities (Village of Perkebunan Air Batu I/II and Sijabut Teratai Village), which stated that when if their residents had disputes or land claims to the certification unit, the community was given the freedom to ask for legal and technical assistance from independent parties such as lawyers and other parties to manage this matter. This proves that the certification unit in general has carried out its procedures to give the reporting party the freedom to obtain legal and technical assistance from a third party in the event of a dispute.

Based on the explanation and description above, it can be concluded that the certification unit has a conflict resolution mechanism/procedure which includes the option to obtain legal and technical assistance from an independent party, where the reporting party has the freedom to choose a person or group who can support it and/or act as observers as well as the parties may choose the option of involving a third party mediator.

<b>Status: Comply</b>
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### **4.3**

#### **The unit of certification contributes to local sustainable development as agreed by local communities.**

##### **4.3.1**

The company has carried out development around the plantation, among others, through various activities documented in the Social Impact Analysis Monitoring and Management Plan for Semester I of 2021. Based on this document, several CSR programs have been implemented, such as:

- Provision of necessities during the COVID-19 pandemic, ahead of the holy month of Ramadan and the new year.
- Cheap market assistance
- Donation of meat to employees around the estate unit on Eid al-Adha.
- Scholarship assistance for high achievers and underprivileged
- Elementary, middle and high school uniform assistance.

Based on the results of the document review, the company has also contributed to improving the welfare of the community around the plantation by conducting business partnerships such as collaborating with local contractors in the work of transporting fresh fruit bunches (FFB) to the factory.

Based on the results of public consultations with representatives from Village of Perkebunan Air Batu I/II and Sijabut Teratai Village, it is known that the surrounding community also feels the CSR programs created by the company and their proposal submissions are often fulfilled by the company.



Status: Comply	
<b>4.4</b> <b>Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their Free, Prior and Informed Consent (FPIC).</b>	
<b>4.4.1.</b> <p>Air Batu Unit does not have a location permit because it is a Long established plantation which originally from of the Dutch colonial N.V. Cultuur Mij. "Serbajadi", which was nationalized based on government regulation no. 19 of 1959 dated May 2, 1959. This is also in line with the results of an interview with the District Land Office Asahan stated that the land of PTPN IV unit was a former dutch company plantation so it did not have a location permit.</p> <p>There is no change of document of land use legalities for Air Batu unit, consist of :</p> <ul style="list-style-type: none"> <li>- Land use title / HGU Certificate No. 2 dated 17 July 2003 covering an area of <b>5,615.68 ha</b>, valid until 31 December 2026.</li> <li>- Land use title / HGU Certificate No. 41 dated 16 May 2013 covering an area of <b>381.36 ha</b>, valid until 1 January 2034.</li> <li>- Land use title / HGU Certificate No. 42 dated 16 May 2013 covering an area of <b>1,155.25 ha</b>, valid until 1 January 2034.</li> <li>- Land use title / HGU Certificate No. 43 dated 16 May 2013, covering an area of <b>725.65 ha</b>, valid until 1 January 2034.</li> <li>- Plantation business permit (IUP) No. 503/IUP/BPPPM/1632/XJ/2012 dated 27 November 2012 for oil palm plantations covering an area of <b>8,030.41 ha</b> and palm oil mill with a capacity of <b>30 tons/hour</b>.</li> </ul> <p>The company showed an application for a reduction in the scope of the RSPO Air Batu certification on March 26, 2019 with letter number 04.03/X/03/III/2019 due to problems in the process of preparing the Air Batu Plantation Environmental Document, the area with an area of 459.02 ha was excluded from the scope of RSPO certification until the Environmental document is completed. So that the scope of certification is 7,418.73 ha.</p> <p><b>4.4.2; 4.4.3; 4.4.4; 4.4.5; 4.4.6</b></p> <p>During onsite assessment, the company has no new land acquisition. The results of interview with local communities are known that there are no indigenous rights or customary rights. This fact also matched with explanation from relevant agency such as National Land Agency and Plantation Agency.</p> <p>In conclusion, the company is a nationalization program for foreign companies by government that already have previous land rights, there is no acquisition of land belonging to the surrounding community or other rights that use the FPIC process in its acquisition.</p>	
Status: Comply	
<b>4.5</b> <b>No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their FPIC. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.</b>	
<b>4.5.1; 4.5.2; 4.5.3; 4.5.4; 4.5.5; 4.5.6; 4.5.7 and 4.5.8</b> <p>All main supply base areas (Air Batu Estate) come from concession rights owned by Dutch (Netherland Indie) Government Company, which was taken over and nationalized by the Indonesian Government in 1959. This matter is mentioned in Government Regulation No. 19 in 1959. Furthermore, based on information from representative of Air Batu I/II Village and Sijabut Teratai, it was known that there is no new compensation and planting on local people's land. Furthermore, there is no customary right within estate operational areas.</p>	
Status: Comply	
<b>4.6</b> <b>Any negotiations concerning compensation for loss of legal, customary or user 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.</b>	
<b>4.6.1; 4.6.2; 4.6.3; 4.6.4.</b> <p>All Business unit is a former of dutch colonial era plantation (N.V. Cultuur Mij. "Serbajadi"), that has been nationalized by government decree No. 19 dated 2 May 1959.</p>	

Furthermore, based on information from representative of Air Batu I/II Village and Sijabut Teratai, it was known that there is no new compensation and planting on local people's land. Furthermore, there is no customary right within estate operational areas.		
	<b>Status: Comply</b>	
<b>4.7</b>		
<b>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 FPIC and negotiated agreements.</b>		
<b>4.7.1; 4.7.2; 4.7.3.</b>		
As explained in Indicator 4.5.1, it was mentioned that PTPN 4 Air Batu Estates areas were ex concession from Dutch (Netherland Indie) Government Company and nationalized by the Indonesian Government in 1959. This matter is mentioned in Government Regulation No. 19 in 1959.		
Based on consultation public information from representative of Air Batu I/II Village and Sijabut Teratai, it was known that there is no any negotiations concerning compensation for loss of legal, customary or user rights.		
	<b>Status: Comply</b>	
<b>4.8</b>		
<b>The right to use the land is demonstrated and is not legitimately contested by local people who can demonstrate that they have legal, customary, or user rights.</b>		
<b>4.8.1; 4.8.2; 4.8.3; 4.8.4.</b>		
All Business unit is a former of dutch colonial era plantation (N.V. Cultuur Mij. "Serbajadi"), that has been nationalized by government decree No. 19 dated 2 May 1959.		
Furthermore, based on information from representative of Air Batu I/II Village and Sijabut it was known that there is no new compensation and planting on local people's land. Furthermore, there is no customary right within estate operational areas. In addition, there are no issues related to land disputes both in the company's operational areas and surrounding areas. This is also proven from the results of field observations related to land boundaries.		
	<b>Status: Comply</b>	
<b>PRINCIPLE #5 SUPPORT SMALLHOLDER INCLUSION</b>		
<b>5.1</b>		
<b>The unit of certification deals fairly and transparently with all smallholders (Independent and Scheme) and other local businesses.</b>		
<b>5.1.1</b>		
The company has sale and purchase agreements with several outside FFB suppliers, for example:		
<ul style="list-style-type: none"> <li>- PT Semut Merah Beriring (No.: ABA/PT.SBM/SP-TBS/03/IX/2021)</li> <li>- CV Abadi Jaya (No.: ABA/CV.AI/SP-TBS/04/IX/2021)</li> <li>- CV Doge Doge Star (No.: ABA/DDS/SP-TBS/02/IX/2021)</li> </ul>		
In the agreement there is an explanation related to the price and payment of FFB, where the purchase price of FFB is determined and announced regularly to the seller every Tuesday, Wednesday and Friday. FFB prices follow fluctuations in the prices of palm oil and palm kernel in the market. For the payment process, the certificate holder pays via money transfer to the FFB seller's account. Based on interviews with representatives of CV Abadi Jaya, the seller had no difficulty in obtaining FFB price information and there were no negative issues related to payment. The company has also shown proof of FFB payment to the seller for the period 12-14 July 2022, which is accompanied by proof of transfer and details of the FFB quantity along with the selling price which has been signed by both parties.		
<b>5.1.2</b>		

Based on the results of interviews with FFB suppliers (PT CV Abadi Jaya), it is known that the company as the FFB buyer always informs the FFB price to the supplier on a regular basis, either via telephone or multimedia message.

### 5.1.3

In the agreement between company and FFB supplier, there is an explanation related to the price and payment of FFB, where the purchase price of FFB is determined and announced regularly to the seller every Tuesday, Wednesday and Friday. FFB prices follow fluctuations in the prices of palm oil and palm kernel in the market.

### 5.1.4

Currently the company does not have contracts with independent smallholders or plasma smallholders.

### 5.1.5

The company has cooperation with local contractors, such as transporting FFB, upkeep activities and many more. All contracts have been agreed between management and the contractor concerned. Example of contracts in units are shown below:

- Work Agreement Letter No. GMD-II/ABA/Pemel TM Afd II/084/IV/2022 dated 08 April 2022 between PTPN IV and CV Putra Mandiri for upkeep activity in the company (unit Air Batu). The agreement explains the types of employment, contract value, terms of employment, period of time and others. The company always conveys the company's Code of Ethics to the contractor.
- Work Agreement Letter No. 04.04/SPKP/ANGKUT-MUAT-BONGKAR-TBS/222/III/2022 dated 04 March 2022 between PTPN IV and CV GAS for FFB Transport in the company (unit Air Batu). The agreement explains the types of employment, contract value, terms of employment, period of time and others. The company always conveys the company's Code of Ethics to the contractor.

### 5.1.6

For the payment process, the certificate holder pays via money transfer to the FFB seller's account. Based on interviews with representatives of CV Abadi Jaya, the seller had no difficulty in obtaining FFB price information and there were no negative issues related to payment. The company has also shown proof of FFB payment to the seller for the period 12-14 July 2022, which is accompanied by proof of transfer and details of the FFB quantity along with the selling price which has been signed by both parties. There are no issues related to late payments, the supplier's why the price has been known transparently and there is no indication of harm to the supplier.

### 5.1.7

The certification unit showing certificate test result number 782/SKHP-MT/ASH.59/2021 dated 4 October 2021 with a validity period until October 2022 for weighbridges type AND, with serial number N.1524248 from the Department of Commerce and Industry of Asahan Regency. The third party stated the test results, *"Legally on 2021 according to the law of Republic Indonesia No. 2 of 1981 concerning Legal Metrology"*. With the calibration evidence, the company has shown evidence that the weighing equipment used to weigh FFB from outsiders is minus indications of fraud.

### 5.1.8.

Currently the company does not have contracts with independent smallholders or plasma smallholders. However, based on the results of interviews with village and community representatives, the company often discusses with independent smallholders regarding support for the legality of land owned by farmers. From this evidence, the company has attempted a land legality and support campaign for farmers as mentioned in the opportunity to improvement of the previous assessment.

### 5.1.9.

Company has grievance mechanism for external stakeholder, including for smallholder in procedure No. 13 Rev. 01 dated January 2, 2015. However, based on document review of complaint book, there is no complaint from independent supplier.

<b>Status: Comply</b>
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## 5.2

**The unit of certification supports improved livelihoods of smallholders and their inclusion in sustainable palm oil value chains.**

**5.2.1, 5.2.2, 5.2.3, 5.2.4 & 5.2.5**

The company has conducted training activities for several farmer groups around the company, for example in the recording of best plantation practice training activities for independent smallholders on January 31, 2022. In these activities, the company provides training related to oil palm cultivation starting from seeding, plant maintenance, use of chemicals (including pesticides), harvesting to the legality of land ownership. From this evidence, the company has attempted a land legality and support campaign for farmers as mentioned in the opportunity to improvement of the previous assessment.

The company has an annual report that is posted on the PTPN4 website, where the report contains complete information related to the company's business development and other information, such as support from plasma farmers and third party FFB suppliers.

<b>Status: Comply</b>
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**PRINCIPLE #6 RESPECT WORKERS' RIGHTS AND CONDITIONS**
**6.1**
**Any form of discrimination is prohibited.**
**6.1.1; 6.1.2 & 6.1.3**

The certification unit already has an Equal Employment Opportunity Policy No. 04 Rev 02 dated 02 January 2015 as follows:

- PT. Perkebunan Nusantara IV (Persero) eliminates all forms of discriminatory practices of ethnicity, religion, race, gender, age, disabilities in work, control of the masses and between groups in all business processes / company management.
- PT. Perkebunan Nusantara IV (Persero) is actively and continuously implementing a systematic and modern business transformation policy in developing human resources.
- PT. Perkebunan Nusantara IV (Persero) is responsible for preventing legal violations of the equal employment opportunity policy, then immediately takes corrective action to stop discriminatory practices in every work process and work unit of the company.

Other than that, certification unit policy towards non-discrimination and equal opportunity is presented in document of Collective Labour Agreement 2022-2023 Chapter II Article 15 and 16. This policy has been communicated to worker. Implementation on policy has reflected in several documents such as employee's performance and evaluation, promotion letter and selection of process on job recruitment.

Based on the policy and Collective Labour Agreement that has been explained above, the certification unit will always provide the same opportunities for everyone to work and develop a career in accordance with the competencies and opportunities that exist and do not tolerate discrimination of race, ethnicity, religion and belief. The fundamental aims are to ensure diverse and representative profiles of workers through the promotion equality of labor.

The results of the employment document review prove that certification unit does not discriminate and treat all workers equally, the following is evidence that can be shown by the company:

- The composition of workers consisting of various ethnic groups, religions, gender and workers' origins. The existing workers do not only come from one area but come from several areas spread throughout Indonesia such as Java, Sumatra, and others. During the audit, there was no information regarding migran or AKAD workers (Angkatan Kerja Antar Daerah) in certification unit.
- Recruitment of workers based on the results of selection, performance appraisal, ability and expertise of workers. For example, harvesting worker who have initial PSG and JSO received based on the results of the selection of job application files, results of health checks and results of interviews. The worker also passed the test and has been accepted as permanent worker in 2020.
- Worker placement and training are carried out in accordance with their expertise / type of work, such as prospective harvest workers are placed as harvest workers and receive regular harvest training.
- Women workers are given equal rights, wages and opportunities to get promotions with male workers of the same type of work, for example there are several upkeep foreman who are female workers.

Based on the results of interviews with workers (harvester, pesticide applicator, upkeep and mill operator), it is known that workers have never felt that the certification unit has discriminated against since they first working until now. This is because all activities from recruitment, performance appraisal, promotion, and union, each worker is given the same opportunity regardless of ethnicity, caste, nationality, religion, disability, gender, sexual orientation, gender identity, membership in worker unions, affiliations, politics, or age. There is no difference between the communication between superior and workers because of the things mentioned above, so that the workers do not feel isolated or discriminated against by the superiors. This has resulted in the absence of discrimination issues

from 2021 to the present (July 2022).

Based on the results of the study of labor documents, it is known that since 2021 until now there have been no migrant workers, no daily contract workers (BHL), all workers working in the certification unit are contract worker (PKWT), permanent workers and staff. All the rights for each employment status have been distinguished.

These explanations can conclude that the certification unit has policy and treated all workers equally (based on skill, quality and eligibility) without discrimination based on gender, ethnicity, religion, health conditions or others and has carried out all recruitment activities in accordance with applicable policies and procedures owned without any act of discrimination.

#### **6.1.4**

A pregnancy test for workers is carried out just to ensure that pregnant workers are not allowed to do work with chemicals, not as a basis for discriminating against these workers. If declared pregnant, the worker will be transferred to a safer job but still equal in terms of wages and other benefits, so that there is no discriminatory action. This is made clear by the results of interviews with women workers in spraying and upkeep activities stating that female workers are required to have monthly pregnancy testing at the clinic to ensure that no female workers working with chemicals are pregnant / breastfeeding and testing the pregnancy is not a discriminatory measure given by the certification unit. However, based on the results of interviews with management and a review of labor documents, currently all female workers who work as pesticide applicators and upkeep workers are over 40 years old and not in their productive period (menopause). Therefore, the company has not carried out pregnancy checks since several years ago.

#### **6.1.5**

The certification unit has a Sexual Harassment Policy No. Policy No. 06 Revision 02 effective date January 2, 2015. The policy states that PTPN IV is responsible for preventing harassment in the workplace, taking corrective actions to prevent work-related sexual harassment.

Certification unit have gender committee and are still active until today in the certification unit which is with structure is: Founder → Chairperson → Deputy Chairperson → education, socio-cultural and economic section → members. The gender committee has made changes to its composition in 2022, the new management has been approved by the management on 03 January 2022. The structure of the gender committee not only consists of female workers but also includes male workers. The main objective of forming a gender committee is to provide a forum that can accommodate the aspirations / complaints of workers, as company partners in carrying out the activities of socialization related to gender and other policies related to workers' reproductive rights. In carrying out its activities this gender committee always collaborates with the labor union so that the socialization of matters related to women's rights can be conveyed properly and there is no discrimination in terms of gender. The workers also knew of the existence of the gender committee because it had been routinely socialized by its management, the last socialization related to the gender committee and the activity was carried out on 06 June 2022 which was attended by all workers and housing residents. The results of this socialization can be seen with the absence of differences in company operational activities such as promotional activities, the same status of workers without gender bias because overall are given equal opportunities for all genders (male or female) in work.

The results of interviews with upkeep workers (male and female workers) and representatives of the gender committee revealed that until now there were no reports / issues / complaints related to gender reported by the workers and at the moment the activities carried out were gender meetings during children healthcare (posyandu), recitation weekly and others,

Based on the explanation above, it can be concluded that the certification unit has a gender committee that is still active and has a program of activities to raise awareness, identify and address issues of concern, and provide opportunities and enhancements for women.

#### **6.1.6**

Equal payment of wages has been made by certification unit properly, considering the ability, performance, expertise, length of work and other factors as a basis for remuneration. So that the payment of wages provided is in accordance with the burden / duties / types of work respectively. For example, boiler operator (SRD Grade ID/01 and SGR Grade IC/07), engine room operator (KPJ Grade IB/00 and SGT Grade ID/00) and harvester (ADK Grade 1A/11 and ARM Grade ID/03) who get wages in July 2022 whose value is in accordance with the minimum wage, but with different amounts based on years of service, ability, attendance and job performance (structure and scale wage). This is in line with statements from workers who were interviewed with types of work as harvesters and



sprayers who have the same type of work but have different wage scales based on their performance, length of work in the company, productivity and other factors.

In addition, based on the results of interviews with labour union representatives, it was found that the certification unit already has a wage scale structure for each worker based on position, class, work performance, and not based on gender differences or origins. For example, the lowest wage scale is for contract worker (PKWT) and the highest wage is permanent workers that has been in Grade IID/06.

The results of interviews with workers (harvesting, spraying and mill operators) in note that workers already know that there is a wage scale structure for each level of workers and this has been proven by the difference in the monthly wage income presented on the pay slip. The monthly wages received are in accordance with the grade owned by each worker and so far there have been no complaints / errors regarding this matter.

<b>Status: Comply</b>
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## 6.2

**Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW).**

### 6.2.1

The certification unit has procedures related to recruitment, selection, employment, promotion, retirement and termination of employment which are generally described in the Collective Labour Agreement and others manpower procedures written in Bahasa. This Collective Labour Agreement explains the working conditions and rights / obligations of workers such as, recruitment, selection, transfer, promotion, performance appraisal, remuneration, discipline, overtime, and other provisions. The certification unit can show that the Collective Labour Agreement have been approved by the relevant agencies (has been ratified by Manpower Agency of Sumatera Utara Province with Decree No. 568/20-6/DTK/I/2022 in 19 January 2022 and valid until 31 December 2023).

Based on the results of the review of the updated employee list document in July 2022, it is known that currently the company only has permanent workers, contract workers (PKWT) and contractor workers who work within the scope of the company's management area. For workers with daily contract worker (BHL) status, the company is no longer owned by the company from the results of field visits in the plantations, interviews with workers and unions and the results of a review of labor list documents. In addition, this result is also in accordance with the results of interviews with the surrounding village communities (Sijabut Teratai and Perkebunan Air Batu Village) as well as the families of workers found in the housing complex which stated that the current status of workers working in the company is only permanent workers, contract workers (PKWT) and contractor workers. while for workers with daily contract worker (BHL) status it is not owned by the company. This has also been clarified again in indicator 3.5.1 and in the results of public consultations related to the issues in section 3.5.

The Collective Labour Agreement has been routinely disseminated by the certification unit to all employees, one example of the socialization that was carried out was on 14 April 2022 which was attended by all workers on muster morning. The results of interviews with workers (harvesters, sprayers, upkeep and mill operators) and worker union know that workers have a sufficient understanding of their rights (wages, overtime, incentives, fines, etc.) listed in the Collective Labour Agreement and in accordance with routine socialization provided by the certification unit. Workers' wages in 2022 have been accordance with the minimum wage set by the government, wage based on years of service, ability, attendance and job performance (structure and scale wage) and there are no late payments every month.

A review of the July 2022 wage document for harvester, upkeep and mill operators proves that the wages received are accordance with the minimum wage and in accordance with the wage scale structure determined by the certification unit for 2022. For example, boiler operator (SRD Grade ID/01 and SGR Grade IC/07), engine room operator (KPJ Grade IB/00 and SGT Grade ID/00) and harvester (ADK Grade 1A/11 and ARM Grade ID/03) who get wages in July 2022 whose value is in accordance with the minimum wage, but with different amounts based on years of service, ability, attendance and job performance (structure and scale wage). In addition, from the results of interviews with workers in plantations or mills, information was obtained that all workers understood the documentation of their wages, where every detail of their wages had been explained in detail in the pay slips they received every month.

**Verification related to "Salary Fraud"**



The results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) show that the company has never committed fraud related to the provision of wages because the wages have been adjusted to provisions set by the company (wage scale structure) for permanent workers, providing wages above the minimum wage for contract workers (PKWT) and for contractor workers being given wages in accordance with the wage agreement in the work agreement between the contractor and the worker (where the wages are in accordance with minimum wages). This can be proven by verifying the wages of the workers in July 2022 where the wages given are in accordance with the minimum wage setting as well as with the established wage scale structure.

This is also supported by the results of interviews with labor unions and contractors who stated that wages for all workers had complied with government regulations starting from the minimum wage and there were no violations of this.

#### **Verification related to “No Festive Holidays and No Bonus”**

In accordance with the results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) it is known that the company provides weekly holidays to its workers every Sunday, holidays on National holidays including holidays / Christmas. This is evidenced by the absence of operational activities in the plantations or factories on holidays in accordance with the absence of workers in July 2022. This has also been regulated in the company's CLA related to employee rest days and holidays.

For the provision of bonuses to workers is always given annually by the company, especially for workers from the company has been given regularly every year. This is based on the results of interviews with workers in the plantations and factories. As for contractor workers, this is not given because the workers who work with them are not permanent workers and the turnover is quite high every month, so the contractor does not give bonuses to their workers.

Based on the description above, it can be concluded that the certification unit already has documentation of wages and work requirements in accordance with applicable labor regulations for workers in the national language, along with explanations for workers in a language they understand.

#### **6.2.2; 6.2.3**

The certification unit has Collective Labour Agreement are made in a Bahasa that explains the working conditions and rights / obligations of workers such as recruitment, selection, transfer, promotion, performance appraisal, working hours, remuneration, discipline, deduction, overtime, sick leaves, holiday entitlement, maternity leave and other provisions. Explanations related to the contents of the Collective Labour Agreement include:

- Employee Acceptance (recruitment, selection, transfer, promotion, performance appraisal) which explains that all workers wishing to join the company must follow the specified requirements including: being over 18 years old, having a health certificate, taking a selection exam, and other requirements.
- Working Time which explains that there are 2 types of working time in the company, namely by working 8 hours per day or 5 working days in a week and 7 hours per day or 6 working days in a week, in which the total working hours are 40 hours in a week.
- Wages which explain the wage that cannot be lower than the minimum wage set by the government every year, granting rice allowance to all workers according to its calculation, and other explanations.

In addition to being generally stated in Collective Labor Agreement, the certification unit also has a decree, policy, memorandum and work contract for workers in orientation period that specifically explain these matters. An example is:

- Sumatera Utara Governor Decree No. 188.44/746/KPTS/2021 dated November 2021 concerning District/City Minimum Wages in Sumatera Utara Province in 2022 with the minimum wage in Sumatera Utara Province is IDR 2,522,609.94 and will take effect on January 1, 2022.
- Decree of PTPN IV Director No. 04.07/Kpts/15/III/2022 dated 31 March 2022 regarding the 2022 Minimum Wage and also contains a structure for the scale of wages for workers based on Grade. The grade with the lowest total wages is Grade IA/00 and the highest wage is Grade IID/06. This decree comes into effect on January 1, 2022 in all PTPN IV business units.
- Salary slips period of July 2022 for boiler operator (SRD Grade ID/01 and SGR Grade IC/07), engine room operator (KPJ Grade IB/00 and SGT Grade ID/00) and harvester (ADK Grade 1A/11 and ARM Grade ID/03) have a different based on wage scale structure 2022 and all wages above the minimum wage.
- Overtime payment in July 2022 that has been accordance with applicable laws for boiler operator (SRD Grade ID/01 and SGR

Grade IC/07) and engine room operator (KPJ Grade IB/00 and SGT Grade ID/00).

- Unit certification has provisions related to deduction / penalty which have been stated in the Collective Labour Agreement and further explanation is set out in an internal memo.
- In the payroll document, there is information that states the results of the worker's wages in one month according to the work performance of each worker. Payroll has also been accurate for each worker, for example the number of days worked in a month, premium payments, fines, deductions from workers' wages and other information that is in accordance with facts in the field.
- Proof of granting annual leave to employees for examples:
  - ❖ Leave Application Form for workers (SWN) who applied for 1 day leave on 11 July 2022 and was approved by Afdeling Assistant on 08 July 2022.
  - ❖ Leave Application Form for workers (YDG) who apply for leave for 1 days on 16 July 2022 and has been approved by Afdeling Assistant on 16 July 2022.
- Etc.

Since 2021 to July 2022 there has been no change in policy, but what has changed is the decision related to the minimum wage which has changed every year following the government's decision. Regarding the change in the minimum wage decision, it has been routinely submitted annually to workers at the beginning of the year and this is reinforced by the results of interviews with field workers and worker union representatives who are clear about any changes in the minimum wage every year. Based on the description above, the certification unit has demonstrated legal compliance related to working conditions, such as compliance with minimum wage, working hours, overtime, maternity leave and other compliance.

The results of interviews with workers (harvesters, sprayers, upkeep and mill operators) and worker union know that workers have a sufficient understanding of their rights (wages, overtime, incentives, deductive, fines, etc.) listed in the Collective Labor Agreement and in accordance with routine socialization provided by the certification unit. Workers' wages in 2022 have been accordance with the minimum wage set by the government and there are no late payments every month, working hours is seven (7) hour a day with 6 days in a week (total of 40 hour of work in a week) and for the overtime has been paid in accordance with applicable regulations.

A review of the July 2022 wage document for harvesters, sprayers, upkeep and mill operators proves that the wages received are accordance with the minimum wage and in accordance with the wage scale structure determined by the certification unit for 2022. For example, workers' wages for boiler operator (SRD Grade ID/01 and SGR Grade IC/07), engine room operator (KPJ Grade IB/00 and SGT Grade ID/00) and harvester (ADK Grade 1A/11 and ARM Grade ID/03), all wages accordance with the minimum wage and he wage scale structure determined by the certification unit for 2022.

#### **Verification related to "Wages and Overwork"**

The results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) show that the company has never committed fraud related to the provision of wages because the wages have been adjusted to provisions set by the company (wage scale structure) for permanent workers, providing wages above the minimum wage for contract workers (PKWT) and for contractor workers being given wages in accordance with the wage agreement in the work agreement between the contractor and the worker (where the wages are in accordance with minimum wages). This can be proven by verifying the wages of the workers in July 2022 where the wages given are in accordance with the minimum wage setting as well as with the established wage scale structure.

This is also supported by the results of interviews with labor unions and contractors who stated that wages for all workers had complied with government regulations starting from the minimum wage and there were no violations of this.

For overwork, the company has set the terms of working for 6 working days a week or 40 hours a week. This has been regulated in the CLA which has been approved by the relevant agencies in North Sumatra Province. The results of interviews with plantation workers stated that normal working hours from Monday to Friday are 7 hours (07.00 – 14.00) while on Saturday it is 5 working hours (07.00 – 12.00) with a total of 40 working hours in one week. If the worker exceeds the working hours, the worker will be paid overtime and the calculation and payment is deemed appropriate. In addition, if working outside of normal working hours is not approved by the worker, then the worker is not obliged to do work outside of these working hours (overtime work must be agreed by both parties). From the results of the verification of overtime work at the Mill, it is known that no workers who worked overtime in July 2022 were more than 18 hours a week because the average overtime hours of workers in a week in that month were only 14-15 hours.

Based on the explanations above, there is no fault from the aspect of payroll or overtime payments made by the company.

Based on the foregoing, it can be concluded that the certification unit has procedures and provisions related to wages, work requirements (regular working hours, deductions, overtime, sick leave, vacation rights, maternity leave, etc.) well documented and thoroughly implemented in each unit.

#### **6.2.4**

The certification unit has provided welfare facilities to occupants in the form of housing, clinics, water supply, drinking water depot, electricity, education, transportation and other facilities. The results of the field visit in the housing area revealed that workers were provided with adequate housing facilities with 2 bedrooms, 1 bathroom and there were daycare for children. The house is inhabited by 1 family and specifically for workers who are not married then 1 house will be filled by 2 workers. This is in line with the results of interviews with housing residents stating that the facilities provided by the certification unit are houses, electricity, availability of clean water, transportation of school, school in nearby villages (kindergarten, elementary, middle and high school), child daycare, places of worship (mosque & church), sport facilities and others. In general, the facilities provided by the certification unit are good / suitable for use by workers and their families. The certification unit has also conducted monitoring for the condition of the feasibility of the facilities provided every year, such as housing that is repaired if there is damage (usually if there is damage the worker will inform it and it will be handled directly by the repair company), the availability of electricity that has been provided by the PLN or a generator, and the availability of clean water which is always monitored for its feasibility every 6 months (the results of monitoring clean water in the residential area do not show any test parameters that exceed the threshold).

#### **Non Conformity No. 2022.03**

- Based on the results of field observations in the housing area of Afdeling 5 and Afdeling 9 workers, it was found that there were still workers' housing facilities (semi-permanent) in inadequate bathroom conditions (the bathroom was in a damaged condition) so that workers made their own emergency bathroom in the backyard of the house. This was found in Afdeling 5 as many as 1 semi-permanent house and in Afdeling 9 as many as 2 semi-permanent houses whose bathroom conditions were not proper.
- The company also has not shown any concrete programs or plans related to the improvement or monitoring of the feasibility of housing facilities.

The company has not been able to ensure that all housing facilities provided to workers are in decent condition and their feasibility is monitored.

#### **6.2.5**

Certification unit has made it easier for workers and their families to obtain food sources by providing employee cooperatives that sell the daily needs of workers and provide access to vegetable traders to sell in the workers' housing area. In addition there are also workers who open small business stalls to sell daily necessities in each housing. Based on interviews with workers (harvesters, sprayers, upkeep and mill operators), housing residents, worker union and gender committee, it is known that workers have no difficulty in getting food sources because the company has provided cooperatives that sell daily necessities and the existence of vegetable sellers given access to sell at home. In addition, workers can buy these needs into markets around the area of the certification unit with less difficult access.

#### **6.2.6**

In Indonesia no living wage standard is established, so certification unit still implemented the national minimum wages for all workers. In addition to the payment of minimum wages, certification unit has been conduct an assessment of the prevailing wages and in-kind benefits provided to workers in the certification unit aligned with the RSPO Guidance for Implementing a Decent Living Wage (since DLW not available please check the guidance (guidance for prevailing wages calculations). The certification unit has the determination of assessment prevailing wage and all kind of benefits for DLW simulation in 2022 has been included in the calculation of main wage, worker status, housing facility, education, electricity, water sources, healthcare and others. The results of these calculations are known that the standard of DLW currently given / simulated by the certification unit is above the stipulation of the minimum wage.

Based on the explanation above, it can be concluded that the unit of certification has a Decent Living Wage calculation based on prevailing wage and in kind benefits provided by the certification unit.

#### **6.2.7**

**Non Conformity No. 2022.04**

- Based on the results of field observations and interviews with harvesters in Block L16 Afdeling 1 and Block R12 Afdeling 4, it was found that there are still 10 harvesters who are still contract worker (PKWT) workers in Afdeling 1 and 14 people in Afdeling 4 who have been working since 2021.
- Based on the results of the review of the labor list document for the period of July 2022, it is known that currently the company still has workers with contract worker (PKWT) status as many as 76 people who work in Afdeling 1-9 and have been working since July 2021 and February 2022.
- The company can also show a work agreement between contract worker (PKWT) workers and the company for 10 contract worker (PKWT) workers in Afdeling 1. For example, work agreement no. ABA/S.Perj/167/VII/2022 and No. ABA/S.Perj/182/VII/2022 dated 01 July 2022 which is valid for 3 months (31 September 2022).
- The company has a Board of Directors Regulation of PT Perkebunan Nusantara III (Parent Company of PT Perkebunan Nusantara IV) No. HES/PER/05/2019 dated March 22, 2019 regarding Guidelines for Recruitment of Employees at PT Perkebunan Nusantara III and its Subsidiaries, where in CHAPTER IV on the Implementation of Acceptance of PKWT in article 15 it is explained that this contract worker (PKWT) is made for certain jobs according to the type and nature or activity the work will be completed in a certain time like:
  - ❖ Jobs that are once completed or temporary in nature.
  - ❖ Seasonal work.
  - ❖ Work related to new products/activities or additional products.
  - ❖ Work that is estimated to be completed in a not too long time.
 In addition, the document also explains related to the recording of contract worker (PKWT) which must comply with the provisions of the applicable regulations (Article 21).
- Harvest work is a permanent job, this is because the criteria for harvesting work are included in the description of permanent work in Law no. 13 of 2003 (explanation of article 59 paragraph 2) where it reads "work that is continuous, uninterrupted, not limited by time and is part of a production process in one company or work that is not seasonal.". In addition, related to the registration of contract worker (PKWT), it has been regulated in Article 14 which states that the recording of contract worker (PKWT) to the local manpower sector is carried out no later than 7 days from the signing of the contract worker (PKWT).
- In Government Regulation No. 35 of 2021 in the contract worker (PKWT) section explains that contract worker (PKWT) cannot be held for work that is permanent and PKWT can be held based on a period of time (work that is not completed for too long, seasonal work, work related to new products) or the completion of a particular job (work that has once completed and temporary work).
- Proof of PKWT registration for as many as 45 contract worker (PKWT) workers on July 25, 2022 to the Manpower Office of Asahan Regency on July 26, 2022, while for the other 31 contract worker (PKWT) workers no proof of registration has been shown to the relevant agencies.

The company has not been able to prove that the application of the use of contract worker (PKWT) is in accordance with company procedures and government regulations related to the types of work that can use contract worker (PKWT) and contract worker (PKWT) reporting.

**6.2.4 Status: Non conformance No. 2022.03 with major category**

**6.2.7 Status: Non conformance No. 2022.04 with minor category**

**6.3**

**The unit of certification respects the rights 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.**

**6.3.1**

The company has a policy related to freedom of association in the Collective Labor Agreement between PTPN IV and the Plantation Workers Union, especially in articles 5, 6, 7, 8 and 9 which in this article explains:

- The company will not interfere with or obstruct anything related to the development of the workers' organization (*SP-BUN*) as long as it does not conflict with applicable laws and regulations.
- The company will not exert pressure, either directly or indirectly, on employees who are elected as union officers.
- In carrying out their duties, each union of workers and companies will try to avoid actions that can harm each party.
- The company provides lease-to-use space for offices along with equipment and facilities / infrastructure as well as other facilities

and assistance for the smooth running of organizational tasks, according to their interests.

There is a labor union in the Air Batu unit, namely SPBUN Basis Air Batu. Labor union that have been registered with the Office of Social and Manpower and Transmigration of North Sumatra Province with registration number 567/50/DSTKM/2001.

Based on the results of interviews with the union, the company has facilitated workers in forming a union by giving free time (work permits) if there are important union meetings and not intervening in union activities. The results of interviews with workers revealed that union membership is voluntary.

Based on the foregoing, it can be concluded that the certification unit has published a statement acknowledging the freedom of association and the right to collective bargaining in the national language, in which the statement is explained to all workers in a language they understand and can prove its implementation.

### 6.3.2

The certification unit has records of meetings between workers and management representatives. The following are examples of records of meetings conducted by worker union in 2021/2022. For examples: The March 14, 2022 meeting between labour union officials related to socialization related to securing company assets, benefits obtained when protecting company assets, and other discussions. The meeting was attended by 5 participants.

Based on the results of interviews with worker union and their members who are workers in each unit, it is known that the union holds meetings every month (if there is an issue, if not they will be holds meeting when the issues arrive) with those accommodated in meetings between worker representatives and management representatives. This is also supported by the results of a review of worker complaint documents, it is known that the existing issues are only complaints related to the lack of supporting facilities, but this has also been continuously improved by the certification unit to be better.

Based on this explanation, it can be concluded that every meeting between the certification unit and the worker union has been well documented and available at the time of the audit.

### 6.3.3

The absence of unit certification interference in the selection or operation of labor union activities, this is evidenced by the results of interviews with workers and union representatives stating that in the process of selecting / making decisions and planning activities, members provide input / aspirations to their representatives each to make an election / decision-making and no management has a position as "*Karyawan Pimpinari*" (assistant or above). The employee who currently serves as the Chairman of the Labour Union is not from the "*Karyawan Pimpinari*" (assistant or above) but from "*Karyawan Pelaksana*" (foreman, clerk and field workers), then there will be no conflict of interest that occurs with the company because there are no workers who have the authority as decision makers. The explanation has reinforced the fact that management did not interfere directly / indirectly with the taking decisions and activities carried out by labor unions.

Based on interviews with labor union representatives who explained that the company had given freedom of association and at present labor unions have been formed. The establishment of the union is in accordance with the applicable laws and regulations and has been recorded at the Manpower Office. Certification unit is giving freedom for worker to express their opinion and also, certification unit did not give any intervention related to labor union activity.

<b>Status: Comply</b>
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## 6.4

### Children are not employed or exploited.

#### 6.4.1; 6.4.2; 6.4.3 & 6.4.4

Company has a policy on child labor No. Policy 03 No. Revision 02, effective date January 2, 2015 which states that children under 18 years old may not work for the company. That policy states that it is forbidden to employ child labor and under the age of 18 (eighteen) years, certification unit has been implemented the policy with evidenced by the Identity Card (KTP) at the time of employee recruitment. The results of the verification of documents revealed that there were no workers under the age of 18. In addition to having a policy governing the minimum age for workers for workers, the certification unit also includes clauses on child protection and prohibitions on hiring workers under the age of 18 in any agreement with the contractor. The policy was socialized to workers on 14



April 2022 and to the contractor when signing the work agreement.

Based on field visits and interviews with workers in the fields, it is known that the minimum age for work is 18 years, and no workers found below the minimum age specified. This is supported by the results of a review of company and contractor workers' document which proves that there are no workers under the age of 18 at the time of entering work, the youngest age of workers is 21 years when entering work.

Based on the results of the review of the cooperation agreement document with the contractor for examples is CV GAS and CV Putra Mandiri, it is known that in The agreement has a separate clause to ensure that the contractor does not employ minors (under 18 years old) and complies with the prevailing laws and regulations in Indonesia.

Based on this, it can be concluded that the unit of certification has a policy on child protection including the prohibition of child labor and has been well documented and known to all workers.

**Status: Comply**

## 6.5

**There is no harassment or abuse in the workplace, and reproductive rights are protected.**

### 6.5.1; 6.5.2 & 6.5.3

The certification unit have policy towards preventing sexual and other form of harassment and violence is presented in document Policy No. 06 dated 02 January 2015, issued by PTPN IV Board of Director. Gender Committee has appointed to involved on these matters. Socialization on this matter has been conducted in 11 November 2019. Other than that, certification unit has provided protection for reproductive rights listed in the Collective Labour Agreement regarding to maternity leave and menstrual leave.

This policy above mentioned that employees are obliged to support morality and security in the work place, as well as to avoid any form of dissexual harassment and violence objected to all workers. The policies explains that every worker is entitled to receive protection against sexual harassment in the workplace and sexual harassment is an offense and if convicted of sexual abuse offenders will be penalized in accordance with applicable regulations. The certification unit has socialized to the employees, for example on 14 April 2022 and the representatives of the committee gender are available in each division. One of the programs of the gender committee itself is to socialize all employees regarding the company's commitment to prevent all forms of violence and maintain decency.

The management has carried out an assessment of the needs of young mothers by asking for their opinions, as well as taking actions to meet the needs that have been identified. The last assessment is in January 2022 and there is no young mothers (mothers who have just given birth to their first child). That because all female workers who work as pesticide applicators and upkeep workers are over 40 years old and not in their productive period (menopause), however the company still provides several facilities related to the needs of new mothers such as:

- Providing menstrual leave
- Babysitting facilities
- Integrated Healthcare Center
- Health checks for pregnant women
- Providing time for breastfeeding children
- Special room for breastfeeding
- Counseling for women who have experienced acts of violence.

Based on interviews with female workers and gender committee, the policy had disseminated to workers through socialization with workers and in the last year period, that hasn't any issue/incident related to sexual harassment, violence at work/reproductive rights. Based on the explanation above, it can be concluded that the certification unit has policies related to preventing harassment, sexual violence, protection of reproductive rights and identifying the needs of new mothers, all of which have been implemented properly and proven according to the results of field observations and interviews with workers.

### 6.5.4

The certification unit has procedures for handling complaints in the SPO document. Internal communication and handling of employee complaints No. SPO 19 Revision 2 effective January 2, 2015. Employee complaints can also be submitted verbally or in writing to



representatives of the labor union (SPBUN) and the gender committee. The union and gender committee will convey the solution to the problem to the employee, if the problem cannot be resolved, the employee can make a written complaint to the unit manager. The worker who experiences or witness sexual harassment in the workplace can report it immediately to the human resources. All allegations of sexual harassment will be immediately investigated. The confidentiality of employees, witnesses and perpetrators will be protected. When the investigation is completed, employees will be notified of the results of the investigation.

Based on the results of interviews with representatives of labour union and gender committee it is known that the workers have understood the procedures and mechanisms for submitting complaints/complaints to the company, this is because the company has routinely socialized the procedure by posting warnings/complaints. signposts related to this.

Based on the explanation above, it can be concluded that the certification unit has a complaint mechanism that guarantees the anonymity and protection of the complainant which is known by all levels of workers and has been well documented.

	<b>Status: Comply</b>
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## 6.6

### No forms of forced or trafficked labour are used.

#### 6.6.1; 6.6.2

There are no migrant workers who work in the certification unit operational area. All workers come from within one country (although from various regions). In addition, each worker has been provided with a clear work contract. The rights and obligations of workers are also clearly stated in Collective Labour Agreement, and in work agreements. Based on employee list and observation in field known that there is no migrant workers, forced labor or child worker. Every worker has a work agreement that describe specific job description, there is no substitution of contract without prior consultation and agreement from the worker, for example:

- There is no retention for identity, because all labor documents for individuals are in the form of photocopies and not original items such as ID cards, diplomas, family cards and others.
- There is no contract substitution, because all existing contract workers currently work in accordance with existing contracts such as contract workers for harvesting activities only doing harvesting activities and do not employ workers other than those stated in the contract.
- The freedom of workers in resigning, because if the worker wants to resign there is no understanding or prohibition from the company to the worker concerned.
- There is no coercion in doing overtime work, workers who do overtime at the company can refuse if ordered to do overtime activities because overtime is not the worker's obligation and the company also does not prohibit this.

Based on employee data in July 2022 and interview with workers (mill and estate), most of the workers came from local communities, Javanese, Batak, Melayu and other ethnicity. They have the recruitment process in the certification unit and is in accordance with applicable employee acceptance procedures. Based on the results of interviews with workers in plantation and mill, it is known that currently there are no migrant workers, retention of identity, payment recruitment fees, contract substitution, involuntary overtime, lack of freedom of workers to resign, penalty for termination, debt bondage, and withholding, bondage. This is because the certification unit has carried out its operations in accordance with applicable regulations.

There is no significant obstacles related to employment or violations of Collective Labour Agreement. For example, for the harvesters works daily based in 7 working hours. Certification unit provides output targets that can be obtained in less than 7 hours of work. If the harvester obtains more output within or more than 7 working hours, then the harvester will get the harvest premium payment. No penalty is given to the harvester if it does not get output due to natural factors such as rain. Based on payment list on July 2022, the harvesters have earned in accordance with the minimum wage.

	<b>Status: Comply</b>
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## 6.7

### The unit of certification ensures that the working environment under its control is safe and without undue risk to health.

#### 6.7.1

The company already has a OHS Committee structure for the Estate and Mill units as the person in charge of occupational safety and health (OHS). The company can show the arrangement of the OHS Committee structure for the Mill and Estate units, namely:

The OHS Committee structure of the Air Batu Mill unit which has been ratified in accordance with the Decree of the Head of Manpower Agency of the North Sumatra Province, Number 566/117-7/DTK/SU/III/2022 on 15 March 2022. OHS Committee structure consists of the General Chair, Chair I, Chair II, Secretary, Deputy Secretary, Fire Chief, and other sections. The OHS Committee secretary for Estate unit namely Cristian Doly R Marpaung who is a General OHS Expert. The company can show the OHS Expert Authority card, certificate, and Letter of Appointment of General Occupational Safety and Health Expert with Number KEP. 5/11042/AS.02.04/IX/2021 on September 30, 2021 with a validity period of 3 years. The results of the document review revealed that the authority card, certificate, and General OHS Expert appointment certificate of the OHS Committee secretary valid until 30 September 2024.

Companies can show records of OHS Committee meetings with workers, for example OHS Meeting held on June 11, 2022. The topics discussed risk management implementation plan for 2022, changes to the OHS structure, availability of first aid kits, monitoring of hydrant conditions and emergency response simulation plans. OHS meeting attended by 15 participants (including staff and non staff).

#### **6.7.2**

The company can show procedures related to emergency preparedness and response in the Emergency and Post-Emergency Handling procedure (No. 4.3.16) which was approved by the Unit Manager on December 14, 2013. The contents of the procedure include, among others, objectives, scope, references, definitions, duties and responsibilities of the emergency response team, procedures for controlling and reporting stages, procedures for handling post-conditions and attachments including an organizational structure chart for emergency response. The procedure describes emergency response to fire, natural disasters and riots.

The company did not carry out simulation of emergency response when the aduti activities were carried out. However, based on field observation at Air Batu Estate and Air Batu POM, it was known there have been assembly point in case of an emergency situation as well as an visitor line.

PT Perkebunan Nusantara IV has a policy regarding OHS which is stated in the Plantation Management System Policy issued on March 26, 2020 by the President Director at point 1 which states that it prioritizes "Occupational Safety and Health" in all aspects of work in order to prevent and reduce accidents and occupational diseases by implementing an occupational health and safety management system (SMK3).

There are workers assigned to the field and other work locations and have received First Aid Training (P3K), for example: Sutarno : Ser.566.09/PK3/DTK/SU/2021 on 25 Agustus 2021.

The certification unit also has a first aid kit in each unit and based on observations at harvesting activity in Block L16 Division 1 Air Batu Estate and process station Air Batu POM, it is concluded that the contents of the first aid kit are sufficient (21 items). There is also a checklist for observing the contents of the first aid kit which is routinely carried out every month by first aid workers.

The company also can show a record of work accidents for the period January – July 2022. The records of these work accidents have been included in the OHS Quarterly report and have been reported to the relevant agencies. In addition, the company has also evaluated the HIRAC document by identifying risky activities and their control.

#### **6.7.3**

Based on the results of field visits and interviews with workers (harvester, pesticide applicator and mill operators) in the Air Batu Estate and Air Batu POM, it is known that workers have received PPE for free every year according to their respective types of work and if there is PPE damaged, it can be immediately reported to the direct supervisor for replacement. At the time of the audit, all workers were seen to have used PPE in accordance with existing standards and the level of risk, such as pesticide applicators using aprons, masks, face shields, gloves, boots, and others. In addition, the certification unit also has proof of the delivery of PPE to all workers every year and replacement of PPE that is damaged, for example:

- The company can show proof of handover of PPE for the Air Batu POM unit for each station. For example, processing workers in the form of safety shoes, safety helmets, gloves, goggles, masks, ear plugs for 10 workers.
- The company can show proof of handover of PPE for the Air Batu Estate unit for each field of work. For example, for harvesters in the form of safety helmets, gloves, boots and palm sickle gloves for 16 workers.

Based on the results of field observations to Air Batu Estate, it is known that there is a storage area for PPE and spray equipment as

well as sanitation facilities for employees after the spraying job is finished so that workers can change out of PPE, wash and put on their personal clothing. Based on the results of field visits and interviews with workers, it is known that workers have used PPE in full and company management always carries out routine monitoring of workers regarding the use of PPE properly and correctly. Regarding the use of PPE by contractor workers or third parties, it has been explained in indicator 3.3.2.

#### 6.7.4

The company have Collective Labour Agreement that describe about workers have the right to receive medical care and be protected by the accident insurance. The management unit show proof of payment of BPJS for all workers. Payments are made every month by percentage according to the regulation. The last payment that has been paid by certification unit is on 29 July 2022 for "BPJS *Ketenagakerjaan*" period of July 2022 and on 04 July 2022 for "BPJS *Kesehatan*" period of July 2022. All proof of payment shown and payment details for the "BPJS *Ketenagakerjaan* and *Kesehatan*" program are in accordance with the current actual conditions / in accordance with the number of existing workers (total of 666 workers).

Based on the interview with representative of worker union, estate and mill workers, concluded that all employees were aware of the medical service procedures in the event of an accident or illness. All employees interviewed also claimed to have a health BPJS card, if they went to a company clinic there was no fee at all. Based on the foregoing, it can be concluded that the company already has a list of employees participating in the Employment and Health Insurance (BPJS) program along with proof of monthly payments.

#### Non Conformity No. 2022.05

- The company has a CLA for the period 2022-2023 which has been ratified by the relevant agencies and is still valid today. In the CLA in Chapter VI Article 45 explains that the company provides health care to workers with their bodies (wife and children) in the BPJS Health program. For Workers' Social Security, it has also been regulated in Chapter VIII Article 52 which explains that companies are required to register their workers in the BPJS Employment program (JKK, JKM, JHT and JP).
- Based on a review of the labor list document for the period of July 2022, it is known that the company has 666 workers who are permanent workers and 76 workers with contract worker (PKWT) status.
- The company can show proof of payment of BPJS Health and Employment for permanent workers (666 people) of the company for the period July 2022, while for workers with contract worker (PKWT) status as many as 76 people cannot be shown.

The company has not been able to prove that all workers (including PKWT) have been provided with health services and are protected by work accident insurance in accordance with the provisions of the CLA and related government regulations.

#### 6.7.5

The company shows the FR and SR for the period January – June 2022, which are briefly explained as follows:

- $FR = 12 \times 1.000.000 / 685 \times 109.600 \text{ jam} = 0.15983803$
- $SR = 57 \times 1.000.000 / 685 \times 109.600 \text{ jam} = 0.75923065$
- Total Lost Work Days = 57 Working Days

Based on verification document, the company can show proof of work accident claims to agencies related to the conditions of work accidents experienced by workers during 2022. Furthermore, it is known that the management unit carries out work accident investigations and makes claims to *BPJS Ketenagakerjaan* in accordance with established procedures.

**6.7.4** | **Status: Non conformance No. 2022.05 with minor category**

### **PRINCIPLE #7 PROTECT, CONSERVE AND ENHANCE ECOSYSTEMS AND THE ENVIRONMENT**

#### **7.1**

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

##### **7.1.1**

Based on the results of document review and interviews with management regarding monitoring and control of plant pests and diseases, it is known that it consists of Global Telling and Effective Telling. Global Telling is carried out every week and Effective Telling is carried out if the pest / disease population increases above the threshold. Based on the results of document review and interviews with management regarding potential pests found in the certification unit, it is known that the most potential pests/disease is ganoderma. In connection with the follow-up to control ganoderma attacks based on the Circular of the Board of Directors No.

04.04/SE/01/I/2014 dated January 03, 2014 regarding the Inventory of Ganoderma Trees and methods of controlling ganoderma, it is known that the action taken is to maintain tree stands with the technique of mounding. On the other hand, according to IPM activity records for January 2021- July 2022 such as program and realization of rat census and leaf eating caterpillar census, it could be concluded that all the census results were still under its economic threshold. There is no invasive species attack. This may lead to zero use of pesticides for pests and disease control. It could be concluded that IPM techniques implemented by biological methods is effective to control pests and diseases, and also to minimize the use of chemicals. Furthermore, according to the pesticides used to record in 2022, agrochemical uses were only implemented for weeds control purposes

### 7.1.2

The company shows the types of flora and fauna in the Manage company area. The list of flora and fauna species in the company does not contain invasive species. As for the plantation management, the types of plants used for beneficial plants are *Turnera* and *Antigonon*. Both types are not included in the invasive type.

### 7.1.3

Based on document verification, interview with workers and stakeholders sighted that the company does not use fire to control pests and there is no pest infestation outbreak during last year. Therefore, based on field observation to the Air Batu Estate sighted that there is no indication of the use of fire for pest control and there are no pest infestation outbreak.

<b>Status: Comply</b>
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## 7.2

**Pesticides are used in ways that do not endanger health of workers, families, communities or the environment.**

### 7.2.1 & 7.2.2

The company has documented records of pesticide toxicity in the document of List of Pesticide 2022. The document is recorded product name, active ingredients, LD50, percentage of active ingredients, total application and total active ingredients. This document is constantly recorded and updated by warehouse officer each month. For example, the use of Metsulindo pesticides with the active ingredient *metil metsulfuron* dermal LD50 > 2,000 mg/Kg, the total use period January - December 2021 is 533,5 Kg.

The company has a Memo from the Plant Division of PTPN IV (No: 04.04 / District-Kebun / M.1238 / XII / 2018, dated 19 December 2018) signed by the Head of the Plant Division of PTPN IV regarding the Use of Chemicals With Active Paraquat Dichloride Materials) which explains that herbicides with active ingredients of paraquat dichloride should not be used except for special conditions (borders), for which the use of these chemicals can be used only for the control of pteridophyta broadleaf weeds (ferns / ferns). Based on document review and field observation, several IPM program with biological approach that has been implemented such as nettle eater caterpillar by planting beneficial plant such as *Turnera subulata* and *Antigonon leptosus*. Moreover, the company has also conducted early detection routinely listed in the monthly report of early warning system.

### 7.2.3

The certification unit has monitors the effectiveness of biological pest control such as the development of beneficial plants for nettles. There has been no chemical pest control in the last year. Based on pesticide use data during the last year, it is known that the use of pesticides is only intended for weed control, there is no use of pesticides in pest control.

### 7.2.4

There is no prophylactic way of using pesticides carried out by the company. The company controls using pesticides if the pest attack census shows results above the threshold. Whereas for weed control If the conditions of the circle and harvest pathway are still quite standard, weed control will be postponed. Based on observations of spraying activities, the application method is not a preventive application but is more selective for locations that have weeds.

### 7.2.5

The certification unit was showing Director Letter number 04.04/SE/18/X/2016 dated 14 October 2016 about: prohibited active pesticide (Category WHO 1A&1B). That letter was addressed to the group manager District I-IV) and all managers cc: Director, Internal Superintendent, and Planning Division. Based on field observation to the chemical warehouse and interview with spraying workers in Afdeling 2 Block F09, sighted that there are no using chemical with categories WHO 1A, WHO 1B since 2016.

### 7.2.6

The company shows the pesticide training record. The training was carried out with the title "Pesticide Handling Training" for Air Batu Estate on June 3, 2022. The training materials include presentations on Spray Application, Types of Hazards/Risk of Work Accidents and Chemical Hazards entering the human body through breathing, food and contact with the skin. Based on interview with spray worker, they also can explain about the spraying procedure, the routinely training were conducted every month by assistant.

The unit of certification has provided a special mixing tank to carry pesticides. In addition, based on a review of documents and pesticide application records, the company also provides clean water, soap and a first aid kit to support the sanitation and OHS aspects required by the spraying team.

Based on the results of interviews with members of the spraying team, it is known that the company has provided a special mixing tank for transporting pesticides. In addition, based on the review of documents and records of pesticide application, the company also provides clean water, soap and a first aid kit to support the sanitation and OHS aspects required by the spraying team. Therefore, based on field observation in the mixing area of Berangir Estate, it is known that there is a warehouse to store all PPE and spraying equipment after use.

#### **7.2.7**

The company has the SOP of storage of pesticides (SPO 02 No. Revision 02 dated January 2, 2015). In that procedure explaining the mechanism of the pesticide storage in special warehouses including the mixing place of pesticides to be used in the field in the isolated special place so that does not potentially expose to chemicals outside the warehouse.

#### **7.2.8**

The certification unit has SOP for the Management of hazardous and toxic waste with No. SPO 02 No. Revision 02 dated January 2, 2015. In the SOP it is explained that all hazardous and toxic waste and the former hazardous and toxic waste packaging that is produced cannot be reused for other purposes and must be immediately submitted to a licensed hazardous and toxic Waste temporary storage.

Based on the results of field visits to landfill and employee housing areas, it was found that there were no former pesticide containers that were discarded at Landfills and there was no reuse of pesticide containers as flowerpots or as water storage. The results of the field visit to the hazardous and toxic waste temporary storage in Air Batu Mill revealed that the waste chemical packaging used was stored at the temporary storage and would be handed over to a licensed hazardous and toxic waste collector.

#### **7.2.9**

Based on a review of documents and interviews with surrounding village and workers sighted that the company did not perform the application of pesticides from the air.

#### **7.2.10**

The company can show the general medical examination document, including pesticide and chemical handlers was carried out on June 23-27, 2022 by doctor from Unit Pabatu's Clinic. Regarding the special medical examination (cholinesterase and spirometri), the company can show the results of the special medical examination carried out on November 17, 2021 for 37 workers. Based on the results of the examination, it was found that 18 workers needed further examination. As a follow-up to these results, the company can show a health check that was carried out on July 20, 2022. The results of the follow-up inspection cannot yet be shown because the activity report is still in process.

The results of interviews with pesticide operators in Spray Circle & Path, Afdeling 2 Block F09 that all pesticide operators have been checked health periodically and workers have known the results of the examination. From the results of the examination, there is a recommendation to control the CH doctor. In this regard, the auditor can show evidence of follow-up actions on the recommendation of the audit results.

#### **7.2.11**

During the audit, the pesticide application conducted at estate area to control weeds in the circle and path. Based on field observation and interview with pesticides applicator known that there was no worker age under 18 years old that worked in chemical activity. The pregnant and breastfeeding women prohibited to work in chemical. The monitoring conducted through monthly pregnancy test. If founded in a state of being pregnant, she will be transferred to light non chemical activity.



**Status: Comply**
**7.3**
**Waste is reduced, recycled, reused and disposed of in ways that are environmentally and socially responsible manner.**
**7.3.1.**

Unit of Certification has a waste management plan consisting of:

- **Solid Waste**  
Solid waste is reused by the certification unit. The solid waste that is reused is EFB which is used back to the land as fertilizer. Meanwhile, shells and fiber are reused as boiler fuel.
- **Mill Effluent**  
Mill Effluent management, namely by reusing it with land applications. Before being distributed to the Land Application, first the mill effluent is managed in the WWTP pond. The company has a land application permit in accordance with the Decree of the Regent of Asahan Number: 503 / IPAL / DPMPTSP / 0006 / VI / 2020 on June 4, 2020 and is valid for 5 years.
- **Domestic Waste**  
SOP for household domestic waste management document No. SPO-20, second revision, effective January 2, 2015, in the procedures described relating to waste management from offices and housing, provision of trash bins (trash cans) in offices and housing, making temporary garbage dumps, making a final dumpsite with a size of 1.5 x 2 x 9 meters with a minimum distance of 1 KM from the housing.
- **Hazardous and Toxic Waste.**  
Unit of Certification has SOP of hazardous and toxic waste management No. SPO 02, revision 3, issued on January 2, 2017, which describes the management of hazardous and toxic waste from the time it is produced until it is submitted to the waste carrier. Unit of Certification also has a temporary hazardous waste storage permit based on the Decree of Regent of Asahan number 503 / LB3 / DPMPTSP / 0010 / XI / 2018 dated 13 November 2018 and is valid for 5 years.

In the realization of waste management, it is divided into several types based on the characteristics of the waste it produces, including:

**Hazardous and Toxic Waste**

In the management of hazardous and toxic waste, the company does not reuse it, but only temporarily stores it located in temporary hazardous waste storage. The waste stored in the temporary storage warehouse will then be transported by a licensed party once a year. The latest transportation is proven through Electronic Manifest document and the official report of the transportation carried out on 18 July 2022 by PT Veronica Tanagga which is a licensed party. Unit of Certification can show a cooperation agreement with the carrier, which is based on the document of the Cooperation Agreement Number 04.03/S-Perj/08/VI/2022 which was made on 6 June 2022 and is valid until 5 December 2022. Unit of Certification can also show the document the legality of the carrier, such as a valid transportation permit from the Ministry of Environment and Forestry, a valid permit for special goods transportation from the Ministry of Transportation, a valid Business Identification Number and a Cooperation Agreement between the carrier and a licensed processor and/or user.

Unit of Certification can also show documents for storing and handling Hazardous Waste in accordance with their SOPs and Government Regulation Number 22 in 2021. These documents include Manifest, balance sheet, and logbook. Based on the results of the document review by comparing the manifest, the balance sheet and the logbook, it can be seen that the data on waste transported on 18 July 2022 was in accordance with the data recorded in the balance sheet and logbook for the period before the transportation was carried out. Similarly, the comparison between the months after the transportation was carried out (July and August) starting from empty. Unit of Certification records all waste that enters and leaves the storage warehouse properly so that waste management data can be tracked easily and there are no recording differences.

Result of field visit to hazardous waste storage warehouses at Air Batu POM also show that Unit of Certification has carried out hazardous waste management quite well. All obligations listed in the waste storage permit have been fulfilled, such as the availability of fire extinguishers, showers, eyewash, coordinates, alarms, first aid kits, oil traps and appropriate labeling. In addition to good lighting and air ventilation. Unit of Certification also has drainage channels on the outside of the warehouse to anticipate pollution to the surrounding environment. The company has also reported the results of hazardous waste management which is carried out every quarter with evidence of Reporting Documents of Hazardous Waste Management Reports for second quarter of 2022 which were reported to the Environmental Agency of Asahan Regency and North Sumatra Province on 26 July 2022 and to Ministry of Environment and Forestry through SIMPEL with proof of ID TTE 1656720341-4910.



**Non-hazardous and toxic waste**

Non-hazardous waste such as domestic waste and used fertilizer sacks is managed in the form of reuse for goods that can still be used. Non-hazardous waste that cannot be reused will be disposed of in landfills. Transportation of non-hazardous waste from employee housing or emplacement areas is carried out once a week and immediately disposed of in a landfill, and when the landfill is full, it will be stockpiled and put-up signboards marking the opening and closing dates. Unit of Certification has a policy regarding the prohibition of burning waste, including in landfill areas.

Result of field observations in the landfill and emplacement area showed that there were no traces of combustion. All domestic waste was disposed of in waste collection tanks scattered throughout the building. Result of interview with residents of housing complex also stated that the company routinely carried out socialization related to domestic waste management, either directly through meetings, or indirectly by installing signboards prohibiting burning trash and littering.

**Liquid, Solid and Air Waste**

Solid waste from the FFB processing process in the form of shells and fiber is reused by Unit of Certification as a substitute for fossil fuels (diesel) for power generation in boilers. Some of the solid waste in the form of shells is also sent or sold, while the empty fruit bunches are used as fertilizer. Data on solid waste utilization is explained in more detail in indicator 7.9.1.

Unit of Certification use POME by applying it to the Land Application. The regulation and management of POME are explained in more detail in indicator 7.8.3. As for air waste, the company has not made a common use for air waste, namely the Biogas Plan, so far, the management related to air waste has only been limited to measuring air quality from waste-producing sources such as Boilers and Gensets.

**7.3.2**

Based on interviews with Manager of Air Batu Estate, it was found that they understood the handling of waste disposal, especially hazardous waste and domestic waste and its management as regulated in Unit of Certification's procedures. The waste warehouse operator can also explain the technicalities related to waste management, such as the treatment of incoming and outgoing goods, recording, and reporting, transportation period, handling in the event of work accident and other actions regulated in Unit of Certification's procedures. Result of verification of the Hazardous Waste Logbook document also show that all incoming and outgoing waste has been properly documented and in accordance with its actual conditions.

Result of interview with workers who live in housing complex also stated that waste management carried out by Unit of Certification was very good and regular. Trash cans are provided properly, all waste disposal facilities have also been provided by Unit of Certification waste bins that will be replaced if damaged, hazardous waste warehouses and landfills. Residents of housing complex also understand very well how to separate the types of waste they produce and what types of waste should not be reused.

**7.3.3**

Unit of Certification does not carry out open burning to dispose waste, this can be proven from field observations in housing complex and landfill area, which did not find any traces of burnt waste. Result of interview with employees also stated that they did not burn waste, because they were aware of the prohibition on burning activities and the sanctions they would receive if they burned them. Garbage from housing is disposed of in the bins that have been provided, then transported every week and disposed of in landfills and then buried when it is full. Result of field observation in housing complex also show many warnings to prohibit waste burning activities as well as the dangers that can arise from burning activities. Interviews with management also explained that the regulations regarding the prohibition of burning have been understood by all workers and strict action would be taken if they violated them.

	<b>Status: Comply</b>
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**7.4**

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

**7.4.1**

The unit of certification shows procedures related to the management of soil fertility so that yields are optimal and have minimal impact on the environment, which among others are listed in the document:

- Fertilization procedure in the immature area, document number 04.1, Revision 00, August 1, 2007. This procedure briefly describes the application of fertilizers based on plant age, frequency of fertilizer application per type of fertilizer and per type of soil.

- Leaf and Soil Sample Analysis Procedure, document number 05.4, Revision 00, dated August 1, 2007, which briefly describes soil analysis carried out every 3 – 5 years and leaf analysis every 1 year.
- Fertilization Procedure in mature area, document number 05.2, Revision 00, dated August 1, 2007
- Fertilization Organization Procedure, document number 05.3, Revision 00, dated August 1, 2007, which among others explains the provision of organic fertilizers (factory waste)

The certification unit shows records of implementation of practices according to established procedures, including:

- Compilation of recommendations for fertilization of the Air Batu Estate based on plant leaf nutrient content in 2019, production in 2016-2020, realization of fertilization in 2021-2022, rainfall in 2016-2020 and results of field observations covering plant growth and area conditions, symptoms of nutrient deficiency in plants, the application of technical culture and the implementation of the harvest and other factors related to the effectiveness and efficiency of fertilization. This can be seen in the 2022 PT PN IV Fertilization Recommendation Report published by PPKS Medan.
- Provision of organic fertilizers (factory waste) such as empty fruit bunch and solid.
- The results of the analysis of oil palm leaves in 2021 for the preparation of fertilization recommendations for 2022 issued by PPKS Medan.
- Documentation of fertilization recommendations and realization in 2020-2022.

#### 7.4.2

To find out the soil fertility, the company conducting of soil and leaf analysis periodically as follows:

- **Soil Analysis Activities** - Laboratory analysis about the condition and soil nutrient content in the soil samples to determine the fertilizer recommendation in maintaining and improving the balance of nutrients in the soil. Parameters measured among others: Texture, acidity (pH), content of C, N, P, K, Mg, Ca, Na, BS, CEC, Al and H. In accordance with the established procedure, soil sample analysis is carried out every 3-5 years. The last soil sample analysis was carried out by PPKS Medan on 28 December 2017.
- **Leaf Analysis Activities** - The results of leaf analysis annually published the recommendations of fertilizer dosage to produce the optimal palm fruit. The principle of fertilization is the provision of treatment on the soil to produce the nutrients required by the palm oil with optimum results. Indicator Major elements namely N, P, K, Ca and Mg and Indicator Minor elements namely B.
- **Visual Analysis Activities** - Visual observations performed every year at the time of leaf analysis activities. Visual observation is a consideration in determining the fertilizer recommendations, deficiency of nutrients and analyse the potential of disease which is likely to become endemic of a particular disease.

The results of leaf analysis for the 2021-2022 period, include:

#### Nutrient Status of Produced Palm Oil Leaves in 2020 Business Unit Air Batu

Unit	Nutrient Status	Nutrient											
		N		P		K		Ca		Mg		S	
		KCD	%	KCD	%	KCD	%	KCD	%	KCD	%	KCD	%
Air Batu	Low	15	8	111	57	87	44	57	29	61	31	9	90
	Normal	33	17	64	33	62	32	54	28	88	45	1	10
	High	148	76	21	11	47	24	85	43	47	24	-	-
	<b>Total</b>	<b>196</b>	<b>100</b>	<b>196</b>	<b>100</b>	<b>196</b>	<b>100</b>	<b>196</b>	<b>100</b>	<b>196</b>	<b>100</b>	<b>10</b>	<b>100</b>

#### Nutrient Status of Produced Palm Oil Leaves in 2021 Business Unit Air Batu

Unit	Nutrient Status	Nutrient											
		N		P		K		Ca		Mg		S	
		KCD	%	KCD	%	KCD	%	KCD	%	KCD	%	KCD	%
Air Batu	Low	130	63	124	60	36	17	113	55	27	13	20	100
	Normal	64	31	67	32	45	22	72	35	81	39	-	-
	High	13	6	16	8	126	61	22	11	99	48	-	-
	<b>Total</b>	<b>207</b>	<b>100</b>	<b>207</b>	<b>100</b>	<b>207</b>	<b>100</b>	<b>207</b>	<b>100</b>	<b>207</b>	<b>100</b>	<b>20</b>	<b>100</b>

The result of soil and leaf analysis published recommendations for fertilizer doses to produce optimal production of palm fruit.

Principles of fertilization are giving treatment on the ground to produce the nutrients required by palm and generating optimal results.

#### 7.4.3

Companies can show records of the use of organic materials as a nutrient recycling strategy. For example, the application of empty bunch fruit and POME. During period 2020 – 2022, CH carried out replanting activities for the area planted in 1994, 1995 & 1996, so the company also use of the palm residue after replanting. Overall, the company has made efforts to maintain and improve soil fertility.

#### 7.4.4

##### Manuring realization on period 2022

###### NPK 14-7-25+1TE

Recom : 111.24 ton

Real : 111.24 ton

% Real : 100

###### NPK 12-12-7+1TE

Recom : 2,617.21 ton

Real : 2,543.13 ton

% Real : 97.17%

###### NPK 15-7-24+1TE

Recom : -

Real : -

% Real : -

###### Dolomite

Recom : 1,272.26 ton

Real : 1233.11 ton

% Real : 96.92%

###### MOP

Recom : 496.35 ton

Real : 416.92 ton

% Real : 84%

###### Urea

Recom : 309.33

Real : 226.44

% Real : 73.20%

###### Boron

Recom : 51.78

Real : 50.31

% Real : 97.16%

##### Manuring realization on period January – June 2022

###### NPK 14-7-25+1TE

Recom : -

Real : -

% Real : -

###### NPK 12-12-7+1TE

Recom : 1,771.52 ton

Real : 1,770.70 ton

% Real : 99.95%

###### NPK 15-7-24+1TE

Recom : -

Real : -

% Real : -

###### Dolomite

Recom : 1,346.49 ton

Real : 1346.45 ton

% Real : 99.99%

###### MOP

Recom : 1,260.26 ton

Real : 1,258.89 ton

% Real : 99.89%

###### Urea

Recom : 512.10

Real : 347.58

% Real : 67.87%

###### Boron

Recom : -

Real : -

% Real : -

The results of verification of the nutrient status of oil palm leaves for the period 2020-2021 are known that in general there is a decrease in the nutrient status of N, K and Ca. Furthermore, based on the realization of fertilization for the 2021 period, it was found that there was no second semester application for NPK 14-7-25+1TE fertilizer, dolomite and MOP as well as the achievement of urea realization of 73.20%. Therefore, the company has the opportunity to ensure that fertilizer implementation is in accordance with the recommendations. **OFI**

**Status: Comply**

#### 7.5

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

##### 7.5.1 & 7.5.3

The unit of certification has a soil suitability map report which included a description of the soil types, topography, soil texture, drainage condition, land suitability level, and the limiting factor. The map is available on a 1: 50,000 scale. There is no peat soil area in PTPN

IV – Air Batu. The types of soil found in Air Batu Estate are *Typic Hapludults* and a small portion of *Typic Tropofluvent* with flat-hilly topography (slope 0-8%.in Afdeling I – VI and slope 0-15% in Afdeling VII – IX).

### 7.5.2

Based on the results of field visits in theBlock 2009BJ, it is known that there is a landslide area on the river border area with an indication of a slope of >40°. In connection with these conditions, the company has identified issues based on internal audit activities for the period June 2020 – December 2021, which have been carried out on February 2 -11, 2022.

The company has the opportunity to carry out follow-up actions related to landslide conditions and evaluate mitigation and management plans in areas with a slope of >40°. **OFI**

**Status: Comply**

### 7.6

**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.**

#### 7.6.1 and 7.6.3

The unit of certification has a soil suitability map report which included a description of the soil types, topography, soil texture, drainage condition, land suitability level, and the limiting factor. The map is available on a 1: 50,000 scale. There is no peat soil area in PTPN IV – Air Batu. The types of soil found in Air Batu Estate are *Typic Hapludults* and a small portion of *Typic Tropofluvent* with flat-hilly topography (slope 0-8%.in Afdeling I – VI and slope 0-15% in Afdeling VII – IX).

#### 7.6.2

There is no extensive planting in the PTPN IV – Air Batu area. During period 2020 – 2022, CH carried out replanting activities for the area planted in 1994, 1995 & 1996. The location of replanting area is in Afdeling 1, 2, 3, 5 & 6 where the entire area is included in flat topography.

**Status: Comply**

### 7.7

**No new planting on peat, regardless of depth after November 15<sup>th</sup>, 2018 and all peatlands are managed responsibly.**

#### 7.7.1. to 7.7.7

The unit of certification has a soil suitability map report which included a description of the soil types, topography, soil texture, drainage condition, land suitability level, and the limiting factor. The map is available on a 1: 50,000 scale. There is no peat soil area in PTPN IV – Air Batu. The types of soil found in Air Batu Estate are *Typic Hapludults* and a small portion of *Typic Tropofluvent* with flat-hilly topography (slope 0-8%.in Afdeling I – VI and slope 0-15% in Afdeling VII – IX).

**Status: Comply**

### 7.8

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

#### 7.8.1

Unit of Certification has identification on water course within its operational area in HCV document and there is also water management plan covered in HCV management plan, environmental management and monitoring plan document (DELH) and riparian protection procedure (No. SPO 05 revision 02 effective January 2, 2015). Among other the plan covers determination of riparian area border, protection of riparian area by not conducting chemical spraying and tree enrichment. The action taken among other by testing periodically river water quality, monitoring volume of water use, applying treated mill effluent to permitted land application. Unit of Certification was conducted water quality testing every semester by accredited testing laboratory by KAN No. LP-1284-IDN. Location of surface water testing conducted in upstream and downstream of Hessa River. Based on environmental monitoring analysis in RKL-RPL report in Second Semester of 2022, it was informed that the company activity has not given negative effect.

#### 7.8.2

Unit of Certification has HCV assessment and river border management procedure on SOP No. SPO 05 revision 02 effective January 2, 2015. Unit of Certification has HCV identification results, river border and protection procedures with a width of 50 m. Based on observation to replanting area and riparian area in Air Batu Estate, it is known that company has done proper ways for maintain and protect the catchment area for example the management efforts carried out including the installation of HCV warning boards, marking of spraying limits in the form of circular yellow paint on the oil palm and planting of woody trees on the river border.

**7.8.3**

All palm oil mill effluent produced by Air Batu Palm Oil Mill are processed at waste water treatment plant before it distributed to estates as land applications. Monitoring of BOD has carried out every month regularly and reported to Environmental Agency every three month. Based on waste water analysis in period January to June 2022, all parameters that tested under the threshold especially BOD and COD. It shows that POME can be applied in to the land application. For examples, BOD on December 2021 is 921.1 mg/l with threshold 5000 mg/l and pH 7.9. PT BSS has had license to use the effluent for land application based on Technical Approval of Quality Standards Fulfilment of Wastewater Application to Land No. 503 / IPAL / DPMPTSP / 0006 / VI / 2020 on June 4, 2020 and is valid for 5 years from Environmental Agency of Asahan District.

Based on the result of field visits to WWTP, there was runoff between ponds 4 and 6, and there was a leak of the LA pipe that occurred in Block M10 Afdeling II on August 3, 2022. Unit of Certification has shown the following documentary evidence:

- Memo No. ABA/04.05/eM-129/IV/2022 dated April 7, 2022 from Manager of Plantation Unit of Air Batu Water Plant to the Head of Engineering and Processing regarding Repair and Construction of New Fort for Waste Ponds in pond No. 4-6. In addition, the Unit of Certification's Activity Plan and Budget (*RKAP*) for 2022 has been shown which contains plans for reconditioning of waste ponds (WWTP) in 2022.
- Letter No. ABA/04.05/125/XI/2021 dated 27 November 2021 regarding replacement of leaks in the LA Pipes Block 2010 L and M. In addition, Unit of Certification also showed Work Order No. 14/2022 regarding the repair of the LA pipeline in Block M10 Afdeling II on August 3, 2022.

Unit of Certification is encouraged to implement WWTP pool repair program that has been planned for 2022. **OFI**

**7.8.4**

The procedure of water uses monitoring in mill available under document Procedure of Water Treatment Plant. Water consumption monitored by using flowmeters installed in the piping system of WTP. Based on the results of the document review, the company has shown the 2022 water use document which shows the water use for processing in the mill in January-June is 1.60 m<sup>3</sup>/ton FFB and exceeds the specified norm of 1.2 – 1.5 m<sup>3</sup>/ton FFB. This is caused by the anion demin plant component in WTP in a damaged condition. Unit of Certification has shown efforts to improve the use of water that exceeds the norms indicated in the Work Order No. 9/2022 regarding repair of the anion demin plant components in WTP on 20-23 May 2022. In addition, Unit of Certification has shown document of Handover of Phase-I (First Phase) No. ABA/BAST-I/08/VI/2022 dated 23 June 2022 regarding replacement and new installation of anion tanks and other accessories at Air Batu Plantation and Mill by CV Gading Mutiara. Result of interview with management show that currently, the anion tank is in the process of commissioning.

Unit of Certification is encouraged to ensure the components in WTP work properly so that the use of water for the process meets the established norms. **OFI**

<b>Status: Comply</b>
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**7.9**

**Efficiency of fossil fuel use and the use of renewable energy is optimized.**

**7.9.1**

Unit of Certification uses shells and fiber as boiler fuel to generate turbine power, which can reduce the use of fossil fuels. There are the documentation of shells and fiber usage on document of "*Efisiensi Bahan Bakar*" period January-December 2021. For example, use of shells and fiber period January-December 2021 usage is 10,653 ton and 24,858 ton respectively, while electricity generated from diesel fuel 2,922,926 kWh. The efficiency renewable energy use per ton of palm product in the mill is 16/36 KWH/Ton FFB, while result Direct fossil fuel used is 0.16 liter/Ton FFB.

<b>Status: Comply</b>
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**7.10**

**Plans to reduce pollution and emissions, including greenhouse gases (GHG), are developed, implemented and monitored and new developments are designed to minimize GHG emissions.**

**7.10.1**

Unit of certification has carried out an inventory of GHGs contained in Identification of Pollution and Emission in 2021. Based on document analysis, unit of certification has identified all source of GHG produced by its operational activity. Identification of significant sources of GHG emissions are identified and mitigation plans have been developed by the unit of certification covering mills and plantations. Significant GHG emissions include land use change, POME processing, use of fertilizers and pesticides, use of fossil

fuels for operations and transportation. The mitigation plans include, among other things, the correct dosage and application of fertilizers as recommended, reducing reuse and recycling, limiting the use of electricity, transportation, and machine maintenance, as well as periodic air quality tests. Unit of certification has also reported the results of the GHG calculation to the public which was submitted to the RSPO GHG website.

Reduction of fossil fuels in unit of certification has been carried out by using fiber and shells for fuel substitution. Unit of certification also uses POME to be applied to land with test results from the monitoring period January-June 2022 which show that all wastewater testing parameters have met the applicable quality standards. Based on the review of documents for example: monitoring of pesticide use, monitoring of diesel fuel, identification of HCVs and others it was found that accurate data has been entered into the RSPO GHG. Unit of certification has conducted GHG emission calculations period 2021 Using Calculator Palm GHG version 4.1. Accurate data has been put into the RSPO PalmGHG Calculator (Palm GHG version 4.1) and has been verified. Summary of net GHG emissions from PalmGHG calculator of the audit report which calculation option is applied "Apply full version".

#### Summary of Net GHG Emissions

Emissions per product	tCO2e/tProduct
CPO	5.53
PK	5.53

Production	t/yr
FFB processed	178,338.77
CPO produced	40756,64
PK produced	6551,96

Extraction	%
OER	22.85
KER	3.67

Land use	Ha
Planted area on mineral	20106.00
Planted on peat	3342.00
Total area planted	23448.00
Conservation Area (Forested)	1230.05
Conservation Area (Non-Forested)	337.93
FFB Production per hectare	7.61

#### Summary of field emission and Sinks

Description	Own		Group		3 <sup>rd</sup> Party		Total
	tCO2e	tCO2e/ tFFB	tCO2e	tCO2e/ tFFB	tCO2e	tCO2e/ tFFB	
Emissions Sources							
Land conversion	71872.23	0.48	159665.58	9.83	0.00	0.00	231537.81
CO2 emissions from fertilizer	5306.14	0.04	13312.92	0.82	0.00	0.00	18619.07
NO2 emissions from peat	0.00	0.00	25017.41	1.54	0.00	0.00	25017.41
NO2 from Fertilizer	3163.73	0.02	7628.27	0.47	0.00	0.00	10792.00
Fuel consumption	87.86	0.00	1670.94	0.10	0.00	0.00	1758.80
Peat oxidation	0.00	0.00	182473.20	11.23	0.00	0.00	182473.20
Sinks							
Crop sequestration	-66608.74	-0.44	-151341.80	-9.31	0.00	0.00	-217950.54



Sequestration in Conservation area	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	13821.22	0.09	238426.53	14.67	952.08	0.00	253199.83

Summary Oil Mill Emissions and Credits		
Remarks	tCO2e	tCO2e/t FFB
Emissions sources		
POME	8438.89	0.05
Fuel consumption	87.86	0.00
Grid electricity	0.00	0.00
Credits		
Export of grid electricity	0.00	0.00
Sales of PKS	0.00	0.00
Sales of EFB	0.00	0.00
<b>Total</b>	8526.75	0.05

Palm Oil Mill Effluent (POME) Treatment	
Divert to compost (%)	0
Divert to anaerobic digestion (%)	100

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

### 7.10.2

Based on document verification, there is no additional new areas in the scope of certification, it is still the same as the previous audit activities. Unit of Certification has identified pollution and emissions activities including GHG. Pollution/emissions come from activities such as land clearing, fertilization and use of chemicals (spray activities), use of solar in transportation, lighting and processing of FFB, and management of POME.

### 7.10.3

Based on document verification, there is no additional new areas in the scope of certification, it is still the same as the previous audit activities. Unit of Certification has identified pollution and emissions activities including GHG. Pollution/emissions come from activities such as land clearing, fertilization and use of chemicals (spray activities), use of solar in transportation, lighting and processing of FFB, and management of POME. Unit of Certification has also implemented of GHG emission management including: establishing a policy of zero burning in land clearing, fertilizer and chemical use in accordance with recommendations, EFB and POME applications on land, routine emission testing, use of fibers and shells as boiler fuel, planting trees in the area riparian.

	<b>Status: Comply</b>	
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### 7.11

**Fire is not used for preparing land and is prevented in the managed area.**

#### 7.11.1

Company has a fire prevention and control policy which is contained in Letter No. 04.07/SE/56/VI/2020 dated June 24, 2020 which contains fire prevention and control activities determined by the company including formation of firefighting teams, installation of fire extinguishers and hydrants, building fire monitoring towers, providing firefighting facilities and infrastructure, and perform fire prevention behavior. Based on field visits in replanting area, it was found that the company did not open land by burning but it was done using the technique of chipping when replanting activities were carried out.

#### 7.11.2

The fire prevention and control measures for managed areas has been explained on Report of RKL-RPL of first semester of 2022, which period is between January-June 2022. Based on document verification, there were no land fires in operational area of the

company in January-June 2022. Based on field observations in each estate and mill, there is no evidence of burning in operational area of the company. Based on interview with management, they opened land using heavy equipment (manually).

### 7.11.3

Company has involved stakeholders on locations border operational areas as an effort to prevent and control fires through firefighting simulation and socialization which was participated by surrounding community and several agencies around the company. Company has shown stakeholders involvement evidence in prevent and control fires as shown in Report of Firefighting Simulation on 27 September 2021 which has been involved workers and surrounding community's representatives as many as 83 participants.

**Status: Comply**

### 7.12

**Land clearing does not cause deforestation or damage any area required to protect or enhance High Conservation Values (HCVs) or High Carbon Stock (HCS) forest. HCVs and HCS forests in the managed area are identified and protected or enhanced.**

#### 7.12.1 & 7.12.8

PTPN IV Air Batu did not clear land after November 2005. Based on interviews with management and document review, it was found that the operational area of Air Batu Unit had been managed since 1928 and is currently entering the third planting cycle. Furthermore, disclosure has reported to the RSPO on August 2<sup>nd</sup> 2018.

#### 7.12.2

Unit of Certification did not clear any new land after 15 November 2018 so the HCV assessment carried out in 2011 is still valid. Unit of Certification has documented the results of the identification of high conservation value areas carried out by PT Surveyor Indonesia in 2011. The scope of this study is PTPN IV Air Batu with an area of 8030.41 ha. Total HCV area of Unit Air Batu is 337.48 Ha consisting of:

- Areas that have an important level of biodiversity (existing and potential) / HCV 1
- Areas providing environmental services / HCV 4
- Traditional cultural identity / HCV 6 (Public graves).

HCV identification involved the surrounding community with a public consultation held on September 3, 2011 at Air Batu meeting house which was attended by team of HCV experts, representatives of PT Surveyor Indonesia, office staff, PTPN IV Center, Air Batu estate manager, community leaders, NGOs, the media, *Muspika* officials as well as sub-district and District, Forestry Service, Environmental Agency and Air Batu estate staff. HCV area has been included in planted area.

Based on the study of HCV identification documents, it is known that there are several wild animals, for example: *Bangau Hitam* (Ciconia episcopus), *Gagak* (Corvus enca), *Elang Bondol* (Haliastur indus), *Jalak* (Acridotheres javanicus), *Kacer* (Enicurus velatus), *Kuntul* (Egretta intermedia), *Cangak Abu* (Ardea cinerea), *Pelatur* (Picoides macei), *Ruak-ruak* (Gallicrex gallicrex), *Tengkek* (Halycon step), *Musang* (Pardoxurus hermaphrodites), *Tupai* (Tupaia javanica), *Trenggiling* (Manis javanica), *Tupai terbang* (Iomys horsfieldi), and cobra (Ophiophagus hanah).

#### 7.12.3

Based on procedural note in INANI-RSPO P&C of 2018, Indicator 7.12.3. is not relevant to Indonesia, until further decisions by the RSPO.

#### 7.12.4

Unit of Certification has compiled a 2022 HCV management and monitoring program based on the results of a management review conducted on 28 January 2022. Unit of Certification has implemented HCV management and monitoring plan for 2022 for example:

- Maintain forest / protected / HCV areas. Unit of Certification has carried out the maintenance of the HCV area by installing a signboard and disseminating information to the surrounding community about the presence of HCV in the company area.
- Socializing flora and fauna to the surrounding community. Unit of Certification has conducted outreach to the surrounding community regarding the HCV area and the presence of flora and fauna in the company's area on 28 January 2022. Based on the results of interviews with Air Batu I/II Plantation Village and Sijabut Teratai Village, it was found that Unit of Certification had conducted HCV socialization and the village understood the HCV area and the protection of flora and fauna.
- Monitoring the presence of wild wildlife species carried out in June 2022 includes:
  - a. 7 types of birds, for example: *Gagak* (Corvus enca), *Kacer* (Enicurus velatus), *Ruak-ruak* (Gallicrex gallicrex), and *Tengkek*

(Halcyon Pileata).

- b. 5 types of mammals such as: *Musang* (Paradoxurus hermaphroditus), *Tupai* (Tupaia javanica), *Monyet Ekor Panjang* (Macaca fascicularis), and *Trenggiling* (Manis javanica).
- c. 7 types of reptiles such as: *Kura-kura* (Geochelone elegans), *Biawak* (Varanus salvator), *Kadal* (Mabouja multifasciata), and *Cobra* (Naja sp).
- d. 33 Types of plants such as *Gelaga* (Panicum maximum), *Durian* (Durio zibetinnus), *Mahoni* (Switenia mahagoni), and *Waru* (Habiscus tilaceus).
- Unit of Certification has also carried out monitoring / monitoring of the HCV area which was carried out in June 2022. Based on the results of monitoring the HCV area, it is known that there is no disturbance to the HCV area such as animal fishing, hunting, and animal trapping.
- Unit of Certification has conducted socialization on HCV and the existence of flora and fauna to workers which was carried out on 28 January 2022.
- Unit of Certification has also managed the planting of *Mahoni*, *Gelaga* and Bamboo trees in the river border area. Based on the results of a field visit to HCV Area in Block 11R Afdeling IX and Block 00Z Afdeling VI, it was found that there were bamboo and *Mahoni* plants that had been planted by Unit of Certification.

#### 7.12.5

There are no HCVs that overlap with community areas, all identified HCVs are in Unit of Certification's HGU including HCV 6 in the form of graves.

#### 7.12.6 & 7.12.7

Unit of Certification has a procedure for identification and protection of flora and fauna with No. SPO 09 Revision No 02 dated 01 August 2017 which states that it is not allowed to capture, maintain or kill protected or unprotected animals, not allowed to trade wild animals, the company conducts surveillance in the form of periodic monitoring once a year, if there are still employees or non-employees Those who catch, keep or kill animals, whether protected or not protected by state regulations, will be reported to the competent authority.

The company also monitors the presence of flora and fauna around the company's area. Based on the results of flora and fauna monitoring carried out in the June 2022 period, it is known that there are several types of flora and fauna, namely:

- 7 types of birds, for example: *Gagak* (Corvus enca), *Kacer* (Enicurus velatus), *Ruak-Ruak* (Gallicrex gallicrex), and *Tengkek* (Halcyon Pileata).
- 5 types of mammals such as: *Musang* (Paradoxurus hermaphroditus), *Tupai* (Tupaia javanica), *Monyet Ekor Panjang* (Macaca fascicularis), and *Trenggiling* (Manis javanica).
- 7 types of reptiles such as: *Kura-kura* (Geochelone elegans), *Biawak* (Varanus salvator), *Kadal* (Mabouja multifasciata), and *Cobra* (Naja sp).
- 33 Types of plants such as *Gelaga* (Panicum maximum), *Durian* (Durio zibetinnus), *Mahoni* (Switenia mahagoni), and *Waru* (Habiscus tilaceus).

Unit of Certification has also carried out monitoring / monitoring of the HCV area which was carried out in June 2022. Based on the results of monitoring the HCV area, it is known that there is no disturbance to the HCV area such as animal fishing, hunting, and animal trapping.

Unit of Certification has also created a signboard for prohibiting hunting of animals and poisoning fish in HCV areas. Based on the results of a field visit to the riverbank of HCV Area in Block 11R Afdeling IX and Block 00Z Afdeling VI, it is known that there is already a warning board / signboard for the prohibition of hunting and the prohibition of poisoning / electrocuting fish.

Based on the results of interviews with workers, housing complex residents, and representatives of Air Batu I/II Plantation and Sijabut Teratai Village, it was found that they understood that it was forbidden to catch or hunt animals. Unit of Certification has carried out socialization about the presence of flora and fauna around the plantation with direct socialization or with a signboard for the species of animals around the estate area.

	<b>Status: Comply</b>
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**3.2 Conformity Checklist of Certificate and Trademark Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and trademark from Certification Body which submitted by Client</b>	<b>X or √</b>
<b>ASA-3</b>	The company didn't use trademark on the product.	√
	<b>Status:</b>	
<b>2.</b>	<b>Implementation of certificate and trademark used by Client comply with size and type (shape) against Guideline of trademark Use</b>	<b>X or √</b>
<b>ASA-3</b>	The company didn't use trademark on the product.	√
	<b>Status:</b>	
<b>3.</b>	<b>Implementation of Certificate and Trademark is not used on product</b>	<b>X or √</b>
<b>ASA-3</b>	The company didn't use trademark on the product.	√
	<b>Status:</b>	
<b>4.</b>	<b>Controlling of Certificate and Trademark, including withdrawing inappropriate trademark.</b>	<b>X or √</b>
<b>ASA-3</b>	The company didn't use trademark on the product.	√
	<b>Status:</b>	

### 3.3 Summary of RSPO Partial Certification.

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

PT Perkebunan Nusantara III Time Bound Plan (TBP) is explained in point 1.10. PT Perkebunan Nusantara (PTPN) III has informed the TBP progress, MUTU has considered that PTPN IV is complied with the RSPO requirement for TBP. The Time Bound Plan was revised and declared by PTPN IV on November 2021.

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

MUTU Auditor has verified company partial certification and concludes that:

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

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?	PT Perkebunan Nusantara III has carried out self-assessment (i.e internal audit) against uncertified management units dated on 1 December 2020 by PT Perkebunan Nusantara III, PT Perkebunan Nusantara III has submitted some self-assessment reports year 2021 on behalf PTPN III, PTPN V, PTPN VI, and PTPN VIII. It has support- ed evidence of the self-assessment against each requirement such as self assessment reports
2.1.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p><b>PTPN III</b></p> <p>Based on document verification sighted that all uncertified unit has conducted LUCA and submitted to the RSPO:</p> <ul style="list-style-type: none"> <li>- KRBTN dated 20 August 2021, there are raw non-compliant land clearance with area 489.83 Ha.</li> <li>- KBDY dated 20 August 2021, there are raw non-compliant land clearance with area 116.20 Ha.</li> <li>- KKINO dated 18 August 2021, there are raw non-compliant land clearance with area 477.85 Ha.</li> <li>- KJLRS dated 18 August 2021, there are raw non-compliant land clearance with area 3,823.91 Ha.</li> </ul> <p>The KBDBY and KRBTN has conducted HCV-HCS assessment by CV Greenera dated 19 to 23 October 2021. While the KNINO and KJLRS will be assessed on June 2022 by ALS- HCV. The company to be consider to realization this plan on June 2022.</p> <p>PTPN III's development of a new planting area (Muara Upu at South Tapanuli – Hapesong Estate) and there is a conversion area from crumb rubber to oil palm at Batang Toru Estate,</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>Hapesong Estate, Rambutan Estate dan Bandar Betsy Estate.</p> <p>For the new planting at Muara Upu – Hapesong Estate, the company has carried out applying NPP in accordance with this clause and the progress under reviewing of Compensation Task Force. Based on communication with PT PN III. The company still waiting for Head of District decision response, for land exchanged process since the land was included on peat moratorium area according to President of Republic of Indonesia decree letter no. 6 year 2013.</p> <p>While for a conversion area, the company has arranged the plan for conducting the NPP. The objective evidenced as follow:</p> <ol style="list-style-type: none"> <li>Internal Memo from Head of Management System for approval a purpose of NPP project for 4 (four) estates (Ba- tang Toru Estate, Hapesong Estate, Rambutan Estate dan Bandar Betsy Estate) dated January 25, 2018. This internal memo issued based on the initial gap assessment has conducted in January 2018.</li> <li>Form of Request Budget (No. 3.16/PPAB/07/2018) dated January 29, 2018.</li> </ol> <p><b>PTPN V</b></p> <p>Based on document review, there was no evidence that the company (PTPN V) has changed any primary forest and/or HCV area into palm oil plantation since November 2005 except Part of Sei Berlian estate (Sei Berlian-2) within forest areas based on Ministry of Forest decree No.SK.878/Menhut-II/2014 jo SK.903/MENLHK/SETJEN/PLA.2/12/2016). The organization has got Land Use Right (HGU) from government before the regulation above was issued so that the organization still coordinating with government about case it. Whereas, Sei Buatan estate, Tanjung Medan estate and Sei Galuh estate still in-process review of disclosure liability by RSPO secretari-at so they has not been ensured that no replacement to any identified as HCV areas or required to maintain or enhance HCVs. All planted areas after November 2005 are from re- planting process without NPP replacement. This company is considered old company under State Owned (Ministry of BUMN).</p> <p><b>PTPN VI</b></p> <p>Uncertified management units has conducted HCV assessment such as :</p> <ul style="list-style-type: none"> <li>Unit of Batanghari Business (Batanghari Estate), Unit of Bunut business (Bunut Estate &amp; POM), Unit of Tanjung Lebar business (Tanjung Lebar Estate &amp; POM) &amp; Unit of Durian Luncuk (Aur Gading POM &amp; Durian Luncuk Estate) : Date on 1 January to 11</li> </ul>



Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>November 2018 by Samsul Ulum (license : ALS15013US) as lead assessor and some assessor members i.e R.Sukasmianto, Moh.Yasin, Bahrun, Pemi Aprilis, Devis Rachman, Ihwan Rafina, Roland Sinulingga and Endra Gunawan on behalf PT Fodec Khatulistiwa. It has carried out public consultation dated on 20 February 2018 (initial public consultation) &amp; 4 June 2018 (public consultation for the result of HCV assessment). There are some evidences that public consultations has involved stakeholders. Current condition that HCV assessment report has been satisfactory category on 23 March 2021.</p> <ul style="list-style-type: none"> <li>During audit, other the uncertified management units has not been carried out HCV assessment such as Unit of Ophir business (Ophir POM &amp; estate), Unit of Pangkalan 50 Kota business (Pangkalan 50 Kota estate), Unit of Solok Selatan business (Solok Selatan POM &amp; estate), Bukit Cermin Estate, PT Bukit Kausar &amp; PT MAJI but PTPN VI have budget &amp; the allocation activity plan year 2020 for HCV assessment in Unit of Ophir business, Unit of Pangkalan 50 Kota business and Unit of Solok Selatan business. Allocation Activity Plan year 2020 is postpone because any reduction operational cost in pandemic covid-19. PTPN VI have action plan and estimating cost for HCV assessment include of the review by HCV RN, HCS, LUCA &amp; SIA. Bunut estate &amp; POM, Batang Hari estate and Tanjung Lebar estate have estimate for finalization of HCV RN and LUCA document in year 2021. Whereas, the remain of uncertified management unit is Triwulan I and IV year 2022. Before HCV assessment will doing by RSPO ALS assessor and has review by HCV-RN so uncertified management units has carried out assessment of protected areas refer to Indonesian regulation by internal assessor.</li> </ul> <p>Batanghari Business Unit (Batanghari Estate) &amp; Bunut Business Unit (Bunut Estate &amp; POM) has submitted disclosure liability, LUCA &amp; shp file to RSPO and RSPO has responded email from auditee on 29 January 2020 where RSPO is requesting some clarifications and auditee has not been submitted email to RSPO for some clarifications which needed. It is still waiting finalization of LUCA document.</p> <p>Auditee has been submitted reporting template for disclosure of areas cleared without prior HCV assessment since Nov 2005 file on behalf other uncertified management units i.e Unit of Tanjung Lebar Business (Tanjung Lebar estate &amp; POM), Unit of Durian Luncuk Business (Aur Gading POM &amp; Durian</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>Luncuk Estate), Unit of Ophir Business (Ophir Estate &amp; POM), Unit of Pangkalan 50 Kota Business (Pangkalan 50 Kota estate), Bukit Cermin estate, PT Bukit Kautsar &amp; PT MAJI.</p> <p>Some management units has carried out land clearing activities (replanting or conversion activities) since November 2005 without processed by HCV identification/assessment. Based on RaCP tracker (per November 2019) in RSPO website and the result of correspondence with RSPO compensation panel that the management units under PT Perkebunan Nusantara VI have 0 management unit with potential liability because information inside of disclosure liability form &amp; LUCA still revised by auditee on behalf Unit of Batanghari Business and Unit of Bunut Business and other uncertified management units has not been submitted disclosure liability. LUCA and shp file.</p> <p>Following up one of resolution from 35<sup>th</sup> BHCVWG meeting year 2017 are pushing certified management unit to submit annex 7 &amp; 8 (compensation concept note &amp; compensation plan) to RSPO compensation panel in annual surveillance audit by each certification body according time frame which has decided in meeting. The progress of the concept note approval can be saw in indicator of 7.12</p> <p>There are some land clearing areas above year 2010 until 18 October 2016 (auditee join with RSPO) under PT Perkebunan Nusantara VI areas but New Planting Procedure (NPP) was not implemented. Based on information of NPP document that it will ensuring compliance with new planting requirement at the time of certification. After join to RSPO, there is conversion of plant type (from rubber to oil palm) year 2017 in Pangkalan 50 Kota estate and it have potential as sanction areas.</p> <p><b>2<sup>nd</sup> partial audit was conducted on 24-25 November 2021</b></p> <p>The Tanjung Lebar Business Unit postponed to February 2022, due to single membership consolidation and approval process by RSPO Secretariat and the Disclosure &amp; Liability of Tanjung Lebar is still pending. While the Disclosure &amp; Liability of Batang Hari Business Unit has approved by RSPO secretariat with Zero Liability dated 20 June 2020; the audit planned on 22 December 2021. Therefore the Disclosure &amp; Liability of Bunut Business Unit is still on process, the latest email from Indrawan Suryadi (RSPO Secretariat) dated 23 November 2021. For the Bunut Business Unit certification plan is on schedule (December 2021).</p> <p>There are also letter for SEVP Operation from Head of Planning &amp; Sustainability with number: ND-312/06.08/XI/2021 dated 25 November 2021 about RSPO certification preparation in Bunut &amp; Batang Hari Business units and also awareness criteria 7.12 RSPO P&amp;C and Risk Analysis for six</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>business units (Ophir, PLK, Solse, BKC, B. Kausar, and MAI) by Consultant Inovasi Sejahtera Berkelanjutan.</p> <p><b>PTPN VII</b> Bentayan Estate, Sungai Lengi Estate, Sinabing Estate and Talopino Estate were not conducted new planting after November 2005. However the HCV identification document was not available. The HCV assessment will conducted by consultant (Bentayan Estate: 2026; Sungai Lengi Estate: 2022; Senabing Estate: 2025 and Talopino Estate: 2024).</p> <p>Senabing Estate was conducted Conversion from year of 2005 to 2010 with area 408 Ha. The LUCA assessment will be conducted by Consultant in the year of 2025.</p>
2.1.3	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<p><b>PTPN III</b> PTPN III's development of a new planting area (Muara Upu at South Tapanuli – Hapesong Estate) and there is a conversion area from crumb rubber to oil palm at Batang Toru Estate, Hapesong Estate, Rambutan Estate dan Bandar Betsy Estate.</p> <p>For the new planting at Muara Upu – Hapesong Estate, the company has carried out applying NPP in accordance with this clause and the progress under reviewing of Compensation Task Force. Based on communication with PT PN III. The company still waiting for Head of District decision response, for land exchanged process since the land was included on peat moratorium area according to President of Republic of Indonesia decree letter no. 6 year 2013.</p> <p>While for a conversion area, the company has arranged the plan for conducting the NPP. The objective evidenced as follow:</p> <ul style="list-style-type: none"> <li>c. Internal Memo from Head of Management System for approval a purpose of NPP project for 4 (four) estates (Ba- tang Toru Estate, Hapesong Estate, Rambutan Estate dan Bandar Betsy Estate) dated January 25, 2018. This internal memo issued based on the initial gap assessment has conducted in January 2018.</li> <li>d. Form of Request Budget (No. 3.16/PPAB/07/2018) dated January 29, 2018.</li> </ul> <p><b>PTPN V</b> Auditee has been submitted reporting template for disclosure of areas cleared without prior HCV assessment since Nov 2005 file on behalf other uncertified management units i.e Unit of Tanjung Lebar Business (Tanjung Lebar estate &amp; POM), Unit of Durian Luncuk Business (Aur Gading POM &amp; Durian Luncuk Estate), Unit of Ophir Business (Ophir Estate &amp; POM),</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>Unit of Pangkalan 50 Kota Business (Pangkalan 50 Kota estate), Bukit Cermin estate, PT Bukit Kautsar &amp; PT MAJI.</p> <p>Some management units has carried out land clearing activities (replanting or conversion activities) since November 2005 without processed by HCV identification/assessment. Based on RaCP tracker (per November 2019) in RSPO website and the result of correspondence with RSPO compensation panel that the management units under PT Perkebunan Nusantara VI have 0 management unit with potential liability because information inside of disclosure liability form &amp; LUCA still revised by auditee on behalf Unit of Batanghari Business and Unit of Bunut Business and other uncertified management units has not been submitted disclosure liability. LUCA and shp file.</p> <p>Following up one of resolution from 35<sup>th</sup> BHCVWG meeting year 2017 are pushing certified management unit to submit annex 7 &amp; 8 (compensation concept note &amp; compensation plan) to RSPO compensation panel in annual surveillance audit by each certification body according time frame which has decided in meeting. The progress of the concept note approval can be saw in indicator of 7.12</p> <p>There are some land clearing areas above year 2010 until 18 October 2016 (auditee join with RSPO) under PT Perkebunan Nusantara VI areas but New Planting Procedure (NPP) was not implemented. Based on information of NPP document that it will ensuring compliance with new planting requirement at the time of certification. After join to RSPO, there is conversion of plant type (from rubber to oil palm) year 2017 in Pangkalan 50 Kota estate and it have potential as sanction areas.</p> <p><b>PTPN VII</b> Bentayan Estate, Sungai Lengi Estate, Sinabing Estate and Talopino Estate were not conducted new planting after November 2005. However the HCV identification document was not available. The HCV assessment will conducted by consultant (Bentayan Estate: 2026; Sungai Lengi Estate: 2022; Senabing Estate: 2025 and Talopino Estate: 2024). Senabing Estate was conducted Conversion from year of 2005 to 2010 with area 408 Ha. The LUCA assessment will be conducted by Consultant in the year of 2025.</p>
2.1.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p><b>PTPN III</b> KRBTN</p> <p>There are several area in Afdeling VII were occupied by communities and overlap with PT KAI. The unit management have made persuasive efforts to resolve it, however no agreement has been found. Currently was nothing significant land conflict.</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p><b>PTPN V</b> There was land conflict between PT PN V with community in Senama Nenek village, located in Sei Kencana Estate and Terantam Estate for approximately <math>\pm 2,800</math> Ha (<math>\pm 550</math> Ha under Terantam Estate and <math>\pm 2,250</math> Ha under Sei Kencana Estate). During this initial audit, this area has been released in accordance with a court decision.</p> <p><b>PTPN VI</b> PT Perkebunan Nusantara VI have SOP of implementing FPIC, SOP of communication and consultation with community, SOP of handling land conflict including procedure of calculation and compensation.</p> <p>Land compensation process has done a few time ago for some areas in uncertified management units (Unit of Bunut Business, Unit of Tanjung Lebar Business, Unit of Batanghari Business, Unit of Durian Luncuk Business, Unit of Ophir Business). The record and document of land compensation on behalf PT Bukit Kautsar has provided by auditee as example photograph of hand over land compensation payment, land compensation letter date on 21 October 2009, letter date on 21 October 2009 from head of village, statement letter date on 21 October 2009 that land owners has agreed land to acquired, measure note date on 21 October 2009, receipt note of land compensation payment, ID card and land owner letter from head of village. Whereas, PT MAJI and Unit of Bukit Cermin Business has provided sample of land compensation i.e payment receipt, photograph of land compensation activity, copy ID card, agreement of payment, statement letter of hand over and legal land.</p> <p>Community who lose access and land right for plantation areas has given the opportunity to benefit (direct and indirect) from plantation development as sample in form of scheme smallholder areas, as employee, as contractor (transportation, supplier for daily food, etc), as FFB supplier, etc.</p> <p>Refer to case tracker or status of complaints under PT Perkebunan Nusantara VI period of February 2011 to during audit that any 1 cases and it has closed based complaint panel decision (since year 2019). Further details on this case are available here: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/26">http://www.rspo.org/members/complaints/status-of-complaints/view/26</a>. Unit of Bukit Cermin Business has provided some evidences relate of land compensation record and document from dispute/conflict areas.</p> <p><b>2<sup>nd</sup> partial audit was conducted on 24-25 November 2021</b> Based on document log book of external letter verification on the uncertified units sighted that there were no land dispute</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>claim from the communities during period January to October 2021.</p> <p><b>PTPN VII</b> The Senabing Estate has not been able the land use historical for the area 2,355.72 Ha. Currently also the Senabing Estate not obtained HGU from the related Agency. There are land conflict resolution in Senabing Estate (Lahat District), the land dispute was started on 14 August 1986. It has resolved dated 9 June 2011 by Minute of Land Measurement number SENA/BA382/2001 in Tanjung Makmur Village for area 1.25 Ha.</p>
2.1.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p><b>PTPN III</b> Based on self assessment in KRBTN, KBDSY, KKINO and KJLRS and desk study on internet sighted that there are no labour dispute issues, since last year period until the partial audit conducted on 8-9 November 2021.</p> <p><b>PTPN V</b> There is no labour issue/dispute found during this initial certification audit.</p> <p><b>PTPN VI</b> There is a mechanism of resolving grievance and compliant from employee and industrial action. It has covered in the collective labour agreement between PT Perkebunan Nusantara VI and SP- BUN PTPN VI (labour union) period of 2020 to 2021 (article 76 – sub section XIV) and SOP of internal communication and handling employee complaint. Scope of collective labour agreement is all company employees and as a normative reference for subsidiaries. Collective labour agreement has signed by both parties and any evidence of registration about collective labour agreement from Ministry of Man Power has been shown by auditee. Based on self-assessment against uncertified management units, there is no identified labor disputes ongoing at subsidiary companies of PT Perkebunan Nusantara VI. Based on website date on 3 October 2017 that any labour dispute between Mr M.Dasuky Hajar Nasution and PT MAJI. Based on communication with representative of PTPN VI that it has followed up both parties. SP-Bun (labour union) have vital position because based on SOP of internal communication and handling employee complaint that employee's grievance &amp; complaint can be informing to labour union (SP-BUN) and organization will try to resolve complaints at the labour union level and any mechanism solving grievance and compliance from employee on collective labor agreement (PKB)</p> <p><b>2<sup>nd</sup> partial audit was conducted on 24-25 November 2021</b> The renewable of collective labor agreement period of 2022-2023 is still on process, that the final meeting in Yellow Hotel will be conducted on 25 to 26 November 2021.</p> <p><b>PTPN VII</b></p>



Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		There are no labour dispute during internal audit assessment, the company will be follow up the regulation of PP 50 of 2012, PP 38 of 2011, PP 101 of 2014, and Permenaker 19 of 2012.
2.1.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p><b>PTPN III KRBTN</b> Letter from Sumatera Utara Governor with number 520.33/145/DISPMPPTSP/5/I.5/I/2018 dated 25 January 2018 about Revision of commodity from rubber to oil palm plantation in Rambutan Estate. Revision from Rubber: 2,253.35 Ha &amp; Oil Palm 546.41 Ha to Rubber: 1,156.95 Ha and Oil Pal 5,158.33 Ha.</p> <p>There are several HGU certificate with HGU number 1 year of 1996 in Sei Bamban Village (569.32 Ha), Sei Priok Village (780.45 Ha), Paya Bagas Village (4,373.78 Ha); and also Sei Simujur Village (1) number 18 year of 2009 with area 793.15 Ha.</p> <p><b>KBDBY</b> <i>Surat Pendaftaran Usaha Perkebunan</i> with number HK.350/530/Dj.Bun.5/VII/2001 Bandar Betsy Estate with area 5,348.90 Ha with commodity rubber. Therefore conversion license from rubber to oil palm with number 503.35/271/17.42018 dated 12 February 2018 with area 116.2 Ha.</p> <p>HGU on process, the latest process are Nota Dinas number 419/ND-300.HP.03.01/VII/2021 from KANWIL BPN Sumatera Utara Province dated 1 July 2021 about Renewal of HGU Bandar Betsy with area 5,348.90 Ha dated 2 July 2021.</p> <p><b>KJLRS</b> IUP on process due to revision of AMDAL document. However there are HGU number 03 year of 1994 with area 2,318.87 Ha.</p> <p><b>KKINO</b> IUP on process due to revision of AMDAL document. However there are HGU number 122 year of 1999 with area 4,632.60 Ha. Based on Self-assessment there are some conditions not yet compliance with RSPO criteria 2.1 such as:</p> <ol style="list-style-type: none"> <li>1. HGU on process (Sei Simujur-2, KRBTN): There are letter from Senior Executive Vice President PTPN III dated 22 September 2020 with number BUMU/X/44/2020 to the BPN of Asahan District for Cadastral process. During the audit, the progress of this matter still opened.</li> <li>2. There is a land conflict (Batang Toru Estate) not yet resolved.</li> </ol>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p><b>PTPN V</b></p> <p>There has been no significant legal non-compliance in PTPN V and its subsidiary. The company is not in the process of any litigation. PT PN V has acquired HGU (land title) for all of its subsidiaries except the part of Sei Berlian estate (Sei Berlian-2) because the organization still in-process to get Land Use Right (HGU).</p> <p><b>PTPN VI</b></p> <p>Uncertified management units has complied with applicable legal requirement which supported by some evidences such as :</p> <ol style="list-style-type: none"> <li>1. Some uncertified management units (Ophir Estate &amp; POM, Solok Selatan Estate &amp; POM, Pangkalan 50 Kota Estate, Ba- tanghari Estate, Bunut Estate &amp; POM, Tanjung Lebar Estate &amp; POM, Bukit Cermin Estate, Pinang Tinggi POM, Aur Gading POM, Durian Luncuk Estate &amp; PT Bukit Kautsar) have Plantation Business Permit (Izin Usaha Perkebunan) so they has complied with Minister of Agriculture Regulation no.98/permentan/OT.140/9/2013 article 8 or 10 or 13.</li> <li>2. Some uncertified management units (Ophir Estate &amp; POM, Solok Selatan Estate &amp; POM, Pangkalan 50 Kota Estate, Batanghari Estate, Bunut Estate &amp; POM, Tanjung Lebar Estate &amp; POM, Bukit Cermin Estate, Aur Gading POM, Durian Luncuk Estate, PT MAJI &amp; PT Bukit Kautsar) have land use right (Hak Guna Usaha) so they has complied with law no.5 year 1960 article 28. One of land use right owned by Durian Luncuk es- tate still renewal process and one of Bukit Kautsar areas still in-process to get land use right.</li> <li>3. Some uncertified management unit (Sei Bahar II Bunut POM, Solok Selatan POM, Tanjung Lebar Estate &amp; POM, Pinang Tinggi Estate &amp; POM, Bunut Estate, Batanghari Estate, Durian Luncuk Estate &amp; PT Bukit Kautsar) have environment document so they has complied with Minister of Environment Reg- ulation no.05 Year 2012 jo Minister of Environment &amp; Forestry Regulation no.P.38/MENLHK/SETJEN/KUM.1/7/2019 or Min- ister of Environment Regulation no.13 Year 2010 or Minister of Environment Regulation no.14 Year 2010.</li> <li>4. Bunut POM and Tanjung Lebar Estate &amp; POM have storage temporary for hazardous &amp; toxic materials waste and their permit so they has complied with Minister of Environment Regulation no.30 year 2009 article 5.</li> <li>5. Bunut POM and Solok Selatan POM have land application permit so they has complied Minister of Environment Decree no.29 year 2003.</li> <li>6. Unit of Tanjung Lebar Business, Unit of Bunut Business, Unit of Batanghari Business and Unit of Durian Luncuk Business have permit of release for forest areas from</li> </ol>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		<p>government (Minister of Forestry Decree no.260/KPTS-VII/1988 and no.418/KPTS-II/1990). Whereas, PT Bukit Kautsar have permit of release for forest areas from government too (Minister of Forestry Decree no.69/Kpts-II/1997 &amp; no.443/Kpts-II/1999 and letter from Head of Forestry Agency in Jambi Province no. S.6.802/Dishut/BIPH.1.2/XII/2015). PT Mendahara Agro Jaya Industri have permit of release for forest areas from gov- ernment too (Minister of Forestry Decree no.954/Kpts- II/1999).</p> <p>7. Plantation Business Permit (Izin Usaha Perkebunan) on be- half PT MAJI (Head of Tanjung Jabung Timur decree No.30 year 2005) and PT Bukit Kautsar - Pengabuan POM (Governor of Jambi decree No.564/KEP.Gub/Disbun/2011).</p> <p>8. Environment Document on behalf Ophir Estate &amp; POM (letter no.213/II/DAR-3/1999), Solok Selatan Estate (head of Solok Selatan District decree No.660/152/KLH-2011), Pangkalan 50 Kota Estate (head of capital investment and integration ser- vice decree no.007/IL/DPMPTSP-LK/I/2020), Aur Gading POM &amp; Durian Luncuk estate (Governor of Jambi Province decree No.171/Kep.Gub/BLHD/2009), Bukit Cermin Estate (approved by No.100.A year 2011 on 3 October 2011) and PT MAJI (approved by No.76 year 2007 on 23 March 2007) was available.</p> <p>A documented system relate of law requirements and mechanism to ensuring compliance with legal compliance and a system to tracking changes to the law and regulation has covered in procedure of updating law and regulation and evaluation of compliance. All uncertified management units has provided the list of relevant law and regulation and the status of compliance because the mechanism to ensuring compliance with legal compliance has been implemented.</p> <p>Auditee has provided a legal land, map of legal land and a procedure of boundary monitoring where boundary monitoring shall be conducting every month and reporting in report of boundary monitoring result. Uncertified management units has provided the report of boundary monitoring result such as Unit of Tanjung Lebar business, Unit of Batanghari business, Unit of Solok Selatan business, Unit of Pangkalan 50 Kota business, Unit of Ophir business, PT MAJI, Unit of Durian Luncuk business, Unit of Bunut business, Unit of Bukit Cermin business and PT Bukit Kautsar.</p> <p><b>PTPN VII</b> The company will be follow up the regulation of PP 50 of 2012, PP 38 of 2011, PP 101 of 2014, and Permenaker 19 of 2012. The Senabing Estate has not been able the land use historical</p>

Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
		for the area 2,355.72 Ha. Currently also the Senabing Estate not obtained HGU from the related Agency. There are land conflict resolution in Senabing Estate (Lahat District), the land dispute was started on 14 August 1986. It has resolved dated 9 June 2011 by Minute of Land Measurement number SENA/BA382/2001 in Tanjung Makmur Village for area 1.25 Ha.

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

#### 3.4.1. Identification of Findings, Corrective Actions and Observations at ASA-1 Assessment

<i>NCR No.</i>	:	2020.1	<i>Issued by</i>	:	Asystasya Aishah Silalahi
<i>Date Issued</i>	:	26 October 2020	<i>Time Limit</i>	:	ASA-2
<i>NC Grade</i>	:	Minor / Non Critical	<i>Date of Closing</i>	:	13 July 2021
<i>Standard Ref. &amp; Requirement</i>	:	<b>2.1.2</b> <b>There is a documented system in place to ensure legal compliance. This system has a means to track changes to applicable regulations, and includes a list and evidence of evaluation of legal compliance by all contracted third parties, including: recruitment agencies, service providers and workers</b>			
<b>Evidence observed (filled by auditor):</b> Company uses a third party to carry out several operational activities, such as the transportation of CPO and maintenance in the nursery area. Then, the company shows the evaluation for the contracted third party. Matters that become the criteria for assessment include standard work quality, work completion, and payment to workers. However, the company does not yet have a list and proof of legal compliance by the contracted third parties.					
<b>Non-Conformance Description (filled by auditor):</b> In this regard, the company has not been able to demonstrate a system to ensure legal compliance, including by all contracted third parties.					
<b>Root Cause Analysis (filled by organization audited):</b> The third party has not showed the regulation compliance related to operational activities. <ul style="list-style-type: none"><li>- No comprehensive vendor evaluation has been carried out.</li><li>- There is no special PIC who is responsible for evaluating the implementation of vendor activities</li></ul>					
<b>Correction (filled by organization audited):</b> Show evidence of evaluation of the implementation of legal compliance in work activities carried out by third parties.					
<b>Corrective Action (filled by organization audited):</b> <ul style="list-style-type: none"><li>- Make a comprehensive monitoring of legal compliance evaluation in the implementation of activities carried out by third parties</li><li>- Establish a PIC who is responsible for evaluating legal compliance in the implementation of activities carried out by third parties</li></ul>					
<b>Assessor Evaluation and Conclusion (filled by auditor):</b>					
<b>Verification on 22 January 2021</b> The company shows proof of improvement in the form of an Agreement Letter between PTPN IV and PT Wahana Adidaya Pertiwi with agreement number 04.05 / S.Perj / 10 / I / 2020 issued on January 17, 2020. In addition, there is also a document on the technical requirements for the transportation of CPO No. 04.09 / PPABE / MS / 02 / XI / 2019 which describes the transporter's obligations, sanctions, and other requirements including to comply with applicable government regulations.  However, companies need to answer the auditor's questions contained in the root cause analysis, corrections, and corrective actions section. Thus, the nonconformity No. 2020. 2 has not been fulfilled.					
<b>Verification on 13 July 2021</b> The company shows evidence of improvement, including: <ul style="list-style-type: none"><li>- Record of Job Requirements Evaluation Conducted by Vendor a/n CV TS Brother (January 2020 – December 2020 period).</li><li>- Records of Job Requirements Evaluation Conducted by Vendor a/n CV Alif Utama (January 2020 – December 2020 period).</li></ul> In the evaluation record, there is an explanation of the requirements and indicators that must be met in carrying out the work, such					

as: minimum wages, BPJS program, implementation of OHS and also the use of PPE. In addition, the company also shows the document of the Decision of the Manager of the Air Batu Business Unit (No.: ABA/MU/Kpts/01/I/2021) regarding the Evaluation Officer for the Implementation of Third Party Work. The document aims to establish a special officer who is responsible for evaluating the results of the implementation of the work of third parties and vendors. The appointed officers consist of 4 people, with details of 1 chairman and 4 members. The decision is effective from January 20, 2021.

Based on the document evidence, the non-conformance is met and will be re-verified regarding the consistency of its application to the onsite assessment.

**Verified by** : **Asystasya Aishah Silalahi & Briyogi Shadiwa**

<i>NCR No.</i>	:	2020.2	<i>Issued by</i>	:	Asystasya Aishah Silalahi
<i>Date Issued</i>	:	26 October 2020	<i>Time Limit</i>	:	11 October 2021
<i>NC Grade</i>	:	Minor / Non Critical upgrade to Major / Critical	<i>Date of Closing</i>	:	27 September 2021
<i>Standard Ref. &amp; Requirement</i>	:	2.2.2 All contracts, including contracts with FFB suppliers, have separate clauses regarding the fulfillment of relevant legal obligations, and can be proven by the third party concerned			
<b>Evidence observed</b> (filled by auditor): Based on field observation to nursery area, it is known that there are 5 contractor workers. Based on interviews with maintenance workers in the nursery area, it is known that workers do not have a work agreement with the vendor, the monthly wage is Rp. 2,200,000 (below the provincial minimum wage. Minimum wage of North Sumatera Province year 2020 is Rp. 2,499,031), and has not been included in the social insurance program. Third parties through the company have also not been able to show proof of compliance with regulations, for example: payment of contractor workers' wages, examples of work agreements, and BPJS membership.					
<b>Non-Conformance Description</b> (filled by auditor): Based on this explanation, it is known that the contractor has not been able to show evidence of fulfilling the relevant legal obligations, for example regarding the fulfillment of wages according to the minimum wage, has been included in the BPJS program, contractor workers have work agreements, and other relevant regulations.					
<b>Root Cause Analysis</b> (filled by organization audited): - No comprehensive vendor evaluation has been carried out. - There is no special PIC who is responsible for evaluating the implementation of vendor activities					
<b>Correction</b> (filled by organization audited): - Provides payment of wages to workers, BPJS and agreement of contractors workers. - Make a memo to the contractor containing compliance with legal regulations.					
<b>Corrective Action</b> (filled by organization audited): - Conduct vendor evaluation - Assign a designated PIC to conduct vendor evaluation					
<b>Assessor Evaluation and Conclusion</b> (filled by auditor): <b>Verification on 22 January 2021</b> The company provides proof of improvement in the form of proof of payment of Worker Insurance of Tri Bina Karya for the November 2020 period and Worker Insurance of Angkasa payment for the December 2020 period. However, there are still further questions for the evidence correction that have been sent, namely: - Please explain what activities Tri Bina Karya BHL works for. - Please explain what BHL "Angkasa" works for.					
In addition, companies need to answer auditors' questions contained in the root cause analysis, corrections, and corrective actions section. Thus, the nonconformity No. 2020. 3 has not been fulfilled.					



**Verification on July 13, 2021**

The company shows documents as follows:

- Track record form for goods and services providers for ongoing work. From these documents known that There are several agreement with third parties for upkeep activity, FFB transportation and transportation of EFB as follows CV TS Brother, CV Putra Mandiri, CV Anugrah Cahaya, CV Gas, CV Novita Sari, CV Angkasa, CV Fauan Grup, CV Monsabel Utama and CV Alif Utama.
- List of BPJS details and evidence of payment of BPJS Tri Bina Karya for November 2020. Based on the list of contractors shown, it is known that CV Tri Bina Karya is no longer working with the Air Batu unit.
- List of workers names who are included in BPJS of CV Alif Utama for May 2021.
- Payment slip for May 2021 for 20 nursery workers (no information for which contractor). Based on this document, it is known that the wages of nursery workers for 54 working days are Rp. 2,160,000 (not in accordance with the minimum wage) with a daily wage of Rp. 40,000. Based on information from management, known that the document was a payment in the third week of May. However, the document informs the number of working days as many as 54 working days.
- Revised May 2021 salary/nursery payment slip for 21 workers (no information for which contractor). Based on these documents, it is known that the wages of nursery workers for 26 working days are Rp. 2,815,000. (data not consistent with previous data)
- Evaluation of work done for CV Alif Utama and CV TS Brother vendors.

The company has not been able to show evidence of improvement to previous non-conformities, including payment of wages for contractor workers, samples of work agreements, and BPJS membership for contractors who are still working with the company. Based on the explanation above, concluded NC No. 2020.03 with minor category upgrade to Major category.

**Verification August 18, 2021**

The company shows evidence of improvement:

- Evaluation of job requirements carried out by CV Monsabel Utama vendors CV Fauzan Group, CV Angkasa, CV Gas, CV Novita Sari, CV Anugrah Cahaya, CV Putera Mandiri, CV TS Brother, CV Alif Utama in January – December 2020
- Payment slip for nursery wages for May 2021 CV Alif Utama to 21 workers with a wage of Rp. 2,815,000.
- Record of payment of BPJS employment of CV Alif Utama in May 2021 with UNPAID status. Evidence of payment has not been shown
- Work contract for CV TS Brother's FFB transportation activities with 13 workers
- CV Alif Utama work contract with 21 workers.
- Payment slip for upkeep work wages for June 2021 CV TS Brother to 8 workers with a value of 2,815,000
- Calibration of wages per person loading FFB in June 2021 CV TS Brother
- Evidence of payment of BPJS Employment of CV TS Brother for maintenance and loading and unloading of FFB on July 30, 2021. Evidence of details of the BPJS for labor has not been shown.

Based on the explanation above, it is concluded that the discrepancy is still open.

**Verification September 27, 2021**

The company shows evidence of improvement in the form of:

- Evidence of payment for BPJS employent of contractor workers CV Alif Utama along with the details of the workers, totaling 21 workers
- Details of the list of wages and the number of CV TS Brother workers who are included in BPJS employment in July 2021.

Based on the explanation above, NC No. 2020.02 is declared fulfilled and will be observed again during the onsite audit.

**Verified by :** Asystasya Aishah Silalahi & Rizliani Aprianita Hasibuan

<b>NCR No.</b>	<b>: 2020.3</b>	<b>Issued by</b>	<b>: Yudhi Yuniarto Tallutondok</b>
<b>Date Issued</b>	<b>: 26 October 2020</b>	<b>Time Limit</b>	<b>: 11 October 2021</b>
<b>NC Grade</b>	<b>: Minor / Non Critical upgrade to Major / Critical</b>	<b>Date of Closing</b>	<b>: 27 September 2021</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 6.7.2. Accident and emergency procedures in Indonesian language are in place and clearly understood by all workers. Assigned operatives trained in first aid are present in both field and</b>		

	<b>other operations. First aid equipment is available at worksites. Records of all accidents are kept and periodically reviewed.</b>
<p><b>Evidence observed</b> <i>(filled by auditor):</i></p> <ol style="list-style-type: none"> <li>1. Hydrant           <ol style="list-style-type: none"> <li>a. The results of the verification of the Hydrant Inspection document on September 30, 2020, it was found that the tool was in good condition (no leaks) and ready to be used.</li> <li>b. The results of field observations in fire fighting simulation activities at the Seed Mill Station revealed that the Hydrant was in an unusable condition.</li> <li>c. The unit of certification shows the procedures for handling emergency and post-emergency situations Number 4.3.16. December 14, 2013.</li> </ol> </li> <li>2. First aid kit           <ol style="list-style-type: none"> <li>a. The results of the verification of the First Aid Box Inspection documents that are carried out every month, it is known that all the first aid kits are in complete condition and ready to be used.</li> <li>b. The results of field observations at the Sterilizer Station showed that the first aid kit was empty.</li> <li>c. The results of field observations at the Pump Machine found that the first aid kit only contained alcohol.</li> <li>d. The results of field observations at Capstan Station showed that there was no monitoring of the completeness of the contents of the first aid kit.</li> <li>e. The results of field observations in Block 19M revealed that the contents of the first aid kit were incomplete (there was no aquadest and eye wash glasses).</li> </ol> </li> <li>3. APAR           <p>The results of field observations in the operational areas of the factory revealed that the installation of fire extinguishers was not appropriate in several places, for example (but not limited to):</p> <ol style="list-style-type: none"> <li>a. Seed Mill Station : 3 unit.</li> <li>b. Clarification Station : 2 unit.</li> <li>c. Chain Station : 4 unit.</li> <li>d. Core Warehouse : 1 unit.</li> <li>e. Workshopl : 1 unit.</li> </ol> </li> </ol> <p><b>Non-Conformance Description</b> <i>(filled by auditor):</i></p> <ol style="list-style-type: none"> <li>1. The unit of certification has not been able to show that fire control facilities are available in accordance with applicable regulations.</li> <li>2. The unit of certification has not been able to show evidence that it has provided adequate first aid facilities in the operational area.</li> </ol>	
<p><b>Root Cause Analysis</b> <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> <li>- No evaluation has been carried out on the results of OHS inspection monitoring that has been carried out by</li> <li>- There is no special PIC who is responsible for evaluating the results of OHS inspection monitoring that has been carried out by officers</li> </ul>	
<p><b>Correction</b> <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> <li>- Performed hydrant repairs at the Seed Mill station</li> <li>- Complete the contents of the first aid kit at the sterilizer station, pump machine and in the capstan area and the Block 19 M field</li> <li>- Adjusting the installation of fire extinguishers at the location of the ore Mill Station, Clarification Station, Chain Station, Core Warehouse and Workshop</li> </ul>	
<p><b>Corrective Action</b> <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> <li>- Evaluating the results of monitoring of OHS inspections that have been carried out by officers</li> <li>- Establish a special PIC who is responsible for evaluating the results of the OHS inspection monitoring that has been carried out by officers</li> </ul>	

**Assessor Evaluation and Conclusion (filled by auditor):**
**Verifikasi Auditor 25 January 2021**

The company shows documentation of providing first aid kits in the area of the Air Batu Mill and Estate.

Based on the foregoing, the non-conformance is declared unfulfilled because there is not enough evidence shown by the company to fulfill the non-conformity. In addition, the company must first revise the root cause analysis, corrective actions and corrective actions in accordance with the auditor's comments.

**Verifikasi Auditor 13 July 2021**

The company has shown evidence of improvement in the form of:

- Root cause analysis, Corrections and corrective actions.
- Proof of purchase of a complete 1 set Bakortiba/Hydrant Pump on 05 April 2021.
- Proof of purchase of the contents of the first aid kit on March 04, 2021.

However, the company has not been able to show supporting evidence against the Corrections and Corrective actions taken such as:

- Performed hydrant repairs at the Seed Mill station → Correction has not been accepted. Please attach proof of the Hydrant repair that has been carried out, the proof provided is proof of purchase and documentation of the Air Batu Estate fire fighting portable pump machine.
- Complete the contents of the first aid kit at the sterilizer station, pump machine and in the capstan area and the Block 19 M field → Correction has not been accepted. Please attach proof of supporting documents that the contents of the first aid kit have been completed.
- Adjusting the installation of fire extinguishers at the location of the ore Mill Station, Clarification Station, Chain Station, Core Warehouse and Workshop → Correction has not been accepted. Please attach proof of supporting documents that the APAR is installed according to the provisions.

Based on the explanation above, the discrepancy in this indicator has not been met and is Raised to Major because there is still some evidence of improvement that has not been shown by the Company.

**Verification Auditor 19 August 2021**

The company sends proof of repairs in the form of:

- Proof of purchase of hose Hydrant (30 Meters) and Nozzle Hydrant.
- Documentation of Hydrant Pumps located at the Seed Mill. Based on verification, please provide documentation that the Hydrant at the Seed factory has been repaired and is working.
- Minutes and documentation of filling out the first aid kit, which consists of:
  1. Sterilizer Station on July 14, 2021 (21 items)
  2. Pump Engine on July 14, 2021 (21 items)
  3. Capstan on July 14, 2021 (21 items)
  4. First aid bag brought by the Foreman on July 14, 2021 (21 items)
- Decree of the Garden/Factory Manager of the Air Batu Plantation Business Unit with Number ABA/MU/kpts/04/VII/2021 on July 17, 2021, which stipulates an evaluation officer who is responsible for inspecting hydrants in the Air Batu plantation business unit.
- Decree of the Plantation Manager of the Air Batu Plantation Business Unit with the Number ABA/MU/kpts/03/VII/2021 dated July 16, 2021, which stipulates the evaluation officer who is responsible for the contents of the First Aid Box in the Air Batu plantation business unit.
- Documentation of fire extinguisher installation at the Clarification Station location with a standard of 1.25 M.
- Documentation of fire extinguisher installation at the general workshop location with a standard of 1.25 M.
- Documentation of fire extinguisher installation at the location of the Seed Mill Station with a standard of 1.25 M.

- Documentation of fire extinguisher installation at the Core Warehouse location with a standard of 1.25 M.
- Documentation of the installation of APAR at the Chain Station location with a standard of 1.25 M.
- Fire Hydrant Inspection on July 14, 2021 it was found that the condition of the Hydrant was in good condition and could be used.

**Auditor's Conclusion:**

Based on the evidence of improvement sent by the Company, the non-conformance in this indicator is declared **Unfulfilled**. The Auditor's notes that must be completed by the company are Based on verification, please show documentation that the Hydrant at the Seed factory has been repaired and is functioning.

**Verifikasi Auditor 27 September 2021**

The company shows proof of improvement in the form of a Hydrant simulation video documentation at the Seed Factory. Based on the results of the verification of the video, it is known that the Hydrant is in usable condition. Based on the evidence of improvement shown by the company, the discrepancy in this indicator is declared Fulfilled and will be re-observed when the onsite audit is carried out.

*Verified by* : Yudhi Yuniarto Tallutondok / Rahmat Abdiansyah

<i>NCR No.</i>	: 2020.4	<i>Issued by</i>	: Trismadi N
<i>Date Issued</i>	: 26 October 2020	<i>Time Limit</i>	: 11 October 2021
<i>NC Grade</i>	: Minor / Non Critical upgrade to Major / Critical	<i>Date of Closing</i>	: 19 August 2021
<i>Standard Ref. &amp; Requirement</i>	<p><b>7.2.5</b> Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions and paraquat, are not to be used, unless in exceptional circumstances, as validated by a due diligence process, or when authorised by government authorities for pest outbreaks.</p> <p>The due diligence refers to:</p> <ol style="list-style-type: none"> <li>Judgment of the threat and verify why this is a major threat.</li> <li>Why there is no other alternative which can be used.</li> <li>Which process was applied to verify why there is no other less hazardous alternative.</li> <li>Process to limit the negative impacts of the application.</li> <li>Estimation of the timescale of the application and steps taken to limit application to the specific outbreak.</li> </ol>		

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

- The unit of certification shows PTPN IV Director's Letter No. 04.04/SE/18/X/2016 dated October 14, 2016 regarding: Use of Banned Pesticide Active Ingredients (WHO category 1A&1B, paraquat). The letter was addressed to the GUU Manager (District I-IV) and all Managers. Copies: Directors, SPI Section, Planning Section, Leave.
- Based on data on the use of pesticides in 2020, it is known that there is the use of chemicals with an active ingredient of 79.50 liters of paraquat. Then based on the results of field observations to the chemical warehouse it was found that there was still a certain amount of paraquat, on the packaging there was information on the production date: July 30, 2020 (latest paraquat stock).

**Non-Conformance Description (filled by auditor):**

Based on the description above, it is known that the unit of certification using pesticides that are listed in the World Health Organization (WHO) Class 1A or 1B or included in the Stockholm or Rotterdam Conventions, as well as paraquat, are not in extraordinary circumstances validated by a due diligence process or if permitted by the competent authority to deal with pest population explosions (outbreak).

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

Lack of understanding of the certification unit in using pesticides that are listed in the World Health Organization (WHO) Class 1A or

1B or included in the Stockholm or Rotterdam Conventions, as well as paraquat in accordance with the application of RSPO principles and criteria	
<i>Correction (filled by organization audited):</i>	
1. No longer using paraquat in operational activities. 2. Show proof of chemical stock in chemical warehouse	
<i>Corrective Action (filled by organization audited):</i>	
Disseminate the application of RSPO principles and criteria in the company's operational activities	
<i>Assessor Evaluation and Conclusion (filled by auditor):</i>	
Verification Auditor 13 July 2021	
<p>The company shows evidence of improvement as follows:</p> <ul style="list-style-type: none"> <li>• Root cause analysis, correction and corrective action.</li> <li>• Proof of the warehouse card for the period November-December 2020, it is known that there is no stock of Paraquat chemical stored in the chemical warehouse.</li> <li>• Document evidence of pesticide use for the period January-May 2021 revealed that there was no use of the chemical Paraquat.</li> </ul> <p>However, the company has not been able to show evidence of improvement to the corrective actions taken, namely the socialization program for the application of the RSPO principles and criteria in the company's operational activities.</p> <p>Based on the explanation above, the discrepancy in this indicator has not been met and has been raised to major because there is still some evidence of improvement that has not been shown by the company.</p> <p><b>Verification Auditor 19 August 2021:</b></p> <p>The company sends proof of repairs in the form of:</p> <ul style="list-style-type: none"> <li>• Minutes of socialization on the use of prohibited pesticides which was held on July 17, 2021, which was attended by 15 Chemis Officers.</li> <li>• Proof of the warehouse card for the period November-December 2020, it is known that there is no stock of Paraquat chemical stored in the chemical warehouse.</li> <li>• Document evidence of pesticide use for the period January-May 2021 revealed that there was no use of the chemical Paraquat.</li> </ul> <p>Based on the evidence of improvement provided by the company, the discrepancy in this indicator is declared <b>Fulfilled</b> and will be re-observed during the onsite audit.</p>	
<i>Verified by</i>	: <b>Rahmat Abdiansyah</b>

<i>NCR No.</i>	: <b>2020.5</b>	<i>Issued by</i>	: <b>Rahmat Abdiansyah</b>
<i>Date Issued</i>	: <b>26 October 2020</b>	<i>Time Limit</i>	: <b>ASA-2</b>
<i>NC Grade</i>	: <b>Minor/Non Critical</b>	<i>Date of Closing</i>	: <b>13 Juli 2021</b>
<i>Standard Ref. &amp; Requirement</i>	<b>7.3.1</b> <b>A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented in accordance with applicable laws and regulations.</b>		
<i>Non-Conformance Description &amp; Evidence observed (filled by auditor):</i>			
<ul style="list-style-type: none"> <li>• SOP for the management of hazardous and toxic waste No. SPO 02, revision 3, issued January 2, 2017 which states that all hazardous and toxic material waste and used hazardous and toxic material packaging produced may not be used for other purposes and must be submitted directly (maximum 1 week) to a licensed temporary hazardous and toxic material waste storage.</li> </ul>			

- The company already has a hazardous waste TPS temporary hazardous and toxic material waste storage permit based on the Asahan Regent's Decree number 503/LB3/DPMPPTSP/0010/XI/2018 dated November 13, 2018 and is valid for 5 years.
- The results of field visits to WWTP, it was known that there used pesticide containers in a damaged condition which has long been stored in the pump chamber and used pesticide containers are used as a trash bin.
- Results of a field visit to the Workshop MCC Air Batu, there are lights used, discarded packaging paint and packaging contaminated with hazardous and toxic material that has not been submitted to temporary hazardous and toxic material waste storage and there is the use of used pesticide containers as a reservoir for used oil.
- The results of the field visit to the Seeds Warehouse, it is known that there were used paint cans and used Knapsacks that had not been submitted to temporary hazardous and toxic material waste storage and there were former *Pertamina* drums which were used as a place for mixing chemicals.
- The results of the field visit to the Final Waste Disposal Site in Block 09 AR Afdeling VIII it was found that there were traces of "Mesran" oil packaging at the Inorganic Final Waste Disposal Site.

**Non-Conformance Description (filled by auditor):**

Based on this explanation, the company has not managed hazardous and toxic material waste in accordance with its procedures.

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

Hazardous and toxic material waste management is not in accordance with existing SOPs.

**Auditor's Comments/Questions**

Why is the management of hazardous and toxic material waste not in accordance with the SOP? What causes this to happen? So that the root cause of the problem can be re-analysed.

- The monitoring of hazardous and toxic material waste management has not been carried out comprehensively.
- There is no official/PIC responsible for monitoring hazardous and toxic material waste management

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

Hazardous and toxic material waste management implementation is not in accordance with its existing procedures.

**Auditor's Comments/Questions:**

Corrective action might be re-evaluated. Corrective action is a corrective action taken by the company to the identified non-conformity. In order to be able to attach the evidence made as a correction made by the company.

- Return used jerry cans of chemicals, used lamps, used paint cans, used knapsack and Pertamina oil drums to TPS LB3 licensed.

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

Hazardous and toxic material waste will be managed in accordance with existing SOPs so that later reports will be accurate.

**Auditor's Comments/Questions:**

Corrective action might be re-evaluated. Corrective action is an action taken by the company to the root of the problem so that the non-conformity does not occur again in the next assessment. In order to be able to attach the evidence taken as a corrective action taken by the company.

- Monitoring B3 waste management comprehensively
- Assigning an officer/PIC who is responsible for monitoring the management of LB3

**Assessor Evaluation and Conclusion (filled by auditor):**
**Auditor's Verification (15 February 2021)**

Company has sent evidence of improvement in the form of:

- Documentation of the removal of hazardous and toxic material waste from the Site Final Waste Disposal at Block 09 AR Afdeling VIII.
- Root Cause Analysis, Correction and Corrective Action. However, there are still some notes/audit questions that need to be completed by the company as well as supporting documents as an action taken to correct non-conformities.



Based on this explanation, the non-conformity in this indicator is declared **Unfulfilled**.

**Auditor's Verification (13 July 2021)**

Company has sent proofs of improvements to ASA-2 in the form of:

- Photo documentation of hazardous waste removal from the Final Disposal Site in Block 09 AR Afdeling VIII.
- Letter of introduction for hazardous and toxic material waste to temporary hazardous and toxic material waste storage from the Workshop (used light bulbs, paint packaging and chemical packaging used on 10 November 2020), Seeds Warehouse (paint packaging, used knapsack and *Pertamina* drums on 16 November 2020), and Afdeling VIII (used *Mesran* oil packaging dated 24 November 2020).
- *Log book* and hazardous and toxic material waste balance in Quarter IV of 2020 and Quarter I of 2021 which have been submitted to the authorized agency. For example, based on the LB3 Quarterly I/2021 balance sheet, there is hazardous and toxic material waste stored in temporary hazardous and toxic material waste storage such as used oil, used jerry cans, used bottles, used light bulbs, and ex-chemical bottles.
- Inspection/Monitoring of Hazardous Waste Management in the Company's Operational Area in Quarter III – IV 2020 and Quarter I 2021 which will be held in Afdeling I – IX as well as PKS made by Document Control Officer as the executor of inspection/monitoring.

Based on the explanation above, the nonconformity in this indicator is declared **Fulfilled**.

Verified by : **Rahmat Abdiansyah/ Erika L**

<i>NCR No.</i>	: 2020.6	<i>Issued by</i>	: Rahmat Abdiansyah
<i>Date Issued</i>	: 26 October 2020	<i>Time Limit</i>	: 11 October 2021
<i>NC Grade</i>	: Minor/Non Critical upgrade to Major /Critical	<i>Date of Closing</i>	: 19 August 2021
<i>Standard Ref. &amp; Requirement</i>	7.3.2 Proper disposal of waste material, according to procedures that are fully understood by workers and managers, is demonstrated.		

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

- SOP for Household Domestic Waste Management with SPO No. 20 No. Revision 02 dated 02 January 2015 which states that each employee collects their waste in the provided trash can and cleans the surrounding yard. Disposal of waste by sorting organic and inorganic waste.
- The results of the field visit to the Afdeling III housing estate revealed that there were trash bins provided and that organic and inorganic waste had been separated.
- The results of the field visit to the Afdeling III Housing found that there were piles of domestic waste and there were burn marks.
- Based on the results of interviews with residents of Afdeling VII housing, it is known that domestic waste is collected beside the house by making holes and then burned.
- Based on the results of field visits to the river border area Block 06 A Afdeling IX, it is known that there are piles of domestic waste in the river border area and in the river flow.

**Non-Conformance Description (filled by auditor):**

Based on this explanation, the company has not been able to show evidence that waste disposal is in accordance with procedures that are fully understood by workers.

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

Domestic waste and waste burning are still encountered.

Domestic waste management socialization given to workers and their family members does not cover all the important points contained in the SOP for Domestic Waste Management

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

Domestic waste and burning are still found in the afdeling.

**Auditor's Comments/Questions:**

Corrective action might be re-evaluated. Corrective action is a corrective action taken by the company to the identified non-conformity. In order to be able to attach the evidence made as a correction made by the company.

- Conducting socialization of domestic waste management to workers and their families by conveying all important points in the implementation of domestic waste management
- Conducting evaluations of the results of the implementation of socialization of domestic waste management given to workers and their family members

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

Company has provided places for organic and inorganic waste and not burning.

**Auditor's Notes/Questions**

Corrective actions can somewhat be revised and adjusted after the root cause is revised. Corrective action is an action taken by the company to the root of the problem so that the non-conformity does not occur again in the next assessment. In order to be able to attach the evidence taken as a corrective action taken by the company.

- Monitor domestic waste management in each employee housing location
- Establish a PIC who is responsible for monitoring domestic waste management in each housing area

**Assessor Evaluation and Conclusion (filled by auditor):**
**Auditor's Verification (15 February 2021)**

Company has sent evidence -proof of improvement in the form of root cause analysis, corrections and corrective actions. However, there are still some notes/audit questions that need to be completed by the company as well as supporting documents as an action taken to correct non-conformities.

Based on this explanation, the nonconformity in this indicator is declared **Unfulfilled**.

**Auditor's Verification (13 July 2021)**

Company has shown evidences of improvements to ASA-2 in the form of:

1. Minutes of Socialization on the Management of Domestic Waste and Hazardous and Toxic Waste on 9 November 2020 which was attended by 17 participants including residents of Afdeling III housing, Afdeling IV, Afdeling VII and workers.
2. Decision of the Manager of the Batu Air Business Unit No. ABA/MU/Ktps/02/I/2021 dated 20 January 2021, which explains the officers responsible for monitoring and managing the environment.
3. Evaluation of Training Results for participants who took part in the Hazardous and Toxic Waste Management Socialization for Household Domestic Waste on 9 November 2020. For example, there were evaluation results for 2 participants who participated in the socialization with evaluation results stating that the participants had knowledge of waste management.

However, the company has not attached supporting documents as an action taken to correct the nonconformity in the form of:

1. Monitoring of domestic waste management in each employee housing location.
2. Corrective and corrective actions to be ensured again according to the root cause analysis that has been determined.

Based on this explanation, the nonconformity in this indicator is declared **Unfulfilled. Non-conformance 2020.13 changed to Major/Critical category.**

**Auditor's Verification (19 August 2021)**

Company has attached root cause analysis, corrections and corrective actions. In addition, the company has attached proof of improvement in the form of an Evaluation document for Monitoring Domestic Waste Management in Afdeling III (40 home owners), VIII (40 home owners) and IX (31 home owners) which was carried out in July 2021. The document contains the results of monitoring regarding the understanding of the homeowners in each afdeling which shows that domestic waste is stored in the

Landfill and not burned. The results of monitoring the presence of landfill in July 2021 in Afdeling III, VII and IX also show that domestic waste is disposed of at landfill and there is no burning of domestic waste in the employee housing.

Based on the explanation above, the nonconformity in this indicator is declared **Fulfilled** and will be observed again during the field visit in the next assessment.

Verified by : **Rahmat Abdiansyah/ Erika L**

NCR No.	: 2020.7	Issued by	: Rahmat Abdiansyah
Date Issued	: 26 October 2020	Time Limit	: 11 October 2021
NC Grade	: Minor	Date of Closing	: 13 July 2021
Standard Ref. & Requirement	7.3.3 The unit of certification does not use open fire for waste disposal.		

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

- The results of the Field Visit to the Final Waste Disposal Area in Block 08 M Afdeling III it is known that domestic waste management is carried out by the company by separating organic and inorganic waste.
- The results of the field visit to the Afdeling III Housing found that the company has provided trash bins for employee housing, namely organic and inorganic waste bins.
- The results of the field visit to the Afdeling III Housing found that there were piles of domestic waste and there were burn marks behind the employee housing.
- The results of the field visit to the Air Batu PKS area revealed that there were 2 points of waste burning behind the temporary hazardous and toxic waste storage and around the WTP station.
- The results of the field visit to Afdeling VII revealed that there were burn marks behind the Fertilizer Warehouse.
- The results of the field visit to the Final Waste Disposal Area Afdeling VII there were traces of burning waste in the inorganic Final Waste Disposal Area.
- The results of the field visit to the Afdeling VII housing estate found that there were 2 points where waste was burned.

**Non-Conformance Description (filled by auditor):**

Based on these evidences, the company has not been able to show evidence of not using open burning for waste disposal.

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

Company has not been done socialization to employees about burning waste.

**Auditor's Comments/Questions:**

Are there any recommendations or prohibitions on burning waste by the company?

Domestic waste management socialization given to workers and their family members did not cover all the important points contained in the SOP for Domestic Waste Management.

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

Open burning waste management is still found in afdeling area.

**Auditor's Comments/Questions:**

Corrective action might be re-evaluated. Corrective action is a corrective action taken by the company to the identified non-conformity. In order to be able to attach the evidence made as a correction made by the company.

- Conducting socialization of domestic waste management to workers and their families by conveying all important points in the implementation of domestic waste management

<ul style="list-style-type: none"> <li>Conducting evaluation of the results of the implementation of socialization of domestic waste management given to workers and their family members</li> </ul>
<p><i>Corrective Action (filled by organization audited):</i> Company has provided separate Final Waste Disposal Area of organic and inorganic waste</p> <p><b>Auditor's Comments/Questions:</b> Corrective action might be re-evaluated. Corrective action is an action taken by the company to the root of the problem so that the non-conformity does not occur again in the next assessment. In order to be able to attach the evidence taken as a corrective action taken by the company.</p> <ul style="list-style-type: none"> <li>Monitor domestic waste management in each employee housing location</li> <li>Establish a PIC who is responsible for monitoring domestic waste management in each residential area</li> </ul>
<p><i>Assessor Evaluation and Conclusion (filled by auditor):</i> <b>Auditor's Verification (15 February 2021)</b></p> <ul style="list-style-type: none"> <li>Documentation of cleaning up burn marks domestic waste in Final Waste Disposal Area of Afdeling VII.</li> <li>Root Cause Analysis, Correction and Corrective Action. However, there are still some notes/audit questions that need to be completed by the company as well as supporting documents as an action taken to correct non-conformities.</li> </ul> <p>Based on this explanation, the nonconformity in this indicator is declared <b>Unfulfilled</b>.</p> <p><b>Auditor's Verification (13 July 2021)</b> Company has attached evidence of improvements to ASA-2 in the form of</p> <ul style="list-style-type: none"> <li>Documentation of cleaning former domestic waste incineration at Final Waste Disposal Area of Afdeling VII.</li> <li>Minutes of the socialization of the management of LB3 for Household Domestic Waste on November 9, 2020, which was attended by 17 participants including residents of Afdeling III, Afdeling IV, Afdeling VII housing and workers. The material presented included the prohibition of burning garbage.</li> <li>Decision of the Manager of the Batu Air Business Unit No. ABA/MU/Ktps/02/I/2021 dated January 20, 2021, which explains the officers responsible for monitoring and managing the environment.</li> <li>Evaluation of Training Results for participants who took part in the Domestic Waste Hazardous and Toxic Waste Management Socialization on 9 November 2020. For example, there were evaluation results for 2 participants who participated in the socialization with evaluation results stating that the participants had knowledge of waste management.</li> </ul> <p>Based on this explanation, the nonconformity in this indicator is declared <b>Fulfilled</b> and will be re-observed during the next assessment.</p>
<p><i>Verified by</i> : <b>Rahmat Abdiansyah/ Erika L</b></p>

<i>NCR No.</i> :	2020.8	<i>Issued by</i> :	Rahmat Abdiansyah
<i>Date Issued</i> :	26 October 2020	<i>Time Limit</i> :	11 Oktober 2021
<i>NC Grade</i> :	Minor/Non Critical upgrade to Major /Critical	<i>Date of Closing</i> :	19 Agustus 2021
<i>Standard Ref. &amp; Requirement</i> :	7.8.1 A water management plan is available and is implemented to support efficient use of water sources and continuous availability and avoid negative impacts on other users in the catchment. The plan referred to contains the following matters: a. The unit of certification does not limit access to clean water or does not pollute the water used by the community. b. Workers have adequate access to clean water		
<i>Non-Conformance Description &amp; Evidence observed (filled by auditor):</i>			

- Company has a River Border Management Mechanism with No. SPO 05 revision 02 effective 02 January 2015 which explains on river borders that have been planted with oil palm, the vegetation should be maintained by seeking vegetation growth in the river border area by prohibiting spraying with chemicals.
- Based on interviews with management representatives (PPD) it is known that the management of river border areas carried out by the company includes making spraying boundary markings on river border areas and is prohibited from spraying chemicals.
- Based on the results of a field visit to the Sei Kampak river border area in Block 06 A Afdeling IX, it is known that there have been traces of chemical spraying in the river border area.

**Non-Conformance Description (filled by auditor):**

Based on this evidence, the company has not managed the river border in accordance with its procedures.

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

There are still chemical processes in the river border area.

**Auditor's Comments/Questions:**

Why are chemical processes still found in river border areas? What caused this to happen? so that the root cause of the problem can be re-analysed so that there is a discrepancy.

Socialization The river border management mechanism given to workers does not cover all the important points contained in the SOP for the River Border Management Mechanism

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

The river border area should not be treated with chemical activities but is still found in Afdeling IX.

**Auditor's Comments/Questions:**

Corrective action might be re-evaluated. Corrective action is a corrective action taken by the company to the identified non-conformity. In order to be able to attach the evidence made as a correction made by the company.

- Conducting socialization of the river border management mechanism to workers by conveying all important points in the implementation of domestic waste management
- Conducting an evaluation of the results of the socialization of the river border management mechanism given to workers

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

For the next the company will carry out a management program river border in accordance with the existing SOP in the company, and create a spraying boundary area.

**Auditor's Comments/Questions**

Corrective action might be re-evaluated. Corrective action is an action taken by the company to the root of the problem so that the non-conformity does not occur again in the next assessment. In order to be able to attach the evidence taken as a corrective action taken by the company.

- Monitoring the management of the river border in the Air Batu plantation area.
- Assigning a PIC who is responsible for monitoring the management of the river border in the Air Batu garden.

**Assessor Evaluation and Conclusion (filled by auditor):**
**Auditor's Verification (15 February 2021)**

Company has sent evidences of improvement in the form of:

- Documentation of Planting Gelaga, Bamboo and Mahogany plants on the river border.
- Root Cause Analysis, Correction and Corrective Action. However, there are still some notes/audit questions that need to be completed by the company as well as supporting documents as an action taken to correct non-conformities.

Based on this explanation, the discrepancy in this indicator is declared **Unfulfilled**.

**Auditor's Verification (13 July 2021)**

Company has attached proof of improvement to ASA-2 in the form of:

- Documentation of Planting Gelaga, Bamboo and Mahogany plants on river borders.
- Minutes of Socialization of River Border Management to workers on 12 November 2020 which was attended by 14 Afdeling IX workers.
- Decision of the Manager of the Batu Air Business Unit No. ABA/MU/Ktps/02/I/2021 dated January 20, 2021, which explains the officers responsible for monitoring and managing the environment and biological resources.

However, the company has not attached other supporting documents as actions taken to correct the non-conformity in the form of:

- Evaluation of the results of the socialization implementation of river border management mechanism provided to workers
- Monitoring the management of the river border in the Air Batu plantation area
- Corrective and corrective actions to ensure it is back in line root cause analysis that has been determined.

Based on this explanation, the discrepancy in this indicator is declared **Unfulfilled. Non-conformance 2020.15 changes to Major/Critical category.**

#### **Auditor's Verification (19 August 2021)**

company has attached root cause analysis, corrections and corrective actions. In addition, the company has attached proof of improvement in the form of the following:

- Documentation of chemist ban activities & red paint marking on oil palm trees located in Watershed Block 06 A Afdeling IX
- Minutes of Socialization of Fertilizer and Chemist Procedures along Watersheds on 14 July 2021 which was attended by 19 participants at Afdeling IX.
- The results of monitoring the condition of the borders of the Parit River Afdeling I, Titi Racun River in Afdeling II; Battalion River & Hessa River in Afdeling III; Langgar River and Masundung River in Afdeling VI; and the Piasa River, Ax River and Walata River in Afdeling IX. Monitoring results in July 2021 showed that there were marking of chemical application limits and no destruction or burning activities on river borders.
- Evaluation of River Border Management Monitoring on July 10, 2021 which shows river border management that has been carried out by the company such as making red paint marks on oil palm trees, monitoring the prohibition of using pesticides on river borders, maintaining plants along water bodies.
- Decree of the Plantation Manager/Factory of the Air Batu Plantation Business Unit No. ABA/MU/Ktps/02/VII/2021 dated July 14, 2021, which contains the appointment of an evaluation officer who is responsible for river border management in Air Batu Gardens, namely Plant Assistant Afdeling IX.

Based on this explanation, the discrepancy in this indicator is declared to **have been fulfilled.**

**Verified by :** **Rahmat Abdiansyah/ Erika L**

<b>NCR No.</b>	<b>: 2020.9</b>	<b>Issued by</b>	<b>: Rahmat Abdiansyah</b>
<b>Date Issued</b>	<b>: 26 October 2020</b>	<b>Time Limit</b>	<b>: 11 October 2021</b>
<b>NC Grade</b>	<b>: Minor/Non Critical upgrade to Major /Critical</b>	<b>Date of Closing</b>	<b>: 19 August 2021</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 7.8.4 Mill water use per tonne of FFB is monitored and recorded.</b>		

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

- company shows recorded data on water use for FFB processing in the period July 2020 as much as 23,381 M<sup>3</sup>; August 2020 as much as 23,077 M<sup>3</sup> and September 2020 as much as 24,518 M<sup>3</sup>.
- The results of the field visit to the WTP station revealed that there were 3 water pump machines. 1 pump for housing and flow meter works fine. Meanwhile, 2 pumps for flow meter processing are in a damaged condition and are not functioning.
- Based on a field visit to the Hesa pump engine room (water inlet) it was found that there were 4 pumping machines. 3 pumps for VFD and 2 flow meters are faulty. 1 pump for the flow meter housing is faulty.



<p><b>Non-Conformance Description</b> <i>(filled by auditor):</i> Based on the explanation above, the company has not been able to accurately indicate the amount of water used for processing.</p>
<p><b>Root Cause Analysis</b> <i>(filled by organization audited):</i> Officers are not careful/control in operating the machine so that flow meters are still found that are no longer functioning.</p>
<p><b>Correction</b> <i>(filled by organization audited):</i> Repairs will be made to the damaged flow meter in the st.WTP area and the engine room so that later it can function properly.</p> <p><b>Auditor's Comments/Questions:</b> Correction might be re-evaluated. Correction is an action taken by the company to the identified non-conformity. In order to be able to attach the evidence made as a correction made by the company.</p> <p>Replaced 2 broken flowmeters in the Hessa pump engine room and 1 flowmeter for housing pumps</p>
<p><b>Corrective Action</b> <i>(filled by organization audited):</i> Repairs will be made to the damaged flow meter in the WTP station area and the engine room so that later it can function properly.</p> <p><b>Auditor's Comments/Questions</b> Corrective action might be re-evaluated. Corrective action is an action taken by the company to the root of the problem so that the non-conformity does not occur again in the next assessment. In order to be able to attach the evidence taken as a corrective action taken by the company.</p> <ul style="list-style-type: none"> <li>Monitoring the conditions and clean water treatment plants in the Air Batu POM</li> <li>Establish a PIC who is responsible for monitoring the conditions and clean water treatment plants in the Air Batu POM</li> </ul>
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i> <b>Auditor's Verification (15 February 2021)</b> The company has submitted proof of improvement as follows:</p> <ul style="list-style-type: none"> <li>Recapitulation of surface water usage for 2018, 2019 and 2020.</li> <li>Root cause analysis, corrections and corrective actions. However, there are still some notes/audit questions that need to be completed by the company as well as supporting documents as an action taken to correct non-conformities.</li> </ul> <p>Based on this explanation, the discrepancy in this indicator is declared <b>Unfulfilled</b>.</p> <p><b>Auditor's Verification (13 July 2021)</b> company has attached proof of improvement to ASA-2 in the form of:</p> <ul style="list-style-type: none"> <li>Recapitulation of Surface Water usage for 2018, 2019 and 2020.</li> <li>Letter No. ABA/04.05/334A/V/2021 dated May 20, 2021 regarding the proposal for the procurement of 3 units of flow meters in POM.</li> </ul> <p>However, the company has not attached other supporting documents as an action taken to correct the discrepancy in the form of:</p> <ul style="list-style-type: none"> <li>replacement of 2 broken flowmeters in the engine room of the Hessa pump and 1 flowmeter for the housing pump.</li> <li>Corrective and corrective actions to be ensured again according to the root cause analysis that has been determined.</li> <li>Monitoring conditions and clean water treatment plants in the Air Batu PKS</li> </ul> <p>Based on this explanation, the discrepancy in this indicator is declared <b>Unfulfilled. Non-conformance 2020.16 changes to Major/Critical category.</b></p> <p><b>Auditor's Verification (19 August 2021)</b></p>

Company has attached root cause analysis, corrections and corrective actions. In addition, the company has attached proof of repair in the form of documents:

- Minutes of installation of 3 units of water meters in the WTP and 2 units in the engine room on 25 July 2021 carried out by PT Airi Insan Nusantara accompanied by photo documentation.
- Decree of the Plantation Manager/Factory of the Air Batu Plantation Business Unit No. ABA/MU/Ktps/34/VII/2021 dated 22 July 2021 which contains the determination of special officers who are responsible for monitoring the condition of clean water treatment facilities and infrastructure.
- Monitoring of WTP Water Pump Machine Facilities and Infrastructure which is carried out every month for the period January – July 2021 which shows the water pump and flow meter are in good condition.

Based on this explanation, the discrepancy in this indicator is declared as **Fulfilled**.

Verified by : **Rahmat Abdiansyah/ Erika L**

<i>NCR No.</i>	: 2020.10	<i>Issued by</i>	: Yudhi Yuniarto Tallutondok
<i>Date Issued</i>	: 26 October 2020	<i>Time Limit</i>	: ASA-2
<i>NC Grade</i>	: Minor/Non Critical	<i>Date of Closing</i>	: 13 Juli 2021
<i>Standard Ref. &amp; Requirement</i>	7.11.3 The unit of certification engages stakeholders in adjacent locations for fire prevention and control measures.		
<i>Evidence observed (filled by auditor):</i> -			
<i>Non-Conformance Description (filled by auditor):</i> The unit of certification has not been able to show evidence that it has involved relevant stakeholders in fire prevention and control activity.			
<i>Root Cause Analysis (filled by organization audited):</i> The company has not been able to involve stakeholders to be directly involved in fire prevention and control.			
<b>Auditor's Comment (25 January 2021)</b> Root cause analysis might be re-evaluated. Root cause analysis is the main cause of identified non-conformities.  Lack of understanding of the certification unit in implementing the RSPO principles and criteria.			
<i>Correction (filled by organization audited):</i> Stakeholders have not been involved in fire prevention and control.			
<b>Auditor's Comment (25 January 2021)</b> Corrective action might be re-evaluated. Corrective action is a corrective action taken by the company to the identified non-conformity.  Conducting socialization by involving nearby stakeholders in efforts to prevent and control fires.			
<i>Corrective Action (filled by organization audited):</i> Henceforth, the fire prevention and control process of the stakeholders will be directly involved in the activity process.			
<b>Auditor's Comment (25 January 2021)</b> Corrective action might be re-evaluated. Corrective actions are actions taken by the company against non-conformities so that non-conformities do not occur again (again) in the next assessment.			

Identifying document requirements related to the application of RSPO principles and criteria

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

**Auditor's Verification (25 January 2021)**

The company showed evidence of improvements including: Organizational Chart for Emergency Control of the Air Batu POM PKS.

Based on the foregoing, the non-conformance is declared unfulfilled because there is not enough evidence shown by the company to fulfill the non-conformity. In addition, the company must first revise the root cause analysis, corrective actions and corrective actions in accordance with the auditor's comments.

**Auditor's Verification (13 July 2021)**

The company has attached proofs of repairs to the ASA-2 in the form of:

- Organizational Chart for the Emergency Control of Air Batu POM Palm Oil Mill.
- Emergency Response Simulation Implementation Report 2020 which contains an emergency response simulation conducted on 22 September 2020 and was attended by 60 workers.
- Receipt of the 2020 Emergency Response Simulation Implementation Report dated 13 October 2020 to the Asahan District Satpol PP.
- Regulatory Compliance Evaluation Report Related to the Implementation of the RSPO, which was made in January 2021.

Based on this explanation, the nonconformity in this indicator has been fulfilled.

<i>Verified by</i>	:	<b>Yudhi Yuniarto Tallutondok/ Erika L</b>
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**3.4.2. Identification of Findings, Corrective Actions and Observations at ASA-2 (remote)**

<i>NCR No.</i>	:	2020.1	<i>Issued by</i>	:	Rahmat Abdiansyah
<i>Date Issued</i>	:	13 July 2021	<i>Time Limit</i>	:	ASA-2
<i>NC Grade</i>	:	Minor/Non Critical raised to Major	<i>Date of Closing</i>	:	16 December 2022
<i>Standard Ref. &amp; Requirement</i>	:	<b>3.2.2</b> <b>As part of the monitoring and continuous improvement process, annual reports are submitted to the RSPO Secretariat by Certification Body during Annual Surveillance Assessment by using the RSPO metrics template</b>			
<i>Evidence observed (filled by auditor):</i> <ul style="list-style-type: none"><li>• RSPO Metric Template Air Batu Document. For example, based on the results of the verification, the following evidence was obtained:<ol style="list-style-type: none"><li>1. Number of Certified Estate is 9 Estates.</li><li>2. Water usage data for PKS for the 2020 period is 158,273,040 M3</li><li>3. Total production of Air Batu Estate for the period June 2020 – May 2021 is 146,295.430 Kg</li><li>4. Have not separated the number of employees, both factories and plantations.</li></ol></li><li>• Production Documents in Basic Info. Based on the results of the verification, the following evidences were obtained:<ol style="list-style-type: none"><li>1. Total production of Air Batu Estate for the period June 2020 – May 2021 is 138,551,625 Kg</li><li>2. The number of Certified Estates is 1.</li></ol></li><li>• Documents for water use for the period January - December 2020 amounted to 251,597 M3.</li></ul>					
<i>Non-Conformance Description (filled by auditor):</i> <p>The company has not been able to prove that the annual report using the RSPO Metric Template is in accordance with actual conditions.</p>					
<i>Root Cause Analysis (filled by organization audited):</i> <p>PIC Lacks understanding in obtaining data for filling in the Metric Template</p>					
<i>Correction (filled by organization audited):</i> <p>Send and identify supporting data for filling in metric templates such as:</p> <ol style="list-style-type: none"><li>1. Area Statement</li><li>2. FFB Production Data for the period Jan 21-Dec 21 with production data (LM76) until July 2022</li></ol> <p>Note: The calculation period in the Metric template is July 21-Jun22</p>					
<i>Corrective Action (filled by organization audited):</i> <p>Training for PICs to fill in the Metric Template Monitoring the Filling of the Metric Template in 2021</p>					
<i>Assessor Evaluation and Conclusion (filled by auditor):</i> <p>Verification on August 4, 2022</p> <p>Based on the results of document verification, the company has shown a record of the last period's RSPO Metric Template. From the results of the review of the records, the data shown is still not in accordance with the supporting documents, for example:</p>					

	<b>Metric Template</b>	<b>Supporting Document</b>
<b>Production Area</b>	7.238 ha	7.277 ha
<b>FFB Production (Jan 21 – Des 21)</b>	175.250 ton	150.189 ton
<b>Training (Mill)</b>	5 training	13 training
<b>Training (Estate)</b>	6 training	37 training
<b>Lost Time Injuries (Estate)</b>	182	112

Based on this evidence, the non-conformity has not been met. (Raised to Major).

**Verification on November 2, 2022**

The company sends proof of improvement, but the proof of improvement shown is still not acceptable, including:

- For the 2022 areal statement document, please show it with a better resolution.
- For a work accident summary, please also display the LTA calculation.

Auditees Response :

1. Related to the Area Statement Production area in 2021 is 7277 ha, while in 2022 it is 7238 because the area planted in 2021 has decreased by 39 Ha due to the addition of roads and ditches in 2022.
2. There was an error in inputting production data, the total production of Batu Air is: 150,790,420 Kg (File LM 76, monthly production data is attached)
3. Based on the last training recap, there were 5 garden trainings and 18 PKS trainings with 31 PKS employees and 6 plantation employees (File Attached)
4. Based on the calculation of LTA (Lost Time Injuries) on the plantation is 82 lost working days while the PKS is 26 lost working days (Form attached), LTA calculation

Based on this explanation, the discrepancy has not been fulfilled.

**Verification on December 16, 2022**

The company has shown the latest metric template according to the period set by the RSPO. Based on the results of data verification in the metric template, the supporting documents match, for example the number of trainings that have been conducted and the number of workers in each unit.

Based on the objective evidence, the non-conformity has been fulfilled.

<i>Verified by</i>	:	<b>Briyogi Shadiwa</b>
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**3.4.3. Identification of Findings, Corrective Actions and Observations at ASA-2 & ASA-3 (onsite)**

<b>NCR No.</b>	<b>:</b>	<b>2022.01</b>	<b>Issued by</b>	<b>:</b>	<b>Briyogi Shadiwa</b>
<b>Date Issued</b>	<b>:</b>	<b>4 August 2022</b>	<b>Time Limit</b>	<b>:</b>	<b>ASA-4</b>
<b>NC Grade</b>	<b>:</b>	<b>Minor</b>	<b>Date of Closing</b>	<b>:</b>	
<b>Standard Ref. &amp; Requirement</b>	<b>:</b>	<b>2.3.2</b> <b>For all indirectly sourced FFB, the unit of certification obtains from the collection centres, agents or other intermediaries, the evidence as listed in indicator 2.3.1</b>			
<b>Evidence observed (filled by auditor)</b> <ul style="list-style-type: none"> <li>- The company shows records of FFB receipts for the period May 2020 to July 2022. In the recordings it is known that there are FFB from third parties such as: CV Abadi Jaya, PT Semut Merah Beriring and CV Doge Doge Star.</li> <li>- Based on the results of public consultations with FFB suppliers on behalf of CV Abadi Jaya, it is known that these suppliers also act as collectors of FFB from other parties.</li> <li>- The company shows proof of CV Abadi Jaya's agreement with the company (No.: ABA/CV.AI/SP-TBS/04/IX/2021) which contains information regarding the rights and obligations of the seller and buyer of FFB, including evidence of other information such as Company Registration Certificate, Address, Geolocation to Tax ID Number. However, the company has not been able to show evidence of further information related to FFB received by the collector as requested by indicator 2.3.1.</li> </ul>					
<b>Non-Conformance Description (filled by auditor):</b> <p>The company has not been able to show evidence of information for FFB obtained indirectly.</p>					
<b>Root Cause Analysis (filled by organization audited):</b> <p>There is no mechanism available to monitor obligations related to legality permits, addresses, oil palm land area and geolocation of farmers who send FFB to collectors.</p>					
<b>Correction (filled by organization audited):</b> <ul style="list-style-type: none"> <li>- Sending FFB collector documents along with information on the source of FFB to PKS</li> <li>- Complete STDP, NPWP, address, land area and geolocation of farmers who send FFB to collectors</li> </ul>					
<b>Corrective Action (filled by organization audited):</b> <ul style="list-style-type: none"> <li>- Make manager policies for collectors to send FFB source information</li> <li>- Conduct socialization regarding the policy of sending FFB source information to FFB collectors</li> </ul>					
<b>Assessor Evaluation and Conclusion (filled by auditor):</b> <p>-</p>					
<b>Verified by</b>	<b>:</b>				

<b>NCR No.</b>	<b>:</b>	<b>2022.02</b>	<b>Issued by</b>	<b>:</b>	<b>Briyogi Shadiwa</b>
<b>Date Issued</b>	<b>:</b>	<b>4 August 2022</b>	<b>Time Limit</b>	<b>:</b>	<b>ASA-4</b>
<b>NC Grade</b>	<b>:</b>	<b>Minor</b>	<b>Date of Closing</b>	<b>:</b>	<b>7 November 2022</b>
<b>Standard Ref. &amp; Requirement</b>	<b>:</b>	<b>3.3.2</b> <b>A mechanism to check consistent implementation of procedure is in place.</b>			



**Evidence observed (filled by auditor)**

- PPE requirement based on HIRAC document No. FM-4.2.1-00, for example in sterilizer station: Helmets, leather gloves and safety shoes.
- Based on the results of field observations at the sterilizer and sorting stations in Air Batu POM, it was found that several contractor workers smoked in the non-smoking area (sortation station) and did not use PPE based on the HIRAC identification set by the company.
- Based on the results of field observations and interviews on FFB Transport activities in Block R12 Afdeling 4 (contractor workers/third party) it was found that workers used PPE purchased themselves and were only given helmets from the contractor.
- Based on the results of the study of the work agreement documents between the contractor and his workers (CV Putra Mandiri and CV GAS) it was found that the workers encountered were working in the field and did not have a working relationship with the contractor.
- The company has not been able to demonstrate a mechanism related to monitoring the implementation of procedures consistently, especially regarding the fulfillment of obligations for contractor workers or third parties (eg the use of PPE and the legality of workers).

**Non-Conformance Description (filled by auditor):**

There is not enough evidence that the company has a mechanism related to monitoring the implementation of procedures consistently, especially regarding the fulfillment of obligations for contractor workers or third parties (use of PPE and legality of workers).

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

The certification unit has not been consistent in monitoring the mechanism for fulfilling third party obligations.

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

- Conduct daily monitoring of contractor workers who work in factories to wear PPE and not smoke while working and report to assistant manager and be evaluated for reward and punishment.
- Installing no-smoking signs in the work area.
- Send proof of provision of PPE to Contractor FFB Transport workers in Afd IV.
- Ensure that vendors have sent contractor work agreement documents (CV. Putra Mandiri and CV Gas) to their workers.

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

- Conduct socialization related to the contractor's legal compliance mechanism.
- Send proof of evaluation of contractors that have been evaluated by assistant manager and approved by the manager to the planning and sustainability department of the head office once every 3 months.

**Assessor Evaluation and Conclusion (filled by auditor):**
**Verify November 7, 2022**

Companies can show documents:

- Records of socialization of vendor compliance which was held on 15 August 2022. In summary, this activity explains the fulfillment of legal compliance by third parties/vendors regarding the principles and criteria of the RSPO.
- Proof of providing PPE by CV GAS (third party contractor) to 4 workers in the form of helmets and boots.
- Documents for monitoring the use of PPE for contractor workers.

- Proof of employment agreement between the vendor/third party and the employee.
- Evaluation document for work requirements carried out by vendors for the period of October 2022.

Based on the results of verification of root cause 's identification, it is known that the company has identified the root cause of the non-conformity and can then show follow-up actions in correcting the non-conformity. The company can also identify corrective actions so that these non-conformities do not recur. Therefore, the discrepancy in this indicator **has been fulfilled and will be observed in the next audit activity.**

**Verified by** : **Briyogi Shadiwa**

<b>NCR No.</b>	: <b>2022.03</b>	<b>Issued by</b>	: <b>Rindu Galih Rezza Rachmansyah</b>
<b>Date Issued</b>	: <b>04 August 2022</b>	<b>Time Limit</b>	: <b>02 November 2022</b>
<b>NC Grade</b>	: <b>Major</b>	<b>Date of Closing</b>	: <b>16 December 2022</b>
<b>Standard Ref. &amp; Requirement</b>	: <b>6.2.4</b> The unit of certification provides adequate housing. Sanitation facilities, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. In the case of acquisitions of non-certified units, a plan is developed detailing the upgrade of infrastructure. A reasonable time (5 years) is allowed to upgrade the structure.		
<b>Evidence observed (filled by auditor)</b>			
<ul style="list-style-type: none"> <li>Based on the results of field observations in the housing area of Afdeling 5 and Afdeling 9 workers, it was found that there were still workers' housing facilities (semi-permanent) in inadequate bathroom conditions (the bathroom was in a damaged condition) so that workers made their own emergency bathroom in the backyard of the house. This was found in Afdeling 5 as many as 1 semi-permanent house and in Afdeling 9 as many as 2 semi-permanent houses whose bathroom conditions were not proper.</li> <li>The company also has not shown any concrete programs or plans related to the improvement or monitoring of the feasibility of housing facilities.</li> </ul>			
<b>Non-Conformance Description (filled by auditor):</b>			
The company has not been able to ensure that all housing facilities provided to workers are in decent condition and their feasibility is monitored.			
<b>Root Cause Analysis (filled by organization audited):</b>			
The company already has a budget for home repairs but has not carried out activities to monitor the condition of employees' homes and realize the budget for repairs to these houses.			
<b>Correction (filled by organization audited):</b>			
<ul style="list-style-type: none"> <li>Making repairs to the condition of the houses found during the audit activities.</li> <li>Monitoring the feasibility of housing conditions as well as the planned housing repair budget and its realization in 2022</li> </ul>			
<b>Corrective Action (filled by organization audited):</b>			
<ul style="list-style-type: none"> <li>Create a Manager's Policy regarding the employee's home improvement mechanism</li> <li>Determine the PIC in charge of monitoring the eligibility conditions of the houses</li> <li>Conduct outreach to employees regarding home improvement mechanisms</li> <li>Create a 2023 home improvement program based on monitoring results</li> </ul>			

**Assessor Evaluation and Conclusion (filled by auditor):**
**Verification on November 2, 2022**

The company has determined the root causes of corrective and corrective actions related to non-conformances that arose when the audit assessment was carried out. In addition, the company shows several supporting documents such as:

- Documents on the Realization and Exploitation Plan for Employee House Improvements for the 2022 and 2023 RKAP signed by the Air Batu Unit Manager on October 22, 2022 (document only in tabular form).
- Air Batu Unit RKAP documents for 2022 and 2023 where the budget for housing repairs in 2022 is Rp. 75,005,407, - and for 2023 it is Rp. 300,000,000 (The RKAP document provided is not accompanied by official approval from the leadership).
- Documents for monitoring the eligibility of employee housing for 2022, where there are still 92 houses in damaged condition and there are also several houses whose current conditions are unknown (no clear information).
- 3 housing improvement programs for workers (1 unit in Afdeling 5 and 2 units in Afdeling 9) planned for 2023 according to the 2023 RKAP budget (however this document has not been signed by the Unit Manager).
- Decree of Plantation Manager/Factory of Air Batu Plantation Business Unit No. ABA/MU/kpts/03/VIII/2022 dated 12 August 2022 concerning Special Officers Responsible for Monitoring the Feasibility Conditions of Houses Related to RSPO/ISPO Air Batu Plantations.

From the improvement evidence shown above, there are still a number of things that require additional evidence or additional information, such as:

- Determining the root of the problem so that it is considered and reconfirmed, because the company has had a home improvement budget since 2022 but nothing has been realized since January until the audit was carried out.
- Determination of corrective actions that have not been implemented and adapted to the new root causes, because the evidence sent is only in the form of a corrective plan and has not shown evidence that it has been realized.
- Determination of corrective actions that have not been fully demonstrated and adapted to the new root causes, due to the condition of damaged houses based on monitoring results of 92 houses but only 3 houses are planned to be repaired.
- Please for every proof of repair that is sent has an official validation (signature of the party having authority over the document) so that all documents can be declared valid.

Based on this, the discrepancy in this indicator is declared not fulfilled.

**Verification on December 16, 2022**

Companies can show additional evidence to resolve discrepancies that arise in the surveillance assessment, namely:

- Budget Documents for Employee Housing Improvements in 2022 and 2023 approved by the Air Batu Unit Manager. The Budget has been included in the 2022 and 2023 RKAP (Company Work Plan and Budget) documents.
- Documentation (photos) of worker housing improvements in 2021.
- Documents Monitoring the eligibility of employee houses for 2022 which was carried out on December 2, 2022, where the result is 112 units of employee houses that are in good condition, 329 units in moderate condition and 34 units in bad condition.
- The 2023 Employee Housing Improvement Program document which was approved by the Air Batu Unit Manager on December 2, 2022 for a total of 31 housing units and repairs started from March to December 2023.
- Program Documents and realization of employee housing in 2022 in which improvements have been realized for 3 employee houses in afdeling 5 for 1 house and afdeling 9 2 houses (total 3 houses).
- Socialization document on monitoring and housing conditions for employees which was held on 04 October 2022 and was attended by 22 people in Afdeling 5.
- Socialization document on monitoring and employee housing conditions held on 11 October 2022 and attended by 21 people in Afdeling 9.
- Repairing and providing bathroom facilities in the Afdeling 5 housing complex with 1 house and 2 houses in Afdeling 9.
- The Manager's Policy Document related to the Employee Home Repair Mechanism, which states that the house must be well cared for by the occupants, the company must carry out routine monitoring regarding the condition of the house and if there is damage, the company will repair it.

Based on the objective evidence, the non-conformity has been fulfilled.

<b>Verified by</b>	<b>:</b>	<b>Rindu Galih Rezza Rachmansyah</b>
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<b>NCR No.</b>	<b>:</b>	<b>2022.04</b>	<b>Issued by</b>	<b>:</b>	<b>Rindu Galih Rezza Rachmansyah</b>
<b>Date Issued</b>	<b>:</b>	<b>04 August 2022</b>	<b>Time Limit</b>	<b>:</b>	<b>ASA-4</b>
<b>NC Grade</b>	<b>:</b>	<b>Minor</b>	<b>Date of Closing</b>	<b>:</b>	
<b>Standard Ref. &amp; Requirement</b>	<b>:</b>	<b>6.2.7</b> <b>Permanent fulltime employment is used for all core work performed by the unit of certification. Casual, temporary and day labour is limited to jobs that are temporary or seasonal.</b>			

**Evidence observed (filled by auditor)**

- Based on the results of field observations and interviews with harvesters in Block L16 Afdeling 1 and Block R12 Afdeling 4, it was found that there are still 10 harvesters who are still contract worker (PKWT) workers in Afdeling 1 and 14 people in Afdeling 4 who have been working since 2021.
- Based on the results of the review of the labor list document for the period of July 2022, it is known that currently the company still has workers with contract worker (PKWT) status as many as 76 people who work in Afdeling 1-9 and have been working since July 2021 and February 2022.
- The company can also show a work agreement between contract worker (PKWT) workers and the company for 10 contract worker (PKWT) workers in Afdeling 1. For example, work agreement no. ABA/S.Perj/167/VII/2022 and No. ABA/S.Perj/182/VII/2022 dated 01 July 2022 which is valid for 3 months (31 September 2022).
- The company has a Board of Directors Regulation of PT Perkebunan Nusantara III (Parent Company of PT Perkebunan Nusantara IV) No. HES/PER/05/2019 dated March 22, 2019 regarding Guidelines for Recruitment of Employees at PT Perkebunan Nusantara III and its Subsidiaries, where in CHAPTER IV on the Implementation of Acceptance of PKWT in article 15 it is explained that this contract worker (PKWT) is made for certain jobs according to the type and nature or activity the work will be completed in a certain time like:
  - ❖ Jobs that are once completed or temporary in nature.
  - ❖ Seasonal work.
  - ❖ Work related to new products/activities or additional products.
  - ❖ Work that is estimated to be completed in a not too long time.
 In addition, the document also explains related to the recording of contract worker (PKWT) which must comply with the provisions of the applicable regulations (Article 21).
- Harvest work is a permanent job, this is because the criteria for harvesting work are included in the description of permanent work in Law no. 13 of 2003 (explanation of article 59 paragraph 2) where it reads "work that is continuous, uninterrupted, not limited by time and is part of a production process in one company or work that is not seasonal.". In addition, related to the registration of contract worker (PKWT), it has been regulated in Article 14 which states that the recording of contract worker (PKWT) to the local manpower sector is carried out no later than 7 days from the signing of the contract worker (PKWT).
- In Government Regulation No. 35 of 2021 in the contract worker (PKWT) section explains that contract worker (PKWT) cannot be held for work that is permanent and PKWT can be held based on a period of time (work that is not completed for too long, seasonal work, work related to new products) or the completion of a particular job (work that has once completed and temporary work).
- Proof of PKWT registration for as many as 45 contract worker (PKWT) workers on July 25, 2022 to the Manpower Office of Asahan Regency, while for the other 31 contract worker (PKWT) workers no proof of registration has been shown to the relevant agencies.

**Non-Conformance Description (filled by auditor):**

The company has not been able to prove that the application of the use of contract worker (PKWT) is in accordance with company procedures and government regulations related to the types of work that can use contract worker (PKWT) and contract worker (PKWT) reporting.

<b>Root Cause Analysis</b> (filled by organization audited):	
-	
<b>Correction</b> (filled by organization audited):	
-	
<b>Corrective Action</b> (filled by organization audited):	
-	
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):	
-	
<b>Verified by</b>	:

<b>NCR No.</b>	:	2022.05	<b>Issued by</b>	:	Rindu Galih Rezza Rachmansyah
<b>Date Issued</b>	:	04 August 2022	<b>Time Limit</b>	:	ASA-4
<b>NC Grade</b>	:	Minor	<b>Date of Closing</b>	:	
<b>Standard Ref. &amp; Requirement</b>	:	<b>6.7.4</b> All workers are provided medical care and covered by accident insurance. Costs incurred from work related incidents, leading to injury or illness, are covered in accordance with applicable regulations or by the unit of certification if applicable regulations do not provide protection.			
<b>Evidence observed</b> (filled by auditor) <ul style="list-style-type: none"> <li>The company has a CLA for the period 2022-2023 which has been ratified by the relevant agencies and is still valid today. In the CLA in Chapter VI Article 45 explains that the company provides health care to workers with their bodies (wife and children) in the BPJS Health program. For Workers' Social Security, it has also been regulated in Chapter VIII Article 52 which explains that companies are required to register their workers in the BPJS Employment program (JKK, JKM, JHT and JP).</li> <li>Based on a review of the labor list document for the period of July 2022, it is known that the company has 666 workers who are permanent workers and 76 workers with contract worker (PKWT) status.</li> <li>The company can show proof of payment of BPJS Health and Employment for permanent workers (666 people) of the company for the period July 2022, while for workers with contract worker (PKWT) status as many as 76 people cannot be shown.</li> </ul>					
<b>Non-Conformance Description</b> (filled by auditor): The company has not been able to prove that all workers (including PKWT) have been provided with health services and are protected by work accident insurance in accordance with the provisions of the CLA and related government regulations.					
<b>Root Cause Analysis</b> (filled by organization audited):					
-					
<b>Correction</b> (filled by organization audited):					
-					
<b>Corrective Action</b> (filled by organization audited):					
-					
<b>Assessor Evaluation and Conclusion</b> (filled by auditor):					
-					
<b>Verified by</b>	:				

**3.4.4. Opportunity for Improvement**

No	Ref. Std.	Description																																																																																																																																																																																															
1	3.6.1	<p><b>All operational activities risks assessed to identify the H&amp;S issues. Mitigation plans and procedures are documented and implemented.</b></p> <p>The Company has identified OHS problems for the Mill and Estate units which are contained in the HIRAC document No. FM-4.2.1-0. Based on the verification results, it is known that the document has identified risks, for example security stations, weighbridges, stews, chains, but has not accommodated the potential hazards at the FFB sorting station.</p> <p><b>The company has the opportunity to identify potential OHS risks for all work units.</b></p>																																																																																																																																																																																															
2	7.4.4	<p><b>Records of fertilizer inputs are maintained.</b></p> <p><b>Nutrient Status of Produced Palm Oil Leaves in 2020 Business Unit Air Batu</b></p> <table><tr><th rowspan="3">Unit</th><th rowspan="3">Status Hara</th><th colspan="12">Nutrient</th></tr><tr><th colspan="2">N</th><th colspan="2">P</th><th colspan="2">K</th><th colspan="2">Ca</th><th colspan="2">Mg</th><th colspan="2">S</th></tr><tr><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th></tr><tr><td rowspan="4">Air Batu</td><td>Low</td><td>15</td><td>8</td><td>111</td><td>57</td><td>87</td><td>44</td><td>57</td><td>29</td><td>61</td><td>31</td><td>9</td><td>90</td></tr><tr><td>Normal</td><td>33</td><td>17</td><td>64</td><td>33</td><td>62</td><td>32</td><td>54</td><td>28</td><td>88</td><td>45</td><td>1</td><td>10</td></tr><tr><td>High</td><td>148</td><td>76</td><td>21</td><td>11</td><td>47</td><td>24</td><td>85</td><td>43</td><td>47</td><td>24</td><td>-</td><td>-</td></tr><tr><td>Total</td><td>196</td><td>100</td><td>196</td><td>100</td><td>196</td><td>100</td><td>196</td><td>100</td><td>196</td><td>100</td><td>10</td><td>100</td></tr></table> <p><b>Nutrient Status of Produced Palm Oil Leaves in 2021 Business Unit Air Batu</b></p> <table><tr><th rowspan="3">Unit</th><th rowspan="3">Status Hara</th><th colspan="12">Nutrient</th></tr><tr><th colspan="2">N</th><th colspan="2">P</th><th colspan="2">K</th><th colspan="2">Ca</th><th colspan="2">Mg</th><th colspan="2">S</th></tr><tr><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th><th>KCD</th><th>%</th></tr><tr><td rowspan="4">Air Batu</td><td>Low</td><td>130</td><td>63</td><td>124</td><td>60</td><td>36</td><td>17</td><td>113</td><td>55</td><td>27</td><td>13</td><td>20</td><td>100</td></tr><tr><td>Normal</td><td>64</td><td>31</td><td>67</td><td>32</td><td>45</td><td>22</td><td>72</td><td>35</td><td>81</td><td>39</td><td>-</td><td>-</td></tr><tr><td>High</td><td>13</td><td>6</td><td>16</td><td>8</td><td>126</td><td>61</td><td>22</td><td>11</td><td>99</td><td>48</td><td>-</td><td>-</td></tr><tr><td>Total</td><td>207</td><td>100</td><td>207</td><td>100</td><td>207</td><td>100</td><td>207</td><td>100</td><td>207</td><td>100</td><td>20</td><td>100</td></tr></table> <p><b>Manuring realization on period 2022</b></p> <table><tr><td><b>NPK 14-7-25+1TE</b> Recom : 111.24 ton Real : 111.24 ton % Real : 100</td><td><b>NPK 12-12-7+1TE</b> Recom : 2,617.21 ton Real : 2,543.13 ton % Real : 97.17%</td><td><b>NPK 15-7-24+1TE</b> Recom : - Real : - % Real : -</td></tr><tr><td><b>Dolomite</b> Recom : 1,272.26 ton Real : 1233.11 ton % Real : 96.92%</td><td><b>MOP</b> Recom : 496.35 ton Real : 416.92 ton % Real : 84%</td><td><b>Urea</b> Recom : 309.33 Real : 226.44 % Real : 73.20%</td></tr><tr><td><b>Boron</b> Recom : 51.78 Real : 50.31 % Real : 97.16%</td><td></td><td></td></tr></table> <p><b>Manuring realization on period January – June 2022</b></p>	Unit	Status Hara	Nutrient												N		P		K		Ca		Mg		S		KCD	%	KCD	%	KCD	%	KCD	%	KCD	%	KCD	%	Air Batu	Low	15	8	111	57	87	44	57	29	61	31	9	90	Normal	33	17	64	33	62	32	54	28	88	45	1	10	High	148	76	21	11	47	24	85	43	47	24	-	-	Total	196	100	196	100	196	100	196	100	196	100	10	100	Unit	Status Hara	Nutrient												N		P		K		Ca		Mg		S		KCD	%	KCD	%	KCD	%	KCD	%	KCD	%	KCD	%	Air Batu	Low	130	63	124	60	36	17	113	55	27	13	20	100	Normal	64	31	67	32	45	22	72	35	81	39	-	-	High	13	6	16	8	126	61	22	11	99	48	-	-	Total	207	100	207	100	207	100	207	100	207	100	20	100	<b>NPK 14-7-25+1TE</b> Recom : 111.24 ton Real : 111.24 ton % Real : 100	<b>NPK 12-12-7+1TE</b> Recom : 2,617.21 ton Real : 2,543.13 ton % Real : 97.17%	<b>NPK 15-7-24+1TE</b> Recom : - Real : - % Real : -	<b>Dolomite</b> Recom : 1,272.26 ton Real : 1233.11 ton % Real : 96.92%	<b>MOP</b> Recom : 496.35 ton Real : 416.92 ton % Real : 84%	<b>Urea</b> Recom : 309.33 Real : 226.44 % Real : 73.20%	<b>Boron</b> Recom : 51.78 Real : 50.31 % Real : 97.16%		
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No	Ref. Std.	Description
		<p><b>NPK 14-7-25+1TE</b>  Recom : -  Real : -  % Real : -</p> <p><b>Dolomite</b>  Recom : 1,346.49 ton  Real : 1346.45 ton  % Real : 99.99%</p> <p><b>Boron</b>  Recom : -  Real : -  % Real : -</p> <p>The results of verification of the nutrient status of oil palm leaves for the period 2020-2021 showed that in general there was a decrease in the nutrient status of N, K and Ca. Furthermore, based on the realization of fertilization for the 2021 period, it was found that there was no second semester application for NPK 14-7-25+1TE fertilizer, Dolomite and MOP as well as the achievement of urea realization of 73.20%.</p> <p><b>The company has the opportunity to ensure that fertilizer implementation is in accordance with the recommendations.</b></p>
		<p><b>NPK 12-12-7+1TE</b>  Recom : 1,771.52 ton  Real : 1,770.70 ton  % Real : 99.95%</p> <p><b>MOP</b>  Recom : 1,260.26 ton  Real : 1,258.89 ton  % Real : 99.89%</p>
		<p><b>NPK 15-7-24+1TE</b>  Recom : -  Real : -  % Real : -</p> <p><b>Urea</b>  Recom : 512.10  Real : 347.58  % Real : 67.87%</p>
3	7.5.2	<p><b>The replanting of palm oil is not conducted extensively on steep terrain in accordance with applicable regulations.</b></p> <p>Based on the results of field visits in the Block 2009BJ, it is known that there is a landslide area on the river border area with an indication of a slope of &gt;40°. In relation to these conditions, the company has identified issues based on internal audit activities for the period June 2020 – December 2021, which will be held on February 2 -11, 2022.</p> <p><b>The company has the opportunity to carry out follow-up actions related to landslide conditions and evaluate mitigation and management plans in areas with a slope of &gt;40°.</b></p>
4	7.8.3	<p><b>Mill effluent is managed according to applicable regulations. The quality of mill effluent discharged, especially BOD (Biochemical Oxygen Demand) is monitored in accordance with applicable regulations.</b></p> <p>Based on the result of field visits to WWTP, there was runoff between ponds 4 and 6, and there was a leak of the LA pipe that occurred in Block M10 Afdeling II on August 3, 2022. Unit of Certification has shown the following documentary evidence:</p> <ul style="list-style-type: none"> <li>Memo No. ABA/04.05/eM-129/IV/2022 dated April 7, 2022 from Manager of Plantation Unit of Air Batu Water Plant to the Head of Engineering and Processing regarding Repair and Construction of New Fort for Waste Ponds in pond No. 4-6. In addition, the Unit of Certification's Activity Plan and Budget (<i>RKAP</i>) for 2022 has been shown which contains plans for reconditioning of waste ponds (WWTP) in 2022.</li> <li>Letter No. ABA/04.05/125/XI/2021 dated 27 November 2021 regarding replacement of leaks in the LA Pipes Block 2010 L and M. In addition, Unit of Certification also showed Work Order No. 14/2022 regarding the repair of the LA pipeline in Block M10 Afdeling II on August 3, 2022.</li> </ul> <p><b>Unit of Certification is encouraged to implement WWTP pool repair program that has been planned</b></p>

No	Ref. Std.	Description
		for 2022.
5	7.8.4	<p><b>Mill water use per tone of FFB is monitored and recorded.</b></p> <p>Based on the results of the document review, the company has shown the 2022 water use document which shows the water use for processing in the mill in January-June is 1.60 m<sup>3</sup>/ton FFB and exceeds the specified norm of 1.2 – 1.5 m<sup>3</sup>/ton FFB. This is caused by the anion demin plant component in WTP in a damaged condition. Unit of Certification has shown efforts to improve the use of water that exceeds the norms indicated in the Work Order No. 9/2022 regarding repair of the anion demin plant components in WTP on 20-23 May 2022. In addition, Unit of Certification has shown document of Handover of Phase-I (First Phase) No. ABA/BAST-I/08/VI/2022 dated 23 June 2022 regarding replacement and new installation of anion tanks and other accessories at Air Batu Plantation and Mill by CV Gading Mutiara. Result of interview with management show that currently, the anion tank is in the process of commissioning.</p> <p><b>Unit of Certification is encouraged to ensure the components in WTP work properly so that the use of water for the process meets the established norms.</b></p>

#### 3.4.5. Noteworthy Positive Components

No	Description
1	Has obtained SMK3 (OHS Management System) and ISPO certificates.
2	Good conservation area management.

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

Public Issues (Institution/ NGO/Community)	Auditor Verification
<b>National Land Agency of Asahan Regency</b> <b>Interviewee: Head of Dispute Control and Handling Section</b> <ul style="list-style-type: none"> <li>• There are no additions related to land use permits and location permits.</li> <li>• Company has a good relationship with National Land Agency.</li> <li>• There are no problems related to land conflicts and dispute which has been reported to National Land Agency.</li> <li>• Company has routinely reported its report of land utilization to National Land Agency.</li> <li>• Communication between company and National Land Agency works well.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>Environmental Agency of Asahan Regency</b> <b>Interviewee: Environmental Supervisor</b> <ul style="list-style-type: none"> <li>• Company already has environmental documents and environmental permits, such as hazardous waste temporary storage permits and LA permits which are still valid and have not changed.</li> <li>• Company has submitted mandatory reports such as Hazardous Waste Management Report and Liquid Waste Management Report every quarter, as well as <i>RKL-RPL</i> Report every semester to Environmental Agency of Asahan Regency.</li> <li>• There are no issues/reports of environmental pollution due to company's operational activities.</li> <li>• There were no land fires in and around company during 2021-2022.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>Plantation Agency of Asahan Regency</b> <b>Interviewee: Plantation Business Appraiser</b> <ul style="list-style-type: none"> <li>• Company has obtained latest plantation business assessment in 2021.</li> <li>• Company has submitted reports on plantation business activities and fire reports on a regular basis every semester.</li> <li>• Company has implemented CSR programs for the surrounding community, such as improving facilities and infrastructure, scholarships, etc.</li> <li>• No complaints were reported to Plantation Agency as a result of plantation operations.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>Manpower Agency of Asahan Regency</b> <b>Interviewee: Labor Inspector</b>	<p>There is no negative issue that needs to be further clarified.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<ul style="list-style-type: none"> <li>Company already has a CLA and Worker Union that has been ratified by agency.</li> <li>Company has submitted regular reports to Manpower Agency such as manpower report, OHS Committee report, and contract worker records.</li> <li>Company has implemented minimum wage for all workers.</li> <li>Company has provided <i>BPJS Kesehatan</i> and <i>BPJS Ketenagakerjaan</i> to all workers.</li> <li>There are no issues or reports of child labor, as well as forced labour, discrimination, and violence against workers in the company.</li> </ul>	
<b>Village of Perkebunan Air Batu I/II</b> <b>Interviewee: Village Head</b> <ul style="list-style-type: none"> <li>Communication between company and Air Batu I/II Plantation Village went smoothly. The grievance mechanism was well understood by village representatives.</li> <li>There are no land disputes between community and company.</li> <li>There is no environmental pollution due to company's operational activities.</li> <li>There were no land fires in the company or in Air Batu I/II Plantation Village in last 1 year.</li> <li>Community feels the impact of company's existence in the aspect of labor recruitment.</li> <li>There are no complaints from public about the existence of company.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>Sijabut Teratai Village</b> <b>Interviewee: Village Head</b> <ul style="list-style-type: none"> <li>Communication between company and Sijabut Teratai Village went smoothly. The grievance mechanism was well understood by village representatives.</li> <li>There are no land disputes between community and company.</li> <li>There is no environmental pollution due to company's operational activities.</li> <li>There were no land fires in company or in Sijabut Teratai Village in last 1 year.</li> <li>Community feels the impact of company's existence in the aspect of labor recruitment.</li> <li>There are no complaints from public about the existence of company.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>CV Abadi Jaya (FFB Supplier)</b> <b>Interviewee: Owner</b> <ul style="list-style-type: none"> <li>FFB suppliers have been working with company since 2006.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<ul style="list-style-type: none"> <li>FFB supplier already has a cooperation agreement with company which is still valid today.</li> <li>FFB prices are updated daily via text message or <i>whatsapp</i>. The price set is in accordance with provisions set by local Plantation Service.</li> <li>FFB suppliers have complied with provisions in agreement with the company including OSH (PPE) and employment obligations (<i>BPJS</i> and minimum wages).</li> <li>There were no complaints while working with company.</li> </ul>	
<b>CV Putra Mandiri (Local Contractor)</b> <b>Interviewee: President Director</b> <ul style="list-style-type: none"> <li>Contractor is engaged in plant upkeep and transportation of EFB.</li> <li>Contractor has been working with company since 2012 and has a current contract.</li> <li>Contractor is required to fulfil OHS and PPE obligations to contractor workers in carrying out work in company.</li> <li>There were no problems or complaints while working with company.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>CV Batara (Local Contractor)</b> <b>Interviewee: Executing Workers</b> <ul style="list-style-type: none"> <li>Contractor is engaged in construction material procurement.</li> <li>Contractor has been working with company for 7 years and has a current contract.</li> <li>Contractor is required to fulfil OHS and PPE obligations to contractor workers in carrying out work in company.</li> </ul> <p>There were no problems or complaints while working with company.</p>	<p>There is no negative issue that needs to be further clarified.</p>
<b>Worker Union (SPBUM) Unit of Air Batu</b> <b>Interviewee: Head of Worker Union</b> <ul style="list-style-type: none"> <li>Worker Union have been registered with local Manpower Office since 2019.</li> <li>Company has implemented a minimum wage for all workers.</li> <li>Company has provided guarantees in form of <i>BPJS Kesehatan</i> and <i>BPJS Ketenagakerjaan</i> to all workers.</li> <li>Company has provided PPE to all workers. Replacement of PPE is routinely carried out every year. PPE that is damaged and lost will be replaced by company.</li> <li>Company has provided housing facilities, clean water, and electricity allowances to employees. The condition of employee housing is still in a usable condition.</li> <li>There are no cases between workers and companies that have not been resolved in the last 1 year period.</li> <li>There were no issues of discrimination, forced labor, child labor, and sexual harassment in the last 1 year period.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>



Public Issues (Institution/ NGO/Community)	Auditor Verification
<ul style="list-style-type: none"> <li>No complaints from workers were reported to Worker Union.</li> </ul>	
<b>Gender Committee</b> <b>Interviewee: Head of Gender Committee</b> <ul style="list-style-type: none"> <li>Gender Committee consists of workers from POM and Estates.</li> <li>There were no issues/reports of discrimination, forced labour, child labor, and sexual harassment in the last 1 year period.</li> <li>No complaints from workers were reported to Gender Committee.</li> </ul>	<p>There is no negative issue that needs to be further clarified.</p>
<b>RSPO Complaint Reference No. RSPO/2019/12/IR on 06 May 2019 with the summary of Complaint related to:</b> <ul style="list-style-type: none"> <li><b>Alleged salary fraud for 7 laborers, no festive holidays and no bonus for day laborers.</b></li> </ul>	<p><b><u>Day Laborers.</u></b></p> <p>Based on the results of verification of employment documents and interviews with workers and management, it is known that currently there are only 3 statuses of workers working in the company, namely:</p> <ul style="list-style-type: none"> <li>Permanent workers are workers who have become permanent workers in accordance with the Decree of the Board of Directors of PTPN IV for the Appointment of Permanent Workers. Where workers with this status are divided into 2, namely Implementing Workers (Karpel) and Leadership Workers (Karpim).</li> <li>Contract workers (PKWT), are workers employed by the company on a contract basis for a certain period of time and only for harvest work. (this has become a non-compliance with indicator 6.2.7)</li> <li>Contractor workers are workers employed by contractors in collaboration with the company for operational activities in plantations and factories such as FFB transportation, plant maintenance and others.</li> </ul> <p>For Day laborers, it is no longer used by the company and was not found during field observations, interviews or document verification. This is because the company only has 3 status workers at this time as described above.</p> <p><b><u>Salary Fraud</u></b></p> <p>The results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) show that the company has never committed fraud related to the provision of wages because the wages have been adjusted to provisions set by the company (wage scale structure) for permanent workers, providing wages above the minimum wage for contract workers (PKWT) and for contractor workers being given wages in accordance with the wage agreement in the work agreement between the contractor</p>



Public Issues (Institution/ NGO/Community)	Auditor Verification
	<p>and the worker (where the wages are in accordance with minimum wages). This can be proven by verifying the wages of the workers in July 2022 where the wages given are in accordance with the minimum wage setting as well as with the established wage scale structure.</p> <p>This is also supported by the results of interviews with labor unions and contractors who stated that wages for all workers had complied with government regulations starting from the minimum wage and there were no violations of this.</p> <p><b>No Festive Holidays and No Bonus</b></p> <p>In accordance with the results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) it is known that the company provides weekly holidays to its workers every Sunday, holidays on National holidays including holidays / Christmas. This is evidenced by the absence of operational activities in the plantations or factories on holidays in accordance with the absence of workers in July 2022. This has also been regulated in the company's CLA related to employee rest days and holidays.</p> <p>For the provision of bonuses to workers is always given annually by the company, especially for workers from the company has been given regularly every year. This is based on the results of interviews with workers in the plantations and factories. As for contractor workers, this is not given because the workers who work with them are not permanent workers and the turnover is quite high every month, so the contractor does not give bonuses to their workers.</p>
<p><b>RSPO Complaint Reference No. RSPO/2019/11/IR on 23 April 2019 with the summary of Complaint related to:</b></p> <ul style="list-style-type: none"> <li>• Temporary workers and contract issues.</li> <li>• Wages and overwork.</li> </ul>	<p><b>Temporary workers and contract issues.</b></p> <p>Based on the results of verification of employment documents and interviews with workers and management, it is known that currently there are only 3 statuses of workers working in the company, namely:</p> <ul style="list-style-type: none"> <li>• Permanent workers are workers who have become permanent workers in accordance with the Decree of the Board of Directors of PTPN IV for the Appointment of Permanent Workers. Where workers with this status are divided into 2, namely Implementing Workers (Karpel) and Leadership Workers (Karpim).</li> <li>• Contract workers (PKWT), are workers employed by the company on a contract basis for a certain period of time and only for harvest work. (this has become a non-compliance with indicator 6.2.7)</li> <li>• Contractor workers are workers employed by contractors in collaboration with the company for operational activities in plantations and factories such as FFB transportation, plant maintenance and others.</li> </ul>

Public Issues (Institution/ NGO/Community)	Auditor Verification
	<p>For workers with contract status (PKWT) already have a work agreement (contract) with the company in accordance with the specified time period and have been reported to the Manpower Agency of Asahan Regency on 26 July 2022. The work agreement (contract) has also been given to each -Each worker with the same legal force. This is reinforced by the results of interviews with contract workers and the Manpower Agency of Asahan Regency which stated that contract workers had a work agreement (contract) that was in accordance with the regulations and had been registered with the relevant agency.</p> <p>However, the current use of PKWT workers in the company has become a discrepancy in indicator 6.2.7, because workers use contract workers (PKWT) on permanent jobs (in this case harvest work).</p> <p><b><u>Wages and Overwork</u></b></p> <p>The results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) show that the company has never committed fraud related to the provision of wages because the wages have been adjusted to provisions set by the company (wage scale structure) for permanent workers, providing wages above the minimum wage for contract workers (PKWT) and for contractor workers being given wages in accordance with the wage agreement in the work agreement between the contractor and the worker (where the wages are in accordance with minimum wages). This can be proven by verifying the wages of the workers in July 2022 where the wages given are in accordance with the minimum wage setting as well as with the established wage scale structure.</p> <p>This is also supported by the results of interviews with labor unions and contractors who stated that wages for all workers had complied with government regulations starting from the minimum wage and there were no violations of this.</p> <p>For overwork, the company has set the terms of working for 6 working days a week or 40 hours a week. This has been regulated in the CLA which has been approved by the relevant agencies in North Sumatra Province. The results of interviews with plantation workers stated that normal working hours from Monday to Friday are 7 hours (07.00 – 14.00) while on Saturday it is 5 working hours (07.00 – 12.00) with a total of 40 working hours in one week. If the worker exceeds the working hours, the worker will be paid overtime and the calculation and payment is deemed appropriate. In addition, if working outside of normal working hours is not approved by the worker, then the worker is not obliged to do work outside of these working hours (overtime work must be agreed by</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
	<p>both parties). From the results of the verification of overtime work at the Mill, it is known that no workers who worked overtime in July 2022 were more than 18 hours a week because the average overtime hours of workers in a week in that month were only 14-15 hours.</p> <p>Based on the explanations above, there is no fault from the aspect of payroll or overtime payments made by the company.</p>
<p><b>RSPO Complaint Reference No. RSPO/2019/07/IR on 10 April 2019 with the summary of Complaint related to:</b></p> <ul style="list-style-type: none"> <li>• Lack of adequate health and safety equipment</li> <li>• Labourer died due to lack of safety equipment</li> <li>• No festive holidays for temporary workers</li> </ul>	<p><b><u>No festive holidays for temporary workers</u></b></p> <p>In accordance with the results of interviews with workers in plantations and factories for permanent workers (harvesters, upkeeps and process operators), contract workers (harvesters) and contractor workers (pesticide applicators) it is known that the company provides weekly holidays to its workers every Sunday, holidays on National holidays including holidays / Christmas. This is evidenced by the absence of operational activities in the plantations or factories on holidays in accordance with the absence of workers in July 2022. This has also been regulated in the company's CLA related to employee rest days and holidays.</p> <p><b><u>Lack of adequate health and safety equipment</u></b></p> <p>Based on the results of field observations in the plantations and factories, it is known that all PPE provided to workers is in accordance with PPE standards set by the company. This is evidenced by the PPE used by pesticide applicators are boots, face shields, gloves, masks and aprons. The PPE used is also in good condition. Based on this, the company has not proven that the PPE provided is appropriate and suitable for use.</p> <p><b><u>Laborer died due to lack of safety equipment</u></b></p> <p>Regarding workers who died due to not using PPE, this was not found for the period 2021 to July 2022. There were no work accidents that occurred during this period that caused death. This can refer to indicators 6.7.2 and 6.7.5 in the report, where there has never been a work accident that resulted in death during that period.</p>

<b>4.0</b>	<b>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</b>
<b>4.1</b>	<b>Formal Sign-off of Assessment Findings</b>
	<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 Perkebunan Nusantara IV Management Representative</p> <p><u>Pirgok Panggabean</u> Friday, 16 December 2022</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Briyogi Shadiwa</u> Friday, 16 December 2022</p> </div> </div>

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

No	Institution/ NGO/ Community	Address	Phone/ Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Plantation Agency	Asahan Regency	-	Interview by phone	03 August 2022	√	
2	Environmental Agency	Asahan Regency	-	Interview by phone	03 August 2022	√	
3	National Land Agency	Asahan Regency	-	Interview by phone	04 August 2022	√	
4	Labor Agency			Interview by phone	03 August 2022	√	
5	Air Batu I/II Plantation Village	Asahan Regency	-	Interview by phone	02 August 2022	√	
6	Sijabut Teratai Village	Asahan Regency	-	Interview by phone	02 August 2022	√	
7	Worker Union of Air Batu Unit (SPBUN)	Asahan Regency	-	Interview by phone	02 August 2022	√	
8	Gender Committee	Asahan Regency	-	Interview by phone	03 August 2022	√	
9	CV Abadi Jaya (FFB Supplier)	Asahan Regency	-	Interview by phone	02 August 2022	√	
10	Local Contractor (CV Putra Mandiri and CV Batara)	Asahan Regency	-	Interview by phone	03 August 2022	√	
11	World Wide Fund	Indonesia	<a href="mailto:wwf-indonesia@wwf.or.id">wwf-indonesia@wwf.or.id</a>	Questionnaire by email	01 August 2022		√
12	Wahana Lingkungan Hidup Indonesia	Indonesia	<a href="mailto:informasi@walhi.or.id">informasi@walhi.or.id</a>	Questionnaire by email	01 August 2022		√
13	Sawit Watch	Indonesia	<a href="mailto:info@sawitwatch.or.id">info@sawitwatch.or.id</a>	Questionnaire by email	01 August 2022		√
14	AMAN	Indonesia	<a href="mailto:rumahaman@aman.or.id">rumahaman@aman.or.id</a>	Questionnaire by email	01 August 2022		√
15	Air Batu Estate: • 1 foreman and 3 harvester. • 1 head foreman. • 1 global telling officer. • 2 upkeep workers. • 1 driver and 2 loader (contractor workers). • 1 upkeep foreman. • 5 pesticide applicators (contractor workers). • 2 nursery upkeep workers. • 1 nursery clerk.	PTPN IV – Unit of Air Batu.	-	Direct Interview	02 August 2022	√	

No	Institution/ NGO/ Community	Address	Phone/ Email	Form of Communication	Date of Contact	Response	
						Yes	No
	<ul style="list-style-type: none"> <li>1 LA operator</li> </ul>						
16	Air Batu POM: <ul style="list-style-type: none"> <li>2 security officers.</li> <li>3 sortation workers.</li> <li>1 weightbridge worker.</li> <li>5 mechanics (contractor workers).</li> <li>4 process operators.</li> <li>2 emergency response officers.</li> <li>warehouse worker.</li> <li>1 WTP operator.</li> </ul>	PTPN IV – Unit of Air Batu	-	Direct Interview	02 August 2022	√	



**Appendix 2. Assessment Program**

DATE	1 – 4 August 2022	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Monday, 1 August 2022</b>		
07.05 – 09.30	<b>JAKARTA (CGK) → MEDAN (KNO) GA-182</b>	<b>All Auditor</b>
10.00 – 12.00	<b>MEDAN → AIR BATU POM</b>	<b>All Auditor</b>
12.00 – 14.00	<b>Break</b>	<b>All Auditor</b>
14.00 – 16.00	<b>Opening meeting :</b> <ul style="list-style-type: none"> <li>Auditee Speech (Introduction of PIC, Profile of Certified Management Unit)</li> <li>Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Transparency and Confidentiality Clarification)</li> </ul>	<b>All Auditor</b>
<b>Tuesday, 2 August 2022</b>		
08.00 – 12.00	<ul style="list-style-type: none"> <li>Public consultation with stakeholder to relevant agency in Asahan Regency by Phone / Directly</li> <li>Stakeholder consultation to affected communities surrounding the plantations and previous land owner.</li> <li>Interview with Gender Committee, Worker's Union, Worker's Cooperative (if any), Local Contractor (for Mill and Estate), Third Party Supplier.</li> </ul>	<b>ELU</b>
08.00 – 12.00	<b>Field Observation to Air Batu Estate</b> <ul style="list-style-type: none"> <li>Aspect to be verified :</li> <li>Implementation of Legal Aspect (Land Ownership, Legal Boundaries);</li> <li>Implementation of Agronomy Aspect (Harvesting &amp; Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application)</li> <li>Implementation of Environmental, Conservation/HCV and Waste Management Aspect (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management)</li> <li>Implementation of Occupational Health &amp; Safety Aspect</li> <li>Implementation of Employment Procedure and Mechanism Aspect</li> <li>Observation of Workers Facilities (Housing, School, Worship Place).</li> <li>Interview with related personnel during field observation</li> </ul>	<b>BRI &amp; DAN</b> <b>BRI &amp; DAN</b> <b>BRI &amp; DAN</b> <b>RIU</b> <b>RIU</b> <b>RIU</b> <b>RIU</b>
12.00 – 14.00	<b>Break</b>	<b>All Auditor</b>
14.00 – 17.00	<b>Field observation to Air Batu POM:</b> <ul style="list-style-type: none"> <li>Supply Chain verification (FFB Receiving, Weighbridge, FFB Sorting, Processing Activity, Dispatch CPO)</li> <li>Occupational Health &amp; Safety Aspect (Inspection to Chemical Storage, Hazardous Waste Storage, Fire Control Simulation, POME Pond)</li> <li>Implementation of Employment Procedure and Mechanism Aspect</li> </ul>	<b>BRI &amp; DAN</b> <b>RIU</b> <b>RIU</b>

DATE	1 – 4 August 2022	
PLANNED TIME	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
	Presentation of Daily Progress	
<b>Wednesday, 3 August 2022</b>		
08.00 – 12.00	<ul style="list-style-type: none"> <li>Document review and completing audit checklist.</li> </ul>	All Auditor
12.00 – 14.00	Break	All Auditor
14.00 – 17.00	<ul style="list-style-type: none"> <li>Document review and completing audit checklist.</li> <li>Presentation of Daily Progress.</li> </ul>	All Auditor
<b>Thursday, 4 August 2022</b>		
08.00 – 12.00	Internal Team Discussion	All Auditor
12.00 – 14.00	Break	All Auditor
14.00 – 17.00	<b>Closing Meeting :</b> <ul style="list-style-type: none"> <li>Presentation of audit findings (Noteworthy Positive Component, Non Conformities, OFI, TimeLine of CAR's, Conclusion)</li> <li>Comments, Responses and Questions</li> </ul>	All Auditor
17.00 – ....	AIR BATU POM → BERANGIR POM	All Auditor