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PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT (ASA4)

PT Tolan Tiga Indonesia (SIPEF Group) North Sumatra, INDONESIA

Report Author

Haeruddin – June 2014

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SUMMARY

BSI has conducted the Fourth (ASA4) assessment of PT Tolan Tiga Indonesia located in North Sumatra, Indonesia operations comprising two mills, four oil palm estates, support services and infrastructure. BSI concludes that PT Tolan Tiga Indonesia 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 D - CPO Mills: Segregation for both Mills, Bukit Maradja and Perlabian Palm Oil Mill.

BSI recommends that PT Tolan Tiga Indonesia be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

B3	Scheduled Waste
BLH	Badan Lingkungan Hidup (Environment Office)
BME	Bukit Maradja Estate
BMM	Bukit Maradja Mill
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional (National Land Authority)
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
ISO	International Standards Organisation
IUCN	International Union for Conservation of Nature
KRE	Kerasaan Estate
MMAS	Mukomuko Agro Sejahtera
MSDS	Material Safety Data Sheet
NGO	Non-Government Organisation
PLE	Perlabian Estate
PLM	Perlabian Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPKS	Pusat Penelitian Kelapa Sawit
PT TTI	PT Tolan Tiga Indonesia
QMS	Quality Management System
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 Kelola Lingkungan-Upaya Pemantauan Lingkungan (Environmental Management Effort-Environmental Monitoring Effort)

1.0 SCOPE OF SURVEILLANCE 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 Surveillance 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 555208

Initial Certification Assessment: 14-20.3.2010

Date of Certification: 17.5.2010

1.3 Location and Maps

The PT Tolan Tiga Indonesia 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. Up to ASA 3 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 ASA3 Perlabian Mill was declared as Supply Chain Mass Balance once the other estate is certified this will become Segregation Supply Chain.

During ASA 4 (2014), Perlabian Mill has perform full Segregation since the FFB from non-certified SIPEF estate divereted to newly-built mill of PT Umbul Mas Wisesa. The FFB Production of both mills (Bukit Maradja and Perlabian) is listed in Table 3.



Figure 1. Location of PT. Tolan Tiga in Indonesia

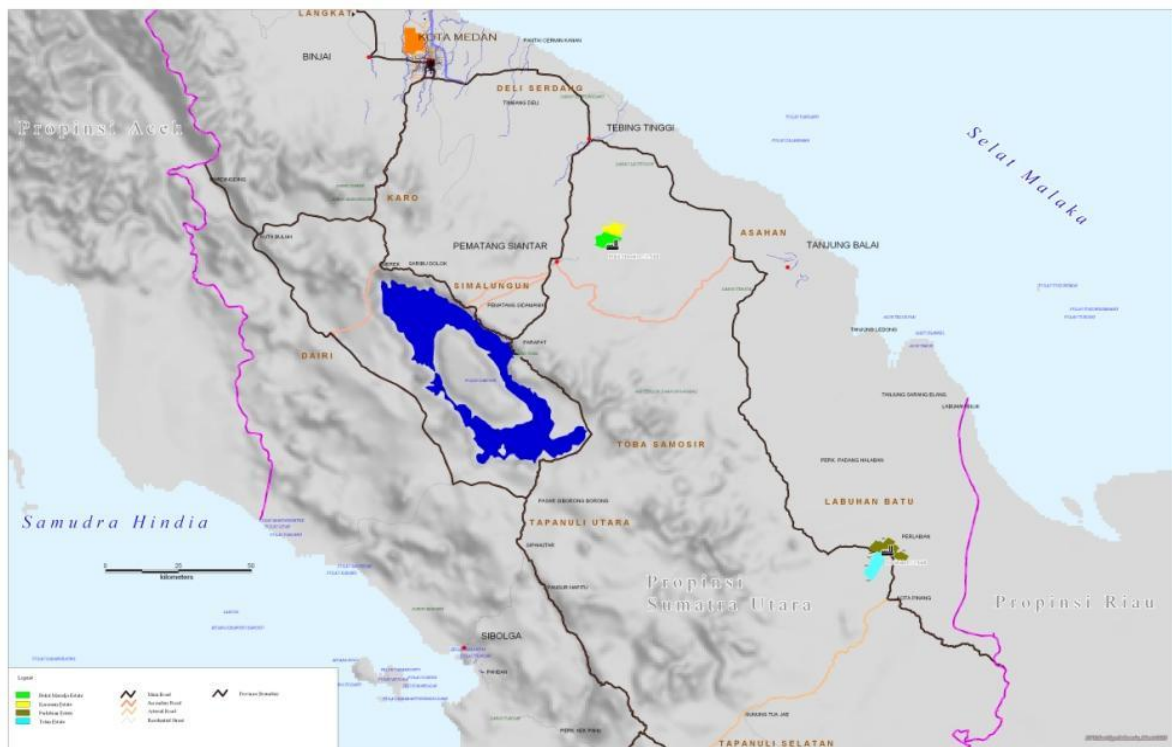


Figure 2. Location of PT. Tolan Tiga in North Sumatera, Indonesia

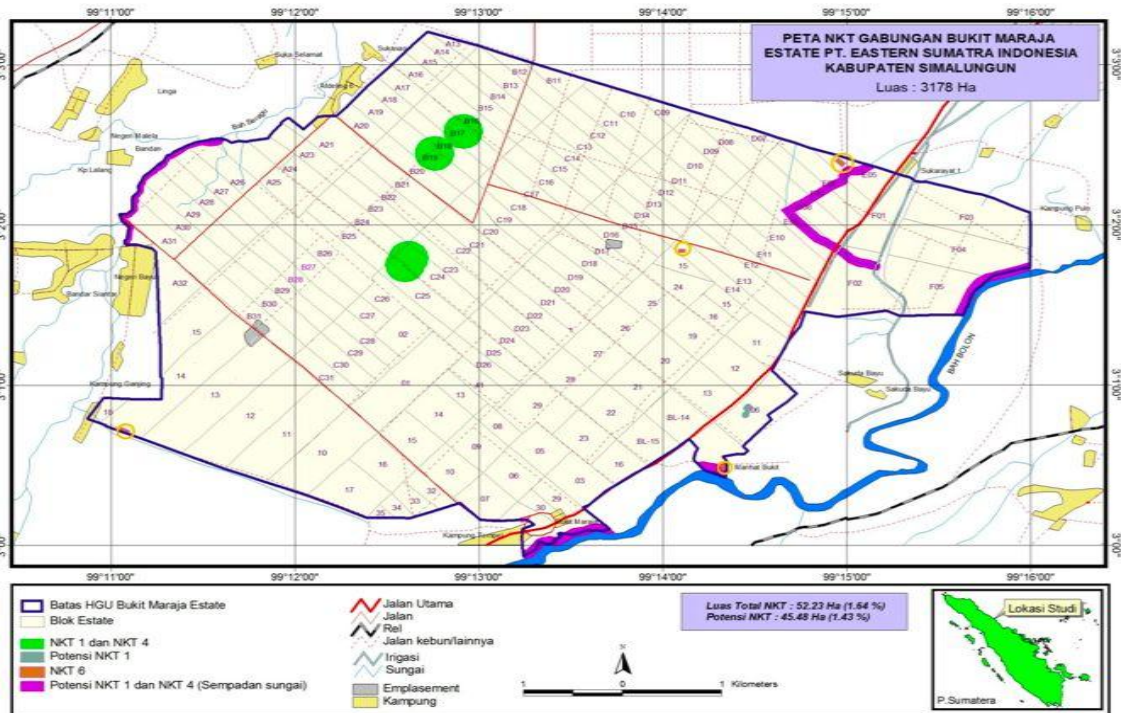


Figure 3. Location of Supply Base (Bukit Maradja Estate) and surrounding entities

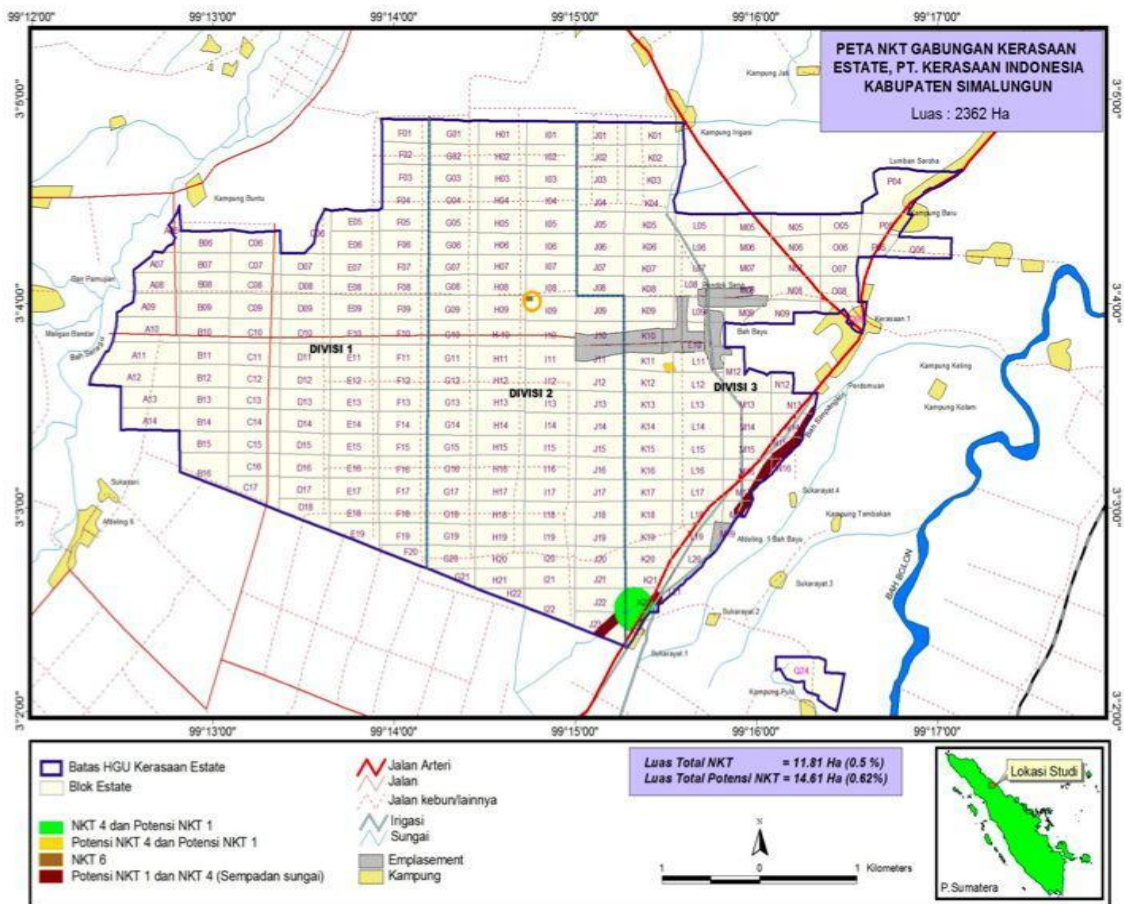


Figure 4. Location of Supply Base (Kerasaan Estate) and surrounding entities

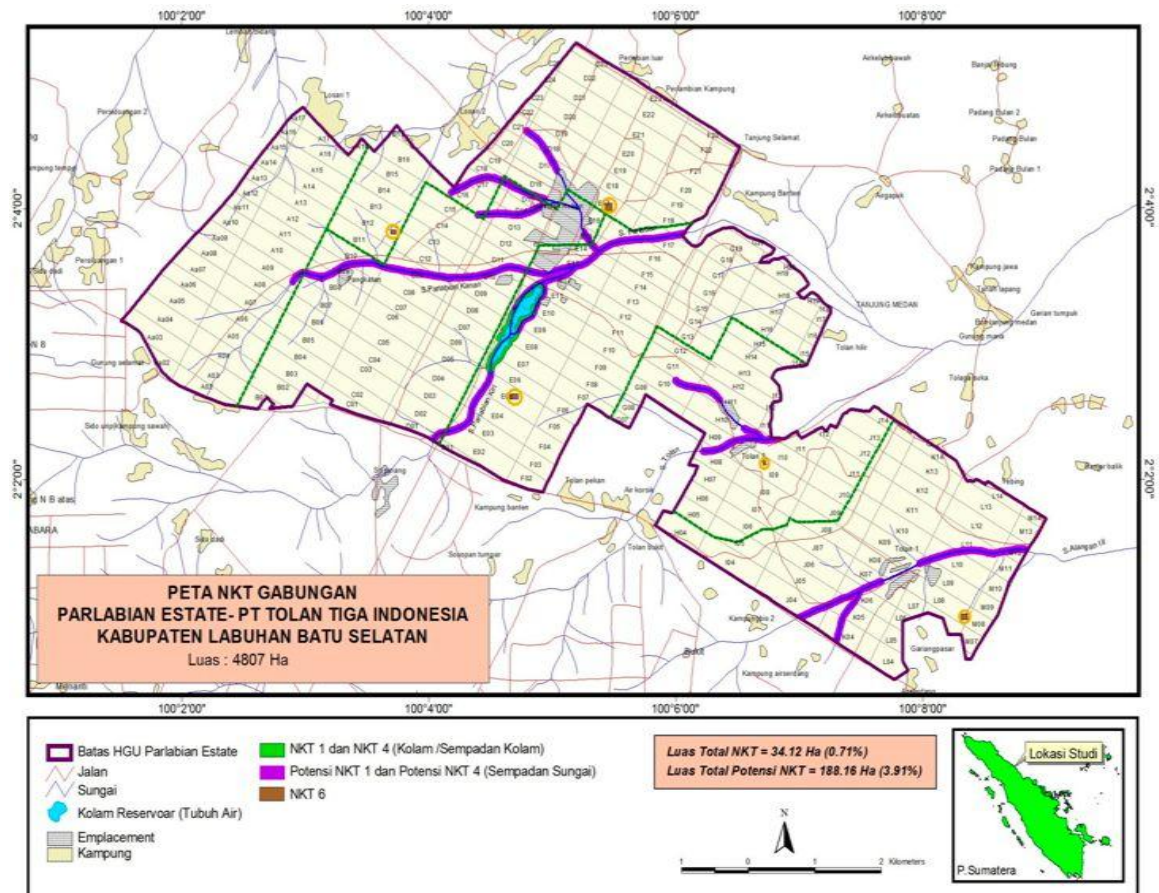


Figure 5. Location of Supply Base (Perlabian Estate) and surrounding entities

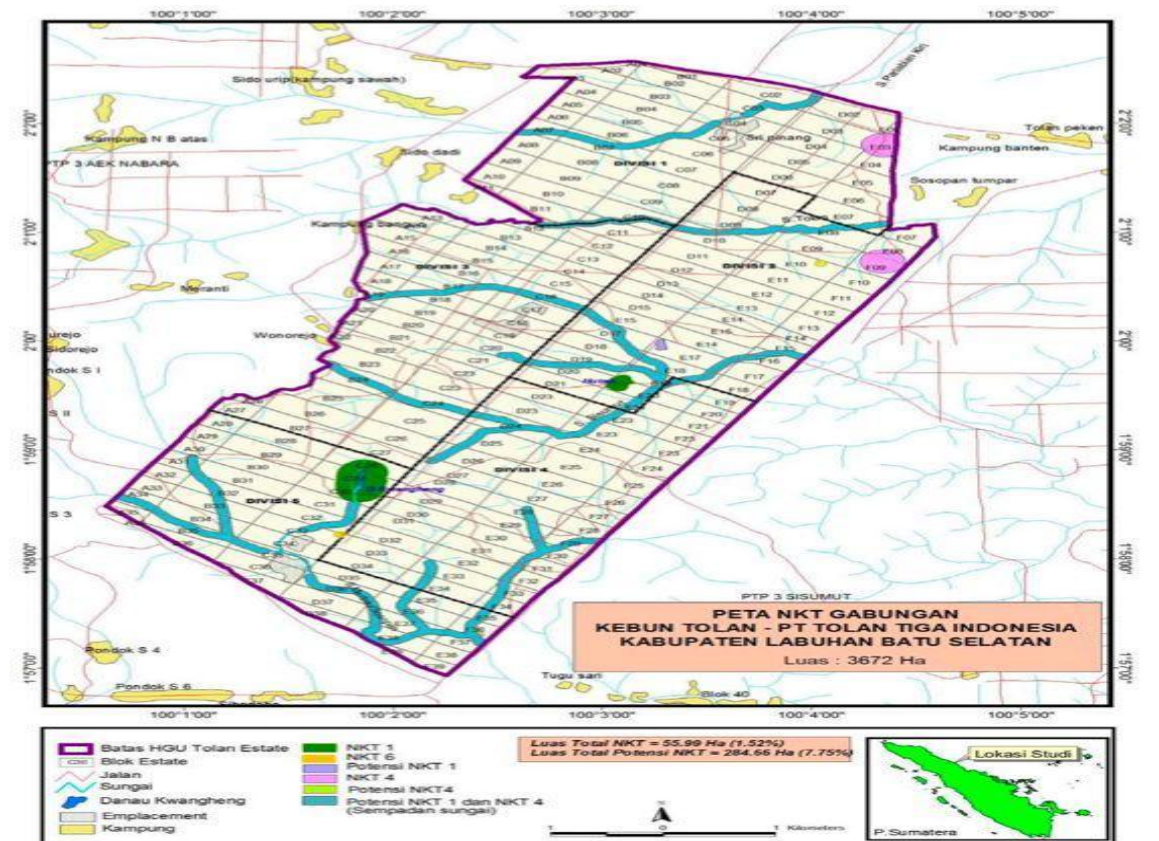


Figure 6. Location of Supply Base (Tolan Estate) and surrounding entities.

Table 2: Company FFB Production (Tonnes) in 2013

Source	Estimate at Last Surveillance May 2013 - May 2014	Actual Production 17 May 2013 - 16 May 2014	Projected 17 May 2014 - 16 May 2015
Perlabian Mill			
1. Perlabian	81,177	88,467	90,876
2. Tolan Estate	98,571	88,862	90,000
Sub Total	179,748	177,329	180,876

Source	Estimate at Last Surveillance May 2013 - May 2014	Actual Production 17 May 2013 - 16 May 2014	Projected 17 May 2014 - 16 May 2015
Bukit Maradja Mill:			
1. Bukit Maradja	60,186	66,006	66,476
2. Kerasaan	42,069	42,901	42,955
Sub Total	102,255	108,907	109,431
Total BM + PL POMs	282,003	286,236	290,307

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						
1984						
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
TOTAL	4,482	3,614	2,934	2,091	13,121	100

1.6 Other Certifications Held

PT Tolan Tiga Indonesia palm oil mills have certification to ISO 14001:2004 and ISO 9001:2008. PT Tolan Tiga Indonesia 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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1.8 Time Bound Plan for Other Management Units

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.

The progress of Time Bound plan for other Majority owned Management Units are as listed below:

- Hargy - certified in April 2009.
- PT. Agro Muko – Certified in February 2011
- PT. Tolan Tiga Indonesia – Certified in May 2010.
- PT. Umbul Mas and PT. Toton Usaha Mandiri – Initial Assessment in May 2014 due to under development and go through in to the RSPO compensation mechanism and PT. Citra Sawit Mandiri still development and also go through to the RSPO compensation mechanism.
- New land acquired after Hargy certified in 2009 are: PT. Mukomuko Agro Sejahtera, (Still in development), PT. Agro Kati Lama (still in development), PT. Agro Rawas Ulu (still in development), PT. Agro Muara Rupit (it has just RSPO NPP notification)

Based on review as above, the auditor can accept the justification of Sipef.

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	2,769	165
Kerasaan	1,745	346
Perlabian	3,712	770
Tolan	3,395	219
TOTAL	11,621	1,500

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

Mature area	11,621
Immature	1,500
Preparation for oil palm	499
Total area for oil palm	13,620
Nurseries	15
Emplacement, Roads, Mills, Compounds etc.	326.03
Unplanted reserve, incl. underwater lease	58
Total leased area	14,019.03

1.10 Approximate Tonnages Certified

Table 5: Approximate Tonnages Certified CPO

Source	Estimate at Last Surveillance May 2013 - May 2014	Actual Production 17 May 2013 – 16 May 2014	Projected 17 May 2014 – 16 May 2015
PL POM:	41,342	54,057	42,998
BM POM	23,825	25,068	25,497

PK

Source	Estimate at Last Surveillance May 2013 - May 2014	Actual Production 17 May 2013 – 16 May 2014	Projected 17 May 2014 – 16 May 2015
PL POM:	10,336	13,246	10,749
BM POM	5,624	6,110	6,019

Note: OER PL POM (23.77%) and BM POM (23.29%)
KER PL POM (5.94%) and BM POM (5.50%)

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 SURVEILLANCE 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

Haeruddin – Lead Auditor

Graduated from the Faculty of Forestry of Hasanuddin University and has experiences in timber concession, wood industry, sales of medical equipment, and oil palm plantation since 1995. He is experienced in international training and auditing in Organic standard, Common Code Coffee of Community (4C), UTZ certified, FSC, PEFC, RSPO, and ISO 9001. During this assessment, he mainly focused on the aspect of legal and social aspect.

Aryo Gustomo – Team member

He holds degree in Agriculture science and graduated from Bogor Agriculture University. He is a specialist in oil palm plantation with Agronomy background. He had more than 5 (five) years working experienced related to oil palm industries i.e. as a Plant breeder/agronomist in the one of Malaysian oil palm seed producer, and as a field assistant in oil palm Plantation Company in Indonesia. Several relevant Training he has completed include ISO 9001 and 14001 Lead Auditor, RSPO Lead auditor endorsed courses which also covered RSPO SCCS, Social Report Assurance training, ISPO auditor training, and training on HCV identification and management. Currently he works for BSI Group based in Jakarta office as a RSPO scheme manager and one of the BSI qualified RSPO lead auditor. He had been involved in several RSPO certification audits including New Planting Procedure assessment as a lead auditor/auditor with geographical audit experiences cover Indonesia, Malaysia, Thailand and Liberia. During this assessment, he mainly focused on the aspect of legal, environment, mill, estate, and smallholder best practices; working

safety and emergency preparedness, and supply chain requirement for CPO mills.

Pratama Agung Sedayu – Team Member

He graduated from University of Jenderal Soedirman - Indonesia on 2008, majoring in Social Economic of Agriculture. He involved in RSPO certification since 2009 as a team member covering assessment with RSPO P&C for various company in Indonesian and Malaysia. He completed the ISO 9001:2008 and OHSAS 18001:2007 Lead Auditor course, HCV identification and management training, ISPO lead auditor training, and RSPO Lead auditor endorsed course. He can communicate in English, both oral and written. During this assessment, he assessed the estate and smallholder best practices, environment, working safety, and emergency preparedness.

2.3 Assessment Methodology, Programme, Site Visits

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

The Initial Certification Audit was conducted between 14th and 20 March 2010.

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

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

The third surveillance assessment took place from 28th June to 5th July 2013 (ASA3).

The fourth surveillance assessment took place from 10th to 15th March 2014. The audit programme is included as Appendix D.

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 Surveillance audit involved external and internal stakeholders. External stakeholders were notified by placing an invitation to comment on the RSPO and SIPEF websites.

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.

Internal 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 or government offices.

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

25 Workers and Staffs (Name and position remains anonymous)

Local Community (5 including those named below)

- Winarno (Head of Village - Meranti)
- Septa Purba (Head of Village – Tolan I and II)
- Wiyono, SP (Head of Village – Gunung Selamat)
- Edwin Mauli (Head of Village – Pekan Tolan)
- Usman Yahya (Head of Village – Air Merah)
- Ermansya R (Local community Leader – Tanjung Medan)
- Supendi (Head of Village – Kuala Syahkuda)

Government

- Sutrisno (Manpower Office - Labuhan Batu Selatan)
- Ahmad Haris (Plantation Office – Labuhan Batu Selatan)
- Dodi Suwito (Environmental Office – Labuhan Batu Selatan)
- Bincar Sirait (Environmental Office – Simalungun)
- Marno Simpatupang (Manpower Office – Simalungun)
- Amran Sinaga (Plantation Office – Simalungun)

2.5 Date of Next Re-Certification Assessment Visit

Approximately March 2015.

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 4th surveillance audit, three (3) major Nonconformities and five (5) minor Nonconformities were assigned RSPO P&C Indicators. PT TTI has prepared a Corrective Action Plan (Appendix E) for addressing the identified nonconformities that was reviewed and accepted by BSI.

Thirteen (13) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2.

BSI's assessment of PT TTI operations, comprising two palm oil mill, estates, infrastructure and support services, concludes that PT TTI operations have 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.

PT TTI has a procedure for provision of information under "Prosedur Pemberian Tanggapan Terhadap Permintaan Informasi" No.ENC/SOP/08, dated 20th December 2013. 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 response provided 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 BME an information request from Ministry of Finance Republic of Indonesia related plantation database, completed with GPS data, recorded on 8th August 2013. Response provided and recorded on 14th August 2013 in the "Buku Permintaan Informasi & Tanggapan".

At TLE Inquiry dated 10th October 2013, from Plantation Service of Labuhan Batu related to plantation data base. The information requested has been provided during Plantation Service visit on 28th October to 2nd November 2014, and this is recorded in the "Buku Permintaan Informasi & Tanggapan".

At PLE there was a request for field practice permit from the STIPAP-Medan' Agriculture faculty, dated 2nd July 2013. Response provided and recorded on 8th July 2013 in the "Buku Permintaan Informasi & Tanggapan".

The company has determined to maintain documents depend on importance, e.g. document related legal according validity, record of information request and response (5 year), production record (10 years), operational record (3 year) as document "Daftar Induk Masa Simpan Dokumen", dated 16th May 2012.

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. List of all information publicly available by stakeholders regulated under "Dokumen yang Tersedia Untuk umum". The list comprise of: *Akte pendirian* (deed of establishment), *IUP* (plantation business permit), *HGU* (land use certificate), *AMDAL* (social-environmental impact assessment), *RKL/RPL* (environmental management-monitoring plan), *penilaian NKT* (HCV assessment report), *program K3* (OHS plan), *Pengelolaan limbah* (waste management plan), *prosedur ganti rugi lahan* (land compensation procedure), *prosedur keluhan kesah* (grievance procedure), *dokumen perbaikan berkelanjutan* (Continual improvement plan), *rencana*

pengurangan dan pencegahan erosi (erosion mitigation and prevention plan), Corporate Social Responsibility and Community Development plan. (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 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 2nd 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' notice board and many other publicly available areas.

The company has determined to maintain documents depend on importance, record of information request and response (5 year), production record (10 years), operational record (3 year) as document "Daftar Induk Masa Simpan Dokumen", dated 16th May 2012.

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. A major non conformity identified for a number of areas related to legal compliance.

2.1.1 Major NC: There are found several non compliance to applicable laws and regulation in Mills and Estates.

Evidences found during the assessment such as:

- Several Mill and Estates operators have had not valid license according to Permenaker No.9/2010, for instance the hosting crane operator in Perlabian Mill, Tractor operator in Bukit Maradja and Perlabian Estates, Wheel Loader operator in Perlabian Mill.

- The trained first-aid officers in Bukit Maradja Mill has not hold valid license as required by Permenaker No.15/2008

- Agrochemical store keeper in Perlabian Estate has not been trained and certified for limited pesticide use, as required by Permentan No.24/2011 Chapter 9, Article 1.

Corrective Action Taken: - PT TTI has provide training and license for heavy equipment operators in March

2014. Proof of certificates and Operating Permit has made available.

- PT TTI has provide training for boiler operator and hoisting crane operator on 28th February up to 8th March 2014 in cooperation with PT Geoteknik Indonesia. Operators from Bukit Maradja Mill and Perlavian Mill were PASSED. Training certificate and Operating Permit is processed under "Direktorat Pengawasan Norma Keselamatan dan Kesehatan Kerja Kementerian Tenaga Kerja dan Transmigrasi Republik Indonesia".

- PT TTI has provide a valid license to company's trained first aider in Bukit Maradja Mill.

- PT TTI has provided training on limited pesticide use for agrochemical storekeeper in Perlavian Estate in cooperation with Syngenta and Agriculture Service of North Sumatera dated 6th May 2014.

Audit team consider the non conformities closed on 13th May 2014.

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. (2.1.2)

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 1st and 2nd Semester for all areas requiring a return. The date of submission is recorded.

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. (2.1.3)

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 Information Act and Regulation (CA/SOP/01) dated 1st November 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. (2.1.4)

2.1.4 Minor NC: *There is not adequate evidence Corporate Affairs Manager provide up-to-date information onto estates and mill related to relevant applicable laws including a new and amended regulations. Information update on new and amended regulations was provided by ENC Department, instead of Corporate Affairs Manager as written in procedure.*

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 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 Maradja, Kerasaan, Parlabian, Tolan estate 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 therefore this is not applicable at this time.

Dispute resolution mechanisms are in place under "Prosedur Ganti rugi Lahan" No. SOP/CA/02, dated 1st July 2012.

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.

PT Tolan Tiga Indonesia has not acquired any new land since the previous assessment (ASA3). PT Tolan Tiga Indonesia does not restrict local peoples' access through the main Estate roads. This was confirmed during interview with company representative and stakeholder consultation with local community. Based on PT TTI's area statement documents, interview with communities and public consultation meeting shows no evidence of land conflict between company and surrounding community.

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

PT Tolan Tiga Indonesia shows Business plan 2012-2022 for each mills, contains FFB process from company owned estates, CPO and PR produced with OER and KER estimation, Operating Profit (unit cost including forecast price) and Yearly Final Expenditure.

PT TTI has a long-term business plan under – Business Plan 2012 -2037 PT Tolan Tiga Indonesia, for each estate. These long-term business plan cascaded in to 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 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

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.

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)

Records are maintained of implementation in the form of upkeep records, pruning, fertiliser application, harvesting method, harvesting quality 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. (4.1.3)

There are Standard Operating Procedures (SOP's) in place with all operational areas of the mill. Work instruction is produced as cascade from SOPs. Work instructions 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. (4.1.2)

There are mechanisms in place to ensure all SOP implementation, checked and monitored. These activities are recorded as appropriate. Evidence for SOP implemented, 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.

Verification upon previous Minor NC 4.1.3: *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.*

ASA4 Finding: *Since June 2013, inspection and monitoring on housekeeping were conducted by Mill staff/assistant. a number of housekeeping issues have been recorded in Form BMPOM-EMS/010609/010(A) - "Pengendalian Operasional (Kebersihan Lingkungan yang Baik dan Produksi yang lebih Bersih)". Some non compliant to requirements were also recorded accurately and corrective action plan was provided. NC Minor closed on 15th March 2014.*

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. Audit team reviewed the Monthly Reports for March 2014 and records indicate that these areas are updated and include all current figures. (4.1.4)

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

JH Agriculture Service conducted the Semi-Detailed Soil Survey on 2009 for PT TTI. Within the semi-detailed soil survey report, topographic condition, soil fertility status and other information has been accounted into.

At least monthly a visual check is made of estates during routine inspections during field operations. Foliar analysis is conducted annually and result are maintained by Agronomy. This analysis is used to determine fertiliser application for next period. (4.2.1)

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 determines 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 PT TTI.

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 Perlavian 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. (4.2.2)

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 JH Agriculture. Recent maps are available of all soils in all estates. There is no

indication of area with steep slope and/or peat soil in the estates. (4.3.1 & 4.3.4)

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. (4.3.2)

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. PT TTI has a road maintenance programme 2014. Up to February 2014, 3,670 meters road in Tolan Estate while 58,500 meters road in Perlavian Estate has been repaired. (4.3.3)

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

Sprayers must follow the spraying guidelines as set out in the SOP. 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. (4.3.5)

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

PT TTI 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. PT TTI has also Water Management Plan and implemented. This is in evidence during replants taking place presently in Perlavian and Tolan estates were required buffers were seen to have been established during this process.

The buffer zones re-established at Perlavian 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 Perlamban is of particular interest and is been established as an HCV area. Appropriate signs are in place. There are sign posted in place for all buffer/riparian zones. (4.4.1)

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 is monitoring mill water use per tonne of FFB and has records in place since 2007. Record showed up to date February 2014 and results were within the budget (1.20 m³/tonne FFB). For example: January 2014 was 1.01 m³/tonne FFB, February 2014 was 0.99 m³/tonne 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. 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.

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. Water quality test for monitoring well was conducted twice a year in accordance to KepmenLH No.28/2003. This is part of land application permit requirements. Example record: "Analisa Sumur Pantau" dated 20th December 2013. Results showed are within allowable standards.

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 (PP RI – No. 28/2001).

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 Bina Laboratory Medan.

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

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.

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. Monitoring on BOD was done routinely every month. Sample taken was sent to accredited laboratory Sucofindo and Bina Lab. Record of result available in term of "Hasil Analisa Air Limbah Bukit Meradja POM and the result shown within allowable limits (< 5,000 ppm). 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. PT TTI has an SOP for monitoring and control of pest and disease infestation under SOP 12. Pest and Disease dated 1st October 2009.

The IPM Program is documented for relevant pests that sets out techniques, chemicals to be used, locations and timeframe for implementation. (4.5.1)

There are training records for training of staff in regards to IPM and these are now formally recorded on all occasions. IPM training provided for field operators in all estates – this was in 25th June 2013. There are records in place for all who attended this training.

The implementation is monitored by the carrying out of extensive checking 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.

The extent of planting of beneficial plants is noted and recorded. (4.5.2)

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 and others on each Estate. (4.5.3)

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.*

Inspection of records confirmed only chemicals that are registered and approved by the Department of Agriculture are used. Data on pesticides usage are recorded on the estate office. (4.6.1)

Opportunity for Improvement 4.6.1: *All estate can improve the List of Pesticide Perlabian Estate 2014 with date of registration expiry, complementing the registration number.*

Records are in place (Rekaman Penggunaan Pestisida Perlabian Estate 2014) 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. (4.6.2)

Observation 4.6.2: *BME need to re-check the use of registered agrochemicals. It was found Omite 570 EC (a.i Propargit) with registration No.RI.588/1-2004/T, which may indicate the expiry of registration back in 2009.*

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 used are monitored each time it is used. Records includes active ingredients used, area treated, quantity applied per hectare, type of equipment used and number of applicators involve.

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

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.

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. (4.6.3)

Observation 4.6.3: *BME Management needs to arrange the agrochemical storage in line with container guidance such as maximum box stacking, powder and liquid separation, etc. Furthermore, KRE need to re-arrange the chemical under WHO class II such as Marshall 5 Gr with the other class II in the Agrochemical storage.*

PT TTI has a procedure for handling of agrochemical waste material under "SOP Pemakaian, Penyimpanan, Pemusnahan Kemasan Bekas Pestisida" dated 1st October 2009. 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 and all of infrastructure as prescribed by Government regulations – this is the B3 store. PT TTI has temporary storage permit based on "Keputusan Bupati Labuhan Batu Selatan" No.503.660.3/55/BLH/2010 dated 31st August 2010, valid for 5 years. The agrochemical waste then disposed of using licensed company, CV Amindy Barokah. A dockets and manifest records prepared in each estate showing the types of waste and amounts collected and disposed off.

Paraquat is used for selective spraying of volatile oil palm seedlings and if continuous rain precludes use of alternatives. The use of paraquat are recorded within "Rekapitulasi Penggunaan Paraquat 2011-2013". Record shows the use of paraquat in PLE and TLE reduced from 2013 onto 2014.

Observation 4.6.5: *PT TTI can consider finding out others agrochemical to reduce the use of paraquat in 2014.*

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. Records of all such health check-ups were sighted in each estate. The latest round of Physical checks was in 27th September 2013 and medical checks in 11th June 2013. (4.6.6)

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

and fertilizer applicator, it is found no pregnant and/or breastfeeding worker works with agrochemical. (4.6.7)

A number of Observation and Opportunity for Improvement is noted:

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

PT TTI has a complete set of documented Occupational Health and Safety policy, procedures, plan and programme at all premises. All areas have implemented and monitor the OHS Plan. However a number of non conformities and observation was raised at different premises due to OHS issues raised during this assessment.

Observation 4.7.1: TLE need to monitor the consistency of PPE usage in workshop area.

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.

Each estate and mill has a safety committee, monitoring the implementation of the OHS policy. There are regular safety meetings held in all operational areas and include discussion of any accidents/incidents as well as any potential issues. A workplace health and safety inspection takes place before any meetings. 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 PLE the most recent meeting was held 27th February 2014 and this included a record of attendance and minutes of the meetings including any actions required.

There was a monthly safety meeting held at TLE on 11th October 2013 and all records were sighted. (4.7.2)

All workers are covered by Accident Insurance – this is PT TTI policy. The accident insurance is provided through JAMSOSTEK. (4.7.3)

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.

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.

Update upon previous Observation 4.7.4: in Bukit Maradja mill need to make sure boiler operator helper has undergone regular health examination.

ASA4 Finding: Audit team conduct further investigation and found non compliance. Minor NC rose.

4.7.4 Minor NC: Interview and review on document found 1 (one) Perlavian Mill's operator of engine room never been gained a periodic audiometric test. He has been worked for the Mill more than 23 years at the engine room area.

Review on document of latest audiometric test during 2011-2013 found another engine room operator of Perlavian Mill gained Audiometric test on 2011 with no routine programme was provided.

Although the risk assessment (reviewed on 17th February 2014) had been identified engine room operator should receive a regular audiometric test.

PT TTI has prepared a risk assessment for all activities. This includes recording both inherent and residual risks – also method of control using the Hierarchy of Control. Previous Minor NC has been reviewed. However, new Minor NCs are issued.

Verification upon previous Minor NC 4.7.5: 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 boars not operating, doors on electrical panels left open, gas bottles not restrained, damaged equipment not tagged out etc.

ASA4 Findings: The mill has taken immediate action from previous finding through reviewing risk assessment as of October 2013. The safety aspect of several issues raised had been corrected and completed as sighted during this assessment such as repairing EFB hopper support legs and handrail, replacing a damaged metal

rope in steriliser and carriages, implementing housekeeping programme adequately, repairing gauges of electrical boars as well as door on electrical panels, restraining gas bottles in dedicated places, and providing tag out on damaged equipment. **NC Minor closed on 15th March 2014.**

However, new Minor NC raised for Perlabian Mill and estates related to risk assessment:

4.7.5 Minor NC: *The risk assessment for Perlabian mill was ineffective and did not identify a several activities of OHS issues which were sighted during this assessment, for instance:*

- *The use of gloves by sorting officer at the FFB reception station, which is working with hook;*
- *Work accidents that befall to Perlabian Mill's electrician and burns his left arms had to be hospitalized. Accident was happened on 27th February 2014 and not yet considered into risk assessment review;*
- *A potential risk of compressor that can be exploded in sterilizer station has not analyzed how much risk and how to control;*
- *No evidence of risk assessment result in the methane captures area particularly within the chimney combustion of CO² emission.*

4.7.5 Minor NC: *HIRADC is not accordance with SOP. BME shows HIRADC, latest review and revision 15th October 2013, but the risk factor number calculation does not represent the current condition. Ex: eyes injured because palm debris, occurs in January – February 2014, the risk factor number calculation, esp. likelihood has not changed (2=often);*

KRE: KRE has SOP for hazard identification and risk assessment No.TTI/PROS/IMP/03 dated 1st November 2009, stating the review once per year at minimum. The HIRADC has not been reviewed for more than one year, since the latest review was conducted on 16th February 2013;

TLE has not update and revise HIRADC for risk likelihood analysis, taking into consideration the accident record.

OHS training provided for all worker and staff. PT TTI shows a complete record showing OHS training provided for all mill and estate worker. Example: PLE conduct P2K3 training for 38 workers on 26th February 2014. (4.7.6)

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)

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 a strategically place and subject to regular inspection to ensure that they are adequately stocked. (4.7.8)

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. PT TTI ensure that First Aid trained workers continue to be known to all staff by placing photographs of first aiders in work areas. (4.7.9)

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. (4.7.10)

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

Training programme was prepared based on training need identification. This formal training requirements and assessment of need takes place in plantations and mills. A training programme is in place for 2014 in all mill and estate. The training plan includes personnel in each estate and mill including training course, timing and targeted audience. For example harvesting and crop quality training for new harvesters.

Records of training are in place all for employees 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. (4.8.1)

PT TTI has prepared a complete set of training record for all employee titled Employee Training and Education Record. The record updated on regular basis, once a series of training are done. (4.8.2)

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 provision of safety training and briefing onto replanting contractor by PLE on 3rd January 2014. The training includes the work specification, use of appropriate PPE for the work, environmental precaution and disposal of hazardous waste. (4.8.3)

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.

PT TTI maintained the Environmental Impact Assessment document (RKL and RPL) that covers the full scope of its operations. Initial environmental and social impact aspect identification for Bukit Maradja mill and its supply base is in the form of “Dokumen UKL – UPL” approved through “Keputusan Kepala Badan Pengendalian Dampak Lingkungan Daerah Kabupaten Simalungun” No.188.4/70/Bpdl dated 26th February 2004. And subsequently revised into “Dokumen Revisi Rencana Pengelolaan Lingkungan (RKL) dan Revisi Rencana Pemantauan Lingkungan (RPL)” approved through “Keputusan Bapedalda Kabupaten Simalungun” No.271/Bpdl/2008.

The impact assessment for Perlabian mill and its supply base was “Revisi Dokumen Rencana Pengelolaan Lingkungan (RKL) dan Rencana Pemantauan Lingkungan (RPL)” approved by “Surat Kepala Badan Pengendalian Dampak Lingkungan Daerah (Bapedalda) Kabupaten Labuhan Batu” No.660/326/BPDL-LB/Set/2006 dated 21st July 2006. All environmental impact assessments have been carried when and where appropriate. Records of all impact assessments carried out are readily available. All operational areas have undertaken reviews of the environmental impacts on at least an annual basis.

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.(5.1.1)

PT TTI produced reports with regards to environmental management as required by regulatory authorities. This includes “Laporan Pelaksanaan 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 second semester 2013. Evidence seen: document receipt No. 004/TLE-BLH/II/2014 dated 20th February 2014.

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. (5.1.2)

Any changes to the EMS are handled through the documented Environmental management system which is required to document any changes to the system. There has been no change in PT TTI’s operation, no revision required by regulatory requirement. (5.1.3)

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. However no identified rare, threatened or endangered species have yet been identified. (5.2.2)

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. (5.2.3)
HCV areas identified are sign posted and signs are in place and –on all boundaries of HCV stating the type of HCV and status.

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 PT TTI. (5.2.4)

PT TTI Management has appointed a number of Conservation officer (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. All the conservation auxiliaries have undertaken training with regards to HCV monitoring and reporting. Records of this training are in place.

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 PLE, TTE.

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 dated 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. Waste products have been identified and documented in the document mentioned.

Items which are not considered contaminated waste are recycled where ever possible. Green waste is also recycled wherever possible and used as a nutrient or composted.

(5.3.1) 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.

A major Nonconformity and observation were raised related to the implementation of estate waste management implementation.

5.3.2 Major NC: Domestic waste management is not in line with the waste management plan.

In BME it was found the domestic waste in housing Div.3 mixed between organic and an-organic, from housing up to landfill.

In PLE it was found organic and hazardous waste (such as oil can and paint can) from worker housing Div.I PLE mixed with inorganic waste up to land fill.

Observation 5.3.2: 1. Care should be taken to identify and control source of pollution in washing bay (such as oil drip from wash water) located in central workshop BME. The washing bay needs to equip with hard floor and oil trap.

2. Management need to prepare the HSD oil second containment/safety bund in BME, KRE, PLE with safety valve.

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.

PT TTI holds permit for hazardous waste temporary storage based on “Keputusan Bupati Labuhan Batu Selatan” No.503.660.3/55/BLH/2010 dated 31st August 2010, valid for 5 years (for PLE) and “Keputusan Bupati Simalungun” No.188.45/1972/LINGHUP/2010, dated 21st June 2010, valid for 5 years (for BME). The permit allows PT TTI to temporary holds agrochemical waste, used oil, used battery, medical waste, etc prior to final disposal. The hazardous waste then disposed of using licensed company, CV Amindy Barokah. (5.3.3)

PT TTI has prepared all the infrastructure for hazardous waste storage including dedicated warehouse with spill kit, MSDS, alarm, floor bunding and stock balance record. A dockets and manifest records prepared in each estate showing the types of waste and amounts collected and disposed off. PT TTI maintained all manifest and records of hazardous waste collection by CV Amindy Barokah. PT TTI prepares a quarterly report of hazardous waste management performance to local environmental office. (5.3.4)

5.3.3 Minor NC: Based on field visit the empty pesticide containers stored in Bukit Maradja Estate's material storage instead of permitted hazardous waste store. Further, there is no record of monitoring on empty pesticide containers. These practices were not consistent with company's policy on waste management plan.

Observation 5.3.3: *Perlabian Mill need to determine maximum time limit to keep all hazardous waste in transit area prior transfer to permitted hazardous waste storage.*

BME: 1. Management may wish to monitor the storage timeframe of hazardous waste in central workshop, as the facility was not licensed. 2. Management may wish to control the temporary storage of infectious and medical waste (biohazard) in BME clinic.

KRE: Management need to consistently monitor the temporary hazardous waste storage timeframe.

PLE: 1. Clinic need to minimize the storage time of medical waste prior to incineration; 2. PLE need to consistently record the 90 days on hazardous waste balance (Neraca Limbah B3).

TLE: Clinic need to minimize the storage time of medical waste prior to incineration.

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.

All records in each mill are in the “Rekaman Monitoring Penggunaan Energi Terbarukan” (Records of Monitoring on renewable energy usage. Record of Electricity in Bukit Maradja Mill mostly utilizing more than 80% per month of renewable energy from turbine. (5.4.1)

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.

Record of HSD oil for electricity is available in monthly basis.

Record for January to February 2014 showed 1.93 and 1.64 Liter per tonne FFB. This over the budget (1.50 liter per tone FFB). Mill has evaluated the root caused due to low crop during previous two months. However, Mill initiatively want to use electricity from government considering the cost will much lower than using HSD oil. (5.4.2)

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, 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. Replanting activity in PLE was carried out without fire. PLE is using mechanical method for land preparation and re-planting activity. There has not been any sanitary burning at PT TTI at this stage. (5.5.1)

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. (5.5.2)

PT TTI has a procedure in place (“Prosedur Penanganan Tanggap Darurat Kebakaran Lahan” Document No.K3/PROPTD/05 Rev.1 dated 1st November 2009) with regards to land burning emergencies and records are maintained of training in response to fire. PT TTI has a fire fighting team (BAKORTIBA), trained and standing by in case of fire break. Records are kept if at any time PT TTI has to respond to illegal fires or outbreaks. (5.5.3)

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 regular checked and inspected and are widely available in all areas and are appropriate. (5.5.4)

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

Identification of pollution source has been documented under Environmental Aspect & Impact List, latest review 1st November 2013. 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. (5.6.1)

Stack emissions are measured by a 6 monthly check as required by Government regulations – evidence of these inspections is available for both mills. PT TTI install density meter to monitor daily emission. 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 Perlabian Mill in the latest boiler inspection recorded in October 2013.

5.6.2 Major NC: Bukit Maradja Mill's boiler No.1 and generator No.3 have not performed periodic air emission monitoring.

Perlabian Mill's boiler (capacity 26 ton/hour) and 2 units of generator have not performed periodic air emission test

Corrective Action Taken:

Bukit Maradja Mill:

Boiler, Generator emission sample-taking including ambient air carried out in Bukit Maradja Mill and Bukit Maradja Estate by officer from Environmental Office Simalungun Regency dated 8th May 2014. PT TTI demonstrate minutes of sample-taking No.14.08/P2K3LB3/LINGHUP 2014 based on "Surat permohonan Analisis Udara emisi dan ambient semester I 2014" No.044/BMPOM-Exsternal/IV/2014 dated 12th April 2014 and Application letter for air emission analysis First Semester 2014 No.050/BMPOM-Exsternal/IV/2014 dated 23rd April 2014.

Perlabian Mill:

Periodic air emission test performed on 12th May 2014 by Balai Keselamatan dan Kesehatan Kerja, Medan. PT TTI has provide document stating the analysis result is in process.

Audit team consider the non conformities closed on 13th May 2014.

Observation 5.6.2: Mills may wish to consider to keep graphical matrix from smoke density meter utilized to monitor opacity of boiler in daily basis.

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)

POME which is used for land application and BOD is checked. PT TTI has a Water Management Plan for all mill. The mill effluent measurement based on sample from inlet and outlet, carried out on monthly basis. The mill effluent sampled and sent for Bina Lab, Bandung every month. PT TTI shows the record of mill effluent analysis result for period of July – September 2013 and October - December 2013. The records show measurement of pH, alkalinity and VFA level. (5.6.4)

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.

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 as procedure No. ENC/SOP/08, dated 20 December 2013 and SOP/025/HRA, dated 23rd December 2009. Those procedures need to ensure all areas of communication are covered – and ensure the procedures are common among all activities. Communication and consultation mechanisms have been designed in collaboration with local communities and other affected or interested parties.

PT TTI shows records of all communications and actions taken in response to input from stakeholders. These records were available at audit inside “Permintaan informasi dan Tanggapan”, “Permintaan Informasi yang disampaikan secara Lisan”. (6.2.1)

Observation 6.2.1: *The company has procedures regarding information request and grievance/complaint. Those procedures have been implemented, such as recording of information request and response, grievance and complaint, resolving of grievance/complaint and the company has conducted consultation and communication with local communities, however company consider to record all information in minutes of meeting.*

PT TTI maintains a List stakeholder for both Bukit Maradja mill and Perlavian mill with all of its supply bases. The list of stakeholders last updated 4th January 2014. The stakeholder list consists of government offices, NGOs, reporters, trade union, contractor and suppliers. (6.2.2)

Records are kept of all community requests/proposals of activities and management unit responses which include follow up to ensure actions are complete. 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 units hold records of responses to complaints and grievances including those that came from internal parties, for example at the PLE, most of the communications are in the form of formal letter in a request for donations, e.g. at 25th February 2014, village head of Tanjung Selamat request for help in provision of potable water. Request was approved a day after the arrival of the letter. Record held on file “Permintaan Informasi dan Tanggapan”. (6.2.3)

Dedicated person for responsible consulting and communicating with local communities are Estate Manager, Field Head Assistant and Office Assistant as described in Job Description. (6.2.4)

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 under procedure “Keluh Kesah dengan pihak Internal dan eksternal” No.SOP/025/HRA, dated 23rd December 2009. 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. Interview with internal and external stakeholders suggest these procedures have been communicated by PT TTI and accepted by affected parties, although there has not been dispute arise. (6.3.1)

PT TTI has prepared a form to record complaint and/or dispute and its resolution process inside “Keluh Kesah Internal-Eksternal”. 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. Most of the complaint related to repair and maintenance of worker housing.

At PLE, inspection of the records of internal grievances (Buku Keluh Kesah Internal) indicated no grievances received except for request of repairs of houses. At TLE record held on file “Buku Keluh Kesah dengan Pihak Eksternal dan Internal” mainly on the request of repair to the houses e.g. at 30th September 2013 estate received request from resident of house worker Division 1. Repair to the house was completed at 3rd October 2013. (6.3.2)

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” and “Ganti Rugi Lahan” dated 1st July 2012. 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. (6.3.3)

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. PT TTI holds procedure “Prosedur Tata Cara Perolehan Hak atas Tanah” and “Ganti Rugi Lahan” dated 1st July 2012. 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. (6.4.1)

Based on the compensation procedure, should any party entitle to receive compensation identified; records of people identified and entitled to compensation are maintained. There is no claim over land or compensation since the company obtained land title for more 100 years and PT TTI did not acquire any new land for more than 25 years. (6.4.2)

Based on the compensation procedure, should any party entitle to receive compensation identified, the negotiation and compensation process will be recorded. There is no claim or compensation settlement in process or recorded for the planted area since the company obtained land title for more 100 years. PT TTI did not acquire any new land for more than 25 years. (6.4.3 & 6.4.4)

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. Payment and conditions include - working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, dismissal reasons, etc.

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. Minimum wage is adjusting with the government regulation. The 2014 minimum wage agreed is IDR 1.445.000 for daily workers and IDR 1.567.400 for monthly workers. For each minimum wage is accompanied with the rice subsidy of at least 31,5 kg depending on the number of family members.

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. (6.5.3)

PT TTI enforce all contractor to abide labor laws by providing a work agreement. There is a contract agreement between Perlabian Mill and contractor which specify to follow labor regulation. (6.5.4)

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”. (6.6.1)

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 30th November 2013 discussing the harvesting premium and transportation levy. The meeting conclusion has been implemented by PT TTI. Records in form of attendance list and minutes of meeting are available. (6.6.2)

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 has a policy not to employ worker less than 18 years of age. PT TTI also has a procedure on worker recruitment Ref.GA 7 dated 19th September 1997. (6.7.1)

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. (6.7.2)

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.

There is an Equal Employment Opportunity Policy which available to all stakeholders via well distributed notice boards. Similar statement of equal opportunity policy is also publicly available in website, <http://www.tolantiga.co.id/v1/wp-content/uploads/2009/05/equal-employment-opportunity-policy.pdf>. The policy is signed by top management on 1st March 2013. (6.8.1)

Observation 6.8.1: *The company has equal opportunity policy "Kebijakan Persamaan Kesempatan kerja", dated 1st March 2013 and implemented this policy through announcement of job vacancy by internet, the company can consider to provide job vacancy announcement in local notice board since not all local communities has internet access.*

PT TTI does not knowingly engage in any forms of discrimination. 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. (6.9.1)

There is a documented policy 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 PT TTI 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. Interview 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. (6.9.2)

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. (6.9.3)

Interview of female workers confirmed understanding of the procedure and willingness to use in case of sexual harassment occurrence. Female worker confirmed maternal leave does given and no pregnant of breastfeeding workers allowed to work with agrochemical. Female worker do understand the mechanism to report sexual harassment issue. (6.9.4 & 6.9.5)

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

PT TTI does not have scheme and/or associated smallholder as supply base. The indicator related to FFB price is not applicable. (6.10.1 & 6.10.2)

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. (6.10.3)

Contractors are paid in line with the contract conditions – there have been no complaints of late payments received or recorded. (6.10.4)

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

PT TTI has prepared a budget for corporate social responsibility every year. PT TTI makes contributions to local development – records of all consultative arrangements are clear and open. Parallel with donation, PT TTI is providing the opportunity for local economy improvement when assigning work with local business.

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.

PLE/M: PT TTI is having agreement with local contractor for FFB transportation. Contract with local company, CV Tua Gabe for upkeep drainage based on agreement SPK No. 01/GMO-TLE/TGVIII/2013 dated 15th August 2013. 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. Sripinang and Suka Maju. Recorded under “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.

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 Surveillance 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.

Bukit Maradja mill has implemented methane capture as part of palm oil mill effluent management. The project was in cooperation with PT AES Agri Verde since 2009. Bukit Maradja Mill has not utilized the methane gas into mill process (as renewable fuel).

Bukit Maradja Estate has completed the construction of water channel, dividing storm water from Simalungun township into Bah Bolon river. The purpose of channel construction is to mitigate the effect of erosion onto water ways near Bukit Maradja mill compound. 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.

Observation 8.1.1: Continuous Improvement Plan has been implemented and periodically monitored, through internal audits. However, PT TTI could consider to detailing the plan and target achievement in the Continuous Improvement Plan.

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

MAJOR NONCONFORMITIES

Three Major Nonconformities were assigned during ASA4.

CAR reference 1032936M0

2.1.1 Evidence of compliance with relevant legal requirements.

There are found several non compliance to applicable laws and regulation in Mills and Estates. Evidences found during the assessment such as

- Several Mill and Estates operators have had not valid license according to Permenaker No.9/2010, for instance the hosting crane operator in Perlabian Mill, Tractor operator in Bukit Meradja and Perlabian Estates, Wheel Loader operator in Perlabian Mill.

- The trained first-aid officers in Bukit Meradja Mill and Estate have not hold valid license as required by Permenaker No.15/2008

- Agrochemical store keeper in Perlabian Estate has not been trained and certified for limited pesticide use, as required by Permentan No.24/2011 Chapter 9, Article 1

Corrective Action Taken: - PT TTI has provide training and license for heavy equipment operators in March 2014. Proof of certificates and Operating Permit has made available.

- PT TTI has provide training for boiler operator and hoisting crane operator on 28th February up to 8th March 2014 in cooperation with PT Geoteknik Indonesia. Operators from Bukit Maradja Mill and Perlabian Mill were PASSED. Training certificate and Operating Permit is processed under "Direktorat Pengawasan Norma Keselamatan dan Kesehatan Kerja Kementerian Tenaga Kerja dan Transmigrasi Republik Indonesia".

- PT TTI has provide a valid license to company's trained first aider in Bukit Maradja Mill.

- PT TTI has provided training on limited pesticide use for agrochemical storekeeper in Perlabian Estate in cooperation with Syngenta and Agriculture Service of North Sumatera dated 6th May 2014.

Audit team consider the non conformities closed on 14th May 2014.

CAR reference 1032936M16

5.3.2 Estates and mills waste management and disposal are implemented to avoid or reduce pollution.

Domestic waste management is not in line with the waste management plan.

In BME it was found the domestic waste in housing Div.3 mixed between organic and an-organic, from housing up to landfill.

In PLE it was found organic and hazardous waste (such as oil can and paint can) from worker housing Div.I PLE mixed with inorganic waste up to land fill.

Corrective Action Taken: BME:

- PT TTI provide permanent waste bin for inorganic waste in Division 3. Inorganic waste from each household collected into waste bin. Organic waste composted between palm rows.

- Constant communication to worker in housing complex on waste management plan everyday during morning muster.

PLE:

- Continuous communication through clinic officer and supervision by ENC GMO-North Sumatera staff.

- PT TTI provide three (3) plastic bags separated for organic waste, inorganic waste and hazardous waste. Hazardous waste collected into dedicated licensed store while organic waste is being composted between palm rows.

Audit team consider the non conformities closed on 14th May 2014.

CAR reference 1032936M27

5.6.2 Monitoring of pollution and emission quality of the sources identified.

Bukit Maradja Mill's boiler No.1 and generator No.3 have not performed periodic air emission monitoring. Perlabian Mill's boiler (capacity 26 ton/hour) and 2 units of generator have not performed periodic air emission test.

Corrective Action Taken:

Bukit Maradja Mill:

Boiler, Generator emission sample-taking including ambient air carried out in Bukit Maradja Mill and Bukit Maradja Estate by officer from Environmental Office Simalungun Regency dated 8th May 2014. PT TTI demonstrate minutes of sample-taking No.14.08/P2K3LB3/LINGHUP 2014 based on "Surat permohonan Analisis Udara emisi dan ambient semester I 2014" No.044/BMPOM-Exsternal/IV/2014 dated 12th April 2014 and Application letter for air emission analysis First Semester 2014 No.050/BMPOM-Exsternal/IV/2014 dated 23rd April 2014.

Perlabian Mill:

Periodic air emission test performed on 12th May 2014 by Balai Keselamatan dan Kesehatan Kerja, Medan. PT TTI has provide document stating the analysis result is in process.

Audit team consider the non conformities closed on 14th May 2014.

MINOR NONCONFORMITIES

Five (5) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

CAR Ref. No. 1032936N1

2.1.4 Minor NC: There is not adequate evidence Corporate Affairs Manager provide up-to-date information onto estates and mill related to relevant applicable laws including a new and amended regulations. Information update on new and amended

regulations was provided by ENC Department, instead of Corporate Affairs Manager as written in procedure.

CAR Ref. No. 1032936N25

4.7.4 Minor NC: Interview and review on document found 1 (one) Perlavian Mill's operator of engine room never been gained a periodic audiometric test. He has been worked for the Mill more than 23 years at the engine room area.

Review on document of latest audiometric test during 2011-2013 found another engine room operator of Perlavian Mill gained Audiometric test on 2011 with no routine programme was provided. Although the risk assessment (reviewed on 17th February 2014) had been identified engine room operator should receive a regular audiometric test.

CAR Ref. No. 1032936N11

4.7.5 Minor NC: HIRADC is not accordance with SOP. BME shows HIRADC, latest review and revision 15th October 2013, but the risk factor number calculation does not represent the current condition. Ex: eyes injured because palm debris, occurs in January – February 2014, the risk factor number calculation, especially likelihood has not changed (2=sering), KRE: KRE has SOP for hazard identification and risk assessment No.TTI/PROS/IMP/03 dated 1st November 2009, stating the review once per year at minimum. The HIRADC has not been reviewed for more than one year, since the latest review was conducted on 16th February 2013.

TLE: TLE need to update and revise HIRADC for risk likelihood analysis, taking into consideration the accident record.

CAR Ref. No. 1032936N26

4.7.5 Minor NC: Several Mill's activities and work accidents records were not taken into consideration in the risk assessment. The risk assessment for Perlavian Mill was ineffective and did not identify a several activities of OHS issues which were sighted during this assessment, for instance:

- The use of gloves by sorting officer at the FFB reception station is working with hook
- Work accidents that befall to Perlavian Mill's electrician a burn in his left arms had to be hospitalized. Accident was happened on 27th February 2014 and not yet considered into risk assessment review.
- A potential risk of compressor that can be exploded in sterilizer station has not analyzed how much risk and how to control.
- No evidence of risk assessment result in the methane capture area particularly within the chimney combustion of CO2 disposal.

CAR Ref. No. 1032936N26 CAR Ref. No. 1032936N28

5.3.3 Minor NC: The handling of empty pesticide container does not in line with company's waste management plan. Based on field visit the empty pesticide containers stored in Bukit Maradja Estate's material storage instead of permitted hazardous waste

store. Further, there is no record of monitoring on empty pesticide containers.

PT TTI has prepared a Corrective Action Plan (Appendix E) that has been reviewed and accepted by BSI. Progress on Corrective Action will be checked during the Re-Surveillance Audit.

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified Thirteen (13) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the next Re-certification Assessment Visit planned for May 2015.

4.6.1 Opportunity for Improvement: All estates can improve the List of Pesticide 2014 with date of registration expiry, complementing the registration number.

4.6.2 Observation: KRE need to re-check the use of registered agrochemicals. It was found Omite 570 EC (a.i. Propagit) with registration No.RI.588/1-2004/T, may indicating the expired registration back in 2009.

4.6.3 Observation: BME: Management needs to arrange the agrochemical storage in line with container guidance such as maximum box stacking, powder and liquid separation, etc; KRE: KRE need to re-arrange the chemical under WHO class II such as Marshall 5 Gr with the other class II in the Agrochemical storage.

4.6.5 Opportunity for Improvement: PT TTI can consider to find out others agrochemical to reduce the use of paraquat in 2014.

4.7.1 Observation: TLE need to monitor the consistency of PPE usage in workshop area.

4.7.7 Opportunity for Improvement: BME: Management may benefit from establishing emergency evacuation point and evacuation route sign near central workshop. KRE: Safety officer may wish to prepare an evaluation upon emergency simulation effectiveness.

5.3.2 Observation: Care should be taken to identify and control source of pollution in washing bay (such as oil drip from wash water) located in central workshop BME. The washing bay needs to equip with hard floor and oil trap. Management need to prepare the HSD oil second containment/safety bund in BME, KRE, PLE with safety valve.

5.3.3 Observation: BME: 1. Management may wish to monitor the storage timeframe of hazardous waste in central workshop, as the facility was not licensed; 2. Management may wish to control the temporary storage of infectious and medical waste (biohazard) in BME clinic.

KRE: Management need to consistently monitor the temporary hazardous waste storage timeframe.

PLE: 1. Clinic need to minimize the storage time of medical waste prior to incineration; 2. PLE need to consistently record the 90 days on hazardous waste balance (Neraca Limbah B3).

TLE: Clinic need to minimize the storage time of medical waste prior to incineration.

5.3.3 Observation: BME: Perlabian Mill need to determine maximum time limit to keep all hazardous waste in transit area prior transfer to permitted hazardous waste storage.

5.6.2 Opportunity for Improvement: PT TTI may wish to consider keeping graphical matrix from smoke density meter utilized to monitor opacity of boiler in daily basis.

6.2.1 Observation: PT TTI has procedures regarding information request and grievance/complaint. Those procedures have been implementing, such as recording of information request and response, grievance and complaint, resolving of grievance/complaint and the company has conducted consultation and communication with local communities, however company consider to record all information in minutes of meeting.

6.8.1 Observation: The company has equal opportunity policy "Kebijakan Persamaan Kesempatan kerja", dated 01 March 2013 and implemented this policy through announcement of job vacancy by internet, the company can consider to provide job vacancy announcement in local notice board since not all local communities has internet access.

8.1.1 Observation: Continuous Improvement Plan has been implemented and periodically monitored, through internal audits. However, PT TTI could consider to detailing the plan and target achievement in the Continuous Improvement Plan.

Review Status of Nonconformities (Major and Minor) Previously Identified

MAJOR NONCONFORMITIES

No open major nonconformities were identified at previous assessment.

MINOR NONCONFORMITIES

CAR reference 970260N0 at Bukit Maradja Mill

4.1.3 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.

ASA4 finding:

Since June 2013, inspection and monitoring on housekeeping were conducted by Mill staff/assistant. A number of housekeeping issues have been recorded in Form BMPOM-EMS/010609/010(A) - "Pengendalian

Operasional (Kebersihan Lingkungan yang Baik dan Produksi yang lebih Bersih". Some non compliant to requirements were also recorded accurately and corrective action plan was provided. **The nonconformity is consider closed on 15th March 2014.**

CAR reference 970260N1 at Bukit Maradja Mill

4.7.5 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.

ASA4 finding:

The mill has taken immediate action from previous finding through reviewing risk assessment as of October 2013. The safety aspect of several issues raised had been corrected and completed as sighted during this assessment such as repairing EFB hopper support legs and handrail, replacing a damaged metal rope in steriliser and carriages, implementing housekeeping programme adequately, repairing gauges of electrical boars as well as door on electrical panels, restraining gas bottles in dedicated places, and providing tag out on damaged equipment. **The nonconformity is consider closed on 15th March 2014.**

OBSERVATION

During this assessment also verified 5 observations and 2 Opportunity for Improvement were addressed in the previous assessment, as follows:

OFI - RSPO P & C Criterion 4.1.1:

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.

Verification result during this surveillance:

PT TTI has updated all SOP as current. Updates have been formalized and supersede obsolete SOP. SOP for monitoring and controlling pest and disease under SOP 12.Pest and Diseases Doc.No.12 SOP/Oil Palm/ESD rev.1 dated 1st October 2009. The SOP has additional procedure on pest and disease detection, which has been formalized under "SOP Pest and Disease Detection" SOP/Oil Palm/ESD dated 15th May 2012.

SOP related to land clearing has also been updated and formalized into SOP 3. Land Clearing Doc.No.03 SOP/Oil

Palm/ESD rev.2 dated 20th December 2013. Action taken verified and accepted.

Observation – RSPO P & C, Criterion 4.7.7:

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.

Verification result during this surveillance:

BME (Bukit Maradja Estate), KRE (Kerajaan Estate), TLE (Tolan Estate) and PLM (Perlabian Mill) have simulated the emergency procedures to review procedure effectiveness. In

BME, Emergency procedures have been simulated on 14th February 2014, involving all division under BME. In KRE, emergency preparedness procedure has been simulated on 6 February 2014, involving all division under KRE. The scenario of fire breaks in workshop, worker housing and land burning. In TLE, Fire break simulation dated 28th December 2013, attended by 21 personnel and emergency response team. The latest emergency in PLM was dated 30th June 2013. Action taken verified and accepted.

OFI – RSPO P & C, Criterion 5.1.2:

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

Verification result during this surveillance:

The company has included all aspects in their Environmental Planning and Management (RKL/RPL). Action taken verified and accepted.

Observation – RSPO P & C, Criterion 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

Verification result during this surveillance:

This Observation upgraded into Major NC.

Observation – RSPO P & C, Criterion 5.6.3:

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.

Verification result during this surveillance:

PT TTI has demonstrate effort to minimize any spills and drips from oil and chemical at Bukit Maradja Mill. A number of spill kit and drip trays have been made available within mill compound. Extra drip trays made available in workshop area. Action taken verified and accepted.

Observation – RSPO P & C, Criterion 6.3.2:

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.

Verification result during this surveillance:

Record of grievancies or complaint is recorded in “Buku Keluh Kesah dengan Pihak Eskternal dan Internal”. It was seen that response is recorded sufficiently, e.g. at 30th September 2013 estate received request from resident of house worker Division 1. Repair to the house was completed at 3rd October 2013, it was recorded in log book. Action taken verified and accepted

Observation – RSPO P & C, Criterion 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.

Verification result during this surveillance:

The company has prepared crèche in estate, Action taken verified and accepted

3.3 Noteworthy Positive Components

A large number of positive comments and achievements were noted during this surveillance assessment and are listed below.

The continued communication and coordination between PT TTI and all relevant government offices in providing information and data related to oil palm plantation operation. PT TTI achieved blue PROPER from Environmental Office and has completed “Penilaian Usaha Perkebunan” for all estates at the time of audit.

PT TTI encourages local business from creation of job opportunities in transportation sector (FFB transport). The policy has multiplier effect in local people’s economy.

PT TTI continues to provide aid/help/donation in form of road maintenance, school and religious house repair/maintenance and clean water. PT TTI is also providing help for local cattle herder.

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

During this Surveillance Assessment, the majority of stakeholders had positive comments about PT Tolan Tiga Indonesia. For the situations where stakeholders raised issues, the company’s response is stated.

The detail of stakeholders comment has provided in **Appendix C**. **Appendix C** contains list of stakeholders contacted, and comments raised during stakeholder consultation. Methodology used was individual meeting and focus group discussion, and conducted by the audit team member with social auditing background. Stakeholder consultation interviewed interested parties, ranged from estate and mill workers, community representatives, member of workers union and government officials from manpower office, agriculture office and environment office.

Internal Stakeholders

Internal stakeholders representatives were interviewed and they gave some important information to the auditor as consideration for assessing some indicators related to company policies, procedure implementation and working condition issues (e.g. 4.1.1, 4.1.2, 4.7, 5.3, 6.5.1, 6.6.1, 6.8, 6.9, etc.).

Local communities

The local community representatives were interviewed and gave some important information as consideration for assessing indicators related to land issue and social responsibility (e.g. 2.2.1, 2.3.1, etc.)

Local government and offices

Stakeholders comment: In relation to landslide/erosion near Syahkuda, there has been agreement with all parties with solution. PT TTI has fulfilled its obligation to construct an alternative water channel to Tanggulun river, currently in process of commissioning.

Company response: PT TTI has fulfilled the obligation to construct a water way into Tanggulun river.

Auditor finding: Audit team verified the water way and accept company response.

Stakeholder comment: Manpower office of Simalungun Regency stated PT TTI has appointed safety officer. The license was expired, but PT TTI is in process for re-registration. Another point is PT TTI has not send the medical checkup and physical check up result for manpower office.

Company response: PT TTI is in process for re-registration. This is planned to be complete in May 2014. In relation to medical check up result, PT TTI will consider to send the report to manpower office.

Auditor finding: Audit team verified the progress and accept the PT TTI response.

Stakeholder comment: Environmental office of Labuhan Batu Selatan Regency stated they found inconsistency between Land Application permit where 1 block was not mentioned in the permit. BLH asked PT TTI to revise the said Land Application Permit. Another issue related

to Communication between PT TTI onto BLH needs improvement. Data request from BLH was not fulfilled in timely manner due to centralized decision making from Medan Head Office.

Company response: PT TTI has made an application to revise the Land Application permit. The new Land Application permit has been issued. With regards to communication, PT TTI agreed to improve the communication with environmental office.

Auditor finding: Audit team verified the progress and accept the PT TTI response.

4.0 CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Assessment

The next assessment will be Re-Certification Assessment Visit and scheduled not later than twelve months of the Annual Surveillance Assessment date.

4.2 Date of Closing Nonconformities (Major and Minor)

Table 6. Status of Nonconformities

Reference	Category	ISSUED	CLOSED
AT 01 – 4.1.3	Minor	20/03/2010	13/05/2011
AT 02 – 4.3.2	Minor	20/03/2010	13/05/2011
AT 03 – 4.4.2	Minor	20/03/2010	13/05/2011
AT 04 – 4.7.5	Minor	20/03/2010	13/05/2011
AT 05 – 5.2.4	Minor	20/03/2010	13/05/2011
AT 06 – 5.3.3	Minor	20/03/2010	13/05/2011
AT 07 – 6.1.4	Minor	20/03/2010	13/05/2011
AT 08 – 6.9.3	Minor	20/03/2010	13/05/2011
AT 01 – 4.7.8	Minor	13/05/2011	18/05/2012
AT 02 – 5.6.3	Minor	13/05/2011	18/05/2012
AT 03 – 6.1.2	Minor	13/05/2011	18/05/2012
AT 04 – 6.5.4	Minor	13/05/2011	18/05/2012
A727870/1	Minor	18/05/2012	05/06/2013
A727870/2	Minor	18/05/2012	05/06/2013
A727870/3	Minor	18/05/2012	05/06/2013
A727870/4	Minor	18/05/2012	05/06/2013
970260N0	Minor	05/06/2013	15/03/2014
970260N1	Minor	05/06/2013	15/03/2014
032936M0	Major	15/03/2014	14/05/2014
1032936M16	Major	15/03/2014	14/05/2014
1032936M27	Major	15/03/2014	14/05/2014
1032936N1	Minor	15/03/2014	"Open"
1032936N11	Minor	15/03/2014	"Open"
1032936N25	Minor	15/03/2014	"Open"
1032936N26	Minor	15/03/2014	"Open"
1032936N28	Minor	15/03/2014	"Open"

4.3 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 Tolan Tiga Indonesia



.....
Mr Olivier Tichit
Director
Date: 07 August 2014

Signed for on behalf of
BSI Management Systems Singapore Pte Ltd



.....
Mr Haeruddin Tahir
Lead Auditor
Date: 07 August 2014

Appendix A: Supply Chain Assessment for the Mills (Module D: Segregation)

Supply Chain Assessment Report – PT Tolan Tiga Indonesia, Simalungun Regency, North Sumatera Province, Indonesia
Bukit Maradja Palm Oil Mill

Requirements	
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. These will include as a minimum: a. up to date procedures covering all elements of supply chain requirements 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.	Bukit Maradja Palm Oil Mill has a written documented procedure for the chain of custody with SG model covering only processing of certified FFB. All departments involved and hold responsibility for implementing the Supply Chain system has been identified in the said procedure.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBS.	Bukit Maradja Palm Oil Mill have documented procedures for the collection of FFB and Loose Fruit, transporting FFB, incoming FFB, processing and outgoing palm products (CPO, PK and PKO). Marking is made on the receiving documents to mark the certified and non-certified FFB received. All company-owned Estates are covered in the scope of RSPO Certification and thus RSPO certified.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBS received.	According to relevant procedure as above (D.1.1 and D.1.2), daily FFB receive docket records are prepared at the entry point at the weighbridge. The weighbridge Product Delivery Sheet records summarized into Daily Production Report (DPR). Bukit Maradja Mill only receive FFB from PT Tolan Tiga Indonesia's estate. 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
D.2.2 The facility shall inform the CB immediately if there is a projected over production.	The facilities aware of this procedure. There is no projected over production reported for Bukit Maradja mill.
D.3. Record keeping	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	Bukit Maradja Mill maintains complete, up-to-date and accurate records throughout all aspects of CPO production. Daily records are prepared at the entry point at the weighbridge. Daily summary and quarterly balance report for all the certified FFB evident.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention time for all documents related to the traceability of FFB and palm products shall be kept for 5 years.
D.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.	A report is prepared by Internal audit department showing the quantities and origin of FFB and Loose Fruit received, including their certification. The quarterly balance report will also identify the quantities of CPO and PK produced, transferred and/or shipped. All material is RSPO certified.
D.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.	Bukit Maradja Mill use Segregated/SG model and indicated on the relevant documents, such as weighbridge docket, Delivery order, and sales contract.

D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:	
(a) The name and address of the buyer	Name and address of buyer written on the invoice.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated)	Product description and supply chain model is written. Segregated/SG model.
(d) The quantity of the products delivered	Quantity in tones.
(e) Reference to related transport documentation	Shipping documents describe SG model.
D.5. Processing	
D.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.	PT Tolan Tiga Indonesia manages to demonstrate RSPO Supply Chain Procedures are implemented consistently. Based on audit against Bukit Maradja Mill records, all material is found to be RSPO certified.
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	PT Tolan Tiga Indonesia manages to demonstrate that all CPO produced in Bukit Maradja Mill can be traced back to company owned estates. 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.
D.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"> The crush operator conforms to these requirements for segregation. The crush is covered through a signed and enforceable agreement 	Not applicable for Bukit Maradja Palm Oil Mill. All palm kernel is sold as it is.
D.6. Training	
D.6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training.
D.7. Claims	
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.	No claims made since the CPO and/or CPKO is delivered/sold to downstream refineries.

Bukit Maradja Palm Oil Mill

Certified Mill Production 1 January – 31 December 2013 (in tonnes)

Capacity	CPO	PK	CPKO
30 TPH	24,006 MT	5,853 MT	0 MT

Certified Mill Production 1 January – 31 December 2014 (budget)

Capacity	CPO	PK	CPKO

30 TPH	22,916 MT	5,409 MT	0 MT
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Budget 2014

Bukit Maradja	Bukit Maradja Mill	
	PK	PKO
Bukit Maradja Estate	3,300 MT	0 MT
Kerasaan Estate	2,109 MT	0 MT
Total	5,409 MT	0 MT

Sales Certified CPO (UTZ Certificates) as at June 2014

17 May 2013 – 16 May 2014

Month	Buyer (CPO)	Tonnes/Certificates
17 May 2013 – 16 May 2014	Buyer A	6,600 MT

Sales Certified CPO (GreenPalm Certificates)

17 May 2013 – 16 May 2014

Month	Buyer (CPO)	Tonnes/Certificates
Comingled with Perlabian Mill (see below)	Trade in GreenPalm	0 MT
TOTAL		0 MT

Sales Certified PK (GreenPalm Certificates)

17 May 2013 – 16 May 2014

Month	Buyer (PK)	Tonnes/Certificates
None	Trade in GreenPalm	0 MT
TOTAL		0 MT

Sales Certified PKO (GreenPalm Certificates)

17 May 2013 – 16 May 2014

Month	Buyer (CPO)	Tonnes/Certificates
Comingled with Perlabian Mill (see below)	Trade in GreenPalm	0 MT
TOTAL		0 MT

Certified FFB Received Monthly – 1 January – 31 December 2013

Month	Company Estate	Total FFB/Month
Jan-13	8,588	8,588
Feb-13	6,620	6,620
Mar-13	6,350	6,350
Apr-13	7,780	7,780
May-13	8,984	8,984
June-13	7,146	7,146
Jul-13	11,199	11,199
Aug-13	9,842	9,842
Sep-13	8,436	8,436
Oct-13	10,650	10,650
Nov-13	9,146	9,146
Dec-13	8,759	8,759
TOTAL	103,500	103,500

Appendix A: Supply Chain Assessment for the Mills (Module D: Segregation)

Supply Chain Assessment Report – PT Tolan Tiga Indonesia, Labuhan Batu Regency, North Sumatera Province
Perlabian Palm Oil Mill

Requirements	
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. These will include as a minimum: a. up to date procedures covering all elements of supply chain requirements 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.	Perlabian Palm Oil Mill has a written documented procedure for the chain of custody with SG model covering certified FFB. All departments involved and hold responsibility for implementing the Supply Chain system has been identified in the said procedure.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Perlabian Palm Oil Mill have documented procedures for the collection of FFB and Loose Fruit, transporting FFB, incoming FFB, processing and outgoing palm products (CPO, PK and PKO). Marking is made on the receiving documents to mark the certified and non-certified FFB received. All company-owned Estates are covered in the scope of RSPO Certification and thus RSPO certified.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	According to relevant procedure as above (D.1.1 and D.1.2), daily FFB receive docket records are prepared at the entry point at the weighbridge. The weighbridge Product Delivery Sheet records summarized into Daily Production Report (DPR). Currently Perlabian Mill does not accept FFB from non-certified SIPEF estate. Pure Segregation is in practice.
D.2.2 The facility shall inform the CB immediately if there is a projected over production.	The facilities aware of this procedure. There is no projected over production reported for Perlabian mill.
D.3. Record keeping	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	Perlabian Mill maintains complete, up-to-date and accurate records throughout all aspects of CPO production. Daily records are prepared at the entry point at the weighbridge. Daily summary and quarterly balance report for all the certified FFB evident.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention time for all documents related to the traceability of FFB and palm products shall be kept for 5 years.
D.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.	A report is prepared by Internal audit department showing the quantities and origin of FFB and Loose Fruit received, including their certification. The quarterly balance report will also identify the quantities of CPO and PK produced, transferred and/or shipped. All material is RSPO certified.
D.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.	Perlabian Mill use Segregated/SG model and indicated on the relevant documents, such as weighbridge docket, Delivery order, and sales contract.

D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:	
(a) The name and address of the buyer	Name and address of buyer written on the invoice.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated)	Product description and supply chain model is written. Segregated/SG model.
(d) The quantity of the products delivered	Quantity in tonnes.
(e) Reference to related transport documentation	Shipping documents describe SG model.
D.5. Processing	
D.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.	PT Tolan Tiga Indonesia manages to demonstrate RSPO Supply Chain Procedures are implemented consistently. Based on audit against Perlabian Mill records, all material is found to be RSPO certified.
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	PT Tolan Tiga Indonesia manages to demonstrate that all CPO produced in Perlabian Mill can be traced back to certified company owned estates.
D.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"> The crush operator conforms to these requirements for segregation. The crush is covered through a signed and enforceable agreement 	Not applicable for Perlabian Palm Oil Mill. All palm kernel is sold as it is.
D.6. Training	
D.6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training.
D.7. Claims	
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.	No claims made since the CPO and/or CPKO is delivered/sold to downstream/processing facilities.

Perlabian Palm Oil Mill

Certified Mill Production 1 January – 31 December 2013 (in tonnes)

Capacity	CPO	PK	CPKO
60 TPH	39,496 MT	9,484 MT	0 MT

Certified Mill Production 1 January – 31 December 2014 (budget)

Capacity	CPO	PK	CPKO
60 TPH	42,024 MT	10,506 MT	0 MT

Budget 2014

Perlabian	Perlabian Mill	
	PK	PKO
Perlabian Estate	4,887 MT	0 MT
Tolan Estate	5,619 MT	0MT
Total	10,506 MT	0 MT

Sales Certified CPO (UTZ Certificates) as at June 2014**17 May 2013 – 16 May 2014**

Month	Buyer (CPO)	Tonnes/Certificates
17 May 2013 – 16 May 2014	No Sales	0 MT

Sales Certified CPO (GreenPalm Certificates)**17 May 2013 – 16 May 2014**

Month	Buyer (CPO)	Tonnes/Certificates
<i>Note: for 2013, comingling with other SIPEF Greenpam certificates sales</i>	Trade in GreenPalm	5,730
TOTAL		5,730

Sales Certified PK (GreenPalm Certificates)**17 May 2013 – 16 May 2014**

Month	Buyer (PK)	Tonnes/Certificates
...	Trade in GreenPalm	...
...	Trade in GreenPalm	...
TOTAL		...

Sales Certified PKO (GreenPalm Certificates)**17 May 2013 – 16 May 2014**

Month	Buyer (CPO)	Tonnes/Certificates
<i>Note: for 2013, comingling with other SIPEF Greenpam certificates sales</i>	Trade in GreenPalm	5,096
TOTAL		5,096

Certified FFB Received Monthly – 1 January – 31 December 2013

Month	Company Estate	Total FFB/Month
Jan-13	14,015	14,015
Feb-13	10,613	10,613
Mar-13	9,753	9,753
Apr-13	11,250	11,250
May-13	12,774	12,774
June-13	12,647	12,647
Jul-13	18,065	18,065
Aug-13	15,604	15,604
Sep-13	16,361	16,361
Oct-13	17,263	17,263
Nov-13	15,626	15,626
Dec-13	15,249	15,249
TOTAL	169,220	169,220

Appendix B: RSPO Certificate Details

PT Tolan Tiga Indonesia

Gedung Bank Sumut, Lt.7
20152 Medan
Sumatera Utara
INDONESIA

Estate and Mill Location: Simalungun Regency – Labuhan Batu Regency, North Sumatera Province, INDONESIA.

Certificate Number: SPO 555208
Initial Certificate Issued Date: 17th May 2010

Standard: RSPO Principle & criteria: 2007; RSPO P&C Indonesia National Interpretation Working Group: 2008; RSPO Supply Chain for CPO Mills Module D – Segregation: 25 November 2011.

Bukit Maradja Palm Oil Mill and Supply Base	
Location	Pematang Syahkuda, Simalungun, Sumatra Utara, Indonesia
GPS	Longitude: 099°15E Latitude: 03°04N
Own Estate FFB Tonnage processed	109,431 Tonnes
Non Company FFB Tonnage processed	0 Tonnes
CPO Tonnage produced	25,497 MT
CPKO Tonnage produced	6,019 MT

Supply Base:

Name of Estate	Mature (Ha)	Immature (Ha)	Total land-use titles (ha)	Annual FFB Production (MT)
1. Bukit Maradja estate	2,769	165	3,177.94	66,476
2. Kerasaan estate	1,745	346	2,362.03	42,955
TOTAL	4,514	511	5,539.97	109,431

Perlabian Palm Oil Mill and Supply Base	
Location	Kampung Rakyat, Labuhan Batu Selatan, Sumatra Utara, Indonesia
GPS	Longitude: 100°04E Latitude: 02°04N
Estate FFB Tonnage processed	180,876 Tonnes
Non Company FFB Tonnage processed	0 Tonnes
CPO Tonnage produced	42,998 MT
CPKO Tonnage produced	10,749 MT

Supply Base:

Name of Estate	Mature (Ha)	Immature (Ha)	Total land-use titles (ha)	Annual FFB Production (MT)
1. Perlabian Estate	3,712	770	8,479.06	90,876
2. Tolan Tiga Estate	3,395	219		90,000
TOTAL	7,107	989	8,479.06	180,876

Appendix C: List of Stakeholders Contacted

LIST OF STAKEHOLDER ISSUES FROM PT TOLAN TIGA INDONESIA ANNUAL SURVEILLANCE ASSESSMENT VISIT, MARCH 2014 (including selected worker/supervisor feedback).

STAKEHOLDER	ISSUE	COMPANY RESPONSE	AUDITOR'S COMMENTS
Badan Lingkungan Hidup Kabupaten Simalungun (Seksi Pengawasan) – Environmental Body Simalungun Regency (Monitoring Division)	PT TTI has all relevant permit related to environment such as UKL/UPL, permit for hazardous waste temporary storage, land application permit.	None	None
	PT ESI has performed regular reporting related to environmental monitoring and management to BLH Simalungun. Environmental monitoring and management plan implementation reported through “Laporan Pelaksanaan RKL-RPL” periodically every 6 months. Mill effluent management and hazardous waste management reported every 3 months.	None	None
	Bukit Maradja mill achieved Proper Evaluation with Blue status.	None	Note worthy positive comment.
	There has been no report from community related to environmental pollution by Bukit Maradja POM. In relation to landslide/erosion near Syahkuda, there has been agreement with all parties with solution. One of the solutions, PT TTI have to construct an alternative water channel to Tanggulun river, currently in process of commissioning. Based on analysis from various parties, it is not solely storm water from PT TTI, but also accumulated water from upstream and sandy soil.	PT TTI is in commissioning phase of the water channel.	Note worthy positive comment.
	BLH feels no difficulties to communicate with PT TTI.	None	None
	PT TTI has measure and monitor the water quality in monitor well and housing well periodically.	None	None
	There is no indication of peat soil in area of PT TTI in Simalungun.	None	None
Dinas Tenaga Kerja Kabupaten Simalungun (Seksi Hubungan Industrial dan Pengawasan) – Manpower Office Simalungun Regency	PT TTI has referring to latest minimum wage regulation for Simalungun Regency. The salary paid by PT TTI pay exceeds minimum wage Simalungun Regency for 2014.	None	Note worthy positive input
	Based on field visit, PT TTI demonstrate good standard in term of facility and social amenities for workers such as housing, health clinic, school, electricity, clean water, religious house, sport facility, etc.	None	None
	All worker in PT TTI has been registered with accident insurance by JAMSOSTEK	None	None
	PT TTI has appointed safety officer. The license was expired, but PT TTI is in process for re-registration.	PT TTI is in process for re-registration. Planned to be completed in May 2014.	Accepted.
	PT TTI consistently report the manpower data/status to manpower office. The report including number of manpower, OHS performance data, accident records and accident investigation, etc.	None	None
	PT TTI supported the trade union. Report of meeting regularly sent for manpower office. PT TTI has assigned bi-party committee to resolute industrial dispute. There is no report of industrial dispute noted.	None	None
	PT TTI provide appropriate training for workers in critical area such as boiler, steam vessel, heavy equipment, etc.	None	None
	The health attendance in clinic has completed HIPERKES training.	None	None
PT TTI has not send the medical check up and physical check up result for manpower office.	PT TTI will consider to send the medical check up result.	Accepted.	
Head of Kuala Syahkuda Village	PT TTI has initiated good communication with surrounding communities and village.	None	None

	All request/complaint were attended in appropriate manner. PT TTI always give reponse in timely manner.	None	None
	PT TTI has disseminating the complaint/grievance mechanism. However, there has been no grievance noted in mean time.	None	None
	In relation to landslide/erosion near Syahkuda, there has been agreement with all parties with solution. PT TTI has fulfilled its obligation to construct an alternative water channel to Tanggulun river, currently in process of commissioning.	PT TTI is in commissioning phase of the water channel.	Note worthy positive input
	PT TTI provide CSR programme based on need analysis, such as road maintenance, education facility construction/repair, aid in form of cattle feeding, etc.	None	Note worthy positive input
Kepala Dinas Perkebunan Kabupaten Simalungun – Head of Plantation Office Simalungun Regency	PT TTI has not consistently reporting the Perkembangan Usaha Perkebunan	PT TTI will be in coordination with plantation office to prepare all documents required.	To be reviewed during subsequent audit.
Dinas Tenaga Kerja dan Transmigrasi Kabupaten Labuhan Batu Selatan – Manpower and Transmigration Office Labuhan Batu Selatan Regency	The company has sent regular report to the local government related labour matter.	None	None
	No any labour disputes in PT. Tolan Tiga Indonesia were noted.	None	None
Dinas Perkebunan Kabupaten Labuhan Batu Selatan – Plantation Office Labuhan Batu Selatan Regency	The company has assessed as known “Penilaian Perkebunan” with score “Class II – Baik”	None	None
	The company has sent regular report to the local government related plantation operational..	None	None
Badan Lingkungan Hidup (BLH) Kabupaten Labuhan Batu Selatan – Environmental Body of Labuhan Batu Regency	It was found inconsistency between Land Application permit where 1 block was not mentioned in the permit. BLH asked PT TTI to revise the said Land Application Permit.	PT TTI has made an application to revise the Land Application permit. The new Land Application permit has been issued.	Accepted
	Communication between PT TTI onto BLH needs improvement. Data request from BLH was not fulfilled in timely manner due to centralized decision making from Medan Head Office.	PT TTI has put effort to respond all information and data request from BLH. PT TTI agreed to improve communication with BLH.	Audit team accept company response.
Head of Village – Meranti, Tolan I, Gunung Selamat, Pekan Tolan, Air Merah,	Good Communication between PT TTI and local community	PT TTI will continues to have communication with local and surrounding community	Note worthy positive comment
	PT TTI has provide a lot of help and aid to local communities in form of education,religious, local community economic improvement, infrastructure maintenance/repair		
Local Community Leader – Tanjung Medan Village	Request for help/aid/donation responded by PT TTI		
	There is no known land conflict in years.		

Appendix D: Assessment Programme

Date	Time	Subjects	Aryo	Sedayu	Haeruddin
Sunday, 09/03/2014	10.45 – 13.10	Flight Jakarta – Medan (by Garuda flight No. GA 186)	√	√	√
	13.30 – 16.30	Travelling to Bukit Maradja Mill by car	√	√	√
Monday, 10/03/2014	08.30 – 09.00	Opening Meeting (Pertemuan pembukaan) - Presentation by PT. Tolan Tiga - Opening meeting by BSI Indonesia (including introduction of team members and assessment agenda).	√	√	-
	09.00 – 12.00	Bukit Maradja Mill (Field visit): Worker interviews (OSH, contract, salary, etc), PPE, safe working environment, walk ways, signs, EFB. POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes, etc.	√	-	-
		Bukit Maradja estate: Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, etc.	-	√	-
		Bukit Maradja estate: RSPO: Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, interview with local communities, social issues, etc.	-	-	√
	12.00 – 13.00	Break/Lunch/Pray	√	√	√
	13.00 – 16.30	Bukit Maradja Mill: RSPO: SCCS system and standard	√	-	-
		Bukit Maradja estate: Document review	-	√	-
		Bukit Maradja Estate: Document review and interview with local communities (continued if any issues need to be followed up)	-	-	√
Tuesday, 11/03/2014	08.00 – 12.00	Bukit Maradja Mill: SCCS system and standard (continued) and document review	√	-	-
		Kerasaan estate: Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, etc.	-	√	-
		Kerasaan estate: Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, interview with local communities, social issues, etc.	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 14.30	Bukit Maradja Mill: Document review (Continued)	√	-	-
		Kerasaan estate: Document review	-	√	-
		Kerasaan estate: Document review	-	-	√

	14.30 – 16.00	Preparing report for closing meeting	√	√	√
	16.00 – 17.00	Closing meeting	√	√	√
Wednesday, 12/03/2014	07.00 – 13.00	Travelling Bukit Maradja - Perlabian	√	√	√
	13.00 – 14.00	Lunch	√	√	√
	15.00 – 16.00	Opening Meeting (Pertemuan pembukaan) - Presentation by PT. Tolan Tiga - Opening meeting by BSI Indonesia (including introduction of team members and assessment agenda).	√	√	√
Thursday, 13/03/2014	08.00 – 12.00	Perlabian Mill (Field visit): Worker interviews (OSH, contract, salary, etc), PPE, safe working environment, walk ways, signs, EFB. POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes, etc.	√	-	-
		Perlabian estate: Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, etc.	-	√	-
		Stakeholder consultation (Government officer)	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Perlabian Mill: SCCS system and standard	√	-	-
		Perlabian estate: - Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, etc. (Continued) - Document review	-	√	-
		Stakeholder consultation (Government officer) - continued	-	-	√
Friday, 14/03/2014	08.00 – 12.00	Perlabian Mill: Document review	√	-	-
		Perlabian estate: Document review (continued)	-	√	-
		Perlabian Estate: RSPO and ISPO: Document review and interview with local communities (if any issues need to be followed up)	-	-	√
	12.00 – 14.00	Lunch	√	√	√
	14.00 – 17.00	Perlabian Mill: Document review (Continued)	√	-	-
		Tolan estate: Document review	-	√	-
		Tolan estate: Document review	-	-	√
Saturday, 15/03/2014	08.00 – 12.00	Tolan estate: Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, etc.	-	√	-
		Tolan estate: Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, interview with local communities, social	-	-	√

		issues, etc.			
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 15.30	Preparing closing meeting	√	√	√
	15.30 – 17.00	Closing meeting	√	√	√
Sunday,	06.30 – 07.30	Travelling Perlabian – Rantau Prapat Railway Station	√	√	√
16/03/2014	08.00 – 14.00	Travelling Rantau Prapat – Medan by train	√	√	√

NO.	AREA	NC REF.	REQUIREMENT/STANDARD	NON CONFORMITIES
2	RSPO P&C INA-NIWG 2008 Principle 5 : Environmental responsibility and conservation of natural resources and biodiversity	1032936M16	5.3.2. Estates and mills waste management and disposal are implemented to avoid or reduce pollution.	BME: It was found the domestic waste in housing Div.3 mixed between organic and an-organic, from housing up to landfill. PLE: It was found organic and hazardous waste (such as oil can and paint can) from worker housing Div.I PLE mixed with an organic waste up to land fill.
<p>Corrective Action:</p> <ul style="list-style-type: none"> - To provide permanent waste bin for Division 3. - To collect inorganic waste from each houses and put into dedicated plastic bag for inorganic waste. - To provide three (3) different plastic bag for organic, inorganic and hazardous waste. - Socialization to employees to separate the organic and an-organic waste from emplacement - Increasing women's group activities especially awareness for environmental cleanliness and separation of organic and an organic waste <p>PIC : EM/FHA/FA/Women Group/ENC Estimate time to complete : On going</p>				
Auditor Comment: Accepted				
3	RSPO P&C INA-NIWG 2008 Principle 5 : Environmental responsibility and conservation of natural resources and biodiversity	1032936M27	5.6.2 Monitoring of pollution and emission quality of the sources identified	Bukit Maradja Mill's boiler No.1 and generator No.3 have not performed periodic air emission monitoring. Perlabian Mill's boiler (capacity 26 ton/hour) and 2 units of generator have not performed periodic air emission test
<p>Corrective Action:</p> <ul style="list-style-type: none"> - Perlabian Mill and Bukit Maradja Mill will coordinating with ENC and Engineering Dept. Medan Office for request air emission test to Government (Balai Kesehatan dan Keselamatan Kerja) Medan. - For the future emission tests will be done periodically. <p>PIC : MM/Eng Dept./ENC Estimate time to complete : April 2014</p>				
Auditor comment: Accepted				
MINOR NC				
1	RSPO P&C INA-NIWG 2008 Principle 2: Compliance	1032936N1	2.1.4. A mechanism for ensuring that compliance with relevant legal requirements is implemented	Procedure "Compliance with regulation" No. CA/SOP/01, dated 1

NO.	AREA	NC REF.	REQUIREMENT/STANDARD	NON CONFORMITIES
	with applicable laws and regulations			November 2011, stating Corporate Affairs Manager responsible in providing information on issuance and/or amendment of law and government regulation to department head; Review on the List of regulation in Oil Palm sector was only cover all relevant regulation to environmental management
<p>Corrective Action:</p> <ul style="list-style-type: none"> - List of existing legislation in the mill will be reviewed to add all the regulations relating to all sector mill activities. - ENC will coordinate with Corporate Affair to update the regulation on every 6 months. <p>PIC : MM/Eng. Dept/CA/ENC Estimate time to complete : on going</p>				
<p>Auditor comment: Accepted</p>				
2	RSPO P&C INA-NIWG 2008 Principle 4: Use of appropriate best practices by growers and millers	1032936N25	4.7.4. Regular health examination by a doctor for workers in station or exposed to high risk work.	<p>Interview and review on document found 1 (one) Perlabian Mill's operator of engine room never been gained a periodic audiometric test. He has been worked for the Mill more than 23 years at the engine room area.</p> <p>Review on document of latest audiometric test during 2011-2013 found another engine room operator of Perlabian Mill gained Audiometric test on 2011 with no routine programme was provided.</p> <p>Although the risk assessment (reviewed on 17 February 2014) had been identified engine room operator should receive a regular audiometric test.</p>
<p>Corrective Action:</p> <ul style="list-style-type: none"> - Perlabian Mill and Bukit Maradja Mill will coordinating with ENC and Engineering Dept. Medan Office to request audiometric test to Government (Balai Kesehatan dan Keselamatan Kerja) Medan. - The list of workers/technicians who need specific tests (because of specific risks at their work station) will be reviewed and transmitted to HRA and Company Doctor to ensure that adequate tests are carried out in 2014 and onwards. <p>PIC : MM/Eng Dept./ENC Estimate time to complete : April 2014</p>				
<p>Auditor comment: Accepted</p>				

NO.	AREA	NC REF.	REQUIREMENT/STANDARD	NON CONFORMITIES
3	RSPO P&C INA-NIWG 2008 Principle 4: Use of appropriate best practices by growers and millers	1032936N11	4.7.5. A documented risk assessment for Occupational Health and Safety (OHS)	<p>BME shows HIRADC, latest review and revision 15 October 2013, but the risk factor number calculation does not represent the current condition. Ex: eyes injured because palm debris, occurs in January – February 2014, the risk factor number calculation, esp. likelihood has not changed (2=sering),</p> <p>KRE: KRE has SOP for hazard identification and risk assessment No.TTI/PROS/IMP/03 dated 1 November 2009, stating the review once per year at minimum. The HIRADC has not been reviewed for more than one year, since the latest review was conducted on 16 February 2013.</p> <p>TLE: TLE need to update and revise HIRADC for risk likelihood analysis, taking into consideration the accident record.</p>
<p>Corrective Action: Estate HIRADC will be revised considering to the accident record</p> <p>PIC : EM/FHA/Safety Officer/ENC Estimate time to complete : On going</p>				
<p>Auditor comment: Accepted</p>				
4	RSPO P&C INA-NIWG 2008 Principle 4: Use of appropriate best practices by growers and millers	1032936N26	4.7.5. An occupational health and safety plan is documented, effectively communicated and implemented	<p>The risk assessment for Perlabian mill was ineffective and did not identify a several activities of OHS issues which were sighted during this assessment, for instance:</p> <ul style="list-style-type: none"> - The use of gloves by sorting officer at the FFB reception station is working with hook - Work accidents that befall to Perlabian Mill's electrician burns in his left arms had to be hospitalized. <p>Accident was happened on February 27, 2014 and not yet considered into risk assessment review.</p> <ul style="list-style-type: none"> - A potential risk of compressor that can be exploded in sterilizer station has not analyzed how much risk and how to control. - No evidence of risk assessment result in the methane captures area

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<p style="text-align: right;">particularly within the chimney combustion of CO2 disposal.</p>				
<p>Corrective Action: Mill HIRADC will be revise by reconsidering to : - all activities with potentially unsafe conditions - accident record - PIC : MM/MHA/Safety Officer/ENC Estimate time to complete : On going</p>				
<p>Auditor comment: Accepted</p>				
5	RSPO P&C INA-NIWG 2008 Principle 5: Environmental responsibility and conservation of natural resources and biodiversity.	1032936N28	5.3.3. Management plan of hazardous waste and instruction of disposal of agrochemicals and their containers waste in accordance with the product label and existing regulations.	Based on field visit the empty pesticide containers stored in Bukit Maradja Estate's material storage instead of permitted hazardous waste store. Further, there is no record of monitoring on empty pesticide containers. These were not consistent with company's policy on waste management plan
<p>Corrective Action: Preparing work instructions for the handling of container of pesticide/ chemicals used, this working instruction will be applied in the estate and mill. PIC : MM/EM/MHA/FHA/Safety Officer/ENC Estimate time to complete : on going</p>				
<p>Auditor comment: Accepted</p>				

MM = Mill Manager, EM= Estate Manager, MHA = Mill Head Assistant, FHA = Field Head Assistant, ENC = Environment and Conservation Dept., GMO-NS = General Manager Office, Eng. Dept. = Engineering Department, CA = Corporate Affair, HRA = Human Recourse Administrative.