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## PUBLIC SUMMARY REPORT

# ANNUAL SURVEILLANCE ASSESSMENT (ASA3)

## PT Tolan Tiga (SIPEF Group) Sumatra, INDONESIA

*Report Author*

**Allan Thomas – September 2013**

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**SUMMARY**

BSi has conducted the third (ASA3) assessment of PT Tolan Tiga located in North Sumatra, Indonesia operations comprising two mills, four oil palm estates, support services and infrastructure. BSi concludes that PT Tolan Tiga operations comply with the requirements of RSPO Principles & Criteria: November 2007 and Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: May 2008 including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module – CPO Mills: Segregation – Bukit Maradja Palm Oil Mill and Mass Balance - Perlabian Palm Oil Mill.

BSi recommends that PT TTI be approved as a producer of RSPO certified sustainable palm oil.

**ABBREVIATIONS USED**

B3	Scheduled Waste
BME	Bukit Maradja Estate
BMM	Bukit Maradja Mill
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional (National Land Authority)
BPS	Badan Pusat Statistik (Central Statistical Office)
CD	Community Development
CLA	Collective Labour Agreement (PKB in bahasa)
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
EMS	Environmental Management System
ERT	Endangered, Rare and Threatened
ESIA	Environmental Social Impact Assessment
FFB	Fresh Fruit Bunch
FSC	Forestry Stewardship Council
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land-use title)
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
ISPO	Indonesia Sustainable Palm Oil Foundation
IUCN	International Union for Conservation of Nature
KRE	Kerasaan Estate
MMAS	Mukomuko Agro Sejahtera
MSDS	Material Safety Data Sheet
NGO	Non-Government Organisation
PCD	Pollution Control Device
PLE	Perlabian Estate
PLM	Perlabian Mill
PMP	Project Management Plan
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPKS	Pusat Penelitian Kelapa Sawit
PT TT	PT Tolan Tiga Indonesia
QMS	Quality Management System
RAB QSA	Quality Society of Australia
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)

SEIA	Social & Environmental Impact Assessment
SOP	Standard Operation Procedure
TLE	Tolan Estate
UKL-UPL	Upaya Kelolalaan Lingkungan-Upaya Pemantauan Lingkungan (Implementation)

**1.0 SCOPE OF CERTIFICATION ASSESSMENT****1.1 National Interpretation Used**

The operations of the mills and their supply bases of FFB were assessed against the **RSPO INA-NIWG**: May 2008 of the RSPO Principles and Criteria : 2007

**1.2 Certification Scope**

The scope of Certification covers two (2) Palm Oil Mills and the supply base comprising four (4) company owned oil palm Estates.

Certification Details.

SIPEF RSPO Membership No: 1-0021-05-000-00

BSI RSPO Certificate No: SPO 556042

Initial Certification Assessment: 14-20.3.2010

Date of Certification: 17.5.2010

**1.3 Location and Maps**

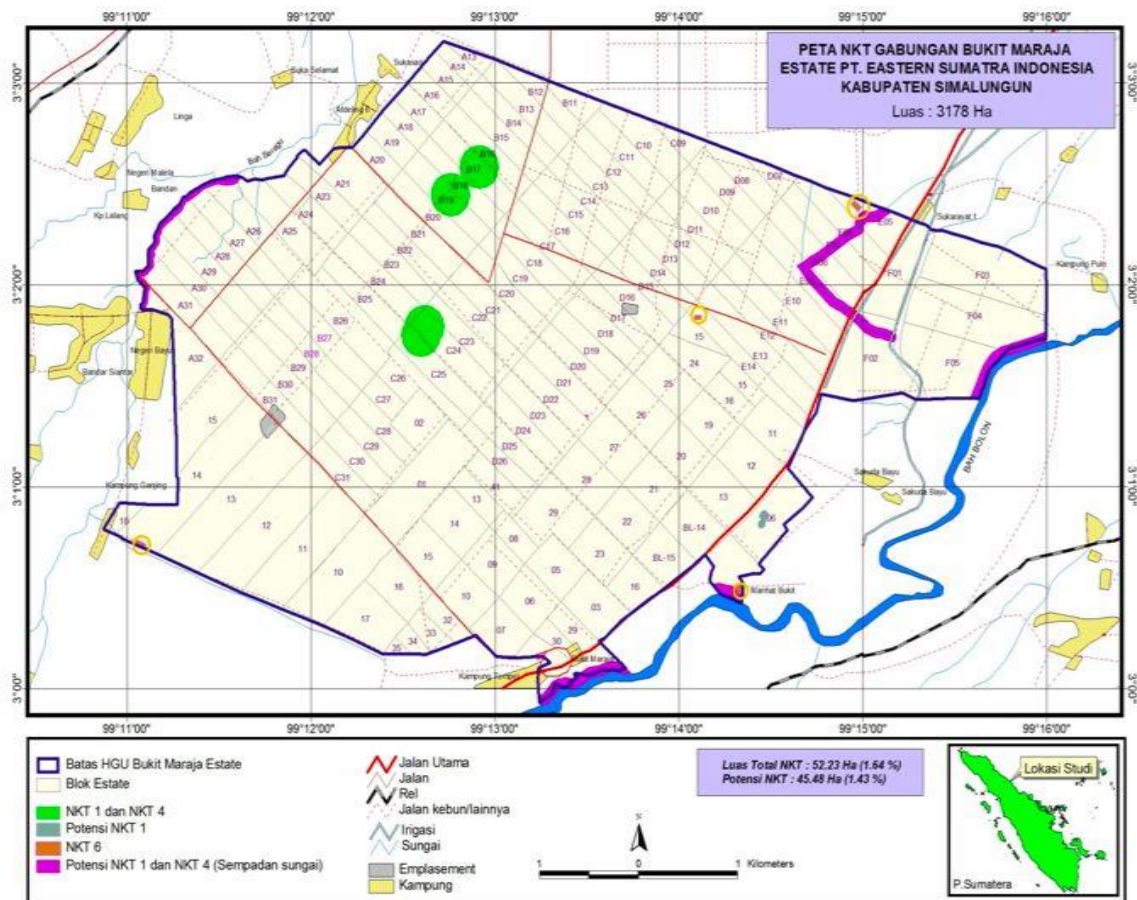
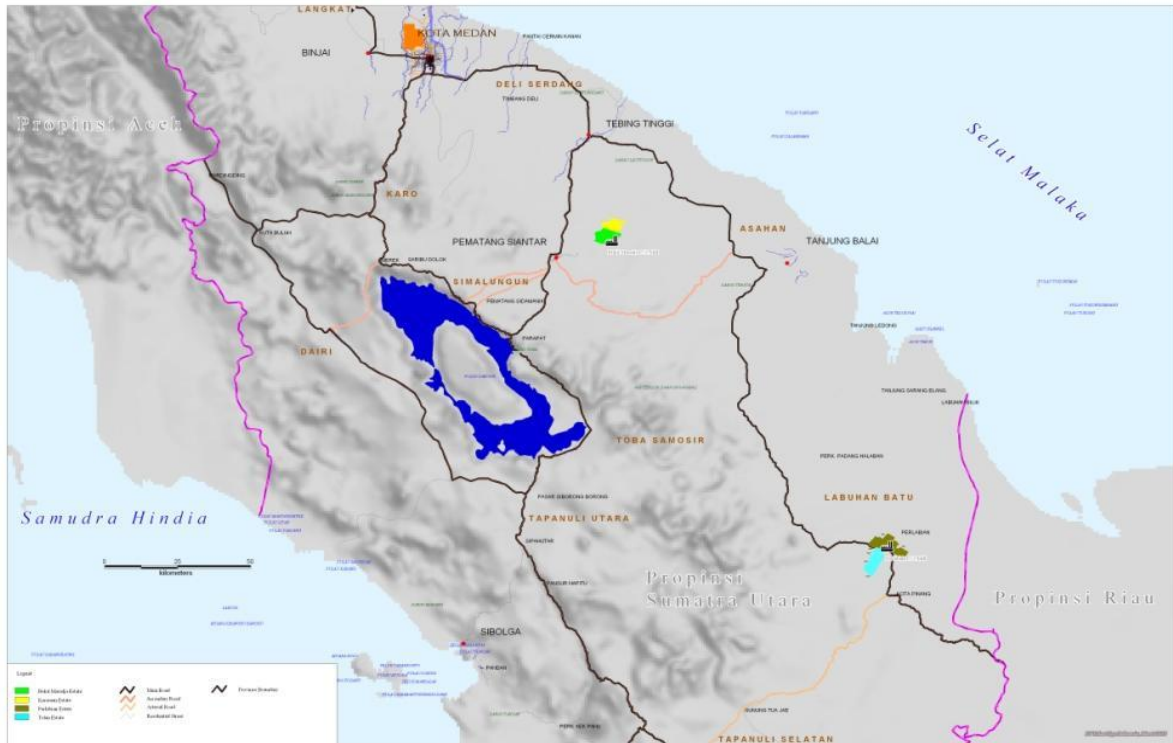
The PT TTI Estates and Mills are located in North Sumatra, Indonesia (Figure 1). The GPS location of the mills is shown in Table 1.

**Table 1: Mill GPS Location**

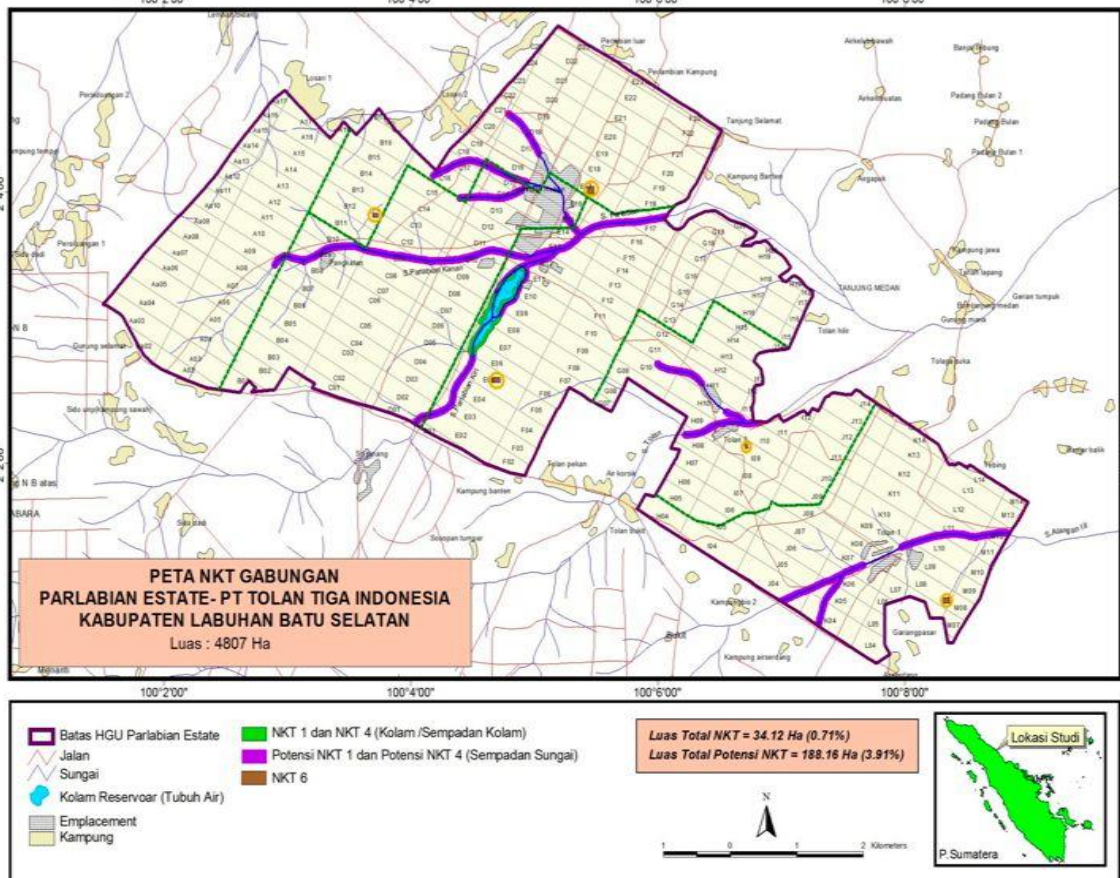
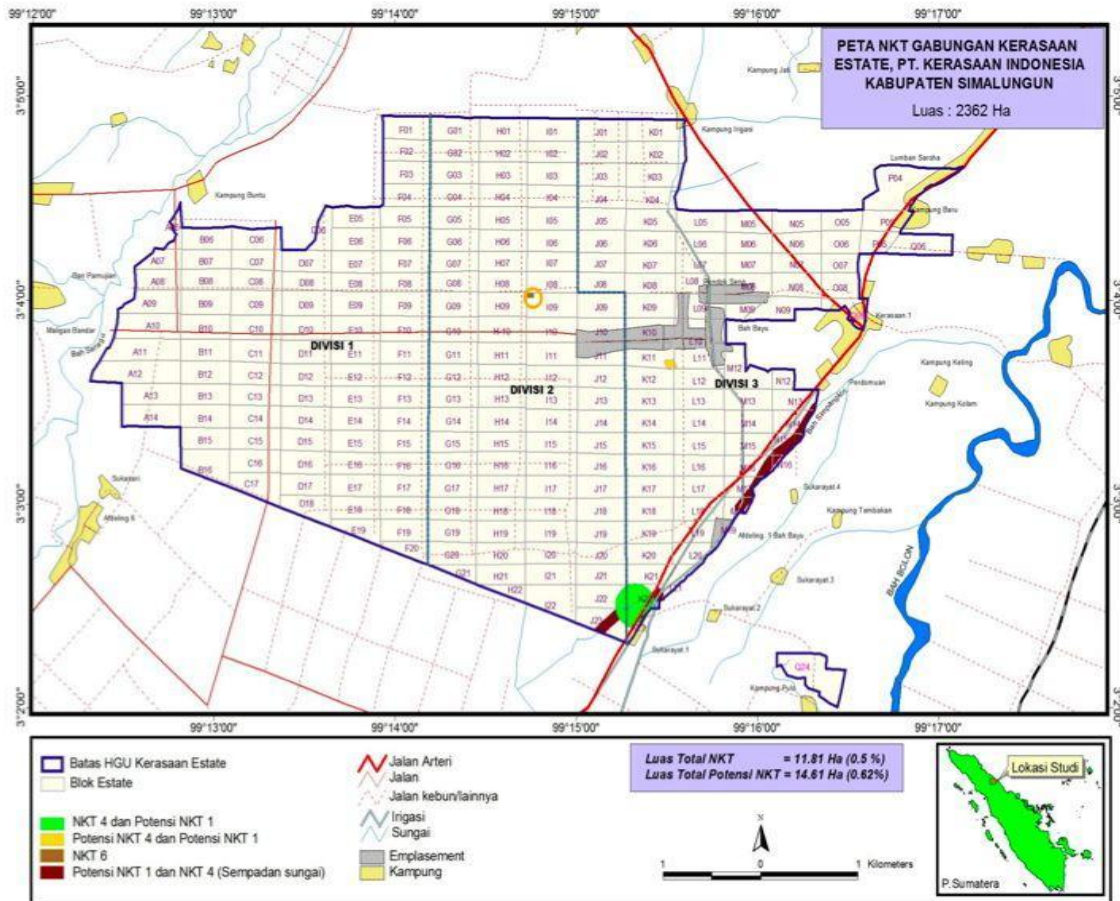
MILL	EASTING	NORTHING
Bukit Maradja	099°15E	03°04N
Perlabian	100°04E	02°04N

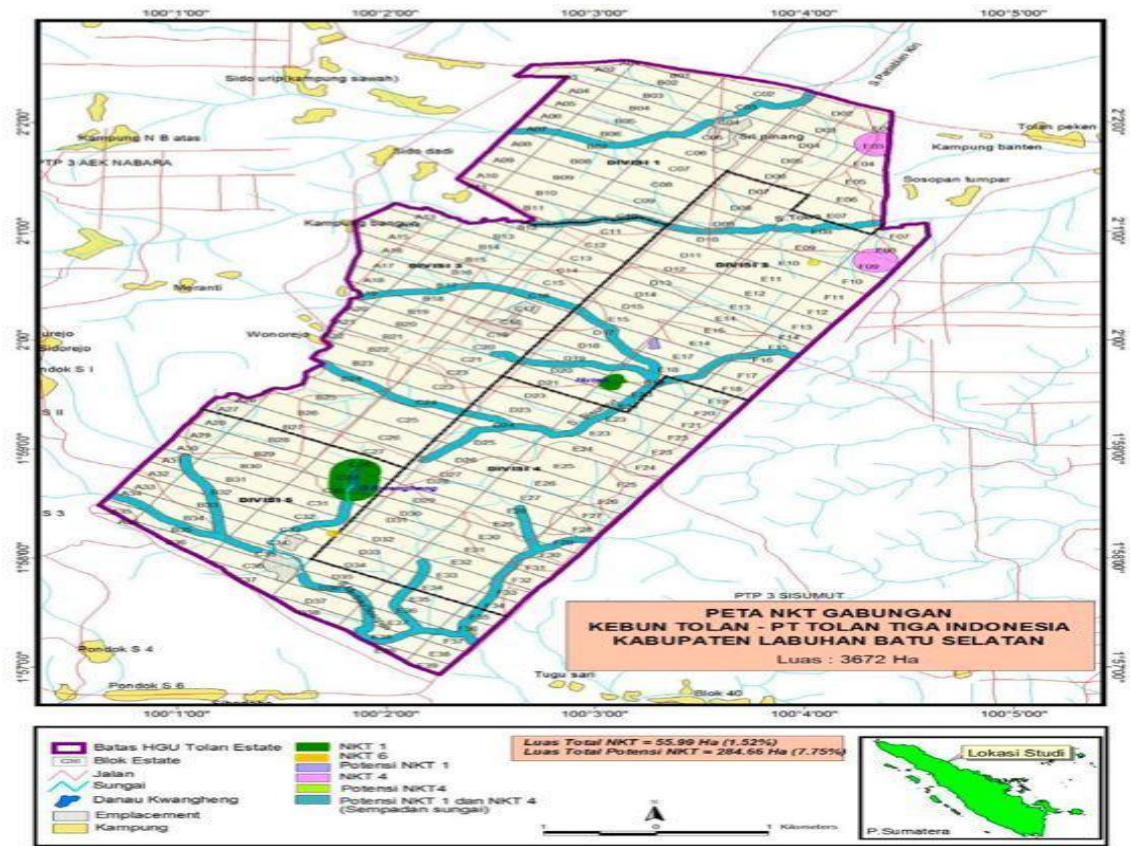
**1.4 Description of Supply Base**

From 2012 to 2013 The FFB processed at Bukit Maradja Mill is sourced from the 2 (two) Company Estates (100%). Thus, Bukit Maradja Mill is declaring as Supply Chain Segregation. Meanwhile the FFB processed at Perlabian Mill is from 2 (two) certified Company Estates (89%) and from a yet to be certified estate (11%). Thus during this ASA3 Perlabian Mill was declared as Supply Chain Mass Balance once the other estate is certified this will become Segregation Supply Chain. The FFB Production of both mills (Bukit Maradja and Perlabian) is listed in Table 3.









**Table 2(a): Company FFB Production 2012**

Source	Estimate at initial Certification May 2011	Actual Production May 2012- May 2013	Projected May 2013 – May 2014
<b>PL POM:</b>			
1. Perlabian	97,000	87,086	81,177
2 Tolan Estate	90,000	89,709	98,571
<b>Sub Total</b>	<b>187,000</b>	<b>176,795</b>	<b>179,748</b>

Source	Estimate at initial Certification May 2011	Actual Production May 2012- May 2013	Projected May 2013 – May 2014
<b>BM POM:</b>			
1. Bukit Maradja	80,000	59,991	60,186
2. Kerasaan	90,000	40,438	42,069
<b>Sub Total</b>	<b>170,000</b>	<b>100,429</b>	<b>102,255</b>
<b>Total BM + PL POMs</b>	<b>357,000</b>	<b>277,224</b>	<b>282,003</b>

### 1.5 Date of Plantings and Cycle

**Table 3: Age Profile of Company Estate Planted Palms**

Year	PLE	TLE	BME	KRE	SUM	% of Planted Area
1981			25		25	0.19
1982			33		33	0.25
1983					0	0
1984					0	0
1985			62		62	0.47
1986	177				177	1.35
1987	187				187	1.43
1988	212		61		273	2.08
1989	42				42	0.32
1990	31				31	0.24
1992	550		33	190	773	5.89
1993	306		40		346	2.64
1994	125	341	14		480	3.66
1995	312				312	2.38
1996	189	162	275	345	971	7.40
1997		179	344	271	794	6.05
1998		423		41	464	3.54
1999		370	198	78	646	4.92
2000	7	302	358	134	801	6.10
2001		296	392		688	5.24
2002		234	236	100	570	4.34
2003	336	464	264	102	1166	8.89
2004		133			133	1.01
2005	202	199	151	101	653	4.98
2006	280	123	105	112	620	4.73
2007	196			49	245	1.87

2008	212	78		73	363	2.77
2009	138			83	221	1.68
2010	210	91	178	66	545	4.15
2011	327	96	165	167	755	5.75
2012	443	123		179	745	5.68
<b>TOTAL</b>	<b>4482</b>	<b>3613</b>	<b>2936</b>	<b>2161</b>	<b>13093</b>	<b>100</b>

### 1.6 Other Certifications Held

PT TTI palm oil mills have certification to ISO 14001:2004 and ISO 9001:2008. PT TTI mills and estates are certified to ISCC standard.

### 1.7 Organisational Information / Contact Person

PT Tolan Tiga Indonesia is wholly owned by the SIPEF NV Group of Belgium.

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INDONESIA

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Director-Marketing  
Phone: +62 61 415 2043  
Fax: +62 61 452 0908  
Email: oliviertichit@tolantiga.co.id

### 1.8 Time Bound Plan for Other Management Units

The other Majority owned Management Units are as listed below:

- Hargy Oil Palms Ltd. (HOPL, Papua New Guinea)
- PT Agro Muko Indonesia (certified)
- PT Umbul Mas Wisesa, PT Toton Usaha Mandiri (coming to maturity in 2014)
- PT Citra Sawit Mandiri (still in development)
- PT Mukomuko Agro Sejahtera (still in development, added in 2010)
- PT Agro Kati Lama (still in development, added end 2011)
- PT Agro Rawas Ulu (still in development, added early 2012)
- PT Agro Muara Rupit (still in development, added early 2013).

As per its earlier time-bound plan, Sipef has achieved certification for all its palm oil mills and mature estates within three years of the certification of HOPL.

As communicated to RSPO since 2008, PT Umbul Mas and PT Toton Usaha Mandiri are currently placed under the RSPO compensation mechanism, based on a cautionary approach. Their situation will be reviewed and addressed in 2013 with the RSPO, before their certification in 2014 once they have reached maturity and the palm oil mill receiving their crop has been



commissioned. For PT Citra Sawit Mandiri, a solution compatible with the RSPO P&C is still being developed.

Since the last ASA of Tolan Tiga, Sipef has added one palm oil project in Indonesia: PT Agro Muara Rupit. This is a new development, and Sipef is complying with the RSPO New Plantings Procedure.

At this point Sipef has informed BSi that there are no known legal non-compliances, land or unresolved labour disputes at its other operations. BSi considers Sipef's Time Bound Plan to conform to the RSPO requirements for Partial Certification.

### 1.9 Area of Plantation

The hectare statement for the company owned Estates is shown in Table 4(a), and PT TTI Operations area Table 4(b).

**Table 4(a): Estates Hectare Statement**

Estate	Mature (ha)	Immature (ha)
Bukit Maradja	2772	164
Kerasaan	1816	345
Perlabian	3713	769
Tolan	3394	219
<b>TOTAL</b>	<b>11695</b>	<b>1497</b>

**Table 4(b): PT TTI Hectare Statement**

Mature area	11685
Immature	1498
Preparation for oil palm	437
<b>Total area for oil palm</b>	<b>13620</b>
Nurseries	15
Emplacement, Roads, Mills, Compounds etc.	317
Unplanted reserve, incl underwater lease	58
<b>Total leased area</b>	<b>14010</b>

### 1.10 Approximate Tonnages Certified

**Table 5: Approximate Tonnages Certified**

<b>CPO</b>			
Source	Estimate at initial Certification May 2011	Actual Production May 2012- May 2013	Projected May 2013 – May 2014
PL POM:	43,000	37,178	41,342
BM POM	35,000	23,636	23,825

<b>PK</b>			
Source	Estimate at initial Certification May 2011	Actual Production May 2012- May 2013	Projected May 2013 – May 2014
PL POM:	11,500	9,460	10,336
BM POM	7,500	5816	5,624

### 1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the production from the two palm oil mills and their supply base (refer Table 2(a) for tonnages).

Certificate details are included as Appendix A. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

### Inclusion of Smallholders

There are no small holders included in the Supply Base of PT TTI.

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

BSi Group Singapore Pte Ltd  
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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Management Systems provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and offices in Kuala Lumpur and Jakarta.

### 2.2 Qualifications of the Lead Assessor and Assessment Team

#### Allan Thomas Lead Assessor

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 22 years' experience in systems management and auditing of large organisations in construction, forestry, agriculture, manufacturing and in



private and Government sectors both in Australia, South East Asia and the South Pacific. During the past 15 years, he has been the Manager of a large certification body based in Australia with responsibilities throughout SE Asia. He has performed over 150 comprehensive audits of management systems throughout the Palm Oil industry including RSPO, Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia, Solomon Islands and PNG in the Oil Palm industry. Allan has conducted over 3200 system audits in the last 17 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

He is a Lead Environmental Auditor (ISO 14001) with IRCA, A Lead OHS Auditor (OHSAS 18001 & AS 4801) with IRCA, a Lead Quality Auditor (ISO 9001) with RABQSA and also an accredited Heavy Vehicle Auditor. He has also implemented strategies for implementing and maintaining SA 8000. Allan has also been appointed a Federal Safety Officer by the Australian Commonwealth Government. Allan is a Justice of the Peace for the last 24 years.

He has conducted Integrated Management assessments of a large number of palm and kernel oil mills and many oil palm plantations in Indonesia, Malaysia and Papua New Guinea. He has worked closely with RSPO in developing an audit checklist for the Principles and Criteria and developed an audit methodology. This was carried out at the instigation of Dr. Simon Lord – in 2005 prior to RT3. Dr. Lord is a former member of the Executive Board – this audit checklist was bought by RSPO in early 2006 He also performed the first base line assessment of the applications of the P&C. He is a strong advocate of environmental, safety and social accountability.

#### **Iman Nawireja – Technical Expert- Social (audit)**

Iman Nawireja graduated with Bachelor of Agriculture Science from the Bogor Agricultural University in 1997 and a Master's Degree in Communications from University of Indonesia. Currently, he is PhD Candidate in Rural Sociology from Bogor Agricultural University. He has a lecture in general sociology, intercultural communications, and social statistic at the Bogor Agricultural University and has more than 10 years' experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 9001 Quality Management Systems. He has assisted in conducting environmental and social assessments of oil palm projects during the past 7 years. He has assisted with conducting audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

### **2.3 Assessment Methodology, Programme, Site Visits**

A pre-audit to RSPO Principles and Criteria was conducted between 10<sup>th</sup> and 16<sup>th</sup> January 2010 to determine progress PT TTI has made towards certification.

The Initial Certification Audit was conducted between 14<sup>th</sup> and 20 March 2010.

The first annual surveillance assessment (ASA 1) was conducted from 8-13<sup>th</sup> May 2011.

The second surveillance assessment (ASA 2) took place from 14<sup>th</sup> to 18<sup>th</sup> May 2012.

The third surveillance assessment took place from 30<sup>th</sup> June to 5<sup>th</sup> July 2013 (ASA3). The audit programme is included as Appendix B.

The approach to the audit was to treat each mill and its supply base as an RSPO Certification Unit. Each mill was audited together with the plantations of its supply base. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

### **2.4 Stakeholder Consultation and List of Stakeholders Contacted**

Stakeholder consultation during the certification audit involved external and internal stakeholders. External stakeholders were notified by placing an invitation to comment on the RSPO and SIPEF websites and an advertisement in each of the local Medan and South Sumatra newspapers.

Letters were written to individual stakeholders and telephone calls were made to arrange meetings. As part of the surveillance audit, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees and contractors.

External stakeholders included organizations such as Government, NGOs and Civil Societies, who have an interest in the PT TTI area and resident communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with government agencies and NGOs were held in their respective premises within local villages.

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. In a number of interviews and meetings, the presence of company representatives was discouraged so as not to restrict discussion of both the positive and negative aspects of PT TTI's operations.

The company representatives only introduced the team and where requested to leave during meeting with stakeholders. For internal stakeholders the same procedure was followed and company representatives left once the consultations started.

There is a trade union at PT TTI. The committee is elected through open elections and every year elections are held to select representatives. During the audit the representatives have been interviewed.

#### **LIST OF STAKEHOLDERS CONTACTED**

Workers and Staffs (38 including those named below)

- Misdi A4, Irwansyah, Selamat Simarmata, Suryono, Tumin 2, Sugiarto (Harvesters - BME)
- Ridwan Rambe, Misran, Sugimin, Saparudin Rambe (Mill Workers - BMM)
- Sugeng and Harsono (Harvesters - KRE)
- Mukinem, Jumiatu, Rukiyati, and Tukinem (Female Workers - KRE)
- Suryanto and Paijo (Sprayers - Kerasaan)
- Jenda and Rini (Paramedics - KRE)
- Dini, Tri, and Supriatin (Female Estate workers - KRE)
- Fajar, Nanda, Wartiman, and Candra (Mill Workers - PLM)
- M. Arif, Syamsul, and Supriyadi (Sprayers - PLE)
- Sutrisno, Joko Jumari, Miyedi, and Mansyur (Harvesters - PLE)
- Isroil, Paryoto, Riyanto, Krisyanto, Sudarno (Harvesters - TLE)
- Zulkarnain, Siti Anova, and Chairil Anwar (Paramedics - PLE)
- Lantra, Herry, Sutriyani, and Lastri (Female Sprayers - TLE)
- Henny and Widya (Paramedics - TLE)

Contractors

- Supiran, Sugiart, Jamin Purba, R. Sinaga, Purwanto (Contractors and Supplier)

Local Community (5 including those named below)

- Sugirin (Bukit Meraja Village Head)
- Ilham Lubis (Perlabian Village head)

Government

- Mahady (Labour Department)

Non-Government Organisations  
- Sutrisno (Local NGO)

#### **2.5 Date of Next Surveillance Visit**

Approximately April 2014.

### **3.0 ASSESSMENT FINDINGS**

#### **3.1 Summary of Findings**

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mills and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the 3<sup>rd</sup> surveillance audit, two (2) Nonconformities were assigned against Minor Compliance Indicators. PT TTI has prepared a Corrective Action Plan (Appendix D) for addressing the identified nonconformities that was reviewed and accepted by BSi.

Seven (7) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 26).

BSi's assessment of PT TTI operations, comprising two palm oil mill, estates, infrastructure and support services, concludes that PT TTI operations comply with the requirements of RSPO Principles & Criteria : 2007 and INA-NIWG Indicators and Guidance : May 2008.

BSi recommends that PT TTI continue to be approved as a producer of RSPO Certified Sustainable Palm Oil.

***Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.***

Any requests for information (1.1.1) that are received in a suitable media are recorded in the requests for information register. PT TTI ensures that responses to information requests (1.1.2) are maintained including the status of each request. Each request received is registered and sent to relevant person.

PT TTI keeps a record of response and the time taken to respond to the request including date received, date responded to as well as any other pertinent information with regards to each request received. Inspection of company documents in field confirmed that company adequately provides information as the following example shows:

At TLE there was a request for information from the Government District office on 24.10.12 requesting a copy of the land title for Tolan Tiga estate as well as maps of this estate. This information was supplied by the General Manager. The date of this reply was 24.11.12 and this is recorded in the Buku *Permintaan Informasi & Tanggapan*.

At PLE there was a request from the local Public Works for information on water use and water analysis. This was requested on 14.6.13 and recorded in the Buku *Permintaan Informasi & Tanggapan*. However the requester did not return to collect the requested information.

There were no requests for information from either Bukit Maradja Estate or Karasaan Estate since the previous assessment (ASA2). There is however a Buku *Permintaan Informasi & Tanggapan* in place in the event requests for information are received.

All records for the requests for information and outcomes are to be maintained for a minimum of 10 years (1.1.3).

However, Observation 01 has raised against indicator 1.1.3: It is found in Tolan Estate, the estate manager and administration officer did not aware retention time for information request and responds records.

Response: ASA3 Finding: Interview of Estate Manager and administration officers confirmed that now they are all aware of retention time for information request of 5 years.

**Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.**

PT TTI has continued to make available a list of publicly available documents - Documents which are made publicly available have been listed on the company web site which has constantly been updated since the commencement of the RSPO. This register is updated at other documents become available. The latest update of documents available was as recent as June 2013 (1.2.1).

PT TTI has designated a special page in company website devoted to request of information at [http://www.tolantiga.co.id/v1/?page\\_id=431](http://www.tolantiga.co.id/v1/?page_id=431) where all stakeholders are able to request information the publicly available documents.

Further at various work stations throughout the Tolan Tiga operations a list of publicly available documents is posted on notice boards so that the public who visit the operations are aware of these documents. Total Tiga however do not at times post the most current list in all areas.

Requests and grievances are directed to appropriate persons in charge. All of the requests and grievances are considered as confidential. The procedure indicates that company will provide feedback maximum in 15 days from date of receipt of said request.

Copies of the Four HGU's are held in Estates and originals are in Medan HO. These HGU's which are available for all estates and where sighted during this audit. All are on long term Government leased land.

PT TTI Plantation Operation Permit which is located in Estates and originals in Medan can be made publicly available on request. These are long term leases on Government land and therefore land use titles are readily available.

Land titles are now made available publicly.

ESIA have been conducted for the estate and mills - and are made available on the discretion of a senior company official depending on the sensitivity of the information with regards to potential negative effects on the environment.

The RKL-RPL report is submitted 6 monthly and can be made available on written request at the discretion of Senior Company officer. The most recent RKL/RPL report was issued in January 2013 for the 2<sup>nd</sup> semester 2012.

The RKL-RPL for the first semester 2013 is almost completed and ready to be submitted to the local authority and will then be made available to the public and the web site already mentioned elsewhere in this report.

There are records of requests for community development - if is agreed that Tolan Tiga will accept the request records are maintained.

There is a monthly report on Social Activities including Community Development, Schools, Sporting, etc. - and these are made available at the discretion of Senior Management with regards to monetary considerations however copies of activities are freely available.

The company OHS Policy is available on the web site and is mounted on notice boards widely throughout the company operations.

The policy is also made available to all employees and contractors.

There is a continuous improvement plan prepared as a result of all internal audits and inspections which are monitored to determine progress against set targets - All records of requests for information are kept for a minimum of ten years as a minimum.

PT TTI has in place a register or matrix indicating the records to be kept and the period or retention times for these records. All records should be dated to allow time to be kept to be determined accurately.

The Equal Opportunities Policy is available and has been approved by Management. It is widely available – and has been placed on the company's web site.

Other policies made available include – Sexual Harassment, Reproductive Rights, Child Labour, Freedom of Association and Environmental Policy. These are publically displayed in areas such as company noticeboards, Office foyers and many other publicly available areas.

***Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations.***

There is a corporate affairs dept. in Medan HO which is responsible for legal compliance – at present these is evidence available to show that PT TTI is as far as possible complying with legal and other requirements. There is no evidence of chronic noncompliance.

PT TTI complies with environmental laws (AMDAL, waste management), and labour laws/regulations.

The corporate affairs dept. continues to receive on a weekly basis an update of any legal changes which may affect PT TTI. There is staff nominated in Head Office in Medan to ensure any changes are noted and made known to TTI Management. PT TTI gets information of changes in regulations from a number of sources. This includes company lawyers, Forestry Department, Department of Agriculture, Local Government and others. Hard copies are received of any changes to regulations. This is then circulated to relevant departments within PT TTI who need to know of any changes. The register of legal documents is then updated.

PT TTI complies with environmental laws (AMDAL, waste management), labour laws/regulations.

There is a list of legal requirements to which PT TTI must comply with. This includes national and local laws as well as conventions to which PT TTI subscribes such as RSPO. Copies are available of all permits, licenses and other requirements to which PT TTI must comply with.

Examples include copies of Boiler Licenses and operators for each mill. These are current and indicate the date of the most recent inspection for each boiler. There are also copies of current Boiler Operators certificates for each mill.

The required RPL/RKL requirements are being met with 6 monthly reports being sighted for both the 1<sup>st</sup> and 2<sup>nd</sup> Semester for all areas requiring a return. The date of submission is recorded. The RPL/RKL for 1<sup>st</sup> semester 2013 was sighted and is ready for submission.

The audit team also sighted manpower returns for each operational area which needs to be submitted quarterly

of all accidents. This is also an example of legal requirements being met. There are also records available of the trained OHS person in each area such as estates and mills as required by law.

There is a written documented procedure on how legal requirements are kept current and how employees are made aware of any changes. This procedure remains current.

Compliance evaluation procedure refers to Change In formation Act and Regulation (CA/SOP/01) which was passed on November 1, 2011.

There is an internal audit process which includes a review of laws and their compliance. Any regulatory requirements and ensuring compliance is the responsibility of each department to determine that they are complying with legal/regulatory requirements. This includes labours laws, government reporting and other legal/regulatory requirements.

***Criterion 2.2 – The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.***

PT TTI holds copies of HGU's. The copies of HGU's are held in each estate and the originals are held in Medan HO. In each estate there is a sign board (which is required by law) which states PT TTI is a foreign investment company and lists the number of the relevant HGU and the area of the operations and land title. These sign boards are monitored and updated as required.

HGU's were sighted for Bukit Maraja, Kerasaan, Parlbian, Kebun Tolan and all were current and readily available showing area and length of land tenure.

All legal boundaries are clearly demarcated and maintained in the form of boundary pegs. These pegs are photographed showing the number of the peg. The boundary markers are also indicated on maps of the estates. The GPS location is also recorded. Field inspections confirmed that boundaries are demarcated by trenches and boundary stones or pegs. Examples of boundary pegs were sighted in all four estates visited during this audit.

The boundary pegs are inspected each month by the Conservation cadets who report on the condition of the pegs. They also inform each Estate Manager if any pegs are damaged or missing and require replacement.

There have been no disputes with regards to land tenure in recent memory and there are no outstanding disputes that PT TTI is aware of.

PT TTI has not acquired any new land for at least the previous 20 years therefore this is not applicable at this time.



As above; dispute resolution mechanisms are in place and the question of how to deal with new plantings should be resolved according to legislation and the ongoing reconciliation process.

**Criterion 2.3 – Use of the land for oil palm does not diminish the legal rights of other users without their free, prior and informed consent.**

This is not applicable as the PT TTI development is wholly on Government land which is lease under HGU's – see above.

Maps are available in appropriate scale showing extent of all leased land.

There are no land settlement schemes on alienated land within PT TTI.

Maps are available (current) showing occupied state land, vacant state land and customary land.

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

There is in place a working plan for five years - this includes crop projection for to the next 10 years, the plan includes Oil Extraction Rate, Cost of Production, Price forecasts, financial indicators, includes running mean since inception which includes trend forecasts. The latest business plan which was updated in April 2013 was available for review during this audit.

There is in place an annual replanting programme which includes forecasts for the next ten years. This plan is reviewed monthly and therefore is within guidelines. Any amendments are evident. We reviewed re-planting programme for the years 2013, 2014 and 2015 and these were in line with information made available in each estate

Wherever possible PT TTI makes attempts to improve practices based on any information on developments and improvements in the industry.

The cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne.

The plan is reviewed on a yearly basis at least. The latest review and update was completed in April 2013.

Observation 02 has raised against 3.1.1: Company has prepared Business Plan for 10 years and Estimation of Production for 3 years, however could be improved by taking into account Cost of Production and OER trends into the plan.

Action. PT Tolan Tiga does include information for each estate the cost of production and the OER rates in its 5 year plan. This was reviewed for the 2013 plan in Medan Head Office.

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

There are Standard Operating Procedures for estates from land clearing to harvesting. This is the form of the "blue book" which includes all relevant SOP's as required. This "blue book" is available to all managers and assistants in the estate office.

**4.1.1 OFI: There have been two recent changes to the Standard Operating Procedures for the estates however it appears that estate managers are reluctant to replace the superseded SOP with the updated procedures, the updated procedures were available loosely but had not been placed into the "blue book". These procedures were on Pest and Diseases and Land Clearing respectively.**

Records are maintained of implementation in the form of upkeep records, pruning, fertiliser application, harvesting method and all pertinent applications of these SOP's. These records are on the whole very comprehensive and give evidence of monthly inspections in all areas.

There are Standard Operating Procedures (SOP's) in place with all operational areas of the mill. They are strategically placed in the specific work areas. These SOP's include all operational areas from reception to dispatch of CPO. They also include the control of deliveries of CPO to the Bulk Terminal in Medan. Therefore control is exercised until the CPO is loaded into ships at the port.

The SOP's are reviewed at least annually in each mill to ensure they remain suitable.

There are mechanisms in place to ensure all SOP's are followed. With regards to mills, implementation of SOP's are provided by the completion of log books and operating records which are collected and reviewed by the Mill Engineer. They also record any break downs or other reportable issues. Records are maintained of any scheduled inspection to ensure each area is operating efficiently and that any breakdowns or other operating issues are reported.

Inspection logs of Mill operations indicate monitoring of performances, any breakdowns, stoppages or major service are recorded in both the log book for each area and in the maintenance logs. Inspections of a number of stations in both mills indicated that regular monitoring of operations is taking place and this is faithfully recorded by the responsible operators. The EMS/QMS system also requires that records of monitoring are kept for all operations. A large number of these records have been sighted during this audit however see Minor NC with regards to the accuracy of these records.

**4.1.3 Minor NC: Inspections carried out by mill staff indicate that all SOP are in place and that all are**

**compliant however following inspection of the Bukit Maradja Mill it appeared that a number of areas were not compliant with requirements not being met and SOP's have not been correctly inspected and any failures are not being recorded accurately**

In the Estates a monthly inspection is undertaken by the Senior Estates Manager. Records of all inspections are maintained with copies with actions being given to the respective Estate Managers and their assistants. Areas of noncompliance are reported and followed up by the Estate Manager. The Senior Estates Manager also provides a report of any actions required.

Records of the results of monitoring of all operations is captured in the monthly progress report (MPR) which is reported and includes all mills, estates and other support areas. This includes inspections undertaken, extraction rates, tonnes per hectare, fertiliser applied, areas harvested, FFB milled, CPO produced etc. We reviewed the Monthly Reports for May 2013 and records indicate that these areas are updated and include all current figures.

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

At least monthly a visual check is made of estates during routine inspections during field operations. Leaf analysis is conducted annually and result are maintained by Agronomy. This analysis is used to determine fertiliser application. The most recent soil analysis received for the plantations was for 2012. This was carried out by a recognised authority in this case by Bah Lias research station (Lonsum). This data is used to determine future fertiliser applications for semester 2 in 2012 and semester 1 in 2013.

Tolan Tiga are awaiting the results of the Soil Analysis conducted in 2013.

There are records in place for each estate visited of fertiliser application – this includes block number, estate name, amount applied and type of fertiliser used on each occasion.

Maps have been produced indicating soil types on each estate Records are available for this exercise which was for the purpose of determining current soil conditions. Each estate of PT TTI was included in this soil analysis, which determine fertiliser applications for future planning.

Cover crops are in place and checked during visual inspection for coverage. These are well developed and in place throughout the estates of Tolan Tiga

PT TTI also uses Land Application of POME from both mills. EFB is also applied. This was the case in all estates visited. The permit for land application was available at both Bukit Maradja and Perlabian Mills.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB. There are records available in each estate of the placement of EFB.

***Criterion 4.3: Practices minimise and control erosion and degradation of soils.***

There are no fragile soils reported in the most recent soil survey carried out 2009 by a reputable specialist in the area. Recent maps are available of all soils in all estates.

No planting since 2007 on slopes in excess of 25 degrees. There is in fact very little planting on sloped land throughout PT TTI. The only area planted on sloping land which is generally no more than 6°. This is on Tolan Estate.

**No Peat Soils at PT TTI however a strategy is in place in the Planting Manual if this were the case.**

There is in place a road management plan which is completed for each estate. The programme is monitored depending on the availability of plant. The plan includes roads throughout each estate. The plan indicates areas to be graded or have other work completed. Records are kept of the amount of metres maintained in each estate and when this took place. Each estate now keeps complete records of any road maintenance. Overall PT TTI has this area in hand and its road maintenance is effective. This is supported by the conditions of the collection roads inspected during this audit. The methodology in place is to budget for a number of road maintenance measures however state of the roads takes precedence with regards to maintenance and roads requiring more attention are given a higher priority.

There is a plan in the form of scuppers drains to help keep roads free as possible of erosion.

Sprayers must follow the spraying guidelines as set out in the Field Standards. These are constantly being monitored by the supervisors and divisional managers to ensure pesticide spraying is effective. There was no evidence sighted of over spraying of herbicides during this assessment. Some estate harvest paths are mechanically slashed reducing total sprayed area.

***Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.***

The company has in place a policy with regards to the protection of watercourses and wetlands which includes dedicated buffer zones and riparian areas - including establishing buffers along rivers in accordance with Indonesian laws - - 50 metres buffer on each side for small rivers.

It is the policy of PT TTI that all buffer zones as stipulated by Indonesian law are re-established at re-planting. This is in evidence during replants taking place presently in Perlabian and Tolan Tiga estates where required buffers were seen to have been established during this process.

The buffer zones re-established at Perlabian estate following a replant are in good condition and are now attracting wild life in the form of Monkeys and birds. These were seen in the buffer zone during this audit.

There are in place practices to prevent run off of nutrients and chemicals through the planting manual. Chemical handlers are trained in the disposal of chemicals - waste chemicals containers are disposed of or are re-used for sprayers in field.

A number of wetlands have been set aside as riparian zones and maintained in good condition. One area at Perlabian is of particular interest and is been established as an HCV area. Appropriate signs are in place (see later in report). There are sign post in place for all buffer/riparian zones.

There remains in place an implemented water management plan in place at PT TTI which is updated and was last issued in late 2012. Practices address control of all water related issues including repair of leaking taps, construction of drains, water recycling amongst other issues.

PT TTI are monitoring mill water use per tonne of FFB and have records in place since 2007. Due to the plan in place to prevent loss of water through bad practices the consumption of water as decreased markedly as evidenced by the records in place.

Observation 04 has raised against indicator 4.4.4: Bukit Maraja Mill has carried out monitoring of water usage per tonne FFB (example: records for January to March 2012), however the present data have not been evaluated.

Response: The staff at Bukit Maradja are now analysing the data with regards to water usage to determine amounts of water used are reducing through efficient use of water per tonne of FFB.

PT TTI takes action to ensure use of water does not have an adverse effect on downstream users by checking water quality in the lab including checking for e.Coli, Ph and Oil and Grease in all streams/rivers/water courses which pass through PT TTI property into downstream users. There are water quality tests which monitor river water quality both upstream and downstream - these are carried out when requested and results have indicated that water quality of other users has not been adversely effected - This is completed by an independent lab and show pH, TSS, Heavy metals, BOD, COD, Faecal and Total coli form. Records indicate that the operations of Tolan Tiga do not have an adverse effect on any downstream users. Records were monitored from all water sources for March 2013. The pH of the water

tested was within range and that was nil water recorded has having faecal coliforms present. The certificate of analysis indicated that water tested was considered pure water.

**Estates monitor the quality of water both at the upstream and downstream of the estates. Sample then later been sent for independent government approved laboratory for analysis.**

BME: There is a river close to the estate (Bah Bolon river) however, the river was also used by another company for waste disposal and was not contaminated by BME. As such it is difficult to get sample point to properly identify contribution of the company to the river pollution.

KRE: The estate has no rivers passing through however tests of the irrigation water used by the estate indicated conformance to the surface water standard (PPRI – No. 28/2001). Test was carried out by Sucofindo in March 2013.

PLE/PLM/TLE: PT TTI have received the results of the testing of surface water test in March 2013 and these tests indicated status of water meeting requirements and within the test parameters. These tests were completed by Sucofindo.

Water contamination is avoided for both surface and ground water during normal conditions.

Observation 03 has raised against indicator 4.4.2: Analysis of underground water from LA monitoring well should follow parameters of Permen LH 29/2003.

Response: The testing and analysis of underground water follows the parameters of Permen LH 29/2003.

Hazardous Chemicals are prevented from entering water via good management practices including: Pre-mixing of pesticides in dedicated areas, use of secure storage, use of bunding – no mixing of chemicals etc. is carried near water courses.

PT TTI have in place a controlled contaminated waste area in each estate and mill (B3) for management of all containers and other pesticide and hydrocarbon waste, are keeping records of containers destroyed and removed from site by a registered licensed contractor. There was evidence of the pickup of contaminated waste by an approved contractor (CV Amindy Berokah) in April 2013. The dockets included the type of waste and amounts. Pesticide mixers (who are trained – records are in place), ensure correct dilution of pesticide is used for field application; monitor ground water to ensure no contamination from septic.

Control also includes improved and correct storage of bulk chemicals and fertiliser, control of hydrocarbons to prevent contamination - provision of bunds, spill kits and drip trays to prevent contaminated waste and hydrocarbon spills flowing onto the ground and indirectly into water courses and drains

Mill Effluent is treated appropriately and appears effective. The records of monitoring of effluent are in place however testing is now following a controlled methodology to ensure results are consistent. POME is used for Land application - are within allowable legal limits. The results of the most recent BOD tests were as follows: March 2013 – 597 ppm, April 2013 194, May 2013 2030 and June 286.

When the lab is recording results they are indicating the allowable limits to determine quickly that they are within tolerance.

BOD of effluent is monitored with regards to land application and government limits. This is reported monthly by an independent lab (SUCOFINDO). Levels are all within legally allowed limits for land application. Records of BOD of land application are recorded. There is a copy of a letter dated May 2013 asking that the new land application permit be provided. The current Land application permits went from June 2010 to June 2013.

**Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.**

The Integrated Pest Management plan has been documented – this includes all Integrated Pest management techniques used in each estate. This includes use of barn owls for rat control, pheromones for Oryctes, Hand Picking of bag worms, planting of beneficial plants as well as use of pesticides etc. thereby minimising the use of chemicals and pesticides as far as possible. The latest issue of the IPM was available in all estates in its current format.

The IPM Program is documented for relevant pests that sets out techniques, chemicals to be used, locations and timeframe for implementation.

There are training records for training of staff in regards to IPM and these are now formally recorded on all occasions. There was very recent training with regards to the controlling of pests and diseases in all estates – this was in April 2013. There are records in place for all who attended this training.

The implementation is monitored by the carrying out of extensive checking of the success of all pest management plans. There are records of census taken to determine control of rats and control of bag worm. Levels of infestation are recorded and action plans are determined. Even though a pest appears to have been eradicated for a period of time monitoring continues and records are in place.

There is an extensive recorded of census of ganoderma in all estates – these are undertaken on an almost daily basis.

The extent of planting of beneficial plants is noted and recorded.

The progress and success of the implantation of the IPM are now reported on a regular basis in a formal manner.

PT TTI are monitoring pesticide toxicity units (a.i. x LD 50 / tonne of FFB). This is recorded from January 2007 till the present time. There are records in place for the trends for the last 3 years of the use of a number of pesticides including Gramoxone, Glyphosate, Kneet and others on PBE and Kerasaan Estate.

The Pest Management Plan (PMP) has been recently updated and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use.

**Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.**

There is evidence in place with regards to PT TTI's documented justification for all Agrochemical use. There is a register which records product use, when required, amounts to be used and frequency of use.

Agrochemicals are used to target various pests and diseases. The reason for use of a type of pesticide is always recorded in application records. This includes circle spraying, path upkeep, types of weeds and other reasons for use of a certain chemical.

PT TTI has a register of approved agro chemicals – this has been distributed to each estate and management can only use chemicals which are stocked and do not include any banned chemicals. There were no agro chemicals being used which were not on this register during this assessment. This Government decree was last updated in April 2013 and is available in all estates.

Records are in place to clearly demonstrate that all chemicals used are applied by workers who have received adequate training. This is mainly for the pesticide applicators. There is evidence all sprayers and other chemical handlers have received pesticide application training. Sprayers receive on the job training with regards to the amount of concentrate to be used and application - all training undertaken is recorded in each estate.

Any training courses for the handling of concentrate chemicals is conducted by the pesticide supplier.



The PPE for sprayers is identified in Planting Manual as is PPE for pesticide mixers. PPE is provided and is being used - this continues to be monitored by Field Assistants to ensure 100% compliance. The lighter types of aprons are being used and these are lighter and more comfortable for the sprayers and effective in protecting them.

Waste materials are handled in accordance with applicable laws and are stored as per regulations in secure areas. Empty pesticide containers can be re-used by sprayers once they have been properly treated and triple rinsed. Any empty pesticide containers are to be stored in the designated storage area as prescribed by Government regulations – this is the B3 store. It is then disposed of using an approved company to dispose of this waste – in this case Amindy Berokah (see earlier) in April 2013 in each estate showing the types of waste and amounts collected.

All chemicals being used are properly labelled. MSDS are available for all pesticides being used. These are all in the local language.

Paraquat is used in immature areas and amounts monitored as there is no alternative at this stage. It is also used for selective spraying of volunteer oil palm seedlings and if continuous rain precludes use of alternatives.

Reduction in the use of paraquat is a dedicated aim of the IPM.

There are quarterly physical checks for all pesticide sprayers and handlers and records were available in each estate. There are also thorough medical checks undertaken annually. These records indicate if the blood count has been effected adversely – if so these sprayers are given other duties and are re-tested to ensure they meet the prescribed required levels before being allowed to use organophosphates again. Records of all such health check-ups were sighted in each estate. The latest round of Physical checks was in March 2013 and medical checks in June 2013.

PT TTI as a policy in place which prevents pregnant or breastfeeding women from working with pesticides and it is enforced.

The PMP has documented what chemicals are used and where and in what situation. It stipulates the maximum dose possible for each application.

There is no aerial spraying of pesticides.

Records of training are kept in each estate of the following:

- Pesticide Mixers
- Chemical Handlers
- Pesticide Sprayers

These records are kept in each estate office. The training data is also maintained to show what the training covered.

The company supplies two sets of aprons so that one can always be considered clean. Overalls are washed at the pesticide mixing areas in specific wash areas so that sprayers and mixers do not need to take them home and therefore the risk of cross contamination with family members is eliminated. No concentrates are taken into the field as all spray solutions are pre-mixed in a designated area. All pesticide handlers were aware of the requirements with regards to washing and hygiene after using chemicals and did not normally eat in the field. Nonetheless they were all aware of thorough hand washing after use of pesticides.

Storage of chemicals is in locked areas with limited access. In all pesticide stores all class 1 and 2 chemicals are further protected by being double locked in a specific area of the pesticide store. All areas where chemicals are stored are adequately ventilated through cross flow ventilation. This has been further improved as PT TTI has designed a standardised pesticide store which is now the norm.

***Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.***

There is a documented Occupational Safety and Health plan in place in all the following areas:

- Estates
- Mills
- Workshops
- Clinics
- Stores

All areas have implemented and monitor the OHS Plan. The control of Occupational Health and Safety has continued to improve in most areas since the first audit. However the same cannot be said for Buk9it Maradja mill will had some OHS issues raised during this assessment. See Minor NC in 4.7.5

A responsible person has been identified for PT TTI and for each estate and mills – these people are identified to all staff and workers. An OHS representative has therefore been appointed in all operations areas. Each of the nominated persons has completed the required – training and the OHS required Government certificate of this training was available in each work place.

There are regular safety meetings held in all operational areas – they are now using the same agenda for each meeting – and include discussion of any accidents/incidents as well as any potential issues. A workplace health and safety inspection takes place before any meetings to ensure meetings are worthwhile and meaningful – this area does comply with RSPO requirements. Any requirements are made known to workers during pre-shift musters and records are kept in the assistants diaries. There are records in place for each area with regards to the safety meetings – and in all areas they are held at least monthly.

For example in BME the most recent meeting was held 12.6.13 and this included a record of attendance and minutes of the meetings including any actions required.

There was a monthly safety meeting held at BMM on 13 May 2013 and all records were sighted.

In KRE the latest safety meeting was held in June 2013.

At TTE the latest Safety/OHS meeting was held in June 2013.

At PBE the latest safety/OHS meeting was held on 8.6.13.

At PBM the most recent safety/OHS meeting was held in June 2013.

On all occasions a set agenda was used and minutes were available of each meeting going back a number of years. A large number of such meetings minutes were sighted including the latest minutes mentioned above.

All workers are covered by Accident Insurance – this is PT TTI policy.

Regular Health checks are performed of workers who handled pesticides and records are maintained by the company doctor – these checks are carried out at least annually – records of health checks have been sighted – see above. As state elsewhere in this report there are quarterly physical health checks for all workers who are exposed to high risk work. The identification of high risk workers is completed by the company in each area.

There are annual medical checks for all staff involved in high risk work that are performed by the company doctor. Records are in place for each estate and mill of both quarterly physical and annual medical checks and the outcomes.

It appears all operations where health and safety is an issue have been risk assessed and procedures and actions documented and implemented to address the identified issues. Precautions attached to products are being properly observed and applied to the workers in most areas.

Procedures and plans are in place to address all operations. These have been distributed to all areas and to the respective managers and supervisors.

Employees are normally made aware of precautions attached to all products including hazardous substances, plant, machinery, equipment, tools, and vehicles through training and experience.

All potentially hazardous operations, such as pesticide application, land preparation, harvesting has been included. Housekeeping has improved considerably in all areas.

Observation 05 has raised against indicator 4.7.4: in Bukit Meradja mill need to make sure boiler operator helper has undergone regular health examination.

Response: The company will decide who will be selected and what positions will undertake regular health examination.

**4.7.5 Minor NC: The risk assessment for the Bukit Maradja mill was ineffective and did not identify a number of OHS issues which were sighted during this assessment. This included; The support legs of EFB hopper were badly damaged, evidence of broken handrails, dirty and slippery steps throughout the mill, use of badly damaged metal ropes in the steriliser area and carriages, a number of trip hazards, housekeeping required, gauges of electrical boards not operating, doors on electrical panels left open, gas bottles not restrained, damaged equipment not tagged out etc.**

All areas have been risk assessed and the methodology used for each area is now consistent and areas do appear to adequately identify and address most risk controls apart from above and few minor issues that could be expected in the mill environment. A common method is being used for all hazards/risks to aid consistency. This includes recording both inherent and residual risks – also method of control using the Hierarchy of Control. It must be ensured that all hazards are correctly identified and risk controls put in place are commensurate with the risks encountered. With regards to the Bukit Maradja Mill a number of hazard are rated very low and do not appear to take into account the continued consequences which at times cannot be completed reduced.

There is evidence in place that all workers have been adequately trained in safe working practices as complete records are in place for all training including pesticide workers and this is available in each work area including estates and mills

PPE is available for all workers in regards to pesticide applications and use of other hazardous areas and is being used correctly in each area visited.

Company now provides 2 pair of boots per year for all workers.

There are in place emergency procedures and these are mainly with regards to fires and evacuation drills. There are phone numbers listed in each estate and mill of emergency contact numbers. Also includes training in use of spill kits. It was noted that the estates are also undertaking fire emergency accident drills and records are being kept. Emergency preparedness has been regularly tested in most areas to determine effectiveness of these processes.

**4.7.7 Observation: Emergency procedures have not been tested in a number of stations including KRE, TTE, PBM since April 2012 and therefore these areas cannot**

**be sure that the procedures in place when put to the test would be effective.**

The control and management of fire extinguishers is excellent throughout all areas with evidence of regular inspection in place. Fire Hydrants and Fire pumps are also tested regularly in both mills. During this assessment Fire Hydrants and Pumps in each mill was tested and started immediately with a high level of water pressure being available.

Employees have been trained in the use of Fire Fighting equipment and records are in place in each area where this training has taken place.

First Aid equipment is largely available in all operational areas including first aid kits which are strategically placed and subject to regular inspection to ensure that they are adequately stocked.

There is evidence of workers being trained in First Aid in all areas – records are available of first aid training by outside body – training certificates were sighted. There has been a great improvement with the training of workers with regards to first aid. During previous audits numbers were inadequate to cover all shifts and all operations. Now the minimum being at least 3 in all estates and more in mills with each shift having First Aid Representatives in place.

PT TTI ensure that First Aid trained workers continue to be known to all staff by placing photographs of first aiders in work areas. .

There are in place records of all accidents which are reported – there is always evidence of work accidents are now being fully investigated apart from the case below to prevent recurrence.

**Criterion 4.8: All staff, workers, smallholders and contractors are appropriately trained.**

There are formal training programmes in place as well as there being a regular assessment of training needs for all operations. This formal training requirements and assessment of need takes place in plantations and mills visited as well as other areas such as workshops and clinics.

A training programme is in place for 2013 in all operational areas. The training plan includes personnel in each estate and mill including training course, timing and targeted audience. For example HCV identification and management training for Conservation cadets

Records of training are now in place all for employees as mentioned earlier with regards to training records for pesticide sprayers, harvesters, plant operators, pesticide mixers and many other areas.

Specialised training courses are also planned as the need arises and this includes group or in house training. Some training is carried out on demand. This also includes training for management staff.

There are also formal training records for all supervisory staff up to the level of senior management. This includes recording of external course attended or skills attained – these records are maintained by the Human Resources & Administration Department (HRAD).

Some of these records are in the form of attendance at training which is given in the field or formal skills such as plant operators, driver's licenses, boiler operators and Red Cross First Aid.

Any contractors used are required to have in place the required training to enable to carry out their tasks effectively, efficiently and safely. An example was the contaminated waste contractor who provided a brochure outlining the skills and training of this organisation.

Training records are maintained for all employees.

The company also provide vocational training for the children of local families in areas such as accounting and administration work.

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

All environmental impact assessments have been carried when and where appropriate. Records of all impact assessments carried out are readily available. Since ASA 2 all operational areas have undertaken reviews of the environmental impacts on at least an annual basis. These impact assessments involved staff members of each area and these are further reviewed for accuracy by the EHS team.

**5.1.2 OFI: The environmental impact assessment/aspects registers do not include HCV areas such as the spring in Kerasaan as well as Social aspects such as the issues at Perlabian Mill.**

All environmental impact assessments cover both on site and off site activities. Whenever there are changes made to operations and changed impacts are to be updated to reflect any changes.

Impact assessment have included and all environmental components:

- Building new roads, processing mills or other infrastructure.
- Putting in drainage or irrigation systems.
- Replanting or expansion of planting area.

- Disposal of mill effluents (see criterion 4.4).

There are regular reports with regards to environmental management as required by regulatory authorities. This includes RKL-RPL report is submitted 6 monthly. These reports were reviewed for all areas covered by the AMDAL – the RKL/RPL reports have been submitted and acknowledged for the 2<sup>nd</sup> semester 2012. At the time of ASA 3 the required RKL/RPL reports were ready for submission for the 1<sup>st</sup> semester 2013.

There are also regulatory requirements for reporting and testing smoke emissions on a 6 monthly basis. These have all been undertaken by an outside accredited agency for both mills and the reports were available. Records indicated that emissions were within the allowable limits.

BME/BMM holds an approved UKL and UPL for the scope of project consisting of the mill in Bukit Meraja and company owned estate of Bukit Meraja. However, in 2008 following an instruction of District Environmental Office, BME/BMM revised the RKL and RPL. The process of RPL revision was consistent with government regulations. The revised RKL and RPL document was approved by District Environmental Office of Labuhan Batu on June 2008, number 271/BPDL/2008.

KRE hold an approved UKL/UPL documents for its scope of the project, it consists of KRE estate operation. Following a request of BAPEDALDA in 2005 to revise UKL/UPL within 3 years, KRE prepared revised UKL/UPL documents which cover on and off site activities, which received government approval on 8 April 2009.

PLE/PLM/TLE holds an approved AMDAL document for the whole of their activities, consisting of Perlabian mill, Perlabian estate, and Tolan estate. RKL and RPL approved by BAPEDALDA of Simalungun on 21 July 2006, letter number 660/242/BPDL-LB/2006.

All operations have issued reports for 2<sup>nd</sup> semester 2012 which have been acknowledged as received by the Environmental agency in January 2013. The report for 1<sup>st</sup> semester 2013 was ready for submission during ASA 3.

Update on previous OBS 7 (5.1.2): Company has submitted regular RKL/RPL reports twice yearly; with the latest was December 2012. However the report needs to be completed with evaluation on trend, critical, and compliance in accordance to existing regulation (Kepmen LH No.45/2005).

ASA3 Finding: Company keep to comply with RKL/RPL reporting (twice yearly). Review to the latest RKL/RPL document dated January 2013 confirmed that now the RKL/RPL report have been completed with evaluation on trend, critical, and compliance in accordance to Kepmen LH No.45/2005.

Any changes to the EMS are handled through the documented Environmental management system which is required to document any changes to the system.

**Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.**

(5.2.1) A survey of PT TTI has been undertaken. A number of HCV areas have been identified however there have been no protected, rare, threatened or endangered species identified.

The HCV study was undertaken in 2009. During the development of the HCV identification activities, there where stakeholder consultation took place and listed in the reports. The HCV assessment was undertaken by an RSPO approved organisation.

PT TTI has continued to establish and maintain the conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened or endangered species if identified. (5.2.2) However no identified rare, threatened or endangered species have yet been identified.

HCV areas identified are sign posted and signs are in place and –on all boundaries of HCV stating the type of HCV and status.

Opportunity for Improvement 5.2.3 – There are a number of signs in place in HCV areas such as graveyards and riparian areas that do not indicate that they are erected or identify the authority of Tolan Tiga to erect these signs and under what authorisation e.g. HCV 1 in Tolan Tiga Estate. One sign In Kerasaan Estate did not identify type of HCV – in this case HCV 6 Cemetery.

In the re-established riparian areas formed at replant such as Perlabian Estate which is now sign posted identifying its status PBE have further enhanced the area but plant native species in the area. These appear to be thriving and already attracting wildlife such as monkeys and birds.

There are posters in a number of areas on notice boards identifying the possible native animal and bird species that could be encountered in or near the estates. Posters were sighted at Kerasaan Estate office, Tolan Tiga Estate office and many other areas throughout Tolan Tiga.

Tolan Tiga Management has appointed a number of Conservation cadets (5.2.5) for each estate. These staff members have been and continue to be trained to carry out these duties. There are records in each estate of these cadets holding awareness sessions in surrounding desa.



There are also records of inspections indicating status of each sign and recording whether replacement or repair is required. This monthly inspection also includes if there is any evidence of hunting, fishing etc. Records were available and sighted in all estates visited including PBE, TTE. They also record any rare birds or animal sightings – all are reported to the respective Estate Manager who in turn reviews and acknowledges the findings.

There is HCV assessment planned to be undertaken by these Conservation cadets at the end of June 2013 for each estate with results still being tabulated at the time of this assessment.

Update from previous OBS 8 (5.2.1): The HCV reports was not able to demonstrate complete information of appropriate peer review process. Example: HCV reports of Tolan Estate and Bukit Meradja Estate.

ASA3 Finding: All of HCV report has now been reviewed by a registered HCV consultant (Kresno Dwi Santosa) on January 2013.

Estate maps include details of HCV area and include a management plan developed by each Estate. The HCV report identified HCV areas and proposed management plan. There is a management plan available for each estate with regards to HCV areas.

Each Estate have a working management plan for all of the HCV.

There are sign posts in place in all estate on in the conservation areas discouraging employees and outsiders that hunting, logging and fire use are prohibited and inform others about the HCV areas.

PT TTI are now maintaining comprehensive monthly report and records with regards to all HCV areas which includes regular scheduled monitoring of HCV areas with other records of inspections.

PT TTI have appointed each Estate Manager who amongst other responsibilities is responsible for HCV areas in their respective estates - and also have in place a dedicated Conservation auxiliaries team which supports and RSPO. All the conservation auxiliaries have undertaken training with regards to HCV monitoring and reporting. Records of this training are in place.

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

There is a waste management plan in place which was recently reviewed, revised and re-issued in June 2013 and it is current. This is monitored by the Field Assistants to ensure it happens. The waste management plan is part on the EMS and includes pesticide contaminated waste.

Items which are not considered contaminated waste are recycled where ever possible. This included some imaginative and resourceful use of waste. One example was making waste scoop out of old plastic containers once correctly cleansed Old types can also be used as block markers. There is also a mobile cart/spill kit station for example at Tolan Tiga which is made of old parts. This has another benefit in reducing manual handling.

Green waste is also recycled wherever possible and used as a nutrient or composted.

Observation 5.3.2. Inspection housing complex indicated good collection and disposal of domestic waste, however during the inspection to PLE housing Divisi I found domestic waste were not collected and disposed properly. Waste also scattered at the palm close to the housing

All waste streams have been identified in the waste management plan.

The following waste streams have been identified and are controlled through the EMS:

- Office Waste – segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill. Drainage from housing, waste to landfill.
- Human waste – Septic and soak aways.( Soak aways are made from pebbles used to filter water which has already had impurities removed by skimming or cleaning of sumps or other collection areas)
- Mill Effluent – through effluent ponds and land application.
- Fibre – Fuel for furnace.
- EFB – Fertiliser.
- Oils and Hydrocarbons (including containers) to Hydrocarbon pit.
- Pesticides (including containers which are triple rinsed, punctured and to pesticide pit).
- Pesticide spills – cleaned with spill kits used kits sent to pesticide pit.
- Hydrocarbon spills treated with sawdust. Burnt in boiler.
- Used oil – recycled, Stored in B3 storage.

OBS 9 (5.3.4): Record of hazardous waste monitoring is in place; however the record could be improved by ensuring the use of Environmental Department template as appropriate. Example: Bukit Meradja Mill and Perlabian Mill.

Response: The company is now using the Environmental Department template for hazardous waste monitoring at each mill.

All Land fill sites have no odour and waste is within the pit area and not spreading at all. All are fenced and away from any settlements. Each area is well managed.

Landfill sites are in monthly estate inspections with conditions being recorded. Waste collectors have been trained and are now effective in the collection and disposal of waste. There is evidence now that all fill from one end of the landfill and compact as they go rather than fill in all areas and also exclude green waste from landfills which all assists in extending the life of the land fill.

Have also have in place treatment system for POME in the form of effluent ponds. Records of the disposal of pesticide drums are to be kept.

As stated above Medical waste from each clinic is now managed properly.

**Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.**

PT TTI uses fibre and other material to power the boiler which produces steam which drives electricity-generating turbines - the use of renewable energy is consistent in the percentage against non – renewable energy.

PT TTI provides records of both monitoring of kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB for each mill to determine the efficiency use and efficiency in the form of k/w hours per tonne of Palm Product.

For Example at Perlavian mill the ratio of renewable against non-renewable for:  
February 85.6: 14.4, March 85.8:14.2, April 83.5:16.5 and May 81.4:18.6. with renewable being the first figure.

At Bukit Maradja mill there were similar ratios – Feb 79:21, March 76:24, April 79:21

All records in each mill are in the "Rekaman Monitoring Penggunaan Energi Terbarukan" (Records of Monitoring on renewable energy usage).

PT TTI also monitors the use of non-renewable energy (diesel) and this is monitored in the form of data which records use of diesel per tonne of FFB.

Reference number A727870/3 against 5.4.1: Record of monitoring on renewable energy use for period of January 2012 up to April 2012 at both mills were available, however the evaluation upon efficiency analysis is not in place. This nonconformity is considered to be Minor NC

Reference number A727870/4 against 5.4.2: Record of monitoring on the use of fossil fuel for period of January 2012 up to April 2012 at both mills were available, however the evaluation upon efficiency analysis is not in place. This nonconformity is considered to be Minor NC.

**Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.**

There is no burning in new developments or at replanting. Burning is not allowed by PT TTI and there is no evidence of burning during any field operations

There has not been any sanitary burning at PT TTI at this stage.

Burning of domestic waste is against company policy and appears to have been eradicated. It is very rare to sight evidence of the burning of domestic waste by workers and families of PT TTI.

PT TTI has a procedure in place with regards to land burning emergencies and records are maintained of training in response to fire. Records are kept if at any time PT TTI has to respond to illegal fires or outbreaks.

The pressure of fire hydrants is now checked regularly at scheduled intervals to ensure they remain effective in the case of fire.

Fire Extinguishers are regularly checked and inspected and are widely available in all areas and are appropriate.

**Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases are developed, implemented and monitored.**

Assessments have been carried out on all recognised polluting activities and include gas and smoke emissions, particulate and soot emissions, effluent control, treatment and discharge. Any significant pollutants and emissions have been identified. There is a plan in place to reduce pollution – this is included in the aspects/impacts register.

Stack emissions are measured by a 6 monthly check as required by Government regulations – evidence of these inspections is available for both mills. All reports indicate that all levels recorded are well below the allowable limits for emissions. This was noted in the most recent smoke emission check indicated the opacity was below the allowable limits and this was indicated in the most recent RPL FOR Bukit Maradja mill. This was also the same for Perlavian Mill in the latest boiler inspection recorded in April 2013.

POME which is used for land application and BOD is checked. Records indicate the results are well below thresholds as set by government. The upper limit is 5,000 however for example at Perlavian Mill the following results were recorded for the last 4 months. June 286, May 2030, April 194, March 597.

PT TTI also checks any water courses which could be affected by operations to ensure there are no pollution effects from the operations of the mill.

The strategies to reduce pollution are documented in the EMS documentation. Records are in place for all reports which are received from analysis at independent labs. Results indicate if PT TTI are reducing pollution and any emissions are within allowable limits.

**5.6.3 Observation: The control of oil and chemical spills and drips at the Bukit Maradja mill was not effective at the time of this assessment. There was a lack of spill kits and drip trays within the mill area. Therefore efforts and strategies employed to reduce pollution are not being followed.**

There are records in place to identify BOD monitoring at each mill. These are prepared by an outside lab (SUCOFINDO) and are reported on the monthly basis with other water quality indicators as required. The treatment methodology for POME has been documented and is available at each mill.

***Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.***

Social impact assessments are undertaken by either PT TTI or independent consultants depending on the situation. Items considered which could have potential social impacts include: Building of new roads, new mills, planting expansions, mill effluent disposal and clearing of natural vegetation.

All mills and estates have approved revised AMDALs, UKL/UPL and RKL/RPL documents depending on the requirement of every operating unit. BME/BMM has a revised RPL and RKL documents approved in June 2008. KRE: UPL and UKL of KRE approved by Kepala Badan Lingkungan Hidup Kabupaten Simalungun on 8 April 2009, letter number 700/109/BLH/2009. PLE/M/TLE: RKL and RPL approved on 21 July 2006, letter of approval number 660/242/BPDL-LB/2006. PLM/M/TLE: relatively good UKL and UPL report, sufficient social aspects such as demography, social integration, education, land holding, family income, housing, working opportunity, community perception, and public health are included..

PT TTI has supplemented the AMDAL or UKL/UPL information on negative and positive issues with additional Social Impact Assessment which include consultation with surrounding local communities in March 2010. A social impact assessment has been completed to determine the impacts of each estate even though operations have been in place for many years. PT TTI has completed assessments of continuing social impacts.

A more specific description has been completed with regards to social impacts as changes to one or more of the following: people's way of life – that is, how they live, work, play and interact with one another on a day-

to-day basis; their culture – that is, their shared beliefs, customs, values and language or dialect; their community – its cohesion, stability, character, services and facilities; their political systems – the extent to which people are able to participate in decisions that affect their lives, the level of democratisation that is taking place, and the resources provided for this purpose; their environment – the quality of the air and water people use; the availability and quality of the food they eat; the level of hazard or risk, dust and noise they are exposed to; the adequacy of sanitation, their physical safety, and their access to and control over resources; their health and wellbeing – health is a state of complete physical, mental, social and spiritual wellbeing and not merely the absence of disease or infirmity; their personal and property rights – particularly whether people are economically affected, or experience personal disadvantage which may include a violation of their civil liberties; their fears and aspirations – their perceptions about their safety, their fears about the future of their community, and their aspirations for their future and the future of their children.

The SEIA was conducted with the participation of local communities

The criteria specifically required that unit management under review document environmental and social impacts. Currently all estates have prepared RKL (environmental management plan and UPL (environmental monitoring plan) and were revised in 2009. These documents are applied as environmental impact assessment (EIA).

In all EIA document the major emphasis is on the physical/environment impact such as soil, air, water, wastes, fauna, flora and human activities).

Social impact assessment document is now available in summary. Monitoring and management of social impact is now available in summary. All estates have now developed or document social impact monitoring and management.

Under the RKL and RPL the unit management should document monitoring report of the environmental impact.

Company has prepared and submitted six monthly reports to the appropriate government body. Review to the monitoring report confirmed that now the report structure already complies with Ministry of Environmental Decree No. 45/2005. Confirmed the latest report of period July – December 2012 has comprehensively covered all indicators to be monitored including air pollution, POME treatment, water quality, and social aspect. All operating unit has prepared this monthly report, for example at KRE the last UKL/UPL report was prepared on January 2013 (submitted to government on 22 March 2013) for the period of July – December 2012.

The company has no out-growers schemes, and as such attention to out-growers and smallholders were not necessary.

The company has budgeted CD and CSR activities without any programmatic plan/advanced plan of activities. All CD/CSR activities are dependent on the community requests. Most of the requests related to the road improvement, contribution to schools, mosques/churches, and village administration facilities. It is felt PT TTI should be proactive with regards to promoting CSR activities.

**Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.**

A documented procedure is in place and records of communication and consultation with communities is to be maintained. This procedure needs to ensure all areas of communication are covered – and ensure the procedures are common among all activities.

Decisions that the growers or mills are planning to make are made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation. Records of all consultation matters are required to details status and decision made.

Communication and consultation mechanisms have designed in collaboration with local communities and other affected or interested parties. These consider the use of existing local mechanisms and languages

Consideration is given with regards the use of third parties including community groups, NGO's and Government agencies.

Records of all communications and actions taken in response to input from stakeholders. These records were available at audit for Social Auditor.

Records are kept of all community requests/proposals of activities and management unit responses which include follow up to ensure actions are complete. The responses to the community responses/requests need to be consistent throughout estates. Communities' aspiration was mainly in form of donation request. So far there were no complaints received by the company. Inspection of the communication records confirmed that all operating unit hold records of respond to complaints and grievances including those came from internal parties, for example at the BMM, most of the communications are in the form of formal letter is a request for donations, e.g. at 01 August 2010, sub-district head of Gunung Malela requested a donation for Indonesia Independence celebration. Request was approved a week after the arrival of the letter. Record

held on file "Rekaman Konsultasi dan Komunikasi Stakeholders".

All community/stakeholders communication are responded to by Estate Managers - who nominates responsible persons to undertake the task if he is not available.

**Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.**

A procedure is available for handling complaints. Records of the handling of complaints is documented and managed. Each Estate manager is responsible for the management of complaints. A grievance book is kept in all estate and mill offices. Items are dealt with on a local level unless they cannot be resolved and then referred to more Senior Management for further consideration. This process has already been used in some areas. (Minor Improvement required to make compliant).

If any disputes or complaints surface the internal procedure will be applied. At a later stage if the initial effort to resolve a complaint was not effective both parties will discuss agreed way/mechanism to resolve disputes/complaints. Records of all complaints and progress to resolution are to be maintained in a current state so all parties are aware of the status of the complaint/grievance.

The company holds record of complaints and grievances at each operating unit including complaints from internal and external stakeholders.

**Observation 6.3.2: The grievance book at Bukit Maradja and Perlavian indicates the status of each grievance although at times there is no complete record to indicate the outcome has been acceptable to all. Records do include considerable details of any grievance as well as action to be taken. Have not always recorded when this action is completed.**

For example, at BMM a complaint was received from BME manager over POME overflow at the block 14/1997. Company took immediate action by pumping the POME back into block 28/1997. At PLE, inspection of the records of internal grievances (Buku Keluh Kesah Internal) indicated no grievances received except for request of repairs of houses. While for external two complaints were made in the last two months in relation to the traffic accident involving company workers. The last complaint was received in regard to traffic accident, where local people asked for compensation. Following negotiation held at 12 March 2011, it was agreed that company workers receive compensation. Records held on file "Buku Keluh Kesah Eksternal". PLM/TLE: No grievances and complaints received except for request of repair to housing. At TLE record held on file "Buku Keluh Kesah dengan Pihak Eskternal dan Internal" mainly



on the request of repair to the houses e.g. at 08/04/2011 estate received request from resident of house number 11B. Repair to the house was completed at 10/04/11.

It is considered that any disputes which are resolved are agreed and are signed off by the grieving party once the issue is resolved.

PT TTI holds procedure “Prosedur Tata Cara Perolehan Hak atas Tanah”. The procedure requires involvement of local communities and government officials for identification and assessment for compensation and witnessing payment. Information on compensation is publicly available.

In case of compensation for loss of land the procedure is placed under the complaints procedure which is available. There is a specific procedure to the identifying and calculating compensation for loss of land which includes loss of fruit or rubbers trees or other areas of value.

The standard price list for loss is usually provided by the government and price over this can be negotiated. The case of compensation took place when there is a complaint from local people in Perlabian Estate due to the development of security drain. Records are kept of prices paid as well as amount paid for the compensation to two people involved.

**Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

There is a procedure in place for the identification of legal and customary rights of people entitled to compensation – see above 6.3

Records of people identified and entitled to compensation are in place.

Records of all compensation issues are retained.

The process and outcome of any negotiated agreements and compensation claims documented and publicly available. However will not be made publicly available unless agreed by affected parties.

All outcomes to compensation claims are fully documented. The outcomes to any settlements are not made public although information quickly becomes known. There is a documented procedure for calculating and distributing fair compensation (monetary or otherwise) established and implemented and this will be calculated using government guidelines for land and crop values. This is already implemented (see above).

PT TTI did not acquire any new land for more than 25 years. Only one case of compensation took place when there was a complaint from local people around Perlabian Estate due to the development of security drain on 7 March 2009 (see 6.3.2). PLE agreed to pay for the compensation on 16 March 2009.

**Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.**

Payments are well documented. Every worker receives a pay advice every time they are paid. Working conditions are documented in the Perjanjian Kerja Bersama (PKB). PKB is the document of agreement between workers represented by labour union (Pengurus Serikat Pekerja PT TTI Mandiri/SPTTM) and the company. The PKB is produced is a form of booklet. The PKB is in line with regulatory requirements approved by the Manpower District Agency. Health and safety is also documented. Housing and public facilities condition has yet documented well. Contract workers are managed by local contractors.

Payment and conditions include - working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, dismissal reasons, period of notice were be viewed at this audit and were clearly indicated – see further comments below.

The company is applying The Decision of Minimum Wage set by Provincial Government and minimum wage agreed by Labour Union and plantation companies in Sumatra. Contract workers. Minimum wage agreed is IDR 933.000 for daily workers and IDR 1.041.400 for monthly workers. For each minimum wage is accompanied with the rice subsidy (as in kind payment) with value of at least IDR 169.061 depending on the number of family members.

PT TTI can ensure that contractors pay and conditions are in line with local requirements by obtaining contractor pay rates and is agreed to by contractors in the induction package for contractors.

Working conditions are documented in the Collective Labour Agreement (CLA/PKB). CLA is the document of agreement between workers represented by Labour Union (Pengurus Serikat Pekerja PT TTI Mandiri (SPTTM)) and the company. The CLA is produced as a form of booklet which is provided to all permanent employees.

The CLA is in line with regulatory requirements approved by the Manpower District Agency. In relation to contractor payment, PT TTI issued a new payment policy on 5 March 2010 to ensure regional minimum wage for contractor workers are met. Confirmed during contractor interviews that the new policy already implemented. Inspection of record and sample of pay slips confirmed pay and condition are in accordance to for example Minister of Manpower Decree No Kep-

102/MEN/Year 2004 and CLA agreement between Labour Union and PT TTI.

PT TTI ensures that adequate housing is provided, water supplies are adequate and clean, medical facilities are provided as well as education. Housing, Medical and Education at least meet local standards and are actually in most cases in excess of local minimum standards

Inspection confirmed PT TTI provide adequate housing for staff and workers, free water supplies are adequate and clean, electricity is at subsidized rate, kindergarten, elementary schools, crèche, place of worship, medical facilities are provided and additional benefit if treatment is needed at hospital. Water quality tests confirmed the treated water supplied to housing is suitable for domestic use. Recreation facilities at each estate include sports field.

Control of waste and living conditions including cleanliness is officially monitored through a formal regular compound inspection system.

Items that contractors should comply with are not written in Contract Agreement in detail except that the contractor should provide workers with PPE which is mostly provided by the Estates. Any requirements specific to contractors and a requirement of PT TTI should be included in each contract and monitored.

**Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.**

There is a policy available on freedom of association although in practice the workers have a freedom to organize a union (there is a labour union called Pengurus Serikat Pekerja PT TTI Mandiri (SPTTM) in each Estate/companies under review). They have offices and management team.

A statement and policy is made formally recognising workers "Freedom of Association".

Meeting with unions and workers representatives are documented – samples were reviewed at this surveillance audit

BMM/BME; Management hold regular meetings with Workers Union (SPBUM: Serikat Pekerja Bukit Maradja Mandiri), for example the last meeting was held on 04 April 2011 attended by 32 participants. The estate. Estate needs to ensure that minutes of meeting need to be prepared at every meeting.

KRE: Last meeting on 08 January 2011 attended by 5 participants of workers union representatives; issues discussed including system of payment on the harvesting tool compensation.

BMM: meeting with workers representative held when it was a request of meeting by the union to solve certain issue. Since there was no issue raised in 2010, it has been a year without meeting.

**Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.**

PT TTI does not knowingly employ workers under the national legal age limit.

The policy does not allow for any employees under 18. Minimum age employed in the Estates is 20 years old.

Data on workers age are available and recorded in the workers administration system and with HR.

During employment ID card check was carried out to ensure no underage was employed. During the audit, no underage workers were sighted at the work place.

**Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.**

PT TTI does not knowingly engage in any forms of discrimination. Although whether this actually happens cannot be easily demonstrated.

There is an Equal Employment Opportunity Policy which available to all stakeholders via well distributed notice boards. Similar statement of equal opportunity policy also publicly available in website, <http://www.tolantiga.co.id/v1/wp-content/uploads/2009/05/equal-employment-opportunity-policy.pdf>, Signed by top management on 30 April 2009.

There is no indication of discrimination. Female and male has the same opportunity in job and payments. Local people also have opportunity for employment.

**Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.**

There is a policy in place on Sexual Harassment and is documented and available to Managers, assistants and

all stakeholders via notice boards although could be more widely distributed.

There is a documented policy in CLA on the protection of reproductive rights available on the subheading of Maternity Leave. Female workers are fully paid during 1.5 months prior and following birth. Women who are pregnant or breastfeeding are not allowed to work in dangerous environment. It is PTTI policy not to assign female pregnant or breast-feeding workers as sprayers, and will be transferred to other duties once confirmed pregnant by the company doctor. Meetings with workers confirmed their understanding and implementation of the policy. There is proof implementation of reproductive rights and it is written in detail in the PKB documents to guarantee leave and medical treatment.

A sexual harassment grievance mechanism has been established – there have been no reports received or documented of sexual harassment. Currently, company is on the process of modifying the mechanism to be able to cover gender issues at the working places. Formerly the gender committee was depends more on the informal structures lead by manager's wife that mostly cover on informal activities.

Regular meeting between gender committee were held. For example, at KRE Gender committee meeting was held monthly, for example at TRE the last meeting was held on 11 June 2013 attended by 8 participants. No significant issue arose. Records held on file "Gender Committee Contact Group KRE". In TLE/PLE the latest meeting was held on 08 June 2013 attended by 8 participants of each estate, no issue arise.

Interview of female workers confirmed understanding of the procedure and willingness to use in case of sexual harassment occurrence.

There is proof implementation of reproductive rights and it is written in detail in the PKB documents to guarantee leave and medical treatment

***Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.***

No Small Holders.

There are in place contractual agreement local contractors indicating rates etc. The contract are legal and transparent – are available in either estates for smaller contracts of in the legal department in Medan for larger capital works contracts.

Contractors are paid in line with the contract conditions – there have been no complaints of late payments received or recorded.

***Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.***

PT TTI makes contributions to local development – records of all consultative arrangements are clear and open.

Contributions to local development take place in the following sequence: firstly community request for donation from mills or estates. Then, the request will be decided by management (HO) for agreement.

Company received request of donation from a number of parties, e.g. local schools, police stations, and local communities. The company makes contributions to local development – records of all consultative arrangements are clear and open. Contribution to local development takes place in the following steps: firstly community request for donation to mills or estates. Then, the request will be decided by management (HO) for agreement. Community representatives will be made known during annual meetings with external stakeholders carried out every August. Most of the contribution made is provision of building material and provision of grader for village road maintenance.

BME/M: Records of contribution to local community, mainly in form of donation, held on file "CD 2005 – 2009", which are available to all stakeholders.

PLE/M: Community requested donation from the company, mostly on the provision of grader for village road maintenance, donation of tornado victim in form of building material. For example at 07 March 2011 Perlabian village head requested of donation of roofing for repair of houses damage by tornado. Company provides the donation at 10 May 2011. Record held on file "Daftar Rekapitulasi CD 2009 – 2011".

TLE: provision of clean water, road grader, rehabilitation of mosque and church for local village e.g. Sidorejo, Menanti, for example at 08/02/2011, Parlabian village head requested company to provide fence for local mosque. Request approved and fence was given at 04 April 2011. Record "Community Development Records".

Some plantation activities such as building housing complex, road maintenance and plantation maintenance are contracted to the local contractors.

There are at least 14 activities outsourced to the contractors. Community development and CSR budget is prepared for community supports.

Records are in place for all requests and contributions. PT TTI also contributes to local school improvements and in other areas when requested.

Records are kept of all activities.

***Criterion 7.1 A comprehensive and participatory social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.***

**Criterion 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.**

**Criterion 7.3 New plantings since November 2005 have not replaced primary forest or any area containing one or more high Conservation Values.**

**Criterion 7.4 Extensive plantings on steep terrain, and/or on marginal and fragile soils, is avoided.**

**Criterion 7.5 No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their own representative institutions.**

**Criterion 7.6 Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

**Criterion 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations as identified in the ASEAN guidelines or other regional best practices.**

**Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.**

The company has implemented an environmental Management System that is certified to the ISO 14001:2004 Standard.

Objectives and Targets have been developed and an improvement plan prepared. The third party ISO 14001 Certification Audit checks the achievement of the objectives and targets annually for continuous improvement. The main focus of continual improvement to date has been environmental performance, while less attention has been given to social impacts.

The company has implemented best practices for management of pesticides and the improved controls associated with this program has reduced overall chemicals usage over the past 3 years.

The company has implemented a best practice system for the segregation of wastes at source into composts, recyclables and non-recyclable for disposal at landfills. This program has reduced substantially the quantity of waste disposed in landfills.

Riparian buffer strips are being established at replant to trap coarse grained sediment from discharge into streams. Vetiver and Guatemala grass are being used to strengthen river and creek banks to prevent erosion.

A Continuous Improvement Plan is attached. Appendix C.

### **3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D)**

#### **MAJOR NONCONFORMITIES**

Nil Major Nonconformities were assigned

#### **MINOR NONCONFORMITIES**

Two (2) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

**4.1.3 Minor NC: Inspections carried out by mill staff indicate that all SOP are in place and that all are compliant however following inspection of the Bukit Maradja Mill it appeared that a number of areas were not compliant with requirements not being met and SOP's have not been correctly inspected and any failures are not being recorded accurately**

**4.7.5 Minor NC: The risk assessment for the Bukit Maradja mill was ineffective and did not identify a large number of OHS issues which were sighted during this assessment. This included; The support legs of EFB hopper were badly damaged, evidence of broken handrails, dirty and slippery steps throughout the mill, use of badly damaged metal ropes in the steriliser area and carriages, a number of trip hazards, housekeeping required, gauges of electrical boards not operating, doors on electrical panels left open, gas bottles not restrained, damaged equipment not tagged out etc.**

*PT TTI has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.*

#### **OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT**

The assessment identified Seven (7) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the next Surveillance Assessment visit planned for May 2012.

**4.1.1 OFI: There have been two recent changes to the Standard Operating Procedures for the estates however it appears that estate managers are reluctant to replace the superseded SOP with the updated procedures, the updated procedures were available loosely but had not been placed into the "blue book".**



These procedures were on Pest and Diseases and Land Clearing respectively.

**4.7.7 Observation: Emergency procedures have not been tested in a number of stations including KRE, TTE, and PBM since April 2012 and therefore these areas cannot be sure that the procedures in place when put to the test would be effective.**

**5.1.2 OFI: The environmental impact assessment/aspects registers do not include HCV areas such as the spring in Kerasaan as well as Social aspects such as the issues at Perlabian Mill.**

**5.3.2 Observation. Inspection housing complex indicated good collection and disposal of domestic waste, however during the inspection to PLE housing Divisi I found domestic waste were not collected and disposed properly. Waste also scattered at the palm close to the housing**

**5.6.3 Observation: The control of oil and chemical spills and drips at the Bukit Maradja mill was not effective at the time of this assessment. There was a lack of spill kits and drip trays within the mill area. Therefore efforts and strategies employed to reduce pollution are not being followed.**

**6.3.2 Observation: The grievance book at Bukit Maradja and Perlabian indicates the status of each grievance although at times there are no complete records to indicate the outcome has been acceptable to all. Records do include considerable details of any grievance as well as action to be taken. Have not always recorded when this action is completed.**

**OBS 6.5.3: interview of female workers indicated no crèche was available for workers at Division III of BME. It is around 22 children whose mothers were work for the company. Stated by manager that the facility is budgeted for the next fiscal year.**

#### **Follow up on previous (ASA 2) minor corrective action requests**

Four (4) nonconformities requiring attention were identified. PT TTI has prepared corrective action plan for addressing the non conformities which BSi has reviewed and accepted. Progress towards resolution on the action taken will be followed up at the subsequent surveillance assessment. The details of these Nonconformities are provided below:

A727870/1: (4.4.4) Inspection to water intake it was found that the flow meter was broken; therefore record of mill water usage did not show the actual data.

Action and Response. The flow meter at this particular mill was repaired last year immediately following the ASA2. For the last 12 months each mill has recorded water use in each mill. Apart from this small interval records have been completed since 2009 at least.

A727870/2: (5.3.3) Inspection to Perlabian Estate it was found several empty oil containers were not kept in

Hazardous waste store, furthermore empty chemical containers such as NASCO and sulphuric acid at Bukit Maradja Mill were not properly kept in the permitted hazardous waste store.

Response: On this occasion all containers which were classed as hazardous waste where is the Limbah 3 store as required. This was the case at each estate and each mill during this inspection.

A727870/3: (5.4.1) Record of monitoring on renewable energy use for period of January 2012 up to April 2012 at both mill were available, however the evaluation upon efficiency analysis is not in place.

Response: There are records of monitoring renewable energy use at each mill for the last 12 months. There is analysis of the use of steam turbine and kilowatt hours as well as the ration of renewable to non-renewable energy.

A727870/4: (5.4.2) Record of monitoring on the use fossil fuel for period of January 2012 up to April 2012 at both mill were available, however the evaluation upon efficiency analysis is not in place.

Response: There are records of monitoring non-renewable energy use at each mill. Analysis of use is completed as well as ratio of renewable to non-renewable energy

### **3.3 Noteworthy Positive Components**

1. There is an appreciation of the company due to the existence of facilities and infrastructure that can be used by the local communities. The facilities such as health clinic, basic education, school bus transportation, and sports facilities are open for local community around the plantation. In addition, some company infrastructures such as road access, and bridges also used by local community in connecting between villages
2. There is also an appreciation related for the company contribution for local community such as mosque renovation, village infrastructures, sports activities, etc. There are two kinds of company aid: first, routine aid such as contributions towards local

communities basic needs (“sembako”) on the eve of Islamic holidays; second, the contribution based on proposal projected by local communities. In general, local communities also satisfied with the management staff in responding their proposals

3. There are new job and business opportunities for local communities. In order to support the production, company needs third parties to handle some work that cannot be done by the company itself. For example harvesting, maintaining the plants, spraying, etc. In addition, business opportunity is also available for local businessmen such as become business partners (contractors).
4. The company has set up women’s groups to better represent their needs. There are regular meetings held where the women are encouraged to state their views. This is encouraged by PT TTI Management.

**3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue**

1. During the interview, female mill workers asked for rice for his husband.

**Company respond:** According to CLA, husband will be eligible for rice allowance should he is unemployed or permanently ill by doctor.

**Auditor Comment:** This will improve the life of the workers and improve hygiene.

2. During the interview, TLE harvesters requested football field for Divisi III housing.

**Company respond:** manager will provide the requested football field.

**Auditor Comment:**

3. During the interview, Female sprayers requested two-piece suit instead of single-piece suit, as it is difficult to undress.

**Company respond:** There is a programme to replace single-piece suit to two-piece suit for sprayers.

**Auditor Comment:**

**4. Rural Kampongs**

Need support from PT TTI as source of income

**5. Department of Agriculture Office, Simalungun District**

The head of Simalungun District Agriculture Office commented that local people need PT TTI support as source of income. In relation to the high erosion at the bridge connecting main road close to BMM he now stated that it caused by natural disaster and now handled by provincial government.

**PT TTI Response:** PT TTI has provided very strong support to rural villages, and estates, as a major source of income through assisting development and providing employment and supporting local businesses

**Auditors Comment:** Support of local area is very widespread.

6. All Stakeholders commented they have very good relationship with company

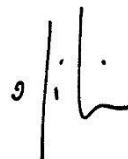
**PT TTI Response:** Continue to improve relationships

**Auditor Comment:** Appears that PT TTI standing in the community is well appreciated by stakeholders.

**3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings**

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of  
PT TTI



.....  
**Mr Olivier Tichit**  
**Environment and Conservation General Manager**  
**Date: 19.8.13**

Signed for on behalf of  
BSi Management Systems Singapore Pte Ltd



.....  
**Mr Allan Thomas**  
**Lead Auditor**  
**Date:** **19.8.13**

## ***Appendix “A”***

### ***RSPO Certificate Details+FFBTonnages Table***

PT TTI  
 gedung Bank Sumut, Lt.7  
 20152 Medan  
 Sumatera Utara INDONESIA  
 Certificate Number:

SPO 555208

Website: [www.tolantiga.co.id](http://www.tolantiga.co.id)

Applicable Standards: RSPO Principles & Criteria : 2007; **RSPO INA-NIWG May 2008**

Bukit Maradja Palm Oil Mill and Supply Base				
Location Address		Pamatang Syahkuda, Simalungun, Sumatra Utara, Indonesia		
GPS Location		03°04N-099°15E		
CPO Tonnage Total		23 825mt		
PK Tonnage Total		5 624mt		
Own estates FFB Tonnage		102 255mt		
Non-company Suppliers FFB Tonnage		0mt		
SIPEF estates	Mature (ha)	Immature (ha)	Total HGU (ha)	Annual FFB Production (mt)
Bukit Maradja Estate	2 772	165	3 178	60 186
Kerasaan Estate	1 816	345	2 362	42 069
<b>TOTAL</b>	<b>4 588</b>	<b>510</b>	<b>5 540</b>	<b>102 255</b>

Perlabian Palm Oil Mill and Supply Base				
Location Address		Kampung Rakyat, Labuhan Batu Selatan, Sumatra Utara, Indonesia		
GPS Location		02°04N-100°04E		
CPO Tonnage Total		41 342mt		
PK Tonnage Total		10 336mt		
Own Estates FFB Tonnage		179 748mt		
Non-company Suppliers FFB Tonnage		0mt		
SIPEF Estate	Mature (ha)	Immature (ha)	Total HGU (ha)	Annual FFB Production (mt)
Perlabian	3 713	769	4 807	81 177
Tolan	3 394	219	3 672	98 571
<b>TOTAL</b>	<b>7 107</b>	<b>988</b>	<b>8 479</b>	<b>179 748</b>



SIPEF - PT TOLAN TIGA INDONESIA  
 BUKIT MARADJA & PERLABIAN PALM OIL MILLS  
 PRODUCTION

Source	Estimate at initial Certification 17 may 2011	Actual Production 17 may 2012 - 16 may 2013	Projected 17 may 2013 - 16 may 2014
<b>Perlabian Palm Oil Mill (PL POM)</b>			
Perlabian Estate(PLE)	97'000	87'086	81'177
Tolan Estate (TLE)	90'000	89'709	98'571
<b>Sub Total</b>	<b>187'000</b>	<b>176'795</b>	<b>179'748</b>
<b>Bukit Maradja Palm Oil Mill (BM POM)</b>			
Bukit Maradja Estate (BME)	80'000	59'991	60'186
Kerasaan Estate (KRE)	90'000	40'438	42'069
<b>Sub Total</b>	<b>170'000</b>	<b>100'429</b>	<b>102'255</b>
<b>Total</b>	<b>357'000</b>	<b>277'224</b>	<b>282'003</b>

**CPO**

Source	Estimate at initial Certification 17 may 2011	Actual Production 17 may 2011 - 16 may 2012	Projected 17 may 2012 - 16 may 2013
<b>Perlabian Palm Oil Mill (PL POM)</b>	43'000	37'178	41'342
<b>Bukit Maradja Palm Oil Mill (BM POM)</b>	35'000	23'636	23'825

**PK**

Source	Estimate at initial Certification 17 may 2011	Actual Production 17 may 2011 - 16 may 2012	Projected 17 may 2012 - 16 may 2013
<b>Perlabian Palm Oil Mill (PL POM)</b>	11'500	9'460	10'336
<b>Bukit Maradja Palm Oil Mill (BM POM)</b>	7'500	5'816	5'624

## ***Appendix “B”***

### ***Surveillance Audit Programme***

## ASA 3 RSPO Audit Plan Sunday 30<sup>th</sup> June – Friday 5<sup>th</sup> July 2013

(Note: Subject to revision at Lead Auditor's discretion)

### Sunday 30<sup>th</sup> June

- Allan and Iman arrive from Jakarta at Medan Airport – meet and pick up at airport
- Inspect Tank farm at Medan 9-12
- Travel direct to Bukit Maradja plantation

### Monday 1<sup>st</sup> July

Time	Activity	Allan	Iman	Action
8.00 am	Opening Meeting	X	X	Task Force
8:30am – 12:00	Bukit Maradja Estate (Office, Clinic, Landfill, Gravel Extraction, Chemical store and mixing, Fertiliser, buffers, reserves field spraying & harvesting)	X		
8:00am – 12:00	Inspect estate areas incl. villages & environment		X	
11:00am – 12:00noon			X	
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 3:00pm	Inspect mill, laboratory and effluent ponds	X		
1:00pm – 3:00pm			X	
3:00pm – 4:30pm	Review Environmental and Social Reports		X	
3:00pm – 4:30pm	Continue review of RSPO documentation	X		

### Tuesday 2<sup>nd</sup> July

Time	Activity	Allan	Iman	Action
8:00am – 12:00	Inspect area around Kerasaan Inspect Mill Emplacement, Landfill	X		
8:00am – 9:00am	Review documentation Principles 1-3		X	
9:00am – 12:00noon	Review records of land title, leases, etc.		X	
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 2:45pm	Review RSPO documentation Principles 4-5	X		
1:00pm – 3:45pm	Social issues/HCV reports		X	
3:45pm – 4:30pm	Meet with NGO Representatives?	X	X	

Wednesday 3<sup>rd</sup> July

Time	Activity	Allan	Iman	Action
8:00am – 11:00noon	- Parlabian Estate (Office, Clinic, Landfill, Gravel Extraction, Chemical store and mixing, Fertiliser, buffers, reserves, field spraying & harvesting)	X		
8:00am – 10:00noon	Inspect area around Parlabian		X	
11:00am – 12:00noon	Review Documentation – ongoing Principle 6	X	X	
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 2:30pm	Meet with representative women's group?		X	
2:30pm – 4:00pm	Meet with other stakeholders		X	
1:00pm – 4:00pm	Construction, Workshops etc.	X		

Thursday 4<sup>th</sup> July

Time	Activity	Allan	Iman	Action
8:00am – 12:00noon	Kabun Tolan Estate (Office, Clinic, Landfill, Gravel Extraction, Chemical store and mixing, Fertiliser, buffers, reserves, field spraying & harvesting)	X		
	Review Aspects/Hazard - Risks	x		
8:00am – 10:00noon	Mill Housing/ Personnel		X	
	Clinic		x	
10:00am – 12:00noon	Review Documentation – ongoing Principle 8		X	
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 3:00pm	Review pays and contractor issues		X	
1:00pm – 3:00pm	Inspect other Mill and relevant areas	X		
3.00 pm – 5.00 pm	Auditors meeting			

Friday 5<sup>th</sup> July

Time	Activity	Allan	Iman	Action
8:00am – 11:00noon	Travel Medan	X	X	
	Exit Meeting Medan	x	x	
5.30 pm -	Travel Medan to Jakarta – GA 193			

## ***Appendix “D”***

### ***Corrective Action Plan***



**CONTINUOUS IMPROVEMENT PLAN - BME/KRE/BMM/PLE/TLE/PLM**

<b>Last update :</b> 09 August 2013	<b>Distribution :</b> PD / D-ESD / D-ENG / D-FAD / GM-Sumut / GM-HRA / Cpy.Doctor / SFM / EM / MM / E				
<b>By :</b> D-MD	<b>Updates by</b> ENC.				
<b>ACTIVITIES (continuous activities are kept if still necessary)</b>	<b>LOCATION</b>	<b>IN CHARGE</b>	<b>SUPPORT</b>	<b>TIME TARGET</b>	<b>STATUS</b>
<b>CIP2010-C Improve management of HCV areas</b>					
1-increase number of signs/maintain signs	all	ESD	ENC	continuous	in progress
2-continue training of "Kader Konservasi" from employees and local people	estates	ENC	ESD	continuous	in progress
3-monthly review of situation/incidents at P2K3LH meeting	estates	ESD	ENC	continuous	in progress
<b>CIP2010-F Improve OHS assessment capacity for assistants and managers</b>	all	Training M	ENC/ESD/ENG	continuous	in progress
<b>CIP2010-K Improve use of clean water in workers housing</b>					
1-test well water quality	all	ENC	ESD	continuous	in progress
2-improve maintenance of existing water distribution network	all	ESD/ENG	ENC	continuous	in progress
3-drill new boreholes where necessary	all	ESD	ENC	when needed	in progress
<b>CIP2010-S Review and improve stakeholders lists</b>	all	ESD/ENG	ENC	continuous	in progress
<b>CIPSU2011-E Improve reporting of RKL/RPL</b>					
1-prepare specific questionnaire for social/health issues	all	ENC	-	continuous	in progress
2-carry out interviews with neighbouring villages on impact of operations	all	ESD/ENG	ENC	continuous	in progress
<b>CIPSU2011-F Improve monthly OHS/environmental/social meetings</b>					
2-review and improve inspections checklists to cover all identified aspects	all	ENC	ESD / ENG	continuous	in progress
3-include review of all accidents occurring in the operations (even with third parties)	all	ENC	ESD / ENG	continuous	in progress
4-improve review of monthly reports by ENC	all	ENC	ESD / ENG	continuous	in progress
<b>CIPSU2011-H Evaluate efficiency of Gender Committees in the operations</b>	all	ENC	ESD / ENG	continuous	in progress

<b>CIPSU2012-A</b>	<b>Improve efficiency and safety of pesticide use</b>					
	1-monitor adequacy of PPE for mixers and sprayers, recommend changes based on field experience	estates	ENC	ESD	continuous	in progress
	2-monitor use of field "double-containments" by spraying teams	estates	ENC	ESD	continuous	in progress
<b>CIPSU2013-A</b>	<b>Improve Investigation of work-related accidents</b>					
	1-review accidents investigations to check proper level of details/accuracy, and practical recommendations to avoid repetition of similar accidents.	all	ENC	ESD / ENG	continuous	in progress
	2-provide training of managers/head assistants for reporting accidents and recommend improvements.	all	ENC	ESD / ENG	continuous	in progress
<b>CIPSU2013-B</b>	<b>Improve monitoring of HCV/conservation areas (distinct from CIP2010-C)</b>					
	1-identify and allocate full-time "rangers" in estates with >200ha HCV areas	estates	ENC	ESD	end 2013	in progress
	2- train "rangers" using ZSL monitoring protocol	estates	ENC	ESD	end 2013	in progress
	3-analyse data collected by "rangers"	estates	ENC	ESD	starting sept. 2013	planned
<b>CIPSU2013-C</b>	<b>Increase number of crèche in estates to match increase of working women</b>					
	1-establish temporary crèches in estates with insufficient facilities	estates	ESD	ENC	september 2013	planned
	2-establish permanent crèches where needed	estates	ESD	ENC	year 2014	planned
	3-monitor conditions in the company-managed crèches	estates	Cpy.Doctor	ESD / ENC	continuous	in progress
<b>CIPSU2013-D</b>	<b>Improve prevention of pollution</b>					
	1-improve conditions/practices in mechanical workshops to prevent spills of lubricants	all	ENC	ESD / ENG	continuous	in progress
	2-improve conditions/practices at fuel tanks/dispensers to prevent spills	all	ENC	ESD / ENG	continuous	in progress
	3-review environmental incidents for "lessons learned" to prevent repetition	all	ENC	ESD / ENG	continuous	in progress

## ***Appendix “D”***

### ***Corrective Action Plan***

<b>NONCONFORMITIES RAISED</b>		<b>CORRECTIVE ACTIONS</b>	<b>IN CHARGE</b>	<b>TIME TARGET</b>
<b>BSI reference</b>	<b>DESCRIPTION</b>			
	<p><b>P&amp;C 4.1.3</b>            Minor NC : Inspections carried out by mill staff indicate that all SOP are in place and that all are compliant however following inspection of the Bukit Maradja Mill it appeared that a number of areas were not compliant with requirements not being met, SOP's not correctly inspected and failures not being recorded accurately.</p>	<p>1/ Internal audit to be carried out by ENC to identify and remedy lapses in compliance. 2/ ENC to organise new training sessions for Bukit Maradja POM on self-inspections. 3/ Mill manager to increase effectiveness of monthly OHS/environment/social meeting (P2K3LHS).</p> <p>Action accepted – Allan Thomas</p>	<p>1 and 2/ ENC and POM manager. 3/ POM manager.</p>	<p>1 and 2/ end August 2013. 3/ continuous.</p>
	<p><b>P&amp;C 4.7.5</b>            Minor NC : The risk assessment for the Bukit Maradja mill was ineffective and did not identify a large number of OHS issues which were sighted during this assessment. This included; The support legs of EFB hopper were badly damaged, evidence of broken handrails, dirty and slippery steps throughout the mill, use of badly damaged metal ropes in the steriliser area and carriages, a number of trip hazards, housekeeping required, gauges of electrical boars not operating, doors on electrical panels left open, gas bottles not restrained, damaged equipment not tagged out etc.</p>	<p>1/ OHS risk assessment for Bukit Maradja POM will be reviewed and an internal OHS risk inspection carried out with ENC. 2/ All management units will be retrained to improve the preparation and review of OHS risk assessments.</p> <p>Action accepted – Allan Thomas</p>	<p>1/ Estates &amp; POM managers. 2/ ENC.</p>	<p>1/ end August 2013. 2/ continuous.</p>
<b>OBSERVATIONS RAISED</b>				
<b>OFI 1</b>	<p><b>P&amp;C 4.1.1</b>            There have been two recent changes to the Standard Operating Procedures for the estates however it appears that estate managers are reluctant to replace the superseded SOP with the updated procedures, the updated procedures were available loosely but had not been placed into the "blue book". This procedures were on Pest and Diseases and Land Clearing respectively.</p>	<p>Ensure that new SOP (and equivalent documents), are replacing superseded documents (which are then clearly marked as no further valid). Estates Department to include clear instructions at each change in SOP.</p>	<p>Estates Department and Estates managers.</p>	<p>continuous</p>
<b>OBS 1</b>	<p><b>P&amp;C 4.7.7</b></p>			

	Emergency procedures have not been tested in a number of stations including KRE, TTE, and PBM since April 2012 and therefore these areas cannot be sure that the procedures in place when put to the test would be effective.	Ensure that emergency procedures are tested at least once per year, under various scenarios when possible, and that drills are documented.	<i>All management units and ENC.</i>	immediate
<b>OFI 2</b>	<b>P&amp;C 5.1.2</b> The environmental impact assessment/aspects registers do not include HCV areas such as the spring in Kerasaan as well as Social aspects such as the issues at Perlarian Mill.	Ensure that registers include and document all occurrences, and cover all areas under management of the company. All registers to be reviewed by ENC.	<i>All management units and ENC.</i>	continuous
<b>OBS 2</b>	<b>P&amp;C 5.3.2</b> Inspection housing complex indicated good collection and disposal of domestic waste, however during the inspection to PLE housing Divisi I found domestic waste were not collected and disposed properly. Waste also scattered at the palm close to the housing	1/ Improve waste collection in PLE. 2/ Renew awareness sessions on waste for employees and their families in Division 1 emplacement.	1/ <i>PLE manager</i> 2/ <i>PLE and ENC.</i>	1/ immediate 2/ end September 2013
<b>OBS 3</b>	<b>P&amp;C 5.6.3</b> The control of oil and chemical spills and drips at the Bukit Maradja mill was not effective at the time of this assessment. There was a lack of spill kits and drip trays within the mill area. Therefore efforts and strategies employed to reduce pollution are not being followed.	1/ Renew assessment of pollution risks in Bukit Maradja POM. 2/ Increase number of spill kits and drip trays as necessary.	1/ <i>Bukit Maradja POM manager and ENC</i> 2/ <i>Bukit Maradja POM manager.</i>	1 and 2/ end September 2013
<b>OBS 5</b>	<b>P&amp;C 6.3.2</b> The grievance book at Bukit Maradja and Perlarian indicates the status of each grievance although at times there is no complete records to indicate the outcome has been acceptable to all. Records do include details of any grievance as well as action to be taken. Have not always recorded when this action is completed.	Improve consistency of grievance records to include more details and to document the process until completion.	<i>All management units.</i>	continuous
<b>OBS 6</b>	<b>P&amp;C 6.5.3</b> interview of female workers indicated no crèche was available for workers at Division III of BME. It is around 22 children whose mothers were work for the company. Stated by manager that the facility is budgeted for the next fiscal year.	1/ Set up temporary crèche in Division III immediately. 2/ Permanent crèche budgeted for 2014.	<i>Bukit Maradja Estate Manager</i>	1/ immediate 2/planned for 2014



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Note : GMO Sumut = General Manager Office North Sumatra, ENC = Environment and Conservation department.

## ***Appendix “E”***

### ***Supply Chain***

### Bukit Maradja Oil Mill Supply Chain 1.7.13

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Bukit Maradja Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Olivier Tichit Responsibility: Marketing Director</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Management Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p>	<p>100% of material comes from Tolan Tiga Estates. With KMD the company uses a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material.</p> <p>There is no projected over production for each mill.</p> <p>Supply Chain Model - Segregation</p>

<p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	
<p><b>3 Record keeping</b></p>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p> <p>It is company policy that all records and reports are retained for a minimum of 5 years. This was demonstrated in company archives.</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts – This is indicated on dockets and transport records and marked as SG – a number of transport documents where noted.</p>
<p><b>4. 4 Sales and goods out</b></p>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> <li>a) The name and address of the buyer;</li> <li>b) The date on which the invoice was issued;</li> <li>c) A description of the product, including the applicable supply chain model (Segregated)</li> <li>d) The quantity of the products delivered;</li> <li>e) Reference to related transport documentation.</li> </ul>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included on each sales contract</p> <p>Date of issue of invoice is recorded for example Contract 19/PL – Dated June 2013</p> <p>Description of product is included – including supply chain model – segregation.</p> <p>This is via an arrival alert that client has received product</p>

<b>5. Processing</b>	
5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.	There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated
5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material	All material is RSPO certified
5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	Not applicable to Tolan Tiga or its mills
<b>6. Training</b>	
6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company. There are records of competency of staff in weighbridge. There are records of training for all involved in Supply Chain activities. This is in the form of attendance records at training sessions on supply chain
<b>7. Claims</b>	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims	All RSPO material - the company has not made claims outside of the RSPO rules for Communications and Claims.

### Perlabian Oil Mill Supply Chain 3.7.13

Requirements	MB
<b>1. Documented procedures</b>	
<p>1.3 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.4 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Perlabian Mill.</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Olivier Tichit Responsibility: Olivier Tichit - <a href="#">Marketing Director</a></p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p> <p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>Around 85% of material comes from <a href="#">supply base</a> Estates therefore there is no PO. 15 % comes from non-certified estates which are managed by a related organisation (Sipef). For FFB from these estates, the company uses a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials.</p> <p>There is no projected over production for each mill.</p>
<b>3 Record keeping</b>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>3.2 Retention times for all records and reports shall be at least five (5) years.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p> <p>It is company policy that all records and reports</p>

<p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>are retained for a minimum of 5 years. This was demonstrated in company archives.</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts – This is indicated on dockets and transport records and marked as Mixed Balance – a number of transport documents where noted which either notified certified or non-certified as required – including MS 20/3</p>
<p><b>4. 4 Sales and goods out</b></p>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> <li>f) The name and address of the buyer;</li> <li>g) The date on which the invoice was issued;</li> <li>h) A description of the product, including the applicable supply chain model (Segregated)</li> <li>i) The quantity of the products delivered;</li> <li>j) Reference to related transport documentation.</li> </ul>	<p>The company is able to issue an invoice which will allow them under the mixed balance scheme to include amount of RSPO materials.</p> <p>This is included on each sales contract</p> <p>Date of issue of invoice is recorded for example 20<sup>th</sup> June 2013.</p> <p>Description of product is included – including supply chain model – segregation.</p> <p>This is via an arrival alert that client has received product and included in transport documentation.</p>
<p><b>5. Processing</b></p>	
<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material9;</p>	<p>There are clear and precise procedures in place that record that RSPO product is mixed balance – the ration is around 85-15,</p>



up to 5 % contamination is allowed.	
5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material	There is documented traceability of the origin of the FFB used in the production of the RSPO certified palm oil. All FFB used in the production of the certified palm oil is certified.
5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	Not applicable to Tolan Tiga or its mills

<b>6. Training</b>	
6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company. There are records of competency of staff in weighbridge. There are records of training for all involved in Supply Chain activities. This is in the form of attendance records at training sessions on supply chain

<b>7. Claims</b>	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims	The company has not made claims outside of the RSPO rules for Communications and Claims.

CSPO/CSPK sales registered with Utz in 2012 : 8,400mt CPO, 0mt CSPK.

Greenpalm CPO certificates sold for 2012 period : SIPEF has sold 89,183 Greenpalm CPO certificates in total for all its mills (Indonesia and PNG), allocating 23547 to the Bukit Maradja and Perlabian mills .